1. Project Data

- **Project ID**: P148839
- **Project Name**: Niger Investment Climate Support
- **Country**: Niger
- **Practice Area(Lead)**: Finance, Competitiveness and Innovation
- **L/C/TF Number(s)**: TF-A0809
- **Closing Date (Original)**: 29-Mar-2019
- **Total Project Cost (USD)**: 14,906,946.08
- **Bank Approval Date**: 19-Aug-2015
- **Closing Date (Actual)**: 30-Jun-2021
- **IBRD/IDA (USD)**
  - **Original Commitment**: 16,326,138.00
  - **Revised Commitment**: 14,906,946.08
  - **Actual**: 14,906,946.08
- **Grants (USD)**
  - **Original Commitment**: 16,326,138.00
  - **Revised Commitment**: 14,906,946.08
  - **Actual**: 14,906,946.08

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2. Project Objectives and Components

a. Objectives
According to Schedule 1 of the Investment Climate and Competitiveness Support Trust Fund Grant Agreement (p.5) and the Project Appraisal Document (PAD, p.12), the project objectives were “to improve critical elements of investment climate for the private sector and enhance competitiveness of SMEs in selected agriculture value chain.”

This review will assess the project outcome based on the objective parsed as follows:
Objective 1: To improve critical elements of investment climate for the private sector.

Objective 2: To enhance competitiveness of SMEs in selected agriculture value chain.

b. Were the project objectives/key associated outcome targets revised during implementation? No

c. Will a split evaluation be undertaken? No

d. Components
The project consisted of three components with sub-components.


This component was to support the Government of Niger’s (GoN) efforts to implement key regulatory and institutional reforms for creating environment for private sector development. This component consisted of two sub-components:

1.1 Implementing Investment Climate Reforms: Under this sub-component, creating an operational commercial court, facilitating the implementation of the new Organization for the Harmonization of Business Law in Africa (OHADA) regime for formalization of the private sector and improving trade logistics to reduce time and cost for import and export, were to be implemented.

1.2 Enabling Institutions for Private Sector Development: Under this sub-component the support was to be provided to GoN to put in place institutions and instruments that would enhance private sector development and foster investment in Niger. In this context, improving public-private dialogue which would facilitate the review of the applicable business regulation, investment climate reforms and the certification process was planned. Furthermore, support to Niger Export Promotion Agency (ANIPEX) was to be provided in development and implementation of its business plan and its outreach campaign.

2. Increase the competitiveness of selected agricultural value chains (Estimated Cost at Appraisal: US$ 13.75 million, Actual Cost at Closing: US$ 12.65 million)

This component was to contribute to the improvement of the competitiveness of small and medium size enterprises (SMEs) along the agricultural value chains. At appraisal, the project was to focus on five agricultural chains that have been identified as having the highest-value and potential for economic diversification, value addition and job creation—red peppers, cowpea, groundnut, poultry, and livestock. The project targeted initially Zinder and Diffa, the two easternmost and disadvantaged regions of Niger. This was to be realized through four group of activities:

2.1 Support to Enterprise Support Agency (ME—Maison de l’Entreprise): Support to ME and private sector programs was to be provided in order for them to offer business development (BD) services. In addition, identification, selection and training of service providers and setting up of a registry and providing
support in development and implementation of the action plans of value chain-related business associations were to be implemented.

2.2 Provision of financial and non-financial business development services: A Matching Grants scheme with two sub-windows was to be implemented under this sub-component. These two sub-windows were (i) a fund to finance business development services to micro, small, and medium enterprises (MSMEs) operating in identified high-growth value chains and (ii) a business plan competition to provide financial support for MSMEs investment projects.

2.3 Infrastructure Development: Through this sub-component, the identification, financing and management of infrastructure to support the development of agricultural value chains identified in Zinder and Diffa was to be realized.

2.4 Community Engagement: Through the technical assistance (TA) provided, this sub-component was to undertake identification of professional organizations for the selected value chains that could play constructive roles in achieving project objectives with a specific focus on women, vulnerable persons, governance, transparency, and environmental and social protection.


