



# NIGER

December 2021

## REQUEST FOR A THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR NIGER

In the context of the Request for a Three-Year Arrangement 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 December 8, 2021, following discussions that ended on November 1, 2021, with the officials of Niger on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on November 19, 2021.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Statement by the Executive Director** for Niger.

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**International Monetary Fund  
Washington, D.C.**

**IMF Executive Board Approves US\$275.8 Million ECF Arrangement for Niger****FOR IMMEDIATE RELEASE**

- The decline in economic activity caused by the COVID-19 pandemic, coupled with security challenges and climate-related shocks, heightened fiscal pressures and balance of payment needs.
- The three-year arrangement under the Extended Credit Facility (ECF) will support the implementation of the authorities' reform agenda to buttress macroeconomic stability while laying the foundations for stronger and more inclusive growth.
- Reforms will focus on broadening fiscal space, improving spending quality to allow for much needed investment and social spending, advancing the anti-corruption and governance agenda, and addressing constraints to the business environment to foster private sector development.

Washington, DC – [December 08, 2021]: The Executive Board of the International Monetary Fund (IMF) approved today a three-year arrangement under the Extended Credit Facility equivalent to SDR197.4 million (about US\$275.8 million or 150 percent of quota) for Niger.

The Board's decision allows an immediate disbursement of SDR 39.48 million (about US\$55.2 million or 30 percent of quota). The arrangement is expected to catalyze additional bilateral and multilateral financial support.

Following the Executive Board discussion, Ms. Antoinette Sayeh, Deputy Managing Director and Acting Chair, made the following statement:

“The Nigerien economy is expected to rebound in 2021 with economic activity gaining momentum in the medium term, with the start of oil exports through a new pipeline to the Benin coast. This broadly favorable outlook is, however, subject to significant downside risks related to heightened security challenges in the Sahel region and Niger's increased exposure to the effects of climate change.

“The ECF arrangement supports the authorities' reform agenda aimed at strengthening the macroeconomic framework while creating fiscal space for basic infrastructure and social spending to foster inclusive and resilient growth.

To ensure medium-term debt sustainability and create space for social and developmental spending, the program will support reforms to improve domestic revenue mobilization (by broadening the tax base, reducing exemptions, and revising the tax code), bolster the quality of public spending (including by scaling up effective social programs and improving public investment management), and ensure transparent and efficient management of oil revenues. The program will also support efforts to meet the regional fiscal deficit convergence criterion and strengthen debt management.

“Promoting the development of a diversified private sector and implementing reforms to strengthen governance and anti-corruption frameworks will be pivotal to mitigate fiscal risks and strengthen the business environment. In this context, implementing transparency

commitments related to pandemic emergency spending—including reporting and publication of beneficial ownership information of companies awarded pandemic-related contracts—is essential. The authorities also plan to extend the requirement to collect and publish beneficial ownership information to non-competitive procurement contracts and accelerate the implementation of the new asset declaration regime.

“Firm commitment to reforms and their steadfast implementation will be key to success and to catalyzing additional donor support.”

**Table 1: Niger: Selected Economic and Financial Indicators, 2018-22**

	2018	2019	2020	2021	2022
	(Annual percentage change)				
National income and prices					
GDP at constant prices	7.2	5.9	3.6	5.4	6.5
Export volume	-6.9	-2.2	-1.1	-7.8	8.4
Import volume	8.7	9.7	1.8	3.9	13.7
CPI (annual average)	2.8	-2.5	2.9	2.9	2.5
CPI (end-of-period)	1.6	-2.3	3.1	3.0	2.5
Money and credit					
Broad money	-2.1	15.0	17.0	11.6	14.9
Domestic credit	11.4	-12.2	25.2	12.3	17.9
Credit to the government (net)	127.8	-89.5	575.8	45.3	47.1
Credit to the economy	-4.5	13.0	8.6	6.1	10.4
	(Percent of GDP)				
Government finances					
Total revenue	12.1	11.2	10.8	10.9	11.5
Total expenditure and net lending	21.1	21.6	22.9	24.0	22.7
Current expenditure	9.9	9.6	10.3	10.9	10.4
Capital expenditure	11.2	12.0	12.1	12.6	11.7
Basic balance (excl. grants)	-2.9	-3.5	-5.1	-5.7	-4.3
Overall balance (incl. grants)	-3.0	-3.6	-5.3	-6.6	-5.4
Gross investment	28.5	30.0	31.1	31.8	33.7
Non-government investment	18.4	19.3	20.5	20.8	23.5
Government investment	10.1	10.6	10.5	11.0	10.2
External current account balance (incl. grants)	-12.7	-12.6	-13.5	-15.3	-16.3
External current account balance (excl. grants)	-14.6	-15.3	-15.6	-17.2	-18.0
Total public and publicly-guaranteed debt	36.9	39.8	45.0	48.8	49.8
Public and publicly-guaranteed external debt	25.3	26.5	31.6	32.8	32.2
NPV of external debt	23.1	24.5	24.2	23.4	23.0
Public domestic debt	11.6	13.3	13.4	16.0	17.6
	(Billions of CFA francs)				
GDP at current market prices	7,134	7,565	7,909	8,559	9,301

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



# NIGER

## REQUEST FOR A THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY

November 19, 2021

### EXECUTIVE SUMMARY

**Niger's new government developed an ambitious reform agenda in the face of daunting challenges.** The previous ECF-supported program was able to preserve macroeconomic stability and implement some key PFM reforms, notwithstanding the pandemic. However, progress on revenue mobilization was more limited, reflecting capacity constraints and a challenging environment. For the new government to achieve its development goals, it will have to overcome deep-seated social and political divisions and a deteriorating regional security situation. Enhanced reforms and the advent of oil exports over the medium-term offer hope that greater domestic resources can be marshalled to accelerate growth and poverty reduction.

**Outlook.** The Covid-19 pandemic weighed on economic activity in 2020 despite limited health impact. The real GDP growth rate fell from 5.9 percent in 2019 to 3.6 percent in 2020, compared to a pre-pandemic estimate of 6 percent. Program policies and reforms, along with increased oil output, will support a gradual strengthening of the macroeconomic position, with growth projected to accelerate in 2022 and reach double-digit levels in 2023 and 2024, when the project to export oil through a pipeline to the Benin coast comes on stream.

**Request for an Extended Credit Facility arrangement.** A three-year ECF arrangement with semi-annual reviews and access of 150 percent of quota (SDR 197.4 million) is proposed. Fund support is expected to help catalyze international assistance. Preserving macroeconomic stability remains the key objective. Given the need for continued elevated security spending, the program aims to enhance fiscal space to ensure that development and poverty reduction objectives can also be attained. While oil revenues will boost receipts, the program also envisages broadening the tax base and strengthening the efficiency of tax and customs administration. Expenditure policy focuses on improving the quality of public spending to ensure more effective provision of public goods. The improvements to tax administration and new mechanisms to support improved financial intermediation should support private sector growth and reduce informality.

Approved By  
**Vitaliy Kramarenko**  
**(AFR) and Guillaume**  
**Chabert (SPR)**

Program discussions began on June 18, 2021 and continued until November 1, 2021. Joseph Thornton (FIN) was the Mission Chief until October 25 and Ari Aisen (AFR) was the Mission Chief from October 25 onwards. The team comprised Mr. Kaho, Mr. Diallo, (all AFR), Mrs. Caselli, Mr. de Bidegain (FAD), Mr. Mineyama (SPR), Mr. Cangul and Mr. Ouedraogo (Outgoing and Incoming Resident Representatives), and Mr. Abdou (local economist). Ms. Pilouzoue (AFR) provided administrative assistance. The Advisor to the Executive Director Mr. Bangrim Kibassim attended various mission meetings.

## CONTENTS

<b>CONTEXT</b>	<b>4</b>
<b>RECENT DEVELOPMENTS AND OUTLOOK</b>	<b>5</b>
A. Recent Developments	5
B. Outlook and Risks	6
<b>THE NEW ECF ARRANGEMENT: PRESERVING SUSTAINABILITY WHILE ENHANCING INCLUSIVE GROWTH</b>	<b>7</b>
A. Fiscal Challenges: Reforms to Address Needs While Preserving Stability	8
B. Business Environment	14
C. Financial Sector	14
D. Governance and Fight Against Corruption	15
<b>PROGRAM MODALITIES, RISKS, AND SAFEGUARDS</b>	<b>15</b>
<b>STAFF APPRAISAL</b>	<b>19</b>
<b>FIGURES</b>	
1. Recent Economic Developments and Outlook	21
2. GDP Composition and Output Volatility	22
3. Tax Performance, 2017–21	23
4. Fund Credit Indicators Compared to PRGT UCT-Quality Arrangements	24
<b>TABLES</b>	
1. Selected Economic and Financial Indicators, 2018– 26	25
2. Financial Operations of the Central Government, 2018– 26 (In billions of CFA francs)	26
3. Financial Operations of the Central Government, 2018–26 (In percent of GDP)	27
4. Monetary Survey, 2018–26	28
5. Balance of Payments, 2018–26 (In billions of CFA francs, unless otherwise indicated)	29
6. Balance of Payments, 2018–26 (In percent of GDP)	30

7. Indicators of Financial Soundness, Dec. 2014–Dec. 2020 _____	31
8. Indicators of Capacity to Repay the Fund, 2019–31 _____	32
9. Proposed Schedule of Disbursements Under the Three Year ECF Arrangement, 2021–24 _____	33
10. Decomposition of Public Debt and Debt Service by Creditor, 2020–22 _____	34

**ANNEX**

I. Capacity Development Strategy _____	35
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**APPENDIX**

I. Letter of Intent _____	42
I. Memorandum of Economic and Financial Policies of the Government of Niger _____	44
II. Technical Memorandum of Understanding _____	65

## CONTEXT

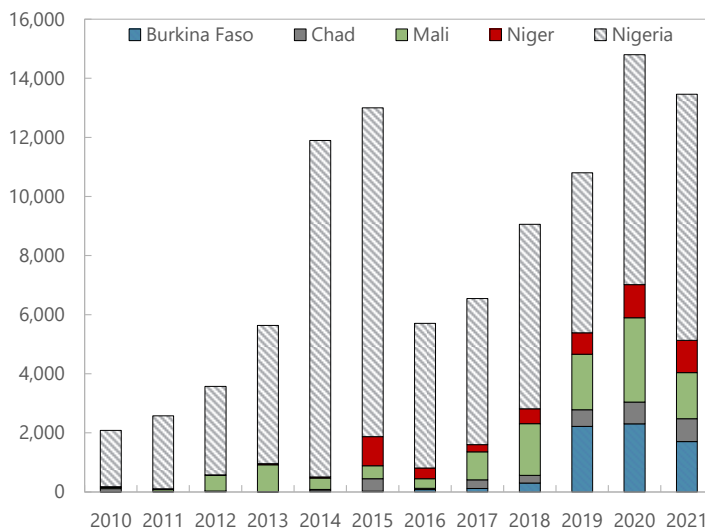
### 1. Niger has been making slow progress in the face of daunting development challenges.

Consistently ranked around the bottom of the UNDP's Human Development Index, real per capita GDP remains below its 1980 level. The challenge of education is acute, with an average of 2 years of schooling for the population as a whole concealing even worse outcomes for females. The highest fertility rate in the world (6.9 children per woman) makes it urgent to increase investments in human capital required to ensure that the demographics can become an asset rather than a liability. High fertility also results in pressures on women's health and nutritional status and, in turn, that of their children: 44 percent of under-5-year-olds are estimated to be stunted.

**2. The economic structure has not been conducive to inclusive growth.** Agriculture dominates the economy (40 percent of GDP) but is unproductive and dominated by rain-fed crops, which exposes growth to the vicissitudes of increasingly volatile climate patterns in the Sahel. Between 60 and 90 percent of GDP is generated in the informal sector, which contributes little to revenues or transformative value added. While the government has initiatives underway to encourage access to capital and the provision of public goods, the small formal sector complains of a high and unpredictable tax burden, unfair competition from the informal sector, petty corruption, and inadequate infrastructure and human capital. The extractive industries and large public works projects have supported strong growth over the last decade but have not generated the employment opportunities necessary to overcome widespread poverty.

**3. Poor socio-economic conditions are catalysts for insecurity in the country.** Low levels of education, high poverty, and limited job opportunities provide fertile ground for the recruitment of young people into rebellion, extremism or banditry. With the regional environment becoming more challenging, instability is taking an increasing toll. Moreover, climate change has led to the rarefaction of resources and has limited people's access to water and land, which has generated conflicts between communities. The state of Niger therefore faces difficult challenges to ensure local security by reducing the vulnerability of the population and strengthening the provision of public goods.

**Text Figure 1. Fatalities Linked to Security Incidents, 2010-21 July**  
(Number of Fatalities)



Source: ACLED, and IMF staff calculations.

