

## **Niger: Poverty Reduction Strategy Paper—2004 Status Report**

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*Permanent Secretariat for the PRS*

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# POVERTY REDUCTION STRATEGY

## Third Status Report

*January - December 2004*

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**LIST OF ACRONYMS**

**ABEDA:** Arab Bank for Economic Development in Africa  
**AEP:** Drinking water supply  
**ARM:** Multisectoral Regulation Authority  
**ARMP:** Public Procurement Regulation Authority  
**ARV:** Anti-retroviral  
**BIA:** International Bank for Africa  
**BOA:** Bank of Africa  
**BTP:** Construction and Public Works  
**BTS:** Advanced Vocational Training Certificate  
**CAFER:** Autonomous Road Maintenance Financing Fund  
**CAPED:** Development Analysis and Forecasting Unit  
**CARFO:** Autonomous Civil Servant Retirement Financing Fund  
**CEG:** Junior high school  
**CELTEL:** Private cellular telephone company  
**CENI:** Independent National Electoral Commission  
**CES:** Secondary education complex  
**CET:** Common External Tariff  
**CFAF:** African Financial Community Franc  
**CFPA:** Vocational Training and Apprenticeship Center  
**CFPP:** Vocational Training and Professional Development Center  
**CNDHLF:** National Commission on Human Rights and Fundamental Freedoms  
**CNDP:** National Political Dialogue Council  
**CNDS:** National Social Dialogue Council  
**COMINAK:** Akouta Mining Company  
**CPI:** Investment Promotion Center  
**CSI:** Integrated Health Center  
**CTK:** Kalmaharo Technical College  
**CWIQ:** Core Welfare Indicators Questionnaire  
**DAO:** Bidding documents  
**DGEPD:** General Directorate of Development Program Assessment  
**DSBE:** Degree of satisfaction of essential needs  
**EAN:** "Entreprendre au Niger" (Opening a Business in Niger)  
**ECOBANK:** Local bank  
**EGD:** Essential generic drugs  
**EIG:** Economic interest group  
**EIP:** Expanded Immunization Program  
**ENAM:** National School of Administration and Magistracy  
**ENBC:** National Consumption Budget Survey  
**FIMA:** International Festival of African Fashion  
**GCB:** Government capital budget  
**GDP:** Gross domestic product  
**GIP:** Government investment program  
**HIPC:** Heavily Indebted Poor Country  
**IDA:** International Development Agency  
**IGA:** Income-generating activity  
**ILO:** International Labour Office  
**IMF:** International Monetary Fund  
**INS:** National Institute of Statistics  
**IUT:** University Institute of Technology  
**MESS/RT:** Ministry of Secondary and Higher Education and Research and Technology  
**MFP/T/E:** Ministry of Civil Service, Labor, and Employment  
**MIA/PN:** Ministry of African Integration in charge of NEPAD Programs  
**MJ/IPJ:** Ministry of Youth and the Professional Inclusion of Young People  
**MME:** Ministry of Mines and Energy  
**MSP/LCE:** Ministry of Public Health and Endemic Disease Prevention and Control  
**MTEF:** Medium-Term Expenditure Framework  
**NEPA:** Nigerian Electric Power Authority  
**NEPAD:** New Partnership for Africa's Development

**NGO/DA:** Nongovernmental organizations and development associations  
**NICI:** National Information and Communication Infrastructure  
**NICT:** New Information and Communication Technology  
**NIGELEC:** Niger Electric Company  
**ONPE:** National Post and Savings Office  
**ONPPC:** National Pharmaceutical and Chemical Products Office  
**OPEC:** Organization of Petroleum Exporting Countries  
**ORTN:** Radio and Television Broadcasting Service of Niger  
**PDDE:** Ten-Year Education Development Program  
**PDS:** Health Development Plan  
**PIMAN:** Niger Integrated Government Modernization Program  
**PNCD:** National Policy on Communication for Development  
**PNP:** National Population Policy  
**PRS:** Poverty Reduction Strategy  
**PS/PR:** Special Program of the President of the Republic  
**PTME:** Prevention of Transmission from Mother to Child  
**RAIL/SIDA:** Network of AIDS Associations  
**SAFEM:** International Exhibition of Women's Handicrafts  
**SAHELCOM:** Private cellular telephone company  
**SEEN:** Société d'exploitation des eaux du Niger (water)  
**SNIS:** National Health Information System  
**SOMAÏR:** Aïr Mining Company  
**SONIBANK:** Société nigérienne de banque (bank)  
**SONUCI:** Société nigérienne d'urbanisme et de constructions immobilières (housing/urban development)  
**SPEN:** Société de patrimoine des eaux du Niger (water)  
**TELECEL:** Private cellular telephone company  
**UFR:** Training and research unit  
**WAEMU:** West African Economic and Monetary Union

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## **Executive Summary**

*This annual PRS status report follows up on the preceding report inasmuch as it seeks to consolidate information provided on the year 2004; it essentially covers the period from January to December 2004.*

*The third annual PRS status report assesses economic and financial performance, as well as progress in implementing sectoral policies and strategies in 2004; it sizes up government efforts through an analysis of the evolution of key indicators in 2004 and progress in implementing multiyear programs. In addition, the report provides indications regarding the outlook for 2005 and 2006, in light of the evolution of the present situation.*

*In fact, analysis of the economic and financial situation in 2004 confirms once again the vulnerability of Niger's economy to the vagaries of the weather, as reflected in a fluctuating rate of economic growth. The growth rate in 2004 was -0.6 percent, versus 3.8 percent in 2003, due to a drop in agricultural output caused by early ending rains and desert locust invasions.*

*Total budgetary revenue came to CFAF 172.8 billion in 2004, versus CFAF 156.7 billion in 2003, i.e. an increase of 10.3 percent as a result of the financial authorities' performance over the last three quarters of the year. Fiscal revenue thus rose to CFAF 167.6 billion, an increase of CFAF 17.6 billion over the 2003 mark.*

*Total expenditure and net loans came to CFAF 314.9 billion in 2004, versus CFAF 274.5 billion in 2003. It should be noted that the fiscal year was characterized by spending associated with organizing the various elections of 2004 and major spending on food security because of the drought and the grasshopper infestations.*

*As a result of the budgetary regulation policy, fiscal balances were kept at sustainable levels. The basic balance thus came to CFAF -31.6 billion, versus CFAF -32.4 billion in 2003. Domestic payment arrears were reduced by CFAF 19.3 billion, versus CFAF 12.2 billion in 2003.*

*By the end of December 2004, the government budget had received approximately CFAF 138.6 billion in external financing (versus CFAF 132.7 billion in 2003), including CFAF 89.2 billion in grants and CFAF 64.1 billion in the form of loans. Domestic financing totaled CFAF 22.9 billion through recourse to bank deposits.*

*During 2004, appropriations to priority sectors accounted for 49 percent of total expenditure. Despite the stability of the budget execution rate, appropriation consumption rates were higher in the social sectors: the education sector showed a rate of 90 percent, while the rate for the health sector was 63 percent.*

*In 2004, the government capital budget (GCB) was approved with a total package of CFAF 177.663 billion, versus CFAF 184.770 billion in 2003, i.e. a decline of nearly 4 percent. The execution rate (excluding tax trade-offs) rose from 65.17 percent in 2003 to 75.70 percent in 2004. The GCB's heavy dependence on external resources is observed in the key sectors; external financing covers 85 percent of capital expenditure, particularly in the productive and social sectors.*

*In 2004, more than CFAF 17 billion was mobilized under the HIPC Initiative. These resources made it possible to continue implementation of the Special Program of the President of the Republic, for which the government undertook an independent technical and financial assessment in October 2004. Through the program, large sums have been injected into the regions in the form of wages (more than CFAF 9 billion), business income, and appropriations. The program has stimulated regional economies through the development of handicrafts, trade, and small and medium enterprises. It has resulted in crop intensification and, in certain areas, contributed to natural resource conservation. The program has opened up access to education, health, and water supply for many populations that were previously deprived of these basic social services.*

*In addition, budgetary aid, which remains volatile, is dominated by borrowing at concessional rates. It comes from multilateral partners for the most part and averaged CFAF 69 billion per year over the period 2000-2004; if WAEMU trade-offs were not factored in (CFAF 23.777 billion over this period), then the average amount of budgetary aid would be CFAF 64.38 billion.*

*However, since adoption of the PRS, the government has mobilized some CFAF 717,229,996,893 from its partners for the implementation of development programs and projects, particularly in the areas of local development (37.72 percent), food security (11.48 percent), health (11.39 percent), water supply (10.38 percent), education (8.12 percent), and roads (8.28 percent).*

During the period under review, the government implemented major reforms in the following areas:

- Government finance (continuation of the PEMFAR exercise, ongoing modernization of public expenditure management instruments, and continued legislative and legal controls over budget execution by the National Assembly and the Audits and Budget Discipline Office)
- Public procurement reforms (creation of the Public Procurement Regulation Authority)
- Administrative reforms (ongoing review of the results of the FNR actuarial study)
- Privatization and restructuring of public enterprises (continuation of the SONIDEP and NIGELEC privatization process)
- Financial sector reform (ongoing rehabilitation of the legal and regulatory environment, restructuring of credit institutions and the National Post and Savings Office)
- Judicial reforms (ongoing implementation of the Judicial Reform Support Program)
- Development of sectoral MTEFs, reflection in the budget, and consistency with the PRS (finalization and/or implementation of top-priority integrated strategies, policies, and programs)

Despite all the efforts made, there are still a number of constraints that limit the scope of the poverty reduction actions. In general terms, these constraints pertain to the following factors:

- Low mobilization of internal and external resources
- Persistently uncertain weather, compounding the severity of the climate
- Scarce natural resources in an austere environment that has, moreover, long been subjected to a process of accelerated degradation
- High population growth, the effects of which include unsustainable pressures on natural energy resources and soils, as well as accelerated domestic demand in the areas of nutrition, drinking water supply, health, education, training, and employment
- Qualitatively weak human resources in charge of program implementation, plus weak institutional capacities
- Slowness in actual implementation of the program approach, resulting in a continued lack of synergy between projects within public investment programs
- Widely varying procedures of partners and a lack of harmonization of their interventions

In terms of the future, the tracking of PRS implementation underscores the following priorities:

- Continuation of reforms through implementation of the recommendations and action plan of the Public Expenditure Management and Financial Accountability Review (PEMFAR)
- Finalization of SDR action plans
- Finalization of sectoral strategies, particularly in the area of employment
- Continuation of the process of developing Medium-Term Expenditure Frameworks (MTEFs) in key sectors
- Mobilization of additional resources in view of the structural constraints and weak basic infrastructure
- Execution of action plans to harmonize the interventions of partners
- Finalization of the information system for PRS monitoring and evaluation
- Capacity building to prepare actors to carry out all the anticipated measures under optimal conditions
- Revision of the PRS

Successful implementation of the PRS largely depends on the stability of external financial aid flows, which explains why the government's expectations regarding its development partners revolve around the following issues:

- Specification of their commitments in terms of multiyear financial sums (targeted budgetary aid, program aid, project aid, etc.), with preference given to program aid as much as possible
- Harmonization of their interventions
- Encouragement of delegated cooperation in the case of non-resident partners
- Continued support for building human and institutional capacities

For its part, the government is involved in mobilizing internal resources, strengthening the transparency of government financial management, creating conditions conducive to private sector growth, and boosting the national statistics system.



### **Report preparation methodology**

The third annual PRS status report, similar to the previous ones, was carried out in accordance with the PRS action plan and with the contribution of all stakeholders. Preparation of the report involved several stages:

- For the SP/SRP, the first stage was to send out guidelines to the DEPs in May 2005 in conformity with the specifications on information from the minimum list of SRP tracking indicators, major sectoral strategy implementation actions, and outlook.
- The second stage involved organizing a meeting in early June 2005, chaired by the Prime Minister's Chief of Staff, Coordinator of the SP/SRP, to begin the work of preparing the third report; the contents of the guidelines and the report preparation methodology were discussed at this meeting, which brought together the SGs and DEPs of the different ministries, development partners, and the president of the Chamber of Consultation of NGOs and Development Associations.
- During the third stage (July-August 2005), sectoral contributions were developed by the DEPs.
- During the fourth stage (September-December 2005), SP/SRP aggregated the sectoral contributions in the form of a preliminary version of the report, which was sent to the DEPs and development partners for comment (December 2005); during the same period, SP/SRP members organized a series of in-house working sessions to examine the consistency of the content of the sectoral contributions and to take into account the comments on and additions to the preliminary version of the report.
- The fifth stage allowed the SP/SRP to produce the second version during January 2006 and organize a validation meeting with all stakeholders on February 10, 2006; a copy of the validated version was then sent to stakeholders to make sure that the recommendations from this meeting were truly reflected in the report.
- Lastly, the sixth stage was to send the final version of the report to the government.

Thus, this annual PRS status report is the fruit of a lengthy process of consultation and revolves around three major themes, as follows:

- **Part 1:** Review of the general poverty reduction strategy
- **Part 2:** Review of the economic and financial situation and progress in implementing sectoral policies and strategies in 2004
- **Part 3:** Outlook for 2005 and 2006

## I. Part 1: GENERAL POVERTY REDUCTION STRATEGY IN NIGER

### 1.1. Baseline situation

Niger, the very epitome of a Sahelian country, still faces macroeconomic imbalances despite more than a decade of economic adjustment. This situation is the result of a variety of constraints, not just physical in nature, but also demographic, political, economic, and financial, including, most notably, the following:

- Rural development objectives seriously undermined by sometimes inappropriate strategic choices, exacerbated by the severe climate, along with the scarcity of natural resources, in an already austere environment that has moreover long been subjected to a process of accelerated degradation, one of the consequences of which is to develop a survival reflex on the part of farmers, rather than a vision of seeking lasting solutions for sustainable development.
- Exceptionally high population growth, estimated at 3.3 percent, i.e. the third highest rate in the world, supported by a very high fertility rate (an average of 7.2 children per woman); this creates unsustainable pressures on natural energy resources and soils, as well as accelerated, hard-to-control growth of domestic demand in the areas of drinking water supply, health services, education, training, and employment.
- The landlocked nature of the country and the inadequacy of infrastructure for reducing its isolation, both internally and externally, thus contributing to extra costs for road transport, in the absence of a railroad, and thereby limiting the competitiveness of the country's economy, as it currently functions, at the subregional level.
- A modern private sector in an embryonic state, facing stiff competition and seriously handicapped by the activities of an informal sector of largely unknown scope and size.
- Weak and sometimes clearly inconsistent development policies all the way through implementation, only producing, in the best cases, insignificant (i.e. insufficient and irregular) economic growth.

Confronted with this situation, the government adopted new orientations to redefine development goals in Niger in line with the new world context and from a medium- and long-term perspective, with the ultimate goal of reducing poverty and achieving lasting and sustainable economic growth.

From this viewpoint, reform measures needed to be taken internally, and major initiatives were launched to convince Niger's traditional partners of the government's resolve to strengthen the rules of good governance, through a policy of financial orthodoxy and rigor, strict adherence to its commitments, a strategy of social dialogue and broad consultation, and management of national political life in such a way as to ensure stability with full respect for democratic pluralism.

Thus, the government's efforts, combined with those of the country's entire society, have enabled Niger, while receiving outstanding support from all its external partners, to possess since January 2002 a Poverty Reduction Strategy Paper, now the sole frame of reference for its economic, financial, and social policy.

### 1.2. Strategic orientations

As a framework that fully addresses, in relevant fashion, the concerns expressed by populations throughout the process of its preparation, the PRS, it should be recalled, was developed through a participatory approach involving all stakeholders, thus making it the product of a broad national consensus. In addition, it turns out to be fully consistent with the Millennium Development Goals (MDGs).

Indeed, the PRS is above all a statement of political commitment, but it is also the result of a realistic and thoroughgoing critical analysis of the country's socioeconomic position, the constraints underlying this position, and the phenomenon of poverty in all its dimensions, in all its complexity, and its multiple ramifications.

Thus, to demonstrate its resolve to halve the incidence of poverty by 2015, the government decided to make the Poverty Reduction Strategy the frame of reference for all its actions, especially in pursuing the objective of poverty-reducing sustainable growth through the four following strategic emphases:

- Lasting and sustainable economic growth;
- Development of productive sectors;
- Development of basic social services;
- Advancement of good governance, capacity building, and decentralization.

The poverty reduction strategy in Niger is based on the three key principles of addressing gender issues, promoting good governance, and redefining the roles of the various stakeholders.

### 1.3. National priorities

By focusing on macroeconomic stability, the government has created the conditions for an economy evolving within a context where government finance is rehabilitated through stronger rules of rigorous financial orthodoxy, transparent management of public funds, more efficient public expenditure, regular growth in internal revenues, and improved allocation of budgetary resources. The goal is to stimulate the economy more effectively, within a framework of fair competition, with fair rules and procedures, conducive to the emergence of a strong, dynamic, and modern private sector, a necessary adjunct to the rural sector in terms of organizing, processing, and marketing farmers' crops. To make this economic system more effective, the government has instituted a social dialogue, thus guaranteeing the synergy of efforts by all stakeholders.

In this regard, budget estimates increasingly reflect intentional choices under government policy, particularly through the allocation of resources to priority sectors identified in the Poverty Reduction Strategy.

