



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NIGER INVESTMENT CLIMATE SUPPORT
APPROVED ON AUGUST 19, 2015
TO
REPUBLIC OF NIGER

FINANCE, COMPETITIVENESS AND INNOVATION GLOBAL PRACTICE

WESTERN AND CENTRAL AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

DKK	Danish Krona
DB	Doing Business
FCI GP	Finance Competitiveness and Innovation Global Practice
GoN	Government of Niger
IEs	Informal Enterprises
IDA	International Development Association
IFU	Identification Fiscal Unique (Unique Tax Identification)
GDP	Gross Domestic Product
MOP	Ministry of Planning
MSMEs	Micro Small and Medium-sized Enterprises
NIF	Numéro d'Identification Fiscal (Unique Tax Identification Number)
PDO	Project Development Objective
PIU	Project Implementation Unit
RECA	Réseau National des Chambres d'agriculture (National Network of Chambers of Agriculture)
SAHFI	Société Sahélienne de Financement (Sahelian Financing Company)
SMEs	Small and Medium-sized Enterprises
TA	Technical Assistance
TF	Trust Fund
XOF	West African CFA Franc
WBG	World Bank Group



The World Bank

Niger Investment Climate Support (P148839)



BASIC DATA

Product Information

Project ID P148839	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 19-Aug-2015	Current Closing Date 30-Dec-2020

Organizations

Borrower Republic of Niger	Responsible Agency MOP - PIU (CR 51320),Ministry of Planning, Land Management and Community Development
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Project Development Objective (PDO)

Original PDO

The objective is to improve critical elements of investment climate for the private sector and enhance competitiveness of SME inselected agriculture value chain.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-A0809	19-Aug-2015	25-Aug-2015	01-Dec-2015	30-Dec-2020	12.75	12.74	.01

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Niger Investment Climate and Competitiveness Support Project Trust Fund Grant (TF0A0809) was approved on August 19, 2015, and the Grant Agreement was signed on August 25, 2015. The original grant amount available was US\$1.62 million with the total project cost of US\$18.28 million to be financed through installments from the Niger Climate Investment Climate and Competitiveness Support Project Single-Donor Trust Fund, which is financed by the Danish Ministry of Foreign Affairs (DANIDA), with each installment requiring amendment to the Grant Agreement. To date, the project has received a total of US\$12.75 million through six installments. The project was prepared to contribute to the IDA operation Niger Competitiveness & Growth Support Project (P127204) and is being implemented by the same Project Implementation Unit (PIU) in tandem with that Project's activities. There have been three previous restructurings to date. The first restructuring as of March 29, 2019, was for extending the Project closing date from March 31, 2019, to May 30, 2020. It was also aimed at implementing adequate management mechanisms for the infrastructure activities of the Project and modifying the grant mechanism originally programmed under the Project. The second restructuring as of May 30, 2019, was aimed at establishing a risk sharing facility (RSF) for SMEs and extension of the Project closing date to December 30, 2020. The third restructuring as of December 13, 2019, was for the purpose of dropping the investment funding mechanism for MSMEs and providing technical assistance to SAHFI to manage the risk sharing facility (RSF).

2. The Project's performance has been rated Moderately Satisfactory on both progress towards achieving the Project Development Objective (PDO) and Implementation Progress since the last restructuring on December 13, 2019. The Project disbursement stands at 97.4 percent of the US\$12.75 million in total financing received from the donor so far for the project. The Project has significantly exceeded two PDO indicators, on customs compliance cost savings and women beneficiaries, and met the PDO indicator on Doing Business (DB) reforms. On the latter indicator, where four out of four DB reforms have been achieved, the country's ranking has improved steadily, from 176 out of 189 countries in 2014, to 131 out of 190 countries in 2020 DB. In addition, Niger's ranking has improved from 159th place in 2014 to 24th place in 2020 on the ease of business creation indicator, the best ranking in Africa. However, with regards to the fourth PDO indicator, increase in sales revenues of benefiting firms there is no progress reported.

