



Nigeria: Mineral Sector Support for Economic Diversification Project (MinDiver) (P159761)

AFRICA WEST | Nigeria | Energy & Extractives Global Practice |
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 5 | ARCHIVED on 23-Dec-2020 | ISR41741 |

Implementing Agencies: Ministry of Mines and Steel Development, Federal Ministry of Finance

Key Dates**Key Project Dates**

Bank Approval Date: 14-Apr-2017

Effectiveness Date: 02-Nov-2017

Planned Mid Term Review Date: 16-Mar-2020

Actual Mid-Term Review Date: 21-May-2020

Original Closing Date: 30-Jun-2022

Revised Closing Date: 30-Jun-2022

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To enhance the mining sector's contribution to the economy by strengthening key government institutions, improving information infrastructure and knowledge, and fostering domestic investment in the sector.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Establishing a Strong Foundation for Mining Sector Development:(Cost \$68800000.00 M)
Facilitating Downstream Sector Development & Enhancing Competitiveness:(Cost \$67600000.00 M)
Project Management and Coordination:(Cost \$9600000.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

A World Bank (WB) team carried out a virtual Mid-Term Review (MTR) for the Nigeria: Mineral Sector Support for Economic Diversification Project (MinDiver) from May 21 to June 3, 2020, with several follow-up discussions in June - August 2020. The objective of the Mid-Term Review is to undertake a comprehensive review of the project implementation, including taking stock of project performance; noting any changes in the strategic context and risks; and making relevant decisions regarding the future operation of the project, including the need for prioritization of activities, project restructuring, likelihood that project resources will be fully utilized by the closing date, (re-)allocation of budget, as well as implementation arrangement adjustments. The ISR is based on the findings of the MTR.

A summary of finding of the MTR is as follows:

- With less than two years remaining in the project – disbursements are low at 28%.



- A number of sub-components and activities have yet to begin implementation including A3. Skills Building and Education Support; B2. Catalyzing the Mineral Sector for Regional Development; B4.3 Addressing Access to Finance and Mineral Sector Investment Climate Constraints.
- Several of the key project indicators have not met their annual target.

For these reasons, the MTR confirmed that the project is now rated *Moderately Unsatisfactory*. The PIU for the project, together with project beneficiaries, has prepared a time-bound action plan to address the bottlenecks identified by the MTR.

Despite the project delays, there are several notable achievements, including the following:

- **A.1 Strengthening Mining Governance, Transparency, Accountability and Administration**
 - i. **Strengthening the Mining Cadastre Office (MCO).** Support was provided to upgrade, automate, and decentralize the MCO. The upgraded licensing management system (cadastre) and procedures are considered to be transparent, publicly available, and nondiscretionary, leading to significant improvements to governance and transparency in the sector.
 - ii. **Strengthening Revenue Collection.** Ongoing support is currently being provided to identify revenue leakages, strengthen revenue assessment and to develop an action plan to combat smuggling.
- **A.2 Strengthening Geological Knowledge and Information Infrastructure**
 - i. **Establishment of Geodata Centre.** A geodata centre as a referral/access point for geo-science information has nearly been established at the NGSA, and has included technical assistance to NGSA, the installation of critical equipment and some renovation work. As part of this project, the British Geological Survey (BGS) reviewed and compiled an electronic geodata archive for NGSA, and will develop a geodata policy and data protocols to support transparent use of the data.
 - ii. **Institutional Review of NGSA.** BRGM (the French geologic survey) concluded an institutional review of the NGSA, which includes a final report that prioritizes activities, acquisition of equipment and data, as well as capacity building. On the basis of these findings and recommendations, procurement equipment for NGSA is nearly finalized and other technical assistance activities are expected to be implemented during the next phase of the project.
 - iii. **Geodata Collection and Dissemination.** Procurement is ongoing for an airborne geophysical survey and topographic map in the amount of US \$18 million to identify prospective areas. The acquisition of geodata is aimed at developing a more in-depth knowledge of the subsurface, increasing awareness of geological potential in prospective areas, and attracting investment into the sector. This will be complemented by an on-going and active investment promotion program that was initiated at the start of the project.
- **A.4 Environmental, Health and Social Performance**
 - i. **Environmental and Social Assessment (SESA).** A SESA and Action Plan for the sector was completed during the first half of the project. The primary objective of the SESA is to identify the priority actions Government can take to foster environmentally sustainable, socially equitable and inclusive development of Nigeria's mining sector. During the remaining life of the project, those key recommendations that are not already under implementation, will be picked-up in the project and implemented in collaboration with relevant government MDAs. In addition, several E&S-related activities are being implemented with regards to proposed civil work activities in the project, such as the construction, renovation and rehabilitation of existing priority infrastructure. Several very key activities on gender inclusion are also currently under procurement. To this end, the project team has commissioned the preparation of an Environmental and Social Management Plan and Resettlement Action plan for these activities. These plans are to be completed in the coming weeks as the COVID-19 situation improves.
- **B.1 Developing measures for formalizing, regulating and inventorying ASM**
 - i. **Support to Artisanal and Small-Scale Miners (ASM).** Given that the vast majority of mining activities in Nigeria are undertaken by artisanal and small-scale miners, for whom mining represents an important source of jobs and livelihoods, the ASM sub-component of the project is considered to be foundational. This sub-component currently includes several critical activities being implemented that will formalize artisanal miners into cooperatives, design and implement an innovative remote sensing monitoring system, support the growth and development of small-scale mining enterprises, and provide technical assistance and capacity building to ASM inspectorate services at the MMSD.
 - ii. **Addressing the intersection between E&S management, conflict artisanal and small-scale miners.** Currently under implementation is a critical piece of technical assistance that will go a long way in helping the government achieve its goal of ensuring sound and sustainable management of environmental and social impacts, while fostering the development of the sector. The following will be achieved under this activity: i) reviewing and providing recommendations on the legal and regulatory framework for environmental and social management in the mining sector to promote sound environmental management and social equity, aimed at improving the benefit streams to host communities whilst, triggering activities that will lead to sectoral development and growth; ii) redesigning a policy framework that will integrate best practice on environmental and social concerns, involuntary resettlement and participatory stakeholder engagement in a manner that will promote and sustain rapid mineral resource development in Nigeria; and iii) developing guidelines in the sector to mitigate against possible conflict between landowners and mining (including ASM) operators.

