



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NIGER SOLAR ELECTRICITY ACCESS PROJECT (NESAP)
APPROVED ON JUNE 7, 2017
TO
GOVERNMENT OF THE REPUBLIC OF NIGER

ENERGY & EXTRACTIVES

WESTERN AND CENTRAL AFRICA

Regional Vice President:	Ousmane Diagana
Country Director:	Clara de Sousa
Regional Director:	Riccardo Puliti
Practice Manager/Manager:	Kwawu Mensan Gaba
Task Team Leader(s):	Emmanuel Py, Abdoulaye Magagi Daga



ABBREVIATIONS AND ACRONYMS

ANPER	Agence Nigérienne de Promotion de l'Électrification en milieu Rural (Nigerien Agency for the Promotion of Rural Electrification)
ANERSOL	Agence Nationale d'Énergie Solaire (National Agency for Solar Energy)
DGOFR	Direction Générale des Opérations Financières et des Réformes (Directorate General of Financial Operations and Reforms in the Ministry of Finance)
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MoE	Ministry of Energy
MoF	Ministry of Finance
NIGELEC	<i>Société Nigérienne d'Électricité</i> (Nigerien Electricity Company)
PIU	Project Implementation Unit
PFIs	Participating Financing Institutions



BASIC DATA

Product Information

Project ID P160170	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 07-Jun-2017	Current Closing Date 31-Jan-2024

Organizations

Borrower Government of the Republic of Niger	Responsible Agency
---	--------------------

Project Development Objective (PDO)

Original PDO

The objective of the project is to increase access to electricity through solar energy in rural and peri-urban areas of the Republic of Niger.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-60820	07-Jun-2017	27-Jun-2017	01-Dec-2017	31-Jan-2024	45.55	30.05	16.75
IDA-D1980	07-Jun-2017	27-Jun-2017	01-Dec-2017	31-Jan-2024	4.30	0	4.54

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. Project background and scope.** The Niger Solar Electricity Access Project (P160170; NESAP) was approved on June 7, 2017 and became effective on December 1, 2017. The project was restructured in May 2020 to (i) reallocate funds among disbursement categories; (ii) downscale some activities under Components 1 and 2; (iii) adjust the results framework; and (iv) introduce a Contingency Emergency Response Component (CERC) to enable quick response to COVID-19. The closing date is January 31, 2024. The project is financed by an IDA Credit (6082-NE) in amount of EUR 42.7 million and an IDA Grant (D198-NE) in amount of SDR 3.2 million. The Project Development Objective (PDO) is to increase access to electricity through solar energy in rural and peri-urban areas of the Republic of Niger. It has five (5) components: (i) Component 1: Market Development of Stand-alone Solar System; (ii) Component 2: Rural Electrification through Service-based Solar Hybrid Mini-grids; (iii) Component 3: Solar PV Hybridization of Isolated Thermal Mini-grids and Expansion of Access; (iv) Component 4: Implementation Support and Technical Assistance. (v) Component 5: Contingency Emergency Response Component.
- 2. Implementation progress.** As per the last Implementation Status and Results Report (dated April 2022), NESAP was rated Moderately Satisfactory for both overall implementation progress and progress towards achievement of PDO. As of July 20, 2022, aggregate disbursement under the IDA Credit and the IDA Grant is EUR 29.34 million or 56% of the total project financing. Despite implementation challenges and delays experienced by the project, it is expected that implementation of the activities will accelerate.
- 3.** The Mid-Term Review (MTR) mission, which took place in January 2020, concluded the project is on track and PDO is still achievable by the project closing date. Implementation delays have occurred since then (notably as a result of the COVID-19 pandemic and its impact on global supply chains) but with this restructuring, it is believed the project would be on track for a January 31, 2024 closing given that, as of today, more than 70 percent of the total financing is committed.
- 4.** A detailed update on the status of the project's components is as follows:
- 5. Component 1. Market Development of Stand-alone Solar Systems (US\$5 million):** Initially, the activities of this component experienced delays following the resignation of the financial specialist in charge of the implementation of the line of credit (LoC) at the DGOFR. With the close follow up by the team, the management, and the CMU, DGOFR and ANPER have completed the recruitment of a new financial specialist. Furthermore, the new agreement with BAGRI, for an amount of CFAF 500 million, was signed on March 17, 2022, which resulted in the commitment of 100% of the line of credit. The transfer of unused fund by Capital Finance, which performance was unsatisfactory, to SONIBANK, which showed a good performance, resulted in the signing of the amendments with the two institutions in June 2022. With these critical actions completed, the disbursement rate of the LoC increased from 70.82% to 89.15% and is expected to reach 100% after the withdrawal of the remaining amount to SONIBANK. The utilization rates of the funds provided to SONIBANK have increased from 64% (~640 M FCFA) to 100% (~1000 M FCFA). The utilization rate of BSIC is at 32.5% (~326 M FCFA). BSIC showed prospects that will bring its utilization rate to 61% (610 M FCFA). The performance of the micro-finance institution, CAPITAL FINANCE, remained sluggish with a utilization rate below 6% (~11 M FCFA) with CFAF 324,5 million undisbursed. With the new financial analyst onboard, DGFOR will be able to revise the agreement with CAPITAL FINANCE by reallocating the undisbursed amount to SONIBANK. As per the last ISR all agreed actions were completed including: (i)



