



1. Project Data :	
OEDID:	C2939
Project ID:	P001974
Project Name:	Public Sector Adjustment Credit
Country:	Niger
Sector:	Public Sector Management Adjustment
L/C Number:	C2939
Partners involved :	
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2. Project Objectives, Financing, Costs and Components :
 The project was approved in March 1997 and closed on schedule in March, 1998. *Objectives* :The project aimed to help restore macro-economic stability and induce private sector growth . Given a poor record of policy reform in the past, the loan targeted a few key actions in public finance and public enterprises, rather than the full array of policy issues comprising Niger's adjustment program . Specific actions were to: (i) simplify the tax system, strengthen tax administration, and widen the tax base; (ii) reduce the share of the wage bill, subsidies, and transfers in current expenditure in favor of basic education, health, and road maintenance; and (iii) begin implementation of the privatization program. *Financing*: IDA: US\$30 million. *Costs and Components*: One tranche balance of payments support with all actions taken prior to effectiveness .

3. Achievement of Relevant Objectives :
 Despite political and social instability, the government showed strong commitment to the reform program and all measures taken prior to credit effectiveness were sustained . GDP was adversely affected by drought in parts of the country, but grew by 3.4% in 1997 - the first time since 1980 that growth has been positive for 5 years in a row. *Revenue*: Total fiscal revenue in 1997 increased by 15%. However, at 8.4% of GDP, it was lower than the expected level of 9.8% due to short-falls in customs and income tax revenues . *Expenditure*: Progress was made in rationalizing the civil service salary system and the wage bill was reduced by 11% in 1997; non-wage current expenditure in health and education increased . Expenditure on subsidies and transfers increased, however, and spending on road maintenance was below targets . *Privatization*: The privatization program accelerated in late 1997. Two enterprises were privatized; three were liquidated; eight are in the process of restructuring; the import monopoly for petroleum products was removed; consultants to help privatize the water, telecom, and electricity utilities were recruited.

4. Significant Achievements :
 Good progress was made in the public finance component : the wage bill was reduced; allocation to the social sectors was increased; total fiscal revenues were increased . The project helped launch Niger's privatization program.

5. Significant Shortcomings :
 There were delays in implementing the program in the second half of 1997 because of (i) government preoccupation with security and socio-political issues (especially problems with labor unions); and (ii) a lack of cooperation and coordination between various government agencies implementing the program . The design of the operation should have included provisions for communicating the objectives and benefits of the program to a broad array of stakeholders to help build a consensus on the reform program .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Partial	Modest	

Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

(i) One-tranche operations with concrete up-front policy actions are appropriate interventions when the track record of reform is limited and where only a limited information base on the country exists; (ii) in an environment of weak institutional capacity and political instability, a gradual, step by step approach (starting with a few reforms in the most critical areas) is likely to be most effective; (iii) obtaining and maintaining broad support for an adjustment program among civil society is important to ensure its eventual success .

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :

The ICR is of satisfactory quality . The Borrower provided a good, detailed contribution to the ICR . There is no aide-memoire of the ICR mission.