



Global Environment Facility

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February 24, 2003


Dear Council Member,

The World Bank, as the Implementing Agency for the project, *Niger: Community-based Integrated Ecosystem Management Program under the Community Action Program*, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with the World Bank procedures.

The Secretariat has reviewed the project document. It is consistent with the proposal approved by the Council in May 2002 and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by the World Bank satisfactorily details how Council's comments and those of the STAP have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at www.gefweb.org. If you do not have access to the Web, you may request the local field office of the World Bank or UNDP to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,


for Mohamed T. El-Ashry
Chief Executive Officer
and Chairman

cc: Alternate, Implementing Agencies, STAP

OFFICE MEMORANDUM

DATE: February 19, 2003

TO: Mr. Mohamed El-Ashry, CEO/Chairman, GEF

FROM: Lars Vidaeus, GEF Executive Coordinator 

EXTENSION: 34188

SUBJECT: **Niger: Community Action Program/Community-based Integrated Ecosystem Management
Submission for Final CEO Endorsement**

1. Please find attached the electronic file of the Project Appraisal Document (PAD) for the above-mentioned project for your and Secretariat staff's review, prior to circulation to Council and your final endorsement. The scheduled Board date for this project is March 20, 2003.
2. The PAD is fully consistent with the objectives, scope, and overall cost of the proposal approved at the January, 2002 Intersessional Work Program. GEFSEC, STAP, and Council comments have also been addressed. Modifications to the PAD and how comments have been addressed are detailed below.
 - I would like to bring to your attention a recent change in the IDA financing for this project. It is now being provided to Niger in the form of a \$35 M grant, rather than a credit. As such, the total value of IDA and GEF grant in this project is \$39 M, with an additional \$4.8 M in counterpart and community contribution. GEF financing therefore accounts for approximately 9 percent of total project financing. The GEF funds will be used to leverage IDA funds and thereby mainstream integrated ecosystem management at the local level. The project's decentralized management will be able to track GEF expenditures (blended or otherwise) to better monitor the effectiveness of expenditures targeted to CBIEM.
 - The STAP reviewer's comments were highly supportive of the proposed approach. Following his recommendations, the PAD now reflects (a) a greater emphasis on the need to sensitize and thereby link poverty reduction and integrated ecosystem management at the community level (see section B); (b) a refinement of the risks generated by the project (section F) and; (c) the dual use of community-level and national-level M&E, which would include several indicators related to ecosystem function (see section A and Annex 12).
 - There were no additional questions raised by the Secretariat and Council.

Please let me know if you require any additional information to complete your review of the project document. We look forward to receiving your endorsement of the project for Bank Board approval.

Many thanks.

Attachments

cc: Messrs./Mmes. King, Acquay, Lusigi (GEFSEC); Sellen, Baah-Dwomoh, Ndiaye (AFTR2); Crepin, Scobey, Gleason, Selvadurai (AFTES) ; Esikuri, Khanna, Wedderburn, Aryal (ENV); ENVGC ISC, AFTR2 Files

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NIGER
Community Action Program

GEF Project Document

Africa Regional Office
AFTR2

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|--|--|
| Date: February 21, 2003 Sector Manager: Joseph Baah-Dwomoh Country Director: Antoinette M. Sayeh Project ID: P065991 Lending Instrument: Adaptable Program Loan (APL) | Team Leader: Daniel M. Sellen Sector(s): Sub-national government administration (100%) Theme(s): Decentralization (P), Poverty strategy, analysis and monitoring (P), Small and medium enterprise support (P), Civic engagement, participation and community driven development (P) |
|--|--|

| | |
|---|--|
| Global Supplemental ID: P073011 Sector Manager/Director: Joseph Baah-Dwomoh Lending Instrument: Adaptable Program Loan (APL) Focal Area: M Supplement Fully Blended? Yes | Team Leader: Daniel M. Sellen Sector(s): General agriculture (100%), fishing and forestry sector (100%) Theme(s): Environmental policies and institutions (P), Biodiversity (P), Other environment and natural resources management (S) |
|---|--|

Program Financing Data

| APL | Indicative Financing Plan | | | | Estimated Implementation Period (Bank FY) | | Borrower |
|--------------------------|---------------------------|------|---------------|--------------|---|--------------|---------------------|
| | IBRD US\$ m | % | Others US\$ m | Total US\$ m | Commitment Date | Closing Date | |
| APL 1 Loan/ Credit | 35.00 | 79.9 | 8.83 | 43.83 | 06/30/2003 | 06/30/2007 | Government of Niger |
| APL 2 Loan/ Credit | 40.00 | 76.9 | 12.00 | 52.00 | 06/30/2006 | 06/30/2010 | Government of Niger |
| APL 3 Loan/ Credit | 50.00 | 75.8 | 16.00 | 66.00 | 06/30/2009 | 06/30/2013 | Government of Niger |
| APL 4 Loan/ Credit | 60.00 | 75.0 | 20.00 | 80.00 | 06/30/2012 | 06/30/2016 | Government of Niger |
| Total | 185.00 | | 56.83 | 241.83 | | | |

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:

Amount (US\$m): 35.00

| Financing Plan (US\$m): | Source | Local | Foreign | Total |
|-------------------------------|--------|-------|---------|-------|
| BORROWER/RECIPIENT | | 2.83 | 0.00 | 2.83 |
| LOCAL COMMUNITIES | | 2.00 | 0.00 | 2.00 |
| IDA GRANT FOR DEBT VULNERABLE | | 28.93 | 6.07 | 35.00 |
| GLOBAL ENVIRONMENT FACILITY | | 2.60 | 1.40 | 4.00 |
| Total: | | 36.36 | 7.47 | 43.83 |

Borrower/Recipient: REPUBLIC OF NIGER

Responsible agency: MINISTRY OF FINANCE AND ECONOMY

Ministère des Finances et de l'Economie, Direction du Développement Régional et Local

Address: B.P. 869 Niamey, Niger

Contact Person: M. Najim, Directeur, DDRL

Tel: 75 32 01

Fax: 75 25 49

Email: pac@intnet.ne

P065991 Estimated Disbursements (Bank FY/US\$m):

| FY | 2004 | 2005 | 2006 | 2007 | | | | |
|-------------------|------|-------|-------|-------|--|--|--|--|
| Annual | 6.50 | 7.10 | 9.90 | 11.50 | | | | |
| Cumulative | 6.50 | 13.60 | 23.50 | 35.00 | | | | |

P073011 (GEF) Estimated Disbursements (Bank FY/US\$m):

| FY | 2004 | 2005 | 2006 | 2007 | | | | |
|-------------------|------|------|------|------|--|--|--|--|
| Annual | 1.20 | 0.90 | 0.90 | 0.80 | | | | |
| Cumulative | 1.20 | 2.10 | 3.00 | 3.80 | | | | |

Project implementation period:

Expected effectiveness date: 06/30/2003 **Expected closing date:** 06/30/2007

A. Program Purpose and Project Development Objective

1. Program purpose and program phasing:

The Niger Community Action Program (CAP) is aimed at sustained poverty reduction and improved local governance through empowering communities and local governments, to improve natural resource and ecosystem management, and to raise levels of health, education, and food security, thereby stimulating economic growth. These goals will be achieved through local-level capacity-building efforts and implementation of demand-driven micro-projects.

In Niger, as in most poor countries, communities struggle to find ways to manage and finance local development to meet the most basic of needs. Government has long been developing the legal and administrative frameworks with an ultimate view to the devolution of powers of decision and responsibility for management of financial resources for local development to elected local officials. In the interim, it has promoted deconcentration of public services, but even here implementation has fallen short of expectations. Local administrations are expected to improve the delivery of services, but are constrained by inadequate resources, limited capacity, and weak linkages with civil society and the private sector. Communities typically lack the financial resources and decision-making powers to manage their own development. They seek greater participation in decisions that affect them, but face obstacles to doing so. As a result, the process of authentic decentralization has not begun, and true community-driven development in Niger exists only in isolated cases supported by donors or NGOs.

However, there is a renewed political and administrative momentum towards decentralization. The evidence for this includes the Decree of the Council of Ministers of July 7, 2001 and the passage of Law #2001-23 (August 10, 2001) and a revised version of the same law being adopted by the National Assembly on April 19th 2002, which focus specifically on the creation and precise administrative definition of the various levels of decentralized local authorities. In a timely manner, therefore, the CAP is explicitly aimed at supporting Niger's emerging process of decentralization by giving communities the responsibility and resources for local development and by providing nascent local governments with the means and administrative capacity to support the communities to which they are accountable. The program is national in scope to address a poverty situation that is widespread. The program has a long-term goal in recognition of the reality that decentralization is a process which can only be successfully achieved over time. The Adaptable Program Loan (APL) instrument, therefore, is chosen to provide a flexible and long-term horizon with which to accomplish the program's purpose.

To reach the goal of national coverage, the program aims at implementation over a 12-year period with a phased approach of progressive geographic expansion (i.e. the so-called "horizontal" version of the APL). As such, this will require close collaboration or cofinancing with other donors, most of whom have been involved with community-based development for many years. The initial four-year phase will include a minimum coverage of 15-20% of the populations of rural and urban *communes* in all eight regions. This phase is the subject of this PAD. Subsequent phases will be initiated independently of the termination dates of the previous phase. Rather, they will begin when readiness criteria for expansion are satisfied. Performance triggers are described in section B.4.

2. Project development objective: (see Annex 1)

The development objective of the first phase of the CAP is to assist the Government of Niger **to establish and operationalize decentralized, participatory, and transparent financing mechanisms that empower poor communities and local governments to take charge of their own development.**

This objective will be achieved primarily by building communities' ability to engage in participatory

appraisal, priority setting, local development planning, micro-project implementation, monitoring, and evaluation. In conjunction with community development, capacity-building efforts will target local governments with the aim of transferring increasing amounts of financial resources and responsibilities to them. The financing mechanisms for phase 1 will be based on a matching grant (the Local Investment Fund) with which participating communities and eligible local governments may carry out micro-projects of their choice. In order to respect the priorities of the communities and the local governments and to better address poverty, the scope of such investments will be as multisectoral as possible. Communities will be expected to contribute in cash or in kind and local governments in cash, to demonstrate commitment and to encourage priority-setting.

3. Global objective: (see Annex 1)

The extent of environmental degradation in Niger is massive, and it is improbable that a purely demand-driven project will be able to effectively address this problem, which is at the root of poverty and food insecurity. As the majority of Nigeriens struggle to meet short-term livelihood needs like food and clean water, it is unrealistic to expect that long-term goals of sustainable natural resource management would place high on a list of community priorities, (at least not in the initial stages of their participation in the program). For this reason, and to ensure that the local planning processes and actions undertaken to benefit rural development needs will be informed by consideration of the relevant cross-cutting environmental issues and so be cumulatively translated into global environmental benefits, the CAP's IDA development objective will be supported through financing from the Global Environment Facility (GEF), under the Operational Program Directive #12 (OP12). In this way, the poverty focus of the program will also address Niger's increasingly severe problems of land and water degradation, which is thought to threaten desertification over the sub-region.

In view of the reality that the basis of living for both urban and rural Nigerians (and their poverty level) cannot be separated from the surrounding environment and ecosystem (the linkages between local development and natural resource and ecosystem management are described in Annex 11), the CAP will pro-actively promote a concept known as community-based integrated ecosystem management" (CBIEM). "Integrated Ecosystem Management" is a concept promoted in GEF's OP12 and is defined for this program as harmonized management of the cultivated areas, natural rangelands, and water resources in order to maintain or recover a balance in the multiple functions of these natural resources as seen from local, national and global ecosystem perspectives. Concretely, for this Sahelian country, achieving this balance will involve the maintenance or recovery of the condition of its natural resources, through local and national level initiatives since, in their contribution to the reduction of poverty, such natural resources function as direct providers of cropping areas, water and fodder for communities' livestock and wildlife, household energy, food, medicinal products, veterinary products, construction material, shelter, and as areas of cultural and social value, barriers to land and water degradation and sources of carbon sequestration and biodiversity.

The global environmental objective of this program is therefore **to promote community-based integrated ecosystem management as a means of reducing the region's vulnerability to desertification and poverty, while fostering the multiple global environmental benefits** such as reduction of vulnerability to climate change and conservation of biodiversity and agro-biodiversity.

4. Key performance indicators: (see Annex 1)

The CAP is in the business of institution building, and as such many of the performance indicators are process indicators measuring improved outreach and quality of administrative capacity and social capital. These are to be balanced by outcome and output indicators measuring the results of integrated

development choices and actions taken at the community, *commune* and national level. With respect to community investment in micro-projects, estimated totals of expected outputs will not be possible *a priori*, precisely because the micro-projects are demand-driven through community needs assessments carried out as part of project implementation. However, it is possible to summarize the categories and types of indicators. Performance will be evaluated in project areas in terms of:

- *Local institutional capacity*: Number of communities and *communes* capable of carrying out needs assessments and of formulating feasible and gender-responsive integrated local development/ecosystem plans. Number of communities and *communes* directly executing micro-projects. Assessment of impact of project capacity-building of community-based organizations. Reduced time lags to implementation. Decreased management to investment cost ratios.
- *Central institutional capacity*: Degree to which policy, legal, and financial frameworks for decentralization have been acted on by various sectors of central government in effective support of local development efforts. National cross-sectoral and gender-responsive poverty M&E system established, encompassing both baseline and mainstreaming indicators for an evidence-based monitoring of the condition of the country's natural resources, which includes changes in ecosystem cover and trends in ecosystem management.
- *Investment volume*: Proportion of national resources mobilized by participating rural and urban communities and *communes*; trend in overall investment and distribution; trends in number and types of investments including the range of microprojects involving activities promoting or supporting integrated management of communities' and *commune*'s natural resources.
- *Living conditions*: Improved use of and more equitable access for members of communities to key social and economic services and infrastructure; specific output benefits to households and communities from improved integrated planning and management of natural resources. Outcome of the efforts to contribute to the stabilization of the prevalence of HIV infection.
- *Employment and income generation*: Number of jobs created through micro-projects, with distinction of projects involving activities promoting or supporting employment related to the integrated management of a community's natural resources. Income levels of community members in general and in particular of socially marginalised groups.
- *Natural resource management*: Ecosystem status as measured by trends in the condition of the natural resources such as cropping areas, for water and fodder for sedentary and non-sedentary livestock and local and migratory wildlife, and for household energy, food, medicinal products, construction material, shelter; trends in the removal of barriers to CBIEM such as changes in land cover; trends in the levels of degradation of land and water resources, and of sources of carbon sequestration and biodiversity; trends in the different categories and effectiveness of initiatives to reduce vulnerability to climate change.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1) Document number: 25203-NIR Date of latest CAS discussion: 01/14/2003

The overall goal of Bank assistance to Niger continues to be the reduction of the number of poor people through sustainable and equitable economic growth. While recognizing some progress since the previous CAS, the current document notes that this objective is constrained by a highly degraded natural environment, explosive population growth, extremely low human and institutional capacity, very limited international competitiveness, its location in a potentially volatile sub-regional context, uncertain donor

commitment, and years of poor governance. In this context, the vulnerability of the Nigerien population is the central theme of the recent CAS.

The Bank's new CAS is fully aligned with the Government's Poverty Reduction Strategy Paper (PRSP), which rests upon four pillars: (i) a macroeconomic framework ensuring economic and financial stability while promoting sustainable and robust growth; (ii) development of productive sectors, especially in rural areas, to mitigate vulnerability and stimulate income generation; (iii) improvement in the access of the poor to quality social services, including basic education, primary health care, reproductive health, HIV/AIDS prevention, water and sanitation, and adequate urban habitat; and (iv) strengthening institutional and individual capacity within and outside Government, at the central and local level. In accordance with the IDA 13 guidelines for allocation of grants, Niger has received a significant proportion of future funding in the form of IDA grants. The purposes for which grants are being used in Niger were discussed in the recent CAS.

The Community Action Program will strengthen the latter three pillars. It will encourage and address communities' needs for income-generating activities through provision of local investment funds, while integrating focussed efforts to preserve the natural resource base and ecosystems. To the extent that improved social services are priorities for communities, the CAP will finance schools, health posts, water supply, disease prevention efforts, and other such micro-projects through a demand-driven planning process. Finally, and most importantly, the CAP recognizes that poverty reduction will require a greater role from communities, NGOs, and civil society in the definition, implementation, and execution of local development efforts and will focus on building local capacity to do so.

Seen more broadly, the CAP must be viewed as part of the Bank's corporate recognition that recognizes the need for interventions along multiple axes: (i) macro-economic interventions with the aim of growth, (ii) sector-specific work and policy reforms, and (iii) empowering communities to take control of their own development. For Niger, the CAP constitutes this third leg, and reflects the Africa Region's response to the Bank's corporate priority of community-driven development (CDD). The CDD initiative responds to the OED's observation that community-based projects are more likely to be rated satisfactory than other projects (particularly in Africa).

1a. Global Operational strategy/Program objective addressed by the project:

Co-financing of the CAP from the IDA grant and the GEF grant produces mutual benefits. GEF-supported activities will benefit from the nation-wide and cross-sectoral approach of the project, the decentralized management structures and logistics of the program and the community presence. In addition, the fulfillment of the short-term basic needs of communities will allow them to devote more attention to integrated local development planning for natural resource and ecosystem management issues, which requires a longer-term perspective. Conversely, the IDA-supported activities will benefit from the GEF financing through targeted capacity-building at the local level, and GEF's support for the management of longer-term local, national and global environmental concerns, which address sustainability of the poverty reduction effort. To foster a broader regional impact, the CAP will continue to coordinate closely with the development and implementation of similar CDD projects in Burkina Faso, Guinea, and elsewhere, which also involve an OP12 component. The proposed CAP also complements other GEF initiatives in progress or under preparation in Niger (see Annex 12).

The proposed program is fully consistent with the objectives of GEF's OP12 noted above. By supporting land and water degradation control in West Africa through CBIEM in Niger, the project will lead to at least three of the four type of global environmental benefits distinguished by OP12 through its contribution to the maintenance or recovery of biodiversity, climate change and land degradation. In this

manner, the CAP's GEF grant funds will support Niger in its compliance with its international commitments. Niger ratified the Biodiversity Convention and the UNFCCC in 1995 and the Convention to Combat Desertification the following year. Niger is also signatory to the Convention on Migratory Species, the African/Eurasian Migratory Waterbird Agreement, the Cites Convention, and the Ramsar Convention.

2. Main sector issues and Government strategy:

Key structural and institutional features of the sector

The countries of the Sahel are among the poorest in the world, and by most measures Niger is the poorest of these, with more than two-thirds of the population living in poverty. If trends continue, this proportion and total number will continue to increase -- the current per capita GDP (\$180) is less than half of what it was two decades ago. But poverty is not simply the result of low income levels. It is also caused by widespread lack of access to food, clean water, natural resources, medical care, education, financing, and other economic and social services. This section reviews the multi-sectoral dimensions of poverty in Niger.

Land resources: The CAS recognizes that the biggest obstacle to promoting rural development in Niger is the agro-ecological resource base, which is characterized by fragile and degrading arable land, low rainfall and periodic droughts. A combination of rapid population growth, southward migration due to droughts, and few opportunities for employment outside of agriculture, has put increasing pressure on limited amounts of fertile land, and this land is disappearing fast. In 1965, one quarter of Niger was arable; now only one eighth is arable (during a period when population has almost quadrupled). Eighty-five percent of Niger's population is thus pressed into a corridor north of the Nigerian border about 100 to 150 kilometers wide. With the encroachment of the Sahara and an apparent downward trend in rainfall across the Sahel, there is perhaps no country in the world more at risk from desertification. Within this overall framework of the need to reduce Niger's vulnerability to climate change, any strategy for sustainable development must therefore urgently come to grips with arresting the degradation of -- and promoting the ultimate improvement of -- Niger's land resources.

Water resources: Niger's scarcest resource -- water -- is the primary factor in agricultural productivity and, by extension, household and national incomes. Niger has by far the lowest level of annual internal water resources in the region. Ninety-nine percent of cultivated lands are rainfed, leaving crops and farm incomes vulnerable to erratic rainfall and droughts. Farmers lack the technologies, credit, and organization to access ground and surface water and to successfully share its use. Improved rural infrastructure such as small-scale irrigation schemes, village water catchments, and soil/water management technologies while reducing Niger's vulnerability to climate change related issues, could therefore have major impacts on communities' food security. Such activities, however, must be developed taking into account the multifunctionality of the land and water resources of ecosystems as a whole in the context of development concerns and environmental interests.

Biodiversity: The natural flora and fauna of the Sahel are well adapted to cope with the erratic and harsh climatic conditions, while the agricultural species are much more vulnerable to the climatic forces, with the associated degradation of agro-biodiversity. The increasing pressure on the diminishing natural rangelands and water resources in the south, has not only led to overall decrease in availability and productivity of these natural resources but has also led to loss of biodiversity as a result of overexploitation of natural species used as food, fodder, household energy, medicinal products, veterinary products, and construction material.

Agriculture and food security: The earlier Bank Poverty Assessment for Niger (15344-NIR) and Niger's Poverty Reduction Strategy Paper (PRSP) of 2002 both consider rural development the cornerstone of a poverty reduction strategy in view of the fact that agriculture provides the vast majority of employment, food, and income for Nigeriens. Of the national actively employed population, 84 percent of men and 97 percent of women are involved in growing crops or raising livestock. Despite the large share of public investment financing devoted to rural development (53% over the period 1991-97), agricultural GDP grew at an average annual rate of only 0.9 percent in real terms in the period 1966-96, mainly from increasing the area under cultivation. This has meant an annual decline in per capita agricultural GDP by about two percent, and a widespread increase in the number of food insecure households. One factor is that yields for the staple crops -- millet and sorghum -- are low and declining. Pastoralism is also very important in Niger, but the national herd has suffered tremendously from recurring droughts and the decreased availability, declining condition and reduced accessibility of grazing and water areas during the dry season. A growing source of conflict in the country is the fact that seasonal movements of pastoral peoples and their herds have difficulties passing through the agricultural zone to reach the Nigerian market to the south. Apart from low and variable farm incomes, the combination of low yields, scarce water, declining soil fertility, and inadequate marketing infrastructure are the main reasons for widespread food insecurity. While there is scope for increased exports of certain high value agro-pastoral products, most rural households will continue to depend on subsistence agriculture for the foreseeable future.

Health: Statistics on the health of Nigeriens reveal a dismal situation. One out of four children die before their fifth birthday. Life expectancy is very low (44 years for males). Four out of five births take place outside health facilities, and two thirds of women receive no prenatal care. The maternal mortality rate is the highest in the world. Forty-three percent of children under five suffer from malnutrition. Only 30 percent of Nigeriens live within five kilometers of a health facility. Three-quarters of expenditure and four-fifths of personnel are devoted to urban areas, much of which is associated with hospitals rather than primary care clinics. Rural communities are largely dependent on traditional medical products coming from the declining and degrading natural rangelands. As many medicinal plants are no longer readily accessible in Niger, materials are being imported in increasing quantities from Nigeria. More than 90 percent of all health care in Niger is provided by *traditherapeuts* (herbalists) and *matrons* (traditional birth attendants). There are an estimated 27,000 *traditherapeuts* and only 300 "western" trained doctors resulting in the polarized ratios of traditionally skilled personnel per people at 1:400, and of Western medical skills at 1:35,000, respectively.

HIV/AIDS: The official estimate of the prevalence of HIV infection in Niger is under two percent. While this is low compared to other African countries, it is a situation that could change fast -- since already one in three individuals in certain military and hospital populations, according to recent surveys, carry the disease. Myths about disease transmission prevail, and communities are reluctant to acknowledge the threat and discuss mitigation strategies for reasons of denial and fear. While some prevention programs currently exist, Niger cannot afford a strategy where these gradually expand to national coverage. Inclusion of *traditherapeuts* and *matrons* in activities to prevent spreading of HIV infection needs attention. Several new projects, including the IDA-funded AIDS project, are beginning to address this growing threat.

Education: Niger's primary school enrollment rate is very low, and the literacy rate is the lowest in the world. This problem is particularly acute for girls, among whom less than one fifth attend school. Factors that discourage enrollment are long distances to school, low quality of education, and a low probability of being hired in the modern sector. Being poorly educated, many communities are therefore unable to liaise or negotiate effectively with local administrations, central government, NGOs, and donors. Another

consequence is that farmer organizations, cooperatives, and professional associations tend to be very weak.

Water and sanitation: Household access to clean water is probably the single most important determinant of health in Niger. Only half of Nigeriens have such access. The time devoted by women and girls to gathering water and transporting goods is a major constraint to their participation in other economic activities, as well as in literacy and education programs. Only fifteen percent of communities have access to sanitation.

Transport infrastructure: For those farmers who manage to produce marketable surpluses, access to consumers is difficult. The condition of the main road network is in serious decline. Niger's rural network is poorly developed, with many routes impassable in the rainy season. This has important implications for farmers' timely access to markets, as well as the ability of extension agents and input suppliers to reach clients. When routes are in poor condition, farmers are obliged to rely on non-motorized forms of transport, a duty which often falls upon the shoulders of women and children. To date, a highly centralized Ministry of Equipment has been largely unsuccessful in mobilizing communities to provide maintenance of roads.

Micro-finance: Nigeriens have very limited access to credit. What little financing is available usually comes from projects with donor-specific procedures. Following the collapse of the Rural Development Bank and the *Caisse Nationale d'Epargne*, the formal financial sector is almost completely absent in the rural sector. Banks are generally not interested in accepting the risk, insufficient collateral, and high transaction costs involved with lending to smallholders or community groups. Despite the recent expansion of decentralized financial systems, through non-banking financial institutions, recent statistics estimate that only 3-4 percent of the active population have access to them. A new IFAD project (PDSFR) is expected to give a much needed boost to this sector.

Public sector management: A major obstacle to implementing an effective community development strategy in Niger is the scarcity and management of public resources. There is often little coherence in the design and implementation of projects, and most operations, even in the same subsector, do not coordinate approaches or are prepared and implemented without taking account of any priority public investment program (although with the PRSP this is expected to change). Decision-making powers, staff, and financial resources continue to be concentrated at the center. Even so, incentives for public servants are poor as wages are frequently delayed or skipped entirely. About three quarters of recurrent expenditure in line ministries are devoted to personnel salaries and allowances, with much of the remainder to utility costs, leaving very little for recurrent outlays. Even so incentives for public servants are poor as wages, before the end of 1999, were frequently delayed or skipped entirely. There is limited autonomy of key ministries to decide allocation of funds between different programs and projects given the large and inflexible wage bill, and their limited control over personnel decisions. In addition, a large share of the investment budget finances the recurrent costs of government agencies rather than services for communities. Execution rates for the investment expenditures remain very low (about 50 percent), due to limited institutional capacity, poor utilization of existing manpower resources, and lack of counterpart funds. Disbursement and procurement procedures are cumbersome and poorly managed. The present system for monitoring progress and evaluating impact of programs and projects is insufficient.

Government Strategy

Economic growth and poverty reduction: The *Programme Cadre National de Lutte Contre de la Pauvreté* (PNLCP) was adopted in 1998 at a round table in Geneva to reduce and ultimately eliminate

poverty through investments and policy reform aimed at improving economic conditions and developing social sectors. The PNCLP is based on principles shared by the CAP: (i) participatory approaches to identifying, programming, implementing, and evaluating development interventions; (ii) decentralization and local-level capacity-building; (iii) capitalization of synergies between development partners; (iv) geographically-focussed actions; (v) adoption of labour-intensive techniques; (vi) systematic integration of gender concerns; (vii) addressing environmental concerns in all activities; (viii) transparency of management and a communication strategy; and (ix) the sustainability of actions. Results of the PNCLP thus far have been modest, in part due to the political upheaval in 1999 and consequent exodus of donors. Government readily acknowledges that the program has not successfully grappled with the macro-economic dimension, nor has it produced a system of monitoring and evaluation. However, the program has served to coordinate actions of certain donors, has facilitated the emergence of many community organizations, and has explicitly underscored the government's intention to strengthen civil society and operate in a participatory manner.

Coincident with the establishment of the new government in December 1999, was the Poverty Reduction Strategy Paper (PRSP) exercise, which is a condition of debt relief under the HIPC. Government acknowledges that the PRSP presents a way to take forward the PNCLP from a vision and guiding principles to strategies and actions. The PRSP was completed in January 2002 (Report No. 23483-NIR), and puts health, education, and rural development as the central focus of poverty reduction, the framework of the four pillars mentioned in section B1. The challenge will be to operationalize these efforts, coordinate line ministries, harmonize diverse donor activities, and monitor impact. Improved local governance and decentralization are seen as key elements in the strategy.

Decentralization and community-based development: Since independence, Niger has initiated a variety of policies aimed at development and modernization of local administration and local service provision. Many line ministries have deconcentrated their staff to regions and arrondissements. However, the lack of operational funding has left most of them unable to reach communities.

However, many of the necessary policies are in place. For example, in 1993 Government approved the implementation of a Rural Code, which established rules for the access, use and management of natural resources, including the obligatory requirement that consultation with communities whenever public actions are taken for collective investments. While management and use of natural resources in Niger has always been collective, local communities have lacked the legal right to do so. To address this issue, a decentralization law was adopted by the national assembly in 1993 and declared effective the following year. Under this law, districts and municipalities would become legal entities, bearing responsibility over local finances, management of local public services and community assets, with representation by electoral bodies, district and municipal councils (previous laws did not consider autonomy at village or *terroirs* levels). During the period 1996-98, Parliament adopted a series of laws establishing new administrative divisions of the country and providing for the creation of local governments at the region, department, *arrondissement*, and *commune* levels. These have been respecified in recent Acts and the most recent legislation provides for a total of 265 *communes* (52 urban and 213 rural).

There has been a parallel process of restructuring various administrative arms of government. The *Haut Commissariat à la Réforme Administrative et à la Décentralisation* (HCRAD) was established by Presidential Decree on August 15th 1995 as a non-permanent agency of government, with the specific mandate to define the necessary administrative reforms, the principles and procedures for decentralisation, and the human resources needs. Following the Presidential decree of November 26th 2001, the newly named Ministry of the Interior and Decentralisation is now in the process of establishing an entirely new Department of the same name, with four Directorates responsible for different

dimensions of the decentralisation process. Even more recently, a coordinating Consultative Committee on Decentralisation (CCD) was established by *arrêté* on January 2nd 2002, bringing together these two government agencies and all interested development partners, with a view to consolidating the available financial human and technical resources for the implementation of the process.

It is recognised that in addition to the need for an iterative national communication program and for renewed efforts to restructure national sectoral ministries and to deconcentrate their respective personnel, the principle challenge will be the setting in place of a coherent framework for financing the different levels of local government and the reinforcement of capacity at all levels.

Despite these advances in the policy framework, however, real advances in decentralization have yet to be felt at the community level. Public resources remain centralized, and local authorities have failed to secure the active participation of local communities to articulate demand and manage their own development. Local elections have not taken place, but are foreseen in the near future, likely early in the first phase of the CAP. Also, substantial work is required on fiscal and administrative arrangements to ensure that local governments (a) have the flexibility and mandate to respond to the needs of their constituents; (b) has the financial and human resource capacity to respond effectively; (c) are accountable to the local populations as well as to the central government (for those services delegated to local governments); and (d) can obtain information and monitor services for which they are ultimately responsible.

Natural resource management policy: In April 1998, the National Environment Council for Sustainable Development (CNEDD) adopted the National Environmental Plan for Sustainable Development (PNEDD) representing the objectives, policies, strategies and priority programs for environmentally sustainable development. The document reflects a consensus between representatives of the Government, the private sector and the civil society and lists the following six priority programs: (i) National Action Plan of Desertification Control and Natural Resources Management (PAN/LCD-GRN); (ii) Sustainable Water Development Program; (iii) Sustainable Energy Development Program; (iv) Urban Environment Development Program; (v) Biodiversity Management Program; and (vi) Variability and Change of Climate Program. Within the Ministry of Agricultural Development, the Natural Resources Management Unit (*Cellule de Gestion des Ressources Naturelles, C/GRN*) is responsible for the development of policies and strategies relating to natural resource management. The C/GRN, in collaboration with other Ministries, has developed the PAN/LCD-GRN, which supports community-based natural resource management and managed the IDA-funded Natural Resources Management Project (PGRN). The PGRN closed in September 2002, and a specific undertaking to transfer much of its experience and capacity to the CAP was made by the Ministry of Agricultural Development and the Ministry of Finance since the CAP is expected to build on the substantial experience and capacity created under the PGRN. Presently, a National Soil Fertility Action Plan is being developed which would be implemented under the PAN/LCD-GRN. Under the guidance of the CNEDD, the Ministry of Agricultural Development and the Ministry of Environment are currently developing a long term socio-economic and natural resources monitoring and evaluation system to evaluate the impact of PAN/LCD-GRN supported activities.

In this context, the human capacity, knowledge and experience regarding community-based natural resource management (CBNRM) is fairly well developed in Niger and is being implemented through several projects. However, the main remaining constraints to a sustainable management of the natural resources are the lack of a holistic approach towards the management of ecosystems, the lack of appropriate land and water tenure policies, and a lack of financial mechanisms and resources to allow communities to take charge of the responsible management their own environmental needs. In its Letter

of Development Policy the Government of Niger has committed itself to proactively supporting integrated local development as its main approach to the reduction of poverty in Niger; both the Letter, and this associated Community Action Program take as a point of departure and guiding framework the execution of participatory community-based and integrated local development/ecosystem planning, as an effective means of building greater capacity to address the multisectoral causal connections and complex interfaces of the determinants of poverty.

