BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<tr>
<td>Niger</td>
<td>P164509</td>
<td>NIGER - AGRICULTURAL AND LIVESTOCK TRANSFORMATION PROJECT</td>
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<table>
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<th>Implementing Agency</th>
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<td>Investment Project Financing</td>
<td>Ministry of Plan</td>
<td>Ministry of Agriculture and Livestock</td>
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Proposed Development Objective(s)

The Project Development Objective (PDO) is “to increase agriculture productivity and access to markets for small and medium farmers and small and medium agri-food enterprises in the Participating Project Regions.”

Components

- Component 1: Improving the quality of agriculture support services and policies
- Component 2: Increasing investments in agricultural production, processing, and market access
- Component 3: Project coordination
- Component 4: Contingent Emergency Response Component

PROJECT FINANCING DATA (US$, Millions)

**SUMMARY**

<table>
<thead>
<tr>
<th>Total Project Cost</th>
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<td>Total Financing</td>
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<td>of which IBRD/IDA</td>
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**DETAILS**

World Bank Group Financing
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**Non-World Bank Group Financing**

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**Environmental Assessment Category**

B-Partial Assessment

**Decision**
The review did authorize the team to appraise and negotiate

**B. Introduction and Context**

**Country Context**

1. **Niger is a large, landlocked country in the Sahel region.** The country’s population is estimated at over 22 million and growing rapidly at about 3.9 percent per year. Almost half of it is less than 15 years old, and life expectancy is low (62 years of age). Four fifth of its adult population remains illiterate. Prevalence of malnutrition is high with some 43 percent of children under five suffering from stunting and wasting. In the 2018 Human Development Index, Niger was ranked last out of 189 countries. The country’s economy is predominantly rural and informal: 78 percent of the population resides in rural areas, and 80 percent of the jobs are in the informal sector. Two-thirds of the country is inhospitable desert; more than 84 percent of the population is concentrated in areas along the Niger River in the southwestern part of the country and along its long southern border with Nigeria. The climate is mostly arid; annual rainfall in 85 percent of the country’s area is less than 350 mm.

2. **Niger meets the definition of a country at risk of fragility, conflict, and violence.** The country has managed to remain stable within a difficult regional environment. This is due to a relatively strong social cohesion and a political settlement in which the elites manage to solve their disputes in a regulated manner. However, the country is subject to many Fragility, Conflict and Violence (FCV) risk factors. First, demographic trends with extremely high population growth are not boding well for a country already lacking economic opportunities. Second, institutional deficits remain significant, with Niger ranking 112 out of 180 countries in the 2017 Corruption Perceptions Index. External stresses play a large role in potential instability. Finally, since 2011, there has been an increasing number of attacks on Niger’s territory by Boko Haram and other terrorist groups.

3. **Two regional conflicts, the crisis in Mali and the Boko Haram regional crisis, are causing major
displacement towards and within Niger and are having an adverse impact on economic activities. The country is at present hosting over 280,000 people displaced by conflict: approximately 158,000 refugees, 109,000 Internally Displaced People (IDPs), and 16,000 Nigerien nationals who returned from Nigeria because of the conflict. The 2016 Risk and Resilience Assessment (RRA) highlights the security and economic impacts of regional conflicts and forced displacement on Niger. In addition, Niger is also exposed to multiple internal conflict and fragility risks, which stem from a combination of structural causes and short-term drivers. The increased military spending is putting a severe strain on the public spending.

4. Although poverty incidence is declining, Niger remains among the poorest countries in the world. Real annual growth rates averaged 6.4 percent between 2012 and 2017 compared to 5.1 percent between 2001 and 2007 and 1.6 percent the previous decade. Growth is highly volatile and predominately driven by agriculture (representing about 40 percent of GDP), subject to climatic shocks. Moreover, Niger has made progress in reducing poverty from about 50.3 percent to 45.7 percent (using the international poverty line of US$1.90) between 2005 and 2014. Nevertheless, the number of poor people has increased steadily from 6.75 million in 2005 to 8.17 million in 2014. Despite macroeconomic improvements, Niger continues to face persistent, long-term development challenges linked to its size and a largely rural population often beyond the reaches of public services. With an estimated average per capita Gross Domestic Product (GDP) in current prices of US$365 (PPP) in 2017, Niger is well below the average GDP for Sub-Saharan Africa of US$1,600 (IMF, 2017).

Sectoral and Institutional Context

5. Agriculture (crops, livestock, and fisheries) is very important for the economy and employment. The sector represents more than 40 percent of the national GDP and occupies nearly 90 percent of the active population. The performance of the sector is highly variable from one year to another because of its high exposure to agronomic, climatic, and more recently security risks. The exposure to these risks is accentuated by the very low level of capital investment in the sector and lack of resources to apply technology to help improve productivity and resilience in the face of disruption in production cycles. The shocks that follow agricultural and livestock crises have a strong impact on household incomes, on the national budget, and the growth rate of the overall Nigerien economy.

6. Niger has substantial assets and opportunities to develop its agriculture, both on the supply and demand side. In developing its agriculture, Niger can count on the following tangible assets and comparative advantages, including:

(a) **On the supply side**: (i) a substantial potential for irrigated farming, using the Niger river banks, temporary ponds and rivers, as well as underground water, that offers opportunities to develop diversified and productive agriculture systems; (ii) the presence of a numerically large and diversified herd with untapped potential for increased productivity through animal health, better feed, genetic improvements, and better husbandry practices; (iii) the availability of plant varieties and animal breeds recognized for their adaptive and productive potential in their agro-climatic environments which are ready to be disseminated and applied; and (iv) the traditional know-how and good experience of producers in certain specialized production areas typical of the region and landscape, such as flood recession cultivation, livestock fattening, artisanal milk production, or poultry rearing; and

(b) **On the demand side**, agriculture development is spurred by: (i) a sizable and increasing domestic demand for food, in particular processed food, in tune with the nutrition needs of a rapidly increasing population overall, and with changing consumer preferences shifting towards greater
diversification of diets and more value being attributed to convenience and quality; and (ii) the sustained demand and competitiveness of key export sectors (onions, peppers, tomatoes, cowpeas, cattle/meat) on regional and international markets.

7. **Crop productivity is low compared to neighboring countries, and the bulk of crop production is consumed locally with little marketable surpluses.** Most crop production is consumed locally with little marketable surplus commercialized in the larger urban centers or export markets. Crop production is most favorable in the relatively humid areas in the southern part of the country, i.e. the Niger valley as well as some other areas such as Zinder, Maradi, Tahoua, and Diffa. These small areas produce over half of the country’s food. In those areas, production is mainly composed of rice and horticultural products under irrigated, fairly intensive, year-round production conditions, depending on water availability. In the North East, there are some 19 million hectares composed mainly of pasture lands, where land is shared between crop and livestock production. Most crops are produced under rainfed conditions with low yields, including millet, sorghum, and other cereals (including coarse/feed grains), as well as legumes (cowpeas, groundnuts) in more modest amounts. Agricultural productivity remains low, and productivity growth has been low compared to neighboring Burkina Faso, Mali or Chad, largely because of a low input/low output agriculture practiced by the vast majority of farmers, an under-developed inputs market, and also very little investment in productivity-enhancing agricultural practices and technology.

