



REPORT NO.: RES48057

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
THE KANDADJI PROJECT
APPROVED ON OCTOBER 2, 2012
TO
THE NIGER BASIN AUTHORITY (NBA)
AND
THE GOVERNMENT OF NIGER

February 23, 2022

WATER GLOBAL PRACTICE

WESTERN AND CENTRAL AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

ABEDA	Arab Bank for Economic Development in Africa
ABK	Kandadji Dam Agency (<i>Agence du Barrage de Kandadji</i>)
ADF	Abu Dhabi Fund
AfDB	African Development Bank
AF	Additional Financing
AFD	French Development Agency (<i>Agence Française de Développement</i>)
APL	Adaptable Program Loan
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus Disease
EBID	ECOWAS Bank for Investment and Development
ECOWAS	Economic Community of West African States
FCFA	Franc CFA
FCV	Fragility, Conflict and Violence
FSL	Full Supply Level
GBV	Gender-based Violence
GoN	Government of Niger
GRM	Grievance Redress Mechanism
IDA	International Development Association
IDB	Islamic Development Bank
IP	Implementation Progress
KF	Kuwaiti Fund
KLDP	Kandadji Local Development Program
M&E	Monitoring and Evaluation
MASL	Meters-above-sea-level
MS	Moderately Satisfactory
NBA	Niger Basin Authority (<i>Autorité du Bassin du Niger</i>)
OFID	OPEC Fund for International Development
OPCS	Operations Policy and Country Services
OPEC	Organization of the Petroleum Exporting Countries
PAD	Project Appraisal Document
PAP	Project Affected Persons
PDO	Project Development Objective
POE	Panel of Expert
RAP	Resettlement Action Plan
SDR	Special Drawing Rights
SFD	Saudi Fund for Development
US\$	US Dollar
WADB	West African Development Bank
WRD-SEM	Niger Basin Water Resources Development and Sustainable Ecosystems Management



BASIC DATA

Product Information

Project ID P130174	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 02-Oct-2012	Current Closing Date 31-Mar-2027

Organizations

Borrower Niger Basin Authority (NBA), Government of Niger	Responsible Agency Agency of the Kandadji Dam, Agency of the Kandadji Dam
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Project Development Objective (PDO)

Original PDO

The Program objective of the Water Resources Development and Sustainable Ecosystems Management APL is to enhance regional coordination, development, and management of the Niger Basin's water resources. The development objective of this Project (WRD-SEM APL 2A) is to increase access to water for agriculture development and capacity for energy generation in the Niger part of the Niger Basin.

Current PDO

The Program objective of the Water Resources Development and Sustainable Ecosystems Management APL is to enhance regional coordination, development, and management of the Niger Basin's water resources. The development objective of the Kandadji Project is to increase the capacity for energy generation and enhance the availability and management of water for agriculture development in the Niger part of the Niger Basin, and to improve livelihoods in the Tillaberi region.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
COFN-C1880	24-Jun-2020	16-Mar-2021	16-Mar-2021	31-Mar-2027	56.10	9.97	46.69
IDA-67000	24-Jun-2020	04-Sep-2020	02-Mar-2021	31-Mar-2027	100.00	0	103.70
IDA-D6700	24-Jun-2020	04-Sep-2020	02-Mar-2021	31-Mar-2027	50.00	0	51.20



IDA-54590	29-May-2014	19-Jul-2014	12-Dec-2014	31-Mar-2027	41.24	0	37.28
IDA-H9520	29-May-2014	19-Jul-2014	12-Dec-2014	31-Mar-2027	13.65	0	12.34
IDA-H9530	29-May-2014	19-Jul-2014	07-Oct-2014	31-Mar-2027	.31	.29	0
IDA-51650	02-Oct-2012	14-Dec-2012	13-Mar-2013	31-Mar-2027	200.00	58.03	128.00
IDA-H8050	02-Oct-2012	14-Dec-2012	13-Mar-2013	31-Mar-2027	3.00	2.58	.31

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

1. **The Kandadji Project supports the Government of Niger (GoN) in the development of transformational infrastructure and services in one of the most fragile developing regions of the world.** The Kandadji Project is a regional project that aims to harness the resources of the Niger River to increase the capacity for energy generation, enhance the availability and management of water for agriculture development, and to improve livelihoods in the Tillaberi region. The Kandadji Project contributes to the Kandadji Program, co-financed by eleven donors¹ and the GoN, which has the broader objectives to enhance regional coordination, development, and management of the Niger Basin's water resources. Though the World Bank has been supporting the Niger river basin since 2007, the Kandadji Program started in 2010, prior to World Bank involvement.

