

REPUBLIQUE DU NIGER  
MINISTRE DE L'ECONOMIE ET DES FINANCES  
COMMISSARIAT CHARGE DU DEVELOPPEMENT  
DIRECTION DES PROGRAMMES ET DU PLAN

TÉL: (227)72 32 58 - FAX : (227)72 40 20 - BP: 862 - NIAMEY

Niamey, le 29 JAN. 2004

N° 0000 67 / ME/F/CCD/DPP/SDSA LE MINISTRE

à

0 : 2004

Monsieur le Représentant Résident de la  
Banque Mondiale au Niger  
Niamey.

**Objet :** Signature de la Lettre d'accord  
du Don Hollandais, Programme  
Education Pour Tous-Initiative Fast Track

**Réf :** V/L NIR/007/04/EDUC en date du 16/01/04.

Monsieur le Représentant Résident,

En réponse à votre lettre citée en référence, j'ai l'honneur de vous transmettre, dûment contresignées, deux (2) copies de la Lettre d'accord du Don Hollandais destiné au financement du Programme Education Pour Tous-Initiative Fast Track en faveur de la République du Niger.

En cette heureuse circonstance, je vous prie de bien vouloir transmettre aux Autorités du Siège de votre Institution et au Donateur, les remerciements du Gouvernement et du Peuple nigériens pour cette contribution qui s'inscrit dans le cadre de l'amélioration du système éducatif national en général et de l'atteinte des objectifs de la scolarisation primaire universelle en particulier.

Veuillez agréer, Monsieur le Représentant Résident, l'expression de ma considération distinguée.

**Ampliation :**

- MEB1/A.....pour information

  
ALI MAHAMAN LAMINE ZEINE

December 30, 2003

H.E. Mr. Ali Mahaman Lamine Zeine  
Minister of Economy and Finance  
Niamey  
Republic of Niger

Re: Dutch Grant for Niger's Basic Education Program  
Grant No. TF053053

Dear Sir:

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively the Bank) to indicate the Bank's agreement, as administrator of grant funds provided under the Bank-Netherlands Partnership Program (BNPP) (the Administrator), to make a grant in an amount not exceeding five million US Dollars (US\$5,000,000) (the Grant) to the Republic of Niger (the Recipient), in one tranche.

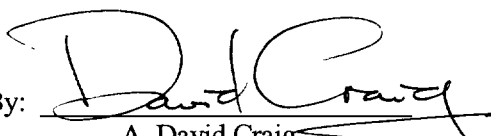
The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

The Administrator has received from the Recipient a letter, dated September, 2002, (the Niger Basic Education Program), containing the Recipient's Basic Education Ten-Year Program (2002-2012), and describing a program of actions, objectives and policies designed to achieve basic education for all in the Recipient's territory (hereinafter called the Program), declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Administrator in support of the Program during the execution thereof.

Please note that it is the Administrator's policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Republic of Niger, by countersigning and dating the form of confirmation on the two original copies of this Letter Agreement, and returning one original, as countersigned, to us. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of countersignature of this Letter Agreement.

Very truly yours,  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds provided under BNPP

By:   
A. David Craig  
Acting Country Director for Niger  
Africa Region

AGREED:

REPUBLIC OF NIGER 

By: \_\_\_\_\_  
Name: H.E. Mr. Ali Mahaman Lamine Zeine  
Title: Minister of Economy and Finance

Date: 26 JAN. 2004

## Purposes, Terms, and Conditions of the Grant

### 1. Purposes and Activities

1.1. The purpose of the Grant is to assist the Recipient, through the Ministry of Basic Education (MEBA), to increase enrollment and completion of primary education through the development and implementation of policy reforms and interventions developed around the following objectives: (i) implementation and consolidation of the new teacher recruitment policy; (ii) improvement of textbooks distribution and availability; and (iii) strengthening capacity in MEBA. The activities within the Program (the Activities) supported by the Grant are as follows:

#### (a) Increase Access to Primary Education

Support to: (i) the recruitment of new contractual teachers to meet the additional demand of education during the 2003-2004 school year; (ii) payment of all contractual teachers on time during the 2003-2004 school year; and (iii) construction of classrooms as planned.