8. **The livestock sector contributes 13 percent to the national GDP and provides 7 percent of the country’s export earnings.** The national herd is estimated at more than 10 million cattle, 24 million small ruminants, 1.5 million camels, and an estimated 18.7 million poultry. Three main types of livestock rearing systems co-exist in Niger: (i) the "pastoral systems" characterized by animal mobility (extensive breeding systems for camels, small ruminants, and cattle); (ii) the traditional sedentary livestock farming systems practiced by villagers throughout the country, for ruminants and poultry; and (iii) the "improved livestock systems" (mainly semi-intensive and intensive peri-urban poultry raising and ruminant fattening). Livestock rearing and management remains fairly traditional, and animal species are often local hybrids which, while highly suitable for free grazing under dryland conditions, offer only limited genetic potential for increasing production under improved husbandry and management practices. Animal health remains a serious problem with many diseases remaining endemic and vaccination programs depending on donor resources. The situation is accentuated by pastoral livestock systems that follow natural grazing defined by rainfall patterns and carry diseases across national boundaries, as well as a certain reluctance by herdiers to systematically account for and vaccinate their animals. With a rapidly growing population and need for farm land, there are increasing tensions between sedentary farmers and livestock producers on the one hand and the traditional pastoralists on the other hand, competing for scarce grass/fodder resources. In an environment where people struggle to meet basic food needs, the production of fodder to increase animal productivity is in competition with staple food production.

9. **Overall fish production is relatively small; the main fish output comes from Lake Chad.** The recorded production between 2012 and 2017 fluctuated within a range of 27,000 to 47,000 tons, representing a local availability of only about 2 kg per inhabitant per year. It should be noted that, due to the Boko Haram insurgency, numerous fishing operations have ceased, and reliable quantitative information is lacking. Most of the catches from Lake Chad are exported to Nigeria (in smoked form). Some fish are imported fresh or frozen from Mali, Nigeria, Senegal, Benin, Côte d’Ivoire, and Asian

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1 Between 1961 and 2016, based on World Bank data, cereal yields in Niger only increased from 505 kg/ha to 530 kg/ha, while in Burkina Faso they increased from 408 to 1181 kg/ha, in Mali from 707 to 1607 kg/ha, and in Chad from 592 to 844 kg/ha (https://data.worldbank.org/indicator/AG.YLD.CREL.KG).
countries. River fishing along the Niger River is also practiced and the catch is mostly consumed locally. There are man-made fish ponds which produce mostly tilapia and African catfish; however, the number of functioning fish ponds and their estimated outputs are not known.

10. **Existing climate risks, exacerbated by the effects of climate change, will continue to adversely affect the agriculture sector at large.** The 2013 World Bank agriculture sector risk assessment report indicated that Niger’s GDP growth rate dipped into negative territory eight times between 1984 and 2010, and drought was largely responsible. Key hazards for crops in the project locations include droughts, irregular rainfall, and floods. Projections indicate that mean and maximum temperature as well as the duration of heat spells may increase, although rain may also increase marginally in the project locations. Mean monthly temperature changes are projected to undergo greater variability. The number of days with Minimum Temperature greater than 20°C is also likely to increase by 55 by 2060. As a result, crop and livestock production is expected to experience significantly increased climatic stresses.

11. **Public and private extension advisory services for agriculture, including technical advice for processing and marketing, are weak.** Some of the factors explaining the weak status of extension include (i) poorly funded public extension services that lack operational capacities; in particular they have limited physical and human resources and aging personnel in research and extension services; (ii) limited volume of research due to a lack of secure funding, along with sometimes limited relevance to the needs of the different segments in the farming community; and (iii) inadequate budgets to provide high-quality advisory services to farmers and disseminate technologies on the ground where information is needed. While a national extension strategy and a corresponding plan of action exist, they have not yet been implemented. This is compounded by weak policy development capacity in the Ministry of Agriculture and Livestock (MAGEL) and a dearth of proposals for reforms of the incentive environment for agricultural development.

12. **Improved water management is essential for improving agriculture, livestock, and fish productivity; significant water resources exist but are insufficiently used.** Rainfall is seasonal and surface water is scarce, only the Niger River flows permanently throughout the year, while five other large rivers feed the river flow only part of the year. Surface water management infrastructure was built in the 1960s and 1970s for the irrigation of rice and cotton; however, the installations are often old and dilapidated, suffering from maintenance and management constraints that prevent proper system use. The country enjoys large renewable groundwater reserves of around 2.5 billion m³, and 2,000 billion m³ of non-renewable water reserves. It is estimated that only 1 percent of surface runoff and 15 percent of renewable groundwater are currently used, and that less than 30 percent of potentially irrigable land is currently irrigated.

13. **Commercial farming and processing remain small.** A recent World Bank study on agribusiness reveals different types of players in agri-food sector which can be categorized in three segments: (a) medium-sized agri-food enterprises: there are nine medium-sized enterprises with annual revenues going from US$1 million up to US$23 million, and with a number of employees ranging from 15 to 150. These small and medium enterprises (SMEs) operate in commercial farming and the trade of onions, horticulture products, poultry, and the processing of wheat, dairy products. They sell on the local market through distributors and retailers and very few sell on regional or international markets; (b) the second segment includes the small enterprises (about 14 enterprises) and traders with annual revenues of less than US$1 million. Enterprises in this segment are involved in the processing of different agri-food products (onion, tomatoes, meat, cereals, etc.), and sell mainly on local markets to wholesalers and directly in stores and sometimes regionally, and (c) the third segment, the largest one, includes (i) more than 50 women
associations involved in grinding and processing of fruit, cereals, and dairy products; (ii) about 8,500 farmer cooperatives who commercialize the surplus of their production and more recently started to be involved in processing; and (iii) enterprises providing support services to farmers and SMEs in the agri-food sector. SMEs are mostly concentrated in urban areas while farmers cooperatives are in rural areas.

14. **There are multiple challenges constraining the development of commercial farming and processing, but there are also some opportunities.** The challenges vary across segments. For the medium-size enterprises, the challenges include the competition from the informal sector, difficulties to secure inputs linked to non-effective delivery systems from farms, producers that are very small and spatially dispersed, limited competitiveness due to high costs of production, and limited access to long-term finance for investments. For the small enterprises and cooperatives, the main challenges include (i) the lack of access to finance which is reflected in the lack of access to modern equipment, poor transportation facilities, lack of storage, and lack of adequate packaging; (ii) limited access to markets due to lack of market information, weak transport infrastructure, poor linkages between producers and other actors of the agri-food value chains due to the absence of contract farming or productive partnerships between actors of the value chains; (iii) low quality of production (sometimes linked to limited skills, lack of cold storage, poor packaging); (iv) limited access to land for farming; and (v) high level of taxation which discourages formalization. In addition, women in the agri-food sector are constrained by their limited mobility and lack of access to finance (particularly due to lack of collateral). Despite those challenges, there are also some opportunities including: contract farming, especially in the dairy, meat, and onion industries between agribusinesses and small-scale farmers or producers; and there is a growing demand for agri-food products linked to high population growth in Niger, and the development of regional markets.