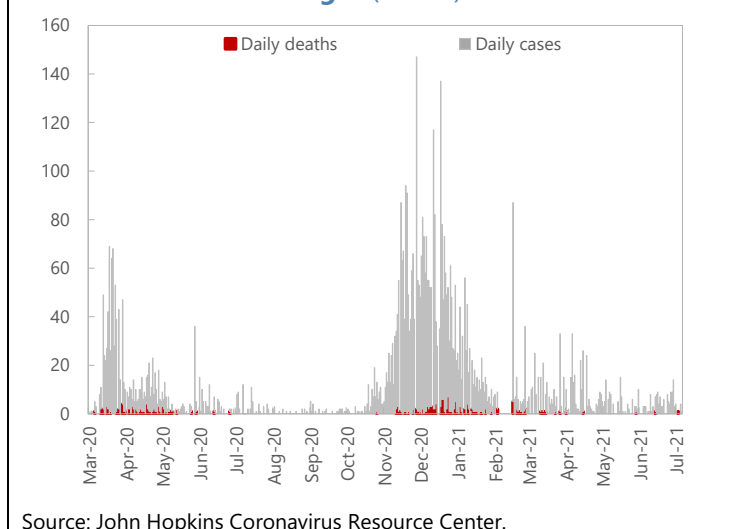
**4. The resilience of Niger’s democratic institutions is a source of hope.** Niger has achieved its first democratic transfer of power, after the candidate of the governing party, Mohammed Bazoum, was elected in April 2021 on a platform of strengthening the reforms of the previous government. Initial protests following the election have eased but ongoing efforts by the new Government will need to continue to further reduce political tensions. A lower number of ministries and the elimination of key bureaucratic posts are early positive signals for the reform outlook.

## RECENT DEVELOPMENTS AND OUTLOOK

### A. Recent Developments

**5. While Niger has been spared the worst direct impact of the pandemic so far, insufficient vaccine supply and hesitancy have slowed the vaccine roll-out.** As of end-October 2021, Niger recorded 6,311 confirmed cases of COVID, of which 6,036 recovered and 212 died (3.4 percent). While this number must be interpreted with caution given the low level of testing, the absence of a surge in demand for healthcare supports the case for low prevalence to date. So far 1.6 percent of the population are fully vaccinated, while 2.1 percent have received at least one dose<sup>1</sup>. While slower-than-expected deliveries from COVAX have been one issue, lack of demand has proven a binding constraint, as despite an active communication campaign within the country, social media-driven hesitancy created a gap between delivery and take-up.

**Text Figure 1. Daily Cases and Deaths of COVID-19 in Niger (Count)**



**6. The broader impact of the pandemic has threatened Niger’s hard-won macroeconomic gains.** The growth rate fell from 5.9 percent in 2019 to 3.6 percent in 2020, compared to a pre-pandemic estimate of 6 percent. This reflects containment measures, including by neighboring countries, and changes in behavior. Transportation was undermined by the closure of borders, and projects experienced delays. The World Bank estimates poverty increased to 42.9 percent, drawing an additional 685,000 people into extreme poverty.<sup>2</sup> Despite some signs of an incipient recovery, Google mobility indicators still confirm a depressed level of economic activity (text Figure 3). Inflation rose to 3.1 percent mainly driven by food price increases due to Covid-related supply-chain disruptions.

<sup>1</sup> Source: World Health Organization (WHO).

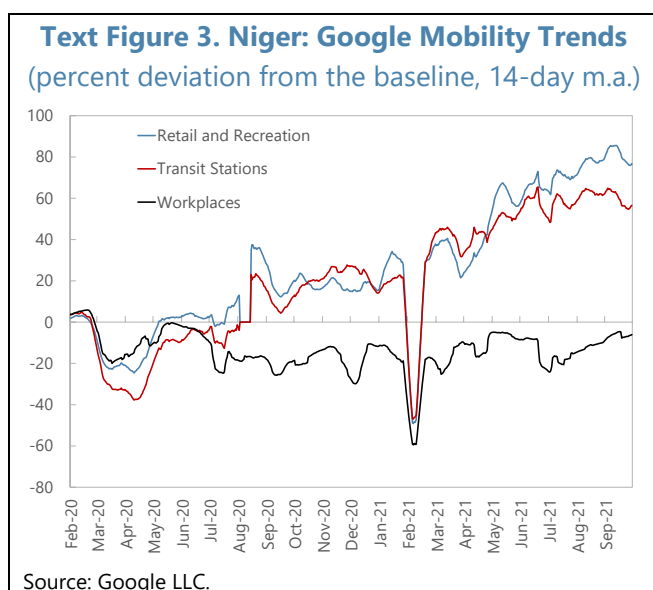
<sup>2</sup> World Bank Spring 2020 Macro Poverty Update



**7. The fiscal position, already under strain from the security situation, deteriorated further because of the pandemic.** Spending pressures from the security risks had already emerged pre-COVID, and revenues were reduced by the closure of the Nigerian border. Revenue losses stemming from economic disruption, as well as spending to alleviate the effects of COVID-19, brought the deficit to a peak of 5.4 percent of GDP in 2020. The RCF, together with assistance from other donors, helped finance the government's response plan to strengthen health care and deliver social assistance. No relief from spending pressures was observed in 2021: in response to the deteriorating security situation, the July supplementary budget makes significant new allocations for military equipment and army personnel (0.74 percent of GDP), as well as for the construction of wells and food security (0.28 percent of GDP), which partly reflects the extra cost of addressing the needs of the displaced population.

**8. The external current account deteriorated slightly.** The current account deficit deteriorated to 13.5 percent of GDP in 2020 due to a slowdown of exports and decline in transfers. With FDI stabilizing after a surge in 2019, the overall BOP also turned negative in 2020.

**9. The financial soundness indicators (FSI) have not yet shown a marked deterioration, reflecting the low level of credit and some temporary regulatory forbearance.**<sup>3</sup> The government took initiatives in collaboration with the banking sector to facilitate and maintain financing for the productive sector affected by the effects of the pandemic. A CFAF 150 billion financing mechanism was set up for this purpose, though only CFAF 17 billion of these funds (11 percent of the total fund) were used.



## B. Outlook and Risks

**10. Growth is expected to rebound as the economy recovers from the pandemic.** Growth for 2021 is projected at 5.4 percent, below initial projections, reflecting the persistent effects of the Covid-19 pandemic from, in particular, social distancing measures. However, with the removal of the remaining restrictions, the full opening of the border with Nigeria, and the resumption of all infrastructure projects, growth is projected to strengthen in 2022 and 2023. In the latter year it is projected to be boosted by the expected start of oil exports.

**11. Program policies and reforms, along with increased oil output, will support a gradual strengthening of the macroeconomic position.** Inflation is projected at 2.5 percent year-on-year

<sup>3</sup> The Central Bank set up a framework for financial institutions to forebear debt service of solvent customers affected by Covid19-related difficulties for a 3-month renewable period up to end-2020, without classifying such postponed claims as non-performing. The scheme was not extended.

in 2021, slightly higher than the 2 percent previously forecasted in the last program, due to higher food prices, but would then fall to 2 percent, below the regional convergence criterion. As large-scale projects resume, the import of capital goods financed by FDI will pick up increasing the current account deficit temporarily and is expected to normalize, when oil exports come on stream from 2023 onwards. With higher tax revenues from the oil and non-oil sectors, the fiscal deficit is projected to decline to 3 percent GDP over the medium term.

**12. The balance of risks is tilted to the downside.** The baseline assumes that Niger continues to avoid a significant outbreak of COVID-19, and that economic activity resumes and borders reopen fully. Until much of the population is vaccinated, however, the health risks remain significant. Moreover, a recent cholera outbreak has demonstrated the risks pending a broader strengthening of the health infrastructure. The baseline also assumes that the pipeline is completed by 2023, whereas further delays cannot be ruled out. The regional security situation remains tense with the phasing-out of Operation Barkhane—started in October 2021. Internal political tensions might also persist following the election. Finally, climate change—including the resulting recent flooding—can also threaten economic activity, particularly agricultural production.

**13. The SDR allocation is helping Niger address a portion of its financing needs.** The allocation equivalent to 1.2 percent of GDP (US\$180 million) covers a substantial share of financing needs. The SDR allocation is on-lent in CFAF to member states by the *Banque Centrale des Etats de l'Afrique de l'Ouest* (BCEAO) in the form of a 20-year loan carrying a fixed interest of 0.05 percent per year. The financing terms are more concessional than the arrangements for the 2009 SDR allocation (10-year repayment period with a three-year grace period and an interest rate of 3 percent per year). The on-lending is expected to improve the financing conditions by replacing more expensive domestic borrowing. The government intends to use half of the SDR allocation under the second supplementary budget of 2021 to strengthen the management of the pandemic and boost economic recovery.

## THE NEW ECF ARRANGEMENT: PRESERVING SUSTAINABILITY WHILE ENHANCING INCLUSIVE GROWTH

*This successor program builds on the 2017–20 ECF and aims to buttress macroeconomic stability while allowing for essential security-related expenditures without compromising the government's ambitious development and poverty reduction agenda. Key objectives of the program include:*

- Boost fiscal space through revenue mobilization reforms and by catalyzing donor flows while ensuring that priority is given to social spending. Broader reforms in public financial management (PFM) and natural resource management to support the provision of public goods and improve spending efficiency and transparency over the medium term.

- Address constraints to the business environment and financial services, thereby enhancing private sector development and diversification and reducing informality to achieve stronger and inclusive growth.
- Building upon the progress under the previous administration, undertake further efforts to fight against corruption and improve governance, with the objective of achieving higher standards of transparency and accountability.

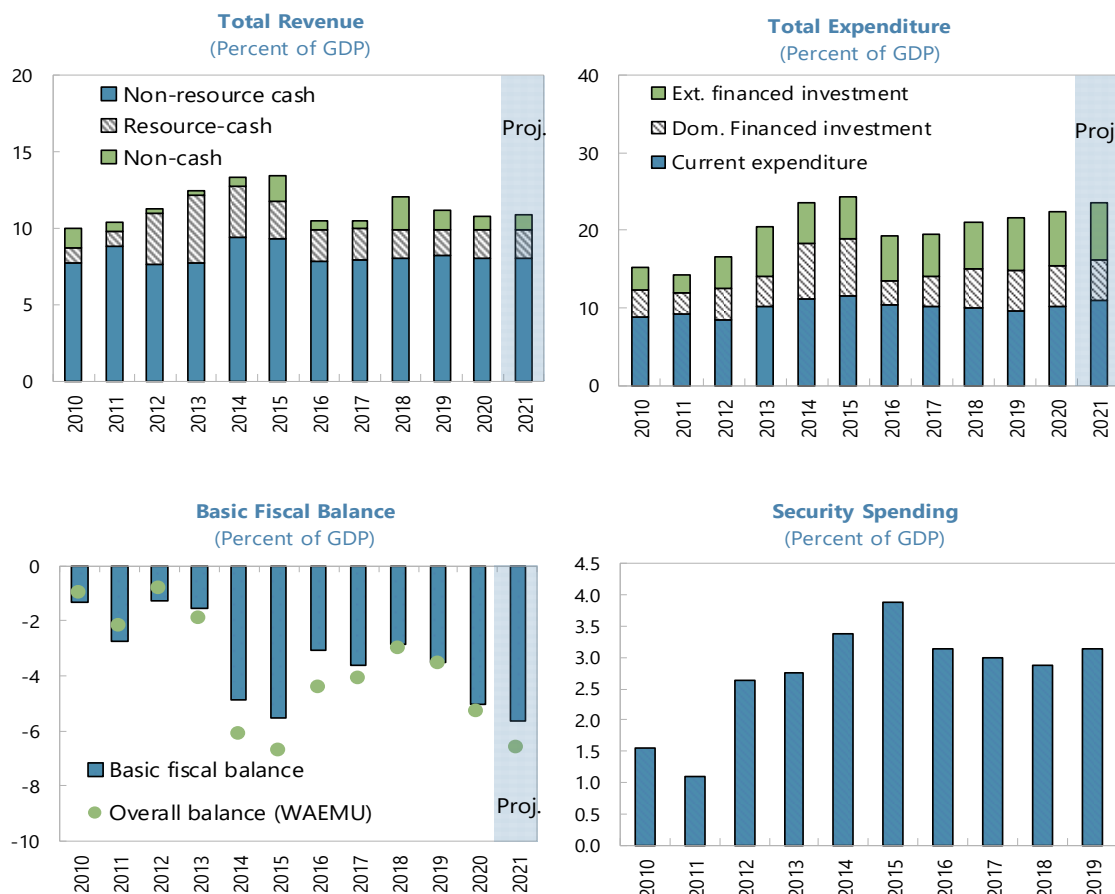
## A. Fiscal Challenges: Reforms to Address Needs While Preserving Stability

### Anchoring Fiscal Policy

**14. Niger’s fiscal outlook is characterized by competing urgent spending pressures in the face of insufficient resources.** Improving educational outcomes for a large and rapidly growing school-age population will demand substantial spending increases, and the COVID-19 pandemic and cholera outbreak have highlighted the importance of expanding the basic healthcare infrastructure. Electricity, water, and sanitation improvements are also urgent. These critical investments compete with the escalating costs of the security crisis in the region, as well as the spending shocks from the pandemic, or recurring episodes of drought and floods. Cash revenues have persistently underperformed at just below 10 percent of GDP since 2016 and will continue to impose very difficult fiscal trade-offs until revenue mobilization efforts yield fruit. In this context, careful prioritization and improving spending efficiency will be critical.

**15. The program envisages a return to the West African Economic and Monetary Union (WAEMU) fiscal deficit target of 3 percent over the medium term, supported by a boost from oil revenues (text Table 1).** The crisis, intensified by ongoing security challenges, will lead to a projected fiscal deficit peaking at 6.6 percent in 2021. The completion of the new pipeline in 2023 will boost revenue by 1 percent of GDP, with a further 0.5 percentage points as exports continue to grow in 2024. Non-resource revenues will recover gradually and surpass pre-pandemic levels by 2023, after which they will play a crucial role in funding Niger’s longer-term development needs as the impact of revenue reforms gathers momentum. A gradual return to the 3 percent of GDP WAEMU target by 2024 would ensure debt sustainability while still allowing a significant expansion in development spending. Niger’s risk of external and overall debt is rated “moderate,” and debt is deemed sustainable, as no indicator for PPG external or public debt breaches its threshold under the baseline scenario.

