

Niger: Poverty Reduction Strategy Paper Progress Report

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OFFICE OF THE PRIME MINISTER

Permanent Secretariat for the PRSP

**POVERTY REDUCTION
STRATEGY**

(Second Progress Report)

June 2003 – July 2004

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List of Acronyms

ABEDA: Arab Bank for Economic Development in Africa
ARM: Multisectoral Regulation Authority
ARMP: Public Procurement Regulation Authority
ARV: Anti-retroviral
BIA: Banque internationale pour l’Afrique
BOA: Bank of Africa
BTS: Higher technician’s license
CAFER: Autonomous Road Maintenance Financing Fund
CAPED: Development Analysis and Forecasting Unit
CARFO: Autonomous Civil Service Pension Financing Fund
CEG: General education colleges
CELTEL: Private cellular telephony operator
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
CGPE: Water Supply Point Management Committee
CNDHLF: National Commission on Human Rights and Fundamental Freedoms
CNDP: National Political Dialogue Council
CNDS: National Commission for Social Dialogue
COMINAK: Akouta Mining Company
CPI: Investment Promotion Center
CSI: Integrated Health Center
CTK: Kalmaharo Technical College
CWIQ: Core Welfare Indicators Questionnaire
DGEPD: General Directorate of Development Program Assessment
EAN: “Entreprendre au Niger” (Opening a Business in Niger)
ECOBANK: Local bank
EIG: Economic interest groups
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
HIPC: Highly indebted poor countries
IDA: International Development Association
IGA: Income-generating activities
ILO: International Labour Office
IMF: International Monetary Fund
INS: National Institute of Statistics
ITT: Invitation to tender
IUT: University technology institute

MESS/RT: Ministry of Secondary and Higher Education, Research and Technology
MFP/T/E: Ministry of Public Works, Labor, and Employment
MJ/IPJ: Ministry of Youth and the Professional Inclusion of Young People
MSP/LCE: Ministry of Public Health and Endemic Diseases
MTEF: Medium-term expenditure framework
NEPA: Nigerian electrical power administration
NEPAD: New Partnership for Africa's Development
NGO/DA: Nongovernmental organizations and development associations
NICI: National Information and Communication Infrastructure
NIGELEC: Nigerien electricity company
ONPE: National Post and Savings Office
ONPPC: National Pharmaceutical and Chemical Products Office
OPEC: Organization of Petroleum Exporting Countries
ORTN: National Radio and Television Broadcasting Office
PDDE: Ten-Year Education Development Program
PDS: Health Development Program
GIP: Government Investment Program
PIMAN: Integrated Government Modernization Program
PNCD: National Communications Policy for Development
PNP: National Population Policy
PRS: Poverty reduction strategy
PTMC: Prevention of Transmission from Mother to Child
RAIL/SIDA: Network of AIDS associations
SAFEM: International Exhibition on the Craft Industry and Women
SAHELCOM: Private cellular telephone operator
SEEN: Société d'exploitation des eaux du Niger (water)
SNIS: National Health Information System
SOMAÏR: Air Mining Company
SONIBANK: Société nigérienne de banque (bank)
SONUCI: Société nigérienne d'urbanisme et de construction immobilière (housing/urban development)
SPEN: Société de patrimoine des eaux du Niger (water)
SP/PR: Special Program of the President of the Republic
TELECEL: Private cellular telephone operator
WAEMU: West African Economic and Monetary Union
UFR: Training and research unit

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SUMMARY

This report, the second of its type prepared by the Permanent Secretariat responsible for implementation of the Poverty Reduction Strategy (PS/PRS) in collaboration with all the parties concerned, covers the period from June 2003 to July 2004. It presents the efforts made by the government to improve living conditions and provides an analysis of the measures, actions, and reforms undertaken in the priority sectors as well as the outlook for better achievement of the PRS objectives.

It must be mentioned that the first progress report on Niger's implementation of the PRS was one of the determining factors in the assessment made in April 2004 that Niger had reached the completion point under the HIPC Initiative.

After more than two years of implementation, the PRS has truly become established as the overall framework for the various sectoral strategies in existence or being devised. Moreover, it has been used to focus the actions of all the partners around the government's priorities.

Indeed, despite the vulnerability of the economy to exogenous factors (the upsurge of oil prices and the uncertainty related to the war in Iraq and persistent crisis in Côte d'Ivoire), the shortcomings of the infrastructures in place, and the weakness of the existing institutional capacities, there has been considerable progress in the implementation of the PRS during the period covered by this report:

- Satisfactory performance overall in the implementation of the economic and financial program, owing to the tightening of fiscal discipline and the application of budget control measures, which ensure the allocation of resources to the priority sectors identified in the PRS;
- Encouraging results in terms of access to basic social services. In particular in the area of education, the basic enrollment ratio rose from 45.4 percent in 2002 to over 50 percent in 2003. In the health sector the coverage ratio rose from 56.4 percent in 2002 to 65 percent in 2003, and a 2005–2009 Health Development Plan (PDS) and 2005–2007 Medium-Term Expenditure Framework (MTEF) were prepared;
- The adoption via Decree No. 2004-207/PRN/PM of August 18, 2004 of a rural development strategy (RDS), for which action plans are being prepared; the strengthening of the hydro-agricultural and urban, village, and pastoral water infrastructures; the implementation of anti-erosion works; and support for the development of income-generating activities (IGA) within the framework of food security enhancement;
- The completion, with the encouragement and support of the PS/PRS, of several studies aimed at analyzing poverty and improving knowledge about the factors favoring growth: the study on the sources of growth; the development of coherent framework for sectoral strategies under PRS as well as indicators to be monitored are being finalized, the completion of a study entitled "Nourir, éduquer et soigner tous les

Nigériens: la démographie en perspective” (Feeding, Educating, and Caring for All Nigériens: the Demographic Outlook);

- Moreover, during the same period, a number of sectoral strategies and socio-economic development programs (rural development, environment, ground transportation, integration, urban development, social integration of young people and their transition to the job market, development of national information and communication infrastructures, etc) were also prepared;
- Increase in rural and socio-educational infrastructure under the Special Program of the President (SP/P), in particular technical and logistic capacity-building for the implementation of various components;
- Passage of key legislation on decentralization and the holding of local elections;
- Development of a timetable for the alignment of program reviews with the budgetary cycle, along with an action plan for the harmonization of the interventions of Niger’s principal technical and financial partners, in accordance with one of the key recommendations of the forum on the PRS and out of concern for the streamlining of development assistance; these new instruments for joint evaluation will make it possible to heighten the visibility of the efforts and progress made in each sector and within the overall framework of poverty reduction efforts in Niger.

However, despite the work done, a number of constraints still limit the scope of action. These constraints are part of a set of factors that represent a drag on income growth and alter the quality of the living conditions and nutrition of the most vulnerable segments of the population; the factors that explain, among other things, the poverty situation and trends in Niger are related to the limited resources, the climatic conditions, the weak development of income-generating activities (IAG) in rural areas, strong demographic growth, the scarcity of arable land and environmental degradation, as well as the inadequacy of basic infrastructures.

Finally, in terms of outlook, this second report emphasizes:

- The need to continue the reforms by implementing the recommendations of the public expenditure and financial accountability Review(PEMFAR);
- The finalization of the sectoral policies and more widespread use of the medium-term expenditure frameworks (MTEFs);
- The mobilization of additional resources, given the structural constraints and weakness of basic infrastructure;
- The implementation of action plans harmonizing interventions of Niger’s partners;
- The establishment of an operational poverty tracking-assessment and information system.

The negotiation of a new economic and financial program based on the PRS will be a priority for the government.

Finally, strengthening the capacity of the participants involved is essential to the implementation of the planned measures under the best possible conditions.

INTRODUCTION

The government of Niger is in the third year of implementation of its Poverty Reduction Strategy (PRS). As the single strategic reference framework for government interventions in the economic, financial, and social areas, the PRS enables the government to hinge its actions on the national priorities and to achieve the objectives of sustained poverty-reduction and higher economic growth in a consistent, participatory way.

On the political side, Niger is developing a system marked by democratization and freedom of expression, opinion, and movement. Political and social stability has strengthened Niger's relationship with its development partners and enhanced the success of three years of programs with the Bretton Woods institutions.

A review of the developments in Niger's economy over the past few years reveals that the rural sector is still the principal engine of growth. A favorable agricultural production associated with incentives provided to the private sector and the resurgence of investment had led to a growth rate of 5.3 percent in 2003 compared with a projected 4 percent and 3.0 percent in 2002.

The economic and financial performances of recent years enabled Niger to reach the completion point under the HIPC Initiative in April 2004 and to receive debt relief from the Paris Club in May 2004. These initiatives should lead to a flow of the additional resources necessary for funding poverty reduction programs.

In this context, the implementation of the PRS in Niger is an opportunity to improve the key socio-economic indicators and move toward the Millennium Development Goals (MDGs).

*The purpose of this progress report is to establish the status of implementation, for the period **June 2003-July 2004**, of the actions and reforms initiated by the government within the framework of poverty reduction efforts. It provides an analysis with respect to the four key strategic areas identified in the PRS and presents an outlook for the future.*

In addition, the preparation of this report, which comes one year after the forum of development partners on the PRS held in Niamey, is an opportunity for the government to take stock of the results of the commitments undertaken by the various participants.

Finally, the preparation of the second progress report followed the same participatory approach that characterizes the PRS process, as it reflects the involvement of the various parties concerned.

This report is structured in three parts:

- ✓ Part 1 presents the results recorded in the implementation of sectoral poverty reduction policies and strategies;

- ✓ Part 2 presents a report on the implementation of the key recommendations of the PRS forum; and
- ✓ Part 3 presents the outlook for the government's actions within the framework of its poverty reduction efforts.

I. PRS IMPLEMENTATION

I.1. General context

I.1.1. Socio-economic and political context

The international and subregional context was marked in 2003 by the war in Iraq, the huge upsurge in oil prices, the depreciation of the dollar against the euro, and the crisis in Côte d'Ivoire. Nevertheless, the world economy recorded a growth of 3.2 percent in 2003 compared with 3.0 percent in 2002.

Over the same period, the International Monetary Fund (IMF) estimated growth in Sub-Saharan Africa at nearly 3.6 percent, under the combined thrust of the pursuit of rigorous macroeconomic management policies and fairly good prices for raw material exports. Moreover, the acceleration of economic integration through the African Union and the programs of the New Partnership for Africa's Development (NEPAD) are further opportunities for securing the conditions for stronger economic growth in the continent.

On a subregional level, adequate agricultural production helped hold back price increases, and a lull in the crisis in Côte d'Ivoire facilitated the achievement of real GDP growth rate within the West African Economic and Monetary Union (WAEMU) zone of 3.0 percent in 2003 compared with 1.3 percent in 2002.

Nevertheless, despite the sound performances projected for the continent, the recovery in the petroleum sector, and 5.2 percent growth in 2003, economic activity is expected to slow in 2004 in Nigeria, whose imports represent 27.4 percent of Niger's exports (compared to only 6.6 percent by the WAEMU zone).

Despite this difficult environment, implementation of the PRS has continued in Niger in a stable macroeconomic environment and with the further strengthening of democracy and its institutions.

On the political side, in January 2004 the National Political Dialogue Council (CNDP) was created. This permanent framework is to help prevent and resolve political conflicts and to provide a forum that brings together the government, in the person of the Prime Minister, and the leaders of the officially recognized political parties to debate issues of national interest.

On the social side, the spillover effects of the HIPC Initiative, as well as certain reforms, have led to labor demands, particularly in the health and education sectors and in the revenue collection and telecommunication agencies. Some of these concerns have been addressed by the National Commission for Social Dialogue (CNDS).

Box 1: Strengthening Economic Integration

To ensure the conditions for strong and sustainable economic growth, the government has stepped up the economic integration process. Noteworthy in this regard are:

- ✓ The continued efforts to ensure that WAEMU community standards and directives are respected, in particular the convergence criteria and gradual adoption of national legislation in response to the directives on the harmonization of the legal framework, accounting system, and government finance statistics.
- ✓ Organization of an awareness seminar on the WAEMU Regional Economic Program.
- ✓ The development of a priority national action plan for the implementation of the NEPAD Community Investment Program in the ECOWAS area; targeted subprograms focus on infrastructure, good governance, energy, and the environment.
- ✓ The development of a National Integration Policy, which is still in the process of being adopted.

In addition, it should be noted that Niger will soon host the headquarters of the Regional Solidarity Bank (BRS), which will combat poverty by granting loans to women, individuals in the craft industry, unemployed recent graduates, and economic agents in the SME/SMI sector.

Source: DEP/MIA/CN

I.1.2. Participatory process

The enhanced participatory process and iterative approach to the implementation of the PRS are increasingly perceived as a badge of efficiency and good governance.

In this regard, the first PRS progress report was disseminated widely among all socio-professional groups in the country, at the national, regional, and subregional levels.

These consultations produced the following results:

- ✓ Wide dissemination of the first report on PRS implementation;
- ✓ Ownership of the report by the various parties involved in the implementation and tracking-assessment of the PRS;
- ✓ Reporting to the parties concerned on the next PRS review process, so that their effective contribution can be ensured; and
- ✓ Revitalization of the structures of the implementation mechanism at the regional and local levels.

However, these consultations revealed a number of weaknesses that had characterized the first phase of the PRS implementation, including:

- ✓ Outdated statistical data on the poverty profile;
- ✓ Weak institutional infrastructure;
- ✓ Insufficient consideration of the contribution of civil society;
- ✓ Inadequacy of the available resources; and
- ✓ Weak coordination of the interventions of nongovernmental organizations and development associations (NGOs/DAs) at the regional and subregional levels.

