PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 44.5 MILLION
(US$70.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF NIGER

FOR THE

SAFETY NET PROJECT

April 25, 2011
CURRENCY EQUIVALENTS

(Exchange Rate Effective January 10, 2011)

Currency Unit = FCFA
FCFA 1 = US$0.002020
US$1 = FCFA495

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ACH Action Against Hunger/Accion contra el Hambre
AR Regional Offices/Antennes régionales
CAPCR Community Action Project for Climate Resilience
CAS Country Assistance Strategy
CCA Food Crisis Unit/Cellule crises alimentaires
CFA African Financial Community/Communauté financière africaine
CFS Safety Net Unit/Cellule filets sociaux
CW Cash for Work
CIWTEP Cash for Work Temporary Employment Program (Liberia)
CP Steering Committee/Comité de pilotage
CRPGCA Regional Committee for the Prevention and Management of Food Crisis /Comités régionaux de prévention et de gestion des crises alimentaires
CRS Catholic Relief Services
DA Designated Account
DECGRG Bank’s Development Economics Department
DECT Dowa Emergency Cash Transfers
DHS Demographic and Health Survey
DNPGCA National Body for the Prevention and Management of Food Crises /Dispositif national de prévention et de gestion des crises alimentaires
EC European Commission
ECHO European Commission Humanitarian Aid and Civil Protection
EFC Error, Fraud, and Corruption
EFP Essential Family Practices
EGS Employment Guarantee Scheme (Bangladesh)
ENBC National Survey on Household Income and Consumption
EOI Expression of Interest
ESMF Environmental Safeguards Management Framework
ESW Economic Sector Work
FAO Food and Agriculture Organization
FCFA Franc of the CFA
FEWSNET Famine Early Warning Systems Network
FIW Food and cash for work
FM Financial Management
GAM Global Acute Malnutrition
GDP Gross Domestic Product
GFRP Global Food Crisis Response Program
GoN Government of Niger
IBRD International Bank for Reconstruction and Development
ICT Information and Communication Technology
ID Identity Document
IDA International Development Association/Association internationale de développement
IFRC International Federation of Red Cross and Red Cross Societies
IFRs Interim Unaudited Financial Reports
IL Investment Lending
ILO International Labor Organization
IT Information Technology
M&E Monitoring and Evaluation
MDGs Millennium Development Goals
MDG1 Eradicate Extreme Poverty and Hunger
MDG4 Reduce Child Mortality Rate
MDG6 Combat HIV/AIDS, Malaria, and other Diseases
MFIs Microfinance Institutions//Institution de microfinance
MIS Management Information System
MOU Memorandum of Understanding
MTR Mid-Term Review
NCB National Competitive Bidding
NGOs Non-Governmental Organizations
NREG National Rural Employment Guarantee Scheme (India)
OCHA Office for the Coordination of Humanitarian Affairs
ORAF Operational Risk Assessment Framework
PAC Community Actions Program/Programme d’actions communautaires
PDAs Personal Digital Assistants
PDO Project Development Objective
PIM Project Implementation Manual
PMT Proxy Means Testing
PoS Point of Sale
PP Procurement Plan
PPFS-CT Pilot Project on Safety Nets using Cash Transfers/Projet pilote des filets sociaux par le cash Transfert
PR Procurement
PROCAMPO Program Providing Direct Support to Farmers (Mexico)
PRSP Poverty Reduction Strategy Policy
PSNP Productive Safety Net Program (Ethiopia)
QUIBB Living Standards Measurement Study/Questionnaire sur les indicateurs de base et de bien-être
RFPs Request for Proposals
RPF Resettlement Policy Framework
TA Technical Assistance
ToRs Terms of Reference
TTL Task Team Leader
SAP Early Warning System/Système d’alerte précoce
SCUK Save the Children (United Kingdom)
SDR Rural Development Strategy/Stratégie de développement rural
SIL Specific Investment Loan
SMART Standardized Monitoring Assessment of Relief and Transition
SMS Short Message Service
SN Safety Net
SNP Safety Net Program
SOEs Statement of Expenses
UGT Technical Management Unit/Unité de gestion technique
UN United Nations
UNICEF United Nations Children’s Fund
USAID United States Agency for International Development
WFP World Food Program

Vice President : Obiageli K. Ezekwesili
Country Director : Ousmane Diagana (Acting)
Sector Director : Ritva S. Reinikka
Sector Manager : Lynne D. Sherburne-Benz
Task Team Leader : Carlo del Ninno/Giuseppe Zampaglione
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PAD DATA SHEET
Republic of Niger
Safety Net Project

PROJECT APPRAISAL DOCUMENT
Africa Region
Africa Human Development Sector

Date: April 25, 2011
Country Director: Ousmane Diagana (Acting)
Sector Director: Ritva Reinikka
Sector Manager: Lynne Sherburne-Benz
Team Leader(s): Carlo del Ninno/Giuseppe Zampaglione
Project ID: P123399
Lending Instrument: Specific Investment Loan

Sector Board: Social Protection
Sector(s): JB: Other Social Services (50%); BS: Public Administration (30%); AZ: General Agriculture Food Security (20%)
Theme: Safety Nets (70%); Nutrition and Food Security (30%)
EA Category: B - Partial Assessment

Project Financing Data:

Proposed terms:
[ ] Loan [X] Credit [ ] Grant [ ] Guarantee [ ] Other:

Source | Total Amount (US$M)
---|---
Total Project Cost: | 70.0
Cofinancing: | 0.00
Borrower: | 70.0
Total Bank Financing: | 70.0

IBRD
IDA
New
70.0
70.0

Borrower: Republic of Niger
Responsible Agency: Ministry of Finance and Economy
Contact Person: M. Malam Gata Zouladiani - Commissaire Chargé de Développement
Telephone No.: 227-2072-3258
Fax No.: 227-2072-4020
Email: malan_gataz2007@yahoo.fr

Estimated Disbursements (Bank FY/US$ m)

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<thead>
<tr>
<th>FY</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<th>2018</th>
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<tr>
<td>Annual</td>
<td>3.0</td>
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<td>Cumulative</td>
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<td>37.0</td>
<td>54.5</td>
<td>69.5</td>
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Project implementation period: May 19, 2011 through June 30, 2017
Expected effectiveness date: September 1, 2011
Expected closing date: June 30, 2017

Does the project depart from the CAS in content or other significant respects? | ○ Yes X No
If yes, please explain:
Does the project require any exceptions from Bank policies? ☐ Yes ☒ No  
Have these been approved/endorsed, as appropriate, by Bank management? ☐ Yes ☐ No  
Is approval for any policy exception sought from the Board? ☐ Yes ☐ No  
If yes, please explain:

Does the project meet the regional criteria for readiness for implementation? ☒ Yes ☐ No  
If no, please explain:

The project development objective (PDO) is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash for work programs.

**Project description:**

Component 1: Safety Net System (US$3.2 million – total costs including contingencies). This component will support the establishment of a well-performing safety net system by investing in management systems, targeting and payments systems, monitoring and evaluation and capacity building.

Component 2: Cash Transfers for Food Security (US$48.6 million – total cost including contingencies). The cash transfers and accompanying measures are expected to support poor and food insecure households by increasing their income and investing in their human capital. Subcomponent 2.1 will pay the first 10,000 beneficiaries, Subcomponent 2.2 the remaining 70,000, and Subcomponent 2.3 will finance accompanying measures.

Component 3: Cash for Work (US$10.5 million – total costs including contingencies). Through short term labor intensive public works, this component will provide income support to 60,000 individuals in areas affected by temporary food insecurity to produce and maintain public goods.

Component 4: Project Management (US$7.7 million – total costs including contingencies). This component will finance costs related to the management of the project (including salaries, setting up the offices, and other recurrent costs), and acquiring physical assets.

**Safeguard policies triggered?**

- Environmental Assessment (OP/BP 4.01) ☒ Yes ☐ No
- Natural Habitats (OP/BP 4.04) ☐ Yes ☒ No
- Forests (OP/BP 4.36) ☐ Yes ☒ No
- Pest Management (OP 4.09) ☐ Yes ☒ No
- Physical Cultural Resources (OP/BP 4.11) ☐ Yes ☒ No
- Indigenous Peoples (OP/BP 4.10) ☐ Yes ☒ No
- Involuntary Resettlement (OP/BP 4.12) ☒ Yes ☐ No
- Safety of Dams (OP/BP 4.37) ☐ Yes ☒ No
- Projects on International Waters (OP/BP 7.50) ☐ Yes ☒ No
- Projects in Disputed Areas (OP/BP 7.60) ☐ Yes ☒ No
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<th>Description of Condition/Covenant</th>
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<tr>
<td>Section 5.01</td>
<td>The Recipient has: (i) established or designated account in CFA Francs (the “project account”), in a bank acceptable to the Association, on terms and conditions satisfactory to the Association; (ii) disbursed in the project account an aggregate amount equivalent to not less than SDR 650,000 to be used exclusively for the purpose of financing of activities for the preparation of the project, including those listed in Section (b), (c), and (d) immediately below.</td>
<td>Prior to effectiveness.</td>
</tr>
<tr>
<td></td>
<td>(b) The Recipient has provided the Safety Net Unit (<em>Cellule filets sociaux</em> – CFS) with the resources and capacities described in Schedule 3 of the Appraisal mission’s Aide Memoir signed on March 18, 2011, so that it can be fully operational, in a manner acceptable to the Association.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) The Recipient has prepared and adopted the project implementation manual and the manual of administrative, financial, and accounting procedures, each in form and substance satisfactory to the Association.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) The Recipient has recruited a coordinator, an administrative and financial officer, and a procurement officer, each selected on the basis of terms of reference, qualifications, and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 of the legal agreement, and each to be posted in the CFS.</td>
<td></td>
</tr>
<tr>
<td>Schedule 2, Section I.A.3(b)</td>
<td>Recruitment of a cash transfer manager, cash for work manager, accompanying measures manager, internal auditor, and monitoring and evaluation officer.</td>
<td>Effectiveness + 3 months</td>
</tr>
</tbody>
</table>
## Conditions and Legal Covenants

<table>
<thead>
<tr>
<th>Financing Agreement Reference</th>
<th>Description of Condition/Covenant</th>
<th>Date Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule 2, Section II.A.2(a)</td>
<td>Independent assessment of the first phase of the cash transfer program (Subcomponent 2.1).</td>
<td>Effectiveness + 12 months</td>
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<tr>
<td>Schedule 2, Section II.A.2(b)</td>
<td>Recruitment of an independent auditor for the assessment of the first phase of the cash transfer program.</td>
<td>Effectiveness + 9 months</td>
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<td>Schedule 2, Section II.B.4</td>
<td>Recruitment of the independent financial management auditor.</td>
<td>Effectiveness + 6 months</td>
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<tr>
<td>Schedule 2, Section II.B.5</td>
<td>Recurrent audit of payment system throughout the implementation of the Project.</td>
<td>Every 6 months after first payment of Subcomponent 2.1</td>
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<tr>
<td>Schedule 2, Section II.B.6</td>
<td>Recruitment of an Independent Technical Auditor for recurrent audit of the payment system.</td>
<td>Effectiveness + 6 months</td>
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<tr>
<td>Schedule 2, Section IV.B.1(a)</td>
<td>Retroactive financing up to an amount not to exceed SDR 650,000 for payments made on or after January 1, 2011.</td>
<td>Disbursement of Category 2 (Cash transfers under Subcomponent 2.1)</td>
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<tr>
<td>Schedule 2, Section IV.B.1(b)</td>
<td>Recruitment of a targeting firm and completion of targeting of beneficiaries; and entering into a contractual agreement with a payment agency satisfactory in substance and form to the Bank.</td>
<td>Disbursement of Category 3 (Cash transfers under Subcomponent 2.2)</td>
</tr>
<tr>
<td>Schedule 2, Section IV.B.1(c)</td>
<td>The Recipient has started disbursing under Category 2 and has carried out the independent assessment demonstrating that the outcome is globally satisfactory and issues, if any, have been remedied.</td>
<td>Disbursement of Category 3 (Cash transfers under Subcomponent 2.2)</td>
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</table>
I. Strategic Context

A. Country Context

1. Poverty is widespread in Niger. Niger is a landlocked African country located in the desert of the Sahel. The economy is largely based on agricultural and pastoral activities, which account for more than 40 percent of GDP and provide the livelihood of more than 80 percent of the population. Industry and mining accounted for almost 14 percent of GDP in 2009, with uranium and gold representing 53 percent of all exports that same year. With an estimated 65 percent of its 15.7 million inhabitants living on less than US$1 per day and a per capita income of only US$330, Niger is one of the poorest countries in the world. The latest human development indicators are below the Sub-Saharan average: The infant mortality rate is 81 per 1,000 live births; life expectancy is 58.4 years; the literacy rate is 28.7 percent; and the gross enrollment ratio is 73 percent. Malnutrition rates are high and access to basic social services, including health care, is limited.

2. In Niger poverty is associated with low levels of food consumption and high levels of chronic and temporary food insecurity. More than 50 percent of Niger’s population is estimated to be food insecure, with 22 percent of the population suffering from chronic food insecurity (per capita consumption of less than 1,800 kcal/person/day) in any given year. This deep food insecurity results from the interaction between: (i) low food availability due to low agricultural productivity, a hostile climatic environment, the country’s high vulnerability to shocks, and very high population growth (3.5 percent); (ii) limited economic access to food because of low income relative to market prices; (iii) poor health and nutritional status of the population; and (iv) poor sanitation and health practices. The recent food crises of 2001, 2005, 2008, and 2010, due to local drought and international high prices, have exacerbated the vulnerability of the poor to food insecurity.

3. Nutrition-based indicators of food insecurity confirm the high level of chronic and seasonal food insecurity and malnutrition. According to the 2006 Demographic and Health Survey (DHS), the prevalence of chronic malnutrition as measured by stunting (low height-for-age) is estimated at 50 percent, which makes Niger the second worst affected country in Sub-Saharan Africa. Seasonal and acute malnutrition is also very high. Recurrent country-wide droughts have made mid-year famines a regular occurrence and in 2010, the lives of more than 300,000 children under five were at risk. Preliminary results of the most recent nutritional SMART (Standardized Monitoring Assessment of Relief and Transition, May–June 2010) survey in Niger show an increase in Global Acute Malnutrition (GAM) rates to a national average of 16.7 percent, well above the international alert threshold of 15 percent and 4.4 points higher than the same period of the previous year. Other nutrition-based indicators of food insecurity include the limited dietary diversity of the population and high levels of micronutrient deficiencies even in normal years.

4. Climate change and limited investments in land protection are fueling desertification and loss of productivity. Niger is highly exposed to global climate change and extreme weather conditions like droughts, heat waves, and occasional floods. Together with overuse of scant natural resources, climate change has resulted in land
degradation and desertification, which in most affected areas is progressing at an estimated speed of 6 kilometers a year. Climate change and very limited financial resources to invest in land rehabilitation have also accelerated the recurrence and severity of flooding, particularly in regions of the Niger River Basin. As a result, certain areas are affected by transitory food insecurity defined as reduced access to food due to unpredictable localized events.

5. **Households’ current ad hoc response mechanisms to covariate shocks compound, rather than alleviate, poverty.** Poor households are more exposed to shocks and seasonal variations in production, in response to which they often resort to negative coping mechanisms such as the premature sale of livestock and seeds. As a result, their vulnerability to future food insecurity increases while their resiliency to future shocks as well as their ability to contribute to their own livelihood and overall economic growth is significantly undermined.

B. Sectoral and Institutional Context

6. **The vast majority of the population and of those most poor and vulnerable to food insecurity lives in the regions of the Niger River Basin.** Recent sector work on food security and safety nets (World Bank Report No. 44072-NE, 2009) showed that five out of the eight regions in Niger, namely, Dosso, Maradi, Tahoua, Tillabery, and Zinder, present the highest concentration of poverty and represent 95 percent of the country’s poor population. Poor households are more exposed to shocks and the poorest regions are the most vulnerable to food insecurity.

7. **Niger has institutions and programs aimed at reducing food insecurity.** A little less than 15 years ago, the Government of Niger (GoN) and the donor community established the National Body for the Prevention and Management of Food Crises (Dispositif national de prévention et gestion des crises alimentaires – DNPGCA) to coordinate the response to food crises. The Food Crisis Unit (Cellule crises alimentaires – CCA) acts as the permanent secretary of the DNPGCA and is responsible for managing the implementation of emergency programs in response to food crises.

8. **At present, most of the safety net programs provide ad hoc emergency assistance.** There are numerous safety net programs in Niger in the form of: (i) cash-based transfers and food aid; (ii) school feeding and other forms of support to the school system; (iii) nutritional and health assistance; (iv) support for subsidized sales or free distribution of food products; and (v) labor intensive public works. Between 2004 and 2008, the total expenditure for safety net programs was on average the equivalent of 2 percent of GDP, ranging from 6 billion FCFA (0.4 percent of GDP) in 2004 to 73 billion FCFA in 2005 (4 percent of GDP). In 2008, emergency programs such as food transfers and price subsidies accounted for 60 percent of total government expenditures. Without taking into account emergency programs, the average expenditure for safety nets between 2004 and 2008 is 0.68 percent of GDP, and with a minimum of less than 0.5 percent in 2004. The emphasis on emergency programs continued in 2010, when more that 100,000 households were reached by cash for work and cash transfer programs and 72,000 by food and cash transfer blanket programs (Annex 9). The funds have been provided predominantly by development partners, including the European Commission, the World Food Program, USAID, and international and national non-governmental organizations (77 percent),
followed by the Highly Indebted Poor Country funds (12 percent), and the Government of Niger (11 percent).

9. **The impact of these programs in reducing chronic food insecurity is limited.** Most of this assistance is channeled towards short term emergency assistance following acute crises such as those of 2001, 2005, 2008, and 2010. Recent Bank-supported sector work also suggests that this assistance falls short of addressing the substantial needs on the ground and has limited impact on chronic food insecurity. Moreover, the targeting of certain programs (direct food aid) has not been efficient. In selected drought-affected rural areas, a recent study found that only 72 percent of the poor received food aid, while almost 80 percent of the non-poor reaped the benefits.

10. **A comprehensive, permanent, and efficient safety net system is needed to address chronic food insecurity in Niger.** A safety net system made of various programs is required to address the needs of the chronically poor and food insecure households on a permanent basis. An efficient safety net system can provide regular support to chronically poor households, protect them from shocks, and create opportunities for their future by supporting such human development strategies as investing in child health and adopting best practices in nutrition. This system, through specific instruments such as short-term cash for work programs, can be scaled up in times of crises.

C. **Higher Level Objectives to which the Project Contributes**

11. **The project builds on and complements the Rural Development Strategy (Stratégie de développement rural – SDR) and the current Poverty Reduction Strategy Paper** to contribute to reducing vulnerability to food insecurity through the set up of a safety net system. The Rural Development Strategy (Stratégie de développement rural – SDR) was devised in 2003 to reduce poverty in rural areas from 66 to 52 percent by 2015, and allocates one of its 23 programs specifically to reducing household vulnerability and preventing–managing crises. The current Poverty Reduction Strategy Policy (2008–2012) is built on the SDR and promotes social protection measures (including the safety net mainstreamed in Pillars 1, 2, and 4) to reduce household vulnerability through “the prevention and management of crises and natural disasters; health–nutrition; and increase in incomes of the most vulnerable.” Pillar 4 focuses on “reducing inequalities and strengthening social security for vulnerable groups.”

12. **The proposed project is consistent with the ongoing policy dialogue.** As part of the policy discussions during the preparation of the CAS 2008–2011, the Government of Niger and the World Bank agreed on the preparation of an analytical report on food security and safety nets. Based on findings from that report, the Bank continued to provide technical assistance to the government on the assessment and design of safety net systems, cash transfer programs, and targeting approaches within the context of the first Global Food Crisis Response Program (GFRP I 2008–2009). As part of the policy dialogue, the government also requested that the Bank finance the establishment of a permanent safety net system.

13. **The proposed project is aligned with the Country Assistance Strategy (CAS) priorities and complements other Bank interventions.** The proposed project is closely aligned with the CAS, which stresses “the need to provide safety nets to help those who
are in a situation of chronic food insecurity.” By focusing on access to food and utilization, the project complements the second GFRP, which is under preparation and focuses on increasing food production and availability. The proposed project will work in collaboration with the Community Actions Program (Programme d’Actions Communautaires, PAC), which has a longer term objective to develop community infrastructures including schools and health posts. It will also build synergies with the Community Action Project for Climate Resilience (CAPCR) that is in the preparation stage. Finally, the project leverages on extensive analytical and survey work carried out by the Bank’s Development Economics Department (DECRG) to survey household vulnerability and living standards.

II. Project Development Objectives

A. Project Development Objective

14. The Project Development Objective (PDO) is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash for work programs.

B. Project Beneficiaries

15. The project will support the establishment of a reliable and efficient safety net system with the capacity to reach a significant number of beneficiaries. The new safety net system supported by the project will reach 140,000 poor and food insecure households in the regions of Dosso, Maradi, Tahoua, Tillaberi, and Zinder. With an average of seven members per household, approximately 1,000,000 people will directly benefit from the project. Household eligibility will be determined using an array of targeting methods (including proxy means testing, geographical targeting, and community participation) as set out in the project implementation manual. The project will include several design features that will facilitate the inclusion of women as beneficiaries. The government and partners will explore the possibility of seeking additional funds to expand the project beyond its initial five years and to scale it up to all regions and urban areas of Niger, with the aim to reach those living in extreme poverty and chronic food insecurity.

C. PDO Level Results Indicators

16. The indicators have been designed to effectively monitor progress toward the Project Development Objective, explicitly concentrating on the establishment of the safety net system and on access of food insecure households to the system.

   (i) Households (number) with access to the cash transfer system established by the project (target: 80,000)

   (ii) Individuals (number) with access to the cash for works program (target: 60,000)

   (iii) Direct project beneficiaries (number), of which female (percentage) (target: 1,000,000; 50 percent)

   (iv) Beneficiaries (percentage) who receive their payments according to the frequency highlighted in the project implementation manual (target: 85 percent)
(v) Targeted households (percentage) who are poor (target: 80 percent).

III. Project Description

17. The proposed project will entail: (i) the establishment of a well-performing safety net system; and (ii) the design and implementation of cash transfer and cash for work programs as two instruments of this system. These two instruments of the new safety net system will each have different and complementary objectives. The cash transfer program aims at providing small, regular transfers over a 24-month period to very poor households in a situation of chronic food insecurity. These transfers, in combination with the participation of the targeted households in sensitization activities for the adoption of essential family practices (EFP) in health, nutrition, and sanitation as a soft condition to receiving the monthly payments, aim to reduce levels of chronic food insecurity among targeted households. The objective of the cash for work program is to complement the cash transfer program by providing additional income to households in communities affected by temporary food insecurity (a production deficit, high food prices, etc.) due to unpredictable events. The additional income is expected to allow program beneficiaries to smooth their consumption and protect their assets. In addition, participants in the cash for work activities will produce and/or maintain useful public goods. The targeting mechanisms differ for each instrument and are further described in the section below and in Annex 2 of this PAD. The two complementary instruments provide the basic structure of a safety net system that can address both chronic and temporary food insecurity.

A. Project Components

18. The project will have four components: (i) Safety Net System; (ii) Cash Transfers for Food Security; (iii) Cash for Work; and (iv) Project Management.

Component 1: Safety Net System (US$3.2 million – Total costs including contingencies)

19. This component will support the establishment of a well-performing safety net system by investing in a management information system (MIS), targeting and payment systems, monitoring and evaluation, and capacity building. Technical assistance supported by this component will include the development of legal instruments, policies, manuals, procedures, ICT solutions, and training modules in view of: (i) designing and implementing a well-performing MIS to monitor project implementation and the progress of the safety net programs; (ii) designing an efficient and cost-effective targeting system; (iii) designing an efficient and cost-effective payment system; (iv) designing a sound monitoring and evaluation system to gauge the efficiency, effectiveness, and impact of safety net programs; (v) designing and implementing a grievance management system; (vi) designing accompanying measures as soft conditions attached to the payment of cash transfers in Component 2; and (vii) elaborating other technical manuals.

20. This component will build on the systems developed and lessons learned from the cash transfer pilot using cash transfers (Projet pilote de filets sociaux par le Cash Transfert – PPFS-CT) currently being implemented by the Government of Niger with the
assistance of the World Bank, and from lessons learned in other countries. Moreover, the lessons learned in the implementation of the different components and subcomponents of the project will also be used as a basis to improve the safety net system.

