

PCR EVALUATION NOTE
NIGER-THIRD STRUCTURAL ADJUSTMENT PROGRAM

1. THE PROGRAM

Appraisal Date	<i>17 September-5 October, 2001</i>	Loan #	<i>2100150006705</i>	Loan Amount (UA million)	<i>10.00</i>
Approval Date	<i>17 December, 2001</i>	Loan Signature Date	<i>11 January, 2002</i>	Project Completion Date	<i>31 December, 2004</i>
Loan Effectiveness Date	<i>29 April, 2002</i>			PCR Date	<i>14 March, 2006</i>
NA= Not Available. Source: Bank Staff PCR					

1. 1. Objectives

1.1.1 The principal development objective under SAP III was to improve living conditions of the people and reduce poverty. Program-related objectives were intended to pursue and intensify the reforms initiated in the preceding periods and consisted of the following: i) improving public resource management; ii) placing priority on social sector development; and iii) promoting the private sector and enhancing its contribution to economic growth.

1.2. Program Components and Sub-Components

1.2.1. The principal components and sub-components of SAP III comprised of: i) Public financial management, with several sub components including: budget process enhancement, streamlining expenditure approval procedures, scaling up capital spending, reducing domestic debt and payments arrears, improving budget preparation and execution, improving budget nomenclature, increasing fiscal revenues, etc; ii) social sector development, with sub components including: improved access to health and education facilities and iii) private sector promotion, with sub components including the privatization of public enterprises.

1.3. Program Results (Outputs and Outcomes)

1.3.1 Macroeconomic performance: i) The appraisal GDP growth target of 4.5% was to a large extent met, as real economic growth in 2003 stood at 5.1 % although this would not impact significantly on poverty since the population growth rate remains at a high 3.3 %. ii) The objective of scaling up investment as a proportion of GDP was not met as it fell below the minimum WAEMU's Convergence Pact ratio of 17% and the appraisal investment ratio of 14%; iii) the rate of inflation was successfully curbed to an acceptable level compared to the appraisal target to reduce it to below 3.0% over the 2001-2003 period; iv) the resource mobilization target set at appraisal was surpassed, as fiscal revenue in proportion to GDP rose to ---% in 2003, thereby exceeding the 10% target; v) it was also planned to raise capital expenditures from 5.0% to 7.0 % as a percentage of GDP while reducing recurrent spending to 8% in 2003 from 8.5% in 2000. This target was also realized; vi) it was also expected to reduce the overall deficit from 8.0% to 7.0%.

1.3.2. Program Implementation Performance: Program execution was closely linked to The fulfillment of conditions precedent prescribed for the first and second tranches of SAL III. In this connection, the following achievements were made:

i) In the area of public resource management, 16 improvement measures were undertaken. These measures included improvements for budget preparation and execution, reduction of domestic payment arrears and enhancement of the quality of expenditure. Improvements in public finance included the adoption of a common budget nomenclature, new guidelines of government chart of accounts and adoption on a medium-term expenditure framework (MTEF) and budgetary allocations enhancing priority sectors , particularly health and education. Achievements included reduction of domestic arrears, the establishment of a financial information system streamlining expenditure automation, adoption of a new public procurement code, centralization of the civil service payroll with a view to improved management of the wage bill

ii) In the area of poverty reduction 16 measures were also implemented: these included measures for improving health and education sectors. Health sector improvements included the redeployment and recruitment of additional health personnel, and adoption and implementation of the National STI/HIV/Aids Control Strategic Framework for the period 2002-2006.Improvements in the education sector included the expansion of primary school teacher training institutions and intensified recruitment of Education Volunteers. In addition, using HIPC resources, 950 classrooms were constructed by December 200 and an additional 800 classrooms in 2003.Despite these improvements the quality of education continued to be below standard. Thanks to improved social sector policy orientation, access to education improved as the primary school gross enrolment rate rose from 45.4% in 2002/03 to 50% in 2003.2004. Access to health facilities also improved as the health coverage rate increased from 56 % in 2002 to 65% in 2003. Gender disparities were narrowed down through increased female school enrollment from 33.3% in in 2002/2002 to 40.4% in 2003/2004; the enrollment of females of over 15 in literacy classes also rose from 43.58% in 2001/2002 to 62% in 2002.03.

iii) In the area of private sector investment 14 measures were implemented: these measures included measures for privatization of public enterprises and reform measures for both financial and transport sectors. Performance was mixed; out of three public enterprises on the list of privatization only SONITEL was privatized while NIGELEC and SONEDEP could not be privatized for lack of investor interest manifested in unsuccessful invitation for bids. Transport sector initiatives were successful, with the privatization of the equipment leasing company on 31 December 2002 and the establishment of CAFER, which has been operational since 2001.

