



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
COMPETITIVENESS AND GROWTH SUPPORT
APPROVED ON JUNE 26, 2012
TO THE
REPUBLIC OF NIGER

February 25, 2021

FINANCE, COMPETITIVENESS AND INNOVATION

WESTERN AND CENTRAL AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

DB	Doing Business
EITI	Extractive Industries Transparency Initiative
IP	Implementation Progress
IRI	Intermediate Results Indicator
ISR	Implementation Status and Results Report
K2M	Kano, Katsina, Maradi Corridor
PDI	Project Development Indicator
PDO	Project Development Objective
PIU	Project Implementation Unit
SIGMINES	Geological and Mining Information System
TA	Technical Assistance



BASIC DATA

Product Information

Project ID P127204	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 26-Jun-2012	Current Closing Date 28-Feb-2021

Organizations

Borrower REPUBLIC OF NIGER	Responsible Agency Maison de l'Entreprise
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Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to improve selected aspects of Niger's business environment, to support the development of the meat industry and to increase local business participation in the extractive industries sector.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-51320	26-Jun-2012	05-Jul-2012	29-Nov-2012	28-Feb-2021	50.00	44.80	.71

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

Project background

1. **The Niger Competitiveness and Growth Support Project (US\$50 million equivalent) was approved on June 26, 2012 and became effective on November 29, 2012.** The Project underwent two restructurings: i) the first restructuring (June 20, 2017) included a reallocation of proceeds between disbursement categories and a change of components and costs; and ii) the second restructuring (March 8, 2019) included a change in the Results Framework, implementation schedule, as well as an extension of the Project closing date from March 31, 2019 to February 28, 2021. This extension was needed due to a default of a slaughterhouse rehabilitation supplier and extremely long delays in delivery of the technical equipment and construction materials for the mineral laboratory and mining cadaster. The granted extension helped: i) contract other suppliers and deliver technical equipment and construction materials for the mineral laboratory and mining cadaster; and ii) substantially improve the country's business environment. The extension under the second restructuring specifically allowed for the substantial implementation of policy reforms, e.g.: reduced time and costs to process construction permits, and for business registration, streamlining property registration, improved access to credit information, reduced time and costs for getting an electricity connection, streamlined enforcing contracts processes and promoting alternative dispute resolution mechanisms, etc.

Implementation Status

2. **Since the last restructuring, substantial progress has been achieved towards the development objectives.** Thanks to the Project's support, some policy reforms have seen significant progress including reduced time and costs to process construction permits and for business registration, streamlining of property registration, improved access to credit information, reduced time and costs for getting an electricity connection, and streamlined enforcing contracts processes and promoting alternative dispute resolution mechanisms, etc. Progress has also been achieved under the Project Development Indicators (PDIs) with the indicator "*reduced time to trade across borders*" having exceeded the end target of 38 days and now stands at 12.75 days; the one on "*proportion of local procurement achieved with extractive industries*" exceeded original 10 percent target and now stands at 24 percent; and the "*direct project beneficiaries*" PDI also exceeded the original target of 5000 and is now at 33,230.

3. **To date, three key Project's activities remained to be completed:** (1) the construction of the slaughterhouse in Maradi; (2) the submission to and adoption of the Mining Code by Parliament; and (3) the training of Government staff who will be working in the mineral laboratory; they have not been recruited yet. The implementation of these three activities are crucial for full PDO achievement. In particular, they will have a direct impact on three Project indicators from the Results Framework (corresponding to the numbers above): (1) PDO indicator "*increased volume of meat processed and sold in slaughterhouses*" and Intermediate Results Indicator (IRI) "*percent of production in Niamey and Maradi slaughterhouses in conformity with regional standards*"; (2) IRI "*number of new laws adopted in the extractive industries in line with international good practices*" (one – the Petroleum code – has been adopted and one – the Mining Code – is pending); (3) IRI "*an operational Mineral Sector Laboratory that is in line with international standards has been established in Niger*."

4. **The overall Project disbursement stands at 98 percent,** with Component 3, Policy Reforms, Infrastructure and Services to harness trade between Niger and Nigeria, and Sub-component 1.1 Business environment, both having been fully disbursed. There are no other outstanding issues with disbursement, and the construction of the slaughterhouse will bring the Project up to full disbursement.