3. Sector issues to be addressed by the project and strategic choices:

(a) Community-driven development

Strategic choices for effective projects in Niger are suggested in the conclusions of the poverty assessment field work carried out in Tillaberi in 1998, which lend strong support to the proposed CDD approach. The mission identified projects which were unanimously recognized by local administration, traditional authorities, and communities as having the most positive impact on people's living conditions. In summary, these projects had the following characteristics:

- They are long term (about 10-15 years) in order to build capacity, yet they give priority to income-generating and food security interventions that meet the short-term basic needs of the poor.
- They are integrated and multi-sectoral rather than narrowly sector-specific, to reflect a diversity of needs and address constraints to productivity that lie outside of agriculture.
- They stress software -- sensitization, community organization, participation, and capacity-building -- over public works and technical assistance.
- They are decentralized (both in terms of resources and processes) and demand-driven (guided and managed by local communities), as opposed to depending on decisions and resources from Niamey.
- They encourage communication and horizontal circulation of information while recognizing and supporting the potential of women and young people.

The CAP will incorporate all these design principles in the following ways. First, it is being prepared as an Adaptable Program Loan (APL), in recognition of the importance of capacity-building and the consequent need for a **longer time horizon**. Second, because it is **demand-driven**, the CAP will directly address the priorities of communities. Project financing will cover a **multi-sectoral** range of micro-projects that will include *inter alia* water supply, schools, clinics, soil and water conservation measures, road repair, HIV/AIDS prevention, tree nurseries, cereal banks, etc within the framework of integrated local development/ecosystem plans. Third, the project will develop concrete options for supporting Niger's process of **decentralization**, by working with and **building capacity** in local governments as they emerge. Fourth, the project will devote a substantial portion of the project budget to **communication** efforts. A public awareness campaign will be key to successfully informing the public of the potential for and expectations of decentralization in general and the project in particular, and will help circulate information on successful cases among communities. Finally, the project will inclusively work with take **vulnerable and marginalised population groups**; strict rules for community participation will help ensure that women, young people and pastoralists are involved in decision-making.

(b) Community-based integrated ecosystem management

The integrating of GEF global objectives within a CDD framework presents several challenges. One is to ensure that the CBIEM approach is promoted at the grass-roots level without compromising the demand-driven principle which respects communities' priorities. In addition, the CAP must also devise ways to ensure that regional benefits are realized through local actions. To meet these challenges, the

following strategic choices were made to pro-actively promote and support CBIEM:

- *The program will actively assist communities in analyzing and operationalizing the linkages between poverty reduction and the benefits of CBIEM.* Pilot activities in preparation for the program indicated that the participatory diagnostic methodologies used by facilitators in development of action plans in six pilot sites did not sufficiently articulate explicit linkages between poverty and the condition of the natural resources. This suggests that a targeted effort must be made to ensure that analysis of the local natural resource issues, the poverty-related problems and the solutions to the management of these issues and the reduction of the poverty problems must be highlighted early in the participatory appraisal process. It is required therefore that the facilitators or local development agents of the CAP must be adequately trained to manage targeted assistance to communities on CBIEM, using earmarked GEF funds under the capacity-building component.
- *The program will emphasize support to the national decentralization process to create an enabling institutional and legislative environment conducive to CBIEM.* As part of the preparation activities, the GEF financed a study analyzing the existing institutional and legislative framework guiding natural resources management and providing information on what will be needed to remove barriers and create incentives to guide deconcentrated public services in the promotion of CBIEM. An issue of particular interest is the inclusion of rights and interests of non-sedentary livestock holders in natural resources tenure policies and the discouragement of cultivation of marginal lands. GEF funds will be used to support the component on support to decentralization with respect to natural resource management and the implementation of the Rural Code.
- *The program will favour interventions in areas of environmental vulnerability and measure project impact in these areas:* The geographical coverage of the first phase of the CAP will select 15 – 20 percent of the population of Niger, based on administratively defined areas (*communes*) and socially defined areas (communities), which do not necessarily correspond to local ecosystems. However, preparation work financed under the GEF initiative has already identified 23 areas characterized by complex agro-ecological production systems comprising sedentary and non-sedentary livestock systems, cropping systems, and shared surface waters. These stand to benefit substantially from CBIEM, and the CAP will target approximately half of the 23 currently identified areas in the first phase. As such, while the coverage of the CAP is expected to eventually be national, initial preference will be given to communes that include or border these ecosystem zones.
- *Communities and the eligible pilot local authorities will have access to a single Local Investment Fund, which represents blended IDA/GEF financing.* Approximately half of the available GEF funds will be fully blended with the IDA funds, representing about eight percent of the total amount available for the matching grants. To encourage priority-setting and to simplify micro-project financial management, communities and local authorities will not be exposed to separate IDA and GEF windows. Instead, a single blended fund will be available to address CBIEM or non-CBIEM community demands. However, GEF funds devoted to CBIEM micro-investments will be tracked for accounting purposes.
- *The program will demand significantly lower community contributions for micro-projects promoting CBIEM.* Reduced contributions will be demanded if micro-projects contribute directly to the maintenance or improvement of the condition of the ecosystem of the community territory, and if this is convincingly supported by a written statement of the need for the activity in the context of poverty reduction and the current condition of the natural resources. A preliminary listing of the type of activities considered CBIEM-related is given in Annex 11. However, this listing is not exhaustive and will be expanded in the Project Implementation Manual and its later revisions.

4. Program description and performance triggers for subsequent loans:

Under the Niger CAP, communities will have access to a matching grant facility (the Local Investment Fund, LIF), with which they can undertake investments in micro-projects of their choice. Each round of LIF financing will be small, in most cases no greater than \$25,000. To be eligible for LIF financing, communities must proceed through the "micro-project cycle" and thereby satisfy the regional program coordination teams that the decisions taken included (i) broad representation from the community, (ii) that communities possess a modest and feasible local development plan, and (iii) that they are willing and able to contribute a portion of the cost in cash, and/or in kind. Communities will receive assistance in participatory appraisal and community-based contracting techniques primarily through contracted service providers (such as NGOs), but communities themselves will manage the LIF. Local governments will receive capacity-building assistance as part of the CAP, with the ultimate aim of transferring program execution to them. In this way, the CAP will "prime the pump" of fiscal decentralization with the long-term goal of establishing local capacity to manage development and a system of inter-governmental fiscal transfers.

Four four-year phases are foreseen for the CAP. In accordance with the APL's flexible approach, the "horizontal" form is chosen, i.e. each new phase will comprise a set of new *communes* every three years or so, while maintaining the previous communities' access to the LIF. As such, multiple phases may run concurrently. If performance triggers are not met, subsequent phases may not take place.

Phase 0: Piloting

The CAP's preparation phase included an 18-month period in which community-based development approaches were piloted in all eight regions of Niger (see section D.3 for more details). The purpose of this pilot phase was to improve project design through building on and learning from the lessons of experience in Niger, to provide an initial forum for sharing and harmonizing experiences, and to forge preliminary institutional linkages with other institutions (NGOs and donors) who are also promoting a CDD approach. The piloting phase provided an extremely important basis for the anticipated expansion in phase 1 of implementation and the lessons of this experience are contained in this PAD.

Phase 1: Introduction

The first phase (i.e. the subject of this PAD) will target 15 to 20 percent of Nigerien *communes*. The approach will emphasize community empowerment, while piloting models for improving local governance. Service providers, who are contracted to provide capacity-building and local facilitation, will start with a base set of communities in selected *communes*, and expand to cover the whole *commune*. The matching grant will form the basis of the Local Investment Fund. A subset of the local authorities of these *communes* will be selected to receive capacity-building in participatory methods, fiscal, and administrative management. Studies and technical assistance on decentralization will be carried out during the first phase to support and accelerate this process. During this time, the project will coordinate with interested NGOs and donors, thus expanding the network of community operators established during the pilot phase. This network will meet on a regular basis in a national CDD forum to compare methods and experience and to encourage harmonization of approaches. Also during phase 1, a poverty monitoring system will be constructed to monitor and evaluate the CAP and also to inform the PRSP. The participatory M&E system, based on community input, will also be consolidated.

Moving from phase 1 to phase 2 will depend on satisfying certain performance triggers related to the satisfactory implementation of the first phase of the CAP's activities and the readiness of the project and

national capacity to expand geographically.

- Beneficiary assessments indicate that eighty percent of communities and local stakeholders are satisfied with the CAP and wish it to continue.
- At least two-thirds of communities targeted in the first phase have received capacity-building support and have drafted local development plans;
- One half of the *communes* selected for local governance capacity-building are considered ready to assume key project management roles, in particular fiscal management, during the second phase of the program.
- Government, through its continued implementation of reforms, such as the holding of local elections, and to the provision of financial support to phase 1 of the CAP, has demonstrated strong support for decentralization and community-based development.

Phase 2 - 3: Expansion

Phase 2 and phase 3 will expand the CAP to approximately 40 percent and 65 percent of Nigerien communities, respectively, by annexing new *communes*. This may be done directly through CAP financing, or by collaborating with other donors who use the same approach. *Communes* involved in phase 1 will continue to be supported by the project in phase 2, and thus communities in phase 1 who have satisfactory performance will continue to have the Local Investment Fund at their disposal, although it will require an increasingly larger contribution to be accessible. Increasingly, the matching grant for income-generating activities will be replaced by savings-based credit and village banking services, based on the ability of the emerging rural financial sector to support this. The network of CAP partners in the national CDD forum will be expanded. Successful models of local governance support, developed and tested in the first phase, will be expanded to new and phase 1 *communes*. Those local governments who, in phase 1, demonstrated sufficient aptitude, would become the conduits through which the Local Investment Fund would flow. In addition, they would play a leading role in initiating and overseeing the process of local development, including the contracting of service providers for facilitation and approval of local development plans. During these phases, an additional window for larger, inter-community investments could conceivably be created to address demand for roads, water supply, and social infrastructure.

Triggers from phase 2 to 3, and from phase 3 to 4 would be similar to those presented above.

Phase 4: Consolidation

The final phase would complete geographic expansion to 100 percent of Niger's population, and would aim at ensuring that the institutional framework and capacity is in place to ensure sustainability of program impact. At this point, most communities would no longer require the capacity-building services provided initially. They would also be strongly linked to support agencies and service providers in the public, private, and NGO sector. Similarly, many *communes* would have the necessary capacity to facilitate local development.

C. Program and Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

The proposed project will have five components, consisting of (a) community support, (b) local governance support (c) a Local Investment Fund, (d) poverty and environmental monitoring, and (e) program management.

A. The **Community Support** component is aimed at introducing decentralized and participatory planning procedures by building capacity of community-based organizations (CBOs), and maximising the capacity of existing local indigenous institutions to design, implement, and manage micro-projects. This component will be implemented in a selected sample of *communes* in all eight regions (about 15-20 percent of the total population), and will cover all villages or village groupings within these *communes*.

The hallmark of this component is the systematic use of participatory appraisal techniques to establish the problems that poor communities face, to discuss solutions, and to plan the way ahead. Under this component, NGOs or other facilitators will assist communities to (i) conduct needs assessments, (ii) draft local development plans (LDPs), and (iii) facilitate implementation of micro-projects. The needs assessments and LDPs will be submitted for approval and assessed using transparent criteria known in advance to all stakeholders. The development plans will be implemented by the communities themselves, under the leadership of committees created for this purpose. Communities will be able to exercise choice over source of technical assistance, technology type, and investment design. Local government, NGOs, and sector specialists may give input, guidance, and training, but may not interfere in implementation. This is essential to empower communities, ensure correspondence of investment to needs, and ensure accountability to the community.

The GEF resources will support CBOs in understanding the linkages between poverty reduction and integrated management of the natural resources. They will also be used in the identification and inclusion of primary stakeholders within communities having interest in the maintenance of the various type of production functions of ecosystems (such as sedentary and non-sedentary livestock holders; croppers; collectors of household products such as food, water and energy; fishermen; hunters and traditional healers and nature conservationists). GEF funds will also support communities to design and implement relevant micro-projects related to CBIEM.

B. The **Local Governance Support** component is aimed at strengthening administrative and fiscal dimensions of integrated local development. Given that decentralization in Niger is still in its infancy, this effort will be modest and experimental in the first phase, but will be scaled up in subsequent phases based on successful models developed in the first phase. This will involve local and central levels within two sub-components:

- *Local governance*: First, the CAP will work actively with a select set of local governments within each of the eight regions, to build their capacity in participatory preparation of integrated local development and ecosystem plans, and in the administrative, fiscal and technical management required to support the effective execution of these plans, by ensuring that they work effectively with their constituents and local indigenous institutions. This set of new governments will be selected from the *communes* involved in the first phase of the CAP. The goal of this component is to increase capacity such that these governments "graduate" and are able to assume the fiscal and administrative responsibilities performed by the project.
- *Policy and institutional reforms*: Second, the CAP will assist the central government, notably the High Commission for Administrative Reform and Decentralization (HCRAD), to accelerate the process of decentralization. This component can provide studies and support a communication program that helps enforce and publicize the legal and regulatory framework for decentralization, while strengthening the capacity of central Ministries responsible for decentralization. Working with

line ministries, the project will assist in planning for deconcentrating staff and resources to the lowest possible level of local government.

Since use and tenure rights over natural resources remain particularly important in the context of decentralization, the GEF funds will be earmarked to support the Secretariat of the Rural Code in the development of national and local environmental governance policies and frameworks for promoting CBIEM by discouraging cultivation of marginal lands and banks of surface waters, and by resolving conflicting interests and use of surface waters.

This component will be technically supported through the United Nations Capital Development Fund (UNCDF). The UNCDF has been successfully piloting local governance approaches with two projects in Mayahi and N'guigmi (the latter of which constituted one of the CAP pilots in the preparation phase), and their experience will be replicated in other communes through this component.

C. The **Local Investment Fund (LIF)** is the financial facility that will channel small fungible capital grants to communities and local government for the financing of micro-projects. Initially, most of the LIF will flow from regional program coordination units (CCRs) to communities (i.e. through the first component). Eventually, the goal is to have the LIF flow through local governments to support fiscal decentralization, once accountable local governments established according to the laws of the Borrower are in place and have reached a level of capacity to serve their communities in this way (i.e. through the second component).

A central principle of the CAP is that communities may decide to use the LIF for any micro-project they deem important, as long as it alligns with the local integrated development plan . These may include, but are not limited to, natural resource management activities (soil fertility control, erosion control, tree plantings and nurseries, fuelwood); and integrated micro-projects such as: production of crops, fish, and livestock (irrigation, gardening, seedling production, livestock fattening, cereal banks, fish farming, food processing, stockraising, beekeeping), water and sanitation (wells, boreholes); education (village schools, literacy programs); health (clinics, health posts, HIV/AIDS and other specific disease prevention); rural transport (rehabilitating local roads, small works); etc.

The LIF is a matching grant. As such, communities and eligible local authorities are expected to contribute a certain percentage of the value of the investment, either in cash, or more likely in the form of labour or materials. The amount of the initial grant would be small, in the majority of cases from \$2.0 - \$2.8 per inhabitant. As a limited fund, the LIF would encourage priority-setting and avoid creation of "wish lists". Communities and eligible local authorities that effectively access and execute the LIF would be eligible in subsequent financing rounds for additional funding. In contrast, those who fail to respect the terms of the grant would be excluded for a certain period.

Half of the available GEF funds will be blended with the IDA funds in this component. To promote and support in particular the global environmental interests of CBIEM related activities, the proportional community contribution required will be significantly lower for CBIEM related activities pertaining to *inter alia* (i) community awareness raising activities relating to the interest in integrated ecosystem management; (ii) the maintenance of the productivity, biodiversity and soil cover of the natural rangelands, including the preservation and/or recovery of marginal lands and banks of surface waters, (iii) the introduction of valuable native species of the natural rangelands within the cropping systems; and (iv) allocation of cultivated areas to fodder production by native fodder species.

D. The **Poverty and Environmental Monitoring** component is the CAP's M&E system. It will serve three purposes: (i) to measure, in the context of the PRSP, national levels and trends of poverty; to establish baselines and to monitor national trends in the quality of status of Niger's ecosystems and its

management of natural resources, and to monitor trends in community access to social and economic services; (ii) to monitor the CAP in order to provide timely feedback to both communities and program management in terms of relevance, efficiency, effectiveness and impact of program interventions, in order that rapid corrective action can be taken if necessary; and (iii) to strengthen local communities' capacity to analyze and manage their own integrated local development/ecosystem planning process. The poverty monitoring component will have two related sub-components:

- *National poverty monitoring system:* The CAP, as an instrument of the PRSP, will attempt to focus investments to achieve sustainable poverty reduction from the poorest upwards. As such, the national poverty monitoring system will seek to harmonize the access to , and the use and maintenance of several of Niger's socio-economic and natural resources data sets. Rather than generating new data, the CAP will integrate several disparate data sets on socio-economic and environmental issues into a spatial geographic information system (GIS). Because the data sets are currently sector-specific and unconnected, they fail to provide a multidimensional view of poverty. In support of GEF objectives, this monitoring system will include data relating to the use and condition of Niger's natural resources by incorporation and extension of the monitoring and evaluation system currently under development within the context of the National Action Plan of Desertification Control and Natural Resources Management (PAN/LCD-GRN). GEF funds will ensure that this monitoring system will also explicitly incorporate socio-economic and natural resources data relating to the use and condition of the existing ecosystems in their multiple function seen from a local, national and regional/global perspective. Particular monitoring efforts with respect to CBIEM will focus on the sites identified during preparation as especially important to GEF (see Annex 12). A series of *poverty maps* from the data available have been generated as part of project preparation, creating a baseline assessment of the Nigerien population's vulnerability down to the village level. This baseline provides a way both to plan for and to measure future progress, under either the CAP or other poverty reduction and NRM efforts. The coordinators of the data system would have two initial objectives : (i) to work with Niger's research institutes, government statistical bodies and NGOs to create the initial nationwide integrated spatial assessment and decentralised mapping of poverty and the condition of the natural resources, and (ii) to develop a strategy for sharing, using and maintaining data within Niger, making data spatial and congruent with harmonized data sets as necessary. The sub-component would finance a small team (two or three people), some hardware and software, training, and consultants.
- *Community-based M&E:* The CAP will develop and implement a system for facilitating community-wide reflection on their development and the evolution of that development over time. With support from a community development agent, a community-chosen Monitoring and Evaluation Committee will define the indicators that will be used to: (i) monitor CAP micro-projects; (ii) evaluate the effect of the CAP and, potentially, of other local service providers on the community, from a locally elaborated baseline; and (iii) systematically feed these observations into regular re-adjustments of the local development plan. The Monitoring and Evaluation Committee will be responsible for data collection and for the primary data analysis. Community development agents will transmit a subset of these data to the decentralized project implementation units. This system may also develop a mechanism for exchanging information on and from the poor between the CAP and, locally, decentralized government agencies or, nationally, to the PRSP. The sub-component will finance data collection, analysis, training, workshops and dissemination of results.

E. **The Support to Project Management** component will cover project coordination, field services including technical support for the other four program components, financial management, and

establishment of an communication program on integrated local development. Project coordination will include support for coordination meetings, liaison with the World Bank and other donors, and exchange of experience at national fora. Field services include the training, personnel, equipment, and operating costs associated with the program implementation in the eight regions. Financial management includes operational planning and monitoring of the physical and financial execution of the CAP, procurement, accounting, internal audit, and personnel management. The communication program includes development and dissemination of information concerning program activities, approaches, results, and possibly education in schools, on radio, and on television. The national program management unit and the national program steering committee (see Section C4) will provide technical support and advisory oversight to most of the activities of this component. GEF funds will cover the various aspects of program management which coordinate cross-cutting CBIEM-related activities, including communication initiatives to reach out to other relevant national, regional, and global environmental programs engaged in a similar approach.

| Component | Indicative Costs (US\$M) | % of Total | Bank financing (US\$M) | % of Bank financing | GEF financing (US\$M) | % of GEF financing |
|---|--------------------------|------------|------------------------|---------------------|-----------------------|--------------------|
| A. Community Support | 3.50 | 8.0 | 2.60 | 7.4 | 0.50 | 12.5 |
| B. Local Governance Support | 3.75 | 8.6 | 2.75 | 7.9 | 0.40 | 10.0 |
| C. Local Investment Fund | 26.60 | 60.7 | 22.50 | 64.3 | 2.10 | 52.5 |
| D. Poverty and Environmental Monitoring | 4.99 | 11.4 | 3.44 | 9.8 | 0.50 | 12.5 |
| E. Support to Project Management | 4.99 | 11.4 | 3.71 | 10.6 | 0.50 | 12.5 |
| Total Project Costs | 43.83 | 100.0 | 35.00 | 100.0 | 4.00 | 100.0 |
| Total Financing Required | 43.83 | 100.0 | 35.00 | 100.0 | 4.00 | 100.0 |

2. Key policy and institutional reforms supported by the project:

The proposed program explicitly supports and is firmly rooted in the Government's efforts at decentralization. The following recommendations, as derived from the 2000 Bank-financed public expenditure review of the implications of decentralization, are provisional in that these and related issues are currently being addressed by the various implicated Ministries and the CCD. However, through the second component of the CAP, assistance will be provided to HCRAD, to the Ministry of the Interior and of Decentralization and to the key cross-sectoral and sectoral Ministries (such as: the Ministry of Environment and Desertification; the Ministry of Animal Resources, the Ministry of Agricultural Development, the Ministry of Social Development, the Ministry of Health, the Ministry of Education) in the following categories of activities:

- Detail the responsibilities devolved to the new *collectivités territoriales* (CT), including those relating to decentralized environmental governance
- Repartition national personnel and other resources progressively, in a manner consistent with the goals of decentralization
- Rework the budget nomenclature taking into account the norms of UEMOA and also the needs and limited technical abilities of the CT;
- Detail the financial base of intergovernmental transfers in terms of taxes and subsidies;
- Put in place a financing mechanism for CT independent of the Treasury;

Other reforms and policy changes will likely be articulated and supported in the process of implementing Component 2.

3. Benefits and target population:

The **benefits** are expected to be as follows (as suggested by the performance indicators listed in A.4):

- *Local institutional capacity:* Sufficient capacity to be built at the local level to enable communities and local government authorities to design, execute and evaluate integrated local development/ ecosystem plans, to improve their management capabilities, and engage in securing, planning and managing financial resources. While this capacity is a means to achieve multiple and integrated benefits in sustainable social, economic and ecosystem development, the explicitly intended empowerment of communities in the process may be seen as a benefit in itself, and constitutes a prerequisite for sustainability. Capacity will also be built in local governments for institutional sustainability of local development.
- *Central institutional capacity:* In support of the PRSP, the program aims to improve governance by central ministries by supporting (a) the integration and implementation of the existing cross-sectoral, institutional and legislative frameworks and (b) the monitoring and evaluation system. Through its decentralized development strategy, the CAP provides a vehicle for central government to disengage from direct community level activities. In this way, the state will be better able to conserve and focus scarce resources on supplying national public goods and services.
- *Improved living conditions:* Increased and more equitable access to social and economic services, and infrastructure, integrated with the sustainable use of natural resources, will improve health and education levels and enhance food security; this will in turn raise the productivity of the community members and their human and financial capacity to continue to invest locally.
Improved living conditions: Increased and more equitable access to social and economic services, infrastructure, and natural resources will improve health and education levels and enhance food security, which will in turn raise the productivity of the community members and their human and financial capacity to continue to invest locally.
- *Employment and income generation:* Increased income is expected from many categories of productive micro-projects, either directly (as in the case of a sheep fattening facility), or indirectly (as in the case of soil conserved to provide for sustainable crop production). Increased involvement of the private sector in local development initiatives, such as when communities contract local artisans and small-scale entrepreneurs for village infrastructure construction and rehabilitation, will in turn increase local employment.
- *Natural resource management and global environmental benefits:* A major focus of the CAP is reduced degradation and recovery of the condition of arid and semi-arid ecosystems, which bear upon quantity and quality of soil, water, and biodiversity. Over the CAP's lifetime, CBIEM is expected to significantly enhance the carbon storage capacity of the soils and vegetation, as a result of increased biomass on cropping and rangelands. In addition, conservation and maintenance of biodiversity will be achieved through holistic management of land and water resources. As such, the program will generate directly local, national and global environmental benefits within the country while protecting the environmental assets of countries to the south.

The **primary target group** for the CAP are poor communities. In the first phase, the project is expected to have a positive impact on the income and well-being of 1.5 million people (approximately fifteen percent of the national population). Subsequent phases will remain working with this initial group, but expand to take on new geographic areas. In addition, **secondary target groups** will include CBOs, local indigenous institutions local governments, key central government agencies, and national and regional programs working on global environmental objectives.

The CAP is a poverty targetted intervention. As such, it will give priority to populations which are particularly poor or vulnerable. The definition of poverty/vulnerability is a composite of several indicators and is the subject of the geographic "poverty mapping" exercise described in the poverty monitoring component above. The CAP is also an "environmentally targetted intervention" and as such will use a mapping exercise to identify those zones of relative high interest for achieving global environmental benefits through CBIEM. Poor communities in and/or near such zones will receive particular attention.

4. Institutional and implementation arrangements:

The first phase of the CAP will be carried out over four years. Procurement, disbursement, and decentralized financial management practices will benefit from a wealth of new and simplified methods developed and standardized recently in the Bank. These are described in *Guidelines for Simplified Procurement and Disbursement for Community-based Investments*, February 1998; *Guidelines for Africa Region on Financial Management for Community Action Programs*, October 2000; and *Guidelines for Task Teams on Procurement Procedures Used in Social Funds*, February 2001, and *Fiduciary management for Community-driven Development projects*, March 2002 (draft).

4.1 Capacity Assessment of Central Project Coordination Unit and Financial Monitoring Reports

A central Project Coordination Unit (*Cellule de Coordination Nationale, CCN*) staffed with competent and experienced staff, including a coordinator and an administrative and financial management specialist, will be recruited through a competitive and transparent process in accordance with terms of reference acceptable to IDA. Adequate provision will be made to train the accounting and financial staff. In addition, the CCN will recruit a procurement specialist, an internal auditor financial controller, and an experienced accountant.

The project will establish a financial management system, acceptable to IDA, which will provide the borrower and IDA with accurate and timely information regarding resources and expenditures. The financial management systems will include budgetary accounting and financial reporting for internal control device and auditing elements. A financial management consultant or firm would be selected to assist in the design and establishment of the computerized financial management systems of the CCN. The CCN will be responsible for project administrative and technical coordination as well as financial management. The configuration of the CCN, the profile of the staff, and their job descriptions are described in the Project Implementation Manual (PIM).

4.2 Financial Management Arrangements

Accounting and Financial Reporting. The CCN and CCRs will maintain the books and accounts of the project activities and will ensure that the production of the annual financial statements are done in a timely manner. A financial management consultant or firm will be selected to design a computerized accounting and financial management system, based on internationally generally acceptable accounting principles agreed with the Bank. The consultant will also prepare the accompanying guidelines for the software operations and will check whether computerized guidelines match with the manual of budgetary financial and accounting procedures. The manual will be agreed to by IDA. The consultant will be responsible for the initial training of the accounting and financial management staff on the efficient operation of the computerized accounting system. They will also be responsible for the preparation of a training program in financial management with an implementation timetable and will provide the project with assistance. The selection of the accounting software will ensure that the system is supported by a reliable organization.

The CCN and CCR will maintain their accounts in accordance with International Accounting Standards, and the quality of financial management has been verified by auditors during the first phase of the project. CCN and the Ministry of Finance and Economy will keep all documentation related to project expenditures, and will all at times keep financial records in accordance with sound accounting practices to reflect its operations and financial position. These records would be made available to Bank missions and independent auditors. The accounts of the CCN and CCRs would be audited on an annual basis.

Financial Monitoring Reports. The CCN's responsibilities for preparation of Financial Monitoring Reports (FMRs) are explained in the PIM. The administrative and financial management specialist will be responsible for preparing the FMRs, while the Coordinator of the CCN will be responsible for ensuring that they are provided to stakeholders and IDA on a quarterly timely basis. FMRs will provide information that establish (i) whether funds disbursed to projects are being used for the purpose intended; (ii) whether project implementation is on track; and (iii) that budgeted costs will not be exceeded. Financial information will be linked explicitly with the physical progress and procurement of the project. The annual financial statements of the project will be prepared in accordance with generally accepted accounting principles and will include (i) discussion of project progress, (ii) sources and uses of funds statement, (iii) uses of funds by expenditure type (iv) the output monitoring report, and (v) the procurement report. The audited financial statements will be submitted to IDA no later than six months after the end of the fiscal year. The computerized accounting system will be customized to generate the FMRs required in the forms as indicated in "*Financial Monitoring Reports for World Bank-Financed Projects: Guidelines for Borrowers*". A statement showing cash receipts by sources and expenditures by main classification, beginning and ending cash balances of the project, and supporting schedules comparing actual and planned expenditures. Adequate financial management arrangements, including the ability to produce a timely FMR, will be in place by credit effectiveness.

Auditing. Project records and accounts will be audited in accordance with international audit standards by an experienced and internationally recognized audit firm acceptable to IDA. The audit reports will be submitted to IDA within six months after the end of Government fiscal year. In addition to their standard short-form report with opinion on the annual financial statements, the auditors will be required to: (i) carry out a comprehensive review of all the SOEs as well as the internal control procedures governing their preparation for the relevant period under audit, and express a separate opinion thereon; and (ii) review the management and utilization of the special account and the project account and express a separate opinion thereon on each of them as well; (iii) the auditor will complete their in-depth review, started at interim, of the internal control system of the project with a view to identify the major weaknesses and shortcomings and proposing practical recommendations for improvement. Regarding the matching grants (LIF), the audit firm will review the performance of random beneficiaries, and provide a specific opinion on the effectiveness and efficiency of the lending and distribution procedures. The results of this review would be documented in a Management Letter to be submitted along with the audit report.

The auditors will review and audit the use of the PPF and PHRD and GEF PDF B Grant funds covering the period prior to effectiveness. They will also perform interim audits (9 months into the fiscal year) to review the internal control system including management performance, and issue reports to that effect within one month from the end of their work. The findings and recommendations of the interim reports will be addressed by management without delay before the final audit (mostly 6 months after closing of the fiscal year). The contracting of auditors on a renewable multi-year contract, acceptable to IDA, and certification by the financial auditors that the project accounting system is operational, is a condition of credit effectiveness.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

PPODR II: Government originally made a formal request to the World Bank for a second phase of the Small Rural Operations Project (PPODR), which had closed in December 1998. This proposal was not accepted by the Bank. While PPODR has a reputation (in OED documentation and in Niger) for positive impacts on the ground (i.e. building capacity, decentralizing financial operations, and promoting new technologies), it was highly expensive in terms of administrative costs and insufficiently multi-sectoral. In addition, it mainly dealt with individuals rather than communities, and as such was not explicitly supportive of decentralization or community priorities. Nevertheless, there are several lessons that arise from the experience of PPODR, on which the design of the CAP is based (see section D.3).

PGRN II: IDA also financed the very successful Natural Resources Management project (PGRN), which closed in September 2002. The design of the CAP is based on much of the experience of PGRN and other community-based NRM projects in the region in their reliance on CBOs to appraise and implement micro-projects. PGRN has a solid record of success in Niger in this respect by demonstrating that communities have substantial capacity for local development. The basic differences between PGRN and the CAP are three-fold. First, the CAP is explicitly multi-sectoral (although PGRN's activities had evolved outside of NRM to include literacy classes and cereal banks). Second, the CAP proposes support to local governance. Third, the CAP aims at national coverage over a longer time horizon. In an attempt to make the transition from PGRN to the CAP as operationally seamless as possible, the latter will work with most PGRN communities and build on the capacity built during PGRN implementation.

Sub-sector national projects: Micro-projects could be accomplished within the context of sectoral programs which might achieve implementation efficiency in terms of economies of scale. However, such

approaches are often supply-driven and do not foster ownership locally, since communities' priorities are ignored if they lie outside the domain of the program. Moreover, these efforts tend to bypass local authorities and thus do not help promote efficient and accountable local governance. The CAP's multi-sectoral approach will continue to require close coordination with ongoing and planned sectoral programs (such as in education, HIV/AIDS, infrastructure, and urban development).

An Integrated Rural Development Project: IRDPs were common twenty years ago, and shared several features of the current CDD approach -- they were integrated, multi-sectoral, and often successful in coordinating field operations among the various agencies providing services to rural communities. However, they failed to incorporate active participation of beneficiaries in design and implementation, were not linked to national institutions or local governments, and were often based on expatriate technical assistance. This "enclave approach" eventually meant that IRDPs were not institutionally sustainable. The CAP proposes to maintain the integrated approach, but link this to community participation, capacity-building, and local governance.

A centrally-based program: Another traditional approach is to have responsibility for micro-project implementation at the center. Niamey, however, is too far removed from most communities to be able to hear their priorities, tailor interventions accordingly, and respond effectively. The centralized approach therefore ends up being supply-driven and failing to secure generate community ownership. The CAP proposes a small central coordinating unit (the CCN) with eight decentralized units (the CCRs) who will provide the main coordinating functions and approval powers for micro-projects.

