INTERNATIONAL MONETARY FUND

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NIGER

April 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND FOR REPHASING OF ACCESS UNDER THE EXTENDED CREDIT FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR NIGER

In the context of the Requests for Disbursement Under the Rapid Credit Facility and for Rephasing Of Access Under the Extended Credit Facility , the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on April 14, 2020, following discussions that ended on April 8, 2020 with the officials of Niger on economic developments and policies underpinning the IMF arrangement under the Rapid Credit Facility. Based on information available at the time of these discussions, the staff report was completed on April 8, 2020.
- A **Statement by the Executive Director** for Niger.

The documents listed below have been or will be separately released.

Letter of Intent sent to the IMF by the authorities of Niger *
*Also included in Staff Report

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

IMF Executive Board Approves a US$114.49 Million Disbursement to Niger to address the COVID-19 Pandemic

FOR IMMEDIATE RELEASE

Washington, DC – April 14, 2020. The Executive Board of the International Monetary Fund (IMF) today approved the disbursement of SDR83.66 million (about US$114.49 million) to be drawn under the Rapid Credit Facility (RCF). The RCF funds will help address Niger's urgent balance of payments need by filling important financing gaps in Niger's fiscal and external accounts and should also help to catalyze additional donor support. The IMF continues to monitor Niger's situation closely and stands ready to provide policy advice and further support as needed. The Executive Board also approved a rephasing of disbursements under the Extended Credit Facility (ECF) that has been supporting Niger's economic reform program since January 2017, to allow more time for the completion of the next program review while maximizing financial support under the RCF.

Following the Executive Board's discussion of Niger, Mr. Geoffrey Okamoto, First Deputy Managing Director and Chair, issued the following statement:

"The COVID-19 pandemic is having a pronounced negative economic impact on Niger and downside risks are significant. The economic downturn, fiscal pressures, and tightening financial conditions are giving rise to large financing gaps in Niger's public finances and balance of payments this year.

"The authorities have moved quickly to formulate and implement a three-pronged plan with measures to contain the pandemic and alleviate its social and economic fallout. The IMF's financial assistance under the RCF covers an important part of the financing gap, thus supporting implementation of the anti-crisis plan. However, timely additional support from the international community is indispensable.

"A substantial widening of this year's budget deficit is appropriate, reflecting unavoidable revenue shortfalls and pressing spending needs for health care, social protection, and support for hard-hit businesses. The Ministry of Finance is comprehensively overseeing crisis measures, which should be as well-targeted and carefully assessed as possible. Transparency and good governance are important.

"The government remains committed to its economic reform program supported by an ongoing ECF arrangement with the IMF. It is centered on mobilizing domestic revenues, improving public spending efficiency, and strengthening the private sector while preserving macroeconomic stability and sustainable public finances.''

Niger: Selected Economic and Financial Indicators, 2018– 22

	2018	2019	2020	2021	2022
	(Annual percentage change)				
National income and prices					
GDP at constant prices	7.0	5.8	1.0	8.1	13.2
Export volume	-5.2	6.0	0.5	15.2	66.8
Import volume	8.7	11.8	8.1	19.5	-4.7
CPI (annual average)	2.8	-2.5	4.4	1.7	2.0
CPI (end-of-period)	1.6	-2.3	2.7	2.0	2.0
Money and credit					
Broad money	-2.1	15.0	-0.7	13.1	14.6
Domestic credit	11.4	-12.2	3.9	14.3	12.9
Credit to the government (net)	127.8	-89.5	-46.7	1.1	50.7
Credit to the economy	-4.5	13.0	5.4	14.5	12.4
	(Percent of GDP)				
Government finances					
Total revenue	12.1	11.2	10.2	12.2	13.2
Total expenditure and net lending	21.1	21.5	22.6	21.7	20.6
Current expenditure	9.9	9.6	10.8	10.2	10.1
Capital expenditure	11.2	12.0	11.8	11.6	10.5
Basic balance (excl. grants)	-2.9	-3.5	-5.0	-2.1	-1.1
Overall balance (incl. grants)	-3.0	-3.6	-5.0	-3.3	-2.6
Gross investment	29.0	30.2	31.5	31.3	24.6
Non-government investment	18.7	19.2	20.6	20.8	15.0
Government investment	10.3	11.0	10.8	10.6	9.7
External current account balance (incl. grants)	-12.7	-13.2	-15.1	-16.6	-9.7
External current account balance (excl. grants)	-14.7	-16.0	-17.4	-18.4	-11.0
Total public and publicly-guaranteed debt	39.0	42.0	45.4	43.7	40.1
Public and publicly-guaranteed external debt	25.4	26.5	30.3	29.7	27.3
NPV of external debt	24.5	18.5	21.8	21.1	19.3
Public domestic debt	13.6	15.5	15.1	14.0	12.7
	(Billions of CFA francs)				
GDP at current market prices	7,121	7,574	7,830	8,633	9,971

Sources: Nigerien authorities; and IMF staff estimates and projections.

For information on the emergency financing requests approved by the IMF Executive Board, please see a link to the IMF Lending Tracker: https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker

For upcoming discussions on the emergency financing requests, please see a link to the calendar of the IMF Executive Board meetings: https://www.imf.org/external/NP/SEC/bc/eng/index.aspx

INTERNATIONAL MONETARY FUND

NIGER

April 8, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND FOR REPHASING OF ACCESS UNDER THE EXTENDED CREDIT FACILITY

EXECUTIVE SUMMARY

Context. The COVID-19 pandemic is inflicting significant damage on Niger's economy at a time when the government is already faced with the deteriorating security situation across the Sahel region. A first local infection was reported on March 19, 2020 and a state of emergency was declared on March 27, 2020. The authorities adopted a comprehensive response plan, comprising health care measures and steps to alleviate the social and economic fallout from the crisis. Growth is likely to drop to 1 percent this year as exports slow, large-scale foreign-financed projects face delays, financial conditions tighten, and domestic containment measures take their toll. Public finances are bound to be hit hard with the deficit widening to 5 percent of GDP and a financing gap of 3 percent of GDP emerging. It is mirrored in the balance of payment, which deteriorates primarily on account of lower investment by regional banks into government paper, reduced FDI, and a deterioration of the trade balance.

Request for Fund support. In the attached letter, the authorities request financial assistance of SDR 83.66 million (63.6 percent of quota, 0.9 percent of GDP) under the Rapid Credit Facility (RCF), provided that the Executive Board also approves the requested rephasing, with the full amount to be disbursed as direct budget support. Additional financial support from the international community is in the offing.

Performance under the ECF-supported program. The 5th program review was concluded on January 8, 2019. Performance has since been mixed. Difficulties to reliably recalibrate program parameters while the global COVID-19 crisis is still unfolding preclude the conduct of the 6th program review on the regular schedule. As a result, the authorities previously requested an extension of the program and now request rephasing the final disbursement due to the delay.

Approved By
David Owen (AFR) and Ashvin Ahuja (SPR)

An IMF team consisting of Christoph Klingen (head), Nicholas Stains, Arsene Kaho, El Hadramy Oubeid (all AFR), Ignatius de Bidegain (FAD), and Mehmet Cangul (Resident Representative) held discussions with the Nigerien authorities remotely during March 31-April 8, 2020.

CONTENTS

CONTEXT 4

INITIAL CRISIS RESPONSE 4

POLICY ISSUES AND DISCUSSIONS 5

A. The Revised Economic Outlook 5

B. Policies to Contain the Economic and Social Fallout from the Crisis 6

C. Fiscal Policy 7

ACCESS AND CAPACITY TO REPAY 8

A. Access level and modalities 8

B. Debt Sustainability, Capacity to Repay, and Safeguards Assessment 10

PROGRAM UNDER THE CONCURRENT ECF ARRANGEMENT 10

STAFF APPRAISAL 11

FIGURES

1. Recent Economic Developments and Outlook 12
2. Fiscal Developments 2010–19 13
3. GDP Composition and Output Volatility 14
4. Tax Performance, 2015–19 15

TABLES

1. Selected Economic and Financial Indicators, 2017–25 16
2. Financial Operations of the Central Government, 2017–25 (In billions of CFA francs) 17
3. Financial Operations of the Central Government, 2017–25 (In percent of GDP) 18
4. Monetary Survey, 2017–25 19
5. Balance of Payments, 2017–25 (In billions of CFA francs) 20
6. Balance of Payments, 2017–25 (In percent of GDP) 21
7. Indicators of Financial Soundness, Dec. 2013-Jun. 2019 22
8. Indicators of Capacity to Repay the Fund, 2019-31 23
9. Proposed Disbursements Scheduled Under the ECF Arrangement, 2017–20 24

ANNEX

I. Bank-Fund Debt Sustainability Analysis ____ 25

APPENDIX

I. Letter of Intent ____ 35

CONTEXT

1. The government is seeking emergency financial support from the Fund under the RCF (SDR83.66 million or 63.6 percent of quota) to counter the challenges brought on by the COVID-19 pandemic. It is upending the economic outlook for 2020, though the longer-term prospects should remain largely intact. Growth is bound to be sharply lower, public finances face a triple challenge from lower revenues, higher spending needs, and tighter financial conditions. Niger's external position will deteriorate on account of lower export earnings, reduced FDI, and smaller portfolio inflows to finance the government. The pandemic comes on top of many challenges Niger already faced before. While its generally reform-minded government with a strong parliamentary majority is an asset, Niger's level of human development is amongst the world's lowest, terrorism in the Sahel is mounting, and climate change is already making itself felt.

2. Prior to the COVID-19 pandemic, the economic outlook was reasonably promising. Growth had picked up to just above 6 percent in recent years, thanks to success with attracting FDI for large-scale projects, rising donor support, and economic reforms. Construction of a pipeline for crude-oil exports from 2022 has begun, which was expected to nudge up growth to average above 7 percent over the next five years. Inflation has stayed well below the 3 percent WAEMU convergence criterium in recent years and a reading of 2 percent was expected for 2020.

3. Performance under the ECF-supported program has been broadly satisfactory. The current ECF arrangement (SDR118.44 million or 90 percent of quota) has accompanied Niger's reform efforts since January 2017 and runs through end-July 2020. The 5th program review, completed on January 8, 2020, attests broadly satisfactory overall program performance. Since then, performance has been more mixed, with difficulties in sufficiently holding back spending as revenues underperformed. Difficulties in recalibrating program parameters amid a still fluid global economic outlook preclude conduct of the 6th program review on the normal schedule. As a result, the authorities previously requested an extension of the program and now request rephasing the final disbursement due to the delay.

INITIAL CRISIS RESPONSE

4. The government was quick in responding to the globally spreading COVID-19. An inter-ministerial committee headed by the Prime Minister was established in February 2020. A plan to coordinate the government's response, conduct awareness campaigns, establish testing capacities, and equipping entry points, especially airports, to check arrivals was swiftly executed. Quarantine requirements were successively tightened, culminating in the closure of all borders on March 19, 2020. The President declared a state of emergency on March 29, 2020, including a restriction of movement and a nightly curfew in the capital Niamey. The first COVID-19 infection was detected on March 19, 2020. Cases have since multiplied and several deaths have occurred.

5. A broader COVID-19 response plan was unveiled to the donor community on March 25, 2020. It comprises not only health policy measures but also steps to contain the social and economic fallout from the crisis. Full implementation would cost CFAF 597 billion (7.6 percent of GDP) and require large grants from the international community to be affordable. A more focused set of concrete measures was announced in the President's emergency-declaration speech.

POLICY ISSUES AND DISCUSSIONS

The discussions with the authorities centered on assessing the economic impact of the pandemic, devising an appropriate policy response, and considering the fiscal implications.

A. The Revised Economic Outlook

6. **Economic activity will suffer through lower export demand, implementation delays for large-scale projects, and tighter financial conditions**. Niger's economy is relatively insulated due to the large share of subsistence agriculture, oil production that is primarily destined for the domestic market, and uranium exports that are governed by long-term contracts. But just as in the global "great recession," when Niger's GDP growth ground to a halt in 2009, the current global downturn is set to reverberate through the economy: (i) Niger's net exports of agricultural products will decline as oil-dependent Nigeria falls into a recession; (ii) a hiatus in the implementation of the large-scale foreign projects is likely due to curtailed foreign supplies and workers; and (iii) sharply higher interest-rate spreads for emerging market economies are likely to trickle down to regional financial markets, thereby deteriorating the availability and the pricing of credit to the private sector.

7. **The authorities and staff agreed to lower projections for real GDP growth in 2020 from 6 percent to 1 percent**. Construction, commerce and trade, agriculture, and the hospitality industry are most affected. The revision is similar to that in other WAEMU countries—Niger is less integrated in global value chains, has no significant tourism industry, and is less immediately exposed to global commodity prices, but is more closely linked to the likely particularly pronounced economic downturn in Nigeria. The pandemic-related economic disruptions are assumed to have run their course in the second half of 2020, with growth in 2021 somewhat higher than earlier projected and the previous GDP trajectory nearly re-attained in 2022. The authorities expect a temporary sharp rise in food price inflation for the next few months due to physical and financial disruptions to import activity, hoarding by households, and speculative behavior. Consumer prices could rise by 4.4 percent in 2020 before inflation normalize to below the WAEMU norm of 3 percent from next year.

8. **The authorities and staff both felt that the balance of risks to this outlook are tilted to the downside**. While more short-lived global economic disruptions from the pandemic followed by a sharp rebound are possible, it is more likely that reduced economic activity persists for longer and leaves hysteresis effects in its wake. It may also be difficult to revive the economic dynamism that Niger had developed around the large-scale projects. Another important risk is a further degradation of the security situation in the Sahel.

B. Policies to Contain the Economic and Social Fallout from the Crisis

9. Regarding the government's first plank of the response plan, health policy is immediately focused on prevention and containment, to be followed by a more general strengthening of health care capabilities. In the face of limited health care resources, the focus remains on containing the spread of the virus, through restrictions on domestic movements, suspension of international travel except for trade, awareness campaigns, and case tracing. Additional costs relate to the purchase of test kits, protective and other equipment, and the setup of isolation centers. Training would be largely covered through technical assistance by development partners. Niger also plans to hire 1,500 additional health workers, bringing total staff to some 10,500. Broader upgrades to the health care system remain contingent on funding availability.

10. Regarding the second plank, the government is keenly aware of the social hardship the crisis is inflicting. It arises from the pronounced downturn in certain sectors, such as the hospitality, transport, and construction sectors, but above all from the restrictions on movement for the self-employed and informal workers that can no longer fully pursue their trade. Staff welcomed plans to distribute food at reduced prices or for free from the strategic food reserve and plans to waive utility payments for poor households for two months. It suggested that the government also look into expanding cash-transfer programs and providing financial incentives for the opening of mobile money accounts, while targeting all measures as well as practicably possible to those in need.

11. Under the third plank of its response plan, the government seeks to contain the economic fallout from the crisis. The import of pertinent medical goods will be free of tax and customs duties. All importers are allowed to delay the payment of border taxes by up to three months provided they can furnish a bank guarantee. The payment of vehicle vignette taxes will be delayed for two months, as will be deadlines for tax filings in the hospitality, entertainment, and sport sectors. The public transport sector will be VAT exempt during the suspension of its services and the WAEMU directive for a reduced VAT rate for hotels will be transposed. Staff underscored the need to keep tax measures well targeted and avoid a weakening of the tax base by granting undue exemptions. Staff encouraged the authorities to consider accelerating the payment of suppliers to the government and to public enterprises, pushing back tax filing dates more generally with discounts for those paying according to the original schedule, and suspending presumptive taxes on micro enterprises. The authorities cautioned that such measures required expeditious financial support from donors to steer clear of liquidity problems.

12. Domestic economic stabilization measures are flanked by actions on the part of the regional central bank. The central bank (BCEAO) has taken preemptive steps to better satisfy banks' demand for liquidity and mitigate the negative impact of the pandemic on economic activity. This includes raising the liquidity made available to banks, ensuring that refinancing rates remain close to the floor of the monetary policy corridor of 2.5 percent, and expanding collateral to access central bank refinancing. The BCEAO also encouraged commercial banks to fully avail themselves of the regional refinancing scheme for loans to SMEs. Staff advised the authorities to activate already conceived national schemes for better access to credit on an expedited schedule.

