



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

REPORT NO.: RES35438

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
FIRST PART OF THE SECOND PHASE OF THE NIGER BASIN WATER RESOURCES DEVELOPMENT AND SUSTAINABLE
ECOSYSTEMS MANAGEMENT PROGRAM - APL 2A
APPROVED ON OCTOBER 2, 2012
TO
NIGER BASIN AUTHORITY (NBA), GOVERNMENT OF NIGER

WATER

AFRICA

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Soukeyna Kane
Senior Global Practice Director:	Jennifer J. Sara
Practice Manager/Manager:	Yogita Mumssen
Task Team Leader:	Madio Fall, Mohamed Nanzoul, Vincent Roquet



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency (<i>Agence Française de Développement</i>)
AfDB	African Development Bank
CDD	Community Driven Development
ESMP	Environmental and Social Management Plan
HCAVN	High Commission for the Development of the Niger Valley (<i>Haut Commissariat pour l'Aménagement de la Vallée du Niger</i>)
IDA	International Development Association
GoN	Government of Niger
RAP	Resettlement Action Plan
WB	World Bank
WDR-SEM-APL	First Part of the Second Phase of the Water Resources Development and Sustainable Ecosystems Management



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

BASIC DATA

Product Information

Project ID P130174	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 02-Oct-2012	Current Closing Date 01-Apr-2021

Organizations

Borrower Niger Basin Authority (NBA), Government of Niger	Responsible Agency High Commission for the Development of the Niger Valley, Agency of the Kandadji Dam, Agency of the Kandadji Dam
--	---

Project Development Objective (PDO)

Original PDO

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

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-54590	29-May-2014	19-Jul-2014	12-Dec-2014	01-Apr-2021	41.24	0	36.33
IDA-H9520	29-May-2014	19-Jul-2014	12-Dec-2014	01-Apr-2021	13.65	0	12.02



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

IDA-H9530	29-May-2014	19-Jul-2014	07-Oct-2014	01-Apr-2021	.31	0	.27
IDA-51650	02-Oct-2012	14-Dec-2012	13-Mar-2013	01-Apr-2020	200.00	23.92	160.93
IDA-H8050	02-Oct-2012	14-Dec-2012	13-Mar-2013	01-Apr-2020	3.00	1.90	1.01

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

Note to Task Teams: End of system generated content, document is editable from here.



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The First Part of the Second Phase of the Niger Basin Water Resources Development and Ecosystems Management Program (WRD-SEM APL 2A) was approved by the World Bank (WB) Board on October 2, 2012 and became effective on March 13, 2013. IDA initial financing consisted of a US\$203 million credit to the Republic of Niger and a US\$ 3 million grant to the Niger Basin Authority. The initial financing support activities under Sub-Component 2.2, Sub-Component 3.2, Sub-Component 3.3 and NBA's capacity building.
2. In response to GoN's request for support in addressing the financing gap stemming from increased costs associated with the rebidding of the dam civil works contract, following the cancellation of the contract with the original civil works contractor due to nonperformance, an Additional Financing (AF) of US\$55.20 million was approved by the WB Board on May 29, 2014. The AF increased the size of IDA financing from US\$203 million to US\$258.20 million, amounting to about 24.72 percent of total program costs, co-financed by a range of bilateral and multi-lateral partners (African Development Bank (AfDB) being the lead donor) and the Government of Niger (GoN).
3. The WRD-SEM APL 2A contributes to the Kandadji Program through its three components:
4. **Component 1 - Institutional strengthening of the NBA** (US\$3 million financed from the regional IDA Grant) aims to enhance NBA's capacity for project supervision of IDA-funded project activities and support the institutional strengthening of regional water resources management.
5. **Component 2 - Construction of the Kandadji Program energy infrastructure** (US\$498.1 million, of which IDA US\$140 million, Development Partners US\$286.55 million, GoN US\$71.55 million).
 - (a) Sub-Component 2.1 (US\$250 million) focuses on the construction of the Kandadji dam (including the preparation studies and the supervision costs).
 - (b) Sub-Component 2.2 (US\$248.1 million) supports: (i) the equipment and installation of the power plant; (ii) engineering supervision, (iii) Niger Basin independent panel of experts for dam safety and for environmental and social aspects, (iv) critical studies on the energy master plan and linkage with the West African Power Pool as well as the design of the dam and the power plant operation contract; and (v) implementation support to the HCAVN, including financing of personnel to strengthen the implementation of the project.
6. **Component 3 - implementation of environmental and social safeguards, and growth pole community development** (US\$283.94 million). This component will support resource planning and community development. It is expected to generate a number of lessons learned and practices in terms of local development and establishment of a growth pole program in the following context: (i) influx of refugees from Mali into the Kandadji area, and (ii) a paradigm shift in terms of benefit sharing of major infrastructure with local communities to fully exploit all opportunities to further fund local development. This component consists of three sub-components:
 - (a) Sub-Component 3.1 (US\$109.10 million) focuses on planning, implementing, and monitoring environmental and social safeguards mitigation measures.
 - (b) Sub-Component 3.2 (US\$74.84 million) supports irrigation development through: (i) preparation of a master plan for an optimal and long term sustainable development of irrigation, (ii) rehabilitation of about 1,000 ha of existing irrigated schemes to consolidate food security in the area and provide lessons learned to ensure adequate sustainability of the new schemes; and (iii) design and implementation of a pilot agro-business growth