It is important to note that after the first PRS implementation report was disseminated, several recommendations were made, in particular on the need to:

- ✓ Increase mobilization of resources for sustainable action against poverty;
- ✓ Take into account activities of the private sector and NGOS/DAs, as well as regional characteristics, in the PRS implementation report;
- ✓ Strengthen capacity-building at all levels; and
- ✓ Involve regions and subregions in the preparation of the progress report.

I.2. Macroeconomic framework

I.2.1. Economic and financial developments

It is estimated that the real GDP growth in 2003 was 5.3 percent compared to 3 percent in 2002. Good harvest facilitated by good rainfall contributed to this strong economic growth. The growth of agricultural production is estimated at 3.2 percent in 2003 compared to 2 percent in 2002. Over the same period, the rate of growth in the secondary and tertiary sectors rose from 2.3 percent to 5.6 percent and from 4.9 percent to 5.1 percent, respectively. The performance in the two sectors is largely attributed to the buoyancy of the construction sector, which received investments made within the framework of the Special Program of the President of the Republic, and the processing industry.

The annual rate of inflation averaged -1.8 percent in 2003 compared to 2.7 percent in 2002. The above-mentioned good agriculture harvest contributed significantly to the decline in inflation. In 2003, the external current account deficit remained unchanged from its 2002 level of 7.6 percent of GDP.

On the fiscal side, the basic deficit stood at CFAF 32.4 billion or 2 percent of GDP in 2003, as compared to 1.8 percent in 2002.

Broad money contracted by about 13.4 percent in the 12 months ended December 2003, reflecting mainly a fall of 12.2 percent in net foreign assets equivalent to 18 percent of beginning of period broad money. There was an increase in credit to the economy of about CFAF 8 billion, relative to its level of CFAF 75.8 billion in 2002, an increase of almost 10 percent. The expansion in credit was related to short-term credit for commercial activities, and there was limited credit to medium and long term investment.

I.2.2. Budget execution in 2003

I.2.2.1. Revenue

Domestic revenue in 2003 totaled CFAF 156.7 billion compared to CFAF 160.9 billion in 2002; this represented a shortfall of 2.6 percent, which stems from a combination of factors: (i) the fact that the WAEMU did not fully offset the revenue losses resulting from the introduction of the Common External Tariff (CET); (ii) the strikes by unions at the revenue-collection agencies, (iii) the impact of the depreciation of the U.S. dollar against the CFA franc on the value of imports (customs duties), and (iv) the weakness of public contracts financed with external resources.

Table 1: Offsetting of Revenue Shortfalls Resulting from Implementation of the CET (in millions of CFA francs)

2000		2001		2002		2003	
<i>Projected</i>	<i>Actual</i>	<i>Projected</i>	<i>Actual</i>	<i>Projected</i>	<i>Actual</i>	<i>Projected</i>	<i>Actual</i>
1576.8	5489.4	4700	4432.2	5400	7748.9	7400	3167

Source: CCE/DGE/ME/F

However, tax revenue improved by 5.2 percent compared to 2002. This improvement in tax revenue resulted from the 11.4 percent increase in domestic tax revenue (tax on goods and services), which more than offset a decline in revenue from taxes on foreign trade (3.6 percent). However, it should be noted that the tax revenue-GDP ratio remains low at 9.6 percent in 2003 compared to the WAEMU standard of 17 percent.

Table 2: Evolution of Key Revenue Items (in billions of CFA francs)

	2001	2002	2003 Estimate	2004 Budget
Total revenue	132.8	160.9	156.7	186.1
Tax receipts	125.5	144.6	152.1	179.7
Taxes on foreign trade	64.8	82.9	79.9	92.7
Taxes on goods and services	30.9	30.6	34.1	44.6
Income tax and profit tax	22.6	23.1	28.3	29.5
Other tax receipts	7.2	7.9	9.8	12.9
Nontax receipts	4.1	3.8	1.2	2.4
Specific budgets + special accounts	3.2	4.1	3.4	4.0
Offsetting revenue	0.0	8.3	0.0	0.0

Source: CE/DGE/ME/F

I.2.2.2. Expenditure

Total expenditure and net lending declined slightly in 2003 relative to 2002. Current expenditure fell by 2.1 percent while capital outlays and net lending fell by 0.7 percent. These declines reflected mainly savings on external debt service, better control of current expenditure, and implementation weaknesses specially regarding the development budget..

Capital expenditure dropped from 7.7 percent of GDP in 2002 to 7.3 percent in 2003, while the current expenditure, which stabilized at about 11.0 percent of GDP between 2000 and 2002, represented 10.1 percent of GDP in 2003. In particular, the wage bill was reduced from 3.9 percent of GDP in 2002 to 3.7 percent of GDP in 2003, and its share in total revenue fell from 38.3 percent in 2002 to 37.5 percent in 2003, owing to better control of the size of the civil service.

Table 3: Evolution of Key Expenditure Items (in billions of CFA francs)

	2001	2002	2003 Estimate	2004 Budget
Expenditure	245.6	278.1	276.1	324.2
Total current expenditure	157.4	161.7	160.6	153.4
• <i>Current fiscal expenditure</i>	<i>147.1</i>	<i>153.7</i>	<i>152.0</i>	<i>147.8</i>
✓ <i>Wages and salaries</i>	<i>50.4</i>	<i>55.3</i>	<i>57.1</i>	<i>59.1</i>
✓ <i>Equipment and supplies</i>	<i>44.2</i>	<i>45.4</i>	<i>39.7</i>	<i>38.3</i>
✓ <i>Subsidies and transfers</i>	<i>28.1</i>	<i>30.3</i>	<i>37.8</i>	<i>41.6</i>
✓ <i>Interest due</i>	<i>25.4</i>	<i>22.6</i>	<i>17.4</i>	<i>8.7</i>
- <i>External debt</i>	<i>24.1</i>	<i>21.2</i>	<i>16.1</i>	<i>7.7</i>
- <i>Domestic debt</i>	<i>1.3</i>	<i>1.4</i>	<i>1.3</i>	<i>1.0</i>
• <i>Specific budgets/special accounts</i>	<i>10.3</i>	<i>8.1</i>	<i>8.6</i>	<i>7.9</i>
Capital expenditure and net loans	88.1	116.3	115.5	184.6
✓ <i>Capital expenditure</i>	<i>89.0</i>	<i>116.6</i>	<i>115.5</i>	<i>183.0</i>
- <i>From budget resources</i>	<i>25.1</i>	<i>27.1</i>	<i>28.5</i>	<i>32.3</i>
- <i>From external resources</i>	<i>63.9</i>	<i>89.4</i>	<i>87.0</i>	<i>150.7</i>
<i>Of which: HIPC resources</i>	<i>7.9</i>	<i>9.8</i>	<i>12.0</i>	<i>20.2</i>
<i>Net loans</i>	<i>-0.8</i>	<i>-0.2</i>	<i>0</i>	<i>1.6</i>

Source: CE/DGE, ME/F

External resources mobilized to finance fiscal expenditure totaled CFAF 144.4 billion in 2003, as compared to CFAF 152.7 billion in 2002.

Despite an increase of 35.2 percent in budgetary assistance, the overall level of financing fell by around 12.7 percent, owing essentially to declines in budgetary loans and foreign financed resources for projects, as well as a decline in government indebtedness to the domestic sector.

However, because of budget management and strict expenditure control, the government has managed to improve the various budget balances and maintain larger appropriations for the priority sectors identified under the PRS.

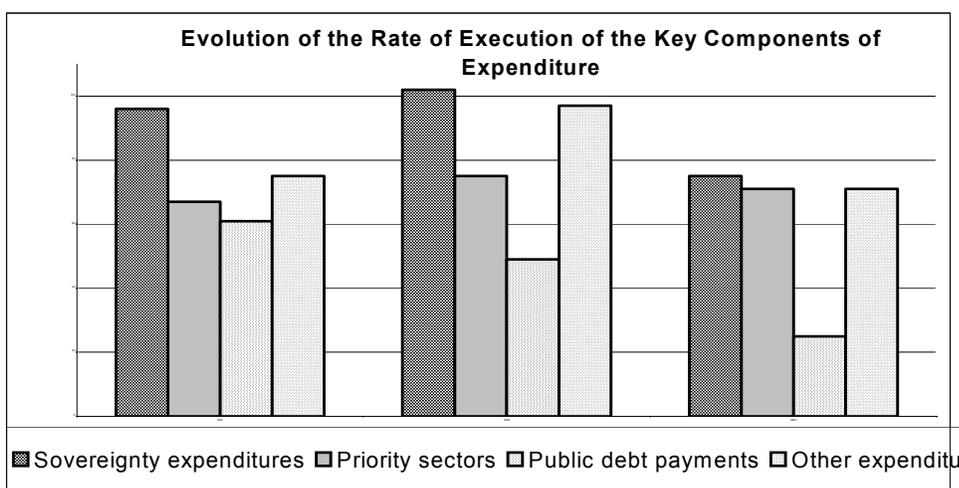
(a) Structure of public expenditure

Despite difficulties in mobilizing domestic and external resources, the government has maintained its commitment to the priority sectors identified under the PRS (education, health, and rural development) through the appropriation of budgetary resources. In 2003, the share of the resources allocated to these sectors represented 49 percent of the budget compared to 47 percent in 2002. Education sector and health sector appropriations were respectively 15 percent and 10 percent compared to 14 percent and 9 percent in 2002.

Whereas 61 percent of the 2003 budget was executed compared to 72 percent in 2002, the rate of appropriation consumption in the priority sectors identified in the PRS was 73 percent, compared to 75 percent in 2002.

In 2003, the rate of consumption of appropriations in the education and health sectors stood at 88 percent and 84 percent, respectively. The share of education expenditure in the executed budget was 21 percent in 2003 compared to 19 percent in 2002, while that of health expenditure was 14 percent in 2003 compared to 11 percent in 2002 (see Annex 4).

Chart 1.



Source: DGB/ME/F

(b) Government capital budget

In 2003, the approved government capital budget (GCB) totaled CFAF 184.9 billion or a 38.3 percent increase compared to the GCB for the previous year.

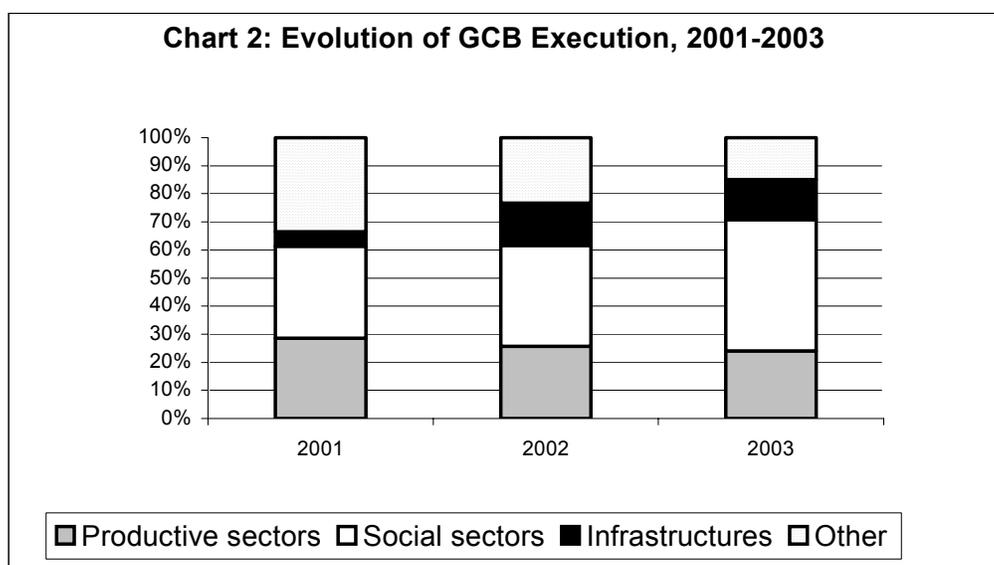
External resources are still predominant in the execution of the GCB as they finance more than 80 percent of the expenditure of the PRS priority sectors (see Annex 6)

The rate of execution of the GCB declined by 12.7 points in 2003, owing to the lower absorption of credit in the education and health sectors at 62.9 percent and 67 percent, respectively, compared with 74.5 percent and 90.3 percent in 2002.

Table 4: GCB Execution, 2001-2003 (in billions of CFA francs)

Sector	2001			2002			2003		
	Approved appropriations	Actual	Rate (%)	Approved appropriations	Actual	Rate (%)	Approved appropriations	Actual	Rate (%)
Social sectors	32.58	26.99	82.8	42.25	37.38	88.5	101.33	56.17	55.47
Productive sectors	32.95	26.7	71.8	37.6	26.74	71.1	34.87	29.01	83.2
Infrastructures	24.25	4.31	17.8	29.32	15.64	53.3	20.0	17.35	78.4
Other	26.17	27.65	105.7	24.5	24.23	98.99	28.69	17.92	60.2
Total	115.95	82.62	71.3	133.67	103.99	77.8	184.89	120.45	65.1

Source: DFI/PE/F (N.B. See Annex 3 for details.)



Source: DGB/ME/F

It is important to note that to overcome some of the difficulties that had been identified during GCB execution, the government initiated, among other things, the preparation of an action plan for harmonizing donors' interventions and the organization of training sessions and capacity-building in the unit responsible for GCB execution.

(c) Use of HIPC resources

The government continued to use HIPC resources in the priority sectors identified in the PRS through the Special Program of the President (SP/P) over the period 2003–04. Under this program, budgetary items total CFAF 19.4 billion in 2003 and CFAF 28.9 billion in 2004, compared to CFAF 10.2 billion in 2002.