13. Close attention will need to be paid to a potential rise in non-performing loans (NPLs) in the banking system. Niger's banking system complies with all prudential ratios, as do all individual banks of significance. NPLs relative to total loans are relatively high at some 15 percent, but the ratio has been stable for many years and did not stand in the way of earning indicators somewhat better than in the region. Nonetheless, NPLs could see a rise, especially for loans to traders. The banking commission's decision to allow recording loans with COVID-19 related payment difficulties as a subcategory of performing loans provides breathing space. The BCEAO is also setting-up a framework with the banking system to support firms under strain. Staff suggested that the government accelerates its payments to suppliers—slow processing and payment of bills is one of the reasons behind Niger's traditionally high NPL ratios.

14. The authorities agreed with staff that safeguards to protect public finances are needed in the scramble to fight the COVID-19 crisis. The assessment and costing of crisis measures are centralized in the Ministry of Finance. To ensure transparency, a supplementary budget will be prepared, covering the new measures and rearranging exiting budget allocations to limit the overall rise in spending. Authorities and staff agreed to remain in close contact and exchange ideas on how best to address the economic and social fallout from the crisis.

C. Fiscal Policy

15. There was consensus that the pandemic would affect public finances predominantly on the revenue side. The 2020 budget came with important revenue measures, but many focused on enforcement that will be difficult to fully execute under current circumstances. With the weak economy disproportionately affecting the relatively tax-rich formal sector and the comparatively easy revenue collections at border posts, revenues are now expected to be 2.2 percent of GDP lower than previously projected. However, authorities and staff do not expect significant revenue losses in the long run due to the temporary nature of both the pandemic itself and the measures taken to fight it.

16. Public spending is bound to rise due to additional health care spending, as well as economic and social mitigation measures. The authorities have called for an increase of health and health-related spending by up to 2 percent of GDP and economic and social mitigation measures will further add to outlays, to the extent that they are not in the form of tax relief. However, the authorities plan to limit the rise of domestically-financed public expenditure to 0.3 percent of GDP compared to what was envisaged in the last ECF review by re-prioritizing existing budget allocations and as donors reshuffle project aid and the international community provides in-kind support, notably for stocking the strategic food reserve.

17. A higher fiscal deficit than previously envisaged for 2020 is appropriate. Staff agreed with the authorities that the fiscal revenue and expenditure pressures should be accommodated, with the deficit reaching 5.0 percent of GDP, compared to 2.7 percent of GDP planned in the

5th program review. Not only would consolidation measures be difficult to implement in the current climate, they would also counterproductively further depress economic activity. Assuming that the economy will rebound next year, the authorities are determined to bring the deficit close to the WAEMU norm of 3 percent of GDP. Additional revenues of between 1 and 2 percent of GDP thanks to the start of crude-oil exports in 2022 should facilitate further consolidation and compensate for the 2020 deficit overrun. Staff encourages the authorities to reach understanding with the WAEMU authorities on a temporary deviation from the fiscal deficit convergence criterion.

Niger: Revision of Fiscal Projections for 2020

	CFAF billions			Percent of GDP 1/	
	5th Review	RFC Request	Revision	RFC Request	Revision
Revenues incl. grants	**1,554**	**1,380**	**-174**	**17.6**	**-2.2**
Grants	557	582	25	7.4	0.3
Revenues excl. grants	**997**	**798**	**-199**	**10.2**	**-2.5**
Tax revenues	924	728	-196	9.3	-2.5
O/w border taxes	270	163	-107	2.1	-1.4
Other	654	565	-89	7.2	-1.1
Non-tax revenues and special accounts	73	70	-3	0.9	0.0
Expenditure	**1,777**	**1,771**	**-6**	**22.6**	**-0.1**
Current and domestically-finance capital	1,164	1,189	25	15.2	0.3
Foreign-financed capital	613	583	-30	7.4	-0.4
Fiscal balance	**-223**	**-391**	**-168**	**-5.0**	**-2.1**
Memorandum item: GDP	8,240	7,830	…	…	…

Source: IMF staff projections.
1/ Based on post COVID-19 GDP projections.

18. A fiscal financing gap is likely to emerge. Niger might also face challenges to satisfy its financing needs in the regional markets, where banks from other WAEMU countries purchase Niger's T-bills and bonds. A debt "reprofiling" operation in January 2020 has reduced roller-over needs when Niger borrowed the equivalent of 1.5 percent of GDP from a foreign commercial bank with a maturity of 10 years and 2 grace years and repaid the equivalent amount in short-term debt held by regional banks. The authorities and staff considered it prudent to design the fiscal program around Niger not raising new funds in the regional and domestic markets on a net basis for the rest of this year. On this basis and considering the higher deficit, a fiscal financing gap of 3 percent of GDP emerges. The part that will be covered by grants reduces the fiscal deficit one-for-one below the 5 percent of GDP mentioned above.

ACCESS AND CAPACITY TO REPAY

A. Access level and modalities

19. The economic disruptions are likely to deteriorate Niger's overall external position. Niger's exports of refined petroleum products will fetch lower prices and other exports, notably in agricultural products, will suffer. Imports will also be below what would have otherwise been the case, reflecting delays in the implementation of the import-intensive foreign-financed projects and the general economic slowdown. On balance though, the trade balance worsens, considering that the government's saving-investment balance deteriorates. A weakening of the capital and financial account is likewise to be expected. Tighter regional financial markets are likely to curtail portfolio investment and FDI will be lower on account of delayed project implementation. The overall external balance deteriorates by CFAF 235 billion (3 percent of GDP)—a financing gap if further recourse to regional international reserves is to be avoided.

20. Disbursements under the ECF arrangement are expected to be delayed, with anticipated slippages in light of the COVID-19 pandemic. Moreover, the severity of the shock and uncertainty about the outlook make it difficult to quickly reach understandings on policies necessary to ensure that the program remains on track to meet its objectives. Because of the urgency of the balance of payments need, and the need for additional time to recalibrate the program, the authorities are requesting an RCF. To ensure maximum possible access under the RCF, a rephasing of the final disbursement under the ECF is also proposed.

21. The requested financing under the exogenous shocks window of the RCF would help fill important gaps in Niger's external, as well as fiscal accounts. Niger was already slated to benefit from sizeable donor support before the pandemic emerged—some 4.1 percent of post-COVID GDP in budget support and 8.1 percent of post-COVID GDP in project support. However, this no longer suffices to cover external financing needs of 14.9 percent of GDP. The requested RCF disbursement would fill about 30 percent of the estimated external financing gap. Niger will also receive debt relief from the CCRT. The authorities are in close contact with other donors to mobilize resources to cover the remainder, and indeed to go further to build defenses in case the considerable downside risks materialized. Several multilaterals, notably the World Bank, the West African Development Bank, the African Development Bank, and the Islamic Development Bank have already announced additional support for the region in help fight the pandemic and its social and economic consequences.

Niger: External Financing Requirements and Sources, 2020

	CFAF billions	Percent of GDP	US$ millions
Financing needs	**1,165**	**14.9**	**1,954**
Current account deficit	1,180	15.1	1,979
O/w grants for budgetary assistance	164	2.1	275
Net payments from the IMF 1/	15	0.2	25
Reserve accumulation (gross)	0	0.0	0
Financing sources	**930**	**11.9**	**1,559**
Capital account	518	6.6	869
O/w project grants	474	6.1	795
Financial account	412	5.3	691
O/w loans for budgetary assistance	156	2.0	262
O/w project loans	154	2.0	258
Financing gap	**-235**	**-3.0**	**-394**
Additional financing resources	**75**	**1.0**	**125**
Financing from the IMF under the RCF	69	0.9	115
Prospective financing from the CCRT	6	0.1	10
Remaining financing gap	**-160**	**-2.0**	**-269**

Source: IMF staff projections.
1/ Before prospective debt service relief from the CCRT.

B. Debt Sustainability, Capacity to Repay, and Safeguards Assessment

22. **Public debt remains sustainable and at "moderate" risk of distress in the debt sustainability analysis** (see DSA annex). Niger's public and publicly guaranteed (PPG) debt is relatively low in nominal and present value (PV) terms at 42 percent and 34 percent at end-2019, respectively, relative to GDP and close to the average of the WAEMU and Sub-Saharan Africa when expressed relative to domestic fiscal revenues. In the baseline scenario, consistent with the macroeconomic framework presented in this report, debt is sustainable—after an uptick by 3.4 percent of GDP in 2020, the debt-to-GDP ratio enters a downward trajectory. Due to an export base that remains feeble until the prospective start of crude-oil exports in 2022, the PV of external PPG debt hovers in the interim around the 180-percent threshold, above which the DSA may consider countries at "high" risk of external debt distress. The one-year breach in 2020 can be discounted though as it reflects a temporary setback in exports and unavoidable temporary recourse to external borrowing, both due to the COVID-19 outbreak. Additional export or commodity price shocks would entail a breach of applicable thresholds. Accordingly, the DSA rates Niger's risk of debt distress as "moderate"—unchanged from the last edition in June 2019.

23. **Niger's capacity to repay its obligations to the Fund is adequate**. The disbursement under the proposed RCF, together the remaining purchase under the ECF, would bring Niger's outstanding obligations to the Fund in 2020 to 3 percent of GDP, equivalent to 218.3 percent of quota. The associated debt service would remain modest in subsequent years, not exceeding 0.2 percent of GDP or 1.5 percent of export earnings annually. Remaining risks to Niger's repayment capacity are mitigated by commitments under the existing ECF-supported program.

24. **The BCEAO has only one recommendation outstanding from the 2018 safeguards assessment**. The outstanding recommendation relates to the strengthening of the risk management function, which is in process. The assessment found that overall the central bank has maintained a strong control culture.

PROGRAM UNDER THE CONCURRENT ECF ARRANGEMENT

25. **The authorities' medium-term macroeconomic policies will remain guided by the objectives of the ECF-supported program**. Maintaining macroeconomic stability is the core goal, with prudent fiscal policy making the final consolidation push in 2021 and 2022, underpinned by reforms to mobilize domestic revenues and improve spending quality. Now is also an opportune time to aggressively implement schemes to improve access to credit, thereby countering the likely financing squeeze and supporting the broader goal to foster private-sector development. The government attaches great importance to its program commitment to good governance. It is paramount to ensure that financial assistance received for emergency spending is used for its intended purposes. Due to the difficulties to conclude the program review on time and to ensure

maximum access under the RCF, the authorities are also requesting a rephasing of the final disbursement under the ECF-supported program, with June 27, 2020 as new availability date.

STAFF APPRAISAL

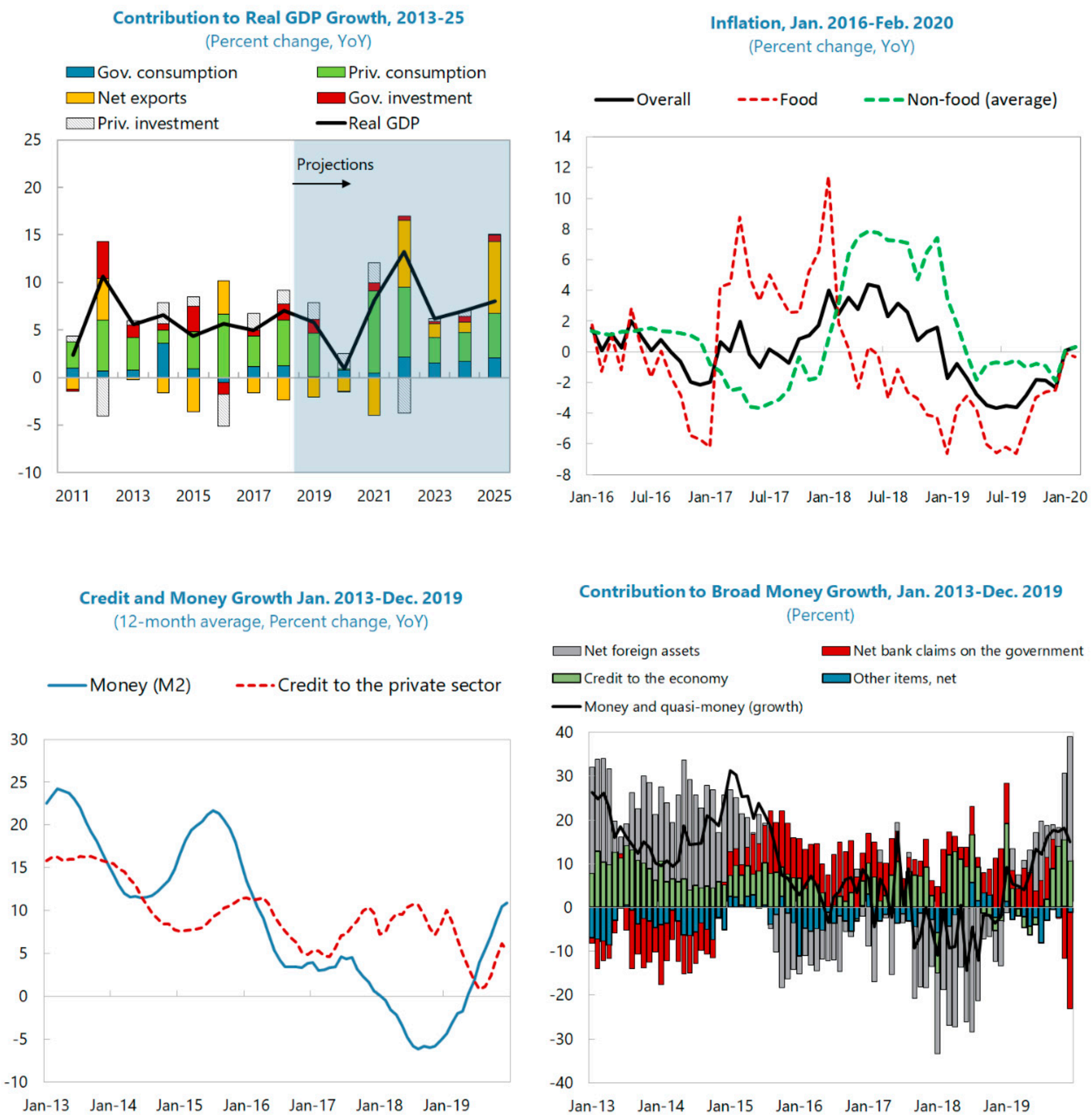
26. Niger is confronting the challenges from COVID-19 pandemic in a broadly appropriate way. Considering the constraints in the health care system, the focus is rightly on prevention and containment, while ramping up capacities as much as possible. Accommodating the fiscal pressures from the pandemic, seeking external financial support, and putting in place a package of targeted measures to contain the economic and social fallout from the pandemic are appropriate. Staff welcomes centralizing the costing, assessment, and comprehensive oversight of crisis measures at the Ministry of Finance. It looks forward to accompanying the authorities as they further develop their economic response to the crisis.

27. Staff welcomes the authorities' continuing commitment to sound medium-term policies as envisaged under the ECF-supported program. Fiscal consolidation once the COVID-19 pandemic will have passed, underpinned by revenue mobilization and spending quality improvements, should preserve public debt sustainability and macroeconomic stability. This commitment and Niger's satisfactory track record of reform implementation mitigate risks for the Fund.

28. Staff supports the authorities' request for the use of Fund resources in the amount of SDR 83.66 million, equivalent to 63.6 percent of quota under the RCF, provided that the Board approves the requested rephasing. The sharp slowdown of economic growth, fiscal pressures, and the tightening of financial conditions give rise to urgent balance of payments needs that borrowing under the RCF would help address. Staff also supports the authorities' request for rephasing under the ECF-supported program.