3. As a result of the Project support, Niger has consistently recorded new progress in some Investment Climate reforms. Project activities have had a direct contribution on improving Niger's investment climate ratings in the annual Doing Business publication. Since 2016, the country's ranking has progressively and steadily improved from 160 out of 189 countries in 2016 to 131st position out of 190 countries in 2020. A total of 4 major reforms were originally targeted and that target has been achieved, including, among others, an improved business registration through a one-stop shop and by reducing the minimum capital requirement for business incorporation; improved access to credit information by expanding the coverage of the credit bureau and distributing data from utility companies; and improved communication between the taxation department and the registration department by merging procedures, making reviewing and approving property transfers significantly faster. These reforms have been reflected in some of the country's Doing Business ratings (registering a business has improved from 132nd place to 56th since 2016; and getting credit from 133rd to 48th place). Compliance and cost savings achievements have far outstripped the original target of US\$2 million to achieve US\$38 million of cost savings, and the number of beneficiaries registered has been 14,344 against an end target of 2,300. This



cumulatively has a positive impact on the overall investment climate of Niger, which is a direct contribution to the PDO of the project.

4. In addition, the eight branches of the “Maison de l’Entreprise” are fully operational and have instruments to offer quality financial and non-financial services to MSMEs. With regard to non-financial support, the regional antennas of the “Maison de l’Entreprise” now offer more than 10 different categories of services, including, inter alia, thematic training or technical assistance. The matching Grant for microenterprises was operationalized in 2019, and 52 percent of the allocated amount (US\$0.480 million) disbursed to 214 beneficiaries. This also fosters an improved operating environment for businesses in Niger, which contributes further to the PDO of improving the investment climate.

5. However, there are still some critical activities yet to be realized for which this final disbursement of the original committed DANIDA funds of US\$18,280,000. Major activities to be completed with this final disbursement are: the final reception of infrastructure works in Zinder and Diffa; implementing an infrastructure maintenance mechanism; final reception of works and payments to the constructing companies; finalizing the pending contracts on the digitization of the cadastral register; signing the amendment to the agricultural SME guarantee fund trust management agreement between the Ministry of Planning and the Societe Sahelienne de Financement (SAHFI); and recruiting a national consultant to propose the legal outlines of the post-project guarantee fund. Given that the PDO indicator, “increase of sales revenue of beneficiary firms”, has not yet been achieved, the achievement of final objectives toward the PDO are pending, and hence the project remains Moderately Satisfactory. The achievement of that indicator does not depend on a single, streamlined support activity but will be a result of a critical mass of the set of support activities of the Project, hence the importance of the additional time needed for the completion of the full set of Project activities. Therefore, a new closing date of June 30, 2021 is proposed and will allow the completion of these activities, and a satisfactory achievement of the PDO.

6. Progress made by project components is outlined below:

Component 1: Modernization of the Business Environment (US\$2.43 million equivalent)

7. Activities under this component aim to support the implementation of reforms which will have a quick impact on the business environment. This component is contributing to the strengthening of institutions geared toward private sector development and export promotion.

Component 2: Increase the competitiveness of selected agricultural value chains (US\$13.75 million equivalent, US\$8.8 million received from Donor)

8. *Sub-component 2.1 Support to the “Maison de l’Entreprise.”* Regional offices of the Maison de l’Entreprise have been established and are fully operational in all eight regions of the country and have instruments to offer quality financial and non-financial services to the target beneficiaries of the Project and micro-enterprises, in particular.

9. *Sub-component 2.2 Provision of financial and non-financial business development services:* With regard to non-financial support, the *Maison de l’Entreprise* antennas now offer a total of at least 10 different categories of business development training ranging from book-keeping, marketing, essentials of project management, support to formalization, tax services, business management, coaching, to business plan development and preparation to access to financial services.

10. As of December 15, 2020, 19 thematic capacity-building training sessions were organized in Diffa, Zinder, Maradi and Niamey, for more than 1,427 enterprises (IEs, MSMEs, and SMEs).

11. Matching Grants: The project has financed technical assistance since 2019 to put in place a Matching Grant program for micro-enterprises. As of December 15, 2020, 435 SMEs have benefitted from matching grants, compared to a target of



38, and 4,639 informal enterprises received support compared to a target of 750. Research and Development (R&D Projects are an area which has not yet achieved the project objective (only 4 achieved out of a target of 15), which should be reached with the 6-month extension of the project closing date. Similarly, the project has contributed to 5,944 jobs created compared to an initial target of 2,100 (including informal entrepreneurs formalized after receiving Business Development Services (BDS).