#### (b) Improve Quality Education

Improvement of the quality of basic education including: (i) provision and distribution of textbooks and other pedagogical materials; and (ii) in-service training of teachers through transfer of resources to the *Cellules d'Animation Pédagogique*.

### 2. Execution of the Activities

2.1. The Recipient shall carry out the Activities under the Program with due diligence and efficiency, promptly provide the funds, facilities, services and other resources required for that purpose; and from time to time exchange views with the Administrator's representatives on the progress and results of the Activities. Without limitation on the foregoing, the Recipient shall prepare and furnish to the Administrator a report, in form and substance satisfactory to the Administrator, on the results and impact of the Activities, in accordance with the provisions of paragraph 5.1 (b) below.

### 3. Withdrawal of Grant Proceeds

3.1. Withdrawals from the proceeds of the Grant shall be made in one tranche of US\$5,000,000 in the Bank account opened to that effect by the Ministry of Finance upon: (i) receipt of a signed copy of this Letter-Agreement; and (ii) a written application for withdrawal of such funds in the form specified by the Bank, signed on behalf of the Recipient by the Minister in charge of finance or such other person as he or she shall have authorized in writing, with pertinent payment instructions. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature.

3.2. The Recipient shall complete all Activities by December 31, 2004, or such later date as the Bank shall notify to the Recipient (the "Completion Date"). In the event that any Grant funds remain uncommitted by the Completion Date, such funds shall be returned to the Bank.

3.3. The Recipient shall open, prior to furnishing to the Administrator the first request for withdrawal from the Grant Account, and thereafter maintain in its central bank, a deposit account in US Dollars on terms and conditions satisfactory to the Administrator. The withdrawal of US\$5,000,000 shall be deposited by the Administrator into the Deposit Account.

#### Disbursement of the Grant

4.1. The Recipient shall exercise the same care in the administration of the funds of the Grant as it exercises in the administration of its own funds, having due regard to economy and efficiency and the need to uphold the highest standards of integrity in the administration of public funds.

4.2. The Recipient undertakes that the proceeds of the Grant shall not be used to finance expenditures excluded pursuant to the provisions of the Attachment to this Agreement. If the Administrator shall have determined at any time that any proceeds of the Grant shall have been used to make a payment for an expenditure so excluded, the Recipient shall, promptly upon notice from the Administrator: (i) deposit into the Grant an amount equal to the amount of said payment; or (ii) if the Administrator shall so request, refund such amount to the Administrator. Amounts refunded to the Administrator upon such request shall be credited to the Grant Account for cancellation.

#### 5. Accounts, Audits and Reports

5.1. (a) The Recipient shall: (i) have the Deposit Account audited each calendar year up to and including the calendar year where the Grant funds were last expended, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator; (ii) furnish to the Administrator as soon as available, but in any case not later than four months after the end of each calendar year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and (iii) furnish to the Administrator such other information concerning the Deposit Account and the audit thereof as the Administrator shall have reasonably requested.

(b) The Recipient shall maintain regular contact with the Administrator and provide the Administrator with semi-annual progress reports in a form and substance satisfactory to the Administrator. Not later than June 30, 2005, the Recipient shall submit to the Administrator a final report summarizing the Activities financed by the Grant and assessing the results achieved by the Activities compared to their objectives.

#### 6. Suspension and Cancellation

6.1. The Administrator may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; (b) the right of the Recipient, or any other entity to which the Administrator has made a loan with the guarantee of the Republic of Niger, to make withdrawals under any loan agreement with the Bank or any development credit agreement with the International Development Association shall have been suspended; (c) a situation has arisen which shall make it improbable that the Program or a significant part thereof, will be carried out; or (d) an action has been taken or a policy has been adopted to reverse any action or policy under the Program in a manner that would, in the opinion of the Administrator adversely affect the achievement of the objectives of the Program.

6.2. The Administrator may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient shall have failed to take action, satisfactory to the Administrator, within six months after the effective date hereof, to carry out the Activities.

