

Niger: Joint Staff Advisory Note on the Second Poverty Reduction Strategy Paper

The attached Joint Staff Advisory Note (JSAN) on the Second Poverty Reduction Strategy Paper for Niger, prepared jointly by the staffs of the World Bank and the IMF, was distributed with the member country's Poverty Reduction Strategy Paper (PRSP) to the Executive Boards of the two institutions. The objective of the JSAN is to provide focused, frank, and constructive feedback to the country on its Poverty Reduction Strategy (PRS).

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623-7430 • Telefax: (202) 623-7201
E-mail: publications@imf.org • Internet: <http://www.imf.org>

Price: \$18.00 a copy

**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

NIGER

Joint Staff Advisory Note on the Second Poverty Reduction Strategy

Prepared by the Staffs of the International Monetary Fund (IMF)
and the International Development Association (IDA)

Approved by Jean A.P. Clément and Anthony Boote (IMF)
and Obiageli K. Ezekwesili (IDA)

March 18, 2008

I. OVERVIEW

1. **This Joint Staff Advisory Note (JSAN) reviews the second poverty reduction strategy (Accelerated Development and Poverty Reduction Strategy, SDARP¹)** for the period 2008-2012 prepared by the Government of Niger. The SDARP was prepared drawing on lessons learned from the implementation of the first poverty reduction strategy (PRS). It was completed on October 10, 2007 with its adoption by decree.
2. **The strategy is built around seven pillars to spur growth and reduce poverty**, namely: (i) the promotion of strong, diversified, sustainable and job creating growth; (ii) ensuring equitable access to quality social services; (iii) slowing down of population growth; (iv) reduction of inequalities and strengthening of social security for vulnerable groups; (v) infrastructure development; (vi) promotion of good governance; and (vii) effective implementation of the strategy.
3. **The preparation of the SDARP was inclusive** and involved the Parliament, the private sector, civil society and academia at all stages of its preparation. Development partners provided sustained technical and financial assistance, while the technical SDARP secretariat led the consultation process. This resulted in the strong appropriation of the strategy, especially within the government. Going forward, staffs recommend effective involvement of those actors in the SDARP implementation stage, which was lacking in the previous PRS.

¹ Stratégie de Développement Accéléré et de Réduction de la Pauvreté (SDARP).

4. **Staffs note that the SDARP is comprehensive and well-prepared and agree with the thrust of its macroeconomic policy scenarios and economic and social objectives.**

The SDARP provides a thorough poverty diagnosis² and presents sectoral plans, reform policy measures, costing, and a policy matrix for 2008–2012, which is linked to achievement of the MDGs.³ It also examines the constraints and risks to its implementation. The SDARP has an adequate focus on slowing down population growth (pillar 3) which was omitted in the previous PRS, an important shortcoming in a country which has one of the highest fertility rates in the world.

5. **Staffs commend the government for enabling a stable macroeconomic environment and strengthening reform performance since 2000.** However, Niger's development challenges remain daunting and the SDARP candidly assesses and acknowledges the country's difficult context illustrated by poor initial conditions for basic macro and social indicators.

6. **This JSAN provides feedback from the staffs of the IMF and IDA on the SDARP.** It presents staffs' views on priority areas for strengthening the SDARP during its implementation. In particular, the JSAN comments on three core elements of the SDARP: a) poverty diagnosis and alignment with the MDGs and the budget; b) sector policies and reform priorities; and c) the strategy's implementation and monitoring and evaluation framework, and implementation risks.

II. POVERTY TRENDS AND DIAGNOSIS

7. **The incidence of poverty in Niger remains high, with insufficient results achieved under the implementation of the first poverty reduction strategy.** One of the poorest countries in Africa, Niger ranks 174th out of 177 countries in the 2007 UNDP Human Development Index. The poverty diagnosis presented in the SDARP is based on the Core Welfare Indicators Questionnaire (CWIQ) survey completed in May 2006 and a Participatory Survey on Poverty which gives qualitative data on people's perceptions of poverty. The CWIQ survey provides a detailed module on consumption which can be used to measure poverty, but there is a lack of good recent survey data before the CWIQ with which the CWIQ results can be compared. On the basis of simulations on per capita GDP growth and consumption, it appears that there was a small decline in the incidence of poverty between 2002 and 2005. However, poverty incidence was estimated at 62 percent in 2005 which is similar to the level of 63 percent in the 1993 household survey.

