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PROJECT PAPER

ON A

PROPOSED ADDITIONAL FINANCING GRANT  
IN THE AMOUNT OF SDR 2.9 MILLION  
(US\$4.5 MILLION EQUIVALENT)

TO THE REPUBLIC OF NIGER

FOR THE

COMMUNITY ACTION PROGRAM SUPPORT PROJECT

TO INCLUDE AN

AVIAN INFLUENZA CONTROL AND HUMAN PANDEMIC PREPAREDNESS  
AND RESPONSE COMPONENT

November 15, 2007

Agriculture and Rural Development  
Sustainable Development Department  
Country Department AFCE1  
Africa Region

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## **Abbreviations and Acronyms**

AHI	Avian and Human Influenza
AI	Avian Influenza
CAP	Community Action Program
CAS	Country Assistance Strategy
DFPP	<i>Direction de la Faune, de la Pêche et de la Pisciculture</i> ( Wildlife, Fisheries and Aquaculture Directorat)
EMP	Environment Management Plan
EU	Environment Unit
EPVS	Evaluation of the Performance of the Veterinary Services
FM	Financial Management
FAO	Food and Agriculture Organization of the United Nations
GoN	Government of Niger
GPAI	Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response
HPAI	Highly Pathogenic Avian Influenza
HHS	Human Health Services
IDA	International Development Association
IP	Implementation Progress
ITC	Inter-Ministerial Technical Committee
MDA	<i>Ministère du Développement Agricole</i> (Ministry for Agricultural Development)
MRA	<i>Ministère des Ressources Animales</i> (Ministry of Animal Resources)
MELCD	<i>Ministère de l'Environnement et de la Lutte Contre la Désertification</i> (Ministry of Environment and Control of Desertification)
MSP	<i>Ministère de la Santé Publique</i> (Ministry of Public Health)
NCU	National Coordination Unit
NEPPCAI	National Emergency Plan for Prevention, Preparedness, and Control of AI
OIE	<i>Office International des Epizooties</i> (World Organization for Animal Health)
PDO	Project Development Objective
PPE	Personal Protective Equipment
PU	Permanent (Technical) Unit
RPF	Resettlement Policy Framework
SIL	Sector Investment Loan
TCU	Technical Coordination Unit
SOE	Statement of Expenditures
TOR	Terms of Reference
TUC	Technical Unit Coordinator
VS	Veterinary Services
WHO	World Health Organization of the United Nations

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**PROJECT PAPER DATA SHEET**

**REPUBLIC OF NIGER  
 ADDITIONAL FINANCING FOR THE COMMUNITY ACTION PROGRAM SUPPORT  
 PROJECT FOR THE INCLUSION OF AN AVIAN INFLUENZA CONTROL AND HUMAN  
 PANDEMIC PREPAREDNESS AND RESPONSE COMPONENT**

Date: November 15, 2007 Country: Republic of Niger Project Name: Community Action Program Support Project: Avian Influenza Control and Human Pandemic Component Project ID: P105362		Task Team Leader: Amadou Alassane Sector Manager/Director: Karen Mcconnell Brooks/Michel Wormser Country Director: Madani M. Tall Environmental category: B		
Recipient: Republic of Niger Responsible agency: Ministry of Animal Resources (MRA)				
Revised estimated disbursements (Bank FY/US\$m)				
FY	2008	2009	2010	
Annual	1.500	2.000	1.000	
Cumulative	1.500	3.500	4.500	
Current closing date: June 30 2008 Revised closing date: June 30, 2010				
Does the restructured project require any exceptions to Bank policies? Have these been approved by Bank management? Is approval for any policy exception sought from the Board?				No Not applicable No
Revised project development objective/outcomes: The project development objective has not been revised.				
Does the restructured project trigger any new safeguard policies? Yes. OP/BP 4.09 Pest Management. As was the case under the original project, this component also triggered OP/BP 4.01 Environmental Assessment and OP/BP 4.12 Involuntary Resettlement.				
For additional financing				
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant Grants: IDA Total Bank financing (US\$) : 4,500,000 equivalent Proposed terms: NA				
Financing Plan <sup>1</sup> (US \$m.)				
	Source	Local	Foreign	Total
	Recipient IBRD/IDA Others			4.500
	Total			4.500
Beneficiary: Republic of Niger  Responsible Agency: Ministry of Animal Resources (MRA) Contact Person: Dr. Issoufou Maikano, Coordinator, Technical Coordination Unit Telephone: (227) 20 73 20 09				

<sup>1</sup> Since the HPAI component would be 100% grant financed, taxes included, the distinction between local and foreign expenditures is not required in this case.