Among these priority sectors, a strong emphasis is placed on the rural sector, since more than 85 percent of the population of Niger subsists on agriculture and stockraising and, within this group, more than four-fifths live below the poverty threshold. This is why the rural development sector has been the main target of all poverty reduction actions. To profoundly transform this economic sector of such vital importance to the great bulk of the country's population, a number of major challenges lie ahead:

- Improve the volume and quality of farmer output, particularly through systematic development and rational use of land resources.
- Improve surface water control.
- Modernize the sector by introducing necessary reforms with respect to cropping methods, work time, productive industries, and crop choices.

It should be noted that the Rural Development Strategy that is implemented to ensure the consistency of interventions bearing on this sector is based on the government's commitment to reduce the incidence of rural poverty from 66 percent to 52 percent by 2015, while also ensuring food security for the population and improved natural resources management. The PRS has made the rural sector the engine of growth.

In addition, the PRS seeks to build human capital. While it may be true that Niger ranks in an unenviable position in terms of human capital development, it is just as important that the government has embraced as a priority the challenge of significantly improving the indicators of human capital, specifically by offering to populations throughout the entire country access to basic social services such as education, literacy training, health care, sanitation, and drinking water.

However, in creating the conditions for such access, the problem of recurring costs inevitably arises, since growth in these costs is predictable due to the growth in infrastructure which this choice entails.

To be truly effective and forward-looking, poverty reduction actions must also be rooted in an environment based on the rule of law, transparent management of public resources, fair play, and citizen accountability if citizens are to become masters of their own destiny. In other words, these actions must be carried out in a context of good governance. Accordingly, the advancement of good governance is another major emphasis of the Poverty Reduction Strategy.

This choice reflects, in particular, the need to address the institutional failings and gaps that have weighed for too long on government operations, as well as the need to move forward quickly with reforms that will establish the foundations of political, administrative, economic, and local governance; the challenge for the government is to fight corruption, denial of justice, social impunity, and wasteful use of public resources.

In this regard, the efforts made with respect to setting up the National Social Dialogue Council and the National Political Dialogue Council, implementing a national conflict prevention and management policy, and launching the Judicial Reform Support Program are a perfect illustration of the government's intention to make every effort to guarantee lasting political and social stability in Niger.

Furthermore, to make sure that these reforms truly produce the anticipated results, the methods and organizational structure of public administration are currently under review to ensure a higher quality of public service. For this reason, the government has implemented a capacity building program through the Development Analysis and Forecasting Unit (CAPED) to enable government employees to better grasp the requirements of their positions and to permit civil society and the private sector to understand and fully play their role.

In addition, the decentralization process under way in the country took a stride forward when local elections were held in March 2004. This new administrative structure carries major stakes for Niger in terms of establishing local democracy and strengthening local governance.

Finally, it is important to note that the PRS, through its strategic areas of intervention, in no sense replaces existing sectoral programs and strategies; it may require that they be refocused, if necessary, in line with government priorities, while simultaneously guaranteeing all necessary internal consistency.

## **II. Part 2: PROGRESS ON POVERTY REDUCTION STRATEGY IMPLEMENTATION**

### **2.1. Background**

PRS implementation has moved forward in a national socioeconomic and political environment characterized in particular by changes in the world economy and economic activity within the WAEMU zone.

Despite persistently high tensions in the oil market, a rise in inflation (especially in the euro zone), a relative slowdown of growth in developed countries, the declining value of the dollar, and a difficult geopolitical environment due to the deteriorating situation in Iraq and the Middle East, the world economy recorded its best economic performance in twenty years: growth in world trade, up by 10 percent, was the main engine of world growth (5.1 percent in 2004 versus a 3.9 percent result in 2003), which has spread, to varying degrees, to most regions of the world .

In Africa, the evolution of economic activity (4.5 percent growth rate in 2004 versus 4.3 percent in 2003) also hinges on continued economic reform and stabilization of world prices for nonagricultural commodities, particularly oil. In addition, the easing of sociopolitical tensions in certain regions and the positive effects of external debt relief under the HIPC Initiative have made it possible to increase the level of investment in certain sectors.

However, the WAEMU countries have been unable to benefit fully from this worldwide expansion because economic growth has taken a downturn, due to a number of factors including an economic environment shaped by mixed agricultural results (stemming from poor climate conditions and locust invasions) and a deteriorating sociopolitical environment in Côte d'Ivoire.

In Niger, economic activity experienced a slowdown in 2004, with a growth rate of -0.6 percent, versus 3.8 percent in 2003, chiefly as a result of the poor performance of the primary sector. This situation can be mainly attributed to the decline in agricultural output caused by the early end and poor distribution of rainfall, plus the locust invasion.

The drop in agricultural output generated an overall grain deficit of more than 223,000 metric tons. Moreover, this situation, in combination with an economic growth rate well below the population growth rate (3.3 percent), resulted in a decline in the living conditions of populations, with a per capita GDP growth rate of -2.7 percent.

From a social perspective, 2004 witnessed demonstrations by certain civil society organizations (trade unions, consumer protection associations) calling for better living conditions.

From a political perspective, 2004 was the year of consolidation of democratic achievements, particularly the regularly scheduled sessions of the National Political Dialogue Council (CNDP), mediation by the National Social Dialogue Council (CNDS), and transparently organized local, legislative, and presidential elections.

However, it should be noted that this renewal of government activity, tied to the electoral calendar which punctuated the year 2004, did slightly hinder the operations of the entities of the institutional mechanism planned in connection with PRS implementation (national steering committee, government/partner committee, committee for consultation and internal dialogue, regional and subregional steering committees). For lack of holding meetings of the various entities, consultation was very weak among the different stakeholders in PRS implementation.

### **2.2. Macroeconomic framework**

#### **2.2.1. Economic and financial situation**

Analysis of the economic and financial situation in 2004 confirms once again the vulnerability of Niger's economy to the vagaries of the weather, as reflected in a fluctuating rate of economic growth. The growth rate in 2004 was -0.6 percent, versus 3.8 percent in 2003, due to a drop in agricultural output; the early ending rains and the locus invasion resulted in an agricultural deficit of more than 223,000 metric tons.

It should be noted that this weak growth took place in a context of controlled inflation, with an average annual rate of 0.2 percent in 2004 versus -1.6 percent in 2003. But this rate did nevertheless climb because of the spike in prices during the pre-harvest gap.

The slowdown in economic activity was primarily due to a 16.7 percent decline in agricultural output in 2004, compared to an increase of 1.5 percent in 2003. On the other hand, the livestock subsector experienced 2.3 percent growth in output, while for fisheries the rate of growth in output came to 14.9 percent due to the resumption of fishing activities on Lake Chad.

The mining of new gold deposits and the dynamic activity of the building trade and agroprocessing industries support growth in the secondary sector. In the tertiary sector, the most dynamic activities involve transport, communications, and research.

Overall, the contribution to growth made by the primary sector (38.0 percent of GDP), the secondary sector (14.0 percent of GDP), and the tertiary sector (48 percent of GDP) came to -3.9 percent, 0.6 percent, and 2.7 percent respectively in 2004.

On the supply side, the decline in growth of GDP can largely be explained by the 14.11 percent drop in investments, mitigated by a 2.44 percent increase in end consumption.

In 2004, the domestic savings rate was equivalent to 6 percent of GDP (versus 9 percent in 2003), while the investment rate came to 14.7 percent (versus 16.9 percent in 2003).

As regards the budget, the basic overall balance worked out to -1.9 percent of GDP, a slight improvement over 2003 when it was -2.0 percent of GDP.

Foreign trade showed increases of 6.2 percent in imports and 3.6 percent in exports, thus worsening the trade balance deficit.

The current balance deficit came to 8.3 percent of GDP in 2004 versus 8.6 percent in 2003 as a result of previous developments discussed below.

The monetary situation showed a decrease of CFAF 3.81 billion in net foreign assets, an increase of CFAF 46.93 billion in domestic loans (of which CFAF 18.03 billion in loans to the economy), and an increase of CFAF 39.26 billion in money stock (of which CFAF 22.66 billion in bank deposits).

## 2.2.2. Budget execution in 2004

### 2.2.2.1. Revenues

Total budgetary revenue came to CFAF 172.8 billion in 2004, versus CFAF 156.7 billion in 2003, i.e. an increase of 10.3 percent as a result of the financial authorities' performance over the last three quarters of the year. Fiscal revenue thus rose to CFAF 167.6 billion in 2004, an increase of CFAF 15.5 billion over the 2003 mark.

However, it should be noted that the tax ratio worked out to 10.3 percent of GDP in 2004 (versus 9.6 percent of GDP in 2003) and remains well below the WAEMU standard (17 percent).

**Table 1: Evolution of key revenue items (CFAF billion)**

	2002	2003	2004 Estimate	2005 Budget (LFR)
Total revenue	160.9	156.7	172.8	201.9
Tax receipts	144.6	152.1	167.6	192.6
Taxes on foreign trade	82.9	79.9	83.2	95.6
Taxes on goods and services	30.6	34.1	40.9	48.1
Income tax and profit tax	23.1	28.3	31.4	35.4
Other tax receipts	7.9	9.8	12.1	13.4
Nontax receipts	3.8	1.2	1.4	6.0
Specific budgets + special accounts	4.1	3.4	3.9	3.3
Offsetting revenue	8.3	0.0	0.9	0.0

Source: CCE/DGE/ME/F

### 2.2.2.2. Expenditure

Total expenditure and net loans came to CFAF 314.9 billion in 2004, versus CFAF 274.5 billion in 2003. It should be noted that the fiscal year was characterized by spending associated with organizing the various elections of 2004 and major spending on food security because of the drought and the desert locust attacks. As a result of the budgetary regulation policy, fiscal balances were kept at sustainable levels. The basic balance thus came to CFAF -31.7 billion, versus CFAF -34.4 billion in 2003. Domestic payment arrears were reduced by CFAF 19.3 billion, versus CFAF 12.2 billion in 2003.

Capital expenditure (as a percentage of GDP) rose from 7.3 percent in 2003 to 8.9 percent in 2004, while current expenditure (also as a percentage of GDP) remained relatively stable (10.4 percent in 2004 versus 10.1 percent in 2003). In particular, the wage bill was lowered from 3.7 percent of GDP in 2003 to 3.6 percent of GDP in 2004. The proportion of tax receipts absorbed by the wage bill thus fell from 37.5 percent in 2003 to 35.3 percent in 2004.

**Table 2: Evolution of key expenditure items (CFAF billion)**

	2002	2003	2004 Estimate	2005 Budget (LFR)
Expenditure	278.1	274.5	314.9	393.0
Total current expenditure	161.7	160.6	169.7	188.8
Current fiscal expenditure	153.7	152.0	159.9	180.9
Wages and salaries	55.3	57.1	59.0	63.1
Equipment and supplies	45.4	39.7	50.1	55.3
Subsidies and transfers	30.3	36.3	38.2	56.8
Interest due	22.6	17.4	8.1	5.6
* External debt	21.2	16.1	8.0	3.6
* Domestic debt	1.4	1.3	0.1	2.0
Specific budgets/special accounts	8.1	8.6	9.8	7.9
Capital expenditure and net loans	116.3	115.5	144.8	204.2
Capital expenditure	116.6	115.5	144.0	202.6
- From budget resources	27.1	28.5	34.0	40.0
- From external resources	89.4	87.0	110.0	162.6
Of which: HIPC resources	9.8	12.0	17.0	18.1
Net loans	-0.2	0	0.8	1.6

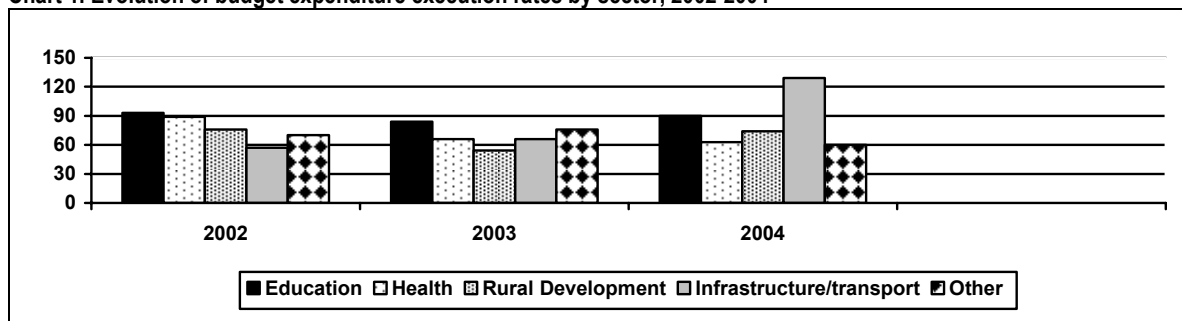
Source: CCE/DGE/ ME/F

By the end of December 2004, the government budget had received approximately CFAF 138.6 billion in external financing, versus CFAF 132.7 billion in 2003, including CFAF 89 billion in grants and CFAF 64.1 billion in the form of loans. Domestic financing totaled CFAF 22.4 billion through recourse to bank deposits.

#### a) Structure of public expenditure

During 2004, appropriations to priority sectors totaled CFAF 200.16 billion (versus CFAF 202.62 billion in 2003), i.e. 49.07 percent of projected total expenditure. The budget execution rate was 76 percent (versus 71 percent in 2003); this rate also showed improvement in the priority sectors, climbing from 67 percent in 2003 to 80 percent in 2004, especially in the rural sector (74 percent) and education (89.3 percent). (See Annex 3).

Chart 1. Evolution of budget expenditure execution rates by sector, 2002-2004



#### b) Government capital budget (GCB) execution

In 2004, appropriations for public investment totaled CFAF 177.663 billion (versus CFAF 184.770 billion in 2003), i.e. a decline of 3.84 percent. Excluding tax trade-offs for projects financed from external funds, this decline would be 4.70 percent based on projections.

Total expenditure came to CFAF 121.551 billion in 2004 versus CFAF 109.806 billion in 2003, i.e. an increase of 10.69 percent. The execution rate (excluding tax trade-offs) rose from 65.17 percent in 2003 to 75.70 percent in 2004.

In 2004, public investment remained highly dependent on external resources, which accounted for 85 percent of the financing for public investment.

Table 3: GCB execution, 2002-2004 (CFAF million)

	2002	2003	2004
Approved appropriations	133,685	184,4770	177,663
* of which: tax trade-offs	10,700	15,983	17,100
Approved appropriations, excluding tax trade-offs for projects financed from external funds	122,985	168,487	160,563
Actual expenditure (excluding tax trade-offs)	77,141	95,676	113,911
* of which: Internal resources	11,414	10,106	5,797
* HIPC	-	12,531	11,887
* External resources	65,727	73,039	96,227
Actual expenditure (off-budget)	13,800	14,130	7,640
Total expenditure	90,941	109,806	121,551
* of which: Internal resources (actual commitments)	11,414	10,106	5,797
* HIPC	-	12,531	11,887
* External resources	79,527	87,169	103,867
Rate of execution	73.94%	65.17%	75%
Actual expenditure/External resources	87.45%	79.38%	85.45%
Tax trade-offs/external resources estimates	13.45%	18.33%	16.46%

Source: DGF/MEF



### c) Use of HIPC Initiative resources

In 2004, more than CFAF 17 billion was mobilized under the HIPC Initiative. These resources made it possible to continue implementation of the Special Program of the President of the Republic, for which the government undertook an independent technical and financial assessment in October 2004.

The objectives of this assessment were to: (i) perform a technical appraisal of capital works completed; (ii) measure their effects on the objectives of the Poverty Reduction Strategy (PRS); (iii) assess resource composition and use, as well as the compliance of resource management to national rules and procedures; (iv) draw lessons from this initial experience and make recommendations for subsequent phases.

The results of the assessment showed that, in three years and ten months of implementation, 5,015 physical outputs were achieved, notably including:

- Construction of 1,992 classrooms, equivalent to 20 percent of existing permanent-structure classrooms;
- Construction of 1,930 community health facilities, localizing the action of the CSIs and district hospitals (roughly 3 community health facilities per CSI);
- Completion of tubewells and pastoral and village wells;
- Construction of veterinary health facilities;
- Land protection and recovery projects using young people;
- Construction of 120 storage dams and flood sills in order to mobilize new water resources for livestock watering and the development of irrigated and flood recession crops;
- Rehabilitation and/or creation of 20 agricultural water projects, permitting irrigation on 4,364 hectares, usually with double cropping;
- Training of young graduates;
- Access to microcredit for more than 80,000 women and young graduates to start up income generating activities.

Table 4: Use of HIPC funding (CFAF billion)

SECTOR	2001		2002		2003		2004	
	Budgeted	Executed	Budgeted	Executed	Budgeted	Executed	Budgeted	Executed
Water	4.5	4.2	4.7	4.5	9.2	5.64	8.34	5.253
Health	2.1	2.1	3.0	2.8	4.7	3.9	6.16	3.936
Education	1.7	1.7	1.9	1.9	3.7	2.6	10.89	6.674
Other	0.5	0.1	0.6	0.1	1.8	1.1	3.54	1.156
Total	8.8	8.1	10.2	9.3	19.4	13.24	28.93	17.019

Source: ME/F – HIPC Unit, MFE report, June 2005

Through the program, large sums have been injected into the regions in the form of wages (more than CFAF 9 billion), business income, and appropriations. The program has stimulated regional economies through the development of handicrafts, trade, and small and medium enterprises. It has resulted in crop intensification and, in certain areas, contributed to natural resource conservation. The program has opened up access to education, health, and water supply for many populations that were previously deprived of these basic social services.