5. **Nonetheless, the delays in the implementation of the three key activities mentioned above and their implications on the full achievement of PDO led to the downgrading of the overall performance to Moderately Unsatisfactory (MU).** The performance towards achievement of PDO and overall Implementation Progress (IP) were rated MU in the latest Project's Implementation Status and Results Report (ISR) approved on February 8, 2021 to candidly account for the substantial delays, lack of progress, and very limited remaining implementation period. The Project continues to be fully compliant with legal covenants, safeguards, financial management and procurement requirements. The environmental and social safeguards ratings in the latest ISR are all satisfactory. The financial arrangements in place are functioning properly and providing minimum acceptable risk management. The overall financial performance and financial risk from the latest ISR remain "Moderately Satisfactory" and "Substantial", respectively. The procurement rating in the last ISR was "Moderately Satisfactory".

6. **The component-wise implementation status and results achieved so far are as follows:**

7. **Component 1: Business Environment, Investment Promotion and SME Support for Identified Value Chains (US\$15.50 million equivalent) – "Moderately Satisfactory" progress**

a. Sub-component 1.1: Business environment:

Niger's progress in improving its business environment as registered over the past years in Doing Business (DB), is remarkable. In the Doing Business 2020 report, the country gained 13 places in the overall ranking. Most striking progress over the last three years was recorded on the Business registration indicator where Niger moved from 132nd place to 24th place in the world from 2016 to 2018, making it the best performer in Africa. The ratings for the business registration indicator have remained favorable.

This sub-component is fully disbursed under the Project, and the World Bank task team and the Recipient agreed to call on the resources available under the Niger Investment Climate Support Project (P148839) to enable the Government to consolidate and deepen the results achieved over the last years with the support of the Project. CFAF 800 million was mobilized under the Danish Trust Fund (TF) to support activities including (1) Digitization of land register; (2) Digitization of business registration procedures; and (3) Establishment of a one-stop shop for construction permits underway.

b. Sub-component 1.2: Enterprise support:

As part of Project's planned support to selected enterprises, the first edition of the Business Plan Competition yielded the following results as of December 31, 2020:

- 135 out of the 207 finalists have registered their business;
- 92 out of the 103 award winners were able to mobilize additional funding to implement their business plan. The additional funding mobilized amounts to CFAF 1.51 million, or nearly 60 percent of total amount invested by the award winners; and
- 477 jobs were created.

8. **Component 2: Support to Selected Value Chains (US\$22.10 million equivalent) – "Unsatisfactory" progress**

a. Sub-component 2.1: Support to the extractive industries value chain:

This sub-component aims to improve the policy and regulatory framework to support diversification of mineral production, strengthen the institutional capacity for efficient management of the extractive industries and increase the industry's local supply base. The local content component of the extractive industries has exceeded all expectations, and the proportion of local procurement achieved with extractive industries, originally targeted as 10 percent has actually achieved 24 percent, largely due to the new petroleum code,



which enforces local procurement, and active enforcement by the Ministry of Petroleum. The inventory of artisanal mining sites in both Djado and Tilaberi has been finalized and has resulted in an action plan on the way forward to formalizing the sector. The Project also helped finalizing the drafting of the Mining code, together with the line Ministry of Mining and key stakeholders who provided their comments and inputs.

In view of the operationalization of the cadaster, the Project has supported the building of offices, and provided all necessary infrastructure, hardware and software as well as capacity building. On the operationalization of SIGMINES, the Project has supported the Geodata services of the Ministry of Mining with new offices within the new Laboratoire, along with equipment, software and training.

As for the Extractive Industries Transparency Initiative (EITI), with the support of the Project, the Government has put in place all of the conditions required to renew Niger's membership into the EITI Process. Its candidacy has been discussed and approved by the EITI Board and Niger has regained full membership to the EITI process. This will help the Government foster a business climate conducive to local and international investment, for the contribution of extractive industries to sustainable development. This will also allow the Government to participate in the international dialogue on the management of extractive industries and taking the necessary corrective measures.