pole of approximately 1,500 ha of diversified commercial crops downstream of the Kandadji Dam, and for which private-public partnerships will be developed.

- (c) Sub-Component 3.3 (US\$100 million) supports local development initiatives consisting of: (i) strengthening capacities for planning and implementation capacities by rural communes, communities and partner organizations in the project area, (ii) establishing a local development fund for: (a) financial support to eligible municipalities and communities to implement investment plans using a Community Driven Development (CDD) approach; and (b) matching grants to support income generating initiatives centered on micro-business activities, with a specific focus on women and youth living in the program areas.

Project Implementation

7. The GoN is showing strong commitment to taking the program forward under a two-phase dam construction approach (including a more active communication strategy by implementing agency ABK under a Bank-supported action plan, which involves regular interactions with NGOs and other stakeholders) and maintaining compliance with agreed safeguards. However, (a) implementation progress, in particular for RAP1 implementation, continues to be much slower than expected due to program complexities and limited implementation capacity, and (b) concerns remain regarding the need to ensure implementation of RAP-2A in a reasonable timeframe given political pressures to complete construction of the dam as quickly as possible.

8. There is growing concern about the deterioration of the security situation in the Tillaberi region where the Kandadji dam will be built (the Gendarmerie post in Ayorou has been attacked twice, most recently in October 2017).

9. **Status of Dam Civil Works:** No objection for launching of the civil works has been received from all involved donors (this does not include the Bank as we are not financing the dam), and the contract was awarded on June 28, 2018 for a value of about US\$278M to China Gezhouba Group Co., Ltd. CGGC (a Chinese company). GoN provided an authorization to start the works on Dec. 26, 2018 following confirmation of funding of RAP-2A implementation and conditional clearance of RAP2 by the Bank. Required execution plans including the Work Site ESMP have been provided by the Contractor to the Supervising Engineer and will be reviewed by the Bank. Actual construction is expected to start in a few months.

10. **Status of Hydroelectric Plant Procurement:** Hydroelectric plant procurement pre-qualification is approved by AFD and WB and six firms are prequalified. The bidding documents are under review by AFD and WB. Comments are expected soon after consultation and clarification of certain comments with WB Lawyer.

11. **Status of RAP1 and RAP2 Implementation:**

- a) **RAP1:** GoN has fully implemented RAP 1 at the dam site with own funds (US\$57 M) for the 8,965 people being resettled. Most entitlements have been provided to the impacted population with the exception of land titles agreed in the RAP1 Report. A small number of former tenants have apparently not received compensation plots in the irrigated perimeters. This issue will be resolved through updating of the RAP1 database, auditing of payments and land allocations for PAPs, and the allocation of additional plots to non-compensated tenants in the upgraded irrigated perimeters following ongoing works. The WB-funded 2016 RAP 1 Audit revealed that important quality issues needed to be addressed (e.g. for inadequate or degraded housing, inadequate or degraded irrigated perimeters, insufficient support to vulnerable people, poorly functioning grievance mechanisms, etc.). Significant progress has been made by GoN since the audit (quality drinking water supply has been provided, degraded irrigation perimeters have been restored). However, GoN is still making slow progress on completing pending actions identified in the RAP 1 Audit, as the international consultant to support GoN in implementing the actions required to complete RAP1 has



not yet been recruited. It is estimated that implementation of the RAP1 Remedial Action Plan will take about three years (2019-2021).