15. **Access to agriculture finance from financial institutions is key to achieving the transformation of the agriculture and livestock sector but remains scarce.** Only five institutions (two banks and three microfinance institutions) currently provide loans to the agri-food sector. This is the result of multiple factors including the large inflows of subsidies in the agriculture and livestock sector that have resulted in crowding out private funding from financial institutions, constraints on the supply side as well as on the demand side. Recently, given the increasing competition in the financial sector and increasing support to improve the supply side (through adoption of agriculture finance reforms such as warehouse receipt finance and leasing laws), financial institutions have started to show a new interest in serving rural areas. This is reflected in the increase by 70 percent of the loan portfolio to the agriculture sector between 2015 to 2018, which has been mainly driven by growth of the state-owned agriculture bank’s loan portfolio in agriculture. Despite this increase, agriculture lending remains low, representing about two percent of the total loan portfolio of financial institutions. The World Bank’s Financial Inclusion Index (FINDEX) indicates that only about 1.1 percent of the adult population had access to credit for farming and for agriculture-related businesses in 2017. Lending for the agriculture sector, from both banks and microfinance institutions, is typically short-term, allowing for a cycle of crop production but extremely rarely for investments that would structurally change farming systems. Equity financing to start a business is not available at all. Other sources of finance for the agri-food sector include informal lending from traders at prohibitive costs (with reimbursement of loans in kind – sometimes more than 50 percent of the farm outputs), and agri-food entrepreneurs’ own savings.

16. **Current supply of agriculture credit is constrained by multiple factors.** These factors include (i) the crisis of the microfinance sector with the largest Microfinance Institution (MFI) which holds 70 percent of the clients on the verge of bankruptcy; (ii) financial institutions’ lack of expertise in agriculture credit;
(iii) limited presence in rural areas -- only 21 communes out of 266 have a bank or MFI branch; (iv) the high operational costs of operating in rural areas; (vi) the low leverage on mobile finance and non-bank agents to improve the outreach and reduce operational costs; and (vi) financial institutions’ lack of long-term finance which reduce their capacities to provide loans with longer maturity. The appetite for lending to the agri-food sector has also been negatively impacted by the high level of non-performing loans experienced by some MFIs\(^2\) and one bank lending to this sector.

17. **The Government’s efforts to establish the “Investment fund for nutritional and food security “Fonds d’Investissement pour la Sécurité Alimentaire et Nutritionnelle (FISAN), a government agency in charge of the promotion of agriculture finance, and to put in place a more coherent and harmonized framework for agriculture finance should help improve access to finance for actors in the agri-food sector and catalyze the modernization of the sector.** In 2016, the FISAN harmonized agriculture finance policies among donors with the introduction of a subsidized credit scheme. Under this scheme, producers can have access to 40 percent grants based on the approval of a financial institution to provide credit in an amount of 50 percent of the total investment cost. While the experience has been mixed so far due to restrictive eligibility criteria, farmers’ limited understanding of credit, and financial institutions’ risk aversion to agriculture finance, donors and some banks have shown strong interest in supporting the scheme, and it is creating a new momentum on which the project will build.

18. **Food insecurity and malnutrition remain significant problems.** In recent years, the growth of food production overall was slightly lower than population growth, with the increase in the food deficit being partly filled by imports. The World Food Program estimated in 2017 that nearly 20 percent of the population could not meet their food needs because of inadequate agricultural production, security constraints, and high demographic growth. This figure rises to nearly 30 percent during periods of poor rainfall; Niger is vulnerable to climate shocks, with drought being the most important risk in terms of frequency and impacts. Forty-eight percent of children under 5 years of age suffer from chronic malnutrition, and 10.3 percent are acutely malnourished, and diets lack the necessary vitamins and minerals. As a result, over 73 percent of children under 5, and almost 46 percent of women of reproductive age, are anemic.

19. **Women are marginalized.** A variety of negative factors undermine women’s participation in the economy. These include insufficient access to productive resources; low human capital (inadequate technical education); limited access to markets; a legal framework that renders them dependent on their spouses for access to modern financial instruments; and substantial contributions to the reproductive sphere of their households. These factors must be addressed to achieve the project development objectives, and the Gender Tag has therefore been triggered for this project.

20. **There is a high disparity between females and males, with Niger ranking 154th out of 155 on the inequality index between sexes (UNDP 2015), which measures reproductive health, empowerment, and economic status.** The main factor affecting the low enrollment rate of girls is early marriage with 76 percent of girls married before they turn 18, and about a third becoming wives before they turn 15. According to the 2017 Systematic Country Diagnostic (SCD) for Niger, 34 percent of Nigerien women are out of the labor force as opposed to 10 percent for men, and those employed receive lower earnings.

21. **Factors affecting women’s productivity in agricultural production.** The Country Partnership Framework (CPF) indicates that ‘plots managed by women produced 19 percent less per hectare than

\(^2\) Indeed, three MFIs serving the sector had a level of non-performing loans (NPLs) hovering at 32 percent in 2018 (compared to an average 13 percent in the country).
plots managed by men.’ There are three major factors that have a direct effect on women’s agriculture productivity in Niger: (i) access to external (hired) labor: labor is still the limiting factor of production in rural Niger; the more labor an individual can mobilize at crucial times in the farming cycle (land preparation, sowing, weeding and harvesting) the more she can produce; (ii) access to agricultural inputs such as: improved seeds, industrial fertilizer, pest control inputs, inputs for improved storage of perishable products, etc. In terms of animal husbandry, this includes adequate feed and veterinary services; and (iii) access to their own time, i.e. the extent of their obligations to the household in terms of domestic household activities such as fetching fuelwood and water, cooking and infant care lead to a situation where the time they can dedicate to farming activities and other productive activities, as opposed to reproductive activities, is limited

22. **Youth unemployment is acute; it undermines the political and economic stability of the country.** In Niger, 68 percent of the population is under 24 years of age. The problem of youth unemployment is severe: in 2014, 25.2 percent of youth were unemployed (13.9 percent men and 36.6 percent women). Given the lack of job opportunities, particularly in rural areas, youth unemployment threatens to undermine the country’s political stability, particularly within the present context of the influence of religious and other forms of extremism. Hence, to avoid the instability and violence currently experienced by Niger, the focus should be on reducing the population growth rate, the world’s highest at 3.8 percent per annum, and providing economic opportunities for young people. The focus on youth requires a gender perspective to develop effective and well-targeted programs. Unless young women receive adequate training and have prospects of steady employment, the high birth rates will undermine the country’s economic gains. Similarly, technical training and the creation of viable jobs for young men, in the agriculture sector particularly, is a precondition for sustainable development and peace. Ensuring that Niger’s youth is directly empowered with income-earning activities, has access to education and training opportunities, and a voice in local decision-making, is advocated by the Country Partnership Strategy (2018-2022). The proposed project will emphasize youth inclusion. It will mainstream youth dimensions in all its activities, giving youth preferential treatment particularly in project-provided agriculture training and services, as well as funding of investment initiatives.

**Relevance to Higher Level Objectives**

23. **The project is fully aligned with the Government’s strategy in support of agriculture and the environment.** The agriculture strategy is described in the Plan for Economic and Social Development II (PDES II), focused on rural transformation. This plan is also intended to operationalize the Rural Transformation Program of the Sustainable Development and Inclusive Growth Strategy (SDCD) of the Government. The objectives of the project are also in line with Niger’s Nationally Determined Contribution (NDC) with regards to improving the resilience of the agriculture, animal husbandry, and forestry subsectors to climate change, based on the adoption of climate-smart agriculture (CSA).