² The poverty diagnosis is based on the recently completed CWIQ survey (May 2006).

³ The Action Plan is based on an ambitious scenario (Emergent Niger) which is built to reach the MDGs targets by 2015 and would require significant external financing.

8. **Limited and volatile economic growth, low levels of rural incomes, a limited share of skilled people within the workforce, high vulnerability (at least one third of the population is exposed to food insecurity) and rapid population growth are the main causes of this poor performance.** Also, it should be noted that the depth and severity of poverty increased from respectively 21.7 and 10.1 percent in 1993 to 24.14 and 12.3 percent in 2005. These findings call for designing policies targeting vulnerable groups of the population, which is rightly addressed in the pillar 4 of the strategy “reduction of inequalities and strengthening of social security for vulnerable groups.”

9. **Staffs urge the authorities to fill the information gaps on poverty by finalizing the ongoing household survey.** The Nationwide Budget-Consumption Survey (ENBC), which is expected to be completed in May 2008, should provide more accurate information on recent poverty developments, especially regarding regional poverty and inequality. Staffs also recommend that the government build on the household survey results and the recently completed Multiyear Plan for the Development of Statistics to design a sound strategy for monitoring and analyzing poverty trends on a regular basis. In this context, they also recommend that development partners support government’s efforts to improve the capacity of the statistical bureau (INS) to undertake the analytical work required for follow-up of future surveys.

10. **While the determinants of poverty outcomes are adequately identified in the SDARP, growth and distributional impacts of sectoral programs and expenditures need to be better assessed in the future.** Staffs commend the government for adopting the coding of pro-poor expenditures in the budgetary nomenclature, and encourage it to monitor closely the execution of the budget and to publish regular reports on the expenditures in the priority sectors. Staffs urge the authorities to also deepen the analysis on the links between growth policies and sectoral programs and expenditures, and their impact on poverty reduction.

11. **The SDARP acknowledges the significant challenges to achieve the MDGs.** The SDARP strategic goals are aligned with the MDGs; however, Niger is off-track to meet all but one MDG by 2015, i.e., the goal of reducing by two third infant mortality which was reduced from 362 per 1,000 in 1990 (MDGs baseline year) to 180 in 2005. Indicators for other health targets (maternal health, fight against malaria and other diseases) have stagnated since 2000 and will likely not be met by 2015. The objective of reducing by half poverty incidence is out of reach under current growth trends as limited progress was recorded on poverty reduction under the first PRS. Regarding the education sector, despite encouraging results obtained in the PRS implementation period, Niger still ranks among the lowest in terms of gross primary enrollment (even with an increase of about 25 percentage points since 2000) and will likely not meet the targets of achieving universal primary education and filling the gender gap measured by girls enrollment in primary and secondary education; these indicators are projected to reach respectively 48 and 87 percent. The likelihood of achieving the goals related to ensuring environmental sustainability and strengthening the global partnership for development are very low. While poverty-related expenditures

increased by around 70 percent in nominal terms between 2002 and 2007 and represent around 48 percent of public expenditures in the 2007 and 2008 Budget Laws, they are insufficient to meet financing needs for reaching the MDG targets.

III. SECTOR POLICIES AND REFORM PRIORITIES

A. Macroeconomic Framework

12. **After the lost decade of the 1990s which was characterized by political instability and low growth, in 2000 the Government of Niger embarked on an economic and institutional reform process** with the implementation of the first Poverty Reduction Strategy Paper (PRSP). GDP growth reached 4 percent on average between 2000 and 2006, with an annual increase of 1 percent of per capita income, in contrast to the previous decade when annual income per capita fell by 1.4 percent per year on average. Real GDP growth is estimated at 5.6 percent in 2007. Inflation remained in check, averaging 2.3 percent during the 2000-2006 period, and the average inflation rate is estimated at close to zero for 2007. Niger reached the completion point of the Heavily Indebted Poor Countries (HIPC) Initiative in 2004 and benefited from the Multilateral Debt Relief Initiative (MDRI) in 2006. As a result, the net present value (NPV) of its debt to exports ratio fell sharply from 134.8 percent in 2005 to 62.6 percent in 2006.