## I. INTRODUCTION

1. This project paper seeks the approval of the Executive Directors to provide an additional grant in the amount of SDR 2.9 million (US\$4.5 million equivalent) to the Republic of Niger for the Community Action Program Support Project (CAP). The proposed additional grant would help finance the costs of a new Highly Pathogenic Avian Influenza (HPAI) prevention and control component which would include the following subcomponents:

- (1) Provision of support to the Recipient's veterinary services with respect to HPAI, including: (i) Enhancing prevention and preparedness capacity; (ii) Strengthening disease surveillance and diagnostic capacity; and (iii) Strengthening control programs and outbreak containment plans.
- (2) Provision of support to the Recipient's human health services with respect to HPAI, including: (i) Strengthening national public health surveillance systems; (ii) and strengthening health system response capacity.
- (3) Improving public awareness and communications on HPAI, including: (i) Supporting information and communications activities, and (ii) improving collaboration with the Recipient's partners and stakeholders, in relation to HPAI.
- (4) Strengthening monitoring and evaluation of Avian Influenza related activities.

2. Expenditures financed under the new components would include: (i) acquisition of goods and equipment to strengthen diagnostic and control capacity for veterinary services (VS) and human health services (HHS); (ii) appropriate training for capacity reinforcement of both VS and HHS to foster HPAI prevention and control; (iii) compensation to farmers in the case of culling; (iv) consultant services to support implementation and sustainable capacity building; and (v) operating costs.

3. The above activities will be financed with the proposed grant as a new component to the Niger Community Action Program Support Project (CAP) (P065991, Adaptable Program Loan) approved by the Board of Executive Directors on 03/20/2003. The creation of the new component requires a second-order restructuring of the CAP. The activities of the new component were not anticipated in the design of the original first phase of the CAP and are additional to the activities of the APL.

4. This arrangement follows section 48 of the Program Framework Document for the Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI) dated December 5, 2005 (Report N34386). Such reference allows restructuring existing projects in relevant sectors (primarily health and agriculture) to add

components to address avian flu through additional financing if this additional financing is used for activities under the GPAI.

5. The additional GPIA component will not change the existing PDOs of the CAP but contribute to them. In particular, it will contribute to the first set of outcomes of CAP 1, which are to design and implement decentralized, participatory, and transparent financing mechanisms that enable communities and local governments to carry out their development plans. The new component will put special emphasis on enabling communities and local governments to take appropriate action for the prevention and control of HPAI outbreaks in Niger. For this, the HPAI component will add seven new Key Performance Indicators related to its envisaged outcomes.

6. The additional grant aims at enabling communities and local authorities to prevent and control HPAI outbreaks in Niger and is expected to yield the following concrete outcomes: strengthening of national veterinary services (including disease surveillance) and human health systems related to HPAI as well as increasing public awareness and participation in HPAI control and prevention while ensuring full compliance with environmental and social safeguards.

7. This new HPAI component of the CAP is aligned with the overall country's National Emergency Plan for Prevention, Preparedness, and Control of Avian Influenza (NEPPCAI) to control avian influenza, which is co-funded by several development partners. However, the additional financing proposed is the only source of financing for the concerned activities.

## **II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING**

### ***Original grant***

8. The original financing provided to support the CAP was a US\$39.00 million dollars equivalent grant, including US\$35 million equivalent from IDA (Grant H 025 NIR) and US\$4 million from the GEF (TF 052053 NIR). The grant was approved on March 20, 2003 and became effective on December 11, 2003.