regularize/update the reports on the line of credit; (ii) disbursement of 100% amount of BAGRI's agreement; and (iii) finalize the amendments of the agreement with Capital Finance and SONIBANK and disburse the amount (CFAF 324,5 M) to SONIBANK.

6. **Component 2. Rural Electrification through Service-based Solar Hybrid Mini-grids (US\$6.7 million):** Similar to Component 1, there have been significant initial delays in the implementation of this component primarily because it was a first experience implementing such an innovative business model in Niger, and time was required to learn from the market. Notwithstanding early delays, the negotiations with the two companies have started. The updated planning of this component could be achieved with the end of all activities by the project closing date with the following restructuring change (as mentioned by the client in the restructuring letter): Changing the implementation model with 100% financing from IDA and supporting the Government to sign a management, operation and maintenance contract with the private companies (single source procurement may be considered). There have indeed been significant initial delays in the implementation of Component 2 primarily because it was a first experience implementing such an innovative business model in Niger (i.e., a concession model for relatively small facilities), and time was required to learn from the market. Notwithstanding early delays, the negotiations with the two companies have started. The updated planning of this component could be achieved with the end of all activities by the project closing date with the following restructuring change.
7. **Component 3. Solar Photo Voltaic (PV) Hybridization of Isolated Thermal Mini-grids and Expansion of Access (US\$27.35 million):** This component, consisting of the PV hybridization of 17 existing diesel-powered isolated mini grids operated by NIGELEC, has made noticeable progress since 2021. More than 3.5 billion FCFA (power plants equipment order and payment of the services of the owner's engineer) had been disbursed. This brings the disbursement rate of the component to 52.3%. The construction works have started and well advanced on several sites both for lot 1 and lot 2 (Dirkou, Bilma, Timia, Fachi, Iferouane, Ingall and Tamaya,). The construction works for the two lots are expected to be completed by January 2023 rather than November and July 2022 respectively for lot 1 and 2, which is one year before the project closing date. The activities were impacted by the maritime transport crisis related to COVID-19, the deterioration of the security situation for the sites in the Tahoua and Tillabery regions and the difficulties with the customs administration on exemptions. These delays and the COVID-19 crisis led to amendments of contracts with financial implications which are expected to be financed by the resources of component 2 through this project's restructuring. The financial resources of the component have already been committed at more than 90%. A restructuring of the project is thus necessary for the reallocation of resources between Component 2 (which has available resources) and Component 3 subject to the outcomes of the assessment.
8. **Component 4. Implementation Support and Technical Assistance (US\$8.05 million).** The communication firm started the communication activities in November 2021. Communication activities are under implementation. It is expected that the communication activities will revitalize the credit line.
9. **Component 5. CERC (US\$2.78 million):** This component was introduced following the first restructuring of the project in May 2020 to support the government's response to the COVID-19 pandemic. 73 priority health centers (out of a total of 483 non-electrified centers) were identified for electrification and the procurement process was completed. The construction work in the 73 health centers has been divided in 4 lots awarded to 3 local companies. After delays observed in the beginning, the implementation pace has peaked up in Year 2021. One of the three companies is well advanced in the equipment shipping and construction works. The first health center is in place. The other two companies experienced delays in their order because some of the health center from



their batch had been replaced due to security constraint in some areas. Overall, most of the activities will be completed by September 2022.