Furthermore, the process of programming and implementing the activities helped prepare the way for implementation of the decentralization policy adopted in August 2001. The positive results obtained through implementation of the various program components contributed, among other matters, to improvements in key social indicators (health coverage, gross school enrollment, access to drinking water, etc).

However, these positive results, which contributed to PRS implementation as well, were limited by a number of difficulties; one of the major reasons for the problems is that the program was launched in a hurry, which certainly did not facilitate its integration with other sectoral policies and strategies.

To address these shortcomings and improve the program's impact, a number of recommendations were developed, including the following:

- Integrate the program into existing sectoral strategies and policies;
- Clarify the procedures for coordination among stakeholders;

- Improve budgeting and recording of revenues by making use of the opportunities provided by the new budget nomenclature;
- Strengthen coordination with technical and financial partners;
- Finance accompanying components necessary to ensure the cost-effectiveness of certain investments;
- Build the capacities of the technical departments responsible for overseeing the work;
- Implement a program monitoring and evaluation system.

Finally, it must be said that the Special Program of the President of the Republic has created a dynamic which should not be broken: it has resulted in an impressive infrastructure program, particularly in rural areas. The challenge now is to lift the constraints, optimize the use of the infrastructure, and more fully integrate the different components into other sectoral strategies.

#### d) Debt position

At the end of December 2004, public debt outstanding was estimated at CFAF 1,117.9 billion in 2004 versus CFAF 1,199.4 billion in 2003. This change corresponds to a 10.7 percent decline in the debt ratio between 2003 and 2004. The external portion of this debt was estimated at CFAF 888.0 billion, i.e. 79.4 percent of total debt outstanding and 61.5 percent of GDP. External debt service for 2004 was estimated at CFAF 35.1 billion. This amount corresponds to 20.3 percent of budgetary revenue and 14.2 percent of exports of goods and services.

The structure of the external debt shows a preponderance of debt owed to multilateral creditors (90.6 percent of total debt outstanding). This high proportion can be explained by the government's borrowing policy which now favors concessional loans. The main multilateral creditors are IDA (58 percent of total debt outstanding), the ADB/ADF group (13 percent), and IMF (8 percent).

External debt owed to bilateral creditors (9.4 percent) solely involves creditors who are not members of the Paris Club, since all of Niger's bilateral debt owed to creditors who are Paris Club members was forgiven in May 2004. In addition, debt relief and debt service relief measures were extended by most creditors in connection with reaching the completion point. However, these results remain limited in view of the hefty debt ratio which is higher than the standard followed within the framework of multilateral oversight.

**Table 5: Evolution of external debt outstanding (CFAF billion)**

Partners	2002		2003		2004		June 30, 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Multilateral	828.04	75.1%	783.39	80.1%	97.69	54%	105.69	56.35
Bilateral (excluding Paris Club)	144.18	13.1%	87.45	8.9%	83.67	46%	81.85	43.65
Bilateral (Paris Club)	130.79	11.9%	107.3	11.0%	-	-	-	-
Total	1,103.01	100%	978.14	100%	181.36	100%	187.54	100%

Source: DDP/ME/F

The estimates of external debt outstanding are based on the hypothesis of forgiveness for 2004 and 2005; if the announcement of G8 forgiveness is not factored in, then the total would be CFAF 888 billion at the end of 2004 and CFAF 874 billion on June 30, 2005.

**Table 6: Evolution of net public debt service (CFAF million)**

	2002	2003	2004	2005
Multilateral	22,979	10,859	26,724	4.0
Bilateral (excluding Paris Club)	-	1,468	418	0.168
Bilateral (Paris Club)	1,744	1,829	327	-
Total	24,723	14,156	27,469	4.169

Source: DDP/ME/F

Domestic debt outstanding is estimated at CFAF 207.652 billion in 2004 versus CFAF 230.192 billion in 2003. The amount of arrears paid grew from CFAF 11.45 billion in 2003 to CFAF 22.54 billion in 2004.

The structure of the domestic debt shows the predominance of commercial arrears (48.8 percent of the total in 2004 versus 48.1 percent in 2003). Arrearage to private suppliers accounted for 47.5 percent of domestic debt outstanding. Treasury deposits totaled CFAF 40.02 billion (i.e. 21.2 percent of domestic debt) and primarily consisted of arrears to public institutions (77.2

percent of domestic debt) that have not been settled since 2001; arrearage to households was reduced by CFAP 8.632 billion (i.e. 38.3 percent of the amount of arrearage paid). In addition, the government continued its policy of settling credit arrears to diplomatic representations and payments due in the form of capital budget counterpart funds.

### 2.2.3. Reforms under way

During the period under review, the government implemented major reforms in the following areas:

**Government finance:** Continuation of the PEMFAR exercise is of particular note; the final report has been adopted by the government. In addition, the government has continued to implement a number of instruments to modernize public expenditure management, including: (i) implementation of a new government budget nomenclature; (ii) the new government accounting plan; (iii) computerization of the expenditure chain; (iv) implementation of an integrated payroll file. Furthermore, with respect to external control of budget execution, both the regular closure of budget accounts and the restoration of legislative and legal controls over budget execution by the National Assembly and the Audits and Budget Discipline Office bear mention.

**Public procurement reforms:** This mainly involves the adoption of various statutes pertaining to creation of the Public Procurement Regulation Authority.

**Administrative reforms:** In line with the dynamics of administrative reform and modernization, especially for the purpose of improving public expenditure management, more fully mobilizing domestic resources, and significantly improving the management of retirees, the government continues to review the results of the National Retirement Fund (FNR) actuarial study.

**Privatization and restructuring of public enterprises:** The government has continued to push forward the SONIDEP and NIGELEC privatization process.

- With respect to NIGELEC, the privatization option consists of offering a 25-year exclusive concession over interconnected zones, the northern zone, and the thermal zone. In concrete terms, this will involve: (i) opening NIGELEC capital by transferring 51 percent of the capital to a professional with a new concession contract; (ii) nonexclusive concession for energy production and exclusive concession for transport and distribution; (iii) payment to ARM of a fee that is based on business volume.
- As for SONIDEP, the privatization strategy involves: (i) transferring 51 percent of the capital to the highest bidding national and international oil professionals; (ii) transferring 10 percent to nonprofessional private operators; (iii) transferring 5 percent to employees; (iv) retaining 34 percent for the government. It should be noted that representatives of the Oil Professionals Association (GPP) have reiterated the concerns of their respective groups, particularly regarding SONIDEP management control, the industry's low profit margins, and performance of an environmental audit.

**Financial sector reform:** The government has continued its efforts to rehabilitate the legal and regulatory environment and restructure credit institutions and the National Post and Savings Office (ONPE); the following actions are of particular note:

- Ratification of Law 2004-041 of June 8, 2004 regarding uniform legislation on money laundering in the WAEMU countries, particularly in order to prevent the use of economic channels, and specifically banking channels, for the purpose of recycling capital of illicit origin. To implement the provisions of this law, a financial information unit called the National Financial Information Processing Unit (CENTIF) was established by Decree 2004-262/PRN/MEF of September 14, 2004. Its mission is to receive, analyze, and disseminate the financial information needed to establish the origin of transactions or the nature of operations about which statements of suspicion have been lodged and which are binding upon the natural or legal persons involved, particularly the financial organizations.
- Restructuring of certain commercial banks and financial institutions by:
  - Lifting provisional administration of Banque Commerciale du Niger (BCN) by Decree 000145/MEF/CCE/DGCECA/DCME of June 4, 2004;
  - Continuing provisional administration of Crédit du Niger (CDN) and the Territorial Authorities Loan Fund (CPCT) with the support of the Financial Sector Development Project (PDSF). Two microfinance institutions (CPEC TAIMAKO and MCPEC) are also under the same scheme;
  - Finalizing the restructuring of the National Post and Savings Office (ONPE) which should culminate in the creation of two entities, namely: (i) Niger-Poste to manage postal activities; (ii) Fina-Poste to manage the financial services of the post office (post office accounts and savings bank);
  - Adopting a National Microfinance Strategy in March 2004;

- Reviewing automobile insurance rates (with the prospect of an increase of roughly 30 percent over current rates), building the capacities of the Insurance Control Directorate at MEF, and setting up an Automobile Guarantee Fund in the near future.

**Judicial reforms:** The government has continued to implement the Judicial Reform Support Program (PARJ) through the following priority interventions:

- Strengthening the rule of law by modernizing and disseminating the legal framework;
- Bringing justice closer to citizens;
- Improving the functioning of the judicial system;
- Creating the conditions for equal access to legal defense for all citizens;
- Reorganizing the judicial role of the police and the gendarmerie;
- Defining implementation of a true penal policy.

**Development of sectoral MTEFs, reflection in the budget, and consistency with the PRS:** The Medium-Term Expenditure Frameworks (MTEFs) for the health and education sectors were finalized during the second quarter of 2004 and used in preparing the government budget for fiscal year 2005. Thus, with more time and more instruments for preparing their budget proposals, the technical ministries, as well as the core ministries, will be more capable of integrating the results of their strategic deliberations in the design and justification of their proposals. Combined with gradual but steady improvement of their MTEFs and their program budgets, this enhanced capability will facilitate increasingly greater harmonization of MTEFs/program budgets with the major thrusts of the ministries' budgets. Thus, with respect to education, the government reassessed, in connection with the sector's MTEF, the financing requirements and the structure of expenditure, particularly the balance between current expenditure and capital expenditure. The government continued its policy of recruiting contractual teachers, generating a substantial reduction in unit costs, and allocated close to 50 percent of sector spending to basic education. With respect to health, development of the health sector's MTEF allowed the government to assess its cost recovery policy and its impact on the poor and on rural areas in general, with an eye to identifying appropriate measures for encouraging use of the social structures set in place. On this basis, the government decided to increase appropriations for drugs and vaccines and ensure that budget regulations don't earmark these funds; preparation of the health map is under way to facilitate a breakdown of appropriations favoring vulnerable populations through improved access to infrastructure and services.

### 2.2.5. Mobilization of financial resources

Budgetary aid, which remains volatile, is dominated by borrowing at concessional rates. It comes from multilateral partners for the most part and averaged CFAF 69 billion per year over the period 2000-2004; if WAEMU trade-offs were not factored in (CFAF 23.777 billion over this period), then the average amount of budgetary aid would be CFAF 64.38 billion.

Table 7: Evolution of budgetary aid, 2000-2004 (CFAF million)

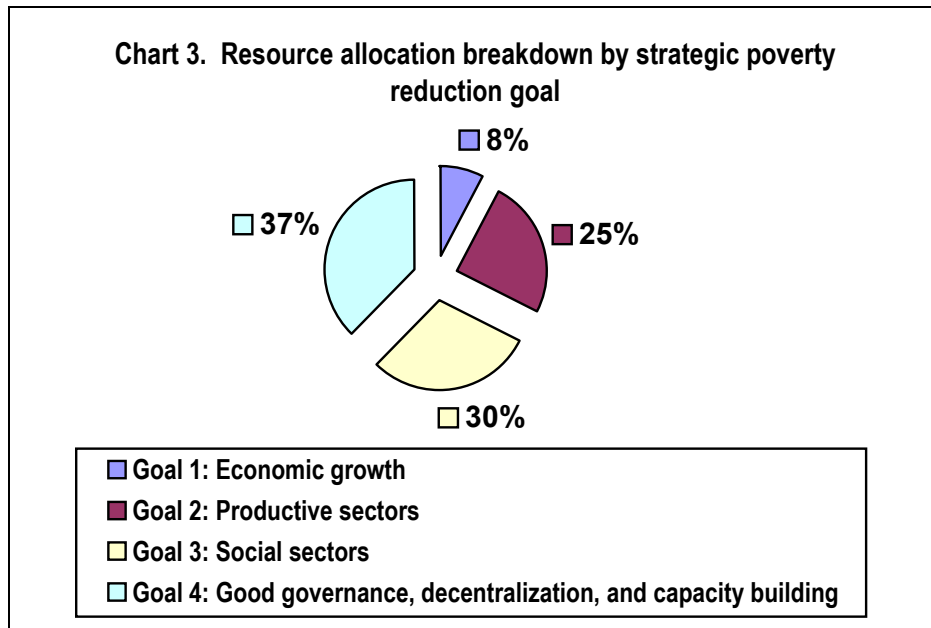
SOURCES OF FINANCING	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual*	Total	%	Ave/yr
Borrowings	34,071	38,312	59,643	46,280	24,315	202,621	58.6	40,524
1. Multilateral contributions	34,071	38,312	48,099	46,280	24,315	191,077	55.3	38,215
2. Bilateral contributions	0	0	0	0	0	0		
3. Other (OPEC funds)	0	0	11,544	0	0	11,544	3.3	2,309
Subsidies	26,019	30,594	28,382	27,902	30,190	143,087	41.4	28,617
1. Multilateral contributions	7,694	22,592	18,348	19,702	22,347	90,683	26.2	18,137
WAEMU trade-offs	(4,546)	(4,944)	(7,748)	(2,811)	(3,728)	(23,777)	(6.87)	4,755
2. Bilateral contributions	18,325	8,002	10,034	8,200	7,843	52,404	15.2	10,480
TOTAL	60,090	68,906	88,025	74,182	54,505	345,708	100	69,142

Source: BCEAO

(\*) For 2004, the figures are as of December 15.

**N.B.** These data do not incorporate the amounts forgiven by multilateral donors under the HIPC Initiative and transferred into the HIPC Initiative account at the Central Bank.

In addition, the government has mobilized some CFAF 717,229,996,893 from its partners for development programs, particularly in the areas of local development (37.72 percent), food security (11.48 percent), health (11.39 percent), water supply (10.38 percent), education (8.12 percent), and roads (8.28 percent).



### 2.3. Assessment of sectoral policies and strategies

It should be recalled that, to make the PRS operational, the government has developed a number of priority integrated strategies, policies, and programs aimed at boosting output, improving access to social services, and upgrading infrastructure.

These priority integrated strategies, policies, and programs, implementation of which falls to the various ministries, include, among others: the Rural Development Strategy; the 2002-2011 health sector strategic goals; the Health Development Plan; the Ten-Year Education Development Plan; the National Transport Strategy; the National Urban Development Strategy; the Priority Program to Boost the Private Sector; the National Microfinance Strategy; the Framework Program for the Professional Inclusion of Young People; and the Special Program of the President of the Republic.

After three years of implementation, the annual PRS assessments have shown significant progress, particularly in terms of tightening budget discipline, improving access to basic social services, and enhancing food security.

The satisfactory performance of the 2000-2003 economic and financial program has in fact resulted in tighter budget discipline and the implementation of a number of reforms. Moreover, the combined effects of implementing the various PS/PR components and appropriating budget resources accordingly in favor of basic social services have led to encouraging results in the areas of school enrollment, improved health coverage, access to drinking water, and development of the productive base.

The status of PRS implementation at the end of December 2004 can thus be summarized as follows:

### 2.3.1. Rural sector

After adopting a Rural Development Strategy (SDR) in 2003, the government has worked to finalize the action plans for implementing the operational programs. The MTEF for the rural sector will be prepared on the basis of these action plans. In this regard, the following studies have been completed:

- Financial conformity of the SDR with the PRS
- Institutional implications of SDR implementation
- Regionalized analysis of production systems
- Design of the SDR monitoring and evaluation system

The operations of the General Census of Agriculture and Livestock are ongoing throughout the country.

#### a. Agricultural development

The early ending rains and the grasshopper invasions caused a decline in agricultural output. The estimated results for the 2004-2005 crop year show a net grain output of 2,449,893 metric tons.

However, available grain supplies for 2005 total 2,768,128 metric tons once stocks (of farmers and others) estimated at 91,495 metric tons and projected commercial imports of grains (rice, wheat, and maize) estimated at 226,740 metric tons are factored in.

Still, since the country's overall grain requirements for 2005 are estimated at 2,918,616 metric tons for a total population of 12,162,004 (April 2005), this leaves an estimated net grain deficit of 223,488 metric tons. Overall, 3,755 villages with shortages have been counted (versus 1,214 in 2003-2004), with an estimated vulnerable population totaling 3,692,574 (versus 1,208,433 in 2003-2004) spread through all regions of the country.

Accordingly, to enhance national food security and create favorable conditions for the development of growth industries, the government has undertaken a number of actions, including the following:

- Dissemination of modern production techniques and sale of moderately priced tractors, cultivators, and fertilizers;
- Development of growth industries in agriculture (groundnuts, nut grass, sesame, soy, onions, sorrel); as part of this effort, cotton production was boosted with the placement of 1,790 metric tons of improved seeds, resulting in an output of 27,804 metric tons of seed cotton, versus 8,436 metric tons in the preceding crop year;
- Improvements to plant health control through training for 2,094 plant health workers, revision of the radio network, and the provision of logistical means and aircraft. During the crop year, roughly 325,585 hectares were treated, including 272,428 hectares to protect against desert locusts and 80,157 hectares against other pests;
- Promotion of irrigated crops by developing 89,700 hectares, of which 85,000 hectares for off-season crops and 4,700 hectares surrounding the capital works of the Special Program;
- Construction and consolidation of capital works for mobilizing runoff (11 small dams, 75 flood sills, 271 market garden wells, 67 agricultural tubewells, and 115 irrigation systems);
- Completion of 9 AHAs (115 hectares) and rehabilitation of 19 schemes (1,716 hectares).