9. The overall objectives of the CAP are: sustained poverty reduction and improved local governance through empowering communities and local governments, to improve natural resource and ecosystem management, and to raise levels of health, education, and food security, thereby stimulating economic growth. The Project Development Objectives (PDO) of CAP 1 as reflected in the Development Grant Agreement dated March 28, 2003 are to (i) assist the Republic of Niger to design and implement decentralized, participatory and transparent financing mechanisms that enable Communities and Local Governments to carry out their development plans and (ii) promote community-based integrated ecosystem management, and foster multiple global environmental benefits.

10. The activities to be financed by the proposed additional financing are fully aligned with the PDO. However, in terms of design, the creation of a new component dedicated to the avian flu-related activities will require financing for such new activities. As per the last ISR dated June 25, 2007, the CAP is a well-managed, well-implemented multi-sectoral project which has already provided substantial results on the ground: the Implementation Progress (IP) and PDO ratings in the last ISR are respectively, satisfactory and moderately satisfactory (MS). The MS rating of the PDO is due to punctual situation consisting in surge of demand for Micro-Projects in the last quarter of calendar year 2006 posing difficulties to regional coordination offices of the project to manage such a punctual situation. An Action Plan to overcome these challenges is currently under implementation, and initial results are promising with the Project expected to return to satisfactory rating. Most performance indicators of the CAP have recently exceeded their targeted values, and all covenants are satisfactorily complied with.

### *Country context*

11. The poultry sub-sector is very important in Niger despite its dominantly traditional production, with domestic population estimated at about 30 million birds. Since the January 2006 HPAI outbreak in northern Nigeria, Niger was faced with a serious threat of spill-over. As an example of consequences for Niger the first outbreak that occurred in Magaria (at the border with Nigeria) has resulted in culling of 17,891 birds thus affecting 1950 households that have been compensated for a global amount of CFA F 18.871.000 (USD37,700 equivalent). This also clearly translates the significant weight of such a loss for the concerned households dominantly very poor if it was to happen without applied compensation measures.

12. On February 17, 2006 the Government of Niger requested the International Development Association (IDA) for support in response to HPAI. The organizational and institutional arrangements set up to respond to the HPAI issue and, more specifically, the National Emergency Plan and the Technical Coordination Unit (TCU), demonstrate the Government's commitment to fight HPAI. In such a context it is appropriate to conduct the capacity diagnosis of the country institutions that deal with HPAI. Actually, it is well known that despite all considerable efforts made in Nigeria including the World Bank assistance to contain the HPAI outbreaks, the relatively high density of poultry production and this country's various sources of poultry importation pose a substantial-risk of HPAI re occurrences. This could then result in new outbreaks in Niger given the long and porous border of about 1,500 kilometers between the two countries. This therefore constitutes the rationale behind such additional financing for Niger.

13. Thus, with regard to animal health, a preliminary veterinary services (VS) rapid assessment mission held in March 2006 started the Evaluation of the Performance of the VS (EPVS) according to World Organization for Animal Health/Office International des Epizooties (OIE) guidelines. The mission concluded that in Niger, VS are very weak in terms of human resources management, data and statistics management, legal and regulatory aspects, and laboratory capacity. Their financial and logistical resources are

also very weak. Such diagnosis resulting from the EPVS exercise should lead to prioritization in actions in order to restore VS capacity and fulfill their expected mandate in conformity with standards of the World Organization for Animal Health/Office International des Epizooties (OIE).

14. Challenges are similar regarding human health services, where weaknesses are critical concerning diagnostic and laboratory capacity, and readiness in terms of quarantine measures.

15. On the communications front, a communication plan will develop an effective communications system to ensure that in the event of an HPAI outbreak all stakeholders will receive relevant communications in a timely manner. Financing would allow the implementation of this national communication plan based on a plan of actions that will also help ensure compliance with environmental and social safeguards.