**Text Figure 4. Niger: Main Fiscal Indicators<sup>1</sup>**  
(in percent of GDP)



<sup>1</sup>WAEMU balanced is defined as overall balance (commitment including grants)

Source: Nigerien Authorities and Staff calculations.

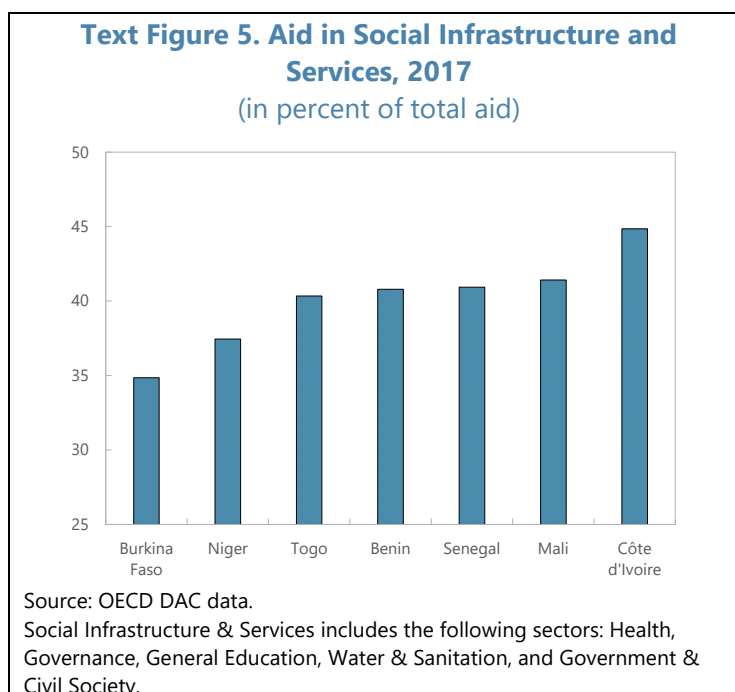
## Social Spending as a Priority

**16. Social spending is a key driver for inclusive growth, but inefficiencies and aid absorptive capacity constraints remain.** Investments in education, health, and social protection are crucial to increase growth and reduce inequality of opportunity and income<sup>4</sup>. While Niger and other WAEMU countries receive a substantial portion of their overall aid flows in social sectors (Text Figure 5), most of them continue to face absorption capacity constraints, as demonstrated by aid projects success being markedly lower in fragile countries than non-fragile ones<sup>5</sup>. Accelerating

<sup>4</sup> IMF Fiscal Monitor (2017). Tackling Inequality. <https://www.imf.org/en/Publications/FM/Issues/2017/10/05/fiscal-monitor-october-2017>. IMF Policy Paper (2019). A Strategy for IMF Engagement on Social Spending. <https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/06/10/A-Strategy-for-IMF-Engagement-on-Social-Spending-46975>

<sup>5</sup> See Caselli and Presbitero (2019). Aid Effectiveness in Fragile States. <https://oxford.universitypressscholarship.com/view/10.1093/oso/9780198853091.001.0001/oso-9780198853091-chapter-16>

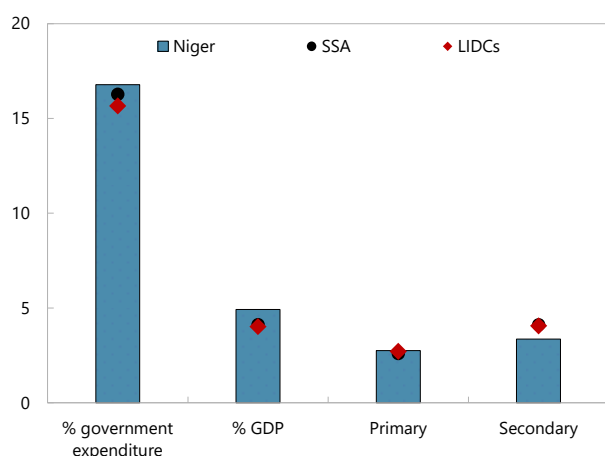
efforts to improve good governance and strengthen national PFM systems will be critical in removing these absorption constraints. Efforts to scale up IMF technical assistance in PFM should also help alleviate these bottlenecks (**Annex I**).



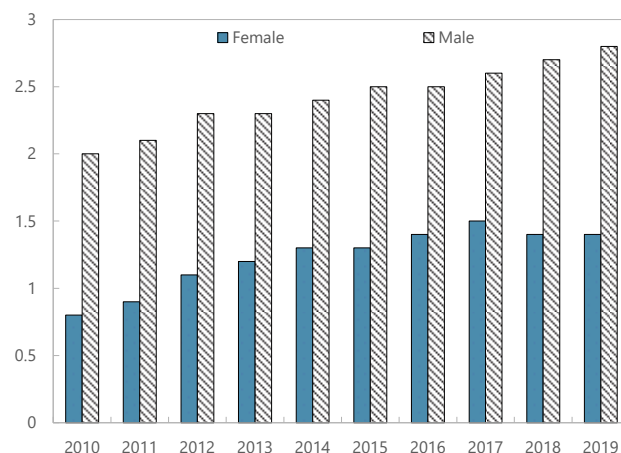
**17. Social spending in education is of paramount importance, particularly for girls and women.** Expenditures on education have been improving with respect to peers (Text Figure 6a). However, only 8 per cent of children in Niger are enrolled in pre-schools at the national level, with large gaps between rural and urban areas. While Niger has considerably improved access to basic education over the last decades, a fifth of children do not complete primary education and the majority does not complete lower secondary school (UNICEF). Moreover, high drop-out and repetition rates and difficulties in ensuring sufficient qualified teachers result in inadequate outcomes. Therefore, adult literacy is extremely low and unequal across genders (Text Figure 6b). Girls have dramatically lower access to education with only 14 percent of adult women being literate (UNICEF). Given these challenges, enhancing girls' access to education within current budget allocations is crucial to improve social outcomes. The new government therefore intends to improve the education system by implementing the following actions: (i) improving teaching quality, (ii) increasing the enrollment of girls in school, and (iii) adapting the education offer to suit local market demand. By targeting the most effective social spending through a narrower definition focusing on implementation of specific budgeted projects, the program aims to support government efforts to achieve these goals (**IT, MEFP 138**).

Text Figure 6. Education Indicators

(a) Government education expenditure, latest available



(b) Niger: Mean years of schooling by gender, 2010-19



Source: UNESCO, and IMF staff calculations.

Text Table 1. Niger: Sources of Fiscal Consolidation,  
(In percent of GDP)

## Sources of Fiscal Consolidation (ppts GDP)

	Baseline 2019	Deterioration $\Delta$ 2019-21	Consolidation $\Delta$ 2021-23	Consolidation $\Delta$ 2023-24	Aggregate $\Delta$ 2019-24
Revenue, natural resources sector	1.7	0.2	1.0	0.5	1.7
Revenue, other	9.5	-0.5	0.7	0.2	0.4
Budget grants (Incl. CCRT) <b>1/</b>	2.6	-0.8	-0.4	0.0	-1.2
Domestic expenditure <b>2/</b>	14.8	1.7	-0.6	-0.3	0.7
Foreign loan-financed capex	2.6	0.2	-0.4	-0.2	-0.3
Fiscal balance: Baseline (2019) / total consolidation	-3.6	-3.1	2.4	1.2	0.6
<i>Memo: Compound average GDP growth rate</i>		6.4%	10.6%	13.6%	9.5%

**1/** The adverse 2019-21 swing in Budget grants is partly due to base effects, given unusually high outturn in 2019. An upside risk could result in more favorable grant revenues by end 2021

**2/** The 2021-24 reduction in domestic expenditure as a % of GDP is driven by robust nominal GDP growth, the end of pipeline construction, and the reversal of one-off security-related expenditure in 2021

## Revenues: Creating Fiscal Space and Improving Business Environment

**18. Although the pandemic delayed IMF technical assistance (Annex I), the foundations have been laid for a major overhaul of tax administration.** During the previous program, wide-ranging reforms were undertaken to digitalize procedures – thus facilitating online tax reporting – and to connect customs with internal tax collection systems, which will allow for a global compliance assessment (the “enclos fiscal”). Analytical capabilities have been developed at the *Direction Générale des Douanes* (DGD) to analyze the data and formulate evidence-based customs reform proposals.

**19. Building an ample solid tax base will require completing tax administration reforms and a multi-pronged approach to reduce informality by improving tax policy and the business environment.** Work to complete operationalization of the “enclos fiscal” through the adoption of a plan for the completion of the integration of the digital platforms of the *Direction Générale des Impôts* (DGI) and the DGD will continue into 2022 (**SB, MEFP 124**). The government has also requested technical assistance to help it review and adopt a roadmap to simplify the current Tax Code to support revenue generation and development-friendly growth (**SB, MEFP 126**); this will be complemented with a comprehensive strategy to expand the tax base with measures to improve the business environment. Molecular marking of petroleum products has begun to deter smuggling, with laboratory testing started in July 2021.

**20. Improved management of tax arrears will facilitate cash planning.** Building on reforms to the legal framework introduced in 2019 and following a softening of tax arrears collection during the early stages of the pandemic, the government will adopt an action plan to be agreed on with AFRITAC West to manage arrears collection more proactively (**SB, MEFP 129**).

**21. Finally, the government will start taking action to rationalize and manage exemptions to make the best use of limited fiscal resources.** The *Cour des Comptes* is currently undertaking an audit of the use of investment tax exemptions granted to companies in the extractive sector, and the government has committed to publishing the report in 2022 (**SB, MEFP 133**) and addressing its recommendations. The Ministry of Finance will also formulate a policy brief by end-2021 to put forward quantified measures for rationalizing existing exemptions (**SB, MEFP 128**). The authorities will also make use of the Exemptions Committee – established under the previous program – to develop a status of existing agreements, showing for each, the amounts of exemptions by tax type, expiration dates, and available information on projected exemptions for 2022 (**SB, MEFP 128**) and provide Fund staff with a tally of newly granted or renewed tax exemptions with their details and expiration dates (**SB, MEFP 128**).

## **Public Financial Management – Reforms to Improve Spending Efficiency and Transparency**

**22. Improving transparency of investment planning and project selection will play a key role in strengthening the role of the budget process in driving an increase in spending quality.** With each Budget submission the government will publish the following documentation: (i) the Citizens’ Budget<sup>6</sup> corresponding to the Budget in question; (ii) the triennial “*Programme des investissements de l’État*” (PIE); and (iii) in the remaining budget documentation, (e.g. the *Document de Programmation Budgétaire et Économique Pluriannuelle*—DPBEP), an analysis of trends in gaps between forecast and realized quantities for the main aggregates in revenue and expenditure, as well as for macroeconomic assumptions. As an intermediary measure, the *Plan d’Investissement de l’État* (PIE) for the 2022 Budget will cover only domestically financed investment from the five ministries in the pilot. The government will publish on the website of the *Ministère du Plan* a summary of the feasibility analyses for the 9 largest projects included in the 2022 budget prior to

<sup>6</sup> Citizens Budgets are designed to present key public finance information to a general audience in accessible language.

their inclusion in the 2022 *Plan d'Investissement de l'Etat* (PIE) **(SB, MEFP 131)** and produce a feasibility study for any investment project of more than CFAF 5 billion prior to its inclusion in the PIE from the 2023 budget **(SB, MEFP 131)**.

**23. Further reforms to liquidity and debt management can build on the establishment of the Single Treasury Account (STA).** Public Administrative Entities have largely been integrated in the STA, and the next perimeter expansion will see the inclusion of local government administrations. With the assistance of the World Bank and the Fund, the government has begun developing and publishing a medium-term debt strategy. Additional work to support domestic financing, including improved market communication and marketing, should allow for an increase in the average tenor of issuances and thereby reduce any refinancing risks.

**24. The government's management of state-owned enterprises (SOEs) is being strengthened with World Bank assistance.** The Directorate for SOEs has been elevated to the rank of Directorate General, and measures put in place to improve centralized data collection, financial monitoring, and transparency. Plans include the production of an aggregate annual report on SOEs for internal government use, and eventual publication. Prospective legislative enhancements would strengthen the government's management of the sector by granting the Ministry of Finance (MOF) a key role in the creation of new SOEs and enhancing its financial oversight capabilities.

### Natural Resource Management

**25. The impending start of oil exports necessitates a framework for the transparent and efficient management of oil revenues.** The government intends to learn lessons from the management of uranium resources and will make use of technical assistance from the IMF and other partners for its finalization, scheduled for no later than end-September 2022 **(SB, MEFP 114)**. A clear delineation of the competences and prerogatives of the main public institutions involved (MOF, Ministry of Petroleum, and *Société Nigérienne de Pétrole*—SONIDEP, the state-owned oil company) will ensure efficiency, avoid conflicts of interest, steer clear of governance issues, and ensure that resources are properly and timely channeled to the Treasury. The MOF will be solely responsible for the administration of oil revenues, while ensuring the assessment of the financial implications of the strategic policy for the sector, including the evaluation of proposed investments and changes to the tax regime, with the support of technical expertise from the Ministry of Petroleum and SONIDEP. The framework should also ensure a mechanism is in place to ensure that the revenues are spent in a way that minimizes volatility and counter-cyclicalities. Niger's recent reintegration into the EITI (Extractive Industries Transparency Initiative) offers an opportunity to further build government capacity to improve governance and transparency of revenues generated by the oil sector.<sup>7</sup> The Government has undertaken the reform of the national Permanent Secretariat of the EITI. It has adopted a work plan for the period 2020-2022—fully costed and consistent with the EITE declaration and validation deadlines—including, as major axes, the improvement of transparency and access to information in the extractive sector and the publication of national EITI reports.