In addition, the work of setting up the regional chambers of agriculture has continued. At the end of 2004, out of the eight regional chambers planned, only the chambers of Diffa and Agadez, plus the national network, had not yet been set up.

#### b. Animal resources

The livestock industry, which accounted for 27 percent of agricultural GDP in 2004, occupies a privileged position in the Rural Development Strategy. During the period covered by this report, the government continued to implement the action plan of the policy framework paper for boosting the livestock sector that was adopted in March 2002.

Thus, in relation to the targeted priority programs, the following actions were carried out:

- Preparation of four projects (including one signed financing agreement and one signed loan agreement) under the pastoral zone development and security capacity building program;
- Implementation of the livestock genetic improvement program (35 elite sires of Azawak cattle stock marketed, a fifth breeder/pastoralist cooperative created, a third testing unit set up, 84 red goat sires placed in pastoralist groups);
- Continuation of the program to boost the livestock/meat and leather and hides industries involving, among other actions, modernization of refrigerated slaughterhouses and livestock markets; as a result, 40,467.394 metric tons of meat was produced;
- A total of 999 dairy cows made available to women's groups under the program to develop the dairy industry in outlying areas;

- Production and distribution of genetically improved poultry (2,501 young guinea-fowl of Galor stock) under the poultry farming support program;
- Strengthening of the epizootic disease control and health surveillance program (production of 3,236,450 doses of vaccine, collection and analysis of 8,500 serum samples, vaccination of 802,000 cattle, health control, pharmacy supplies, veterinary warehouses and offices).

### c. Environment and antidesertification

The actions carried out in the areas of the environment and antidesertification aim to reverse the trends of environmental degradation in general and natural resources degradation in particular, as well as to improve the contribution of the environmental sector to GDP formation.

Continued implementation of the programs to (i) stem desertification and manage natural resources and (ii) enhance food security has produced the following results:

- 1,295 linear kilometers of windbreak completed;
- 1,015 hectares of dunes stabilized;
- 6,812 hectares of degraded land recovered, including 600 hectares for agricultural purposes;
- 4,030 hectares of land reforested for energy and protective purposes;
- 3,557,654 plants produced;
- Total amount of protected area increased to 6.6 percent of the entire country;
- 20 ponds stocked with fish;
- 53,000 metric tons of fresh fish caught.

#### 2.3.2. Tourism and handicrafts

In accordance with the tourism and handicrafts sector objectives set forth in the PRSP, the government implemented a number of actions in 2004 designed to: (i) develop local resources that heavily impact poverty reduction; (ii) facilitate access to financing for traditional micro and small enterprises; (iii) develop systems that integrate training, technology dissemination, and the identification of outlets; (iv) liberalize the hotel sector completely; (v) significantly expand the number of international tourists within three years; (vi) increase the tourist flow; (vii) diversify tourist products and facilitate access to sector financing.

Among others, the following actions were carried out:

- Opening of three lines of credit in the amount of CFAF 101,820,932 at three microfinance institutions, plus the signing of agreements for their management to the benefit of the artisans of Agadez, Dosso, Maradi, Tahoua, Zinder, and the Urban Community of Niamey;
- Preparation of adjustments to the draft bill on handicraft cooperatives;
- Preparation of a draft decree instituting an International Exhibition of Women's Handicrafts (SAFEM);
- Stimulation of the steering committee for implementation of the National Handicrafts Development Policy (PNDA);
- Data extraction on handicrafts from the RGP/H-2001 file;
- Capacity building and advice and support in management and marketing for artisans' organizations in Agadez, Dosso, Maradi, Tahoua, Niamey, and Zinder;
- Infrastructure rehabilitation and/or construction (Maradi, Niamey, Tahoua), plus equipment acquisition for artisans' organizations of Tahoua;
- Participation in four international fairs and expositions (SIAO, Marseilles, Paris, and Grenoble) with a view to expanding the market for handicraft products from Niger;
- Preparation of a draft catalogue of hand-woven textiles and national folklore products (ethnic attire) eligible for Category 9 under the US AGOA law;
- Continuation of negotiations for "chartering" Niger as a destination;
- Participation in the traditional tourism exhibitions in Paris, Lyon, and Deauville;
- Preparation of draft statutes regulating tourist establishments;
- Design of an Internet site, "Portail sur le Niger" ([www.niger-tourisme.com](http://www.niger-tourisme.com)).

All these actions have led to the following results:

- Availability of a database on the handicrafts sector for all of Niger;
- Organizing of artisans and development of their accountability in managing the infrastructure and facilities made available to them;
- Quality improvements (design, manufacture, and finishing) and diversification of articles made by artisans, particularly the organized ones, in leatherwork, shoe making, jewelry making, woodwork, sewing, tapestry work, embroidery, and dyeing;
- Greater knowledge of handicraft products from Niger in Africa, America, and Europe and higher export sales of these products;
- Affirmation and enhancement of Niger's leadership in handicrafts, particularly arts and crafts (jewelry making, leatherwork, and shoe making);
- Increased number of tourist arrivals, especially by air.

With respect to indicators for monitoring the sector, data are presented below on (i) business volume generated by tourism and handicrafts and (ii) tourist arrivals in 2002, 2003, and 2004.

Table 8: Business volume generated by tourism and handicrafts (CFAF million)

Subsector	Components	2002	2003	2004
Handicrafts	Business volume, of which:	1,174	1,100	806
	Exports	130	115	115
	Local sales	1,044	985	691
Tourism	Tourist revenues	14,000	16,750	25,300
TOTAL		15,174	17,850	26,106

Source: DEP/MTA

These figures are well below the real picture because a good portion of exports of handicraft products do not pass through customs. In addition, the local sales figures only concern the handicrafts centers and villages served by the Niger Handicrafts Development Program (DANI). Moreover, the drop in business volume in the handicrafts subsector can likely be explained by the gradual elimination of institutional outreach provided by the DANI Program, which has now decided to leave to handicrafts cooperatives the responsibility of providing outreach to handicrafts centers and villages.

Tourist revenues mainly come from running a bar, restaurant, travel agency, or hotel and from small purchases. The growth in tourist revenues can be attributed to an increase in tourist accommodation capacity and improvements in the quality of services.

Despite a lack of adequate resources and effective tools for collecting permanent and reliable data on tourist flows, it can be shown that arrivals by air have gone up because of multiple marketing actions, especially the policy of "chartering" Niger as a destination, which has had a substantial impact on the cost of air travel and the number of arrivals (+ 4,000 tourists in 2004 compared to 2003). On the other hand, the statistics on overland tourist flows are largely unrepresentative because the eight data collection stations located along the country's borders have run into operating difficulties.

Table 9: Evolution of tourist flows (number of arrivals)

	2002	2003	2004
Arrivals by air	39,000	50,000	54,000
Arrivals by land	N.A.	662,000	410,000
TOTAL	39,000	712,000	464,000

Source: DEP/MTA

Some of the constraints weighing on this sector are the following:

- Inadequate institutional framework for the advancement of traditional micro enterprises which account for a substantial portion of the country's economic and social activity;
- Weak institutional capacities on the part of government entities responsible for promoting the sector;
- Absence of trade organizations to market handicraft products and supply raw materials and tools;
- Counterfeiting of traditional works (designs and models);
- Absence of dynamic private structures to provide outreach and promote sector activities;
- Absence of an appropriate tax system for promoting the development of tourism and handicrafts;
- Absence of a National Tourism Development Policy;



- Absence of a Satellite Tourism Account which would make it possible to measure the impact of tourism on the national economy;
- Absence of a reliable handicrafts data collection system.

### 2.3.3. Transportation, roads, and meteorology

To improve the chances of success of the National Transport Strategy adopted in October 2004, the government is actively preparing a round table of partners for the mobilization of resources to finance investments for implementing a Transport Sector Program.

The classified road system is estimated to include more than 14,000 kilometers, with the following breakdown: 25 percent paved roads, 40 percent earth roads, and 35 percent feeder roads mainly serving the rural areas.

In line with the government's objective of reducing the country's internal isolation, specifically by building 1,000 kilometers of rural roads per year and rehabilitating 1,000 kilometers of earth roads, a General Directorate of Rural Roads was established within the Ministry of Infrastructure.

Thus, with respect to the road sector investment program, the situation may be summarized as follows:

- 7 work projects completed (32 percent of the portfolio, i.e. 345 kilometers of newly built and 130 kilometers of rehabilitated rural roads);
- 4 design studies completed (18 percent of the portfolio);
- 1 work project approaching completion (4.5 percent of the portfolio).

In the area of land transport, progress has been made in upgrading and modernizing transport companies (both urban and interurban) and in implementing the reform of the vehicle registration and re-registration system beginning in June 2004 throughout the country, enabling the government to collect CFAF 250 million in additional tax revenues for the second quarter of 2004 alone.

The actions undertaken to boost national aviation activities have produced the following results:

- Improved service as a result of signing several bilateral air transport agreements and the "open skies" policy, thus encouraging use of the Diori Hamani International Airport of Niamey;
- Substantial increase (roughly 31 percent) in aircraft fees between 2003 and 2004 (CFAF 1,058,943,407 in 2004);
- Creation of two new airline companies (Niger Air Continental and Point Afrique Niger S.A.);
- Improvements in airport security through technical equipment upgrades.

Actions undertaken in the area of meteorology have focused on strengthening the weather observation network and developing synergy with the early warning system for food security and environmental and water resources management.

### 2.3.4. Mining and energy

In the area of mining and energy, the government's objectives are, among other matters, to (i) maintain existing mining production units and diversify mining production, and (ii) improve access to electrification and reduce the consumption of wood energy.

Thus, with respect to implementation of operational components in the area of mining and energy, the following results are of note:

- Signing of an agreement between the government and client shareholders regarding multiyear uranium sales price fixing;
- Decrease in the unit cost of uranium production;
- Increase in uranium output;
- Output of 1,531.3 kilograms of gold;
- Continuation of the NIGELEC privatization process;
- Establishment of an electric power regulatory agency;
- Adoption of a letter of energy policy in October 2004;
- Electrification of 54 new towns;
- Achievement of the objective of reaching 2 percent of households through outreach activities on charcoal;
- Completion of 22,814 kilometers of airborne geophysical surveys under the Program to Strengthen and Diversify the Mining Industry (PRDSM);
- Construction of 456 kilometers of medium-tension lines in the regions of Tahoua and Diffa;
- Signing of a memorandum of understanding within the framework of the project to interconnect 330 kilometers along the Nigeria-Niger-Burkina Faso-Benin road;
- Adoption of the National Renewable Energies Strategy and Action Plan in January 2004.

### **2.3.5. Private sector promotion**

By refocusing its intervention on a limited number of activity sectors and embarking on the implementation of a private sector promotion program, the government intends to have the private sector play a decisive role in economic growth and, in addition, in supporting the Rural Development Strategy.

Accordingly, to promote the emergence of a dynamic private sector, the government sought to revitalize the support and supervisory structures for the creation and development of private enterprises. In particular, the structures concerned are:

- The Investment Promotion Center
- The Enterprise Formalities Center
- The National Center for Advanced Management Training
- The Authorized Management Center
- The Niger Export Promotion Agency

Despite the actions taken by these structures, private sector promotion continues to face difficulties associated with these and other factors:

- Poorly adapted financing structures, especially as regards promoting SMEs/SMIs
- Narrowness of the market
- Inadequate managerial capacities of economic operators
- High costs of production factors
- Predominance of the informal sector, where activities are more oriented toward retail trade operations than toward productive activities
- Low degree of competitiveness of local products

### **2.3.6. Vocational training and youth employment**

The promotion of youth employment through vocational and technical training oriented toward meeting the needs of the labor and job market is one of the government's key concerns. Accordingly, to better the future of some 31 percent of Niger's population (namely, those in the 15-35 year old age bracket, corresponding largely to the potentially active labor force), a ministerial department has been created and given specific responsibility for vocational and technical training and for youth employment.

Already, two (2) major strategies have been nationally validated and are in the process of being adopted by the government. These are: (i) the sectoral policy on education and vocational and technical training; and (ii) the framework program for promoting youth employment.

As regards the sector's contribution to PRS implementation, mention may be made of the following major actions:

#### **(a) In the area of vocational and technical training**

- The opening of six (6) new vocational and technical training centers throughout the country, targeting youth aged 15 to 18 with a junior high school diploma (BEPC).
- Technical and vocational training for 1,765 youths in various fields in the eleven (11) technical centers in Niger.
- Organization of 23 different training sessions by the National Office of Vocational Training (ONAFOP) for 293 youths (promoters of microenterprises and those newly hired).

#### **(b) In the area of youth employment**

- Financing from the Youth Integration Fund (FIJ-CONFES) of 11 projects for 24 young promoters.
- Training in entrepreneurship of 153 unemployed school graduates and CFAF 500 million in funding from the Special Program of the President of the Republic (PS/PR) to finance 123 projects carried out to this end by the youths trained.
- Training of 1,774 community health personnel and 5 CARITAS auditors (auto mechanics and electricity, and obtaining Permit B) at the N'dounga National Participation Service, with PS/PR financing.
- Establishment of 21 groups bringing together 1,078 youths in activities under the project known as "Youth Corps for Rehabilitating Degraded Land in Niger"; similarly, 80 youths were trained and provided with equipment for the management of household waste in Niamey.

However, it bears noting that outside the PS/PR and FIJ-CONFÉJES, the sector continues to suffer from the scarcity of public funding and the rarity of Technical and Financial Partners (TFPs) for financing and promoting youth entrepreneurship; likewise, the six (6) new centers created do not yet have premises or equipment, much less funding, for the students.

### 2.3.7. Employment

The government has begun a process of preparing a national employment policy, from the strengthening of the institutional framework to the final document, in order to ensure sustainable and productive employment and have reliable statistics on jobs.

Indeed, a technical committee has been set up, terms of reference for thematic studies have been prepared, exchanges have occurred with the ILO Employment Expert, and an Employment and Vocational Training Observatory has been established, with support from Niger's partners (UNDP, ILO, GIP-INTER).

- Cumulative job demand came to 15,872, registered at the ANPE and its regional representative offices (ANPE suboffices and Labor Inspectorate). This job demand is principally from men, while women represent 17.63 percent of job seekers, up 1.92 percentage points from the 2003 level (when their share was 15.71 percent). Women represent 22.12 percent of job requests for senior staff, 33.54 percent for front-line supervisors, and 16.63 percent for office personnel and workers. Moreover, the demand stems principally from young people under age 30 (54.16 percent). The majority of job seekers are for line workers (79.34 percent). Front-line supervisors and senior staff account for 11.83 percent and 8.82 percent, respectively. Moreover, only 5,007, or 31.54 percent of job seekers, have an academic degree higher than the baccalaureate, while those having completed the 3rd cycle represent only a marginal share (0.12 percent).
- Job offers recorded, most of them from enterprises, totaled 4,100 (sent to the ANPE and its regional representative offices). These offers are mostly from the social services branch (42.68 percent), construction and public works (17.95 percent), and banking and insurance (2.43 percent). Young people age 18-30 represent 2,319, or 57.87 percent, of the job offers met, and 14.69 percent of the offers were filled by women.

Of the 4,100 offers received, 4,007 were filled, yielding a satisfaction rate of 97.73 percent. The replacement ratio (ratio of job offers met to job requests made) is 25.24 percent.

Table 10: Breakdown of job requests and offers for 2004

	Requests	Offers met	Placement rate (percent)	Offers received	Offers not met
Agadez	1,928	314	16.28	314	3
Arlit	963	278	28.86	281	
Maradi	1,991	175	8.78	175	
Diffa	937	197	21.02	197	
Tahoua	466	576	123.6	576	
Zinder	1,788	460	25.72	515	55
Tillabéry	665	519	78.04	527	8
Niamey	6,912	1,446	20.92	1,459	13
Dosso	222	42	18.91	56	14
TOTAL	15,872	4,007	25.24	4,100	93

Source: MFP/T

During this same period, the census of enterprises showed a total of 2,992 firms employing 41,700 workers. The comparable figure was 2,598 firms in 2003, and the increase in employment during the period was 2,790 jobs (6.79 percent).

Recent changes in the sector pertain largely to the following factors:

As regards employment:

- One (1) employment survey is planned, and will be conducted by the ANPE with support from the Permanent Secretariat of the PRS;
- Seven (7) thematic studies have been conducted, and the documentation on them is currently being reproduced for purposes of evaluation and the preparation of an employment policy framework paper, with support from an ILO consultant. These are:
  - Current status of the labor market, demographic changes, and labor supply;
  - Target group and employment, women, youths, and the disabled;

- Institutional and legislative framework and employment;
- Education, training, and employment;
- Informal and urban sector and employment;
- Macroeconomic framework, labor supply, and employment;
- Rural sector and employment.

In the area of administrative governance:

- Review of the Niger Integrated Government Modernization program (PIMAP) has recently resulted in UNDP financing (in 2006);
- A capacity building project for MFP/T is in progress (with computer hardware, an Internet server, etc.) for the efficient steering of PIMAP.