### ***Sector policy or strategy***

16. The Ministry of Animal Resources (MRA), the Ministry of Public Health (MSP), and the Ministry of Environment and Control of Desertification (MELCD), in collaboration with other concerned Government agencies and the donor community, have prepared since February 2006 a National Emergency Plan for Prevention and Control of Avian Influenza (NEPPCAI) to address outbreaks of HPAI in the country. The above mentioned Emergency Plan, consolidated in April 2006, has 21 areas of intervention and its overall cost is estimated at US\$24 million. This multi-sectoral plan covers animal health, human health, and communications and promotes partnership between animal and human health agencies to facilitate control of zoonotic diseases while addressing potential adverse environmental impacts. Thus, the proposed new component to be financed by IDA will support the implementation of designated activities of the NEPPCAI.

### ***Availability of co-financing***

17. The activities defined in paragraph 1 will be 100% funded by the additional financing. However, such activities are part of the NEPPCAI, which is funded by various other development partners.

### ***Institutional or capacity issues***

18. The National Coordination Unit (NCU) established for the implementation of the CAP will have the fiduciary responsibility for the HPAI component. This includes project accounting, financial reporting, procurement, disbursement, and auditing arrangements. The NCU will also be responsible for compliance with the safeguards policies and implementation of the Environmental Management Plan (EMP) and the Resettlement Policy Framework (RPF). The NCU is experienced with World Bank fiduciary requirements and EMP implementation and has been handling implementation of the ongoing project in a satisfactory manner. For the new component, the NCU will be

reinforced with a technical specialist (on a consultant basis) who will oversee the implementation of the activities by the Permanent (Technical) Unit (PU) established for the implementation of NEPPCAI. This technical specialist will act as an interface and implementing facilitator between the NCU and the PU.

### **III. PROPOSED CHANGES**

19. In addition to the inclusion of a new component fully dedicated to the avian flu activities (paragraph 1), the following restructuring of the CAP's institutional arrangement is proposed.

20. The NCU shall be the entity responsible for the financial management of the HPAI component except for clearance of expenditure commitment and related payment authorization - which will be done by the coordinator of the PU.

21. To facilitate implementation and monitoring of avian flu related expenses, the Recipient will open a separate new Designated Account in a commercial bank for IDA funds for the proposed HPAI component on terms and conditions acceptable to IDA.

22. It is expected that the HPAI component will be implemented over two years and will be achieved by December 31, 2009. This supposes that the closing date of the CAP1 be extended from June 30, 2008 to June 30, 2010. Therefore, for the completion of the new component, CAP1 would most likely become concurrent for some time with CAP2, whose preparation has to be started shortly.

### **IV. CONSISTENCY WITH CAS**

23. The elaboration of the country's PRSP II was completed in May 2007. It addresses productive sectors that include agriculture and more specifically, the livestock sub-sector including poultry in its priorities. It is expected then that the PRSP II will strongly inspire the upcoming CAS. The HPAI activity is also in-line with the previous CAS and the country's Rural Development Strategy which made clear the need for strategic forecasting for natural disasters including animal disease outbreaks comprising epizooties. A well designed and fully implemented HPAI preparedness and control component will prevent heavy losses of poultry, and thus will avoid compromising its initial role of "stepping stone" in asset accumulation and poverty alleviation among the poorest.

### **V. APPRAISAL OF RESTRUCTURED PROJECT ACTIVITIES**

24. The original project will be restructured to accommodate the new HPAI component with additional activities to be included and appraised. These activities, all of which will be in full coherence with the Community Development and Capacity Building Component under the original project, have been discussed during the last supervision mission in April 2007. The economic, financial, fiduciary, technical, institutional,

environmental and social aspects that will be undertaken through the additional financing are summarized as follows:

### ***Economic***

25. Despite unavailable data regarding specific aspects of the poultry sub-sector, it is well known that most of the current growth in rural areas is driven by households “graduating” above subsistence needs. For most poor households in the rural areas, backyard poultry is the real engine of savings.

### ***Financial management and fiduciary***

26. FM arrangements in the ongoing project are working satisfactorily. The last ISR had rated FM performance as moderately satisfactory (MS). The major issues were commitments to microprojects in excess of funds available, and delays in submission of withdrawal applications to IDA pending reconciliations. An action plan has been agreed to address these issues and is being satisfactorily implemented. Audit reports are up to date; these are unqualified and have not identified any major weaknesses. Arrangements are in place to efficiently and reliably provide information and internal control services required to manage and monitor the implementation of the proposed HPAI in the CAP project. The following actions should be taken by the NCU of CAP:

- ③ Amendment of the FM manual and the computerized information system of the CAP to include the proposed HPAI component in the Integrated Financial Management System;
- ③ Amendment of the audit TORs of the CAP to include the proposed HPAI component in the scope of audit work; and
- ③ Appointment of an accountant to strengthen the FM technical capacity. He/she will be supervised by the Chief Financial Officer in NCU.