2. **World Bank engagement began in 2012, following a request by the GoN,** with the World Bank Board of Directors (Board) approval of the Kandadji Project² for an amount of US\$203 million equivalent. The initial project focused on the dam electro-mechanical works, community-driven development activities and the expansion of irrigation perimeters, while the dam civil works were entirely financed by other donors.³ In 2014, the Board approved an additional financing (AF) for US\$55.2 million equivalent (P148972) to increase power plant financing to release other partners' funds towards: (i) the dam civil works contract to meet the financing gap associated with its rebidding; (ii) the need to identify financing for the power transmission lines and deviated road; and (iii) some of the resettlement costs due to the GoN's difficulty to mobilize funding because of security expenses pressures. In 2020, the Board approved a second AF for US\$150 million equivalent (P172724) to finance the costs associated with a financing gap for the implementation of the first phase of resettlement and livelihood support in the Kandadji dam reservoir area (Phase 2A) associated with the impoundment area of a 224 meters-above-sea-level (masl) full supply level (FSL) reservoir. The specific activities covered under this second AF are: (i) building of industry-standard housing in resettled communities; (ii) providing drinking water and sanitation to resettlement sites; and (iii) providing transition support to resettled populations with a particular focus on vulnerable people. The project closing date is 31 March 2027.

3. The project is organized in four complementary components:

- (i) Component 1 (*Institutional Strengthening of Niger Basin Authority (Autorité du Bassin du Niger, NBA)*, US\$3.31 million equivalent, fully IDA financed – US\$3.00 million initial project and US\$0.31 million first AF) which aims to strengthen the capacity of the NBA for supervision and to support the institutional strengthening of regional water resources management, specifically by implementing the NBA Water Charter.
- (ii) Component 2 (*Kandadji Program Energy Infrastructure*, US\$707.3 million equivalent, of which US\$134.5 million is IDA financed⁴) of which the World Bank supports Sub-component 2.2 (*Power plant equipment and installation*,

¹ African Development Bank (AfDB), The World Bank Group (IDA), Islamic Development Bank (IDB), West African Development Bank (WADB), French Development Agency (*Agence Française de Développement*, AFD), Arab Bank for Economic Development in Africa (ABEDA), Economic Community of West African States (ECOWAS) Bank for Investment and Development (EBID), Abu Dhabi Fund (ADF), Kuwaiti Fund (KF), Saudi Fund for Development (SFD), Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development (OFID).

² Formerly Adaptable Program Loan (APL) 2A (the First Part of the Second Phase, or APL 2A, of the Kandadji Program – P130174).

³ Namely, AfDB, IDB, Arab Funds and GoN.

⁴ The original component cost was US\$140.00 million. The first AF contributed US\$54.89 million to this component, but US\$30.99 million were reallocated through two restructurings (June 2017 and February 2020), while the second AF and associated restructuring reallocated another US\$29.4 million towards local development activities and Resettlement Action Plan (RAP)-2A activities.



US\$262.80 million total cost) for the hydroelectric plant equipment and support to Independent Implementation Entity Kandadji Dam Agency (*Agence du Barrage de Kandadji*, ABK) staffing.

- (iii) Component 3 (*Environmental and Social Safeguards Measures and Promotion of Irrigation Development (including rehabilitation) and Local Community Development*, US\$768.34 million equivalent⁵ of which US\$270.39 million is IDA financed⁶) which supports the implementation of safeguards measures, including costs associated with RAP-2A irrigation development and the local development program.
- (iv) Component 4 (*Contingent Emergency Response Component – CERC*, US\$ 0) which will facilitate emergency response in the event of a major disaster affecting the livelihoods of people living in the project area.

4. **Implementation progress (IP) and project ratings.** As of January 25, 2022, the project progress towards achievement of project development objective (PDO) and IP are both rated “Moderately Satisfactory,” (MS) despite major setbacks linked to the security situation in the Tillaberi region and to the Coronavirus Disease (COVID-19) pandemic. Key results include: (i) good progress made on Lot 1 civil works at the dam site since 2019 (20 percent) despite the challenging situation on the ground; (ii) Lot 2 hydroelectrical works have been successfully launched with WB and AFD funding; and (iii) the recruitment of the resettlement implementation support firms with World Bank and AfDB funding is well underway. About 15.5 percent of project funds have been disbursed (US\$60.9 million out of US\$408.2 million) and US\$118 million committed. Project disbursements have started to increase significantly in 2021 with the completion of the bidding process for the hydroelectric plant (Lot 2, co-funded by the World Bank and AFD) and the advance payments in two tranches of around US\$6.5 million each. By June 2022, an additional US\$10 million in disbursements is expected. Progress by component is presented below.