The Project Implementation Unit (PIU) established under the previous IDA-financed “Competitiveness and Growth Support Project, P127204” (PRACC) was to implement this project as well. Additional staff members, including an investment climate expert, a procurement specialist, a financial management specialist, a matching grant expert and an agriculture value chain specialist were to be added to the PIU team to ensure that proper attention was given to the additional activities under this project. The project would finance additional costs related to purchase of equipment, consultancy services, organizational and system development, training, capacity building, and technical assistance.

Revised Components: The financing component of the matching grants scheme for SMEs was replaced by a guarantee mechanism in the form of a risk sharing facility (RSF). The revision was made to better respond to financing constraints faced by actors in agricultural value chains. The RSF was established within Sahalienne Finance Society (SAHFI—La Société Sahélienne de Financement), a local guarantee company for MSMEs, to encourage private commercial banks to lend to private operators in the agricultural value chain. (ICR, p.14). Accordingly, relevant activities were revised with an aim to provide support to SAHFI, through technical assistance, IT and management support. Deteriorating security conditions in Diffa negatively affected implementation, and project activities could not be continued in that region. As a result, the geographical scope of the project was extended to additional regions (Niamey and Maradi), and value chains were expanded to include rice, sesame and moringa in the new regions. This change was not a part of any formal restructuring.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The project cost estimated at appraisal was US$20.37 million. This includes World Bank costs of US$2.09 million. The actual cost at closing was US$16.94 million. The difference between the total estimated project cost and the actual cost was due to unused funds because of project delays such as the
late operationalization of the guarantee fund, the second tranche of which could not be used under RSF (ICR, p. 24).

**Financing:** The project was financed through installments from Niger Investment Climate and Competitiveness Single-Donor Trust Fund, which was funded by the Danish International Development Agency (DANIDA) and managed by the World Bank. The financing amount estimated at appraisal was US$18.28 million (Recipient executed window). The project disbursed US$16.94 million by project closing. In addition the WB was expected to spend US$ 2.09 million (including WB fees for Trust Fund administration) as part of the Bank Executed window. ICR does not provide information on how much of Bank Executed amount was disbursed.

**Borrower’s Contribution:** At appraisal, no borrower’s contribution was estimated, and none materialized at project closing.

**Restructurings:**

The project had four Level 2 restructurings:

**Restructuring 1- May 29, 2019:**

Closing date was extended from March 29, 2019 to May 31, 2019. This two-month extension enabled the completion of the structure of the guarantee mechanism and did not require an amendment to the Administrative Agreement between the World Bank and the donor and the Grant Agreement between the Government and the World Bank.

**Restructuring 2- May 30, 2019:**

The project’s closing date was extended by 21 months from March 30, 2019 to December 30, 2020 to allow the establishment of Risk Sharing Facility (RSF), the completion of project activities and delivery of results associated with them. The extension was also made to ensure that technical and institutional features of the proposed RSF would comply with Bank requirements before its inclusion into the project.

**Restructuring 3- December 13, 2019:**

The Mid-Term Review (MTR) concluded that the grant mechanism under subcomponent 1.2 was inadequate to address the access to finance constraints faced by actors of Agriculture Value Chains in Niger. It was recommended to establish a Risk Sharing Facility (RSF) that would complement the investment window of Matching Grants scheme. The objective of the RSF was to encourage national commercial banks to lend to private sector operators along the agricultural value chains. It would achieve this by partially mitigating creditor risk through counter guarantees offered by a local Guarantee Fund for MSMEs (SAHFI). A guarantee line would be created through the existing SAHFI RSF to encourage the private commercial banks to lend to farmers and MSMEs along the agricultural value chains. It would cover up to 70 percent of the commercial loan contracted. In order to support SAHFI, new activities were added to the project which support capacity building for SAHFI, including IT and management support, system, technical assistance and preparation of RSF operations manual. Accordingly, to assess achievements under the RSF, two new intermediate indicators were introduced, (i.e., Volume of Loans to MSME generated by guarantee mechanism and Return on Assets of SAHFI). Lastly, the legal covenant related to
the investment mechanism on the recruitment of an Internal Auditor at the ME was dropped since the matching grants scheme was replaced by the RSF.

**Restructuring 4- December 23, 2020:**

This final restructuring extended the project closing date by six months from December 30, 2020 to June 30, 2021 to ensure the completion of the project activities delayed by the conditions imposed by COVID-19 pandemic.

