

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB6278

Project Name	Safety Net Project
Region	AFRICA
Sector	Other social services (50%); Public administration- Other social services (30%); General agriculture, fishing and forestry sector (20%)
Project ID	P123399
Borrower(s)	GOVERNMENT OF NIGER
Implementing Agency	Safety Nets Unit (<i>Cellule Filets Sociaux- CFS</i>)
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	March 24, 2010
Estimated Date of Appraisal Authorization	February 22, 2011
Estimated Date of Board Approval	May 19, 2011

1. Country and Sector Background

Poverty is widespread in Niger, a landlocked country located in the Sahel, where an estimated 65 percent of the 15 million inhabitants live on less than US\$1 per day. Human development indicators are below the sub-Saharan average: infant mortality rate is 81 per 1,000 live births, life expectancy is 50.8 years, and the literacy rate was 28.7 percent in 2009. Malnutrition rates are high and access to basic social services including health care is limited

In Niger poverty is associated with low level of food consumption and high levels of chronic and temporary food insecurity. More than 50 percent of Niger's population is estimated to be food insecure, with 22 percent of the population suffering from chronic food insecurity (per capita consumption of less than 1,800 kcal/person/day) even during normal years.

Nutrition-based indicators of food insecurity confirm the high level of chronic and seasonal food insecurity and malnutrition. According to the 2006 Demographic and Health Survey (DHS), the prevalence of chronic malnutrition as measured by stunting (low height-for-age) in Niger is estimated at 50 percent, which makes Niger the second worst-affected country in Sub-Saharan Africa. Seasonal and acute malnutrition is also very high. Recurrent country-wide droughts have made mid-year famines a usual occurrence in Niger and in 2010 the lives of more than 300,000 children under five were at risk. Other nutrition based indicators of food insecurity include the limited dietary diversity of the population and high levels of micronutrient deficiencies even during normal years.

Climate change and limited investments in land protection are fueling desertification and loss of productivity. Niger is highly exposed to global climate change and to extreme weather conditions including droughts and heat waves. Together with overuse of scant natural resources, climate change has resulted in land degradation and desertification which in most affected areas is progressing at an estimated speed of 6 kilometers a year. In addition, very limited financial resources to invest in land rehabilitation have increased the recurrence and severity of flooding, particularly in some regions of the Niger River basin. As a result, some areas are also affected by transitory food insecurity situations defined as reduced access to food aftershocks due to unpredictable localized events.

Poor households' response to covariate risks increases their vulnerability. Poor households are more exposed to shocks and seasonal variations in production, in response to which they often resort to negative coping mechanisms such as the premature sale of livestock and seeds. As a result, their

vulnerability to future food insecurity increases while their resiliency to future shocks as well as their ability to contribute to their own livelihood and to overall economic growth is significantly undermined.

2. Rationale for Bank Involvement

There are several institutions and programs aimed at *reducing food insecurity in Niger*. Since 1998 the Government and the donor community have established the National Body for the Prevention and Management of Food Crisis, DNP-GCA (from the French acronym of *Dispositif National de Prévention et Gestion des Crises Alimentaires*), to coordinate the response to food crises. Another Government body, the Food Crisis Unit, CCA (from the French acronym of *Cellule de Crises Alimentaires*), has been responsible for managing the response to food crises.

However, most of the Safety Nets programs provide ad hoc emergency assistance. There are a numerous safety net (SN) programs in Niger in the form of: (i) cash-based transfers and food aid; (ii) school feeding and other forms of support to the school system; (iii) nutritional and health assistance; (iv) support for subsidized sales or free distribution of food products; and (v) labor intensive public works. Without taking into account emergency programs the average expenditure for safety nets is 0.68 percent of GDP, and was less than 0.5 percent in 2004. The large part of the funds are provided by development partners, including the European Union, the World Food Program, USAID, and international and national non-governmental organizations, (77 percent) followed by the Highly Indebted Poor Country funds (12 percent) and Government of Niger (11 percent).

The impact of these programs in reducing chronic food insecurity is limited. Most of this assistance is channeled towards short-term emergency assistance following acute crises such as those that occurred in 2001, 2005, 2008, and 2010. The recent Bank supported sector work also suggests that this assistance falls short of addressing the substantial needs on the ground and has limited impact on chronic food insecurity. Moreover, targeting efficiency of some of these programs such as direct food aid has been poor: in selected drought affected rural areas, recent study found that only 72 percent of the poor living in those areas received food aid, while almost 80 percent of the non-poor also benefitted.

The chronic nature of food insecurity underscores the need for a comprehensive, permanent, and efficient safety net system. A multipronged safety net system made of various programs is required to address the needs of chronic poor and food insecure households on a permanent basis. An efficient safety net system should implement and monitor programs that can provide regular support to chronically poor households, protect them from shocks, and create opportunities for their future by supporting human development strategies such as investing in child health and adopting best practices in nutrition. Such a system can also be scaled up in times of crises through specific instruments such as short-term cash-for-work programs. The proposed Project aims at establishing and supporting such a system.