<sup>7</sup> Niger officially returned to the EITI process following the board meeting held in Oslo on February 13, 2020.



## B. Business Environment

**26. Addressing Niger’s business environment constraints and creating the conditions for the development of a robust and diversified private sector are critical for inclusive and resilient growth.** Efforts have been made by the government to improve the business environment. The time and cost of starting a business have been substantially reduced and are now among the lowest in sub-Saharan Africa—although the relatively low survival rate of new businesses remains a challenge. The authorities have also recently launched a new platform (e-SISIC) for online tax declaration and payment aimed at facilitating business transactions with the tax authorities. Initiatives are underway to facilitate SMEs' access to credit (FONAP) and preparation to reform the legal and institutional framework, better support their development (Charter of SMEs), and promote their integration into the expanding mining and oil sectors (Small Business Act). The government also intends to reform the existing old-dated public-private consultation framework to re-invigorate the dialogue with the private sector in a more inclusive way.

**27. Significant and persistent weaknesses in the business environment require more sustained attention and actions.** Foremost among the obstacles reported by entrepreneurs is the economy's high degree of informality (estimated at almost 60 percent in 2020), which exercises unfair competition on the formal sector in addition to generating virtually no tax revenue. The government plans to adopt reforms to further simplify the tax system and create tax incentives for formalization. Efforts to close the country’s large infrastructure gap are also essential for the development of the private sector, notably the provision of more abundant, reliable, and affordable electricity. While pursuing efforts to promote investment in this critical sector, the government will ensure that its financial equilibrium is safeguarded, and that for large projects, cost-benefit analyses are carried out, made public, and their conclusions properly reflected in any power purchase agreement signed with suppliers. The weakness of human capital and skills mismatch in the labor market equally remain key constraints weighing on the competitiveness of local businesses.

## C. Financial Sector

**28. Banks are well capitalized but financial intermediation is limited, and economic agents face difficulties in accessing financial services.** Banks’ solvency ratios are above the average regional level, and the liabilities and assets of banks have increased, by around 10 percent, despite the pandemic. However, the financial sector continues to experience : (i) increases in non-performing loans (NPLs); (ii) credit concentration; and (iii) low levels of credit to the agriculture sector (1 percent of total credit). The latter is explained by the subsistence nature of this sector. The government intends to encourage cash crops production and increase credit to this sector through the recapitalization and restructuring of the public bank for agriculture (BAGRI)—endowing it with effective governance systems. In addition, the Professional Association of Banks, and Financial Institutions (APBEF) is making additional efforts to facilitate the development of mobile banking services and digital money which could boost financial inclusion.

**29. Microfinance institutions often represent the only possibility of access to credit and savings for the most vulnerable.** However, the sector remains fractured, fragile, and in need of

restructuring. The Microfinance Regulatory Agency (ARSM), which oversees 37 decentralized financial companies, lacks the resources to carry out its activities. The security and health crises are an obstacle to the development of the sector, which experienced challenges during the pandemic: (i) a 5.7 percent decline in outstanding loans; (ii) shrinking deposits; and (iii) increase in NPLs. In addition, insecurity is causing the geographic concentration of microfinance activities, as those living in insecure areas have limited access to financial services. To improve the soundness of microfinance, the government plans to step up the implementation of its consolidation plan and the operationalization of the Financial Inclusion Development Fund (FDIF) created in 2020.

## D. Governance and Fight Against Corruption

**30. Despite progress on governance and the fight against corruption under the previous administration, further efforts are needed to achieve higher standards.** Niger has ratified international anti-corruption conventions, the anti-corruption agency established in 2011 has seen its capacities reinforced, some steps have been taken to strengthen the AML/CFT framework—although significant efforts are still needed to bring it in line with international standards<sup>8</sup>—and the country rejoined the EITI. Following the recent financial irregularities at the ministries of Finance and Defense, administrative sanctions were taken, legal actions launched, and adjustments to the expenditure chain introduced—notably with the suspension of payments without prior payment orders. The country has also adopted an anti-corruption strategy in 2018 and extended the coverage of the asset declaration regime to 2000 high-ranking public officials—from 50 in the previous regime. However, further efforts are still needed to ensure that Niger reaches the average standards in terms of governance and the fight against corruption in WAEMU countries (Text Figure 7).

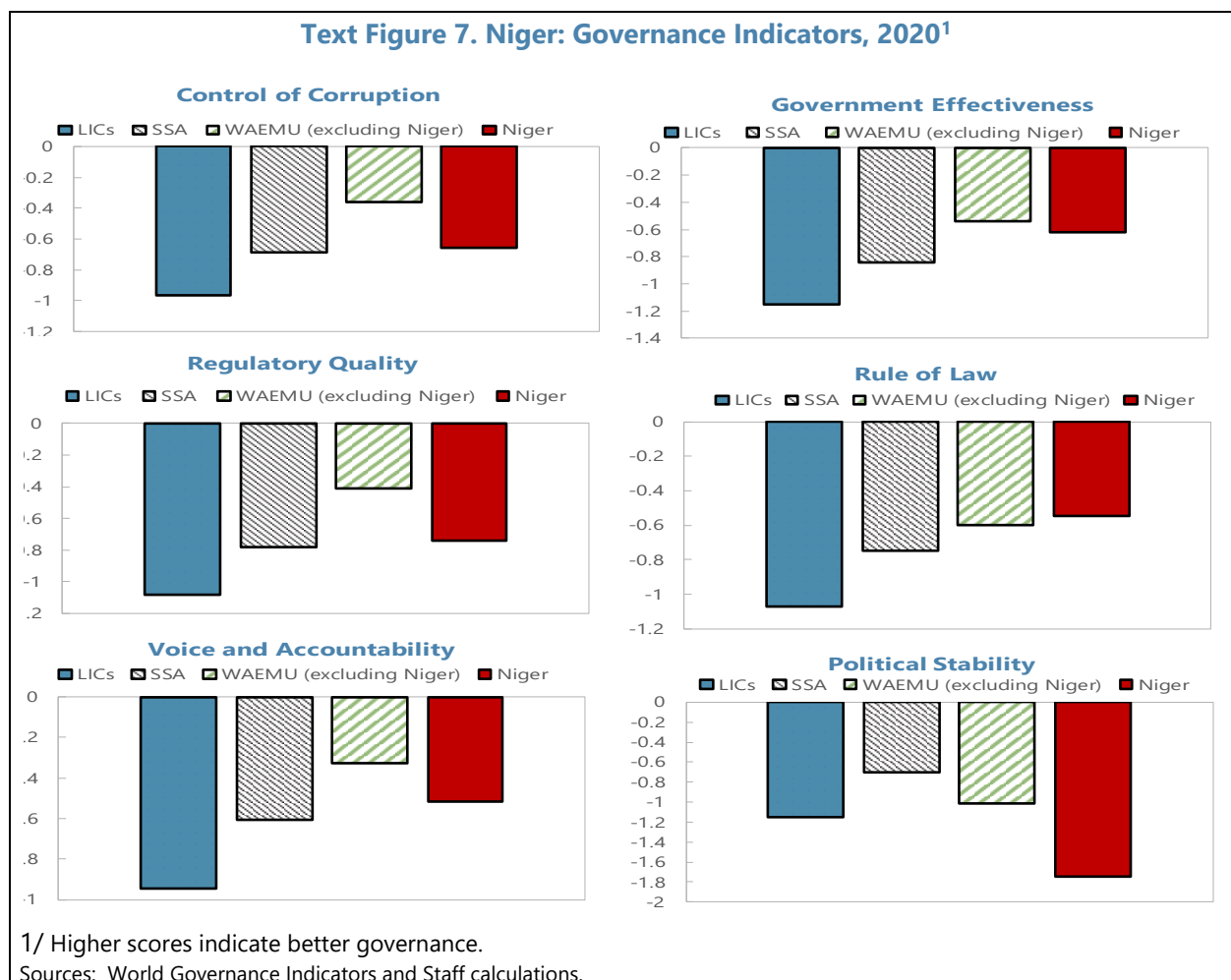
**31. The authorities have reiterated their commitment to strengthen the governance framework under the new program.** They notably intend to improve transparency of the asset declaration regime by the adoption and publication of a new template for members of government providing more details on their assets—the supreme audit institution only publishes in its annual report information on the compliance with the declaration requirement and the total amount of assets declared by compliant officials (<http://www.courdescomptes.ne/index.php/publications/rapports-2>). Progress is expected during the program period in the implementation of this commitment (MEFP ¶143). The authorities also plan to implement measures to require the provision of beneficial ownership information in COVID-19-related contracts.

## PROGRAM MODALITIES, RISKS, AND SAFEGUARDS

**32. The authorities have requested an SDR 197.4 million three-year arrangement under the ECF (150 percent of quota).** Disbursements are scheduled to be phased as follows: 30 percent of quota in 2021, 60 percent in 2022, 30 percent per year in 2023 and 2024 (Table 9). The phasing is frontloaded in line with the strong financing needs, stemming from the support necessary for the

<sup>8</sup> Concrete actions needed to strengthen the AML/CFT regime are notably in relation to risk-based supervision, transparency of legal persons and arrangements, effective implementation of targeted financial sanctions and monitoring of non-profit organizations, and investigation and prosecution of money laundering and terrorist financing offences.

recovery from the pandemic, pressing security-related expenditure, and the large-scale projects before the onset of oil exports envisaged in 2023. Fund resources will fully be made available in the form of budget support, as there are both protracted balance of payments and fiscal needs. Estimates suggest external financing needs in 2021-2024 are at CFAF 1,076 billion (10.7 percent of average projected GDP in 2021-24). The ECF arrangement would finance CFAF 154 billion and catalyze the support from multilateral and bilateral donors for the remaining balance (Text Table 2). The program is fully financed, with firm commitments of financing in place for the first 12 months of the arrangement, and good prospects that there will be adequate financing for the remaining program period. Major donors, including the World Bank, African Development Bank, and European Union, have expressed their intention to provide budget support to Niger in coming years to help the country address its daunting development challenges, provided that appropriate macroeconomic policies are ensured, which will sufficiently cover residual financing needs. The burden sharing with other international donors is expected to be broadly in line with that of the previous program. External financing needs are expected to gradually diminish relative to GDP over the years, supported by sustained reform implementation and strong and resilient growth, while challenges arising from fragility, security situations, and climate changes would persist. Niger will continue to benefit from substantial support from the international community to fill residual external financing needs, including in the post-program period.



**Text Table 2. Niger: External Financing Needs and Sources**  
(CFAF billions)

	2021	2022	2023	2024	2025	2026
<b>Total Financing Requirement</b>	<b>1,469</b>	<b>1,510</b>	<b>1,406</b>	<b>1,442</b>	<b>1,558</b>	<b>1,679</b>
Current account deficit (excl. grants)	1,456	1,659	1,364	1,223	1,233	1,452
Government amortization	131	126	139	136	126	134
Gross changes in NFA (+: increase)	-118	-275	-97	83	199	93
<b>Total Financing Source</b>	<b>1,208</b>	<b>1,229</b>	<b>1,154</b>	<b>1,159</b>	<b>1,280</b>	<b>1,383</b>
Foreign direct investment	394	473	338	391	464	517
Project-related financing	637	644	651	681	701	740
Other flows	178	112	166	87	116	126
<b>Residual Financing Need</b>	<b>260</b>	<b>281</b>	<b>252</b>	<b>283</b>	<b>278</b>	<b>296</b>
Budget support	213	215	221	252	278	296
World Bank <sup>1</sup>	137	...	...	...	...	...
AfDB	8	...	...	...	...	...
EU	26	30	36	...	...	...
France	17	7	7	...	...	...
Others	26	178	179	...	...	...
IMF financing	31	61	31	31	0	0
CCRT	16	4	0	0	0	0
<b>Residual Financing Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

1/ The amounts in the coming years will be finalized once officially confirmed after the internal approval procedure.

Source: Nigerien Authorities and IMF Staff Estimates

**33. Program performance will be monitored through semi-annual quantitative performance criteria (QPCs), quarterly indicative targets (ITs), and a set of structural benchmarks (SBs).** For the first two reviews, QPCs will be established for end-December 2021 and end-June 2022 and ITs for end-March and end-September 2022 (Table 8). Structural reform measures (Table 9) aim to improve governance, transparency, revenue mobilization, and the efficacy of spending and economic management.

**34. Niger's public and publicly guaranteed (PPG) debt stood at 45.0 percent of GDP at end 2020 (Table 10).** PPG external debt makes up 70 percent of total debt stock, of which multilateral creditors represent the lion's share (around four-fifths). Niger borrows most from the World Bank (IDA) followed by the West African Development Bank (BOAD), African Development Bank, and the IMF. The official bilateral debt represents around one-fifth of external debt.<sup>9</sup> Under the baseline scenario, the PPG external debt-to-GDP ratio is expected to follow a downward trajectory over the medium and long term as strong and resilient growth materializes and fiscal adjustment proceeds.

**35. The updated Debt Sustainability Analysis (DSA) indicates Niger's moderate risk of overall and external debt distress.**<sup>10</sup> Supported by concessional donor support and solid macroeconomic projections, including prospective oil exports, the updated DSA indicates that there are no breaches of PPG external and total public debt burden indicators in the baseline scenario,

<sup>9</sup> The government carried out a debt reprofiling operation in January 2020, in which it borrowed CFAF 148 billion (1.9 percent of GDP) from Deutsche Bank to repay domestic debt.