24. **The project is fully aligned with the Systematic Country Diagnostic (SCD) completed in FY17.** The SCD underlines that “improving the productivity in agriculture remains a first priority for poverty reduction.”

25. **The project is fully aligned with the Niger Country Partnership Framework (CPF) for the period of FY18-FY22.** The CPF’s overarching goal is “to help safeguard and accelerate Niger’s economic and social development, by tackling growth constraints, unsustainable population growth and other fundamental (and emerging) drivers of fragility.” The first CPF Focus Area is “Increased Rural Productivity and Incomes” and it has two sub-objectives: “Increased rural production with diversified output in the agriculture and
livestock sectors” and “Improved availability of productive infrastructure for trade in rural areas.” The project is therefore well aligned with the CPF and SCD as it would contribute to increased productivity and access to markets for the agriculture sector. It would generate employment in general and for women and young people in the targeted areas. The project also supports the CPF’s overarching goal of empowering women to enable development policies to succeed.

26. Under International Development Association (IDA) 18, Niger is benefitting from a special Risk Mitigation Regime (RMR) allocation. The overall objective of the World Bank’s RMR support in Niger is to mitigate the escalation of existing crises and contribute to the reduction of key fragility and conflict risks. The World Bank’s strategy for risk reduction is pursuing a dual approach. First, by addressing the short-term drivers of conflict and fragility with a focus on the most fragile and crises-affected regions (prevention of escalation). Second, tackling medium- to long-term drivers and structural factors, for example through investments that can reduce risks of future conflict and strengthen institutions to manage risks and support social cohesion (sustaining peace).

27. The project is contributing to the second objective of the Niger RMR strategy and objectives “Increasing opportunities for youth and women in fragile regions and supporting the peaceful management and sharing of agro-pastoral resources.” Also, the RMR allocation has guided the project’s design on three dimensions: (i) geographic coverage; (ii) beneficiary targeting; and (iii) risk management capacity. Regarding geographical coverage, the proposed project focuses a large share of its interventions in ‘at risk’ identified regions located along the Malian and Nigeria-Nigerien borders, such as in the Diffa, Tahoua, and the Tillabéri regions. For beneficiaries’ targeting, the project has a specific focus on youth and women in these regions.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

28. The Project Development Objective (PDO) is “to increase agriculture productivity and access to markets for small and medium farmers and agri-food small and medium enterprises in the Participating Project Regions.”

Key Results

29. The PDO Indicators are the following:

a. Increase in the yield of crops and livestock products (peppers, cowpeas, onions, cattle meat, and eggs) produced by targeted beneficiaries (percentage); and

b. Increase in the (constant) value of marketed agricultural commodities by project beneficiaries (percentage).

D. Project Description

30. Overall design. The project will provide capacity building for advisory and support services and financing of investments to help improve productivity and commercialization in the agriculture sector. Target beneficiaries are small- and medium-scale farmers and entrepreneurs who are ready to engage in the intensification of their production, development of value-added activities to primary production through diversification of processing activities, and the logistics for agricultural production to reach markets (including processing, storage, and transport). IDA financing will be complemented by loans to
beneficiaries from Partner Financial Institutions (PFIs). In line with the reforms supported under the current Development Policy Operation (DPO) (Niger Fostering Rural Growth Reform Grant DPO Series, P163318) focused among others on the fertilizer market, seed system, and promoting e-extension, the project will support profitable production systems that meet the project eligibility criteria, *inter alia*, contribution to socio-economic development; contribution to food, nutritional security and value-added potential; job creation (especially for women and youth); positive impact on trade balance; and contribution to climate resilience and mitigation.

31. **Crisis prevention and management.** The Sahel, of which Niger is an integral part, is an environment where climatic variability is the norm with short rainy seasons (normally from July to October) followed by longer dry seasons (November to June). However, droughts and unpredictable rainfall patterns are characteristic; the timing of these events cannot be predicted accurately; yet they are expected periodically. The growing importance of animal movement and sub-regional trade are gradually expanding the presence of pests, thus increasing the incidence of crop or animal disease and the potential for emergencies (such as the Avian Influenza in 2005). Although the costs of dealing with emergencies are far higher than the costs of prevention, funds have been more readily available to respond to emergencies than to prepare for them and mitigate their impact. PIMELAN, like the Regional Sahel Pastoralism Support Project in Niger (PRAPS-Niger; P147674) assumes that crisis prevention and management are an ongoing requirement for Niger to be prepared to confront agriculture and livestock crises. Within this context, the project will allocate resources under Component 4 for an immediate response to emergencies.

32. **Components 1 and 2 will work in synergy.** Through strengthening extension (Subcomponent 1.1), veterinary, and phytosanitary services (Subcomponent 1.2), and supporting the government to become more efficient in the policy-making process and in crisis prevention (Subcomponent 1.3), component 1 will create a more enabling and supportive technical and legal environment which will be more stimulating for investors in the agri-food sector. In return, an increased demand for technical support to be funded in the context of the business plans prepared by beneficiaries under component 2 will stimulate the delivery of improved support services (Subcomponents 1.1 and 1.2).

33. **Geographic coverage.** The project will support private investments in six regions: (i) three regions affected by conflict (Diffa, Tillabéri, and Tahoua); and (ii) three other regions (Agadez, Niamey, and Zinder). Since the project will benefit in part from funding from the RMR Window, it will support the pepper value chain in the Diffa region as a key value chain for agricultural development in that region. It will complement the activities of the Additional Financing (AF) for the Bank-funded Community Action Program (CAP3-AF) which is already supporting micro-projects in the Diffa region focused on youth and women, and similar approaches will be used to reach women and youth in other conflict areas covered under the project. The project’s support for women and youth will be mainstreamed in the key value chains in which they are involved and the project will address the gaps that exist in their access to training, inputs, capital, and wider markets for their activities vis-à-vis their male and adult counterparts. The project interventions will concern the following value chains, in particular: (i) Tillabéri region: onion, cowpea, rice, potatoes, moringa, and other crops; (ii) Tahoua region: onion, cowpea, tomatoes, and other agriculture crops; and (iii) Agadez, Niamey, and Zinder regions: profitable agri-business activities in selected value chains (onion, potato, cowpea) and any other relevant agri-business activity. These activities will typically be carried out through rehabilitation, renovation and minor alterations of existing small-scale community and household irrigation schemes (e.g. installation of pumps at existing wells, renovation of pumps, replacing diesel with solar pumps, shifting to drip irrigation, installing hoses), along with improved agriculture/agro-processing technologies.
34. **Scope of intervention and complementarity with other WBG projects.** The project will seek synergy and complementarity, and avoid duplication, with other projects. PIMELAN will capitalize on lessons from past and on-going Bank and other externally-financed projects.

35. **Regarding cropping activities,** the project’s design is built in particular on the lessons learned from the Private Irrigation Project (P072996) and the Agro-Sylvo-Pastoral Export and Market Development Project (PRODEX; P095210). The project will use irrigation technologies developed by the ongoing Regional Sahel Irrigation Initiative Project (SIIP, P154482), and complement the on-going Climate Smart Agriculture Support Project (PASEC, P153420) which is mainstreaming Climate-Smart Agriculture (CSA) in 60 communes. In Diffa, Tahoua, and Tillabéri, the project will provide support to the development of key value chains (pepper in Diffa, rice in Tillabéri, horticulture and livestock in Tahoua) to complement the Refugees and Host Communities Support Project (PARCA, P164563) which focuses on improving access to basic services and provides safety nets and primary production kits for these groups. Coordinated approaches will be developed with the Lake Chad Recovery and Development Project (P161706; under preparation), especially on restoring the Diffa region’s agricultural production.

