I. Introduction and Context

Country Context
1. In recent years, Niger has experienced a return to relative political stability, improved economic growth and progress in poverty-reduction. Following a severe political crisis and military coup in 2010, the country succeeded in returning to constitutional order with the adoption of a new constitution in November 2010 and a series of local, legislative, and presidential elections in early 2011. Niger’s economic performance has also steadily improved, buoyed in large measure by uranium mining and the coming on-stream of an oil project. Over the period 2007-2012, annual economic growth was sustained at an average 6.4 percent, with an estimated growth rate of 11 percent for 2012. On the back of strong economic performance, the Government has emphasized pro-poor spending and poverty declined from 64 percent in 2005 to 61 percent in 2007/08 and 56 percent in 2011.

2. Despite this, Niger remains one of the poorest countries in the world and its political equilibrium rests on a fragile footing. Around 75 percent of the Nigerien population still lives on less than USD 2 per day and 43 percent live below USD 1.25 per day. Niger ranks last among the 187 countries on UNDP’s 2012 Human Development Index and the country’s Gross Domestic Product (GDP) per capita in Purchasing Power Parity (PPP) terms of US$701 in 2012 is one of the lowest in the world. Despite generally favorable public expenditure trends and improvements in certain indicators in education, health and water sector, only three out of the seven Millennium Development Goal (MDG) targets appear likely to be met by 2015. Failure of the Government to deliver tangible results could result quickly in the loss of popular support and a political stalemate. Increased security threats from conflict and terrorist activities in the sub-region, notably in Mali and Nigeria, could place a further strain on the country’s political stability and development.

3. To address Niger’s extensive development challenges and precarious stability, the Government of Niger committed to an ambitious program for accelerated and sustainable economic development and poverty reduction. Niger’s Poverty Reduction Strategy - the Plan for Economic and Social Development (PDES) for 2012-15 – outlines an ambitious program of reforms including major public investment programs in energy, agriculture and the human development sectors. In order to address shortcomings in service delivery, improve development outcomes and restore citizen confidence in the State, the PDES places a particular emphasis on enhancing the credibility and efficacy of public institutions and improving governance. In this context, the PDES proposes extensive capacity building programs in the areas of the administration, institutions, and public finance.

4. With presidential elections scheduled for 2016 and only two years remaining for the implementation of the PDES, the Government of Niger is facing growing pressure to accelerate reform implementation and deliver measurable results to the population. In order to reach the PDES objective of 8 to 10 percent annual growth by 2015, the Government has recognized the need to execute large scale public investments swiftly and efficiently in priority economic sectors, particularly in the mining, agriculture and energy sectors. The Government has also prioritized the need to improve service delivery, specifically in the health sector.

**Sectoral and Institutional Context**

5. Public sector effectiveness in managing the nation’s resources, delivering public services and achieving the country’s development objectives is severely constrained by pervasive capacity deficits at all levels of the public administration in Niger. The low execution rate of major programs envisaged under the PDSE (which stood at only 43.5 percent in 2012) can largely be attributed to horizontal capacity weaknesses in planning, public investment management, budgeting, and
monitoring and evaluation. Vertical capacity weaknesses have also played a role. Ministries and public entities are poorly equipped to conduct long term strategic planning, develop sector policies, secure adequate funding, ensure timely procurement processes, efficiently deliver goods and services or evaluate operational processes and deliveries. Several factors underlie the weak horizontal capacity and sub-optimal performance of the public administration in implementing development programs and delivering services in Niger:

6. Low levels of personnel, qualifications, experience and motivation in the civil service affect public sector performance. Niger’s public service is characterized by a small and under equipped administration. Despite a growth in civil service employment of 43 percent between 2006 and 2012, Niger’s wage bill to GDP ratio of less than 4.3 percent in 2011 is small by comparison with international standards and is one of the smallest in West Africa. The Government lacks effective systems to recruit, retain and manage the performance of qualified civil servants. The application of merit-based recruitment and advancement processes has been slow to take hold, with patronage still underlying the selection of many personnel, and performance-based management has yet to be effectively applied. Notwithstanding recent salary increases, remuneration and pension benefits are low and vary between ministries. Performance incentives are further limited by the dearth of civil service in-training and career development opportunities.

