

Document: EC 2020/111/W.P.7/Rev.1
Agenda: 9
Date: 22 October 2020
Distribution: Public
Original: English

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Investing in rural people

President's memorandum

Proposed project restructuring in the Republic of the Niger

Project ids: 1100001688, 2000001810 and 2000002678

Note to Evaluation Committee members

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Evaluation Committee — 111th Session
Rome, 22 October 2020

For: Review

Document: EB 2020/131(R)/R.10
Agenda: 5(a)(ii)(c)
Date: 30 October 2020
Distribution: Public
Original: English

E



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Executive Board — 131st Session
Rome, 7-9 December 2020

For: Approval

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Republic of the Niger

Family Farming Development Programme (ProDAF) in Maradi, Tahoua and Zinder Regions

Financing summary

Borrower:	Republic of the Niger
Executing agency:	Ministry of Agriculture
Programme approval dates:	22 April 2015, 9 April and 22 September 2016
Total programme cost:	US\$206.1 million
Amount of IFAD loan:	SDR 34.5 million (equivalent to approximately US\$48.5 million)
Amount of IFAD grant:	SDR 34.5 million (equivalent to approximately US\$48.5 million)
Terms of IFAD loan:	The loan is granted on highly concessional terms and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the loan by the Fund's Executive Board, payable semi-annually in the loan service payment currency. The loan shall have a maturity of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the loan by the Fund's Executive Board
Amount of Adaptation for Smallholder Agriculture Programme (ASAP):	SDR 9.25 million (equivalent to approximately US\$13.0 million)
Cofinanciers:	OPEC Fund for International Development (OFID), Italian Agency for Development Cooperation, Global Environment Facility (GEF), IFAD Rural Poor Stimulus Facility (RPSF)
Amount and terms of cofinancing:	OFID: US\$15.0 million (loan) Italian Agency for Development Cooperation: US\$28.2 million (loan) GEF: US\$7.6 million (grant) RPSF: US\$0.67 million (grant)
Contribution of borrower:	US\$33.4 million
Contribution of beneficiaries:	US\$11.2 million
Cooperating institution:	Directly supervised by IFAD

Republic of the Niger

Family Farming Development Programme in the Diffa Region (ProDAF-Diffa)

Financing summary

Borrower:	Republic of the Niger
Executing agency:	Ministry of Agriculture
Programme approval date:	29 September 2018
Total programme cost:	US\$26.7 million
Amount of IFAD loan:	EUR 5.37 million (equivalent to approximately US\$6.25 million)
Amount of IFAD Debt Sustainability Grant:	EUR 5.37 million (equivalent to approximately US\$6.25 million)
Terms of IFAD loan:	The loan is granted on highly concessional terms and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the loan by the Fund's Executive Board, payable semi-annually in the loan service payment currency. The loan shall have a maturity of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the loan by the Fund's Executive Board.
Cofinancier:	Norwegian Development Cooperation Agency (Norad)
Amount and terms of cofinancing:	US\$10.4 million (grant)
Contribution of borrower:	US\$3.6 million
Contribution of beneficiaries:	US\$0.2 million
Cooperating institution:	Directly supervised by IFAD

Republic of the Niger

Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity (PRECIS)

Financing summary

Borrower:	Republic of the Niger
Executing agency:	Ministry of Agriculture
Project approval date:	12 September 2019
Total project cost:	US\$195.9 million
Amount of IFAD loan:	EUR 56.7 million (equivalent to approximately US\$64.509 million)
Amount of Debt Sustainability Framework grant:	EUR 21 million (equivalent to approximately US\$23.870 million)
Amount of IFAD climate finance:*	EUR 30.7 million (equivalent to approximately US\$34.9 million)
Terms of IFAD loan:	The loan is granted on highly concessional terms and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the loan by the Fund's Executive Board, payable semi-annually in the loan service payment currency. The loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the loan by the Fund's Executive Board
Cofinancier(s):	OFID, GEF, Green Climate Fund (GCF), African Development Bank (AfDB), private sector (Agricultural Bank of Niger)
Amount and terms of cofinancing:	OFID: US\$15 million (loan) GEF: US\$6 million (grant) GCF: US\$10 million (US\$7 million in the form of a loan and US\$3 million in the form of a grant) AfDB: US\$35 million (loan) Agricultural Bank of Niger: US\$1 million (loan)
Financing gap:	US\$5.0 million
Contribution of borrower:	EUR 26.30 million (equivalent to approximately US\$29.9 million)
Contribution of beneficiaries:	EUR 4.9 million (equivalent to approximately US\$5.6 million)
Cooperating institution	Directly supervised by IFAD

* As per the Multilateral Development Bank Methodologies for Tracking Climate Adaptation and Mitigation Finance.

Recommendation for approval

In line with IFAD's Project Implementation Guidelines and its Policy on Project Restructuring¹ as applicable to Level 1 restructurings that involve a change in the Social, Environmental and Climate Assessment Procedures (SECAP)² classification to category A, this proposal for the restructurings summarized in paragraphs 15 and 16 herein is submitted for the approval of the Executive Board.