**Dates:** The project was approved on August 19, 2015 and became effective on December 1, 2015. The original closing date was March 29, 2019 but extended by 27 months in three restructurings. The project was closed on 30 June 2021

### 3. Relevance of Objectives

**Rationale**

**Bank Strategy:** At appraisal, the project objectives were highly relevant to Country Partnership Strategy (CPS) FY2013-2016. The strategy focused on accelerating economic growth and reducing volatility in combination with reforms that will ensure inclusive growth. The CPS aimed to help Niger to achieve resilient growth, reduce vulnerability and increase institutional capacities for service delivery. The project was designed to contribute to increased employment and growth through support to Niger’s agriculture value chain, reduction in dependency on imports for locally-consumed transformed agricultural products and capacity building in Niger’s relevant institutions. The project remains consistent with the current priorities of the Country Partnership Framework FY2018-2022 (CPF). Project’s first PDO aligns with CPF’s Focus Area 3 “better governance for jobs, service delivery and growth” whereas the second PDO is highly relevant with the Focus Area 1“increased rural production with diversified output in the agricultural and livestock sectors”.

**Country Context:** The project objectives were well aligned with GoN’s priorities at appraisal and project closing. The project supported Niger’s Economic and Social Development Plan (PDES 2012-2015): “A Competitive and Diversified Economy for an Accelerated and Inclusive growth” (axis 4), and the Strategy for Sustainable Development and Inclusive Growth (SDDCI Niger 2035). The strategy involved targets to ensure growth, diversification of production and improvement of institutional environment to promote private sector investments. The improvement of the business environment is among the GoN’s Vision 2035. In addition, the GoN’s Economic and Social Development Plan for 2017-2021 had acceleration of economic growth, improvement of governance, peace and security, modernization of public administration, and revitalization of the private sector among its priorities. These priorities match with project objectives aiming to promote investment, improving conditions for doing business, and assisting private sector development through supporting SMEs in selected value chains.

**Previous Sector Experience:** At appraisal, the Bank had already been supporting private sector growth in Niger through the Competitiveness and Growth Support Project (PRACC), which aimed to improve selected aspects of GoN’s business environment, support the development of the meat processing industry and increase local business participation in the extractive industry sector. The current project benefitted from the assessments and the design of PRACC. It was designed with an aim to complement and leverage the set
of reforms and investments envisaged in the PRACC by targeting additional reforms and value chains in the Diffa and Zinder regions. The choice to go for a new, self-standing operation in an additional area of intervention from the area covered by PRACC was mainly determined by the relevance of the two regions for the livestock sector in Niger and to make use of the opportunity to leverage previous interventions on the agricultural production systems in the regions of Zinder and Diffa (PAD, p.10). The project objectives complemented the objectives of the PRACC and were sufficiently challenging given the previous experience of the World Bank in the country.

Overall, the relevance of project objectives is rated High.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1
Objective
Objective 1: To improve critical elements of investment climate for the private sector

Rationale
Theory of Change: The theory of change for this objective suggests that if necessary legislative changes and improvements in conditions for investing in the country were implemented and capacities of the relevant institutions were increased in this regard, business climate for private sector would be improved. Overall, the causal pathways from inputs (TA, capacity building, and training for Commercial Court of Niamey, Mediation and Arbitration Center, OHADA, National Private Investor Council- CNIP, Ministry of Justice and equipment purchase for ANIPEX) to expected outputs (decrease in number of documents required to export/import, decrease in number of procedures for starting business and obtaining a construction permit, decrease in number of days to settle a commercial case and number of new enterprises) were valid and direct. The results achieved could be attributable to the project’s interventions. These outputs would lead to improved conditions for private sector investors.

Outputs

The results framework included six indicators to measure the achievement of the project outputs.

- **Number of procedures starting a business**: The project targeted to reduce the number of procedures to start a business from six to four. At project closing, it was reduced to three.
- **Number of days to settle a commercial case**: It was reduced from 544 days to 380 days. The target was 445 days. Training of mediators and arbitrators and the establishment of a new IT system
that enhanced the transparency and efficiency of this jurisdiction and the operationalization of the Commercial Court of Niamey contributed to this achievement.