### 2.3.8. Development of New Information and Communication Technologies

The telecommunications sector in Niger is changing rapidly, which obviously explains the substantial progress made in terms of access to telephone services and the improvement in their quality.

Indeed, the modernization and development of SONITEL infrastructures, the creation of telecenters (conventional and multifunctional centers), and the gradual extension of mobile telephony services to a number of different localities, bear witness to the dynamism of this sector.

In this regard, the implementation of the National Policy on Communication for Development (PNCD) has been the direct outgrowth of achieving the objectives assigned to this sector under the PRS. The objectives pursued in this area are to:

- Promote and increase the use of information and communication technologies (ICTs);
- Improve the quality of the information services rendered;
- Improve access to telecommunications services in rural areas;
- Improve the quality of telecommunications services;
- Improve the quality of postal services.

Generally speaking, it should also be noted that both SONITEL and the various private operators concerned have begun sizable investment programs aimed at meeting the demands of their customers through the following actions:

#### As regards landline telephony

- SONITEL has begun to modernize the network under (i) the Telecommunications Network Development Program; and (ii) the Telecommunications Network Modernization Program, aimed at ensuring national coverage.
- Phase 1 of the Telecommunications Network Development Program made it possible to: (i) set up a 45,000 line digital exchange in Niamey and a 7,000 line digital exchange in Zinder; (ii) establish a digital radio relay system from Kama to Zinder, as well as the Konni-Tahoua link; and (iii) purchase a new invoicing system and an intelligent network for prepaid landline and toll-free services.

#### As regards mobile telephony

- Over 30 localities in Niger are now covered by a GSM network.

The sector's indicators in terms of its contribution to PRS implementation are as follows:

Table 11: NICT status

Number of subscribers to landline telephones	24,174 LP
Number of mobile phone subscribers	200,233
Number of regular telecenters	599
Number of multifunction telecenters	19
Number of Internet subscribers:	3,161
Of which: With telephone access	3,116
With high speed access	45

Source: DEP/MCA.

### 2.3.9. Education

#### (a) Level 1 basic education and literacy training

Implementation of the activities under the Ten-Year Education Development Program (PDDE) made it possible to make some progress, in particular as regards expansion. However, the bases for improving the management of basic education and restoring the quality of instruction still need to be consolidated:

- The indicators on the quality of instruction have yet to improve, as the completion rate for the basic cycle is still around 30 percent.
- The process of renewing the curricula is moving forward.
- Decisions have been taken on limiting grade repetition, in particular at the end of basic cycle 1.
- In-service catch-up training efforts for contractual teachers lacking initial training have been started.
- Instructional supervision has recently been reorganized and provided with resources.

In addition, the low level of the completion rate and the poor student performance at end-year examinations are suggestive of the low quality of instruction, and led to the following measures:

- Training of 3,443 student teachers in the normal schools;
- Funding of 638 Pedagogical Leadership Units (CAPEDs);
- Funding of 480 School Facility Management Committees (COGESs);
- Training of 2,500 contractual teachers lacking initial training;
- Identification of six (6) schools projected to test innovations in alternative rural schools, and public awareness campaigns aimed at stakeholders in the pilot zones, in particular COGES members;
- Provision of equipment (vehicles, motorcycles, computer hardware, etc.) to the IECBs; and
- Provision of manuals on PADEB financing and a Norwegian grant, which will make it possible to substantially improve the textbook/student ratio (one textbook per student in the core disciplines).

The results obtained after an initial year of implementation indicate positive changes in terms of access and the coverage of basic education.

As regards the protection and nurturing of small children, there has been a steady increase in the number of children attending preschool in recent years. The number of children participating in kindergartens and mothers' classes increased from 17,284 in 2003 to 18,234 in 2004, a relative increase of 5.5 percent. Moreover, planned attendance levels have even been exceeded with the introduction of these education facilities in rural areas.

In basic cycle 2 (primary education), the gross access rate and the enrollment ratio both have risen substantially. The admission rate rose from 51 percent in 2003 to 55.2 percent in 2004, a gain of 4.2 percentage points; the gain in this rate from 2002 to 2003 was only 1.2 percentage point. The gross enrollment ratio increased from 45.4 percent in 2003 to 50.0 percent in 2004. This occurred thanks largely to the construction of 1,695 classrooms from permanent materials for basic cycle 1 and the recruitment of 2,830 contractual teachers.

The data on nonformal education indicate a significant increase in the number of persons attending literacy training (+34 percent) and community development training (+31 percent).

As regards the reduction of disparities, the gap between rural and urban areas is gradually being narrowed; regional inequalities appear to be getting smaller. However, the problem of the disparity between enrollment of girls and boys appears to persist, as the proportion of girls in basic cycle 1 is stagnant at about 40 percent.

Table 12: PDDE tracking indicators

	2001/02	2002/03	2003/04	
			Forecast	Actual
Number of students in preschool	15,583	17,284	18,000	18,234
Number of students in basic cycle 1 (primary)	760,987	857,592	980,196	980,033
Of which: girls	302,566	344,313	403,708	395,330
New entrants in the first year (CI)	204,069	215,946	250,663	242,047
Of which: girls	83,506	89,764	103,546	100,353
Gross primary enrollment ratio (in percent)	41.7	45.4	50	50.0
Gross primary enrollment ratio in rural areas (in percent)	38.1	42.6	46	48.4
Gross enrollment ratio of girls (in percent)	33.3	36.5	41	40.4
Percentage of girls in primary school	39.8	40.1	41	40.3
Percentage of age cohort completing primary school	25.6	24.7	30	32.2
Percentage of students in CE with satisfactory grades in French	42 <sup>1</sup>	-	-	-
Percentage of students in CE with satisfactory grades in Mathematics	55 <sup>2</sup>	-	-	-
Cumulative number of contractual teachers recruited <sup>3</sup>	7,917	10,417	13,177	13,177
Number of days of continuing training received per year by each teacher	3	nd	7	nd
Ratio of textbooks per student in primary school	1/3	1/3	1/3	1/3
Number of adults and youths registered in literacy courses (percentage of women)	34,602 (43)	39,880 (63)	90,000 (65)	53,435 (68)
Cumulative number of adults and youths registered in PADENF/PRODENF literacy courses (percentage of women)	15,843 (54.6)	33,964 (66.6)	45,464 (66.2)	41,136 (67.0)
Number of alternative schools created	-	0	0	0
Number of school management committees	-	240	1,000	1,000
Percentage of sectoral recurrent budget for education allocated to nonwage expenditure	27	nd	74	nd
Gross access rate to 1 <sup>st</sup> year of primary school	49.8	51.0	56	55.2
Gross admission rate of girls	41.3	42.5	44	45.9
Completion rate for primary school	64.2	65.4	62	67

Source: USE/PDDE.

The constraints identified during PDDE implementation may be summarized basically as follows:

- The low degree to which the international community has mobilized in favor of making basic education universal in Niger. To date, the resources mobilized or announced under the Fast Track Initiative represent only 7 percent of the total resources mobilized for the sector.
- The slowness with which the funds announced are made available, in particular because of the cumbersome procedures of the Fast Track Initiative partners.
- Reluctance of TFPs to take the program approach, which leads to the continuation of projects that have no synergistic effect.
- Shortage of qualified human resources for program implementation, and lack of accountability in the chain of responsibilities.

<sup>1</sup> These data refer to the national MLA/SEDEP surveys conducted in 2000 and 2001.

<sup>2</sup> MLA/SEDEP surveys, 2000-2001.

<sup>3</sup> Including contractuels recruited against PAEFAN/BID financing.

### (b) Secondary and higher education

Alongside ongoing work to prepare the second block of the PDDE, the Ministry of Secondary and Higher Education, Research, and Technology carried out its annual public investment plan. Accordingly, the actions taken, in coordination with the French-Arabic Instruction Project (PAEFAN II) were focused in particular on infrastructure works, personnel recruitment, training, and the education of girls.

Noteworthy in the secondary school sector are:

- Infrastructure works involving both new construction (48 classrooms, 4 libraries, 2 laboratories, 4 administrative complexes, 4 latrines, and 1 school fence) and rehabilitation work (196 classrooms, 3 laboratories, 11 administrative complexes, 5 housing units, 4 latrines, 1 school fence, and the expansion of 2 CEGs (junior high schools)).
- In the area of personnel recruitment, actions of note include: (i) the recruitment of 1,030 contractual teachers against HIPC resources; and (ii) the tenuring of 202 teachers, as well as the recruitment of 465 Civic Service Volunteers against the national budget.
- PAEFAN and World Bank support made it possible to train 300 CEG directors and teachers on the school map.
- The promotion and enrollment of girls advanced, in particular by increasing enrollments (52,900 girls in the first cycle and 6,795 girls in the second cycle, or 39.12 percent and 33.84 percent of the total, respectively).

Noteworthy in higher education are:

- Infrastructure works, with support from the OPEC Fund, were focused on increasing the enrollment capacity of the Aboudou Moumouni University of Niamey (2 equipped lecture halls and 2 classrooms) and the finalization of the infrastructures at the three University Institutes of Technology (UITs) in Tahoua, Maradi, and Zinder.
- Support from the OPEC Fund for conducting six training workshops.

Taken together, these actions contributed among other things to improving most of the indicators for the subsector of secondary and higher education. It should be noted, however, that the enrollment ratio slipped, a matter which merits investigation.

Table 13: Secondary and higher education subsector indicators

INDICATORS	2002-2003	2003-2004	2004-2005
Gross admission rate to secondary school (6 <sup>ème</sup> )	18.90	19.97	25.22
Gross enrollment ratio in Basic Cycle II	14.52	17.62	14.90
Gross enrollment ratio in Middle Cycle	03.18	03.70	03.50
Completion rate in Basic Cycle II	11.33	12.94	13.83
Completion rate in Middle Cycle	04.55	04.78	05.04
Percentage of girls in higher education	18.09	20.66	nd

Source: DEP/MESS/RT.

However, 318 classrooms, 9 laboratories, 64 latrines, and 49 administrative complexes planned under the first block of the PDDE were not financed owing to the fact that the Fast Track Initiative does not take secondary education into account. In addition, the rehabilitation works for several infrastructures identified in the BIE were not carried out owing to the lack of resources.

#### 2.3.10. In the health area

The major concern in 2004 was, above all, to finalize the Health Development Plan (PDS) 2005-2009. The major activities were as follows:

- Launch of the study on institutional and human changes in the MSP/LCE (institutional, structural, human, and financial reforms);
- Formulation of the new health sector program for Niger-Belgium cooperation 2004-2008;
- Preparation of the Annual Operations Plan (POA) 2005 for the Niger-WHO cooperation program;
- Final appraisal of the IDA Health II project and writing of the completion report on said project;
- Preparation of the completion report on the ADF Health I project in Maradi-Diffa;
- Supervision missions to the health facilities and JNV activities in the Tahoua, Maradi, Dosso, Diffa, Zinder, and Tillabéry regions;
- Preparation of a Medium-Term Expenditure Framework (MTEF) and program budget for 2005-2007;

- Preparation of the 2005 budget of the MSP/LCE;
- Preparation of the annual work plan (PAT) 2005 for the Health and Nutrition Program financed by UNICEF;
- Preparation of the strategic plan and revision of the treatment policy for malaria;
- Organization of four (4) JNV polio rounds;
- Physical census of health center employees;
- Recruitment of 729 health employees in all categories combined;
- Mobilization of resources from the Global Fund to Fight AIDS, Tuberculosis, and Malaria;
- Specialization of 315 health employees in all categories combined;
- Identification and preparation of the Institutional Support Program for the health sector, conducted by the World Bank with the participation of all Technical and Financial Partners of the sector;
- Preparation of the National Reproductive Health Program.

It bears noting that, in the context of implementing national health programs in the area of combating disease (AIDS, tuberculosis, malaria, C-IMCI, blindness, leprosy, Guinea worm, schistosomiasis, etc.) and the SR/PF, a number of other no less important actions are being taken.

Under the Special Program of the President of the Republic, mention may be made of the capacity building actions for community health personnel (804 staff trained), as well as the continued surgical activities (general surgery and cataract surgery) throughout the entire territory (7,420 surgical consultations and 2,153 operations).

However, the status as regards the mobilization of external resources is not known, because the public expenditure review for 2004 has not yet taken place. This said, for information purposes the external resources mobilized in 2003 are estimated at CFAF 9.936 billion.

In terms of current and capital expenditure, the appropriations made for the health sector come to CFAF 28.69 billion while those actually used amounted to CFAF 17.95 billion, for an implementation rate of 63 percent. This budget accounted for 7.03 percent of the general State budget.

With a view to improving the coordination of the activities of the sector's Technical and Financial Partners (TFPs), the MSP/LCE has established a concertation framework headed up by the Kingdom of Belgium. In this framework, partnership relationships and the mechanisms for monitoring the implementation of activities are defined.

It bears noting that, for the health sector, most of the indicators identified for monitoring PRS implementation can be assessed only through carrying out an annual action plan. Even if the activities carried out contribute to improvements in the situation, their impact can only be evaluated in the long term through nationwide surveys. Thus, the status of the indicators presented below is the result of several years' efforts. For some of these indicators, the EDSN-MICS III survey currently being prepared may produce more recent and more reliable information. (\*)

However, examination of the indicators set forth in the following table and for which there are data available shows an improving trend in the situation. Indeed, several of the objectives set out in the PRS have been largely achieved, and some have even been surpassed:

- In respect of vaccination coverage, the rate for DTCP3 vaccination (children fully vaccinated) at end-2004 was 62 percent as against a forecast of 50 percent; for measles, the vaccination rate increased from 47 percent in 2002 to 72 percent in 2004.
- The health coverage ratio, including the rural health clinics built under the Special Program, is 65 percent (as compared to the forecast of 60 percent for end-2005), indicating improved physical accessibility of basic healthcare services.
- As regards financial accessibility, in particular the introduction of the system for partial recovery of healthcare costs, the objective already is to enable the poor to have better access to basic care, social funds, etc. For the same aim, the MSP/LCE has embarked on a process of introducing a solidarity system for financing healthcare, namely through the establishment of health mutual associations. One of the results of these efforts is the improved frequency of visits to healthcare services, for which the rate increased from 18 percent in 2002 to 20 percent in 2004.
- Moreover, in the context of combating disease, appreciable efforts have been made and improvements observed. For example, the lethality associated with malaria has dropped considerably, from 0.34 percent in 2002 to 0.10 percent in 2004.



Table 14. Evolution of health sector indicators

Indicators	2002 level	2003 level	2004 level
Seroprevalence rate	0.87%	-	-
Lethality rate associated with malaria	0.34%	1.46%	0.10%
Number of new patients for primary care or rate of use of curative consultations	18%		20%
Number of new registrants for prenatal consultation	219,677	226,575	251,018
Maternal mortality rate	7‰	7‰	*
Infant/child mortality rate	274‰	274‰	*
Health infrastructure coverage rate	47.6%	49.8 percent (65 percent with rural health clinics)	*
DTCP3 vaccination coverage rate	21%	52%	62%
Measles vaccination coverage rate	47%	67%	72%
Contraceptive usage rate	4%		*
Percentage of childbirths assisted by qualified personnel	11%		*

Source: DEP/MSP-LCE

However, it should be noted that the absence of an annual action plan for the MSP/LCE significantly impeded taking actions in 2004; there are other, no less important constraints to be pointed out as well, namely:

- The absence of clear areas of responsibility and authority for the central directorates.
- The insufficient budgetary resources allocated to the sector.
- The delay in unfreezing project counterpart funds.
- The insufficient human resources, in terms of quantity and quality.
- The nonfunctionality of the majority of district hospitals.

### 2.3.11. In the areas of promoting women, and protecting children and the population

The promotion of women and protection of children are at the core of the concerns expressed in the PRS, especially since they directly concern the most vulnerable population groups. That is why the government, in collaboration with its partners, has made major efforts to improving the living conditions of these target groups.

The actions taken in 2004 with regard to promoting women and protecting children involve capacity building, studies and research, improvement in the legal status of women, enhancing the economic power of women, and preparing technical documents.

These actions thus allowed for the political emergence of women (14 women in Parliament and 663 female local elected officials), preparation of a national action plan for the survival, protection, and development of the child 2004-2010, and the draft Code on the Child.

In the area of population and social action, interventions mostly pertained to capacity building in the area of improved control of population growth, and the provision of care to those socially in need (the impoverished, disaster victims, the disabled, and AIDS victims). In this connection, the following actions were worthy of note:

- Conduct of several workshops for disseminating the study entitled "Nourish, Educate, and Care for All Nigerians: the Population in Perspective" intended for members of the government, members of Parliament, the secretaries-general of the ministries, central directors, journalists, and the heads of NGOs/DAs.
- Strengthened partnership with the NGOs/DAs working with population and development issues, particularly to advocate for topics as diverse as they are varied (spacing out births, hygiene and sanitation, prevention of clandestine abortions, HIV/AIDS, combating genital mutilation, combating early marriage, improving the status of women, etc.).
- The training of 47 religious leaders, 70 traditional chiefs, and 30 journalists on the interrelationships of population and development, reproductive health, promoting women, and the prevention of HIV/AIDS.
- Advocacy and public awareness campaigns in favor of integrating population activities into development plans and programs, in particular for the attention of members of government, members of Parliament, the secretaries-general of ministries, central directors, journalists, and heads of NGOs/DAs.
- Construction and outfitting of the headquarters of the National Federation for the Disabled.
- Implementation of the 2004 sectoral plan for combating AIDS (enhance awareness of the ministry staff and training of 40 social workers on the psychosocial care of persons living with HIV/AIDS).

