KfW

Niger: Public Works and Employment Creation, Phases I and II

Ex-post evaluation

OECD sector	16110 – Employment policy	
BMZ project number	1991 65 275 and 1995 65 409	
Project-executing agency	NIGETIP	
Consultant	GKW	
Year of evaluation	**2002**	
	Project appraisal (planned)	**Ex-post evaluation (actual)**
Start of implementation	I: Q 3/92 II: Q 3/95	I: Q 1/93 II: Q 3/95
Period of implementation	I: 48 months II: 48 months	I: 63 months II: 48 months
Investment costs	I: EUR 34 million II: EUR 7.67 million	I: EUR 43 million II: EUR 7.75 million
Counterpart contribution	I: EUR 1 million II: not applicable	I: EUR 4.3 million II: not applicable
Financing, of which Financial Cooperation (FC) funds	I: EUR 6.65 million II: EUR 7.67 million	I: EUR 6.56 milion II: EUR 7.75 million
Other institutions/donors involved	I: World Bank and others II: none	I: World Bank and others II: none
Performance rating (both phases)	3	
• Significance / relevance	4	
• Effectiveness	3	
• Efficiency	3	

Brief Description, Overall Objective and Project Purposes with Indicators

These programmes are open, applied nationwide and set up as multi-sector programmes. The programme measures comprised the labor-intensive construction and rehabilitation of public buildings and also consulting services for the Nigerien project-executing agency NIGETIP and local construction firms in the fields of labor organization and management.

The overall objective of the first project was to reduce structural poverty and to compensate for the short and medium-term negative social impacts of the structural adjustment. The overall objective of the second project was to contribute at least temporarily to reducing unemployment and underemployment, to promote the private sector and to offer incentives for peace in the north of the country. Neither programme included an indicator to measure achievement of the overall objective. It was assumed that the achievement of the programme goals would help achieve the overall objectives.

The programme goal of both projects was to create additional jobs in the cities, although they only needed to be for a limited time. For the first project the creation, sustainable use and maintenance of public infrastructure was set as a secondary goal. The indicator for the programme goals of both projects was their effect on employment, measured in terms of the share of total wages of the total costs and in terms of the number of employment-months that were made possible. On average, the labor costs were to be at least 25% of the costs of the individual projects, and at least 20,000 employment-months (project I) and 36,150 employment-months (project II) were to result from the programmes. For the first project another goal was that, at the time of the ex-post evaluation, no more than 50% of the individual projects may have serious problems with repairs and maintenance.

The target group was the urban population faced with underemployment and unemployment; in Phase II the focus was on the population in the country's north. Additionally, the users of the new infrastructure benefited from the projects.

The total cost of the first programme, which was co-financed by the World Bank, amounted to USD 43.3 million (approximately the same amount in EUR), of which EUR 6.56 million were financed through FC. The total cost of the second programme amounted to EUR 7.75 million and was fully financed through FC.

Major Deviations from the original Project Planning and their main Causes

Contrary to expectations during the project appraisal of Phase I, the structural adjustment measures were not just delayed but also not applied in full. For this reason, although project I reduced poverty temporarily, it cannot be considered as social alleviation of structural adjustment measures. In particular, the assumption made in the project appraisal of Phase I – that a successful structural adjustment would result in a long-term rise in employment - did not prove true.

Key Results of the Impact Analysis and Performance Rating

Under both projects some 55,000 work-months were generated directly. These led to cumulative total wages of EUR 3.1 million. The scope of the work generated indirectly by economic activities before and after the projects is unknown. In similar projects in West Africa it was estimated to be 1.5 times the work that was generated directly.

The evaluation did not include a calculation of the overall economic profitability of the projects. In its final report the World Bank calculated the economic rate of return of several individual projects, and the results were positive. It calculated an economic rate of return of 27% for the rehabilitation of buildings, a rate of 21% for the tarring of roads, 28% for drainage, 20% for the construction of sports facilities, 45% for the construction of bus depots, and 39% for slaughterhouses; however, it did not elaborate on the corresponding invoices. Therefore, it is probable that similar individual projects that are also funded through FC are profitable in macroeconomic terms as well.

By assigning the extensive infrastructure measures to small and medium-sized Nigerien enterprises and engineering firms, the project made an important contribution to promoting the private sector in Niger. The efficiency of the companies improved as a result of the project. The award procedure encouraged personal entrepreneurial initiative and competition in the construction sector. Yet, there is a high risk that many companies will not survive unless there are more programmes of this kind.