5. Under Component 1 (*Institutional Strengthening of NBA*), progress has been MS. Significant progress was made in 2019 with the endorsement of the institutional audit of the NBA by its Council of Ministers and the approval, with support from the CIWA-funded Niger River Basin Management Project (P149714), of the study and technical work related to Annex 2 of the Water Charter on coordinated management of cascade reservoirs. The NBA continues to coordinate the recruitment and participation of the panel of experts (POE) on the project. Though the completion of the institutional audit shows great progress towards achievement of the component’s targets, the rating remains MS due to delays in implementing the associated measures and in mobilizing new experts on the POE.

6. Component 2 (*Kandadji Program Energy Infrastructure*) has progressed satisfactorily with the launch of the dam civil works (Lot 1) in March 2019 and the signing of the contract for the electro-mechanical works for the dam (Lot 2) in December 2020. To date, Lot 1 shows an implementation rate of 20 percent implementation in December 2021 after works started again following the recruitment of a new Supervision Engineering firm (Energy Infratec PVT.LTD) in February 2021. In the interim, small scale construction works had continued at the site under the supervision of a local firm (Urbatec) and part of the housing for staff and workers has been completed. Capacity strengthening of the ABK has been supported by the World Bank and staffing and resources available to the agency are gradually increasing, and an evaluation of the performance of ABK personnel is being contracted out.

7. Component 3 (*Environmental and Social Safeguards Measures and Promotion of Irrigation Development (including rehabilitation) and Local Community Development*) remains MS due to the proactivity of ABK and its performance in preparing RAP-2 documents and carrying out extensive community consultations. Rehabilitation works are ongoing for RAP-1 and Bonfeba irrigation perimeters and planned to be finalized in 2024. The Kandadji Local Development Program (KLDP) has benefited from increased follow-up by ABK with more attention to the quality of micro-projects and of recruitment of Local Development Agents. To date 292,350 people have benefited from the KLDP of which 148,933

⁵ The original component cost was US\$333.94 and the RAP-2A activities have added US\$434.2 million.

⁶ US\$60.00 million from the initial project, US\$30.99 million from the first AF and US\$150 million from the second AF. The US\$30.99 were reallocated through two restructurings: US\$4.89 million (June 2017) and US\$26.1 million (February 2020).



women, through activities like integrated health clinics, school classroom equipment and maternity wards in remote villages. The KLDP is crucial to expand project benefits to local populations beyond the resettled populations in Tillaberi, thereby enabling all concerned communities to share in the benefits of the project. RAP-2A implementation pilot compensation payments by GoN at Issilé were completed in February 2021 with AfDB and WB support and showed that the GoN has limited capacity to implement this type of program, leading to the GoN's request for World Bank support through the present restructuring. ABK has recruited several communications specialists to strengthen communications on the program and an audit has been carried out to identify recommendations for improvement. A communications mission is planned during the next World Bank supervision mission in April 2022, to assess the implementation of communications recommendations on the ground.

8. As Component 4 will only be activated in the event of an emergency, there are no activities associated with this component.

9. **Compliance with safeguards and fiduciary requirements.** The overall safeguards rating remains MS and the environmental and social risk high. From an environmental perspective, GoN established a National Natural Reserve of Kandadji and the management unit has been installed. ABK has established its environmental and social management unit, composed of four resettlement specialists, one gender specialist, two environmental management specialists, and one biodiversity specialist. The implementation of the environmental, social health and safety measures for the dam works are being closely monitored. From a social perspective, deficiencies noted in the 2016 RAP-1 audit at the dam site have been successfully addressed by GoN and are in the process of being fully resolved with World Bank support. The preparation in 2018 of RAP-2A and RAP-2B reports built on extensive studies and stakeholder consultations by GoN with local communities, helping to ensure a high level of local support towards the objectives pursued under the reservoir resettlement and local development program. The project rating for financial management remains MS due to delays regarding counterpart fund mobilization and procurement has been downgraded to MS (from Satisfactory in the last ISR) because of slow implementation progress on key contracts. Monitoring and evaluation (M&E) is also rated MS as the firm in charge of independent M&E has been recruited with AfDB funding for RAP-2A implementation.

B. Rationale for the Restructuring

10. **Since the November 2018 roundtable of donors for RAP-2A financing, full financing has been secured for RAP-2A and is at different stages of approval**, while RAP-2B financing and Mali RAP funding will be sought upon completion of RAP-2A and pending fulfillment of the conditions for its implementation. In addition to a commitment of \$US150 million from the World Bank towards RAP-2A financing, the contributions from the AfDB (US\$53.8 million), WADB (US\$26 million) and EBID (US\$23.8 million) have been approved by their respective Boards of Directors. The contributions of AFD (US\$34.2 million), the SF (US\$31.2 million),⁷ and ABEDA (US\$40 million) are under preparation and expected to be approved by mid-2022 once relevant studies have been completed. The GoN committed in November 2018 to funding the cash compensation program and public infrastructure and services (US\$38.1 million).⁸

11. **The reservoir resettlement program is comprehensive, with activities ranging from infrastructure construction and improved service provision to livelihood and transition support.** RAP-1, completed between 2012-2016, resettled 9,000 people from the dam site to new well-serviced resettlement villages and upgraded host communities and provided 1,000 ha of new irrigated perimeters to displaced farmers. RAP-2A for the resettlement of 33,000 people from the

⁷ The SF includes contributions from ADF, KF, SF, and OFID.