The proposed Safety Nets Project (SNP) is consistent with the on-going policy dialogue and is aligned with the PRSP (2008-2012), the Country Assistance Strategy (CAS) priorities and other Bank interventions. As part of the policy priorities of the CAS 2008–2011, the GoN and the World Bank initiated an intense policy dialogue on food security and social safety net systems, which included the preparation of the abovementioned analytical report on food security and safety nets. Based on findings from that report, the World Bank continued to provide technical assistance to the government on the assessment and design of Safety net systems; cash transfers programs and targeting approaches within the context of the Emergency GFPR I operation (2008-2009). The government also requested the World Bank to finance the proposed intervention to support the establishment of a permanent safety net system. This Project is closely aligned with the CAS, which stresses “the need to provide safety nets to help those who are in a situation of chronic food insecurity.” By focusing on access to food and utilization, the Project complements the Emergency GFRP II operation (under preparation to be funded by the World

Bank) which focuses on increasing food production and availability. The Project also leverages on extensive analytical and survey work carried out by the Development Economics Department of the World Bank to survey households' vulnerability and living standards, and is perfectly aligned with pillars 1, 2, and 4 of the PRSP (2008-2012) which stresses the need to facilitate programs that will reduce households' vulnerability through the "prevention and management of crisis and natural disasters; health and nutrition; and increase in incomes of the most vulnerable".

3. Objectives

The project development objective (PDO) is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash-for-work programs.

4. Description

The credit will finance the following components: (i) Safety Net System; (ii) Cash Transfers; (iii) Cash for Work; and (iv) Project Management.

Component 1: Safety Net System (US\$3.2 million – Total costs including contingencies)

This component will support the establishment of a well-performing safety net system by investing in a management information system (MIS), targeting and payment systems, monitoring and evaluation, and capacity building. Technical assistance supported by this component will include the development of legal instruments, policies, manuals, procedures, ICT solutions, and training modules in view of: (i) designing and implementing a well-performing MIS to monitor project implementation and the progress of the safety net programs; (ii) designing an efficient and cost-effective targeting system; (iii) designing an efficient and cost-effective payment system; (iv) designing a sound monitoring and evaluation system to gauge efficiency, effectiveness, and impact of safety net programs; (v) designing and implementing a grievance management system; (vi) designing accompanying measures as "soft" conditions attached to the payment of cash transfers in Component 2; and (vii) articulating other technical manuals.

Component 2: Cash Transfers for Food Security (US\$48.6 million – Total costs including contingencies)

The cash transfers and accompanying measures are expected to support targeted poor and food insecure households by increasing their income and investing in their human capital. This component will benefit some 1,000 villages in the 20 poorest *départements* of the 5 poorest regions of Niger. The selection of *départements* is based on the number of poor and general security conditions. 80,000 poor households will benefit from these activities over two cycles and four years of implementation. Selection of beneficiaries will be carried out using an array of targeting techniques, including geographic targeting, proxy means testing methodologies (PMT), and community participation. Monthly transfers to poor households will be 10,000 FCFA (about US\$20, equal to approximately 15 percent of the poverty line for a rural family) for a period of 24 months. Payments to beneficiaries will be based on a centrally managed database and will be effectuated by fixed/mobile branches of microfinance institutions and mobile phone companies. The transfers will be paid to women as representatives of their households and they are expected to increase the level and quality of food consumption.

This component is structured into three subcomponents, to provide an opportunity to test the system and its procedures, and improve the capacity of the UGT to effectively manage the program:

- **Subcomponent 2.1 – Starting phase – (US\$4.8 million- total costs including contingencies).** The project will start disbursing to approximately 10,000 beneficiaries in the regions of Dosso and Maradi.
- **Subcomponent 2.2 – Expansion phase – (US\$33.50 million- total costs including contingencies).** Upon a positive assessment on how beneficiaries of Subcomponent 2.1 have been selected, paid, and supported, the cash transfer will expand to all beneficiaries and will reach its full scale. If needed corrective measures will be introduced in the implementation of the project to ensure the achievement of the PDO.
- **Subcomponent 2.3 – Accompanying measures (US\$10.3 million- total costs including contingencies).** Accompanying measures will start with Subcomponent 2.1 and will continue under Subcomponent 2.2.