Financial execution: HIPC resources enabled the government to carry out all the works planned within the framework of Phase I, for a total cost of CFAF 13.2 billion, and to start in 2004 the first tranche of Phase II, for a total cost of CFAF 14.3 billion. Delays in

the completion of water projects explain the low level of expenditure execution in the sector

Table 5: Use of HIPC Loans (in billions of CFA francs)

	2001		2002		2003		2004	
	Budgeted	Executed	Budgeted	Executed	Budgeted	Executed	Budgeted	Executed August
Water	4.5	4.2	4.7	4.5	9.2	5.64	8.34	3.87
Health	2.1	2.1	3.0	2.8	4.7	3.9	6.16	2.87
Education	1.7	1.7	1.9	1.9	3.7	2.6	10.89	6.49
Other	0.5	0.1	0.6	0.1	1.8	1.1	3.54	1.08
Total	8.8	8.1	10.2	9.3	19.4	13.24	28.93	14.3

Source: Ministry of Finance and Economy (HIPC Unit, March 2004 report) and PEMFAR report.

Physical achievements of the SP/P: The increase in the HIPC resources available has meant that rural areas could be provided with social and productive infrastructure. The recruitment of community-level health personnel and contractual teachers has meant that most classrooms and health centers became operational.

Table 6: Achievements of the SP/PR, 2003–04 (1st Tranche/Phase II)

Component	Est.	Actual		Gap
		Completed	Under way	
Health centers	1,000	406	144	450
Equipment	1,000	120	510	370
Recruitment of nurses	1,000	56	574	370
Veterinary health centers	46	33	11	2
Classrooms	1,000	418	121	461
Equipment	1,000	102	437	461
Recruitment of teachers	1,000	396	143	461
Mini-dams	23	0	2	21
Spill thresholds	26	10	13	3
Hydro-agricultural developments	23	1	11	11
Pastoral wells	60	24	31	5
Village wells	145	78	64	3
Pumping stations	25	7	14	4
Mini-waterworks	25	0	0	25
Agricultural boreholes	25	0	0	25
Restoration of village boreholes	423	267	0	156

Source: HIPC Unit, MEF, March 2004 report.

HIPC resources have also been used to fund actions in support of women's affairs. In particular, they have facilitated the granting of direct loans amounting to more than CFAF 1 billion to finance IGAs, the provision of about CFAF 500 million for the purchase of dairy cattle, and the subsidized sale of windmills and motor-driven pumps to women's groups.

It is noteworthy that given the constraints identified at the start of the SP/P, particularly owing to the experimental nature of the project, several remedies have been adopted. These include:

- ✓ The establishment of a mechanism for administrative oversight of the SP/P, in the Ministry of Community Development;
- ✓ The provision of logistical resources to the regional regulatory bodies; and
- ✓ The introduction of a mechanism for tracking operations in the field, with grassroots involvement.

I.2.2.3. Debt

The stock of debt totaled CFAF 978.1 billion in December 2003 compared to CFAF 1,103 billion in 2002 and the bulk of this debt is owed to multilateral institutions. Net external debt service totaled CFAF 14.2 billion in 2003 compared to CFAF 24.7 billion in 2002.

Table 7: Evolution of the Stock of External Debt (in billions of CFA francs)

Partners	2001		2002		2003		March 2004	
Multilateral	790.65	74.6%	828.04	75.1%	783.39	80.1%	852.91	90.66%
Bilateral (non-Paris Club)	125.08	11.8%	144.18	13.1%	87.45	8.9%	88.93	9.44%
Bilateral (Paris Club)	144.34	13.6%	130.79	11.9%	107.30	11%	0	0
Total	1,060.07	100%	1,103.00	100%	978.14	100%	941.84	100%

Source: DDP/ME/F

Niger reached the completion point under the enhanced HIPC Initiative in April 2004, which entitled it to debt relief estimated at US\$1.2 billion in nominal terms or US\$520.6 million in net present value (NPV) terms .

Moreover, during the discussions on the completion point, particularly the consideration of unfavorable exogenous factors that brought the NPV of debt-to-export ratio above the 150 percent threshold of the enhanced HIPC Initiative, Niger's creditors agreed to grant it additional exceptional assistance amounting to US\$42.5 million in NPV terms.

In addition, some Paris Club creditors indicated their intention of granting additional assistance beyond that provided under the Initiative in the amount of US\$3 million.

The government's negotiations with the Paris Club bilateral creditors in May 2004 led to the cancellation of debt amounting to US\$152 million.

Similar treatment is expected from creditors that are not members of the Paris Club, leading to debt relief of US\$102 million.

Table 8: Evolution of Public Debt Service (in millions of CFA francs)

	2001	2002	2003	2004
Multilateral	11,310	22,979	10,859	26,724
Bilateral (non-Paris Club)	11,550	-	1,468	418
Bilateral (Paris Club)	2,670	1,744	1,829	327
Total	25,530	24,723	14,156	27,469

Source: DDP/ME/F

As regards domestic debt, the government has pursued its strategy of settling wage arrears, payments outstanding to enterprises, obligations to the public sector, claims on diplomatic missions, and payments due for offsetting capital budget items.

In 2003, the stock of domestic arrears was reduced, in net terms, by CFAF 12.2 billion, bringing the reduction of the stock over three years to more than CFAF 62 billion.

I.2.3. Reforms initiated

The fiscal instruments adopted by the government in 2002 have served as a framework for budget formulation, execution, and control. These are:

- The introduction of a new government budget classification,
- The adoption of a new government chart of accounts,
- The computerization of the expenditure process, and
- The establishment of a consolidated database.

To take account of the objectives of the PRS in the allocation of budget appropriations, the government also adopted Decree No. 2003/243 of September 30, 2003, which describes the annual budget formulation process.

In addition, the government has undertaken to modernize the preparation and programming method by establishing budget allocations consistent with the Medium-Term Expenditure Framework (MTEF).

In the context of budgetary control, the adoption of a treasury allocation plan has made it possible to ensure transparent and foreseeable budget execution, as well as to safeguard the resources set aside for the priority sectors identified in the PRS.

As regards the external control of budget execution, the National Assembly will pass budget review laws. In this context, the 2002 year-end Treasury account was compiled, and its audit certificate was prepared in September 2003.

With a view to improving debt management, staff of the ME/F Debt Directorate received training in 2004 in the CS-DRMS 2000 software.

Within the framework of public procurement reform, several implementing regulations were adopted in September 2003 by the Ministry of Economy and Finance, namely:

- (i) the decree establishing the composition and functions of the bid evaluation committees;
- (ii) the decree identifying the threshold beyond which review by the central procurement committee is required;
- (iii) the decree establishing the public procurement contracting threshold; and
- (iv) the decree setting the amount resulting from changes beyond which the signing of a new contract would be required.

Furthermore, in July 2004 the government adopted the decrees related to: (i) the creation of a Public Procurement Regulation Agency; (ii) the Dispute Settlement Committee, and (iii) the legislation on the grouping of orders, on the procedures for payment of the balances of certain categories of contracts and for payments to small and medium-sized enterprises (SMEs), and on making public procurement procedures paperless.

In addition, the initiation of the process for detailed studies to be carried out for the development of the professional framework, the computerization of the public procurement system, and the design of a tracking-assessment system should help to streamline the implementation of the new public procurement institutional framework.

The government, with the support of its development partners, also carried out the Public Expenditure Management and Financial Accountability Review (PEMFAR) during the period November 2003 to June 2004. PEMFAR draft report was the subject of a validation workshop on June 3 and 4, 2004 in Niamey. Following that workshop, a draft priority action plan and a draft general action plan were adopted.

In this context, the government adopted a priority action plan in July 2004 for the strengthening of fiscal management for 2005, which focuses on:

- ✓ Enhancing the consistency between budget appropriations and government priorities defined under the PRS and sectoral strategies;
- ✓ Improving budget execution by reducing the discrepancy between approved and executed budgets and protecting priority expenditure;
- ✓ Improving the public accounts to ensure that an accurate picture of the government financial and asset position is available;
- ✓ Strengthening the tracking and payment of external debt service and the process of clearing the domestic debt;
- ✓ Tracking and assessing fiscal outcomes against government objectives.

An analysis of the reforms undertaken in 2003 revealed that implementation of the economic and financial programs has led to stabilization of the macroeconomic environment and facilitated the achievement of considerable progress.

However, a few major constraints were noted:

- ✓ Decline in the quality of public services following the compulsory retirement of experienced professionals after 30 years of service, especially in the social sectors;

- ✓ Loss of jobs and increased unemployment as a result of the privatization and restructuring of public enterprises;
- ✓ Volatility and uncertainty about flows of external assistance, leading to problems in budget execution and the observance of commitments; and
- ✓ Persistence of institutional gaps, making it difficult to implement reforms in a timely way.

Box 2: Principal Conclusions of the Report on the PEMFAR

The Public Expenditure Management and Financial Accountability Review (PEMFAR) validated in June 2004 assessed the structure of public expenditure in the priority sectors identified in the PRS as well as the overall effectiveness of the fiscal management system.

The report on that review highlighted the achievements in PRS implementation in the priority sectors (education, health, rural development, and road infrastructures) and the constraints or problems that heighten fiscal vulnerability. The remedies proposed for taking up the main challenges are:

- increased mobilization of resources through an expansion of the tax base;
- control of personnel and debt service expenditure, which absorbs nearly all domestic resources;
- mobilization of external resources at concessional rates;
- coordination of assistance for coherent resource programming based on strategic priorities;
- institution of a transparent budget control mechanism, taking into account priority of the various expenditure items.

In terms of its fiscal management systems, the government has made efforts to adapt the laws and regulations to the directives of the West African Economic and Monetary Union (WAEMU), the general rules on public accounting, the government budget classification, and the chart of accounts have been in force since 2003. Institutional reforms are under way, for modernization of the financial reporting system.

The report proposes reforms in five areas: (i) budget formulation and execution, and the related internal controls; (ii) management of computer systems; (iii) management of government cash flow; (iv) management of domestic debt; and (v) external controls.

For these reforms to be implemented, steps must be taken to strengthen the capacities of the human and physical resources and to encourage consultations among the partners for harmonizing their assistance, facilitating the subsequent integration of investment projects into the normal public expenditure channels, and improving their support of the government budget and sectoral programs.

The implementation of the PEMFAR action plan will help not only to improve the relevance and the consistency of public expenditure with the objectives of the PRS and the MDGs, but will also help harmonize the interventions of the development partners.

Source: PEMFAR/ME/F Report, June 2004

I.3. Implementation of sectoral policies and strategies

I.3.1. Rural sector

In adopting a rural development strategy (RDS) in 2004, the government reaffirmed its desire to see the rural sector as the engine of economic growth in Niger.

Essentially, the aim is to reduce the incidence of rural poverty from 66 percent to 52 percent by 2015 through the creation of an environment conducive to sustainable economic and social development in which food security and the sustainable management of natural resources will be guaranteed.

To this end, three strategic focuses have been selected:

- To promote access of rural populations to economic opportunities with a view to creating the conditions for sustainable economic growth in rural areas;
- To guard against risks, improve food security, and manage natural resources in a sustainable fashion to protect living conditions;
- To enhance the capacity of public institutions and rural organizations to improve the management of the rural sector.

The RDS advocates a program approach for implementation, using ten (10) structural programs and four (4) priority programs.

Box 3: The Sources of Growth

During the period, the government continued its study of the sources of growth with a view to identifying sectors that could serve as an engine for economic growth and defining government intervention in these sectors to ensure strong sustained and sustainable growth that would significantly reduce poverty.

Based on the preliminary conclusions of the study, the economic sectors fitting this profile are essentially agriculture and livestock.

The strength of agriculture is the fact that the vast majority of the labor force is involved in this sector, it ensures food security, and it contributes significantly to stimulating exports. In recent years, export receipts for certain products such as onions and cowpeas have been rising. The major advantage of cash crops is that they lend themselves to rain-fed farming (e.g., cowpeas) as well as irrigated farming (e.g., onions, cotton, peppers, etc.). In addition, the buoyancy of certain important speculative crops, in terms of both the areas sown and volume of exports, should be noted: tiger nuts, sesame, pepper, groundnuts, cotton and sugar cane, which are new crops. Finally, others are *woandzou*, tomatoes and cassava, for which the production levels are still relatively low.

The improvement of the contribution of livestock to growth has resulted from a move from the current extensive method of livestock raising (over large areas of land) to more intensive methods involving the adoption of a policy promoting higher reproduction rates in specialized centers, and the replacement of unprocessed exports by livestock products with high value added.

In addition to these traditional pillars of growth, small processing industries for agricultural and livestock products (milk products, meat, and leather and skins) and tourism, the latter developing synergy with the craft and hotel industries, could contribute strongly to economic growth.

The second phase of the study will carry out a quantitative analysis of the links between growth and poverty reduction, and an evaluation of the competitiveness of the Nigerien economy.

Source: MFS Study on the Sources of Growth, June 2004.

I.3.1.1. Agriculture

The PRS has made the reduction of the people's vulnerability a priority, through the strengthening of food security, the creation of conditions conducive to the development of strong agricultural subsectors, the continuation of phytosanitary prevention and coverage, the development of irrigated crops, the restoration and preservation of the land resources, and the development of income-generating activities (IGA). Overall, the actions carried out in this context have been successful and have enabled the government to improve living conditions in rural communities appreciably.

Accordingly, despite locust invasions and floods, especially in some regions of the country at the end of the crop season, the net grain supply in 2003 recorded a surplus of 427,183 metric tons as against 315,000 metric tons in 2002. The locust invasions led to a decline in production of 7.5 percent below projections. Thus the net grain supply allowed grain production coverage of 70 percent. However, 1,214 villages with a total of 1,203,433 inhabitants were identified as having a shortfall, compared with 1,841 in 2002.