⁸ Risks related to the financing by the GoN of important activities under RAP-2A were to be mitigated to a large extent by the fact that required cash compensation payments (US\$34.7 million) would be spread out over six years. The GoN has already committed limited funds in January 2021 towards the first round of cash compensation payments to RAP-2A PAPs for loss of assets in the commune of Issilé.



reservoir area in Niger details twelve activities to be carried out under the first phase of the reservoir resettlement program (Phase 2A), as shown in Table 1.

Table 1: RAP-2A activities

Activity	Name	Cost (US\$ million)
i	Support to RAP-2A implementation and M&E	23.3
ii	Preparation and development of resettlement sites	24.6
iii	Water supply, treatment and distribution, and sanitation facilities	33.4
iv	Industry-standard housing and ancillary facilities	105.4
v	Transition support program	11.7
vi	Cash compensation program	32.7
vii	Hydro-agricultural developments	109.7
viii	Public infrastructure and services	19.2
ix	Rural electrification	10.4
x	Improving access to right bank sites	11.6
xi	Integrated rural livelihood restoration program	50.6
xii	Updating the Mali RAP	0.4
Total		434.2

12. The World Bank committed to financing three out of 12 activities (iii - water supply and sanitation services, iv – housing, and v - transition support to vulnerable PAPs for a total of US\$150 million equivalent) included under the US\$433 million equivalent RAP-2A budget.⁹ Funding of nine other activities by other donors and GoN was confirmed at a donor meeting held at AfDB headquarters in Abidjan in October 2018. GoN committed at the donor meeting to financing US\$35 million of compensation costs for lost assets.¹⁰ The Project Paper for the second AF specifically mentions the GoN commitment towards payment of US\$32,671,000 in cash compensation to PAPs for non-housing and non-land assets under RAP-2A (ref: Project Paper, Annex II, table on page 78).

13. The resettlement compensation corresponds to activity (vi) in Table 1 and no additional safeguards measures are required as part of this restructuring. The corresponding safeguards document (RAP-2A) was cleared by the Regional Safeguards Advisor in May 2019 and publicly disclosed.

14. As part of the Kandadji financing program agreed with the GoN and 11 development partners, the GoN was expected to finance these resettlement costs; however, given the fiscal situation in Niger, a financing gap has emerged, and the GoN has requested that the World Bank consider financing these activities. While the GoN had originally committed to cover monetary compensation costs under RAP-2A with counterpart funding, significant financial constraints have arisen, as explained in the letters from the GoN requesting this additional support,¹¹ creating a financing gap. The GoN has requested World Bank support to cover these expenditures to avoid delays in project implementation.

⁹ The World Bank is also financing US\$21 million of RAP-2A activities, namely for an international resettlement implementation firm, US\$16 million for hydro-agricultural developments and US\$3.4 million for public health facilities, under the associated restructuring for the second AF.

¹⁰ The US\$35 million amount was based on a 2019 estimate in RAP-2A and had to be revised to include additional contingency costs in 2021.

¹¹ A formal request was received from the President of Niger on June 24, 2021 for the World Bank to finance compensations for lost assets linked to the resettlement of 33,000 project affected persons (PAPs) currently living in or deriving livelihoods from the Kandadji reservoir area as described in RAP-2A. In addition, the World Bank also received a letter from the Minister of Planning on June 22, 2021 requesting an amount of US\$40 million for the above-mentioned activities.



15. The World Bank is viewed as the most experienced donor in managing large-scale resettlement compensation activities, therefore the GoN has reached out the World Bank for financial assistance related to compensations under RAP-2A. The GoN has reached out to other development partners financing the Kandadji Program with specific requests for financing of other non-resettlement-related activities originally to be funded by the GoN.

16. The reasons why the GoN request is justified are the following:

- i. Limited ability of central government agencies to manage largescale compensation payments in a timely manner: The complicated procedures to channel resources to the local levels and the uncertainty about the extent of the resettlement costs to be reimbursed to PAPs from one year to another made it difficult for the government agencies to commit to annual earmarking of resettlement funds for compensation of PAPs under RAP-2A.¹²
- ii. Insufficient government resources: Due to the ongoing pandemic and threats to security in the border areas, the GoN is facing unprecedented financial constraints that make the annual earmarking of resettlement funds for compensation of PAPs under RAP-2A particularly challenging. As a result, the timely availability of counterpart funding for RAP-2A implementation cannot be ensured under current conditions.