Risks

Systematic Operations Risk-rating Tool



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

Results

PDO Indicators by Objectives / Outcomes

Mining information management systems (including geological database, DSS, EIMS) developed. Only DSS				
► Mining information management systems (including geological database, DSS, EIMS) developed. Only DSS established but not rolled-out. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	None of the systems have been fully developed	1) DSS established, but rollout on hold, based on discussion with TT and review of the system in April 2019; 2) Cadastre system is currently being upgraded and will be integrated into the MIST; and 3) Geodata based currently being prepared.	A DSS system was initially developed, but it has been suspended due to technical issues. NGS/NSRM EA Geodata centre is currently being designed by the British Geological Survey Agency Upgrading and automation of MCO for online applications, e-recording, archiving currently ongoing and expected to go live in 2020.	All systems in place and in use by staff in relevant agencies and institutions
Date	01-May-2017	06-Nov-2019	24-Nov-2020	01-May-2022
Comments:	As part of the proposed project restructuring, this indicator will be revised based on planned activities.			

Number of proof of concept transactions undertaken through the project



► Number of proof of concept transactions undertaken through the project (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	7.00
Date	01-May-2017	06-Nov-2019	24-Nov-2020	01-May-2022
Comments:	The proof of concept activity at infancy stage, site visits have been done to evaluate companies that applied. The selection of proof of concept sites (assets) is on hold. During the initial stages the MMSD/PIU team visited numerous sites throughout the country to verify the assets of the companies that have applied for Proof of Concept support, and also to ascertain the level of support needed. The project requested for proposals for this activity and collected about 250 expressions of interests. Of these about 30 sites were visited, out of which 11 have been reviewed and 2 earmarked for potential further development. Based on the proposed restructuring, the target for this indicator is likely to be revised to reflect planned activities for the project going forward.			

Geological knowledge enhanced through an integrated geological database made publically accessible				
► Geological knowledge enhanced through an integrated geological database made publically accessible (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	06-Nov-2019	24-Nov-2020	01-May-2022
Comments:	NGSA/NSRMEA Geodata centre and databased is currently being established. This activity as largely on track with an enhance set of activities focusing on geodata under the proposed restructured project.			

Increased economic linkages from industrial minerals to the services and manufacturing sectors				
► Increased economic linkages from industrial minerals to the services and manufacturing sectors (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	01-May-2017	06-Nov-2019	24-Nov-2020	01-May-2022
Comments:	This indicator proved difficult to monitor and ascribe director attribution to project activities. As a result, the indicator will be revised through the proposed project restructuring to reflect realistic impact resulting from planned and on-going activities. The project has financed a consultancy to deepen the understanding of the industrial minerals sector of Nigeria and to design a roadmap to improve industrial minerals contribution to Nigeria's economy. An Industrial Minerals Roadmap was launched, hosted by MMSD with participation of sector stakeholders. The strategy for expediting the development of industrial minerals involves supporting local industrial mineral producers with the necessary mining and mineral processing equipment identified to be hindering the production of specified mineral commodities. The next phase of implementation will focus on opportunities from tin, barite, and jewelry/gemstones.			

ASM operators inventoried, formalized, and supported through technical assistance



►ASM operators inventoried, formalized, and supported through technical assistance (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	40.00
Date	01-May-2017	06-Nov-2019	24-Nov-2020	01-May-2022
Comments:	Activities related to ASM formalization are progressing and are on track to achieve planned results. A consultancy for the formalization of ASM and remote sensing system is currently ongoing. The consultants are to develop a programme for the formalization of artisanal miners into cooperatives and small-scale miners into larger mineral and financial enterprises. This activity will also design and implementation of an ASM remote sensing system in which the ASM Department at the MMSD will use to monitor mining activities. Formalization activities have been delayed due to COVID-19.			