- **Number of procedures to obtain a construction permit**: The target was to reduce the number of procedures to nine but it could not be achieved. As additional procedures that were not accounted before were identified by Doing Business (DB) team, the number increased to nineteen from a baseline of fifteen. On the other hand, the overall construction permit process has improved under a one-stop shop and digitization of land cadaster, with less time and cost. For example, processing time decreased from 30 days to 7 days (ICR, p. 18).

- **Number of documents required to export**: The target was to reduce it from eight documents to six. At closing it was reduced to seven documents. Although the achievement was short of the target, the ICR (p.18) reports that the improved import-export legal framework and modernization of customs office and processes (e.g., electronic submission and processing of documents for imports, removal of pre-arrival assessment inspection for imports) significantly reduced the time and cost required for clearance of imported and exported goods – 4.1 days for imported goods from 61 days and 9.7 days for exported goods from 56 days.

- **Number of documents required to import**: It decreased from ten documents to eight as targeted.

- **Number of new entreprenants registered**: 15,360 new entreprenants were registered against the target of 1,000.

### Outcomes

Two indicators measured the achievement of the outcomes.

- **Number of Doing Business (DB) reforms implemented**: As a result of the project activities and outputs 22 reforms were implemented against the target of four. As a result of the implementation of these reforms Niger’s ranking jumped from 159th place in 2014 to 24th place in 2018 on ease of starting a business indicator, which is the best ranking in Africa, with a distance to frontier score (DTF score captures how far on average a country is from the best performance achieved by an economy on each DB indicator (0-100)) of 93.65. On contract enforcement, Niger improved from 150th place in 2016 to 114th place in DB 2020, with a DTF score of 54.7.

- **Direct compliance cost savings**: The achievement was US$5.2 million against the target of US$2 million. The achievement could be attributed to one-stop shop established within the ME, which helped streamlining business incorporation processes and costs avoided in connection to the reduction of administrative fees to register a new business.

At appraisal, according to estimates, 40% of Niger’s economy was informal, which was one of the main constraints for improving business climate. Project supported relevant institutions including OHADA (Organization for the Harmonization of Business Law in Africa) in implementing entreprenants legislation, which included registration of informal entrepreneurs, development and implementation of attractive tax incentives to bring informal enterprises under the new regime and providing adequate business development services to companies that want to formalize their business. The number of new registered entreprenants indicates encouraging conditions for doing formal business.

The PAD identifies low institutional capacities for private sector development and export among the business environment constraints. The project addressed this constraint through intensive trainings and capacity
building activities provided to the main entities (i.e., ANIPEX, CNIP) supporting them to set up new frameworks and improving the existing ones related to export-import procedures and land management.

Access to finance is another constraint. According to PAD, contract enforcement is among the factors limiting MSMEs’ access to bank loans in Niger. Under this objective, the project contributed to contract farming and increased access to finance by supporting the operationalization of the commercial court in Niamey and providing trainings and capacity building technical assistance to the commercial court and the Ministry of Justice.

Niger’s success in reforming its business environment can be attributed to the establishment of a public-private sector dialogue under the project, which facilitated the identification of reform priorities. In addition, strong commitment from the government contributed to this achievement.

Overall, the project’s efficacy in achieving the first objective is rated High.

Rating
High

OBJECTIVE 2
Objective
Objective 2: To enhance competitiveness of SMEs in selected agriculture value chains

Rationale
Theory of Change: The theory of change for this objective suggests that, if MSMEs were to be provided with investment and guarantee support as well as advisory support for improving their management and business skills, and necessary key infrastructure were to be developed, competitiveness of MSMEs in the selected agriculture value chains would be achieved. Overall, the causal pathways from inputs (TA, capacity building, training provided to MSMEs, ME, Network of Chambers of Agriculture in Zinder and Diffa, engineering and construction services) to expected outputs (product security, prepared business plans, increase BD services) were valid and direct. However, some other constrains to agriculture value chain identified in the PAD such as high cost of production or low food quality were not addressed in the project. In addition, indicators defined by the M&E framework were not sufficient to capture outcomes related to this PDO.