<sup>10</sup> The Nigerien authorities have been engaging bilaterally with the Libyan authorities to reconcile and resolve pre-HIPC Initiative arrears to Libya. As the underlying Paris Club Agreed Minute was adequately representative and the authorities are making best efforts to resolve these amounts, such amounts continue to be deemed away under the Fund's policy on arrears to official bilateral creditors.

confirming Niger's moderate risk of overall and external debt distress. External borrowing in 2021 remains focused to concessional and semi-concessional loans mainly from multilateral donors, which will be allocated to address sizable financing needs arising from infrastructure investment and social spending (Text Table 3). In 2022, external borrowing is expected to slightly increase in line with the financing needs stemming from large-scale projects and materialization of social development agenda while the concessionality remains at a high level. Nevertheless, given the limited space to absorb shocks in the current and next years, it is essential to build an adequate buffer. In line with the Fund Debt Limits Policy (DLP), the QPC on the new PPG external debt contracted is calibrated along with the authorities' borrowing plan to avoid the downgrade of the risk of debt distress. In the medium and long term, the authorities' sustained commitment to sound macroeconomic policies and economic reforms, as well as further strengthening of debt management, will be critical to maintain debt sustainability.

**Text Table 3. Niger: 2021 External Borrowing Program**

PPG external debt	Volume of new debt in 2021		PV of new debt in 2021 (program purposes)	
	CFAF billion	Percent	CFAF billion	Percent
<b>Sources of debt financing</b>	<b>626</b>	<b>100</b>	<b>347</b>	<b>100</b>
<b>Concessional debt, of which</b>	<b>463</b>	<b>74</b>	<b>222</b>	<b>64</b>
Multilateral debt	427	68	203	58
o/w: IMF	30	5	21	6
Bilateral debt	36	6	19	6
Other	0	0	0	0
<b>Non-concessional debt, of which</b>	<b>163</b>	<b>26</b>	<b>125</b>	<b>36</b>
Semi-concessional	126	20	89	26
Commercial terms	37	6	37	11
<b>By Creditor Type</b>	<b>626</b>	<b>100</b>	<b>347</b>	<b>100</b>
Multilateral	590	94	328	94
Bilateral - Paris Club	36	6	19	6
Bilateral - Non-Paris Club	0	0	0	0
Other	0	0	0	0
<i>Memorandum:</i>				
Debt financing excluding IMF	596	...	326	...
<b>Uses of debt financing</b>	<b>626</b>	<b>100</b>	<b>347</b>	<b>100</b>
Infrastructure	333	53	201	58
Social Spending	163	26	79	23
Budget Financing	101	16	54	15
Other	29	5	14	4

Source: Nigerien Authorities and IMF Staff Estimates

**36. Niger's capacity to repay the Fund remains adequate, but subject to risks which program measures will mitigate.** Given the strength of the program, the favorable medium-term outlook, and the results of the DSA, Niger denotes sufficient capacity to repay the Fund (Table 8). Given the significant prior use of Fund resources, including the previous ECF arrangement and the RCF disbursement in 2020, and the sizable financing needs in coming years, the credit outstanding

to the Fund relative to quota will be among the highest past PRGT programs (Figure 4). Repayment obligations to the Fund peaks at 1.4 percent of export and 2.1 percent of revenue in 2028---near the 75th percentile of other countries with PRGT arrangements. Key risks would be mitigated under the program, including through building fiscal space, strengthening key institutions, and boosting growth's resilience. Continued debt accumulation due to weak policy implementation and debt management capacity would have a major impact on debt sustainability.

**37. Safeguard assessments are conducted at the level of the regional central bank (BCEAO).**

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.

## STAFF APPRAISAL

**38. Niger has maintained political stability and economic growth in the face of unenviable challenges.**

Notwithstanding a difficult regional environment, climatic and health shocks, and deep-seated social challenges, the economy has seen average growth of 5.9 percent over the last decade. But with much of the population having seen limited benefit from this growth, the challenge now is to ensure greater inclusiveness to address Niger's weak social indicators. With the advent of oil revenues, the country now has the potential to make greater inroads in addressing poverty and lack of opportunity.

**39. The government has requested a three-year ECF arrangement to buttress its efforts.**

The new arrangement will help address Niger's protracted BoP problem and support the country's ongoing efforts to strengthen substantially and in a sustainable manner its BoP position through significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. In the short term, priorities will include stabilizing the security situation and addressing the impact of the pandemic, including supporting the roll-out of the vaccine program. The new arrangement will also see the country begin to implement the 2022-2026 Social and Economic Plan (PDES). Steadfast implementation of the new plan will be key. Realistic and strategic budgeting will be essential to ensure development priorities are not derailed by urgent but less impactful spending needs.

**40. Creating fiscal space will be essential to ensure medium-term consolidation does not come at the expense of development priorities.**

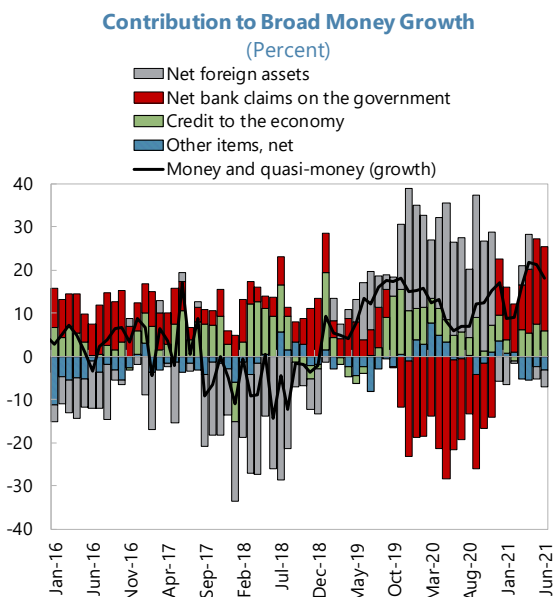
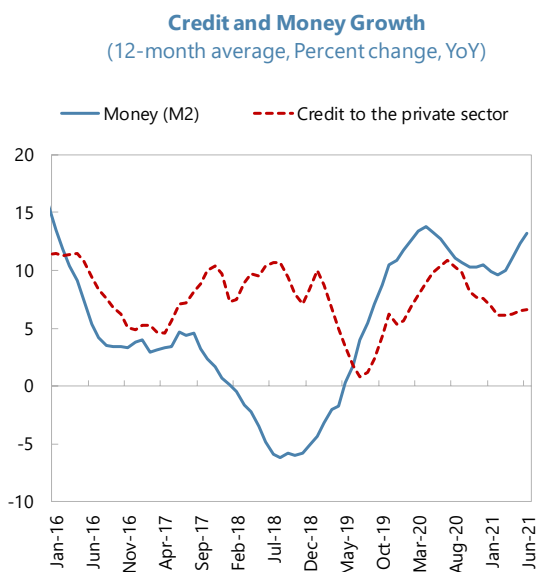
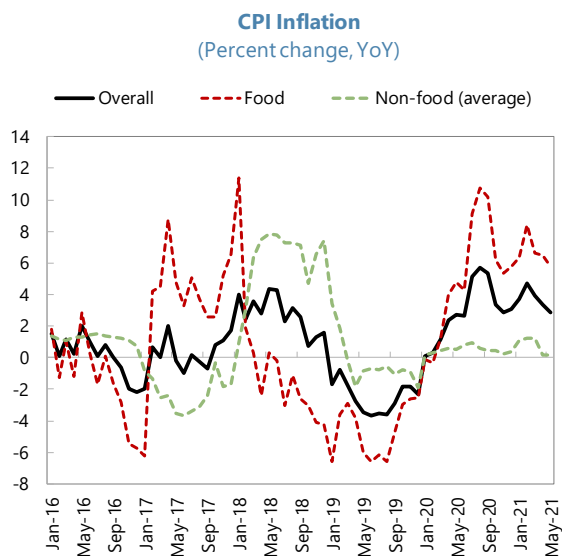
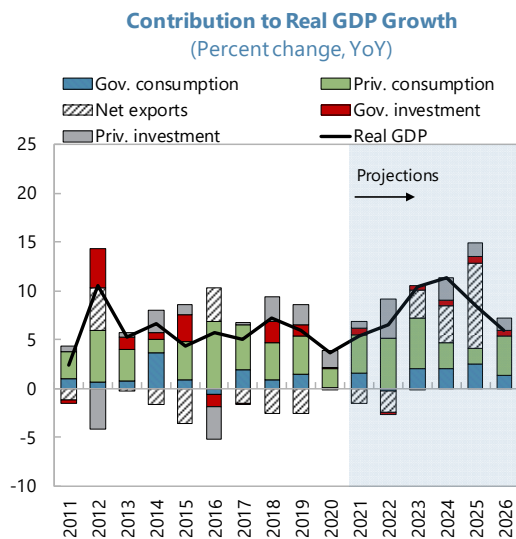
The three percent of GDP fiscal deficit target of the WAEMU provides an important fiscal anchor underpinning debt sustainability. Attaining this target over the medium term will require a significant consolidation. With elevated security expenditures necessary to resist an existential threat to the state, higher revenues will be essential to ensure development priorities are not crowded out. Enhanced revenues from oil exports will be one pillar, but will not, by themselves, bring revenues closer to the average for Low-Income Countries (LICs). Broader revenue efforts will be needed to ensure a modern, efficient, and fair tax system, making use of digital technology to broaden the tax base. Technical assistance from the Fund and others will be necessary but not sufficient; the authorities themselves will need to take bold measures to ensure that the state is able to mobilize a stronger stream of revenues.

**41. The gulf between limited resources and Niger’s sizeable development needs underscores the importance of good governance and careful management of public resources.** Public expenditure efficiency is paramount, with careful project appraisal necessary to enhance the efficacy of investment spending. Improving budgeting and liquidity and debt management will avoid the build-up of arrears, while careful expenditure control will avoid leakages. Staff notes the authorities’ commitment to enhanced governance, including the measures to be implemented to require the provision of beneficial ownership information in COVID-19-related contracts (**PA, MEFP ¶43**), and the commitment to extend this requirement to cover areas of non-competitive bidding (**SB, MEFP ¶35**). In addition, the audit report of COVID-19-related expenditures is being completed by the Cour des Comptes and will be published end-December 2021 (**SB, MEFP ¶43**). Extension of the Asset Declaration to cover 2,000 public officials is also underway. Good governance will also be essential to ensure that oil revenues accrue to the Treasury and are used in an optimal way to support development.

**42. Over the long term, the private sector must play a stronger role as an engine of growth.** This will require reducing the uneven playing field with the informal sector, as well as restructuring of the financial sector to support new and growing businesses. The state should also play its role in supporting the development of human and physical capital necessary to ensure that Niger’s demographics become an asset rather than a hindrance.

**43. Based on the authorities’ commitments to a strong program of reform, staff supports the authorities’ request for a three-year ECF arrangement with access equivalent to SDR 197.4 million.** The Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) set out appropriate policies to achieve the program’s objectives.

**Figure 1. Niger: Recent Economic Developments and Outlook**

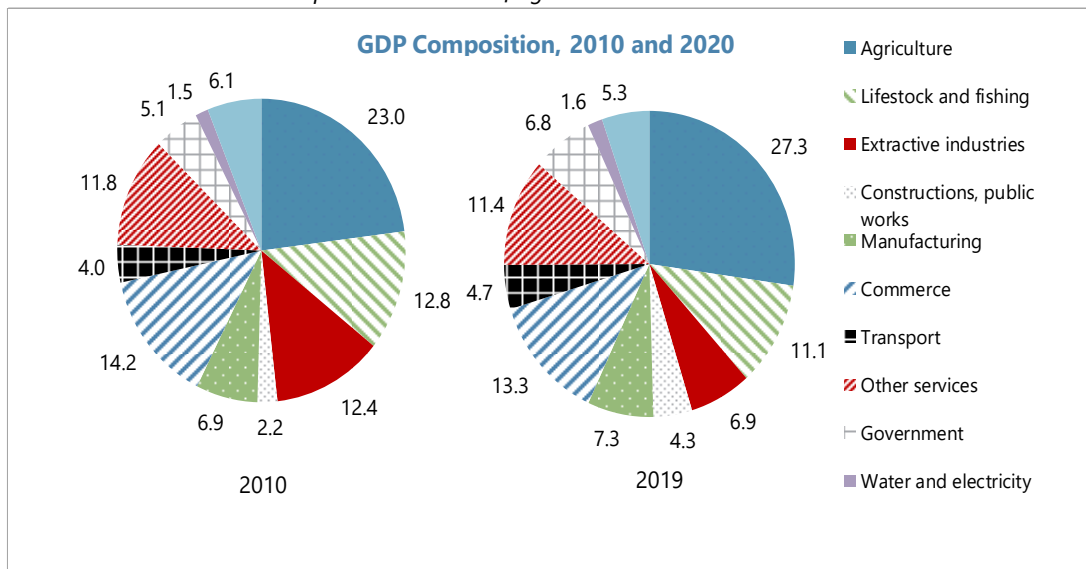


Sources: Nigerien authorities; and IMF staff calculations.