### Excluded Expenditures

For purposes of Section 4.3 of this Agreement, the proceeds of the Grant shall not be used to finance any of the following expenditures:

1. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Administrator shall have financed or agreed to finance, or which the Administrator shall have financed or agreed to finance under another credit or a loan;
2. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Administrator by notice to the Recipient:

| <u>Group</u> | <u>Subgroup</u> | <u>Description of Items</u>   |
|--------------|-----------------|---|
| 112          | -               | Alcoholic beverages   |
| 121          | -               | Tobacco, unmanufactured, tobacco refuse   |
| 122          | -               | Tobacco, manufactured (whether or not containing tobacco substitutes)                                 |
| 525          | -               | Radioactive and associated materials  |
| 667          | -               | Pearls, precious and semiprecious stones, unworked or worked  |
| 718          | 718.7           | Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors |
| 728          | 728.43          | Tobacco processing machinery  |
| 897          | 897.3           | Jewelry of gold, silver or platinum   |

group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)

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Gold, non-monetary (excluding gold ores and concentrates)

3. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;
4. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party);
5. expenditures (a) in the territories of any country which is not a member of the Administrator or for goods procured in, or services supplied from, such territories or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
6. expenditures under a contract in respect of which the Administrator determines that corrupt or fraudulent practices were engaged in by representatives of the Recipient or of a beneficiary of the Grant during the procurement or execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the Administrator to remedy the situation.

## **Grant Proposal for the Bank-Netherlands Partnership Program (BNPP)**

### **BNPP Grant for Niger's proposal for the Education for All-Fast Track Initiative (EFA-FTI)**

**November 2003**

**Background:** Niger is one of the world's poorest countries (per capita GNP less than US\$200, and ranked number 161 out of 162 countries listed in the UNDP's 2001 Human Development Report) with growth prospects that are especially constrained by its limited natural and human resources. Despite some improvements during the past years, Niger has one of the lowest school enrollment rates in Africa (41.7% in 2002). The Government's strategy for economic growth and poverty reduction as spelled out in the Poverty Reduction Strategy Paper (approved by the Board in January 2002) is based on four key pillars that include the improvement of the poor's access to quality social services (basic education, primary health care, HIV/AIDS prevention, water and sanitation).

Public expenditure and financing management has improved over time. Progress was also made in budgetary management, even though the gap between the country's urgent budgetary needs and its low and unpredictable revenues remains a critical issue that requires resources to be used as efficiently as possible. To this end, a number of reforms have been initiated by the Government since 2002. These have been supported by the World Bank and the International Monetary Fund (IMF) in the context of public expenditure adjustment credits (PEACs) and PRGF. A Country Procurement Assessment Review (CPAR) was carried out in 1998, which found that in general national procedures for the procurement of works, goods and services are acceptable to IDA subject to a few amendments. A new procurement code has recently been prepared and adopted with the assistance of the Bank. To complement the reform program supported by PEACs, the Government of Niger, supported by the World Bank, European Union /EU, UNDP and the French cooperation, has initiated in October 2003 a Public Expenditure Management and Financial Accountability Review (PEMFAR). The objective of this PEMFAR is to *provide a diagnosis of existing systems and capacities in Public Expenditure Management, as well as an analysis on expenditure patterns in priority sectors* (health, education, rural development and transport).

In order to address the education sector issues, the Government has prepared and adopted in 2002 a Basic Education Ten-year Program (2002-2012) that has laid out strategies and policy reforms to ensure a sustainable expansion of the education sector within the Government's Poverty Reduction Strategy as stated out in the PRSP. The Basic Education program objectives were revised by the Government after Niger became eligible for the EFA-FTI in 2002 to accelerate the pace towards universal completion of primary education by 2015. To move towards this objective, Niger has prepared a three-year program (2003-2005) in September 2002, which laid out core quantitative objectives, costed out the expenditures and estimated the financing requirements (both the recurrent and the investment). The proposal was submitted to

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the donor community in October 2002 (see letter from the Primer Minister dated October 4, 2002) and has received broad support during the subsequent review process of the EFA-FTI proposals by donors. It has been selected among the first seven proposals to be financed under the initiative. ..