For this indicator, two activities have not been completed:

- (1) The adoption of the Mining Code which has been finalized, has received stakeholder validation and is currently with the Ministry of Mines for review.
- (2) The training of Government staff who will be working in the mining laboratory; these have not yet been recruited, however the laboratory itself has already been constructed and equipped with Project support.

b. Sub-component 2.2: Support to the meat and butchery value chain:

The technical studies and safeguards related to the transfer of the production chain to Tibiri has been completed. The detailed adjustments to the initial rehabilitation plan have been identified and estimated. The overall cost variation amounts to less than three percent. The environmental and social impact studies for the new site have been validated by local stakeholders and approved by the Nigerien Environment Agency.

To date, the construction of the Maradi slaughterhouse is still in progress. The delay in the construction of this infrastructure combined with the two uncompleted activities in the Sub-component 2.1 above have caused the Component to be rated Unsatisfactory.

9. Component 3: Policy Reforms, Infrastructure and Services to Harness Trade between Niger and Nigeria (US\$9.10 million equivalent) – “Moderately Satisfactory” progress.

- a. This component aims to help foster trade and regional integration with Nigeria and to attract private investment in the Kano, Katsina and Maradi (K2M) corridor by financing required institutional reforms; infrastructure and services in the corridor in Maradi close to the Nigeria border. The implemented activities include: (i) support to Niger-Nigeria Joint Commission for cooperation to implement the action plan approved by the Joint Ministers Commission in January and September 2011 to develop the K2M corridor including the implementation of bilateral free trade agreements, and support to the thematic subgroups of the joint commission for the facilitation of policy dialogue and the organization of exchange for products and programs supported by the project etc.; (ii) the financing of a study for the development of a master plan and engineering designs for updating the existing trade corridor in Maradi (30 km for Nigeria border) and the identification of the exact location of the required access roads and infrastructure which were financed by the project; (iii) Technical Assistance to the local community in Maradi to better take advantage of the corridor,



participate in the design of the plan and the development of the corridor; (iv) the financing of the rehabilitation of access roads; and (v) the provision of equipment for upgrading border markets in the corridor. All activities have been completed and the component fully disbursed, hence this component was rated “Moderately Satisfactory”.

10. **Component 4: Project Management (US\$3.30 million equivalent) - “Moderately Unsatisfactory” progress.**

- a. This component aims to provide support for project implementation, with day-to-day management through a Project Implementing Unit (PIU) within the Ministry of Planning, and a Steering Committee providing oversight to the project implementation. Though they have been progress in the overall Project implementation they have lately been tremendous delay in the implementation of some key activities including the construction of the Maradi slaughterhouse, the submission to and adoption of the Mining Code by Parliament; and (3) the training of Government staff to be dedicated to working in the mineral laboratory upon their recruitment. The most substantial project management issue remains the delay in the construction of the slaughterhouse. Hence the construction the long-time expected infrastructure cannot be completed before the initial project closing. Reasons for the delay are among others related to some changes in the initial design of the infrastructure, the ongoing COVID 19 pandemic, the exceptional flooding in Niger in 2020, and ongoing presidential elections. Hence the project management was downgraded from “Moderately Satisfactory” to “Moderately Unsatisfactory”. The project has been closely following with all counterparts implicated in the infrastructure construction and supported the development of a detailed action plan to closely monitor project implementation and ensure completion of the infrastructure within extended period.

B. Rationale for the Level II Restructuring

11. **The restructuring of this Project will accomplish the following :** (1) extension of the closing date to June 30, 2021, which will allow for the completion of the Maradi slaughterhouse construction and the submission of the mining code to Parliament; (2) revision of the results framework: “Number of new laws adopted in the extractive industries in line with international good practices” will be modified to “Number of new laws in the extractive industries prepared with the support from the Project and ready for presentation to Parliament”, with the same target of two (Petroleum Code and the Mining Code).

12. **High risk of incompleteness of the Maradi slaughterhouse and its subsequent adverse impact on PDO achievement.** The little progressed on this activity makes it highly unlikely to be completed by the current closing date of February 28, 2021 and jeopardizes the achievement of the PDO as the construction of the slaughterhouse in Maradi is critical to the support to the meat industry pledged in the PDO. Following the Project team’s supervision mission from October 27 to November 9, 2020, the Government mandated a field visit to Maradi, which resulted in the recommendation that an extension of the Project’s closing date to June 30, 2021, is necessary for completing the construction of the slaughterhouse and that this additional time would be sufficient to complete the construction of the slaughterhouse. On February 1, 2021, the Government submitted a request to extend the Project closing date from February 28, 2021 to June 30, 2021.