- 10. **Project Management.** The PIU has made significant effort constructing the project team. The completed recruitments include the position of the procurement specialist (ANPER) and the position of the financial analyst/DGOFR. The recruitment of the environmentalist, the second accountant and the project coordinator for ANPER are in progress and should all be finalized soon.
- 11. **Compliance with relevant legal, fiduciary, audit and safeguards requirements.** All legal covenants and safeguards requirements have been complied with, and there have been no deviations from safeguards requirements during implementation. The project’s compliance with social and environmental safeguards is currently rated Satisfactory. Regarding financial management, acceptable financial reports were submitted regularly during the project implementation and annual audits were conducted since the beginning of project’s implementation. All audited financial statements were also received within the due date, with an unqualified opinion. Currently there are no outstanding audit reports. Financial management is rated Satisfactory, and Procurement Moderately Satisfactory given the delays in processing procurement packages.
- 12. **Rationale for the restructuring.** This is the second restructuring. The first restructuring was done in May 202 to (i) reallocate funds among disbursement categories; (ii) downscale some activities under Components 1 and 2; (iii) adjust the results framework; and (iv) introduce a Contingency Emergency Response Component (CERC) to enable quick response to COVID-19. This restructuring is for additional reallocations in disbursement categories and two additional changes in the results framework. There are no changes to the PDO.

II. DESCRIPTION OF PROPOSED CHANGES

- 13. Specifically, this restructuring will entail the following changes:
- 14. **Reallocation between disbursement categories.** Funds from disbursement categories will be reallocated as follows:
 - Reallocation of one million two hundred fifty-four thousand two hundred ten (1,254,210) Euros from category 2 to category 4a;
 - Reallocation of three hundred ninety-five thousand one hundred and two (395,102) Euros from category 6 to category 4a.
- 15. As a result, the disbursement table in Section IV.A.2 of Schedule 2 to the Financing Agreement is proposed to be amended as shown in the table below:

Disbursement categories

Category	Amount of Credit Allocated (in EUR)	Amount of Grant Allocated (SDR)	Percentage of expenditures to be financed (inclusive of taxes)
(1) Sub-project Credits under Part 1 of the Project	4,600,000	0	100%



Category	Amount of Credit Allocated (in EUR)	Amount of Grant Allocated (SDR)	Percentage of expenditures to be financed (inclusive of taxes)
(2) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Parts 4.1, 4.3 and 4.4 of the Project	5,445,790	0	100%
(3) Goods, works, non-consulting services, Operating Costs, Training and consulting services and Sub-project Grants under Part 2 of the Project	5,200,000	820,000	100%
(4) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Part 3 (a), 3 (c) and Part 4.2 of the Project	440,840	0	100%
(4a) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Part 3 (a), 3 (b), 3 (c) and Part 4.2 of the Project	24,605,472	1,900,000	100%
(5) Goods, works, non-consulting services, Operating Costs, Training and consulting services under Part 3 (b) of the Project	0	0	
(6) Sub-project Grants under Part 4.3 of the Project.	407,795	0	100%
(7) Refund of Preparation Advance	103	0	Amount payable pursuant to Section 2.07 of the General
(8) Emergency expenditures under Part 5 of the Project	2,000,000	480,000	100%
Total Amount	42,700,000	3,200,000	

16. **Changes to Results Framework.** Due to the prevailing insecurity situation in the Tillabery Region, companies would not be able to travel to the municipality of Ouro on the Tientienga Fulbe site, therefore the following two intermediate indicators under component 2 would be adjusted accordingly:

Intermediate indicator	Original target	Revised target
Number of households with access to electricity through a new solar mini-grid	2,000	1,700
Annual production of electricity from renewable energy (MWh/year)	1,300	1,000



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Reallocation between Disbursement Categories	✓	
Overall Risk Rating	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
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-60820-001 Currency: EUR				
iLap Category Sequence No: 1	Current Expenditure Category: SUB-PROJECT CREDITS PART 1			
4,600,000.00	1,629,254.87	4,600,000.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: G/W/NCS/CS/OC/T PART 4.1,4.3,4.4			
6,700,000.00	3,484,210.29	5,445,790.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: G/W/NCS/CS/OC/T AND SUB-PROJECT GRANTS PART 2			
5,200,000.00	844,384.58	5,200,000.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: G/W/NCS/OC/T/C PART 3(A), 3(C), 4.2			
440,840.00	440,838.35	440,840.00	100.00	100.00
iLap Category Sequence No: 4A	Current Expenditure Category: G/W/NCS/OC/T/C PART 3 (A), 3 (B), 3 (C)			
22,956,160.00	14,963,797.52	24,605,472.00	100.00	100.00
iLap Category Sequence No: 6	Current Expenditure Category: SUB-PROJECT GRANTS PART 4.3			
802,897.00	0.00	407,795.00	100.00	100.00
iLap Category Sequence No: 7	Current Expenditure Category: PPF REFINANCING			
103.00	102.57	103.00	100.00	100.00
iLap Category Sequence No: 8	Current Expenditure Category: G/W/NCS/OC/T/C PART 5			
2,000,000.00	1,225,539.10	2,000,000.00	100.00	100.00