Outputs
The results framework included six indicators to measure the achievement of the project outputs.

- **Number of firms that have business plans prepared:** 1,198 firms prepared business plans against the revised target of 600. The original target was 500. The arrangement of business plan competitions and TA provided by the consultants contributed to this achievement.
- **Number of new direct jobs created:** The project facilitated the creation of 1,522 new direct jobs against the target of 1,000. However, this is based on ex-ante information, as there was no data indicating they were all created, other than some qualitative information. (ICR par 48)
- **Number of collective market infrastructure constructed:** 24 collective market infrastructures were constructed. The target was six. The results of the surveys conducted among beneficiaries indicate
that new infrastructures made a positive impact on product security, price harmonization and municipal revenues (ICR, p.21).

- **Volume of loans to MSME generated by guarantee mechanism:** By the end of the project, 10 SMEs accessed the RSF and the volume of loans catalyzed was only US$180,266, which was significantly lower than the target of US$1.0 million. According to the ICR, the RSF became operational only one year before project closing leaving insufficient time for implementation. In addition, conditions imposed because of COVID-19 further limited business owners’ access to RSF. In this context, second tranche of funds could not be disbursed.

- **Return on assets of SAHFI:** Similar to the volume of loans generated by RSF, return on assets of SAHFI remained 0.1% against the target of 10%. This was again due to delays in commencing RSF operations and the onset of COVID-19 pandemic. Program could only be implemented in a limited time (from June 2020 to June 2021).

- **Increased in number of services offered to members:** Six services were available to ME members - diagnostics, trainings, formalization/registration of informal operators, business plan development, coaching, and the Entrepreneur’s Thursday (a framework for business-to-business exchanges). The target was two services.

**Outcomes**

Two indicators were identified to measure the outcomes:

- **Increase of sales revenues of beneficiary firms:** Target was a 10% increase. It was estimated that sales revenues of companies benefitting from support under the project went up from an average of 8.92 million to 12.71 million (42.5 percent increase). These are sales forecasts for the year 2020 based on a revenues baseline before the project support, and there is no data available to confirm these estimates at project closing (ICR, p.20).

- **Direct project beneficiaries, of which female:** The project reached 6,160 firms (including 5,700 informal and 435 very small enterprises). The target was 2,300 firms. These firms were part of agriculture value chain and they benefitted from financial and non-financial services provided by the project. 55.4% of businesses were owned by women, higher than the 20 percent target.

Overall, the project increased capacities of local institutions in the agriculture sector in Niger while contributing to the improvement of market infrastructure, which were two of the barriers to agriculture value chains development. However, project’s achievement in increasing MSMEs’ access to finance—another barrier to the development of agriculture value chains—was limited.

Overall, the project’s efficacy in achieving the second objective is rated Modest.

**Rating**

Modest

**OVERALL EFFICACY**
Rationale
The efficacy of the project in achieving the first objective to improve critical elements of investment climate for the private sector is rated as High and the second objective to enhance competitiveness of SMEs in selected agriculture value chain as Modest. Overall, the project's efficacy is rated Substantial.

Overall Efficacy Rating
Substantial

5. Efficiency

Economic and financial efficiency: At appraisal, an economic analysis was conducted based on comparable projects in other countries (notably Bangladesh, Bolivia, Mexico and Zambia) due to lack of information in Niger. For the project as a whole, the Economic Internal Rate of Return (EIRR) was estimated at 26.8% and the Economic Net Present Value (ENPV) at US$ 2.19 million at a discount rate of 12%. For specific subcomponents within the project (non-financial business development services and financial business development services), the EIRRs were estimated at 57.3% and 73.6%, respectively.

At project closing, an economic analysis could not be conducted due to unavailability of data (ICR, Annex 4). Instead, a limited assessment was conducted regarding the financial benefits of 18 subprojects implemented under the Matching Grants Program and the guarantee fund/Risk Sharing Facility. Based on the subprojects/investments sample, the EIRR was estimated at 37% and an ENPV of US$0.47 million. For the same sample, financial efficiency was measured by two indicators – the Profitability Ratio (net profit after tax divided by sales revenues) and Payback Period (number of years required to recover the original investment). The profitability ratio ranged between 11% to 35% and the payback period from 2 to 4 years. Also, surveys by an independent consultant conducted with 73 beneficiary firms indicate that on average, the survival rate of enterprises benefiting from support after one year of activity was 81.7%.