27. The additional financing will be disbursed in accordance with the disbursement guidelines and instructions provided by IDA, including disbursement through the Designated Account, direct payment to third parties, and based on Statements of Expenditure (SOEs). The Designated Account will be replenished regularly and audited in conjunction with the annual audit of the refinanced project.

### ***Technical and institutional***

28. A balanced combination of appropriate disease control options, tailored to the specific characteristics and needs of Niger, is essential for the achievement of the HPAI component objectives. The implementation of this component raises important technical issues and presents substantial challenges. Key issues include: inadequate regulatory and incentive framework, limited laboratory facilities and staff capabilities. Most laboratory facilities are outdated and severely lacking in operating costs to procure the modern equipment needed to perform their diagnostic responsibilities. Moreover bio-security

measures are equally difficult to implement effectively due to household backyard poultry raising system and cultural behavior characterized by close contact with and unfamiliar prophylactic discipline vis-à-vis domestic birds.

29. To ensure appropriate actions and incentives are in place to encourage poultry producers to report and accept culling of their affected poultry, guidelines and procedures related to the culling of poultry, and the payment of related compensation to eligible poultry owners, will be adopted by the Beneficiary and reflected in the Project Implementation Manual.

30. Likewise, for the institutional aspect, there is a strong need for developing skills and enhancing capacity. With the help of experts from WHO and FAO and utilizing information and guidelines provided by WHO and OIE, the critical deficiencies have been identified and are being progressively addressed with donors' support. The technical design of the HPAI component is appropriate to the country's current circumstances and is also consistent with GPAI standards. The Directorate of Animal Health (in the MRA) and the Directorate of Public Health (in the MSP) in collaboration with the Directorate in Charge of Fauna, Fishing and Fisheries (the DFPP in the MELCD) will ensure technical management of the HPAI component under the coordination of the PU.

### ***Environmental***

31. In an effort to prevent the spread of avian influenza across Niger, the Government has prepared the National Emergency Plan for Preparedness, Prevention and Control of Avian Influenza (NEPPCAI) dated April 2006 (para.16). Under this plan, an Environment Unit (EU) has been established to ensure that potentially adverse environmental impacts (i.e., soil and water pollution, soil erosion, loss of biodiversity) that are likely to result from the disposal of infected carcasses are addressed properly. The responsibilities of the EU include: (i) site monitoring; (ii) enforcement of regulations; (iii) collection and incineration of birds; and (iv) disinfection of the resting sites of wild birds.

32. The proposed HPAI component will support the implementation of the aforementioned activities in the context of its Environmental Management Plan (EMP) and other environmental safeguard provisions included in the draft Financing Agreement. The EMP includes (i) a copy of the National Medical Waste Management Plan dated December 2001, which will guide investments (i.e. training, protective equipment/gear, safe disposal technologies) necessary for the effective implementation of the proposed project; and (ii) a guidance document for the safe handling of chemicals. The EMP has been prepared in compliance with the Interim Guidelines for Managing Potential Environmental and Social Safeguard Issues in Bank-Assisted Avian Influenza Control Projects. The total cost for implementing the EMP, including provisions for medical waste management, is estimated at FCFA 89,305,000 (around USD 178,600 equivalent).

33. The EMP focuses on those sub-components that are likely to incur adverse environmental and social impacts, and proposes institutional arrangements for the

implementation and monitoring of mitigation measures, monitoring indicators and related costs. For example, under sub-component 1 (c), it is recommended that the Environment Unit provides personnel with protective clothing and equipment and prescribed procedures to be followed when using chemicals prior to the culling of infected birds. Under sub-component 2 (b), it is recommended that the hospital directors and/or heads of health centers prepare specific medical waste management plans for their facilities on the basis of the National Waste Management Plan; monitoring of these activities will be carried out by the Ministry of Health.