17. The GoN has requested that the monetary compensation planned under RAP-2A, which the team estimates to be around US\$40 million equivalent, be financed through IDA funds (a mix of regional and national) by restructuring the project, through a letter from the Minister of Planning dated November 1, 2021. The funds will be directed to PAPs impacted by the first phase of impoundment of the reservoir. The compensation will be distributed in tranches starting in January 2023,¹³ with the last tranche to be provided to PAPs at the moment of the move.

18. **The proposed restructuring aims to reallocate resources under the second AF (Financing Agreement Grant Number D670-NE) from activities to be implemented later in the project timeline towards the resettlement compensation.** The amounts in question would cover all household losses other than losses related to agricultural lands or housing and residential plots.¹⁴ As this compensation is on the project critical path and must be carried out without delay and according to international best practice, the proposed restructuring would reallocate funds from project activities allocated to housing under RAP-2A (total budget US\$106 million), because these funds will not be required before 2024. The other RAP-2A activities supported by the World Bank under Sub-component 3.4 (a) will continue to be supported by the World Bank, without changes to commitments regarding existing safeguard obligations.

19. A memorandum seeking RVP approval to finance resettlement compensation under the Kandadji Project in response to the GoN requests was processed and concurred on October 20, 2021.

20. The strategy agreed by World Bank Management and the GoN to replenish the US\$40 million equivalent previously allocated to the construction of industry-standard housing in new resettlement sites (for an estimated cost of US\$106 million equivalent), which will need to be designed and constructed starting in 2024, would be to process a project restructuring for AF in 2023 under the upcoming IDA20 financing cycle. Without such a restructuring, the project would be left with a financing gap of US\$40 million equivalent and an inability to support all of the housing construction activities that are required to start in 2024 for effective implementation of RAP-2A.

¹² The estimated amount of monetary compensations under RAP-2A as of 2019 included a contingency of 25 percent.

¹³ The implementation of cash compensation payments will depend on the verification and updating of RAP-2A census and asset inventory and evaluation data by the RAP-2A implementation support firm currently being recruited with project funds (contract to be signed by April 2022).

¹⁴ Agricultural land will be compensated in kind through the development of irrigated agricultural perimeters, and housing and residential plots will be compensated in kind in the new resettlement sites.



II. DESCRIPTION OF PROPOSED CHANGES

A. Summary of proposed changes

21. The proposed Level 2 restructuring would amend the Financing Agreement (Grant Number D670-NE) to: (i) add a new sub-component to cover resettlement compensations; (ii) create a new expense category to finance resettlement compensation; and (iii) reallocate SDR 28,336,000¹⁵ (US\$40 million equivalent) to the new expense category. As the scope and design of the project do not change, the PDO, expected outcomes and results framework remain the same.

B. Components, activities, and financial management

22. **The activities financed by the reallocation will address a financing gap under Component 3** (*Environmental and Social Safeguards Measures and Promotion of Irrigation Development (including rehabilitation) and Local Community Development*) of the overall program and project. Resettlement compensation activities will be included to a new Sub-component 3.5 to address the financing gap.

23. For this purpose, a new Part 3.5 will be added to the Financing Agreements Credit No. 6700-NE, Grant No. D670-NE, Credit No. 5165-NE, Credit No. 5459-NE and Grant No. H952-NE to include the resettlement compensations.

24. Through the planned reallocations, the project will finance the expenditures detailed below, along with additional contingencies up to a total of US\$40 million:

25. Expenditures related to resettlement amount to US\$40 million (US\$32,671,000 as of 2019 and US\$7,329,000 contingency):

- (i) Cash compensation for all household losses other than losses related to agricultural lands or housing and residential plots that would be replaced in kind under RAP-2A (US\$20,785,300 as of 2019). These would include, inter alia, compensation for loss of crops, fruit trees, wells, granaries, courtyard kitchens, fences, etc.
- (ii) Cash compensation for the loss of commercial buildings or structures (US\$11,885,700 as of 2019). These would mostly include a small hotel and shops in the town of Ayorou. Lost market stalls in village or neighborhood markets would be replaced in kind under RAP-2A.