Despite these actions, the question of controlling demographic growth is among the government's core concerns as regards population. Other concerns include: (i) the persistence of sociocultural burdens; (ii) the absence of a national strategy as regards IEC/Population; and (iii) the low extent to which the population dimension is reflected in sectoral strategies and policies.

### **2.3.12. As regards access to potable water and sanitation**

The continued implementation of the Water and Sanitation Policy and Strategies, of the second phase of the "water supply" component of the Special Program of the President of the Republic, and of the other ongoing programs, have made it possible to improve the supply of potable water to the people and to provide hygiene and sanitation services.

#### Rural water supply

Accordingly, in the rural water supply subsector, the rate of meeting needs for potable water increased to 59 percent (from 47 percent in 2003) thanks to new construction (964 modern water supply points, 48 mini drinking water systems and autonomous water supply points) and rehabilitation works (55 wells lined with cement, 13 borewells, 2 mini water supply systems, 33 pasture pumping stations, and 400 modern water supply points).

However, despite the construction of 820 family latrines and public latrines (distributed in 74 villages, 8 peri-urban neighborhoods, and 3 communes), the rate of access to sanitation remains very low (only 5 percent).

#### Urban water supply

The urban water supply subsector also experienced significant growth, explained by, among other factors, the finalization and initial placement in service of 40 percent of the installations for which the works were financed under the Water Sector Project.

Thus, in terms of infrastructure, one water treatment station, 5 water storage tanks, 6 borewells, and 2 water towers were built, and about 135 linear kilometers of pipe laid. In the distribution area, 10,359 connections were made and 244 standpipes built, thus bringing the number of households connected to the public potable water distribution network to over 80,000. These investments resulted in the following developments in urban areas:

- An increase of 100,000 with access to potable water.
- Resolution of the water shortage problems in some peripheral neighborhoods of the cities of Niamey, Tahoua, Diffa, Maradi, and Zinder, and the secondary cities of Torodi, Téra, Konni, Bagaroua, Mainé soroa, Nguigmi, and Gaya.
- An increase in water production of over 7.6 percent, and estimated coverage of potable water needs of 80 percent.

On another level altogether, it should be noted that concertation efforts are continuing regionally with a view to speeding up the implementation of the program to reverse the deterioration of the Niger River watersheds.

### **2.3.13. Good governance and decentralization**

During the period covered by this report, the government continued to implement the Judiciary Reform Support Program (PARJ) and also took various steps to promote good governance, in particular in the areas of: (i) political governance; (ii) administrative governance; (iii) economic governance; and (iv) local governance and decentralization.

#### **(a) Promotion of good governance**

##### Political governance

Several advances are noteworthy in the development of law and justice in Niger. In any event, the implementation of the PARJ made it possible to identify several areas where the justice system was dysfunctional, including a shortage of human and material resources (premises, equipment, operating materials, documentation). Accordingly, six (6) priority themes were identified, to serve as the foundation for reforms in the sector; these are principally the following aspects:

- Bringing the court system and those subject to it closer together;
- Building the rule of law through modernization of the legal framework and its dissemination;
- Improved operation of the judicial system;
- Achieving conditions of equal access to a defense on the part of those before the court system;
- Reorganization of the judicial actions of the Police and the *Gendarmerie*;
- Definition of the implementation of a genuine penal policy.

Hence in the context of bringing the justice system closer to those subject to it, a number of new jurisdictions were established and are now functional. Now, all the seats of departments are the headquarters for a jurisdiction. Also of note is the

rehabilitation of most of the judicial and penitentiary infrastructures, in particular the tribunals and jails. Furthermore, the jurisdictions' capacities have been built up in the form of support for open court hearings aimed at reaching declarative or suppletive rulings on civil status instruments, with particular attention to children, as well as the provision of equipment (typewriters).

A number of legislative and regulatory texts were developed, in particular to strengthen the institutional mechanism and harmonize national legal provisions with the international standards and the conventions properly ratified by Niger. In this connection, the following laws are of importance:

- Law amending the constitution of August 9, 1999. This amendment addresses, among other things, the division of the Supreme Court into three autonomous jurisdictions, the Court of Appeals, the Council of State, and the Audit Court;
- Law on the organization, operation, and procedures to be followed before the constitutional court. Two amending provisions were subsequently initiated in 2002 and 2004;
- Law stipulating the organization and competence of the court jurisdictions in the Republic of Niger. This project includes, among other innovations, the establishment of a rural property jurisdiction;
- Law amending the Code of Criminal Procedure;
- Law on the profession of attorney;
- Law governing public demonstrations;
- Law implementing the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel mines and on their Destruction;
- Law determining the conditions under which referendums may be used;
- Draft law adopting the personnel regulations for magistrates (adopted in Council of Ministers).

Furthermore, the initial training of magistrates has continued at the National School of Administration of Niamey. As regards the 150 magistrates to be trained over the 2003-2008 period, the entire 1<sup>st</sup> graduating class of 20 magistrates has been incorporated into the magistrates' corps, 24 auditors from the 2<sup>nd</sup> graduating class are pursuing internships in the field, and the 3<sup>rd</sup> graduating class (with its 42 auditors) is currently receiving training. There has also been continuing training of staff, especially in the harmonized business law (OHADA), penitentiary administration, and justice for minors. These sessions for training the trainers have reached 48 magistrates, 31 court clerks, 15 attorneys, 9 notaries, and 32 bailiffs; on-training has been provided in Niamey for 85 magistrates, 50 court clerks, 30 bailiffs, and 40 attorneys. In partnership with the NGO Penal Reform International, an ambitious staff training program for penitentiary facilities (wardens, chief security officers, bailiffs, and guards) was introduced in 2004. In this connection, 36 wardens, 36 chief security officers, 38 bailiffs, and 100 new FNIS recruits were trained in the proper management of jails.

Noteworthy among the actions to advocate in favor of the mobilization of resources for financing the PARJ are the undertakings entered into so far by the various development partners. These total CFAF 7.62 billion, of which CFAF 5.82 billion has already been obtained. Similarly, in the context of international cooperation, the government benefited from significant support in the form of legal books and articles for use by the court jurisdictions.

Appreciable efforts have been taken to improve living conditions for those in confinement, in particular in terms of prisoner food and support. The appropriations allocated to this end increased from CFAF 620,411,336 in 2000 to CFAF 1,482,000,000 in 2004; in addition, some jails have been provided with television sets, grain mills, refrigerators for conserving pharmaceutical products, and wood and metal carpentry workshops.

In general, and despite the small amount of financial resources allocated to the Department of justice, it bears noting that 32 new judges joined the bench between 2003 and 2004, bringing the total number of magistrates throughout the country to 154. The ratio of one judge for every 80,000 inhabitants (base 2000) thus improved slightly to one judge for every 79,000 in 2004.

With regards to constitutionality matters, nine (9) rulings were handed down in 2004, three (3) of which held that a violation of the Constitution had occurred. In 2003, there were twelve orders handed down, of which eight (8) held that the Constitution had been violated.

#### Administrative governance

In the area of administrative governance, the government strengthened its mission of modernizing public administration by taking the following actions:

Development of an Integrated Government Modernization Program (PIMAP) using a participatory approach involving government, civil society, and the private sector in order to enrich the initial paper.

The Integrated Government Modernization Program was reviewed, with support from the UNDP, to improve its quality and contents prior to its adoption by the government and the holding of a forthcoming roundtable on financing the action plan for government modernization. Already, some development partners, in particular the African Capacity Building Foundation (ACBF), have agreed to support the MFP/T build its institutional capacities in order efficiently to steer the Integrated Government Modernization Program, this by acquiring modern working tools (microcomputers, Internet server, etc.).

The adoption of the study on reform of the FNR and the actuarial audit, the main results of which touched upon the following points:

- Control of the number of civilian and military retirees, which as of October 30, 2004 (filing of the audit report) totaled 14,370 pensioners;
- The existence of major areas of dysfunction in the administrative and financial management of the FNR;
- The existence of specific areas of dysfunction associated with the speed of increase in the count of retired persons and the freeze on civil service hiring;
- Creation of an autonomous institution for managing pensions and retirements as a sine qua non condition for the financial viability of the FNR;
- Revision of the contributions base up to 22 percent on the index wage;
- Revision of the conditions for going into retirement, abandoning the system of early retirement after 30 years of service in order to return to retirement after age 60 is reached;
- Establishment of a Steering Committee responsible for implementation of the recommendations from the actuarial audit of the FNR.

#### Economic governance

In the area of economic governance, the government has continued to produce official documents which declare the end of a budget year and pronounce it definitively closed. The documents in question are the final budget accounting laws and the operating accounts, which are processed so as to permit external appraisal of budget execution by the National Assembly and the Chamber of Accounts and Fiscal Discipline. Consequently, in the context of the public finance rehabilitation process it has initiated, the government has prepared and submitted to the National Assembly, which has passed them, draft budget accounting laws for fiscal years 1997, 1998, 1999, 2000, and 2001. The operating accounts have been drawn up for the same years. In addition, the 2003 operating account has been prepared and the related certificate of conformity issued.

Furthermore, the government has worked on harmonizing national legal provisions with the OHADA directives, in particular through the reforms of the judicial sector.

On a completely different level, the government initiated a number of steps to ensure greater visibility of the financial administrations. These actions include:

- Evaluation of tax arrears and preparation of a settlement schedule; already the DGI has gathered data on tax arrears by year and type of tax.
- Enhancing the efficiency of tax administrations by establishing an administrative procedure for the weekly exchange of taxpayers between the DGI, Customs, and the Treasury.
- Preparation and adoption of an operational strategy and detailed action plan (based on the recommendations of the IMF technical assistance mission of 2003) aimed at improving the mobilization of tax receipts. This measure is now being applied (introduction of bulk records at the Torodi customs office, determination of reference values, and updating of values in relation to the 2001 schedule, being carried out with COTECNA).
- Preparation of monthly performance indicators for the main customs offices, with monthly reports and monthly forwarding of the reports to the IMF.
- Listing of customs duty exemptions and preparation of a plan for reducing exemptions.
- Involvement of the preshipment inspection company in the valuation of imports from Nigeria.
- Rigorous application of the legal provisions governing the granting of customs exemptions.
- Quarterly verification of amounts consumed by the beneficiaries of exemptions, and strengthened combat against smuggling by the DGI/DGD/DDI committee established for the purpose.
- Preparation of quarterly performance reports on the controls, and forwarding of the control reports to the IMF.

#### **(b) Promotion of local governance and implementation of decentralization**

With respect to local governance and decentralization, the government has pursued objectives relating to: (i) the definition of institutional responsibilities and the implementation of the various tiers of the decentralization; (ii) effective transfer of decision making authority to the decentralized entities; (iii) promotion of decentralized cooperation and the strengthening of grassroots

partnerships; and (iv) information, public awareness, and training of the stakeholders in national life as well as continuing reforms.

Thus, the Independent National Electoral Commission (CENI) was set up and, in a transparent manner, organized the municipal elections of July 24, 2004 leading to the election of 3,747 municipal councilors.

On the institutional level, Law No. 2002-012 determining the fundamental principles of the free administration of the Regions, Departments, and Communes has been amended twice, including by Law No. 2004-047 of June 15, 2004.

To better support the decentralization process now underway, the government has signed three (3) financing conventions relating to the following projects:

- Niger Decentralization Support Project, signed with France for the amount of CFAF 997 million;
- Commune Start-Up Project with the European Union, in the amount of EUR 1.312 billion;
- Support program for the establishment of decentralized entities in the Dosso region, with Belgian Technical Cooperation, in the amount of EUR 5,578,623.

Finally, fourteen (14) draft agreements on decentralized cooperation and twinning are in the process of being finalized.

#### **2.4. Status of poverty and monitoring/evaluation mechanism**

During the third year of PRS implementation, additional priority was accorded to the establishment of the information and monitoring/evaluation system.

This mechanism should ultimately make it possible to: (i) facilitate the setting of clear and realistic objectives for the PRS; (ii) periodically measure the gaps from projected outcomes; (iii) identify the factors that made it possible to achieve the levels sought, or identify bottlenecks; (iv) strengthen the dialogue in respect of the PRS by regularly providing information to all stakeholders involved in PRS implementation; and (v) capitalize on gains.

Consequently, the activities on introducing the mechanism for monitoring/evaluation and improving the understanding of poverty basically involved the following aspects:

- Preparation of a minimum consensually determined list of indicators for the monitoring/evaluation of the PRS;
- Definition of a sociodemographic database (Niger Info);
- Continued collection and processing of data from the surveys and census; and
- Sectoral reviews of the PRS.

##### **2.4.1. List of PRS indicators**

The Permanent Secretariat of the PRS conducted a study in November 2004 on the monitoring/evaluation mechanism of the PRS, which made it possible to identify a minimum list of sixty (60) indicators for PRS monitoring/evaluation (see Annex 9). The indicators were selected in an iterative and participatory process built on the Performance-Based Management approach and the multidimensional vision of poverty. Accordingly, the minimum list of the sixty consensually identified indicators takes into account the outcomes, effects, and impacts of the Poverty Reduction Strategy and the Millennium Development Goals (MDGs).

##### **2.4.2. NigerInfo database**

In the context of monitoring the MDGs and the PRS, the United Nations initiated a process for making a social database known as NigerInfo available to the government. This dynamic software program makes it possible both to have series of geographically referenced indicators from several sources and to facilitate the coordination of information and the harmonization of statistical data. It ultimately will become a database which draws together sectoral databases. A working party made up of government representatives and representatives of UN agencies has been established to pilot the process. Already, two training workshops on DevInfo have been conducted at the Niamey Digital Campus, in November and December 2004. In addition, some ministries and projects have also been provided with computer equipment and benefited from the installation of the NigerInfo database. The working party has also initiated a study on defining the database indicators, and another for defining the updating protocol.

##### **2.4.3. Collection activities**

Data collection activities in the field for the Survey on the Degree of Satisfaction of Essential Needs (DSBE) effectively got underway in December 2004 in all eight regions of the country. Some 3,149 questionnaires on the DSBE essential needs indicators were administered, and 336 of these same households also were covered by a quick survey on consumption outlays. In addition, 196 questionnaires made it possible to garner information on the availability of basic infrastructure at the village level.

**2.4.4. Sectoral reviews**

In the course of 2004, the PDDE was the subject of a review conducted by the government and the technical and financial partners of the education sector. The aims of this review were, in particular, to: (i) examine the performance of the sector, on the basis of the activities, data, and statistics from the previous school year; (ii) assess the operationality of the structures established for PDDE implementation; (iii) review the budget execution report from year 1 of PDDE implementation; (iv) examine the activity report for year 2 and the PDDE execution manual; and (v) exchange views on any other factor which might improve PDDE implementation.

### III. Part Three: OUTLOOK

#### 3.1. Major challenges

Despite all the efforts made, there are still a number of constraints limiting the reach of poverty reduction actions. Generally speaking, these constraints are associated with the following factors:

- Poor mobilization of domestic and external resources.
- The size of the debt burden.
- Persistent vagaries of the weather, aggravating the severity of the climate.
- The country's landlocked status.
- The scarcity of natural resources in an austere environment that has also long been subject to a process of accelerated deterioration.
- The strong population growth, reflected in an unsustainable pressure on natural energy resources and on the soil, as well as an acceleration of domestic demand in the areas of nutrition, the supply of potable water, healthcare, education, training, and jobs.
- The qualitative weakness of the human resources responsible for program implementation, as well as the poor institutional capacities.
- The reluctance of some bilateral partners to take the program approach, as a result of which projects that have no synergistic effects are retained within programs.
- The variety of different procedures used by partners and the lack of harmonization of their interventions.

However, some constraints are more specific in that they are associated with the environments of the different sectors. Hence, as regards PRS financing, one can identify weaknesses in the mobilization of external resources and in the harmonization of the development partners' interventions.

Similarly, the absence of a simulation model that shows the connections among the quantified objectives, macrofinancial implications and agricultural growth, as well as the heterogeneous nature of rural sector institutions, does nothing to facilitate implementation of the Rural Development Strategy.

In the area of basic education and literacy training, the international community is only weakly mobilized in favor of universalizing education for all (to date, the resources mobilized or announced under the Fast Track Initiative represent only 7 percent of the total resources mobilized in favor of the sector).

However, it does bear noting that the process of operationalizing the strategic themes of the PRS is ongoing, in particular through the drafting or finalization of a number of sectoral policies and strategies. Of particular note are:

- Adoption of the national policy declaration on promotion of the private sector, and of the priority program for private sector revitalization.
- Adoption of the National Urban Development Strategy.
- Adoption of the National Microfinance Strategy.
- Adoption of the National NICT Development Strategy.
- Adoption of the Framework Program for the Vocational Integration of Youth.
- Finalization of the National Education and Vocational and Technical Training Policy.
- Launching of studies on the National Employment Policy.
- Finalization of the National Tourism Development Policy.