A Social Fund: There is currently no major social fund in Niger, but this option was rejected. The CAP will resemble a traditional social fund in many ways, with two important differences. First, it will not be limited to social infrastructure investment. Second, it will focus explicitly on local government support, rather than relying exclusively on a parallel administrative and financial structure. The new generation of social funds in the Bank is now converging on this model, thus blurring the distinction between the social fund and CDD approach.

A "rural" or "urban" program: The original conception of this project was a community-based *rural* program. The problems of rural communities are qualitatively and quantitatively different from those of urban inhabitants. The rural poor, for example, are more numerous and are much more likely to be malnourished, to die as children, to be without health care, to be uneducated, etc. However, a large and growing number of urban poor suffer from lack of access to economic and social services, and growth rates are such that the rural-urban populations will equalize in a generation or so. The proposed CAP, therefore, will cover both *communes rurales* and *communes urbaines* in all phases of the APL. The program will have to come to grips with important institutional and social differences between these two groups. For example, the social fragmentation that can be characteristic of city life may provide barriers (or perhaps opportunities) for organizing communities. The presence of the IDA-funded Urban project and its planned second phase will require the CAP national and regional coordination Teams to regularly reconcile the divisions of labour that define the complementary geographic and financing mandates of the respective programs, as the implementation of the CAP proceeds in all 8 regions and the capital of Niamey.

Local governance vs. community empowerment: As noted earlier, Niger has yet to articulate the way it intends to achieve its vision for decentralization, despite progress with the legal framework and positive intentions expressed in the PRSP. A central debate within the project team during preparation concerned the degree of emphasis the CAP should place on decentralization, particularly inter-governmental fiscal transfers. This choice will ultimately rest on progress in political

decentralization, a process largely exogenous to the CAP. The conclusion of a Quality Enhancement Review on the project suggested that this lack of clarity requires striking a clear balance between *full-fledged decentralization* on one hand, and the more modest goal of *increased local capacity for decentralized planning* on the other. There was consensus that the focus for the program in first phase would be closer to the latter, i.e. emphasizing community empowerment and local governance for sustainable service delivery. Larger issues of the public sector reform agenda need to be tackled in the CAS and PRSP, but not necessarily in this project. This suggestion does not imply that the CAP should abandon policy and institutional reforms related to decentralization. On the contrary, the CAP component "local governance support" will provide technical assistance and commission studies on these subjects to prepare the ground for deeper reforms in the course of the APL.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

| Sector Issue | Project | Latest Supervision (PSR) Ratings (Bank-financed projects only) | |
|-----------------------------------|---|---|----------------------------|
| | | Implementation Progress (IP) | Development Objective (DO) |
| Bank-financed | | | |
| Natural resource management | Natural Resource Management Project (PGRN). Cr. 1967 - closed | HS | HS |
| Agriculture, Infrastructure | Small Rural Operations Project (PPODR) Cr. 1890 - closed | S | S |
| Agricultural Research | National Agricultural Research Project Cr. 2122 - closed | S | U |
| Agricultural Extension | Agricultural Services Project (PRSAA) Cr. 2355 - closed | S | U |
| Agriculture, Irrigation | Pilot Private Irrigation Project (PIPI) Cr. 2707 - closed | S | S |
| Agriculture, Marketing | Agro-pastoral Export Promotion Project (PPEAP) Cr. 3363- active | U | S |
| Education | Education III Cr. 1980 - closed | S | S |
| Health | Health II Cr. 1999 - closed | S | S |
| Transport | Transport Infrastructure Rehabilitation Cr. 35608 - active | S | U |
| Urban development | Urban Infrastructure Rehabilitation Cr. 49691 - active | S | S |
| Water | Water Sector Project Cr. 3505 - active | S | S |
| HIV/AIDS | HIV/AIDS project - negotiations | | |
| Other development agencies | | | |
| AFD | Projet de Développement Local de Torodi (PDLT) | | |
| SNV | Participation Project for the | | |

| | | | |
|-------------|--|--|--|
| FAO | Reinforcement of Institutions for Agricultural Development (PRIVAT); Integrated Rural Development Project (PDIPP) | | |
| UNDP/UNCDF | Projet Développement rural de Mayahi (PDRM) | | |
| GTZ | Programme Cadre National de Lutte Contre la Pauvreté (PCLCP); Le Projet d'Appui au Développement Local (PADL) de Mayahi et Nguigmi | | |
| EU | Le Programme Agro-Sylvo-Pastoral (PASP) | | |
| Switzerland | Le Programme de Coopération Décentralisée (PCD) | | |
| FAO/Italy | Le Programme de Développement Local de Maradi (PDLM) | | |
| | Le Programme de Développement Rural Ader Doutchi Maggia-Keita (PDR/ADM) | | |

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

Notes:

- Information for "other development agencies" is but a partial list of relevant projects. A survey of 87 community-based projects in Niger, including those above, appears in the CAP preparation document entitled "*Enjeux du Développement Communautaire*".
- Major GEF-related projects funded by the Bank and other donors appear in Annex 11.

3. Lessons learned and reflected in the project design:

In this section, lessons from other projects, particularly in the rural development, are reviewed. These lessons are taken in large part from Implementation Completion Reports and supervision reports. Performance of most projects in Niger, ranged from highly unsatisfactory to highly satisfactory, but all have produced valuable lessons to consider in planning future work in Niger. In addition, lessons from the pilot operations, which constituted the major activity during the CAP's preparation period, are reviewed in this section.

Lessons from projects:

- **Sustainability** of operations is hindered by the project mentality of many government officials and communities, whereby each project is expected to be followed by another.
- Although **public** administration can be an effective catalyst in fostering private entrepreneurial development and participatory grassroots income-generating initiatives, it is generally less effective than a **private** self-interested association of the beneficiaries. Until recently, Government has lacked a clear framework, action plan, or time path for **decentralizing** services or getting beneficiaries to take charge of activities. As a result while the government's long-term objective is *désengagement*, this is not yet reflected either in the structure or the function of the administrative services with

respect to communities.

- **Institution building** takes time. Capacity built as the result of a project may not become evident for ten to fifteen years. Operations designed to develop local capacity and a participatory culture require a longer learning curve and therefore long-term commitment before development impacts are evident.
- **Monitoring and evaluation** systems have been poor or nonexistent. It is essential to define and phase program objectives by stating clearly at appraisal the short, medium, and long-term objectives and related performance indicators. Such systems must be properly staffed and be allocated timely and adequate resources for operation and training.
- **Decentralized financial management** at the local community level is key to successful implementation of bottom-up approaches to development and to the promotion of a culture of financial discipline in managing community funds. PGRN, for example, has demonstrated that communities are successful in procurement and decentralized financial management. Training in farm management skills such as entrepreneurship and risk management promotes **financial sustainability**. Simplified operating procedures, legal protection, and clarity with respect to benefits of the established financial mechanisms are central to establishing ownership and credibility of such mechanisms. Provided with basic training, communities are quite capable of carrying out their own **procurement**, and in ensuring that services providers are accountable to them.
- Even when **community-development funds are earmarked** for specific purposes (i.e. PPODR and PGRNs' focus on economic activities and natural resources management, respectively), communities nevertheless first request those investments that meet their **priority basic needs**. Once these basic needs are fulfilled, longer term interests such as the maintenance of the natural resources come into view. Also, in this context, the management of cultivated areas tend to receive earlier and more attention than the natural rangelands and water resources. A complementary lesson from grant assisted environmental programs confirms that while communities are fully aware that their priority basic needs depend on the status of their natural resources (food, shelter, medicinal plants,) they often lack the technical, financial and capacity to address these rather complex needs adequately (i.e. to distinguish the need for conservation vs. sustainable use of resources, and to distinguish the relevant strategic short-term and long-term activities). Therefore they often opt for "easier" needs (like schools, health center etc.) when funds become available.
- **Decentralized management of natural resources** and conservation of biodiversity must be entrusted to the communities if practical results are to be achieved. Communities are prepared to actively protect natural resources if and when they are recognized with having ownership of these resources and are empowered to do so. As provided for in the Rural Code, this means that there must be some official measure taken by the government to relinquish at least part of its formal authority over the use and management of these resources. When empowered, the local populations usually have a rather clear notion of what is to be done to effectively protect the resources if not to manage them in a truly sustainable way.
- **The role of stakeholders in the conservation of biodiversity and the management of natural resources must be clarified** from the start. Partnership between the stakeholders is necessary since expertise and human resources are scarce and must be used efficiently. These partnerships must be spelled out early and clearly. The role of government is essential, but must be limited to the "regalian" tasks (defining policies, overseeing their implementation, and enforcing the laws and regulations), which can not be delegated. All other tasks (conservation of biodiversity, management of natural resources) seem to be much better implemented by other stakeholders, whether local communities, NGOs or commercial operators, with technical support from various sources (including if necessary technical specialists from the government, or scientists from universities).

- **Existing and known technologies in biodiversity conservation and natural resources management are effective**, and there is not much need for research in new technologies. The PGRN has already demonstrated, for example, the effectiveness in using *zai* and *demi-lune* techniques in arresting land degradation. What is needed is the thorough implementation of proven existing techniques. People need to be trained often and motivated continuously. The best motivation is ownership of the benefits of the action taken, which doesn't necessarily entail a financial cost.

Based on these lessons, the approach of the CAP will (a) be long-term, (b) cover multiple sectors, (c) ensure active participation of all population groups of the communities, (d) rely on decentralized financial management, (e) place strong emphasis on monitoring and evaluation, (f) provide financial mechanisms to satisfy the basic needs while actively promoting activities that will ensure long-term viability of ecosystems and natural resources; and (g) propose concrete steps for transferring the role of central government to local government or the private sector in local service provision.

Lessons from pilot activities:

Pilot activities were an important part of the preparation process because they helped provide lessons on which to design the implementation phase. In addition, they served to forge institutional linkages with NGOs and donors who are expected to play a key role in facilitating and collaborating with the CAP by providing animation and capacity-building to communities.

Eight "operators" managed the pilot activities over an eighteen-month period. There are three international NGOs (CARE Niger, CECI, AFVP); two local NGOs (Karkara, ABC-Ecologie); and three donors: the African Development Foundation, the United National Capital Development Fund, and the European Union. The donors' activities involved ongoing or incremental activities financed independently of CAP funds, in close collaboration with the CAP. The NGOs were financed with CAP resources, and chosen by single source selection on the grounds that they were already carrying out multi-sectoral and demand-driven community-based work consistent with the principles of CAP. Rather than providing each operator with a standard operational manual, they were encouraged to continue with their own business practices. A facilitator was hired to help transfer of information and experience across the pilots and to the project preparation unit and World Bank. The facilitator conducted nine supervision missions and convened four workshops to share experiences and plan next steps. These mission reports and conclusions from the workshops of this highly satisfactory preparatory phase, are available upon request.

| Region | Locality | Rural/Urban | Operator | Priority needs |
|-----------|--------------------------------|-------------|--------------------------------|--|
| Agadez | various | rural | European Union | social infrastructure, income-generating activities |
| Dosso | Loga | rural | CECI | cereal banks, health post |
| Diffa | Nguigmi | rural | UNCDF | social infrastructure, income-generating activities |
| Maradi | Moulé, Serkin Yamma, Souloulou | rural | CARE | mid-wife training, small ruminants, literacy, grain mill, HIV/AIDS |
| Niamey | Commune III | urban | African Development Foundation | school fence, health post, cereal bank |
| Tahoua | Bouza | rural | AFVP | wells, mid-wife training, soil erosion, grain mill, literacy, HIV/AIDS |
| Tillabery | Simiri, Banné | rural | ABC-Écologie | cereal banks, income-generating activities |
| Zinder | Mirriah | peri-urban | Karkara | wells, health post, classroom, cereal bank, income-generating activities |

Although based on a small sample, the choice of micro-projects by the communities working with the

assistance of the eight operators in the different departments and agro-ecological zones of Niger in the pilot phase, reveals several interesting issues. First, that food security and income-generation are priorities. Second, that women's priorities (such as mid-wife training) will be expressed if participatory processes are respected. Third, that rather than spending a large amount on one or two micro-projects, a range of smaller projects is preferred. The following is a summary of the lessons learned and conclusions generated from the pilot phase, as articulated by the operators themselves during workshops:

- *Defining area of intervention:* The project should work within the administrative boundaries and the now geographically and administratively defined decentralized entities. At a lower level, the "*grappes de villages*" (village groupings) are an effective target unit for the LIF, although definition of this group requires careful research on social cohesion and presence of local level institutions. The participatory appraisal process may begin, however, even lower -- at the village or (urban) neighborhood level.
- *Community Development Agents:* There must be a clear definition of labour between communities and their facilitators. In addition to inclusive participatory processes, including the specific recognition of the role of local indigenous institutions, teams must be trained in natural resource management, gender issues, and HIV/AIDS. Women and representatives of other marginalised population groups must be adequately and actively represented in such teams. In general, one Community Development Agent (ADC) is adequate for three to five villages
- *Partnerships:* A local institutional framework must be in place with systematic and transparent relationships between operators, the project, and local administration (or government), particularly with respect to public services. Contracts with service providers must be harmonized and the rules of engagement clarified to all.
- *Program outreach:* Each operator should formulate a communication plan, using a variety of media and in local languages. IEC would continue throughout the micro-project cycle, using local human resources to assist in village animation and other tasks.
- *Participatory appraisal:* The program should define a common approach to be adopted by all operators, which would require adopting a minimum set of rules while allowing flexibility to local conditions. The process must take into account in particular the needs of marginalized groups, the existing capacity of local indigenous communal institutions, and must reinforce local capacity to take charge of this process in future.
- *Local development planning:* Prioritization of micro-projects requires a clear and transparent criteria for doing so. The approach is to consider all the problems faced by communities, with the objective of achieving an integrated local development/ ecosystem plan with temporal and spatial dimensions and estimated budgets. Approval of micro-projects and the local development plan must be made within a structure of community-based decision-making. Wherever possible, mayors or *sous-préfets* must be part of the process.
- *Voice of women:* As provided for under the recently approved Act, a minimum 25% quota for the participation of women is now required in all community fora (except those for which elections are held). This is particularly important in posts that involve decision-making, not merely consultation, and training
- *Capacity-building:* The program must strive to obtain legal recognition of community structures, on the base of legal texts on local governance. Program rules, procedures, and reports should be made available at all levels, and the program should finance exchanges among communities. M&E is a function that can be done locally, and local groups may be trained to do so.
- *GEF-supported activities:* The methods used by the project preparation team and the NGO operators

to facilitate the preparation and execution of integrated local development/ ecosystem plans in the initial six pilot sites apparently did not sufficiently clarify the priority of the explicit linkages between poverty and the conditions of the communities' ecosystems as a whole. A concerted effort on technical assistance is therefore required within the CCN and CCR teams, together with specific training for the executing NGOs.

4. Indications of borrower and recipient commitment and ownership:

As mentioned earlier, Government had originally requested a second phase of the Small Operations Project (PPODR) described above. A September 1999 identification mission argued for an alternative that was less costly, multi-sectoral, and explicitly supportive of decentralization. Government, at a meeting with several agencies represented, expressed approval for a decentralized project that encourages communities to define their own development priorities. As a result of the meeting, a multi-sectoral steering committee was created from eight ministries to proceed with project preparation. The steering committee oversees a working group from central ministries, NGOs, and related donor-funded initiatives, and has demonstrated strong ownership over project preparation.

Another positive indication of borrower commitment concerns decentralization policy. As indicated in section B.2, government has made significant steps forward with respect to the legal and institutional framework on decentralization, although this needs to be operationalized. In terms of political decentralization, this effort was set back with the annulment of the March 1999 local elections. However, as noted above, the necessary administrative and data collecting steps are being taken, and it is expected that local elections will take place during the first phase of the PAC Program, as the political cornerstone for the implementation of the fiscal and administrative steps of decentralisation.

A third indication of borrower commitment stems from the PRSP. Government is now committed to a poverty reduction strategy that centers on gender-responsive rural development, health, and education. In a September 2000 CAP workshop, Government recognized the CAP's poverty targeting and multi-sectoral application as an important instrument for operationalizing the PRSP.

The Government of Niger's formal and complementary commitment to the implementation of global environmental strategies is evidenced by its adoption of the related National Environmental Plan for Sustainable Development. In terms of the specific GEF financing, Government has formally expressed its commitment to the project through the endorsement letter signed by the GEF focal point in September 2001. The Ministry of Agricultural Development is committed to building on the legacy of PGRN, and expressed during negotiations for this project their support to integrated ecosystem management.

5. Value added of Bank and Global support in this project:

Dialogue on poverty reduction policy: With support to the PRSP, IDA is well positioned to push forward discussion on how to coordinate and strengthen Government's commitment to poverty reduction. However, this will have to involve all other major development partners.

Scaling up CDD efforts: IDA is committed to Niger in the long term and has the ability to mobilize sufficient funding to undertake such an ambitious national program. With the wide range and large scale of many of its operations, IDA is well positioned to link the CAP goals with the national decentralisation reforms and financing mechanisms required to support them.

International experience: IDA brings international experience in the areas of social funds, decentralization, and demand-driven rural investment funds. Aside from experience in Niger listed above, IDA now has many similar operations ongoing in the region, and the CAP may draw from the positive

and negative lessons of this experience. Examples include the Village Communities Support Program in Guinea, the Borgou pilot in Benin, the Community-based Rural Development in Burkina Faso, and a variety of social funds in the region. In addition, the growing focus and debate in the Bank on community-driven development (CDD) will help to consolidate lessons and experience which the CAP can use to its advantage.

Sectoral experience: IDA has projects in every sector, which can contribute technical solutions and facilitate institutional linkages with line ministries. The CAP will benefit from two "parent" projects. The PPODR demonstrated many positive lessons with respect to decentralized financial management and income-generating micro-projects. The CAP can also build on success of the PGRN in community-based provision of public goods, which is particularly relevant for the activities relating to the support to CBIEM.

Complementing on-going GEF support: Other projects involving global environmental management in Niger tend to focus on specific focal areas of interest such as biodiversity, condition of international waters, or global warming mitigation or are restricted to certain geographic areas such as nature reserves or specific ecosystems. The nation-wide CAP, classified as a so-called multiple focal area project, will therefore be complementary to other projects. Furthermore, through its close coordination with the Africa Land and Water Initiative, the best practices and lessons learned from this project will have an impact on the natural resource management in Africa as a whole.

Limitations of Bank support: While recognizing our comparative advantage, it is equally important to acknowledge that the Bank is relatively weak in several areas, particularly concerning on-the-ground experience in community-driven approaches in Niger and working with NGOs. In this respect, it will be vitally important for the CAP to collaborate with development partners who possess diverse strengths and considerable operational experience. These include the *Agence Française de Développement* (AFD), the United National Capital Development Fund (UNCDF), the International Fund for Agricultural Development (IFAD), and German Cooperation (KfW and GTZ), to name a few. In addition to donors, there are a large and growing number of NGOs who have considerable experience, such as CARE Niger, the Canadian Centre for International Studies (CECI) and many national NGOs.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):

- Cost benefit NPV=US\$ million; ERR = % (see Annex 4)
- Cost effectiveness
- Incremental Cost
- Other (specify)

Cost-benefit analysis: This type of project does not easily lend itself to economic evaluation for various reasons. First, benefits of the capacity-building components (support to communities and local governance) cannot easily be quantified in monetary terms. Second, the investment component cannot be known *ex ante*, since it is demand-driven and defined in the course of the project. Third, many of the benefits from anticipated investments (such as in natural resource management, education, health, etc.) similarly defy quantification. However, cost-benefit analysis was undertaken for a sample of income-generating activities that will likely be among community priorities, all of which indicated strong potential for economic and financial returns. This analysis is summarized in Annex 4.

Incremental Cost Analysis: With respect to value added of GEF financing for CBIEM in the CAP, an Incremental Cost Analysis is provided in Annex 11, which highlights the difference between scenarios

with and without GEF financing.

2. Financial (see Annex 4 and Annex 5):
NPV=US\$ million; FRR = % (see Annex 4)

Cost-benefit analysis: As described above, financial rates of returns for income-generating activities are calculated in Annex 4.

Fiscal mechanisms: The Local Investment Fund is a system of matching grants. During each financing round, each community committee will receive a budgetary envelope which is expected to provide financing for micro-projects. Communities will be expected to contribute 5, 10, or 20 percent of the total cost of proposed micro-projects in money, time, labor, or materials, the proportion being dependent on the type of micro-project. This percentage must be high enough to ensure that the micro-project is truly desired, yet low enough to keep within the means of a poor population. Over time, as incomes rise, this percentage would increase. The goal of the project in the short to medium term is not fiscal sustainability. This, however, is a long term goal, and one that will only be attained when incomes rise and local governments are able to generate and manage revenues. The fiscal goal of the first phase of the CAP, therefore, is to make efficient transfers to poor communities and to ensure that this is spent effectively and transparently.

Methodology for financial analysis: The impact of micro-projects will be carefully measured, with a focus on cost-minimization measures and on additional funding requirements (maintenance costs) to ensure that the benefits of the investment are sustained. Stakeholders will be involved in determining and fine-tuning the cost-sharing and cost-recovery arrangements.

Fiscal Impact:

The combined support to decentralization and participation is expected to increase the efficiency of public investment expenditures. Seen over the long term, economic benefits will offset costs to the Government budget in providing a given amount of transfers to the local level. Subsequent phases of the CAP will focus on local revenue generation. In addition, given that the IDA and GEF support to the CAP is in the form of grants, the fiscal impact will be minimized.

3. Technical:

The CAP will promote the use of simple, appropriate, and environmentally sound technologies, that correspond to the needs of the beneficiaries and capabilities of local service providers. Labour-intensive works will be favored if demonstrated to be technically and economically efficient, so that employment is generated. It is expected that there is substantial latent technical capacity at the village level, which has not surfaced for want of effective demand. Most of the micro-projects would involve simple infrastructures, for which local artisans and entrepreneurs could be employed.

The Project Implementation Manual (PIM) will be supported by a technical assessment of the components that will be carried out. This will require coming to a clear understanding of the technical norms and standards for micro-project selection and implementation. Technical criteria and standards will be incorporated into the PIM. Line ministries, such as health, education, and roads, will need to be involved closely with this exercise, and protocols will need to be developed to formally establish this collaboration.

4. Institutional:

4.1 Executing agencies:

The following summarizes the role of each of the actors in the CAP. See Figure 1 in Annex 12 for the global institutional structure of the project.

Communities: The principal actors in the CAP are communities, which essentially constitute the CAP's decentralized executing agencies for micro-projects. Such execution is based on the following principles: a process of participatory planning at the local level; the opportunity for communities to select their own facilitator for this planning. Access to the matching grants requires three steps: (i) the definition of communities as socially cohesive groups with which the project can liaise; (ii) the elaboration and execution of an integrated local development plan; and (iii) micro-projects that are locally identified become the responsibility of the local communities, which manage implementation, including procurement of goods, services, and works. Communities will hire service providers capable of carrying out these actions under competitive conditions, and will evaluate bids and award contracts following a transparent process in which all stages and results are publically presented. Technical supervision and monitoring of the micro-project implementation may be shared between the communities and deconcentrated sectoral services.

State services: Central and local technical services of the State and local authorities of the *communes* will play an important role in the CAP. The functions of the State services are as follows: (i) validation of annual LDPs from communities in recognition that the plans conform with the development agenda of the *commune* and region; an oversight function to verify conformity of different investments with rules and legal texts; (ii) a role for participation in the approval for micro-project financing, (iii) a supervisory role to verify whether micro-projects are in accordance with rules and regulations, and (iv) assistance to communities, as necessary, during the implementation of micro-projects. The validation of the LDPs will be undertaken by an Approval Committee at the *commune* level, coordinated by a regional project coordination unit (CCR see below), which will not intervene in the approval process.

The Project Approval Committee for micro-projects corresponding to the current *arrondissements* will be established for the purpose of reviewing and approving LDPs, and will be composed of representatives of the sectoral ministries, local governments, and local NGOs. In component 2, the local *commune* authorities will benefit initially from intensive capacity building in administrative and fiscal management, to ensure that they work more effectively with their constituents, and to enable them to eventually "graduate" and assume their role of managing the decentralized fiscal and administrative responsibilities performed by the program.

Regional Coordination Units (Cellules de Coordination Régionales, CCRs): The CCN will be decentralized to all regions, where the bulk of project activities will take place. The CCRs shall be responsible, under the guidance of the CCN, for the day-to-day administration, coordination, environmental management, financial management, procurement, and monitoring of project activities in their respective regions. Each CCR will consist of the following staff with terms of reference, qualifications and experience satisfactory to the Association: (i) a Regional Coordinator; (ii) an accountant; (iii) a program planning specialist; (iv) a monitoring and evaluation specialist; (v) a local governance specialist (only for Zinder, Tahoua, and Niamey). Their expertise, qualifications and experience should be satisfactory to IDA.

The Central Coordination Unit (Cellule de Coordination Nationale, CCN): The CAP will be coordinated by a national unit (CCN) under the tutelage of the Ministry of Finance and Economy. The function of the

CCN is (i) to coordinate the project interventions, consolidate work programs for each component and the associated budgets; (ii) to implement the local government support component concerning policy and institutional reforms; (iii) financial management and accounting of the project in the global sense; (iv) consolidation of information coming from the regional coordination units (CCRs); (v) transmission of documents to the various donors; (vi) drafting and transmission of technical, financial, and M&E reports; (vii) monitoring of procurement and disbursement procedures of the World Bank; and (viii) to the secretariat for the Steering Committee (CP). The CCN shall consist of the following staff with terms of reference, qualifications and experience satisfactory to the Association: (i) a National Coordinator; (ii) an administrative and financial management specialist; (iii) an accountant; (iv) a procurement specialist; (v) an internal auditor; (vi) an environmental specialist; (vii) a communications and capacity building specialist; (viii) a governance specialist; and (ix) a monitoring and evaluation specialist. Again, the selection of these staff must be acceptable to IDA.

Steering Committee: The CAP's steering committee (*Comité de Pilotage, CP*) is the guiding institution of the project. It gives the mandate to the CCN to establish and animate a network of partners concerned with local development in Niger. It will comprise the different ministries involved in the project, and will be established prior to project effectiveness. Its composition will be established by *arrêté*. The CP will meet normally twice annually plus one meeting expanded to include donors. The CP will be responsible for (i) carrying out of annual reviews of proposals, work plans and budgets prepared by the CCN and ensuring their consistency with the project; (ii) reviewing the progress made towards achieving the project's objectives; (iii) facilitating the coordination of Project activities among the entities represented in the CP, and making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on reports and reviews prepared by the CCN for the benefit of the Bank.

4.2 Project management:

Niger's institutional environment presents several challenges for the management of the CAP. First and foremost is the issue of managerial and technical capacity, which is limited, particularly in rural areas. Second, is the fact that Niger's civil servants often experience delay in the payment of their salaries, and there are few rewards to good performance, making it difficult to work with those debilitated and demoralized by a poor incentive system. Third, local administrations have traditionally not been closely accountable to their constituencies, and may thus not be willing or able to effectively work in a participatory fashion with communities. Fourth, Niger has always been highly centralized and, in the wake of future local elections, the central government must be ready and willing to delegate authority over these local governments. Despite these problems, other projects, such as the PGRN, have demonstrated that effective project management with community-based approaches are possible. To do so, the CAP program will therefore need to expend considerable resources on capacity-building, especially in the first phase. Given the above institutional weakness, the CAP must capitalize on the strengths of development partners. Supported by the necessary technical expertise in the CCN and CCRs, the CAP will rely substantially on NGOs to facilitate integrated local development/ecosystem planning.

4.3 Procurement issues:

Details on procurement issues appear in Annex 6.

4.4 Financial management issues:

Financial management issues of capacity assessment, accounting and financial reporting, project

management reporting, and auditing were described in Section D.4. Figure 3 of [Annex 14](#) describes the flow of funds from the World Bank in Washington to communities in Niger.

5. Environmental: Environmental Category: F (Financial Intermediary Assessment)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

Two consultants, recommended by the Africa Region's safeguards unit (ASPEN), were hired to undertake the environmental assessment (EA) and the environmental management plan (EMP). Terms of reference were approved by ASPEN. Work began in November 2001 and a preliminary draft was submitted and reviewed by ASPEN on January 4, 2002. The draft was also reviewed at a validation workshop in Niger, which was attended by *Bureau d'Evaluation Environnementale et des Etudes d'Impact* (BEEEEI) of the Ministry of Water Resources, Environment, and Desertification, together with the CAP's preparation unit. The consultant then reacted jointly to comments of BEEEEI and ASPEN, which were forwarded to the latter on March 11, 2002. The revised EA/EMP was disclosed in-country on April 16, 2002.

The EA contained the following: (i) an analysis of the key environmental problems of the country, and the institutional, administrative, and regulatory framework for environmental management, in particular, for environmental impact assessment; (ii) a description of the key factors that may have an adverse impact of the environment, based on a tentative list of activities likely to be financed under the project; (iii) a proposal for mitigation strategies; and (iv) a discussion of the main activities that form the EMP. Because the scope of micro-projects available to communities via the LIF is quite open, it was impossible to predict project outputs with precision. The EA therefore proceeded by identifying and classifying a wide range of possible micro-projects based on other projects in Niger, and through a consultation process with CAP pilot communities. Based on this list, the EA described the nature and significance of the potential socio-economic and environmental impacts, considering the nature, the intensity, the duration, and extent of disturbances caused by micro-projects. The types of micro-projects which are likely to impact on the existing environment include, but are not limited to, the following: rehabilitation of rural roads, fishery management, forestry, buildings, water drilling, potable water supply, hygiene and sanitation infrastructure.

Given the importance of environmental concerns in the CAP as related to CBIEM, the EA concluded that the project is expected to have a significant and globally positive impact on the environment. However, the project would have to be vigilant against the possibility of negative repercussions on the natural environment in terms of hazards, pollution, and water borne diseases.

5.2 What are the main features of the EMP and are they adequate?

An Environmental Management Plan has been specified in the consultant's report. The main recommendations of the EMP are the following:

- Systematization of environmental impact assessment for all identified micro-projects before entering into a funding agreement with communities.
- Training of staff and partners of the national and regional coordination units.
- Establishment and implementation of an intersectoral consultation framework for the environmental control and monitoring;
- Reinforcement of coordination meetings of harmonization and consultation at all levels among stakeholders;
- Concerted efforts of NGOs and mass-media for the execution of an Information- Education- Communication program aimed at improving environmental management in the CAP.

The institutional arrangement for the EMP involves specialized units which are integrated into the CAP's national and regional coordination structure. These units are involved in environmental screening of proposed micro-projects. Technical capacity to implement the EMP is a major concern, since the implementation decree for the EA law is only one year old, and the BEEEI (national bureau for environmental impact assessment) has limited experience. For this reason, the EMP proposes considerable resources and efforts to upgrade the capacity in this area. A well-designed EA training module and handbook will be delivered based on a detailed review of training needs from project administrators, NGOs, line ministries, and local consultants hired by the CAP.

Micro-projects which are determined *a priori* to have potential negative environmental impacts will be subject to a systematic review at the planning stage to predict the nature and magnitude of these impacts. The EMP has prepared a set of guidelines to assist in this screening. The investment phase of the micro-project cycle will begin only after the EA has been completed and when, if necessary, requisite environmental mitigation measures are indicated and costed. The scope and cost of the EA will correspond to the scope and cost of the micro-project being considered. When micro-projects are implemented, the mitigation measures will also be implemented to reduce or eliminate adverse impacts. These may include, but are not limited to, relocating the project, modifying the design, or undertaking prescribed investments for environmental rehabilitation.

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft: February 2002

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

The EA included community and donor consultation in the process of identifying and classifying a wide range of possible micro-projects based on other projects in Niger, and through a consultation process with CAP pilot communities.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

The monitoring and evaluation system will be built into the CAP's management information system. As such, it will be decentralized to the regional level (CCR). It will consist of tools for assessing whether the identified mitigation measures have been successfully implemented. These tools comprise the items to be monitored, the methodology, and assignment of responsibility. To the extent feasible, local-level environmental monitoring will be conducted by the community-based M&E committees (see Annex 2). The system will be linked to the CAP's GIS data base to enable access to baseline data and changes in these data at local, regional, and national levels.

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

Social assessment was carried out during project preparation as part of the work on local level institutions (LLIs). This study has shown the importance of recognizing locally anchored and multi-sectoral participation when proceeding with decentralization, and has found that high-performing

LLIs are associated with more equitable income distribution and lower poverty.

There are two and perhaps three categories of local level or indigenous institutions currently operating in Niger, that if systematically utilized, can significantly contribute to project effectiveness and long-term sustainability for equitable growth and poverty reduction. The first is in the area of management of Local Investment Funds. Rather than setting up an external, project related institution, there is the option to use MMĐa popular *tontine* (savings institution) found throughout the country (22,000 credit unions established in villages throughout Niger). Still primarily women-led, but now with branches for all groups, this indigenous institution offers the possibility of effective allocation and management of local investment funds that is internalized at the community level, but effectively connected, over time, to local government. The risks are apparent in terms of scaling-up, but the opportunities for long-term sustainability and internal effectiveness definitively outweigh the risks according to the LLI analysis.

The second group of LLIs to be considered are those that can perform the functions of monitoring and evaluation. Youth organizations such as *Samarijai* were organized to serve the community, motivate effective community actions, and monitor effectiveness of such actions. They are found across the country under different names. As such they could serve to internalize project M&E functions at the local level, but also allow use of M&E results at project and local government levels. It should be noted that these groups include the very poor, but are looked upon by communities as energizers for collective activity.