26. The components will remain the same but a new sub-component is created within Component 3.

27. **Valuation.** Expenditures for cash compensation will be calculated in accordance with the provisions of the project's RAP-2A Report (Volumes 1 and 2) which was prepared, cleared by the World Bank's Operations Policy and Country Services (OPCS) Regional Safeguards Advisor, and publicly disclosed on the World Bank's website and in-country in May 2019. Applicable valuation principles are as follows:

- i. All valuation and calculation of compensation will be done in accordance with the compensation methods and schedules described under RAP-2A and will comply with OP 4.12 requirements for replacement costs. Project-affected assets will be compensated at full replacement value, which will be assessed by valuation experts hired by the GoN. The IDA funding will cover only non-land and non-housing related resettlement costs.*
- ii. The replacement cost of ancillary or commercial structures, proposed to be covered by IDA funds, will be based on the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting*

¹⁵ US\$40 million is equivalent to XDR 28,335,635.6 on November 3, 2021, date of receipt of the borrower request, amount rounded at XDR 28,336,000.



building materials to the construction site, plus the cost of any labor and contractors' fees, plus the cost of any registration and transfer taxes. In cases where community infrastructure is damaged, and the damage was not intended under project activities, the contractor, not IDA, will be responsible for repair or payment.

iii. *Other costs to be covered by IDA funds will include the cost of business interruption and moving. For loss of economic income, the project will provide: (i) cash compensation equal to one year of income, if loss is permanent; and (ii) cash compensation for the period of business interruption, if loss is temporary. For workers/employees, the project will provide indemnity for lost wages for the period of business interruption up to a maximum of three months.*

28. **Channeling of funds.** The detailed arrangements for the payment of cash compensation to PAPs will be included in the project's Operational Manual. The GoN in collaboration with the implementation agency (*Agence du Barrage de Kandadji or ABK*) would directly pay people for loss of non-land and non-housing related assets in accordance with RAP-2A and national expropriation procedures. Cash compensation will be provided directly in kind to PAPs at designated GoN community offices. Particular care will be taken to ensure the safety of PAPs as part of payment procedures (see below for specific measures planned). Financial records as well as the copy (photos) of the payments provided to PAPs will be maintained by the project implementation unit to permit the calculation of the final cost of resettlement and compensation per person or household.

29. **Monitoring and evaluation.** The ABK will issue regular monitoring reports on RAP-2A implementation, which will be reviewed by the task team and followed up by field visits when possible. The ABK will compile detailed statistics on physical displacement/relocation, land acquisition, non-land economic displacement, summary of the total number of PAPs compensated and amounts of payments made or to be made, and disaggregated data per sub-project. This data will be a part of the M&E and audit reports.

C. Creation of a new expense category

30. The project Financing Agreement (Grant Number D670-NE) will be amended to carry out the following reallocations of funds reflected in the corresponding table in Section III: SDR 28,336,000 (US\$40 million equivalent) for compensation payments from Grant Number D670-NE - Category 9 to the newly created Category 11 to finance the resettlement compensations associated with RAP-2A implementation under Sub-component 3.5.

D. Risks and proposed mitigation

31. **Risks, including political risks associated to the payment of resettlement compensations.** The main potential social risks related to the payment of compensation to PAPs for the loss of non-land or non-housing related assets are related to the challenges of ensuring timely and safe payments to PAPs in a Fragility, Conflict and Violence (FCV) environment.

32. The specific mitigation measures to address these risks include the following:

- The project will provide World Bank funding to recruit an international RAP-2A implementation support firm to assist the ABK and the GoN in ensuring that planning and management of resettlement processes in the reservoir area are carried out in line with best practices and in an adaptive manner to account for challenges faced on the ground.¹⁶

¹⁶ The ABK Panel Evaluation Report for the two firms that submitted a technical and financial proposal for the RAP-2A Implementation Support contract has been received by the World Bank and is currently under review (with the accompanying proposals).



- The World Bank and other donors involved will have access to a planned regional security information sharing platform under the direction of the Governorate of the Region of Tillabery in order to better plan out national legally sanctioned expropriation processes, compensation activities and schedules at designated GoN community offices.
- Social specialists on staff at ABK and in its technical support firm (STUDI) were actively involved in the preparation of RAP-2A and in the implementation of RAP1 at the dam site, are trained in OP 4.12 requirements and will be closely involved in the compensation process. These individuals will be responsible, *inter alia*, for ensuring that compensation levels comply with the above-stated valuation principles.
- Social specialists on staff at ABK and in its technical support firm (STUDI), in collaboration with the international RAP-2A implementation support firm, will also be attentive to the converse risk (encountered occasionally when World Bank financing rather than counterpart funding is used for resettlement compensation) that prices for compensable items have been artificially inflated. They will compile and maintain records showing that the asset prices used for calculating replacement value and other costs as described above are in line with the replacement value.
- The project will use AfDB funding to recruit an international RAP-2A M&E firm to ensure that commitments made under RAP-2A are followed through during the implementation process. A World Bank-funded survey will be conducted one year following RAP-2A implementation by an independent auditor to ensure that people received their compensation and secured replacement of assets lost.
- Community information requests, feedback and grievances will be documented by the ABK in line with the procedures defined under the Grievance Redress Mechanisms (GRM) set up under the project with World Bank support and will be reported as part of the M&E reports.
- When travel to Niger and to the project area is again possible, the World Bank will carry out regular field visits to the project sites and meet with PAPs.