- b) RAP2:** The RAP 2 final reports (RAP-2A, RAP-2B and Social Assessment of two-phased dam development approach) have been approved by AFD and AfDB and were conditionally cleared by the WB on December 22, 2018. Final clearance by the WB is expected before end of February 2019. The main activities to be financed under RAP2 include: construction of replacement housing in resettlement sites; services and public buildings and amenities in resettlement sites; construction of irrigated perimeters; compensation of affected persons for their losses; and management of resettlement implementation. On Nov. 30, 2018, GoN organized with AfDB support a donor roundtable to raise the financing of the RAP-2A which was a prerequisite to start the dam construction. During the roundtable, the announcements made by the donors made it possible to mobilize an amount of USD436 million out of a required USD433 million. WB confirmed its contribution for a total of USD150 million. Implementation of RAP-2A is predicated upon the completion of complementary detailed studies on: (i) Restoration of agro-sylvo-pastoral and fisheries livelihoods (including irrigated perimeters); (ii) Restoration and promotion of non-agricultural livelihoods (arts and crafts, trades and commerce, including training and employment related to resettlement implementation); (iii) Resettlement site planning including public infrastructure and services; (iv) Water and wastewater and waste management services; and (v) Community security related to resettlement operations (an issue raised in public consultations on RAP2). Regarding the last proposed study, GoN has committed to providing donors with a document describing planned measures to ensure dam site and community safety during the resettlement operations.

12. **Status of Local Development Program (PDLK):** Despite clear needs at the commune level and the strong commitment of PAC/ABK to implement CDD activities on the ground, the PDLK is proceeding at a slow pace. There are ongoing discussions between the Bank and ABK regarding this component of the Program and the way forward with the current implementation entities. ABK and PAC3 have been involved in a new strategic orientation of these activities.

13. **Status of Communication Strategy:** ABK prepared in 2017 an updated communication strategy and action plan that was reviewed and approved by the Bank. ABK still has ongoing challenges in communicating effectively. The appointment of a Communications director in 2018 has not helped to resolve difficulties. With the start-up of construction of the dam and of RAP2 implementation, the Bank is proposing to provide additional technical support to ABK.

14. **Intervention of Panel of Experts (PoE):** ABK remobilized the Panel of Experts (PoE) in June 2017 to present them the phased construction of the dam and the new Coherence Plan. In addition, ABK supported the Panel's mission to Niger in August 2017. ABK shared the Panel of Experts reports with donors in September 2017 and more recently in February 2019. The PoE reports confirmed the feasibility of the phased construction of the dam and provided relevant comments to be considered for implementation of the project. The PoE has commented the hydropower bidding documents that are under review by the Bank team.

15. **Civil Society Engagement:** Civil society organizations such as the International Rivers Network (IRN) have shown renewed interest in the implementation of the Kandadji program, as part of their broader advocacy work against hydropower. Several meetings between IRN and the WB took place in DC, including with the Regional VP in May 2016 (local representatives of Jeunes Volontaires pour l'Environnement joined the meeting), and in February 2017 (following a Bank high-level mission to Niger). Concerns have been expressed by local NGOs as well as IRN about the feasibility of RAP2 resettlement and some NGOs, at the local level, have expressed skepticism about the two-phased dam development approach. A series of meetings with local NGOs were held during recent missions. The Coordination Nationale des Usagers de la portion nigérienne du fleuve Niger (CNU), following training delivered by Search for Common Ground



(SFCG), will carry out an assessment and awareness raising programs with a view of pre-empting undue concerns and improving social communication and grievance management.

B. Rationale for Restructuring

16. The achievement of the Program objectives and targets is largely contingent upon the capacity of the executing agency to coordinate all of the different aspects of dam construction and large-scale resettlement implementation in a country with limited professional resources and little to no experience in such types of operations. This requires the recruitment of a significant number of qualified, motivated and results-oriented personnel. In 2016, donors complained about the slow pace of project implementation because of the lack of capacity and autonomy of the High Commission for the Development of the Niger Valley (*Haut commissariat pour l'aménagement de la vallée du Niger - HCAVN*), the executing agency. To address institutional capacity needs, GoN agreed at the end of 2016 to set up a new Special Purpose Entity (called Agency of the Kandadji Dam (*Agence du Barrage de Kandadji - ABK*) in place of HCAVN to manage the project with qualified and motivated personnel. The Board of ABK was established in 2017 and the Directors of ABK were fully recruited in 2018. ABK is now being staffed with personnel hired on a competitive basis with performance-based contracts. The key personnel of ABK in place with support from a Bank-funded TA contract are performing better than the former HCAVN personnel and are showing progress in supporting program implementation.

17. In this regard, the GoN submitted a request to the Bank on November 23, 2017 to support funding of ABK's salary costs in order to attract talented experts that would strengthen ABK's capacity and lay the foundation for smooth implementation of the whole Kandadji Program. The amount of this request was US\$7 million over a period of 6 years. The Bank agreed to this request in December 2018. It is therefore proposed that a Level 2 restructuring for the Project be carried out to address this request. This requires making the necessary adjustments to the Financing Agreement, allocating the required provision to support ABK's operating costs and salaries, strengthening compliance management mechanisms, and making other related changes.