7. Public Financial Management systems are particularly weak. The 2012 PEFA reveals very limited progress achieved in PFM since 2008. Among 31 indicators, 20 indicators were rated equal or inferior to the ratings given in the 2008 assessment. Several PFM diagnostics in Niger highlight the following shortcomings:

(i) Weak fiscal revenue mobilization associated with inefficient administrative processes, particularly at the level of the General Directorate of Customs (DGD), and limited coverage (with eighty percent of the commercial activity in Niger being conducted in the informal sector where the payment of taxes is exceptionally limited.). Weak fiscal revenue mobilization leads to budget regulation; hence limited execution of the budget.

(ii) Poor capital budget execution. A recent WAEMU study revealed that very few projects in Niger are executed and executable during a fiscal year, as evidenced by the low rate of execution of public investments in 2011 at 53.06 percent and in 2012 at 59.96 percent. Low execution rates are largely a result of the limited time available for implementing units to commit to, and execute, the contracts needed to execute the capital budget. The budget year is shortened by five months due to delayed budget uploads and credit releases to line ministries, and early closure of commitment windows during the fiscal year. Poor procurement planning, the absence of advance procurement and the weak motivation of government departments in charge of planning and finance to promote collaboration and consistency between programming and budgeting further hamper execution.

(iii) Weak financial management of public investments resulting from: (i) poor planning including the failure to take into account the actual annual capacity of the State to engage public investments, the disconnect between annual budget cycle and the multi-year nature of some capital budget commitments and the limited technical and financial maturity of investment projects proposed for inclusion in the PDES, (ii) cash flow constraints resulting from the absence of commitment plans to assist the Treasury in developing reliable monthly cash flow projections to cover investment expenses; (iii) onerous, complex and superfluous procurement and payment procedures, controls and clearances; and (iv) variations in skill level, limited incentives and high
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turn-over of civil servants working on financial planning and budget execution in the administration.

(iv) Weak monitoring of public enterprises or state-owned enterprises (SOEs) which limits accountability and affects public service delivery. SOEs benefit from tax breaks and Government subsidies, yet their performance continues to be problematic. While the Government recently established a General Directorate of Public Enterprises (GDPE) in the Ministry of Finance to provide strategic guidance and monitor the performance of SOEs more effectively, the GDPE is not yet fully operational.

8. Insufficient organization and poor coordination between ministries constrains the Government’s capacity for strategic economic management and public service delivery. Line ministries often do not appear to have a clear definition of their mandate, missions, programs, and expected results. There are few systems in place to facilitate planning and monitoring and evaluation. Over-lapping ministerial responsibilities have resulted in excessively onerous administrative processes.

9. Efforts by the Government to modernize the public administration, instill a results-based culture and tackle technical capacity deficits are nascent and required a determined push. The shift from a career-focused administration to one which is focused on development results will require significant commitment by the Government and partner backing. The Government has created two over-arching institutions responsible for the modernization of the public administration, notably the High Commission for State Modernization (Haut-commissariat à la Modernisation de l’Etat) and the Inspector General for Administrative Governance (Inspection Générale chargé de la Gouvernance Administrative). While these institutions are operational, their efforts have been thwarted by the lack of adequate resources and technical capacity. Individual capacity building programs have also been designed at the level of ministries and public institutions.

10. Limited capacities hamper achievement of results in the key economic and social sectors of the economy. There is a lack of core capacities in these sectors in properly planning the work programs, securing adequate resources, spending on time and efficiently resources allocated, monitoring and valuating programs effectiveness, which has a negative impact on service delivery and development impact.