Finally, a number of indigenous institutions dedicated to natural resource and environmental sustainability were identified. These organizations are usually ethnic specific and clearly aligned with spiritual values of the community. These may be associated with the environmental safeguards monitoring.

6.2 Participatory Approach: How are key stakeholders participating in the project?

The participatory approach as a cornerstone of the implementation of the project. Poverty is a multidimensional problem which differs from region to region, and from village to village. To be effective, a poverty-reduction program must therefore respond to a multiplicity of needs. Articulating the needs of a particular village will require a participatory approach within a demand-driven and multi-sectoral strategy. The preparation of the CAP has also used such an approach to improve the quality of the program's design and to promote ownership on the part of Nigeriens.

Stakeholders have been actively involved from early stages of preparation and this process will continue during implementation. A significant proportion of the PHRD grant was earmarked for client consultation. A stakeholders' forum was held in November 2000 with the aim of publicizing the project concept and receiving input from Government, community leaders, donors, NGOs and civil society. Several of the preparation missions included field visits to consult directly with communities. The study of local level institutions was carried out to ensure the project design principles conform with the ways in which communities are organized and collectively reach decisions. In addition, the community-based M&E methodology was developed and tested directly in the field.

Another key stakeholder group is donors. As mentioned earlier, the United Nations Capital Development Fund (UNCDF), the European Union, and the African Development Foundation were partners in the pilot stage. The *Agence Française de Développement* has also expressed its interest in collaborating given that they have been active for several years in community development in western Niger.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

The CAP has and will continue to rely heavily on the collaboration of NGOs, many of which have been actively involved in community work and participatory appraisal for years. This relationship has been established in the context of the pilot activities during preparation with very positive results, and will be scaled up during implementation in the context of the network of agencies working in local development.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

The project's participatory approach will maximize the probability that local development priorities are addressed, and that vulnerable groups are heard. The project's MIS system will track progress in communities' welfare and capacity through a decentralized system of monitoring and evaluation.

6.5 How will the project monitor performance in terms of social development outcomes?

Performance indicators for this project are designed to measure increases in social capital, such as ability of communities to carry out participatory appraisal, local development planning, and implementation of micro-projects. Indeed, these measures of institutional capacity are central to indicating whether the CAP's social development outcomes have been achieved.

7. Safeguard Policies:

7.1 Are any of the following safeguard policies triggered by the project?

| Policy | Triggered |
|--|---|
| Environmental Assessment (OP 4.01, BP 4.01, GP 4.01) | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| Natural Habitats (OP 4.04, BP 4.04, GP 4.04) | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| Forestry (OP 4.36, GP 4.36) | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Pest Management (OP 4.09) | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Cultural Property (OPN 11.03) | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Indigenous Peoples (OD 4.20) | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Involuntary Resettlement (OP/BP 4.12) | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| Safety of Dams (OP 4.37, BP 4.37) | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Projects in International Waters (OP 7.50, BP 7.50, GP 7.50) | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)* | <input type="radio"/> Yes <input checked="" type="radio"/> No |

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

As described in section E5, the EA promotes mitigation strategies to ensure that the environmental safeguard policies are respected. With respect to natural habitats, a positive natural habitat conservation outcome is expected through the CAP due to the special efforts devoted to CBIEM under GEF financing.

F. Sustainability and Risks

1. Sustainability:

First, **institutional sustainability** of the CAP will depend primarily on community ownership supported by a complementary increased capacity and accountability of local *commune* authorities. While CAP development plans will be implemented with technical and financial assistance from some external sources, decisions on the content of plans would rest ultimately with communities who would be responsible for managing implementation. Once communities acquire the knowledge, awareness, and necessary skills to design and implement local development plans and micro-projects, sustainability of institutional objectives will be assured, provided that financing is available.

Second, the **fiscal sustainability** will depend on whether revenues continue to flow through channels established via the CAP. Financing for community development in Niger, for the foreseeable future, will continue to rely on external sources, since the level of poverty is such that substantial local revenue generation is impossible in the majority of communities. The CAP's financing flows are intended to "prime the pump" of fiscal decentralization. The potential for cost recovery will be exploited in later phase of the CAP to minimize dependence on intergovernmental transfers.

Third is the issue of **environmental sustainability**. GEF financing will be limited to the first and second phases of the CAP. During this time, the program will endeavor to establish acceptance of the principles of the approach to CBIEM in Niger, to establish a conducive policy and institutional framework, and to undertake successful interventions in Nigerien communities. Incremental benefits from GEF financing are described in section d of Annex 12. Based on this success, and the expected achievements of the overall program to provide for the short-term needs and the development of income-generating activities, increased ability of the communities to contribute to an investment in their natural resources base is expected while other financiers would be expected to supplement any remaining requirements. As indicated by the lessons learned from the PGRN, the fulfillment of the basic needs under the CAP will allow the communities to continue their activities relating to natural resources management even during severe periods of drought.

1a. Replicability:

Replicability has been addressed earlier in the section on program phasing to achieve increasingly greater geographic scope.

2. Critical Risks (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

| Risk | Risk Rating | Risk Mitigation Measure |
|---|-------------|--|
| From Outputs to Objective Local government representatives (elected or otherwise) do not function in a transparent manner | H | Integrated LDP planning and financing is contingent on accountable and transparent practices; if not, program funding will stop at those particular localities. To ensure the success of the program NGO's and TA are to accompany the communities and the pilot commune authorities selected for phase 1 of the program throughout the process. |
| Micro-projects are not completed nor successful in what they set out to | M | The program provides the possibility for a range of sound support in both technical |

| | | |
|---|---|---|
| accomplish. | | (i.e.CBIEM,) and procedural (i.e.governance,) domains, to accompany communities and local authorities throughout the planning and execution of their activities; the requirement for timely monitoring and reporting by the community-based micro-project managers and by the program's regional coordination teams is designed for early detection and resolution of emerging difficulties. |
| Central government overrides authority of local decision-makers | M | The rules of autonomy are clearly spelled out in the Grant agreement; Community-based and Regional level M&E systems are also designed to catch problems such as these at an early stage. |
| From Components to Outputs Beneficiaries are unwilling to use facilities and services financed by the Program | N | The inclusive and participatory LDP process, is designed to ensure that the micro-projects, identified and selected by the communities themselves, truly meet their priority integrated development needs, thereby increasing the likelihood of a strong demand for them. |
| Local integrated development plans and micro-project proposals received by the Approval Committees and the CCRs are not reviewed nor responded to in a timely manner | M | The application of the procedures and practices, (identified in detail in the PIM), which are based on successful experiences with comparable community-based development programs in the subregion, will not only ensure timely review and disbursements, but provide for constant improvements and adaptations to regional and local constraints. |
| Unwillingness of communities and local commune authorities to commit to project development and global development objectives and to engage in participatory planning and collective investment | M | Strong communication campaign, regular awareness raising and information campaign; exchange of information among various communities, working closely with communities that show risk-aversity, to demonstrate the success of collective action in integrated LDP's in other communities; these are all measures designed to reinforce the fundamentally important participatory LDP process. |
| Overall Risk Rating | S | |

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)

3. Possible Controversial Aspects:

Authentic decentralization, i.e. devolution of the power of decision making and management of financial resources for local area development to the respective communities and local authorities, often presents a serious threat to the political status quo. It is a process that will create winners and losers. In as much as the CAP promotes decentralization, it is bound to encounter resistance and generate conflict.

G. Main Grant Conditions

1. Effectiveness Conditions

Conditions of Grant effectiveness require that the Government would have accomplished the following:

- established the Project Steering Committee (CP);
- established the National Coordination Unit (CCN) and staffed the NCU with the following professionals experienced and competent who are satisfactory to IDA: (i) the project coordinator, (ii) the administrative and financial management specialist; (iii) the monitoring and evaluation specialist;
- transferred the deposit into the Project Account;
- established a financial management and accounting system for the Project satisfactory to the IDA;
- the GEF Grant Agreement has been duly executed and ratified and fulfilled all conditions precedent to its effectiveness.

2. Other [classify according to covenant types used in the Legal Agreements.]

Selection of an auditor before the end of the calendar year 2003.

H. Readiness for Implementation

- 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
- 1. b) Not applicable.
- 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- 4. The following items are lacking and are discussed under loan conditions (Section G):

I. Compliance with Bank Policies

- 1. This project complies with all applicable Bank policies.
- 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

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Sector Manager

Antoinette M. Sayeh
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Annex 1: Project Design Summary
NIGER: Community Action Program

| Hierarchy of Objectives | Key Performance Indicators | Data Collection Strategy | Critical Assumptions |
|--|--|---|--|
| <p>Sector-related CAS Goal: Sustainable and equitable economic growth with poverty reduction.</p> | <p>Sector Indicators:</p> <ul style="list-style-type: none"> ● Per capita GDP ● Percentage of poor and vulnerable population. | <p>Sector/ country reports:</p> <ul style="list-style-type: none"> ● National statistics ● Poverty studies ● Poverty surveys, maps ● UNDP Human Development Reports ● PRSP Monitoring | <p>(from Goal to Bank Mission)</p> |
| <p>Program Purpose: Increased incomes, employment, access to basic infrastructure, food security, and improved capacity to manage financial and natural resources.</p> <p>Capable and accountable local governance.</p> | <p>End-of-Program Indicators: National coverage of the CAP with respect to access to the FIL, and consequent % increases in:</p> <ul style="list-style-type: none"> ● farm and non-farm incomes ● individuals employed via micro-projects ● those with access to basic social and economic services ● percentage with timely access to adequate food ● communities active in the management and conservation of natural resources <ul style="list-style-type: none"> ● Existence and use of transparent, accountable, demand-driven decision-making processes ● Broader representation of hitherto marginalized groups in local affairs ● Policy, legal, and fiscal framework for decentralization operational ● Proportion of national resources mobilized by rural communities ● Reduced time lags to implementation ● Decreased management to investment costs. | <p>Program reports:</p> <ul style="list-style-type: none"> ● Project MIS ● Regional and sector statistics ● Poverty surveys ● Beneficiary assessments ● Mid-term and final project evaluations <ul style="list-style-type: none"> ● Project MIS ● Legal and policy documents ● Local and regional budgets ● External financial audits ● Mid-term and final project evaluations | <p>(from Purpose to Goal)</p> <ul style="list-style-type: none"> ● Sufficient number communities benefiting from project to account for significant national impact ● Project maintains consistent and tangible progress toward goals ● External funding sources (donors) continue in the medium to long term to provide financing for fiscal decentralization <ul style="list-style-type: none"> ● Political and social stability persists ● GoN remains committed to decentralized participatory processes for local development ● Sustained budgetary commitment to provision of public services |

| | | | |
|---|--|--|---|
| <p>GEF Operational Program:</p> <p>To promote community - based integrated management of ecosystems and natural resources as a means of reducing the region's vulnerability to desertification, while fostering multiple global environmental benefits</p> | <p>Outcome / Impact Indicators:</p> <p>Condition of natural resources and ecosystems as a whole in their multiple functions seen from a local, national and global environmental perspective as indicated by the improvement trends in:</p> <ul style="list-style-type: none"> ● Extent and composition of woody and herbaceous vegetation and/or crops on natural rangelands, cultivated areas and shorelines ● Area of marginal lands under cultivation of annual crops and those being protected and/or actively recovered. ● Existence and condition of livestock corridors and compliance to rules governing their use. ● Availability and accessibility of grazing and water areas during the dry season to non-resident livestock holders. ● Knowledge, preservation and recovery of natural plant species which serve as sources of traditional food, medicinal and veterinary products. | <p>Project MIS</p> <ul style="list-style-type: none"> ● Environmental surveys, maps ● Midterm and final project evaluation | <ul style="list-style-type: none"> ● Constraints to CBIEM are sufficiently recognized and addressed by the synergy of the combination of the five main project components. ● Timing, coordination and implementation of the five main project components will allow for succes. |
|---|--|--|---|

| Hierarchy of Objectives | Key Performance Indicators | Data Collection Strategy | Critical Assumptions |
|---|--|--|---|
| <p>Project Development Objective: To establish and operationalize decentralized, participatory, and transparent financing mechanisms that empower poor communities to take charge of their own development.</p> | <p>Outcome / Impact Indicators:</p> <ul style="list-style-type: none"> ● 75 percent of communities in targetted communes carry out needs assessments and produce feasible development plans ● 60 percent of targetted communities directly executing project-supported micro-projects ● 75 percent of targetted communes (local governments) receive training and are actively involved in local development | <p>Project reports:</p> <ul style="list-style-type: none"> ● Project MIS ● Sector statistics ● Field data collection ● Sample studies/surveys ● External financial audits ● Mid-term and final project evaluations ● Periodic reports by community associations | <p>(from Objective to Purpose)</p> <ul style="list-style-type: none"> ● Micro-projects completed and successful in what they set out to accomplish ● Local government representatives are elected and/or function in a transparent manner ● Central government does not override authority of local decision-makers |
| <p>Output from each Component:</p> <p>A. Community Support</p> <ul style="list-style-type: none"> ● Capacity of local institutions and community associations strengthened to facilitate local development planning, implementation, monitoring, and evaluation. <p>B. Local Governance Support</p> <ul style="list-style-type: none"> ● B.1 Capacity of local government strengthened to support decentralization. ● B.2 Legal and policy framework strengthened to support administrative and fiscal decentralization | <p>Output Indicators:</p> <ul style="list-style-type: none"> ● Number community leaders/members trained ● Existence of regular meetings ● Involvement of vulnerable groups in decision-making <ul style="list-style-type: none"> ● Review of decentralization legal and policy framework completed. ● Proposed system of fiscal decentralization tested ● New policies and procedures distributed and explained to community associations ● Skills gap analysis completed ● Number of government representatives and support staff trained ● Existence of quality and | <p>Project reports:</p> <ul style="list-style-type: none"> ● Project MIS ● Accounting system reports ● other reviews and audits ● traing program curriculum ● minutes of community fora ● training material <ul style="list-style-type: none"> ● Project MIS ● Accounting system reports ● other reviews and audits ● legal studies ● election observation results ● technical studies <ul style="list-style-type: none"> ● Skills gap analysis ● traing program curriculum | <p>(from Outputs to Objective)</p> <ul style="list-style-type: none"> ● Development plans and micro-project proposals are reviewed and approved on a timely basis ● Funds to match community contributions are available on a timely basis ● Willingness of beneficiaries to use facilities and services financed by the project <p>Local <i>commune</i> and regional authorities are responsive to the objectives and participatory principles and practices of the C AP</p> <p>National government remains committed to enactment of the decentralization process</p> |

| | | | |
|--|--|--|--|
| <p>C. Local Investment Fund</p> <ul style="list-style-type: none"> ● Matching grants facility established and operational providing particular attractive conditions for micro-projects promoting or supporting CBIEM. | <p>timely provision of support to decentralized services</p> <ul style="list-style-type: none"> ● Contractual agreements signed with community associations ● Needs assessments completed ● Development plans approved ● Communities able to raise local contribution ● Number and distribution of type of micro-projects completed | <ul style="list-style-type: none"> ● Project MIS ● Accounting system reports ● other reviews and audits ● Annual performance reviews | <p>Decentralised micro-project approval processes and matching grant disbursement mechanisms are managed in a timely and effective manner</p> |
| <p>D. Poverty and Environmental Monitoring</p> <ul style="list-style-type: none"> ● A cross-sectoral M&E system established, providing feedback for rapid program adaptation | <ul style="list-style-type: none"> ● Number of national surveys financed and carried out ● % and regional coverage of communities successfully monitoring their own micro-projects as a basis for management and future planning of local development. | <ul style="list-style-type: none"> ● Project MIS ● Accounting system reports ● other reviews and audits ● Annual performance reviews | <ul style="list-style-type: none"> ● Government remains committed to the integration of poverty monitoring/ natural resource data management at the national level. ● Communities respond to the CAP incentives for them to develop responsible and sustained management of their local natural resources. |
| <p>E. Support to Project Management</p> <ul style="list-style-type: none"> ● Efficient and capable staff in place to manage project in decentralized framework. | <ul style="list-style-type: none"> ● Existence of qualified staff mobilized, with defined performance goals ● Office and transport infrastructure adequate to project activities are procured and distributed | <ul style="list-style-type: none"> ● Project MIS ● Accounting system reports ● other reviews and audits ● Annual performance reviews | <ul style="list-style-type: none"> ● The CAP is able to attract: <ul style="list-style-type: none"> i) the numbers of qualified staff needed to coordinate activities in all 8 regions; ii) the numbers of NGO's/private sector associations with adequate diversity of skills to support the communities implementing the program's activities in all 8 regions. |

Annex 2: Detailed Project Description

NIGER: Community Action Program

By Component:

Project Component 1 - US\$3.50 million

The **Community Support** component is aimed at empowering communities to use decentralized and participatory planning procedures and to build the capacity of community-based organizations (CBOs) to design, implement, and manage micro-projects. Strengthening the capacity of CBOs will involve the application of participatory appraisal (PA) and planning techniques to facilitate needs assessments, local integrated development/ ecosystem planning, and implementation. The pilot operations which took place during the pilot phase were aimed at preparing the ground for implementation of this component.

Capacity-building efforts will operate on the principle that there exists substantial, yet latent, social capital, that hitherto lacked the administrative framework and financial and technical resources upon which it could build. So rather than undertaking an extended preliminary phase of training on participatory appraisal and fiscal management, the CAP will quickly offer access to local development financing after a short period of PA, in the belief that communities will best learn by doing and will be encouraged by quick results. (In the pilot operations, this was accomplished in 18 months). However, the CAP will recognize that certain communities may well require more capacity-building than others, and the program must therefore focus efforts to match existing conditions.

The hallmark of this component is the systematic use of PA techniques. This will require building consensus on such techniques among NGOs, and private sector agencies, which will assist communities to (i) conduct needs assessments, (ii) draft community integrated development/ ecosystem plans, and (iii) facilitate implementation and monitoring of micro-projects. The needs assessments and development plans will be submitted for approval and assessed using transparent criteria known in advance to all stakeholders. The development plans will be implemented by the communities themselves, under the leadership of committees created for this purpose. Communities will be able to exercise choice over source of technical assistance, technology type, and investment design. Local government, NGOs, and sector specialists may give input, guidance, and training, but not interfere in implementation. This is essential to empower communities, ensure correspondence of investment to needs, and ensure accountability to the community. The hallmark of this component is the systematic use of PA techniques. This will require building consensus on such techniques among NGOs, who will assist communities to (i) conduct needs assessments, (ii) draft community development plans, and (iii) facilitate implementation of micro-projects. The needs assessments and development plans will be submitted for approval and assessed using transparent criteria known in advance to all stakeholders. The development plans will be implemented by the communities themselves, under the leadership of committees created for this purpose. Communities will be able to exercise choice over source of technical assistance, technology type, and investment design. Local government, NGOs, and sector specialists may give input, guidance, and training, but not interfere in implementation. This is essential to empower communities, ensure correspondence of investment to needs, and ensure accountability to the community.

The GEF resources will be blended with the technical assistance and financing of this component to support (i) the CBOs in the incorporation in the PAs of the analysis of the linkages between poverty reduction and the integrated management of the communities' natural resources ,as part of ecosystems relating to water availability, food production and nutritional value and availability of household energy, medicinal and veterinary products; (ii) the identification and inclusion of the various types of primary

male and female stakeholders within communities having interest in the maintenance of the various type of production functions of the ecosystems (such as sedentary and non-sedentary livestock holders; croppers; collectors of household products such as food, water and energy; fishermen; hunters and traditional healers and nature conservationists and (iii) the ability of the CBOs and communities to design and implement relevant micro-projects related to CBIEM. Communities may decide not to place CBIEM issues among their top priorities, and as a result these would not be financed. However, at a minimum as a result of this component's activities, they would have identified problems.

Project Component 2 - US\$3.75 million

The **Local Governance Support** component is aimed at strengthening administrative , technical and fiscal dimensions of local governance. This will involve efforts at local and central levels within two sub-components:

a) Local governance: The CAP must work with, as opposed to avoiding or crowding out, local governments who are mandated to oversee local development. The CAP must therefore be consistent with public management processes and procedures and endeavor to strengthen local governance. However, the institutional framework for local development is poorly developed in Niger due to a highly centralized and poorly funded public administration.

To address these constraints, the CAP will pilot a program of local governance support in the first phase. The program will work actively with a select set of local governments to build capacity in administrative, technical and fiscal management, and ensure that they work effectively with their constituents -- the local communities. These participant local *commune* authorities will be selected according to transparent sets of criteria developed during the preparatory phase of the program and specified in the Implementation Manual. Over a 3-year time frame, the activities undertaken to improve local governance will focus on three complementary areas of capacity building: organizational and institutional development; local development planning skills, procedures and regulatory frameworks; reinforcement of technical skills. In this context, the GEF funds will be used to support the establishment and function of the local land tenure committees with inclusion of representatives of various socio-economic and occupational levels including non-sedentary live stockholders. The local *commune* authorities participating in the first phase of the PAC program will also have the possibility of access to financing from the matching grant facility (Component 3) to invest in local development priorities; however to achieve this, over the 3 years the *commune* authorities will have to comply with a number of initial and sequential annual performance benchmark requirements. These graduated performance criteria are derived from the lessons learned from the pilot experience of the UNCDF local governance programs in the regions of Maradi and Diffa, and are specified in the Project Implementation Manual.

b) Policy and institutional reforms: An enabling environment is essential for effectiveness and sustainability of CDD. This requires political will, a conducive legal and regulatory framework, clear sector policies, and well-defined roles, rights, and responsibilities for all the different categories of stakeholders and all the different levels of decentralized government.

The CAP will work with the central government, notably the High Commission for Decentralization and Administrative Reform and the recently attributed Ministry of Interior and Decentralization, to support the gathering momentum in the process of a administrative and fiscal decentralization. This component will also support the implementation of the legal and regulatory framework for decentralization, and strengthen the capacity of the core line Ministries to reformulate their sector policies, and organize the deconcentration and redeployment of their staff, to the lowest appropriate level of local government. Program financing may be used for training, consultations, technical assistance, and studies. Issues requiring investigation include: the redefining of the mandate of various government /line agencies,

specification of disbursement funding mechanisms, establishment of accountability systems, reformulation and enforcement of procurement and contracting laws, and the registration and legal status of community groups. In addition, the legal and policy framework would need to be strengthened to support administrative and fiscal decentralization..

Since use and tenure rights over natural resources remain particularly important in the context of decentralization, the GEF funds will be earmarked to support the Secretariat of the Rural Code in the development of national and local environmental governance policies and frameworks for promoting CBIEM by discouraging cultivation of marginal lands and banks of surface waters, and by resolving conflicting interests and use of surface waters.

Project Component 3 - US\$ 26.60 million

The **Local Investment Fund** (LIF) is the financial facility that will channel small fungible capital grants to communities and eventually to them through those of the pilot local *commune* authorities which become eligible for the financing of micro-projects. The purpose of the LIF is to stimulate local development and address the priority needs of communities. The LIF has the following fundamental characteristics:

- socially inclusive participatory identification and selection of micro-projects;
- open menu of choices, with a short negative list;
- mandatory local contributions;
- transparent management of resources;
- local control of all construction work performed under contract;
- local responsibility for maintenance;
- community responsibility for monitoring and evaluation of the process and outcome.

Initially, the LIF will flow from regional PMUs to communities. Eventually, the goal is to have the LIF flow through local governments to support fiscal decentralization once accountable and democratically elected are in place and have reached a level of capacity to serve their communities in this way (i.e. through component B). Such micro-projects will be proposed by communities as part of an approved local development plan, and providing that a participatory needs assessment has been successfully undertaken.

A central principle of the CAP is that communities may decide to use the LIF for any micro-project they deem important. Such micro-projects will be proposed by communities as part of an approved integrated local development plan, which itself will be derived from a participatory needs assessment. The micro-projects may include, but are not limited to, natural resource management (soil fertility control, erosion control, tree plantings and nurseries, fuelwood); production of crops, fish, and livestock (irrigation, gardening, seedling production, livestock fattening, cereal banks, fish farming, food processing, stockraising, beekeeping), water and sanitation (wells, boreholes); education (village schools, literacy programs); health (clinics, health posts, disease prevention, including HIV/AIDS); rural transport (rehabilitating local roads, small works); etc.

The LIF is a matching grant. As such, communities are expected to contribute a certain percentage of the value of the investment, either in cash, or more likely in the form of labour or materials. For each type of infrastructure, the LIF will contribute at least 80%, and the communities and the beneficiary populations

a minimum of 20% of the cost in the form of labor, materials and/or money. For other categories of micro-project, the community contributions will range from 5 to 20% per cent, depending on the objective and nature of the micro-project. The amount of the initial grant would be small. As a limited fund, the LIF would encourage priority-setting and avoid creation of "wish lists". Communities that effectively access and execute the LIF would be eligible in subsequent financing rounds for additional funding. The access of the communities to this fund will be based on clear and specific eligibility criteria to be detailed in a Project Implementation Manual (PIM).

Identification and selection of micro-projects

Through a service provider, and in cooperation with the communities, the CAP will contract Community Development Agents as necessary who will be in charge of information and participatory appraisal activities at the village and district level. The priorities identified by the population will be first reviewed by a project approval committee, composed of technical staff of the local administration and key stakeholders in the private sector and civil society, whose role will include verification of the technical feasibility of the micro-project, and to ensure that any proposed health, educational, and transport facilities are consistent with national standards and guidelines. Following confirmation of approval of the micro-project, the LDP's of the communities and eventually of the pilot local commune authorities, will be forwarded to the regional administration and CAP's regional office to ensure compliance with the Bank's fiduciary and contracting requirements, and ensure prompt disbursement of funds to the respective community's bank account. These two instances have, however, no authority to decide whether the micro-projects are appropriate. If the normative control is positive, the regional coordination unit will disburse funds to the community/ and those eligible local commune authorities. If the control is negative, the community/commune will be informed of the reasons so that another application can be prepared.

As necessary, communities will contract for the necessary technical assistance to develop the projects' technical documents. These contracts can be made with private consultants, or NGOs; alternatively arrangements for the payment of costs for technical assistance from the deconcentrated staff of the public services can also be made. In case of agreements with the government technical services the modalities will be specified by an overall agreement between the micro- project and these services.

The Annual Investment Plan will be forwarded to the regional administration and CAP's regional office to ensure compliance with the micro-project's technical specifications and eligibility criteria. These two instances have, however, no authority to decide whether the micro-projects are appropriate. If the normative control is positive, the national coordination unit will disburse funds to the community. If the control is negative, the community will be informed of the reasons so that another application can be prepared.

Implementation and maintenance of micro-projects

Communities will manage and supervise LIF's capital investments. They will mobilize local contributions and negotiate contracts with service providers for the implementation of the micro-projects. The maintenance of micro-projects will be under local responsibility and will be made possible through the creation of an Infrastructure Maintenance Committee (IMC) which will coordinate the maintenance activities of the community and will organize maintenance committees for the different micro-projects. The community will establish a budget line for the maintenance of the infrastructure for which it will be responsible.

Monitoring annual investment plans

The CCR will ensure overall compliance with the Project Implementation Manual. The responsibilities of the technical services of the regional administration (also defined in an annex of the PIM) will ensure

that micro-projects have met all eligibility criteria and standards. These deconcentrated services will prepare an activity report twice a year to be submitted to the regional authorities, the appropriate technical ministries, and the program's regional/national coordinating units. This should improve coordination and planning between the regional and national level.

The financial envelope provided for the communities and local *commune* governments will be calculated on the basis of a per-capita amount of some US\$ 3 - 5 per capita per year. This amount may vary on the basis of field experience, depending on the villages' capacity to make effective use of the resources provided to them.

Investments selected by villagers and their representatives will cover a variety of sectors but they will be subject to a negative list. Any sub-project that is not included on the negative list and that meets the eligibility criteria set out in the procedures manual may be financed and managed locally (by the beneficiaries).

Over a 14-month period commencing in Feb 2001, project concepts and approaches were tested in eight pilot sites through sub-contracts to NGOs and donors with relevant field experience in participatory techniques and community development. Based on the lessons learnt during these pilots, the project approach has been reviewed, and the details of its implementation adjusted to better reflect local realities; these are reflected in the PIM. Over a 14-month period commencing in Feb 2001, project concepts and approaches are being tested in eight pilot sites through sub-contracts to NGOs and donors with relevant field experience in participatory techniques and community development. Based on the lessons learnt during these pilots, the project approach will be reviewed, and the details of its implementation adjusted prior to credit effectiveness to better reflect local realities; these will be reflected in an Operations' Manual which forms part of the ongoing process of project preparation.

GEF funds

Half of the available GEF funds will be blended with the IDA funds in this component, representing about eight percent of component financing. To promote and support in particular the global environmental interests of CBIEM related activities, the proportional community contribution required will be significantly lower for CBIEM related activities pertaining to a) community awareness raising activities relating to the interest in integrated ecosystem management such as determining the degree of importance of native natural rangelands species to poverty reduction, b) the maintenance of the productivity, biodiversity and soil cover of the natural rangelands, including the preservation and/or recovery of marginal lands and banks of surface waters, c) the introduction of valuable native species of the natural rangelands within the cropping systems and d) allocation of cultivated areas to fodder production by native fodder species.

Project Component 4 - US\$4.99 million

The **Poverty and Environmental Monitoring** component is the CAP's M&E system. It will serve three purposes : (i) measure levels and trends of poverty; community access to social services and to local markets; and the state of natural resources; (ii) monitor the CAP in order to provide timely feedback to both communities and program management in terms of relevance, efficiency, effectiveness and impact of program interventions, in order that rapid corrective action can be taken if necessary; and (iii) enhance local communities' capacity to analyze and manage their own development process. The system may rely on a variety of survey instruments, including surveys on household income and expenditure, *ad hoc* studies, and routine administrative records on access to infrastructure and services. The component will finance data collection, analysis, training, workshops, and dissemination of results.

The poverty monitoring component will have two related sub-components:

- *National poverty monitoring system*: The Government of Niger (GoN) and the donor community have set a number of *International Development Goals*. The goals are intended to stimulate accelerated progress on the human dimensions of poverty reduction as well as to improve the effectiveness of the relationship between national governments and international agencies. The GoN has a challenge, however, as the access, use and maintenance of socio-economic and natural resources data sets that currently exist in Niger is uncoordinated.

With the IDGs in mind, the national poverty monitoring system seeks to harmonize the access to and use and maintenance of several of Niger's socio-economic and natural resources data sets. The poverty monitoring system will first create a *data management system* for coordination of the disparate data sets. Its first product is a series of national and regional *maps or layers of maps* of different categories of indicators. These poverty maps will provide an initial assessment of the multiple dimensions of poverty in Niger, as a baseline against which to measure future development progress, and with supporting data and analysis may also be used to prescribe possible development solutions. In short, the poverty maps will allow end-users at different levels (donors, government, NGOs and communities themselves) to better target and coordinate development investments within Niger. To support the CBIEM fostering of multiple global environmental benefits, GEF funds will ensure that this monitoring system will also explicitly incorporate socio-economic and natural resources data relating to the use and condition of the existing ecosystems in their multiple function seen from a local, national and regional/global perspective. The geographical coverage of the first phase of the CAP will select 15 - 20 percent of the population of Niger, based on administratively defined (*communes*) and socially defined (village groupings) areas, which do not necessarily correspond to local ecosystems. However, based on prior identification of sites where the territory of communes is characterized by complex agro-ecological production systems comprising sedentary and non-sedentary livestock systems, cropping systems and/or substantial shared surface waters providing ample opportunity to benefit from CBIEM, the selection of the target areas of the CAP will give weight to the selection of these areas in the first phase. A GEF financed PDF-B preparation study (*Etude sur l'identification des sites prioritaires d'intervention du FEM au plan national par rapport à la gestion intégrée des écosystèmes dans la mise en oeuvre du PAC*) has identified 23 sites for priority attention. By way of illustration, these include (i) *complexe de mares de Albarkaïzé*, (ii) *complexe Kokorou-Namga*, (iii) *Mare de Tabalak*, (iv) *forêt classée et réserve totale de faune de Gadabédji*, (v) *forêt de Marigouna-Bela*, (vi) *cuvette e Goned*, (vii) *lac de Madarounfa*, (viii) *forêt de Korap*, (ix) *forêt du lac Tchad*, (x) *complexe de Droum Malori*. All these sites are located in the two southern agro-pastoral agro-ecosystems. While the coverage of the CAP is expected to eventually be national, initial preference can be given to communes that include or border these zones. These priority sites already (a) feature within the national global environmental strategies and (b) correspond to the global environmental agenda under OP12 (multiple global environmental benefits).

The national poverty monitoring system, a form of *geographic information system (GIS)*, will tentatively be based within the Census Statistics Office. The coordinators of the data system will have two initial objectives : (i) to work with Niger's research institutes, government statistical bodies and NGOs to create the initial database for the spatial -assessment of poverty, and (ii) to develop a strategy for sharing, using and maintaining data within Niger, by working towards the harmonization of these disparate data sets and developing spatial visualizations of the data where feasible. The sub-component would finance a small team (two or three people), hardware and software, training, and consultants.