The programmes aimed to compensate for the social hardship expected as a result of the structural adjustment measures, in particular for the layoff of government employees. This was also the main reason for the short-term approach of NIGETIP (fast creation of income and jobs). However, the economic and political reforms were only implemented in part and with long delays. There was absolutely no need to cushion structural adjustment measures socially on a short-term basis during the period from 1991 to 1993. This was at least doubtful after the devaluation of the FCFA in 1994 and in the following years as well. The synchronization of structural and sectoral adjustment and social cushioning was not successful in Niger, at least not in the first half of the 1990s.

The financial weaknesses of numerous operators, especially the communities and state agencies, caused operating and maintenance problems and thus jeopardized the sustainability of the new infrastructure, affecting primarily infrastructure facilities that did not generate revenues. The risk was identified during the appraisals and, as labor market policy was a top priority at that time, the target level for sustainability was set very low. Looking back, however, in view of the changed overall conditions (reduced and delayed structural adjustment, expansion of the support for NIGETIP – originally planned to be of short duration – to over 10 years) this does not seem adequate.

The jobs and income generated under the NIGETIP approach are of a temporary nature. The assumption contained in the project appraisal report on the first project that successful structural adjustment carried out at the same time would lead to a durable rise in employment did not prove true.

The project purposes of both phases were only partially fulfilled. While the required sustainability of the new infrastructure of at least 50% is questionable for Phase I, in the second phase the effect on employment remained below expectations. Overall the project's effectiveness is still sufficient (partial evaluation rating 3).

The achievement of the overall objective is principally given, even if the connection with the structural adjustment measures was not as relevant as intended. The development-policy expectations of the project are far below the usual FC standard in terms of the sustainability of the financed facilities. Owing to the lack of a connection with the structural adjustment measures the projects are limited to the financing of job creation. In the short term they alleviated social hardship, but in terms of support for long-term development processes they had only little effect. As the overall objective has principally been achieved, we deem the project's significance as still sufficient, but judge its relevance to be slightly insufficient due to the temporary nature of the impacts it generated. Overall the project's significance and relevance are slightly insufficient (partial evaluation: rating 4).

Experience with similar projects in neighboring countries indicates that the generated wage ratios of over 25% are more or less on the level of what can be achieved under the given circumstances. Thus, the project's efficiency is sufficient (partial evaluation: rating 3).

Taking the above mentioned partial evaluations into consideration, and in concert with the results of the final evaluation by the World Bank, both programmes are rated as having overall sufficient developmental effectiveness (rating 3).

General Conclusions applicable to all Projects

To enable operators and users to make a realistic estimate of the obligations that arise it makes sense to plan a dialogue over a longer period of time to sensitize the target group and to encourage their participation. Additionally, the buildup of a monitoring system to evaluate the operating and maintenance activities once the infrastructure facilities have been completed is recommended. Phases III-V, which are currently still being implemented or planned, already take these points into account.

Legend

Developmentally successful: Ratings 1 to 3	
Rating 1	Very high or high degree of developmental effectiveness
Rating 2	Satisfactory degree of developmental effectiveness
Rating 3	Overall sufficient degree of developmental effectiveness
Developmental failures: Ratings 4 to 6	
Rating 4	Overall slightly insufficient degree of developmental effectiveness
Rating 5	Clearly insufficient degree of developmental effectiveness
Rating 6	The project is a total failure

Criteria for the Evaluation of Project Success

The evaluation of a project's "developmental effectiveness" and its assignment during the final evaluation to one of the various levels of success described below in more detail concentrate on the following fundamental questions :

- Are the **project objectives** reached to a sufficient degree (aspect of project **effectiveness**)?
- Does the project generate sufficient **significant developmental effects** (project **relevance** and **significance** measured by the achievement of the overall development-policy objective defined beforehand and its effects in political, institutional, socio-economic and socio-cultural as well as ecological terms)?
- Are the **funds/expenses** that were and are being employed/incurred to reach the objectives **appropriate** and how can the project's microeconomic and macroeconomic impact be measured (aspect of **efficiency** of the project conception)?
- To the extent that undesired **(side) effects** occur, are these tolerable?

We do not treat **sustainability**, a key aspect to consider for project evaluation, as a separate category of evaluation but instead as a cross-cutting element of all four fundamental questions on project success. A project is sustainable if the project-executing agency and/or the target group are able to continue to use the project facilities that have been built for a period of time that is, overall, adequate in economic terms or to carry on with the project activities on their own and generate positive results after the financial, organizational and/or technical support has come to an end.