One of the main objectives of the Proposal is to increase enrollment and completion of primary education (the gross enrollment rate from 38% in 2001 to 57% in 2005, whereas the completion rate would increase from 24% to 38%). A range of interventions that need to be carried out during the considered period were identified and articulated around the four main strategic axes of the program. These are: expand access to basic education, improve education quality and efficiency, improve the use of existing resources, and build capacity including, amongst other things, the following:

- The recruitment of about 9,000 contractual trained teachers through the application of the new teacher recruitment policy, i.e. low cost and greater responsibility of communities in teacher recruitment and management;
- The construction and equipment of about 8,800 classrooms to respond to the system expansion, and other 4,000 to replace the exiting mud-and-thatch classrooms, including piloting the use of improved mud-and-thatch classrooms to respond to market constraints and to reduce the financial burden;
- The rehabilitation and extension of existing teacher training centers; and
- The distribution of textbooks.

The 2003 National Budget has confirmed the priority given by the Government to the education sector and in particular to primary education. However, taking into account the macro-economic constraints, and in the absence of confirmed financial commitments, the budget only covered the above-mentioned interventions partially. In particular, the recruitment of 2,500 new contractual teachers for the 2002/2003 school year, as well as the construction of about 2,000 classrooms were planned and budgeted. Overall, the education sector budget in 2003 represents 15% of the National Budget (against a target of 15.7% in the PRSP), of which 60% goes to primary education. Recurrent expenditures of the education sector represent about 30% of the fiscal revenue. Budget execution in 2003 has been disturbed by severe financial pressures due mostly to delays in external financing mobilization. As a result, the level of budget execution has remained relatively low. By end September, only 50% of the expenditures have been executed (compared to 65% for the education sector). Based on the growth rate assumptions and the current account deficit, total financing requirements for Niger for 2003-2005 would be FCFA 595 billion or almost CFA 200 billion annually from all sources. Two-thirds of this, CFA 395 billion, is already in the pipeline. A residual financing gap of CFA 200 billion would remain. In addition, delays in disbursements of donor budget support may well translate in increased financing gap.

**Proposed Grant:** The grant support is being provided to Niger in the context of the EFA-Fast Track Initiative, a new global program designed to support low-income countries such as Niger

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to accelerate their progress toward the Millennium Development Goal of universal primary completion by 2015. Along with other EFA-FTI donors (Norway in particular), the Government of Netherlands, through the Bank-Netherlands Partnership Program (BNPP), will make the grant to the Republic of Niger to support the implementation of the Program for 2003-2005, with a focus on the expenditures planned for the 2003/2004 school year. The funds will be disbursed in one tranche upon effectiveness of the Grant and channeled directly into the Ministry of Basic Education's (MEBA) in the National Budget. This financial support will be channeled through budget support and disbursed in parallel with the first tranche of the IDA-Financed Public Expenditure Adjustment Credit (PEAC-II).

**General Objectives:** While providing support to the implementation of the Niger Basic Education program, the Grant objectives are to assist the Government: (a) to implement and consolidate the new teacher recruitment policy; (b) to improve the textbook distribution and availability; and (c) to strengthen the Ministry of Basic Education's (MEBA) institutional capacity. This grant would aim at ensuring proper financing of essential expenditures of MEBA, particularly those that are indispensable to effectively launch the 2003/2004 school year.

**Priority Activities:** These would include the following:

*(a) Increase access to primary education.* The Grant will support the payment of current contractual teachers' salaries, along with the recruitment of new teachers to meet the additional demand of education during the 2003/2004 school year. In addition, it will provide support to the Government to finance school constructions.

With this support, MEBA will achieve the following output indicators: (i) At least 2,700 new contractual teachers have been recruited in 2003/2004 bringing the total number of that new teach group to 12, 900; (ii) the salary of all 12,900 contractual teachers is paid on time during the 2003/2004 school year (beginning in the last quarter of calendar 2003); and (iii) that the construction of at least 180 classrooms planned to be financed by domestic resources in 2003 is completed.