Administrative and operational efficiency: In line with the trust fund policies, the amount of grant provided was limited to the funds already received from the donor. This required the amendment of the Grant Agreement every time a new donor installment was received in order to reflect the additional financing amount, as well as any other changes to its provisions (ICR p. 12). As a result, the grant agreement was amended six times. This resulted in slow release of funds. Because of the late operationalization of the guarantee fund, there was insufficient time to use the second tranche of US$1.3 million for the RSF (ICR, p. 24). The quality of some of the feasibility studies for construction of roads for the Zinder trade corridor to Nigeria was inadequate. This resulted in delays and budget changes at the early stage of project implementation. Deteriorating security conditions had a negative impact on the project implementation in Diffa. Frequent flooding and COVID-19 were other factors that negatively affected project implementation. As a result, the project closing had to be extended three times for a total of 27 months.

Overall, the project’s efficiency in achieving the project objectives is rated Modest due to lack of relevant data to conduct an ex-post analysis and some shortcomings in the administrative and operational efficiency.
Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

<table>
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<th>Rate Available?</th>
<th>Point value (%)</th>
<th>*Coverage/Scope (%)</th>
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<td>Appraisal</td>
<td>26.80</td>
<td>100.00</td>
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<tr>
<td>ICR Estimate</td>
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* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is High. The efficacy of the project in achieving the objectives is Substantial. The efficiency of the project is rated Modest due to lack of data to conduct an economic analysis. Overall, outcome is rated Moderately Satisfactory because of modest project efficiency in achieving the project objectives and the modest efficacy of the project in achieving the second objective.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The financial risk to the development outcome is high. In order for the GoN to continue its reform activities and to support private sector-led growth, access to finance, which would support enterprises to grow their businesses and increase productivity as well as competitiveness, needs to be ensured. This requires continued support of the international donors. The ICR reports security risk to be high as well. Volatile regional context with terrorist attacks, security threats, and kidnapping of civilians constitute risk to development outcomes achieved under the project. Another risk factor is Niger’s vulnerability to climate change. Niger was exposed to and likely to continue to be exposed to frequent droughts as well as floods. To cope with these extreme conditions, the country needs to have mitigation and adaptation strategies as well as financial means to implement them. Continued political stability and the commitment of the government and its institutions to reform processes are also essential to sustain development outcome.
8. Assessment of Bank Performance

a. Quality-at-Entry

The project was well aligned with the World Bank and Government of Niger’s development priorities. Project design benefitted from and complemented the World Bank’s previous work in Niger. It also benefitted from on-going project work conducted by other donors. When the agreement was reached on the Trust Fund between the Bank and Danish authorities, most of the project design was already done by the Danish International Development Agency (DANIDA). This provided limited leverage to the Bank to make necessary changes in the project design as the DANIDA program was agreed by the Danish authorities/Parliament, and any significant change would have required the legislative body’s approval, which was not feasible (ICR, p.29). The project components were adequate in achieving the project objectives. On the other hand, the quality of some of the preliminary analytical/technical works for the development of small-scale marketplace infrastructures and roads for the Zinder trade corridor were low and caused delays in project implementation. The project’s risk assessment framework correctly identified several risks that could eventually affect the achievement of outcomes and mitigation measures were, overall, appropriate. Poverty, gender and social development aspects were adequately included in the project’s framework. As for implementation arrangements, the PIU, which had been established in the Ministry of Planning for PRACC project, was to implement PCAC project as well. However, the capacity of the PIU was insufficiently assessed at entry. The unit was often understaffed and was overwhelmed by the workload that resulted in inefficiencies during project implementation. The rate of beneficiary contributions under the matching grant program was set high in the context of Niger and the program lacked a support component for beneficiary entities. These limitations negatively impacted implementation of the program and resulted in underutilization. There were shortcomings in the M&E systems. The indicators did not sufficiently capture project outcomes related to project’s second objective (see Section 9, M&E Quality).