12. The average survival rate of the companies that benefiting from the subsidy after 1 year of activity is 81.7 percent, which exceeds the final target of 75 percent. As a result of the grant mechanism, 1,305 jobs have been created or maintained. The good trend of job creation observed until December 2019 has been slowed down by the COVID-19 pandemic in 2020.

13. Firms supported under the BDS window have recorded a more than 42.5 percent increase in their turnover, well above the final target of 12 percent (*source: rapport d'Evaluation des appuis aux bénéficiaires cibles du PECEA à travers les FCP, septembre 2020*).

14. *Sub-component 2.3 Infrastructure Development:* This sub-component finances economic infrastructure, namely roads for the Zinder trade corridor to Nigeria and marketplaces.

15. To date, 22 of the 24 commercial infrastructure projects (cattle and agricultural product markets, slaughter areas etc.) to be developed under the Project have been completed and delivered to the beneficiaries. In addition, 72.5 kilometers of rural roads have been rehabilitated to connect the production basins of the "Koroma" Valley with six (6) major grain markets and five (5) rural communes in the Zinder region. The delivery of the two remaining commercial infrastructures and the development and deployment of the management systems for these infrastructures was scheduled to be completed by December 30, 2020 and have been delayed due to Covid-19 measures and insecurity in Diffa region.

16. **Component 3: Project Implementation Support (US\$2.10 million equivalent, US\$1.4 million received from Donor).** This component finances costs related to project implementation, including financing of the PIU which also implements the IDA-financed Competitiveness and Growth Support Project. In addition, under this component, the disbursement conditions of the newly established risk sharing facility have been met and the guarantee mechanism is operational. A technical assistance has been mobilized to support SAHFI and partner banks. As of December 15, 2020, 10 loan applications supported by the guarantee mechanism have been approved by partner banks for a total amount of US\$300,000. This will facilitate much needed access to finance for MSMEs in the rescue and recovery phases of the COVID-19 pandemic.

17. There are no outstanding audit reports and the Project continues to comply with all the environmental, social, and fiduciary safeguard requirements and the fiduciary and safeguards performance have consistently been rated Satisfactory.

Additional resources from the Donor to address COVID19 impact on MSMEs:

18. In response to the COVID-19 pandemic, the Danish Ministry of Foreign Affairs has granted DKK20 million (approximately US\$3.2 million) to Niger to be administered by the World Bank through the Project to support the government response to mitigate the impact of the COVID-19 economic slow-down on the private sector. These additional funds for COVID-19 activities will be processed through a standalone project as this was not a part of the project financing plan.

19. The Niger Investment Climate and Competitiveness Support Project Trust Fund Grant (TF0A0809) needs to be amended to: i) increase the Grant amount to reflect the Donor's last contribution under the original financing of three million five hundred seventy-five thousand six hundred eighty United States Dollars (US\$3,575,680); and ii) extend the Closing



Date from December 30, 2020 to June 30, 2021, as per the Recipient’s request, to allow the completion of the final activities delayed by the COVID-19 pandemic.

20. Since this extension of the Grant Closing Date is more than two (2) years cumulatively beyond the original Grant Closing Date (March 29, 2019), the Team requests the Regional Vice President’s approval.

II. DESCRIPTION OF PROPOSED CHANGES

21. The purpose of this fourth Level 2 restructuring is to: i) amend the Grant Agreement by reflecting the last contribution under the original financing of \$3,575,680; and ii) extend the Closing Date of the Project for 6 months, until June 30, 2021, as per the Recipient letter, dated December 17, 2020 thereby ensuring the completion of the final activities delayed by the COVID-19 pandemic as stipulated in the Draft Amendment No. 6. This is a no cost extension of the Project closing date, that is, a last disbursement under the original financing. In addition, the end dates of the results framework are being modified to allow for the achievement of targets until Project closing date, for those indicators that have not achieved targets (Increase of sales revenue of beneficiary firms, number of procedures to obtain a construction permit, number of documents required to export, number of new “entrepreneur” registered, increase in number of services offered to members, number of firms that have business plan prepared, among others. An Action plan of remaining activities is attached.