33. **Changes to SORT.** The overall risk associated with the project remains rated high, in view of the country context, the nature of the proposed activities and related environmental and social risks, as well as the security situation. The risk assessment carried out during the second AF (June 2020) mostly remains relevant.

34. The **macroeconomic risk is downgraded from high to substantial** to reflect the evolution of the macroeconomic context in Niger since the approval of the AF in 2020. Niger currently faces risks related to COVID-19, which led to a plummeting growth rate from 5.8 percent in 2019 to 1.0 percent in 2020, and other risks. The pandemic has negatively affected output and exerted significant pressure on inflation because of external channels (reduced regional and global demand, lower-than-planned Foreign Direct Investment, plummeting commodity prices and tighter financing conditions in regional markets) and domestic prevention and mitigation measures which have imposed significant disruptions and increased unemployment. Public finances are strained due to the public response to support the health system, the economy and the population, on both revenue and expenditure. Poverty is projected to rise in an alarming manner especially in the Tillaberi region. Should the pandemic last beyond 2022, its impact would be amplified and could affect project implementation. In addition to COVID-19 related risks, other risks to be considered include volatile commodity prices, Nigeria's border closure, insecurity, high debt and limited fiscal space. This could affect project implementation by limiting available resources despite the positive trend in recent years linked to the increased role of infrastructure projects in improving the country's economic outlook, which bode well for the project area of Tillaberi where infrastructure lags behind. Given the current situation, the GoN has requested donor support to enable it to respect its financial commitments towards the project. However, while the COVID-19 crisis has inflicted significant negative economic impacts expected to carry into 2022, the project can rapidly adapt to developments linked to the COVID-19



pandemic, and other unforeseen crises, to support additional government response. This can be done both in terms of components adjustments and the use of the CERC, included in the June 2020 AF.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Reallocation between Disbursement Categories	✓	
Disbursements Arrangements	✓	
Disbursement Estimates	✓	
Financial Management	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓



IV. DETAILED CHANGE(S)

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-D6700-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: GDS,CS,OP,TRG PART 1			
0.00	0.00		0.00	
iLap Category Sequence No: 10	Current Expenditure Category: CERC undr PT 4			
0.00	0.00		0.00	
iLap Category Sequence No: 2	Current Expenditure Category: GDS,WK,CS PART 2.1			
0.00	0.00		0.00	
iLap Category Sequence No: 3	Current Expenditure Category: GD,WK,CS PT2.2i-SEC IV.B.1b			
0.00	0.00		0.00	
iLap Category Sequence No: 4	Current Expenditure Category: GDS,WK,CS PART 2.2(i)			
0.00	0.00		0.00	
iLap Category Sequence No: 5	Current Expenditure Category: CS,OP,TRG PART 2.2(ii),(iii),(iv)			
0.00	0.00		0.00	
iLap Category Sequence No: 6	Current Expenditure Category: GD,WK,CS,OP,TRG PART 3.1			
0.00	0.00		0.00	



iLap Category Sequence No: 7	Current Expenditure Category: GD,WK,CS,OP,TRG PRT3.2,3.3(a),(b)i		
0.00	0.00	0.00	
iLap Category Sequence No: 8	Current Expenditure Category: MATCHING GRANT PART 3.3(b)(ii)		
0.00	0.00	0.00	
iLap Category Sequence No: 9	Current Expenditure Category: RAP 2A Costs PT 3.4		
36,600,000.00	0.00	8,264,000.00	100.00
iLap Category Sequence No: 11	Current Expenditure Category: Resettlement compensation PT 3.5		
0.00	0.00	28,336,000.00	100
Total	36,600,000.00	0.00	36,600,000.00

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates
Yes

Year	Current	Proposed
2013	3,173,416.86	3,000,000.00
2014	773,549.67	775,000.00
2015	4,654,023.00	4,700,000.00
2016	5,351,139.58	5,350,000.00
2017	2,957,710.29	3,000,000.00
2018	3,800,412.70	3,800,000.00
2019	6,203,429.59	6,200,000.00
2020	10,000,000.00	10,000,000.00
2021	50,000,000.00	50,000,000.00
2022	70,250,000.00	80,250,000.00
2023	140,750,000.00	170,750,000.00



The World Bank

Kandadji Project (P130174)

2024	80,250,000.00	40,250,000.00
2025	20,250,000.00	20,250,000.00
2026	9,786,318.31	9,875,000.00