36. **Regarding livestock,** the project will focus on productive livestock systems to enhance cattle, small ruminant, and poultry production as well as meat processing, complementing the (PRAPS-Niger) which focuses on pastoral systems and the Regional Disease Surveillance Systems Enhancement Project (REDISSE; P154807) which deals with animal diseases surveillance.

37. **Regarding access to finance** and support to agribusiness development, the project will support the growth of the agriculture private sector and enhance the participation of the financial sector in agriculture finance to allow sustainable growth of the sector. It will build on financial sector reforms put in place by the FIRST Financial Inclusion Program (P159341) and will allow to implement some of the key recommendations of the agriculture finance policy note and agribusiness deep dive study prepared by the World Bank. It will complement on-going efforts to improve farmers’ access to financial services via mobile devices under the Smart Villages for Rural Growth and Digital Inclusion project (P167543; under preparation).

38. **Project interventions in conflict versus non-conflict areas.** As the project seeks to support economic transformation in rural areas, its general intervention principles will apply in all selected regions. Activities will be demand-driven and adapted to beneficiaries’ needs, but they will be implemented and supervised differently, i.e. in non-conflict areas, the MAGEL will implement activities directly, whereas in conflict areas, to the extent possible, activities will be entrusted to service providers acting on behalf of government since government services may find it difficult to operate directly due to the security situation. Whenever and wherever possible, mutualization of service provision and supervision with service providers working for other projects will be sought.

39. **Maximizing Finance for Development (MFD).** The project design acknowledges the key role of the private sector in the development of the agri-food sector. It will improve the business environment for private actors to engage at all levels of the value chains, i.e. in production, processing, and trading activities by catalyzing the private sector’s participation in commercial farming and processing by facilitating access to finance through a coordinated approach between public and private actors. This coordinated approach will also reduce the risks to attract financial sector funding, and build capacities of private and public agents operating in the agri-food sector. The International Finance Corporation (IFC) will play a key role in this process by contributing in close collaboration with IDA to reduce the risks perceived by financial institutions in lending to the agri-food sector.
40. The proposed project with a total cost of US$134.9 million will be structured as an Investment Project Financing (IPF) implemented over a period of six years. It will be funded by an IDA credit in the amount of US$100 million to the Government of Niger over a six-year period. IFC will provide US$6 million, the beneficiaries will contribute US$5.9 million, and the PFIs will provide US$23 million. The Project will have four components: (i) improving the quality of agriculture support services and policies; (ii) increasing investments in agricultural production, processing and market access; (iii) project coordination; and (iv) a Contingent Emergency Response Component (CERC).

Component 1: Improving the quality of agriculture support services and policies (US$42 million from IDA)

41. The objective of this component is to increase the productivity of agriculture for both crop production and sedentary livestock systems, including aquaculture and fisheries, and to improve the safety of food products, by strengthening agriculture support services and policies. This component will strengthen human and institutional capacity for service delivery and policy development for key actors in the sector. Key outcomes would include (i) improved access to, and delivery of, quality extension and advisory services; (ii) improved access to, and delivery of, quality veterinary and phytosanitary services; and (iii) improved policy and regulatory environment conducive to the development of the sector. All extension and advisory activities are designed to integrate climate-smart agriculture options, as a way to increase producer’s awareness on climate risks, and improve their capacity to mainstream climate adaptation and mitigation actions. This component will be implemented by MAGEL, the Ministry of Environment and Sustainable Development for fisheries and aquaculture, and in collaboration with APCA for Subcomponent 1.1.

42. **Subcomponent 1.1: Strengthening crop and livestock extension services (US$7 million from IDA).** The objective of the subcomponent is to build capacity of the national extension and advisory service to more effectively play its role in increasing producers’ knowledge and capacities. The subcomponent will support the implementation of the strategy for the National Extension and Advisory Services System in agriculture *(Système National de Conseil Agricole, SNCA)* endorsed by the government of Niger in August 2017. The project will provide targeted support to the operationalization of the *Agence de Promotion du Conseil Agricole* (APCA), the operational coordinating and programming body of the SNCA, and to advisory services providers. Delivery mechanisms will be regionally adapted along production systems and vary depending on whether a region is designated as conflict-affected where government services have difficulty in access and credible actors are subcontracted to deliver services. Training of advisory service providers will focus on the use of CSA varieties and practices, including *inter alia* introducing drought and heat tolerant seeds, agroforestry practices, drip irrigation, and solar-pump irrigation schemes.

43. **Subcomponent 1.2: Support to veterinary and phytosanitary services (US$28 million from IDA).** The objective of the subcomponent is to increase availability of, and access to, specialized high-quality public and private veterinary and phytosanitary services to producers, and other value chain actors, to contribute to crop and animal productivity enhancement, and to mitigate increased plant and animal disease risks linked to climate change, and to the strengthening of food quality and safety. The project will support activities aimed at (i) enhancing surveillance systems for emerging and re-emerging crop priority diseases; (ii) controlling priority crop diseases and pests; (iii) controlling priority productivity-impacting livestock diseases; (iv) preventing major fish diseases (especially Tilapia Lake Virus) through targeted surveillance and awareness campaigns with respect to live fish imports; and (v) promotion of food safety through enhanced quality control of inputs, feed, and food products.
44. **Subcomponent 1.3: Strengthening the policy, legal, and regulatory framework and developing mechanisms for preventing and responding to severe crises and emergencies in the agriculture sector (US$7 million from IDA).** Under this subcomponent, the project will support the transformation as well as strengthening of the effectiveness and efficiency of the Agricultural Policy Support Unit (APSU). There is already inside the Studies and Planning Directorate a small unit which will be transformed by Ministerial Order (*Arrêté Ministériel*) into the APSU. The project will provide support to the unit to develop its analytical and policy reform competencies. As women’s economic empowerment is a determinant of agricultural productivity enhancement, the Unit will support MAGEL in the development of a Gender Policy and gender-sensitive planning and budgeting. The project will support the APSU in undertaking policy analyses and making recommendations for removing policy, regulatory, and institutional constraints that negatively affect investments and entrepreneurship in the sector.

45. This subcomponent will also: (i) support MAGEL’s capacity to respond to crises by providing equipment, training and resources for specialized studies and communication campaigns; (ii) support the consolidation and operationalization of crisis prevention and management tools related to agriculture; and support training to better understand climate change risks, analyzing climate information, and integrating climate resilience and mitigation policies into agricultural programs.

**Component 2: Increasing investments in agricultural production, processing, and market access (US$45 million from IDA)**

46. The objective of this component is to increase private investments in agricultural production, processing and market access for the various players in the agri-food sector. To this end, the project will support (i) the development of productive partnerships, (ii) improvement of access to finance for the agri-food sector, including at the level of production, processing, storage, transportation, and marketing both for domestic and export markets, and (iii) strengthening the supply of agriculture credit. The component will be implemented by MAGEL, in collaboration with the PFIs, the National Selection Committee, and the Ministry of Finance.