- *Community-based M&E*: The Millennium Development Goals provide one means of encouraging an acceleration of progress towards poverty reduction. The GoN and the donor community have increasingly recognized that *community empowerment* plays a similar role. The CAP expands the scope for communities to articulate and modify their development vision through a *community-based monitoring and evaluation system*.

Through its community-based monitoring and evaluation system, the CAP will facilitate a community-wide reflection on local development and its evolution over time. On a theoretical level, community-based monitoring and evaluation will fold forward-looking local planning into the CAP's participatory assessment (PA) process. Instead of planning in terms of local community problems, as is currently the approach, community-based monitoring and evaluation encourages planning in function of local population's common vision for their future. Prospective planning facilitates the selection of complementary sub-projects, increasing the returns to the CAP's local investment funds. Furthermore, this approach trains community members to effectively assess development themselves. As such, community members will be better equipped to troubleshoot problems and to re-evaluate local development over time. CAP sub-projects will, therefore, be more likely to be operated and maintained after the CAP has formally ended. Each of these advantages, in sum, will broaden community empowerment opportunities within the CAP.

On an applied level, the community-based monitoring and evaluation system will consist of two main parts: (i) introducing monitoring and evaluation at the community level, offering variable training approaches based upon communities' education levels; and (ii) setting up a local system so that communities can systematically assess and re-assess their own development.

With support from a community development agent, a community-chosen Monitoring and Evaluation Committee will define the indicators that will be used to : (i) monitor CAP sub-projects; (ii) evaluate the effect of the CAP and, potentially, of other local service providers on the community, from a locally elaborated baseline; and (iii) systematically feed these observations into regular re-adjustments of the local development plan. The Monitoring and Evaluation Committee will be responsible for data collection and for the primary data analysis. Community development agents will transmit a subset of this data to the decentralized regional program coordination units.

These steps suppose previous social mapping of the community, in order to establish which local level institutions exist, what the impetus for their creation was, and what importance they represent for sustainable community development. The intent of community-based monitoring and evaluation is to build upon the strengths of these local indigenous institutions, while building towards an approach to local development that goes beyond that of any one community sub-group. Similarly, the approach seeks to foster a common community vision for development, as distinct from a project-based focus.

This system has been developed by: (i) improving the participatory monitoring and evaluation/assessment methodology used by each CAP operator (drawing from an "agent as catalyst" training module currently under development, for community development agents and as such is specific to the social and economic constraints of Niger's population), while using GEF funds to incorporate activities to raise the awareness of communities towards their interest in CBIEM; (ii) establishing the system for culling a subset of community-generated data needed by project management; and (iii) developing a mechanism for transmitting that data to project management at the regional and national levels. This system may also develop a mechanism for exchanging information on and from the poor between the CAP and, locally, decentralized government agencies or, nationally, the PRSP.

Each community's Monitoring and Evaluation Committee will be supported by a community development agent. The community development agent will in turn be supported by both the organization (NGO, government agency or consulting firm) for which s/he works as well as by a regional training coordinator. The training coordinator's role will be to evaluate and support the quality of community development agent work and to coordinate exchange and collaboration between the community development agents in his/her region.

This sub-component will finance data collection, analysis, training, workshops and dissemination of results.

Project Component 5 - US\$4.99 million

The **Support to Project Management** component will cover project coordination, field services, financial management, and establishment of a communication program. Project coordination will include support for coordination meetings, liaison with the World Bank and other donors, and exchange of experience at national fora. Field services include the training, personnel, equipment, and operating costs associated with the program implementation in the eight regions. Financial management includes operational planning and monitoring of the physical and financial execution of the CAP, procurement, accounting, internal audit, and personnel management. The communication program includes development and dissemination of information concerning program activities, approaches, results, and possibly education in schools, on radio, and on television. The national program management unit and the national program steering committee (see Section C4) will provide technical support and advisory oversight to most of the activities of this component. The various aspects of program management will also coordinate cross-cutting CBIEM-related activities, while in addition the GEF funds will finance the development of a specific communication initiative to reach out to other relevant national, regional, and global environmental programs.

Annex 3: Estimated Project Costs
NIGER: Community Action Program

| Project Cost By Component | Local US \$million | Foreign US \$million | Total US \$million |
|--|-----------------------|-------------------------|-----------------------|
| Support to Communities | 1.71 | 1.79 | 3.50 |
| Support to Local Governance | 2.65 | 1.10 | 3.75 |
| Local Investment Fund | 26.60 | 0.00 | 26.60 |
| Poverty Monitoring and M&E | 3.38 | 0.76 | 4.14 |
| Support to Project Management and Coordination | 4.04 | 0.95 | 4.99 |
| Total Baseline Cost | 38.38 | 4.60 | 42.98 |
| Physical Contingencies | 0.00 | 0.00 | 0.00 |
| Price Contingencies | 0.78 | 0.07 | 0.85 |
| Total Project Costs¹ | 39.16 | 4.67 | 43.83 |
| Total Financing Required | 39.16 | 4.67 | 43.83 |

| Project Cost By Category | Local US \$million | Foreign US \$million | Total US \$million |
|--|-----------------------|-------------------------|-----------------------|
| Goods | 0.83 | 1.91 | 2.74 |
| Services | 5.33 | 2.35 | 7.68 |
| Training | 0.20 | 0.20 | 0.40 |
| Matching Grant for the FIL | 24.60 | 0.00 | 24.60 |
| Beneficiaries Contributions | 2.00 | 0.00 | 2.00 |
| Operating Costs | 6.20 | 0.21 | 6.41 |
| Total Project Costs¹ | 39.16 | 4.67 | 43.83 |
| Total Financing Required | 39.16 | 4.67 | 43.83 |

¹ Identifiable taxes and duties are 0 (US\$m) and the total project cost, net of taxes, is 39.83 (US\$m). Therefore, the project cost sharing ratio is 0% of total project cost net of taxes.

Annex 4: Financial analysis of income-generating activities

NIGER: Community Action Program

Objective of the study

The objective of this study was to identify a representative sample of income-generating activities that are likely to be selected by communities in the diagnostic phase of micro-project cycle in the CAP. These are activities which are already commonly carried out by Nigeriens, such as crop farming, livestock production, and petty trading and are important sources of income for most Nigeriens.

Methodology

A rigorous economic analysis was used to assess the capacity of each activity to achieve the social and economic objectives of the CAP. The instruments used are the cash flow, Net Present Value (NPV) and the Internal Rate of Return (IRR). An activity is estimated satisfactory when its NPV is greater than zero or when its IRR is superior to 10%. The impact of exchange rate swings, subsidies, taxes were not taken into account. No baseline study was carried out for the CAP. Rather, inputs into the analysis were obtained from a desk-study based on the NGO and donors' reports such as the BAD and the World Bank.

Analysis

Small Animal Husbandry: It was the most demanded activity during the pilot phase of the CAP. It means social recognition (activity traditionally considered as adding value) and represents a capital investment as well (sale of various sub-products). The activity helps strengthen linkages between agriculture and pastoralism, which are complementary (fodder versus manure). The activity is financially cost-effective and sustainable, even with the loss of every other flock due to theft, abortion and death. An increase of the capital will benefit to the sector which can move progressively towards cattle-fattening and bring more value-added to the activity.

Small Trade: This designation gathers a large variety of activities. In Niger, small trade plays an important social role in the lifestyle of the population as it introduces local food-processing activities and improves the quality of feeding. In spite of its unpretentious appearances it is a profitable activity. Its individualistic nature could however, prevent it from being well integrated in the CAP.

Peanut Oil Extraction: This profitable activity helps women's integration in the project and is highly profitable. The sector does not have any marketing issues because peanut oil is basic ingredient in Niger cooking. However, some minor adjustments need to be done to help increase its value-added, such as growth of revolving funds, improvement of channels of distribution, and improvement of the techniques of extraction.

Flour Milling: Mills contribute substantially to the alleviation of women's workload and is a profitable income-generating activity. However, some simple but essential environmental and managerial measures need to be taken to improve operations. These measures apply to the reprocessing of otherwise wasted oil and the control of mills' management.

Animal Carts: The social utility of the animal carts, which help villages to come out their remote environments, is undeniable. More used in some geographical areas than in others, transportation by animal carts helps owners overcome marketing constraints. It is a profitable activity which can increase

easily depending on the animal used (donkey or cattle). The organization and distribution of responsibilities may be difficult when the carts are owned communally.

Irrigated Agriculture: This is the major activity in Niger and its social impact is immediate. Only irrigated crop production has been analyzed without taking into account the capital costs of irrigation infrastructure. Gardening and maize are profitable activities. Rice and *niebe* (locally grown bean) which are cash crops are profitable too, but cultural techniques need to be improved.

| Activity | Yearly Net Income (FCFA) | | | | | NPV (10% 10 years) FCFA | IYR | |
|-----------------|--------------------------|-----------------|---------|--------|---------|-------------------------------|----------------|-------------|
| | 1 | 2 | 3 | ... | 10 | | | |
| Small Ruminants | 14 160 | 14 160 | 14 160 | Idem | 14 160 | 87 007 | | |
| Small Trades | 90 000 | 90 000 | 90 000 | Idem | 90 000 | 553 011 | | |
| Peanut Oil | 26 640 | 26 640 | 26 640 | Idem | 26 640 | 163 691 | | |
| Cart | Cattle | -182 694 | 67 306 | 67 306 | Idem | 67 306 | 231 870 | 36% |
| | Donkey | -115 216 | 41 784 | 41 784 | Idem | 41 784 | 143 149 | 36 % |
| Seeds Mills | -870 964 | 279 037 | 279 037 | Idem | 279 037 | 855 424 | 31 % | |
| Gardening | 29 500 | 29 500 | 29 500 | Idem | 29 500 | 181 265 | | |
| Rice (1 ha) | 326 500 | 326 500 | 326 500 | Idem | 326 500 | 2 006 201 | | |
| Niebe (1ha) | 253 500 | 253 500 | 253 500 | Idem | 253 500 | 1 557 648 | | |
| Maize (1ha) | 57 700 | 57 700 | 57 700 | Idem | 57 700 | 354 542 | | |

NPV: Net Present Value

IRR: Internal Rate of Return

Annex 5: Financial Summary
NIGER: Community Action Program
Years Ending

| | IMPLEMENTATION PERIOD | | | | | | |
|---------------------------------|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
| Total Financing Required | | | | | | | |
| Project Costs | | | | | | | |
| Investment Costs | 7.1 | 7.7 | 10.4 | 12.4 | 0.0 | 0.0 | 0.0 |
| Recurrent Costs | 1.6 | 1.5 | 1.5 | 1.6 | 0.0 | 0.0 | 0.0 |
| Total Project Costs | 8.7 | 9.2 | 11.9 | 14.0 | 0.0 | 0.0 | 0.0 |
| Total Financing | 8.7 | 9.2 | 11.9 | 14.0 | 0.0 | 0.0 | 0.0 |
| Financing | | | | | | | |
| IBRD/IDA | 6.1 | 7.1 | 9.8 | 12.0 | 0.0 | 0.0 | 0.0 |
| Government | 0.7 | 0.7 | 0.7 | 0.7 | 0.0 | 0.0 | 0.0 |
| Central | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provincial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Co-financiersGEF | 1.4 | 0.9 | 0.9 | 0.8 | 0.0 | 0.0 | 0.0 |
| Beneficiaries | 0.5 | 0.5 | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Project Financing | 8.7 | 9.2 | 11.9 | 14.0 | 0.0 | 0.0 | 0.0 |

Main assumptions:

Annex 6: Procurement and Disbursement Arrangements

NIGER: Community Action Program

Procurement

General

1. A Country Procurement Assessment Review (CPAR) for Niger was carried out in 1998, which found that in general national procedures for the procurement of works, goods and services are acceptable to IDA subject to a few amendments. So far the findings of the CPAR remain valid. No special exceptions, permits, or licenses need to be specified in the Credit documents for International Competitive Bidding (ICB), since Niger's procurement practices allow IDA procedures to take precedence over any contrary provisions in local regulations. National Competitive Bidding (NCB), advertised locally, would be carried out in accordance with Niger's procurement laws and regulations acceptable to IDA, provided that they assure economy, efficiency, transparency, and broad consistency with key objectives of the Bank Guidelines. For NCB procedures, the following principles have been adhered to: (i) any bidder is given adequate response time (four weeks) for preparation and submission of bids; (ii) bid evaluation and bidder qualification criteria are clearly specified in bidding/pre-qualification documents and not be applied arbitrarily; (iii) eligible firms are not precluded from participation; (iv) award is made to the lowest evaluated bidder; (v) no preference margin is granted to domestic contractors and suppliers (vi) award will be made to the lowest evaluated bidder in accordance with predetermined and transparent methods; (vii) bid evaluation reports will clearly state the reasons to reject any non-responsive bid; and (viii) prior to issuing the first call for bids, draft standard bidding documents prepared as annexes to the Procedures Manual are submitted to IDA and found acceptable.

Guidelines

2. Goods and works financed by IDA shall be procured in accordance with Bank's Guidelines under IBRD Loans and IDA Credits (January 1995 revised in January and August 1996, September 1997 and January 1999) (The Guidelines). The Bank Standard Bidding Documents (SBD) and Standard Evaluation Report will be used for ICB. National Competitive Bidding (NCB) would be carried out using the Bank's SBD with appropriate modifications in relation to provisions relating to "advertising and notification", "currencies of bid and payment", "settlement of disputes", and deletion of the domestic preference provision, etc. Under NCB, the procedures should ensure that: (i) methods used in evaluation of bids and the award of contracts are made known to all bidders and not be applied arbitrarily; (ii) any bidder is given adequate response time (four weeks) for preparation and submission of bids; (iii) bid evaluation and bidder qualification are clearly specified in bidding documents; (iv) no preference margin is granted to domestic manufacturers; (v) eligible firms are not precluded from participation; (vi) award will be made to the lowest evaluated bidder in accordance with predetermined and transparent methods; (vii) bid evaluation reports will clearly state the reasons to reject any non-responsive bid; (viii) prior to issuing the first call for bids, draft standard bidding documents prepared as annexes to the Procedures Manual are submitted to IDA and found acceptable.

3. Consultant services contracts financed by IDA grant will be procured in accordance with Bank's Guidelines for the Selection and Employment of Consultants by World Bank Borrowers (January 1997 revised in September 1997, January 1999 and May 2002). The Standard Request for Proposal, as developed by the Bank, will be used for appointment of Consultants.

4. Procurement activities carried out for small works, goods and services for community-based

micro-projects financed by the matching grant (LIF) would be carried out in accordance with paragraph 3.15 of the Guidelines (Community Participation in Procurement) and with the Bank's Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998) and the Project Implementation Manual (PIM). These would be described in a specific chapter of the PIM.

Advertising

5. A General Procurement Notice (GPN) will be prepared and published in the United Nations Development Business and in a national newspaper at least 60 days before effectiveness. The GPN would be updated on a yearly basis and would advertise for all outstanding International Competitive Bidding (ICB) for goods contracts and all International Consulting Services. The publication of a GPN in the national press or official gazette is also required for National Competitive Bidding (NCB). The program's activities by expenditure and disbursement categories, their estimated costs, and procurement methods are summarized in Table A below. Consultant selection methods and thresholds for procurement methods and prior review are summarized in Tables A1 and B below.

Procurement Capacity Assessment

6. A procurement capacity assessment was carried out after the appraisal mission. As a result, an action plan was agreed upon to address areas where the program's structures need to be strengthened. The action plan includes: (i) the hiring of a Procurement Specialist at the CCN, (ii) training of the procurement specialist so that he become well seasoned and knowledgeable of IDA procurement rules and practices such as contract management and procurement filing, (iii) the establishment of a procurement planning and contract management system integrated in the computerized Financial management system to be installed at the central project coordination unit (CCN), (iv) annual technical audits specific to procurement and (v) the development of procurement rules and methods in a large section of the Project Implementation Manual (PIM).

Procurement Status and Proposed Arrangements

7. Procurement would be managed by the CCN which will include a procurement specialist and would use consultants as necessary to carry out specific tasks. The recruitment of all positions in the CCN and CCRs should be acceptable to IDA prior to credit effectiveness and during the life of the project.

8. Documents related to procurement below the prior review thresholds will be maintained by the Borrower for ex-post review by auditors and by IDA supervision missions. The CCN would be required to prepare a computer-based system to monitor that the aggregate amounts agreed upon would not be exceeded during the life of project implementation.

9. Project Implementation Manual (PIM). The PIM is being finalized. It will serve as a practical guide describing procedures agreed upon in the DGA. It will include: (i) procedures for calling for bids, selecting consultants, and awarding contracts; (ii) internal organization for supervision and control, including operational guidelines defining the role of the executing agency and reporting requirements and, (iii) disbursement procedures. The PIM will be examined during negotiations and adopted before grant effectiveness. In any case, a version acceptable to IDA will be a condition of grant effectiveness.

10. During negotiations, the Government will review and agree with IDA on standard bidding documents to be used under NCB procedures for Goods and works. The Government will also give assurance that it will: (i) use the Project Implementation Manual; (ii) use the Bank's Standard Bidding

Documents for ICB, the Standard Request for Proposals for the selection of consultants, and the Standard Bid Evaluation Reports; (iii) apply the procurement procedures and arrangements outlined above; (iv) update the procurement plan on a regular basis during annual reviews with IDA and other donors, to compare target times and actual completion, and transmit it to IDA, during implementation, with all procurement-related documents; and (v) carry out, during annual reviews, an assessment of the effectiveness of bidding procedures and performance, as they relate to the program's procurement experience, and propose for IDA and other donors' consideration any modification to the current procedures to the extent that would accelerate procurement, while still maintaining compliance with the Bank's Procurement Guidelines and adequate control over contract awards and payments.

Procurement Methods

11. **Works.** There won't be any major civil works contract under the project. **There will only be small works for the rehabilitation or construction of three offices at the regional level for the CCRs in Agadez, Diffa and Tahoua to be financed by IDA and estimated to cost US\$160,000 in total.** The remaining works consist of small works to be carried out through community-based micro-projects. The office construction or rehabilitation will be procured under national competitive bidding. Given the size, amount and demand-driven nature of community-based works, these contracts would be governed when applicable by the Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998) and the Project Implementation Manual (PIM). As part of grants for community-based micro-projects, small works will mostly be works relating to small community social infrastructures such as classrooms, rural health houses, youth facilities, community meeting facilities, etc. These small works are estimated to cost less than US\$20,000 per contract. They may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors invited in writing to bid. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to IDA, and relevant drawings where applicable. The awards will be made to the contractors who offer the lowest price quotation for the required work, provided they demonstrate they have the experience and resources to complete the contract successfully.

12. **Goods.** Procurement of computer equipment, office equipment, materials and furniture, locally available at economical price and costing less than US\$200,000 per contract, up to an aggregate amount of **US\$300,000** will follow NCB procedures acceptable to IDA. Procurement of vehicles, motorcycles and equipment up to an aggregate amount of **US\$2.00 million** would be carried through ICB. Goods that cannot be grouped into bid packages of **US\$50,000** or more may be procured through national/international shopping according to procedures acceptable to IDA, or through IAPSO. The Borrower would award the contract, on the basis of written solicitation issued to at least three qualified suppliers, following evaluation of bids received in writing from such qualified suppliers. The award would be made to the supplier with the lowest price quotation for the required goods, provided he still has the experience and resources to execute the contract successfully.

13. **IDA Reviews.** Contracts financed by IDA above the threshold value of US\$ 200,000 equivalent for Goods will be subject to IDA's prior review procedures in accordance to Appendix 1 of the Guidelines. The review process would cover about 70% of the contract amounts for goods and consultants -- see Table B below.

14. **Community-Based Procurement.** The project will finance community-based sub-projects (total is estimated at \$26.6 million equivalent), such as small and social infrastructures, classrooms, rural health houses, IEC-related activities and materials, minor repairs or works etc. Funding for these

activities will be in the form of grants. Communities will be required to contribute on agreed percentage of the total budget in labor, kind or in cash (see Project Implementation Manual for details).

15. Financing will depend on applications received from communities against a negative list of activities. It is not possible to determine the exact mix of goods, small works, and services to be procured under these activities due to their demand-driven nature. Therefore, the types of activities to be financed and their procurement details will depend on the needs identified by the communities. Procurement of items for the implementation of sub-projects would be carried out in accordance with simplified procurement procedures referred to the Project Implementation Manual. The manual will contain a special chapter describing the procedures and tools in accordance with those found in the Bank's *Guidelines for Simplified Procurement and Disbursement for Community-Based Investments* (February 1998). The CCN and the CCRs will be responsible for ensuring compliance with these guidelines, and ex-post reviews of random sub-projects will be conducted periodically by the Bank and independent technical audits.

16. Aggregate amounts are limiting. Therefore, the CCN and the CCRs responsible for procurement will maintain a tracking system to ensure that they are not exceeded and that IDA is timely advised when it is likely to happen.

Consultants Services, Studies and Training

17. Consulting Services financed by IDA would be for (i) studies, supervision, support of project implementation, financial management support, financial audits; and (ii) consultancies on technical matters and training--skills gap analysis and skills development and IEC campaigns. Consultants financed by IDA, totaling US\$ **5.37** million, would be hired in accordance with the Bank's Guidelines for the Selection and Employment of Consultants by World Bank Borrowers (January 1997 revised in September 1997, January 1999 and May 2002). Selection would be based on competition among qualified short-listed firms through Quality-and Cost-Based Selection (QCBS) by evaluating the quality of the proposals before combining quality and cost evaluation by weighting and adding the quality and cost scores. The Project Implementation Unit would ensure widely publicized expression of interest to get candidacy from consultants. Based on agreed upon criteria, the Project Implementation Unit will maintain and update a list of consultants which will be used to establish short-lists. Short-lists of consultants for contracts estimated under **US\$50,000** may be comprised entirely of national consultants, if a sufficient number of qualified firms (at least three) are locally available at competitive costs. This would particularly apply to contracts for specialized studies with NGOs. However, if foreign firms have expressed interest for those contracts, they will not be excluded from consideration.

18. **Other methods** would also apply. For audits and other services of a standard nature estimated to cost less than US\$100,000, up to an aggregate amount of US\$ **0.25** million the selection would be made on the basis of Least Cost Selection (LCS). Consultants for small studies, short term assignments, project implementation which can be delivered by individuals or firms (through Selection Based on consultants Qualifications method) and costing less than US\$ 50,000, up to an aggregate amount of US\$ **2.12** million, would be selected through comparison of qualifications among individual consultants (IC) expressing interest in the assignment or approached directly. Consultants hired under the project cannot be civil servants.

19. **IDA Reviews.** Bank Staff will review the selection process for the hiring of consultants proposed by the Borrower in accordance with Appendix 1 of the Guidelines for Consultants.

- All consulting contracts costing US\$100,000 equivalent or more for firms and all individual

consulting contract estimated to cost the equivalent of US\$50,000 or more would be subject to IDA prior review.

All other contracts would be subject to post review in accordance with paragraph 4 Appendix I of the Guidelines.

Any amendments to existing contracts raising their values to levels equivalent or above the prior review thresholds are subject to IDA review.

20. All terms of reference and all single-source selection of consultants would be subject to IDA prior review. Other procurement subject to IDA review would include: annual training plans for local and overseas training and workshops, including terms of reference and estimated budgets. All out of country training will be subject to IDA approval.

21. The Government will also give assurance at negotiations that it will take the necessary measure to ensure that procurement phases do not exceed the following target time periods:

| <i>Procurement Phases</i> | <i>Maximum number of weeks</i> |
|----------------------------------|--------------------------------|
| Preparation of bidding documents | 4 (6 for large contracts) |
| Preparation of bids by bidders | 4 (6-10 for ICB) |
| Bid evaluation | 2 (4 for large contracts) |
| Signature of Contracts | 2 |
| Payments | 3 |

Procurement methods (Table A)

Table A: Project Costs by Procurement Arrangements
(US\$ million equivalent)

| Expenditure Category | Procurement | | | N.B.F. | Total Cost |
|---|----------------|----------------|---|-----------------------|-------------------------|
| | ICB | NCB | Method ¹ Other ² | | |
| 1. Works | 0.00 (0.00) | 0.20 (0.16) | 0.00 (0.00) | 0.00 (0.00) | 0.20 (0.16) |
| 2. Goods | 2.06 (1.60) | 0.26 (0.23) | 0.18 (0.17) | 0.00 (0.00) | 2.50 (2.00) |
| 3. Services | 0.00 (0.00) | 0.00 (0.00) | 2.37 (2.37) | 2.71 (0.00) | 5.08 (2.37) |
| 4. Training | 0.00 (0.00) | 0.00 (0.00) | 3.00 (3.30) | 0.00 (0.00) | 3.00 (3.00) |
| 5. Local Investment Fund for Matching Grants of micro-projects | 0.00 (0.00) | 0.00 (0.00) | 24.60 (22.50) | 2.00 (0.00) | 26.60 (22.50) |
| 6. Operating Costs | 0.00 | 0.00 | 4.07 | 1.48 | 5.55 |

| | | | | | |
|----------------|-------------|-------------|--------------|-------------|--------------|
| | (0.00) | (0.00) | (4.07) | (0.00) | (4.07) |
| 7. PPFs | 0.00 | 0.00 | 0.90 | 0.00 | 0.90 |
| | (0.00) | (0.00) | (0.90) | (0.00) | (0.90) |
| Total | 2.06 | 0.46 | 35.12 | 6.23 | 43.83 |
| | (1.60) | (0.39) | (33.01) | (0.00) | (35.00) |

^{1/} Figures in parenthesis are the amounts to be financed by the Bank Grant. All costs include contingencies.

^{2/} Includes consulting services, services of contracted staff of the project management office, training, matching grants for sub-projects and incremental operating costs related to project implementation and management.

Table A1: Consultant Selection Arrangements (optional)
(US\$ million equivalent)

| Consultant Services Expenditure Category | Selection Method | | | | | | | Total Cost ¹ |
|--|------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------|
| | QCBS | QBS | SFB | LCS | CQ | Other | N.B.F. | |
| A. Firms | 3.33 (3.00) | 0.00 (0.00) | 0.00 (0.00) | 0.27 (0.25) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 3.60 (3.25) |
| B. Individuals | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 3.06 (2.12) | 1.42 (0.00) | 4.48 (2.12) |
| Total | 3.33 (3.00) | 0.00 (0.00) | 0.00 (0.00) | 0.27 (0.25) | 0.00 (0.00) | 3.06 (2.12) | 1.42 (0.00) | 8.08 (5.37) |

1\ Including contingencies

Note: QCBS = Quality- and Cost-Based Selection

QBS = Quality-based Selection

SFB = Selection under a Fixed Budget

LCS = Least-Cost Selection

CQ = Selection Based on Consultants' Qualifications

Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.

N.B.F. = Not Bank-financed

Figures in parenthesis are the amounts to be financed by the Bank Grant.

Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review ¹

| Expenditure Category | Contract Value Threshold (US\$ thousands) | Procurement Method | Contracts Subject to Prior Review (US\$ millions) |
|--|--|---------------------------|--|
| 1. Works | | | |
| Rehabilitation or construction | \$200,000 or less | NCB | Post Review |
| Small works for micro-projects | \$25,000 or less | National Shopping | Post Review (except first 3 contracts) |
| 2. Goods | Above \$200,000 | ICB | Prior Review |
| | Below \$200,000 | NCB | Post Review (except first 3 contracts) |
| | Less than \$50,000 | Shopping | Post Review |
| 3. Services Consulting Firms | Above \$50,000 | QCBS | Prior Review (>100,000) Post Review (<=100,000) |
| | Below \$50,000 | CQ | Post Review (except first 3 contracts) |
| 4. Audits and engineering designs | Less than \$100,000 | LCS | Post Review |
| 5. Individual Consultants | Above 50,000 | 3 CVs | Prior Review |
| | 50,000 or less | | Post Review |
| 6. Miscellaneous | | | |

Total value of contracts subject to prior review: 70 percent of total costs

Overall Procurement Risk Assessment

Average

Frequency of procurement supervision missions proposed: One every six (6) months (includes special procurement supervision for post-review/audits)

¹Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Disbursement

Allocation of grant proceeds (Table C)

A computerized accounting and integrated financial management system will be set up and assessed by IDA as a condition of effectiveness. The system will allow inputs at different levels to capture all disbursements that will be effected under the project. The project will be implemented **over a four-year period and it is expected to close by 06/30/2007.**

(a) Statement of Expenditures: Disbursements for all expenditures should be against full documentation except for items of expenditures under contracts of less than: (a) \$100,000 for civil works and goods; (b) \$100,000 for consultant services contracts for firms; (c) \$50,000 for consultant services contracts for individuals as well as (d) all training and operating costs, which will be claimed on the basis of Statement of Expenditures (SOEs). All supporting documentation for SOEs will be retained at the Project Implementation Unit and will be readily accessible for review by periodic Bank supervision missions and external auditors;

(b) Special Account and 90-day advance accounts: To facilitate project implementation, the Government will open a Special Account in FCFA in a commercial bank in Niamey on terms and conditions acceptable to IDA. The authorized allocation will be FCFA 2,000,000,000 and will cover about 4 months of eligible expenditures. Upon grant effectiveness, IDA will deposit the amount of FCFA 1 billion representing 50 percent of the authorized allocation into the Special Account. The remaining balance will be made available when the total commitments amount to the equivalent of USD \$10 millions. The Special Account will be used for all payments in an amount below 20 % of the initial deposit to the Special Account. Replenishment applications will be submitted monthly. Further deposits by IDA into the Special Account will be made against withdrawal applications supported by appropriate documents.

In addition to the main Special Account, the Government will open eight 90-day advance accounts in commercial banks or Micro-Finance Institutions (MFIs) in the eight regions where the project will be implemented, on terms and conditions satisfactory to the Association. The project shall withdraw from the main Special Account and deposit an amount not to exceed FCFA 50 million into each 90-day Advance Account. Funds will be used for payments of goods, works and services as well as for the micro-projects granted to Farmer Organizations.

(c) Government will also open a Special Account in CFAF in a commercial bank in Niamey on terms and conditions acceptable to the Bank for the activities financed by the GEF grant. The authorized allocation will be FCFA 300,000,000 and will cover about 4 months of eligible expenditures. Upon GEF grant effectiveness, the Bank will deposit the amount of FCFA 150,000,000 million representing 50 percent of the authorized allocation into the GEF Special Account. The remaining balance will be made available when the total commitments amount to the equivalent of SDR 1 millions. The GEF Special Account will be used for all payments in an amount below 20 % of the initial deposit to the GEF Special Account. Replenishment applications will be submitted monthly. Further deposits by the Bank into the GEF Special Account will be made against withdrawal applications supported by appropriate documents. In addition to the main GEF Special Account, the Government will open eight GEF 90-day advance accounts in commercial banks or Micro-Finance Institutions (MFIs) in the eight regions where the project will be implemented, on terms and conditions satisfactory to the Bank. The project shall withdraw from the main GEF Special Account and deposit an amount not to exceed FCFA 3 million into each GEF 90-day Advance Account.

Flow of funds

The Special [Accounts](#) would be managed by the Project Implementation Unit which would use it to pay for all the eligible expenditures. The Project Implementation Unit would ensure that all disbursements are effected in accordance with Bank procedures. The CCN will have responsibility for the production of the annual consolidated financial statements.

Table C: Allocation of Grant Proceeds

| Expenditure Category | Amount in US\$million | Financing Percentage |
|---|------------------------------|--|
| 1. Civil Works | 0.16 | 80% |
| 2. Goods | 2.00 | 100% of Foreign expenditures and 80% of Local expenditures |
| 3. Consultant Services and audit fees | 2.37 | 85% of Foreign expenditures and 80% of Local expenditures |
| 4. Training | 3.00 | 100% |
| 5. Matching Grants for Sub-projects | 22.50 | 100% of amounts disbursed |
| 6. Operating Costs | 4.07 | 90% |
| 7. Refunding of Project Preparation Advance | 0.90 | Amount due pursuant to Section 2.02 (c) of the DGA |
| Total Project Costs | 35.00 | |
| Total | 35.00 | |

The term “Operating Costs” means the incremental expenses incurred by the NCU and the RCUs on account of office supplies and maintenance, administrative support, communication, insurance and utility services, travel and associated subsistence allowances, vehicle operation and maintenance costs, rental expenses, banking charges, and salaries for contractual and temporary staff except the staff referred to in Section II(2)(c) and Section II(3)(c) of Schedule 4 to the Development Grant Agreement, but excluding salaries of officials of the Recipient’s civil service.

Financial Management

1. Summary of the Financial Management Assessment

The system to be put in place. In view of the appraisal mission's financial assessment, an independent project unit will be established. The Project will be a non profit independent entity with a juridical personality and financial and administrative autonomy. The following devices will be put in place:

- a Steering Committee (Comité de Pilotage, CP) composed of different ministries involved in the project implementation; the composition will be fixed by an *Arrêté*.
- a Central Project Coordination Unit (Cellule de Coordination National, CCN) responsible for the day to day operations of the project, composed, among other staff, of a coordinator, a procurement specialist, a financial management specialist and an accountant;
- capacity building activities in financial management to carry out to the benefit of Communities (CBOs or other local indigenous institutions) by NGOs or Private Sector Agencies;
- a manual of administrative, financial and accounting procedures ;
- the opening of a special account in a commercial bank in Niger to be managed by CCN;

A computerized information and management system with a program of financial and accounting management with monitoring capabilities will be installed according to the new Bank integrated management system "FMR" adapted to the specific requirements of the project.