Total	42,700,000.00	22,588,127.28	42,700,000.00
--------------	----------------------	----------------------	----------------------

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

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



Results framework

COUNTRY: Niger

Niger Solar Electricity Access Project (NESAP)

Project Development Objectives(s)

The objective of the project is to increase access to electricity through solar energy in rural and peri-urban areas of the Republic of Niger.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
To increase access to electricity through solar energy in rural and peri-urban areas of Niger									
People provided with new or improved electricity service (Corporate Results Indicator) (Number)		0.00	0.00	16,000.00	50,000.00	100,000.00	150,000.00	200,000.00	230,000.00
of which females (percentage) (Percentage)		0.00	0.00	50.00	50.00	50.00	50.00	50.00	50.00
To increase access to electricity through solar energy in rural and peri-urban areas of Niger									
Generation capacity of energy constructed or rehabilitated (Corporate Results Indicator) (Megawatt)		0.00	0.00	1.50	3.50	4.50	6.50	7.00	7.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Component 1: Market Development of Stand-alone Solar Systems									
Number of Lighting Africa-certified solar products sold (Component 1) (Number)		0.00	0.00	10,000.00	20,000.00	30,000.00	40,000.00	50,000.00	50,000.00
People provided with electricity access from solar standalone systems (Component 1) (Number)		0.00	0.00	20,000.00	40,000.00	90,000.00	100,000.00	150,000.00	150,000.00
Number of solar companies financed by the Project (Component 1) (Number)		0.00	0.00	2.00	4.00	6.00	8.00	10.00	10.00
Number of farmers acquiring solar pumps through solar companies financed by the Project (Component 1) (Number)		0.00	0.00	100.00	400.00	600.00	8,600.00	1,000.00	1,000.00
Volume of Project Funding: Line of Credit - Solar Energy Sector (Households and Enterprises) (Component 1) (Amount(USD))		0.00	42,700.00	1,275,000.00	2,125,000.00	3,000,000.00	4,000,000.00	5,000,000.00	5,000,000.00
Component 2: Rural Electrification through Service-based Solar Hybrid Mini-grids									
Number of households provided with electricity		0.00	0.00	200.00	500.00	1,000.00	1,500.00	1,700.00	1,700.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
access from new solar mini-grid systems (Component 2) (Number)									
<i>Action: This indicator has been Revised</i>									
of which women headed households (percentage) (Percentage)	0.00	0.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Annual electricity output from renewable energy (Component 2) (MWh/year)	0.00	0.00	100.00	350.00	750.00	1,000.00	1,000.00	1,000.00	1,000.00
<i>Action: This indicator has been Revised</i>									
Number of Private operators managing solar mini-grids in rural areas (Component 2) (Number)	0.00	0.00	0.00	1.00	2.00	4.00	6.00	6.00	6.00
of which percentage of women workers of the operators (percentage) (Percentage)	0.00	0.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Component 3: Solar PV Hybridization of Isolated Thermal Mini-grids and Expansion of Access									
Households provided with new electricity access from solar	0.00	0.00	800.00	5,000.00	5,800.00	7,500.00	7,500.00	7,500.00	7,500.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
hybridization of existing NIGELEC mini-grids (Component 3) (Number)									
of which women headed households (percentage) (Percentage)		0.00	0.00	16.00	16.00	16.00	16.00	16.00	16.00
Households provided with additional hours of electricity from solar hybridization of existing NIGELEC mini-grids (Component 3) (Number)		0.00	0.00	500.00	1,500.00	2,400.00	3,000.00	3,000.00	3,000.00
of which women headed households (percentage) (Percentage)		0.00	0.00	16.00	16.00	16.00	16.00	16.00	16.00
Annual electricity output from renewable energy (Component 3) (MWh/year)		0.00		2,500.00	2,500.00	5,900.00	7,900.00	9,700.00	10,700.00
Average electricity generation cost (US\$/kWh) of isolated grids in hybridized mini-grids (Component 3) (Amount(USD))		0.38	0.38	0.37	0.29	0.24	0.24	0.24	0.24
Number of productive users provided with		0.00	0.00	80.00	150.00	200.00	325.00	400.00	500.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
electricity access from mini-grid systems (Number)									
Component 4: Implementation Support and Technical Assistance									
Project-related grievances registered under the project grievance redress mechanism and addressed (Percentage)		0.00	5.00	15.00	35.00	60.00	80.00	100.00	100.00
ANPER published reports on beneficiary feedback and how it has been incorporated in the Project (Yes/No)		No	No	Yes	Yes	Yes	Yes	Yes	Yes



The World Bank

Niger Solar Electricity Access Project (NESAP) (P160170)