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

During project implementation, the World Bank project team undertook 11 implementation missions. On average, two supervision missions were conducted per year; sometimes jointly with DANIDA. In the last few years of implementation, due to difficult security conditions, conducting supervision missions became challenging and sometime visits to construction sites were not possible. Overall, the supervision team was appropriately staffed with safeguard and fiduciary specialists. The project was restructured four times to improve performance to achieve its objectives, address challenges in project implementation (the introduction of new financing mechanism RSF to complement investment window of Matching Grants scheme), extend the project closing date and revise some intermediate indicators. Some changes in disbursement arrangements were also made with the introduction of RSF. The weak M&E framework inherited from DANIDA project could not be improved due to limitations imposed by the implementation of the Trust Fund agreement (ICR, p.29). Due to security reasons and in line with the mid-term review recommendations, the project area was extended to Niamey and Maradi, and value chains were expanded to include chains of secure, irrigated production, such as rice, sesame, and moringa. These changes were not included in the restructurings. However, as the ICR points out (p.29-30) that several factors outside the
control of the Bank and GoN such as frequent floods, security issues, and conditions imposed by COVID-19, limited flexibility of the Trust fund to accommodate significant changes in the project, also adversely affected and delayed project implementation.

**Quality of Supervision Rating**
Moderately Satisfactory

**Overall Bank Performance Rating**
Moderately Satisfactory

### 9. M&E Design, Implementation, & Utilization

#### a. M&E Design
Objectives were clearly defined. The outcome indicators were consistent with the project’s activities for the first objective. Intermediate results indicators were also adequate to capture contribution of the intervention. However, regarding the second objective, there were several shortcomings. First, the outcome indicators (i.e., Number of direct beneficiaries) were not relevant to the achievement of the project objective to enhance competitiveness of SMEs in selected value chains. Second, some of the intermediate results indicators also had shortcomings. One intermediate results indicator (Citizens and/or communities involved in planning/implementation/evaluation of development programs) did not have a target, and there was no indicator to monitor the sustainability of the results. The indicator on return on assets was not appropriate to measure the project outcomes given the late start of operation of the guarantee fund. ICR highlights some of these problems but reports that the M&E framework was inherited from the project design developed by DANIDA, therefore, the Bank had limited room and flexibility for revision (ICR, p.30). M&E design and arrangements were embedded institutionally. The PIU within the Ministry of Planning was responsible for conducting M&E activities.

#### b. M&E Implementation
Weaknesses in the M&E design could not be addressed due to limitations of implementation of the Trust Fund Agreement (ICR, p.30). The ME, ANIPEX and beneficiary institutions collected data and prepared all periodic M&E reports and quarterly Implementation Progress Status Report for GoN. After the establishment of RSF, SAHFI conducted monitoring activities related to RSF. However, there was limited actual field data collection on some of the intermediate indicators, such as sales revenue increase and jobs creation. Regarding the project’s second objective, the calculations for the outcome indicator “increase of sales revenues of beneficiaries” were based on estimates and forecasts, and there was no data to confirm these results at project closing. With the involvement of four banks, M&E functions and processes are likely to be sustained. Achievement of some indicators were estimated based on business plans or limited ex-post measurements.
c. M&E Utilization

M&E activities contributed to shifts in the implementation direction. Based on M&E findings, the project scope was revised to include a risk sharing facility to complement the investment component of the matching grants program. In addition, both the geographical coverage and the type of value chains were expanded as a result of M&E findings, which revealed significant security challenges to construction of infrastructure particularly in Diffa. To disseminate results, brochures were published highlighting success stories of business owners that benefited from support under the project (ICR, p.31).