34. The EMP notes that (i) the proposed chemical to be used for disinfection is not toxic; (ii) extensive guidance provided by the World Organization for Animal Health has been incorporated into the EMP; and (iii) qualified personnel is available to handle the chemicals safely, and therefore concludes that the preparation of a separate pest management plan for the proposed component is not necessary.

35. As regards the transboundary aspects of the management of the avian flu, the EMP notes the existence of a Commission Mixte Nigéro-Nigérienne de Cooperation which was established in 1971. This commission is an international organization with diplomatic status and consists of several committees among which: environment, natural resources management and rural development. It includes a committee of experts dealing with livestock issues such as transhumance and animal health. When the commission met in June 2006, Nigeria agreed to support Niger in its efforts to deal with the avian flu through the provision of training, equipment, and chemicals.

36. A meeting of livestock experts took place in Tahoua in July 2006, to discuss the impacts of the avian flu on both countries, and the following recommendations were made: (i) both countries continue to exchange information on the avian flu; (ii) both countries develop plans to fight the avian flu and adopt a common strategy in this regard; and (iii) both countries inform the commission about any planned meetings designed to discuss issues related to the avian flu. So far, the meeting has not made any decisions regarding the institutional arrangements for managing the transboundary effects of the avian flu. In light of the long shared border between Niger and Nigeria and the problems faced by both countries, the EMP notes that future cooperation between both countries needs to be more dynamic, for example, in the areas of confinement and the monitoring of the transport of birds.

### **Safeguard policies**

37. The new component to be financed with the proceeds of the additional financing has been assigned the environmental category B. It has triggered OP/BP 4.01 Environmental Assessment due to its generation of additional medical waste at its health centers and laboratories; OP/BP 4.09 Pest Management has been triggered due to the use of chemicals in the disinfection of carcasses and the decontamination of burning sites; and OP/BP 4.12 Involuntary Resettlement has been triggered due to the potential need for land acquisition.

38. To address potential adverse environmental and social impacts, the project has prepared an Environmental Management Plan (EMP) (paragraph 230) which was disclosed in Niger and at the Bank's Infoshop on July 27, 2007. The EMP discusses the potential adverse impacts of the relevant components and proposes mitigation and monitoring measures as well as monitoring indicators. However, the EMP does not address the potential adverse impacts of civil works carried out for the implementation of this HPAI component (rehabilitation of laboratories, hospitals and cold chain facilities, initially not contemplated in the proposed activities to be financed from the proceeds of the additional financing). Therefore, the following safeguard mechanism has been provided for in the draft Financing Agreement: (a) the Recipient will, prior to contracting any civil works, (i) prepare an assessment of the potential impact of the proposed civil works and mitigation measures in a manner satisfactory to IDA, (ii) organize consultations with stakeholders, also in a manner satisfactory to IDA, and (iii) include in bidding documents and contracts for the implementation of civil works provisions satisfactory to IDA for the prevention or mitigation of the negative impacts of such works on the environment and the population; (b) the Recipient will send to IDA for review (including by ASPEN) bidding documents and contracts for the implementation of civil works to ensure that safeguards related commitments have been complied with in a manner satisfactory to IDA; and (c) the Recipient will reflect the safeguards related commitments/prior review in the Project Implementation Manual.

39. OP 4.12 Involuntary Resettlement has been triggered under this HPAI component, because of the potential need for land acquisition to accommodate burning/burial sites. To ensure that potential adverse social impacts are addressed effectively, the Recipient will implement the Resettlement Policy Framework (RPF) that had been prepared and disclosed for the ongoing CAP. The RPF has been re-disclosed in Niger and at the Bank's Info shop respectively on September 4 and 10, 2007.

## **Social**

40. While no formal social impact assessment has been conducted, the impact of activities included in the new HPAI component on key stakeholders should be beneficial. Main stakeholders include commercial and small backyard poultry farmers, veterinary and public health service workers, laboratory staff, and consumers. The Government has requested support from the CAP to design a compensation fund for both commercial and small backyard poultry growers, which should help mitigate economic losses. Public concerns about consuming poultry and information about personal safety measures will be addressed through the information and communications activities.