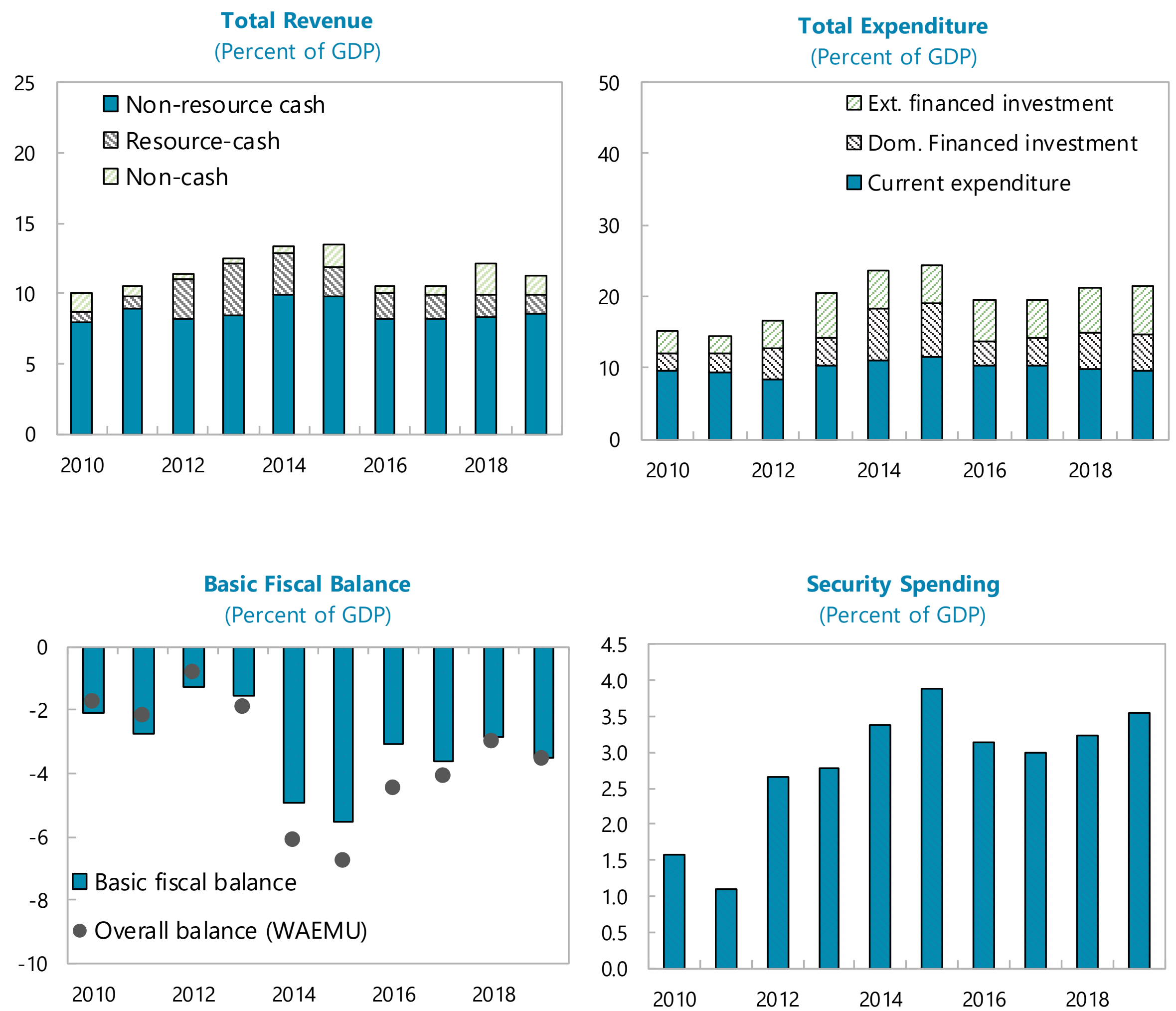
29. Staff supports the authorities' call for further financial support from the international community. Not only are additional resources required to fill the financing gap in Niger's balance of payments that would remain despite the requested disbursement under the RCF, strong defenses against downside risks to the outlook presented here are essential and additional measures to cushion the economic and social consequences of the pandemic would be desirable.

Figure 1. Niger: Recent Economic Developments and Outlook



Sources: Nigerien authorities; and IMF staff calculations.

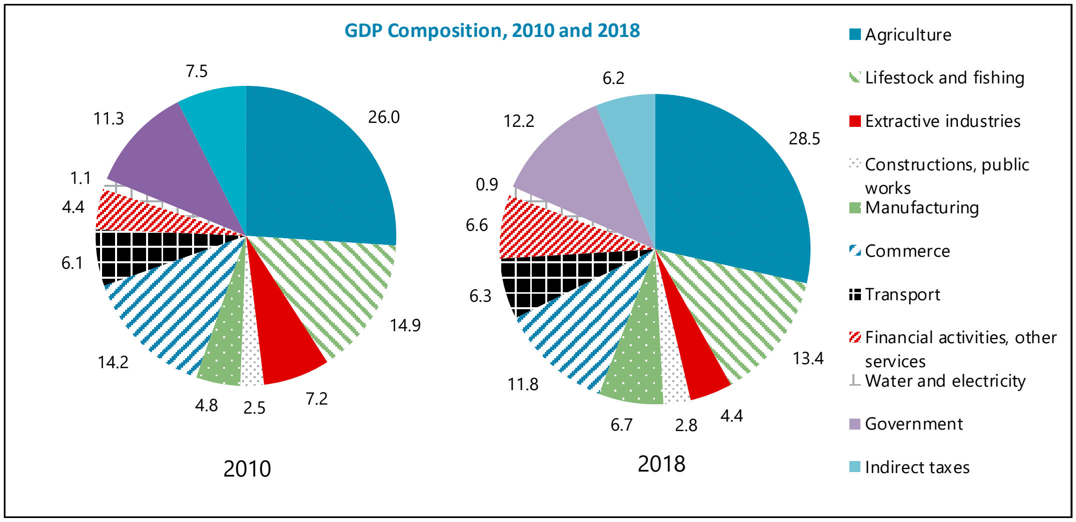
Figure 2. Niger: Fiscal Developments 2010–19



Sources: Nigerien authorities; and IMF staff calculations.

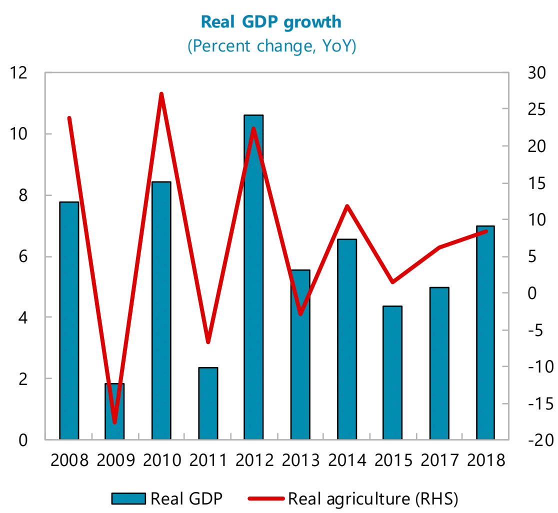
Figure 3. Niger: GDP Composition and Output Volatility

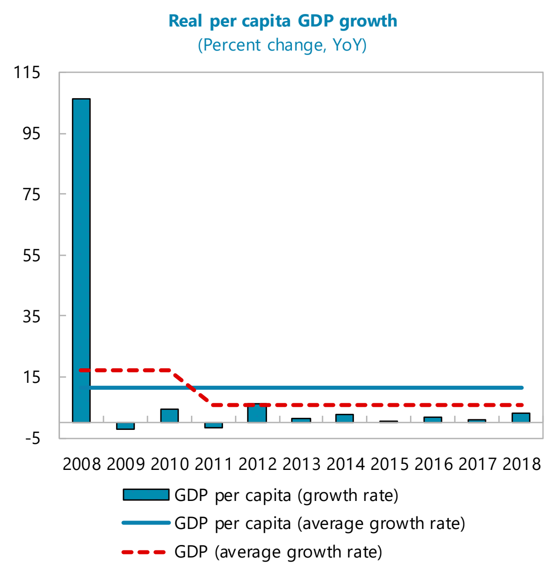
The share of the extractive industries in GDP remains low and has further declined in response to the lower international prices. The share of agriculture and livestock continues to dominate.



As a consequence, GDP growth is highly volatile and is driven by the impact of climatic shocks on agriculture.

Per capita GDP growth is highly volatile and, due to high population growth, is on average low.

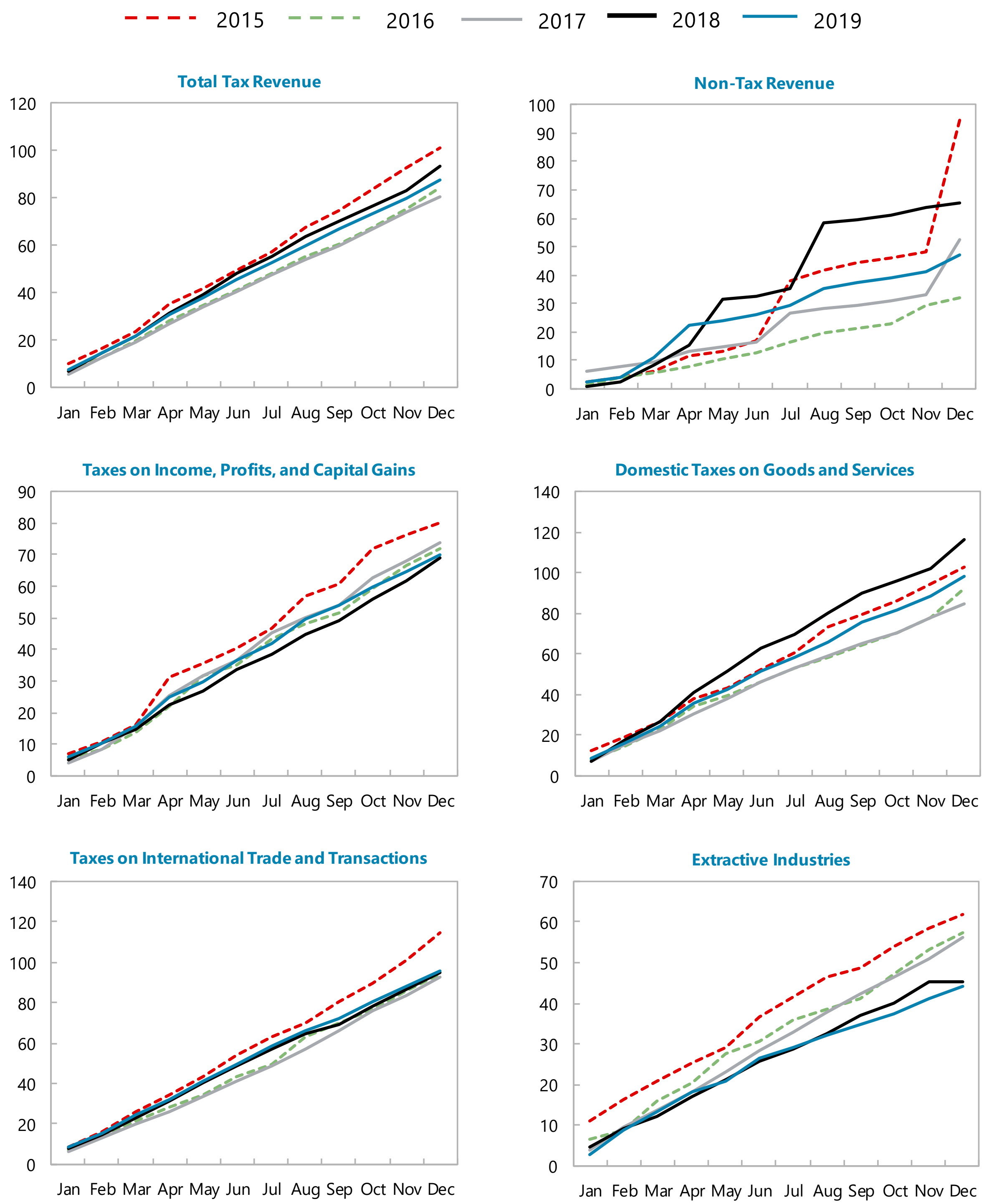




Sources: Nigerien authorities; and IMF staff calculations.

Figure 4. Niger: Tax Performance, 2015–19

(Cumulative values, December 2014 = 100, nominal GDP discounted)



Sources: Nigerien authorities; and IMF staff calculations.

Table 1. Niger: Selected Economic and Financial Indicators, 2017–25

	2017	2018	2019		2020		2021	2022	2023	2024	2025
			5th Review	Est.	5th Review	Proj.	Projections				
			(Annual percentage change, unless otherwise indicated)								
National income and prices											
GDP at constant prices	5.0	7.0	6.3	5.8	6.0	1.0	8.1	13.2	6.2	7.0	8.1
Oil production (thousand barrels per day)	18	17	20	20	20	20	20	70	83	97	110
GDP deflator	1.3	2.6	1.0	0.5	2.0	2.4	2.0	2.0	2.0	2.0	2.0
Consumer price index											
Annual average	0.2	2.8	-1.8	-2.5	2.0	4.4	1.7	2.0	2.0	2.0	2.0
End-of-period	1.7	1.6	-1.8	-2.3	2.0	2.7	2.0	2.0	2.0	2.0	2.0
External sector											
Exports, f.o.b. (CFA francs)	14.5	-4.5	10.7	11.7	12.0	-3.9	20.7	54.7	13.0	13.2	14.6
Of which: non-uranium exports	22.6	3.5	10.3	11.6	15.7	-3.6	25.3	59.8	14.7	14.7	8.1
Imports, f.o.b (CFA francs)	11.7	11.6	19.0	14.7	14.9	7.8	17.1	-4.6	-1.0	4.1	8.6
Export volume	11.5	-5.2	4.6	6.0	11.4	0.5	15.2	66.8	11.0	11.2	14.9
Import volume	9.6	8.7	20.0	11.8	14.7	8.1	19.5	-4.7	-1.4	2.0	6.7
Terms of trade (deterioration -)	0.8	-2.0	6.7	2.7	0.3	-4.1	6.9	-7.4	1.4	-0.3	-2.0
Government finances											
Total revenue	5.7	26.7	0.4	-1.6	15.1	-5.9	31.4	25.3	11.1	11.6	12.1
Total expenditure and net lending	6.7	18.8	7.6	8.4	9.7	8.5	5.9	9.7	7.3	10.0	11.5
Current expenditure	5.6	6.0	5.2	2.3	9.3	17.0	3.7	14.7	11.1	12.0	13.6
Capital expenditure	7.8	33.0	9.7	13.8	10.1	1.8	7.8	5.4	3.7	8.0	9.2
			(Annual percentage change, unless otherwise indicated)								
Money and credit											
Domestic credit	11.4	11.4	7.8	-12.2	8.9	3.9	14.3	12.9	11.6	14.8	12.0
Credit to the government (net)	48.1	127.8	8.0	-89.5	8.3	-46.7	1.1	50.7	20.9	-22.0	4.6
Credit to the economy	7.7	-4.5	7.7	13.0	9.1	5.4	14.5	12.4	11.4	15.5	12.1
Net domestic assets	10.9	13.4	12.5	-18.6	13.0	0.8	24.8	20.4	12.8	14.1	17.5
Broad money	-4.9	-2.1	8.0	15.0	8.4	-0.7	13.1	14.6	12.6	13.2	15.8
Velocity of broad money (ratio)	5.6	6.3	6.3	5.8	6.2	6.1	5.9	6.0	5.7	5.5	5.3
			(Percent of GDP, unless otherwise indicated)[4]								
Government finances											
Total revenue	10.5	12.1	11.4	11.2	12.1	10.2	12.2	13.2	13.5	13.8	14.1
Total expenditure and net lending	19.5	21.1	21.3	21.5	21.6	22.6	21.7	20.6	20.4	20.6	20.8
Current expenditure	10.3	9.9	9.8	9.6	9.9	10.8	10.2	10.1	10.4	10.6	11.0
Capital expenditure	9.3	11.2	11.5	12.0	11.7	11.8	11.6	10.5	10.1	10.0	9.9
Basic balance (excl. grants)[1]	-3.6	-2.9	-2.6	-3.5	-2.0	-5.0	-2.1	-1.1	-1.1	-1.2	-1.5
Overall balance (commitment basis, incl. grants)[2]	-4.1	-3.0	-2.8	-3.6	-2.7	-5.0	-3.3	-2.6	-2.5	-2.5	-2.5
Gross investment	28.1	29.0	31.8	30.2	32.6	31.5	31.3	24.6	23.5	23.1	22.0
Non-government investment	18.8	18.7	20.3	19.2	20.9	20.6	20.8	15.0	14.3	13.9	13.0
Government investment	9.3	10.3	11.5	11.0	11.7	10.8	10.6	9.7	9.3	9.2	9.1
Gross national savings	16.7	16.3	17.7	17.0	16.7	16.4	14.8	14.9	15.6	16.4	15.5
Of which: non-government	14.6	12.5	13.3	12.9	12.5	15.0	11.3	10.9	11.6	12.2	11.4
Domestic savings	14.8	14.4	14.9	14.3	13.8	14.1	13.0	13.8	14.9	15.9	15.5
External current account balance											
Excluding official grants	-13.5	-14.7	-16.9	-16.0	-17.9	-17.4	-18.4	-11.0	-9.1	-7.9	-7.7
External current account balance (incl. grants)	-11.4	-12.7	-14.1	-13.2	-15.9	-15.1	-16.6	-9.7	-7.9	-6.7	-6.5
Debt-service ratio as percent of:											
Exports of goods and services	5.1	7.1	7.2	7.2	8.3	13.0	13.5	10.6	9.8	7.9	7.1
Government revenue	6.2	6.7	7.4	7.6	8.3	14.3	14.0	12.8	11.9	9.6	8.8
Total public and publicly-guaranteed debt [3]	39.6	39.0	40.3	42.0	39.7	45.4	43.7	40.1	39.3	38.3	37.1
Public and publicly-guaranteed external debt	25.7	25.4	28.0	26.5	28.0	30.3	29.7	27.3	26.9	26.4	25.6
NPV of external debt	23.1	24.5	19.4	18.5	19.6	21.8	21.1	19.3	18.8	18.5	17.9
Public domestic debt [3]	13.9	13.6	12.2	15.5	11.7	15.1	14.0	12.7	12.4	11.9	11.5
Foreign aid	7.7	8.4	11.4	10.8	9.9	14.4	9.6	8.0	7.4	7.2	6.8
			(Billions of CFA francs)								
GDP at current market prices (revised national accounts)	6,486	7,121	7,621	7,574	8,240	7,830	8,633	9,971	10,803	11,795	13,000
GDP at current market prices (former national accounts)	4,726	5,175	5,555	5,504	6,009	5,690	6,274	7,246	7,851	8,572	9,447
GDP at current prices (annual percentage change)	6.4	9.8	7.3	6.4	8.2	3.4	10.3	15.5	8.3	9.2	10.2

Sources: Nigerien authorities; and IMF staff estimates and projections.