Rural sector

11. Rural sector development, and in particular implementation of the flagship 3N (Nigeriens Nourish Nigeriens) initiative is hampered by limited capacity in planning, monitoring and evaluation. The 3N initiative aims to increase food production (crops, meat, fish) by at least 45% by 2015. It is structured around five pillars, and the Government has planned to invest two billion dollars (US) in this ambitious program. Through the 3N initiative, the Government aims to definitely resolve the issue of food security and malnutrition which has been persistent in Niger over the past 50 years. The ministries in charge of rural sector lack the necessary tools, procedures, and information to develop realistic investment programs and ensure their effective implementation.

12. Implementation of the 3N initiative needs to accelerate. Although generally satisfactory in 2012 mainly due to good rainfalls, the 3N initiative continues to be hampered by (i) insufficient state advisory support, capacity-building and training of farmers and their organizations (where these exist), (ii) poorly structured and organized producer organizations; and (iii) the lack of, or
inadequacy of, high grade seed and irrigation equipment. Overcoming these challenges should help
Niger achieve food security and boosts economic growth as the rural sector accounts for more than
40% of GDP.

Health sector

13. The health sector is characterized by low quality of basic health care, low utilization rates of
health services by the poor and limited coverage (only 50 percent in 2010) and relatively low levels
of preventive care. Two critical factors underlie the poor performance in the sector: (i) limited
sectoral capacity for planning, budget management and monitoring and evaluation; and (ii) poor
strategic management of the sector.

14. Implementation of the Health Sector Development Plan (PDS 2011-15) is critical to for
achievement of MDGs related to the health sector for which Niger. PDS specifically seeks to offer
quality health services to the population in general, and to vulnerable groups in particular. Its
implementation is relatively weak. The health care coverage rate moved from 47.18% in 2011 to
47.48% in 2012, against a target of 57%. Budget execution rate of the Ministry of Health has been
relatively weak, averaging 67.7 percent over the period 2008-2010, with a peak of 88.6 percent in
2008 and a low of 54 percent in 2009. While development partner support for the implementation of
the PDS has been significant, it has not specifically addressed horizontal capacity issues.

Education sector

15. This is education sector is characterized by many inefficiencies. While unit costs for
primary education in Niger align broadly with other countries in the region, learning outcomes,
attainment and retention results rank among the lowest pointing to important inefficiencies in the
use and allocation of financial and human resources. These inefficiencies are symptomatic of lack of
a high-level managerial and technical capacity to provide a clear strategic and operational direction
for the sector; a limited capacity for personnel planning, management and supervision, as well as
overall M&E; and limited capacity (at all levels) for school management and planning. These
factors are made worse by the lack of linkages between resources and outcomes (lack of incentives
to perform).

16. The new Education Sector Plan (PSEF-2014-2024) will support access, quality and
efficiency improvements. The PSEF states the following objectives for primary education: 1)
 improve access to basic education through increased supply of educational services yielding greater
geographic coverage of educational services, 2) improve quality of teaching, and 3) improve sub-
sector governance. The governance agenda includes significant focus on management efficiency to
increase quality of education and reach higher internal efficiency and equity in the education
system. High priority is given to improving educational management, including human resource and
school management. The Government’s plan is supported by the World Bank and other donors
through the Global Partnership for Education (GPE) project which will help develop many of the
key strategies. Their implementation needs further support.

Energy sector

17. Significant shortcomings in technical capacity have hampered the evaluation, exploitation
and distribution of the Niger’s energy potential. The sector is particularly affected by: (i) weak
institutional technical capacity in the petrol, electricity and renewable energy sub-sectors; (ii) the absence of a strong coordination framework in the sector; (iii) limited capacity of sectoral coordination committees to design and develop feasible energy projects; (iv) a lack of statistical information on renewable energies, particularly with respect to solar, hydro-electric and wind potential; (v) limited capacity within the sector to evaluate the real energy potential in the country; (vi) the lack of feasibility studies in the sector; and (vii) the low level of expertise amongst junior civil servants in analyzing potential in the sector.