Mining exportation and production projects subject to formal environmental and safety inspections				
►Mining exploration and production projects subject to formal environmental and safety inspections following good international practices set under the project (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00
Date	01-May-2017	06-Nov-2019	24-Nov-2020	01-May-2022

Production data collected from Artisinal, Small and Medium size mining operations				
►Production data collected from Artisinal, Small and Medium size mining operations (as a % of total number of operations inventoried under the project) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	24-Nov-2020	15-Apr-2019	07-Dec-2020	30-Jun-2022
Comments:	The activities related to ASM are currently under implementation and are expected to achieve their intended results. A consultancy for the formalization of ASM and remote sensing system is currently ongoing The consultants are to develop a programme for the formalization of artisanal miners into cooperatives and small-scale miners into larger mineral and financial enterprises. This activity will also design and implementation of an ASM remote sensing system in which the ASM Department at the MMSD will use to monitor mining activities. Overall a database of ASM will be develop with the tools and skills gained from this activity.			

Overall Comments

The results framework, including a number of indicators and targets will be revised during the restructuring, to better align with the project design. While several indicators a behind meeting their annual targets, for many of them, the team expects that implementation accelerates, by the close of the project all of the relevant indicators will have achieve their intended targets.

Intermediate Results Indicators by Components



Establishing a Strong Foundation for Mining Sector Development				
► Functional reviews undertaken and action plan implemented (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No functional review has taken place	A review of several key agencies has been completed including the NGSA and SMDF.	A review of several key agencies has been completed including the NGSA and SMDF.	Functional review undertaken and action plan fully implemented.
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
Comments:	NGSA assessment has been completed and the consultants have submitted their recommendations, which are to be implemented by MinDiver A consulting firm has designed an institutional and administrative restructuring plan for SMDF in the first phase of the project. While phase 2 is expected to constitute the implementation of the proposed structure A Review, and preparation of Business and sustainability plan is currently being developed for NIMG and NMDC.			
► Establishment of a system for the transparent assessment and collection of revenues from the mining sector (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No such system has been established	Under preparation - Consultancy to assist with identification of revenue leakages, strengthen revenue assessment and develop action plan to combat smuggling has been procured and is currently providing support to the MMSD	Consultancy to assist with identification of revenue leakages, strengthen revenue assessment and develop action plan to combat smuggling is under implementation	Revenue system for assessment and collection fully established and operational
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
► Establishment fiscal accountability and transparency framework for the Solid Mineral Development Fund (SMDF) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No fiscal accountability and transparency framework in place.	Fiscal accountability and transparency framework under preparation	Yes	Independent audit of the SMDF carried out on an annual basis and disseminated publicly.
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
► Number of exploration sites monitored and inspected by the Mines Inspectorate Department in collaboration with other relevant agencies (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	40.00
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022



Comments:	An activity to develop a mines Inspectorate framework for ASM field inspection is currently ongoing. Site inspections have commenced to ensure sites are operating according to laws and regulations.			
► Number of staff of MMSD and agencies trained through MINDIVER to manage, regulate, and monitor the mining sector, disaggregated by gender and function (policy, regulation, planning, revenue management (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	85.00	120.00	200.00
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
► Partnership programs for skill development and vocational training under implementation (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	NIMG has been established but has not been effective in fulfilling its mandate	Procurement of critical equipment for the functioning of the NIMG is in progress, as is the preparation of a strategy and action plan for the institute.	A business and feasibility study has been completed for NIMG, however implementation is yet to commence. Equipment support for NIMG is in progress.	Action plan developed, partnerships established, and training programs implemented
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
► Decision Support System upgraded with new geo-data on strategic areas (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
Comments:	This activity is currently on hold.			
► Citizen participation and accountability mechanism established for CSO/CBO/Non-state actor participation in the mineral value chain (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022

Facilitating Downstream Sector Development & Enhancing Competitiveness				
► Number of mineral resources identified from new geoscience knowledge and information collected (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00



Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
Comments:	Airborne geophysical survey and Topographical map survey activities are currently under procurement and expected to commence Q1 2021			
► Number of potential mineral prospectivity areas identified for targeting (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	18.00
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
Comments:	Airborne geophysical survey and Topographical map survey activities are currently under procurement and expected to commence Q1 2021			
► Number of artisanal miner cooperatives accessing finance and equipment from microfinance institutions and leasing companies (percentage that are female) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
Comments:	Formalization of ASM activity is still ongoing, and scheduled to be completed in 2022			
► Guidance on local supply chain development for industrial minerals developed (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022
► Mechanism for attracting long term capital into the SMDF SPV in place (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	06-Nov-2019	07-Dec-2020	01-May-2022

Project Management and Coordination				
► Number of ineligible expenditures (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	0.00
Date	02-Nov-2017	06-Nov-2019	07-Dec-2020	30-Jun-2022



Performance-Based Conditions

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P159761	IDA-59900	Effective	USD	150.00	150.00	0.00	41.97	113.94	27%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P159761	IDA-59900	Effective	14-Apr-2017	08-May-2017	02-Nov-2017	30-Jun-2022	30-Jun-2022

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.