[1] Revenue excluding grants minus expenditure excluding foreign-financed capital expenditure.

[2] Revenue including grants minus expenditure; WAEMU anchor.

[3] Includes from 2017 onward debt associated with commercial PPPs, standing at some 4.7 and 4.2 percent of GDP in 2017 and 2018 respectively, and gradually being paid off through 2033.

[4] In percent of GDP as revised in the context of the mirgation to SNA2008.

Table 2. Niger: Financial Operations of the Central Government, 2017–25

(In billions of CFA francs)

	2017	2018	2019		2020		2021	2022	2023	2024	2025
			5th Review	Est.	5th Review	Proj.	Projections				
Total revenue	681	862	866	848	997	798	1,049	1,315	1,460	1,630	1,828
Of which: cash revenue	646	706	772	750	915	716	…	…	…	…	…
Tax revenue	620	788	806	784	924	728	959	1,206	1,335	1,492	1,673
International trade	172	194	222	209	270	163	269	345	380	420	475
Goods and services	234	354	313	317	355	312	380	471	513	574	645
Income	171	176	204	189	221	186	224	287	319	364	403
Other	43	64	67	69	78	68	86	103	124	135	149
Nontax revenue	49	67	43	51	58	55	66	80	95	105	119
Special accounts revenue	12	8	17	14	15	15	24	28	30	33	36
Total expenditure and net lending	1267	1,505	1,620	1,632	1,777	1,771	1,875	2,058	2,209	2,431	2,709
Of which: domestically financed	916	1,067	1,068	1,116	1,164	1,189	1,231	1,423	1,581	1,774	2,019
Of which: domestically financed, cash	881	911	974	1,018	1,082	1,107	…	…	…	…	…
Total current expenditure	667	707	744	723	813	846	878	1,007	1,119	1,253	1,424
Budgetary expenditure	643	688	718	691	788	821	859	985	1,095	1,228	1,396
Wages and salaries	270	273	285	282	293	296	318	369	412	464	531
Goods and services	112	135	114	109	129	137	142	165	185	208	238
Transfers and subsidies	215	213	245	225	281	304	294	341	382	430	492
Interest	47	68	74	75	84	84	105	110	118	127	135
Of which: external debt	16	21	27	22	33	33	43	47	50	52	55
Adjustments to fiscal expenditure	-1	-1	0	0	0	0	0	0	0	0	0
Special accounts expenditure [1]	24	19	26	32	25	25	19	22	23	26	28
Capital expenditure and net lending	600	798	876	908	964	925	998	1,051	1,090	1,178	1,285
Capital expenditure	600	798	876	908	964	925	998	1,051	1,090	1,178	1,285
Domestically-financed	250	360	324	393	352	343	354	416	462	520	595
Of which: domestically-financed, cash	215	204	230	294	270	261	…	…	…	…	…
Externally-financed	351	438	552	516	613	583	644	635	628	657	690
Of which: grants	201	303	341	321	411	429	403	378	367	382	422
loans	150	135	211	195	202	154	241	257	261	275	268
Net lending	0	0	0	0	0	0	0	0	0	0	0
Overall balance (commitment)	-586	-643	-753	-783	-780	-973	-826	-743	-749	-801	-881
Overall balance (commitments, WAEMU anchor)	-267	-214	-214	-269	-223	-390	-286	-256	-269	-294	-323
Basic balance (excl. budget grants) [2]	-236	-204	-202	-267	-167	-390	-182	-109	-120	-143	-191
Basic balance (incl. budget grants)	-118	-79	-3	-74	-20	-227	-45	1	-8	-19	-55
Change in payment arrears and float	-54	-11	-44	-3	0	0	0	0	0	0	0
Of which: change in payment arrears	-54	-11	-44	-44	0	0	0	0	0	0	0
Overall balance (cash)	-640	-654	-797	-786	-780	-973	-826	-743	-749	-801	-881
Financing	640	654	797	786	780	738	766	738	749	801	881
External financing	480	563	813	783	740	816	730	681	682	750	795
Grants	319	429	539	514	557	582	540	487	479	507	558
Of which: budget financing	118	126	199	193	147	164	137	109	112	124	136
Loans	183	166	329	306	258	310	287	308	319	338	332
Of which: budget financing	33	31	118	111	56	156	46	51	57	63	64
Amortization	-21	-32	-56	-37	-76	-76	-97	-114	-116	-95	-96
Debt relief (incl. debt under discussion)	0	0	0	0	0	0	0	0	0	0	0
Domestic financing	160	91	-16	3	40	-78	36	58	67	51	87
Banking sector	105	47	22	-149	25	-14	0	8	5	-6	1
IMF	19	18	32	21	3	15	-16	-18	-21	-22	-23
Statutory advances (including other advances)	-8	-9	0	-8	0	0	0	0	0	0	0
Deposits with BCEAO	-65	62	-1	-101	-1	-1	0	-5	-10	-15	-20
Government securities net and others	160	-24	-9	-61	23	-28	17	31	36	31	44
Nonbanking sector	55	43	-38	152	15	-64	36	50	62	57	86
Financing gap (+)	0	0	0	0	0	235	60	5	0	0	0

Sources: Nigerien authorities; and IMF staff estimates and projections.

[1] The special accounts include the financing on the National Retirement Fund, Priority Investments Fund, and Fund for Continuous Professional Development.

[2] Revenues minus expenditure net of externally-financed capital expenditure.

Table 3. Niger: Financial Operations of the Central Government, 2017–25

(In percent of GDP)

	2017	2018	2019		2020		2021	2022	2023	2024	2025
			5th Review[3]	Est.	5th Review[3]	Proj.	Projections				
Total revenue	10.5	12.1	11.4	11.2	12.1	10.2	12.2	13.2	13.5	13.8	14.1
Of which: cash revenue	10.0	9.9	10.1	9.9	11.1	9.1	...	...	...	...	...
Tax revenue	9.6	11.1	10.6	10.3	11.2	9.3	11.1	12.1	12.4	12.7	12.9
International trade	2.7	2.7	2.9	2.8	3.3	2.1	3.1	3.5	3.5	3.6	3.7
Goods and services	3.6	5.0	4.1	4.2	4.3	4.0	4.4	4.7	4.7	4.9	5.0
Income	2.6	2.5	2.7	2.5	2.7	2.4	2.6	2.9	3.0	3.1	3.1
Other	0.7	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1
Nontax revenue	0.7	0.9	0.6	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.9
Special accounts revenue	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Total expenditure and net lending	19.5	21.1	21.3	21.5	21.6	22.6	21.7	20.6	20.4	20.6	20.8
Of which: domestically financed	14.1	15.0	14.0	14.7	14.1	15.2	14.3	14.3	14.6	15.0	15.5
Of which: domestically financed, cash	13.6	12.8	12.8	13.4	13.1	14.1	...	...	...	...	...
Total current expenditure	10.3	9.9	9.8	9.6	9.9	10.8	10.2	10.1	10.4	10.6	11.0
Budgetary expenditure	9.9	9.7	9.4	9.1	9.6	10.5	10.0	9.9	10.1	10.4	10.7
Wages and salaries	4.2	3.8	3.7	3.7	3.6	3.8	3.7	3.7	3.8	3.9	4.1
Goods and services	1.7	1.9	1.5	1.4	1.6	1.8	1.6	1.7	1.7	1.8	1.8
Transfers and subsidies	3.3	3.0	3.2	3.0	3.4	3.9	3.4	3.4	3.5	3.6	3.8
Interest	0.7	0.9	1.0	1.0	1.0	1.1	1.2	1.1	1.1	1.1	1.0
Of which: external debt	0.3	0.3	0.4	0.3	0.4	0.4	0.5	0.5	0.5	0.4	0.4
Adjustments to fiscal expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special accounts expenditure[1]	0.4	0.3	0.3	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Capital expenditure and net lending	9.3	11.2	11.5	12.0	11.7	11.8	11.6	10.5	10.1	10.0	9.9
Capital expenditure	9.3	11.2	11.5	12.0	11.7	11.8	11.6	10.5	10.1	10.0	9.9
Domestically-financed	3.8	5.1	4.3	5.2	4.3	4.4	4.1	4.2	4.3	4.4	4.6
Of which: domestically financed, cash	3.3	2.9	3.0	3.9	3.3	3.3	...	...	...	...	...
Externally-financed	5.4	6.2	7.2	6.8	7.4	7.4	7.5	6.4	5.8	5.6	5.3
Of which: grants	3.1	4.3	4.5	4.2	5.0	5.5	4.7	3.8	3.4	3.2	3.2
loans	2.3	1.9	2.8	2.6	2.5	2.0	2.8	2.6	2.4	2.3	2.1
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (commitment)	-9.0	-9.0	-9.9	-10.3	-9.5	-12.4	-9.6	-7.5	-6.9	-6.8	-6.8
Overall balance (commitments, WAEMU anchor)	-4.1	-3.0	-2.8	-3.6	-2.7	-5.0	-3.3	-2.6	-2.5	-2.5	-2.5
Basic balance (excl. budget grants)[2]	-3.6	-2.9	-2.6	-3.5	-2.0	-5.0	-2.1	-1.1	-1.1	-1.2	-1.5
Basic balance (incl. budget grants)	-1.8	-1.1	0.0	-1.0	-0.2	-2.9	-0.5	0.0	-0.1	-0.2	-0.4
Change in payment arrears and float	-0.8	-0.2	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: change in payment arrears	-0.8	-0.2	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash)	-9.9	-9.2	-10.5	-10.4	-9.5	-12.4	-9.6	-7.5	-6.9	-6.8	-6.8
Financing	9.9	9.2	10.5	10.4	9.5	9.4	8.9	7.4	6.9	6.8	6.8
External financing	7.4	7.9	10.7	10.3	9.0	10.4	8.5	6.8	6.3	6.4	6.1
Grants	4.9	6.0	7.1	6.8	6.8	7.4	6.3	4.9	4.4	4.3	4.3
Of which: budget financing	1.8	1.8	2.6	2.5	1.8	2.1	1.6	1.1	1.0	1.1	1.0
Loans	2.8	2.3	4.3	4.0	3.1	4.0	3.3	3.1	3.0	2.9	2.6
Of which: budget financing	0.5	0.4	1.6	1.5	0.7	2.0	0.5	0.5	0.5	0.5	0.5
Amortization	-0.3	-0.5	-0.7	-0.5	-0.9	-1.0	-1.1	-1.1	-1.1	-0.8	-0.7
Debt relief (incl. debt under discussion)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing	2.5	1.3	-0.2	0.0	0.5	-1.0	0.4	0.6	0.6	0.4	0.7
Banking sector	1.6	0.7	0.3	-2.0	0.3	-0.2	0.0	0.1	0.0	-0.1	0.0
IMF	0.3	0.3	0.4	0.3	0.0	0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Statutory advances (including other advances)	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with BCEAO	-1.0	0.9	0.0	-1.3	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2
Government securities net and others	2.5	-0.3	-0.1	-0.8	0.3	-0.4	0.2	0.3	0.3	0.3	0.3
Nonbanking sector	0.8	0.6	-0.5	2.0	0.2	-0.8	0.4	0.5	0.6	0.5	0.7
Financing gap (+)	0.0	0.0	0.0	0.0	0.0	3.0	0.7	0.1	0.0	0.0	0.0

Sources: Nigerien authorities; and IMF staff estimates and projections.

[1] The special accounts include the financing on the National Retirement Fund, Priority Investments Fund, and Fund for Continuous Professional Development.

[2] Revenues minus expenditure net of externally-financed capital expenditure.

[3] In percent of GDP as revised in the context of the mirgation to SNA2008.

Table 4. Niger: Monetary Survey, 2017–25

	2017	2018	2019		2020		2021	2022	2023	2024	2025
			5th Review[1]	Est.	5th Review[1]	Proj.	Projections				
					(Billions of CFA francs)						
Net foreign assets	441	321	312	641	297	626	631	676	759	850	963
BCEAO	356	260	251	466	236	452	457	502	585	675	788
Commercial banks	84	61	61	174	61	174	174	174	174	174	174
Net domestic assets	711	806	905	656	1,023	661	825	993	1,120	1,279	1,503
Domestic credit	1,013	1,128	1,216	991	1,324	1,030	1,177	1,329	1,482	1,701	1,905
Net bank claims on government	122	277	300	29	324	15	16	24	29	22	23
BCEAO	5	75	106	-11	108	3	-14	-37	-68	-105	-148
Claims	131	140	172	154	175	169	153	134	113	91	69
Of which: statutory advances	21	12	5	5	3	3	0	0	0	0	0
Deposits	-126	-65	-66	-165	-67	-166	-166	-171	-181	-196	-216
Commercial banks	117	202	193	40	216	13	29	61	97	127	171
Claims	261	344	335	168	358	140	157	188	224	255	298
Deposits	-144	-142	-142	-127	-142	-127	-127	-127	-127	-127	-127
Credit to other sectors	891	851	916	962	999	1,014	1,161	1,305	1,454	1,679	1,882
Of which: credit to the private sector	741	727	787	847	863	897	1,034	1,167	1,307	1,522	1,712
Other items, net	-302	-323	-310	-335	-301	-369	-352	-335	-362	-422	-402
Money and quasi-money	1,151	1,127	1,218	1,296	1,320	1,287	1,456	1,670	1,880	2,128	2,466
Currency outside banks	490	480	519	527	563	523	592	679	764	866	1,003
Deposits with banks	661	647	699	769	757	764	864	991	1,115	1,263	1,463
					(Annual percentage change, unless otherwise indicated)						
Net foreign assets	-22.7	-27.0	-3.1	99.4	-4.8	-2.3	0.8	7.1	12.3	11.9	13.3
BCEAO	-22.3	-26.9	-3.8	79.1	-6.0	-3.1	1.1	9.8	16.6	15.5	16.7
Commercial banks	-24.5	-27.6	0.0	186.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net domestic assets	10.9	13.4	12.5	-18.6	13.0	0.8	24.8	20.4	12.8	14.1	17.5
Domestic credit	11.4	11.4	7.8	-12.2	8.9	3.9	14.3	12.9	11.6	14.8	12.0
Net bank claims on the government	48.1	127.8	8.0	-89.5	8.3	-46.7	1.1	50.7	20.9	-22.0	4.6
BCEAO	-91.9	1,500	41.1	-115.0	1.8	-124.8	-583.7	173.2	84.1	54.2	40.6
Of which: statutory advances	-29.0	-41.6	-55.7	-55.7	-50.0	-50.0	-100.0	...	...	...	...
Commercial banks	386.2	72.6	-4.3	-80.0	11.8	-68.5	130.1	107.6	59.5	31.7	34.3
Claims	54.9	31.6	-2.6	-51.2	6.8	-16.5	11.8	20.1	19.2	13.7	17.1
Deposits	-0.3	-1.6	0.0	-10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to other sectors	7.7	-4.5	7.7	13.0	9.1	5.4	14.5	12.4	11.4	15.5	12.1
Of which: credit to the private sector	4.8	-1.9	8.2	16.5	9.6	5.8	15.3	12.8	12.0	16.4	12.5
Other items, net	12.5	6.8	-4.0	3.8	-3.1	10.0	-4.5	-4.8	8.0	16.7	-4.8
Broad money	-4.9	-2.1	8.0	15.0	8.4	-0.7	13.1	14.6	12.6	13.2	15.8
Memorandum items:											
Velocity of broad money (ratio)	5.6	6.3	6.3	6.0	6.2	6.1	5.9	6.0	5.7	5.5	5.3
Credit to the economy (percent of GDP)	13.7	12.0	12.0	12.7	12.1	13.0	13.5	13.1	13.5	14.2	14.5
Credit to the private sector (percent of GDP)	11.4	10.2	10.3	11.2	10.5	11.5	12.0	11.7	12.1	12.9	13.2
GDP at current prices (annual percent change)	6.4	9.8	7.3	6.4	8.2	3.4	10.3	15.5	8.3	9.2	10.2

Sources: BCEAO; and IMF staff estimates and projections.