M&E Quality Rating
Modest

10. Other Issues

a. Safeguards

The project was considered to be a Category B project. At appraisal, the project triggered three safeguard policies, namely OP 4.01 Environmental Assessment, OP 4.11 Physical Cultural Resources, and OP 4.12 Involuntary Resettlement. Although the project was not to involve any land acquisition nor restrict access to income sources of the population, the involuntary resettlement safeguard was triggered for precautionary measures. Potential environmental and social (E&S) impacts of the project were related to the activities under Sub-component 2.3. Both the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework were prepared and disclosed during appraisal. Limited land acquisition and some negative environmental and social impacts were expected. During implementation, the land necessary for the development of infrastructure was purchased from the owners on a voluntary basis. Therefore, a land acquisition and compensation plan was not prepared. Less than 10 people were affected with no adverse effects on their economic-social conditions. During project implementation, some awareness raising activities were conducted for contractors, workers and the community on HIV-AIDS, COVID-19, hygiene, health and safety at work, rational use of water, management of hazardous waste, and restoration of the work sites after completion of construction. No large-scale or irreversible adverse impacts have been identified. E&S safeguards performance was overall Satisfactory (it remained Satisfactory until the end of project). On the other hand, the E&S assessments submitted for the technical studies were of poor quality. Regarding OP 4.11 Physical Cultural Resources, ICR does not provide any information about the implementation of this safeguard.

b. Fiduciary Compliance

Financial Management: Project was implemented in accordance with the Grant Agreement. The implementation started with a limited amount and was followed by further installments that were released on a schedule agreed with the donor. However, the release of funds was not always aligned with project schedule resulting in six amendments in the Grant Agreement. Financial management of the project was conducted by the PIU of PRACC Project established within the Ministry of Planning. During project
implementation, audit reports were issued with unqualified opinion. There were no cases of ineligible expenditures.

**Procurement:** The ICR reports some delays in relation to procurement activities. Although some revisions were made in the procurement codes to facilitate the procedures by the GoN, the processes remained slow at the beginning of implementation. Appointment of a controller trained on World Bank procurement rules, facilitated procurement processes. In addition, weak contractor capacity and security issues experienced in the project regions had slowed down procurement activities.

c. **Unintended impacts (Positive or Negative)**

None.

d. **Other**

None.

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<th>11. Ratings</th>
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<th>12. Lessons</th>
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<td>The ICR contains the following lessons which IEG presents with some modification:</td>
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**Low quality preliminary analytical studies can decrease project implementation efficiency.** In this project, low quality of the preliminary /technical studies for small-scale marketplace infrastructures and roads for the Zinder trade corridor delayed the construction. The cost of technical studies and works for the market infrastructure under Component 2 were higher than originally estimated. To overcome these issues, the project team took proactive remedial measures that increased administrative and technical costs of the project. This resulted in a low administrative and operational efficiency.

**When introducing a matching grants program (or a financial support program of same sort), particularly in an FCV context, determining an appropriate rate of beneficiary contribution**
and complementing finance with a support component can increase success of the program. In the case of Niger, beneficiary contribution between 20 to 60% proved to be too high and had a negative impact on the implementation. In addition, lack of a technical support component of matching grants program which would facilitate loan applications for the borrowers adversely affected utilizations from the program.

When collaborating with donors, where the Bank acts as the implementing agency, being informed about restrictions and limitations imposed by the donor at the initial stage can help overcoming difficulties at the stage of implementation. In the case of the Niger project, implementing team were not informed about all restrictions and limitations, as most of them were coming up during project implementation. The design constraints did not allow the Bank to operate major changes as to better align activities to the developments in the field, as this would have required going through donor’s complex approval procedures.

Establishing adequate institutional arrangements and platforms can facilitate communication among relevant stakeholders for better identification and implementation of reforms in a country. In the case of Niger, the accomplishments regarding the modernization of business environment are good examples of the adequate institutional and operational arrangements facilitating the implementation of climate investment reforms. The project brought together different stakeholders from public and private sector, like government agencies, private sector associations, business operators, providing the platform to communicate, engage, and identify priority reforms and support their implementation.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is concise and follows the guidelines. There is reference to the project’s theory of change and it highlights how activities inform outcomes and are attributable to the achievement of the project objectives. The discussion is clear and critical. The analysis goes beyond the monitoring of indicators and provides additional assessment and evidence on the impact of the project.

However, some weaknesses in the M&E data were not taken into consideration when assessing the achievements of project outcomes and objectives. This partly undermines the quality of analysis. The achievement of the project objectives was not rated separately. Some of the lessons described were in fact recommendations rather than lessons and some of them were not sufficiently linked to the narrative (i.e. problem related to high rate of beneficiary contribution in the matching grants program was mentioned in the lessons learnt section only).

a. Quality of ICR Rating
Substantial