**Component 2: Cash Transfers for Food Security (US$48.6 million – Total costs including contingencies)**

21. The cash transfers and accompanying measures are expected to support targeted poor and food insecure households by increasing their income and investing in their human capital. This component will benefit some 1,000 villages per cycle in the 20 poorest départements of the 5 poorest regions of Niger. The selection of départements is based on the number of poor and general security conditions. 80,000 poor households will benefit from these activities over two cycles and four years of implementation. Selection of beneficiaries will be carried out using an array of targeting techniques, including geographic targeting, proxy means testing methodologies (PMT), and community participation. Monthly transfers to poor households will be 10,000 FCFA (about US$20, equal to approximately 15 percent of the poverty line for a rural family) for a period of 24 months. Payments to beneficiaries will be based on a centrally managed database and will be effectuated by fixed/mobile branches of microfinance institutions and mobile phone companies. The transfers will be paid to women as representatives of their households, and are expected to increase the level and quality of food consumption.

22. Accompanying measures will be developed in partnership with the United Nations Children’s Fund (UNICEF) and implemented by non-governmental organizations (NGOs). These measures will consist of sensitization campaigns and trainings on eight essential family practices (EFP) in health, nutrition, and sanitation including: (i) breastfeeding, (ii) hand washing, (iii) oral rehydration to treat diarrhea, (iv) supplementary feeding after the sixth month, (v) use of mosquito nets, (vi) awareness-raising around the risks of malaria, diarrhea, and pneumonia, (vii) use of preventative services such as vaccination, de-worming, and vitamin A, and (viii) family planning and birth spacing. Beneficiaries will be required to attend the trainings and sensitization campaigns as a soft condition to participate in the program. The package of EFP was developed by UNICEF and has been tested in Niger for the past five years. Findings from evaluations indicate that this package has led to dramatic improvements in child health, which is a key indicator of food security. As part of a memorandum of understanding (MOU) to be signed between UNICEF and the Technical Management Unit (Unité de gestion technique – UGT), UNICEF will train and supervise the NGOs that are contracted to execute this subcomponent. UNICEF will finance those activities as part of its regular program in Niger. The rationale for this soft condition is that an increase in food consumption alone may not lead to improved nutrition and food security if disease, poor health, and poor sanitation practices limit the effective utilization of food by individuals, especially by pregnant and lactating women, children, and infants. Improvements in health and sanitation are needed in Niger to achieve better nutritional outcomes and overall food security.

23. This component is structured into three subcomponents to provide an opportunity to test the system and its procedures, and improve the capacity of the UGT to effectively manage the program:
• Subcomponent 2.1 – Starting Phase (US$4.8 million – Total costs including contingencies). The project will start disbursing to approximately 10,000 beneficiaries in the Dosso and Maradi Regions.

• Subcomponent 2.2 – Expansion Phase (US$33.5 million – Total costs including contingencies). Upon a positive assessment on how beneficiaries of Subcomponent 2.1 have been selected, paid, and supported, the cash transfer will expand to all beneficiaries and will reach its full scale. If needed, corrective measures will be introduced in the implementation of the project to ensure the achievement of the PDO.

• Subcomponent 2.3 – Accompanying Measures (US$10.3 million – Total costs including contingencies). Accompanying measures will start with Subcomponent 2.1 and will continue under Subcomponent 2.2.

Component 3: Cash for Work (US$10.5 million – Total costs including contingencies)

24. This component will provide short term income support to individuals through cash for work programs in areas affected by temporary acute food insecurity, and will produce and maintain public goods. On a yearly basis, this component will finance approximately 900,000 working days in approximately 200 communities a year experiencing an unusually higher than average level of food insecurity. The program will provide 60 days of temporary working opportunities to approximately 15,000 people annually, for a total of 60,000 people during the life of the project. A manageable number of NGOs will be contracted to hire and supervise participants for a period of about three to four months, during the lean agricultural season. In addition to wages, the component will also finance non-wage costs to ensure the basic provision of materials and equipment. Cash for work programs may include activities such as soil conservation to slow desertification and protect the environment, rehabilitation of small infrastructures, and sanitation projects. Activities addressing other local needs, as expressed by communities, will be considered. Communes will be selected each year on the basis of vulnerability and food security data to benefit from the program. Rural communities will initially be targeted and based on findings from the mid-term review, urban or peri-urban communities may be included. The selection of individuals will be based on self-targeting, with remuneration being set just below the market wage (1,000 FCFA per day, approximately US$2.2 per day) to discourage participation of better-off households. This self-targeting will be complemented by categorical selection criteria if the demand for labor exceeds supply. Workers will be paid twice a month by payments agencies using the methodology developed under Component 2.

Component 4: Project Management (US$7.7 million – Total costs including contingencies)

25. This component will finance all costs related to the management of the project. Component 4 will ensure that the unit implementing the project, the Safety Net Unit (Cellule filets sociaux – CFS) is operational, and that it successfully and efficiently implements the project in conformity with key project documents including the Financing Agreement, the procurement plan, and the project implementation manual. This component will finance: consulting services directly related to the management of the
project, training of personnel, vehicles, office furniture and equipment, non-civil servant support staff salaries, and other operating costs.

B. Project Financing

1. Lending Instrument

26. This will be a Specific Investment Loan (SIL).

2. Project Cost and Financing (US$m)

<table>
<thead>
<tr>
<th>Project Components</th>
<th>Project Cost</th>
<th>IBRD or IDA Financing</th>
<th>Financing (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Safety Net System</td>
<td>3.10</td>
<td>3.10</td>
<td>100%</td>
</tr>
<tr>
<td>2. Cash Transfers</td>
<td>47.90</td>
<td>47.90</td>
<td>100%</td>
</tr>
<tr>
<td>2.1 Cash transfers starting phase</td>
<td>4.80</td>
<td>4.80</td>
<td>100%</td>
</tr>
<tr>
<td>2.2 Cash transfers expansion</td>
<td>33.50</td>
<td>33.50</td>
<td>100%</td>
</tr>
<tr>
<td>2.3 Accompanying measures</td>
<td>9.60</td>
<td>9.60</td>
<td>100%</td>
</tr>
<tr>
<td>3. Cash for Work</td>
<td>10.20</td>
<td>10.20</td>
<td>100%</td>
</tr>
<tr>
<td>4. Project Management</td>
<td>7.10</td>
<td>7.10</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Baseline Costs</strong></td>
<td><strong>68.30</strong></td>
<td><strong>68.30</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Physical Contingencies</td>
<td>0.50</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>Price Contingencies</td>
<td>1.20</td>
<td>1.20</td>
<td></td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>70.00</strong></td>
<td><strong>70.00</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Interest during Implementation</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Front-End Fees</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Financing Required</strong></td>
<td><strong>70.00</strong></td>
<td><strong>70.00</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

27. The project will be financed by an IDA Credit under standard IDA terms. During appraisal, the Government of Niger agreed to pre-finance activities of the project in the amount of 500 million FCFA (equivalent to approximately US$1.0 million – or SDR 650,000). At effectiveness, eligible expenditures will be reimbursed by the proceeds of the Credit through retroactive financing.

28. To this end, the Niger National Treasury has opened an account (No. 420 1210, with arrêté No. 0074/ME/F/DG/CP of March 3, 2011) with two signatories: (i) the general director at the Ministry of Economics and Finance and (ii) the project coordinator. The government has transferred the first installment of 100 million FCFA on March 25, 2011, the second installment of 200 million FCFA will be made by June 30, 2011, and the last installment of 200 million FCFA by August 31, 2011. These funds will be used to ensure readiness of the project before its effectiveness and will finance a range of expenses described in Annex 3, paragraph 19. The Bank will reimburse payments up to an amount equal to the amount paid on or after January 1, 2011, to finance activities for the preparation of the project carried out in a manner satisfactory to the Association within the cap of SDR 650,000.
C. Lessons Learned and Reflected in the Project Design

29. The project design is based on extensive Economic Sector Work (ESW) and policy dialogue. This project has been designed on the basis of the main findings of extensive economic and sector analysis and policy dialogue on food security and safety nets carried out by the Government of Niger with support from the World Bank over the last three years. The objectives of this technical assistance and analytical work were to: (i) identify the main causes of food insecurity and policies to reduce it; (ii) assess the scope and coverage of existing safety net programs; (iii) evaluate targeting methods of vulnerable populations; (iv) assess the feasibility of cash transfer programs; and (v) prepare an action plan for social safety nets in Niger. This ESW and previous experience with similar projects in Niger and elsewhere have provided useful information on how to design and implement the proposed project. In particular, the most important lessons have been incorporated in the current project:

- **Sustainable strategies to support chronically food insecure households require among others, regular cash transfers for periods of at least 18 months.** Assessments of cash transfer programs implemented for shorter periods of time show their immediate positive effect on food security and social expenses. However, the positive effects are short term and there is no evidence that they strengthen household food security much beyond the life of the intervention. The proposed project introduces longer term approaches to ensure sustainable impact with transfers for at least 18 months.

- **Recent analysis on the impact of accompanying measures, such as information and awareness campaigns on the essential family practices (EFP), show that they have a direct positive impact on the general health status of participants and on the nutritional status of children up to two and under five years of age.** Similar results also have been found in Mexico, where there is evidence that training sessions contributed to better diets (Hoddinott and Skoufias 2004) even after taking into account the income effect of the transfers. In addition, there was a “spillover” effect on non-participant households in the community. Another evaluation for Mexico (Duarte Gomez et al. 2004) found that the workshops had a positive impact on knowledge and practices in health, with higher impacts for those related to diet and childcare. Positive impacts of group training sessions have been found for several parenting programs in low-income. Hence, the proposed project will introduce soft conditions on participation in sensitization campaigns and EFP trainings in its design. These accompanying measures already have been tested by UNICEF in 176 villages in Maradi Region and have registered positive impact among participants.

- **The proposed project approaches targeting from three different angles.** First, at the geographic level, regions and districts are selected on the basis of population and poverty criteria as well as food security indicators. Second, at the intermediate level, communes and villages are selected based on extensive consultations with elected and non-elected authorities and through existing mechanisms such as the DNPGCA and its early warning system (Système d'alerte précoce – SAP). Best international practice has shown that the selection of a limited number of villages (a total of approximately 3,000 over the course of the
project) within the départements with the highest number of poor and the most vulnerable to food insecurity will ensure the participation of the most deserving population. Other deserving poor and food insecure households in better-off areas will be able to participate when the program has wider coverage and can include all départements in the country. Finally, within each of the selected villages, individual households will be selected on the basis of proxy means testing (PMT), which estimates the level of poverty based on observable income/assets.

- Well-designed safety net systems rely on a robust management information system supporting key functions like targeting, a database of potential and actual beneficiaries, payment, and monitoring and evaluation. The proposed project will invest significant resources and time to develop this system before disbursing to beneficiaries.

30. The pilot cash transfer project financed and implemented by the Government of Niger with the assistance of the World Bank is providing valuable guidance in the design of the proposed project. In June 2010, the Government of Niger initiated the implementation of a cash transfer pilot, following the recommendations of the action plan for a social safety net system in Niger and the results of the feasibility study conducted by the government as part of the World Bank 2008 Global Food Response Program Intervention (GFRP I) support. This pilot is financed by the government with resources obtained through the sale of agricultural inputs financed by the GFRP I intervention. The pilot is a cash transfer program with accompanying soft conditions that covers 2,500 chronically poor households in 52 villages, located in 4 départements (Ouallam and Tillabéry in the Tillabéry Region and Bouza and Illéla in the Tahoua Region). A monthly transfer of 10,000 FCFA is given to women of very poor households for a period of 18 consecutive months. UNICEF provides the beneficiaries with basic training and information on EFP. As of January 2011, the pilot had set up offices, hired personnel, procured computers and vehicles, designed the implementation of the program, developed a functioning database management system, identified over 7,500 potential beneficiaries, registered approximately 2,500 of them using the recently designed PMT methods, and delivered the first monthly payment to all beneficiaries. Lessons learned from these activities particularly regarding database management, targeting, and payment systems will inform Component 1 and 2 of the proposed intervention.

IV. Implementation

A. Institutional and Implementation Arrangements

31. The Office of the Prime Minister, through decree (arrêté No. 0236/PM of December 16, 2010) established the Safety Net Unit (Cellule filets sociaux – CFS). The objective of this Unit is to establish and manage an effective safety net system in order to improve the living conditions of poor households, to protect them from the impact of shocks, and to reduce their level of food insecurity. The CFS will manage funds made available by the government and other partners for implementing safety net projects. The CFS responds to good governance principles and retains best practices in designing appropriate institutional arrangements to implement safety net projects.
Three units comprise the CFS: (i) a Steering Committee (Comité de pilotage - CP), (ii) a Technical Management Unit (Unité de gestion technique - UGT), and (iii) regional offices (Antennes régionales – AR). The CFS is under the direct auspices of the Office of the Prime Minister, and its key staff includes a coordinator, three managers (cash transfers, accompanying measures, and cash for work), an administrative and financial officer, an internal auditor, a monitoring and evaluation expert, and a procurement officer. Its institutional arrangements are capable of managing the proposed Bank-financed project. The CFS will, therefore, support the establishment of a safety net system and manage the other components of the proposed project. The Government of Niger, the World Bank, and other donors acknowledge the importance of creating a permanent agency to manage safety net programs, with a law and a separate budget line. However, the current calendar to secure IDA15 financing and the context of political transition in Niger does not allow for the establishment of a permanent agency. The design of the Safety Net Unit created by the government on December 16, 2010 is close to that of an agency, and can become such if the new government is in agreement, and the new parliament approves a legislation to that end.

The creation of the CFS is the best institutional alternative available. The establishment of a new unit is a better alternative than implementing the project through existing institutions such as the CCA for several reasons: (i) the institutional mandate and overall focus of the CCA is exclusively on emergency operations; (ii) the government suggested to complement the work of the CCA on managing chronic food insecurity with the establishment of a “second arm” to manage permanent safety net programs; (iii) while the CCA has implemented small Bank-financed projects, it does not have the capacity to implement a large project such as this one; and (iv) the current financial architecture supporting CCA activities is designed in accordance with donor requirements, in particular that of the European Commission (EC) and modifying these arrangements may negatively affect donor relations and the smooth functioning of the CCA. The coordination and synergy between the CFS and the CCA are ensured in the institutional set up of the CFS. Indeed, the CCA has permanent representation with voting rights on the Steering Committee of the CFS. The safety net system as described in the project implementation manual has been designed to require close collaboration with the CCA at the national and regional levels.

Results Monitoring and Evaluation

The results monitoring framework assesses progress towards the PDO through key indicators, focusing on setting up an efficient safety net system and facilitating access of poor and food insecure households to such system. In addition, intermediate indicators will monitor the progress of each component over the life of the project (Annexes I and 3). The UGT will use additional indicators to monitor the level of food security and food consumption, and attempt to assess the extent to which beneficiaries are able to increase their level of food security. As part of the MIS, a rigorous monitoring and evaluation (M&E) system will enable the UGT, the CFS, the government, and all partners to monitor progress on all indicators. Monitoring will occur at each stage of project implementation, in order to identify arising problems and issues and to promptly consider and adopt corrective measures. This MIS will also include the data on vulnerability and food security that is collected and analyzed every year by the Government of Niger thorough the SAP, the Statistical Institute, the FEWSNET (Famine
Early Warning Systems Network), USAID, FAO, and OCHA system that conducts food security assessments on a regular basis.

35. **The project will conduct mid-term and end of the project evaluations** to gauge progress towards the PDO, to assess the impact of the program on the beneficiaries, to assess the quality of the works carried out, as well as overall project efficiency. The focus of the evaluation will be on: (i) process evaluation, to assess the effectiveness of the procedures of project implementation including identification, targeting, registration, and payment of beneficiaries; (ii) targeting evaluation, to assess percentage of poor participants and the extent of exclusion and inclusion errors; and (iii) the impact of the program on change in behavior, level of consumption, nutritional status, and ultimately food security. Prior to continuing disbursement of the benefits under Component 2, a review will determine whether all the systems envisaged by the project are in place and operational, as demonstrated by the selection, registration, and payment of the first 10,000 beneficiaries.

**C. Sustainability**

36. **In the short run, donor support will be essential to finance the project. Should the system show positive results, donors will likely continue to sponsor the system until the government can take over in five to ten years.** In the short–medium run, the proposed safety net system is not likely to be sustainable without donor funding and without the concerted commitment of the Government of Niger to cost-sharing arrangements for co-financing the project. During appraisal, the government agreed to transfer in the account 500 million FCFA (equivalent to approximately US$1.0 million) to pre-finance some project activities. This is a positive development as it opens the way for future co-financing by the government and by other donors via budget support contributions. In the medium–long term, the project aims to establish a system of cash transfers and cash for work activities that can help support poor and food insecure households improve their living conditions by allowing small accumulation of resources, by investing in food and in productive assets, and by improving their human capital. Preliminary discussions with European Commission and the European Commission Humanitarian Aid and Civil Protection (ECHO) confirmed their interest in the possibility of funding such a system in the medium–long term. The Bank will continue dialoguing with the government to build a multi-donor platform for supporting the country’s safety net system. If the Government of Niger were to finance this project entirely from its own budget, the fiscal implications would be of approximately 1.5 percent of government expenditure equivalent to 0.29 percent of GDP and (Annex 7). If cost-efficiency criteria are considered, these percentages compare favorably with other safety net interventions and direct contributions by the government. The approach proposed by the project to support safety net interventions in the country is more cost-efficient than the other alternatives (ad hoc safety net interventions and direct contributions by the government).

V. **Key Risks and Mitigation Measures**

37. **Overall risk rating for this project is High.** A number of the risks identified are likely to occur and could have a significant impact on project implementation. The project will introduce and implement adequate mitigation risk measures. The Operational Risk
Assessment Framework (ORAF) attached in Annex 4 identifies and rates a set of risks that could prevent the achievement of the PDO. The main risks include:

(i) **Risks related to overall political stability.** A military coup deposed the government of President Tandja on February 18, 2010. Since then, there have been very positive signs of progress towards a return to democracy. A constitutional referendum was held on October 31, 2010, with a turnout of 52 percent and no episodes of violence. Parliamentary elections were held on January 31, 2011 and the results have been validated. All seats have been filled, except for six seats in the Agadez Region whose election was cancelled because of widespread irregularity. The seats will be filled in a by-election expected in the next two months. The new president has been elected and has been sworn in on April 7, 2011. However, recent episodes of kidnapping and violence against foreigners including aid workers highlight the security fragility in Niger and more generally in the sub-region. The Bank will continue to monitor the situation closely and respond to possible deterioration in the security climate in accordance with relevant internal operational policies. To ensure some level of continuity and ownership on the project when a new administration takes office, the team has made efforts to inform the public and communicate on the new project.

(ii) **Risks related to governance.** Projects of this scope and nature are vulnerable to errors, fraud, and corruption. In Niger, this risk is compounded by the weak institutional infrastructure for good governance and the limited capacity to build check and balances in targeting and payments of cash-based interventions. The scarcity of financial institutions to deliver secure, predictable, and transparent payments may lead to fraud and corruption. In fact, the bulk of project activities will entail a large number of relatively small transactions that require a rather strong, watertight, and well-managed payment system. The Safety Net Project will rely on the Governance and Accountability Plan attached in Annex 8 to implement an exhaustive list of mitigation measures that have been developed to effectively manage these risks. These include: (i) a thorough information campaign to promote transparency and accountability to local communities throughout project implementation; (ii) the establishment of cost-effective, efficient, and confidential grievance mechanisms; (iii) the strict application of Bank rules, standards, and guidelines for procurement and financial management in the UGT; (iv) reliance on a rigorous management information system for the registration, targeting, and payment of all beneficiaries; and (v) the recruitment of independent payment and registration agencies on the basis of their qualifications. A strong project monitoring system will be also developed and will provide corrective measures to improve project performance. Targeting efficiency will be a key indicator of project success in achieving its PDO. As such, significant resources will be invested in ensuring that the targeting approach developed and implemented limits inclusion and exclusion errors.

(iii) **Risks related to the limited capacity of national agencies to effectively implement and manage the project.** The public procurement system in Niger has weak internal controls as well as sparse checks and balance systems. The project proposes to put in place appropriate institutional arrangements, including the
recruitment of technically qualified staff to manage the project in accordance with Bank rules and procedures. Moreover, the project will have clear procurement guidelines for goods and services to be followed by the UGT at the central level and by the CFS regional offices.

(iv) **Risks posed by the technical complexity of the project.** The cash transfers and cash for work programs involve a significant number of procedures and require various stakeholders for implementation. Risks rising from such complexity include delays in disbursements, red tape and bureaucratic hurdles, elite capture, and failure in delivering on the PDO. An exhaustive and clear project implementation manual (PIM) will provide a roadmap to all stakeholders involved in implementation. The project will be implemented gradually starting with a small number of beneficiaries to provide the opportunity to test procedures and improve the capacity of the key stakeholders involved in the implementation over time. The project will be regularly monitored and evaluated also through social accountability mechanisms, and corrective measures will be adopted if needed.

(v) **Sustainability.** Safety net interventions can face a serious sustainability challenge after a project ends. The setup of a sustainable safety net system can be guaranteed by a credible institutional arrangement that receives adequate and regular financing from the government and donors. As soon as the political and institutional conditions are in place, a tangible setup, both credible and sustainable, can be considered in the form of a law establishing such setup and/or of a specific budget line financing it. Preliminary discussions are ongoing with other donors to secure additional financing for the project after it ends.

VI. Appraisal Summary

A. Economic and Financial Analysis

38. **The economic analysis shows that the project is cost-effective.** The economic analysis of the cash transfer component shows that the level of transfer is (i) within the guidelines of the international experience (15 percent of the poverty line and between 10 and 20 percent of households expenditures levels); (ii) likely to make a significant impact on the level and quality of food consumption, retention and acquisition of small assets, and level of other social expenditures; and (iii) efficient compared to other safety nets, in particular direct food aid. The cash for work component is also cost-effective (estimated cost-effectiveness of wage transfer in Niger is 0.45) and compares well with other international projects. This is due to its high labor intensity of activities, the effective geographical and household level targeting, and the low foregone income from participation (Annex 7).

39. **The needs of the chronic poor and food insecure in Niger are significant.** A transfer of 10,000 FCFA per month to 20 percent of the population (the chronically food insecure) would cost approximately 50 billion FCFA, equivalent to 2 percent of GDP and may be difficult to sustain in the current budget environment. In any given year, the
The proposed project will cover 55,000 extremely poor households (40,000 for direct transfers and 15,000 for cash for work) representing 16 percent of the chronically poor population in Niger, and will cost approximately 7.4 billion FCFA, equivalent to 0.29 percent of GDP and 1.5 percent of government expenditures. This will not increase the current government annual expenditure for safety net programs by a significant portion, but will provide the needed coverage in regular years and reduce the need for less efficient emergency measures after a crisis.

B. Technical

40. **Project design follows best practices for cash transfer and cash for work programs.** Beneficiaries of cash transfers are selected among the poorest as a result of the overall targeting approach, of which the proxy means testing (PMT) formula is an important element. A well-functioning grievance system will be put in place to respond to beneficiary complaints and ensure a high level of social accountability. This approach maximizes targeting accuracy and is effective in channeling limited resources to the poorest people. Beneficiary households are also required to participate in training on the eight essential family practices to increase the impact of the program on their health, nutrition, and sanitation status. The payment system will adopt best practices and the latest development in mobile payment systems and centrally managed information systems. More specifically, it will be designed to successfully distribute the correct amount of benefits to the right people at the right time and with the right frequency while minimizing transaction costs to both the program and the beneficiaries. The system will be compatible and integrated with other operational processes, such as the selection and registration of beneficiaries; the preparation of the list of beneficiaries to be paid; and the reconciliation of account through the management information system.

41. **Several alternatives have been considered for the allocation of resources between cash transfers and cash for work.** The resulting relatively lower allocation to cash for work program is based on several considerations. First, the existing capacity to manage a large number of cash for work projects on an annual basis is very limited. Second, the range of activities (a shelf of readily implementable projects) that can employ a large number of people in a single village is very limited. Most of the planned activities under this operation include soil conservation and protection activities that are crucial in the Sahel but have limited scope for employing a large number of people in a single village. Third, the population density and the availability of transport in the Niger rural areas limit the movement of people between villages to take advantage of projects elsewhere. These considerations explain the relatively small allocation for cash for work activities. However, the team will explore the scope for new activities during the life of the project. These activities could include the construction and rehabilitation for small roads that can employ more people and provide useful assets to the communities. Based on the mid-term review (MTR) an increase of cash for work allocation during the second cycle may be considered either through a reallocation of the credit proceeds or by additional financing.

C. Financial Management

42. **The financial management arrangements for the proposed Safety Net Project will be implemented by the newly created Technical Management Unit (Unité de
**Gestion Technique – UGT.** It will be responsible for project implementation, financial recording, preparation of quarterly interim unaudited financial reports (IFRs), management of the designated account (DA), and the Withdrawal Applications. The UGT, through the registry of beneficiaries as part of MIS and in close collaboration with payment agents, will ensure that there are no duplicate payments to beneficiaries.