[1] In percent of GDP as revised in the context of the mirgation to SNA2008.

Table 5. Niger: Balance of Payments, 2017–25

(In billions of CFA francs, unless otherwise indicated)

	2017	2018	2019		2020		2021	2022	2023	2024	2025
			5th Review	Est.	5th Review	Proj.	Projections				
Current account balance	-742	-903	-1,075	-1,003	-1,311	-1,180	-1,431	-969	-851	-793	-849
Balance on goods, services, and income	-981	-1,173	-1,423	-1,344	-1,622	-1,504	-1,736	-1,257	-1,148	-1,109	-1,158
Balance on goods	-436	-599	-769	-707	-904	-850	-970	-411	-219	-90	4
Exports, f.o.b	700	668	740	747	828	717	866	1,339	1,513	1,712	1,963
Uranium	168	117	132	132	125	125	123	152	152	151	276
Oil	151	129	136	138	137	104	99	455	568	691	805
Other products	381	422	472	477	567	488	644	733	793	870	882
Imports, f.o.b	1,136	1,268	1,508	1,454	1,733	1,567	1,836	1,751	1,732	1,803	1,958
Food products	263	315	296	299	318	325	365	370	395	428	444
Petroleum products	74	59	71	72	74	46	54	62	68	74	79
Capital goods	294	362	470	443	570	506	583	538	496	497	550
Other products	505	532	672	640	770	690	834	781	773	804	886
Services and income (net)	-545	-573	-654	-637	-717	-654	-766	-846	-929	-1,019	-1,162
Services (net)	-440	-466	-539	-523	-593	-537	-636	-696	-735	-783	-876
Income (net)	-105	-107	-115	-114	-124	-118	-130	-150	-195	-236	-286
Of which: interest on external public debt	-16	-21	-27	-22	-33	-33	-43	-47	-50	-52	-55
Unrequited current transfers (net)	240	270	347	341	311	324	304	288	297	317	309
Private (net)	107	128	132	132	148	144	151	163	170	178	159
Public (net)	132	142	215	210	163	180	153	125	127	139	150
Of which: grants for budgetary assistance	118	126	199	193	147	164	137	109	112	124	136
Capital and financial account	610	793	1,065	1,322	1,295	930	1,376	1,009	934	883	962
Capital account	237	347	411	390	512	518	521	474	479	437	482
Private capital transfers	33	41	42	42	46	44	53	49	50	55	60
Project grants	201	303	368	348	466	474	468	425	429	382	422
Nonproduced, nonfinancial assets	3	3	0	0	0	0	0	0	0	0	0
Financial account	373	446	655	932	783	412	855	535	455	446	479
Direct investment	180	237	340	338	528	393	655	253	154	120	133
Portfolio investment	31	79	33	186	45	-76	19	47	55	45	69
Other investment	162	130	281	408	210	95	182	236	246	280	277
Public sector (net)	161	134	273	269	182	234	190	193	203	243	237
Disbursements	183	166	329	306	258	310	287	308	319	338	332
Loans for budgetary assistance	33	31	118	111	56	156	46	51	57	63	64
Project loans	150	135	211	195	202	154	241	257	261	275	268
Amortization	21	32	56	37	76	76	97	114	116	95	96
Other (net)	1	-5	8	139	28	-139	-8	42	43	37	41
Errors and omissions	2	-10	0	0	0	0	0	0	0	0	0
Overall balance	-129	-119	-10	320	-15	-249	-55	40	83	90	113
Financing	129	119	10	-320	15	15	-5	-45	-83	-90	-113
Net foreign assets (BCEAO)	102	96	10	-206	15	15	-5	-45	-83	-90	-113
Of which: net use of Fund resources	19	18	32	21	3	15	-16	-18	-21	-22	-23
Net foreign assets (commercial banks)	27	23	0	-113	0	0	0	0	0	0	0
Rescheduling obtained	0	0	0	0	0	0	0	0	0	0	0
Financing gap	0	0	0	0	0	235	59	5	0	0	0
Prospective exceptional financing from the RCF	…	…	…	…	…	69	…	…	…	…	…
Prospective exceptional financing from the CCRT [1]	…	…	…	…	…	6	16	5	…	…	…
Memorandum items:											
Current account balance, excluding grants	-874	-1,045	-1,290	-1,212	-1,474	-1,360	-1,584	-1,094	-978	-932	-999
Exports of goods and services	830	806	882	889	997	880	1,087	1,583	1,766	1,977	2,241
Pooled gross international reserves, WAEMU (in USD billion)	13.0	14.9	…	17.5	…	…	…	…	…	…	…
Pooled gross international reserves, WAEMU (in CFAF billion)	7,184	8,561	…	10,357	…	…	…	…	…	…	…
In months of next year's imports of goods and services	4.0	4.5	…	5.4	…	…	…	…	…	…	…
In percent of broad money	29.4	31.1	…	34.1	…	…	…	…	…	…	…
GDP at current prices	6,486	7,121	7,621	7,574	8,240	7,830	8,633	9,971	10,803	11,795	13,000

Sources: Nigerien authorities; and IMF staff estimates and projections.

[1] The grant for debt service falling due in the 18 months from October 14, 2020 is subject to availability of resources under the CCRT.

Table 6. Niger: Balance of Payments, 2017–25

(In percent of GDP)

	2017	2018	2019		2020		2021	2022	2023	2024	2025
			5th Review[1]	Est.	5th Review[1]	Proj.	Projections				
Current account balance	-11.4	-12.7	-14.1	-13.2	-15.9	-15.1	-16.6	-9.7	-7.9	-6.7	-6.5
Balance on goods, services, and income	-15.1	-16.5	-18.7	-17.7	-19.7	-19.2	-20.1	-12.6	-10.6	-9.4	-8.9
Balance on goods	-6.7	-8.4	-10.1	-9.3	-11.0	-10.8	-11.2	-4.1	-2.0	-0.8	0.0
Exports, f.o.b	10.8	9.4	9.7	9.9	10.1	9.2	10.0	13.4	14.0	14.5	15.1
Uranium	2.6	1.6	1.7	1.7	1.5	1.6	1.4	1.5	1.4	1.3	2.1
Oil	2.3	1.8	1.8	1.8	1.7	1.3	1.1	4.6	5.3	5.9	6.2
Other products	5.9	5.9	6.2	6.3	6.9	6.2	7.5	7.3	7.3	7.4	6.8
Imports, f.o.b	17.5	17.8	19.8	19.2	21.0	20.0	21.3	17.6	16.0	15.3	15.1
Food products	4.1	4.4	3.9	3.9	3.9	4.2	4.2	3.7	3.7	3.6	3.4
Petroleum products	1.1	0.8	0.9	0.9	0.9	0.6	0.6	0.6	0.6	0.6	0.6
Capital goods	4.5	5.1	6.2	5.9	6.9	6.5	6.7	5.4	4.6	4.2	4.2
Other products	7.8	7.5	8.8	8.4	9.3	8.8	9.7	7.8	7.2	6.8	6.8
Services and income (net)	-8.4	-8.0	-8.6	-8.4	-8.7	-8.4	-8.9	-8.5	-8.6	-8.6	-8.9
Services (net)	-6.8	-6.5	-7.1	-6.9	-7.2	-6.9	-7.4	-7.0	-6.8	-6.6	-6.7
Income (net)	-1.6	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.8	-2.0	-2.2
Of which: interest on external public debt	-0.3	-0.3	-0.4	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.4	-0.4
Unrequited current transfers (net)	3.7	3.8	4.6	4.5	3.8	4.1	3.5	2.9	2.8	2.7	2.4
Private (net)	1.7	1.8	1.7	1.7	1.8	1.8	1.8	1.6	1.6	1.5	1.2
Public (net)	2.0	2.0	2.8	2.8	2.0	2.3	1.8	1.3	1.2	1.2	1.2
Of which: grants for budgetary assistance	1.8	1.8	2.6	2.5	1.8	2.1	1.6	1.1	1.0	1.1	1.0
Capital and financial account	9.4	11.1	14.0	17.5	15.7	11.9	15.9	10.1	8.6	7.5	7.4
Capital account	3.7	4.9	5.4	5.2	6.2	6.6	6.0	4.7	4.4	3.7	3.7
Private capital transfers	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Project grants	3.1	4.3	4.8	4.6	5.7	6.1	5.4	4.3	4.0	3.2	3.2
Nonproduced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	5.8	6.3	8.6	12.3	9.5	5.3	9.9	5.4	4.2	3.8	3.7
Direct investment	2.8	3.3	4.5	4.5	6.4	5.0	7.6	2.5	1.4	1.0	1.0
Portfolio investment	0.5	1.1	0.4	2.5	0.5	-1.0	0.2	0.5	0.5	0.4	0.5
Other investment	2.5	1.8	3.7	5.4	2.5	1.2	2.1	2.4	2.3	2.4	2.1
Public sector (net)	2.5	1.9	3.6	3.5	2.2	3.0	2.2	1.9	1.9	2.1	1.8
Disbursements	2.8	2.3	4.3	4.0	3.1	4.0	3.3	3.1	3.0	2.9	2.6
Loans for budgetary assistance	0.5	0.4	1.6	1.5	0.7	2.0	0.5	0.5	0.5	0.5	0.5
Project loans	2.3	1.9	2.8	2.6	2.5	2.0	2.8	2.6	2.4	2.3	2.1
Amortization	0.3	0.5	0.7	0.5	0.9	1.0	1.1	1.1	1.1	0.8	0.7
Other (net)	0.0	-0.1	0.1	1.8	0.3	-1.8	-0.1	0.4	0.4	0.3	0.3
Errors and omissions	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-2.0	-1.7	-0.1	4.2	-0.2	-3.2	-0.6	0.4	0.8	0.8	0.9
Financing	2.0	1.7	0.1	-4.2	0.2	0.2	-0.1	-0.4	-0.8	-0.8	-0.9
Net foreign assets (BCEAO)	1.6	1.3	0.1	-2.7	0.2	0.2	-0.1	-0.4	-0.8	-0.8	-0.9
Of which: net use of Fund resources	0.3	0.3	0.4	0.3	0.0	0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Net foreign assets (commercial banks)	0.4	0.3	0.0	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling obtained	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	3.0	0.7	0.1	0.0	0.0	0.0
Prospective exceptional financing from the RCF	…	…	…	…	…	0.9	…	…	…	…	…
Prospective exceptional financing from the CCRT [2]	…	…	…	…	…	0.1	0.2	0.1	…	…	…
Memorandum items:											
Current account balance, excluding grants (in percent of GDP)	-13.5	-14.7	-16.9	-16.0	-17.9	-17.4	-18.4	-11.0	-9.1	-7.9	-7.7
Exports of goods and services (in percent of GDP)	12.8	11.3	11.3	11.7	11.7	11.2	12.6	15.9	16.3	16.8	17.2
Pooled gross international reserves, WAEMU (in USD billion)	13.0	14.9	…	17.5	…	…	…	…	…	…	…
Pooled gross international reserves, WAEMU (in CFAF billion)	7,184	8,561	…	10,357	…	…	…	…	…	…	…
In months of next year's imports of goods and services	4.0	4.5	…	5.4	…	…	…	…	…	…	…
In percent of broad money	29.4	31.1	…	34.1	…	…	…	…	…	…	…

Sources: Nigerien authorities; and IMF staff estimates and projections.

[1] In percent of GDP as revised in the context of the mirgation to SNA2008.

[2] The grant for debt service falling due in the 18 months from October 14, 2020 is subject to availability of resources under the CCRT.

Table 7. Niger: Indicators of Financial Soundness, Dec. 2012-Jun. 2019

(In percent)

	2012 Dec.	2013 Dec.	2014 Dec.	2015 Dec.	2016 Dec.	2017 Dec.	2018 Jun.[1]	2018 Dec.[1]	2019 Jun.[1]
Solvency Ratios									
Regulatory capital to risk-weighted assets	17.5	16.2	16.2	13.5	13.9	16.8	13.3	12.3	12.8
Tier 1 capital to risk-weighted assets	17.5	15.7	14.4	7.7	13.5	16.4	13.2	12.3	12.8
CET1 capital to risk-weighted assets	...	...	...	...	...	...	13.2	12.3	12.8
Provisions to risk-weighted assets	10.4	12.1	13.0	12.6	12.1	14.0	11.9	8.7	8.2
Capital to total assets	10.5	9.6	9.0	7.6	8.9	9.4	9.1	8.3	8.0
Composition and Quality of Assets									
Total loans to total assets	60.0	57.5	54.2	57.0	58.1	55.4	56.6	52.9	52.8
Concentration [2]	130.8	126.1	108.8	170.9	144.5	98.8	96.0	93.4	92.5
Gross NPLs to total loans	17.1	16.4	17.6	15.5	17.7	18.8	19.0	17.0	15.1
Provisioning rate	54.6	67.4	66.8	71.4	66.5	66.1	65.9	59.0	58.2
Net NPLs to total loans	8.6	6.0	6.6	5.0	6.7	7.3	7.4	7.8	6.9
Net NPLs to capital	49.2	36.1	39.9	37.5	43.7	42.8	46.3	49.4	45.7
Earnings and Profitability									
Average cost of borrowed funds	2.2	2.0	2.0	1.3	2.2	2.2	...	2.4	...
Average interest rate on loans	10.5	10.1	9.7	6.1	8.8	8.4	...	8.9	...
Average interest rate (after taxes on financial operations)	8.3	8.1	7.7	4.8	6.6	6.3	...	6.6	...
After-tax return on average assets (ROA)	0.8	1.4	1.8	2.5	1.8	1.6	0.9	1.7	...
After-tax return on average equity (ROE)	7.4	12.6	20.5	26.0	19.5	15.4	8.0	15.0	...
Non-interest expenses to net banking income	54.5	51.5	49.8	51.8	56.5	59.3	53.1	59.9	...
Salaries and wages to net banking income	23.3	23.5	22.2	23.6	25.9	25.5	24.5	25.9	...
Liquidity									
Liquid assets to total assets	32.5	30.3	29.2	31.4	30.0	29.2	29.9	27.0	28.6
Liquid assets to total deposits	51.4	49.7	46.0	50.9	51.1	53.4	55.6	49.1	52.2
Total loans to total deposits	104.7	105.8	96.7	104.0	112.3	116.0	120.3	107.0	105.9
Total deposits to total liabilities	63.2	61.0	63.5	61.7	58.7	54.6	53.8	55.0	54.7
Sight deposits to total liabilities	42.0	40.1	41.1	37.9	36.6	35.3	33.1	35.3	35.2
Term deposits to total liabilities	21.2	21.0	22.4	23.8	22.0	19.3	20.7	19.7	19.5

Source: BCEAO.