13. **The fiscal performance of the government has also improved significantly since 2000.** Over the period 2000-2006, fiscal revenue averaged 10 percent of GDP, and is estimated to have reached 11.2 percent in 2007, as opposed to only 7.8 percent over the second half of the 1990s. Accordingly, public expenditure was able to expand, while simultaneously the basic budget deficit (which excludes foreign-financed expenditures) shrank from 3.5 percent of GDP in 1995–1999 to 2.7 percent of GDP in 2000–2006. Staffs encourage the government to continue to pursue prudent fiscal policies to sustain macroeconomic stability and create space for an increase in pro-poor spending. This implies improving further revenue mobilization, continuing to strengthen expenditure management and its efficiency, securing external finance in the form of grants, and maintaining a disciplined and prudent borrowing policy fully consistent with debt sustainability. In this respects, staffs recommend that the government strengthen the debt management unit at the Ministry of Finance, in order to enhance the monitoring of external borrowing and ensure that this is contracted at the highest possible concessional rate, in order to preserve debt sustainability, and only for high priority infrastructure projects.

14. **The SDARP intermediate growth scenario, targeting an average annual GDP growth rate of 5.7 percent,** presents a number of challenges, as it requires a sustained growth in the agricultural sector of 7 percent per year on average (higher than achieved in the past) and a sustained expansion in manufacturing, construction and energy, in addition to mining. It also assumes a steady increase of the revenue–GDP ratio, to about 16 percent in 2012, and maintenance of the aid to GDP ratio broadly at the level of 2007. Staffs note that

the growth rate in this scenario will not be sufficient to result in a cut of the poverty incidence by 50 percent by 2015, as required by the first MDG.

15. **The SDARP presents a high growth scenario, with a GDP average annual growth rate of 7 percent**, which, under some hypotheses about the relationship between growth rates and poverty reduction, would lead to the targeted cut in poverty by 2015. But the challenges to attain this high growth rate on a sustained basis appear daunting. Agricultural sector growth would have to average about 8 percent per year, and aid would have to be scaled up sharply, from the current 12 percent of GDP to about 39 percent, which would have to take the form of grants and highly concessional aid in order to preserve debt sustainability. The scenario also assumes an even more ambitious tax effort, with the budgetary revenue to GDP ratio rising to 17 percent in 2012.

16. **Both growth scenarios are predicated on (i) government making more efficient use of its resources, and in particular effective investment in infrastructure, and (ii) reforms aiming at improving the investment climate for the private sector, fostering a rapid diversification of the economy.** Policies under (i) would include forceful implementation of the rural sector strategy aiming, among others, at widening rapidly the areas under irrigation and at a higher use of modern inputs in agriculture; and significant alleviation of bottlenecks in transportation and public utility services. The reduction in poverty will depend also significantly on the success of the government in achieving its target of slowing down population growth. Risks to the growth scenarios are significant; they include, in addition to possible slippages in the investment policy and in the reform efforts to promote private sector activity, the possible recurrence of adverse climatic conditions, the persistence of lack of security in the northern mining regions and vulnerability to other exogenous shocks.

17. **The SDARP would benefit from a more detailed discussion of the medium-term fiscal framework, both for the intermediate and high growth scenario, with particular attention to the composition of expenditures.** While the SDARP presents the broad sectoral allocation of expenditures over the 2008-12 period, staffs recommend that the annual expenditures targets for key subsectors within health, education, and infrastructure be also identified. They also recommend that the budgets in the coming years, including the supplementary budget under preparation for 2008, be presented within a medium-term framework, outlining the targeted sectoral budget allocations for the period 2008-12, which should be consistent with the SDARP objectives. Staffs also recommend that every annual state budget present the discrepancies between the budgetary envelope for the previous year and the outcome, explain the reasons for the discrepancies and the measures taken to correct them. A similar analysis could be made on budget and outturn of total pro-poor expenditures.

18. **While the SDARP highlights a number of sectors which could be expanded significantly, staffs believe that the strategy needs more detail on how to achieve these high growth scenarios by attracting private investment and fostering private sector productivity growth in those sectors.** The staffs recommend that detailed and prioritized reform actions be defined to address key constraints for the private sector, drawing *inter alia* on the analysis and recommendations of the World Bank's Country Economic Memorandum and the Investment Climate Assessment that were recently completed. Notable in this respect would be efforts to increase the productivity of the labor force, including through expansion of education and training, and to increase the quality of basic infrastructure, including roads, electricity and water (see further details below).