**Figure 2. Niger: GDP Composition and Output Volatility**

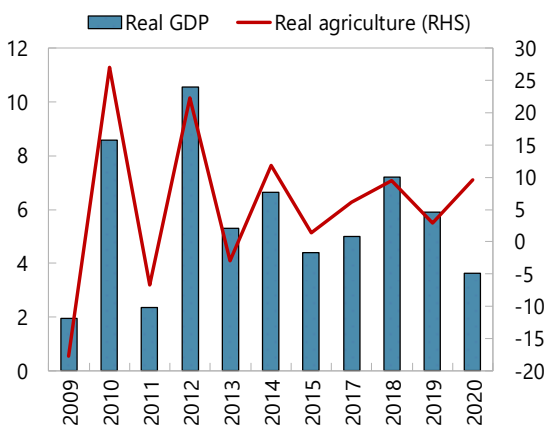
*The share of the extractive industries in GDP remains low and has further declined in response to the lower international prices. The share of agriculture and livestock continues to dominate.*



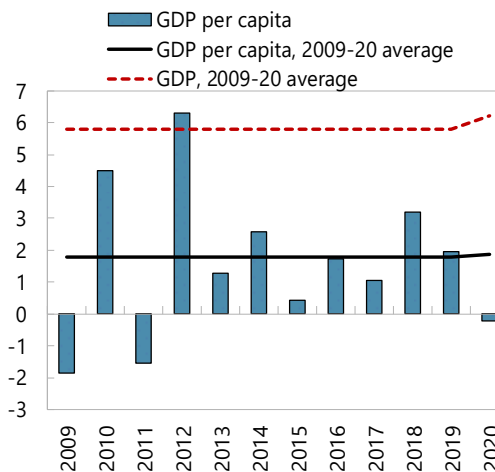
*As a consequence, GDP growth is highly volatile and is driven by the impact of climatic shocks on agriculture.*

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

**Real GDP Growth**  
(Percent change, YoY)

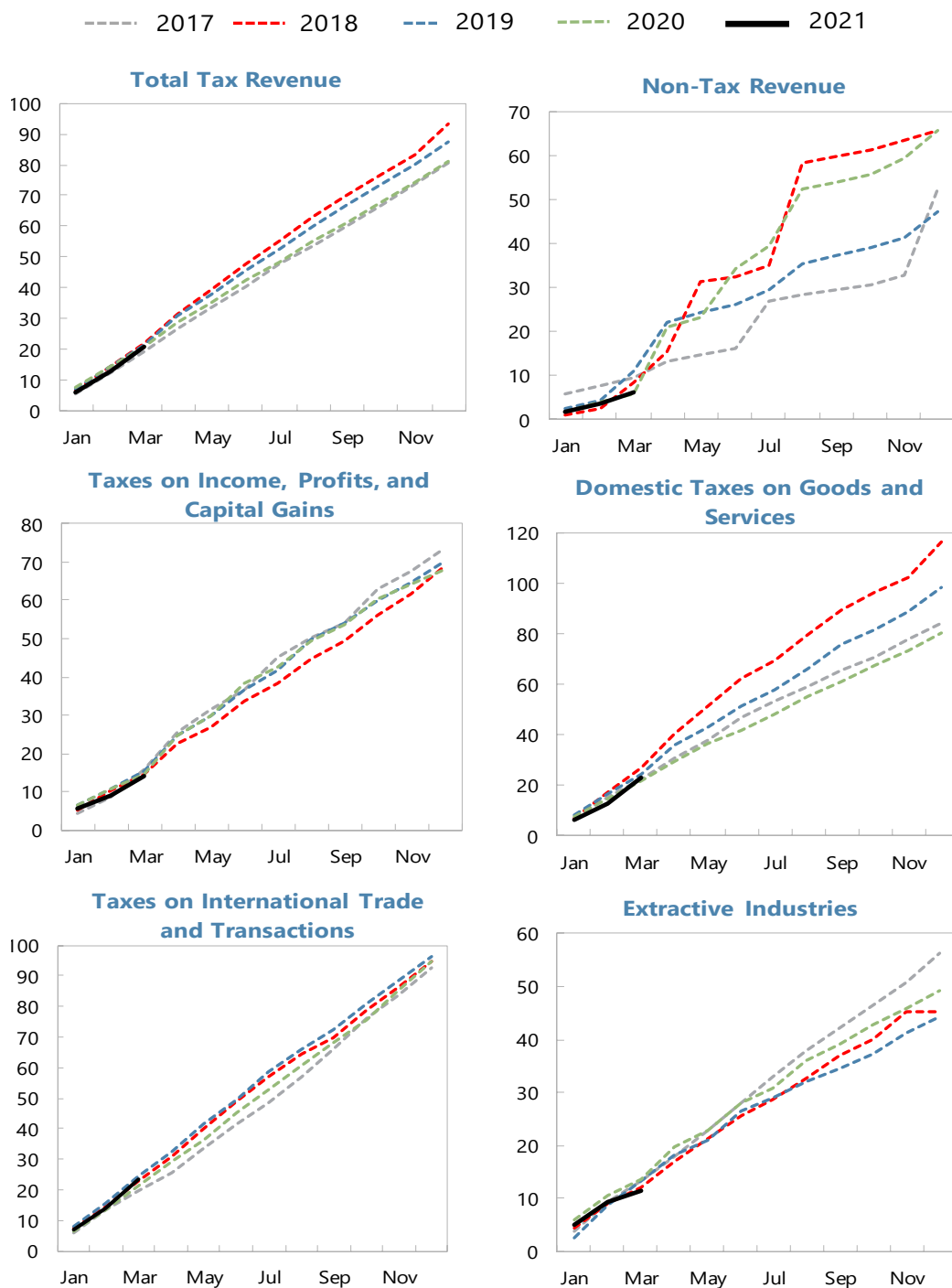


**Real per Capita GDP Growth**  
(Percent change, YoY)



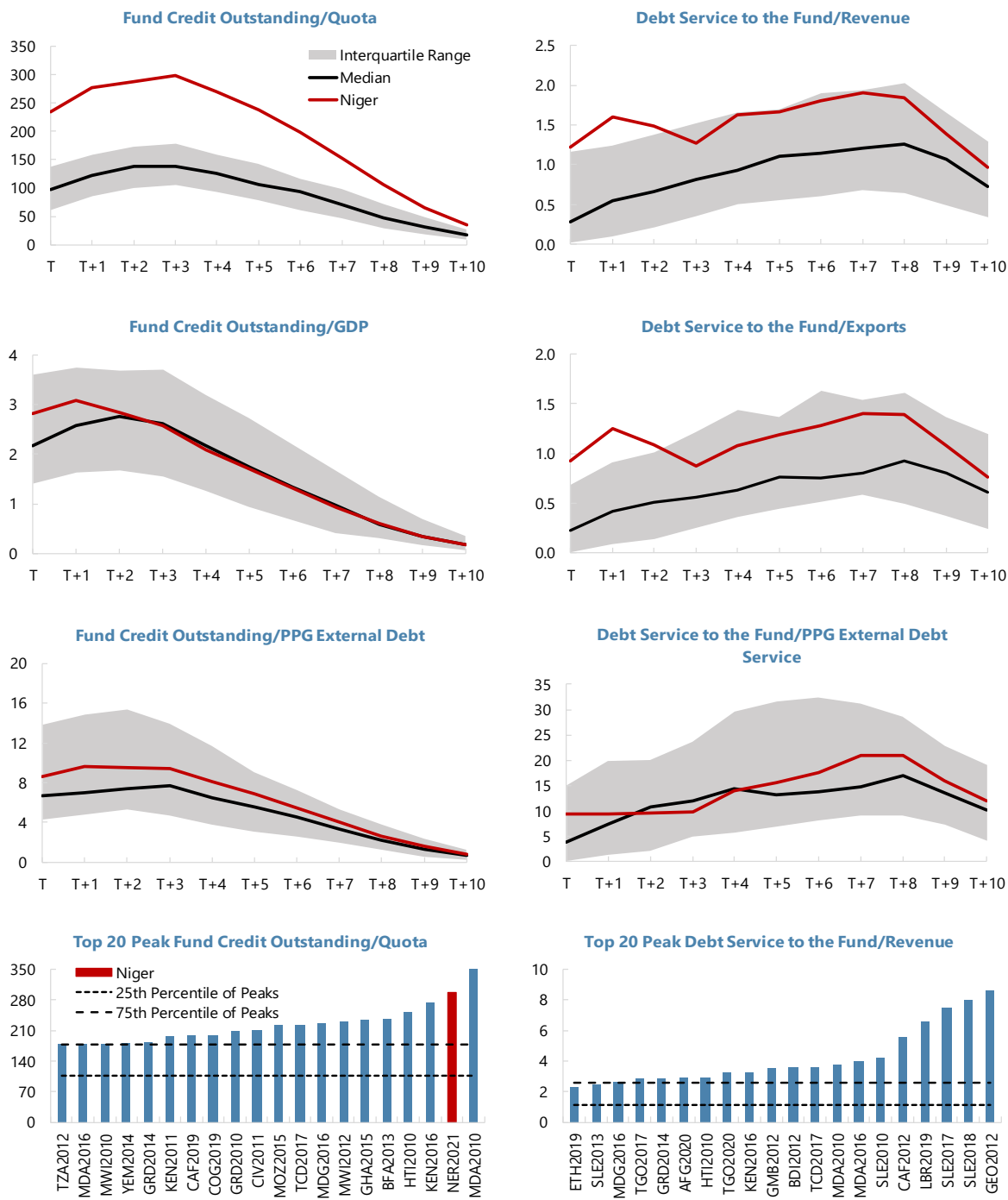
Sources: Nigerien authorities; and IMF staff calculations.

**Figure 3. Niger: Tax Performance, 2017–21**  
 (Cumulative values, December 2014 = 100, nominal GDP discounted)



Sources: Nigerien authorities; and IMF staff calculations.

**Figure 4. Niger: Fund Credit Indicators Compared to PRGT UCT-Quality Arrangements**  
(In percent of the indicated variable)



**Notes:**  
 1) T = date of arrangement approval. PPG = public and publicly guaranteed. Fiscal revenue exclude grants. Exports refer to goods and services.  
 2) Red lines/bars describe the CTR indicators for the arrangement of interest.  
 3) The median, interquartile range, and comparator bars reflect all UCT arrangements (including blends) for PRGT countries between 2010 and 2020.  
 4) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.

Table 1. Niger: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020			2021			2022	2023	2024	2025	2026
			RCF Request	6th Review	Est.	RCF Request	6th Review	Proj.					
(Annual percentage change, unless otherwise indicated)													
National income and prices													
GDP at constant prices	7.2	5.9	1.0	1.2	3.6	8.1	6.9	5.4	6.5	10.4	11.4	8.5	6.0
Oil production (thousand barrels per day)	17	18	20	17	17	20	17	17	17	49	90	108	108
GDP deflator	2.4	0.1	2.4	2.8	0.9	2.0	1.7	2.7	2.0	2.0	2.0	2.0	2.0
Consumer price index													
Annual average	2.8	-2.5	4.4	2.8	2.9	1.7	0.4	2.9	2.5	2.0	2.0	2.0	2.0
End-of-period	1.6	-2.3	2.7	2.0	3.1	2.0	2.0	3.0	2.5	2.0	2.0	2.0	2.0
External sector													
Exports, f.o.b. (CFA francs)	-5.2	-1.0	-3.9	-6.6	-3.1	20.7	11.3	3.7	13.2	53.4	40.6	23.9	1.6
Of which: non-uranium exports	-5.2	-1.0	-3.6	-8.6	-3.1	25.3	22.6	3.7	13.2	53.4	40.6	23.9	1.6
Imports, f.o.b. (CFA francs)	11.6	7.9	7.8	-1.4	3.8	17.1	26.2	14.0	16.1	3.3	11.5	11.4	4.5
Export volume	-6.9	-2.2	0.5	-8.6	-1.1	15.2	4.4	-7.8	8.4	58.7	45.8	30.7	1.7
Import volume	8.7	9.7	8.1	-2.1	1.8	19.5	28.7	3.9	13.7	4.6	5.6	8.1	5.5
Terms of trade (deterioration -)	-0.9	2.9	-4.1	1.4	-3.9	6.9	8.8	2.5	2.4	-2.1	-8.6	-8.0	0.9
Government finances													
Total revenue	26.7	-1.6	-5.9	-3.1	0.5	31.4	23.7	9.6	14.5	24.2	19.9	14.3	9.6
Total expenditure and net lending	18.8	8.4	8.5	12.8	11.0	5.9	6.1	13.3	3.0	9.5	9.7	12.1	8.9
Current expenditure	6.0	2.3	17.0	14.8	12.4	3.7	9.1	14.6	3.5	15.4	14.6	14.5	10.0
Capital expenditure	33.0	13.8	1.8	6.9	5.3	7.8	2.7	12.9	0.8	6.0	9.6	9.6	7.7
(Annual percentage change, unless otherwise indicated)													
Money and credit													
Domestic credit	11.4	-12.2	3.9	4.7	25.2	14.3	13.6	12.3	17.9	16.3	13.3	12.7	13.1
Credit to the government (net)	127.8	-89.5	-46.7	173.6	575.8	1.1	51.6	45.3	47.1	22.6	10.1	4.7	6.3
Credit to the economy	-4.5	13.0	5.4	-0.3	8.6	14.5	10.5	6.1	10.4	14.1	14.4	15.5	15.3
Net domestic assets	13.4	-18.7	0.8	2.1	45.2	24.8	23.6	30.9	42.4	22.6	9.3	7.1	12.1
Broad money	-2.1	15.0	-0.7	2.4	17.0	13.1	11.9	11.6	14.9	15.6	12.6	14.5	13.8
Velocity of broad money (ratio)	6.3	5.8	6.1	5.9	5.2	5.9	5.8	5.2	5.1	4.8	4.7	4.7	4.5
(Percent of GDP, unless otherwise indicated)													
Government finances													
Total revenue	12.1	11.2	10.2	10.4	10.8	12.2	11.9	10.9	11.5	12.7	13.4	13.8	14.0
Total expenditure and net lending	21.1	21.6	22.6	23.4	22.9	21.7	22.8	24.0	22.7	22.1	21.4	21.6	21.8
Current expenditure	9.9	9.6	10.8	10.5	10.3	10.2	10.6	10.9	10.4	10.6	10.7	11.1	11.3
Capital expenditure	11.2	12.0	11.8	12.3	12.1	11.6	11.7	12.6	11.7	11.0	10.6	10.5	10.5
Overall balance (commitment basis, incl. grants) <sup>1,2</sup>	-3.0	-3.6	-5.0	-5.8	-5.3	-3.3	-4.4	-6.6	-5.4	-4.2	-3.0	-3.0	-3.0
Gross investment	28.5	30.0	31.5	30.4	31.1	31.3	30.1	31.8	33.7	30.4	30.5	30.2	30.0
Non-government investment	18.4	19.3	20.6	19.5	20.5	20.8	19.7	20.8	23.5	20.8	21.2	21.0	20.9
Government investment	10.1	10.6	10.8	10.9	10.5	10.6	10.3	11.0	10.2	9.6	9.3	9.2	9.2
Gross national savings	15.8	17.4	16.4	17.5	17.6	14.8	13.7	16.4	17.3	18.9	21.7	22.3	21.3
Of which: non-government	12.1	13.2	15.0	15.2	15.2	11.3	10.7	14.7	14.7	15.3	17.6	18.1	17.1
Domestic savings	14.0	14.3	14.1	15.3	15.0	13.0	12.0	14.1	15.2	16.9	20.1	21.1	20.7
External current account balance													
Excluding official grants	-14.6	-15.3	-17.4	-15.6	-15.6	-18.4	-18.4	-17.2	-18.0	-13.2	-10.4	-9.5	-10.3
External current account balance (incl. grants)	-12.7	-12.6	-15.1	-13.0	-13.5	-16.6	-16.4	-15.3	-16.3	-11.5	-8.8	-7.9	-8.7
Debt-service ratio as percent of:													
Repayments under the PRGF	4.1	5.1	5.1	5.1	5.1	6.1	6.1	6.1	7.1	8.1	9.1	9.1	9.1
Exports of goods and services	7.1	7.9	13.0	13.1	5.5	13.5	21.3	14.8	12.4	10.4	8.1	6.6	6.9
Government revenue	6.7	7.6	14.3	11.6	8.5	14.0	18.1	19.7	15.9	14.1	11.8	9.9	9.6
Total public and publicly-guaranteed debt	36.9	39.8	45.4	41.7	45.0	43.7	42.1	48.8	49.8	48.2	45.3	43.8	43.5
Public and publicly-guaranteed external debt	25.3	26.5	30.3	29.4	31.6	29.7	28.9	32.8	32.2	30.0	27.9	26.3	25.5
PV of external debt	23.1	24.5	21.8	23.9	24.2	21.1	22.1	23.4	23.0	21.2	19.5	18.3	17.7
Public domestic debt	11.6	13.3	15.1	12.3	13.4	14.0	13.2	16.0	17.6	18.2	17.4	17.4	18.0
Foreign aid	8.3	10.8	14.4	12.9	12.2	9.6	10.4	10.1	9.3	9.3	8.3	7.8	7.4
(Billions of CFA francs)													
GDP at current market prices	7,134	7,565	7,830	7,873	7,909	8,633	8,559	8,559	9,301	10,471	11,895	13,166	14,229
GDP at current prices (annual percentage change)	9.8	6.0	3.4	4.1	4.6	10.3	8.7	8.2	8.7	12.6	13.6	10.7	8.1