[1] Compilation according to Basel II/III. Not comparable to earlier years.

[2] Credit to the 5 biggest borrowers to regulatory capital.

Table 8. Niger: Indicators of Capacity to Repay the Fund, 2019–31

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	(In millions of SDRs, unless otherwise indicated)												
Fund obligations based on existing credit													
Principal	7.8	11.6	19.1	21.8	25.2	26.1	29.7	23.3	19.5	13.8	9.6	1.4	0.0
Charges and interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fund obligations based on existing and prospective credit													
Principal	7.8	11.6	19.1	21.8	25.2	26.1	38.1	42.9	39.0	33.4	29.1	12.6	0.0
Charges and interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total obligations based on existing and prospective credit													
SDR millions	7.8	11.6	19.1	21.8	25.2	26.1	38.1	42.9	39.0	33.4	29.1	12.6	0.0
CFAF billions	6.3	9.4	15.4	17.6	20.4	21.1	30.8	34.7	31.6	27.0	0.2	0.1	0.0
Percent of exports of goods and services	0.7	1.1	1.4	1.1	1.2	1.1	1.4	1.5	1.3	1.0	0.0	0.0	0.0
Percent of debt service[1]	4.5	3.7	5.0	5.0	5.5	6.9	9.8	10.3	9.0	7.1	0.0	0.0	0.0
Percent of GDP	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0
Percent of tax revenue	0.8	1.3	1.6	1.5	1.5	1.4	1.8	1.9	1.6	1.2	0.0	0.0	0.0
Percent of quota	5.9	8.8	14.5	16.6	19.2	19.8	28.9	32.6	29.6	25.4	22.1	9.6	0.0
Outstanding IMF credit based on existing and prospective drawings													
SDR millions	187.0	287.3	268.2	246.4	221.2	195.1	157.0	114.1	75.1	41.8	12.6	0.0	0.0
CFAF billions	151.4	233.6	216.8	198.9	178.6	157.6	127.1	92.4	60.8	33.8	0.1	0.0	0.0
Percent of exports of goods and services	17.0	26.5	19.9	12.6	10.1	8.0	5.7	3.9	2.4	1.2	0.0	0.0	0.0
Percent of debt service[1]	109.6	91.2	69.6	56.2	48.6	51.6	40.6	27.5	17.3	8.9	0.0	0.0	0.0
Percent of GDP	2.0	3.0	2.5	2.0	1.7	1.3	1.0	0.7	0.4	0.2	0.0	0.0	0.0
Percent of tax revenue	19.3	32.1	22.6	16.5	13.4	10.6	7.6	5.1	3.1	1.6	0.0	0.0	0.0
Percent of quota	142.1	218.3	203.8	187.2	168.1	148.3	119.3	86.7	57.1	31.7	9.6	0.0	0.0
Net use of IMF credit (SDR millions)	26.1	100.3	-19.1	-21.8	-25.2	-26.1	-38.1	-42.9	-39.0	-33.4	-29.2	-12.6	0.0
Disbursements	33.8	111.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	7.8	11.6	19.1	21.8	25.2	26.1	38.1	42.9	39.0	33.4	29.1	12.6	0.0
Memorandum items:													
Exports of goods and services (CFAF billions)	889	880	1,087	1,583	1,766	1,977	2,241	2,355	2,503	2,710	2,898	3,161	3,398
External debt service (CFAF billions)[1]	138	256	311	354	367	305	313	336	351	380	398	423	405
Nominal GDP (CFAF billions)	7,574	7,830	8,633	9,971	10,803	11,795	13,000	13,985	15,113	16,345	17,690	19,185	20,683
Tax revenue (CFAF billions)	784	728	959	1,206	1,335	1,492	1,673	1,825	1,980	2,166	2,370	2,613	2,855
Quota (SDR millions)	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6

Source: IMF staff estimates and projections.

[1] Total external debt service includes IMF repurchases and repayments.

Table 9. Niger: Proposed Disbursements Scheduled Under the ECF Arrangement, 2017–20

Amount (Millions)	Conditions Necessary for Disbursement	Date Available[1/]
SDR 14.1	Executive Board Approval of the ECF Arrangement	January 23, 2017
SDR 14.1	Observance of continuous and end-June 2017 performance criteria, and completion of the first review under the arrangement	December 15, 2017
SDR 14.1	Observance of continuous and end-December 2017 performance criteria, and completion of the second review under the arrangement	June 1, 2018
SDR 14.1	Observance of continuous and end-June 2018 performance criteria, and completion of the third review under the arrangement	December 10, 2018
SDR 33.84	Observance of continuous and end-December 2018 performance criteria, and completion of the fourth review under the arrangement	June 26, 2019
SDR 14.1	Observance of continuous and end-June 2019 performance criteria, and completion of the fifth review under the arrangement	January 8, 2020
SDR 14.1	Observance of continuous and end-December 2019 performance criteria, and completion of the sixth and last review under the arrangement	June 27, 2020
SDR 118.44	Total	

1/ With respect to completed reviews, the date indicated refers to the date of the Executive Board meeting.

Source: International Monetary Fund.

Annex I. Bank-Fund Debt Sustainability Analysis[1/]

The updated DSA incorporates the economic and fiscal effects of the COVID-19 pandemic, as well as the revision of Niger's national accounts in the context of the migration to SNA 2008. Real GDP growth for 2020 has been cut to 1 percent, from 6 percent, and the fiscal deficit is now headed for 5 percent of GDP, compared to 2.7 percent of GDP previously projected. The implied financing gap is assumed to be filled by financial assistance from IFIs and donors at favorable terms. The long-term economic outlook remains largely intact, as does the thrust of economic policies.

This DSA continues to rate Niger's risk of debt distress as "moderate." But the setback from the pandemic has eroded buffers and downside risks to the outlook dominate, underscoring the need to mitigate debt vulnerabilities, especially vigilance in taking on external debt, stepped-up efforts to diversify exports, and attention to fiscal risks from PPPs and SOEs. Stress tests and alternative scenarios continue to demonstrate Niger's vulnerability to commodity price and export shocks.

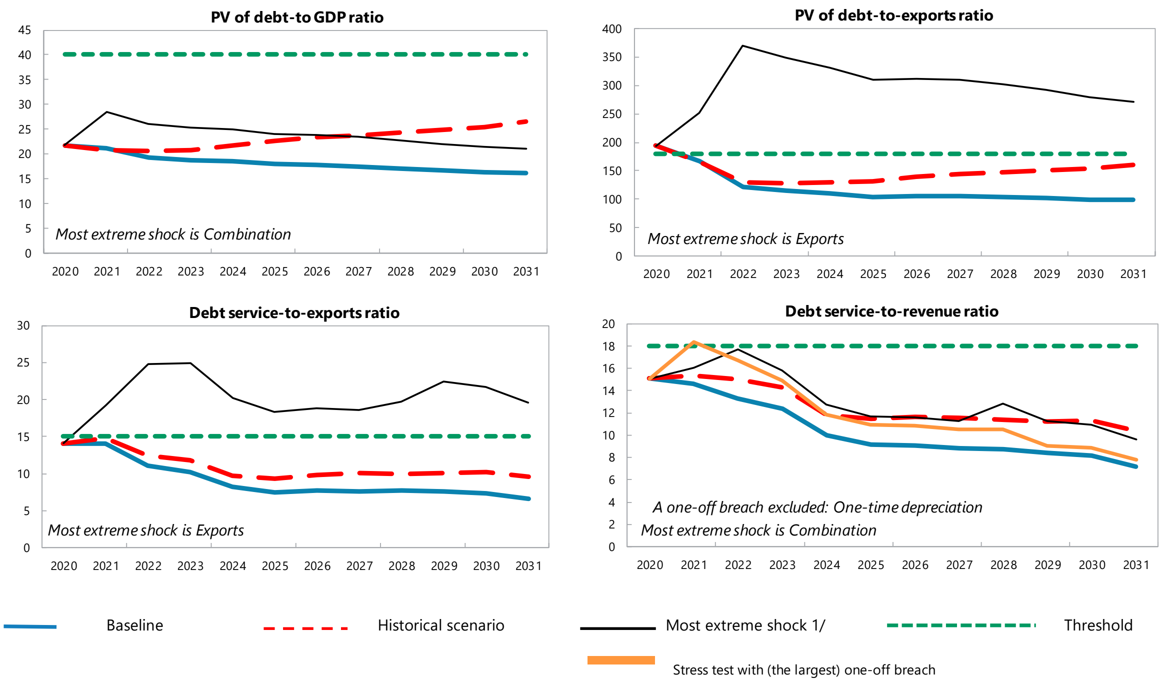
Risk of external debt distress	Moderate[1]
Overall risk of debt distress	Moderate
Granularity in the risk rating	Limited space
Application of judgment	No[2]
Macroeconomic projections	Transitory weakening of economic growth and fiscal balance due to the COVID-19 pandemic
Financing strategy	Additional financial assistance from IFIs and donors on favorable terms
Realism tools flagged	Large unexpected rise in public debt in last five years
Mechanical risk rating under the external DSA	Moderate
Mechanical risk rating under the public DSA	Moderate

[1/]The coverage of the DSA remains unchanged compared to the previous DSA of June 2019 and comprises the central government, including funds borrowed for on-lending to SOEs, and guarantees for external borrowing by the private sector. Extrabudgetary funds no lot exist. Local governments and SOEs are not covered for lack of data.

[1] Niger's debt-carrying capacity remains rated as "medium," with a composite indicator (CI) reading of 2.94 based on the October 2019 vintage of the World Economic Outlook (WEO) and the 2018 CPIA.

[2] One-time breach of the threshold for the PV of PPG external debt in 2020 due to the COVID-19 pandemic is discounted.

Figure 1. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2020–31



Customization of Default Settings		
	Size	Interactions
Tailored Tests		
Combined CLs	No	
Natural Disasters	n.a.	n.a.
Commodity Prices [2/]	No	No
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions for Stress Tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.8%	1.8%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	26	26
Avg. grace period	6	6

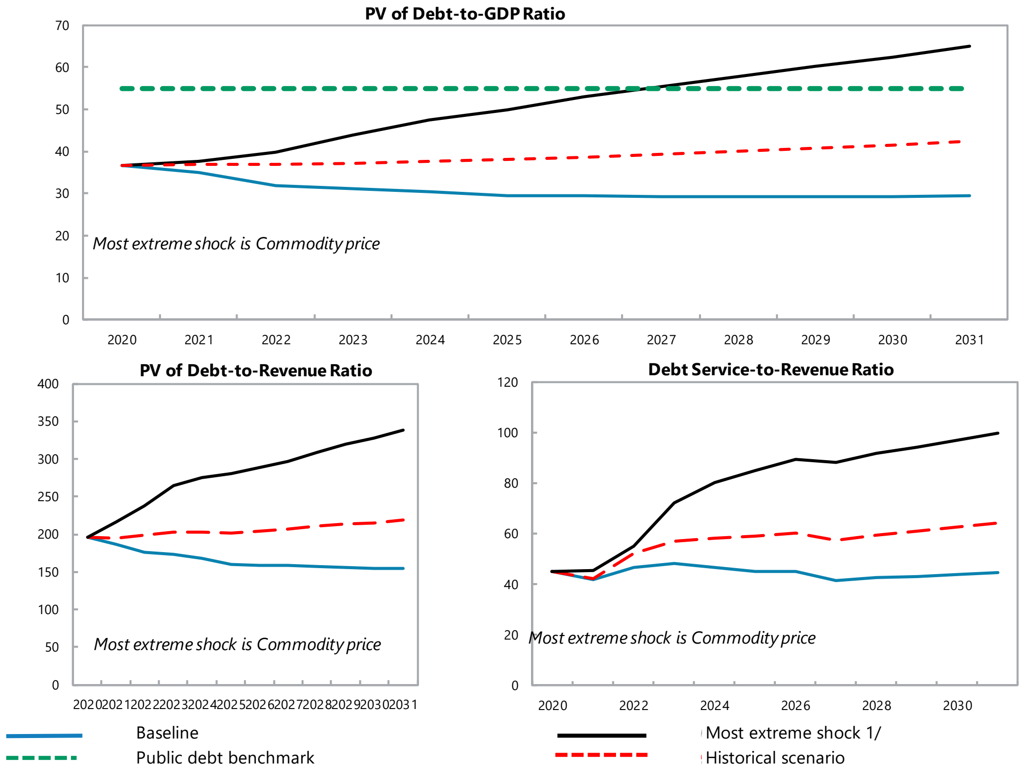
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Niger: Indicators of Public Debt Under Alternative Scenarios, 2020–31



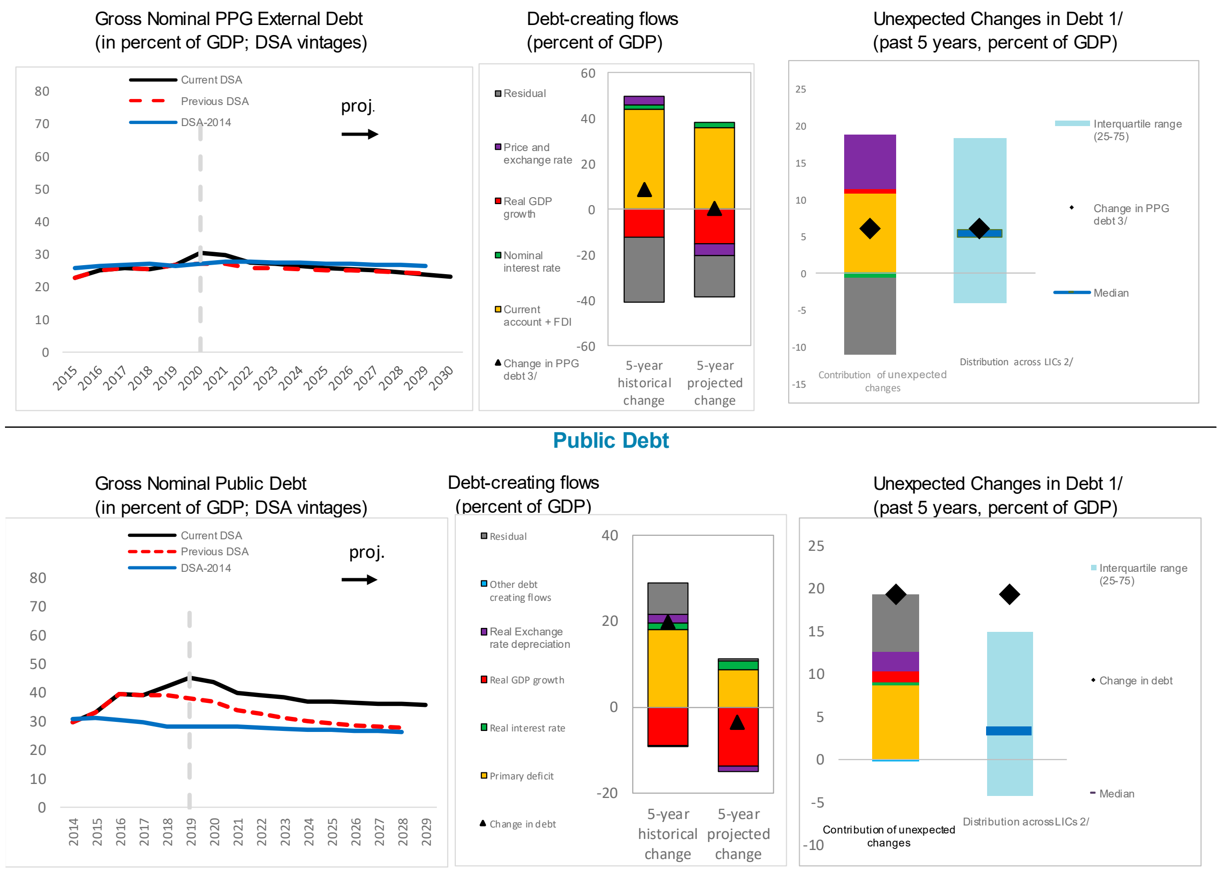
Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	29%	29%
Domestic medium and long-term	28%	28%
Domestic short-term	42%	42%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.8%	1.8%
Avg. maturity (incl. grace period)	26	26
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.4%	4.4%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	4%	4.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Niger: Drivers of Debt Dynamics—Baseline Scenario



