DOCUMENT OF THE WORLD BANK

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
AFRICA

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Task Team Leader: Magueye Dia
I. BASIC DATA

**Product Information**

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
</tr>
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<tbody>
<tr>
<td>P148839</td>
<td>Investment Project Financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Original EA Category</th>
<th>Current EA Category</th>
</tr>
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<tbody>
<tr>
<td>Partial Assessment (B)</td>
<td>Partial Assessment (B)</td>
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<table>
<thead>
<tr>
<th>Approval Date</th>
<th>Current Closing Date</th>
</tr>
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<tbody>
<tr>
<td>19-Aug-2015</td>
<td>29-Mar-2019</td>
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**Organizations**

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Responsible Agency</th>
</tr>
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<tr>
<td>Republic of Niger</td>
<td>MOP - PIU (CR 51320), Ministry of Planning, Land Management and Community Development</td>
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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 in selected agriculture value chain.

**Summary Status of Financing**

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Net Commitment</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
</table>

**Policy Waiver(s)**

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

No
Summary of project status and proposed changes

A. Implementation Progress:

1. As a result of the combined efforts by the task team and CMU, project implementation has recorded significant progress after initial delays due to lengthy procurement procedures. The following measures helped accelerate implementation:
   i) Lifting of the Government decision to suspend approval of all project contracts until the new expenditure control system is operationalized;
   ii) Appointing a dedicated controller for the project’s line ministry (Ministry of Planning, Land Management and Community Development), who was subsequently trained in WBG procurement procedures.

2. Thanks to the improved procurement processes, construction works for the overall Infrastructure program have been launched. The level of execution of the program has reached 60%. The disbursement rate slowed down in Q2 FY19, but delivery of all the infrastructures in Maradi is expected to be completed by end FY19. This should translate into a significant overall disbursement increase as the infrastructure component amounts to more than 50% of project costs.

3. The progress in Diffa has been slower due to the security challenges faced by contractors. The PIU is working on security arrangements that will allow contractors to limit exposure to security threats and ensure completion of works in Diffa by end of 2019.

Under Component 1:

4. The Project has provided continued support to the implementation of the Doing Business agenda in Niger over the last 3 years and has contributed to the significant progress in ease of Doing Business index.

5. The project will pursue targeted support to investment climate reforms through the modernization of the commercial court. The case management system for the court should be available in Q2 2019 and will enhance the transparency, and efficiency of this jurisdiction. The recruitment of the consultant to design the information system architecture for the commercial court will be finalized by the end of March 2019. Bidding document for the purchase of the software should be available by the end of June 2019, and the procurement process would be launched by mid-September 2019.

6. A new champion for the implementation of the entrepreneur regime in Niger has been identified. This will allow the team to elaborate in collaboration with the government an action plan and initiate its implementation in Q4 2019.

Under Component 2:

7. A business plan competition partly funded by the project has been completed and 100 winning projects have been awarded. The provision of TA and mentoring services, which started in early September 2018, has helped the winners improve the quality of their business plans. Of the 100-award winning business plans, 64 have mobilized funding to launch their business activities.

8. A feasibility study for a guarantee scheme to replace the grant mechanism initially envisioned has been finalized by a consultant commissioned by the Danish counterpart after taking into account the WB task team’s comments.
9. An action plan for the implementation of the key recommendations of the report will be finalized end of April 2019 and will pave the way for a restructuring of the Grant (RETF 0A0809) in May 2019. The Government has submitted a request for restructuring with the following objectives:
   i) Align the Danish TF with the other component of the Danish support in Niger implemented by the Swiss cooperation, and
   ii) Identify and implement adequate management mechanisms for the infrastructure constructed with the project support under Component 2.
   iii) Implement a new instrument to support MSMEs in lieu of the grant mechanism initially envisioned.
   iv) Extend the closing date to from March 31, 2019 to December 31, 2020

10. The standard period between the Grant closing date and the Donor End Disbursement date is 6 months. Because the current Donor End Disbursement Date (EDD) is September 30, 2019; the RETF closing date cannot be extended beyond March 31, 2019 and prior to the Donor EDD extension that requires an amendment to the Administrative Agreement. In cases where the Administration Agreement can’t be amended, DFI and WFAFO may grant a “no-objection” for a 2-months extension of the Grant closing date.

B- Proposed Changes
11. Given the imminent closing date of the project and above-referenced circumstances, the task team recommended two steps restructuring:
   i) The first stage will consist in a straightforward closing date extension of the Grant (TF0A0809) given by two months from March 29, 2019 to May 31, 2019, that does not require an amendment to the Administrative Agreement between the World Bank and the Donor and the Financing Agreement between the Government and the WB. The DFI and WFAFO have provided their no objection to the requested 2 months extension of the Grant closing date. During this period, the project will finalize the structure of the guarantee mechanism.
   ii) The second step to be launched in May 2019 will consist of the inclusion of the new financing instrument (the guarantee mechanism) and extension of the closing date from May 31, 2019 to December 31, 2020.

II. DETAILED CHANGES

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<tr>
<th>LOAN CLOSING DATE(S)</th>
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<tr>
<td><strong>Ln/Cr/Tf</strong></td>
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