B. Policies for Private Sector Investment and Growth

19. **The SDARP identifies the key actions needed to strengthen the competitiveness of the Nigerien economy.** Historically, the non-mining formal private sector contribution to GDP growth has been marginal in Niger and the country is ranked as a poor performer in the Doing Business indicators. The government is taking corrective actions to improve the business environment within the National Council of Private Investors framework. Staffs welcome the fact that the SDARP sets targets and highlights reforms to be undertaken to improve the business environment. It is recommended that the government accelerate implementation of the measures intended to promote private sector development by: (i) adopting an action plan to reform the business environment with emphasis on the cost and time to set up a company; (ii) adopting measures to overhaul the tax system for both the formal and informal sectors and to lower corporate taxes; and (iii) fostering development of infrastructure through the adoption of a public-private partnership law. Also, staffs encourage the government to define policies to diversify the exports base and promote the processing of agricultural and livestock products.

20. **The strategy acknowledges the limited access to financing and inadequate private sector support mechanisms in the country and identifies key actions in these areas.** The government intends to create several institutions to support the private sector (including an approved management center, creation of business incubators, creation and development of industrial lands, construction of a national fairs and exhibition park). Staffs recommend that such mechanisms and initiatives be private sector driven and managed in order to avoid the pitfalls experienced in other countries.

21. **The strategy also stresses the importance of pursuing reforms to improve the legal and regulatory framework for the financial sector and the implementation of the National Microfinance Strategy adopted in March 2004.** The SDARP notices that the country's ratio of credit to GDP, around 6 percent during the last decade, is one of the lowest in the West African Economic and Monetary Union (WAEMU) and highlights the need to deepen the financial sector and facilitate the access to credit for the medium- and small-size enterprises. In this regard, staffs urge the authorities to accelerate the reforms envisioned in

the Financial Sector Development Program which have been delayed over the past years, notably completion of the privatization of Crédit du Niger and the restructuring and modernization of the social security system (CNSS) and the National Retirement Fund (FNR). Staffs also recommend that the authorities adopt a strategy on rural financing based on strengthening microfinance institutions, and better links between commercial banks and the microfinance network.

22. **The SDARP appropriately identifies four clusters (rural development, handicraft, tourism and mining) as pillars of pro-poor growth.** Staffs commend the emphasis on identifying “niches” in the agricultural sector and regional development poles. However, they recommend that the Accelerated Growth Strategy be finalized and implemented at least in the second semester of 2008 as this would be the key factor for increasing agricultural sector growth from around 3 percent in the last decade to an average of 7 percent under the intermediate SDARP growth scenario. While the idea of regional development poles is welcomed, it is recommended that the priority areas of interventions be limited to 2 or 3 products by region according to its established comparative advantage. Also, the security issue could have been discussed in the strategy as it may impact on the growth prospects, given the ongoing rebellion in the northern region of the country which has the best opportunities for tourism and mining development.

23. **The potential contribution of the mining sector to economic growth is highlighted in the SDARP.** Recent international price increases for uranium⁴ and oil point to a likely increasing contribution of the mining sector to growth. Uranium represented about 30 percent of exports in 2006. Investors have already obtained more than fifty uranium exploration licenses and some ores will start production in 2010-2011 and are expected to triple production by 2017. The strategy rightly emphasizes measures to protect the environment and manage health risks. However, the SDARP could better indicate expected private sector financing in the mining sector and policy options (including by improving the new Mining Code up to internationally-recognized best practices) for attracting more private companies to tap the mining potential of the country. Staffs also note that the expectations of starting petroleum production in 2009-2010 appear ambitious given information available to date.

24. **The strategy calls for a better insertion of the Nigerien economy in regional and international trade.** A study on the trade integration of Niger is under preparation jointly with main development partners (IDA, UNDP, WTO, IMF, CUNCED, CCI and ONUDI). This report will help the government define a sectoral program for trade development, with an emphasis on regional trade, including a trade strategy towards Nigeria, which is the main commercial partner of Niger according to surveys on trade flows between the two countries undertaken in 1994 and 2001.

⁴ Niger has sub-Saharan Africa’s largest ores in its Northern region.

25. **The SDARP adequately stresses the importance of improved infrastructure (roads, energy and telecoms) to encourage growth and facilitate access to social services.** Low infrastructure endowments (notably transportation facilities, power and telecommunications networks) are key constraints to growth and achievement of MDGs in Niger. The strategy sets up targets regarding access to energy and communication infrastructure by 2012 as well as for construction, rehabilitation and maintenance of the road network. Staffs urge the authorities to accurately plan for the maintenance costs incurred by the expansion of the road network as the current resources allocated to maintenance cover only about 50 percent of needs; in that aim, staffs recommend that the management of the Road Fund be strengthened.