18. Though the country possesses significant sources of potential for energy production – including both fossil fuels (uranium, petrol and coal) and renewable energies – these have not been effectively exploited. As a result, access to energy in Niger remains exceptionally limited, with only 10.8 percent of the population having access to electricity in 2008 and only 2.4 percent of the rural population.

19. Addressing critical capacity limits mentioned above both at horizontal functions and within some key sectors shall lead to a faster and effective implementation of the PDES. It is in this context that the Government has asked development partners to lend their efforts to strengthen public sector capacity and performance. In response, the donor community has put in place a task-force lead by the World Bank, UNDP, the French Embassy, the Swiss Cooperation Agency, and the European Union. The USAID will join soon the task force.

20. The multi-donor task-force is developing a global capacity building to support implementation of the PDES. A joint matrix of indicators is being developed and a tentative division of labor has been set based on donors’ specialization and competitive advantage. The Bank was asked to take the lead in rural sector, health, mines and energy, planning and budget execution. The Swiss are more concerned with local governance and regional development. The French are positioning themselves on education.

21. The global capacity building program will galvanize donors’ efforts to enhance inter-institutional coordination and promote the results-based approach in the capacity building programs. The joint matrix brings all the results and performance indicators in one place, and hence helps provide a global view on each donor’s contribution and government’s progress towards reaching agreed-upon targets. Based on the global program, donors have the option of either using a basket fund or administer separately the funding of their capacity building activities.

22. Given the urgent call made by the Government to address its enormous capacity challenges, the Bank, in very close collaboration with other donors, has started the preparation of the current operation.

Relationship to CAS

23. The proposed operation features as a cornerstone of the new Country Partnership Strategy (CPS) for the period 2013-2016, which, in turn, is fully aligned with the priorities of the Government’s PDES. The three strategic objectives of the CPS are to: (i) promote resilient growth; (ii) reduce vulnerability; and (iii) mainstream gender and strengthen governance and capacity for public service delivery. This operation is directly aligned with the third strategic objective of strengthening governance and capacity for public service delivery. The results of this operation are also likely to have a measurable impact on both the first and second strategic objectives of the CPS.
24. The proposed program is consistent with the World Bank’s corporate strategies. The Africa Strategy (2011) is built around two pillars: (a) competitiveness and employment and (b) vulnerability and resilience, and a foundation - governance and public sector management capacity. Poor governance has been identified as the main challenge underlying Africa's development. By strengthening institutions and improving public sector service-delivery and promoting third-party monitoring and verification of Disbursement Linked Indicators (DLIs), this program will improve governance and enhance social accountability.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The project development objective is to strengthen public sector performance in selected ministries/sectors. These include: Planning, Finance, Civil Service, Agriculture, Hydraulic, Health, Education, Mining and Energy, Interior, and Prime Minister’s office.

The project will focus on catalytic reforms and innovative approaches in change management, training, and systems and procedures to (i) enhance strategic planning, financial management, procurement and M&E capacity in the central ministries, (ii) support the modernization of the public administration; and (iii) tackle specific horizontal and technical capacity deficits in the four target sectors of rural, health, education, and energy.

Key Results (From PCN)
The expected key results of the program are as follows:

(i) Improved tax and customs revenue collection
(ii) Increased public investments implementation
(iii) Improved budget execution
(iv) Improved staff performance
(v) Improved food security, health care, education, and energy generation

III. Preliminary Description

Concept Description

Lending instrument and components

25. Loan amount, lending instrument and project duration. The proposed operation will be financed by an Investment Project Financing (IPF) loan of US$40.00 million to the Republic of Niger, and will use a results-based financing modality to support project implementation. It will include a combination of technical assistance where disbursements will be based on inputs, and results-based financing which will be linked to achievement of agreed-upon performance indicators (DLIs). The time horizon for this operation is four years.