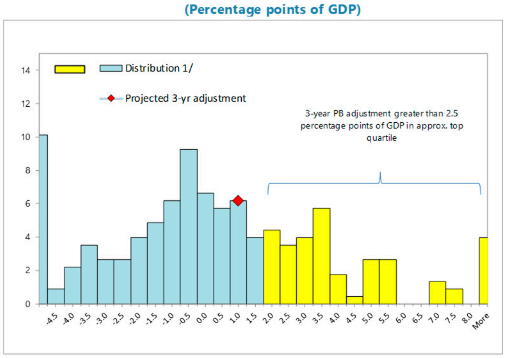
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

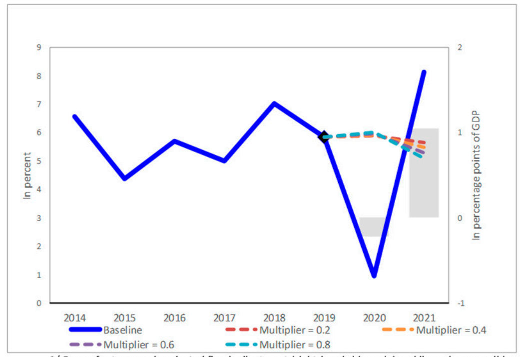
Figure 4. Niger: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



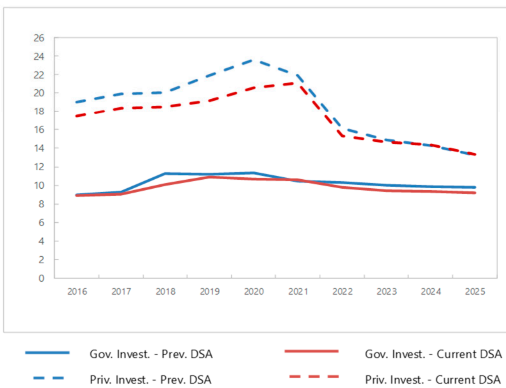
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(% of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

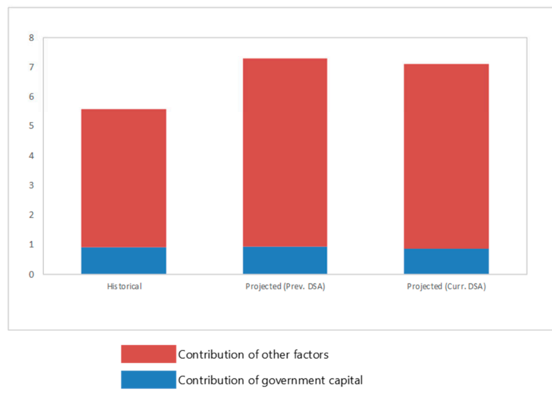
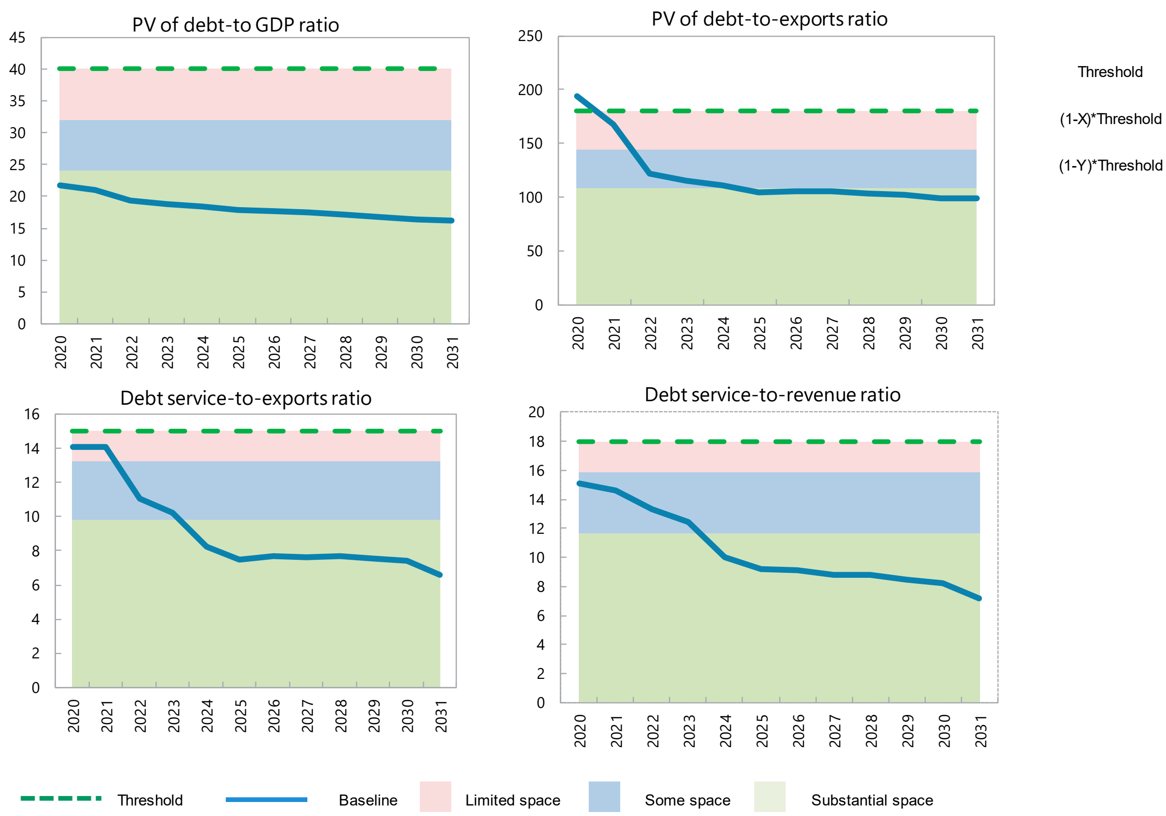


Figure 5. Niger: Qualification of the Moderate Category, 2020–31[1/]



Sources: Country authorities; and staff estimates and projections.

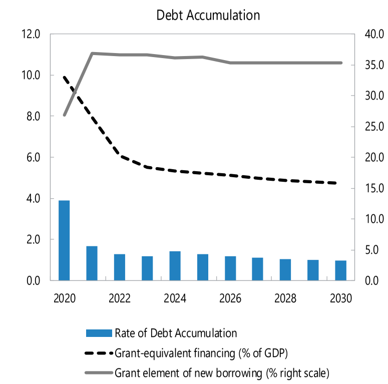
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

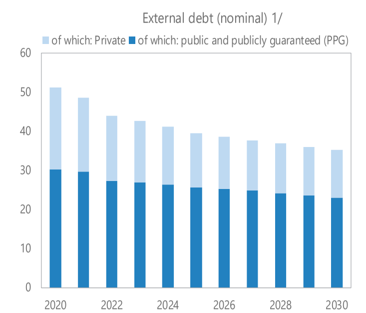
Table 1. Niger: External Debt Sustainability Framework, Baseline Scenario, 2017–40

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	47.8	45.6	48.8	51.1	48.5	44.0	42.7	41.2	39.4	35.2	30.3	41.9	41.0
of which: public and publicly guaranteed (PPG)	25.7	25.4	26.5	30.3	29.7	27.3	26.9	26.4	25.6	23.0	18.2	20.0	26.1
Change in external debt	-0.5	-2.2	3.2	2.3	-2.6	-4.5	-1.3	-1.5	-1.8	-0.8	-0.4		
Identified net debt-creating flows	4.8	3.1	8.4	9.6	5.3	1.6	3.9	3.0	2.5	3.3	7.0	4.7	4.0
Non-interest current account deficit	11.1	12.3	12.9	14.6	16.1	9.2	7.4	6.3	6.1	6.0	10.5	13.1	8.3
Deficit in balance of goods and services	13.5	15.0	16.2	17.7	18.6	11.1	8.8	7.4	6.7	5.7	10.7	15.3	9.2
Exports	12.8	11.3	11.7	11.2	12.6	15.9	16.3	16.8	17.2	16.5	16.3		
Imports	26.3	26.3	28.0	28.9	31.2	27.0	25.2	24.2	23.9	22.2	27.0		
Net current transfers (negative = inflow)	-3.7	-3.8	-4.5	-4.1	-3.5	-2.9	-2.8	-2.7	-2.4	-2.1	-2.7	-3.3	-2.7
of which: official	-2.0	-2.0	-2.8	-2.3	-1.8	-1.3	-1.2	-1.2	-1.2	-1.1	-1.0		
Other current account flows (negative = net inflow)	1.3	1.1	1.1	1.0	1.0	1.0	1.3	1.6	1.8	2.4	2.5	1.1	1.7
Net FDI (negative = inflow)	-2.8	-3.3	-4.5	-5.0	-7.6	-2.5	-1.4	-1.0	-1.0	-1.0	-2.0	-6.5	-2.2
Endogenous debt dynamics 2/	-3.4	-5.8	0.0	0.0	-3.2	-5.0	-2.0	-2.3	-2.6	-1.7	-1.5		
Contribution from nominal interest rate	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3		
Contribution from real GDP growth	-2.2	-2.9	-2.6	-0.5	-3.7	-5.5	-2.5	-2.7	-3.0	-2.1	-1.8		
Contribution from price and exchange rate changes	-1.6	-3.3	2.3	...	...	...	...	...	...	...	...		
Residual 3/	-5.4	-5.3	-5.3	-7.3	-7.9	-6.2	-5.3	-4.4	-4.3	-4.1	-7.4	-2.7	-5.2
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	18.5	21.8	21.1	19.3	18.8	18.5	17.9	16.4	13.2		
PV of PPG external debt-to-exports ratio	...	...	157.8	193.9	167.4	121.4	115.1	110.5	104.1	99.3	81.2		
PPG debt service-to-exports ratio	5.5	7.8	6.9	14.1	14.1	11.1	10.3	8.2	7.5	7.4	6.2		
PPG debt service-to-revenue ratio	6.7	7.3	7.2	15.1	14.6	13.3	12.4	10.0	9.2	8.2	6.3		
Gross external financing need (Million of U.S. dollars)	1055.7	1293.1	1222.7	1523.2	1559.6	1496.0	1473.8	1366.5	1448.4	2073.9	6986.9		
Key macroeconomic assumptions													
Real GDP growth (in percent)	5.0	7.0	5.8	1.0	8.1	13.2	6.2	7.0	8.1	6.3	6.3	6.1	6.7
GDP deflator in US dollar terms (change in percent)	3.4	7.4	-4.8	1.9	3.0	2.5	2.3	2.2	2.2	2.0	2.0	0.0	2.2
Effective interest rate (percent) 4/	0.8	1.0	0.8	1.0	1.2	1.2	1.2	1.1	1.2	1.1	1.0	0.8	1.1
Growth of exports of G&S (US dollar terms, in percent)	16.2	1.5	4.6	-1.4	24.8	46.3	11.9	12.2	13.6	9.1	10.9	4.0	13.0
Growth of imports of G&S (US dollar terms, in percent)	16.2	14.8	7.3	6.5	20.1	0.3	1.4	5.0	9.4	6.9	41.8	4.2	6.8
Grant element of new public sector borrowing (in percent)	...	...	...	26.8	36.8	36.6	36.6	36.2	36.2	35.4	35.4	...	35.1
Government revenues (excluding grants, in percent of GDP)	10.5	12.1	11.2	10.5	12.2	13.2	13.5	13.8	14.1	14.9	16.2	11.6	13.6
Aid flows (in Million of US dollars) 5/	864.0	1072.2	1399.3	1437.4	1360.7	1216.1	1209.8	1276.8	1361.9	1785.6	3581.6		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	9.9	8.0	6.1	5.5	5.3	5.2	4.7	4.4	...	5.9
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	68.8	77.5	75.6	74.7	74.5	76.2	77.8	79.9	...	75.8
Nominal GDP (Million of US dollars)	11,166	12,827	12,928	13,304	14,820	17,198	18,682	20,438	22,570	33,310	73,377		
Nominal dollar GDP growth	8.6	14.9	0.8	2.9	11.4	16.0	8.6	9.4	10.4	8.4	8.4	6.1	9.0
Memorandum items:													
PV of external debt 7/	...	...	40.8	42.6	39.9	35.9	34.6	33.3	31.8	28.6	25.3		
In percent of exports	...	...	347.7	378.8	317.1	226.4	211.8	198.7	184.6	173.3	155.1		
Total external debt service-to-exports ratio	9.1	10.1	9.1	16.8	16.3	12.6	11.7	8.6	7.8	7.6	6.2		
PV of PPG external debt (in Million of US dollars)			2393.8	2899.0	3124.1	3314.6	3516.0	3783.6	4050.0	5450.0	9720.2		
(PVt-PVt-1)/GDPt-1 (in percent)				3.9	1.7	1.3	1.2	1.4	1.3	1.0	0.8		
Non-interest current account deficit that stabilizes debt ratio	11.6	14.4	9.7	12.3	18.6	13.7	8.8	7.7	7.9	6.8	11.0		

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	Yes





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

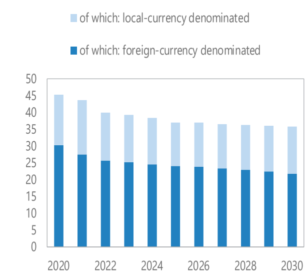
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

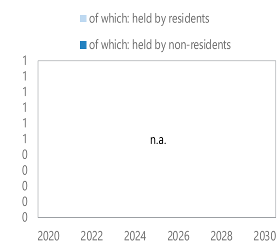
Table 2. Niger: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–40
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	39.6	39.0	42.0	45.4	43.7	40.1	39.3	38.3	37.1	35.9	35.6	27.4	38.7
of which: external debt	25.7	25.4 …		30.3	29.7	27.3	26.9	26.4	25.6	23.0	18.2	19.3	26.1
Change in public sector debt	6.6	-0.6	3.0	3.4	-1.7	-3.6	-0.8	-1.0	-1.2	-0.2	-0.1		
Identified debt-creating flows	-0.4	0.4	1.7	2.3	-1.5	-3.4	-0.6	-0.9	-1.1	-0.3	-0.3	2.2	-0.6
Primary deficit	3.4	2.1	2.6	2.8	1.7	1.4	1.4	1.4	1.4	1.4	1.2	3.0	1.6
Revenue incl. grants	15.4	18.1	18.0	18.8	18.8	18.1	18.0	18.1	18.4	18.9	20.0	16.3	18.5
of which: grants	4.9	6.0	6.8	8.2	6.6	4.9	4.4	4.3	4.3	4.0	3.8		
Primary (noninterest) expenditure	18.8	20.2	20.6	21.5	20.5	19.5	19.4	19.5	19.8	20.3	21.1	19.3	20.1
Automatic debt dynamics	-3.8	-1.6	-0.8	-0.5	-3.2	-4.8	-2.0	-2.3	-2.5	-1.7	-1.4		
Contribution from interest rate/growth differential	-1.3	-2.5	-1.7	0.2	-3.0	-4.8	-2.0	-2.2	-2.5	-1.7	-1.4		
of which: contribution from average real interest rate	0.2	0.1	0.4	0.6	0.4	0.3	0.3	0.4	0.4	0.4	0.7		
of which: contribution from real GDP growth	-1.6	-2.6	-2.1	-0.4	-3.4	-5.1	-2.3	-2.6	-2.9	-2.1	-2.1		
Contribution from real exchange rate depreciation	-2.5	0.9	0.9	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	7.0	-1.0	1.3	0.4	-0.4	-0.3	-0.2	-0.2	-0.2	0.1	0.2	0.4	-0.1
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	34.2	36.7	35.1	32.0	31.2	30.3	29.4	29.2	30.6		
PV of public debt-to-revenue and grants ratio	...	...	190.1	195.8	186.9	176.4	173.8	167.5	160.5	154.9	153.3		
Debt service-to-revenue and grants ratio 3/	20.8	30.8	37.4	45.1	41.8	46.7	48.4	46.8	45.2	43.9	43.8		
Gross financing need 4/	5.8	6.7	9.3	11.2	9.6	9.9	10.1	9.9	9.7	9.7	9.9		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	5.0	7.0	5.8	1.0	8.1	13.2	6.2	7.0	8.1	6.3	6.3	6.1	6.7
Average nominal interest rate on external debt (in percent)	1.4	1.6	1.3	1.6	1.7	1.7	1.6	1.6	1.6	1.6	1.7	1.4	1.6
Average real interest rate on domestic debt (in percent)	4.7	2.0	4.1	2.3	3.1	3.1	3.2	3.4	3.6	4.1	4.4	3.1	3.5
Real exchange rate depreciation (in percent, + indicates depreciation)	-10.4	3.8	3.7	...	...	...	...	...	...	...	...	2.7	...
Inflation rate (GDP deflator, in percent)	1.3	2.6	0.5	2.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Growth of real primary spending (deflated by GDP deflator, in percent)	5.1	14.8	7.8	5.8	2.9	7.8	5.3	8.0	9.5	7.2	6.7	8.6	6.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-3.2	2.6	-0.4	-0.6	3.4	5.0	2.2	2.4	2.6	1.6	1.2	-0.3	2.1
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus extra budgetary funds, central bank, government-guaranteed debt. Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Niger: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–31