43. **Benefit payments will be made by well-established microfinance institutions, by mobile phones companies, or any other qualified agency** that will be recruited to this end after a thorough assessment of their capacity and coverage. Once proposals are assessed as satisfactory by the Association, contracts will be signed between the UGT and the payment agencies for distributing funds to beneficiaries. Funds will be transmitted from the project’s designated account to dedicated accounts in the name of the payment agencies for withdrawal by the payment agencies. Payment agencies will make the transfers to approved beneficiary households under the cash transfer program and under the cash for work program through their agents. The processes for cash benefit payments to beneficiaries are described briefly in Annex 2 (Figure 1) and in more detail in the project implementation manual. They will be developed further during the first year of implementation.

44. **Project will comply with standard financial reporting and audits requirements.** The quarterly interim unaudited financial reports (IFR) will be submitted to the Bank within 45 days of the end of each quarter. The Credit Agreement will require the submission of annual audited project financial statements within six months after year-end. Project financial statements will be audited in accordance with international audit standards by an independent, experienced, and internationally recognized audit firm acceptable to the Bank and recruited on a competitive basis according to ToRs acceptable to the Bank. These audits will be financed by the project under Component 4. The audited annual project financial statements will be publicly disclosed according the Bank disclosure policy.

45. **The implementation of Components 2 and 3 will require the development, establishment, and functioning of the safety net system.** A number of key activities are required to put in place such a system and they will be implemented during the first 8–12 months of the project. In regards to fiduciary requirements for disbursement, the project has adopted a risk-reduction approach that includes the Bank no-objection to project manuals (before effectiveness), recruitment, and training of key UGT staff (before effectiveness), and the recruitment of payment agents and firms to proceed with registration of beneficiaries (shortly after effectiveness). Moreover, the Bank will support the UGT by providing no-objection to key procurement packages including the recruitment of payment agents, a firm to carry out the registration of beneficiaries, and NGOs responsible for the accompanying measures. Finally, the Bank will continue providing advice and technical assistance, and will support the UGT in leveraging on the experience gained through the government cash transfer pilot project.

46. **In addition to the risk-reduction measures mentioned above, the project design includes conditions of disbursement on a significant portion of the credit under Component 2.** Subcomponent 2.1 can only start disbursing to 10,000 beneficiaries after the UGT has entered in a contractual agreement with (i) a firm for conducting the selection and registration of beneficiaries; and (ii) the payment agency. The first
disbursement under Subcomponent 2.2 (the expansion to all cash transfer beneficiaries) is subject to the results of an independent assessment on progress made in the implementation of Subcomponent 2.1 and, in particular, on the efficiency and transparency of the targeting and payment systems. The assessment will be completed within five months after the first payment has been made. After receiving a satisfactory assessment report and the adoption of eventual corrective measures satisfactory to the Bank, the Bank will provide authorization to proceed with the targeting, registration, and payments of the remaining 70,000 beneficiaries under Subcomponent 2.2. Financial management and disbursement arrangements are summarized in Annex 3.

D. Procurement

47. **Procurement activities will be carried out in accordance with the World Bank’s Guidelines:** Procurement under IBRD Loans and IDA Credits dated May 2004, revised through May 2010; and Guidelines: Selection and Employment of Consultants by World Bank Borrowers dated May 2004, revised through May 2010.


49. **Procurement will be managed by the Technical Management Unit (Unité de gestion technique – UGT).** The UGT will include a procurement officer with extensive experience in the procurement of goods and services in World Bank or multilateral bank projects. The UGT will have overall fiduciary responsibility and will carry out the following activities: (i) managing the overall procurement activities and the implementation of the procurement process; (ii) preparing and updating the procurement plan; (iii) preparing bidding documents, draft RFPs, evaluation reports, and contracts in compliance with Bank procedures; (iv) ensuring prior review of all procurement conducted in the regions; and (v) seeking and obtaining approval of national entities and the IDA on procurement documents as required.

50. Procurement activities to be financed under Component 1 are mostly contracts to procure vehicles, information technology, and consulting services to establish the safety net system. Other activities such as the selection of the payment agents, technical assistance for PMT formula updates, household eligibility reviews, technical and beneficiary assessments, and external audits will also require some procurement assistance. Component 2 will require a limited selection of consulting services to: (i) identify potential beneficiaries; (ii) register actual beneficiaries; and (iii) provide support for the implementation of accompanying measures to strengthen health and nutritional practices. NGOs also will have to be selected to implement the accompanying measures for the cash transfers. A model agreement will be attached to the project implementation manual (PIM), and all NGO agreements drafted on the basis of such model will be considered a priori satisfactory to the Bank. Component 3 involves the selection of NGOs to manage the cash for work programs implemented locally (some 30 contracts a year) and the procurement of tools and materials to execute the works, which will be procured locally by regional entities with the support of the regional offices. Similar to the accompanying measures, NGOs will be contracted on the basis of an agreed model of
contract, which will be attached to the PIM. Component 4 will involve recruitment of the UGT staff to manage the project.

51. **The overall project risk for procurement was rated high** during the appraisal based on the assessment of the proposed institutional arrangements and the nature of interaction between the different agencies that will be involved in project implementation.

52. Risk mitigation measures have been discussed and agreed with the agencies, and the residual risk is assessed as substantial.

53. **A procurement plan for the first 18 months of project implementation was prepared and agreed with the Bank on March 18, 2011.** The procurement plan will be updated, in agreement with the Bank, at least annually or as required to reflect the actual program implementation needs and improvements in institutional capacity.

54. A summary of the procurement capacity assessment and project procurement arrangements are provided in Annex 3. More details are available in the project files.

E. Social

55. **The social objective of the project is to reduce vulnerability to food insecurity among the poorest households** through: (i) regular cash transfers to extremely vulnerable households who will be required to attend trainings on eight essential family practices (EFP) in health, sanitation, and nutrition, and reproductive health; and (ii) cash for work to vulnerable populations during the slack agricultural season and/or in response to temporary shocks. The additional income provided through the project will help the targeted households improve access to food as well as invest in human capital and productive assets. The EFP trainings on the eight essential practices are expected to lead to the adoption of new practices that can positively impact food security for the beneficiaries.

56. **The social risks for the project primarily revolve around:** (i) exclusion and inclusion errors in the targeting, which could cause tension regarding the selection of beneficiaries; (ii) Involuntary Resettlement (OP/BP 4.12) under Component 3 on cash for work and in particular, potential resettlement issues and restriction of access to some sites linked with land rehabilitation works and other small community works. Concerning the risk related to targeting, the methodology adopted seeks to ensure transparent identification and registration of beneficiary households by combining: (a) geographical mapping of poverty in consultation with technical institutes and local authorities; (b) proxy means testing data collection conducted by an independent third party; and (c) the use of an MIS system to ensure the transparent identification and registration of the beneficiary households. In addition, the list of beneficiaries targeted in each village will be shared with the beneficiaries along with explanations of the targeting process to ensure transparency. Finally, an effective grievance system, accessible and easy to use by the communities, will be established as Components 2 and 3 start disbursing in order to achieve greater accountability in the safety net system and to provide a vehicle for addressing complaints and grievances that arise during the
implementation process (Annex 2). To address the potential risk of Involuntary Resettlement (OP/BP 4.12) under Component 3, a Resettlement Policy Framework (RPF) has been developed; it identifies all possible risks and proposes effective mitigation measures to be required of all stakeholders. The RPF was published on February 18, 2011.

F. Environment

57. The project falls under environmental classification B, primarily because the cash for work projects may only have a limited and localized environmental impact. Nevertheless, World Bank safeguard policy 4.01 on environmental assessments has been triggered. An Environmental Safeguards Management Framework (ESMF) has been finalized and found satisfactory by the Association; it was disclosed on February 18, 2011 and reissued on March 11, 2011. The implementing agency will use the Bank screening procedures to identify, assess, evaluate, mitigate, and monitor the impact of the projects. These assessments will involve consultations with key stakeholders and will inform the design of specific resettlement and environment protection action plans. Once the action plans have been drafted, public consultations will be held and community systems to handle grievances will be established. All key stakeholders will be sensitized and trained on the mitigation measures. Further details are provided in Annex 3.
Annex 1: Results Framework and Monitoring  
**NIGER: Safety Net Project**  
**Results Framework**

**Project Development Objective (PDO):** The project development objective (PDO) is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash for work programs.

<table>
<thead>
<tr>
<th>PDO-Level Results Indicators*</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Base-line 2011</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Data Collection</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households with access to the cash transfer system established by the project</td>
<td>Number</td>
<td>CT - 0</td>
<td>CT - 10,000</td>
<td>CT - 40,000</td>
<td>CT - 80,000</td>
<td>CT - 80,000</td>
<td>Once a year</td>
<td>M&amp;E reports</td>
</tr>
<tr>
<td>Individuals with access to the cash for work program</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>15,000</td>
<td>30,000</td>
<td>45,000</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Direct project beneficiaries (number)¹ of which female (%)</td>
<td>Number and %</td>
<td>0</td>
<td>70,000 (50%)</td>
<td>385,000 (50%)</td>
<td>595,000 (50%)</td>
<td>980,000 (50%)</td>
<td>1,085,000 (50%)</td>
<td>1,085,000 (50%)</td>
</tr>
<tr>
<td>Beneficiaries who receive payments according to the frequency specified in the PIM</td>
<td>%</td>
<td>0</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>

¹The cash transfer and cash for work will reach 140,000 poor and food insecure households in the Dosso, Maradi, Tahoua, Tillaberi, and Zinder Regions. With an average of seven members per household, approximately 1,000,000 people will directly benefit from the project.
<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline 2011</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Data Collection</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A management information system is developed</td>
<td>Yes/No</td>
<td>No</td>
<td>Yes Software with required modules developed and tested, and UGT staff trained</td>
<td>Yes MIS system updated based on input from MTR if necessary</td>
<td>Once a year</td>
<td>Assessment by World Bank team and monitoring reports</td>
<td>UGT and World Bank</td>
</tr>
<tr>
<td>MIS system generates regular reports of adequate quality (yes/no)</td>
<td>Yes/No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Once a year</td>
</tr>
<tr>
<td>Beneficiaries selected through the PMT system</td>
<td>Number</td>
<td>0 PMT formula developed</td>
<td>10,000 (Cycle 1 start-up) 40,000 (Cycle 1 scale up) 40,000 80,000 (Cycle 2 begins) 80,000 80,000</td>
<td>Once a year</td>
<td>Monitoring reports</td>
<td>UGT</td>
<td>This would require both the design and the implementation of the system.</td>
</tr>
</tbody>
</table>

**MIS system generates regular reports of adequate quality (yes/no)**

---

**INTERMEDIATE RESULTS**

**Intermediate Result (Component 1): Safety Net System**

- **Core:** A management information system is developed
- **Unit of Measure:** Yes/No
- **Baseline 2011:** No
- **Cumulative Target Values:**
  - 2012: Yes Software with required modules developed and tested, and UGT staff trained
  - 2013: Yes MIS system updated based on input from MTR if necessary
  - 2014: Yes MIS system updated based on input from MTR, if necessary
  - 2015: Yes MIS system updated based on input from MTR, if necessary
  - 2016: Yes MIS system updated based on input from MTR, if necessary
  - 2017: Yes MIS system updated based on input from MTR, if necessary
- **Frequency:** Once a year
- **Data Source/Methodology:** Assessment by World Bank team and monitoring reports
- **Data Collection:** UGT and World Bank
- **Notes:** Initial content and structure of MIS modules to be defined during first year of project.
<table>
<thead>
<tr>
<th>Beneficiaries paid annually through the established payment system</th>
<th>Yes/No</th>
<th>Number</th>
<th>System established</th>
<th>0</th>
<th>10,000</th>
<th>55,000</th>
<th>55,000</th>
<th>55,000</th>
<th>55,000</th>
<th>Monthly</th>
<th>Monitoring reports</th>
<th>UGT, Payment agents, Regional offices, World Bank team</th>
<th>Establishment of the system entails: (i) selection of agencies; (ii) system for exchanging information in place.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The impact evaluation is in place and producing good information</td>
<td>Yes/No</td>
<td>Number</td>
<td>Design and baseline</td>
<td>Yes</td>
<td>Data and analysis (first round)</td>
<td>Yes</td>
<td>Analysis and final report</td>
<td>Year 1, 4, 6</td>
<td>Reports from the baseline; MTR, and impact evaluation</td>
<td>Consultants and UGT</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Intermediate Result (Component 2): Cash Transfers for Food Security

<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
<th>Base-line</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Data Collection</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary households that have been identified and registered to receive monthly transfers for a 24-month period.</td>
<td>Number</td>
<td>0</td>
<td>10,000</td>
<td>40,000</td>
<td>40,000</td>
<td>80,000</td>
<td>Monthly</td>
</tr>
<tr>
<td>Registered families who are receiving the transfers.</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>90</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>Localities that have completed the trainings</td>
<td>%</td>
<td>0</td>
<td>85</td>
<td>90</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
</tbody>
</table>
**Intermediate Result (Component 3): Cash for Work**

<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
<th>Base-line</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/ Methodology</th>
<th>Data Collection</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>People (broken down by gender) participating in cash for work activities.</td>
<td>Number</td>
<td>0 0 15,000 30,000 45,000 60,000 60,000</td>
<td>Annual</td>
<td>M&amp;E reports</td>
<td>UGT and NGOs</td>
<td>Total number of beneficiaries that have participated.</td>
</tr>
<tr>
<td></td>
<td>Days of temporary employment created (broken</td>
<td>Number</td>
<td>0 0 900,000 1,800,000 2,700,000 3,600,000 3,600,000</td>
<td>Annual</td>
<td>M&amp;E reports</td>
<td>UGT and NGOs</td>
<td>Number of days generated equal to number of individuals times</td>
</tr>
</tbody>
</table>
down by gender). Community works implemented in accordance with the PIM guidelines: % 0 0 80 90 95 95 95 Annual M&E reports UGT. Percentage measures the proportion of projects that follow PIM guidelines in particular with respect to selection of projects and wage rate.

Communal infrastructures rehabilitated per year: Number 0 0 150 300 450 600 600 Annual M&E reports UGT and NGOs. Number of assets created or rehabilitated by categories as specified in the PIM.

(i) Land rehabilitated: Ha
(ii) Rural roads rehabilitated: Kms

Intermediate Result (Component 4): Project Management

<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
<th>Base-line</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Data Collection</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Project management expenses ratio is | Yes/No | 0 | YR1 YR2 YR3 YR4 YR5 YR6 | Yes Yes Yes Yes Yes Yes | Annually | Unaudited financial report | UGT | Project management expenses ratio is **

2 Specific targets will be set during project implementation once specific interventions are selected.
3 Specific targets will be set during project implementation.
inferior or equal to 10%.

<table>
<thead>
<tr>
<th>Table Column 1</th>
<th>Table Column 2</th>
<th>Table Column 3</th>
<th>Table Column 4</th>
<th>Table Column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>defined as ratio between operating expenses and total annual expenditures (initial expenses investments, operating and other recurrent costs).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 2: Detailed Project Description
Safety Net Project

1. **Project Development Objective.** The project development objective (PDO) is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash for work programs.

2. The proposed project will entail the establishment of a well-performing safety net system and the design and implementation of cash transfer and cash for work programs as two complementary instruments. These instruments will each have different but harmonized objectives and provide the basic structure of a safety net system that can address both chronic and temporary food insecurity.

3. The cash transfer program aims at providing small regular transfers over a 24-month period to very poor households in a situation of chronic food insecurity. These transfers, in combination with the participation of the targeted households in accompanying measures in the form of sensitization campaigns and trainings on eight essential family practices (EFP) in health, nutrition, and sanitation (as a soft condition to receiving the monthly payments), aim to reduce levels of chronic food insecurity among targeted households.

4. The objective of the cash for work program is to complement the cash transfer program by providing additional income to households in communities affected by temporary food insecurity (deficit in production, high prices of food items, etc.) due to unpredictable events. The additional income is expected to allow households to smooth their consumption and protect their assets. In addition, participants in the cash for work activities will produce and/or maintain useful public goods or services.

5. The targeting mechanisms for each instrument are different and reflect their individual objectives and strengths (described in detail under the respective sections below). The targeting mechanisms for the cash transfer program will strive to reach the most vulnerable households, while the targeting mechanisms of the cash for work program is designed for populations who find themselves in a situation of temporary and unusual food insecurity in a given year, but are not necessarily in a situation of chronic food insecurity.

6. The benefits and the impact of the two instruments are also complementary: the regular and sustained cash injection has a medium term impact on access to food and spending patterns, complemented by the soft conditions which will allow for longer term change in nutritional and health habits; whereas the cash for work program has a short term impact on the availability of income for the participating households to smooth their food consumption and cope with their current situation.

7. The project will have four components: (i) Safety Net System; (ii) Cash Transfers; (iii) Cash for Work; and (iv) Project Management.

   **Component 1: Safety Net System (US$3.2 million – Total costs including contingencies)**

8. **Description of the component.** This component will support the establishment of a well-performing safety net system by investing in management, targeting and payment systems, monitoring and evaluation, and capacity building. Technical assistance supported by this component will include the development of legal instruments, policies, manuals of procedures, ICT solutions, and training modules.
9. **Management Information System (MIS).** An MIS will be designed and implemented to ensure transparent identification and registration of the poorest households (potential and actual beneficiaries) and their timely payment; and to monitor project implementation and the progress of safety net programs. IT solutions, computers, and dedicated ICT platforms will be procured or developed to ensure the full integration of the required modules on the targeting system of beneficiaries, with their registration, and payments.

10. **Design and implementation of an efficient and cost-effective targeting system.** At present, a cash transfer pilot project is being financed and implemented by the Government of Niger with assistance from the World Bank. A pilot targeting system, including the development of a proxy means testing (PMT) methodology, was designed and tested. This system will be reviewed, evaluated, and improved to serve as the basis of the targeting system to be used for Component 2 (Cash Transfers).

11. **Design and implementation of an efficient and cost-effective payment system.** The proposed project will use well-established microfinance institutions (*Institutions de microfinance*—MFIs) and mobile phone companies to carry out payments to beneficiaries. The choice between these two options will be based on findings from technical, financial, and capacity assessments done by the Bank under this component and from other studies, including an ongoing study from the World Food Program (WFP). The selection of the operators will be based on an evaluation of the technical and financial proposals submitted in response to the request for proposals (RFPs) open to all microfinance and phone operators.

12. **Design of a monitoring and evaluation (M&E) system.** To gauge the efficiency and effectiveness of safety net programs, this component will finance the design of an M&E system. The design of the M&E system will also include the development of the methodology for the collection of the baseline data, needed to assess the impact of the programs on beneficiaries. Key food security, nutritional, and health indicators will be considered for the assessments (Annex 3 and Annex 7).

13. **Design and implementation of an efficient and cost-effective grievance management system.** Such a system will aim to achieve, over time, greater accountability in the project and to provide a vehicle for addressing complaints and grievances that arise during the implementation process. Efficient and independent procedures are also critical to effectively manage fiduciary risks, as they enlist the feedback of participants and potential participants in an independent and decentralized manner, providing an essential check on the implementation process and enhancing overall social accountability. Based on international experience and best practice adapted to the Niger context, technical assistance and other activities will aim at: (i) defining the entitlement of participants to benefits as well as due process if complaints or grievances arise—especially with regard to exclusion and inclusion errors; (ii) designing grievance mechanisms suitable to the Niger context in order to protect the rights of participants; (iii) designing and implementing an outreach program to inform participants of their rights and duties as well as on the respective procedures; (iv) implementing and maintaining the grievance system for the life of the project; and (v) establishing an information system linked to the project MIS that records all grievances and tracks them until their final resolution.

14. **Design the accompanying measures of Component 2.** Accompanying measures including outreach, information, and training campaigns on Essential Family Practices (EFP) in health, nutrition, and sanitation will support efforts to increase the food security of the beneficiaries under Component 2. The manual will be developed, on the basis of the work done in this area by and the technical assistance of UNICEF.
15. **Design of other technical manuals.** Technical manuals on the implementation of microprojects to be financed under Component 3 (Cash for Work) will also be developed as part of this component, to provide a uniformed approach to the implementation of these programs in Niger.

16. **Updating the system.** The systems developed under Component 1 will continue to be improved over time, as lessons and evaluations are made available during the life of the project, and in particular at project mid-term review.

**Component 2 – Cash Transfers for Food Security (US$48.6 million – Total costs including contingencies)**

17. **Description of the component.** This component will consist of small regular cash transfers to extremely vulnerable households which, combined with participation in the trainings and sensitization campaigns on the EFP, are expected to improve access to and utilization of food, to reduce vulnerability to food insecurity, and to enhance human capital. A monthly income of approximately 10,000 FCFA (about US$20, equal to approximately 15 percent of the rural poverty line for an average family) will be provided for a period of 24 months to an estimated 40,000 households (about 10 percent of the chronic food insecure) in villages selected in 20 départements of the five regions targeted by the project. The transfers will be given to women as representatives of their households. The transfers are expected to increase the level and quality of food consumption, retention and acquisition of small assets, and level of other social expenditures. Experience in Niger and in other countries shows that targeting women increases the likelihood that all members of the household will benefit from the distribution, considering that women usually take care of the family, manage all tasks related to food purchase, preparation, and serving, and are in charge of the children, the ill, and the elderly.

18. **Time schedule.** Cash transfers will run for two cycles of 24 months, reaching a total of 80,000 chronically food insecure households during the life of the project. The villages targeted during the first 24 months will not be targeted during the second cycle. The rationale is to maximize the benefit of the transfers to a larger number of poor households. It is assumed that at the end of the 24 months the food security situation of the targeted households will be improved.

19. **Implementation approach.** The cash transfers will be implemented gradually to provide the opportunity to test procedures and build the capacity of the Technical Management Unit (Unité de gestion technique – UGT) over a period of time. The program will start implementing Subcomponent 2.1 reaching 10,000 beneficiaries in a few departments in Dosso and Maradi. Then it will progressively add 30,000 beneficiaries several months later, after an independent assessment has confirmed that all systems are functioning properly. A tentative implementation schedule for the first cycle is illustrated in Table 1 below. Towards the end of the first cycle of 40,000 beneficiaries, the project will conduct a mid-term evaluation to assess the performance of the system and the impact of the transfers on the food security of the target group and to inform the design of the following cycle.

20. **Component 2 has been sequenced over three subcomponents:**

   - **Subcomponent 2.1: Starting Phase (US$4.8 million – Total costs including contingencies).** This subcomponent will target 10,000 beneficiaries. An independent assessment on the performance of the implementation of this subcomponent and in particular on efficiency of payments and on their transparency will be completed within one year from effectiveness, and if positive it will allow the disbursement under Subcomponent 2.2. If needed, corrective measures satisfactory to the Bank will be put in place.
• **Subcomponent 2.2: Expansion Phase (US$33.5 million – Total costs including contingencies).** This subcomponent will provide cash transfers to all 80,000 households upon a positive assessment on how beneficiaries of Subcomponent 2.1 have been selected, paid, and supported.

• **Subcomponent 2.3: Accompanying Measures (US$10.3 million – Total costs including contingencies).** This subcomponent will finance the recruitment and payment of NGOs to work with the support of UNICEF staff (appointed to the project through a memorandum of understanding with UNICEF) to disseminate trainings and facilitate sensitization campaigns on the essential family practices in health, nutrition, and sanitation. Vehicles including films, community theatre, radio, and door to door sensitization will be used for the trainings. Participation in these accompanying measures will be required as a soft condition for receiving cash transfers.

| Table 1: Implementation Schedule for First Cycle of Cash Transfers (Number of Beneficiaries and Departments) |
|---------------------------------|----------------|--------|
| Component 2.1                  | Month          | Number |
| Beneficiaries                  | February 2012  | 10,000 |
| Departments                    |                | 5      |
| Component 2.2 – A              | November 2012  | 12,000 |
| Beneficiaries                  |                | 6      |
| Component 2.2 – B              | February 2013  | 18,000 |
| Beneficiaries                  |                | 9      |
| Total                          |                | 40,000 |
| Beneficiaries                  |                |        |
| Departments                    |                | 20     |

**Targeting**

21. **Selection of regions.** The project will be implemented in the regions of Dosso, Maradi, Tahoua, Tillabery, and Zinder, which present the highest incidence of poverty and where 95 percent of the poor population of Niger lives. The other three regions Agadez, Diffa, and Niamey were not selected because they present low poverty rates (< 30 percent) and host less than 5 percent of the poor. Other deserving poor and food insecure households in better-off areas will be able to participate when the program has wider coverage and can include all départements in the country. The number of poor households in a given region will be the criteria used to allocate the number of beneficiaries for this component (Table 2).
22. **Identification of départements.** Preliminary analysis based on the poverty map is used to determine the number of départements per region and is reflected in Table 2. The UGT will prepare a list of départements based on the most updated data on poverty. The Steering Committee (Committee de pilotage – CP) will approve the list of départements and submit it to the Bank for no-objection.