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

<sup>1</sup> Revenue including grants minus expenditure; WAEMU anchor.<sup>2</sup> Includes CCRT debt relief.

**Table 2. Niger: Financial Operations of the Central Government, 2018–26**  
(In billions of CFA francs)

	2018	2019	2020			2021			2022	2023	2024	2025	2026	
			RCF	6th	Est.	RCF	6th	Proj.						Projections
			Request	Review		Request	Review							
Total revenue	862	848	798	823	852	1,049	1,017	934	1,070	1,329	1,593	1,821	1,996	
<i>Of which:</i> cash revenue	706	750	716	741	780	...	929	846	...	...	...	...	...	
Tax revenue	788	784	728	735	760	959	953	869	995	1,223	1,473	1,677	1,839	
International trade	194	209	163	197	215	269	269	236	283	304	354	421	486	
Goods and services	354	317	312	262	270	380	384	357	405	501	619	716	757	
Income	176	189	186	201	192	224	224	187	206	290	352	376	420	
Other	64	69	68	75	83	86	77	89	102	128	148	164	176	
Nontax revenue	67	51	55	73	74	66	49	50	58	87	99	122	132	
Special accounts revenue	8	14	15	15	18	24	15	15	16	18	21	23	25	
Total expenditure and net lending	1505	1632	1,771	1,841	1,810	1,875	1,953	2,052	2,113	2,315	2,540	2,847	3,099	
<i>Of which:</i> domestically financed	1067	1116	1,189	1,316	1,253	1,231	1,320	1,419	1,469	1,672	1,859	2,146	2,359	
<i>Of which:</i> domestically financed, cash	911	1018	1,107	1,234	1,181	...	1,232	1,331	...	...	...	...	...	
Total current expenditure	707	723	846	830	813	878	906	932	964	1,113	1,275	1,460	1,606	
Budgetary expenditure	688	691	821	805	781	859	880	907	937	1,081	1,239	1,421	1,564	
Wages and salaries	273	282	296	296	298	318	318	328	344	395	451	529	582	
Goods and services	135	109	137	141	131	142	155	161	147	169	193	226	248	
Transfers and subsidies	213	225	304	287	269	294	313	324	340	390	446	498	547	
Interest	68	75	84	82	83	105	94	94	106	128	150	168	186	
<i>Of which:</i> external debt	21	22	33	28	28	43	47	47	37	41	43	46	48	
Adjustments to fiscal expenditure	-1	0	0	0	1	0	0	0	0	0	0	0	0	
Special accounts expenditure <sup>1</sup>	19	32	25	25	32	19	25	25	28	31	35	39	42	
Capital expenditure and net lending	798	908	925	1,011	997	998	1,047	1,120	1,149	1,202	1,265	1,387	1,493	
Capital expenditure	798	908	925	971	956	998	997	1,080	1,089	1,154	1,265	1,387	1,493	
Domestically-financed	360	393	343	446	398	354	364	447	444	511	584	686	753	
<i>Of which:</i> domestically-financed, cash	204	294	261	364	326	...	276	359	...	...	...	...	...	
Externally-financed	438	516	583	526	558	644	633	633	644	643	681	701	740	
<i>Of which:</i> grants	303	321	429	361	372	403	393	392	397	391	413	438	467	
loans	135	195	154	165	185	241	240	240	247	252	267	263	273	
Net lending	0	0	0	40	41	0	50	40	60	48	0	0	0	
Overall balance <sup>2,3</sup>	-214	-269	-390	-455	-422	-286	-377	-565	-502	-438	-355	-390	-422	
Overall balance, excl. pipeline investment			...	-415	-381	...	-327	-525	-442	-390	-355	-390	-422	
Financing	654	786	738	1,019	935	766	936	1,118	1,043	986	947	1,026	1,103	
External financing	563	783	816	949	922	730	763	731	738	726	796	853	902	
Grants	429	514	582	559	528	540	544	537	537	548	592	636	682	
<i>Of which:</i> budget financing	126	193	164	198	155	137	151	145	140	157	179	198	214	
Loans	166	306	310	448	425	287	335	309	323	316	340	343	354	
<i>Of which:</i> budget financing	31	111	156	283	240	46	95	69	75	64	73	80	81	
Amortization	-32	-37	-76	-63	-39	-97	-131	-131	-126	-139	-136	-126	-134	
Debt relief (incl. debt under discussion)	0	0	0	5	8	0	15	16	4	0	0	0	0	
Domestic financing	91	3	-78	69	13	36	173	386	306	260	151	172	201	
Banking sector	47	-149	-14	50	91	0	41	188	134	95	52	27	38	
IMF	18	21	15	79	79	-16	-15	15	44	10	9	-36	-29	
Statutory advances (including other advances)	-9	-8	0	0	-3	0	0	99	0	0	0	0	0	
Deposits with BCEAO	62	-101	-1	-1	3	0	0	0	-5	-10	-15	-20	-25	
Government securities net and others	-24	-61	-28	-28	12	17	55	74	96	95	58	83	92	
Nonbanking sector	43	152	-64	19	-78	36	132	199	171	166	99	146	164	
Financing gap (+)	0	0	235	0	0	60	0	0	0	0	0	0	0	

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

<sup>1</sup> The special accounts include the financing on the National Retirement Fund, Priority Investments Fund, and Fund for Continuous Professional Development.

<sup>2</sup> On commitment basis. WAEMU anchor.

<sup>3</sup> Includes budget grants and CCRT debt relief.

**Table 3. Niger: Financial Operations of the Central Government, 2018–26**  
(In percent of GDP)

	2018	2019	2020			2021			2022	2023	2024	2025	2026
			RCF	6th	Est.	RCF	6th	Proj.					
			Request	Review		Request	Review						
									Projections				
Total revenue	12.1	11.2	10.2	10.4	10.8	12.2	11.9	10.9	11.5	12.7	13.4	13.8	14.0
<i>Of which:</i> cash revenue	9.9	9.9	9.1	9.4	9.9	...	10.9	9.9	...	...	...	...	...
Tax revenue	11.0	10.4	9.3	9.3	9.6	11.1	11.1	10.2	10.7	11.7	12.4	12.7	12.9
International trade	2.7	2.8	2.1	2.5	2.7	3.1	3.1	2.8	3.0	2.9	3.0	3.2	3.4
Goods and services	5.0	4.2	4.0	3.3	3.4	4.4	4.5	4.2	4.4	4.8	5.2	5.4	5.3
Income	2.5	2.5	2.4	2.6	2.4	2.6	2.6	2.2	2.2	2.8	3.0	2.9	3.0
Other	0.9	0.9	0.9	1.0	1.0	1.0	0.9	1.0	1.1	1.2	1.2	1.2	1.2
Nontax revenue	0.9	0.7	0.7	0.9	0.9	0.8	0.6	0.6	0.6	0.8	0.8	0.9	0.9
Special accounts revenue	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total expenditure and net lending	21.1	21.6	22.6	23.4	22.9	21.7	22.8	24.0	22.7	22.1	21.4	21.6	21.8
<i>Of which:</i> domestically financed	15.0	14.8	15.2	16.7	15.8	14.3	15.4	16.6	15.8	16.0	15.6	16.3	16.6
<i>Of which:</i> domestically financed, cash	12.8	13.5	14.1	15.7	14.9	...	14.4	15.6	...	...	...	...	...
Total current expenditure	9.9	9.6	10.8	10.5	10.3	10.2	10.6	10.9	10.4	10.6	10.7	11.1	11.3
Budgetary expenditure	9.6	9.1	10.5	10.2	9.9	10.0	10.3	10.6	10.1	10.3	10.4	10.8	11.0
Wages and salaries	3.8	3.7	3.8	3.8	3.8	3.7	3.7	3.8	3.7	3.8	3.8	4.0	4.1
Goods and services	1.9	1.4	1.8	1.8	1.7	1.6	1.8	1.9	1.6	1.6	1.6	1.7	1.7
Transfers and subsidies	3.0	3.0	3.9	3.6	3.4	3.4	3.7	3.8	3.7	3.7	3.7	3.8	3.8
Interest	0.9	1.0	1.1	1.0	1.0	1.2	1.1	1.1	1.1	1.2	1.3	1.3	1.3
<i>Of which:</i> external debt	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3
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	0.0	0.0
Special accounts expenditure <sup>1</sup>	0.3	0.4	0.3	0.3	0.4	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital expenditure and net lending	11.2	12.0	11.8	12.8	12.6	11.6	12.2	13.1	12.4	11.5	10.6	10.5	10.5
Capital expenditure	11.2	12.0	11.8	12.3	12.1	11.6	11.7	12.6	11.7	11.0	10.6	10.5	10.5
Domestically-financed	5.0	5.2	4.4	5.7	5.0	4.1	4.3	5.2	4.8	4.9	4.9	5.2	5.3
<i>Of which:</i> domestically financed, cash	2.9	3.9	3.3	4.6	4.1	...	3.2	4.2	...	...	...	...	...
Externally-financed	6.1	6.8	7.4	6.7	7.1	7.5	7.4	7.4	6.9	6.1	5.7	5.3	5.2
<i>Of which:</i> grants	4.3	4.2	5.5	4.6	4.7	4.7	4.6	4.6	4.3	3.7	3.5	3.3	3.3
loans	1.9	2.6	2.0	2.1	2.3	2.8	2.8	2.8	2.7	2.4	2.2	2.0	1.9
Net lending	0.0	0.0	0.0	0.5	0.5	0.0	0.6	0.5	0.6	0.5	0.0	0.0	0.0
Overall balance <sup>2,3</sup>	-3.0	-3.6	-5.0	-5.8	-5.3	-3.3	-4.4	-6.6	-5.4	-4.2	-3.0	-3.0	-3.0
Overall balance, excl. pipeline investment			...	-5.3	-4.8	...	-3.8	-6.1	-4.8	-3.7	-3.0	-3.0	-3.0
Financing	9.2	10.4	9.4	12.9	11.8	8.9	10.9	13.1	11.2	9.4	8.0	7.8	7.8
External financing	7.9	10.3	10.4	12.1	11.7	8.5	8.9	8.5	7.9	6.9	6.7	6.5	6.3
Grants	6.0	6.8	7.4	7.1	6.7	6.3	6.4	6.3	5.8	5.2	5.0	4.8	4.8
<i>Of which:</i> budget financing	1.8	2.6	2.1	2.5	2.0	1.6	1.8	1.7	1.5	1.5	1.5	1.5	1.5
Loans	2.3	4.0	4.0	5.7	5.4	3.3	3.9	3.6	3.5	3.0	2.9	2.6	2.5
<i>Of which:</i> budget financing	0.4	1.5	2.0	3.6	3.0	0.5	1.1	0.8	0.8	0.6	0.6	0.6	0.6
Amortization	-0.5	-0.5	-1.0	-0.8	-0.5	-1.1	-1.5	-1.5	-1.4	-1.3	-1.1	-1.0	-0.9
Debt relief (incl. debt under discussion)	0.0	0.0	0.0	0.1	0.1	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Domestic financing	1.3	0.0	-1.0	0.9	0.2	0.4	2.0	4.5	3.3	2.5	1.3	1.3	1.4
Banking sector	0.7	-2.0	-0.2	0.6	1.1	0.0	0.5	2.2	1.4	0.9	0.4	0.2	0.3
IMF	0.3	0.3	0.2	1.0	1.0	-0.2	-0.2	0.2	0.5	0.1	0.1	-0.3	-0.2
Statutory advances (including other adv):	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0
Deposits with BCEAO	0.9	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.2
Government securities net and others	-0.3	-0.8	-0.4	-0.4	0.2	0.2	0.6	0.9	1.0	0.9	0.5	0.6	0.6
Nonbanking sector	0.6	2.0	-0.8	0.2	-1.0	0.4	1.5	2.3	1.8	1.6	0.8	1.1	1.2
Financing gap (+)	0.0	0.0	3.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

<sup>1</sup>The special accounts include the financing on the National Retirement Fund, Priority Investments Fund, and Fund for Continuous Professional Development.