## **VI. EXPECTED OUTCOMES**

41. The proposed activities – described in paragraph 1 – will strengthen and enhance the impact of the original development objectives of the CAP to enable communities and local governments to carry their own development plans and promote community based integrated ecosystem management, since the HPAI activities will help the country to prevent and mitigate any avian flu outbreak and specifically, help communities restore

their poultry sub-sector as an income generating activity, in the event of an avian flu outbreak.

42. Expected outcomes and outcomes indicators remain unchanged. The following intermediate outcomes and intermediate outcomes indicators will be introduced to monitor the new CAP's HPAI sub-components (the revised Project Implementation Manual will take into account these changes and baseline data will gathered during the first two months of this additional financing):

#### Animal Health sub-component

- Animal disease control and prevention systems are strengthened:
  - Time for farmers to report suspicious deaths to veterinarians (private and public);
  - Response time (official Veterinarian Services) after a declared outbreak to cull the birds;
  - Farmer get appropriate and on time compensation for culled birds;
  - Birds culled as per the environmental plan guidelines.

#### Human Health sub-component

- HPAI surveillance system and preparedness capabilities are strengthened:
  - Time to report suspicious sickness to officials;
  - Response time (quarantine measures) from officials after suspicious sickness reported.

#### Social Mobilization and Strategic Communication sub-component

- Increased awareness and participation in HPAI infection control and prevention
  - Use of good health practices among key people in commercial farms, market and laboratories.

## **VII. BENEFITS AND RISKS**

### ***Benefits***

43. Overall the additional financing will benefit the country, particularly the poultry sub-sector. However, quantification of direct and indirect benefits of the HPAI component is difficult, given the lack of appropriate data. At the current stage of the country's economic development, many other issues are at stake. For example, heavy losses of poultry will compromise its traditional role as initial "stepping stone" in asset accumulation and poverty alleviation among the poorest. More broadly, rural income reductions due to total destruction of infected and at-risk poultry will slow rural development. The new CAP's HPAI component will help avoid such a situation.

44. Most of the current growth in rural areas is driven by households “graduating” above subsistence needs. An outbreak of avian flu will stifle this engine of rural savings and investments and thus slow the development of the rural non-farm economy. No data are available to conduct a similar analysis on the poultry sector. Data will be compiled so that an analysis can be carried out. Similar impact analyses from Vietnam and Kenya indicate that the direct and indirect macro-economic impacts of HPAI are far greater than the actual losses suffered by poultry stakeholders.

### ***Risks***

45. The HPAI component carries some substantial risks. The foreseen mitigating measures are respectively as follows:

(i) Insufficiency of coordination among implementing agencies resulting from insufficient leadership authority from the coordinating agency to take its leading role in avian influenza prevention and control: Donor community regular dialogue both with the national multi-agency working group and high level political authorities will help: (a) reinforce *inter-agency coordination commitment* to appropriately deal with the HPAI, and (b) improve *commitment at central political level*.

(ii) Insufficiency of intervention activities for effective containment of the spread of avian influenza from birds to the human population: The proposed activities will strengthen response capacity in infected areas over the short- and medium-terms and lay the foundation for a more broadly based strategy. Thus *risk of avian influenza spread from birds to the human population* would be seriously mitigated.

(iii) Insufficient commitment at central political level.

(iv) Insufficient commitment at local levels: Good implementation mechanisms and suitable communications strategies will explicitly address the links between centralized decision making and local level implementation while including local level communities.

(v) Probable risks that the disease might re-occur through porous borders: Strict enforcement by the GoN of quarantine measures and enforcement of restrictions on movement of birds across borders with new quarantine measures will result in mitigation of *risks that the disease might re-occur through porous borders*.

(vi) Financial management is rated Substantial. As discussed earlier, mitigation measures include: (a) the update of the CAP’s FM information system; (b) recruiting one accountant (consultant); and (c) the satisfactory FM performance of the CAP. The FM risk rating will be reviewed when these actions have been implemented.