1.4. Program Financing

1.4.1. The ADF provided financing in the amount of UA 10.0 million to cover stabilization needs for the period 2001-2003. Parallel financing was provided by the IMF under its poverty Reduction and Growth Facility (PRGF) in the amount of UA 59.2 million and IDA's contribution for CAPD 1 in the amount of UA 54.3 million. Other cofinanciers included the European Union, providing UA 42.5 million while financing made available under the HIPC initiative was of the order of UA 29.83 million.

2. PCR CONCLUSIONS AND PERFORMANCE RATINGS

2.1. Conclusions

2.1.1. The PCR concluded that the SAL III was satisfactorily implemented. Outcomes on the macroeconomic front demonstrated that the targets set at appraisal were largely achieved as external balance of payments and domestic fiscal equilibrium were realized. Other objectives including public enterprise reform, privatization and financial sector reforms were, however, not fully achieved, mainly due to capacity and institutional constraints.

2.2. Performance Ratings:

2.2.1. Overall, performance rating was considered as satisfactory. On the Borrower's side, conditions precedents were fulfilled on a timely basis and covenants were generally complied with. The program was effectively monitored, thanks to the efficacy of the institutional framework (GAGE-the Economic Management Support Group)) put in place. The role of the Bank was also considered satisfactory. The Bank was active at all stages of the project cycle: collaborated with other development partners in program identification, preparation, appraisal and supervision. Performance ratings are presented in Annex 1. It should be noted that Program results (outputs and outcomes) were not rated; this section of the ratings format remains blank in the Annex.

3. LESSONS LEARNED

3.1. The PCR derives three major lessons from SAP III implementation. They relate to the need to strengthen entities concerned with program implementation to ensure successful program execution; stresses the significance of political will (commitment and ownership) to ensure accelerated implementation of reforms, particularly in the areas of public enterprise reform and financial sector reform; and lastly, underscores the significance of coordination among donors in terms of sequencing reforms and disbursing funds to the borrower.

4. BORROWER'S PCR AND INPUTS TO BANK STAFF PCR

4.1. The borrower submitted its PCR to the Bank. The extent to which the PCR was used as an input in the preparation of the Bank Staff PCR is not known.

5. PCR QUALITY RATINGS

5.1. The quality of the PCR is rated as satisfactory. Nonetheless more should have been done to simplify and represent the numerous subcomponents of the program, which were not adequately presented in the textual section of the report although they were indicated in the Matrix Table. A concise presentation of components and corresponding sub components is vital as these constitute the backbone of the program and performance assessment needs to be disaggregated to the subcomponent level to present a clearer view of program performance. The program results (outputs and outcomes) were not rated, as shown in the blank sections of Annex 1. The ratings given to various elements of the PCR are presented in Annex 2, with pertinent explanations.

ASSESSMENT OF IMPLEMENTATION AND BANK PERFORMANCE AND PROJECT RESULTS/OUTCOMES				
	Component Indicator	PCR Rating (1-4)	Evaluation Rating	Comments
1. IMPLEMENTATION PERFORMANCE ASSESSMENT				
i)	Adherence to implementation schedule	3.5	3.5	OK
ii)	Adherence to cost schedule	N/A	N/A	OK
iii)	Compliance with covenants and conditions	2.0	2.0	OK
iv)	Adequacy of monitoring evaluation and reporting	3.0	3.0	OK
v)	Satisfactory operations	N/A	N/A	OK
TOTAL SCORES		8.5	8.5	
AVERAGE RATING		2.83	2.83	
PERFORMANCE OF THE BANK				
	Component Indicator	Rating (1-4)		Comments
i)	Identification	3.0	3.0	OK
ii)	Preparation	3.0	3.0	OK
iii)	Appraisal	3.0	3.0	OK
iv)	Supervision	2.5	2.5	OK
TOTAL SCORES		11.5	11.5	
AVERAGE RATING		2.86	2.86	
PROGRAM RESULTS (OUTCOME)				
	Component Indicator	Rating (1-4)		Comments
1.	Relevance and achievement of objectives			Not Completed
i)	Macro-economic policy			
ii)	Sector policy			
iii)	Physical output			
iv)	Financial aspect			
v)	Poverty reduction, social impact and gender			
vi)	Environment			
vii)	Private sector development			
TOTAL SCORES				
AVERAGE RATING				
2.	Institutional Development			Not Completed
i)	Institutional framework including restructuring			
ii)	Financial and integrated systems of management including audit systems			
iii)	Transfer of Technology			
iv)	Staffing by qualified/skilled personnel (including turnover), training and counterpart staff.			