C. Population Growth and Access to Basic Social Services

26. **Staffs commend the strong focus of the SDARP on slowing population growth (third pillar of the strategy).** The government is aware that the current population growth trends, if unabated, would jeopardize any efforts undertaken to achieve the SDARP's objectives. In February 2007, Niger adopted a Government Declaration of Population Policy which is a sound framework for slowing population growth with adequately designed performance indicators. The targets relate to: (i) reducing the average number of children per woman from 7.1 in 2006 to 5 in 2015; (ii) increasing modern contraceptive prevalence from 5 percent in 2006 to 14 and 18 percent respectively in 2012 and 2015; (iii) reducing the proportion of early marriages by one third, from 59 to 40 percent in 2015; and (iv) maintaining the average duration of maternal breastfeeding at 21 months, including six months of exclusive breastfeeding. Staffs encourage the authorities to sustain implementation of this strategy and urge them to ratify and implement the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa to address effectively the issue of slowing population growth in Niger.

27. **Regarding the education sector, the emphasis on strategic development of vocational and technical training aimed at supporting growth and employment creation is appropriate.** The strategy identifies key measures to address a drop in basic education quality and enhance vocational training supply to provide skilled workers to the labor market and improve total factor productivity which is currently very low in Niger, according to the recent Investment Climate Assessment. The option of promoting access to basic vocational training for uneducated people and those who drop out from school is also welcomed, especially in the rural areas. However, quality is still a concern in both primary and secondary education and should be addressed more forcefully. Attention to the informal sector is also needed by developing apprenticeships to provide skills to informal enterprises. Furthermore, staffs recommend the timely finalization and implementation of the Complete Education Development Program which encompasses all levels of education (preschool, primary, secondary, and tertiary levels).

28. **The health and HIV/AIDS goals of the strategy are consistent with the MDGs targets.** While Niger is far from attaining the key health MDGs targets, it has reduced the incidence of infant and child mortality. The strategy is consistent with the Health Development Plan which is focused on the first level of health care with the health district as the operational unit and on vertical programmes as well as the supply of reproductive health services. The strategy rightly emphasizes the need to improve the functioning of the current system and to focus on rural areas to reduce the existing disparities.

29. **Staffs commend the authorities for the important progress achieved regarding water access under the implementation of the first poverty reduction strategy.** Staffs welcome the priority granted to improvement of village and pastoral water systems. The SDARP maintains a focus on improving water access, identifies targets in terms of facilities and makes an adequate link between access to safe water and sanitation issues, which would help reduce diseases provoked by poor hygienic conditions.

30. **The strategy makes adequate links between inequalities and growth and poverty reduction.** The report identifies performance indicators linked to the MDGs and aimed at promoting gender equality and empowering of women. Ongoing staff analysis on pension, food security and safety nets will provide more information for designing adequate policies and programs to strengthen social protection for vulnerable groups.

D. Governance

31. **The strategy candidly highlights the main factors of poor governance, acknowledges their negative impact on growth and poverty reduction, and proposes sound actions to address them.** Staffs welcome the focus on governance issues and the clear commitment to fight corruption by: (i) enhancing public expenditure management reforms through accelerating implementation of the PEMFAR action plan; (ii) implementing public procurement reforms following the establishment of a public procurement regulatory agency and the General Directorate for Public Procurement Control; and (iii) setting up a High Authority on Corruption Control.

32. **In August 2007, Niger became a full member of the EITI, with the appointment of the EITI Permanent Secretary and the validation of the action plan.** Staffs recommend that the authorities sustain the effective implementation of the action plan beyond this initial phase as this would contribute to increase transparency and efficiency in the use of mining resources as well as contribute to ease the social tensions linked to new prospects in the mining sector in Niger and the redistribution of royalties within the different communities.

33. **Decentralization could help in better targeting, especially disadvantaged areas.** Staffs recommend that the decentralization process be strengthened by ensuring adequate allocation of resources to decentralized entities, enhancing capacity of collectivities' staffs on

financial and procurement management, and designing programs aiming to improve provision of basic services to the population.