To increase food security throughout the country, the government took several steps, including:

- The popularization of modern production techniques, in particular the importing and sale at moderate prices of tractors and tillers;
- The development of strong agricultural subsectors through a revival of the production of cotton and widespread use of improved seeds (groundnuts, tiger nuts, sesame seeds, soybeans, onions, sorrel);
- The strengthening of phytosanitary prevention and coverage;
- The development of irrigated crops;
- The development of income-generating activities (IGA) through the granting of credit to cooperatives and economic interest groups (EIGs); and
- Made processing equipment (hulling machines, oil presses, grain mills) available to the EIGs.

In addition, several actions related to the structuring of rural communities, the achievement of land security, and conflict prevention were undertaken to help those concerned take up the challenges in the rural sector. This involved especially the licensing of 10,471 cooperatives, the establishment of 27 land committees and 500 grassroots land committees, the establishment of 521 litter alleys and 63 pastures, the issuance of more than 500 land deeds, as well as the installation of four regional chambers of agriculture.

I.3.1.2. Animal resources

Through its contribution to agricultural GDP (35 percent), the animal resources subsector is an important component of the rural development strategy (RDS). For that reason, within the framework of the revival of this important subsector, the implementation of the action plan prepared to that end was pursued, with the objective of: (i) improving food

security, (ii) making a better contribution to GDP, and (iii) increasing the income of livestock breeders.

Several actions were carried out during the period covered by this report, which relate essentially to:

- The pursuit of programs for: (i) the revival of subsectors (livestock, meat, hides and skins), (ii) genetic improvement of the herd (distribution of 371 sires, creation of three selection associations for Azawak cattle, and distribution of red goats), and (iii) construction of a modern abattoir in Niamey;
- The production, conservation, and processing of milk and milk products through: (i) the provision of 873 dairy cattle for women's groups, (ii) the establishment of a private mini-dairy in Zinder (NAGARI), and (iii) the launching of invitations to bid for the construction of two modern mini-dairies in Tahoua and Maradi; and
- The pursuit of a program to combat epizootic diseases and provide health surveillance, in particular through: (i) the production of five million vaccination doses, (ii) the vaccination of 761,105 head of cattle (all diseases taken together), (iii) the analysis of 4,000 samples, (iv) the collection and analysis of 5,000 samples for antibody research for rinderpest, (v) the opening of 83 veterinary service structures (pharmacies and veterinary stations and offices), and (vi) the collection and analysis of 30 samples of *kilichi* (dried meat) and 40 samples of yoghurt as part of the inspection of animal food products.

In addition, to support the organization of professionals in the livestock subsector and develop Niger's comparative edge, a national forum on the organization and management of livestock markets was held in Zinder from December 3 to 5, 2003.

Finally, various projects are being initiated, involving an investment of more than CFAF 20 billion in the sector.

I.3.1.3. Environment and antidesertification efforts

In the areas of environmental protection, the activities carried out have been aimed mainly at reversing the trends toward degradation of natural resources and improving the contribution of the environment sector to GDP.

Appreciable results were recorded in the area of environmental protection and antidesertification, because of the implementation of a number of programs related, in particular, to (i) land recovery and development, (ii) the production of species with economic value such as eucalyptus, and (iii) the protection of crop and pasture lands.

Potential land recovery thus increased to 360,000 hectares as a result of anti-erosion actions, reforestation, and the protection and stabilization of dunes.

To help vulnerable segments of the population increase their income, the government has granted subsidies to forestry cooperatives for the production of nearly 25 million forest

plants, 70 percent of which are eucalyptus. The purchase of this production, primarily the preserve of women, has meant that about 200,000 hectares of natural forests could be developed, and 3,000 km of firebreaks could be installed to protect pastures. Moreover, the pursuit of the program to stock ponds with fish has led to the production of about 52,260 metric tons of fresh fish.

Among the physical achievements are the production of plans (22,873,961 hectares), block plantings (14,135 hectares), linear plantings (5,782 hectares), stabilization of dunes (1,741 hectares), river protection (609 hectares on the Bougoum plateau), CES/DRS activities (20,850 hectares), and the construction of firebreaks (118 km).

The reforms implemented include the adoption of: (i) the national strategy for the revival and marketing of gum Arabic and (ii) a new Forestry Code in June 2004 (Law No. 2004-040 of June 8, 2004 establishing Niger's forestry system).

In the context of regional integration, the government has also carried out awareness campaigns with a view to implementing a comprehensive program for the management of water resources and shared ecosystems. In this regard, the following events are noteworthy:

- ✓ Organization in April 2004, in Paris, of a Summit of the Partners on the Acceleration of Implementation of the Program to Reverse the Trends Toward Degradation of the Niger River Basins; and
- ✓ Periodic meetings on the implementation of subregional and regional action programs to combat desertification, manage cross-border natural resources, and regenerate shared drainage basins, namely the Niger Basin and Lake Chad.

Finally, several studies have been carried out to facilitate more accurate assessment of the contribution of the forestry sector to GDP and to prepare for the sectoral consultations on the environment and antidesertification.

I.3.2. Tourism and the craft industry

The government has pursued actions aimed at: (i) making better use of local resources with strong impacts on poverty reduction, (ii) diversifying tourism products, and (iii) significantly increasing the number of tourists. This involves especially the development of two new tourism sites along the Niger River, the organization of the 3rd edition of the International Exhibition on the Craft Industry and Women (SAFEM), the organization of the 3rd edition of the International Festival of African Fashion (FIMA), the upgrading of four hotels (three private sector hotels and one government-owned), and the construction of four private sector hotels.

These activities in the subsector led to tourism flows of 190,592 arrivals during the period covered by this report.

In addition, the implementation of another phase of the program to develop Niger's craft industry (DANI II) has led to the creation of several opportunities for the subsector. Nearly 85 percent of the beneficiaries of this program are located in rural areas.

I.3.3. Transportation, the road network, and land-use planning

The government prepared a National Strategy and a Transportation Sectoral Program in March 2004.

In addition, other actions aimed at improving road security, the quality of services, and the performances of the transportation industry were undertaken during the period; they include:

- The purchase and putting into service of a new 72-ton amphibious raft at Farié (on the Niger River);
- The reform of the procedure for obtaining a driver's license;
- The modernization of the road toll system;
- The prequalification of a concessionaire for technical checks of vehicles; and
- The installation of three new private transportation operators, in particular for travel (Air Transport and CENSAD Transport) and freight (PENGA Transport).

A round-table conference of partners in the transportation subsector is being prepared.

In the area of meteorology, after the formulation of a national strategy accompanied by an action plan on climate change and variability, the following actions were taken: upgrading of infrastructures, creation of 50 new rainfall-recording posts, and retraining of staff (in climatology, forecasting seasonal climates, agrometeorology, and climate change).

Within the framework of road network improvement, the government continued the implementation of wide-ranging programs aimed at developing the construction of roads and rural tracks in production zones toward secondary routes and urban centers to support food security, marketing the surplus of agropastoral production, increasing incomes in rural areas, increase productivity, and facilitating access by the poor to socio-economic infrastructure.

Accordingly, from June 2003 to July 2004, almost CFAF 20 billion were mobilized for direct investment in the road sector, with the following results:

Table 9: Road Sector Achievements

Asphalt Roads		
Upgrading and widening	117 km	CFAF 11,055,310,835
New construction	12 km	CFAF 1,152,310,061
Subtotal	229 km	CFAF 12,207,620,896
Rural Roads		
Upgrading	130 km	CFAF 2,081,158,073 (excluding taxes)
New construction	148 km	CFAF 5,090,220,906 (excluding taxes)

<i>Subtotal: 363 km</i>	<i>278 km</i>	<i>CFAF 7,171,378,979 (excluding taxes)</i>
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Source: DGTP/ME/AT

In addition, there were a number of other achievements in the subsector, notably the treatment of critical points (851 km), finishing work (130 km), and the issuance of invitations to tender (ITT) for road maintenance (163 km).

Despite these sizeable investment made in collaboration with the development partners, the road sector is facing problems, in that the Autonomous Road Maintenance Financing Fund (CAFER) is having trouble mobilizing the resources that are indispensable for the accomplishment of its mission. As a result, discussions are under way with a view to redefining the legal status and missions of the CAFER.

To demonstrate its desire to promote *land-use planning* with a view to achieving a better balance within and between regions in the area of development, the government has strengthened structures (National Directorate and decentralized units) and passed a pertinent policy law. In this context, the 2nd edition of the National Atlas, compiled in collaboration with the University of Niamey, is being published.

I.3.4. Urban development

In accordance with the guidelines of the PRS on urban development, the government took several steps to find lasting remedies to the issue of poverty in urban areas.

For instance, pilot studies were carried out from the towns of Dosso and Maradi to put into operation the comprehensive program to improve living conditions and reduce regional disparities and to enhance the urban structure. In addition, a national urban development strategy was prepared in May 2004.

To improve access to housing and decent accommodation, the government has also pursued operations to settle civil servants' wage arrears in the form of plots of land, and fifty low-cost housing units were constructed by the National Urban Planning and Real Estate Credit Company (SONUCI).

Beyond the general short- and medium-term actions forming part of the national urban development plan, discussions are under way to formulate standard rules applicable to the improvement and cleaning up of the urban environment. Technical studies have already been carried out for the renovation of the Niamey town center.

The implementation of the National Urban Development Strategy, negotiations with the partners for the construction of additional low-cost housing, and the launching in the short term of a new urban development program should help to achieve the objectives of the subsector.

I.3.5. Mining and energy

The priority actions to be carried out in this sector relate to: (i) the maintenance of existing units of mining production and the diversification of production, (ii) the

improvement of the electrification coverage rate from 4 percent to 15 percent in 2005 and increase of the access rate from 5 percent to 25 percent over the same period, and (iii) the reduction of the consumption of wood fuel through promotion of the use of a renewable energy.

As regards maintenance of the existing mining units, the following are noteworthy: (i) the entry into force in January 2004 of the renewal of the COMINAK and SOMAÏR mining agreements, (ii) the launching of the mining of the Imouraren and Afasto deposits, (iii) the start-up, shortly, of the SYSMIN program, and (iv) the signing of an agreement for the maintenance of the “uranium route.”

In the area of mining production diversification, it is important to note the initiation of the mining of gold deposits (Libiri and Samira) and phosphate deposits (Tahoua), as well as the promotion of small-scale mining (improvement of the gold washing system, optimization of artisanal mining).

As regards energy, despite the ongoing privatization of NIGELEC, especially the NEPA and VEOLIA (formerly VIVENDI) prequalification, the government prepared a blueprint for the upcoming creation of a Rural Electrification Agency. In this connection, important achievements were made within the SP/P framework. During the period, nearly CFAF 3,461,243,000 was invested for the installation of 212 km of electric lines in 99 rural areas; this operation provided access to electricity for 67,397 households. Further, a wide-ranging campaign was undertaken to encourage the use of coal by households.

As part of its promotion of oil exploration, the government awarded two prospecting permits in January 2004 and signed a protocol on the partnership to lay the groundwork for the gas pipeline that is to link Nigeria and Algeria.

I.3.6. Promotion of the private sector

The gradual government withdrawal from the commercial sector places the private sector at the center of PRS implementation and also offers it the opportunity to play its role in economic development.

Accordingly, to support the creation of conditions conducive to private investment, the government has adopted several measures aimed at improving the legal and tax environment and supporting promoters in the designing of projects and search for external partners for the creation of new economic units.

Indeed, since the implementation of the provisions of the Organization for the Harmonization of Business Law in Africa (OHADA) in 2000, which made the business environment more secure, at least 57 foreign companies have set up in Niger, 97 in 2002 and 137 in 2003. The following are also worthy of mention:

- The creation of a one-stop shop for enterprises;
- The strengthening of the Investment Promotion Center (CPI);
- The activation of regional offices of “Entreprendre au Niger” (EAN);

- The installation of the National Council of Private Investors;
- The formulation of a communications strategy for the private sector;
- The establishment of a refinancing fund at four banks (BIA, ECOBANK, SONIBANK, BOA);
- The approval of 29 enterprises for Investment Code incentives;
- The conduct of a study for the establishment of a fund to promote small and medium-sized enterprises and/or industries; and
- The training of 30 staff members in methods of tracking and assessing the private sector priority program.

Despite this enormous progress, private sector promotion is still facing the problem posed by the absence of targeted support for farmer organizations, in particular in the areas of: (i) the financing of crop season loans and product marketing, and (ii) the training of informal units for formal operations, with a view to improving control of their contribution to national production.

I.3.7. Employment and vocational training

The lack of an operational employment and vocational training monitoring unit makes it difficult to ascertain the situation in this area.

Notwithstanding this and the freeze on recruitment by the government (a major employment provider), the government has continued to support actions aimed at promoting job creation in the public, parapublic, and private sectors.

Indeed, by comparison with the institutional framework, the process of formulating a national employment policy has just been launched, with support from the International Labour Office (ILO).

Regarding the employment situation presented by the Ministry of Public Works, Labor and Employment (MFP/TE) during the period covered by this report, the following are noteworthy:

- ✓ The cumulative supply of jobs, which totaled 1,532 (only 14.55 percent of which by women) comes essentially from the following sectors/organizations: government and national defense, health, services provided to municipalities, households, international organizations, and other extraterritorial entities; and
- ✓ The cumulative demand for jobs totaled 8,860, nearly one-quarter of which came from women and about a quarter from the 25-29 year-old age group (26.59 percent of total demand).

The weakness of the supply of jobs in the productive sectors (manufacturing, banks/insurance companies, construction, agriculture, water/electricity/gas, transportation, communications, and bars/hotels) is aggravating the unemployment situation. It is important to note the existence of other employment-related constraints in Niger, including:

- insecurity of jobs offered;

- inappropriateness of the educational system;
- inadequacy of the vocational training system;
- weakness of the performance of the national economy; and
- absence of a national employment policy.

Despite this situation, nearly 2,500 jobs were created by the 29 enterprises licensed under the Investment Code during the period covered by this report.