23. **Identification of communes.** For administrative purposes and to efficiently target the beneficiaries, a maximum of three communes per département will be selected based on available information from poverty maps and the level of chronic vulnerability (SAP). This will ensure that recurrently vulnerable communes are targeted. With support from regional offices, representatives from the département, the DNPGCA, and the communes will prepare a list of selected communes that will be forwarded by the regional offices to the UGT and the Steering Committee for approval. The project will target rural communes solely because they present higher rates of poverty. However, the possibility of extending the project into urban communities will be considered as needs emerge and based on the recommendations from the mid-term review.

24. **Identification of villages.** Different villages units will be selected in order to reach approximately 1,000 households per commune. Smaller villages will be merged, while bigger villages will be considered as separate village units. The selection of villages will require active participation of the communes. The communes will be asked to identify the most vulnerable villages through criteria of chronic vulnerability, such as years of annual crops’ deficit and productive assets ownership (i.e., average number of small ruminants per capita). The communes will transmit the list of pre-selected villages to the DNPGCA. Together with the coordinator of the regional offices, the DNPGCA will review the list of villages based on the criteria of poverty and structural vulnerability as included in the manual, and taking into consideration additional criteria such as: (i) security conditions limiting access and operations in the village; (ii) market accessibility measured by weekly frequency and distance from the main markets; and (iii) similar activities implemented by other agencies in the same area. The regional office and the DNPGCA will determine the final list of villages that will then be forwarded to the UGT and the Steering Committee for approval.

25. **Identification of beneficiary households** through proxy means testing (PMT). The selection of the beneficiary households will be conducted. This method approximates the level of

<table>
<thead>
<tr>
<th>Table 2: Poverty Indicators by Region and Beneficiary Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population 2008</strong></td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Agadez</td>
</tr>
<tr>
<td>Diffa</td>
</tr>
<tr>
<td>Dosso</td>
</tr>
<tr>
<td>Maradi</td>
</tr>
<tr>
<td>Tahoua</td>
</tr>
<tr>
<td>Tillabéri</td>
</tr>
<tr>
<td>Zinder</td>
</tr>
<tr>
<td>Niamey</td>
</tr>
<tr>
<td><strong>Total Niger</strong></td>
</tr>
<tr>
<td><strong>Total Project</strong></td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
</tr>
</tbody>
</table>
household wealth using variables correlated to the level of household expenditures and income, which are a good proxy for chronic food insecurity. The ongoing pilot has satisfactorily designed and implemented the PMT methodology, so it will serve as the basis for designing the PMT for this component. The proposed PMT method relies on the analysis of the National Survey on Household Income and Consumption in Niger (ENBC-2007). The analysis defines the key PMT variables (area of residence, household demographic characteristics, housing conditions, and household assets) and will estimate their correlation with the observed level of consumption using an econometric model. The computation of the PMT score is based on weights derived from the econometric models. Thus the formula for the calculation of the households PMT score is:

\[
\text{(Score PMT)}_m = \text{Constant} + \sum (\text{value of variable})_{k,m} \times (\text{weight})_k
\]

where \( k \) represent the variables in the model. The weights represent the coefficients of the selected variables obtained from the econometric model. In each region, the households with the lowest PMT score will be selected. The PMT cut-off will be established by the Safety Net Unit (Cellule filets sociaux – CFS) at regional level to reduce those inclusion errors associated to the different levels of poverty existing within regions. As part of the grievance system, Component 1 will design appropriate mechanisms to monitor and deal with exclusion and inclusion errors.

26. **Questionnaire.** The PMT questionnaire will contain the following data: (i) general information; (ii) list of households’ members; (iii) characteristics of the head of household and relatives; (iv) housing conditions; and (iv) ownership of assets. The questionnaire will be administered to all households (approximately 150,000 households) in the selected villages. Special provisions will be devised to reach mobile communities such as pastoralist households during the migration periods. Households surveys will be conducted by an independent firm, recruited for this purpose. The interviewers will be trained so as to reduce interview bias and to ensure that the questionnaires are completed accurately. A supervisor will crosscheck the questionnaires to identify any irregularities. Verification of the completeness of the forms will take place at different levels: in the field and during data entry. The project will be using PDAs (Personal Digital Assistant – small computer devices) to collect and enter data in the field.

27. **Household definition.** For the purpose of this project, a husband, his wives, and their children as identified in the existing family booklet issued by the local authorities will constitute a household. In the pilot, all 2,500 households of the 52 villages targeted had the family booklet allowing for identification of family members.

**Registration Process and Information Management**

28. **Registration of beneficiaries and distribution of picture ID.** After selection, the registration process and distribution of picture ID cards will take place in the presence of the village representatives, commune and/or local DNPGCA officials, and the field operators. The names of people to be registered will be read out loud during a community meeting and posted in the commune office and in community spaces if available. The regional office of the UGT will issue picture ID cards to the first wife of the beneficiary household. When dealing with polygamous households, the project design is to transfer the benefit to the first spouse. The second DHS (1998) found that two-fifths (40 percent) of married women live in a polygamous household. This is consistent with recent data from villages targeted by the pilot, showing that out of 1,195 household beneficiaries in Tahoua District, 33 percent were polygamous. In the département of Tillabery, out of 1,086 households targeted by the pilot, 24 percent were polygamous. For the cash distribution, the woman who was issued the ID card will collect the cash on behalf of the household upon presentation of her picture ID. ID cards will be produced by the project and will include the picture of the woman who will receive the transfer, her personal data, and an identification number. The UGT will ensure confidentiality of the information.
gathered through this process. Such information and the ID photos will be taken during the registration process. The picture ID is a critical document, which also helps to ensure transparency and protect participants against fraud.

29. **Data collection, storage, and management.** The registration process will be conducted with the support of an independent firm under the supervision of project staff. During registration, information of beneficiary will be collected and recorded using off-line devices. The information will then be transmitted to the UGT central database. The project database will include the information related to the registry of beneficiaries and their updates as well as distribution lists including those unpaid and reconciliation reports.

**Payment System**

30. **Payments to beneficiaries.** The payment system will adopt best practices payment systems and centrally managed information systems. Depending on availability of coverage, the latest development in payments effectuated by mobile phones will be adopted. More specifically, the payment system will be designed to successfully distribute the correct amount of benefits to the right people at the right time and with the right frequency while minimizing transaction costs to both the program and the beneficiaries. The system will be compatible and integrated with other operational processes, such as the selection and registration of beneficiaries; the preparation of the list of beneficiaries to be paid; and the reconciliation of account through the management information system. Figure 1 below shows all the steps involved in the payment process as well the flow of information and funds which includes:

**STEP 1. List of potential beneficiaries.** The information about potential beneficiary households in selected villages is collected, recorded into the registry/MIS of the UGT by the targeting consultants. Then the UGT of the CFS can select the beneficiaries to be enrolled in the program on the basis of the PMT formula.

**STEP 2. List of beneficiaries to be registered.** Once the list of beneficiaries has been validated, it is sent to the field office registration consultants who will proceed to register all beneficiaries listed and give them an identification card following the procedure outlined in the project implementation manual (PIM).

**STEP 3. Authorize the transfer to the designated account opened by the Recipient for withdrawal of funds by the Agency for purpose of paying beneficiaries.** At the time of the first payment, the UGT will authorize the transfer of the monetary equivalent to two monthly cash payments from the designated account to the payment agents' respective accounts. For the remaining period of the payment cycle, the UGT will authorize the transfer of funds necessary for one monthly payment, after the verification of the Statement of Expenses relative to the payment made the previous month.

**STEP 4. Transfer advance to pay beneficiaries.** The transfer of funds from the designated account to the dedicated cash transfer account of the payment agency is made. It is the responsibility of the payment agency to transfer the funds to the agents in the field.

**STEP 5. Submission of payment list.** The UGT provides instructions for making payments and the list of beneficiaries to its regional offices and the headquarter office of the payment agency. The payment agency is responsible for forwarding either a paper list or a technology-enhanced transfer method to the local payment agent.

**STEP 6. Delivery of payment and certification.** Upon verification of proof of registration (ID) and after comparison with the list of beneficiaries, the agent disburses the money and
registers the transaction using either a paper list or technology-enhanced transfer method.

**STEP 7.** *Recording payment transactions.* The agents transmit the records to the payment agency that forwards them to the UGT. The latter will enter the information in the main database, reconciling payments received by the beneficiaries.

**STEP 8.** *Transmittal of Statement of Expenses.* The payment agency will transmit to the UGT the statement of all disbursements made in each village at the end of every payment cycle. In this statement, the payment agency will specify the total amounts of payments that have not been made, which will be subtracted from the advance for the following payment cycle.

**STEP 9.** *Request to replenish the designated account.* Every months the UGT will transmit consolidated SOEs to the Bank and will request a transfer of funds to carry out the operation for the following months.

**STEP 10.** *Transfer to replenish account.* When the transfer is made, the cycle can restart from STEP 3 above.

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31. **Payment agencies.** Beneficiaries will be paid mainly through two types of operators: microfinance institutions and mobile phone companies. Other qualified agencies may be recruited after a thorough assessment of their capacity. As described below, both microfinance institutions and mobile phone companies present strengths and weaknesses. Before contracts are signed, the operators will be further assessed and evaluated based on the proposals submitted and their regional coverage.
• Microfinance Institutions (Institution de microfinance, MFIs). Microfinance institutions are widely present in the targeted regions. Their financial and management capacity has recently been assessed by the National Agency for the Regulation of the Microfinance Sector, a regulatory authority recently established with World Bank funding, which during 2010 “sanitized” the sector by excluding 83 MFIs and certifying 106 based on the capacity and financial viability of these institutions. On balance, the experience of safety net programs financed and using well-established MFIs has been positive; the ongoing government-funded cash transfer pilot in the Tahoua District will provide further learning on the collaboration with MFIs. Moreover, Component 1 will finance a specific capacity assessment of MFIs. Partner MFIs for this project will be selected following Bank procedures. The UGT and selected MFIs will sign a contract defining the objectives of the collaboration and the respective roles and responsibilities. MFIs will ensure the transport of moneys to the beneficiaries and assume any risk associated with transporting and handling the cash. The staff of the MFIs will be trained by the UGT on the project implementation manual and on fiduciary requirements.

• Mobile Phone Companies. The use of mobile phone platforms provides some advantages relative to the MFI approach, including complete automation of the payment process, high cost-effectiveness, easy access, and more rapid and accurate tracking of the flow of funds. However, the mobile phone system for cash transfers has yet to be rolled out on a large scale. Depending on the operator, the setup of the payment system could show geographic limitations in the coverage and availability of Points of Sale (PoS), at least during the first phase of the project. In initial discussions with providers of mobile phone cash transfers, the main constraints seem to be the availability of PoS. For instance, Orange Money, the service provider with the largest national coverage, counts on a network of 151 PoS in 29 départements in the 5 project regions. To roll out all PoS required by the project (over 1,000), the operator would have to expand its presence and set up new PoS. Under this model, beneficiaries are not required to own a handset but need to access the PoS, which acts as a paying agent. The password provided by the beneficiary, his/her ID details, and the payment request are then sent by the PoS agent to the main database registry at the UGT office, by SMS (Short Message Service) via his/her mobile phone. Upon receiving a confirmation, the agent pays the beneficiary and keeps record of the transaction. Similarly to the MFI model, transaction costs from the source to beneficiaries are estimated to be 3 percent of the transfer.

Accompanying Measures/Soft Conditions

32. Conditions. A “soft condition” is associated to the cash transfers to promote changes in households’ health and nutritional practices and to improve food security. Increases in food consumption alone may not lead to improved nutrition and food security if disease, poor health, and sanitation practices limit the effective utilization of food by individuals—especially pregnant and lactating women, small children, and infants. In Niger, weak access to health care and drinking water, lack of sanitation structures, and inadequate hygiene practices have a direct impact on the prevalence of infectious diseases and malnutrition among children up to two and under five years of age. The program does not introduce hard conditions due to the weakness and limited outreach of social delivery systems—typically health, education, and social assistance services. Instead, targeted households will be required to participate in community activities to induce behavioral change both at household and community level. Participation will be recorded and monitored, however penalties will not be enforced. Community activities will include intense and integrated communication events, using both new and old media, including sketches, singing sessions, and animations.
33. **Accompanying measures consist of sensitization campaigns and trainings on the eight essential family practices (EFP).** These activities will promote the adoption of eight essential family practices that UNICEF and the Government of Niger have identified to accelerate the progress towards child survival and development, hence contributing towards food security in the long term. The eight practices will promote simple behaviors such as:

- Breastfeeding exclusively for the first six months of a child’s life
- Sleeping under a mosquito net
- Providing children with oral rehydration solution in case of diarrhea
- Washing hands with soap
- Introducing other nutritious foods to children after six months
- Providing children with preventive health care
- Bringing children to a health post at the first sign of illness
- Family planning and birth spacing, which represents a more recent addition to the package.

34. These practices will accelerate the attainment of the Millennium Development Goals (MDGs) and in particular MDG1 (Eradicate extreme poverty and hunger), MDG4 (Reduce child mortality rate), and MDG6 (Combat HIV/AIDS, malaria, and other diseases).

35. **Collaboration with UNICEF Niger.** UNICEF, as part of its regular technical assistance program with the Government of Niger, will be responsible for overseeing the execution of these activities in collaboration with the regional offices. UNICEF has developed a preliminary proposal that summarizes objectives, implementing approach, activities, and expected results of this “conditional” component. The UGT will contract a limited number of NGOs to deliver the training and sensitization activities. Every three months, the NGOs will report the participation of beneficiaries to the regional office. As part of the MOU to be signed between UNICEF and the UGT (see para 24 in Annex 3), UNICEF has agreed to support two full time staff to the UGT to support this initiative with training and supervision.

36. **Communication, accountability, and grievance mechanisms.** On the basis of information and communication procedures developed in Component 1, field operators in collaboration with local authorities will carry out regular meetings to inform communities on the project objectives and planned activities. Community information and awareness campaigns will be conducted throughout the project cycle. This will be an important step in ensuring that communities understand the process and are able to address complaints. The complaints and grievance system prepared under Component 1 will then be activated so as to ensure a satisfactory level of social accountability. These are mechanisms required to reduce the risk of errors, fraud, and corruption and to enhance transparency and accountability among beneficiaries and stakeholders (see Governance and Accountability Plan in Annex 8).

**Component 3: Cash for Work (US$10.5 million – Total costs including contingencies)**

37. **Objective of the component.** The objective of this component is to provide temporary employment to 15,000 people annually in the five regions of the project. The activities will be located in départements, communes, and villages selected among those experiencing temporary food insecurity (deficit in production, high food prices, etc.) due to unpredictable events (droughts, flooding, rising prices in the international markets, etc). Additional benefits of the component will be to produce or maintain useful public goods or services.
38. **Number of working days created.** The component will create an average of 900,000 working days per year in the five regions, for a total of 3,600,000 workings days during the four years. It is projected that this will provide additional income to 15,000 individuals per year (60,000 by the end of the project).

39. **Level of wages.** The wage per day is set just below the market wage at 1,000 FCFA, which is equal to the minimum wage set by law in Niger for unskilled labor in rural areas. It is expected that this low level of wage will discourage displacement of people from other productive activities and will result in “self-targeting,” though other selection measures might be necessary to target participants if the demand for labor exceeds supply (see below “Selection of beneficiaries”).

40. **Eligible activities.** Activities eligible under the cash for work component include soil conservation to slow desertification, protection of the environment, rehabilitation of small infrastructures, sanitation projects, and other activities that respond to local needs as expressed by communities and in accordance with the PIM. Activities also should meet the following basic criteria: (i) provide a public good or service; (ii) benefit the broader community; and (iii) not adversely affect the environment or have negative social consequences as defined in the ESMF and the RPF.

41. **Timeframe for the implementation of cash for work activities.** The sequencing of the cash for work activities follows to a large extent the work rhythms of rural areas. Implementation is expected to occur in the slow period between January and April, although some activities like planting trees may occur in July/August and others like maintaining pastoral areas (firebreaks) may take place in October/November. It is envisioned that 2,500 people could be covered in the period between October and December, 10,000 between January and March, and 2,500 between July and August. In addition, and although most activities will be fully completed within a three- to four-month period, a few activities (such as planting trees) may need to be carried out over a two- to three-year period in order to be sustainable.

42. **Role of NGOs in implementation.** NGOs will be responsible for implementing and supervising the cash for work microprojects. Their responsibilities will include: (i) preparing and submitting technical proposals; (ii) carrying out information and communication campaigns on the cash for work activities in the targeted *communes* in collaboration with the regional offices; (iii) selecting and enrolling beneficiaries, and selecting site supervisors and team leaders; (iv) planning the works to be carried out, organizing teams and assigning tasks; (v) training workers and ensuring security and safety measures; (vi) managing and supervising work sites and teams, and supervising the technical quality of the works; (vii) preparing lists of people to be paid, attendance records, number of days, and amounts to be paid; (viii) assisting the payment operators during payment of beneficiaries; and (ix) preparing weekly reports for the regional office.

43. **Overview of commune and village targeting and the NGO selection process.** Table 3 summarizes the steps that will be followed to target *communes* and villages and select NGOs, and to start the implementation of the cash for work activities.
Table 3: Proposed Annual Implementation Schedule of the Cash for Work Component

<table>
<thead>
<tr>
<th>Step</th>
<th>Period</th>
<th>Responsible</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>EOI and establishment of the list of pre-qualified NGOs</td>
<td>July</td>
</tr>
<tr>
<td>2</td>
<td>Targeting of communes</td>
<td>October</td>
</tr>
<tr>
<td>3</td>
<td>Selection of NGOs (one or more) per département</td>
<td>October</td>
</tr>
<tr>
<td>4</td>
<td>Contracts with NGOs</td>
<td>October / November</td>
</tr>
<tr>
<td>5</td>
<td>Design of cash for work programs</td>
<td>October / November</td>
</tr>
<tr>
<td>6</td>
<td>Appraisal and approval of activities under cash for work programs</td>
<td>November / December</td>
</tr>
<tr>
<td>7</td>
<td>Start of the cash for work programs</td>
<td>January</td>
</tr>
</tbody>
</table>

44. **Expression of Interest (EOI) and prequalification of NGOs.** NGOs will be invited to express their interest to participate in the implementation of cash for work programs in June/July of each year. A list of prequalified NGOs will then be established by the UGT. Prequalified NGOs will have to meet minimum criteria, including previous management of cash for work projects and proof of official registration as a non-governmental organization. NGOs will also be asked to provide the names of départements and communes where they have previous experience, which will help facilitate the respective assignment of locations.

45. **Targeting of communes.** The component will be implemented in the five regions of the project. All the départements in these five regions are eligible. A list of 25 communes within 15 départements that are classified as food insecure will be produced in October each year by the DNPGCA. Urban communes will be initially excluded from participating in Component 3 because they present lower rates of poverty (this will be reviewed at the mid-term review). This preliminary list will be validated by the Steering Committee (Comité de pilotage) of the CFS. A second list of communes classified as food insecure will be produced in July for the pastoral areas of the targeted départements, where a number of activities can be implemented in October/November.

46. **Targeting of villages.** In the selected communes, a list of priority villages to benefit from the cash for work program will be identified in discussions between the commune, the UGT, and the Subregional Committee to manage the food crisis (Comités sous-régionaux de gestion des crises alimentaires). This list of villages will be submitted for information to the Steering Committee.

47. **Selection and contracting of NGOs.** Once the list of villages has been established, prequalified NGOs will be allocated a number of villages and will be responsible for designing and setting up microprojects that will create a given number of working days. The number of villages covered and working days generated will depend on the capacity of the respective NGOs to implement the activities as evaluated by the regional office. Depending on the number of microprojects to be implemented and the number of communes to be covered, this component will finance a manageable number of contracts with NGOs that will be responsible for hiring
participants for a period of about three to four months, during the slack agricultural season. Preliminary estimates show that if 25 communes are targeted to implement approximately eight microprojects each and with on average 75 people hired in each (for a total of 200 microprojects and 15,000 beneficiaries), then up to 30 NGOs will need to be contracted. The contracts to be signed between the UGT and the implementing partner will describe their responsibilities and area of intervention.

48. **Design of cash for work activities.** NGOs will prepare a technical proposal including a list of potential activities and working sites to be implemented in the selected villages, as per the menu and criteria of eligible activities described above. Activities of the villages in the same commune should be discussed with communities and take into account the *Recueil des fiches techniques en gestion des ressources naturelles et de productions agro-sylvo-pastorales* produced by the *Projet d’actions communautaires* and approved by each commune. Nevertheless, the technical design of the activities should follow the guidelines indicated by the UGT in the project manual.

49. **Appraisal and approval of cash for work activities.** Technical proposals for the cash for work activities will be submitted by NGOs to the regional offices, which in collaboration with the decentralized technical services of the relevant ministries will carry out the appraisal of the activities according to: (i) technical criteria, depending on the sector; (ii) number of people, including number of women, and number of working days created; (iii) specifications of materials and equipment (which should be approximately 25 percent of total wage and non-wage costs); (iv) adherence to the processes set up in the implementation manual, in particular in terms of consultations with the commune; (v) environmental and social criteria as defined in the ESMF and the RPF; and (vi) conformity of the proposed program with national policies, laws, and regulations. Communal development plans could inform the type of cash for work projects to be implemented if these plans are consistent with the requirements of the cash for work projects. The regional office will give the final approval to the proposed activities once all the criteria are satisfactorily met.

50. **Information and communication.** Implementing partners will carry out information and communication campaigns about the cash for work program in the département, engaging with community members and leaders as well as placing radio adverts. These messages will outline the details of the cash for work activities, specifically the 60-day timeline and 1,000 CFA per day wage rate. They will also include information about eligibility, measures to encourage the selection of women and the importance of community involvement in the intervention. In the 20 départements where Component 2 (Cash Transfers) is also implemented, special efforts will be made to explain the difference between the two programs and ensure that people understand that participating in both programs is allowed. Throughout the life of the cash for work program, other information and messages will be disseminated to ensure transparency and social accountability and to ensure that people know their rights and obligations. This includes information on grievance mechanisms.

51. **Procurement of material and equipment.** Small procurement under the cash for work activities will be carried out by the UGT, under the responsibility of the procurement specialist of the UGT and using the regional procurement commissions and the regional offices to examine offers and select providers.

52. **Selection of beneficiaries.** As already mentioned, the daily wage has been set at 1,000 CFA per day, which is equal to the legal minimum wage and, in some regions, below the prevailing market rate. It is expected that in many cases the low daily wage will not be sufficient to limit the number of participants, especially considering that during the period when CfW activities will be implemented (mostly January to April) no work at all is available for most of the
rural population. Enrolment will be conducted primarily on a first-come first-served basis; however, when demand for employment substantially outweigh the available jobs, it may be necessary to apply additional categorical targeting criteria in order to: (i) include the maximum number of vulnerable households; (ii) limit the enrolment to one person per household; and (iii) pay attention to remote or isolated settlements. The design of work activities combined with the selection process will facilitate the participation of people who cannot take part in heavy labor, including elders, pregnant women, and the disabled, among others. A few exclusion criteria will also apply: participants should be at least 18 years old, and they should not be employed by a public entity.

53. **Gender targeting.** Women will be given preference during the recruitment in order to achieve the target of 50 percent female beneficiaries at every cash for work site. Given the constant and heavy daily workload of women even in periods when agricultural work is not available and men are idle, it may not be desirable to force the inclusion of women in community works. This aspect will therefore require further discussion with government and civil society counterparts in each region. Specific measures will be devised to facilitate a higher participation rate of women. For example selected women with small children will have the possibility to work in teams together with other women, with one woman tasked with looking after the small children, while others carry out the work. The woman looking after the children will be paid the same rate as the other unskilled workers on the project.

54. **Enrolment and training of participants.** The targeting agent will enroll beneficiaries, register their information, and issue identification cards. The enrolment will follow the same process described for Component 2. All workers should receive brief training after enrolment but before starting to work, during which they will acquire key information regarding the CfW program and also the working conditions under which they are expected to work, including rights and obligations. A simple contract (the sample format/template of which will be included in the PIM) to be signed between the participants and the implementing agency will outline these rights and obligations.

55. **Managing and supervising the works.** Implementing partners will designate site team leaders (responsible for 10–15 people). Site team leaders will be paid a higher wage than regular workers. The site team leader will be responsible for the work of his/her team on a daily basis, including attendance, daily distribution of tools, and verifying completion of tasks. The partners will oversee the implementation of the public works activities with a visit to each site and team at least twice a week. Daily tasks will be assigned by the site's team leader. However and depending on the type of work and agreements reached at the beginning of each program, there may be flexibility regarding the time at which these tasks are undertaken especially for women to minimize interference with other responsibilities such as childcare and other household duties. Throughout implementation, the implementing partners will submit bi-monthly monitoring reports to the UGT.

