



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NIGER - COMPETITIVENESS & GROWTH SUPPORT
APPROVED ON JUNE 26, 2012
TO
COMITE DE PILOTAGE
FINANCE, COMPETITIVENESS AND INNOVATION
AFRICA

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ABBREVIATIONS AND ACRONYMS

CRGM	
EITI	Extractive Industries Transparency Initiative
ISR	Implementation Status Report
K2M	Katsina - Maradi Corridor
PIU	Project Implementation Unit
PRACC	Niger Competitiveness and Growth Support Project
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 31-Mar-2019

Organizations

Borrower Comite de pilotage	Responsible Agency PIU
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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

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-51320	26-Jun-2012	05-Jul-2012	29-Nov-2012	31-Mar-2019	50.00	35.31	10.19

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. **Implementation progress:** The Niger Competitiveness and Growth Support Project (US\$50 million) was approved on June 26, 2012 and became effective on November 29, 2012. The original closing date of the project is on March 31, 2019. Project implementation recorded continued progress since last ISR. Even though disbursement growth rate has been slower than expected (mostly because of providers failure to deliver equipment for the rehabilitation of the Maradi slaughterhouse), disbursement stands at 77.6% as of February 28, 2019 and 85% of resources have been committed or fully disbursed.
2. **Component 1: Business Environment, Investment Promotion and SME Support for identified value chains.** Niger has recorded a solid performance in the 2019 Doing Business report. The report indicates that 4 reforms have been implemented into the Niger's economy between June 2017 and May 2018, which resulted in Niger maintaining a position among the strong performers in ECOWAS and OHADA zones.
 - a. Sub-component 1.2: Business development services in identified value chains and other priority sectors. The recruited "Maison de l'Entreprise" team provided support to 103 Award-winners in meeting the Grant disbursement conditions (including formalization, detailed Investment etc.). The TA provision and mentoring services launched in early September 2018, were aimed at helping the award winners improve the quality of their Business Plans to access the complementary financing needed to operationalize their projects. About 54% of Grants were disbursed by the end of January 2019.
3. **Component 2: Support to selected value chains.**
 - a. Sub-component 2.1: Support to the extractive industries value chain. The percentage of local businesses hired for contracts associated with the oil and mining industry has also gone up significantly to 24%; and has thus already achieved more than 10% of the planned results. The project delays associated with the new Mineral Laboratory operationalization and Mining Cadaster Modernization, have been largely addressed by moving the CRGM directorate to the renovated laboratory building, and making their old offices available for the cadaster. The PIU is urged to speed up the renovation process of the cadaster to ensure delivery in a timely manner.

It is also encouraging to see that part of the technical staff for the laboratory is now in place. At the same time, it is crucial for the Government to nominate additional staff for the laboratory, as well as for their training needs, in a timely manner to ensure the project sustainability and training support.

It is also essential, the PIU finalized and shares the planned additional analytical work and action plan on further improving the participation of local businesses in upstream and downstream contracts associated to the development of the oil and mining industry (local content).

Extractive Industries Transparency Initiative (EITI): Initially, the project planned to support the EITI Process in Niger. However; Niger was suspended from the EITI by the Board of Directors of the Organization on October 26, 2017, due to a "lack of progress" in the implementation of the EITI Standard. Subsequently, Niger announced its immediate withdrawal from the EITI. This suspension and then the withdrawal sent a disturbing signal at a crucial time for the future of the mining industries in the country. The Niger Competitiveness and Growth Support Project encouraged the Government to re-join the EITI and has continued working with the Government on a way forward on this. The Project co- financed the organization of an International



Conference of Natural Resource Governance in Niamey in January 2019. During the conference, Niger's Prime Minister announced that Niger is going to re-join the EITI Process. For this, the Government will go through a number of steps as detailed in the EITI Standard. The World Bank, through the Niger Competitiveness and Growth Support Project, will continue to support the Niger EITI Process in taking the necessary steps to become an EITI Member country again, supporting both capacity building and analytical work needed.

- b. Sub-component 2.2: Support to the meat and butchery value chain. The firm selected to supply the waste management system for the rehabilitation of the Maradi slaughterhouse has filed bankruptcy and is unable to deliver the goods. The PIU has taken all the necessary measures to ensure that the project does not suffer any financial losses. In coordination with the procurement team, the PIU is in negotiations with the provider ranked second during the tender process. The change of equipment that comes with the new supplier will necessitate important adjustments.

Consequently, the overall delivery and installation program of the industrial and waste management systems will be significantly impacted. The rehabilitation of the slaughterhouse should finally be completed in June 2019, 3 months beyond the current closing date of the project.

4. Component 3: Policy Reforms, Infrastructure and Services to harness trade between Niger and Nigeria through the Kano, Katsina, Maradi (K2M)-corridor.

Regarding development of the corridor K2M: All market and connectivity infrastructures have been delivered. Management system for the infrastructure are being identified in a participatory manner with business association, local authorities etc. The main recommendations became available by end of November 2018 and should be launched by mid-March 2019.