In cooperation with various programs, the Ministry of Youth and the Transition of Young People to the Job Market (MJ/IPJ) has made appreciable efforts in helping young people transition from school to work, including:

- recruitment of 1,580 community health officers;
- support for 37 young promoters through 18 micro-projects;
- recruitment of 160 young graduates under the “youth school-to-work” program of the SP/P, for which the Ministry of Community Development (MDC) has made significant progress in establishing a tracking-assessment program;
- recruitment of young persons for the Youth for the Environment Corps
- mobilization of 2,000 young persons for hydro-agricultural development work.

I.3.8. New information and communication technologies

As a result of the government’s adoption of a National Communications Policy for Development (PNCD) in 2003 and a National Information and Communication Infrastructure Development Plan (NICI), the new information and communication technologies sector is currently being expanded.

Indeed, after the institutional measures taken to create an environment conducive to poverty reduction efforts in the sector, there were several initiatives, in particular to improve the quality of the services provided:

- ✓ **Information:** Establishment by the Radio and Television Broadcasting Office of Niger (ORTN) of a fund for the revival of national production on the problems of development, socio-economic inclusion, civic training for young people; modernization and expansion of infrastructures followed by training of community radio technicians and presenters; creation of 25 community radio stations; and establishment of 10 rural radio stations.
- ✓ **Telecommunications:** Installation of new high-capacity digital exchanges; installation of a national and international transit exchange; start of beam digitization; supply of landline telephones in 2003 to nearly 23,800 subscribers, out of 30,000 planned; increase by nearly 80 percent over 2003 of the number of mobile telephone subscribers (CELTEL Niger, SAHELCOM, and TELECEL); and approval for the opening of several dozen telecenters and cyber cafés.
- ✓ **Postal services and savings:** Establishment of a committee responsible for finalizing the social plan related to the restructuring of the National Post and Savings Office (ONPE) through the upcoming creation of an entity named Niger Poste, for which the

articles of establishment are being studied by a government committee; adoption by the government (March 9, 2004) of a national microfinance strategy;

- ✓ ***Technical support for optimal use of the new information and communication technologies (NICTs):*** Formulation and adoption of the National Information and Communication Infrastructure Development Plan (NICI); training of college and lycée students in the use of NICTs; introduction of the government information system; and financing of a feasibility study for linkage of the various ministerial departments.

I.3.9. Social sectors

Despite budgetary constraints and a difficult socio-economic context, the government is supporting the implementation of Ten-Year Educational Development Program (PDDE), the Health Development Program (PDS), and the water and sanitation programs involving actions that contribute to poverty reduction.

Also, the support provided to the priority social sectors within the SP/P framework explains the results achieved during the period covered by this report.

I.3.9.1. Education

(a) Basic education and literacy

In the context of efforts to make the implementation of the national poverty reduction strategy (PRS) operational, the Ministry of Basic Education 1 and Literacy (MEB1/A) is currently implementing a 10-Year Educational Development Program (2003–2013 PDDE). This program, which has received the support of development partners, in particular those in the education sector, has also led to Niger's acceptance of the accelerated primary education initiative called the Fast Tract Initiative (FTI).

The new education policy relating to the basic cycle 1 (primary level) has been successful in:

- Increasing access to formal and informal basic education, in particular for children in rural areas, girls, and vulnerable members of society;
- Improving the quality and pertinence of this schooling;
- Developing the strategic and operational management capabilities of the central and regional administrations in the sector, and increasing the responsibilities assumed by grassroots communities.

The implementation of the PDDE has led to marked progress:

- The construction of, and provision to equipment, 1,695 classrooms; and
- The recruitment of 2,702 contractual teachers.

Basic education access and participation/coverage objectives set in 2003/04 were largely achieved:

- The access ratio in the first year of the primary level was 55.2 percent, compared to a projection of 56 percent;
- The gross enrollment ratio in rural areas stood at 48.4 percent compared to an estimate of 46 percent; this represented a gain of 2.4 percentage points.

As regards progress in the reduction of the disparities between girls and boys, the proportion of girls attending school compared to the total number of children in primary school is almost unchanged (about 40 percent). However, the enrollment ratio for girls has increased substantially, by 3.5 percentage points from 2001/2002 to 2003/2004 compared with an increase of just 2.1 percentage points two years earlier (1998/2000).

There has also been a substantial improvement in the internal performance of the system, in the sense that the student retention and completion indicators recorded are still largely above the expected levels:

- The completion rate for the basic cycle 1 level rose from 24.7 percent in 2002/03 to 32.2 percent in 2003/04, which is a result of the large decline in the repeater rate; and
- The student retention rate rose from 65.4 percent to 68.8 percent between 2002/03 and 2003/04.

Table 10: Poverty Tracking Indicators (Education and Literacy)

INDICATOR	2001/02	2002/03	2003/04	
			Estimated	Actual
Access to and coverage of education				
Access ratio in first year, primary (%)	49.8	51.0	56	55.2
Gross enrollment ratio, primary (%)	41.7	45.4	50	50.0
Gross enrollment ratio, primary, rural (%)	38.1	42.6	46	48.4
Gross enrollment ratio, girls	33.3	36.5	41	40.4
Girls in primary schools (%)	39.8	40.1	41	40.3
Quality of education				
Percent of age group completing primary level	25.6	24.7	30	32.2
Student retention rate at primary level (%)	64.2	65.4	62	67.1
Number of contractual teachers	7,917	10,417	13,177	13,177
• <i>Of which, recruits</i>			2,702	2,702
Number of school boards		240	1,000	1,000
Coverage in informal education				
Literacy rate among 15 year-olds and over	19.9	N.A.	N.A.	N.A.
Cumulative number of adults and young persons registered in literacy classes	34,062	40,491	48,133	<i>Campaign under way</i>
• <i>Of which, % of women</i>	(43.58)	(62.0)	(65)	

Source: DEP/MEB1/A

Despite these results, the dropout rate (10.4 percent on average) is still high and has a negative impact on the student retention rate; the dropout rate is 11.1 percent in rural areas.

In the area of informal education, the absolute growth in the number of students was 6,429 during the period. The percentage of females at this level rose from 43.58 percent to 65 percent.

(b) Secondary and higher education

Conscious of the importance and the potential of human resources in poverty reduction in Niger, the government continues to make efforts to improve the education provided at the secondary and higher levels both quantitatively and qualitatively.

Table 9: Execution of the 2003–2004 GCB (Secondary and Higher Education)

Program	Projections (CFAF)	Achievements	
		Financial (CFAF)	Physical
Construction of the <i>Lycée d'Excellence</i>	11,300,000	11,300,000	2 classrooms
University infrastructures	37,859,000	37,848,000	1 virtual campus
HIPC-funded classroom construction:			
- in urban areas	100,000,000	98,247,000	299 pavilion classrooms
- in rural areas	58,660,000	58,000,000	10 classrooms
TOTAL	207,149,000	205,395,000	-

Source: DEP/MESS/RT

After the 2002-2003 study on the educational system in Niger, the Ministry of Secondary and Higher Education, Research and Technology (MESS/RT) began the process of preparing the PDDE, Level 2, and formulating a higher education and research policy. It also continued to implement its investment program.

In the area of secondary education, the period was marked by the creation of 38 rural General Education Colleges (CEGs) and six Secondary Education Complexes (CESs), as well as the construction, still under way, of premises for the *Lycée d'Excellence* (secondary school for gifted children).

As a result of these achievements and of the reforms launched, in particular in the area of Franco-Arabic education, the gross enrollment ratio recorded in 2003–2004 in the subsector was:

- 1st cycle, secondary level (colleges): 16.51 percent compared to 13.93 percent in 2002–2003;
- 2nd cycle, secondary level (lycées): 3.39 percent compared to 3.02 percent in 2001–2002.

In addition, the number for the secondary level as a whole (colleges and lycées) grew by 21.36 percent compared to 2002–2003, especially with proportions of girls on the order of 38.89 percent and 32.48 percent, respectively, in colleges and lycées.

In the area of higher education, efforts continued through the establishment of infrastructures, institutional reforms, and capacity-building:

- Construction of three amphitheatres at the University of Niamey;
- Ongoing construction of three university technology institutes (IUTs) in Maradi, Tahoua, and Zinder;
- Creation of training and research units (UFRs) at the University of Niamey and the professionalization of courses of study;
- Provision of training for 30 officials (future IUT managers and trainers).

(c) Technical and vocational education

The development of national policy in the area of technical and vocational education led to both physical achievements and institutional reforms in the subsector; in particular, six technical and vocational education centers were created, and a state higher technician's license (BTS) was introduced.

In addition, the government initiated a vocational training series for which the participants will be recruited under the youth socio-professional integration policy):

- Training of 1,580 community health officers,
- Training of 300 young persons in entrepreneurship,
- Training of 13 trainers in entrepreneurship,
- Initial certified training of 240 young persons at the vocational training centers,
- Certified training of 160 young graduates under the SP/PR,

To enable as many young persons not attending school as possible to learn a trade that would facilitate their integration in the national production effort, the government also carried out the following actions:

- Creation of a Leather Trades of Niger Center;
- Training of 500 young persons in the National Participation Service; and
- Continuous vocational training for the Federation of Artisans for retraining and/or refresher courses for 90 young persons (20 in welding, 20 in woodwork, 10 in automotive mechanics, 10 in general mechanics, 10 in information technology, 10 in construction, and 10 in electricity).

I.3.9.2. Health

In the area of health, the actions carried out related especially to measures aimed at strengthening services and implementing a health development policy with emphasis on improving the health of the people.

The Ministry of Public Health and Endemic Diseases (MSP/LCE), with the support of the technical and financial partners, prepared a 2005–2009 Health Development Plan, identified new cooperation programs, and prepared a Medium-Term Expenditure Framework (MTEF) and of a 2005–2007 program budget.

It should be borne in mind that the authorities' commitment to these new projects does not at all divert them from pursuing efforts to implement the key priority actions defined in the 2001-2011 strategic guidelines for health development, namely:

- The prevention through actions to provide information to the people;
- The strengthening of environmental hygiene;
- The increase in vaccination coverage rate;
- The design and implementation of a plan to combat epidemics; and
- The reorientation of investments with a view to improving the country's health coverage.

The establishment of health infrastructures and their outfitting was thus pursued with the support of the development partners. These included:

- The completion of the construction and outfitting of 50 Integrated Health Centers (CSIs) under the IDA Health II project;
- The construction of five CSIs in the region of Dosso;
- The construction and outfitting of 298 health centers for the 2nd phase of the SP/PR as at January 26, 2004, that is, a total of 953 health centers built and outfitted; and
- The start-up of the functions of 55 Type 1 and Type 2 CSIs in the regions of Diffa, Tahoua, Tillabéri, Zinder, and Dosso under the SP/P.

Human and institutional capacity-building actions were also carried out, in particular:

- Training of 50 health officers in the completion of National Health Information System (SNIS) forms for better health reporting;
- Training of 103 physicians in the public and private sectors in dealing with opportunistic infections and anti-retroviral (ARV) prescriptions;
- Training of 13 national trainers in Expanded Immunization Program (EIP) management;
- Training of 804 community health officers to serve in health centers;
- Pursuit of the restructuring of the National Pharmaceutical and Chemical Products Office (ONPPC) with a view to equipping it to ensure the availability of generic essential drugs throughout the country at all levels.

In addition, a number of other achievements under the SP/PR are noteworthy:

- Five field trips for the cataract surgery camps in the regions of Diffa, Maradi, Tillabéri, Tahoua, and Agadez, during which 992 persons underwent operations;
- Three general surgery field trips in the regions of Maradi and Tahoua, during which 100 persons underwent operations.

It must be noted that despite these efforts by the government, most of the current health indicators reveal that the response of the services to the primary health needs of the people is still largely inadequate.

Table 12: Health Sector Indicators (in percent)

Nature	2001 Reference	2002 Achievement	2003/2004 Achievement
Health coverage (0-5 km)	47.6%	56.45%	65%*
Vaccination coverage (Antigen)			
• BCG	50%	52%	76%
• DTCP3	31%	21%	49%
• Measles	52.75%	48%	67%
• VAT2	41%	36%	38%
Malnutrition			
• Malnutrition in children < 5 years old	39.6%	40%	40%
• Proportion of children with low weight at birth	-	40%	12%
• Percentage of pregnant women with anemia	-	-	50%
• Percentage of children with normal iodine levels	-	-	77.8%
Other indicators			
• Infant mortality rate (per thousand)			126
• Infant-juvenile mortality rate (per thousand)	274	263	252
• Maternal mortality rate (per thousand)	700	610	500
• Use of services (2000 SNIS)	18%		18%
• CSIs under cost recovery (availability of generic essential drugs in CSIs)			100%
• Polio control during last incidence, 2004 (vaccination coverage)			100%
• Ratio of health officials to the population			
- doctors	1/33,102	1/46,290	1/50,000
- nurses	1/9,000	1/5,257	1.5,525
- midwives per women of child-bearing years	1/6,650		1/6,100
- pharmacists	1/769,230		1/849,757

Source: MSP/LCE

[*] For the data on health coverage, in the absence of health reports on the operations of the health centers maintained by the new community health officers, health coverage in a range of 0-5 km was used, or 65 percent.

1.3.9.3. Combating STDs/HIV/AIDS

HIV/AIDS seroprevalence is still relatively low (0.87 percent) despite an increase in the number of cases, particularly in high-risk groups, where, for example, it has reached 50 percent among sex trade professionals.

A national blood transfusion center has been created, and blood transfusions are now possible at district hospitals. There is a network (RAIL/SIDA) of all those with roles in the action against STDs/HIV/AIDS which brings together 54 health sector NGOs/DAs. Units set up to combat STDs/HIV/AIDS are operational in all ministries and regions.