ASSESSMENT OF IMPLEMENTATION AND BANK PERFORMANCE AND PROJECT RESULTS/OUTCOMES				
	Component Indicator	PCR Rating (1-4)	Evaluation Rating	Comments
	TOTAL SCORES			
	AVERAGE RATING			
3.	Sustainability			Not Completed
i)	Continued commitment of borrower			
ii)	Environmental policy			
iii)	Institutional framework			
iv)	Technical viability and staffing			
v)	Financial viability (including cost-recovery)			
vi)	Economic viability			
vii)	Environmental viability			
viii)	O & M facilitation (foreign exchange and recurrent cost financing availability,etc)			
ix)	Economic rate of return			
	TOTAL SCORES			
	AVERAGE RATING			
	OVERALL SCORE			
	OVERALL RATING			

ANNEX 2

PCR QUALITY ASSESSMENT AND RATING

Basic Data Sheet			
Project Loan #		P-SL-KA0-004	
Title		Economic Rehabilitation and Recovery Program (ERRL I)	
Borrower		Government of Sierra Leone	
Executing Agency		Ministry of Finance / Bank of Sierra Leone	
		Not	
PCR CHAPTER		RATING (4-Point scale)	
		REMARKS	
1	Adequacy of analysis of project goals, objectives and formulation including the verifiable indicators, consistency with appraisal and subsequent revisions	3.0	There were numerous subcomponents, all of which could not be conveniently outlines in the PCR except in terms of numbers of components under each component.
2	Adequacy of analysis of project execution including procurement issues, disbursements, borrower's reporting and assessment of monitoring and evaluation achievements	3.0	Analysis under this item was generally satisfactory
3	Soundness of judgment on project performance and results including operating results, economic and financial and related conditions/covenants and their fulfillment, institutional, performance of consultants, contractors, suppliers and other parties.	3.0	Soundness of judgment under this item was generally satisfactory.
4	Adequacy of analysis of social and environmental impacts	3.0	Social impact analysis was adequate, to the extent that attempts were made to quantify how the program contributed to expanded enrollment for girls and their participation in literacy programs. Although there were no environmental impacts directly attributable to the program, the PCR recognized the presence in Niger of demographic pressure on land due to competing demands of farmers and herders.
5	Soundness of judgment on project sustainability, plan for future project operations' phase and maintenance.	3.0	The factors needed for sustainability were rightly identified in the PCR-most importantly the need for continued borrower ownership and commitment to reforms and strengthening of institutional capacity for entities concerned with reform execution. The effects of external shocks (e.g. vagaries of the weather and locust infestation) on sustainability remain a factor to reckon with in the case of Niger.
6	Soundness of judgment on performance of the Bank, borrower and co-financiers.	3.0	Analysis of Bank and Borrower performance has, on the whole, been satisfactorily analyzed.
7	Consistency of overall rating with individual rating components.	2.5	Rating consistency was generally satisfactory. Ratings of component indicators under various categories of outcomes were however not undertaken.
8	Adequacy of analysis and clarity of conclusions, ;lessons learned and recommendations	3.0	Conclusions reached and lessons learned are generally clear. An important lesson that has been omitted relates to the recurring resort to waivers on conditions not met by borrowers as a means of moving rather than installing program execution; this of course depends on the importance of unmet conditions for which specific waivers are sought.
TOTAL SCORES		23.5	
9	OVERALL RATING	2.93	Satisfactory
OPEV and Country Department Agree/Disagree on Project Performance Rating:			
Opinion of the Department Concerned:			

	Borrower's PCR and Inputs to Bank Staff PCR: The borrower submitted a PCR but the extent to which it was utilized in the preparation of the Bank's PCR is not known.
	Conclusion: Overall, program implementation was satisfactory. Some achievements were made on the macroeconomic front, with improved external and domestic fiscal balances. However, there was mixed performance with regard to public enterprise reform, privatization and financial sector reform. Shortcomings in these areas are mainly attributed to weaknesses in the institutional framework and capacity inadequacies.
	Priority of Project for Performance Evaluation Report, Impact Evaluation, Country /Sector Reviews or Thematic Evaluation Studies: Niger has been a consistent recipient and beneficiary of policy based lending assistance from the Bank and other development partners. The first SAL I was followed by additional policy based lending operations and increased donor support in subsequent years. Hence the country has built cumulative adjustment experience and could be the subject of a country review in policy-based lending.
	Major Issues of Focus in the proposed Thematic Study: Lessons in formulating, preparing and implementing wide-ranging reforms –structural reforms, public enterprise reforms, public financial management reforms, civil service restructuring, financial sector reforms and institution-framework and capacity building for reforms.
	Follow-Up Action/Decision No follow up actions are recommended as SAL III was subsequently followed by SAL IV.