26. Results-based Financing approach. This approach helps to address the ownership, coordination, and authorizing environment issues by better aligning the incentives of the different actors. Achievement of DLIs will help address the capacity challenges identified earlier. As performance is regularly rewarded, this should lead to an environment more conducive to social and economic development.

27. The proposed IPF project design combines three critical and interrelated elements: (i)
specific EEPs against which loan proceeds will be disbursed; (ii) DLIs that establish a performance-based framework to measure progress in sector reform implementation and to identify the operation’s contribution to the identified development objectives; and (iii) technical assistance (TA) to support capacity building and knowledge dissemination in the targeted areas. The IPF is results-based and guarantees sustained funding for horizontal and vertical capacity building programs. Grant proceeds will be disbursed to the Treasury against the execution of specific EEPs and the fulfillment of DLIs which are related to the EEP’s objectives.

28. Improvement of public sector management through a performance-based approach. The advantage of this approach is not only that it will ensure sustained funding to priority programs and enable the achievement of identified policy objectives, but also that it will contribute to developing a performance-based approach to public sector management in Niger. The TA component will complement the EEP and DLI part of the operation, by providing the necessary capacity and technology to achieve the identified development objectives.

Project Preparation Facility (PPF)

29. A PPF of 500,000 US dollar will be requested to fund preliminary studies, especially the development and conduct of a survey to establish Service Delivery Indicators (SDI) for the Health and Education sectors. Other preparatory work will include in-depth diagnostic and development of results-oriented action plans on capacity constraints in horizontal functions.

Project Beneficiaries

30. The beneficiary ministries and institutions include: Planning, Finance, Civil Service, Agriculture, Hydraulic, Health, Education, Mining and Energy, Interior, and Prime Minister’s office. Following the public expenditures review of the security sector, the Government made the request for this project to strengthen the financial management systems of the security sector.

31. The proposed IPF will focus on the following three components:

Component 1: Technical Assistance to support horizontal functions (US$ 5.0 million).

32. Funding of this TA component will not be linked to DLIs. It will finance IT systems and equipment; and (ii) technical assistance.

Provision of Information Systems and Equipment

33. Following a preliminary assessment of systems upgrade needs, a first list of priorities has emerged. This includes: upgrade of the customs information systems, upgrade of planning tools in line ministries and their interface with the financial management systems, better integration and sharing of information between the budget and treasury systems, upgrade of the civil service human resources system and its interface with the Ministry of Finance’s payroll system, interface between the revenue agencies (tax, customs, and treasury), strengthening of the M&E systems and development of business intelligence systems (dashboards) in the selected sector ministries, etc.
34. Customs Information Systems upgrade. Fiscal revenues mobilization by customs is impacted by current information system (Sydonia++) which is obsolete and does not help control serious frauds and massive customs revenue evasions. Using a better information systems and tightening customs controls will greatly improve domestic revenues. Most countries in the world have upgraded their customs information systems to Sydonia World.

35. Upgrading planning and M&E systems in sector ministries. Current planning systems lack dynamic decision tools to allow quick information updates about project life cycle and the inter-link with financial information systems, especially the chain of expenditures. Planners need to work on current information in order to do good procurement plans and good monitoring and evaluation.

36. Interconnection of planning and financial management systems. To boost budget execution, and thus the implementation of development programs, planning and procurement must be based and executed on reliable and available financial resources. Therefore, it is critical that public information systems be greatly transparent and tightly interconnected. No massive financial investment is needed to achieve this objective. With current advances in technology, dynamic dashboards can quickly be built through extraction of data in various information systems.

37. As agreed by the Bank and the authorities, the operation will also support strengthening of the security sector’s financial management information systems. It is following the conclusions of the Niger PER of the security sector that this arrangement was made.