II. DESCRIPTION OF PROPOSED CHANGES

A. Summary

18. The proposed Level 2 restructuring will amend the Financing Agreements (Credit No 5165-NE, Credit No 5459-NE and Grant No 952-NE) to (i) change implementation arrangements to replace HCAVN by ABK (the actual implementing agency) and (ii) allocate provision in the Part 2.2 (iv) to support the salaries of ABK personnel. As the scope and design of the project do not change, the project's development objective, expected outcomes and results framework remain the same as well.

B. Change in Implementing Agency

19. There are no changes in institutional arrangements or mandates associated with the replacement of HCAVN by ABK as the Program implementation entity. ABK will have same mandates than HCAVN but will perform it better.



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

The Project Financing Agreements (Credit No 5165-NE, Credit No 5459-NE and Grant No 952-NE) will be amended to (i) replace HCAVN by ABK (the actual implementing agency) (ii) allocate provision from Grant No 952-NE to support the salaries of ABK personnel. The project Part 2.2 (iv) will be revised as followed: (iv) provision of support to ABK for its activities for project implementation, coordination, monitoring and evaluation and salaries of support staff for ABK but excluding salaries of the Recipient's civil servants. That provision will be part of the SDR 8,820,000 from Category 5 of the Grant No 952-NE which is not yet committed. 20.

Summary of total Project financing by Category

Category	Amount or the Credit Allocated (expressed in SDR) by financing			Total
	Credit No 5165-NE,	Credit No 5459-NE	Grant No 952-NE	
(1) Goods, consultants services, operating costs and Training for Part I of the Project	0	0	0	0
(2) Goods, works and consultants services for part 2.1 of the Project	0	0	0	0
(3) Goods, works and consultants services for Part 2.2(i) of the Project (Subject to Section IV.B. I (b) and prior to the satisfaction of the provisions of Section IV.B.(c)	22,860,000	7,810,000	0	30,670,000
(4) Goods, works and consultants services for Part 2.2 (i) of the project	49,785,000	17,970,000	0	67,755,000
(5) Consultants services, Operating Costs and Training for Part 2,2 (ii), (iii) and (iv) of the Project	16,640,000	870,000	8,820,000	26,330,000
(6) Goods, works, consultants services, Operating Costs and Training for part 3.1 Of the Project	10,795,000	0	0	10,795,000
(7) Goods, works, consultants services, Operating Costs and Training for Parts 3.2 and 3.2 and 3.3 (a) and (b) (i) of the Project	20,590,000	0	0	20,590,000
(8) Matching Grants under Part 3.3 (b) (ii) Of the Project	11,930,000	0	0	11,930,000



TOTAL AMOUNT	132,600,000	26,650,000	8,820,000	168,070,000
--------------	-------------	------------	-----------	-------------

Note: Formatting instructions for this document.

A. Header

1. *[All sub-sections must have a continuous paragraph numbering for the entire main text or for each annex per institutional standard.]*

- (a) This is the sub-para numbering for this level. This is the sub-para numbering for this level. This is the sub-para numbering for this level.
 - (i) This is the sub-para numbering for this level. This is the sub-para numbering for this level.
 - (ii) This is the sub-para numbering for this level. This is the sub-para numbering for this level.
 - (iii) This is the sub-para numbering for this level. This is the sub-para numbering for this level.

III. DESCRIPTION OF PROPOSED CHANGES

Note: Formatting instructions for this document.

B. Header

1. *[All sub-sections must have a continuous paragraph numbering for the entire main text or for each annex per institutional standard.]*

- (b) This is the sub-para numbering for this level. This is the sub-para numbering for this level. This is the sub-para numbering for this level.
 - (iv) This is the sub-para numbering for this level. This is the sub-para numbering for this level.
 - (v) This is the sub-para numbering for this level. This is the sub-para numbering for this level.
 - (vi) This is the sub-para numbering for this level. This is the sub-para numbering for this level.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

IV. SUMMARY OF CHANGES

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



The World Bank

First Part of the Second Phase of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program - APL 2A (P130174)

IV. DETAILED CHANGE(S)

IMPLEMENTING AGENCY

Implementing Agency Name	Type	Action
High Commission for the Development of the Niger Valley	Implementing Agency	Marked for Deletion
Agency of the Kandadji Dam	Implementing Agency	No Change
Agency of the Kandadji Dam	Implementing Agency	No Change