2. Financial Reporting

Separate financial statements will be prepared for the project. They will comprise: (i) a statement of source and application of Funds for the project during the current financial year and cumulative since the start of

the project; and (ii) a balance sheet. These two financial statements will be prepared annually. In addition, the project management unit will submit biannual reports using the FMR models including financial reports, physical progress reports and procurement/contracts reports, within 45 days of the end of the reporting period.

3. Audit Arrangements

Financial Audit. The consolidated financial statements of the project will be audited for each fiscal year by an independent auditor acceptable to IDA in accordance with standards on auditing also acceptable to IDA. Audit reports of reasonable scope and detail will be submitted to IDA within six months of the end of the audited period. The auditor will provide an opinion on: (i) the project financial statements (statement of Source and Application of Funds and Balance Sheet); (ii) the statement of expenditures (SOE); (iii) the special account (SA).

The auditor will also issue a separate management report on internal and operational procedures outlining any recommendations for improving internal accounting controls and operational procedures identified as a result of the financial statement audit.

Technical Audit. Contracts with beneficiaries, whose templates are appended to the PIM, refers to micro-project technical audits. They are ordered and managed systematically or randomly by the CCN or the CCR. For this purpose, the Program can hire firms.

**Annex 7: Project Processing Schedule
NIGER: Community Action Program**

| Project Schedule | Planned | Actual |
|---|----------------|---------------|
| Time taken to prepare the project (months) | 23 | 34 |
| First Bank mission (identification) | 09/15/1999 | 09/15/1999 |
| Appraisal mission departure | 03/20/2002 | 04/15/2002 |
| Negotiations | 06/04/2002 | 02/03/2003 |
| Planned Date of Effectiveness | 08/09/2002 | 06/30/2003 |

Prepared by:

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Preparation assistance:

M. Boukar Attari, Consultant FEM
M. Tiemou, Consultant Communication
M. Sébastien Voyneau, Facilitateur
M. Aboulkarim Bawada, Gestionnaire
Mme Oumarou Rabi, Secrétaire

Bank staff who worked on the project included:

| Name | Speciality |
|-------------------------|---|
| Daniel Sellen | AFTR2, task team leadership (HQ) |
| Amadou Alassane | AFTR2, task team leadership (field office) |
| Josef Toledano | AFTR2, matching grant facility, monitoring and evaluation |
| Elizabeth Morris-Hughes | AFTH3, community participation, gender, decentralization |
| Soulemane Fofana | AFTR2, operations analyst |
| Willem Zijp | AFTQK, quality assurance |
| Abdoul-Wahab Seyni | AFMNE, participation, NGOs |
| Salifou Mahaman | AFMNE, additional support from field office |
| Mamadou Yaro | AFMNE, financial management |
| Renee Desclaux | LOAG1, disbursement |
| Henry Aka | AFTPC, procurement |
| Yves-Coffi Prudencio | AFTR2, GEF |
| Asha Ayoung | AFTQK, procurement |
| Bertrand De Chazal | AFTFM, financial management |
| Hans Wabnitz | LEGAF, legal |
| Wilda Sajous | AFTR2, project assistance from HQ |
| Hadidia Djimba | AFMNE, project assistance from field office |
| Paula Donnelly-Roark | AFTES, local level institutions |
| Enos Eskuri | ENV, GEF |
| Christophe Crepin | AFTES, GEF |

| | |
|---------------------|-----------------------------------|
| Manush Hristov | LEGAF, legal |
| Marie-Jeanne Ndiaye | AFTR2, project assistance from HQ |
| Yao Wottor | AFTQK, procurement |

Annex 8: Documents in the Project File*

NIGER: Community Action Program

A. Project Implementation Plan

"Etude Champ d'utilitisation du fonds d'investissement local", COWI consultants.

"Manuel d'exécution du Programme d'Action Communautaire", René Cipriani, consultant

B. Bank Staff Assessments

Peer Reviewers

Jeeva Perumalpillai-Essex (SASRD), David Warren (LCSHS).

Other written comments received at Concept Review (January 6, 2001):

Hans Binswanger (AFTRE), Tracy Hart (AFTU1), Josef Toledano (AFTR3), Dounia Loudiyi (AFTH3), Renée Desclaux (LOAFF), Yves-Coffi Prudencio (AFTR3), Denise Vaillancourt (AFTH3), Paula Donnelly-Roark (AFTES), Remi Kini (AFTE1), Jean-Michel Pavy (AFMCI), Nadjib Sefta, Irene Xenakis (AFTQK), Christophe Crepin (AFTR2), and Salifou Mahaman (AFMNE).

Quality Enhancement Review:

Willem Zijp (chair, AFR), Laura Rawlings (LAC), Laura Frigenti (AFR), Laura Kullenberg (OED), Philippe Dongier (SDV), and Michael Goldberg (LAC).

C. Other

IDA project cycle documentation:

- Identification Mission BTOR and Aide Memoire, September 23, 1999.
- Minutes of Concept Review Meeting, January 13, 2000.
- Pilot preparation mission Aide Memoire, May 31, 2000.
- Preparation Mission BTOR and Aide Memoire, October 5, 2000.
- Pre-appraisal Mission BTOR and Aide Memoire, May 2001
- Operator liaison mission reports, various dates
- Minutes of the Quality Enhancement Review, July 19, 2001
- Minutes of the Decision Meeting, April 4, 2002
- Appraisal Mission BTOR and Aide Memoire, April 2002

GEF project cycle documentation:

- Proposal for Project Development Funds (PDF), August, 2000
- GEF approval for PDF resources, October 5, 2000
- PDF-B Grant Agreement, December 22, 2000
- GEF approval for PCD, January 2002

Workshop and pilot project supervision reports:

- "Rapport de l'atelier pour bâtir un consensus sur le Programme de Développement des Communautés de Base (PDCB)". Cabinet Maïna Boukar. Septembre 2000. (46 pp.)
- HIV/AIDS workshop , Dosso, November 2000.
- First pilot operators workshop, Dosso, February 2001.
- Second pilot operators workshop, Zinder, June 2001.
- Third pilot operators workshop, Bouza (Tahoua), October 2001
- Fourth pilot operators workshop, Maradi, April 2002
- Pilot supervision mission reports (January, April, May, June, August, October, 2001)
- HIV/AIDS workshop reports (November 2000)
- Natural Resource Management working group workshop report (October 2000)
- Local Investment Fund working group workshop report (October 2000)
- Decentralization and local capacity-building working group workshop report (November 2000)

Commissioned studies:

- "Enjeux du développement communautaire" (survey of community-based development in Niger), Melchiori and Doka, consultants. June 2000 (162 pp.)
- "Etude sur l'analyse du cadre institutionnel et juridique régissant la gestion intégrée des écosystèmes au Niger et propositions d'appui pour le renforcement dans l'optique d'une gestion décentralisée, incitative, durable et intégrée." BUNEC, Septembre 2001. (125 pp.)
- "Etude sur l'identification et l'analyse des contraintes d'ordre écologique, sociologique et économique relatives à la gestion intégrée des ressources naturelles au Niger sur la base d'études de cas de deux écosystèmes différents et propositions d'orientations pour y faire face, en vue d'une gestion intégrée des écosystèmes". KRB Ingénieurs Conseils (2 documents), Octobre 2001 (30 et 32 pp.)
- "Etude sur l'identification des sites prioritaires d'intervention du FEM au plan national par rapport à la gestion intégrée des écosystèmes dans la mise en œuvre du Programme d'Actions Communautaires (PAC)." Monsieur Arimi Ari, Octobre 2001 (25 pp.)
- "Etude sur l'identification des besoins en formation en matière de gestion des ressources naturelles des partenaires du Programme d'Actions Communautaires." Mme Dodo Hannatou, Août 2001, (30 pp.)
- "Etude sur la conception des méthodes et formulation d'un plan de communication du PAC." Monsieur Mariko Boubacar, consultant Novembre 2001. (161 pp)
- "Etude sur l'analyse locale et la définition d'une méthode participative communautaire adoptée au VIH/SIDA." Monsieur Bozari Mamane, Consultant, Septembre 2001 (112 pp.)
- Etude sur la définition d'une note conceptuelle en vue de déterminer des activités éligibles au FEM dans le cadre de l'OP 12 dans le contexte agro-écologique du Niger." Mahamadou Issaka Magha, Consultant. Novembre 2001 (36 pp.)
- "Identification des besoins en formation des acteurs du PAC" (training plan). In progress.
- "Analyse de réponse locale et définition d'une méthode d'estimation participative communautaire adaptée au VIH/SIDA" (HIV/AIDS study). In progress.
- "Preliminary atlas of poverty/vulnerability of Niger", Stone Environmental, Inc. March 2001 (75 pp.)
- "Community-based monitoring and evaluation for the Community Action Program", Hope Neighbor, consultant, July 2001.
- "Survey of monitoring and evaluation methodologies in projects in Niger." Amadou Konaré, consultant. December 2000.
- "Harmonizing decentralizing financial management in Niger", Hope Neighbor, consultant. July 2001.

- "Préparation du manuel suivi/evaluation" (M&E manual). In progress.
- "Local level institutions and their interface with local governments in Niger". Paula Donnelly-Roark and consultants. In progress.

*Including electronic files

Annex 9: Statement of Loans and Credits

NIGER: Community Action Program

02-Jan-2003

| Project ID | FY | Purpose | Original Amount in US\$ Millions | | Cancel. | Undisb. | Difference between expected and actual disbursements ^a | |
|---------------|------|--|----------------------------------|--------|---------|---------|---|-----------|
| | | | IBRD | IDA | | | Orig | Frm Rev'd |
| P072996 | 2002 | Niger:Private Irrigation Promotion | 0.00 | 38.72 | 0.00 | 41.18 | 8.54 | 0.00 |
| P061558 | 2001 | WATER SECTOR PROJECT | 0.00 | 48.00 | 0.00 | 46.89 | 7.19 | 0.00 |
| P058730 | 2000 | Agro-pastoral Export Promotion Project | 0.00 | 10.35 | 0.00 | 7.23 | -2.91 | 0.00 |
| P051272 | 1999 | PRIVATIZ./REG.REFORM | 0.00 | 18.60 | 0.00 | 10.04 | 9.92 | 2.57 |
| P035608 | 1998 | NE TRANSP. INFRA. REHAB | 0.00 | 28.00 | 0.00 | 5.01 | 4.16 | 0.00 |
| P049691 | 1997 | URBAN INFRAS. REHAB. | 0.00 | 20.00 | 0.00 | 3.47 | 3.99 | 3.99 |
| P001999 | | HEALTH II | 0.00 | 40.00 | 0.00 | 6.67 | 9.51 | 3.98 |
| Total: | | | 0.00 | 203.67 | 0.00 | 120.50 | 40.39 | 10.54 |

NIGER
STATEMENT OF IFC's
Held and Disbursed Portfolio
Jun 30 - 2002
In Millions US Dollars

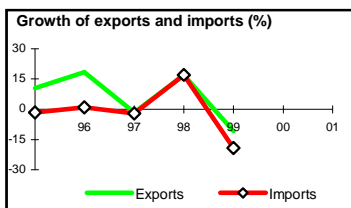
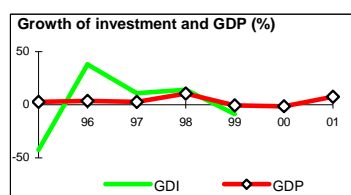
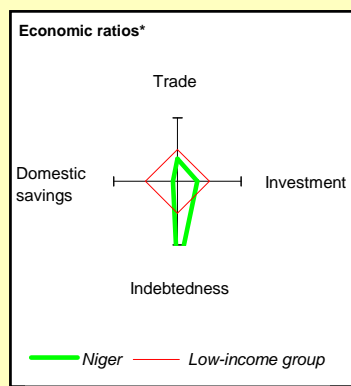
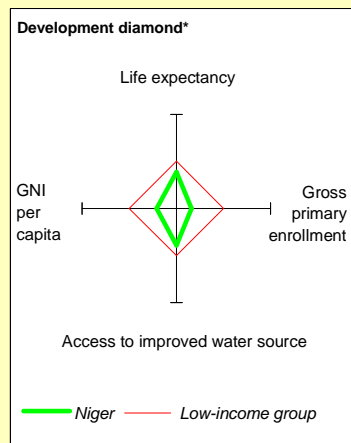
| FY Approval | Company | Committed | | | | Disbursed | | | |
|-------------------------|---------|-----------|--------|-------|--------|-----------|--------|-------|--------|
| | | IFC | | | | IFC | | | |
| | | Loan | Equity | Quasi | Partic | Loan | Equity | Quasi | Partic |
| Total Portfolio: | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| FY Approval | Company | Approvals Pending Commitment | | | |
|----------------------------------|---------|------------------------------|--------|-------|--------|
| | | Loan | Equity | Quasi | Partic |
| Total Pending Commitment: | | 0.00 | 0.00 | 0.00 | 0.00 |

Annex 10: Country at a Glance

NIGER: Community Action Program

| POVERTY and SOCIAL | Sub-Saharan Africa | | | | |
|--|--------------------|----------------|-------------|-------------|----------------|
| | Niger | Africa | Low-income | | |
| 2001 | | | | | |
| Population, mid-year (<i>millions</i>) | 11.2 | 674 | 2,511 | | |
| GNI per capita (<i>Atlas method, US\$</i>) | 180 | 470 | 430 | | |
| GNI (<i>Atlas method, US\$ billions</i>) | 2.0 | 317 | 1,069 | | |
| Average annual growth, 1995-01 | | | | | |
| Population (%) | 3.4 | 2.5 | 1.9 | | |
| Labor force (%) | 3.3 | 2.6 | 2.3 | | |
| Most recent estimate (latest year available, 1995-01) | | | | | |
| Poverty (<i>% of population below national poverty line</i>) | .. | .. | .. | | |
| Urban population (<i>% of total population</i>) | 21 | 32 | 31 | | |
| Life expectancy at birth (<i>years</i>) | 46 | 47 | 59 | | |
| Infant mortality (<i>per 1,000 live births</i>) | 114 | 91 | 76 | | |
| Child malnutrition (<i>% of children under 5</i>) | 40 | .. | .. | | |
| Access to an improved water source (<i>% of population</i>) | 59 | 55 | 76 | | |
| Illiteracy (<i>% of population age 15+</i>) | 84 | 37 | 37 | | |
| Gross primary enrollment (<i>% of school-age population</i>) | 31 | 78 | 96 | | |
| Male | 38 | 85 | 103 | | |
| Female | 24 | 72 | 88 | | |
| KEY ECONOMIC RATIOS and LONG-TERM TRENDS | | | | | |
| | 1981 | 1991 | 2000 | 2001 | |
| GDP (<i>US\$ billions</i>) | 2.2 | 2.7 | 1.8 | 1.9 | |
| Gross domestic investment/GDP | 20.3 | 7.8 | 10.6 | 12.6 | |
| Exports of goods and services/GDP | 24.2 | 11.9 | 15.5 | 14.4 | |
| Gross domestic savings/GDP | 8.2 | 3.8 | 2.9 | 2.8 | |
| Gross national savings/GDP | .. | 3.1 | 2.9 | 3.6 | |
| Current account balance/GDP | .. | -4.6 | -7.4 | -7.5 | |
| Interest payments/GDP | 3.1 | 0.8 | 0.5 | 1.4 | |
| Total debt/GDP | 47.1 | 54.4 | 89.8 | .. | |
| Total debt service/exports | 31.6 | 31.5 | 9.4 | .. | |
| Present value of debt/GDP | .. | .. | 57.1 | .. | |
| Present value of debt/exports | .. | .. | 345.1 | .. | |
| | 1981-91 | 1991-01 | 2000 | 2001 | 2001-05 |
| (<i>average annual growth</i>) | | | | | |
| GDP | 0.0 | 3.0 | -1.4 | 7.6 | 4.2 |
| GDP per capita | -3.1 | -0.4 | -4.6 | 4.1 | 1.0 |
| Exports of goods and services | -4.6 | 7.1 | .. | .. | .. |
| STRUCTURE of the ECONOMY | | | | | |
| | 1981 | 1991 | 2000 | 2001 | |
| (<i>% of GDP</i>) | | | | | |
| Agriculture | 45.7 | 33.2 | 38.8 | 38.7 | |
| Industry | 19.2 | 15.0 | 17.7 | 17.6 | |
| Manufacturing | 3.9 | 5.3 | 6.8 | 6.8 | |
| Services | 35.2 | 51.9 | 43.5 | 43.7 | |
| Private consumption | 80.8 | 83.1 | 84.4 | 84.4 | |
| General government consumption | 10.9 | 13.1 | 12.7 | 12.8 | |
| Imports of goods and services | 36.2 | 15.9 | 23.2 | 24.2 | |
| | 1981-91 | 1991-01 | 2000 | 2001 | |
| (<i>average annual growth</i>) | | | | | |
| Agriculture | 2.4 | 3.2 | .. | .. | |
| Industry | -1.7 | 2.6 | .. | .. | |
| Manufacturing | -1.8 | 3.3 | .. | .. | |
| Services | -2.6 | 2.5 | .. | .. | |
| Private consumption | -0.8 | 3.8 | .. | .. | |
| General government consumption | 6.2 | -0.8 | .. | .. | |
| Gross domestic investment | -3.4 | 6.0 | .. | .. | |
| Imports of goods and services | -5.7 | -1.2 | .. | .. | |

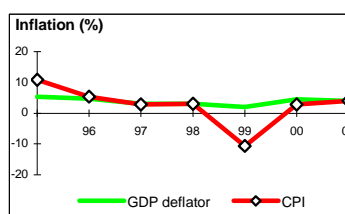


Note: 2001 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

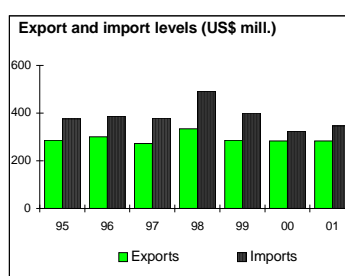
PRICES and GOVERNMENT FINANCE

| | 1981 | 1991 | 2000 | 2001 |
|--|------|------|------|------|
| Domestic prices | | | | |
| <i>(% change)</i> | | | | |
| Consumer prices | .. | -1.9 | 2.9 | 4.0 |
| Implicit GDP deflator | 10.6 | 14.6 | 4.5 | 4.0 |
| Government finance | | | | |
| <i>(% of GDP, includes current grants)</i> | | | | |
| Current revenue | .. | 7.8 | 8.6 | 9.2 |
| Current budget balance | .. | -1.5 | -2.6 | -1.8 |
| Overall surplus/deficit | .. | -6.5 | -7.6 | -7.4 |



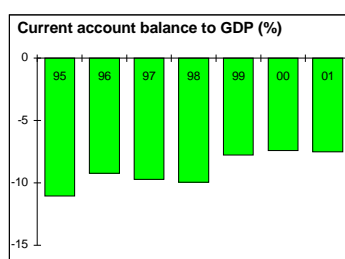
TRADE

| | 1981 | 1991 | 2000 | 2001 |
|-------------------------------|------|------|------|------|
| <i>(US\$ millions)</i> | | | | |
| Total exports (fob) | .. | 270 | 283 | 283 |
| Uranium | .. | 199 | 90 | 85 |
| Livestock products | .. | 40 | 49 | 49 |
| Manufactures | .. | .. | .. | .. |
| Total imports (cif) | .. | 356 | 324 | 347 |
| Food | .. | 31 | 20 | 26 |
| Fuel and energy | .. | 19 | 38 | 37 |
| Capital goods | .. | 102 | 67 | 84 |
| Export price index (1995=100) | .. | .. | 105 | 107 |
| Import price index (1995=100) | .. | .. | 139 | 137 |
| Terms of trade (1995=100) | .. | .. | 75 | 78 |



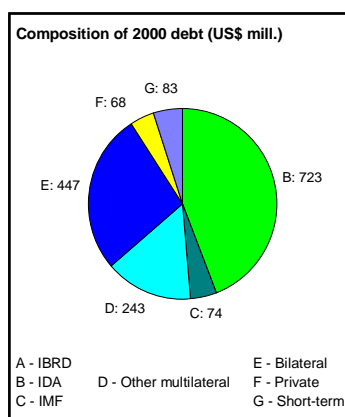
BALANCE of PAYMENTS

| | 1981 | 1991 | 2000 | 2001 |
|---|-------|-------|-------|-------|
| <i>(US\$ millions)</i> | | | | |
| Exports of goods and services | 524 | 327 | 313 | 312 |
| Imports of goods and services | 786 | 436 | 448 | 473 |
| Resource balance | -261 | -109 | -135 | -161 |
| Net income | .. | 1 | -17 | -15 |
| Net current transfers | 109 | -20 | 17 | 30 |
| Current account balance | .. | -128 | -135 | -146 |
| Financing items (net) | .. | 128 | 164 | 154 |
| Changes in net reserves | .. | 0 | -29 | -8 |
| Memo: | | | | |
| Reserves including gold (US\$ millions) | .. | -5 | 78 | 94 |
| Conversion rate (DEC, local/US\$) | 271.7 | 282.1 | 712.0 | 733.0 |



EXTERNAL DEBT and RESOURCE FLOWS

| | 1981 | 1991 | 2000 | 2001 |
|--------------------------------------|-------|-------|-------|------|
| <i>(US\$ millions)</i> | | | | |
| Total debt outstanding and disbursed | 1,022 | 1,494 | 1,638 | .. |
| IBRD | 0 | 0 | 0 | .. |
| IDA | 79 | 479 | 723 | .. |
| Total debt service | 173 | 107 | 28 | .. |
| IBRD | 0 | 0 | 0 | .. |
| IDA | 1 | 5 | 14 | .. |
| Composition of net resource flows | | | | |
| Official grants | .. | .. | .. | .. |
| Official creditors | 135 | 23 | 54 | .. |
| Private creditors | 188 | -55 | -2 | .. |
| Foreign direct investment | -6 | 15 | 15 | .. |
| Portfolio equity | 0 | 0 | 0 | .. |
| World Bank program | | | | |
| Commitments | 0 | 19 | 45 | 130 |
| Disbursements | 13 | 17 | 68 | .. |
| Principal repayments | 0 | 2 | 8 | .. |
| Net flows | 12 | 16 | 60 | .. |
| Interest payments | 1 | 4 | 6 | .. |
| Net transfers | 12 | 12 | 54 | .. |



**Additional Annex 11 STAP review
NIGER: Community Action Program**

Project Number: **P073011**
Country: **Niger**
Project Name: **Community Action Program**
STAP Reviewer: Dr. J. Michael Halderman, Independent Consultant, Berkeley, California.
Date: December 27, 2001

Key Issues

1) Scientific and technical soundness of the project.

The Niger Community Action Program (CAP) has been carefully and thoroughly designed following sound technical and scientific principles. The program aims to reduce poverty and improve governance by stimulating economic growth, improving natural resource management, raising levels of health, education and food security, and empowering communities and local governments. The CAP aims to achieve these goals by strengthening local level capacity and financing demand driven micro-projects. The CAP represents a major, long term effort with an indicative financing plan totaling US\$237 million over 12 years. The first four-year phase includes US\$35 million in IDA funds and US\$4 million from the GEF. An Adaptable Program Loan (APL) instrument is being used to provide flexible, long-term funding.

The CAP intends to establish and operationalize decentralized, participatory and transparent financing mechanisms that empower poor communities to take control of their own development with the support of their local governments. This approach reflects the response of the World Bank's Africa Region to the Bank's corporate priority of "community-driven development" (CDD). It also reflects widespread recognition among rural development professionals that decentralized, participatory approaches are much more effective and sustainable than other approaches.

The Community Action Program aims at national coverage and its performance will have a significant impact on the future of natural resource management in Niger. The funds provided by GEF will be "fully blended" into the CAP but will be tracked separately for accounting purposes. The activities under the CAP funded by GEF (the "project" for the purposes of this STAP Review and described below) are based on appropriate scientific principles and up-to-date analysis fully consistent with the GEF's Operational Program # 12, Integrated Ecosystem Management.

2) Identification of the global environmental benefits and/or drawbacks of the project.

Niger is a very poor country, and its already degraded natural resource base does not bode well for the future as the great majority of the population relies on agriculture and livestock production for food security, income and employment. The CAP alone will be a significant program in Niger, but without the GEF component it is extremely unrealistic to expect that poor people struggling with day-to-day problems will have the "luxury" to focus their own resources or those provided by the CAP on achieving long-term goals of sustainable natural resource management relevant to the global environmental. A key challenge of "blending" the GEF's objectives related to global environmental benefits into a community-driven development approach was that CDD must be demand-driven to be genuinely participatory and sustainable. The CAP's Project Appraisal Document has met the challenge.

With GEF financing, the CAP will pro-actively promote “community-based integrated ecosystem management” (CBIEM), defined for this project as “harmonized management of the cultivated areas, natural rangelands and water resources in and around Nigerien communities by these communities in order to maintain or recover a balance in the multiple functions of these natural resources.” A key project goal will be the maintenance or recovery of the condition of the natural resources in their capacity as providers of essential functions (as areas for crops; as water and fodder for sedentary and non-sedentary livestock, local and migratory wildlife; as well as household energy, food, medicinal products, veterinary products, construction material, shelter, areas of cultural and social value, etc.). In regard to global environmental benefits, the CBIEM activities are expected to significantly increase the carbon storage capacity of the soils and vegetation, and to maintain/preserve globally valued biodiversity and water resources.

3) Project fit within the context of GEF goals, operational strategies, programme priorities and relevant conventions.

The GEF funded project is fully blended into the CAP but fits well with the above criteria. The GEF funded elements of the CAP are soundly designed, and they incorporate the principles (and are clearly directed towards achieving the potential benefits) of Integrated Ecosystem Management set out in Operational Program # 12. Economic and social factors are integrated into ecosystem management, and the IEM systems at various levels are intended to be flexible and to incorporate lessons learned into on-going and future activities. (Significantly, the design of the CAP is based on lessons already learned in Niger from previous projects, pilot activities, and conclusions of poverty assessment field work.) Participatory approaches are central to the project’s approach to ecosystem management and sustainable development. The project aims to develop an enabling policy environment, strengthen relevant institutions, and make investments based on the principles of integrated ecosystem management.

4) Regional context.

Niger is the poorest country in the Sahel region. Two-thirds of Niger’s territory is classified as “Saharan Zone,” receiving less than 200 mm of annual rainfall. Only about 01% of the country receives more than 600mm of annual rainfall. In 1965, one quarter of Niger was arable; today only one-eighth is considered arable. About 85% of Niger’s population is squeezed into a corridor 100-150 kilometers wide north of the border with Nigeria. Given the apparent downward trend in rainfall, perhaps no country is at greater risk of desertification than Niger – a factor with significant regional implications. By slowing and hopefully reversing the degradation of natural resources in Niger, the CBIEM activities supported by GEF through the CAP aim to prevent increased pressure on the ecologically richer areas to the south of Niger, thereby protecting globally important environmental assets in the wider West Africa region.

5) Replicability of the project.

Depending on the project’s performance, GEF will co-finance the first two of the CAP’s four phases. If the project is successful in developing effective and potentially sustainable community-based integrated ecosystem management approaches and techniques, there would be clear scope to replicate these approaches and techniques in other parts of Niger and neighboring countries. Through the CAP’s close coordination with the Africa Land and Water Initiative, best practices and lessons learned from the project may well have an impact on natural resource management in other parts of Africa. Given the need for long-term commitment to solving the problems, if the GEF supported elements of the CAP prove successful the GEF may wish to reconsider its decision to limit its support to the CAP’s first two phases.

6) (Anticipated Effectiveness and) Sustainability of the project.

When assessing sustainability, it is also useful to assess the likelihood of the project performing effectively. The CAP will pro-actively promote the GEF funded CBIEM approach in the following ways (the reviewer's comments are in italics):

- (a) Communities will be actively assisted to analyze the linkages between poverty reduction and the benefits of CBIEM. *Pilot activities in this regard did not sufficiently articulate these linkages, and the PAD recommends adequately training or otherwise supporting the facilitators or local development agents. Successfully overcoming this problem may well be important to achieving CBIEM objectives. In regard to Community Support (Component 1), the effective involvement of all primary stakeholders in CBIEM can be very challenging as there may well be conflicts of interest between and within various groups and, as the PAD notes, Nigerian society is highly stratified around age, kinship and gender;*
- (b) The project will emphasize support for the national decentralization process to create an enabling institutional and legislative environment conducive to CBIEM. The GEF financed a study as part of project preparation that, inter alia, highlighted the rights and interests of non-sedentary livestock holders in natural resource tenure policies and discouraged cultivation in marginal lands. *Both the general issues related to decentralization and the specific issues highlighted in the study deserve considerable attention if the project is to achieve its objectives. Effective devolution of the responsibility for NRM to local governments and communities will be necessary for the CAP/CBIEM to function as intended, but decentralization and devolution can be complicated and difficult processes. Additional support for the decentralization process, beyond what will be made available by the CAP, may well be necessary to enable the CAP/CBIEM to proceed as outlined in the PAD. This reviewer agrees with the conclusion discussed in the PAD on page 22 that the CAP itself should focus on creating demand for decentralization from the bottom up, but is concerned that the effective performance of the CAP/CBIEM could be jeopardized if the major issues of public sector reform are not adequately dealt with in good time by the Government, CAS, PRSP, UNDP et al. Given existing conditions, there might be a risk that what is currently intended under the CAP as a community based approach to NRM could be subverted into a top down exercise. The participation of communities in the design, implementation and monitoring of CBIEM activities is correctly viewed as critical to project success and sustainability.*
- (c) The project will favor interventions in areas of environmental vulnerability and measure project impact in these areas. *One particularly noteworthy aspect of the project relevant to adaptive management, project effectiveness and sustainability is the proposal to use two complementary M&E systems, a national multi-sectoral system (the national poverty monitoring system) and a community-level system. GEF funds will be used to incorporate information relevant to ecosystem function at both M&E levels.*
- (d) Communities will have access to a single Local Investment Fund which will represent blended IDA/GEF financing. *This is an interesting experiment that merits close monitoring. Two key points: (1) highly skilled, well trained individuals will be needed at the interface with communities, (2) every effort should be taken to identify communities with real (if latent) potential to successfully carry out community-based activities. The very small proportion of rural Nigeriens, particularly women, who have completed at least secondary school significantly reduces the pool of those available to carry out the fairly complicated (even when simplified) requirements of the micro-project cycle. This situation makes it more difficult to promote direct community involvement, and it increases the risk of elite capture at various levels.*

Secondary Issues

7) Linkages to other focal areas.

The project is multi-focal, covering biodiversity conservation, international waters, and land degradation.

8) Linkages to other programmes and action plans.

The Niger CAP has been developed (and anticipates being implemented) in coordination with a similar CDD project in Burkina Faso that also involves an OP 12 component. In Niger there are a number of relevant GEF supported projects that are on-going or being developed: (a) African Land and Water Management Initiative, (b) Enhancing conservation of the critical network of wetlands required by migratory water birds on the African/Eurasian flyways, (c) Desert margin program, (d) Reversing land and water degradation trends in the River Niger basin, (e) Reversal of land and water degradation trends in the Lake Chad basin ecosystem, (f) Integrated ecosystem management in the shared watersheds between Nigeria and Niger, (g) Buffer zone of the W Park management project, (h) Niger-Algeria: transboundary biodiversity conservation project, (I) strengthening of scientific and technical capacity relating to sustainable use and conservation of the biodiversity reserves in arid West Africa, (j) Tenere reserve biodiversity management project, (k) capacity needs assessment for the implementation of the Niger national biodiversity strategy and action plan. These projects focus on specific areas of GEF interest (biodiversity, international waters or mitigation of global warming) and/or are restricted to certain geographic areas. In contrast, the Niger CAP is multi-focal and is intended to eventually cover the entire country. For these reasons, the Niger CAP is complementary to the other GEF funded projects in Niger.

9) Other beneficial or damaging environmental effects.

The rationale for this GEF project is that it will add to the IDA-funded Niger Community Action Program the inclusion of environmental factors of local, national, regional and global importance through the introduction and promotion of a community-based integrated ecosystem approach. As explained above, the rationale is sound. No damaging environmental effects have been identified.

10) Stakeholder involvement.

The CAP will involve a large number of stakeholders from central government, local administration, community groups, NGOs and other donors. Project preparation appears to have actively involved stakeholders from the time of initial preparation. A considerable proportion of the PHRD grant was earmarked for client consultation. The community based M&E methodology was developed and tested in the field. A stakeholders' forum was reportedly held in late 2000 to publicize the project concept and receive input from various stakeholders. Project design makes community participation a center piece of project implementation and monitoring. GEF funds are to be used to identify and include various types of primary stakeholders within communities who have an interest in maintaining the various productive functions of the natural resources.

11) Capacity building.

The CAP clearly recognizes the need for and importance of capacity building and institutional strengthening as central to project success. For example, the Community Support component aims to introduce decentralized and participatory planning procedures and to build the capacity of community-based organizations and other local institutions to design, implement and manage micro-projects. Capacity will be strengthened to effectively carry out participatory appraisal and planning to facilitate needs assessments, local development planning, implementation, monitoring and evaluation. GEF funds will be used, inter alia, to support community-based organizations to incorporate into the participatory appraisals an analysis of the linkages between poverty reduction and harmonized management of natural resources.