56. **Payment of participants.** Workers will be paid through designated operators (MFIs or mobile phone companies—to be determined—twice a month). All participants will receive a program ID card at the enrolment stage. Participants will need to show their ID card to collect payment. Implementing partners will forward attendance records to the regional office with the estimated amounts to be paid and to the respective payment agent. Twice a month the payment agent will travel to work sites to make the payments in the presence of the implementing partner and a representative of the UGT.
Component 4: Project Management (US$7.7 million – Total costs including contingencies)

57. This component will finance costs related to the management of the project. It will ensure that the Safety Net Unit (Cellule filets sociaux – CFS) is operational and that it successfully and efficiently implements the project in conformity with the Financing Agreement, project documents, and the PIM.

58. This component will finance: (i) UGT staff (non-civil servant) salaries; (ii) equipment and operating costs directly linked to the daily management of the project (office space, utilities and supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance costs, travel and supervision costs, etc.); and (iii) training of personnel.

59. Component 4 will finance the implementation of the monitoring and evaluation (M&E) system and the regular monitoring activities of each stage of the project cycle measuring project efficiency, effectiveness, and progress. Regular monitoring will also help to identify any arising issues and to promptly consider and adopt solutions. Within the framework of the monitoring cycle, a mid-term review will involve project’s stakeholders and civil society in the review of project performance, intermediary results, and outcomes. The progress and impact of the project will be measured using the data collected at the mid-term review and project end. The M&E system is detailed in Annex 3.
Annex 3: Implementation Arrangements

Project Administration Mechanisms

1. The Safety Net Project will be managed by a Safety Net Unit (Cellule filets sociaux – CFS) under the auspices of the Office of the Prime Minister. Established by Decree No. 00236 dated December 16, 2010, the mission of the CFS is to establish and manage an effective safety net system in order to improve the living conditions of poor households, to protect them from the impact of shocks, and to reduce their level of food insecurity.

2. The CFS is composed of the following units: (i) a Steering Committee (Comité de pilotage – CP); (ii) the Technical Management Unit (Unité de gestion technique – UGT); and (iii) regional offices (Antennes régionales – AR):

   - **Steering Committee (Comité de pilotage – CP).** The Steering Committee is a deliberating body that provides strategic orientations to the CFS. It is composed of four members with voting rights: (i) a president (the director of cabinet of the prime minister or his representative); (ii) the coordinator of the Cellule crises alimentaires (CCA); (iii) the executive secretary of the Rural Development Strategy; and (iv) the representative of the Economic Commission (Commissariat à l´économie) at the Ministry of Economy and Finance. It also includes other members with no voting rights: (a) the vice secretaries-general of the regional committees for prevention and management of food crises (these are the regional representatives of the DNPGCA and the permanent secretaries of the Regional Committee for the Prevention and Management of Food Crisis (Comités régionaux de prévention et de gestion des crises alimentaires – CRPGCA); (b) representatives from the donors investing in the CFS; (c) a representative from the technical and financial partners; and (d) a secretary. Members of the Steering Committee have been nominated by the decree of December 16, 2010 and confirmed on January 7, 2011.

   - **Technical Management Unit (Unité de gestion technique – UGT).** The UGT is the executive body of the CFS and is responsible for the daily management of programs and funds under the CFS. It comprises the following key staff: (i) a coordinator; (ii) a manager of cash transfer programs; (iii) a manager of cash for work programs; (iv) a manager for accompanying activities; (v) a financial management and administrative specialist; (vi) a procurement specialist; (vii) a monitoring and evaluation specialist; and (viii) an internal auditor. The core staff of the UGT—including the coordinator, the financial management and administrative officer, and the procurement officer—will be recruited by effectiveness to launch activities that will retroactively be financed from the credit. Other essential staff including a cash transfer manager, cash for work manager, accompanying measures manager, internal auditor, an independent auditor and monitoring and evaluation officer will be recruited 6 months after effectiveness.

   - **Regional Offices (Antennes régionales – AR).** Five regional offices will be financed under the project to oversee the implementation of the safety net programs and projects in each of the five regions targeted. The regional offices are placed under the authority of the UGT coordinator and comprise: (i) a director of the regional office; (ii) an accountant; and (iii) a monitoring and evaluation specialist. The regional offices will also hire local consultants to support the cash transfer and the cash for work activities at the local level.
3. The two charts below provide a visual representation of institutional arrangements of the Safety Net Unit (*Cellule filets sociaux* – CFS) in Figure 1 and the organizational set up of the project in Figure 2.

**Figure 1: Overall Institutional Arrangements**

**Figure 2: Organizational Setup of the *Cellule filets sociaux* (CFS)**

4. **Capacity assessment.** The CFS was established specifically for the purpose of managing safety net projects in Niger. The CFS will work in parallel with the Food Crisis Unit (*Cellule crises alimentaires* – CCA), which will continue to concentrate on the management of emergency programs and has neither the mandate nor the capacity to manage permanent safety net programs. Since the CFS has just been created and is in the process of being staffed, its capacity cannot be assessed. In order to anticipate possible capacity constraints, the following measures will be adopted:

- Detailed responsibilities of the CFS units, the UGT staff, and the regional offices will be described in the CFS procedures manual. All professional staff will be recruited
according to the Guidelines for the Selection and Employment of Consultants by World Bank Borrowers, edited May 2004 and revised October and May 2010.

- A project implementation manual (PIM) will be developed by effectiveness. It will clearly describe such project implementation aspects as beneficiary targeting, cash transfer procedures, cash for work procedures, accounting documentation, and information flow throughout the project implementation cycle. The manual will also clearly detail the role of each actor/stakeholder involved in the project.
- An administrative, financial, and accounting manual will be developed and will clearly describe the procedures to be used to successfully manage the UGT and the various project activities of the UGT.
- Contracts with clear terms of service will be drawn for each institution recruited to facilitate payments to cash beneficiaries.
- A memorandum of understanding (MOU) will be signed between the UGT and UNICEF, stating their role and contribution in the implementation of Subcomponent 2.3. UNICEF will support the project by providing training and assistance to NGOs for the accompanying measures on the eight essential family practices in health, nutrition, and sanitation under the cash transfer.
- NGOs with technical expertise will be recruited based on their qualifications and experience to facilitate the cash for work activities.

Financial Management

5. **Overall, the residual financial management (FM) risk of the project was rated as High Impact during appraisal.** The UGT and its regional offices will oversee the financial management of the project. The arrangements will be set up to ensure that minimum fiduciary requirements under OP/BP10.00 are in place for the proposed project. A FM specialist will be recruited competitively and based in the UGT. S/he will be supported by accountants based in the regional offices. All operational procedures will be documented in the administrative, financial, and accounting manual and the project implementation manual. The project financial arrangements are described below.

6. **The management of payments to beneficiaries.** This project involves a large number of relatively small payments to beneficiaries at regular intervals. Under Component 2 (Cash Transfer), a total of 80,000 beneficiaries in five regions will receive monthly payments of 10,000 FCFA for a period of 24 months. Under Component 3 (Cash for Work), 15,000 beneficiaries a year (reaching a total of 60,000 beneficiaries by project end) divided in two periods (5,000 during the months of October–December and 10,000 in January–March) will receive monthly payments of around 20,000 FCFA. The payments will be made by microfinance institutions and mobile phone companies; both systems have been successfully used by major international NGOs and United Nations agencies in Niger for emergency cash-based safety net projects in the past (Annex 9). Detailed arrangements for the cash payments will be discussed in the project manuals and further developed in the first year of the project. These institutions will be recruited using Bank procedures.

7. **Designated Account.** A designated account will be opened in a commercial bank in Niger that is acceptable to the Bank and managed by the UGT according to the disbursement procedures described in the disbursement letter. Documentation for all transactions shall be retained by the UGT and shall be made available for audit and to the Bank and its representatives, if requested. Detailed disbursement procedures will also be stipulated in the administrative, financial, and accounting manuals.
8. **Cash transfer accounts of payment agencies.** The Recipient shall transfer funds to each of the selected payment agency accounts. Upon receiving a list of beneficiaries from the UGT, the payment agency will dispatch field agents from their regional offices to make the payments to the beneficiaries, who collect payments upon producing their beneficiary ID cards. The mobile phone companies, on the other hand, will make the funds available to field agents at Points of Sale, from where beneficiaries will collect their payments. For a more detailed description of the payment system, see Annex 2.

9. **Budgeting and funds flow.** The budget process will be clearly stipulated in the administrative, financial, and accounting manual. The UGT will coordinate and prepare annual budgets and work plans for approval by the Steering Committee with Bank no-objection at the beginning of the year. Changes to either will require approval by the Steering Committee with the Bank no-objection. In addition, the Steering Committee will (i) discuss and review implementation strategies; (ii) endorse the list of beneficiaries as prepared by the UGT on the basis of well designed targeting criteria; and (iii) monitor and assess the implementation and results of the project on a regular basis.

10. **Accounting.** Project accounting, policies, and procedures will be documented in the administrative, financial, and accounting procedures manual. Accounting software with multiproject and multisite capabilities will be used to process financial information and prepare interim financial statements as well as annual financial statements. Detailed FM documentation will be maintained in the project files.

11. **Internal controls.** The Steering Committee and the UGT coordinator will ensure that staffing arrangements in the financial management department of the UGT are in place and sufficient to ensure adequate internal controls, preparation, approval, and recording of transactions as well as segregation of duties. The financial management and administrative procedures will be outlined in the administrative, financial, and accounting manual to be updated when needed with the agreement of the Steering Committee and with Bank no-objection. An internal audit function will be set up at the UGT office in Niamey.

12. **Financial reporting.** The UGT coordinator will be responsible for the overall reporting on the entity. The FM specialist in the project will ensure that the quarterly Interim Financial Reports are prepared and transmitted. The reporting format will be documented in the administrative, financial, and accounting manual. The quarterly Interim Financial Reports will be furnished to the Association no later than 45 days after the end of the quarter. Annual financial statements will be prepared by the UGT, approved by the Steering Committee, and subject to annual external audits.

13. **External audits.** The annual financial statements of the project as well as the system of internal controls will be subject to an annual audit by a reputable, competent, and independent auditing firm, based on terms of reference satisfactory to the Bank. The auditor will provide an opinion on the project financial statements prepared by the UGT as per auditing standards acceptable to the Bank. The audit report will be submitted to the Bank not later than six months after the end of each financial year. In addition to the audit report, the auditor will also provide a management letter detailing the status of the internal control systems in the regional offices and in the UGT. In addition to the annual audit on the overall project, specific audits will be carried out every six months by a competent, and independent auditing firm, based on terms of reference satisfactory to the Bank, on the payment system to ensure that the funds reach the registered beneficiaries. These audits will review the flow of funds from the UGT to the payments agency transfer account and to the beneficiaries as it described in Figure 1 in Annex 2. The process will include an analysis of the records of the registry of the beneficiaries, payment records, and spot checks to verify the existence of the beneficiaries in the villages.
14. **Capacity.** To carry out its FM obligations, the UGT will set up and install an accounting system that will ensure the production of monthly financial reports, interim financial reports, and annual financial statements to be audited. Newly recruited staff in the UGT and regional offices will be trained on Bank procedures with regard to financial reporting, procurement, disbursements, and external auditing, among others. The UGT will set up the regional offices in the five regions, and they each will be staffed with a regional coordinator, an accountant, and an M&E officer to coordinate the cash transfer and cash for work projects at the village level.

15. **Other financial management arrangements.** In order to ensure that acceptable financial arrangements have been adopted, the following conditions and covenants have to be met:

- Before effectiveness, an administrative, financial, and accounting manual of the Safety Net Project satisfactory to the Bank will be prepared.
- Before effectiveness, a project implementation manual providing details of targeting, registration, and payment procedures will be prepared by the UGT and cleared by the Association.
- Before effectiveness, key UGT staff including a project coordinator, a financial management specialist, and a procurement specialist will have to be recruited.
- Three months after effectiveness, the Recipient has recruited a cash transfer manager, a cash for work manager, an accompanying measures manager, an internal auditor, and a monitoring and evaluation officer.
- Six months after effectiveness, the Recipient has recruited an independent financial management auditor for the Project.
- As a condition of disbursement of Subcomponent 2.1, the UGT has entered into a contractual arrangement with a firm to support the selection and registration of beneficiaries satisfactory in substance and form to the Bank; and has entered into a contractual agreement with a payment agency satisfactory in substance and form to the Bank.
- Nine months after effectiveness, the Recipient has recruited an independent auditor for the assessment of the first phase of the cash transfer program.
- As a condition of disbursement of Subcomponent 2.2 and 12 months after effectiveness, an independent study has assessed the performance of the implementation of Subcomponent 2.1 and in particular of the targeting and payment systems of the first 10,000 beneficiaries and has concluded that it is satisfactory or corrective measures satisfactory to the Bank have been put in place.
- Six months after effectiveness, the Recipient has recruited an auditor to conduct recurrent audits of the payment system.
- Every six months after the first payment of Subcomponent 2.1, the UGT oversees a recurrent audit of the payment system.

16. **Overall approach.** On the overall fiduciary requirements for disbursement, the risk-reduction approach adopted by the project is to ensure that key milestones, including preparation of manuals and recruitment of staff, are met as soon as possible, before or immediately after effectiveness. These activities will be implemented during the first 8–12 months of the project.

17. **Bank supervision missions.** In addition to the regular internal and external audits, the Bank task team will conduct regular supervision missions on a half quarterly basis during the first year of implementation. The intensity of the supervision could be reassessed depending on the implementation progress. During these supervision missions, Bank financial management staff
will evaluate the FM arrangements to ensure that they remain adequate for the implementation of the project.

**Disbursements Arrangements**

18. Disbursements from the Bank Grant will follow the transaction-based method, that is, standard Bank procedures: statements of expenses (SOEs), direct payments, reimbursement, and special commitments. The initial deposit into the designated account (DA) will be based on a four-month forecast prepared by the UGT and submitted with the Withdrawal Application. Subsequent disbursements into the DA will be based on SOEs and accompanied by Withdrawal Applications, reconciled bank statements, and copies of all bank statements. The supporting documentation for requests for direct payment will include records that provide evidence of eligible expenditures (copies of receipts, supplier’s invoices, etc.).

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of Financing Allocated (SDR)</th>
<th>Percentage of Expenditures To Be Financed (Including Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and consultants’ services for Components 1, 2, and 4, including audits, training, and operating costs</td>
<td>13,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Cash Transfers under Subcomponent 2.1</td>
<td>3,050,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>Cash Transfers under Subcomponent 2.2</td>
<td>21,400,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>Works, goods, and consultant services under Component 3</td>
<td>6,550,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>44,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

19. **Retroactive financing** During appraisal, the Government of Niger has agreed to make provisions to pre-finance project activities in the amount of 500 million FCFA (equivalent to approximately US$1.0 million. Or SDR 650,000). To that end, the National Treasury has opened an account (No. 420 1210, with a decree - arrêté No. 0074/ME/F/DG/CP of March 3, 2011) with two signatories: (i) the coordinator of the UGT; and (ii) the general director at the Ministry of Economics and Finance. The government has deposited the first installment of 100 million FCFA on March 25, 2011, and has agreed to deposit the second installment of 200 million FCFA by June 30, 2011, and the last installment of 200 million FCFA by August 31, 2011. At effectiveness, eligible expenditures will be reimbursed retroactively by the proceeds of the Credit. These funds will be used to ensure project readiness before its effectiveness date. They will cover the following eligible expenses provided that goods, works, and services are procured in accordance with Bank procurement guidelines as discussed in the procurement section of this Annex.

- Recruitment and training of key UGT staff (coordinator, financial management specialist, and procurement specialist).
- Recruitment and training of other UGT staff (program officers, monitoring and evaluation officer, internal auditor, accountant, executive assistant, driver, and security guard).
- Preparation of manuals.
• Procurement of essential office equipment.
• Procurement of project vehicles.
• Selection of consultant firms responsible for M&E, targeting, communication, trainings on the manual of procedures, and designing of public works.
• Staff salaries (provided they are not civil servants) and office running cost for eight months.
• Workshops, training, and information activities.

20. The government account for the pre-financing will be managed as follows:
• Disbursements will only be made once key staff (coordinator, procurement specialist, and FM specialist) have been recruited.
• The UGT will prepare interim financial reports covering the period of three months.
• The account will be subject to an independent audit.
• Only expenses following Bank rules and procedures complying with Bank’s rules listed in the Financial Agreement and in the disbursement letter will be eligible for reimbursement if the financing agreement becomes effective.
• The Bank will reimburse the government on eligible expenses as soon as and provided that the Financing Agreement becomes effective.
• Reimbursement will be retroactive starting from January 1, 2011.

Procurement

21. Procurement activities will be managed by the UGT, and will include: (i) managing the overall procurement activities and ensuring compliance with the procurement process described in the relevant manuals; (ii) preparing and updating the procurement plan annually; (iii) preparing bidding documents, draft RFPs, evaluation reports, and contracts in compliance with Bank procedures; (iv) ensuring prior review of all procurement conducted in the regions; and (v) seeking and obtaining approval of national entities and the Association on procurement documents as required.

22. Procurement of goods and consultant services will be carried out in accordance with the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IDA Loans and IDA Credits and Grants (known as the Anti-Corruption Guidelines, dated October 15, 2006, and revised in January 2011) and the Guidelines: Procurement under IBRD Loans and IDA Credits, published by the Bank in May 2004, revised in October 2006 and May 2010) and the Guidelines: Selection and Employment of Consultants by World Bank Borrowers dated May 2004, revised October 2006 and May 2010, and the Financing Agreement and the procurement plan approved by the Bank. Operating costs include, inter alia, non-civil servant support staff salaries, office space, utilities and office supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance costs, and travel costs. These will be procured in accordance with administrative procedures acceptable to the Bank and detailed in the relevant manual.

23. Procurement under the Guidelines accounts for a small part (35 percent) of the project as most of the loan is to be disbursed under different arrangements, mostly: cash for work that follow procedures defined by the government acceptable to the Bank.

24. Procurement will be conducted at several levels of project implementation for the purchase of materials and equipment and for the recruitment of consultants:
- Goods such as vehicles, IT, and furniture will be procured at the national level by the UGT, through national or international competitive bidding. The goods will subsequently be dispatched to the regional offices, as required.

- Project activities for the accompanying measures under Subcomponent 2.3 will be executed through a memorandum of understanding (MOU) between UNICEF and UGT, whereby UNICEF will provide technical assistance (TA) to the project and will second to the UGT two staff to support the activities and through NGOs which will be contracted on the basis of an agreed model of contract which will be attached to the PIM. Therefore, no funds of the Credit will flow through or be managed by UNICEF or other UN agencies.

- Equipment for Component 3 subprojects will be procured at the regional level by the regional offices supported as appropriate by regional procurement commissions4 with the support of the regional offices.

- Project activities for the cash for work component will be executed at the regional level by NGOs to be recruited by the UGT in accordance with Bank procurement procedures. A model agreement will be attached to the PIM and all NGO agreements drafted on the basis of such model will be considered a priori satisfactory to the Bank. Central and regional committees will be established as appropriate to evaluate proposal bids and recommend awards in compliance with the national procurement code.

- Payment agents will be recruited by the UGT in accordance with Bank procurement guidelines.

- Staff for the UGT and regional offices will be selected on a competitive basis, in accordance with the Guidelines for the Selection and Employment of Consultants by World Bank Borrowers, edited May 2004 and revised October and May 2010.

25. **Assessment of the capacity of agencies to implement procurement.** The overall project risk for procurement was rated high during appraisal based on the assessment of the proposed institutional arrangements and the nature of interaction between the different agencies that will be involved in project implementation.

26. The key risk identified is that staff responsible for process control and approval may not have Bank experience. This could cause mis-procurement and/or rigidity in the interpretation of Bank procedures, leading to slowness in procurement decisions, reputational risks to the Bank and the project, and delays toward attaining the PDO.

27. The residual project risk for procurement is Substantial after adoption of the following mitigation measures:

- A qualified procurement officer will be recruited before effectiveness to ensure compliance with Bank procurement procedures; s/he will be based at the UGT in Niamey.

- A manual of administrative, financial, and accounting procedures will be prepared as a condition of effectiveness to clarify the role of each team member involved in the procurement process, specifically with regard to the review and approval system.

- A workshop will be organized at the beginning of the project to train all key stakeholders involved in procurement (NGOs, staff, and payment agencies) on Bank procurement procedures and policies.

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4 At the regional level, the procurement law establishes regional procurement commissions under the responsibility of the governor. All procurement in the regions is processed through these commissions.
• Contracts will be packaged and procured through the UGT and through regional procurement commissions.
• Non-application of the notified list of clauses of the National Procurement Code that are not partially or entirely consistent with the Bank’s procurement guidelines. This list will be provided to the project and discussed in depth during the workshop at the beginning of the project.
• An adequate filing system would be centralized and set up for the project records at the level of UGT. The project will finance appropriate equipment and the procurement specialist will be trained to ensure compliance with the Bank procurement filing manual.
• All the procurement in the regions should undergo prior review by UGT before signature.

28. **Procurement plan.** The Recipient has developed a procurement plan for project implementation that provides the basis for the procurement methods. This plan has been discussed by the Recipient and the Association on March 18, 2011. Immediately upon approval of the Grant, and with the Borrower’s agreement, the plan will be published on the Bank’s public website and made available at the UGT office. The procurement plan will be updated in agreement with the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

29. **Fraud, coercion, and corruption.** All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraph 1.15 and 1.16 of the Procurement Guidelines and paragraphs 1.25 and 1.26 of the Consultants Guidelines. Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006, revised in January 2011 shall also apply to the project. A detailed Governance and Accountability Plan is included in Annex 8.

30. **Frequency of procurement supervision.** In addition to the prior review supervision to be carried out by the Bank, the capacity assessment has recommended two supervision missions in the field and at least one annual post-procurement review. The Bank procurement specialist based in the Niamey Country Office will provide continuous support to the UGT, its regional offices, and the implementing agencies. An independent procurement review could be carried out if necessary.

**Summarized Procurement Plan**

**General**

31. An initial procurement plan for a period of 18 months (September 1, 2011 to March 1, 2013) was prepared as part of the appraisal process. This plan will be updated annually. The procurement plan was discussed on March 18 and approved at negotiations on March 28, 2011. Main items and packages of this procurement plan are summarized in the following sections.
Goods and Works and Non-Consulting Services

32. **Prior review threshold.** Procurement decisions subject to prior review by the Bank as stated in Appendix 1 of the Guidelines for Procurement are listed below.

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Prior Review Threshold (US$)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ICB And LIB (Goods)</td>
<td>US$300,000</td>
<td></td>
</tr>
<tr>
<td>2 NCB (Goods) Packages</td>
<td>None except for selected contracts identified in the PP</td>
<td></td>
</tr>
<tr>
<td>3 (Non-Consultant Services) Packages</td>
<td>US$300,000</td>
<td></td>
</tr>
<tr>
<td>4 Shopping Procedures</td>
<td>None except for the first two contracts</td>
<td></td>
</tr>
<tr>
<td>5 Community Participation in Procurement</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>6 Direct Contracting</td>
<td>All contracts</td>
<td></td>
</tr>
</tbody>
</table>

33. **Additional mitigation measures.** Since the overall procurement risk is Substantial, the following additional mitigation measures will be adopted:

- At least once a year, the Bank and the government will update the procurement plan that details the procurement methods to be used and specific contracts to be reviewed by the Bank.
- The Bank will perform prior review of selected NCB contracts, which will be identified and mentioned in the procurement plan.
- All amendments of contracts raising the initial contract value by more than 15 percent of original amount or above the prior review thresholds will be subject to prior review by the Bank as determined mandatory in Paragraphs 2 and 3 of Annex 1 of the Procurement Guidelines.
- Post-Review: For each contract for goods and public works not submitted to prior review, the procurement documents will be submitted to the Association post-review in accordance with the provisions of Paragraph 4 of Annex 1 of the Procurement Guidelines. The post-review will be based on a ratio of at least one to five contracts.

34. **Advance procurement and retroactive financing.** During the appraisal mission, the government made the necessary arrangement to provide budget support to the project in retroactive financing in the amount of 500 million FCFA (equivalent to approximately US$1.0 million – or SDR 650,000). All procurement activities to be executed with the retroactive financing should follow Bank procedures and guidelines and only expenditures incurred after January 1, 2011 will be eligible for Bank reimbursement.