In light of the above context, Intersectoral Coordination to Combat AIDS (CISLS) has focused its interventions on capacity-building, prevention and access to care, the continued establishment of the institutional framework, strategic planning, the preparation of several pertinent policy papers, and the mobilization of resources.

The following can thus be noted:

- The construction and inauguration of an ambulatory treatment center in Niamey;
- The preparation of the Niger Initiative for Access to Anti-Retroviral Drugs;
- The formulation of the national strategies on (i) the Prevention of Transmission from Mother to Child (PTMC), (ii) combating HIV/AIDS among nomads, and (iii) the Voluntary Screening Council;
- The training of 22 physicians in dealing with ARV prescriptions and 60 persons with a PTMC role;
- The training of 120 physicians in dealing with opportunistic infections and 21 health officers working at PTMC locations, supported by UNICEF;
- The training of 40 traditional chiefs in PTMC advocacy; and
- The training of laboratory technicians in HIV screening using quick tests.

Owing to support from Niger's partners, nearly CFAF 1,592,500,554 was raised in 2003 to combat STDs/HIV/AIDS.

As young people constitute a high-risk group for STDs/HIV/AIDS, a number of initiatives target them specifically, including:

- The preparation of an Islamic Guide on STDs, HIV, AIDS, etc.
- The preparation of a lexicon on sexual health;
- The holding of a competition for scripts on HIV/AIDS and dubbing into Hausa of audio and video cassettes;
- The carrying-out of awareness-raising sessions with NGOs and young people's associations on the sexual and reproductive health of adolescents and STDs/HIV/AIDS, targeting young people, leaders and parents;
- The carrying-out of studies on the knowledge and attitudes of young people toward sexual and reproductive health in adolescents and expansion of the program to all regions; and
- The development of draft regulations and laws on sexual and reproductive health of adolescents.

Despite these achievements, there are still deficiencies in the prevention and management of HIV/AIDS cases, including:

- Limited access to ARVs (only about 100 persons);
- Recent start-up of PTMC coverage (at only seven CSIs, and there are only four serosurveillance locations where the results are not published); and
- Discontinuation of HIV tests in a number of health structures.

I.3.9.4. Demographic constraints

Demographic developments observed and projected in Niger are now a key factor in the assessment of the country's development capacities, especially in the area of poverty reduction.

To counteract the impact of the high population growth rate (at 3.1 percent per year according to the provisional results of the RGP/H 2001) on the achievement of the PRS targets and the MDGs, the government undertook the following actions:

- Redefined the institutional arrangements for the implementation of the National Population Policy (PNP);
- Strengthened the partnership with the NGOS/DAs in the area of population;
- Trained 200 professionals on the inclusion of population issues in plans, programs, and projects;
- Trained 400 opinion leaders on population/SR[?]/gender interrelations;
- Formulated outlooks based on the PRS objectives in the areas of health and education to improve the inclusion of population issues; and
- Started work on a model to create databank integrating social, demographic, and economic data.

In addition, the government has pursued the implementation of population programs, in particular “the gender and youth initiatives,” and has widely disseminated the study entitled “Nourir, éduquer et soigner tous les Nigériens: la démographie en perspective” (Feeding, Educating, and Caring for All Nigériens: the Demographic Outlook).

I.3.9.5. Access to safe water and sanitation

Regarding access of people to safe water and sanitation, the actions taken are aimed essentially at improving the supply of safe water and sustainable management of the water resources, as well as the provision of hygiene and sanitation services.

Indeed, under the combined effects of the implementation of the water resources component of the SP/P and of the ongoing programs, 2003 was the turning point for the sector. This meant, among other things, that there were improvements in water coverage, both in rural areas (56.9 percent) and in the urban centers (over 70 percent).

For instance, *in rural areas* the actions taken related to the installation of 245 wells, 733 village boreholes, 90 mini water supply systems, and the upgrading of 149 concrete wells, 65 wells, and 80 mini water supply systems (including 28 pastoral pumping stations) concomitantly with the training of 978 Water Supply Point Management Committees (CGPEs).

Phase II of the **SP/P** made it possible to install 28 pastoral pumping stations, 60 pastoral wells, 145 village boreholes, and the upgrading of 400 manually-operated pumps.

In urban areas, several network expansion projects were carried out, through: (i) the construction of five water reservoirs and a pumping station, (ii) the installation of a 135 km safe water network, and (iii) the connection of nearly 11,220 low-cost water services to the most underprivileged households in the urban and secondary centers.

Regarding the reforms in the subsector, in addition to the privatization of the former national water company, major improvements include the completion of the establishment of two structures for the use and the management of the country’s water

assets (SEEN and SPEN) in urban areas and the creation of a Water Sector Department within the Multisectoral Regulation Authority (ARM).

As regards sanitation, despite the low rate of sewage disposal (a little over 5 percent), appreciable results were recorded in urban areas, with nearly 70 percent coverage.

I.3.10. Good governance, decentralization, and capacity-building

Good governance, as an all-pervasive principle based on, among other things, accountability, transparency, rigor, and respect for the law, largely determines the pertinence of the PRS implementation framework.

Indeed, efforts to achieve sound, efficient management of the public good, as well as to build up the capacities of the administration and of civil society, continued throughout the period covered by this report. It should be noted that in this context, the Ministry of Community Development has strengthened the capacities of its officials (both centrally and in the regions) to enhance their ability to intervene and provide advice on local management of development.

I.3.10.1. Good governance

(a) Political governance

Among the actions carried out in this area, the following are noteworthy:

- ***In the consolidation of the rule of law:*** start-up of the magistracy cycle at the National School of Administration and Magistracy (ENAM); establishment of five new judicial representation offices; adoption of legislation and regulations related to the Criminal Code, the Military Justice Code, rural land jurisdiction, anti-corruption measures, the establishment of the Military Court, and the Independent National Electoral Commission (CENI). In addition, the government proceeded with the revision of the electoral code and preparation of modules for the training of personnel of the Penitentiary Administration, and the Bar organized mobile legal aid units for the very poor.
- ***Public freedoms:*** freedoms were further consolidated, in particular through the accuracy of the reports of the National Commission on Human Rights and Fundamental Freedoms (CNDHLF), the regular activities of human rights associations, and the burgeoning of private news agencies.
- ***On the political level:*** (i) a National Political Dialogue Council (CNDP) was established; (ii) an organizational audit was conducted of the National Armed Forces; (iii) a military programming law was drafted; and (iv) local elections were organized.

(b) Administrative governance

As regards administrative governance, the government has embarked on institutional reforms and taken a number of steps, including:

- The formulation of a comprehensive program for modernization of the administration;
- The formulation of a project in support of the computerization of the administrative management of government personnel;
- The preparation of a study on the management of public service jobs as a basis of management planning and evaluation of the performance of government employees;
- The conduct of a study on the civil service reform;
- The launching of an actuarial study of the National Social Security Fund (CNSS) and continuation of its restructuring;
- The conduct of a study on the establishment of health mutual societies for workers; and
- The continuation of the discussions on the conversion of the National Retirement Fund into an Autonomous Civil Service Pension Financing Fund (CARFO).

(c) Economic governance

The tools used for Niger's fiscal management have been harmonized with the WAEMU directives through the passing of the Organic Law on Budget Laws, the General Rules on Public Accounting, the Government Budget Classification, and the Government Chart of Accounts.

With a view to creating a sound economic environment conducive to growth and poverty reduction, the government has pursued the implementation of its plan for the reduction of domestic arrears, which consists of settling wage arrears, payments outstanding to enterprises, obligations to the public sector, claims on diplomatic missions, and the payments outstanding in connection with counterpart funds for capital budget items. On the basis of this strategy, the stock of domestic arrears was reduced, in three years, by over CFAF 62 billion in net terms.

The poverty reduction objective is taken into account in the allocation of budget appropriations. However, the techniques of budget planning and formulation have been marked by the absence of a medium-term outlook. By signing Decree No. 2003/243 of September 30, 2003 defining the annual national budget formulation process, the government underscored its genuine desire to better organize the budget formulation process.

In addition, several other measures aimed at strengthening economic governance are worth highlighting:

- ✓ The auditing of government finance;
- ✓ The integrated computerization of the expenditure process;
- ✓ The strengthening of the Debt Department of the Ministry of Finance;
- ✓ The cleaning up of the consolidated personnel file;
- ✓ The organization of public expenditure reviews for the education, health, and rural development;
- ✓ The adoption of budget review laws and year-end Treasury accounts;
- ✓ The adoption of regulations to complement the reform of the Public Procurement Code;

- ✓ The establishment by the National Treasury of a new framework for the cash flow plan to ensure transparent, predictable budget execution and protect the social sectors from the effects of budgetary control in a context of limited resources;
- ✓ The effective establishment of the Multisectoral Regulation Authority; and
- ✓ The establishment of the National Council of Private Investors and a Public Procurement Regulation Authority (ARMP).

I.3.10.2. Local governance and decentralization

In the area of local governance, the government has pursued the implementation of local development programs. These communalization experiences have thus facilitated the continuation of program implementation phases and the signing into force of 15 agreements on decentralized cooperation and twinning (14 more agreements in this area are to be signed).

With a view to supporting local development and political and institutional stability, the government has strengthened the process for implementing its decentralization policy, in particular by: (i) passing Law No. 2003-035 of August 27, 2003 on the composition and delimitation of the communes; (ii) passing the law on the establishment of the number of seats by the Municipal Council; (iii) establishing the CENI and its component parts; and (iv) holding municipal elections on July 24, 2004.

I.3.10.3. Capacity-building

Capacity-building in the economic and social policy-making has long been a concern for the government. In this regard, several steps have been taken to provide professionals in the administration with appropriate harmonized knowledge, skills, and methodological tools for ensuring efficient implementation of the PRS and the sectoral strategies as well as for participating in the tasks of PRS revision.

In this context, mention can be made of the various workshops and seminars held by the technical ministries, the PS/PRS, as well as the steps taken to strengthen the capacities of the Development Analysis and Forecasting Unit (CAPED).

Indeed, since the start of its activities on October 1, 2003, the CAPED has been drafted in by the government for a series of training workshops, with the following results:

- (a)** Organization of four training sessions for the Secretaries-General and Directors of Research and Programming of all ministries; these training sessions have focused on the formulation of sectoral action plans, results-oriented management, the process of selecting and putting into operation sectoral strategy implementation indicators, the tracking-assessment mechanism, and the design and installation of an information system for the tracking and assessment of sectoral strategies;
- (b)** Organization of three training sessions for central, regional, and local professional staff of the Ministry of Community Development (MDC) on the formulation, implementation, and tracking-assessment of regional and local development plans/programs in a context of decentralization;

(c) Training of female government professionals in career management and skill development.

It must be noted, however, that the activities carried out to that end are not comprehensive, as they do not take into account numerous achievements by civil society organizations, the private sector, and grassroots community organizations through development programs.

Further, other institutional measures and actions were taken by the MFP/T/E with a view to improving the performance of government employees. These involve particularly, the formulation of an Integrated Government Modernization Program (PIMAN), and the organization of a workshop on the management of changes generated by reforms and the implementation of policies, including the PRS.

Despite the support of the development partners, it should be noted that the lack of adequate financial resources is a huge drag on the government's desire for appropriate implementation of its capacity-building program.

I.3.11. Tracking and enhancing knowledge of poverty

During the second year of implementation of the PRS, considerable progress was made in implementing the tracking-assessment mechanism.

The actions taken have facilitated: (i) changes in the institutional framework, (ii) the production of statistical data, and (iii) the design of a number of tracking-assessment tools.

At the institutional level, a National Institute of Statistics (INS) and a General Directorate of Development Program Assessment (DGEPA) were created within the Ministry of Economy and Finance.

As regards data production, the Central Census Bureau (BCR) completed the processing of the data from the third General Population and Housing Census (RGP/H). Pending publication of the final results, work has started on the analysis of topics for establishment of the demographic outlook, including: (i) population level and structure, (ii) age data quality assessment, (iii) marital status, (iv) fertility, (v) mortality, and (vi) migration.

During the same period, three surveys on household living conditions were started:

- ✓ survey on employment, the informal sector, and consumption in Niamey;
- ✓ core Welfare Indicators Questionnaire (CWIC); and
- ✓ measurement of the extent to which basic needs are met.

In addition, preparation of the National Consumption Budget Survey (ENBC) continued, with a revision of the overall cost to about CFAF 973 million compared to the initially projected CFAF 1.8 billion.

Regarding the tools used, the logical framework analysis structure for the PRS is being finalized by the working group established for that purpose. Similarly, a study carried out in March 2004 has facilitated the establishment of a list of 29 impact indicators for the monitoring of priority sector programs.

Despite the efforts made by the government to improve knowledge about poverty and the impact of the actions taken, a number of constraints are hampering the installation of the information system and the tracking-assessment mechanism in the PRS, particularly the problem of mobilizing enough financial resources for the surveys and the census, the weakness of the human skills available, and failure to clarify the relationships between the various structures of the tracking-assessment mechanism.

Box 4: The National Statistics System

The national statistics system consists of:

- ✓ the National Council of Statistics (CNS);
- ✓ the National Institute of Statistics (INS);
- ✓ units responsible for compiling data in the technical ministries and the public and parapublic agencies;
- ✓ national schools for training in statistics and demographics.

The CNS defines the general thrust of the national statistics policy and ensures that the units and agencies that are part of the national statistics system have the human, physical, and financial resources necessary for implementation of the Multiyear National Program of Statistical Activities.

The INS is the central agency of the national statistics system; its missions are:

- to coordinate the activities of the national statistics system;
- to produce and make available to users statistical data that are consistent with generally recognized international standards in the area of statistics and relative to all areas of national activity;
- to centralize the data produced by all the units and agencies in the national statistics system and ensure their conservation;
- to encourage the development of methodologies and applied research in the areas of collection, processing, and dissemination of quality data by all the units and agencies in the system;
- to promote the training of professional staff in the areas of data processing and dissemination through training sessions, in particular at the specialized schools.