13. **The construction of what many views as an essential slaughterhouse infrastructure in Maradi has been expected for over three decades.** The delay in the construction of this important infrastructure is due to the combined effects of the ongoing COVID-19 pandemic and the exceptional flooding Niger experienced in 2020. In fact, in order to expedite the delivery of the infrastructure, the option was chosen to use prefabricated materials (structural elements, industrial equipment, waste treatment system) which the firms would prepare in Italy, Belgium and France to be shipped along with the facility’s equipment to Niger for installation. However, the technical studies, the design and manufacturing of these materials and equipment were significantly delayed due to the impacts of the initial phase of the outbreak of COVID-19 in Europe.



14. **Furthermore, the exceptional flooding in 2020 in the Project area of Tibiri delayed the construction works of the foundation of the slaughterhouse by an additional two months.** While constantly monitoring the situation with the PIU, the Project team made recommendations for mid-stream adjustments, and a detailed roadmap covering remaining activities was developed in order to keep track of and closely monitor the implementation of remaining activities. Despite these Project management efforts to react to external situations, it has become impossible to install, test and operationalize the infrastructure before the Project closes on February 28, 2021. Four (04) additional months will be needed to this end.

15. **The Project's PIU has the capacity to complete the Project satisfactorily as** they have developed solid knowledge of the complex architecture and infrastructure technology in the course of implementing the Project and is capable of providing continuity and ensure quality control towards delivery of the remaining infrastructure. In spite of the delay with the delivery of the critical slaughterhouse equipment, the PIU has continued to perform satisfactorily, make progress, and demonstrate flexibility.

16. **The team has been following up with the PIU and the various contractors who have provided considerable details during** multiple videoconferences and correspondence among the contractors, the World Bank Project task team and the PIU as to what has been done and what needs to be done to complete the slaughterhouse. The contractors provided and committed to firm timelines for delivering the Project elements for which they are responsible, and the Project team felt that, on balance, there is confidence that the newly established interim deadlines would be met. A detailed roadmap and Plan of Action has been developed (see the documents in two annexes, constituting the updated Plan of Action : "P127204 – Niger Competitiveness and Growth Support: Prevision Décaissements Phase Extension", and "P127204 – Niger Competitiveness and Growth Support: Draft Procurement Plan for Extension Phase - Request for Bids"), and the team is closely monitoring the remaining Project's activities to ensure that this final extension leads to the completion and operationalization of the slaughterhouse. This roadmap and Plan of Action is the basis for requesting the extension and the confidence that four months are sufficient complete the construction. The team believes that not only is the probability that the firms will be able to meet the required deadlines and complete the Project by the proposed new closing date of June 30, 2021 established, but also the PIU has gained adequate capacity and knowledge to complete the task. The team also believes that with a close collaboration between the PIU and the World Bank team, the concerted follow-up, monitoring and facilitation of the Project team will ensure the maintenance of an accelerated pace of construction. Moreover, the requested extension will not result in any extra budgetary requirements, including any additional funds for Project monitoring costs.

17. **If the Project is not extended, there is a risk that** (i) the almost completed infrastructure could be abandoned or poorly delivered in the rush; and (ii) the Project's PIU, which has developed solid knowledge of the complex architecture and infrastructure technology in the course of implementing the Project, will not be in place to provide continuity and ensure quality control.

II. DESCRIPTION OF PROPOSED CHANGES

A. Change in closing date

18. Following a supervision mission held on October 27-November 9, 2020 and extensive discussions held with various counterparts involved in the Project's implementation, the Government requested an extension of Project closing date from February 28, 2021 to June 30, 2021 in the letter dated February 1, 2021. This is the third restructuring of the Project and the second extension of the closing date. With this extension of closing date, the total duration of the Project will be nine years.



19. The proposed closing date extension meets the requirements of the World Bank Investment Project Financing (IPF) Directive regarding extension of closing dates, specifically: (i) the project objectives remains achievable; (ii) the performance of the Recipient remains satisfactory; (iii) the World Bank and the Recipient agree on actions that will be undertaken by the Recipient to complete project critical activities; and (iv) there are no outstanding audits and/or interim financial reports.