Component 3: Cash for Work (US\$10.5 million – Total costs including contingencies)

This component will provide short-term income support to individuals through cash for work programs in areas affected by temporary acute food insecurity, and will produce and maintain public goods. On a yearly basis, this component will finance approximately 900,000 working days in communities experiencing an unusually higher than average level of food insecurity. The program will provide 60 days of temporary working opportunities to approximately 15,000 people annually, for a total of 60,000 people during the life of the project. A manageable number of NGOs will be contracted to hire and supervise participants for a period of about three to four months, during the lean agricultural season. In addition to wages, the component will also finance non-wage costs to ensure the basic provision of materials and equipment. Cash for work programs may include activities such as soil conservation to slow desertification and protect the environment, rehabilitation of small infrastructures, and sanitation projects. Activities addressing other local needs, as expressed by communities, will be considered. *Communes* will be selected each year on the basis of vulnerability and food security data to benefit from the program. Rural communities will initially be targeted and based on findings from the mid-term review, urban or peri-urban communities may be included. The selection of individuals will be based on self-targeting, with remuneration being set just below the market wage (est. 1,000 FCFA per day or, US\$2.2 per day) to discourage participation of better-off households. This self-targeting will be complemented by categorical selection criteria if the demand for labor exceeds supply. Workers will be paid twice a month by payments agencies using the methodology developed under component 2.

Component 4: Project Management (US\$7.7 million – Total costs including contingencies)

This component will finance all costs related to the management of the project. Component 4 will ensure that the unit implementing the project, the *Cellule des Filets Sociaux* (CFS) is operational, and that it successfully and efficiently implements the project in conformity with key project documents including the Financing Agreement, the procurement plan, and the project implementation manual. This component will finance: consulting services directly related to the management of the project, training of personnel, vehicles, office furniture and equipment, non-civil servant support staff salaries, and other operating costs.

5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
International Development Association (IDA)	70
Total	70

6. Implementation

The project will be implemented by the newly created Safety Net Unit, CFS, (*Cellule Filets Sociaux*) through a decree (arête N. 0236/PM of 16 Dec, 2011). The objective of the CFS is to establish and manage an effective safety net system in order to improve the living conditions of poor households, to protect them from the impact of shocks, and to reduce their level of food insecurity. The Unit will manage funds made available by the GoN and other partners for implementing safety nets projects. The CFS responds to good governance principles and retains best practices in designing appropriate institutional arrangements to implement safety net projects.

Three units comprise the CFS: (i) a Steering Committee, CP (from the French acronym *Comité de Pilotage*), (ii) a Technical Management Unit, UGT (from the French acronym *Unité de Gestion Technique*), and (iii) regional offices (*Antennes Régionales – AR*). The CFS is under the direct auspices of the Office of the Prime Minister, and its key staff includes a coordinator, three managers (cash transfers, accompanying measures, and cash for work), an administrative and financial officer, an internal auditor, a monitoring and evaluation expert, and a procurement officer. Its institutional arrangements are capable of managing the proposed Bank-financed project. The CFS will, therefore, support the establishment of a safety net system and manage the other components of the proposed project. The Government of Niger, the World Bank, and other donors acknowledge the importance of creating a permanent agency to manage safety net programs, with a law and a separate budget line. However, the current calendar to secure IDA15 financing and the context of political transition in Niger does not allow for the establishment of a permanent agency. As this project is being prepared, there is no parliament in Niger. The design of the Safety Nets Unit created by the GoN on December 16, 2010 is close to that of an agency, and can become such if the new government is in agreement, and the new parliament approves a legislation to that end.

7. Sustainability

In the short run, donor support will be essential to finance the project; in the longer run the GoN should consider financing the Project from its own resources. In the short run, the proposed Project is not likely to be sustainable without donor funding and without the Government of Niger committing itself to cost-sharing arrangements for co-financing the Project. The Government of Niger has agreed to include a budgetary line in the 2011 Budget in the amount of US \$1.0 million to pre-finance some Project activities. This paves the way for future co-financing by the Government and by other donors via budget support contributions in the long term.

8. Lessons Learned from Past Operations in the Country/Sector

This Project is based on extensive Economic sector work. This project has been designed on the basis of the main findings of extensive economic and sector analysis and policy dialogue on food security and safety nets carried out by the Government of Niger with support from the World Bank during the last three years. The objectives of this technical assistance and analytical work were to: (i) identify the main causes of food insecurity and policies to reduce it; (ii) assess the scope and coverage of existing safety net programs; (iii) evaluate targeting methods of vulnerable populations; (iv) assess the feasibility of cash transfer programs; and (v) prepare an action plan for social safety nets in Niger. ESW and previous experience with similar projects in Niger and elsewhere have provided useful information on how to design and implement the proposed Project.

9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[]

Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

10. List of Factual Technical Documents

Analytical Report on Food Security and Safety Nets in Niger. Report No. 44072-NE

11. Contact points

Carlo del Ninno

Title: Senior Economist

Tel: (202) 458-9579

Email: Cdelninno@worldbank.org

Giuseppe Zampaglione Title: Senior Operations Officer

Tel: (202) 473-0955

Email: Gzampaglione@worldbank.org

12. For more information contact:

The InfoShop

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 458-4500

Fax: (202) 522-1500

Email: pic@worldbank.org

Web: <http://www.worldbank.org/infoshop>

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*