38. Building country’s statistics capacity will receive particular attention. This is a great priority and mandate from the Bank and as well fits with the country’s huge need to improve statistics.

Technical Assistance

39. Change of attitudes and behaviors on the part of civil servants and leaders is a key success factor for effective implementation of the PDES. Most constraints for the implementation reforms in Niger are adaptive and not technical. Reforms are not well understood and truly owned by civil servants who do not see their immediate gains. Hence, resistance for change is great.

40. The program will apply change management tools and support targeted training in leadership, coaching and results-based management to cultivate a culture of collaboration for results and to develop real ownership of reforms within the administration. The process will be built around:

a. a series of seminars engaging high-level leadership to improve leadership skills, identify major challenges, build consensus, mobilize various levels of stakeholders, establish a favorable environment for implementation by the teams.

b. successive cycles of rapid result initiatives (RRI) to achieve results fast (100 days), in the implementation of small-scale and tangible results aligned with high-level leadership priorities, which were initially defined during high-level seminars

c. political commitment re-engagement to internalize, validate, and replicate achieved small-scale results to an even larger scale and the decision to institutionalize the practice so as to maintain the change management momentum.
41. The program will mobilize a number of structures and tools to carry out change management and leadership for results activities. In addition to decision makers and reform teams, the whole process will be supported by a network of international coaches who will support progressive development of national coaches to support national capacity building and the institutionalization of a results-oriented culture. National coaches will be selected on the basis of international standards and will be institutional anchored one or more training institutions (e.g. ENAM).

42. The project will strengthen national training institutions and establish possible partnerships with foreign institutions, in order to upgrade the skills of current staff and also build the skill base of new entrants to the civil service. The Government has recognized the need to rejuvenate the public administration by bringing in bright and well-trained young people. The program will facilitate large scale training of civil servants and young people by local institutions such as the ENAM and, on exceptional basis, by foreign training institutions. The experience of relying on external technical assistants or encouraging abroad training has not proved to be successful. It is far more affordable and effective to bring in experts and train in the country a large number of staff. But, the capacity of local institutions must first be elevated.

43. The project will support training programs targeting core public sector’s horizontal functions. The quality of training in planning, budgeting, monitoring, procurement, tax management, customs administration, etc. must be greatly improved. There are donors, for instance the French cooperation, which are already working with ENAM to develop training modules in Results-based Management and MTEF. Rather than creating same modules, the project could use this existing modality to scale-up the level of training.

44. The project will support creation of accreditation programs to ensure good quality and standardized training. Training institutions working with the project must qualify and be accredited to provide training. The number of staff trained and accredited will be used as a key DLI in the project’s funding of sector programs. Details on the selected staffing DLIs are provided in component 2.

45. The project will support the General Directorate of Public Enterprises (GDPE) in the Ministry of Finance to provide strategic guidance and monitor the performance of SOEs more effectively.

46. The project will be implemented through the monitoring and evaluation unit within the Ministry of Planning. To ensure better coordination and swifter implementation of activities, this unit will have added responsibilities to follow up on procurement, funding, and deliveries with implementing units in various ministries. Its operationalization requires tremendous support from donors, as well as the Government, with regard to the recruitment and payment of qualified staff, as well as the provision of technical assistance or other capacity building inputs.

Component 2: Strengthening Selected Sectors for Service Delivery (US$ 35.0 million)

47. In order to enhance the delivery of critical services, horizontal and technical capabilities are needed in specific sectors. The technical assistance provided under the first component will
complement and enable achievement of delivery services in selected sectors.

Sub-component 2.1 Rural Sector

48. This sub-component will assist in accelerating the pace of implementation of the large-scale 3N program. It will specifically support: (i) strengthening the framework for advisory and technical support to agricultural producers with progressive training and empowerment of local agents at the commune level strengthening the organizational capacity of support services for agricultural producers; (ii) improve structure and organization of producers; (iii) improving the level of budget execution; and (iii) increase availability of high grade seed and irrigation equipment. Activities will also facilitate improved accessibility of agricultural inputs for users modernize the project management and monitoring and evaluation system and strengthen the use of ICT in the central and decentralized administrative systems.