B. Change in Results Framework

20. The results framework will be revised to extend end target dates to June 30, 2021 to match with the newly established closing date, and to revise the following indicators: IRI “Number of new laws adopted in the extractive industries in line with international good practices” will be modified to “Number of new laws in the extractive industries prepared for approval with the support from the Project in line with international good practices and ready for presentation to Parliament”, with the same target of two (Petroleum Code and the Mining Code). The above-mentioned change is suggested to recognize the reality that obtaining access to Parliament depends on too many external factors and that the most the Project can expect is to facilitate the preparation of good-practice laws that will be submitted to Parliament.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
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
IDA-51320	Effective	31-Mar-2019	28-Feb-2021	30-Jun-2021	30-Oct-2021

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2012	0.00	0.00
2013	3,034,003.59	3,034,003.59
2014	1,512,344.77	1,512,344.77
2015	2,811,056.61	2,811,056.61
2016	6,322,053.33	6,322,053.33
2017	12,641,728.67	12,641,728.67
2018	6,676,279.61	6,676,279.61
2019	4,181,464.08	5,022,538.67
2020	4,115,233.43	3,524,604.96
2021	411,523.42	6,724,515.28



Results framework

COUNTRY: Niger

Niger - Competitiveness & Growth Support

Project Development Objectives(s)

The Project Development Objective (PDO) is to improve selected aspects of Niger's business environment, to support the development of the meat industry and to increase local business participation in the extractive industries sector.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
To improve selected aspects of Niger's business environment, to support the development of the meat								
Reduced time to trade across borders (Days)		64.00						38.00
<i>Action: This indicator has been Revised</i>								
Reduced time to clear imported goods (Days)		64.00	64.00	60.00	50.00	45.00	40.00	38.00
<i>Action: This indicator has been Revised</i>								
Reduced time to clear exported goods (Days)		59.00	59.00	54.00	44.00	40.00	37.00	35.00
<i>Action: This indicator has been Revised</i>								
Reduction of time to create a business (Days)		17.00						4.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Action: This indicator has been Revised								
Improvement of turnover of SME supported by the Matching Grant (Percentage)		0.00						12.00
Action: This indicator has been Revised								
Increased volume of meat processed and sold in slaughterhouses (Metric ton)		44.00						84.00
Action: This indicator has been Revised								
Proportion of loal procurement achieved with Extractive Industries (Percentage)		0.00						10.00
Action: This indicator has been Revised								
Direct project beneficiaries (Number)		0.00						5,000.00
Action: This indicator has been Revised								
Female beneficiaries (Percentage)		0.00						20.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Business Environment, Investment Promotion and SME Support for identified value chains			
Investment in newly established firms (Amount(USD))		0.00	40,000,000.00
<i>Action: This indicator has been Revised</i>			
Number of enterprises registered per year of which 20% are led by women (Number)		0.00	4,400.00
<i>Action: This indicator has been Revised</i>			
Number of firms in the meat and oil, gas and mining value chains supported through the matching grant of which 20% are led by women (Number)		0.00	600.00
<i>Action: This indicator has been Revised</i>			
An operational Mineral Sector Laboratory that is in line with international standards has been established in Niger (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Niger Commits to revenue Transparency and re-joins the EITI Process (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Number of new laws in the extractive industries prepared for approval with the support from the project in line with international good practices and ready for presentation to Parliament (Number)		0.00	2.00
<i>Action: This indicator has been Revised</i>			



Indicator Name	PBC	Baseline	End Target
Support to selected value chains			
Number of known artisanal mining sites registered and organized into formal groups (Number)		0.00	75.00
<i>Action: This indicator has been Revised</i>			
Increase in oil and mining exports other than uranium (Metric ton)		0.00	6.00
<i>Action: This indicator has been Revised</i>			
Percent of production in Niamey and Maradi slaughterhouses in conformity with regional standards (Percentage)		0.00	100.00
<i>Action: This indicator has been Revised</i>			
Policy Reforms, Infrastructure and Services to harness trade between Niger and Nigeria through the Kano, Katsina, Maradi (K2M) corri dor			
Kilometers of access roads connection production areas to potential markets constructed (Kilometers)		0.00	80.00
<i>Action: This indicator has been Revised</i>			
Number of new investments in K2M corridor (Number)		0.00	25.00
<i>Action: This indicator has been Revised</i>			



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Niger - Competitiveness & Growth Support (P127204)