22. There are no outstanding audit reports nor are there changes relating to safeguards, financial management, institutional arrangements or procurement.

23. Using the new SORT risk rating framework, a re-evaluation of the risk ratings was performed in December 2020, and all ratings were maintained at previous levels with the exception of the risk ratings for the technical design which was downgraded to “**Low**”, taking into account mitigation measures and residual risk. This is because after 5 years of implementation, the technical design has been tested, adjusted through three previous restructurings, and currently does not present more than low risk to the achievement of the PDO. This does not impact the overall risk rating which remains at “**Substantial**”.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Overall Risk Rating	✓	
Implementation Schedule	✓	
Implementing Agency		✓



DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A0809	Effective	29-Mar-2019	31-May-2019, 30-May-2019, 30-Dec-2020, 30-Dec-2020, 30-May-2019	30-Jun-2021	30-Oct-2021



DISBURSEMENT ESTIMATES

Change in Disbursement Estimates
Yes

Year	Current	Proposed
2016	906,143.46	906,143.46
2017	875,572.82	875,572.82
2018	1,259,639.93	1,259,639.93
2019	2,035,996.50	2,035,996.50
2020	4,001,926.29	5,745,711.30
2021	1,927,393.00	5,514,365.67

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating at Approval	Current Rating
Political and Governance	● Substantial	● Substantial
Macroeconomic	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Low
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Substantial	● Substantial
Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate
Other		● Substantial
Overall	● Substantial	● Substantial



Results framework

COUNTRY: Niger

Niger Investment Climate Support

Project Development Objectives(s)

The objective is to improve critical elements of investment climate for the private sector and enhance competitiveness of SME in selected agriculture value chain.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	End Target
Improved Investment Climate			
Number of DB reforms implemented (Number)		0.00	4.00
<i>Action: This indicator has been Revised</i>			
Direct compliance cost savings (Amount(USD))		0.00	2,000,000.00
<i>Action: This indicator has been Revised</i>			
Increase of sales revenue of beneficiary firms (Percentage)		0.00	10.00
<i>Action: This indicator has been Revised</i>			
Direct project beneficiaries, of which female (%) (Number)		0.00	2,300.00
<i>Action: This indicator has been Revised</i>			
of which female (%) (Percentage)		0.00	20.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Component 1: Modernization of the Business Environment			
Number of procedures in starting a business (Number)		6.00	4.00
<i>Action: This indicator has been Revised</i>			
Number of day to settle a commercial case (Number)		545.00	445.00
<i>Action: This indicator has been Revised</i>			
Number of procedures to obtain a construction permit (Number)		15.00	9.00
<i>Action: This indicator has been Revised</i>			
Number of documents required to export (Number)		8.00	6.00
<i>Action: This indicator has been Revised</i>			
Number of documents required to import (Number)		10.00	8.00
<i>Action: This indicator has been Revised</i>			
Number of new “entreprenant” registered (Number)		0.00	1,000.00
<i>Action: This indicator has been Revised</i>			
Increase in number of services offered to members (Number)		0.00	2.00
<i>Action: This indicator has been Revised</i>			
Component 2. Increase the competitiveness of selected agricultural value chains			
Number of firms that have business plan prepared (Number)		0.00	600.00
<i>Action: This indicator has been Revised</i>			
Number of new direct jobs created (Number)		0.00	1,000.00
<i>Action: This indicator has been Revised</i>			



Indicator Name	PBC	Baseline	End Target
Number of collective market infrastructure constructed (Number)		0.00	6.00
<i>Action: This indicator has been Revised</i>			
Citizens and/or communities involved in planning/ implementation/ evaluation of development programs (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Volume of Loans to MSME generated by Guarantee mechanism (Amount(USD))		0.00	1,000,000.00
<i>Action: This indicator has been Revised</i>			
Return on Assets of SAHFI (Percentage)		0.00	10.00
<i>Action: This indicator has been Revised</i>			



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