Annex: Results Framework

PDO Indicators by Objectives / Outcomes

Enhance the availability and management of water for agriculture development				
▶ Guaranteed minimum annual waterflows in the Niger River at the border of Nigeria (Malanville measuring station) in m3/s. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	24-Jun-2020	17-Apr-2020	17-Apr-2020	31-Mar-2027
▶ Volume of water storage developed under the Project. (Cubic Meter(m3), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	628,000,000.00
Date	24-Jun-2020	08-May-2020	08-May-2020	31-Mar-2027
Increase capacity for energy generation in the Niger part of the Niger Basin				
▶ Increased installed hydroelectricity capacity (Megawatt, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	130.00
Date	01-Apr-2014	17-Apr-2020	17-Apr-2020	31-Mar-2027
Comments:	As the works are not yet started there are not change or evolution on the indicators			
Direct Project beneficiaries; including improved livelihoods in the Tillaberi region				
▶ Direct Project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	292,350.00	292,350.00	329,643.00
Date	01-Apr-2014	17-Apr-2020	17-Apr-2020	31-Mar-2027
□ Direct Project beneficiaries - women (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	148,933.00	148,933.00	164,822.00
□ Direct Project beneficiaries - youth (Number, Custom Supplement)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100,000.00
<input type="checkbox"/> Number of people who have benefited from RAP-2A activities, including housing, WSS services and relocation to to an area that is less risk-prone to disasters exacerbated by climate change. (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	33,000.00
<input type="checkbox"/> Number of vulnerable persons benefiting from additional transition assistance. (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	6,000.00
<input type="checkbox"/> Number of people benefiting from livelihood restoration and support activities. (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	292,350.00	292,350.00	325,350.00
<input type="checkbox"/> Number of farmers (water users) provided with new or improved irrigation and drainage services. (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	5,593.00

Intermediate Results Indicators by Components

I. Institutional strengthening of the NBA				
▶ Institutional audit of the Niger Basin Authority is completed and adopted by the Council of Ministers (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Adopted	Adopted	Adopted
Date	13-Mar-2013	31-Jul-2020	31-Jul-2020	01-Apr-2020
Comments:	The institutional audit of the NBA was completed and presented to NBA's Council of Ministers in December 2019 and the recommendations have been endorsed.			
▶ At least one priority measures of the institutional audit implemented (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	No	No	No	Yes
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027
II. Construction of the Kandadji Program energy infrastructure				
► Commissioning of the Kandadji power plant completed (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Engineering study completed	Approval by the Bank and AFD of the firm selected by ABK (CGGC) was provided on July 13, 2020 and the contract signed on December 9, 2020.	Approval by the Bank and AFD of the firm selected by ABK (CGGC) was provided on July 13, 2020 and the contract signed on December 9, 2020.	100%
Date	13-Mar-2013	29-Jan-2021	29-Jan-2021	31-Mar-2027
► Number of mandatory visits conducted by the independent panel of experts per year. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	The PoE reviewed the RAP2 documents and carried out a mission in November 2019, including a site visit.	The PoE reviewed the RAP2 documents and carried out a mission in November 2019, including a site visit.	At least 1 visit per year
Date	13-Mar-2013	31-Jul-2020	31-Jul-2020	31-Mar-2027
Comments:	Environmental and social independent panel of experts have conducted mandatory visits on 2017 and 2018 to comment on the dam phased construction and the RAP 2 report. The PoE carried out a mission in parallel to the November 2019 implementation support mission and visited the dam construction site. The WB team had the opportunity to meet with them and debrief after their visit.			
► Number of beneficiaries of more reliable electricity supply in Niger. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	7,000,000.00
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027
III. Implementation of environmental and social safeguards, and growth pole community development				



►Area provided with irrigation and drainage services (ha) (Hectare(Ha), Corporate)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	3,000.00
Date	13-Mar-2013	31-Jul-2020	31-Jul-2020	31-Mar-2027
 □Area provided with irrigation and drainage services - New (ha) (Hectare(Ha), Corporate Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	700.00
Date	13-Mar-2013	31-Jul-2020	31-Jul-2020	31-Mar-2027
 □Area provided with irrigation and drainage services - Improved (ha) (Hectare(Ha), Corporate Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	2,300.00
Date	13-Mar-2013	31-Jul-2020	31-Jul-2020	31-Mar-2027
►Grievances addressed according to the procedures – of which GBV complaints. (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25.00	25.00	25.00	80.00
Date	15-Jun-2017	31-Jul-2020	31-Jul-2020	31-Mar-2027
Comments:	Launch of the upgraded GRM is underway. A GBV Action Plan and related GRM are also under preparation for the Kandadji Program.			
 □Share of GBV complaints recorded and referred to service providers. (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
►Number of hours per day per household saved due to new water supply services – female. (Hours, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	6.00
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027
►Number of houses constructed with access to a sanitary block. (Number, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10,500.00
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027
► Number of health centers constructed or rehabilitated and supported under the Project. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	6.00
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027
► Number of villages visited per month as part of outreach activities. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	17.00
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027
► Number of community radios supported by the program. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	8.00
Date	24-Jun-2020	31-Jul-2020	31-Jul-2020	31-Mar-2027