49. Tentative DLIs are:

a. Number of central and deconcentrated directorates that receive training in planning, project implementation and M and E of their PTBAs
b. Number of staff trained in planning and implementation and monitoring and evaluation
c. Number of producers receiving advisory or technical support;
d. Percentage increase in producers using improved seeds

Sub-component 2.2 Public Health

50. The objective of this sub-component is to ensure the rapid, well-coordinated, and implementation of the National Health Program. The Program will complement existing funding for the National Health Program at both the central and district level. It will seek to strengthen the planning processes at the central and decentralized levels by (i) building the capacity of the central administration and regional and district management teams; and (ii) reviewing and redefining the planning, regulatory, technical support, FM and human resource management and monitoring and evaluation functions of the various structures in the Ministry of Health.

51. DLIs will be completed before project negotiation. Tentative DLIs include:

a. Budget execution rate
b. Failure rate (taux de rupture) in the drug supply chain.
c. Percentage of women using modern birth control techniques

Sub-component 2.3 Education

52. The objective of this sub-component is to support the implementation of the new Education Sector Plan in coordination with the Global Partnership for Education (GPE) project under preparation. In coordination with the GPE operation the Program will support more efficient use of resources for improved access and quality through the development of management and institutional capacity and better incentives at the central, district and school levels. In particular, the Program would support the implementation of the ministry of education and human resource management
strategies developed under the GPE project by: (i) building the organizational capacities of the ministry at both central and decentralized levels by implementing new tools, changing the division of tasks, networking the central and decentralized services; and (ii) building capacity at the ministry and decentralized level for school planning, management and financing and teacher deployment and management (including setting up performance incentives).

53. DLIs will be completed before project negotiation. Tentative DLIs include:

- Education expenditure reaching primary schools
- Student-teacher ratios
- Teacher absence rate
- Average teaching time

Sub-component 2.4 Energy

54. Under this sub-component, the Program will support the Ministry of Mines and Energy in developing technical capacity to effectively harness the country’s energy potential. The Program will focus on three sectoral objectives: (i) improve institutional technical capacity in the oil, electricity, and renewable energy sub-sectors so as to increase the availability and accessibility of energy to the Nigerien population; (ii) strengthen the coordination framework in the energy sector; and (iii) to strengthen the sector’s contribution to sustainable economic development. It will support the sectoral program of the Ministry of Mining and Energy through:

- Reform of the electricity sector to support public-private partnerships;
- Creation of a feasible renewable energy proposal to harness the country’s inclusion in the UN Sustainable Energy for All (SE4ALL);
- Creation and development of a PPP-led renewable energy sector in rural areas.

55. Tentative DLIs are:

- Creation of a national agency for access to energy services (ASEAN)
- Development and implementation of a national policy and regulatory and institutional environment for renewable energy.

Sub-component 2.5 Core Public Sector - (US$ 8 million)

56. To further complement capacity building efforts and implementation of sector programs, the project will support key reforms and processes improvement in core public sector areas. These include human resources management and financial management.

57. The project will support the Ministry of Civil Service and the High Commission for State Modernization Haut Commissariat a la Modernization de l’Etat (HCME) to effectively carry out the civil service modernization agenda. In the area of human resources, the two reforms that are mostly needed are: (i) performance management and (ii) recruitment and staffing. The main thrust is to create incentives to carry out these much needed reforms for improving performance in the public sector.
58. Performance management. The objective of this reform is to improve performance and productivity of ministries and individual civil servants. The results that are sought to achieve these objectives include: (i) annual staff performance evaluation reports are of an acceptable quality and (ii) ministries’s performance is evaluated by the Prime Minister.