35. **Summary of the procurement packages** planned during the first 18 months after project effectiveness (including those that are subject to retroactive financing and advanced procurement).
Summary of Main Contracts (ICB and Significant NCB) for First 18 Months

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Cost (US$)</th>
<th>Procurement Method</th>
<th>Domestic Preference (Yes/No)</th>
<th>Review by Bank (Prior/Post)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Office Equipment</td>
<td>210,000</td>
<td>NCB</td>
<td>No</td>
<td>Prior</td>
<td></td>
</tr>
<tr>
<td>2 Office Furniture</td>
<td>127,000</td>
<td>NCB</td>
<td>No</td>
<td>Prior</td>
<td></td>
</tr>
<tr>
<td>3 Vehicles</td>
<td>966,000</td>
<td>ICB</td>
<td>No</td>
<td>Prior</td>
<td></td>
</tr>
<tr>
<td>4 Supply and Installation of an IT System</td>
<td>470,000</td>
<td>ICB</td>
<td>No</td>
<td>Prior</td>
<td></td>
</tr>
</tbody>
</table>

Selection of Consultants

36. **Prior Review threshold.** Selection decisions subject to prior review by the Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants.

<table>
<thead>
<tr>
<th>Selection Method</th>
<th>Prior Review Threshold</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Competitive Methods (Firms)</td>
<td>US$200,000</td>
<td></td>
</tr>
<tr>
<td>2 Competitive Methods (Individual Consultants)</td>
<td>US$100,000</td>
<td></td>
</tr>
<tr>
<td>3 Single Source (Firms and Consultants)</td>
<td>All single source consultants will be subject to prior review.</td>
<td></td>
</tr>
</tbody>
</table>

37. **Short list comprising entirely of national consultants.** A short list of consultants for services, estimated to cost less than US$200,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

38. **Selection of consultants arrangements.**

- All Terms of Reference (ToR) for the selection of consultants shall be subject to the Association’s prior review.
- All amendments of contracts raising the initial contract value by more than 15 percent of the original amount or above the prior review thresholds will be subject to prior review by the Bank as specified mandatory in Paragraphs 2 and 3 of Annex 1 of the Consultant Guidelines.
- For each contract for services not submitted to the prior review, the procurement documents will be submitted to the Association post review in accordance with the provisions of Paragraph 4 of Annex 1 of the Bank’s Consultant Guidelines. The post review will be based on a ratio of at least one to five contracts.
- Except as otherwise stated in the procurement plan, consultants’ services shall be procured under contracts awarded on the basis of quality and cost-based selection.
- Other methods to procure consultant services may include least cost selection; selection based on consultant qualifications; selection under a fixed budget; quality-based selection. The procurement plan shall specify the circumstances under which such methods may be used.
39. Consultancy assignments with selection methods and time schedule.

### Summary of the Main Contracts for the First 18 Months

<table>
<thead>
<tr>
<th>Description of Assignment</th>
<th>Estimated Cost (US$)</th>
<th>Selection Method</th>
<th>Review by Bank (Prior/Post)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consulting Services for M&amp;E/TA-Assessment of impacts</td>
<td>100,000</td>
<td>QCBS</td>
<td>Prior</td>
<td>Proposals due by August 15, 2011</td>
</tr>
<tr>
<td>2. Consulting services for baseline surveys</td>
<td>150,000</td>
<td>SS (*)</td>
<td>Prior</td>
<td>Proposals due by August 15, 2011</td>
</tr>
<tr>
<td>3. Financial audit</td>
<td>100,000</td>
<td>LCS</td>
<td>Prior</td>
<td>Proposals due by January April 2, 2012</td>
</tr>
<tr>
<td>4. Recruitment of NGOs for accompanying measures</td>
<td>680,000</td>
<td>CQ</td>
<td>Prior</td>
<td>Many recruited by Consultants Qualification. Proposals due by October 1, 2011</td>
</tr>
<tr>
<td>5. Recruitment of NGOs for cash for work activities</td>
<td>270,000</td>
<td>CQ</td>
<td>Prior</td>
<td>Many recruited by Consultants Qualification. Proposals due by April 1, 2012</td>
</tr>
<tr>
<td>6. Recruitment of payment agents under Component 2</td>
<td>210,000</td>
<td>CQ</td>
<td>Prior</td>
<td>Many recruited by Consultants Qualification. Proposals due by November 1, 2011</td>
</tr>
<tr>
<td>7. Recruitment of payment agents under Component 3</td>
<td>100,000</td>
<td>CQ</td>
<td>Prior</td>
<td>Many recruited by Consultants Qualification. Proposals due by April 1, 2012</td>
</tr>
</tbody>
</table>

(*) SS: Single Source with National Institute of Statistics to benefit from the approach already powered on a similar survey currently conducted in a Bank-financed project.

### Revision of Procurement Prior Review Thresholds

40. The prior review thresholds and other measures to be taken to mitigate the procurement risk should be re-evaluated once a year with a view of adjusting them to reflect changes in the procurement risk that may have taken place in the meantime and to adapt them to specific situations. In case of failure to comply with the agreed mitigation measures or Bank guidelines, a re-evaluation measure of both types of thresholds, ICB and prior review, may be required by IDA.

### Environmental and Social Safeguards

41. The project is currently classified under the environmental category B. The cash for work projects may have some limited localized environmental impact. Thus, World Bank safeguard policy 4.01 on Environmental assessment has been triggered and an Environmental Safeguards Management Framework (ESMF) has been published before appraisal. The ESMF describes the role that different stakeholders should play and expand on mechanisms to adopt to identify and assess risks, and proposes appropriate mitigation measures.

42. The anticipated social impact of the project is to reduce vulnerability to food insecurity among the poorest households. The benefits expected from the cash transfers considerably outweigh the marginal negative social impacts that the community projects may have on local populations. The social risks for the project primarily revolve around targeting issues under Components 2 (Cash Transfers) and 3 (Cash for Work) and resettlement under Component 3.
43. Concerning the first risk, the targeting methodology adopted seeks to ensure transparent identification and registration of beneficiary households, and to minimize inclusion and exclusion errors. In addition, in order to ensure transparency, the list of beneficiaries targeted in each village will be shared with the beneficiaries. Finally, a user-friendly grievance system will be established to achieve greater accountability in the safety net system and provide a vehicle for addressing complaints and grievances.

44. On the second risk, a Resettlement Policy Framework (RPF) has been developed for publication before appraisal, to identify all resettlement risks and propose effective mitigation measures.

45. The ESMF and RPF highlight the following:
   - NGOs will be responsible for identifying, assessing, evaluating, mitigating, and monitoring the environmental impact of the cash for work projects in consultation with the communities using the Bank screening procedures. Staff at the regional office of the UGT would ensure compliance.
   - The environmental impact assessments will inform the design of specific resettlement and environment protection action plans. Public consultations on the action plans will be held and community systems to handle grievances will be established.
   - The list of projects anticipated can be broken down into two categories. Category one focusing on environmental projects comprises activities such as construction of small terraces and earth banks (half-moons or demi-lunes), repairs of dunes, firebreaks, reforestation and tree planting, rehabilitation and protection of lakes and water points. Category two includes small infrastructure rehabilitation activities, rehabilitation and repairs of banks around areas subject to recurrent flooding, construction and rehabilitation of livestock vaccination corridors, cleaning and rehabilitation of village water wells, rehabilitation and maintenance of community infrastructures, and sanitation projects.
   - Projects in both categories could restrict access of the population and livestock to the work site, possibly creating a conflict between the herders and farmers or within the same livelihood group. The rehabilitation works may create some risks to the physical safety of the workers. The trees planted could increase risks of future deforestation or wildfires, and rehabilitation of open water sources may increase risks for waterborne diseases in the area.
   - Some works may require the provision of ear protection, protective headgear, gloves, masks, and safety shoes to workers to mitigate safety and health concerns. Adequate trainings on work site safety measures will be provided to the workers on the first day of work. For activities such as tree planting, the implementing agencies will have to facilitate sensitization campaigns to prevent excessive tree cutting and wildfires. A community management plan would have to be developed for activities that could entail resource management (water points, rehabilitated lakes, etc.). Finally, communities would have to be trained to minimize health risks that would be associated with the undue consumption of rehabilitated open water sources. This could take place within the framework of the UNICEF training.

Project Monitoring and Evaluation

46. A monitoring and evaluation (M&E) system will enable the CFS to measure progress toward achieving the PDO.
47. Key PDO-level indicators listed in the Results Framework focus on setting up an effective safety net system which will increase access of poor and food insecure people households to such system. Additionally, intermediate indicators will monitor the progress of each component over the life of the project (Annex 1). The M&E system will rely on the database managed by the MIS, which contains relevant information on potential and participant beneficiaries that will be used to assess the efficiency, effectiveness, and progress of the project. The UGT is expected to provide the Bank with comprehensive quarterly reports on project performance and progress.

48. The MIS database, managed at the UGT level, will include the required information on potential beneficiaries for implementing the PMT method. In addition, it will also contain information on food security variables on a sample of the households to provide a baseline and reference point. Additional information for the baseline data will be gathered from non-beneficiary groups (control group) and an ad hoc sampling survey for variables not included in the household selection survey.

49. Monitoring at each stage of the project also serves as a preemptive measure to improve project implementation performance, by identifying problems and arising issues and promptly adopting solutions. An M&E officer based in the UGT will work with the implementing partners and field operators to collect and share relevant data.

50. The Bank team will conduct regular supervision missions and assess project compliance with the project implementation guidelines (as per the PIM), including adherence to financial management procedures. In addition, a technical audit will be conducted.

51. Evaluation. The project will conduct mid-term (at the end of the first cycle) and end of the project evaluations to assess the impact of the project on the level of chronic food insecurity of beneficiaries. The exercise will be conducted by an independently recruited firm (with the Bank task team and key country stakeholders being involved in the mid-term review). The evaluations will focus on the outcomes of the PDO-level indicators listed in the Results Framework (Annex 1), and more specifically:

- Number of households with access to cash transfer program (80,000) and to the public works program (60,000) established by the project
- Percentage of project beneficiaries who receive their payments according to frequency specifies in the project implementation manual (target: 85 percent)
- Percentage of targeted households who are poor and/or food insecure (target: 80 percent).

52. The focus of the evaluation will be on (i) process evaluation, to assess the effectiveness of the procedures of project implementation from identification, targeting, registration, and payment; (ii) targeting evaluation, to assess percentage of poor participants and the extent of exclusion and inclusion errors; and (iii) the impact of the program on change in behavior, level of consumption, nutritional status, and ultimately food security.

53. The methodology for the outcome evaluation will explore the following options for the definition of the counterfactual for the cash transfer component: (i) comparing beneficiaries in the treatment villages with non-beneficiaries in treatment villages and with potential beneficiaries in control villages; (ii) comparing households within villages using a regression discontinuity estimation method and village fixed effect; and (iii) comparing households across villages. Each methodology provides risks and benefits, which will be carefully analyzed by the impact evaluation consultant in consultation with project staff before finalizing an approach. With regard to the cash for work component, the methodology will focus on: (a) comparing beneficiaries in the treatment villages with non-beneficiaries in treatment villages and with potential beneficiaries
in control villages; and (b) comparison of village-level characteristics between selected villages and control villages.

54. For the evaluation, the project will rely on several sources of data. First, it will leverage the activities of an ongoing project by the Bank’s Development Economic Research Group (DECRG) on food security, which is collecting extensive household survey data. This data, combined with the findings from the PMT exercise, will form the baseline. DECRG data are scheduled to be collected in June 2011 and January 2012. Additional and follow up surveys will be designed and data collected to assess the impact of the program. Second, a food security module will be added to the PMT questionnaire. Third, smaller beneficiary surveys and spot checks will also be designed and implemented to gather information on program performance, including the performance of the targeting and payment systems. Finally, a technical audit on the quality of works implemented under Component 3 will be carried out at mid-term review and by project end.
Annex 4: Operational Risk Assessment Framework (ORAF)
Safety Net Project

Project Development Objective

The project development objective (PDO) is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash for work programs.

Key Results and Indicators

1. Households (number) with access to the cash transfer system established by the project (target: 80,000)
2. Individuals (number) with access to public works program (target: 60,000)
3. Direct project beneficiaries (number), of which female (percentage) (target: 1,000,000; 50%)
4. Beneficiaries (percentage) who receive their payments according to the frequency highlighted in the project implementation manual (target: 85%)
5. Targeted households (percentage) who are poor (target: 80%).

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Risk Rating</th>
<th>Risk Description</th>
<th>Proposed Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Stakeholder Risks</td>
<td>Medium - I</td>
<td>The government does not endorse the project, causing delays in preparation and implementation.</td>
<td>A letter has been signed by the government, officially requesting an Association operation to support safety nets in the country. The government has signed a ministerial decree to create the Safety Net Unit (Cellule filets sociaux – CFS) as a government institution (under the auspices of the Office of the Prime Minister), responsible for managing the project. This project will build on recommendations of the Safety Net Action Plan, experiences with cash-based safety net interventions in the country, and the lessons learned from the cash transfer pilot project.</td>
</tr>
</tbody>
</table>

The cash transfer and cash for work project will reach 140,000 poor and food insecure households in the regions of Dosso, Maradi, Tahoua, Tillaberi, and Zinder. With an average of seven members per household, approximately 1,000,000 people will directly benefit from the project.
Currently being implemented and financed by the government.

| Other donors raise objections to project design and implementation. | The task team will continue consultations with the technical and financial partners, whose feedback and experiences will be incorporated in preparation and implementation. Another key technical and financial partner of the GoN, UNICEF, will work with the project to apply soft conditions on cash transfer beneficiaries (participation in trainings on eight essential practices impacting food security, including health and nutrition). A representative of the donor community will have a seat as an observer on the Steering Committee of the Safety Net Unit to ensure that key donors concerns are taken into consideration at the highest level of decision making. |
| Direct stakeholders and general public express reservations on the project design given risks of elite capture. | The project is based on an extensive ESW, which draws extensively on feedback from direct stakeholders on similar interventions. Development actors, communities, and civil society representatives will continue to be consulted during preparation to provide input on targeting, monitoring and evaluation, and anti-corruption. During execution, a communication campaign will help promote transparency and ensure information sharing with all stakeholders. |
| Implementing Agency Risk (including FM and PR risks) | High | The CFS could face challenges in (i) hiring and retaining qualified staff, and (ii) promoting good governance. To address staff capacity risk, project staff will be recruited based on qualification and technical expertise in fiduciary management, procurement, internal audit, and M&E through a competitive process according to Bank rules. Staff retention will be facilitated by the competitive salaries offered. The safety net project will rely on the GAC plan attached in Annex 8 to promote good governance. Specific measures will be adopted, including: (i) a thorough information campaign to promote transparency and accountability to local communities; (ii) the establishment of a cost-effective, efficient, and confidential grievance mechanisms; and (iii) the application of Bank rules, standards, and guidelines for procurement and financial management. |
Agencies responsible for the cash payments of the beneficiaries will be recruited based on indicators including the traceability of the funds transferred and reporting systems. The proposed payment system will be based on a computerized management information system that integrates other operational processes such as, the selection and registration of beneficiaries, the preparation of the list of people to be paid, and the reconciliation of accounts. Payment processing information will be verified (reconciled) against the list of eligible beneficiaries using the program’s monitoring system. Social, internal, and external and internal audits will be conducted.

<table>
<thead>
<tr>
<th>Project Risks</th>
<th>High</th>
<th>Delays in project start due to challenges associated with meeting effectiveness conditions related to Bank requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td></td>
<td>The project will be implemented gradually starting with a small number of beneficiaries in order to provide the opportunity to test procedures and improve the capacity of the key stakeholders involved in the implementation over time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Progress was achieved to ensure the start of project activities immediately after effectiveness. The government has created an Implementation Unit and the process of recruiting key staff has been completed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The operational manual will be ready by project effectiveness, and will focus on building staff capacity to master the technical design of the project. Trainings and technical assistance will be provided to staff as soon as the project is approved.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The government has agreed to pre-finance the project in the amount of US$1.0 million, part of which will be used to recruit essential staff for the Safety Net Unit and launch activities that traditionally delay effectiveness (recruitment of staff and key consultants, and procurement for project hardware and software).</td>
</tr>
</tbody>
</table>

The targeting methodology adopted combines PMT, community-
<table>
<thead>
<tr>
<th>Topic</th>
<th>Severity</th>
<th>Description</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted is flawed</td>
<td></td>
<td>The project does not reach out to the most vulnerable.</td>
<td>Based targeting, and geographical targeting (being tested in the cash transfer pilot) to take into consideration the need to reduce exclusion and inclusion errors. The daily wage of cash for work will be set below market rate to reduce incentives for better off households to participate in the project.</td>
</tr>
<tr>
<td>Payments mechanisms are ineffective</td>
<td></td>
<td>Payment agents are unable to distribute the payments to the beneficiaries in a timely manner. This undermines the credibility of the system.</td>
<td>The project will rely on microfinance institutions and on mobile phone companies to make payments to the beneficiaries. Both institutions have successfully carried out these tasks for other organizations albeit on a limited scale. Agencies will be recruited based on a number of criteria including their reliability, network coverage, level of financial viability, traceability of their transactions, financial management systems, etc… The project has allocated resources to strengthening the capacity of these institutions as needed.</td>
</tr>
<tr>
<td>Social and Environmental</td>
<td>Low</td>
<td>Cash for work microprojects lead to restrictions in access to areas being rehabilitated, which in turn causes short term loss of income. In additions, these microprojects could cause noise, create basic safety risks, and require handling and management of waste. They could restrict access of the population and livestock to the work site, possibly leading to a short term loss of income and/or creating a conflict between the herders and farmers or within the same livelihood group. The rehabilitation works may create risks to the physical safety of the workers. The trees planted could increase A Resettlement Policy Framework and Environmental and Social Management Policy Framework were prepared and disclosed after stakeholder consultations were held. Mitigation measures identified will be executed and monitored during implementation. Some works may require the provision of ear protection, protective headgear, gloves, masks, and safety shoes to workers to mitigate safety and health concerns. Adequate trainings on work site safety measures will be provided to the workers on the first day of work. For activities such as tree planting, the implementing agencies will have to facilitate sensitization campaigns to prevent excessive tree cutting and wildfires. A community management plan would have to be developed for activities that could entail resource management (water points, rehabilitated lakes, etc.). Finally, communities would have to be trained to minimize health risks that would be associated with the undue consumption of rehabilitated open water sources.</td>
<td></td>
</tr>
</tbody>
</table>
risks of future deforestation or wildfires, and rehabilitation of open water sources may increase risks for waterborne diseases in the area.

<table>
<thead>
<tr>
<th>Program and Donor</th>
<th>Low</th>
<th>There is overlap and lack of coordination with interventions implemented by other donors.</th>
<th>The project design builds on existing experiences with cash-based safety net interventions in Niger.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>The implementation entity will share information regularly with other donors (WFP, UNICEF, ILO) to minimize overlap.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Delivery Quality</th>
<th>High</th>
<th>At the end of the project, sustainable institutional arrangements are not in place and future funding is not assured.</th>
<th><strong>Institutional sustainability:</strong> The government will consider the option of establishing credible and sustainable institutional arrangements as soon as the political environment allows.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>In any circumstances the implementation entity will be designed and supported so as to be in the position to continue implementing the project even if the government decides not to establish more permanent institutional arrangements.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Capacity building and knowledge transfer:</strong> Components 1 and 4 will produce outputs that extend beyond the life of the project, including training modules, procedures manuals, and operations manuals.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Financial sustainability:</strong> It is envisaged that a specific line will be introduced in the national budget through the budget law for safety net interventions. Other technical and financial partners are expected to channel their support to safety net interventions through the permanent structure established.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The project fails to measure and report on implementation and performance due to M&amp;E uncertainties including limited access for reasons outside of project control.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Measurability:</strong> Technically qualified staff will be recruited to manage M&amp;E activities at the central, regional, and local level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Project M&amp;E systems are proposed in Annex 3 of the PAD. Specific options will be drafted and finalized in the first six months of the life of the project, drawing lessons learned from the government cash transfer pilot project.</td>
</tr>
</tbody>
</table>
Expertise from the National Institute of Statistics will be sought as needed during execution.

Failure to effectively manage contracts and accounts will cause slow disbursements, reputational risks, delays in achieving the PDO, and could cause social unrest in the event that payments to the cash for work beneficiaries are delayed.

**Contract management:** The implementing entity will retain qualified fiduciary management staff to effectively recruit reliable vendors and manage their contracts. Budget allocation will facilitate the provision of technical assistance in procurement and project management to the UGT.

A regular review of the performance of vendors and payment agents will allow the implementing entity to adopt corrective action as required.

<table>
<thead>
<tr>
<th>Overall Risk Rating at Preparation</th>
<th>Risk Rating during Implementation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
<td>The project is rated high risk because of the political context, the level of innovation, and the relatively low capacity environment. However, an exhaustive set of measures has been designed to mitigate those risks.</td>
</tr>
</tbody>
</table>
Annex 5: Implementation Support Plan

1. The strategy and approach for implementation support will be characterized by extensive preparation, flexibility, and decentralized supervision.

2. **Preparation.** The design of this project relies heavily on the establishment of efficient systems to target beneficiaries, register and pay them, and verify that some basic conditions are met, in particular their participation in outreach campaigns on nutritional and health best practices. Within this approach, the management information system (MIS) will play a central role and will be established during the first year of the project. The two main components providing direct support to beneficiaries will start disbursing only when the MIS is in place, when staff is trained in its use, and when payment agents have been selected and their capacity assessed and strengthened if needed.

3. **Flexibility.** The project is designed to ensure that a high degree of flexibility is maintained during key stages of implementation. For example, during the targeting process, the system will rely heavily on extensive discussions and interactions with *commune* representatives, village authorities, and *département* and regional office staff to finalize the list of *communes*, villages, and beneficiaries to be targeted. The payment system will also rely on a flexible approach, which will accommodate different payment agents in different regions depending on their network coverage, experience, and capacity.

4. **Decentralized supervision.** Supervision will take place at different levels: centrally through the Steering Committee and the Technical Management Unit (*Unité de gestion technique – UGT*) of the Safety Net Unit (the UGT will manage the MIS and will have an experienced senior staff managing M&E activities); at the regional level through the five regional offices; at a lower level through existing institutional arrangements, in particular the network of regional and subregional committees to manage food crises (CRPGCA), and more generally through decentralized technical services, agriculture, environment, and other services.

5. **Role of other partners.** Partnerships with other key stakeholders and the government are central to project implementation. At the policy level, the government has led an extensive analysis on the need to establish a safety net system in Niger and on policy options to develop an efficient system to deliver support to the poorest and most vulnerable populations. This dialogue has been supported by the Bank, UNICEF, ECHO, WFP, and many other partners and has taken the form of an informal committee that has met repeatedly over the last three years. The government plans to formalize the existence of such dialogue under a Committee on Social Protection and Food Security, which will be a technical forum to discuss and compare experiences on cash transfers and cash for work. At the operational level and as part of Component 2, UNICEF will support the outreach and awareness campaigns of NGOs on good practices in nutrition, hygiene, health, and reproductive health. NGOs will be recruited to execute cash for work activities. A representative from the technical and financial partners will have a seat on the Steering Committee to provide input on the project implementation plan. Finally, other donors have been invited to consider channeling their resources for permanent safety net interventions through the Safety Net Unit (*Cellule filets sociaux – CFS*). The European Commission has expressed interest in the project and is committed to mobilize resources to support/co-finance the project.

6. **Role of communities.** Communities will play an important role in supporting and overseeing key project activities, such as targeting and payments. As part of the project, an efficient and cost-effective grievance management system will be designed, established, and maintained. The objective is to achieve, over time, greater accountability in the safety net system and to provide a vehicle for addressing complaints and grievances that arise during the implementation process. Communities (beneficiaries and non-beneficiaries) will have access to the system, which will also be important to manage fiduciary risks,
enhance social accountability, to detect inclusion and exclusion errors, fraud, and corruption, and to intervene accordingly.

7. **Frequency and scope of fiduciary oversight.** Procurement and FM specialists are based in Niamey, Niger and will provide ongoing support to the staff based in the regional offices on supervising the project. The fiduciary team will carry out at least two field trips a year either as part of regular supervision missions or as specific missions.

8. **Technical support.** Extensive technical support will be provided on a continual basis by the Bank on the MIS and in particular, on the targeting and payment systems. For targeting, technical assistance will be required to assess the proxy means testing approach used by the cash transfer pilot and to revise it if necessary. Technical assistance is also required to ensure a satisfactory quality of the assessment and development of the payment systems.

9. **Manuals.** As part of project preparation and as a condition of appraisal, the Government of Niger has prepared an ESMF and a RPF satisfactory in form and substance to the Association and has disclosed them. Also, as conditions of effectiveness: (i) the project implementation manual satisfactory to the Bank will be prepared; and (ii) the administrative, financial, and accounting manual of the safety net project satisfactory to the Bank will be prepared.

**Implementation Support Plan**

10. The Bank is well placed to provide implementation support based on its worldwide experience with social safety nets, cash transfers, and cash for work programs in particular.