## **VIII. FINANCIAL TERMS AND CONDITIONS FOR THE ADDITIONAL FINANCING**

46. The additional financing of US\$4.5 million equivalent will be provided as an IDA grant. Given the current country financing parameters for Niger and the unavailability of any resources to provide counterpart funds, all categories will be financed at 100 % under the grant, including taxes.

47. In addition to the standard conditions of effectiveness included in the General Conditions, the Financing Agreement for the provision of the additional financing will become effective when (i) an Accountant has been recruited and (ii) the original Project Implementation Manual has been amended in form and substance satisfactory for IDA.

48. The adoption by the Recipient of guidelines and procedures related to the culling of poultry, and the payment of related compensation to eligible poultry owners, in form and substance satisfactory to IDA will be both a condition of disbursement of the funds allocated to the compensation funds and a one month after effectiveness dated covenant.

49. The revision of the CAP's current implementation arrangement (including the financial management and accounting system, the terms of reference of the CAP's external auditor, and the recruitment of a technical specialist) and the establishment of the base line for the monitoring of the HPAI specific performance indicators, shall also be dated covenants to be complied with no later than one or two months after effectiveness, as the case may be.

50. Retroactive Financing is needed in order to finance consultants' services for the preparation of the Environmental Management Plan, the revision of the Project Implementation Manual, and the revision of the Project's financial management and accounting system, currently pre-financed by the Project. Such retroactive financing should not exceed \$ 30,000 equivalent for payments incurred on or after June 1, 2007, for eligible expenditures procured in accordance with the World Bank's Procurement Guidelines.

### ***FM arrangements***

51. To facilitate project implementation, the Recipient will open a separate Designated Account B, in a commercial bank for IDA funds for the proposed HPAI component on terms and conditions acceptable to IDA. The IDA Grant disbursements will be transaction based pursuant to the Disbursement guidelines and instructions presented in the disbursement letter. The Designated account will be replenished regularly and audited in conjunction with the annual audit of the CAP in conformity with the World Bank Disbursement Guidelines.

52. The project records and accounts will be audited annually by independent auditors under terms of reference acceptable to IDA, and the audit report submitted to IDA no later than six months after the year of audit. With regard to accounting software and FM manual, the CAP's FM information system will be updated.

53. As for Disbursement Arrangements, separate withdrawal applications will be submitted to IDA with the required reconciliations of the ledger accounts to the bank account balances. The project will use transaction based disbursement procedures, using the designated account for most expenditures. All replenishment and reimbursement expenditures against contracts below IDA's prior review threshold for procurement will be documented on the basis of SOE.

54. If necessary the qualified accountant to be recruited will receive assistance and on the job training in financial management, internal controls, and reporting.

## **IX PROCUREMENT ARRANGEMENTS**

### ***Assessment of the CAP's NCU Capacity to Implement Procurement***

55. Procurement activities will be carried out by the existing CAP project NCU; to that end, the PU will recruit an experienced procurement specialist who will be responsible for: (i) overseeing and managing all projects' procurement activities, and (ii) ensuring that these activities are proceeding in a timely manner in accordance with the project objectives and the procurement plans. The CAP project NCU will serve as the executing agency for the procurement activities of the present complementary component of the CAP project. The last assessment through the Post procurement review conducted in 2005 by IDA show that there is no major procurement implementation and coordination problem.

56. In view of experience gained under the CAP1, the overall project risk for procurement is average.

### ***Procurement Plan***

57. The Government developed a Procurement Plan for project implementation, which provides the basis for the procurement methods. This plan dated November 9, 2007 was discussed and agreed upon between the Recipient and IDA and is available at the NCU; it will also be available in the Project's database and in the World Bank's external website. The Procurement Plan will be updated in agreement with IDA at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. All procurement will be carried out in accordance with the formally agreed procurement plans (original and formally up-dated).

58. In addition to agreed prior review thresholds, the bidding documents and the contracts for the completion of any civil works will by subject to prior review to ensure that they include provisions satisfactory to IDA to prevent or, as the case may be, mitigate any potential negative impact of such works on the environment and the population.