B. Rationale for the Level II Restructuring

5. Overall project implementation is back on track. However, due to delays caused by the default of a slaughterhouse rehabilitation supplier, as well as the extremely long delays in the delivery of technical equipment and construction materials for the mineral laboratory and mining cadaster, additional time will be needed to complete all project activities. Therefore, the Government has submitted a request to extend the project closing date to February 28, 2021. Additional time will allow to complete the following activities: i) rehabilitation of the slaughterhouse, ii) elaboration of a new mining code, iii) support to Niger in becoming a compliant EITI member country, iv) finalize the rehabilitation and modernization of the mineral cadaster, v) further operationalize the Mineral Laboratory, notably the training of new (junior) staff.
6. This extension will ensure continuity of the business climate reform in accordance with the 2017-2021 Government Action Plan as well as implementation of the reform activities and infrastructure works within the framework of the Niger - Competitiveness & Growth Support Project. The Task Team confirms that the proposed extension is fully aligned with the PDO and there are no outstanding audits.

II. DESCRIPTION OF PROPOSED CHANGES

A. Change in closing date

7. Following a supervision mission held on September 24-26, 2018, the proposed change is to extend the project closing date to February 28, 2021.

B. Change in Results Framework

8. Some changes to the results Framework have been suggested to better align the project results with changes in the Extractive Industries sector in Niger over the past 3 years. At the Project Design, Niger was positioning itself to become the 2nd largest producer of uranium in the world. 5 years later the production of uranium has grinded to a near halt, due to the downturn in prices on the World Market, as well as the opening of new, more easily accessible and extractable projects in other countries. Niger, however, has made a significant increase in the artisanal gold mining, with the discovery of easily accessible Placer Gold deposits in Djado in 2010, and updated its mining code accordingly to facilitate the legal artisanal and small-scale exploitation of these resources. Therefore, the number of (artisanal and semi-mechanized) gold mining licenses have gone up with an additional 160 licenses since 2016.
9. In addition, Niger has become an oil and gas producer, with the coming on stream in 2011 of three oil deposits and the commissioning of the 20,000-bpd refinery at Zinder. A growing number of additional exploration activities are currently underway. The new Petroleum code supported by the Niger - Competitiveness & Growth Support (PRACC) project, in combination with a wide range of capacity building activities for the Ministry of Petroleum, has noticeably contributed to the improvement of the investment climate for oil and gas. Revenues of oil did already increase 8 percent in 2016. Finalization of an oil pipeline for export of refined petroleum is expected to



allow for double the production, up to 40,000 barrels/day in 2020. For that reason, as a new indicator, the oil sector has been included as a sector which export increased need to be measured to assess the success of the project. For that same reason, the indicator on the recycling of waste water has been removed: this was specifically designed for the uranium sector, which is no longer an important economic sector.

- 10. At the same time, the team realized that the results framework did not reflect several project activities/deliverables that will play a crucial role in creating the conditions for improving the investment climate and attracting investors in the Extractive Industries: notably the development of new laws in line with international good practices, the establishment of a Mineral laboratory that will allow to test mineral samples within Niger, and Niger’s candidacy of the Extractive Industries Transparency Initiative.

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		✓
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	28-Jun-2021

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2012	0.00	0.00
2013	3,034,003.60	3,034,003.60
2014	1,512,344.76	1,512,344.76
2015	2,811,056.60	2,811,056.60
2016	6,000,000.00	6,322,053.33
2017	15,642,595.04	12,641,728.67
2018	21,000,000.00	6,676,279.61
2019	0.00	12,473,413.43



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	DLI	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
Reduced time to clear imported goods (Days)		64.00	64.00	60.00	50.00	45.00	40.00	38.00
Reduced time to clear exported goods (Days)		59.00	59.00	54.00	44.00	40.00	37.00	35.00
Reduction of time to create a business (Days)		17.00						4.00
Improvement of turnover of SME supported by the Matching Grant (Percentage)		0.00						12.00
Increased volume of meat processed and sold in slaughterhouses (Metric ton)		44.00						84.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Proportion of loal procurement achieved with Extractive Industries (Percentage)		0.00						10.00
Direct project beneficiaries (Number)		0.00						5,000.00
Female beneficiaries (Percentage)		0.00						20.00

Intermediate Results Indicators by Components

Indicator Name	DLI	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
Number of enterprises registered per year of which 20% are led by women (Number)		0.00	4,400.00
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
Action: This indicator has been Revised			
An operational Mineral Sector Laboratory that is in line with international standards has been etsablished in Niger (Yes/No)		No	Yes
Action: This indicator is New			



Indicator Name	DLI	Baseline	End Target
Niger Commits to revenue Transparency and re-joins the EITI Process (Yes/No)		No	Yes
Action: This indicator is New			
Number of new laws adopted in the extractive industries in line with international good practices (Number)		0.00	2.00
Action: This indicator is New			
Support to selected value chains			
Number of known artisanal mining sites registered and organized into formal groups (Number)		0.00	75.00
Action: This indicator has been Revised			
Increase in oil and mining exports other than uranium (Metric ton)		0.00	6.00
Action: This indicator has been Revised			
Percent of waste water recycled (Percentage)		0.00	100.00
Action: This indicator has been Marked for Deletion			
Percent of production in Niamey and Maradi slaughterhouses in conformity with regional standards (Percentage)		0.00	100.00
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
Number of new investments in K2M corridor (Number)		0.00	25.00



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