The INS operates under the authority of the Minister of Economy and Finance; its financial resources consist, within the limits of the provisions of the relevant laws and regulations, of:

- government subsidies and appropriations;
- products of agreements concluded with other agencies for the conduct of surveys, censuses, studies, and any other statistical operations;
- external aid;
- receipts from the sale of its publications; and
- grants and legacies.

Source: Law No. 204-011 of March 30, 2004 organizing statistical activities and creating the National Statistics Institute.

II. REPORT ON THE FORUM OF PARTNERS

II.1. Results of the forum

Within the framework of PRS implementation, the government held a forum of the development partners, June 7-8, 2003, in Niamey.

This forum was an opportunity for the government to present to all of its partners the major challenges of the PRS, the problems arising in its implementation, and the support expected from the international community. It also facilitated a consolidation of the participatory process as well as a continued dialogue on policies.

The forum thus made it possible to reaffirm the general consensus and to make the PRS the sole reference framework for the partners in their support to Niger's economic, financial, and social policies.

The recommendations of the forum, which should be followed up with the partners, included:

- ✓ The acceptance of the PRS as the sole reference framework for the programming of the development efforts of Niger and its partners toward achieving the MDGs;
- ✓ The promotion of the program approach and budgetary support within the framework to implement the PRS;
- ✓ The need to harmonize the procedures for official development assistance management as quickly as possible.
- ✓ The need to deepen understanding of, and discussions on, the sources of growth, financial procedures, sectoral policies, the MTEF, population policy, gender, the tracking-assessment mechanism, and the means of improving and supporting Niger's macroeconomic performances in a sustainable way.

II.2. Implementation of the recommendations of the forum

For each of the recommendations made, appreciable progress has been achieved since the forum was held.

II.2.1. New partnership framework

In light of the resources required for financing the PRS and the weakness of Niger's financial resources, the establishment of a new technical and financial partnership is more than ever on the government's agenda.

In this context, mention can already be made of the effective implementation of several frameworks for partnerships between the government and a number of countries and institutions, as well as the appointment of sector leaders to ensure better coordination in the following sectors:

- Education (Canada),
- Health (Belgium),
- Combating HIV/AIDS (UNAIDS),
- Rural development strategy (France),
- Water resources (Switzerland).

It should be noted, however, that Canada has asked the MEB/A authorities to appoint a new leader for the education sector as of June 2004.

II.2.2. Plan to harmonize intervention procedures

In order to enhance the effectiveness official development assistance, the authorities prepared a draft timetable for the alignment of the program review with the budgetary cycle and a draft action plan for harmonization of the interventions of Niger's main technical and financial partners.

The draft action plan spells out the main objectives pursued within the framework of the harmonization of interventions, the specific tasks and actions to be carried out, the partners involved, the results expected, the periods concerned, and the various implementation schedules.

These joint assessment tools (government, technical and financial partners), which are under observation at the Ministry of Economy and Finance, will each year give greater visibility to the efforts made and the progress achieved, in each sector and in the general framework of poverty reduction efforts in Niger.

II.2.3. Mobilization of financial resources

The support provided by the technical and financial partners to the government continued in the priority development sectors of the PRS.

Table 13: Financing of the PRS (in billions of CFA francs)

	2002	2003	2004 Projection	2005 Projection	2002–05 Projection	2004–05 Projection
Tax receipts	144.6	152.1	179.7	211.4	687.8	391.1
External resources	152.7	144.4	197.9	155.6	650.6	353.5
Grants	74.7	76.0	119.1	95.4	365.2	214.5
• <i>budgetary assistance</i>	18.6	25.1	37.1	-	80.8	37.1
• <i>project assistance</i>	45.8	39.4	68.0	90	243.2	158.0
Loans	78.0	68.4	78.8	60.2	285.4	139.0
• <i>budgetary assistance</i>	44.2	32.8	16.4	-	93.4	16.4
• <i>project assistance</i>	33.8	35.6	62.4	60.2	192.0	122.6
MTEF	278.3	274.5	353.2	396.8	1,302.8	750.0

Source: Budget Guideline Memorandum, 2005 Budget Law, June 2004.

Despite the commitment undertaken by the partners to give precedence to budgetary assistance, it is noted that such assistance is lower than project assistance. Moreover, the external resources expected in the first half of the year became available only in the last

quarter of 2003 and were insufficient to meet the PRS needs presented at the forum (CFAF 193 billion). In fact only CFAF 144.4 billion could be mobilized, resulting in a shortfall of CFAF 48.6 billion.

The implementation of the PRS will require resources estimated at nearly CFAF 353.5 billion for the period 2004–2005 compared to CFAF 297.1 billion raised in 2002–2003.

III. OUTLOOK

III.1. Macroeconomic framework

To support higher and sustained economic growth, the principal objectives over medium term are to:

- Establish a stable macroeconomic environment and working toward the WAEMU convergence criteria;
- Promote irrigation and cash crops;
- Improve social indicators with, in particular, an increase in school enrollment ratios, health coverage, and access to safe water and sanitation;
- Development of human resource;
- Consolidation and expand road networks; and
- Promote democracy and good governance through the drafting of a national local and community development policy.

If the challenge of sustainable and high economic growth is to be met, a public investment program must be designed and implemented with preference given to interventions conducive to the enhancement of the existing potential in the rural sector, basic education, health, the basic infrastructures, and private sector promotion. In addition, it is necessary to deepen and expand structural reforms, especially those that are most likely to help strengthen macroeconomic stability, growth, and job creation. A mechanism is also needed to support private investment.

The fiscal policy objectives include the observance of the WAEMU convergence criteria and appropriation of adequate resources for the priority sectors. In particular, the authorities will pay special attention to improving the mobilization of domestic revenue by:

- (i) Relying heavily on indirect domestic taxation, particularly by reducing the scope of exemptions through the tightening of control and the imposition of taxes on virtually all goods and services consumed;
- (ii) Defining a clear tax policy and providing firm, constant political support for its implementation in a gradual, streamlined way; and
- (iii) Increasing the human and technical capacities of tax offices.

To ensure an optimal allocation of the available resources, the government will continue modernizing budget formulation and planning using program budgets and a Medium-Term Expenditure Framework (MTEF) consistent with the objectives of the PRS..

As regards public debt, the implementation of a sustainable debt reduction strategy will ensure the sustainability of public debt after the completion point. Given the scarcity of Niger's domestic resources, external assistance in the form of debt relief, project grants, and budgetary grants are key to the country's continued development and poverty reduction efforts.

To address the domestic debt problem, the authorities will pursue:

- ✓ The implementation of an appropriate domestic arrears reduction plan; and
- ✓ Actions aimed at preventing the accumulation of further domestic arrears through strict observance of the rules of fiscal orthodoxy.

The government will implement an action plan to strengthen economic governance in line with the PEMFAR recommendations.

In the area of monetary policy, the objective of the government is to reduce its borrowing from the banking sector and allow more credit to support private sector led economic growth while contributing to the build up of net foreign assets of the BCEAO.

The challenges to be addressed within the framework of PRS financing are still:

- The mobilization of external resources;
- A program budgeting and the preparation of a MTEFs for priority sectors; and
- The coordination and harmonization of donors' interventions.

III.2. Sectoral policies

III.2.1. Rural sector

After the adoption of the Rural Development Strategy (RDS), the priorities selected for each of the three key strategic areas consist of a small number of programs that will structure the interventions of the government and its external partners in the rural sector for the coming years.

Fourteen programs have been selected for the implementation of the RDS and their action plans are currently being prepared to specify the content of each program in terms of actions, quantified objectives, indicators, participants, and costs.

Various studies have already been completed or are underway to ensure consistency of the RDS with the PRS, and to detail the institutional implications of implementing the RDS, the regional assessment of production systems, and the definition of the tracking-assessment mechanism. In the near term, the government is focusing on finalizing the action plans for implementing the RDS and MTEF for the sector.

III.2.2. Education

While pursuing the efficient allocation of resources to the education sector, and in particular to the basic education subsector, the government has also begun preparation of a PDDE, Phase II. In this phase, the aim is to define strategies for secondary, higher, and vocational education.

Given that the educational system is expanding quickly, the integral PDDE aims at: (i) upgrading the available human resources to ensure harmonious economic, social, and cultural development; (ii) developing intellectual, physical, and moral capacities; and (iii) improving the system for the judicious inclusion of young people in socio-professional pursuits.

To improve the quality of the initial training of teachers and teacher trainers, discussions are underway among the education partners for the restructuring of the Ecole Normale Supérieure (teacher-training college).

The commitments undertaken in favor of the Initiative for Accelerated Access to Primary Education for All (Fast Tract Initiative) will be maintained.

III.2.3. Health

The major actions planned in the health sector are:

- The pursuit of efforts to implement the priority key actions defined in the strategic guidelines for health sector development in the 1st decade of the 21st century, 2002-2011, and in particular: (i) the improvement of environmental hygiene, (ii) a higher rate of vaccination coverage, and especially (iii) the reorientation of health sector investment in accordance with the MTEF in preparation for the 2005-2007 program budget;
- The finalization of the 2005–2009 Health Development Program (PDS), including the health map;
- The preparation of a new IDA-financed Health III project and the effective implementation of the AfDB-financed Health II project;
- The establishment of a computerized database containing all available health sector statistics.

In the medium and long terms, the government will make every effort to implement the Reproductive Health and Family Planning Program with a view to containing demographic growth.

III.2.4. Population policy

As indicated in the previous report, population growth in Niger (at 3.1 percent annually today, compared with 3.3 percent in 1988) remains a major concern since demographic trends can be altered only in the long term. Therefore, in the case of Niger, the current growth rate will continue for some years to come despite our development efforts under

various constraints. To face this challenge in the short and medium term, the government authorities will endeavor to continue implementing the following measures:

- The strengthening of the capacities of technical staff for effectively taking population issues into account when formulating development strategies;
- The revitalization of the structures responsible for implementing the National Population Policy (PNP);
- The strengthening of the intervention capacities of the NGOS/ADs in the sector;
- The establishment of demographic projections and forecasts based on the results of the 2001 General Population and Housing Census (RGP/H), with a view to take them into account in the revised PRS;
- The organization of awareness campaign on population issues;
- The resumption and intensification of family planning; and
- The formulation of a reproductive health and population strategy.

III.3. Capacity-building

The implementation of past programs was hampered by limitations on the human capacities available in the civil service and by resource shortfalls.

To ensure that such problems do not hinder the implementation of future economic and financial program, the government will take all necessary steps to speed up capacity-building programs at all levels and especially in the areas of economic management, the social sectors, the security of individuals and of property, and the adequate functioning of the democratic system and the institutions of the Republic. The program launched by the CAPED in favor of public structures and institutions will be strengthened.

As regards the problem of resources, it is expected that the increased fiscal adjustment effort will lead to a reduction in the impact of this issue in future.

III.4. Tracking-assessment mechanism

To facilitate the routine measurement of the progress made in the area of poverty reduction, a PRS tracking-assessment mechanism will be implemented.

In this connection, the Directorate of Statistics and National Accounts (DSCN) has become a National Statistics Institute with all the institutional implications that this change implies. To this end, priority steps will be taken to make the INS operational, to clarify the roles of the various structures, to obtain access to consensual indicators, and to finalize the results of the 3rd RGP/H. In addition, with a view to updating and improving knowledge about poverty and to providing the information necessary for the revision of the PRS, a National Consumption Budget Survey (ENBC) is planned for 2005. To ensure

a good instrument for tracking and assessing the PRS targets, a logical framework analysis structure for the PRS has been developed and adopted, and the sectoral indicators are being finalized.

With a view to equipping the poorest communities with the capacity to define the various aspects of their poverty, the government plans to set up a system for the participatory tracking of poverty.

As regards the need for capacity-building, the analytical studies done with the support of development partners will be used as a basis for:

- training employees at the central and regional levels in the management and tracking of results as well as in the techniques of limited surveys of recipients to measure results in terms of access, use, and satisfaction;
- strengthening the poverty tracking capacities of the national statistics system.

III.5. Revision of the PRS

Owing to sustained commitment of the competent authorities and the support of all the technical and financial partners, the PRS is in its third year of implementation.

However, despite the obvious impact of the actions taken on living conditions, changes in the socio-economic framework of the country have led to the emergence of new concerns that must be taken into account in the PRS. In particular, the issues to be covered are:

- population (integration of demographic and gender variables);
- employment policy and the transition of young people to the job market;
- higher, technical and vocational education policy;
- urban development policy;
- contribution of the private sector to poverty reduction;
- role of the civil society organizations in the tracking and assessment of PRS actions.

To this end, the Permanent Secretariat responsible for implementation of the PRS (the SP/SRP) plans to begin the process of revising the PRS this year. In light of the primary objective of poverty reduction, the adoption of the PRS provided the opportunity to further the discussions on most of the sectoral policies and strategies.

These discussions shed light not only on the causes and consequences of poverty and the major obstacles to its reduction, but also on Niger's principal economic and social assets that enable it to ensure strong growth and sustainable development.

The overall objective of the PRS revision is to take into account all the major changes that have occurred during implementation and any fresh concerns expressed by the parties involved.

The PRS revision process will serve as a permanent forum for dialogue among all those involved and will provide the best possible response to the problems of combating poverty.

The specific objectives pursued are:

- to assess the relevance of the strategies and objectives of the PRS in light of the progress made since its adoption by the government in January 2002 and, if applicable, to propose readjustments;
- to identify, if necessary, new strategic objectives;
- to take into account specific regional characteristics (define regional priorities compared with national strategies);
- to ensure greater private sector and civil society involvement in the process; and
- to encourage greater consideration of demographic and gender variables in the PRS.