12) Innovativeness of the Project

The CAP is an innovative effort to “fully blend” GEF financing into an IDA-funded Community-Driven Development program. This innovative, comprehensive and multi-sectoral approach well reflects the spirit and intent of the GEF’s recently established (April 2000) Operational Program #12.

Response to STAP review:

The review represents a general endorsement of the project in terms of rationale, design principles, participatory approach, and innovativeness, and finds the approach consistent with the spirit and intent of Operational Program #12.

The reviewer draws attention to several aspects of the project that must receive special attention as the project design is finalized. These may be summarized as follows:

- The reviewer notes that there is much work to be done in articulating the linkages between poverty reduction and integrated ecosystem management as they exist at the community level. He correctly points out that pilot activities did not provide adequate input on this problem. The project team will therefore give more attention to this aspect in the design of component #1 prior to appraisal. The lessons from IDA’s Natural Resource Management project should be particularly illustrative.
- Given the complexity and challenge of implementing decentralization, additional support, beyond the CAP, may be needed to ensure that the objectives of component 2 are achieved. While the reviewer agrees with our focus on capacity-building and creating demand for decentralization, the PAD should better reflect the risks associated with this aspect.
- The reviewer highlights the capacity constraints in Niger and the need for highly trained community facilitators. If they cannot be found, true community involvement could be compromised and the project benefits captured by elites. Again, this should be better reflected in the risks. The reviewer apparently supports an approach where we target, in the first phase, communities that already demonstrate sufficient capacity – thus increasing the likelihood of success.
- The reviewer approves of our use of dual M&E system (at community and national levels). Prior to appraisal, the project team will be more specific on what information related to ecosystem function is to be collected and monitored, particularly during the first year.

Additional Annex 12

Incremental Cost Analysis

This annex summarizes or elaborates aspects of the PAD that relate to GEF financing in the CAP. It begins with (a) a review of the environmental situation in Niger, (b) GEF's OP12 and Integrated Ecosystem Management, (c) the baseline scenario without GEF financing, (d) the scenario with GEF financing, (e) the incremental cost analysis, and (f) a listing of related GEF supported projects in the sub-region.

a) The Environmental Situation in Niger

Based on rainfall patterns, Niger is subdivided in four main agro-ecological zones: i) a Saharan zone, covering 65 percent of the territory, receives less than 200 mm of rain annually, ii) a Sahelo-Saharan zone for pastoral use with annual rainfall ranging between 200 and 300 mm, iii) a Sahelo-Soudanian zone for agro-pastoral and agricultural use with annual rainfall ranging between 300 and 600 mm and iv) a Soudanien zone, largely for agricultural use with more than 600 mm annual rainfall, covers only about one percent of the national territory. As a result of both a decrease in annual rainfall during the last three decades and an increasing exploitation of the natural resources due to population growth, the overall productivity, biodiversity and soil cover of the vegetation in the country, covering both the natural rangelands and the cultivated areas, is in decline. This, in turn, through a loss of water retention capacity of vegetation, further accentuates the already reduced availability of surface waters, in particular during the dry season.

On a local and national level, this situation negatively affects animal productivity and biodiversity and human well-being through a reduced supply of water, fodder, food, household energy, medicinal and veterinary products. While of global environmental interest, the actual losses pertaining to terrestrial vegetation and its effects on surface water is leading to significant reduction of the carbon storage capacity of the soils and vegetation, loss of biodiversity and decline in condition of waters. The latter includes both international ones and ones of importance to globally valued migratory birds. Overall, one can say that the trends in the environmental situation of the country is increasing the vulnerability of the West African region as a whole to desertification through expansion of the Sahara desert. This poses a potential threat to all the global environmental assets contained in this region.

A major continuing human-induced threat to the maintenance and or recovery of the present terrestrial vegetation is the uncontrolled expansion of the cultivated areas in the two southern agro-pastoral -ecological zones at the expense of natural rangelands without replacing the lost functions of these resources and therefore increasing the pressure on the remaining areas. Maintenance and/or recovery of these areas is of particular interest since the natural vegetation used to be very well equipped with mechanisms of resistance and resilience to cope with the erratic and harsh climatic conditions in the area, while the less diverse and mostly annual agricultural species are much more vulnerable to the climatic forces. Unfortunately, the expansion of cultivated areas often includes marginal lands and banks or surface waters which are particular ecologically sensitive sites within the ecosystems. With regard to the socioeconomic values of the natural rangelands and the many surface water, or "mares, in the southern agro-pastoral zones, these used to represent important dry season grazing and water areas for migrating wildlife, presently mainly migratory birds, and livestock coming from the more northern pastoral zones. Currently the seasonal movements of pastoral peoples and their herds have difficulties passing through the agro-pastoral zones to reach the Nigerian markets, since access and availability of the grazing and

water resources in this area has been reduced. The reduced condition of the remaining natural rangelands in these areas, has also seriously affected the availability of native food, fodder, household energy, medicinal and veterinary products. The maintenance of the "mares" in the southern areas, also appear to be threatened by unresolved conflicting interests and use for migratory birds, wildlife, livestock, cropping and fishing.

Table 1 summarizes the threats, root causes, and global implications of the current environmental situation, and how it relates to proposed project components.

Table 1: Linkages between the environmental situation in Niger, global environmental issues, and GEF-supported activities

| Environmental Situation and Impact on Parameters of Poverty | Linkages with Global Environmental Issues | Threats | Root Causes | Project Components of Activities |
|--|--|---|--|--|
| Overall decrease in productivity and biodiversity of the terrestrial vegetation affecting animal productivity and biodiversity, and human well-being through reduced sustainability of the supply of water, fodder, food, household energy, medicinal and veterinary products. | <ul style="list-style-type: none"> Increased vulnerability of the West African region to desertification through expansion of the Sahara desert. Nationwide decreasing carbon storage capacity of the biomass and loss of biodiversity Decline in condition of waters, including international ones and those of importance to globally valued migratory birds. | <ul style="list-style-type: none"> Uncontrolled encroachment of cultivated areas on natural rangelands, including marginal lands and banks of surface waters, without replacing the ecological and socioeconomic functions of the vegetation of these natural rangelands within the cropping system. The vegetation of these natural rangelands are important barriers to land and water erosion, sources of carbon sequestration and providers of fodder, food, household energy, medicinal products, veterinary products, construction material and shelter. | <ul style="list-style-type: none"> Decline in annual rainfall Over-exploitation of natural resources as related to population growth Current institutional policy and legislative setting relating to environmental governance, such as relating to land tenure practices, allow and/or encourage uncontrolled extension of cultivated areas and over-exploitation of natural rangelands. Limited awareness and coordination exist within and between various stakeholders on local, national and global level regarding the linkages between poverty reduction and the benefits of community-based integrated ecosystem management (CBIEM). CBIEM, as defined under this project, aims to harmonize the management of cultivated areas and natural rangelands through supporting the preservation and/or recovery of the multiple function of the natural rangelands, while, where applicable, incorporating some of these functions into the existing cropping systems. On the short term, financial resources are lacking on local and national level to allow for the promotion and support of CBIEM. | <ul style="list-style-type: none"> Raising awareness and assisting the local communities in the design, implementation and management of CBIEM-related microprojects Support the Government's decentralization efforts in the removal of policy and legislative barriers to the application of CBIEM. Support the establishment of a decentralized financial mechanism and provide financial resources to allow for the implementation of CBIEM-related micro-project. Support the establishment of two complementary M&E systems, a national multi-sectoral and a community-participatory one, to appraise linkages between poverty and the conditions of ecosystems. |

b) Operational Program #12 (OP12) of the Global Environment Facility (GEF)

GEF's OP12, formulated in April 2000, promotes Integrated Ecosystem Management (IEM). IEM provides a comprehensive framework to manage natural systems across sectors and administrative boundaries in the context of sustainable development, and facilitates intersectoral and participatory approaches to NRM on an ecosystem scale. IEM differs from conventional Natural Resource Management approaches mainly in its emphasis on the ecological system and the linkages within the system between ecological, economic, and social factors. IEM also places emphasis on common pool resources, such as rangelands, as opposed to privately managed cultivated areas. Within the context of the CAP, IEM will be implemented mainly at the community level, and is thus referred to as Community-based Integrated Ecosystem Management (CBIEM). In its holistic approach, OP12 brings synergy between three GEF focal areas (biodiversity, climate change, and international waters) and land

degradation. Thus, eligible activities for GEF financing include investment in soil and water conservation, and management of forests, watersheds, and wetlands. GEF cannot finance activities related to, *inter alia*, introduction of alien species, forest plantations or monoculture, or establishment of agricultural systems that move communities to marginal lands. GEF will also finance technical assistance (for surveys, policy reforms, capacity-building, etc) and targeted research that promotes IEM. A preliminary and inexhaustive list of type of community-microprojects illegible for GEF co-financing is given in Table 2.

Table 2: Partial listing of community microprojects eligible for GEF cofinancing in the CAP

| | |
|--|---|
| Community-participatory awareness raising activities | <ul style="list-style-type: none"> ● Design of natural resources use plan for the community territory in context of the functioning of the local, national and global ecosystems. ● Listing of function of native species of particular human and/or animal use -such as for food, fodder, medicinal, veterinary and household energy - and those of use as barriers against wind and/or water erosion, while indicating those of which the productivity is declining. ● Appraisal of degree of importance of these native species in the identified uses for humans and/or animals. |
| Management of Natural Rangelands | <ul style="list-style-type: none"> ● Identification and protection of marginal lands against cultivation with annual crops. ● Allocation, maintenance and respect of livestock corridors for nonresident livestock holders. ● Protection and/or recovery of degraded lands. ● Identification and protection and/or recovery of declining native plant species and/or habitats or portions of the community rangelands of particular human, animal or anti-erosive use. ● Active implementation of anti-erosive measures. |
| Management of Waters | <ul style="list-style-type: none"> ● Maintenance and/or recovery of riparian vegetation. ● Identification and protection and/or recovery of declining native plants species and/or habitats or portions of riparian vegetation of particular human, animal or anti-erosive use. ● Allocation, maintenance and respectation of livestock watering areas. |
| Management of Cultivated Land | <ul style="list-style-type: none"> ● Take marginal lands under cultivation with annual crops out of production and/or recover. ● Diversify cropping system through the introduction of native natural rangelands species of particular human, animal and/or anti-erosive use. ● Allocate portion of cultivated land to production of fodder, with either native or introduced with mixed leguminous and/or perennial species ● Maintain diversity in traditional crop species |

c) Baseline Scenario

GEF finances *incremental* costs for technical assistance, investments, financial services and targeted research. These incremental costs may be viewed by comparing the baseline scenario (the IDA-financed CAP without GEF involvement), and GEF scenarios. Under the baseline, the project would aim to reduce poverty through empowering communities to prioritize, design, and implement micro-projects, facilitated by local authorities and NGOs. Only minor attention would be given to assist the communities in analyzing the linkages between poverty reduction and natural resources management in general and of integrated ecosystem management in particular. The institutional and legislative framework relating to environmental governance would continue to allow uncontrolled expansion of cultivated areas, including the cultivation of marginal lands and banks or surface waters, at the expense of the natural rangelands and availability and accessibility of surface waters. No nation-wide and community-participatory monitoring and evaluation systems would be establish to guide geographic upscaling of the poverty activities within the context of integrated ecosystem management and no targeted financial support would be given to encourage the development of micro-activities related to natural resources management in general or to integrated ecosystem management in particular. With this approach, it is

expected that only a small share of the CAP's local investment funds would be used for CBIEM since similar multi-sectoral, CDD, projects in the region show that priority issues for communities usually address short-term needs, i.e. the need for food security during droughts as through the establishment of cereal banks and income generating activities. As is, the current community-based natural resource management efforts in the region, tend to give priority to the maintenance and/or recovery of the cultivated areas without much attention for incorporation of lost functions of the rangelands within the cropping system. Simultaneous maintenance and recovery of the rangelands, including marginal lands and banks of and surface waters would be given only minor and random attention. As a result, under the baseline scenario, at least on the short term, further degradation of the land and water resources will take place, decreasing the local and national availability of water, fodder, food, household energy, medicinal and veterinary products while increasing the vulnerability of the West African region to desertification through expansion of the Sahara desert.

d) GEF Scenario

Under the GEF scenario -- the IDA-financed CAP with co-financing by GEF-- the global environmental objective of the CAP is to promote community-based integrated management of the mainly arid and semi-arid (agro)ecosystems in Niger as a means to combat land and water degradation in West Africa, while fostering multiple global environmental benefits. CBIEM is defined for this project as harmonized management by communities of the cultivated areas, natural rangelands, and water resources in and around Nigerien communities by these communities in order to maintain or recover a balance in the multiple functions of these natural resources as seen from a local, national and global ecosystem perspectives. More concretely, for this Sahelian country, seeking this balance will involve the maintenance or recovery of the condition of the natural resources of ecosystems as a whole as they function as providers of cropping areas, water and fodder for sedentary and non-sedentary livestock and local and migratory wildlife, household energy, food, medicinal products, veterinary products, construction material, shelter, areas of cultural and social value, barriers to land and water degradation and as sources of carbon sequestration and biodiversity. Over the CAP's lifetime, CBIEM, through holistic management of the land and water resources, is expected to significantly enhance the carbon storage capacity of the soils and vegetation, to preserve globally-valued biodiversity and to maintain the condition of international waters in the country. The numerous scattered lakes in Niger are of importance to migratory birds while some of the international water bodies, such as the river Niger and the Lake Chad Basin, also represent areas of relative high biodiversity. Since further degradation of the land and water resources in Niger would accelerate the expansion of the Sahara desert and result in increased pressure on the ecologically richer areas to the south, the longer term impact of the project is expected to contribute to the preservation of the many globally important environmental assets encompassed in this region (Table 1).

The root causes behind the lack of community-based integrated ecosystem management (CBIEM) in the country are : i) lack of awareness relating to the function and linkages between different subcomponents of ecosystems, such as the cultivated areas, the natural rangelands and water resources, and their role in poverty reduction, ii) lack of human capacity and methodologies to analyze and monitor these roles and linkages, iii) lack of involvement of all the different type of stakeholders, including the vulnerable ones, in natural resources management planning and implementation, iv) lack of institutional and legislative backing conducive to integrated ecosystem management, such as the current land and water resources tenure practices, and v) lack of technologies and financial resources to apply integrated ecosystem management

The project's approach relies on removing barriers for successful mainstreaming of CBIEM through identifying constraints, indicating and demonstrating solutions, capacity building, enhancement of the

information base for sound decision-making, policy development, and micro-investment. The global environmental objectives will be blended and realized through each of the five project activity components , which promote CBIEM in the following ways:

- *Component 1: Community support:* The project will proactively support (i) community-based organizations (CBOs) in the incorporation in the participatory appraisal of the analysis of the linkages between poverty reduction and harmonized management of the natural resources relating to water availability, food production and nutritional value, health care and availability of traditional household energy, (ii) the identification and inclusion of the various types of primary stakeholders within communities having interest in the maintenance of the various type of production functions of the natural resources (such as sedentary and non-sedentary livestock holders; croppers; collectors of household products such as food, water and energy; fishermen; hunters and traditional healers and nature conservationists) and (iii) the ability of the CBOs and communities to design and implement relevant micro-projects related to CBIEM.
- *Component 2: Local governance support:* In support of the Governments decentralization efforts , GEF funds will be earmarked to support the Secretariat of the Rural Code in the development of a national and local environmental governance framework promoting CBIEM such as to discourage cultivation of marginal lands and banks of surface waters and resolve conflicting interests and use of surface waters. For example, through the establishment of natural resources tenure and use policies including the definition of the nature, composition and authority of local natural resources committees with inclusion of representatives of various socio-economic and occupational levels. The component will primarily finance targeted studies and capacity-building and awareness-building activities.
- *Component 3: Local Investment Fund:* Half of the available GEF funds will be blended with the IDA funds in this component, representing about eight percent of component financing. To promote and support in particular the public and global good nature of CBIEM related activities, the proportional community contribution required will be significantly lower for CBIEM related activities, such as those indicated in Table 2.
- *Component 4: Poverty monitoring:* GEF will contribute to the cross-sectoral national poverty monitoring systems of the CAP providing feed back for rapid program adaptation through ensuring the incorporation of socio-economic and natural resources data relating to the use and condition of the ecosystems in their multiple function seen, from a local, national and regional/global perspective. Furthermore, local capacity will be developed to enable communities to participate in the development and implementation of this system, in conjunction with the larger, multi-sectoral CAP community-participatory M&E system. Baseline data, already collected in the preparation phase, will be completed in the first year of implementation, to provide a benchmark on which to measure progress.
- *Component 5: Project management:* GEF will support project coordination, field services, financial management and establishment of a communication program there where it concerns the management of the support to CBIEM related activities. In addition, the GEF funds would also support knowledge dissemination activities with a regional/global reach, e.g. as relating to the developments of a similar project in progress in Burkina Faso and the Africa Land and Water Initiative.

The IDA-grant supported activities will benefit from the GEF-supported activities through its immediate support to longer-term local, national and global environmental concern accelerating the longer term

sustainability of the poverty reduction effort, which otherwise would only be addressed after the shorter term basic needs would be fulfilled. At that point the further degraded natural resources would be harder to recover and maintain. Within this context, reflecting the reality that the economic and financial situation of Niger is such that it barely allows to provide for the basic local needs, is the justification for allocating part of the GEF resources to natural resources management activities that normally should be considered as of direct national interest

Other GEF-supported initiative in the country, on-going or under development, tend to focus on specific focal areas of interest as distinguished by GEF- biodiversity, condition of international waters, or global warming mitigation- and/or are restricted to certain geographic areas, nature reserves or ecosystems. The nation-wide CAP, classified as a so-called multiple focal area project, will therefore be complementary to all other projects. Furthermore, through its close coordination with the Africa Land and Water Initiative, the best practices and lessons learned from this project will have an impact on the natural resources management in Africa as a whole.

d) Incremental Cost Analysis

The incremental costs are calculated as the difference between the GEF alternative scenario and the CAP baseline scenario. The results are presented in the matrix below.

Table 3: Incremental cost matrix for GEF funding

| Component | Cost Category | Cost US\$ M | Domestic Benefit | Global Benefit |
|-----------------------------|-----------------|-------------|---|--|
| 1. Community Support | Baseline | 3.0 | Increased capacity of communities to design and implement community-based natural resources management activities which will primarily improve the management of the cultivated areas. | Modest improvement in the ability of communities to design and implement natural resources management activities which may lead to minor global environmental benefits. |
| | GEF Alternative | 3.5 | Significant capacity of communities developed to design CBIEM micro-projects leading to ecological sustainability and national socio-economic equity and growth. | Significant capacity of communities developed to design CBIEM micro-projects, leading to significant conservation of global environmental assets. |
| | Incremental | 0.5 | | |
| 2. Local Governance Support | Baseline | 3.35 | Capacity of local government and regional authorities strengthened to support decentralized natural resources management which would mainly improve the management of the cultivated areas. | Modest improvements in the ability of local governments and administrations to support communities in the management of natural resources, mostly pertaining to the cultivated areas, which may lead to minor global environmental benefits. |
| | GEF Alternative | 3.75 | Capacity of local government and regional authorities strengthened to support decentralized integrated ecosystem management leading to ecological sustainability and national socio-economic equity and growth. | Substantial improvement in the ability of central and local governments to support decentralized integrated ecosystem management leading to significant global environmental benefits. |
| | Incremental | 0.4 | | |
| 3. Local Investment Fund | Baseline | 25.5 | A limited number of micro-investments relating to natural resources management planned and implemented locally. | Possibly a very limited number of micro-investments planned and implemented relating to natural resources management leading to minor global environmental benefits. |
| | GEF Alternative | 26.6 | A significant number of CBIEM-related micro-projects implemented supporting ecological sustainability and national socio-economic equity and growth. | Substantial number of CBIEM-related micro-investments implemented leading to significant global environmental benefits. |
| | Incremental | 2.1 | | |
| 4. Poverty Monitoring | Baseline | 4.49 | Cross-sectoral M&E system in place assessing linkages between poverty and land degradation, primarily relating to the cropping areas, to guide natural resources management. | Modest assessment tool established to guide natural resources management generating minor global environmental benefits. |
| | GEF Alternative | 4.99 | Cross-sectoral M&E system in place assessing linkages between poverty and the condition of ecosystems as a whole, to guide integrated ecosystem management respecting national socio-economic and ecological interests. | Substantial assessment tool established to guide integrated ecosystem management leading to significant global environmental benefits. |
| | Incremental | 0.5 | | |
| 5. Project management | Baseline | 4.49 | Efficient and capable staff in place to disseminate knowledge and manage issues related to natural resources management, mainly pertaining to the cultivated areas, on local and national level. | Natural resources management, mainly pertaining to the cultivated areas, on local and national level facilitated which may lead to minor global environmental benefits. |
| | GEF Alternative | 4.99 | Efficient and capable staff in place to disseminate knowledge and manage issues related to integrated ecosystem management on local, national and regional/global level. | Integrated ecosystem management on local, national and regional/global level facilitated leading to significant global environmental benefits. |
| | Incremental | 0.5 | | |
| TOTALS | Baseline | 39.83 | | |
| | GEF Alternative | 43.83 | | |
| | Incremental | 4.0 | | |

e) Major related GEF supported programs in the nation

The following list represents GEF supported relevant on-going projects and projects under development in Niger.

- *African Land and Water Management Initiative:* This Sub-Saharan Africa wide program, jointly implemented by all GEF implementing agencies (UNDP, UNEP and the World Bank) under the leadership of the World Bank, represents a global partnership which intends to contribute to food security and income generation through attaining global environmental benefits by a more sustainable use of the natural resources in Africa. For the first demonstration phase of the project, four initial sites for interventions were identified by the African Sub-Regional Organizations. These sites are Madagascar, the Limpopo River Basin (SADC), the Lake Chad Basin, Niger (CILSS), and the Atbara-Angereb Watersheds in Ethiopia (IGAD). The interventions in Niger strengthen the activities relating to community-based integrated ecosystem management (CBIEM) as incorporated in the underlying proposed CAP and the activities being developed for Niger within the below mentioned Lake Chad Basin project.
- *Enhancing conservation of the critical network of wetlands required by migratory water birds on the African/Eurasian flyways:* This regional program, implemented by UNEP, aims to improve the conservation status of African/Eurasian migratory waterbirds, by enhancing and coordinating the measures taken by GEF-eligible countries to conserve the critical network of wetland areas that these birds require to complete their annual migratory cycle. The 11 participating countries are: Estonia, Hungary, Lithuania, Mauritania, Niger, Nigeria, Senegal, the Gambia, South Africa, Tanzania and Turkey. In Niger, the project promotes the sustainable use of the Kokorou and Namga wetlands, lying 10 km apart approximately 150 km NW of Niamey, through the development of a community participatory management plan.
- *Desert Margin Program:* This regional program, being prepared by UNEP and UNDP, aims to conserve globally important biodiversity by halting land degradation in three African regions immediately threatened by desertification. The regions concerned are Western Africa (Burkina Faso, Mali, Niger and Senegal), Eastern Africa (Kenya) and Southern Africa (South Africa, Botswana, Namibia and Zimbabwe). On a secondary plan, this program would also preserve carbon sinks.
- *Reversing Land and Water Degradation Trends in the River Niger Basin:* This program, implemented by UNDP and the World Bank, aims to secure sustainable socio-economic development of the 9 riparian countries (Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Guinea, Mali, Niger, Nigeria and Chad) while respecting the environment and the maintenance of the condition of this international water. During the current first phase of the project, a transboundary diagnostic analysis is being developed from the five countries that share the main stem of the Niger River (Benin, Guinea, Mali, Niger and Nigeria).
- *Reversal of Land and Water Degradation Trends in the Lake Chad Basin Ecosystem:* This project, implemented by UNDP and the World Bank, aims to achieve global environmental benefits through concerted management of the naturally integrated land and water resources of the Lake Chad Basin involving 5 countries (Cameroon, Central African Republic, Chad, Niger and Nigeria). Presently, six pilot projects within the Lake Chad Basin are being developed, three of which entail the participation of Niger: (i) Piloting adaptive strategies to mitigate land and water degradation on the northern margin of Lake Chad (Chad and Niger), (ii) Lake Chad shoreline management plan definition (Cameroon, Chad, Niger and Nigeria), and (iii) Integrated Wetland Management in the Komadougou-Yobe Basin (Nigeria and Niger).

- *Integrated Ecosystem Management in shared Watersheds between Nigeria and Niger:* This project, implemented by UNEP and UNDP, aims to secure multiple global environmental benefits by developing and implementing community-based integrated ecosystem management plans for the shared watersheds along the Niger-Nigeria border.
- *Buffer zone of the W Park Management Project:* This project, being prepared by UNDP, supports community-based sustainable use and conservation of the biodiversity of the wildlife reserves of the W Park in Niger, the Arly Park in Burkina Faso and the Pendjari Park in Benin.
- *Niger-Algeria: Transboundary Biodiversity Conservation Project:* This project, being prepared by UNEP, aims to conserve biodiversity in the transboundary area between Niger and Algeria.
- *Strengthening of scientific and technical capacity relating to a sustainable use and conservation of the biodiversity reserves in arid West Africa:* This project, implemented by UNEP, supports the sustainable use and conservation of the six savanna type Biosphere Reserves in West Africa. Niger comprises two Biosphere Reserves, the "W" National Park and the Air and Tenere Reserve.
- *Tenere Reserve Biodiversity Management Project:* Prepared by UNDP, the first phase of this project aims to develop a decentralized community-based management system of the Tenere Reserve.
- *Capacity needs Assessment for the implementation of the Niger National Biodiversity Strategy and Action Plan:* This project, being prepared by UNEP and UNDP, identifies the needs to strengthen the capacity in the areas of: biodiversity conservation in situ and ex situ, taxonomy, preservation of traditional knowledge and biodiversity knowledge management in the context of CHM.

These projects tend to focus on specific focal areas of interest as distinguished by GEF- biodiversity, condition of international waters, or global warming mitigation- and/or are restricted to certain geographic areas, nature reserves or ecosystems. The nation-wide CAP, classified as a so-called multiple focal area project, will therefore be complementary to all other projects. Furthermore, through its close coordination with the Africa Land and Water Initiative, the best practices and lessons learned from this project will have an impact on the natural resources management in Africa as a whole.

**Additional Annex 13: Institutional Arrangements
NIGER: Community Action Program**

(This annex supports the text in section E on financial and institutional arrangements)

Figure 1: Global institutional framework

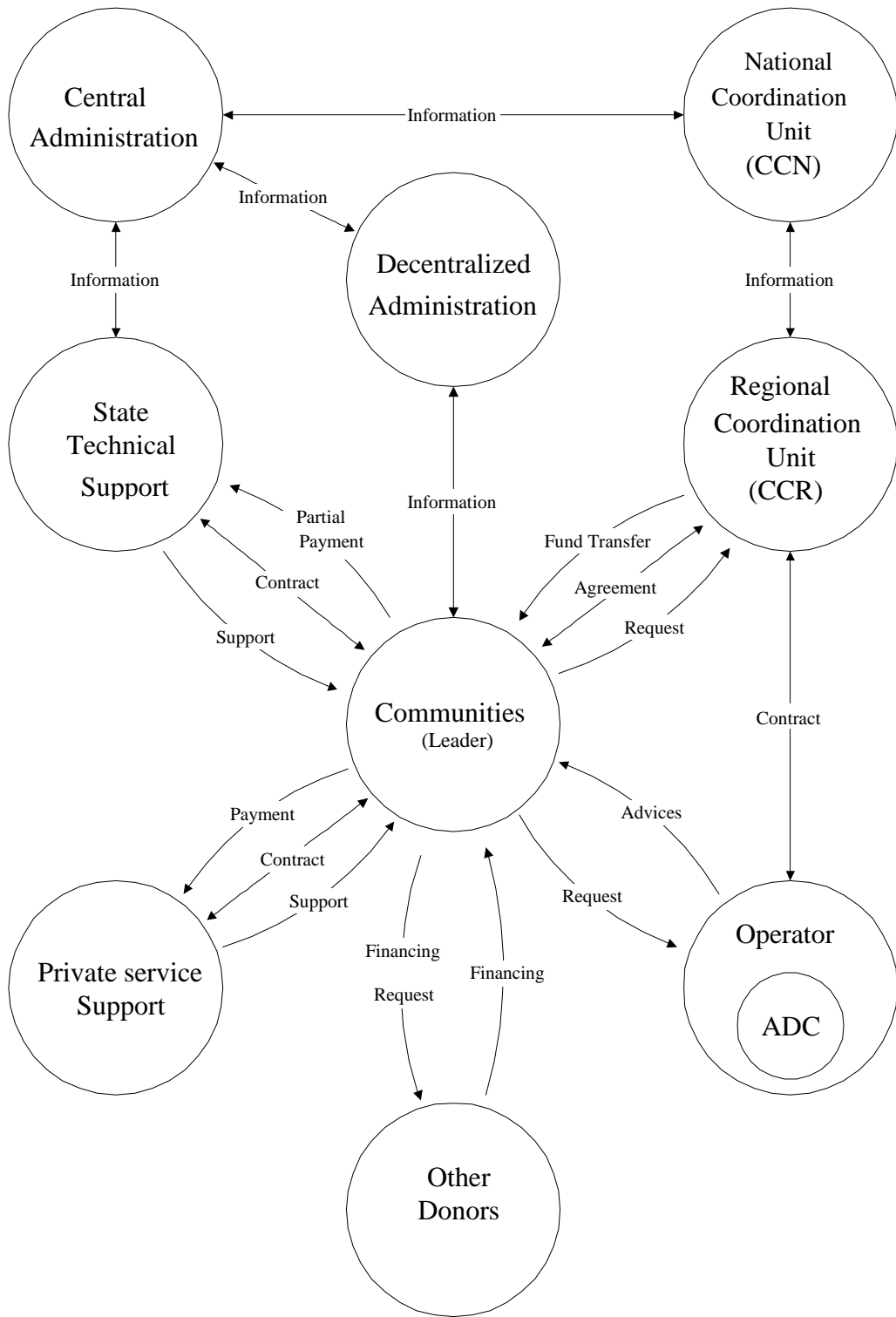


Figure 2: Project institutional framework

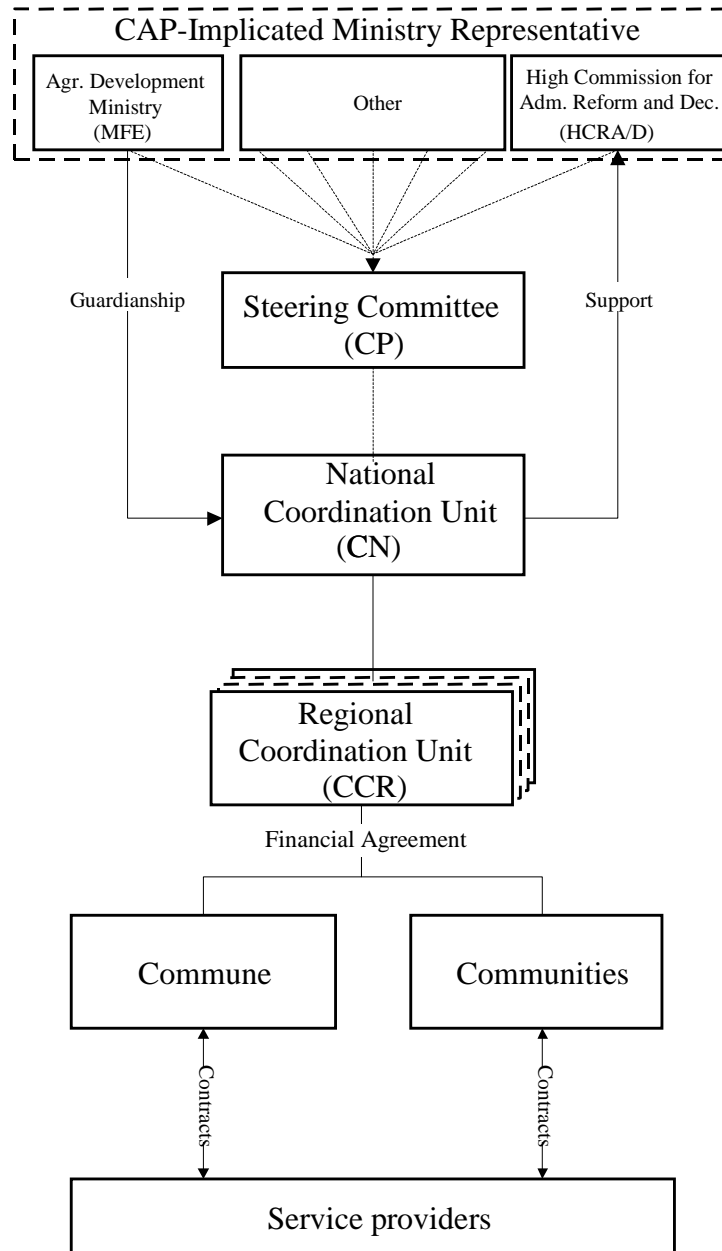
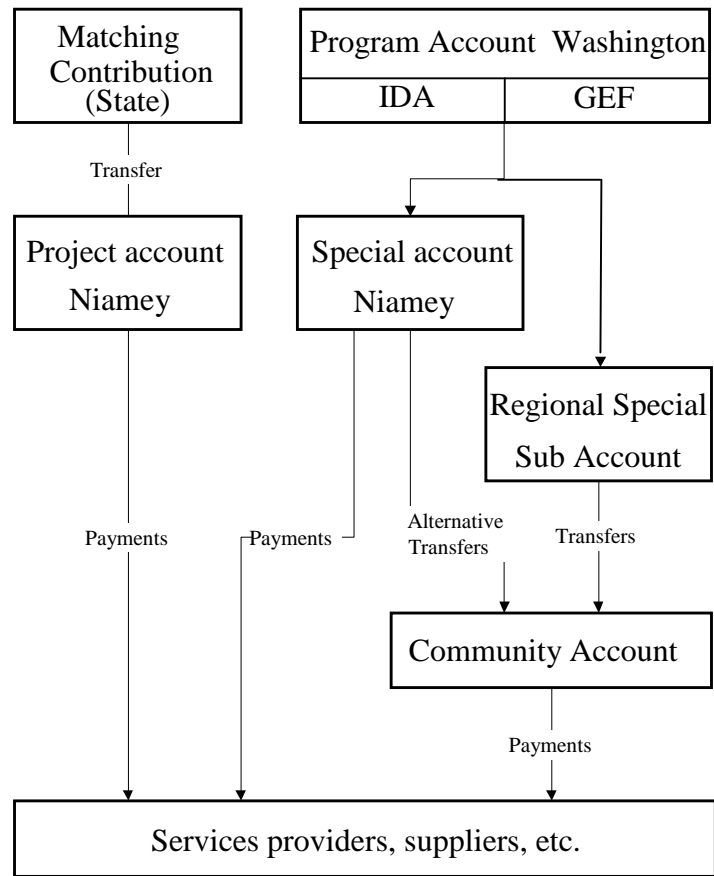


Figure 3: Financial flows



Additional Annex 14 Executive Summary of Social Impact Assessment NIGER: Community Action Program

I. Introduction and Key Operational Findings

The Niger PAC/CDD project has undertaken a Local Level Institutions (LLIs) study to better understand how LLIs function within local societies of Niger. With this information in hand, the Project will be able to capitalize upon existing internal capacity to build greater program sustainability. The LLI study, based on qualitative/participatory inquiries with approximately 60+ villages in five different provinces of Niger and more than 1188 quantitative Household Surveys randomly selected from these same villages, also serves as a tool for Social Assessment. This Social Assessment paper summarizes key operational findings, which if utilized, will increase inclusion, sustainability, and more effective poverty reduction and equitable development. (*Etude sur les Institutions Locales : Décentralization et Pauvreté au Niger*, by Dr. A. Sayo, with regional team, CARE Niger) Draft report for PAC Niger, March, 2002.) The key findings, to be discussed below, include the following:

- Specific indigenous institutions are highly preferred by local communities over government, project, or NGO introduced-organizations.
- Participation in these identified LLIs is significantly higher, more inclusive than in externally introduced organizations, and seem to have a significant impact on poverty reduction
- Specific indigenous institutions, found country-wide, have been identified as effective for PAC/CDD utilization in management of project funds allocated to communities (FIL), internal M&E, and possibly to mitigate negative environmental effects.