*(b) Improve quality of education.* The Grant will support the provision and the distribution of textbooks and other pedagogical materials that are critical to ensure a smooth beginning of the new school year. It will also provide support to lay the grounds for the launching of a teacher in-service training through the transfer of resources to 600 "Cellule d'Animation Pédagogique" (CAPED), to ensure their functionality during the first quarter of the 2003/2004 school year.

Main output indicators would include the following: (i) 126,000 mathematics textbooks and [36,000] science textbooks have been procured and distributed to schools; (ii) 600 Cellule d'Animation Pédagogique (CAPED) have received the equivalent of US\$800 each and, at least, 75% of these CAPED have organized at least two training sessions by February 2004.

*(c) Strengthen MEBA's institutional capacity* In coordination with other donor support, the grant will help improve the capacity of the decentralized units with respect to the execution of their core functions (fiduciary management, monitoring and supervision of core activities in

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the region). This would include the provision of training, equipment as well as the development of management tools.

***Coordination and Implementation arrangement.*** The implementation of the Grant is the responsibility of MEBA. While some of the activities described above are included in the MEBA's budget for the current year, the rest would be carried out under the 2004 budget. The Grant execution and management would be streamlined and carried out by existing technical units in MEBA. The coordination will be carried out under the framework established for the execution of the Program that includes the following elements: (i) a steering committee (comprising core technical ministers, parent associations, teacher unions, NGOs and donors) defines and monitors the overall sectoral policy orientations; (ii) a technical coordination ensures day-to-day coordination of program implementation, as well as the donor coordination. A joint Government/donors review of program implementation will be organized twice a year in line with agreements in the partnership framework document established in June 2003 between the Government and the sector donors.

***Disbursement Mechanisms.*** The Minister of Finance of Niger will open a bank account in which the grant (US\$5 million) will be deposited in one tranche. Effectiveness of the Grant shall occur upon the signature of the Grant Agreement by both parties. There are no specific conditions.

***Outcomes indicators and Monitoring and Evaluation mechanism.*** A set of outcome indicators has been defined to evaluate the program implementation for 2003-2005. They include the following main indicators: (i) the primary completion ratio increases from 25.6% in 2001/2002 to 34% in 2004/2005; and (ii) the share of girls in total enrollment increases from 39.8% in 2001/2002 to 42% in 2004/2005. The activities supported by the Grant will be monitored and evaluated in the framework set up for the Program implementation as described in the Niger Fast Track Initiative proposal. Specifically, under the leadership of the General Secretary of the Ministry of Basic Education, the monitoring and evaluation activities are the shared responsibility of the core technical departments with the Regional Directors of Education feeding the process with necessary information and data from the field. A progress report is prepared twice a year and specific impact evaluation work is carried out periodically.

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**TABLE: SUPPORTED ACTION PLAN AND COST ESTIMATES (in USD)**

| Domains                              | Activities  | Estimated Costs in USD |                      | Results  |
|--------------------------------------|---|------------------------|----------------------|--|
|                                      |   | Total                  | Of which Netherlands |  |
| Increase access to primary education | Recruitment of new teachers                                     | PM                     | PM                   | 2,700 new teachers recruited   |
|                                      | Classroom constructions   | 1,500,000              | 1,500,000            | Construction of at least 180 classrooms financed under domestic resources is completed               |
|                                      | Payment of contractual salaries                                 | 2,400,000              | 2,400,000            | Salaries of a total of 12,900 contractual teachers paid timely                                       |
| Improve quality of primary education | Distribution of textbooks and other materials                   | 1,000,000 <sup>1</sup> |                      | 126,000 mathematics Textbooks and 36,000 science textbooks procured and distributed                  |
|                                      | In-service training of teachers at the CAPED level              | 500,000                | 500,000              | About 600 CAPED received US\$833 each and 75% of them held two training sessions by end January 2004 |
| Improve Capacity building            | Training equipments /   | 300,00                 | 300,000              |  |
|                                      | Construction of “ local inspectorates (« secteur pedagogique ») | 300,000                | 300,000              | Construction of 12 local inspectorates (« secteur pedagogique ») completed                           |
| Total                                |   | 6,000,000              | 5,000,000            |  |

<sup>1</sup> Activity to be financed by the Grant provided by Norway under the EFA-FTI