59. Tentative DLIs to support progress in this area are:

a. Appropriate guidelines for civil servants’ performance evaluation have been prepared by the Ministry of Civil Service and approved by the Government (Year 1)
b. 10 percent of staff with their performance evaluated according to new guidelines (Year 1)
c. 14 percent of staff with their performance evaluated according to new guidelines (Year 2)
d. 18 percent of staff with their performance evaluated according to new guidelines (Year 3)
e. 24 percent of staff with their performance evaluated according to new guidelines (Year 4)

60. Recruitment and staffing. Key objectives are: (i) recruitments are merit-based; and (ii) promotions are merits-based.

61. Tentative DLIs are:

a. Procedures for open, competitive and merit-based recruitment have been designed by the Civil Service Ministry together with the High-Commission for State Modernization
b. 15 percent of staff recruitment are done according to new procedures (Year 1)
c. 18 percent of staff recruitment are done according to new procedures (Year 2)
d. 22 percent of staff recruitment are done according to new procedures (Year 3)
e. 25 percent of staff recruitment are done according to new procedures (Year 4)

62. In the public financial management area, process improvements are required to improve budget execution so as to facilitate efficiency, transparency and effectiveness in public spending. Support will be given to:

a. build the planning and prioritization capacity of the planning staff in line ministries;
b. reorganize the structures in charge of public investment planning and equip them with tools to facilitate mandatory preliminary studies (technical feasibility, cost estimations and impact);
c. establish collaborative sectoral and cross-cutting project monitoring systems
d. create a hierarchical system of risk-based controls for public investments and reorganization of the structures charged with public investment execution to formalize the modalities for cooperation between the DGP, DGB and DGTCP;
e. revise budget arbitration and cash flow management processes;
f. introduce procedural guidelines to simplify administrative, financial and procurement processes
g. strengthen the framework for oversight of State-Owned Enterprises

63. Tentative DLIs are:

a. Proportion of procurement specialists trained and accredited (5% in Year 1)
b. Proportion of procurement specialists trained and accredited (15% in Year 2)
c. Proportion of procurement specialists trained and accredited (25% in Year 3)
d. Proportion of procurement specialists trained and accredited (35% in Year 4)

e. Reduction in procurement processing delay by 10% (Year 2)

f. Reduction in procurement processing delay by 15% (Year 3)

g. Reduction in procurement processing delay by 18% (Year 4)

64. Budget Management. Key objectives are to improve budget formulation, monitoring and reporting.

65. Tentative DLIs are:

a. Creation of dashboards

b. Monthly Financial Review

c. Elaboration of MTEF in ten ministries

d. Proportion of planners trained and accredited (10%, 15%, 20%, 25%)

e. Proportion of budget analyst trained and accredited (10%, 15%, 20%, 25%)

f. Proportion of public accountants trained and accredited (10%, 15%, 20%, 25%)

66. Domestic Revenue mobilization. In addition to systems upgrade indicated under the first component, the project will support rigorous training programs in fiscal and customs administration for existing and new staff, in partnership with ENAM and specialized overseas schools. There is a great scope increase customs revenues and more tax revenues can be achieved through expansion of tax base by bring in part of the informal sector and better recovery of property tax. Performance contracts will be introduced both at the tax and customs administrations.

67. Tentative DLIs are:

a. Proportion of customers officers trained and accredited (10%, 15%, 20%, 25%)

b. Proportion of tax administrators trained and accredited (10%, 15%, 20%, 25%)

c. Level of fiscal exemptions

d. Number of properties subject to taxation

IV. Safeguard Policies that might apply

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<td>Physical Cultural Resources OP/BP 4.11</td>
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<td>Indigenous Peoples OP/BP 4.10</td>
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<td>Involuntary Resettlement OP/BP 4.12</td>
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<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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V. Financing (in USD Million)
VI. Contact point

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Borrower/Client/Recipient
Name: Ministry of Finance
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