<table>
<thead>
<tr>
<th>Time</th>
<th>Focus</th>
<th>Skills Needed</th>
<th>Resource Estimate</th>
<th>Partner Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 12 months</td>
<td>All implementation design and fiduciary aspects—mainly related to establishing the targeting, grievance and payment systems.</td>
<td>Overall experience in designing effective social safety nets. Technical knowledge on targeting and payment mechanisms (PMT formula, mobile phone payments). Bank TTL and FM specialists with good technical skills and financial skills.</td>
<td>Bank TTL / operations analyst and consultants – 14 SWs</td>
<td>Consultant firms will be recruited to finalize and execute targeting. Bank will provide significant TA contributions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>FM specialist – 3 SWs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Procurement specialist – 2 SWs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>M&amp;E specialist – 4 SWs</td>
<td></td>
</tr>
<tr>
<td>12–36 months</td>
<td>Cash transfers and cash for work components are implemented.  Accompanying measures to ensure best practices in nutrition and health are developed and</td>
<td>Intensive support to implementation. Outreach, training, and sensitization skills in the area of community nutrition and health.</td>
<td>Bank TTL / operations analyst and consultant – 14 SWs</td>
<td>UNICEF will provide TA and support to the design and implementation of accompanying measures.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>FM specialist – 3 SWs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PR specialist – 2 SWs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Social safeguards specialist – 1 SW</td>
<td></td>
</tr>
</tbody>
</table>
applied systematically (preparation of MTR).

Ensuring the PDO is Satisfactory.

<table>
<thead>
<tr>
<th>Skills Needed</th>
<th>Number of Staff Weeks</th>
<th>Number of Trips</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTL</td>
<td>12 SWs annually</td>
<td>3 the first year and 2 annually thereafter</td>
<td>Based at HQ</td>
</tr>
<tr>
<td>Operations analyst</td>
<td>4 SWs annually</td>
<td>Field trips as required</td>
<td>Either based at HQ or in the region</td>
</tr>
<tr>
<td>PR specialist</td>
<td>2 SWs annually</td>
<td>Field trips as required</td>
<td>Based in Niger</td>
</tr>
<tr>
<td>FM specialist</td>
<td>3 SWs annually</td>
<td>Field trips as required</td>
<td>Based in Niger</td>
</tr>
<tr>
<td>Social safeguards specialist</td>
<td>1 SW annually (from Year 2)</td>
<td>Field trips as required</td>
<td>Based in the region</td>
</tr>
<tr>
<td>Env. Safeguards specialist</td>
<td>1 SW annually (starting Year 2)</td>
<td>Field trips as required</td>
<td>Based at HQ</td>
</tr>
<tr>
<td>Communication specialist</td>
<td>1 SW annually (starting Year 2)</td>
<td>Field trips as required</td>
<td>Based in Niger</td>
</tr>
<tr>
<td>M&amp;E specialist</td>
<td>2 SW annually (starting Year 2)</td>
<td>Field trips as required</td>
<td>Consultant</td>
</tr>
</tbody>
</table>

II. Partners

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution/Country</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Niger</td>
<td>Technical Management Unit (Unité de Gestion Technique – UGT)</td>
<td>Responsible agency for project implementation.</td>
</tr>
<tr>
<td>Government of Niger</td>
<td>Office of the Prime Minister</td>
<td>Responsible for oversight of the project.</td>
</tr>
<tr>
<td>Government of Niger</td>
<td>Food Crisis Unit (Cellule crise alimentaire – CCA)</td>
<td>Member of the Steering Committee and advisor on targeting issues.</td>
</tr>
<tr>
<td>UNICEF</td>
<td>UNICEF</td>
<td>Provider of technical assistance to the government on all accompanying measures – Component 2.</td>
</tr>
</tbody>
</table>
## Annex 6: Team Composition

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Role</th>
<th>Unit</th>
<th>UPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlo Del Ninno</td>
<td>Senior Economist</td>
<td>Task team leader</td>
<td>AFTSP</td>
<td>19167</td>
</tr>
<tr>
<td>Giuseppe Zampaglione</td>
<td>Senior Operations Officer</td>
<td>Task team leader</td>
<td>AFTSP</td>
<td>111841</td>
</tr>
<tr>
<td>Setareh Razmara</td>
<td>Lead Social Protection Specialist</td>
<td>Cluster leader</td>
<td>AFTSP</td>
<td>15740</td>
</tr>
<tr>
<td>Celine Gavach</td>
<td>Operations Officer</td>
<td>Team member</td>
<td>MNSHE</td>
<td>86528</td>
</tr>
<tr>
<td>Fanta Touré</td>
<td>Operations Analyst</td>
<td>Team member</td>
<td>AFTSP</td>
<td>353885</td>
</tr>
<tr>
<td>Ibrah Rahamane Sanoussi</td>
<td>Procurement Specialist</td>
<td>Team member</td>
<td>AFTPC</td>
<td>222773</td>
</tr>
<tr>
<td>Beth Wanjeri Mwangi</td>
<td>Financial Management Specialist</td>
<td>Team member</td>
<td>AFTFM</td>
<td>375889</td>
</tr>
<tr>
<td>Wolfgang Chadab</td>
<td>Senior Finance Officer</td>
<td>Team member</td>
<td>CTRFC</td>
<td>15321</td>
</tr>
<tr>
<td>Amadou Konare</td>
<td>Senior Environment Specialist</td>
<td>Team member</td>
<td>AFTEN</td>
<td>177368</td>
</tr>
<tr>
<td>Abdoul-Wahab Seyni</td>
<td>Senior Social Development Specialist</td>
<td>Team member</td>
<td>AFTCS</td>
<td>102504</td>
</tr>
<tr>
<td>Salifou Noma</td>
<td>Program Assistant</td>
<td>Team member</td>
<td>AFMNE</td>
<td>330071</td>
</tr>
<tr>
<td>Josiane Luchmun</td>
<td>Program Assistant</td>
<td>Team member</td>
<td>AFTSP</td>
<td>13870</td>
</tr>
<tr>
<td>Hélene Bertaud</td>
<td>Senior Counsel</td>
<td>Team member</td>
<td>LEGAF</td>
<td>231602</td>
</tr>
<tr>
<td>Christopher Ribes Ros</td>
<td>Consultant</td>
<td>Team member</td>
<td>ATSFP</td>
<td>234855</td>
</tr>
<tr>
<td>Pantaleo Creti</td>
<td>Consultant</td>
<td>Team member</td>
<td>AFTSP</td>
<td>379767</td>
</tr>
</tbody>
</table>
Annex 7: Economic and Financial Analysis

Component 2 – Cash Transfers

1. Economic impact. This section analyzes the potential benefits of cash transfers using existing evidence from similar programs in other countries and experiences in Niger as references. The economic impact of this component can be assessed on short term consumption and food security. More specifically, we can expect the project to (i) improve households’ income and expenditures; (ii) increase food consumption and lead to a diversification in the diet; (iii) have a positive impact on nutrition; (iv) lead to the adoption of positive practices regarding health and nutrition; and (v) have a multiplier effect on the economy.

2. Household income and expenditures. In 2008, Save the Children UK distributed 60,000 FCFA in three months to 1,500 poor households in Niger in response to an emergency. The amount was equivalent to an annual increase of about one-third of the household income (cash and in-kind) and it almost doubled the cash income available at the time of distribution. The effect of cash transfers during the agricultural season was to reduce those income-generating activities that had high social cost (migration), and long term costs (taking credit or selling animals). After receiving the cash transfer, beneficiary households gave up or reduced their reliance on working in the fields of better-off households and increased the time spent cultivating their own fields. This change combined with good rainfall, resulted in a significant increase in their agricultural production. Beneficiary households produced the equivalent of two additional months’ worth of millet—50 percent more than normal production.

3. Food consumption and diversified diet. Given the high level of food and staples expenditure (for poor people in rural areas food was in 2008 at least 70 percent of total, with the percentage spent on staple food of over 45), the experience in other countries shows that the income elasticity will be very high indeed. Hence, the project expects an increase of food consumption, and thanks to the accompanying measures, especially on fruits, vegetables, and other more nutritious commodities. Recent experiences of emergency cash transfers in Niger show that cash transfers have a positive impact on households’ food consumption and food security. A review of the emergency cash transfers in 2010 shows that cash transfers were used primarily to buy necessity items, like better and more diverse food items (67–90 percent), potable water (urban settings), re-investment (animals), and debt relief. Under the World Food Program (WFP) cash for work, households spent on average 57 percent of the total amount received on cereals (mainly millet and sorghum). During harvest time, cash mainly was spent on livestock, either for consumption or for restocking purposes. The average food consumption score (measuring quantity and quality of food consumed) of the households in the targeted villages was actually higher (37.95) than the score of those households in the non-beneficiaries villages (31.75). In fact, it appears that non-targeted villages have a higher prevalence of severely food insecure households (WFP 2010).

4. Economic impact on nutrition. Concern and Spanish Connection United Kingdom (SCUK) analysis of the impact of cash transfers on nutrition in Niger suggests a direct positive impact on the nutritional status of children up to two and under five years of age in highly food insecure areas. An evaluation of the Concern program shows a difference in acute global malnutrition of children between 6 and 59 months from 20 percent (among those not receiving cash) to 8.7 percent (among those receiving cash).

5. Changes in health and nutritional behavior. UNICEF’s experience in health and nutrition programs on the eight essential household best practices in Niger has brought about the following changes in household behaviors for the period between August 2008 and August 2009:
- Increase of 14.34 percent of the pre-birth consultation
- Increase of 15.24 percent of exclusive breastfeeding
- Increase of 41.6 percent in the number of women and children under five sleeping under mosquito nets
- Increase of 7 percent in hand washing practices.

6. **Multiplier effects.** The effects of cash transfers can go beyond the immediate impact on household consumption and market prices. Cash transfers can produce positive indirect effects when money is invested either in productive inputs creating short term income or in assets that generate longer term development. The effect of cash transfers may therefore spill over from the target population to the whole local economy. In Mexico, an assessment of the PROCAMPO project (Mexico program providing direct support to farmers) estimated multiplier effects between 1.5 and 2.6 times the amount transferred (Sadoulet 2001). In Malawi, using a similar methodology, the multiplier effects of the Dowa Emergency Cash Transfers (DECT) project were estimated between 2.02 and 2.45 (Davies 2008). This means that for each dollar transferred an additional income of over US$2 is generated in the local economy. In Niger, previous cash transfer pilots (Save the Children UK 2008, 2009) also suggest positive effects on local trades and the development of certain livelihoods sectors. Although the multiplier effects on the local economy were not measured, the impact would have been even greater if the transfers had been regular and predictable. It is possible to assume that the long term and predictable injection of cash from safety net transfers will produce similar multiplier effects, as seen in other experiences.

7. **Economic soundness.** International best practices informed the design of this project with the objective of maximizing economic soundness. This is visible through the level of transfer and the cost-effectiveness of the project.

8. **Level of transfer.** The level of transfer used by the government pilot project was set on the basis of the information provided by a feasibility study and validated during discussions. The level is 10,000 FCFA per month, equivalent to 120,000 FCFA per year, per household. According to the ENBC 2007–2008 data in Table 1, the grant amounts should be approximately 15 percent of the rural poverty line for a family of seven.

<table>
<thead>
<tr>
<th></th>
<th>Per Person</th>
<th>Per HH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>150,933</td>
<td>1,056,531</td>
</tr>
<tr>
<td>Rural</td>
<td>110,348</td>
<td>772,436</td>
</tr>
</tbody>
</table>


9. If we consider the average monthly expenses per quintile, a transfer of 10,000 FCFA per month represents a significant increase in the budget of poor households. In rural areas, a monthly transfer of 10,000 FCFA per household represents around 27 percent (and 21 percent) of the average expenses of a household falling in the first (and second) quintile in the rural distribution of 2007–2008 (Table 2). In urban areas, it represents around the 20 percent (and 13 percent) of the average expenses of a household in the first (and second) quintile of the urban distribution of 2007–2008.
Table 2: Average Monthly Expenses per Quintiles, 2007–2008 (Nominal Terms)

<table>
<thead>
<tr>
<th>Quintile (By Zone)</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average Expenses per Household</td>
<td>Average Expenses per Capita</td>
</tr>
<tr>
<td>Poorest</td>
<td>37,203</td>
<td>4,182</td>
</tr>
<tr>
<td>2</td>
<td>47,164</td>
<td>6,085</td>
</tr>
<tr>
<td>3</td>
<td>53,088</td>
<td>7,660</td>
</tr>
<tr>
<td>4</td>
<td>60,677</td>
<td>10,123</td>
</tr>
<tr>
<td>5</td>
<td>79,808</td>
<td>17,784</td>
</tr>
</tbody>
</table>


10. In sum, the level of 10,000 FCFA remains within the guidelines of international best practices, which require the equivalent of 10–20 percent of monthly expenditures of the targeted households be covered by the transfers. This range is deemed to be low enough to discourage household productive activities and yet significant enough to support household consumption, particularly in rural areas.

11. Cost-efficiency. Early findings on the emergency responses in 2010 suggest that cash transfers were more cost-effective than traditional in-kind distributions, as the prices of imported cereals reached US$1,200 per ton compared to local prices ranging around US$400–500 per ton.

12. Impact on markets. Recent cash transfer experiences show that additional amounts of cash did not add any pressure on the local cereal markets. The main markets in Niger, with the exception of Tahoua, seem to be highly integrated and able to effectively respond to rapid and localized changes in the demand of basic food items. The WFP evaluation of its interventions in Ouallam found that, although local traders had the capacity to respond to the demand generated by the program, the weak structure of markets characterized by a small number of traders caused some collusive behavior keeping prices higher than other markets. However, these behaviors are unlikely to be maintained in the case of long term safety net programs.

Component 3 – Cash for Work

13. This section analyzes the potential benefits of the program using existing evidence from similar programs in other countries and experiences in Niger. The analysis provides estimates on how cost-effective the workfare program is in raising incomes of the poor and transferring the benefits of the expenditures for the program to the poor. The resulting analysis below shows that the proposed program is more cost-effective than similar programs implemented in other countries. The analysis considers (i) the extent to which the program reaches the beneficiary population; (ii) the benefits of the program in terms of net income transfers to poor households; and (iii) the value to poor households of community assets created under the program.

14. Cost-effectiveness of the wage transfer. Using the methodology developed by Ravallion (Ravallion 1998), the cost-effectiveness of wage transfer calculations estimates how much it costs to transfer US$1 to the beneficiary population based on three variables: (i) labor intensity; (ii) wage targeting performance; and (iii) net wage gain.

- Labor Intensity. In the Niger program, the share of labor cost will be approximately 70 percent of total costs. This rate is within the experience of other successful international programs. The

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7 The share of all wages paid in total public works costs.
labor intensity rate was approximately 60 percent in India’s National Rural Employment Guarantee Scheme (NREG), 85 percent in the Productive Safety Net Program (PSNP) in Ethiopia, and 80 percent in Bangladesh’s Employment Guarantee Scheme (EGS).

- **Wage Targeting Performance.** The program design aims to maximize the wage targeting performance by focusing geographic targeting in the areas that are chronically poor. Thus, the cost-effectiveness calculations assume that 80 percent of program participants are poor (first three quintiles), which is the targeting performance necessary to meet the household targeting objective. This compares fairly well with other programs that are quoted as international good standards, such as the Ethiopian PSNP, where it was found that 87 percent of beneficiaries were among the target group; the program in Liberia (Cash for Work Temporary Employment Program – CiWTEP) where it is estimated that between 74 and 86 percent of the program are poor; and the EGS in Bangladesh where 80 percent of beneficiaries are poor (approximately 67 percent of benefits went to the poorest 40 percent of the population and 37 percent went to the poorest 20 percent of the population).

- **Net Wage Gain.** The net income gain from the wages received in Niger is expected to be between 50 and 80 percent, depending on the period of the year in which programs are carried out. If the programs are run during the lean agricultural season, net gains are higher. The data on international experience varies greatly from 50 percent in the *Jefes* program in Argentina, where more work alternatives are available, to around 51 percent of pre-NREG lean season income for the bottom expenditure quintile in India, and to 93 percent in Liberia, due to the fact that approximately 75 percent of the participants had no other income or employment before the program and so the foregone earnings were very low.

15. The resulting estimated cost-effectiveness of the wage transfer in Niger is 0.45 and the total cost of transferring US$1 in net wage benefit to a food insecure person is US$2.23, which includes the US$1 in net wage. A 0.45 overall cost-effectiveness is lower than for instance Ethiopia’s PSNP, where the cost-effectiveness of the wage transfer was also about 0.55, and Liberia, where it is equal to 0.51 percent.

16. In addition to the direct benefit from the transfer, it is also important to consider the indirect benefits for the poor from the assets created through the project. The benefit of assets will depend on the share of benefits that accrue to the poor from the assets created. If it is assumed that the projects are generally located within the participants’ communities, and given that the social safeguards measures will ensure fair and equitable management of rehabilitated and created assets, it can be assumed that a fair amount of the benefits will accrue to the poor. In the proposed project, it is assumed that 80 percent of the benefits will go to poor population. The project therefore will need to transfer US$2.79 to transfer US$1 of infrastructure benefit to the poor compared to the Ethiopian PSNP, which requires US$2.13, and the Liberian program, which requires US$2.47.

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8 The proportion of the wages that went to beneficiaries in the two poorest deciles of the population.
9 Share of the gross wages received by the participants after taking into account any income that would have been expected in the absence of program participation.
Table 3: Cost-Effectiveness of Cash Transfer Programs

<table>
<thead>
<tr>
<th></th>
<th>Liberia (CfWTEP)</th>
<th>India (NREG)</th>
<th>Ethiopia (PSNP)</th>
<th>Bangladesh (ESG)</th>
<th>Niger (SNP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Intensity</td>
<td>0.68</td>
<td>0.71</td>
<td>0.85</td>
<td>0.65</td>
<td>0.70</td>
</tr>
<tr>
<td>Targeting Performance</td>
<td>0.80</td>
<td>0.70</td>
<td>0.87</td>
<td>0.80</td>
<td>0.80</td>
</tr>
<tr>
<td>Net Wage Gain</td>
<td>0.93</td>
<td>0.50</td>
<td>0.75</td>
<td>0.50</td>
<td>0.80</td>
</tr>
<tr>
<td>Cost-Effectiveness</td>
<td><strong>0.51</strong></td>
<td><strong>0.25</strong></td>
<td><strong>0.55</strong></td>
<td><strong>0.26</strong></td>
<td><strong>0.45</strong></td>
</tr>
<tr>
<td>Share of Indirect Benefits to the Poor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost-Effectiveness Ratio</td>
<td><strong>0.40</strong></td>
<td>NA</td>
<td><strong>0.47</strong></td>
<td><strong>0.36</strong></td>
<td><strong>0.36</strong></td>
</tr>
<tr>
<td>Cost of Transfer US$1</td>
<td>1.98</td>
<td>4.02</td>
<td>1.80</td>
<td>3.85</td>
<td>2.23</td>
</tr>
<tr>
<td>Cost to Transfer Infrastructure Benefits to the Poor</td>
<td>2.47</td>
<td>NA</td>
<td>2.13</td>
<td>NA</td>
<td>2.79</td>
</tr>
</tbody>
</table>

17. **In conclusion.** The program will be cost-effective relative to international comparators. This is due to its high labor intensity of activities, the effective geographical and household level targeting, and the low foregone income from participation. It remains that the cost of transfer for public works is higher than cash transfers. Although public works are relatively more expensive mechanisms to transfer income to poor households, they generate additional benefits for the targeted groups—including the positive impact of the infrastructures on the economy, the additional spending generated in the economy, and other social benefits like reduction in seasonal migration. Even though a detailed analysis of secondary impact of the infrastructures created is not available, the calculation still shows that the cost of transferring benefits to the poor is more efficient than an untargeted uniform distribution.

**Fiscal Impact and Sustainability**

18. Between 2004 and 2008, the total expenditure for safety net programs in Niger was on average the equivalent of 2 percent of GDP and fell within the range of 6 billion FCFA (0.4 percent of GDP) in 2004 and 73 billion FCFA in 2005 (4 percent of GDP). In 2008, emergency programs such as food transfers and price subsidies accounted for 60 percent of government expenditures. Without them, the average expenditure for safety nets was 0.68 percent of GDP, and with a minimum of less than 0.5 percent in 2004. Development partners provide 77 percent of the funding, followed by the Highly Indebted Poor Country funds (12 percent), and the Government of Niger (11 percent). At the same time, coverage of the chronic poor remains low.

19. The needs of the chronic poor in Niger are significant. A transfer of 10,000 FCFA per month to 20 percent of the population (the chronically food insecure) would cost approximately 50 billion FCFA, equivalent to 2 percent of GDP and would not be sustainable. In any given year, the proposed project will cover 55,000 extremely poor households (40,000 for direct transfers and 15,000 for cash for work), representing 16 percent of the chronically poor population in Niger, and will cost approximately 7.4 billion FCFA, equivalent to 0.29 percent of GDP and 1.5 percent of government expenditures. This will not increase the current government annual expenditure for safety net programs by a significant portion, but will provide and increased coverage in a given year and reduce the need for less efficient emergency measures after a crisis.
Annex 8: Governance and Accountability Plan

1. Any reduction in the amount of money that goes to the intended beneficiaries diminishes the economic efficiency of safety net interventions and erodes political support for the program. Because the Niger safety net program will channel large amounts of public resources, ensuring that these reach the intended beneficiaries is very important. In assessing governance risks, the team took into consideration three key issues. The first issue relates with the efficiency of the targeting process to reduce the leakage of resources to non-poor beneficiaries. The second issue relates to measures to mitigate risks of Error, Fraud, and Corruption (EFC), which could reduce the amount of money that is paid to the registered beneficiaries. The final issue relates to the critical need to promote accountability in project management.

2. **Targeting efficiency.** All safety net programs aim, explicitly or implicitly, to channel their benefits to the poor, or a subset of them, typically the poorest. Several methods are used to reduce the errors of inclusion and errors of exclusion. Inclusions errors are the primary source of concern and even the best programs in the world are not able to reduce the percentages of non-poor households to less than 20 percent. The existence of exclusion errors is well documented. However, the evidence on the sources of exclusion errors is more limited. Many people might not be able to participate just because of the limited scope of the programs; others might not be aware of the existence of the program; some might not be able or decide not to participate. This is more common in cash for work programs where the selection is based on self-targeting.

3. **Error, Fraud, and Corruption (EFC).** Although most safety net programs strive to transfer all their resources to registered beneficiaries in the right amount and at the right time, a fraction is lost to Error, Fraud, and Corruption or EFC (see figure below).

4. **Error** is an unintentional violation of program or benefit rules that results in the wrong benefit amount being paid or in payment to an ineligible applicant. Official errors are due to staff mistakes, and customer errors occur when customers inadvertently provide incorrect information. **Fraud** occurs when a claimant deliberately makes a false statement or conceals or distorts relevant information regarding program eligibility or level of benefits. **Corruption** is intentional abuses by the program management staff, payment agencies, etc.
5. The available international evidence from developing country shows that the amount of fraud in cash transfers is very limited. The amount of corruption instead can be significant. Most studies have been conducted in South Asia and show that direct transfers such as the Vulnerable Group Development program in Bangladesh are subject to limited sources of corruption, while Food distribution programs (for instance, the Public Distribution System (PDS) in India) and public works programs (such as the Employment Guarantee Scheme in India) are subject to a larger amount of corruption.

6. The risks of Error, Fraud, and Corruption are high in Niger, where the capacity to establish a comprehensive and water-tight beneficiary registration, targeting, and payment system is limited. The highest risk of corruption often occurs after the distributions. Local representatives and powerful elites may ask for a percentage of the transfer either as bribe or even as informal taxation to the program’s beneficiaries. In Niger, cases of diversion after cash distributions have been documented. Save the Children (2008) evaluation found that beneficiaries had passed a proportion of the cash transfer to local authorities and village representatives.