	Projections 1/											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PV of debt-to GDP ratio												
Baseline	22	21	19	19	19	18	18	18	17	17	16	16
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2020-2040 2/	22	21	21	21	22	23	23	24	24	25	25	26
B. Bound Tests												
B1. Real GDP growth	22	22	24	23	23	22	22	22	21	21	20	20
B2. Primary balance	22	22	21	21	21	20	20	20	20	19	19	19
B3. Exports	22	23	27	26	26	25	24	24	23	22	21	21
B4. Other flows 3/	22	25	23	23	22	21	21	21	20	20	19	18
B6. One-time 30 percent nominal depreciation	22	26	20	20	20	19	19	19	19	18	18	18
B6. Combination of B1-B5	22	28	26	25	25	24	24	23	23	22	21	21
C. Tailored Tests												
C1. Combined contingent liabilities	22	22	21	21	21	20	20	20	20	19	19	19
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	22	22	22	21	21	20	20	19	19	18	17	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio												
Baseline	**194**	167	121	115	110	104	106	106	103	102	99	98
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2020-2040 2/	194	165	130	127	130	132	139	144	147	151	154	161
B. Bound Tests												
B1. Real GDP growth	194	167	121	115	110	104	106	106	103	102	99	98
B2. Primary balance	194	172	131	126	123	118	120	121	119	118	115	113
B3. Exports	194	**252**	**370**	**348**	**331**	310	312	311	302	293	279	272
B4. Other flows 3/	194	**200**	147	139	133	125	126	126	122	119	114	112
B6. One-time 30 percent nominal depreciation	194	167	102	97	94	89	91	91	89	89	88	88
B6. Combination of B1-B5	194	**262**	131	**237**	**227**	214	217	216	209	206	199	197
C. Tailored Tests												
C1. Combined contingent liabilities	194	178	132	128	124	119	121	122	120	119	116	115
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	194	**205**	150	139	131	120	119	118	114	111	106	104
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio												
Baseline	14	14	11	10	8	7	8	8	8	8	7	7
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2020-2040 2/	14	15	12	12	10	9	10	10	10	10	10	10
B. Bound Tests												
B1. Real GDP growth	14	14	11	10	8	7	8	8	8	8	7	7
B2. Primary balance	14	14	11	10	8	8	8	8	8	8	8	8
B3. Exports	14	19	25	25	20	18	19	19	20	22	22	20
B4. Other flows 3/	14	14	12	11	9	8	8	8	9	9	9	8
B6. One-time 30 percent nominal depreciation	14	14	11	10	8	7	7	7	7	6	6	6
B6. Combination of B1-B5	14	18	23	20	16	15	15	15	17	15	15	13
C. Tailored Tests												
C1. Combined contingent liabilities	14	14	11	11	9	8	8	8	8	8	8	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	14	16	13	12	9	8	8	8	9	9	8	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio												
Baseline	15	15	13	12	10	9	9	9	9	8	8	7
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2020-2040 2/	15	15	15	14	12	11	12	12	11	11	11	10
B. Bound Tests												
B1. Real GDP growth	15	16	16	15	12	11	11	11	11	10	10	9
B2. Primary balance	15	15	13	13	10	10	10	9	9	9	9	8
B3. Exports	15	15	14	14	11	10	10	10	10	12	11	10
B4. Other flows 3/	15	15	14	13	11	10	10	9	10	10	10	9
B6. One-time 30 percent nominal depreciation	15	18	17	15	12	11	11	11	11	9	9	8
B6. Combination of B1-B5	15	16	18	16	13	12	12	11	13	11	11	10
C. Tailored Tests												
C1. Combined contingent liabilities	15	15	14	13	10	10	10	9	9	9	9	8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	15	17	16	15	12	10	10	9	10	10	9	8
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Niger: Sensitivity Analysis for Key Indicators of Public Debt, 2020–31

						Projections						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PV of Debt-to-GDP Ratio												
Baseline	**37**	**35**	**32**	**31**	**30**	**29**	**29**	**29**	**29**	**29**	**29**	**29**
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	37	37	37	37	38	38	39	39	40	41	42	43
B. Bound Tests												
B1. Real GDP growth	37	38	43	44	46	47	49	51	53	55	57	59
B2. Primary balance	37	38	37	36	35	34	33	33	33	32	32	32
B3. Exports	37	37	40	39	37	36	36	35	35	35	34	34
B4. Other flows 2/	37	39	36	35	34	33	33	33	32	32	32	32
B6. One-time 30 percent nominal depreciation	37	39	34	32	30	28	27	26	25	24	23	23
B6. Combination of B1-B5	37	37	36	36	35	34	34	34	34	34	34	35
C. Tailored Tests												
C1. Combined contingent liabilities	37	41	37	36	35	34	33	33	33	32	32	32
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	37	38	40	44	47	50	53	55	58	60	62	65
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**
PV of Debt-to-Revenue Ratio												
Baseline	196	187	176	174	168	160	159	158	157	156	155	155
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	196	195	199	203	203	202	204	207	210	213	215	218
B. Bound Tests												
B1. Real GDP growth	196	199	222	233	239	241	251	261	271	280	287	296
B2. Primary balance	196	202	207	202	193	183	180	178	176	174	171	170
B3. Exports	196	199	219	215	206	196	193	191	189	185	180	178
B4. Other flows 2/	196	209	199	196	188	180	177	176	174	171	168	167
B6. One-time 30 percent nominal depreciation	196	216	194	183	170	156	149	143	137	131	126	122
B6. Combination of B1-B5	196	197	197	195	190	183	182	182	182	181	180	180
C. Tailored Tests												
C1. Combined contingent liabilities	196	221	206	202	193	183	180	178	176	174	171	170
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	196	217	237	265	276	280	289	297	308	319	328	338
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio												
Baseline	45	42	47	48	47	45	45	42	43	43	44	45
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	45	42	52	57	58	59	60	58	60	61	63	64
B. Bound Tests												
B1. Real GDP growth	45	44	56	65	68	71	75	75	79	82	85	88
B2. Primary balance	45	42	54	62	58	55	53	48	48	48	48	48
B3. Exports	45	42	47	50	48	46	46	42	44	45	46	47
B4. Other flows 2/	45	42	47	49	47	46	46	42	44	44	45	46
B6. One-time 30 percent nominal depreciation	45	41	48	48	47	45	45	41	42	42	43	43
B6. Combination of B1-B5	45	41	49	56	55	55	55	52	54	54	55	56
C. Tailored Tests												
C1. Combined contingent liabilities	45	42	62	61	59	54	52	48	47	47	47	47
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	45	46	55	72	80	85	90	88	92	94	97	100
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
2/ Includes official and private transfers and FDI.

Appendix I. Letter of Intent

Niamey, April 8, 2020

Ms. Kristalina Georgieva
International Monetary Fund
700 19th Street, N.W.
Washington, D.C. 20431
USA
Managing Director

Dear Managing Director:

1. The Government of Niger hereby requests a rephasing of the access under the Extended Credit Facility (ECF) arrangement in light of the delay in completing the final program review, with the new availability date for the last disbursement being June 27, 2020.

2. The Government of Niger also requests financial assistance under the Rapid Credit Facility (RCF) in the amount of SDR83.66 million, 63.6 percent of its quota, provided that the Executive Board approves the request for rephasing, to mitigate the adverse economic effects of the COVID-19 pandemic, with the full amount to be disbursed as direct budget support upon approval by the IMF Executive Board. Efforts to secure additional financial resources from the international community are underway.

3. The pandemic is disrupting a hitherto favorable economic outlook. Growth averaged above 6 percent in the last few years and was expected to top 7 percent going forward, reflecting the government's reform program and numerous large-scale foreign-financed projects, notably the construction of a pipeline for crude oil exports. But in the wake of the COVID-19 outbreak, real GDP is expected to grow by just 1 percent this year. The global recession weighs on trade, projects incur delays, financing conditions tighten, and domestic confinement measures to slow the spread of the virus hold back activity. Inflation is likely to temporarily push to 4.4 percent as imports are disrupted and households stockpile food. Risks to this outlook are mainly to the downside. They add to other

challenges that Niger faced all along, notably the tense security situation across the Sahel, adverse climate change, and Nigeria's closure of its border to trade.

4. The Government of Niger is implementing a three-pronged response plan. In the health sector, containment, prevention, and isolation measures were implemented early on and remain the mainstay of the response while health care capacities are being strengthened. Social protection measures are focused on avoiding food shortages, scaling up food and cash assistance for the most vulnerable, and temporarily covering their utility bills. On the economic front, a comprehensive package is to protect core businesses, mainly through temporary tax relief. WAEMU-wide monetary and financial policy measures taken by the BCEAO flank domestic mitigation efforts. The government looks forward to working with IMF staff to further elaborate its crisis response.

5. The pandemic is set to have profound budgetary implications. It will be mainly felt on the revenue side with an expected shortfall of 2.2 percent of GDP. The rise of overall domestically-financed spending is kept to 0.3 percent of GDP despite large increases of health care and related outlays, as well as social and economic mitigation measures, as existing budget allocations are re-prioritized, donors reshuffle project aid, and the international community provides in-kind support. The budget deficit would rise to 5 percent of GDP and, once tighter financing conditions are also factored in, a financing gap of 3 percent of GDP emerges. To the extent that it is filled by budget support grants, the budget deficit retreats below 5 percent of GDP.

6. Niger's external position is also bound to deteriorate relative to previous projections. With exports and imports both suffering, the main impact is through the financial account where foreign direct investment and portfolio investment will likely be lower, reflecting project implementation delays and tighter financial conditions. Additional external financing equivalent to 3 percent of GDP would be required to avoid undue recourse to regional gross international reserves.

7. Despite the economic disruptions in 2020, Niger's public debt sustainability and capacity to repay the Fund should remain intact. Once the dislocations will have run their course, exports should recover, project implementation resume, and economic growth bounce back. The government is committed to bringing the fiscal deficit below 3 percent of GDP, notably with the help of additional revenues from oil exports expected from 2022. On this basis, public debt relative to GDP and external public debt relative to exports should enter downward trajectories from next year.

8. The Government of Niger remains committed to the objectives of its ECF-support program. The unsettled economic outlook precludes concluding the 6th program review on the normal schedule and therefore a rephasing of the final disbursement under the arrangement, which was recently extended to end-July 2020, is also requested. But maintaining macroeconomic stability, strengthening the fiscal revenue base, improving spending efficiency, fostering good governance, and promoting the local formal private sector are still key goals. The government will refrain from crisis measures that would permanently damage the revenue base, maintain fiscal transparency by enshrining fiscal crisis measures in a supplementary budget, centralize the costing and the keeping count of crisis measures at the Ministry of Finance, recognizes the importance of ensuring that financial assistance received is used for its intended purposes, and accelerate the implementation of reforms for better access to credit and stronger social protection, which are now more urgent than ever.

9. The government authorizes the IMF to publish this Letter of Intent and the staff report for the request for financial support under the RCF.

Sincerely yours

/s/
Mamadou Diop
Minister of Finance

**Statement by Mr. Raghani, Executive Director for Niger
and Mr. Bah, Senior Advisor to Executive Director
April 14, 2020**

Introduction

Our Nigerien authorities thank the Executive Board, Management and Staff for the Fund continued support under the ECF arrangement and for the Fund's strong commitment to assist low income countries and the membership at large in their efforts to contain and mitigate the effects of the coronavirus pandemic. The authorities value the constructive policy discussions they have had with staff as well as the meetings held in Niamey last January with Mr. David Lipton, then First Deputy Managing Director.

The coronavirus outbreak is affecting Niger amid an already very challenging situation owing to terrorist attacks, the sharp decline in the price of uranium, the country's main export product, the effects of climate change and the closure of the land border with Nigeria. The authorities have initiated measures to contain the pandemic and support the economy. Yet, the COVID-19 shock has increased the pressures on Niger's public finances and balance of payments. The authorities are requesting Fund's financial assistance of SDR 83.66 million, equivalent to 63.6 percent of quota under the Rapid Credit Facility (RCF), to sustain their efforts and contain the impact of the pandemic on the economy. To facilitate the provision of this financial support, they are also requesting from the Executive Board, the approval of the rephasing of access under the ECF arrangement.

Impact of the COVID-19 Pandemic and Outlook

The first case of the coronavirus was recorded on March 19, 2020 and since, the number of infected people has increased with several fatalities. Given the limited capacities and resources of the country, those numbers could augment substantially. The pandemic is severely affecting economic activity through trade disruption, delays in the implementation of large-scale projects, and tightening of financial conditions.

In this context, the favorable outlook before the crisis is altered and growth is now projected to plunge to 1 percent in 2020. Inflation will rise to 4.4 percent thus exceeding the WAEMU convergence criterion of 3 percent. The fiscal deficit would widen to 5 percent of GDP. The authorities are also mindful of the elevated uncertainty around the size of the global and domestic effects of the COVID-19 pandemic, which increase the downside risks to Niger's economic outlook.

Riposte Plan to the Pandemic

The authorities devised a bold response plan to contain the spread of the pandemic and effectively address its effects on the economy. The Head of State declared a state of emergency including a curfew at night and a restriction of movement. A ministerial committee under the chairmanship of the minister of finance was established to oversee the implementation of the riposte plan.

The plan presented to the donor community on March 25, 2020 comprises health policy measures and steps to deal with the social and economic consequences of the crisis. Accordingly, the authorities' efforts are focused on the health sector with the implementation of containment, prevention and isolation measures. The physical and human capacities of the health system are also being strengthened with the intention to hire 1500 additional health workers. To alleviate the social hardship inflicted to the population, food at reduced prices will be distributed and poor households will be granted two months of waivers for utility payments. In addition, the government envisages the expansion of cash-transfer programs and to provide incentives to open mobile money accounts. Measures to contain the economic consequences of the crisis include notably waiving tax and customs duties on medical goods and equipment. Public transportation will be exempted from VAT during the suspension of services while the WAEMU directive to reduce VAT rate for hotels will be implemented.

Furthermore, the regional central bank (BCEAO) announced monetary and financial measures to mitigate the impact of the COVID-19 on the financial sector. This includes increasing liquidity available to banks, maintaining refinancing rates close to 2.5 percent and expanding collateral for access to BCEAO refinancing. The central bank is also encouraging banks to fully participate in the regional refinancing schemes for credit to small and medium- sized enterprises while maintaining close monitoring of non-performing loans.

The cost of the riposte plan is estimated at CFAF 597 billion or 7.6 percent of GDP. To be fully implemented, the plan requires significant amount of grants and concessional financial support from the international community as it will entail losses of domestic revenue and increases in public expenditure in favor of health and social programs.

Performance and Rephasing of ECF Program

The authorities' strong commitment to the ECF-supported program continues to underpin its satisfactory implementation amid daunting challenges. The fifth review of the program was completed last January, and the program period has been extended to July 2020. Given the impact of the coronavirus pandemic on the economic outlook and difficulties to adjust the macroeconomic framework in this context filled with heightened uncertainties, the authorities are requesting the rephasing of the final disbursement under the sixth and last review.

Conclusion

The authorities of Niger remain strongly committed to their ECF-supported program. They are cognizant of the importance of treating the riposte measures as temporary. In order to successfully tackle the pandemic effects, our Nigerien authorities are seeking the Executive Board' s approval of their requests for an urgent disbursement under the RCF and a rephasing of the ECF arrangement.