Traditionally, LLIs have been a blind spot for international development agencies and national governments. Aid, when it moves out of the capital city, normally goes directly to local communities or local governments, with no stops in between. But this route ignores the endogenous weave of local institutions that traditionally encircle and support local communities. But now that decentralized governments are being urged to join rural people in creating sustainable and accountable local development, LLI institutions are now regarded as potential resource points for effective and internalized poverty reduction.

The first LLI study was undertaken in Burkina Faso in 1998-99, where the mix of quantitative and qualitative data was able to provide unique insights into local level organization and results of local level activities. Here, certain high-performing local level institutions were found to contribute to reduced levels of poverty and inequality at the local level. The structure of these high-performing local organizations means they can exist in a number of African countries because they depend more on internal participation rather than on any one country's cultural assets. (See *Can Local Institutions Reduce Poverty? Rural Decentralization in Burkina Faso*, by Donnelly-Roark, Ouedraogo, and Ye, World Bank Policy Research Working Paper Series, #2677, 2001.

Local level institutions incorporate many different kinds of indigenous organizations and functions. Because LLIs create the rules by which organizations operate and interact, they become, over time, the repository of indigenous knowledge systems and the foundation by which local society organizes itself. These rules are also continually and dynamically updated, sometimes in diverse and contested ways. LLIs include: village level governance; accepted methods of community resource mobilization; social and mutual aid societies; security arrangements; asset management; conflict resolution councils; management committees for infrastructure and sector services; conflict and legal adjudication committees; livestock and agricultural production cooperatives; tontines and savings federations;

religious associations; and lineage associations among others (Donnelly-Roark et al, 2001, p.3)

The Niger data set features, as noted earlier, participatory and qualitative inquiry within 60 villages in five regions, plus quantitative household surveys covering 1188 households from the 60 villages. . The size of the sample should allow final results to be reliably extrapolated by the project to other areas of country. The five provinces selected--Diffa, Maradi, Agadez, Tillaberi, and Dosso---each include two different zones where villages and households were selected. Each of the provinces were selected to reflect diversity of the population, diversity agro-ecological zones, along with socio-cultural and socio-political diversity and prior historical experience. (Sayo, p. 8)

II. Historical Contexts

Neither democratization nor effective decentralization have been easily attainable in Niger. Over the past forty years, the various political regimes have ranged from military to democratic. Despite these differences, all have tended to utilize the state bureaucracy---essentially an urban institution---as a tool to dole out patronage and hold control.

Tracing the evolution of political parties is an effective means of understanding efforts at democratization. They include:

1946—1959. First era of multi-partyism was characterized by political planning to combat colonialism.

1959---1974. PPN-RDA was the only political party on the scene. Although seen as democratic, it was in reality a façade as all contradictory debate was seen as treasonable to the nation.

1974---1989. A military coup suspended the National Assembly, and all democratic structures were suppressed.

1989—1990. MNSD, party of the state was created

1990---present. Restoration of multi-partyism. Civil society leaders from the Unions and schools have been leaders. But during this time there have been four republics, two coups, two military regimes, and two armed rebellions in the north and east of the country.

Obviously, Niger has a considerable way to go to establish a regime that features individual rights, along with liberty of expression and association. Recent efforts at democratic regimes have illustrated little responsibility to citizens, but also demand little of its people in terms of laws and obligations. One observer concludes that while western democratic institutions are not absolutely critical for some level of democracy to emerge, enduring 'classic consultations' have now lost their popular credibility and are therefore no longer sufficient to maintain the current fragile democratic gains recently made.

It is for this reason that moves towards political decentralization with its accompanying decentralization of power are viewed positively in many quarters. It is hoped that the introduction of rural populations and their institutions can break the patronage grip that the state bureaucracy continues to wield. But for this to come about, it will be essential that each level of decentralization is accompanied by recognition and utilization of strong community organizations. (Sayo, pp. 11-14)

All of this takes place in one of the poorest countries of the world. A 1993 national Household Survey indicates that 63% of the population is poor, and 34% of this group is extremely poor. Rural poverty is more intense than urban poverty. Indicators suggest that the intensity of poverty has increased over the past seven years.

III. LLIs are Preferred and Effective

The LLI study illustrates that those institutions seen as indigenous by local communities are strongly preferred, and certain types of these institutions are more effectively managed. These findings have substantial implications for the design of the PAC/CDD, the first objective of which is to build the capacity of Niger's rural communities to design, implement, and manage micro projects.

The LLI study indicates that there is a remarkable richness of local level institutions that operate within and among villages. The following typology, developed as a result of the LLI study, illustrates type, interaction between 'modern' and 'traditional', as well as function of these LLIs. The percentage indicates the number of households that have participated in this category during the past year. (A total of 2133 organizations were named, and were placed in 33 categories serving diverse organizational needs.)

- **Administrative and political LLIs.** (25%) These include all aspects of the chieftancy (a few are women); council of elders (some include women); leaders of groups, council for local development, etc.
- **Productivity and private sector LLIs** (15%) These include all production organizations for individual households: cooperatives, and socio-professional organizations for individual household members.
- **Technical LLI's.** (15%) These include maintenance of infrastructure installations and maintenance of natural resource environments. Organizations include little known groups as: *Garso, Sarkin Noma, Maidagi, Maidawa, and Sorko.*
- **'Assurance' LLIs.** (45%) These include organizations focused on equitable development and, in difficult times, collective economic assistance. Organizations include such little known organizations as *Fada, tontines/MMD, Club Zabin Sonka, and Kungiya Waalde.*

These local level institutions make up the cohesive framework within which communities maintain and perpetuate themselves. The first two categories---a total of 40%---are made up of organizations either relatively well-known from the traditional sector, or institutions that have been introduced by governments or development agencies. But the two categories that have the most sizeable level of participation---a total of 60%---formulate the social and collective economic networks which perform well, are preferred by local residents, and yet relatively unknown beyond rural and national borders.

These LLIs have two noteworthy aspects that seem to be somewhat unique to Niger. The first is that popular indigenous institutions seem to spread relatively fast across the country. In different provinces popular indigenous institutions may have different names, but are recognized to serve the same function. For example, Fada and Club Zabin Sonka are both youth organizations that are organized to serve the community, motivate effective community actions, and monitor effectiveness of such actions. They are found across the country under different names.

The second noteworthy aspect is how institutions are designated as either 'internal', or coming from the outside. Internal or indigenous institutions were clearly defined as preferred by local people, while institutions believed to be imported from the outside by the government or development agencies were seen as peripheral or marginal. On the other hand, institutions or methods of organization that fit the cultural scene---even when they originally come from the outside---are quickly adopted and defined as internal or local. For example, the tontine now known as MMD (Women Moving Forward) was originally introduced by several different donor organizations. However, it is now identified across the country as an 'internal', local, and highly preferred organization. (Sayo, pp. 40-57)

Analysis is ongoing to better understand how these local level institutions impact on poverty reduction at the community level. Preliminary analysis does indicate a positive relationship, as illustrated in Table 1.

Table 1. Poverty Incidence vs. LLI performance

| | Non-Poor | Poor | Very Vulnerable |
|--------------------------------------|----------|------|-----------------|
| Villages with low performing LLIs | 12 % | 21 % | 65 % |
| Villages with medium performing LLIs | 13 % | 27 % | 60 % |
| Villages with high performing LLIs | 19 % | 28 % | 53 % |

IV. LLIs Make Local Government More Effective

Donor programs that recognize LLIs are rare, but one is currently operating in Niger as a pilot for Decentralization, and illustrates the benefits of formalizing LLI recognition. Diffa, one of the five provinces selected for the LLI study is relatively prosperous overall, but its two departments included in the study show striking contrasts. In the surveyed department of Maine the LLI participation rate is 20%, while in N'Guigmi it is 87%. The poverty rate in Maine is 35% while in N'guigmi it is only 8%. Moreover, the expenditure per capita in N'guigmi is more than double that of Maine, while the inequality is just marginally lower. This demonstrates that N'guigmi has established a fairly equitable growth path that leads to a low poverty level.

The only clear difference between the two departments is the operation of the UNDP sponsored Decentralization project---PADL-N---in N'guigmi. The objective of this project is to model and practice good governance. For this they established procedures and mechanisms for greater accountability, transparency, and citizen participation. Several of these procedures and mechanisms (particularly in the CLD committee that was established to advise the elected officials), tap directly into the LLIs discussed in the previous section.

The Niger LLI analysis concludes that effective decentralization will be achieved only if its procedures are explicitly linked to existing and respected indigenous institutions, and only if the representatives elected are actually trained in how best to serve their communities, and not just the national political parties. Inclusion of preferred local level institutions in local government seems therefore to play a key role in effective decentralization.

A second contribution that attention to LLIs can bring to local government is utilization of the *grappe* ---or group of five to eight small villages---as the focus for the project (or in time local government) interventions. The *grappe* is defined as: 'a group of small villages or hamlets who share a community life'. Use of the *grappe* allows all of the relevant LLIs to be included, and at the same time makes the number of local groupings to be included more manageable. LLI analysis defined seven criteria for all three ecological zones that effectively defined grappes:

- shared historical lines (100% of cases)
- shared parental lines (100% of cases)
- shared religion [e.g. mosque on Friday] (100% of cases)
- distance between communities (80% of cases)
- existence of a commercial market (80% of cases)
- existence of shared socio-economic infrastructure (80% of cases)

- social cohesion (60% of cases: Agadez, Diffa, and Tillaberry)

Use of these six to seven elements should allow an effective definition of grappes in departments and provinces.

V. LLI Utilization Can Contribute to PAC/CDD Effectiveness.

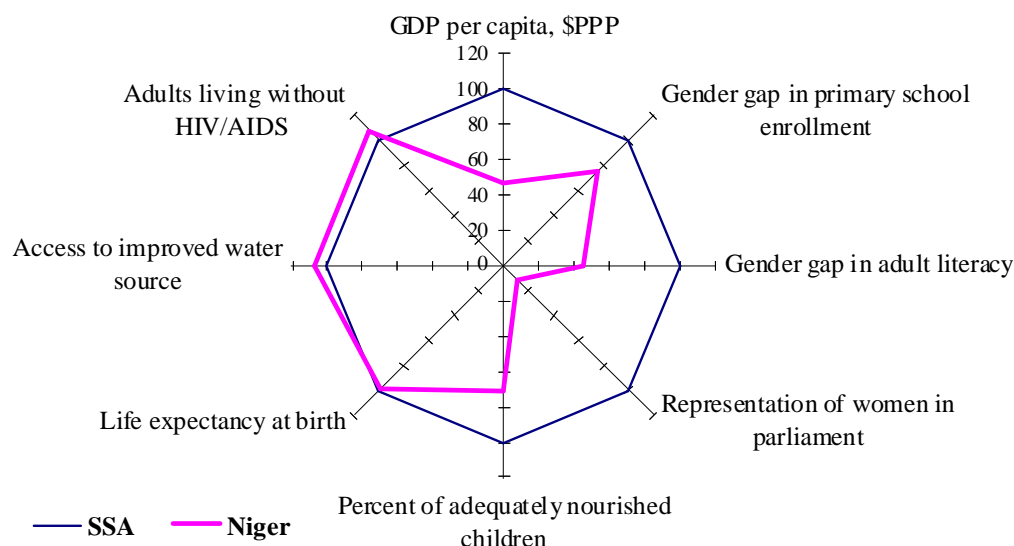
There are two and perhaps three categories of *local level or indigenous institutions* currently operating in Niger, that if systematically utilized, can significantly contribute to PAC/CDD effectiveness and long-term sustainability for equitable growth and poverty reduction. The first is in the area of management of Local Investment Funds. Rather than setting up an external, project related institution, there is the option to use **MMD**, a popular tontine found throughout the country (22,000 credit unions established in villages throughout Niger). Still primarily women-led, but now with branches for all groups, this indigenous institution offers the possibility of effective allocation and management of local investment funds that is internalized at the community level, but effectively connected, over time, to local government. The risks are apparent in terms of scaling-up, but the opportunities for long-term sustainability and internal effectiveness definitively outweigh the risks according to the LLI analysis.

The second group of LLIs to be considered are those that can perform the functions of monitoring and evaluation for PAC/CDD. As mentioned earlier, Fada and Club Zabin Sonka as well as ‘samaria, dambo, tsarintche’, etc are youth organizations organized to serve the community, motivate effective community actions, and monitor Effectiveness of such actions. They are found across the country under different names. As such they could serve to internalize project M&E functions at the local level, but also allow use of M&E results at project and local government levels. It should be noted that these groups include the very poor, but are looked upon by communities as energizers for collective activity.

Finally, a number of indigenous institutions dedicated to natural resource and environmental sustainability were identified. These organizations are usually ethnic specific and clearly aligned with spiritual values of the community. It would be an interesting initiative to associate these with the environmental safeguards required at the project level.

In summary, substantial local level and indigenous institutions are active at the local level. They are clearly preferred by communities, and those that are well organized seem to have (investigation ongoing) clear and positive impacts on reduction of poverty. For sustainable success, the PAC/CDD project should utilize these institutions to their utmost.

Additional Annex 15 Gender profile for Niger NIGER: Community Action Program



Note: This figure indicates that Niger's GDP is only about 50 percent of the SSA average. The country ranks above the SSA average with respect to the access to improved water sources and in the number of people living without AIDS/HIV. Niger has a lower number of adequately nourished children and a life expectancy consistent with the SSA average. With respect to the gender disaggregated data for education, literacy and the representation of women in parliament Niger has a gender gap that is significantly greater than the SSA averages.

Technical notes: this spider web is constructed to show where the country is in relation to the Sub-Saharan Africa (SSA) average in the aspects of economic development, health and education. The SSA average was normalized to 100. The indicators were constructed in a way that a higher magnitude of an indicator indicates a higher level of development. To achieve this consistency, we inverted the percent of malnourished children and the HIV/AIDS prevalence to percent of children being adequately nourished and adult living without HIV/AIDS, respectively. If a country line is inside the SSA line, the country's development level is below the SSA average, and vice versa.

Definition of indicators:

- GDP per capita, \$PPP = GDP per capita converted to international dollars using purchasing power parity rates;
- Primary school enrollment gap = the ratio of female to male gross primary school enrollment rate;
- Literacy gap = the ratio of female to male literacy rate for people aged 15+;
- Life expectancy = life expectancy at birth in years;
- Representation of women in parliament = percent of women in parliament;
- Adult living without HIV/AIDS = percent of adults living without HIV/AIDS;
- Access to improved water source = percentage of the total population with reasonable access to an adequate amount of water from an improved source;
- Percent of adequately nourished children = 100 minus the percent of under-five children suffering from moderate & severe underweight, below minus two standard deviations from median weight for age of reference population.

Sources: *Africa Country Gender Database (ACGD)*

Additional Annex 16: Summary of Environmental Assessment and Environmental and Social Management Framework NIGER: Community Action Program

A. OVERVIEW

Introduction

The Government of Niger plans to undertake a long-term phased program of investment to support community development at the local level. This Community Action Program is a four-phase program that will extend to 2015. Its 5 main components are:

1. Community support through participative planning, execution and management of micro-projects that have an emphasis on sustainable development;
2. Decentralization support through capacity building at local government level;
3. Funding of micro-projects through a local investment fund;
4. Poverty and environmental monitoring for impacts of the CAP; and
5. Program management (project coordination, field services, financial management and communication).

The first three components are directly involved with implementation of the micro-projects while the latter two are concerned with overall program management and poverty monitoring.

The scope of micro-projects is very broad, and will be proposed by communities through a participatory process with the regional coordination units (Cellule de Coordination Régionale - CCR), which are the Program teams in the regions.

Program Area

The area of the Community Action Program (Program) is the entire Niger territory. However, within this territory, the first phase of the Program is aimed at about 15 - 20% of communities. The population in Niger is very unevenly distributed, 85% being concentrated around the Nigerian border to the south. The predominant occupation in Niger is agriculture (40% of GDP), therefore most micro-projects will work with agricultural communities.

Program Benefits

The proposed Program will support all communities in funding micro-projects e.g. educational facilities, health centers, literacy centers, wells, forestry, fisheries, soil conservation, dune stabilization and agriculture. The Program requires co-funding by the communities themselves, in an effort to ensure an economical and rational use of resources. A short “negative list” of micro-projects (that preclude funding) will be presented to the communities e.g. religious establishments. The prioritization of critical micro-projects rather than the creation of “wish-lists” will be encouraged given the limited resources. All social groups will be represented in the micro-project appraisal process, and will be able to benefit from the CAP. One of the major emphases of the Program is also the improvement of natural resources. To this end, the Global Environmental Facility (GEF) has pledged US\$ 4 million to the project. A high percentage of the environmental and social impacts of the Program are anticipated to be positive. Benefits from GEF funds under GEF Operational Program #12 (Integrated Ecosystem Management) are an added indication

of high environmental standards for the project, in addition to the World Bank Safeguards.

B. ENVIRONMENTAL STUDIES

Environmental Assessment

As with all World Bank projects, the CAP is subject to environmental assessment and to the other safeguards policies (i.e. OP/BP 4.01 Environmental Assessment, OP/BP 4.04 Natural Habitats, OP 4.09 Pest Management, OPN 11.03 Cultural Property (being converted into OP/BP 4.11 on Physical Cultural Resources), OP/BP 4.12 Involuntary Resettlement, OD 4.20 Indigenous Peoples, OP/BP 4.36 Forestry, OP/BP 4.37 Safety of Dams, OP/BP 7.60 Projects in Disputed Areas and OP/BP 17.60 Projects in International Waterways) and the policy on disclosure of operational information (BP 17.50 on Information Disclosure and their provisions for safeguard policies-related documents). Safeguard policy issues are relevant to CDD projects because these projects sometimes finance sub-projects with adverse environmental and / or social impacts. Even in cases where individual CDD micro-projects have little or no adverse impacts, they may collectively lead to significant cumulative impacts (e.g. the impact of many small-scale activities involving irrigation or the use of pesticides in agricultural projects)

For the CAP, a highly qualified Nigerien specialist, who helped draft environmental impact assessment laws for Niger, carried out an environmental assessment (EA) of the CAP. The EA gives a general context of the World Bank environmental and social requirements, and of the necessity of the EA. It describes the methodology used for the study, including criteria for the classification of micro-projects and their impacts (nature, intensity, extent and duration). The EA gives a complete depiction of the environmental context in Niger, and its national and international legal context. After a description of the CAP, the EA describes the type of micro-projects that will be supported e.g. building schoolhouses and creating watering points. It lists potential impacts e.g. dust and noise from construction and stagnant water from small dams. A comprehensive section on mitigation measures of negative impacts follows e.g. rural roads: acquire land with the consent of the population, choose the route least disruptive to human populations, prevent dust by watering the construction sites etc. The EA addresses a wide range of issues in anticipation of potential micro-projects, and suggests mitigation measures for them. The EA therefore presents a nearly complete list of mitigation measures that can be used by Program staff and communities in micro-projects. An Environmental Management Plan (EMP), as part of the same document, describes the seven stages of the standard EIA procedure in Niger (see *Policy and Legislative Framework* below), including the required format for an EIA report. This is followed by a description of the mechanism for public participation and the need for a strong institutional framework for executing mitigation measures, monitoring and surveillance. A training program for all actors in the CAP is outlined.

Implementation of the proposed Program would result in the following primary impacts, as identified in the EA:

Socio-economic; negative impacts:

- (a) Pollution, noise and dust from construction impacts
- (b) Waste from markets with possible health impacts
- (c) Water-borne disease from water retention from small dams
- (d) Waste from health centers
- (e) Water-borne disease from irrigation projects
- (f) Conflicts between farmers and herdsmen over improved grazing lands and restricted access to cattle corridors
- (g) Pollution from leather tanning

Biophysical; negative impacts:

- (a) Lowering the water table from water wells
- (b) Pollution (pesticides, fertilizers) from market gardening
- (c) Overgrazing, overbrowsing and lowering of water table from pumping water from an excessive increase in the national herd size
- (d) Contamination of ground water from development of latrines
- (e) Fragmentation of the hydrographic network from the construction of roads
- (f) Overexploitation of water resources from the development of wind and solar pumps
- (g) Reduction in vegetation cover from development of rural roads (especially at the margins)
- (h) Flooding forest land from small dams; drying up forest land downstream of small dams
- (i) Deforestation from converting forest land into agricultural land
- (j) Deforestation from production of firewood and wood for construction purposes
- (k) Deforestation from development of natural tanning from bark and pods of trees
- (l) Soil and vegetation degradation from the concentration of cattle around new watering points
- (m) Soil and vegetation degradation from the concentration of cattle around new veterinary health centres
- (n) Overexploitation of wild fauna to supply markets from the development of new markets
- (o) Increase in plastic waste from the development of new markets
- (p) Habitat destruction from dams
- (q) Habitat destruction from land development for irrigation
- (r) Habitat destruction from increased use of timber
- (s) Habitat destruction from increase in rural roads
- (t) Soil pollution and salinisation from use of soil for market agriculture
- (u) Soil degradation from the use of clay and other materials in the construction of health centres, classrooms and other buildings
- (v) Soil degradation from development of infrastructure for animal husbandry (fences, corridors, vaccination areas, grazing areas)
- (w) Soil and water pollution from leather tanning
- (x) Soil degradation (water and wind erosion) from deforestation (see above for causes of deforestation)
- (y) Soil degradation around watering points from an increase in cattle herd size

Environmental and Social Management Framework

As the exact actions of the CAP are not known in advance (the micro-projects could range from immobilizing dunes to building schools), the Environmental Assessment was supplemented by a Framework for identifying, screening and addressing each future micro-project on a case-by-case basis (the Environmental and Social Management Framework). Program teams will review each micro-project for environmental and social impacts as it is submitted for approval.

The aim of environmental and social impact assessment is to anticipate what effect a certain activity could have on the environment and society and mitigate for it. The process of assessing the impacts of CAP micro-projects therefore had to be inserted into the overall CAP procedure. This was achieved by selecting certain key actors in the procedure and integrating them into a safeguards training program (see *Training* below). These key people will then be able to assess the impact, if any, of micro-projects.

The ESMF then describes the present government structure and its efforts at decentralization, and how the CAP, which is a national program, will integrate itself into this structure and help promote it. The ESMF

describes how environmental safeguards will be integrated into this program. The legal context in Niger is elaborated, followed by the EIA procedure in Niger (see detailed section Policy and Legislative Framework below). The available environmental capacity in Niger is limited, as the environmental infrastructure has only been in place two years. For this reason, a training component in safeguards issues (and by implication in environmental and social issues) has been planned (see *Training* below). The process of the community action programs is then described. The key environmental and social elements of the EA have been summarized in a worksheet / form that is detachable and can be filled out in the field. It works as a checklist, is organized by subject, and covers all environmental and social issues, both from the point of view of the Niger government and World Bank Safeguards. After checking off the impacts of the activity of the micro-project, the community / CCR classifies the micro-project as A, B or C. This is done by working down a checklist, which is part of the EA, and is detachable. The checklist systematically addresses all potential environmental and social impacts that a micro-project could have. Using the checklist, the agent determines if the micro-project is classified A, B or C. The micro-project is then allowed to proceed, with or without EIA, as required. The procedure to be followed once micro-projects are classified A, B or C is:

- Class A: full EA according to Niger regulations. Micro-project can proceed if mitigation measures proposed in EA are followed.
- Class B: modification of micro-project at local level (through discussion between *grappes* and Program Regional Coordination Unit - CCR) determination and application of mitigation measures. No further requirement for EA.
- Class C: no requirement for EA; micro-project can proceed.

If the Program team does not approve of the micro-project (i.e. if it does not satisfy World Bank safeguards or the Niger environmental laws), then a mechanism has been set up to discontinue the flow of funds and halt the micro-project. The *Comité Technique d'Arrondissement* (COTEAR) approves the micro-project and allows the CCR to disburse funds; the COTEAR is the technical committee at “*arrondissement*” (regional) level. The COTEAR will be trained in safeguards issues, and will be able to approve or reject micro-projects on environmental and social grounds. If it rejects a particular micro-project, it advises the CCR not to release funds for that micro-project. Additionally, the CCR is expected to carry out random checks of the micro-projects in operation for safeguards issues, and can, if the micro-project fails to meet the required standards, discontinue funding.

The process of carrying out EIAs and mitigation measures is then detailed, including scoping and screening, necessary baseline studies e.g. water flow data, analysis of impacts, analysis of alternatives and mitigation measures. The same process is given for social assessment. A description of the World Bank Group Safeguard policies is then reviewed, including the ones that, if triggered, will exclude the micro-project from being financed under the CAP e.g. Projects in Disputed Areas. The need for public consultation and participation, which is implicit in the CAP, is underlined. The actors responsible for the participatory process at every stage of the micro-project cycle are identified e.g. CCR and NGOs. The need for disclosing certain documents (e.g. ISDS, EA, ESMF) in-country and at the World Bank InfoShop is mentioned. Finally, the process of monitoring and evaluation is outlined. This pertains to monitoring the participation process and the implementation of mitigation plans. An extensive list of indicators is for use in environmental and social monitoring. The importance of establishing baseline data for the use of indicators to be useful is stressed.

Training

The procedure of the Framework raises the question of having qualified personnel at all levels to screen micro-projects for World Bank safeguards and to classify them A, B or C. Therefore, a comprehensive

training program has been planned to train senior Program management, junior management and communities in safeguards issues. The training program has been targeted at all levels, including:

- *Bureau d’Evaluation Environnementale et d’Etudes d’Impact* (BEEEI) management staff, the Nigerien entity responsible for reviewing EIAs, its non-permanent members composed for the most part of representatives and members of the environmental management unit of the CCN of the CAP in Niamey (20 people);
- Management staff from the regional administration of the Ministry of Planning, from the environment representing the BEEEI and from the *préfecture* and the members of the regional unit for environmental management of the CAP regional coordination committee (CCR) (30 people);
- Management staff of the regional administration composed of the technical services and other authorities; two representatives of the Plan and the Environment from each sub-region representing the BEEEI;
- All the technical management staff of the sub-regions, all technical service management staff involved in the CAP, representatives of local communities;
- Communities and their organizations, community development agents, NGOs and other organizations.

It is worth noting that the Program is to a large extent an environmental one, having received funding from the GEF. It will be based to some extent on pilot projects managed by the United Nations Capital Development Fund (UNCDF) and by the *Projet de Gestion des Ressources Naturelles* (PGRN). One pilot project carried out by the UNCDF in the Diffa region of Niger served as a pilot project for the CAP. The PGRN is a natural resource management project that was active in five different arrondissements in Niger and lasted six years (ending in September 2002). Experience gained and capacity built in these two projects will be used in the CAP. Therefore although the CAP is a new project, there is already a pool of experienced staff from which the CAP could benefit.

Resettlement

Resettlement is not anticipated to be an issue. The CAP is a community-based Program that will be developed on a participatory basis. Communities themselves will suggest micro-projects for financing, and will probably not, therefore, suggest micro-projects that will displace them. Furthermore, the CAP precludes funding micro-projects that involve resettlement issues.

Cultural Property

Niger is rich in archaeological heritage. Major works e.g. roads or dams could therefore have an effect on cultural property. However, the Program does not plan to finance micro-projects that cause damage to or otherwise impair cultural property.

Other Safeguards

There is a “negative list” of micro-projects (i.e. those that will not be funded by the CAP). In addition, the CAP will not fund micro-projects that trigger the safeguards on Cultural Property, Indigenous People, International Waterways, Projects in Disputed Areas or Involuntary Resettlement.

Policy and Legislative Framework

In 2000, Niger established a procedure for environmental impact assessment, which applies to all projects executed in Niger. The procedure for environmental assessment in Niger can be summarized in seven stages:

1. Project description
2. Initial examination by BEEEI
3. Terms of reference for environmental assessment
4. Environmental assessment
5. Analysis of the environmental assessment
6. Recommendations / mitigation
7. Monitoring and surveillance

The CAP must satisfy the Nigerian environmental requirements above as well as the World Bank environmental and social requirements. Environmental management in Niger is governed by Law 98-56 of 29 December 1998 through two instruments: (i) Article 27 (the National Environmental Plan for Sustainable Development - PNEDD) and (ii) Article 31 (Environmental Impact Assessment). The law requires the government to create a PNEDD and to review it every five years. It makes it compulsory to carry out an EIA for all development projects, programmes or activities likely to affect the human and social environment on account of their size or type. The key actors are the Bureau of Environmental Assessment and Impact Studies (BEEEI), the National Environmental Council for Sustainable Development (CNEDD), the Ministry of the Environment and Civil Society.

The BEEEI is the entity responsible for reviewing environmental impact assessments in Niger. It is part of the Ministry of the Environment, Hydraulics and the Fight Against Desertification. As for any project in Niger, it will be responsible for environmental review of micro-projects in the CAP. The CNEDD is the entity responsible for elaborating and applying the National Environmental Plan for Sustainable Development. As such, its policies complement the World Bank safeguards policies. The Ministry of the Environment is responsible for setting government policy on the environment; its policies also complement World Bank policies.

However, this Nigerian framework is aimed at addressing impacts from known activities, and generally applies to single, large developments e.g. dams, roads, mines or factories. The CAP however consists of many micro-projects that will be initiated in the future, whose impacts are unknown. In this case, it would be too impractical, costly and laborious to carry out a full EA on each micro-project. For this reason a screening procedure has been set up (see *Environmental and Social Management Framework* above), and a micro-project will only be subject to a full Nigerian EIA procedure when it is found to have significant impact.

Compliance with Regulations and Procedures

It is expected that at the time of negotiations, the proposed Program would be in full compliance with the provisions of all applicable Nigerian and World Bank procedures.

Prior to appraisal, the Government of Niger disclosed the Environmental Assessment and the Environmental and Social Management Framework.

C. REPORTING AND SUPERVISION

Reporting

As an element of Program reporting requirements, the CAP would prepare routine reports concerning progress in implementation of activities related to environmental and social aspects. As necessary,

supplemental reports with greater detail than the routine reports also would be prepared on these topics. The reports will include the checklist, filled out by the communities and the CCR in the field, the mitigation measures suggested and the means to carry them out for each micro-project.

Program Supervision

The Supervision Plan for the proposed Program would include the participation of World Bank environmental and social safeguards staff in missions to review progress in implementation of the Environmental Assessment and Environmental and Social Management Plan. The performance of the CAP in the implementation of these activities under the Program would be a standard element of supervision reports, including the Mid-Term Review and the Implementation Completion Report. Supervision teams will report on implementation to Program management, as well as offer constructive advice in case of shortcomings.