I. Project status and rationale for restructuring

1. The IFAD-financed portfolio in the Republic of the Niger currently consists of three operations: (i) the Family Farming Development Programme (ProDAF) in Maradi, Tahoua and Zinder Regions; (ii) the Family Farming Development Programme in the Diffa Region (ProDAF-Diffa); and (iii) the Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity (PRECIS).
2. ProDAF was approved by the Executive Board in April 2015 with the general objective of helping to sustainably guarantee food and nutrition security and rural households' resilience to crises in the Maradi, Tahoua and Zinder Regions. The development objective is to sustainably increase the income of 240,000 family farms; their resilience to external shocks, including climate change; and their access to local, urban and regional markets in the three regions. Since ProDAF was approved in 2015, and due to its strong performance, it has received additional loan and grant funds from IFAD and other cofinancing sources. The total programme amount stands at US\$206.1 million, which is financed through the following sources: (i) IFAD loans of US\$48.5 million; (ii) IFAD Debt Sustainability Framework grants of US\$48.5 million; (iii) an ASAP grant of US\$13 million; (iv) an OFID loan of US\$15 million; (v) a GEF grant of US\$7.6 million; (vi) a loan from the Italian Agency for Development Cooperation of US\$28.2 million; (vii) beneficiary contributions of US\$11.2 million; (viii) a Government contribution of US\$33.4 million; and (ix) a recent grant of US\$0.67 million from IFAD's Rural Poor Stimulus Facility. ProDAF is performing well and is likely to meet its development objective. The disbursement rate for IFAD funds stands at 62 per cent, which is considered satisfactory within the context of the programme life cycle.
3. ProDAF-Diffa was approved by the Executive Board in September 2018. The project's general objective is adapted from the objective of the ProDAF programme in the Maradi, Tahoua and Zinder Regions, of which this programme is an extension. Its purpose is to sustainably ensure food and nutrition security and the resilience capacities of rural households in the Diffa Region. The development objective is to sustainably increase the income, adaptation to climate change and market access of family farms, and promote the social and economic integration of refugee or displaced populations into the receiving communities. The programme has a total value of US\$26.7 million and is financed by the following sources: (i) an IFAD loan of US\$6.25 million; (ii) an IFAD grant of US\$6.25 million; (iii) two grants from the Norwegian Agency for Development Cooperation (Norad) for a total amount of US\$10.4 million; (iv) contributions from beneficiaries of US\$0.2 million; and (v) a Government contribution of US\$3.6 million. Despite the challenges posed by the security situation in the Diffa Region, the programme is likely to meet its development objective and, even though it was launched fairly recently, it has a highly satisfactory disbursement rate of 26 per cent for IFAD funds and 40 per cent for Norad funds.

¹ EB 2018/125/R.37/Rev.1.

² EB 2017/121/R.34.

4. PRECIS was approved in September 2019. The project's overall goal is to sustainably improve the food and nutrition security of rural households and strengthen their resilience to climate and environmental shocks. Its development objective is to increase the income of rural households, improve their livelihoods and ensure the socio-economic integration of young people (both women and men) in promising rural professions. The total project cost over six years is estimated at EUR 172.1 million, which was equivalent to approximately US\$195.9 million at the time of approval. This amount is financed through the following sources: (i) an IFAD loan of US\$64.5 million; (ii) an IFAD grant of US\$23.9 million; (iii) an OFID loan of US\$15 million; (iv) a GEF grant of US\$6 million; (v) GCF financing of US\$10 million; (vi) a loan from the African Development Bank (AfDB) of US\$35 million; (vii) US\$1 million from the Agricultural Bank of Niger; (viii) a Government contribution of US\$29.9 million; and (ix) contributions from beneficiaries of US\$5.6 million. There is a financing gap of US\$5 million. The project has entered into force and is now working to meet the final conditions precedent to the first disbursement in September 2020.
5. The three aforementioned operations are being managed as a harmonized country programme through the same management structure. Project implementation is conducted by regional project management units, which are coordinated by a national unit for representation and technical assistance.
6. In terms of their environmental and social impact, all three operations were categorized as category B at design. Recently, however, two factors have made it advisable to revisit this classification:
 - (a) During the AfDB's recent design mission to cofinance PRECIS, the environmental and social classification of the project was based on the Government's 2019 guidelines for the environmental screening of projects, as they are now operational in the national context (National Office for the Environment established in June 2019, and the National Procedures for Environment Studies issued in July 2019). Based on that review, it was determined that the mini-dams planned under PRECIS should be classified as category A according to the new guidelines. This led the AfDB to classify the project as category A, and to publish the updated safeguard documents with this classification on the AfDB webpage on 27 May 2020.³
 - (b) As planned, ProDAF and ProDAF-Diffa are rehabilitating roads to serve farmers and facilitate market access. In some cases, the rehabilitation of roads longer than 10 km has been necessary to effectively connect rural producers, storage facilities and markets. According to IFAD's SECAP 2017, a project that includes the "construction/rehabilitation or upgrade of rural roads that entail the total area being cleared above 10 km long" is classified as category A. Therefore, in the light of the present and forthcoming versions of IFAD's SECAP, in order to rehabilitate roads longer than 10 km, both programmes would need to be reclassified as category A operations.
7. Given the fact that the IFAD country programme in the Niger is coordinated through a single management structure, it is desirable for all three operations to adhere to the same environmental and social screening guidelines in the interests of coordination and management. It is therefore proposed that the entire current IFAD-financed portfolio, consisting of ProDAF, ProDAF-Diffa and PRECIS, be reclassified as environmental and social category A.