In terms of the outlook, the monitoring of PRS implementation generally stresses the following aspects:

As regards fiscal policy, the objectives sought are observance of the WAEMU convergence criteria and an adequate allocation of resources to the priority sectors. Particular attention will be devoted to improving the rate of the tax ratio:

- By relying in particular on indirect domestic taxation, especially on the reduction of the scope of exemptions, thanks to tightened control and making almost all goods and services consumed subject to tax;
- Through the definition of a clear taxation policy and firm and constant support for its implementation, taking a gradual and rational approach;
- By increasing the human and technical capacities of the tax offices.

In the context of continuing the economic and structural reforms in order to support PRS implementation, the government will carry out the action plan for strengthening public finance management developed by PEMFAR. In addition, in order to ensure the optimum allocation of resources, it will continue efforts to modernize budget preparation and planning by preparing program budgets and the Medium-Term Expenditure Framework (MTEF) consistent with the PRS objectives in the priority sectors.

In respect of the public debt, implementation of a sustainable debt reduction strategy will make it possible to ensure the sustainability of the public debt after the completion point has been reached. Given the weakness of its domestic resources, external assistance in the form of debt relief, project grants, and budgetary grants, is of crucial importance for Niger in order to continue the development and poverty reduction efforts.

With regard to the domestic debt, the authorities will continue:

- Implementation of the policy to clear domestic arrears in the context of an appropriate strategy;
- Actions aimed at the nonaccumulation of new domestic arrears through strict application of the rules of budgetary orthodoxy.

In the monetary policy area, the government's objectives are state divestment from the banking sector and improvement in net foreign assets.

In the context of Rural Development Strategy implementation, in particular as regards agro-silvo-pastoralism, the government will continue to strengthen food security. The strategy for agriculture will focus on technical efficiency and economic profitability. The aim is radically to transform the national agricultural production system in order to attenuate the effects of the vagaries of the weather and the cycle of food crises, among other things. To this end, emphasis will be placed on significantly increasing the amount of land under irrigation, using intensive crops, combating soil deterioration, the construction of fertilizer production plants, developing the subsectors, and the modernization of agriculture.

The objectives in the area of water supply and sanitation are to:

- Inventory and conduct studies to learn more about the country's potential water resources, with priority on those water resources which address emergency situations for supplying water to the people and to livestock and for tapping readily accessible aquifers for agricultural purposes.
- Monitor the quantitative and qualitative evolution of water resources, in particular those the most vulnerable to the vagaries of weather and to human activities.
- Harmonize the integrated management of water resources shared in a subregional cooperation framework.
- Increase from 70 percent to 85 percent the coverage rate for water needs in urban centers.
- Increase from 59 percent to 62 percent the rate of coverage of the needs for modern water supply points for the rural population, by building new water supply points and rehabilitating nonoperational water supply works and equipment.
- Define a policy on pastoral water supply.

In the area of the environment and combating desertification, the objectives are to:

- Restore 10,634 hectares of degraded soil by 2006, through plant production operations (2,500,000) and reforestation/agroforestry operations.
- Parcel out 100,000 hectares of natural forests by end-2006.
- Ensure environmental surveillance and contribute to environmental preservation and improved living conditions.
- Improve and stock 40 ponds and bodies of water by end-2006.
- Allocate 10 percent of national territory to protected areas, as against the current 6.6 percent.

In the tourism and crafts sector, the outlooks are to:

- Enhance the credit access possibilities and capacities of small and microenterprises;
- Develop the capacities of microfinance institutions to grant loans tailored to craftsmen;
- Conduct a study on introducing and applying a special tax system for micro and small crafts enterprises;
- Adopt and publicize the law establishing bylaws for crafts cooperatives;
- Continue the thinking and exchanges about the creation of handicrafts chambers;
- Systematically produce and publish statistical data on the crafts sector;
- Evaluate the implementation of the PNDA to update it and adapt it to developments in the sector;
- Adapt the training/apprenticeship system to the financial and organizational possibilities of the micro and small crafts enterprises;
- Establish intervention and prevention mechanisms with respect to the impacts of crafts activities on the environment;
- Complete and strengthen the mechanisms for marketing the high-performance and credible crafts products identified;



- Favor access to government contracts, studying the possibility of creating conditionalities and exceptional measures for craftsmen and their structures;
- Take the tourism and crafts sectors into account as priority sectors in the poverty reduction strategy;
- Establish a tax system tailored to the needs of the tourism sector;
- Create the conditions for carrying out ecotourism microprojects which can have a certain impact on poverty reduction.

In the mining and energy sectors, the outlooks are to:

- Increase the volume and value of uranium sales.
- Relaunch the process of producing phosphate fertilizers.
- Prospect deposits of construction materials and industrial minerals.
- Develop small scale mining operations.
- Increase the industrial and artisanal production of gold.
- Develop the Salkadamna coal deposit.
- Draft strategies for the development of the mining and energy sectors and have them adopted.

In the health sector: The MSP/LCE has a Health Development Plan (PDS) 2005-2009. All the activities to be carried out during the period must be based on this plan, which is part of the PRS and MDG framework. The outlooks for 2005 and 2006 involve implementation of the following action plan:

1. Increase health coverage

- Transformation of 50 rural health clinics into Integrated Health centers (CSIs)
- Conduct roving activities from the CSIs
- Development of experimental mobile teams in 5 districts
- Delimitation of health areas at the CSIs via microplanning

2. Increase the use of health services

- Bringing personnel up to standards
- Training of staff in priority fields, incorporating vertical programs
- Introduction of the patient-focused approach in health care at the health facility level (DSs, CSIs, CHRs, referral maternity units) (23 in 2005, 23 in 2006)
- Promotion of management for quality in managing the units
- Providing the rural CSIs with solar energy to improve working conditions and motivate staff (lighting, ventilation, refrigerator)
- Application of operational instructions for preventive care at the CSI level
- Application of the HD, CHR, and maternity referral level care protocols

3. Ensure screening and care for tuberculosis victims

- Strengthening and implementation of the program to combat tuberculosis

4. Develop care approaches for chronic and hereditary diseases

- Development of care strategies for high blood pressure, epilepsy, sickle cell anemia, and diabetes: screening, treatment, monitoring, referral
- Experimentation with care strategies in 5 HDs and 10 CSIs
- Preparation and implementation of the hygiene and sanitation programs of IEC/CCC

5. Improve the accessibility of the national and regional referral centers

- Implementation of hospital reform
- Preparation of development plans for the various health facilities
- Provision of subsidies to the specialized EPAs in the sector (Dialysis Center and Radiological Safety Center)

6. Develop the private sector

- Application of the legal provisions on the role of the private sector
- Conduct of a study on the private facilities
- Definition of an activities packet by type of private facility.

However, in order to implement the 2005-2006 action plan, the following measures are essential:

- Decentralization of the management of health services, involving grassroots participation in the planning and management process for health activities.

- Availability of human resources of sufficient quantity and quality and material resources needed to ensure that the units are functional.
- Introduction of a staff incentive system at all levels.
- Consistent mobilization of financial resources.

In the area of population and social action, it is planned to:

- Assess and update the National Population Policy (PNP).
- Prepare the PNP action plan.
- Conduct an advocacy and awareness campaign with the various target groups aimed at changing mentalities as regards the control of population growth.
- Prepare demographic projections for 2005-2025 to highlight the impact of population growth on the various sectors (health, education, employment, environment).
- Strengthen the intervention capacities of technical supervisors in order to ensure that the population dimension is better taken into account in sectoral development strategies.
- Improve the coordination, monitoring, and evaluation mechanisms for population-related activities.
- Revise the National Social Development Policy and prepare the Social Action and National Solidarity Policy.

All the questions associated with the control of population growth, development, and national solidarity will be taken into account in the context of the next revision of the PRS.

In the area of promoting women and protecting children, the government is contemplating the following actions:

- Revision of the national policy on the promotion of women.
- Preparation of the Personal Status Code.
- Adoption and dissemination of the Children's Code.
- Establishment of educational judiciary and preventive services for taking care of children in conflict with the law.

In respect of the modernization of public administration, the following undertakings are being prepared:

- Introduction of an Intranet system within the Ministry of Civil Service and Labor;
- Introduction of a single data file on the Civil Service/Payroll in order to control staffing levels and the wage bill in order to meet the convergence criteria defined by WAEMU;
- Interconnection of the DAAFs of the ministries with the integrated central MFP/T/MEF file;
- Computerization of government;
- Introduction of forward management of government employment levels;
- Establishment of a jobs database;
- Introduction of a communications and public relations policy;
- Launch of a study on corruption in the Civil Service.

With respect to employment, the following actions are planned:

- Reconfiguration of the Public Administration, in particular through a revision of the PIMAP,
- Revision of the General Personnel Regulations for the Civil Service, of the Labor Code, and of the Interprofessional Collective Convention,
- Reform of the National Retirement Fund,
- Establishment of the Health Mutual Association,
- Studies on productivity and the matching of job descriptions /positions /employment.

In terms of the monitoring/evaluation of the PRS, the following activities are planned in 2005:

- Adoption of a frame of reference for the introduction of an information system for PRS monitoring.
- Operationalization of NigerInfo.
- Development of a road map for the preparation of a National Statistical Development Strategy (SNDS).
- Establishment of an Advanced Poverty Analysis Unit (UAAP).
- Processing and analysis of the results of the 1-2-3, CWIQ, and DSBE surveys.
- Launch of the MICS-EDS III survey.
- Analysis of the results of the RGPH and preparation of demographic projections for 2005-2050.
- Diagnostic study on evaluative capacities in Niger.
- Implementation of the reform of the National Statistics Institute.
- Continued testing of the mechanism for the monitoring/evaluation of projects and programs.

In 2006, the government will place particular emphasis on defining a framework which makes it possible to:

- Enhance the cohesiveness of the interventions of technical and financial partners, with an eye to synergies and the mobilization of more resources from the partners.
- Build the capacities of national stakeholders for using high-performance monitoring and evaluation tools.
- Strengthen institutional capacities for the overall operation of the monitoring/evaluation mechanism.
- Make reliable and up-to-date data available to stakeholders on poverty and household living conditions.

To this end, the following activities will be carried out:

- Development of a National Statistical Development Strategy
- Definition and implementation of a national program to build monitoring/evaluation capacities and a partnership framework for coordinating interventions in this area
- Effective establishment of the Poverty and Human Development Observatory
- Introduction of the monitoring/evaluation mechanism for development projects and programs
- Definition of an overall monitoring/evaluation plan and preparation of a monitoring/evaluation manual
- Launch of data gathering for the EDS-MICS III Survey and the National Consumption Budget Survey
- Effective installation of NigerInfo and definition of the poverty databases in Niger, as well as some sectoral databases
- Clarification of the roles of the various stakeholders involved in PRS monitoring/evaluation, in particular civil society

### **3.2. Conditions for success**

The success of PRS implementation depends to a great extent on the stability of external financial aid flows. The government's expectations from its development partners will therefore be hinged on the following:

- Clarification of their commitments in terms of multiyear financial amounts (targeted budgetary aid, program aid, project aid, etc.), favoring program aid to the greatest extent possible.
- Harmonization of their interventions.
- Promotion of delegated cooperation for nonresident partners.
- Continued support for building human and institutional capacities.

For its part, the government is engaged in the mobilization of domestic resources, enhancing transparency in the management of public finances, the creation of conditions conducive to the revitalization of the private sector, and imparting new dynamism to the national statistical system.

Carrying out this vast effort will make it possible to genuinely begin the PRS revision process through which the government will seek to further affirm its commitment to revitalizing the economy and reaching the MDGs.

### **3.3. PRS revision process**

The government's adoption of the PRS in 2002 provided an opportunity to delineate the strategic orientations in Niger's economic, social, and financial spheres in terms of operational objectives of sectoral policies and/or strategies implemented, in particular in the priority sectors of health, education, rural development, and infrastructure.

However, while the results as regards the implementation of most of the sectoral strategies are satisfactory, it is nonetheless true that a number of new concerns arose that should be taken into account in the PRS; these are the inclusion, among others, of population, employment, professional integration of youths, and gender issues.

Similarly, as regards the redefinition of the role of the various stakeholders, it is necessary to increase the involvement of private sector and civil society structures in the process.

Furthermore, while holding local elections in July 2004 and establishing new local governments constitute an opportunity for making the PRS operational on the regional and local levels, they also require the updating of the institutional mechanism for implementation so as to take into account the new decentralized bodies, as well as their specific needs in planning.

To do so in a manner consistent with the commitment initially expressed, the government has begun the process of PRS revision, in particular through broad consultation with stakeholders, the establishment of a macro modeling group, the

partnership for human capacity building, the strengthening and revitalization of the institutional implementation mechanism, and the updating of poverty data.

However, the process is still experiencing some problems, associated in particular with the following aspects:

- The delay in the availability of new data to provide information on the current state of poverty, and which would make it possible to adjust sectoral strategies as required, as well as to bring the PRS more into line with the MDGs.
- The low level of financial resource mobilization for ensuring that activities are implemented.

# ANNEXES

**Annex 1: Government Flow of Funds Table (in billions of CFA francs)**

	2002	2003	2004	2005 Programming
<b>Total revenue</b>	160.9	<b>156.7</b>	<b>172.8</b>	<b>201.9</b>
Tax receipts	144.6	152.1	167.6	192.6
Taxes on foreign trade	82.9	79.9	83.2	95.6
Taxes on goods and services	30.6	34.1	40.9	48.1
Income and profits taxes	23.1	28.3	31.4	35.4
Other tax receipts	7.9	9.8	12.1	13.4
Nontax revenue	3.8	1.2	1.4	6.0
Revenue of annexed budgets + special accounts	4.1	3.4	3.9	3.3
Offsetting revenue	8.3	0.0	0.9	0.0
<b>Expenditure</b>	278.1	<b>274.5</b>	<b>314.9</b>	<b>393.0</b>
<b>Total current expenditure</b>	161.8	<b>160.6</b>	<b>169.7</b>	<b>188.8</b>
Budgetary current expenditure	153.7	152.0	159.9	180.9
Wages and salaries	55.3	57.1	59.2	63.1
Materials and supplies	45.4	39.7	50.1	55.3
Subsidies and transfers	30.3	37.8	38.2	56.8
Interest payable	22.6	17.4	8.1	5.6
External debt	21.2	16.1	8.0	3.6
Domestic debt	1.4	1.3	0.1	2.0
Annexed budgets/special accounts	10.3	8.6	9.8	7.9
<b>Capital expenditure and net lending</b>	116.3	<b>115.5</b>	<b>144.8</b>	<b>204.2</b>
Capital expenditure	116.6	115.5	144.0	202.6
Against budgetary resources	27.1	28.5	34.0	40.0
Externally financed	89.4	87.0	110.0	144.2
Of which: HIPC resources	9.8	12.0	17.0	18.1
Net lending	-0.2	0.0	0.8	1.6
Overall balance (commitments basis)	-117.2	-119.4	-141.6	-191.1
Basic budget balance	-27.8	-34.4	-31.7	-28.5
Change in arrears (reduction - )	-33.4	-12.2	-19.3	-21.3
Domestic arrears	-33.4	-12.2	-19.3	-21.3
External arrears	0.0	0.00	0.0	0.0
<b>Overall balance (cash basis)</b>	<b>-150.6</b>	<b>-131.6</b>	<b>-160.9</b>	<b>-212.4</b>

**Source:** DGE/CCE/ME/F

**Annex 2: Summary Table of Economic and Financial Indicators, 2002-2005**

	2002	2003	2004	2005 (estimate)
<b>Gross domestic product and prices</b>				
Nominal GDP (CFAF billions)	1,439.5	1,466.2	1,474.9	1,740.4
Per capita GDP (annual growth)	-0.1%	2.2%	-2.7%	1.0%
<b>Growth rate</b>				
Per capita GDP (annual growth)	-0.1%	2.2%	-2.2%	1.0%
Per capita consumption	-0.6%	5.1%	-2.0%	-6.0%
GDP at constant prices	3.0%	5.3%	0.9%	4.1%
Informal sector	2.9%	5.8%	-0.2%	4.3%
Of which: agriculture	0.8%	8.6%	-12.0%	5.6%
Modern sector	3.3%	4.9%	5.4%	3.6%
<b>Prices</b>				
GDP deflator	3.0%	-0.3%	1.9%	2.3%
Consumer prices	2.6%	-1.6%	0.2%	2.5%
<b>In percent of GDP</b>				
Consumption	94.7%	95.0%	95.5%	90.5%
Private	81.6%	80.1%	77.5%	77.5%
Public	10.6%	10.5%	11.0%	10.6%
Investment	14.2%	14.20%	16.5%	18.7%
Gross fixed capital formation	14.0%	14.0%	16.4%	18.7%
Private	5.2%	5.7%	6.0%	6.1%
Public	8.8%	8.3%	10.4%	12.6%
<b>Public finances</b>				
Total budgetary revenue	10.6%	9.9%	10.6%	11.6%
Tax receipts	9.6%	9.6%	10.3%	11.0%
Total expenditure	18.4%	17.4%	19.3%	22.5%
Current expenditure	10.7%	10.1%	10.4%	10.8%
Capital expenditure	7.7%	7.3%	8.9%	11.7%
Overall balance (commitments basis)	-7.7%	-7.5%	-8.7%	-11.0%
Basic budget balance	-1.8%	-2.0%	-1.9%	-1.6%
Primary balance (commitments basis)	-6.3%	-6.4%	-8.2%	-10.7%
Overall balance (cash basis)	-10.0%	-8.3%	-9.9%	-12.2%
<b>WAEMU convergence criteria (in %)</b>				
Basic balance/GDP	-1.8%	-2.00%	-1.9%	-1.6%
Tax ratio	9.6%	9.6%	10.3%	11.0%
Wage bill/tax receipts	38.2%	37.5%	35.3%	32.9%
Capital expenditure from own resources/tax receipts	18.8%	18.7%	20.3%	20.8%