47. The principles of intervention under this component will be: (i) synergy with other World Bank and IFC projects; (ii) focus on agri-food value chains in targeted areas that offer the best economic opportunities for marketing and processing at the national and international levels; (iii) focus on women and youth; and (iv) integration into investments of the climate adaptation and mitigation options promoted under Component 1.

48. **Subcomponent 2.1: Developing Productive Partnerships (US$6 million from IDA).** To improve access to markets and value chain coordination, the project will finance (i) the establishment of a productive partnership program for producers and SMEs in agri-food value chains presenting good economic opportunities; and (ii) communication and financial literacy campaigns. The project will:

(a) finance the following set of activities for the establishment of the productive partnership program: (i) the identification of off-takers for agriculture, livestock, and aquaculture products with good prospects at the national, regional, and potentially international level; (ii) support to producers and SMEs in entering into commercial agreements with those off-takers; (iii) building the capacities of those producers and SMEs to respond to the demand of these off-takers and to improve the quality of their production; (iv) the development of sustainable business models and business plans that could allow sustainable growth of those SMEs and producers association involved in productive partnerships (for commercial farming, processing and commercialization); and (v) provide technical support services to
implement the business plans. These activities will be implemented by different firms specialized in the agri-food sector, business development services, and incubators at the national, regional or international level which would work in close collaboration. They will be selected through a competitive bidding process. Beneficiaries’ selection will be done through a call of proposals. The Project Implementation Manual (PIM) will provide the details of the productive partnership program; and

(b) finance (i) communication campaigns; (ii) financial literacy programs; and (iii) training of trainers in financial management/literacy in the targeted regions. This will be done through specialized firms with proven expertise in these different areas.

49. **Subcomponent 2.2: Increasing Access to Finance (US$28 million from IDA).** To address the limited availability of finance in the agri-food sector, the project will support the establishment of a cost-sharing financing (CSF) program based on matching grants and systematic involvement of financial institutions. The CSF will allow producers, producer groups, and SMEs in the agri-food sector, that have benefitted from the Productive Partnership program, or have other pre-identified off-takers or markets, to access financing for working capital and viable medium-term investments. Investments will be systematically accompanied by technical assistance to improve the beneficiaries' management and technical skills as described under subcomponent 2.1.

50. Two types of grants will be provided under the CSF program under Window #1 and Window #2 (see below) to facilitate access to finance to increase investment in the agri-food sector and catalyze the emergence of strong SMEs. The grants will be managed by Participating Financial Institutions (PFIs) to be selected following the World Bank IPF policy and agreeable to the World Bank. Further details will be defined in the Grant Manual GM which will be finalized prior to effectiveness. The selected PFIs will enter into a legal “Participation Agreement” with the Government, which is a disbursement condition for this subcomponent.

(a) **Window #1 (US$6 million):** To address the limited access to finance in the agri-food sector in vulnerable regions such as Diffa, Tahoua, and Tillabéri, the project will provide matching grants for working capital and small investments in productive agricultural assets that have a demonstrated potential to improve the incomes of, create jobs for or increase the resilience of beneficiaries. The following could be eligible under this window: producer groups, youth and women groups, and SMEs already operating or interested in farming and processing. These groups would have to show (i) that they have received support for productive partnerships under the productive partnership program or have other pre-identified off-takers or markets; and (ii) that they currently have no access to financial services from financial institutions. Grants under this window will range from US$500 to US$3,000. Up to seventy percent of the grants (in number) will be allocated to women and young people (under 35 years old). Grants will cover up to 80 percent of the costs of the subproject, while the beneficiary will have to provide 20 percent in cash or in-kind. Women- and youth-led SMEs and groups will be required to provide only 10 percent cash or in-kind contributions and will receive grants covering up to 90 percent of the costs of the eligible investment. All beneficiaries will be required to open accounts in a financial institution (microfinance, bank, or mobile account). PFIs in charge of grants under this window will receive management fees to ensure the quality of their services; and

(b) **Window #2 (US$22 million):** To address the limited access to finance for producer groups and SMEs in the regions of Diffa, Tahoua, Tillabéri, Niamey, Zinder, and Agadez, the project’ CSF
program will provide matching grants backed by loans from PFIs for investment in subprojects in the agro-food sector. Under this window, the CSF program, in accordance with the FISAN principles, is a cost-sharing program between beneficiaries, donors, and financial institutions. The project will provide grants for up to 40 percent of the costs of each subproject, while the beneficiaries will have to prove that they have obtained loans from a PFI for up to 50 percent of the subproject costs. The remaining 10 percent of the subproject funding will be provided by the beneficiaries in the form of cash contributions. Eligible subprojects under this window include working capital and investments, such as equipment, storage, small infrastructure for production, post harvesting and processing activities, and any other activities related to the agri-food sector. Where feasible, energy efficient equipment as well as climate-resilient and energy efficient design storage and small infrastructure facilities will be supported. The CSF will be accessible to producer groups, processors groups, and SMEs (including startups) who would have received support under the productive partnership program, or who have a pre-identified off-taker. Grants under this window may range from US$4,000 to US$100,000. In the specific case of women and youth, beneficiaries will receive grants up to 50 percent of the subproject costs while they will have to prove that they have obtained loans from a PFI for up to 40 percent of the subproject costs. In-kind contributions would be accepted for women- or youth-led SMEs and women or youth groups for projects with total costs less than US$20,000.

51. **Subcomponent 2.3: Support to financial institutions (US$11 million from IDA with IFC participation of US$6 million).** To address the high risks of lending to the agri-food sector, the project will put in place a risk-sharing mechanism, and it will strengthen the capacity of financial intermediaries to catalyze the supply of credit from financial intermediaries under the CSF scheme. The subcomponent, to be further detailed in the Risk Sharing Facility Manual (RSFM), is divided into two parts and will benefit from the participation of the IFC.

(a) **Risk-Sharing Mechanism (US$6 million).** A risk-sharing facility (RSF) will be put in place to encourage financial institutions (the same PFIs that are participating under sub-component 2.2) to provide the 50 percent credit to producers, producer groups, and SMEs in the agri-food sector under Window #2 of the CSF program. The RSF fund will be managed by two independent fund administrators:

i. An IDA allocation of US$3 million will be used as a "first loss" to enable the IFC to set up an RSF of up to US$9 million. This RSF will function as a partial portfolio guarantee for PFIs (particularly commercial banks) loans in the agricultural sector (i.e. 50 percent coverage of the credit risks borne by PFIs). The IFC RSF will cover 50 percent of the principal of defaulted loans offered by the commercial banks under Window 2 of the CSF scheme (described in subcomponent 2.2) and in accordance with a Risk Sharing Facility Framework Agreement, the RSFM, and the Partial Credit Guarantee Agreements between IDA, IFC, and the Government;

ii. A local risk sharing facility to managed by an independent firm (Fund Manager) and located at the Société Sahélienne de Financement (SAHFI), the private local guarantee company will be established by the project. The US$ 3 million will serve for the establishment and operationalization of an RSF to improve access to finance from the public bank and MFIs that will not be covered by IFC. The IDA contribution will serve for the capitalization of the Partial Credit Guarantee (PCG) fund that could serve commercial banks and MFIs. The project will also support the costs of PCG management along with technical assistance to SAHFI. The Fund Manager will be selected through an international competitive bidding process. This fund
manager will work with SAHFI pursuant to a legal agreement between the Government, SAHFI, and the LRSF Manager (the “Local Risk-Sharing Facility Establishment Agreement”) which is a disbursement condition for the LRSF. One million will serve to cover the costs of the LRSF manager and technical assistance related to the risk sharing facility; and

iii. As the two guarantee providers under the project, IFC and SAHFI, to the extent possible, will be aligned in terms of processes, risk coverage, pricing and other requirements from the PFIs. Both guarantee schemes will also follow the same operation manual. Selection of financial institutions will follow Bank Policy and Procedures for IPF operations and following financial stability and performance criteria. IFC will conduct additional due diligence to ensure selected PFIs fit with IFC’s investment criteria. Financial Institutions (FIs) that do not qualify under IFC due to structural aspects (public, or semi-public entities) but which qualify under Bank Policy and Procedures for IPF operations and following financial stability and performance criteria, will be served by SAHFI.