IV. IMPLEMENTATION, MONITORING AND EVALUATION

34. **Staffs welcome the design of an effective implementation and of a sound monitoring and evaluation system in the SDARP, as illustrated by the elaboration of a monitoring and evaluation guide, annexed to the report.** Effective implementation of the strategy is the seventh pillar of the SDARP which emphasizes: (i) the formulation of result-based public policies; (ii) increased and effective allocation of resources to SDARP priorities; (iii) establishment of a result-based monitoring and evaluation system; and (iv) building of human, material and institutional capacities. Staffs recommend streamlining the monitoring and evaluation guide by simplifying the M&E institutional arrangements and defining clearly monitorable inputs (e.g., classrooms, health facilities; teachers; nurses) and outcomes. Staffs recommend that future Budget Laws be aligned with the SDARP, by enhancing the formulation of program budgets within key sectoral ministries on the basis of sectoral Medium-Term Expenditure Frameworks (MTEF) and the global MTEF, which defines sectoral budget envelopes. It is also recommended that the government train staffs in key-line ministries on those new tools and identify sound result indicators for the ongoing projects and programs.

35. **While the SDARP is elaborated on a result-based framework, with main poverty and socio-economic targets by scenario, the Action Plan is not clearly linked to achievement of these goals.** Staffs urge the government to align the priority action plan with the SDARP goals and targets and also recommend that the Annual Progress Report be used to prioritize and sequence the interventions in the various sectors consistently with available resources. A recent forum on aid coordination in Niger recommended that the Commissariat in Charge of Development follow up closely the monitoring and evaluation of the development impact of projects and programs. However, the synergy of this entity with other government units (notably the Statistical Office and the line ministries) needs to be enhanced and its capacity strengthened.

36. **Significant risks remain regarding the implementation of the strategy.** First, the persistence of the current rebellion in the Northern region of the country, where the uranium ores are located, may have adverse political and economic impacts and affect the implementation of the strategy in that region. Second, the Nigerien economy is highly vulnerable to exogenous shocks, particularly changes in the uranium prices and the occurrence of drought and locust plague. Third, failure to meet the objectives of the national population policy aiming to slow down population growth would reduce the impact of higher growth on poverty reduction. Also, continued real appreciation of the CFAF, either because of domestic inflationary pressures or because of further depreciation of the U.S. dollar versus the Euro (to which the CFAF is pegged), could have a negative impact on competitiveness and growth. In addition, limited capacity within the civil service may delay timely

implementation of identified policies and programs, and delays in scaling up aid could defer the implementation of the strategy. Success in the current efforts to improve governance and build capacity, especially in the areas of public financial management and policy planning, and efforts to improve productivity would go a long way toward mitigating some of these risks.

V. CONCLUSIONS AND ISSUES FOR DISCUSSION BY THE EXECUTIVE DIRECTORS

37. **The SDARP clearly identifies the major obstacles to poverty reduction in Niger and provides a reasonable framework for implementing the Government's growth and poverty reduction agenda over the next five years.** It recognizes the considerable challenges to achieve the MDGs and the significant risks to its implementation. To be successful, the strategy requires strong political commitment for the sustained implementation of a core set of reforms and programs aimed at increasing productivity and investment, improving governance, and ensuring macroeconomic stability.

38. **Looking ahead, the staffs see several areas for strengthening the SDARP during its implementation over the coming years:**

- **Enhancing the investment climate and strengthening governance for accelerated private sector growth and employment creation.** The staffs recommend that the authorities identify detailed and prioritized reform actions to address key constraints for the private sector, drawing *inter alia* on the analysis and recommendations of the Country Economic Memorandum and the Investment Climate Assessment that were recently completed. Efforts to further enhance governance, with particular attention to public financial management and the mining sector, are also needed.
- **Pursuing prudent fiscal and monetary policies to sustain macroeconomic stability.** Increasing public revenue mobilization, strengthening expenditure management and its efficiency, and securing financing in the form of grants and highly concessional loans would create space for an increase in pro-poor spending.
- **Improving access and quality of basic services.** Enhancing public expenditure management in health and education, timely implementation of reforms envisioned in the National Population strategy to slow down its rapid growth, improving basic infrastructure and continued progress in decentralization are critical to achieve the SDARP ambitious public service delivery targets.
- **Improving the monitoring of the strategy implementation.** The SDARP benefits from an enhanced monitoring framework based on previous PRS implementation experience. The staffs recommend that future APRs closely monitor progress indicators to identify early on areas of bottlenecks, especially in basic service provision.

39. **In considering the authorities' SDARP and the associated JSAN, Executive Directors' views are sought** on whether they agree with the main areas identified by staffs as priorities for strengthening the strategy and its implementation and the areas identified as key implementation risks.