Statement by Sharon Weber
Date of Meeting: November 20, 2001

**World Bank: Niger Country Assistance Strategy Progress Report and Public Expenditure Adjustment Credit**

We welcome this CAS Progress Report which provides a comprehensive overview of the progress made in the implementation of Niger’s 1997 CAS, and an informative update of the Bank’s assistance strategy for the country.

We appreciate the CAS Progress Report’s clear and frank analysis of Niger’s progress under the current program and we agree that the goals of the Public Expenditure Adjustment Credit (PEAC) must be simple and achievable. Niger ranking 161 of 162 countries in terms of human development, means that there is, indeed, a lot of work to be done and the Bank’s priority on poverty reduction is well placed. Governance remains a central issue of concern to us.

Given the impact of the events of September 11 on the poorest countries, particularly the HIPC’s, we would like to have an updated analysis of Niger’s situation.

We are pleased that the government is demonstrating a strong sense of ownership in preparing a full PRSP, and a strong commitment in ensuring broad-based participation. We support the Management’s decision to carry out a full CAS upon completion of Niger’s PRSP.

We also support the Bank’s approach to strengthening the capacity of Niger’s authorities to manage and plan development programs with a view to increasing programmatic lending in the future. It should be noted that Canada’s aid agency is following the same approach in Niger, specifically in the education sector. The approach developed in the PEAC is a sound one, which will help the government to overcome some of its financial constraints and continue to address administrative weaknesses and pursue poverty reduction.
Specific Comments

Public Budgetary Management: While progress has been made and relative stability brought to the country since early 2000, governance remains a central issue in Niger for effective use of aid resources, and to regain credibility of the public sector. We therefore welcome the continued emphasis on improved public expenditure management and budgetary reform. Efficient and effective implementation of the PRSP will largely depend on the government’s capacity to prepare and implement a sound medium term expenditure framework and an annual budget in accordance with the PRSP objectives. My Canadian authorities would be ready to consider working in collaboration with the Bank and other donors in assessing Niger’s fiduciary framework and in strengthening the government’s capacities in these areas.

Decentralization: The effective transfer of authority to local governments should take into account capacities at the local level once it is determined that the fiduciary framework is sustainable. The Bank, with the IMF and international partners, should emphasize the importance of the local government in delivering pro-poor services in the country and provide necessary support to achieve this goal.

Growth Prospects: We view the projected growth rates for 2001-2004 as perhaps overly optimistic (average of 4.4 percent, in contrast with 0.1 percent for 2000), especially given Niger’s vulnerability to external shocks, climatic conditions, and risks of political instability. We have observed similar exceedingly optimistic growth projects for other HIPC’s, and would like a response from staff on this. With respect to recent international events, are the assessments realistic for filling the 2001 and 2002 funding gaps, including the potential impact on Niger’s economy of the expected global slowdown in economic growth? One could expect a reduction in government revenues and, eventually, an increase in public spending to cope with increased vulnerability. Accordingly, could staff indicate what impact the global slowdown will have on Niger’s economic growth prospects and debt sustainability.

We agree in general terms with the statement that expanded trade in the sub-region can potentially favor growth. However, we would question the basis for the Bank’s position that expanded trade within the sub-region is seen as a prominent source of growth when the report admits that trade with Nigeria, Niger’s major partner, is "mostly unrecorded" (P. 4-5 paragraph 10). Could staff clarify whether the trade balance with Nigeria is negative or positive, and what actions are planned to improve collection and availability of trade-related data?

To help expand trade, it is important to identify Niger’s comparative advantages that will help it to engage in growth-driven trade. It is also essential to establish an effective data collection mechanism to support trade policy-making.

We would encourage a stronger focus on strengthening the government’s capacity against potential sources of destabilization in the country, particularly during the ongoing process of political decentralization. It is also necessary for the government to establish effective anti-corruption strategy in the coming years.
**Population Growth:** The population growth rate remains a critical challenge to Niger’s development, which can seriously hamper or even negate any economic growth or developmental gains. While the IDA-funded Population Project increased access to and quality of reproductive health services, demand for services remains low. This is an area where efforts need to be strengthened to control the high fertility rate, as the population is expected to double in 25 years, and HIV/AIDS is spreading rapidly. What action is the staff taking to address the demand problem of the Population Project?

**Education:** The weak progress in education (85% of the population is illiterate), and the lack of demand for education, are cause for serious concern. Education, with special emphasis on women, is the key factor for any prospect of future development, and should remain as one of the Bank’s programming priorities. We would encourage a greater focus on the quality of education and building institutional capacities in the education sector, and that cross-cutting issues such as gender, HIV/AIDS and the environment be properly defined and monitored in the Bank’s strategies for education. What are staff intentions in this regard?

**Poverty Monitoring and Analysis:** Poverty analysis and monitoring are particular challenges for the country due to relatively old data. We hope to see more accurate poverty analysis and concrete measures to develop an effective poverty monitoring system in the full PRSP.

**Health and HIV/AIDS:** The increased attention paid to HIV/AIDS is commendable and it is important that the delivery of HIV/AIDS support is within a balanced package of health care. In light of the rapid population growth in the country, we again encourage strengthened efforts in the next CAS on increasing demand for reproductive health services.

**Gender:** We would encourage further analysis on the impact of the ongoing public finance and structural reforms on the poor, with particular attention to gender and regional issues.

**Public Expenditure Adjustment Credit:** We support the proposed PEAC including its focus on budgetary and administrative reform and the country’s poverty reduction strategy. We also agree with the proposed two-tranche disbursement of SDR 54.5 million during 2001-2002. Concerning the future PRSC, emphasis should be concrete and measurable on results-oriented targets, in accordance with the PRSP-identified objectives.