In accordance with the participatory process that has always characterized the PRS, the revision will take place through:

- The revitalization of the institutional arrangements for implementation of the PRS at the national, regional, and subregional levels;
- The establishment of thematic groups;
- The broadening of the participatory process; and
- The strengthening of communications.

However, there are currently limitations affecting the process, especially related to the lack of new data that can clarify the status of poverty.

Meanwhile, the steps taken to prepare the revision of the PRS have included the issuance of: (i) directives, (ii) a schedule of activities, (iii) the terms of reference for the topical groups, and (iv) the budget.

III.6. Risks

Despite the existence of a favorable environment, marked especially by the consolidation of the results achieved after more than two years of PRS implementation, as well as the encouraging outlook for upcoming years, the government is paying special attention to the monitoring of a number of risk factors that could undo its efforts. These include irregular rainfall patterns, political instability, lack of resources, the crisis in Côte d'Ivoire, red tape in some procedures for the mobilization of external resources, and inadequate capacities for effective implementation of the activities envisaged.

Furthermore, because of the high rate of demographic growth, the economic growth recorded is insufficient to generate a noticeable improvement in per capita income and in living conditions.

Finally, the volatility of external assistance flows and uncertainties about their availability may well limit the results expected from the PRS implementation.

CONCLUSION

This report on the implementation of the PRS, the second of its type, sheds light on the fact that the government has made efforts to improve living conditions.

Indeed, Niger has very satisfactorily implemented the 2000–2003 Economic and Financial Program with the Bretton Woods institutions, which enabled it to reach the completion point under the HIPC Initiative in April 2004 and to receive debt relief from the Paris Club in May 2004. As a result of this, the government will be able to negotiate a new three-year program (2005-2007) with the Bretton Woods institutions that focuses on the PRS.

The results achieved within the framework of implementation of the reform programs are encouraging, especially in terms of fiscal consolidation and macroeconomic stability.

In the social sector, significant progress is visible owing to the allocation of resources to the PRS objectives.

The holding of local elections in the context of the decentralization process, defined as an instrument for the implementation of the PRS, constitutes a step toward the accountability of communities for improving their living conditions.

However, these results are still weak and insufficient, owing to the high rate of demographic growth. Indeed, the economic growth recorded over the program period generated only a marginal improvement in living conditions.

On the external side, the current account deficit remains high, especially because the export base is limited by the lack of economic diversification.

Also, the implementation of the PRS still faces the inadequacy of resources, despite the support provided by the Bretton Woods institutions and Niger's other development partners.

The second progress report gives indications of the government's commitment to increasing adjustment efforts considerably, as the implementation of the PRS requires not only sound, sustained fiscal performances, in particular ongoing efforts to improve revenue and the quality of expenditure, but also the continued mobilization of financial support from the international community.

Finally, this report calls on the technical and financial partners to provide further support to Niger in its efforts to revive the economy and combat poverty while harmonizing procedures and increasing resource flows. Otherwise, it will be difficult for Niger to achieve the MDGs.

ANNEXES

Annex 1: Fiscal Reporting Table (in billions of CFA francs)

	2001	2002	2003	2004 Est.
Total revenue	133.0	160.9	156.7	171.7
Tax revenue	125.6	144.6	152.1	167.3
Taxes on foreign trade	64.7	82.9	79.9	83.1
Taxes on goods and services	30.4	30.6	34.1	44.6
Income tax and profit tax	22.6	23.1	28.3	29.5
Other tax revenue	7.9	7.9	9.8	11.0
Nontax revenue	4.2	3.8	1.2	1.1
Revenue, specific budgets + special accounts	3.2	4.1	3.4	3.3
Offsetting revenue	0.0	8.3	0.0	0.0

Expenditure	245.6	278.1	276.1	296.0
Total current expenditure	157.4	161.8	160.6	157.8
Current fiscal expenditure	147.1	153.7	152.0	150.3
Wages and salaries	50.4	55.3	57.1	59.0
Equipment and supplies	43.2	45.4	39.5	37.3
Subsidies and transfers	28.1	30.3	37.9	43.8
Interest due	25.4	22.6	17.4	10.2
External debt	24.1	21.2	16.1	9.2
Domestic debt	1.3	1.4	1.3	1.0
Specific budgets/special accounts	10.3	8.1	8.6	7.9
Capital expenditure and net loans	88.2	116.3	115.5	138.2
Capital expenditure	89.0	116.6	115.5	137.4
From budgetary resources	25.1	27.1	28.5	30.5
From external resources	63.9	89.4	87.0	106.9
of which: HIPC resources	7.9	9.8	12.0	24.7
Net loans	-0.8	-0.2	0.0	0.8

Overall balance (commitments basis)	-112.6	-117.2	-119.3	-124.3
Basic fiscal balance	-48.9	-27.8	-32.3	-17.4
Change in arrears (reduction -)	-17.0	-33.4	-12.2	-18.5
Domestic arrears	-17.0	-33.4	-12.2	-18.5
External arrears	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-129.8	-150.6	-131.5	-142.8

Source: Ministry of Economy and Finance

Annex 2: Summary Table of Economic and Financial Indicators, 2001–04

	2001	2002	2003	2004
Gross Domestic Product and prices				
Nominal GDP (in billions of CFA francs)	1,425.9	1,512.8	1,587.5	1,627.8
Per Capita GDP (annual growth)	4.0%	-0.1%	2.2%	1.0%
Rate of growth (in percent)				
Per capita consumption	13.6	-0.6	5.1	-2.0
GDP at constant prices	7.1	3.0	5.3	0.9
Informal sector	8.7	2.9	5.8	4.0
of which: agriculture	21.9	0.8	8.6	-6.3
Modern sector	2.6	3.3	3.9	4.3
Prices				
GDP deflator	4.0	3.0	-0.4	1.6
Consumer prices	4.0	2.7	-1.8	0.3
Export prices (CFA francs)	6.7	1.6	1.2	1.5
Import prices (CFA francs)	-3.3	2.0	5.1	4.8
Terms of trade	10.0	-0.4	-3.8	-3.3
In percent of GDP				
Consumption	95.6	94.7	95.3	93.7
Private	83.2	82.5	84.0	82.9
Public	12.4	12.2	11.3	10.8
Investment	12.1	14.2	14.2	15.9
Gross fixed capital formation	11.9	14.0	14.0	15.7
Private	4.8	5.2	5.7	6.1
Public	7.1	8.8	8.3	9.6
Change in stock	0.2	0.2	0.2	0.2
Net exports	-7.7	-8.9	-9.5	-9.6
Exports	16.9	15.2	15.5	16.5
Imports	24.6	24.1	25.0	26.1
Government finance				
Total fiscal revenue	9.3	10.6	9.9	10.5
Tax revenue (TR)	8.8	9.6	9.6	10.3
Total expenditure	17.20	18.4	17.4	18.2
Current expenditure	11.0	10.7	10.1	9.7
Capital expenditure	6.2	7.7	7.3	8.4
Overall balance (commitment basis)	-7.9	-7.7	-7.5	-7.6
Basic overall balance	-3.4	-1.8	-2.0	-1.1
Primary balance (commitment basis)	-6.1	-6.3	-6.4	-7.0
Overall balance (cash basis)	-9.1	-10.0	-8.3	-8.8
WAEMU convergence criteria (in percent)				
Basic balance/GDP	-3.4	-1.8	-2.00	-0.3
Tax ratio	8.8	9.6	9.6	9.9
Wage bill/tax revenue	40.1	38.2	37.5	35.1
Domestically financed capital expenditure /TR	20.0	18.8	18.7	14.3

Source: CE/ME/F

Annex 3: Execution of Fiscal Expenditure, 2001–03 (in billions of CFA francs)

	2001			2002			2003		
	Allocation	Execution	Rate	Allocation	Execution	Rate	Allocation	Execution	Rate
Sovereignty expenditure	37.47	35.94	96%	35.71	36.66	103%	52.47	39.02	74%
Priority sectors	151.83	101.73	67%	181.41	135.47	75%	195.32	143.51	73%
Rural development	26.64	25.44	95%	36.47	30.18	83%	31.11	22.29	72%
<i>Water and environment</i>	19.21	3.7	19%	19.1	3.19	17%	38.9	16.13	41%
<i>Equipment and transportation</i>	29.45	6.59	22%	33.8	18.88	56%	35.93	16.19	82%
<i>Health</i>	34.73	28.28	81%	36.21	31.31	86%	39.74	33.57	84%
<i>Education</i>	40.7	37.08	91%	54.56	51.24	94%	57.91	50.88	88%
<i>Social development</i>	1.1	0.64	58%	1.27	0.67	53%	1.73	4.45	257%
Other expenditure	102.76	71.44	70%	94.53	67.02	71%	93.52	46.57	50%
Public debt	57.58	35.27	61%	70.47	35.97	51%	57.79	12.93	22%
TOTAL	349.64	244.38	70%	382.12	275.12	72%	399.1	242.03	61%

N.B. These are current and capital expenditures (not including externally financed project investments—ANR/borrowing) that do not follow normal public expenditure procedures and thus are not included in the statement of budget appropriations.

Annex 4: Structure of the Allocation and Execution of Expenditure

	2001		2002		2003	
	Allocated	Executed	Allocated	Executed	Allocated	Executed
Sovereignty expenditure	11%	15%	9%	13%	13%	16%
Priority sectors	43%	42%	47%	49%	49%	59%
Rural development	8%	10%	10%	11%	8%	9%
Water and environment	5%	2%	5%	1%	10%	7%
Equipment and transportation	8%	3%	9%	7%	6%	7%
Health	10%	12%	9%	11%	10%	14%
Education	12%	15%	14%	19%	15%	21%
Social development	-	-	-	-	-	2%
Other expenditure	29%	29%	25%	24%	23%	19%
Public debt	16%	14%	18%	13%	14%	5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: DGB/ME/F

N.B. For 2001 and 2002, social development expenditure represented less than 1 percent.

Annex 5: Capital Expenditure 2001-2003 (in billions of CFA francs)

	2001			2002			2003		
	Allocation	Execution	Rate	Allocation	Execution	Rate	Allocation	Execution	Rate
Productive services	32.95	23.67	71.8%	37.6	26.74	71.1%	34.87	29.01	83.2
Rural services	30.32	21.74	71.7%	37.28	26.35	70.7%	32.4	28.32	87.4
Other	2.63	1.93	73.4%	0.32	0.39	121.9%	2.47	0.69	27.9
Infrastructure	24.25	4.31	17.8%	29.32	15.64	53.3%	20	17.35	86.8
Social sectors	32.58	26.99	82.8%	42.25	37.38	88.5%	101.33	56.17	55.4
of which: Education	4.32	5.8	134.3%	14.06	10.6	75.4%	20.14	12.67	62.9
Health	15.94	13.49	84.6%	16	14.44	90.3%	33.78	22.63	67.0
Other	26.17	27.65	105.7%	24.5	24.23	98.9%	28.69	17.92	62.5
TOTAL	115.95	82.62	71.3%	133.67	103.99	77.8%	184.89	120.45	65.1

Source: DGF/ME/F

N.B.: Extrabudgetary expenditure is included.

Annex 6: Contribution of external resources to the financing of the GCB

	2001			2002			2003		
	Expenditure	External Resources Amount	External Resources %	Expenditure	External Resources Amount	External Resources %	Expenditure	External Resources Amount	External Resources %
Productive services	23.67	22.82	96.4	26.74	25.52	95.4	29.01	28.31	97.6
Rural services	21.74	20.93	96.3	26.35	25.14	95.4	28.32	27.62	97.5
Other	1.93	1.89	97.9	0.39	0.38	97.4	0.69	0.69	100.0
Infrastructure	4.31	4.1	95.1	15.64	15.56	99.5	17.35	15.19	87.6
Social sectors	26.99	24.47	90.7	37.38	35.05	93.8	56.17	52.83	94.1
• Education	5.8	4.36	75.2	10.6	9.28	87.5	12.67	11.07	87.4
• Health	13.49	12.87	95.4	14.44	13.78	95.4	22.63	21.23	93.8
Other	27.65	4.48	16.2	24.23	3.37	13.9	17.92	3.47	19.4
TOTAL	82.62	55.87	67.6	103.99	79.5	76.4	120.45	99.8	82.9

Source: DGF/ME/F

N.B.: Extrabudgetary expenditure is included.

Annex 7: Matrix to Track the Recommendations of the Forum of Partners

Strategic Focus	Type of Support	Amount (In thousands of CFA francs)	Remarks
1. Stabilization of the macroeconomic framework			
✓ Belgium	Payment of civil servants' wage arrears	5,200,000	March and December 2003
✓ France	Structural adjustment subsidy	6,559,570	The 2003 subsidy was disbursed; for 2004, a tranche of CFAF 4.5 billion was disbursed.
2. Development of the productive sectors			
✓ France	Agricultural sector	983,935,500	-
✓ ABEDA	Rural development and capacity-building	-	- New project and technical assistance
✓ Kuwait Fund	Village water resources	735,000	Loan signed in December 2003
✓ OPEC Fund	Infrastructure program	6,500,000	Project to build the second Niamey bridge
✓ Saudi Fund	Development program	6,300,000	Signing under way
✓ United Nations System	Food security	91,000,000	2002–2007 program
3. Basic social services			
✓ France	Education Official assistance Support for the PRS	1,902,275.3 327,978.5 memo. item	
✓ Netherlands	Support for the PDDE (EPT)	8,800,000	Education For All component
✓ United Nations System	Basic social services	130,000,000	2002–2007 program
4. Good governance and decentralization			
✓ United Nations System ✓ Denmark ✓ Canada	Good governance	144,200,000 memo. item memo. item	2002–2007 program

Source: ME/F/CCE/DGEP/DC/P