(b) Technical assistance to PFIs and to FISAN to address the limited capacity of financial institutions for agricultural credit. Technical assistance to FISAN will aim at strengthening their capabilities to implement agriculture finance policies including the warehouse receipt financing strategy. The technical assistance to the PFIs will include (i) the establishment of agricultural finance units within PFIs; (ii) support for the establishment of a network of gender-sensitive agents network in the target areas of the project; (iii) capacity building for the development of more suitable financial products, including financing of leasing and storage receipts, mobile finance and other products; and (iv) improving risk capacities and development of credit assessment techniques based on financial and non-financial information provided by the database to be created as part of the World Bank Smart Villages project (P167543); (v) farm credit risk management; (vi) support for the application of the principles of environmental safeguarding; and (vii) support to better understand climate risks and other impacts of climate change as well as design and implement adequate risk-reduction, risk-transfer mechanisms. The costs of technical assistance for capacity building could be shared between the project and the PFIs.

Component 3: Project coordination (US$13 million from IDA)

52. The objective of this component is to coordinate the implementation of the project within MAGEL. This activity would support all NCU activities required to manage IDA funds, procure IDA-funded goods and services, conduct project monitoring and evaluation (M&E), including Iterative Beneficiary Monitoring (IBM), and comply with safeguard policies. It will also implement a communication strategy, including communication campaigns that work closely with women associations and traditional leaders. It will provide the necessary gender-inclusive training and equipment support to the MAGEL, the Ministry of Environment, the Ministry of Commerce, the Ministry of Planning, and the High Commissioner's 3N initiative at central and regional level to carry out gender-sensitive, technical monitoring of project implementation and M&E for the aspects that concern them in the context of the project.

Component 4: Contingent Emergency Response Component (US$0 from IDA)

53. The CERC will be established and managed in accordance with the provisions of World Bank OP/BP 10.00 (Financing of Investment Projects), paragraphs 11, 12, and 13. The Project’s CERC will be triggered only when the government has officially declared an emergency and a statement of the facts is provided justifying the request to activate the use of emergency funding. If the Bank agrees with the determination of the disaster and associated response needs, this Component allows the government to request the
Bank to recategorize and reallocate financing from other project components to cover emergency response and recovery costs.

E. Implementation

Institutional and Implementation Arrangements

54. The MAGEL will be responsible for overall project coordination and management. In view of the wide geographical coverage of the country and to avoid delays in project start-up and with project implementation in general, it was agreed to retain the National Coordination Unit (NCU) of the Community Actions Program (CAP; P163144), which is located in MAGEL, to coordinate the project. To this end, the NCU will be strengthened with relevant staff in the technical areas that will be supported by the project, including access to agriculture finance and agribusiness, and with regards to the fiduciary functions of the project. The NCU already has Regional Coordination Units (RCUs) in place in each region where they will coordinate project implementation. PFIs and IFC will oversee the implementation of the CSF program and the Risk-Sharing Facility (RSF). The work will be overseen by a Project Steering Committee. A PIM and a Grant Manual will be prepared; this will be a condition for effectiveness.

55. The NCU will undertake: (i) Monitoring and Evaluation (M&E) and knowledge sharing services to inform project implementation; (ii) technical implementation and monitoring of activities; (iii) fiduciary management (financial/accounting/internal audit management and procurement); (iv) environmental and social management for compliance with safeguard measures including a grievance redress system (GRS); and (v) gender and youth mainstreaming in all projects operations.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented in six regions: three FCV regions (Diffa, Tillabéri, and Tahoua) where an open approach reflective of local circumstances will be used, and three non-FCV regions (Agadez, Niamey, and Zinder) where activities will be more focused on financing business plans for profitable production, processing, and marketing systems. Cross-cutting capacity-building activities at the central level and support for policy and regulatory reforms will be national in nature. Veterinary services will also be provided nationwide. As far as extension and advisory services are concerned, the training and capacity building activities funded by the project as part of its priorities will be accessible to services from all regions of the country. However, as far as investments are concerned, they will be limited to services working on production systems in specifically project-targeted areas. The investment locations will not be known prior the Board approval. In Niger, almost every Bank mission inside the country is subject to security evaluation before it is undertaken. Missions to Tillabery, Taoua, Diffa have to be done under escort. In these sensitive and fragile areas, Bank supervision missions will be organized under specific protocols defined by Bank security officers.