³ <https://www.afdb.org/en/documents/niger-projet-de-renforcement-de-la-resilience-des-communautés-rurales-linsecurite-alimentaire-et-nutritionnelle-au-niger-precis-p-ne-a00-009-cadre-de-politique-de-reinstallation-cpr>.
<https://www.afdb.org/en/documents/niger-projet-de-renforcement-de-la-resilience-des-communautés-rurales-linsecurite-alimentaire-et-nutritionnelle-au-niger-precis-p-ne-a00-009-cadre-de-gestion-environnementale-et-sociale-cges>.
<https://www.afdb.org/en/documents/niger-projet-de-renforcement-de-la-resilience-des-communautés-rurales-linsecurite-alimentaire-et-nutritionnelle-au-niger-precis-p-ne-a00-009-plan-de-gestion-des-pestes-et-pesticides-pgpp>.

II. Description of proposed changes

8. In view of the impact of the new environmental screening procedures in the Niger on certain works under PRECIS and the need to rehabilitate rural roads more than 10 km in length in order to effectively connect producers, storage facilities and markets in the Niger, it is proposed that ProDAF, ProDAF-Diffa and PRECIS be moved from category B to category A. With this reclassification, the projects will comply with the Government's new screening procedures and with IFAD's SECAP and the AfDB's Integrated Safeguards System.
9. The safeguard documents, which are posted on IFAD's website for SECAP disclosed documents,⁴ have been developed based on the original safeguard documents for the three operations as well as the complementary updated versions developed by the AfDB as part of its design of cofinancing operations for PRECIS.
10. The below table provides a summary of the main changes that are proposed:

	<i>Changed</i>	<i>Not changed</i>
Development objective(s) and/or scope and characteristics of the projects		X
Environmental and social category (in line with IFAD's SECAP)	X	
Completion dates		X
Logical frameworks		X
Project areas		X
Project costs		X
Cofinancing		X
Components		X
Categories		X
Institutional arrangements		X
Legal covenants	X (reference to the SECAP category to be included in Schedule 3 of the Financing Agreements)	
Other (specify)		

III. Benefits and risks

11. The environmental and social reclassification of the three operations is not a consequence of a strategic change in the portfolio or in the types of activities to be financed. Rather, the reclassification is intended to align the classification of the planned mini-dams with the new Government screening procedures and to allow for the rehabilitation of rural roads longer than 10 km in order to meet the need in some communities to connect farmers with storage facilities and markets that are more than 10 km away. The types of rural roads that will be rehabilitated, i.e. farm-to-market roads, will not change.
12. The change in the environmental and social classification will enable project staff to: (i) better anticipate and manage risks related to the establishment and management of mini-dams; and (ii) rehabilitate roads longer than 10 km if this proves to be necessary in a given community in order to effectively improve farmers' market access.
13. As there are no new activities to be financed, there are no substantial risks to be managed other than those already included in the respective integrated risk management frameworks. The rehabilitation of rural roads and the construction of the mini-dams will require the development of an environmental and social management plan for each specific investment. It is proposed that the finalization/disclosure of the Environmental and Social Impact Assessment studies should be a condition for the start-up of activities classified as category A.

⁴ <https://www.ifad.org/en/secap-disclosed-documents>.

IV. Legal instruments and authority

14. Schedule 3 of each relevant financing agreement will be amended with the addition of a reference to the SECAP reclassification from category B to category A. These amendments to the financing agreements will be signed by IFAD and the Republic of the Niger. For financing agreements signed before 2018, such as those pertaining to ProDAF and ProDAF-Diffa, further amendments may need to be included in the respective agreements in order to refer to the SECAP reclassification.

V. Recommendation

15. The proposed Level 1 restructuring will, as detailed above, entail a reclassification of the IFAD operations in the Niger – namely ProDAF, ProDAF-Diffa and PRECIS – from category B to category A in accordance with the SECAP.

16. I therefore recommend that the Executive Board approve the proposed resolution:

RESOLVED: Reclassification of the (i) Family Farming Development Programme (ProDAF) in Maradi, Tahoua and Zinder Regions; (ii) Family Farming Development Programme in the Diffa Region (ProDAF-Diffa); and (iii) Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity (PRECIS) in the Republic of the Niger from SECAP category B to category A.

Gilbert F. Hougbo
President