7. Improving accountability in project management. The Niger Safety Net Project is the largest single cash transfer and cash for work intervention to have been implemented by the government in Niger. As such, strengthening accountability in project management is key to building trust with the communities (beneficiaries and non-beneficiaries alike), addressing the “perception of corruption”, and creating an enabling environment for the project to perform well. The table below shows the mitigation measures that have been designed to address the above-mentioned issues. These mitigation measures along with control processes for beneficiaries’ registration, targeting, and payments are described in detail in the corresponding sections of the project implementation manual.
### Governance and Accountability Matrix

<table>
<thead>
<tr>
<th>Issue</th>
<th>Agreed Actions/Activities</th>
<th>Person/Agency Responsible for Implementation</th>
<th>Timeline (Years)</th>
<th>Preparation / Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1   2   3   4   5   6</td>
<td></td>
</tr>
<tr>
<td><strong>I. Promoting targeting efficiency to reduce inclusion and exclusion errors</strong></td>
<td>An external agency will be recruited based on qualification to conduct the targeting exercise.</td>
<td>UGT</td>
<td>x   x</td>
<td>NYD&lt;sup&gt;10&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>The targeting methodology adopted combines proxy means testing, community-based targeting, and geographical targeting (tested in the cash transfer pilot) to take into consideration the need to reduce exclusion and inclusion errors. The daily wage of the cash for work activities will be set below market rate to reduce incentives for better-off households to participate in the project.</td>
<td>Targeting consultant</td>
<td>x   x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>All households in targeted communities will be surveyed. A final beneficiary list will be produced based on findings from the survey.</td>
<td>Targeting consultant</td>
<td>x   x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Community consultations will be conducted during the registration process to ensure that the most vulnerable households have been surveyed and targeted.</td>
<td>UGT and registration consultants</td>
<td>x   x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>After the targeting process has been completed, beneficiary lists will be displayed in the community.</td>
<td>UGT and Regional offices</td>
<td>x   x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Clear, confidential, and cost-effective procedures for complaints and appeals will be elaborated and explained to the communities.</td>
<td>UGT and Regional offices</td>
<td>x   x   x   x   x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Project staff will conduct informal and random targeting assessments.</td>
<td>M&amp;E officer; field supervisors</td>
<td>x   x   x   x   x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>The monitoring and evaluation (M&amp;E) system will provide the mechanisms for formal targeting assessments including the MTR, external audits, and an impact evaluation.</td>
<td>M&amp;E officer; field supervisors</td>
<td>x   x   x</td>
<td>NYD</td>
</tr>
<tr>
<td><strong>II. Reducing Errors</strong></td>
<td>Independent payment agents (mobile phone companies and</td>
<td>UGT</td>
<td>x   x</td>
<td>NYD</td>
</tr>
</tbody>
</table>

<sup>10</sup> Not yet due
<table>
<thead>
<tr>
<th>Issue</th>
<th>Agreed Actions/Activities</th>
<th>Person/Agency Responsible for Implementation</th>
<th>Timeline (Years)</th>
<th>Preparation / Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 2 3 4 5 6</td>
<td>NYD</td>
</tr>
<tr>
<td>Fraud and Corruption in the Transfers</td>
<td>microfinance institutions will be recruited based on criteria including capacity, coverage, the traceability of the funds transferred, and reporting systems to execute all cash transfers to the beneficiaries.</td>
<td>UGT, payment agents</td>
<td>x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>The capacity of the payment agents to facilitate the transfer will be strengthened.</td>
<td>UGT and World Bank</td>
<td>x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>The readiness of payment agents to disburse will be assessed by the Bank financial management specialist before the first disbursement is authorized.</td>
<td>MIS consultant</td>
<td>x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>A computerized management information system (MIS) that integrates key operational processes (selection and registration of beneficiaries; preparation of the list of people to be paid; and reconciliation of accounts) will be created and updated as needed. This system will be put in place before Component 2.1 disburses.</td>
<td>World Bank, UGT, and payment agencies financial management officers</td>
<td>x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Funds will be transmitted from the designated account to the separate account of payment agents; using their branches and PoS, the payment agents will make the transfers to the approved beneficiary households. The control processes for cash benefit payments to beneficiaries are described in the project implementation manual and will be further developed during the first year of implementation.</td>
<td>Regional office staff</td>
<td>x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>During the registration process, the project will produce and distribute beneficiary ID cards (plastic ID cards with serial numbers and photos) that each beneficiary will be required to show in order to receive the payments.</td>
<td>Payment agent, regional office staff, field supervisor</td>
<td>x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Payment will take place publicly, and the presence of local government and traditional authorities will be required.</td>
<td>Payment agent, regional office staff, field</td>
<td>x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Relevant documentation will be filled out to ensure that all payments can be traced.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue</td>
<td>Agreed Actions/Activities</td>
<td>Person/Agency Responsible for Implementation</td>
<td>Timeline (Years)</td>
<td>Preparation / Implementation status</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------</td>
<td>---------------------------------------------</td>
<td>-----------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>supervisor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project staff will be randomly assigned to participate at different payment ceremonies during the project.</td>
<td>Payment agent, regional office staff, field supervisor</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Payment processing information will be verified (reconciled) against the list of eligible beneficiaries using the program’s monitoring system.</td>
<td>UGT and Regional offices</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Effective and confidential grievance mechanisms will be established to enable beneficiaries to voice their complaints.</td>
<td>UGT and Regional offices</td>
<td>x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Social, internal, and external audits of records kept by the project and the payment agencies will be conducted.</td>
<td>UGT and Regional offices</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td>III. Improving Accountability in Project Management</td>
<td>Key decisions about the project are regulated by a Steering Committee, which includes representative from the donor community and civil society.</td>
<td>Steering Committee</td>
<td>x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Standard Bank procedures for fiduciary management will apply as described in the key project documents, including the PAD and its annexes, procurement plan, and operations manual.</td>
<td>UGT and World Bank (technical assistance)</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Annual internal and external audits will be required each fiscal year and will be issued within 6 months from the end of the fiscal year. Every 6 months, additional audits will review the flow of funds from the UGT to the payment agency and to the beneficiaries as described in Figure 1 in Annex 2. The process will include an analysis of the registry records of the beneficiaries, payment records, and spot checks to verify the existence of the beneficiaries in the villages.</td>
<td>Internal and external auditors</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Senior management will produce a consolidated quarterly status report related to progress on governance issues. This would be part of the Quarterly Management Reports and would summarize the status of compliance with this matrix.</td>
<td>UGT and Regional offices</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Disbursement conditions apply to Subcomponent 2.2. The project is authorized to scale up payment to all beneficiaries</td>
<td>Consultant and World Bank task team</td>
<td>x</td>
<td>NYD</td>
</tr>
<tr>
<td>Issue</td>
<td>Agreed Actions/Activities</td>
<td>Person/Agency Responsible for Implementation</td>
<td>Timeline (Years)</td>
<td>Preparation / Implementation status</td>
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<td></td>
<td>(Subcomponent 2.2) pending a no-objection from the Bank, which will hinge on the recommendations from an external evaluation report.</td>
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<td></td>
<td>A comprehensive communication strategy will be developed to facilitate improved transparency, efficiency, and accountability. The strategy will include use of the mass media to communicate effectively with the target audiences. It also will include provisions to build trust with the communities. Certain elements of the strategy (including awareness sessions with the communities) will be conducted by the project in partnership with the local authorities.</td>
<td>Communications officer (UGT), and communications consultant</td>
<td>x x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Project information will be disseminated in the communities; websites and other media will be used to transmit program objectives and results to stakeholders as well as information on the beneficiaries.</td>
<td>Communications officer (UGT) and communications consultant</td>
<td>x x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>Smaller beneficiary surveys and spot checks will be designed and implemented to gather information on program performance, including the performance of the targeting and payment systems.</td>
<td>Consultant (recruited by the UGT)</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>A technical audit on the quality of works implemented under Component 3 will be carried out.</td>
<td>Consultant</td>
<td>x x</td>
<td></td>
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<td></td>
<td>An efficient and cost-effective grievance system will be established and maintained to achieve greater accountability over time and to provide a vehicle for beneficiaries and non-beneficiaries to address their grievances and complaints. Those who file complaints will receive feedback.</td>
<td>UGT</td>
<td>x x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>An annual stakeholder workshop will cover implementation progress and outcomes with those who are implementing the program.</td>
<td>UGT</td>
<td>x x x x x</td>
<td>NYD</td>
</tr>
<tr>
<td></td>
<td>The M&amp;E system will provide formal mechanisms to assess good governance in project implementation including the MTR, impact evaluations, and independent reviews.</td>
<td>UGT and M and E Consultants</td>
<td>x x</td>
<td>NYD</td>
</tr>
</tbody>
</table>
Annex 9: Agencies’ Experience with Cash Transfers and Cash for Work in Niger

1. The design of the cash transfer and cash for work components take into account the experience in Niger with these programs, as summarized in the safety net report, the feasibility study, and the Government of Niger cash transfer pilot. This short note summarizes briefly those experiences and gives an update of the scope of those programs in 2010 following the drought.

Experience with Unconditional Cash and Voucher Transfers

2. The first unconditional cash interventions were implemented by the British Red Cross in Tanout (Zinder Region) during the food crisis of 2005. After this experience, CARE and Save the Children UK piloted unconditional cash transfers in the départements of Illéla and Tahoua (Tahoua Region) and Tessaoua (Maradi Region) in 2008 and 2009. More recently, at least 15 agencies and the Government of Niger used cash and vouchers in response to the food and nutrition crisis of 2010. To date, the total number of families served with cash or vouchers exceeded 165,000 families or over 1 million people (7 percent of the population), worth close to US$21 million.

3. The review of cash transfer interventions in Niger highlights positive effects on the targeted poor population that used the transfers to access staple food, like millet, purchase small ruminants, pay school fees, reimburse debts, meet social obligations (wedding, funeral), and strengthen social networks. On the other hand, the positive effects of short term transfers did not last after the project period. While ad hoc cash transfers helped the poorest to overcome the lean season without adopting negative coping strategies, there is no evidence that they led to structural improvements in household vulnerability. These experiences suggest that longer term approaches are required to ensure a more sustainable impact.

4. In Niger, NGOs adopt community-based approaches to target the most vulnerable groups. Implementing agencies prefer social to economic criteria for targeting, as social criteria seem to be better accepted and understood by the communities. These approaches are also easier to implement in the context of emergency project preparation and responses, given the paucity of data on household vulnerability in the country. An evaluation of the Save the Children UK (SCUK) cash intervention in 2008 underlines the importance of engaging local authorities in the selection process. It adds legitimacy and helps deal with possible community issues and conflicts. On the other hand, social criteria were found to be less than efficient in reaching the poorest and most vulnerable households, as they raised the risk of inclusion errors. An approach based on economic criteria, although it seems more objective, would need to be well understood by the communities and would require the proactive engagement of local stakeholders.

5. Of note, interesting and innovative implementation methods are being used in Niger among existing cash and voucher instruments. A prime example is the use of mobile phone operators (Concern Worldwide in Tahoua) to transfer payments. Beneficiaries are provided with a mobile phone and receive a Short Message Service (SMS) when payment is made.

Experience with Cash and Food for Work

6. Food and cash for work (FfW and CfW) interventions have a long history in Niger. They are usually implemented in the period between January and May when more labor is available and projects do not affect the farming season. Most of the activities carried out as public works include watershed conservation, soil protection against desertification and wildfires, and land
rehabilitation. In practice the most common interventions include *demi-lune* and *banquette*. These are trenches of different size for a water harvesting technique used extensively in the past decade to plant trees on common lands. Not only do they control erosion, but they also promote the regeneration of silvo-pastoral vegetative cover. The use of FfW and CfW has increased recently, after the crisis of 2005. More recently CfW became the most common instrument to respond to food crises following the government request in 2008 to discontinue FfW activities.

**Implementation Methodology**

7. In Niger, the wage rates for public works are usually set based on the completion of specific tasks (CCA, CRS, WFP). Task-based wages are adopted to maintain standards of work norms and to standardize approaches among different actors. The equivalent daily wages vary between 1,000 FCFA and 2,000 FCFA, with 1,500 FCFA being the norm. Some NGOs apply daily wages and here too remuneration varies from 1,000 FCFA (Oxfam) to 1,500–2,000 FCFA (CARE). A study by ACH (*Accion Contra el Hambre, Action Against Hunger*) notes that when the salary has been reduced to 1,000 FCFA per day, those who decided to participate were effectively the poorest of the most poor.

8. Low salaries generally present an incentive for self-selection. In the case of Niger, however, a large number of people are willing to participate for three reasons: (i) different salary levels resulting from a difference in actual wage rates and the wide range of remuneration set by task; (ii) encouraged participation in periods of duress (due to droughts, food price increases); and (iii) the proximity of neighborhood villages. As a result, the total number of participant can be two to three times higher than planned. In those situations when supply has exceeded demand, the poorest households have been selected using: (i) community-based approaches reliant on socio-economic indicators; (ii) categorical selection; and (iii) rotation and, thus, a reduction in the total income for each household.

9. An assessment of a cash for work program conducted by the government in 2006 revealed a wide disparity in household participation and consequently, in the total compensation, with some sites employing more people and over a longer period than others. Households with more labor available were better able to capture resources, while households that lacked manpower risked being totally excluded (WFP).

**Experience of the Food Crisis Unit (Cellule Crises Alimentaires – CCA)**

10. In the case of the cash for work interventions of the DNPGCA, the intervention areas are selected from the vulnerable areas identified by the SAP (*Système d'alerte précoce* – part of the DNPGCA). Once the areas have been selected, calls for proposals are launched in the most vulnerable areas on the basis of planning. The magnitude of the response depends strictly on the project presentation by the local communities and/or NGO. Technical units of the local MELD monitor and supervise the majority of programs in the field of HLI. Note that this form of intervention does not promote coordination between different actors. It can create inefficiencies like duplication or lack of interventions in vulnerable areas as well as generate competition between incentives and salaries.

11. In 2008, labor-based programs accounted for about 2.5 billion FCFA, with a total of 1.5 million man-days of beneficiaries (around 70,000–80,000 households of worker beneficiaries). In 2010, the Food Crisis Unit implemented 95 projects for a total of 2.5 billion FCFA.

**Recent Experience of NGOs**

12. The cash for work (CfW) experience of NGOs is quite recent. Between 2005 and 2006, Oxfam Great Britain implemented two cash (vouchers) for work programs, one in Dakhoro and

13. In 2010, the number of NGOs that implemented cash for work activities in response to the food crisis increased dramatically. Although the exact figures are not available, at least eight NGOs implemented CfW activities (mainly land rehabilitation), targeting more than 25,000 households.

- Mercy Corps / OFDA implemented CfW and vouchers program in urban areas (Niamey, Agadez) targeting 6,723 households.
- FAO implemented CfW reaching 8,483 households.
- CARE implemented CfW for land rehabilitation in Diffa and Tahoua targeting 1,884 households.
- IFRC/CRN implemented CfW for land rehabilitation targeting 3,232 households.
- Oxfam (500 households) and VFS-B (500 households) conducted CfW activities to establish firebreaks in semi-pastoral areas.
- WFP/CRS implemented soil conservation activities targeting 4,080 households.

14. In conclusion, the recent experience with public works shows that:

- Historically, CfW has been used predominantly as an instrument to respond to crises.
- Implementation practices and wage rates vary across organizations. This is not surprising because the norms are in terms of the task and can be interpreted in many different ways.
- Monitoring also appears insufficient mainly due to projects being implemented in contexts of a food deficit situation.
- There is an excessive focus on land rehabilitation works, which are only suitable in areas with highly degraded land, thus excluding other poor areas. Most likely also because of the limited planning time available for the activities. Different and more diverse types of community works will be envisaged.

15. The project will take these aspects into account and will set clear implementation standards that include: (i) setting a daily wage across tasks; (ii) setting mechanisms to avoid differences in work opportunities and wages between men and women, making sure that women are involved in appropriate activities (plant nurseries and trees), ones which do not undermine their dignity and ability to gain equal remuneration; and (iii) promoting a greater diversification of activities, including community rehabilitation and sanitation by involving local communities in the identification of priority needs and activities.
Table 1: Summary of Cash-Based Interventions in Response to Niger Food Crisis of 2010 (Interagency Workshop, Niamey, December 10, 2010)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Type</th>
<th>Location (if available)</th>
<th>Target HHs</th>
<th>Total Transfer/HH (FCFA)</th>
<th>Monthly Transfers (FCFA)</th>
<th>Frequency of Transfers Modality</th>
<th>Geographic Targeting</th>
<th>Household Targeting</th>
<th>Cash Utilization and Impact</th>
<th>Success</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCUK Social Transfers</td>
<td>Tahoua, Zinder (rural)</td>
<td>11,183</td>
<td>150,000 FCFA</td>
<td>20,000-25,000 FCFA</td>
<td>Monthly transfers for 6-8 months; Support from traders.</td>
<td>SAP classification.</td>
<td>HEA method.</td>
<td>87% on food, of which 77% cereals.</td>
<td>Improved food diversity; Increased expenses and consumption.</td>
<td></td>
<td>Coordinating departments.</td>
</tr>
<tr>
<td>Concern Social Transfers Malnutrition</td>
<td>Tahoua (rural)</td>
<td>15,934</td>
<td>110,000 FCFA</td>
<td>20,000-25,000 FCFA</td>
<td>Monthly transfers for 5 months (May-Sept.); Cash and mobile transfers.</td>
<td>SAP 2009 (&gt;50% deficit).</td>
<td>HEA method + Participative approach.</td>
<td>91% on food.</td>
<td>Innovative tools (mobiles phones).</td>
<td></td>
<td>Targeting SAP areas only; New technology.</td>
</tr>
<tr>
<td>Mercy Corps / OFDA CfW and Vouchers</td>
<td>Agadez, Niamey (urban)</td>
<td>6,723</td>
<td>120,000 FCFA</td>
<td>2,000 FCFA per day for 60 days (1 person per hh)</td>
<td>Weekly payments.</td>
<td>Flooded areas (Agadez); Food deficit (Niamey); Socio-economic indicators.</td>
<td>Sociocultural adjustment: women-headed hhs, the disabled.</td>
<td>Niamey: 94% on food, 53% on water. Agadez: 6% on food, 59% on water.</td>
<td>Accurate targeting; Integration with long term activities; Appropriate to urban context.</td>
<td></td>
<td>Political influence; Exit strategy; Competition with private sector.</td>
</tr>
<tr>
<td>ACF-EU ECHO Social Transfers (+ CfW)</td>
<td>Gouré (rural)</td>
<td>1,200</td>
<td>50,000 FCFA</td>
<td>15,000 FCFA and 35,000 FCFA</td>
<td>Two distributions (July and August); Direct cash distribution.</td>
<td>Vulnerable villages - SAP Dec. 2009.</td>
<td>Food stock deficit; Assets; Livestock; Social criteria: the disabled, elderly.</td>
<td>Mostly food; Debts payment; Purchase ruminants; Diversification</td>
<td>Targeting of remote villages.</td>
<td></td>
<td>Difficult access to remote areas; Program integration.</td>
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<tr>
<td>Agency</td>
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<tr>
<td>FAO</td>
<td>CfW</td>
<td></td>
<td>8,483</td>
<td>50,000 FCFA</td>
<td>50,000 FCFA (8 different partners)</td>
<td>May-August 2010; Microfinance Institutions.</td>
<td></td>
<td>Self-selective activities; Criteria: unemployed, HHs with 2 children under 5; the disabled, elderly, and ability to work.</td>
<td>Utilization: food and livestock purchase. Results: stabilized population, and increased purchasing power.</td>
<td>Implementati on rate of 99.7%; Collaboration with MFIs; Sustainability.</td>
<td>Seeds not available; Exclusion of HHs with no member able to work.</td>
</tr>
<tr>
<td>FAO/ CERF</td>
<td>Social Transfers – Support to Production</td>
<td></td>
<td>12,500</td>
<td>20,000 FCFA</td>
<td>20,000 FCFA per hh plus seeds</td>
<td>July-August</td>
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<tr>
<td>CARE/ DFID</td>
<td>Cash Transfers (and CfW)</td>
<td>Diffa (Pastoral and Agro-Pastoral)</td>
<td>2,996</td>
<td>25,000 FCFA</td>
<td>25,000 FCFA per hh</td>
<td>Monthly – Sept.-Nov. 2010; Microfinance Institutions.</td>
<td>Agro-zone: small land (&lt;1ha) non-productive, debts, sale small ruminants Pastoral: threshold of pastoral viability</td>
<td>SCVM (Households Livelihood Security) approach.</td>
<td></td>
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</tr>
<tr>
<td>IFRC/ CRN</td>
<td>CfW</td>
<td>Land Rehabilitation</td>
<td>3,232</td>
<td>20,000 FCFA 1,000 FCFA per person per</td>
<td>Direct payments on the eve of market days</td>
<td>15-35 days; Weekly payments to the team leader.</td>
<td>Food deficit villages (70-100%).</td>
<td></td>
<td></td>
<td>Problems related to land issues.</td>
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<tr>
<td>Agency</td>
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<tr>
<td>Oxfam/ ECHO (phase 1)</td>
<td>Food Vouchers to Cover Food Needs (Rural and Urban)</td>
<td>Agadez, Maradi, Niamey Tahoua, Tillabéry</td>
<td>2,500</td>
<td>25,000 FCFA</td>
<td>25,000 FCFA per HH</td>
<td>Monthly April-Oct. 2010; 3,600-4,000 FCFA per person; Traders with max. 25% exchanged with cash.</td>
<td>Food deficit villages SAP; Zones affected by flooding.</td>
<td>Poverty, social criteria, HHs with malnourished children in 2010.</td>
<td>Purchase: 80% millet, beans, and oil.</td>
<td>Collaboration with traders. Complaints mechanisms.</td>
<td>Traders’ capacity to make food available in remote areas.</td>
</tr>
<tr>
<td>Oxfam/ ECHO</td>
<td>CfW – Firebreaks</td>
<td>Agadez, Maradi, Niamey Tahoua, Tillabéry</td>
<td>500</td>
<td>45,000 FCFA</td>
<td>1,500 FCFA per HH per day</td>
<td>Weekly distributions Sept.-Dec.; Traders with 6-8% commission fee.</td>
<td></td>
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<tr>
<td>CRS/ ICRISAT</td>
<td>Seed Fairs Vouchers (rural)</td>
<td>Dosso, Maradi, Tillabéry, Zinder</td>
<td>10,000 FCFA per HH – seed vouchers</td>
<td>May-July 2010</td>
<td>Vulnerable households through participative process</td>
<td>High germination rates (80-100%). Seeds utilization (83%), increased surface (93%).</td>
<td>Partnership with STD and seed multiplication association.</td>
<td>Storage of seeds; Systematization of germination tests.</td>
<td></td>
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<tr>
<td>CRS/ FFP</td>
<td>Food Vouchers (rural)</td>
<td>Tillabéry (pastoral)</td>
<td>20,108</td>
<td>75,000 FCFA</td>
<td>Voucher: 25,000 FCFA per HH</td>
<td>3 months (Aug.-Oct.); Collaboration with traders.</td>
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<tr>
<td>VSF-B/ FAO/ DUE</td>
<td>CfW Destocking</td>
<td>Maradi (Dakoro) (pastoral)</td>
<td>1,808</td>
<td>50,000 FCFA</td>
<td>Livestock purchase at 50,000</td>
<td>5 weeks June-Aug. 2010</td>
<td>VSF intervention areas since</td>
<td>Number of meals, diet diversification, Women CfW: food; men. Herders:</td>
<td>Mobilize workers; Lack of M&amp;E.</td>
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<tr>
<td>Agency</td>
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<tr>
<td>VSF-B/ FAO/ DUE</td>
<td>CfW – Firebreaks</td>
<td>Maradi (Dakoro)</td>
<td>500</td>
<td>48,000 FCFA</td>
<td>1km = 30,000 FCFA per 500 workers</td>
<td>4 weeks Oct.-Dec. 2010</td>
<td>2003; areas affected by the crisis; areas of shelter for pastoral populations.</td>
<td>women-headed HHs, migration UBT, livestock ownership.</td>
<td>animal feeding and small ruminants.</td>
<td>Different beneficiaries.</td>
<td>Low wages; Mobilize workers; Substitute traditional works.</td>
</tr>
<tr>
<td>WFP/ CRS</td>
<td>CfW – Soil Conservation</td>
<td></td>
<td>4,080</td>
<td>70,000 FCFA</td>
<td>1,000 FCFA per person per day, 20 days per month</td>
<td>4 months Sept.-Dec. 2010</td>
<td>Food insecurity 64%; Access to markets; Presence of partners.</td>
<td></td>
<td>Utilization: food 62%, animal purchase 26%. FCS decreased from 37% to 11%. Market prices stable.</td>
<td></td>
<td>Strengthen institutional capacity; Sensitization; Monitoring expenses.</td>
</tr>
<tr>
<td>WFP/ Concern</td>
<td>Cash Transfer Protection Blanket Feeding</td>
<td>Maradi, Tahoua, Zinder</td>
<td>37,000</td>
<td>30,000 FCFA</td>
<td>Nov.-Dec. 2010; Distribution: MFIs and NGOs.</td>
<td></td>
<td></td>
<td>HHs with children under 2</td>
<td></td>
<td>Targeting vulnerable HHs; Collaboration with traders.</td>
<td></td>
</tr>
<tr>
<td>UNICEF/ SCUK and CARE</td>
<td>Cash Transfer Protection Blanket Feeding</td>
<td>Maradi, Tahoua</td>
<td>35,000</td>
<td>60,000 FCFA</td>
<td>20,000 FCFA per HH per month</td>
<td>3 months.</td>
<td>Nutrition survey in June 2010.</td>
<td>HHS with children under 2</td>
<td></td>
<td></td>
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</tbody>
</table>
IBRD Map Number 38513