G. Environmental and Social Safeguards Specialists on the Team

Demba Balde, Social Specialist
Bougadare Kone, Environmental Specialist
### SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The proposed project is assigned an Environmental Category B, since it is expected that environmental and social risk and impacts will be moderate and site specific, and manageable. The potential environmental and social risks and impacts are mostly related to the use of fertilizers, and pesticides; dust, noise, accidents etc. related to small civil works such as storage and other small infrastructure under component 2; and, the increased GHG emissions due to the land-use change during agriculture cycles. The specific locations of activities will not be known prior to Board approval. In order to comply with the safeguard requirements and enhance the environmental and social outcomes, the Borrower undertook the preparation of three environmental and social instruments: (i) Environmental and Social Management Framework (ESMF), (ii) Integrated Pest Management Plan (IPMP), and (iii) Resettlement Policy Framework (RPF). These documents have been reviewed by the Bank and disclosed both in-country on April 1, 2019 and at the Bank Website on April 8, 2019. These instruments apply to the entire project, and will be used by the National Coordination Unit to screen project activities and prepare site-specific plans (ESIA/EMPS, (A)RAPs) if and when needed. In case of sub-components 2.2 and 2.3, the selected PFIs will be required to apply the same frameworks (ESMF, RPF, PMP) to screen requests for matching grants, and review of their capacity to do so is part of their eligibility assessment by the Bank.</td>
</tr>
<tr>
<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
<td>No</td>
<td>The Project will not rely on OP 4.03.</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>The policy is not triggered as the project will not support activities in areas where habitats may be threatened.</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>The policy is not triggered because the project will not support activities related to forest exploitation</td>
</tr>
<tr>
<td>OP/BP 4.09</td>
<td>Yes</td>
<td>OP 4.09 is triggered because of the following related to the project: (i) livestock productivity enhancement via animal health, animal disease surveillance, animal health/vaccinations, and fight against pests, prevention and management; and (ii) farmers, for the agricultural productivity purpose, may use fertilizers and pesticides. An Integrated Pest Management Plan (IPMP) has been prepared, consulted upon and publicly disclosed on April 1, 2019 in-country and on April 8, 2019 on World Bank website.</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
<td>This policy is triggered because of the nature of possible civil works to be financed under component 2 (rehabilitation of small scale irrigation) which may lead to the unearthing of such cultural resources. It is highly unlikely that any physical cultural resources will be impacted; nonetheless, the existing “Chance finds procedures” integrated in the ESMF to ensure that these aspects will be taken into account during project implementation.</td>
</tr>
<tr>
<td>OP/BP 4.10</td>
<td>No</td>
<td>The policy is not triggered as there are no Indigenous Peoples in the project areas.</td>
</tr>
<tr>
<td>OP/BP 4.12</td>
<td>Yes</td>
<td>The Policy is triggered as the proposed project activities may require acquisition of land that could lead to some losses of assets, losses or restriction of access to some sources of livelihoods, resulting in either a temporary or permanent involuntary resettlement of project affected persons (PAP). The project is unlikely to lead to physical displacement. Since the physical footprint of project activities is mostly unknown at this juncture, the Borrower has prepared, consulted upon, and publicly disclosed the RPF both in-country on April 1, 2019 and at the Bank Website on April 8, 2019. During project implementation, the screening process will further determine whether land will be acquired. No resettlement will be allowed under subprojects financed under Component 2 (matching grants scheme). The recipient must have a clear title free of any encroachment as an eligibility criterion.</td>
</tr>
<tr>
<td>OP/BP 4.37</td>
<td>No</td>
<td>The project will not finance a new dams or rely on the performance of an existing dam or a dam under construction. It may only finance some water</td>
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</table>
The Project activities will be located in the regions of Diffa, Zinder, Tahoua, and Agadez, potentially affecting the Lake Chad basin via the Komadougou River, and in Tillabéri and Niamey, potentially affecting the Niger River. Therefore this safeguard policy has been triggered. The project will finance rehabilitation and minor alteration of ongoing small scale community and household irrigation schemes, which will not adversely impact the quantity and quality of water in the international waterways, and the project investments will also not be adversely affected by other riparians’ possible water use. Accordingly, the exception to the riparian notification requirement based on paragraph 7 (a) has been processed for the Vice-President’s approval.

The project intervention areas are not under dispute.

### KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

#### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Detailed assessment of project components shows that the activities under Component 2 (Support to private agriculture investments and to agriculture finance) including activities related to the creation of productive partnerships as well as the improved access to financing for actors in the agriculture and livestock sectors (level of production, processing, storage, transportation, and marketing of agricultural and livestock products for domestic and export markets), could have potential environmental and social impacts. Main positive potential environmental and social impacts involve the increase of agriculture and livestock production and better use of land and water resources through the use of improved technologies, creation of employment and more revenues generation. Some negative environmental and social impacts include soil erosion, use of pesticides, increase water-borne diseases, elite capture of project benefits, land acquisition consequences.

Overall, project activities will lead to positive environmental and social impacts by providing short term income earning opportunities to youth and women and small agri-businesses. Beneficiaries will be assisted to overcome constraints to agriculture and livestock productivity through improved technologies and practices, providing inputs and entrepreneurial capacity. However, it is foreseen that the project may have impact on land and livelihoods. The potential environmental and social impacts are localized and can be easily mitigated. The project has therefore been categorized as B: Partial Assessment in accordance with World Bank Safeguards Policies on Environment assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12). To comply with these policies the project has prepared an ESMF and RPF consulted upon and published on April 1, 2019 in-country and on April 8, 2019 on the
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Potential misuse of pesticide or fertilizer could lead to runoff and water pollution. Other risks include potential introduction of invasive species. Impacts avoidance is the goal here. Risk of induced land-use change is limited; activities are small scale in existing agricultural areas.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Project alternatives were not considered relevant because the potential impacts of this project are manageable in nature. However, this will be validated via the assessment of alternatives through the ESIA process, and preparation of RAPs when needed.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
To comply with the triggered safeguard policies the Borrower has prepared risks management instruments including the ESMF, RPF and the IPMP. These instruments are designed with the objective of providing mitigation measures. Subprojects and all activities will be screened correctly and the relevant follow on assessments and mitigation measures will be applied where required. Additionally, where the screening results in land uptake, appropriate due diligence on land acquisition (donations, compensations) will be undertaken in compliance with the arrangement within the RPF to meet requirements of OP 4.12. Nevertheless, no resettlement will be allowed under subprojects financed under Component 2 (matching grants scheme). The recipient must have a clear title free of any encroachment as an eligibility criterion.
The safeguard implementation arrangement and capacity will be sustained under the Project Coordination Unit (PCU) of the Community Actions Program (CAP). The PCU will recruit an environmental safeguards specialist and a social safeguards specialist to be supported by focal points at the municipal, as well as Ministry of Environment levels. The capacities of all participating institutions will be strengthened during project implementation. PFIs will also be required to apply the ESMF/RPF/PMP, and review of their capacity to do so will be part of their eligibility assessment to determine whether they may take part in the project.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Key stakeholders of the project include the Ministry of Agriculture and Livestock, the Ministry of Environment and Sustainable Development, the Ministry of Hydraulic and Sanitation, the Ministry of Commerce and Private Sector Promotion, the Ministry of Plan, the Ministry of Finance, the Ministry of Youth Employment, the Ministry of Interior, Public Security, Decentralization, Traditions and Religious Affairs, the High Secretariat for Initiative 3N, the Ministry of infrastructure and transport, and the National Chamber of Agriculture, producer organizations, cooperatives, agribusinesses and the Civil Society Organizations, and a variety beneficiaries. Throughout the project's implementation, these stakeholders will be involved. Additionally, various stakeholder consultations have been held during the preparation of the safeguard instruments. The consultations took the form of community fora, focus groups meetings at both national and local levels. As part of the project preparation, meetings have been held with key officials and opinion leaders to examine the level of awareness and involvement with the project, concerns of project implementation, and to obtain the relevant documents or baseline information of project areas and the environmental and social setting of Niger.
Additionally, a manual of Grievance Redress Mechanism of the project has been prepared to manage complaints will be rolled-out throughout project implementation. The GRM also serves to gather information and resolve implementation challenges.
## B. Disclosure Requirements

### Environmental Assessment/Audit/Management Plan/Other

<table>
<thead>
<tr>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
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<td>14-Mar-2019</td>
<td>08-Apr-2019</td>
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"In country" Disclosure
Niger
01-Apr-2019

Comments

### Resettlement Action Plan/Framework/Policy Process

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"In country" Disclosure
Niger
01-Apr-2019

Comments

### Pest Management Plan

<table>
<thead>
<tr>
<th>Was the document disclosed prior to appraisal?</th>
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<th>Date of submission for disclosure</th>
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<td>Yes</td>
<td>20-Mar-2019</td>
<td>08-Apr-2019</td>
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</table>

"In country" Disclosure
Niger
01-Apr-2019

Comments
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?
Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?
Yes

Is a separate PMP required?
Yes

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?
Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?
Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?
Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes
OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?
No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?
Yes

Has the RVP approved such an exception?
NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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**Approved By**

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| Practice Manager/Manager: | Marianne Grosclaude  
|                          | 21-May-2019 |
| Country Director: | Michael Hamaide  
|                  | 22-May-2019 |