Source: CCE/ME/F (LFR2006)





Annex 3: Evolution of Budget Expenditure Execution, 2002-2004 (in billions of CFA francs)

	2002			2003			2004		
	appropriatio n	execution	rate	appropriatio n	execution	rate	appropriatio n	execution	rate
EDUCATION	56.21	52.55	93%	60.52	50.88	84%	64.32	57.5	89.4%
HEALTH	35.71	31.95	89%	39.27	25.98	66%	28.69	20.94	73%
RURAL	58.65	46.01	78%	77.22	41.51	54%	86.45	64.34	74%
INFRASTRUCTURE/ TRANSPORT	33.56	19.03	57%	25.58	16.99	66%	20.7	17.34	84%
<b>TOTAL PRIORITY SECTORS</b>	<b>184.12</b>	<b>149.54</b>	<b>81%</b>	<b>202.59</b>	<b>135.36</b>	<b>67%</b>	<b>200.16</b>	<b>160.12</b>	<b>80%</b>
OTHER	198.0	138.87	70%	196.52	149.5	76%	207.73	149.33	72%
<b>TOTAL</b>	<b>382.12</b>	<b>288.40</b>	<b>75%</b>	<b>399.10</b>	<b>284.86</b>	<b>71%</b>	<b>407.89</b>	<b>309.45</b>	<b>76%</b>

Source: DGB/ME/F

**ANNEX 4: Structure of Appropriation and Execution of Expenditure**

	2002		2003		2004	
	Appropriation	Execution	Appropriation	Execution	Appropriation	Execution
EDUCATION	15%	18%	15%	18%	16%	19%
HEALTH	9%	11%	10%	9%	7%	7%
RURAL	15%	16%	19%	15%	21%	21%
INFRASTRUCTURE/ TRANSPORT	9%	7%	6%	6%	5%	6%
TOTAL PRIORITY SECTORS	48%	52%	48%	48%	49%	52%
OTHER	52%	48%	52%	52%	51%	48%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: DGB/ME/F

**Annex 5: Public Capital Expenditure, 2002-2004 (in billions of CFA francs)**

	2002			2003			2004		
	Appropriation	Execution	Execution rate	Appropriation	Execution	Execution rate	Appropriation	Execution	Execution rate
EDUCATION	14.06	12.01	85%	20.22	12.21	60%	21.67	19.1	88%
HEALTH	15.99	15.09	94%	24.44	14.57	60%	12.37	4.41	36%
RURAL	46.89	35.73	76%	70.34	35.90	51%	79.17	58.27	74%
INFRASTRUCTURE/ TRANSPORT	29.19	15.74	54%	24.89	16.34	66%	15.88	21.99	138%
TOTAL PRIORITY SECTORS	106.13	78.57	74%	139.89	78.69	56%	129.09	103.77	80%
OTHER	27.52	25.33	92%	44.86	41.71	93%	48.67	6.41	13%
<b>TOTAL</b>	133.65	103.9	78%	184.75	120.4	65%	177.76	110.18	62%

Source: DGBME/F

**ANNEX 6: Structure of Appropriation and Execution of Public Capital Expenditure**

	2002		2003		2004	
	Appropriation	Execution	Appropriation	Execution	Appropriation	Execution
EDUCATION	11%	12%	11%	10%	12%	17%
HEALTH	12%	15%	13%	12%	7%	4%
RURAL	35%	34%	38%	30%	45%	53%
INFRASTRUCTURE/ TRANSPORT	22%	15%	13%	14%	9%	20%
<b>TOTAL PRIORITY SECTORS</b>	<b>79%</b>	<b>76%</b>	<b>76%</b>	<b>65%</b>	<b>73%</b>	<b>94%</b>
OTHER	21%	24%	24%	35%	27%	6%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: DGB/ME/F

## ANNEX 7: STATUS OF HIPC-FUNDED APPROPRIATIONS, 2004 Budget

HEADING	APPROPRIATION PASSED	AMOUNT COMMITTED	AMOUNT AUTHORIZED	AMOUNT AVAILABLE (Theoretical)
Const. Outfitting VE classes	3 617 990 000	2 076 127 136	2 076 127 136	1 541 862 864
Const. Outfitting VES clinics	4 143 219 000	2 935 755 723	2 935 755 723	1 207 463 277
Const. Outfitting veterinary clinics	100 295 000	72 796 324	72 796 324	27 498 676
Village-level and pastoral wells	2 138 478 000	1 190 810 805	1 190 810 805	947 667 195
Village-level and pastoral borewells	1 564 502 000	555 889 368	555 889 368	1 008 612 632
Skill Works	1 564 502 000	545 332 636	545 332 636	1 019 169 364
AHA rehabilitation	1 105 882 000	712 765 009	712 765 009	393 116 991
Mini-dams	4 523 157 000	2 249 991 336	2 249 991 336	2 273 165 664
Lending to young graduates in economic interest groupings	789 916 000	573 976 760	573 976 760	215 939 240
Lending for dairy cattle	394 958 000	-	-	394 958 000
Lending to women's groups	789 916 000	-	-	789 916 000
Activities targeting women	666 190 000	317 500 000	317 500 000	348 690 000
PRSP preparation	399 713 000	217 304 274	217 304 274	182 408 726
Const. Outfitting mini CEGs in rural areas (Ministry of Basic Education)	58 660 000	58 226 700	58 226 700	433 300
Health equipment and infrastructures (Ministry of Health)	150 000 000	30 220 000	30 220 000	119 780 000
Reconstruction of CSIs	92 000 000	-	-	92 000 000
Construction of maternity facilities	80 000 000	11 277 210	11 277 210	68 722 790
Construction of CSIs	80 000 000	-	-	80 000 000
Contractual teachers, Basic education 1	4 566 867 000	4 440 840 000	4 440 840 000	126 027 000
Support for basic healthcare	1 083 000 000	533 791 436	533 791 436	549 208 564
Support for combating malaria	231 000 000	10 062 566	10 062 566	220 937 434
Training of specialists	200 000 000	147 696 414	147 696 414	52 303 586
PRS implementation program	404 674 000	139 723 564	139 723 564	264 950 436
Const. 250 classrooms, 2nd degree	100 000 000	99 466 580	99 466 580	533 420
National Participation Program	100 000 000	99 914 935	99 914 935	85 065
<b>TOTAL</b>	<b>28 944 919 000</b>	<b>17 019 468 776</b>	<b>17 019 468 776</b>	<b>11 925 450 224</b>

**Annex 8:** Status of Budgetary Aid, 2002-2004 (in millions of CFA francs)

<b>FINANCING SOURCES</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	Real	Real	Real	Real	Real*
<b>Loans</b>	<b>34 071</b>	<b>38 312</b>	<b>59 643</b>	<b>46 280</b>	<b>24 315</b>
1. Multilateral contributions	34 071	38 312	48 099	46 280	24 315
- IMF	7 770	7 885	15 435	13 508	6 678
- IBRD	26 301	30 427	27 247	22 630	14 602
- AfDB/GED			5 417	10 142	3 035
2. Bilateral contributions	0	0	0	0	0
- China	0	0	0	0	0
- Algeria	0	0	0	0	0
- Libya	0	0	0	0	0
- Belgium (Belgolaise bridging loan)	0	0	0	0	0
3. Other (OPEC Fund)	0	0	11 544	0	0
<b>Subsidies</b>	<b>26 019</b>	<b>30 594</b>	<b>28 382</b>	<b>27 902</b>	<b>30 190</b>
1. Multilateral contributions	7 694	22 592	18 348	19 702	22 347
- EU	3 148	17 648	10 600	16 891	18 619
- WAEMU Comm. (tax rebate and other)	4 546	4 944	7 748	2 811	3 728
. Tax rebate	4 546	4 919	7 748	2 811	3 728
. Other	0	25	0	0	0
- Council of the Entente	0	0	0	0	0
- Interim HIPC assistance	0	0	0	0	0
2. Bilateral contributions	18 325	8 002	10 034	8 200	7 843
- France	9 952	8 002	5 969	6 560	4 591
- Germany	0	0	0	0	0
- Switzerland	0	0	0	0	0
- Japan	0	0	0	0	0
- United States	0	0	0	0	0
- Canada	0	0	0	0	0
- Belgium	7 317	0	4 065	1 640	0
- Netherlands	0	0	0	0	2 703
- Norway	0	0	0	0	549
- Italy	0	0	0	0	0
- Nigeria	0	0	0	0	0
- Libya	0	0	0	0	0
- Denmark	0	0	0	0	0
- People's Republic of China	1 056	0	0	0	0
- Other	0	0	0	0	0
<b>TOTAL</b>	<b>60 090</b>	<b>68 906</b>	<b>88 025</b>	<b>74 182</b>	<b>54 505</b>

(\*) For 2004, figures are current as at December 15.

**N.B.:** These data do not include the amounts of relief from multilateral donors under the HIPC Initiative and paid into the "HIPC Initiative" account at the Central Bank.

**Source:** BCEAO

### Annex 9: List of PRS Monitoring Indicators

Indicators by area/objective	Method/source	Periodicity	Level of indicator			
			Latest data available (PRSP)	2002	2003	2004
<b>Incomes</b>						
Incidence of income poverty	Survey/INS	Every 5 years	63% (1994)	nd	nd	nd
Depth of poverty	Survey/INS	Every 5 years	0.217 (1994)	nd	nd	nd
Severity of poverty	Survey/INS	Every 5 years	0.101 (1994)	nd	nd	nd
Number of beneficiaries of microcredit	MFE	Annual				
<b>ACCELERATED SUSTAINABLE GROWTH AND STABILITY</b>						
<b>Sustained, accelerated, poverty-reducing growth</b>						
Rate of growth of real per capita GDP	National accounts/INS	Annual	4.3 (2000)			
Share of government budget allocated to the various PRS priority sectors	DGB/MFE, technical ministries	Annual				
<b>Financial stability</b>						
External debt outstanding as percentage of GDP	DGB/MFE	Annual				
Average annual inflation rate	Price statistics/INS	Annual	3 (2000)			
Budget balance as percentage of GDP	DGE/MFE	Annual	-2.9 (2000)			
Current balance of payments	BCEAO/MFE	Annual				
Tax ratio	DGE/MFE	Annual				
<b>Promotion of private sector/competitiveness</b>						
Investment ratio	INS DGE	Annual				
Turnover generated by tourism, in millions	DEP/Ministry of Tourism and Crafts	Annual		1174	1100	806
Volume of credit to enterprises	MFE-BCEAO	Annual				
Number of private enterprises created	Ministry of Commerce	Annual				
<b>DEVELOPMENT OF PRODUCTIVE SECTORS</b>						
<b>Rural development and management of natural resources</b>						
Production of major subsectors (livestock, timothy grass, rice, sorghum, sedge, groundnut, gum Arabic, fisheries)	DEP/MDA, MRA, INS, MHE/LCD	Annual				
Index of food vulnerability	SAP/CAB/PM	Annual				

Indicators by area/objective	Method/source	Periodicity	Level of indicator			
			Latest data available (PRSP)	2002	2003	2004
Area of protected spaces	DEP/MHE/LCD	Annual				6.6 percent of territory
Area of reforested land	DEP/MHE/LCD	Annual				4030
Area of recovered deteriorated lands (in hectares)	DEP/MHE/LCD	Annual				6812
Percentage of households using wood as an energy source	ECVM, RGPH	Every ten or five years				
<b>Transport/communications/energy/mines</b>						
Number of telephone subscribers	DEP/MC	Annual				
Percentage of households with a radio	ECVM /INS	Every five years				
Number of kilometers of roads <ul style="list-style-type: none"> <li>• built</li> <li>• and maintained</li> </ul>	DEP/ME	Annual				<ul style="list-style-type: none"> <li>• 345</li> <li>• 130</li> </ul>
Percentage of villages served by at least one all-season road	DEP/ME	Annual				
Rate of growth of mining production	DEP/MME	Annual				
<b>Employment</b>						
Unemployment rate	ECVM/INS	Every five years				
Rate of placement of job seekers registered with labor and employment services	ANPE/MFP	Annual				25.24
<b>GUARANTEE ACCESS TO BASIC SOCIAL SERVICES</b>						
<b>EDUCATION</b>						
Gross enrollment ratio in <ul style="list-style-type: none"> <li>• Primary school</li> <li>• Basic secondary cycle 2</li> </ul>	Yearbook/MEBA, MESS/RT	Annual	<ul style="list-style-type: none"> <li>• 37.3 (2000)</li> <li>• nd</li> </ul>	<ul style="list-style-type: none"> <li>• 41.7</li> <li>• 14.52</li> </ul>	<ul style="list-style-type: none"> <li>• 45.4</li> <li>• 17.62</li> </ul>	<ul style="list-style-type: none"> <li>• 50.02</li> <li>• 14.9</li> </ul>
Completion rate for primary school	Yearbook/MEBA	Annual		• 64.2	• 65.4	• 67
Literacy rate	ECVM	Every five years	19.9 (2000)	nd	nd	nd
First-year admission rate to <ul style="list-style-type: none"> <li>• Primary school</li> <li>• Secondary cycle</li> </ul>	Yearbook/MEBA, DEP/MESS/RT	Annual		<ul style="list-style-type: none"> <li>• 49.8</li> <li>• 18.9</li> </ul>	<ul style="list-style-type: none"> <li>• 51</li> <li>• 19.97</li> </ul>	<ul style="list-style-type: none"> <li>• 55.2</li> <li>• 25.22</li> </ul>
<b>Health</b>						
Seroprevalence rate	DEP/MSP-LCE	Every five years		0.87	nd	nd
Lethality rate from malaria	DEP/MSP-LCE	Every year		0.34	1.46	0.10
Number of new consultants for primary care, or rate of use of curative consultations	DEP/MSP	Annual		18	nd	20



Indicators by area/objective	Method/source	Periodicity	Level of indicator			
			Latest data available (PRSP)	2002	2003	2004
Number of new registrants in Prenatal Consultations (CPNs)	DEP/MSP	Annual		219677	226575	251018
Maternal mortality rate per thousand	EDS/INS	Every five years	7 (1992)	nd	nd	nd
Infant/child mortality rate per thousand	MICS/INS	Every five years	280 (2000)	nd	nd	nd
<b>Ratio of health facility coverage</b>	DEP/MSP	Annual	48	47.6	49.8	65
Vaccination coverage rate for: <ul style="list-style-type: none"> <li>• DTCP3</li> <li>• Measles</li> </ul>	DEP/MSP	Annual	18.4 (2000)	<ul style="list-style-type: none"> <li>• 21</li> <li>• 47</li> </ul>	<ul style="list-style-type: none"> <li>• 52</li> <li>• 67</li> </ul>	<ul style="list-style-type: none"> <li>• 62</li> <li>• 72</li> </ul>
Rate of contraceptive usage	EDS/INS	Every five years		nd	nd	nd
Percentage of assisted childbirths	EDS/INS	Every five years	nd	nd	nd	nd
<b>Living conditions/Housing</b>						
Rate of coverage with basic sanitation infrastructures	DEP/MHE/LCD	Annual	nd			
Rate of access to electricity	DEP/MME	Annual	nd	nd	nd	nd
Rate of coverage of needs for subsidized housing	DEP/MUH	Annual	nd			
Ratio of rehabilitated old neighborhoods in rural areas	DEP/MUH	Annual	nd			
<b>Nutrition/food</b>						
Percentage of children weighing less than 2.5 kg at birth	DEP/MSP	Annual				
Rate of coverage of grain requirements	DEP/MDA	Annual				
Rate of coverage of needs for water	DEP/MHE/LCD	Annual	52(2000)			
<b>PROMOTION OF GOOD GOVERNANCE AND CAPACITY BUILDING</b>						
Good Governance Index	Survey/INS	Every three years				
<b>Political governance</b>						
Number of persons charged whose cases come to trial on schedule	DEP/MJ	Annual				
Number of orders issued mentioning violation of the constitution in terms of number of appeals	DEP/MJ	Annual				
Number of judges per capita	DEP/MJ	Annual				
<b>Administrative governance and capacity building</b>						
User satisfaction rate with government services	Survey/INS	Every five years				
Percentage of conflicts resolved (labor disputes and rural disputes)	CNDS	Annual				

Indicators by area/objective	Method/source	Periodicity	Level of indicator			
			Latest data available (PRSP)	2002	2003	2004
Degree of matchup of job descriptions/jobs	DEP/MFP	Annual				
<b>Economic governance</b>						
Perception of the degree of government corruption	Survey/INS, ANLC	Every three years				
<b>Social/gender participation</b>						
Participation index	INS	Annual				
Percentage of capital expenditure made by local governments in relation to total revenue	DEP/Community development ministries, DEP/Ministry of Interior	Annual				
Girl/boy parity index in the three education cycles - Basic 1 - Basic 2 - Middle	DEP/MEBA, and DEP/MESS	Annual				