<sup>2</sup>On commitment basis. WAEMU anchor.

<sup>3</sup>Includes budget grants and CCRT debt relief.

Table 4. Niger: Monetary Survey, 2018–26

	2018	2019	2020			2021			2022	2023	2024	2025	2026
			RCF	6th	Est.	RCF	6th	Proj.					
			Request	Review		Request	Review						
(Billions of CFA francs)													
Net foreign assets	321	641	312	660	566	631	660	447	172	76	158	357	450
BCEAO	260	467	251	485	402	457	486	284	9	-88	-5	194	287
Commercial banks	61	174	61	174	163	174	174	163	163	163	163	163	163
Net domestic assets	806	655	905	669	951	825	827	1,246	1,773	2,174	2,375	2,543	2,851
Domestic credit	1,128	991	1,216	1,038	1,241	1,177	1,179	1,393	1,643	1,911	2,164	2,439	2,759
Net bank claims on government	277	29	300	79	196	16	120	285	419	514	566	593	630
BCEAO	75	-11	106	67	67	-14	52	82	120	120	114	58	4
Claims	140	154	172	233	230	153	219	245	289	299	307	271	242
Of which: statutory advances	12	5	5	3	3	0	0	0	0	0	0	0	0
Deposits	-65	-165	-66	-166	-163	-166	-166	-163	-168	-178	-193	-213	-238
Commercial banks	202	40	193	13	129	29	68	203	299	394	452	535	627
Claims	344	168	335	140	278	157	196	352	448	543	601	684	776
Deposits	-142	-127	-142	-127	-149	-127	-127	-149	-149	-149	-149	-149	-149
Credit to other sectors	851	962	916	958	1,045	1,161	1,059	1,108	1,224	1,397	1,598	1,846	2,128
Of which: credit to the private sector	727	847	787	840	926	1,034	932	982	1,088	1,251	1,441	1,676	1,946
Other items, net	-323	-336	-310	-369	-289	-352	-352	-148	130	263	211	104	93
Money and quasi-money	1,127	1,296	1,218	1,328	1,517	1,456	1,487	1,693	1,946	2,250	2,534	2,900	3,302
Currency outside banks	480	527	519	540	579	592	605	646	743	859	967	1,107	1,260
Deposits with banks	647	769	699	788	938	864	882	1,047	1,203	1,391	1,566	1,793	2,041
(Annual percentage change, unless otherwise indicated)													
Net foreign assets	-27.0	99.6	-3.1	2.8	-11.8	0.8	0.1	-20.9	-61.5	-56.1	109.4	125.7	26.0
BCEAO	-26.9	79.3	-3.8	3.9	-13.8	1.1	0.1	-29.4	-96.9	-1095.2	-94.3	-3983.3	47.9
Commercial banks	-27.6	186.2	0.0	0.0	-6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net domestic assets	13.4	-18.7	0.8	2.1	45.2	24.8	23.6	30.9	42.4	22.6	9.3	7.1	12.1
Domestic credit	11.4	-12.2	3.9	4.7	25.2	14.3	13.6	12.3	17.9	16.3	13.3	12.7	13.1
Net bank claims on government	127.8	-89.5	-46.7	173.6	575.8	1.1	51.6	45.3	47.1	22.6	10.1	4.7	6.3
BCEAO	1499.9	-115	-124.8	-690.3	-691.9	-583.7	-21.7	22.5	47.0	-0.1	-5.2	-49.1	-93.6
Of which: statutory advances	-41.6	-55.7	-50.0	-50.0	-50.0	-100.0	-100.0	-100.0	...	...	...	...	...
Commercial banks	72.6	-80.0	-68.5	-68.4	220.6	130.1	435.5	57.1	47.2	31.7	14.8	18.3	17.2
Claims	31.6	-51.2	-16.5	-16.5	66.0	11.8	39.6	26.5	27.2	21.2	10.7	13.8	13.5
Deposits	-1.6	-10.2	0.0	0.0	17.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to other sectors	-4.5	13.0	5.4	-0.3	8.6	14.5	10.5	6.1	10.4	14.1	14.4	15.5	15.3
Of which: credit to the private sector	-1.9	16.5	5.8	-0.9	9.2	15.3	10.9	6.0	10.9	15.0	15.2	16.3	16.1
Other items, net	6.8	4.0	10.0	10.0	-13.8	-4.5	-4.5	-49.0	-188.2	102.2	-19.8	-50.7	-11.1
Broad money	-2.1	15.0	-0.7	2.4	17.0	13.1	11.9	11.6	14.9	15.6	12.6	14.5	13.8
<i>Memorandum items:</i>													
Velocity of broad money (ratio)	6.3	5.8	6.1	5.9	5.2	5.9	5.8	5.1	5.1	4.8	4.7	4.7	4.5
Credit to the economy (percent of GDP)	11.9	12.7	13.0	12.2	13.2	13.5	12.4	12.9	12.9	13.2	13.3	13.4	14.0
Credit to the private sector (percent of GDP)	10.2	11.2	11.5	10.7	11.7	12.0	10.9	11.5	11.5	11.7	11.9	12.1	12.7
GDP at current prices (annual percent change)	9.8	6.0	3.4	4.1	4.6	10.3	8.7	8.2	8.2	8.7	12.6	13.6	10.7

Sources: BCEAO; and IMF staff estimates and projections.

**Table 5. Niger: Balance of Payments, 2018–26**  
(In billions of CFA francs, unless otherwise indicated)

	2018	2019	2020			2021			2022	2023	2024	2025	2026
			RCF	6th	Est.	RCF	6th	Proj.					
			Request	Review		Request	Review						
Current account balance	-903	-951	-1,180	-1,020	-1,066	-1,431	-1,404	-1,311	-1,519	-1,207	-1,044	-1,036	-1,238
Balance on goods, services, and income	-1,173	-1,319	-1,504	-1,319	-1,398	-1,736	-1,679	-1,648	-1,881	-1,629	-1,511	-1,517	-1,709
Balance on goods	-599	-707	-850	-729	-780	-970	-1,012	-955	-1,128	-788	-542	-401	-476
Exports, f.o.b	668	662	717	616	641	866	685	664	752	1,154	1,623	2,011	2,044
Uranium	117	128	125	131	155	123	91	91	93	95	78	263	261
Oil	129	128	104	98	89	99	110	106	106	455	860	1,002	966
Other products	422	406	488	386	397	644	484	467	553	604	684	745	816
Imports, f.o.b	1,268	1,368	1,567	1,345	1,421	1,836	1,697	1,620	1,880	1,942	2,165	2,412	2,519
Food products	315	337	325	360	391	365	366	443	456	458	490	523	544
Petroleum products	59	65	46	60	65	54	75	92	113	115	119	119	120
Capital goods	362	434	506	381	400	583	538	460	548	558	607	716	785
Other products	532	533	690	544	566	834	718	626	763	811	948	1,053	1,071
Services and income (net)	-573	-613	-654	-590	-618	-766	-668	-692	-753	-841	-969	-1,116	-1,233
Services (net)	-466	-501	-537	-484	-502	-636	-552	-567	-602	-639	-716	-809	-873
Income (net)	-107	-112	-118	-106	-116	-130	-116	-126	-152	-202	-253	-307	-360
Of which: interest on external public debt	-21	-22	-33	-28	-28	-43	-47	-47	-37	-41	-43	-46	-48
Unrequited current transfers (net)	270	368	324	299	332	304	275	337	362	422	467	481	471
Private (net)	128	159	144	91	166	151	108	176	206	249	273	269	243
Public (net)	142	210	180	208	166	153	167	161	156	173	194	212	228
Of which: grants for budgetary assistance	126	193	164	198	155	137	151	145	140	157	179	198	214
Capital and financial account	793	1,271	930	1,001	961	1,376	1,389	1,177	1,239	1,110	1,127	1,235	1,331
Capital account	347	370	518	385	410	521	510	502	479	483	456	485	518
Private capital transfers	41	49	44	33	33	53	52	41	35	38	43	47	51
Project grants	303	321	474	351	377	468	458	461	444	446	413	438	467
Nonproduced, nonfinancial assets	3	0	0	0	0	0	0	0	0	0	0	0	0
Financial account	446	902	412	616	551	855	879	675	760	627	671	750	812
Direct investment	237	404	393	284	207	655	642	394	473	338	391	464	517
Portfolio investment	79	56	-76	-25	-50	19	0	90	76	104	68	66	71
Other investment	130	442	95	356	394	182	237	191	212	185	212	220	224
Public sector (net)	134	269	234	385	386	190	204	178	197	177	204	218	220
Disbursements	166	306	310	448	425	287	335	309	323	316	340	343	354
Loans for budgetary assistance	31	111	156	283	240	46	95	69	75	64	73	80	81
Project loans	135	195	154	165	185	241	240	240	247	252	267	263	273
Amortization	32	37	76	63	39	97	131	131	126	139	136	126	134
Other (net)	-5	173	-139	-29	8	-8	33	13	15	8	8	2	4
Errors and omissions	-10	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance	-119	320	-249	-20	-105	-55	-15	-134	-280	-97	83	199	93
Financing	119	-320	15	20	105	-5	15	134	280	97	-83	-199	-93
Net foreign assets (BCEAO)	96	-207	15	-18	65	-5	0	118	275	97	-83	-199	-93
Of which: net use of Fund resources	18	21	15	79	79	-16	-15	15	44	10	9	-36	-29
Of which: SDR allocation <sup>1</sup>	...	...	...	...	...	...	...	99	...	...	...	...	...
Net foreign assets (commercial banks)	23	-113	0	0	11	0	0	0	0	0	0	0	0
Rescheduling obtained	0	0	0	38	29	0	15	16	4	0	0	0	0
Financing gap	0	0	235	0	0	60	0	0	0	0	0	0	0
Exceptional financing from the RCF	...	...	69	69	69	...	...	...	...	...	...	...	...
Exceptional financing from the CCRT <sup>2</sup>	...	...	6	5	5	16	15	16	4	...	...	...	...
<i>Memorandum items:</i>													
Current account balance, excluding grants	-1,045	-1,161	-1,360	-1,228	-1,232	-1,584	-1,571	-1,472	-1,675	-1,380	-1,238	-1,248	-1,466
Exports of goods and services	806	814	880	732	1,314	1,087	863	1,243	1,374	1,810	2,318	2,735	2,783
Pooled gross international reserves, WAEMU (in USD billion)	14.9	17.5	...	...	19.4	...	...	...	...	...	...	...	...
Pooled gross international reserves, WAEMU (in CFAF billion)	8,561	10,357	...	...	10,677	...	...	...	...	...	...	...	...
In months of next year's imports of goods and services	4.7	5.9	...	...	5.5	...	...	...	...	...	...	...	...
In percent of broad money	31.1	34.1	...	...	31.9	...	...	...	...	...	...	...	...
GDP at current prices	7,134	7,565	7,830	7,873	7,909	8,633	8,559	8,559	9,301	10,471	11,895	13,166	14,229

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

<sup>1</sup> Since the SDR allocation increases both assets and liabilities by the same amount, net foreign assets does not increase.

<sup>2</sup> CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.



**Table 6. Niger: Balance of Payments, 2018–26**  
(In percent of GDP)

	2018	2019	2020			2021			2022	2023	2024	2025	2026
			RCF	6th	Est.	RCF	6th	Proj.					
			Request	Review		Request	Review						
			Projections										
Current account balance	-12.7	-12.6	-15.1	-13.0	-13.5	-16.6	-16.4	-15.3	-16.3	-11.5	-8.8	-7.9	-8.7
Balance on goods, services, and income	-16.4	-17.4	-19.2	-16.8	-17.7	-20.1	-19.6	-19.3	-20.2	-15.6	-12.7	-11.5	-12.0
Balance on goods	-8.4	-9.3	-10.8	-9.3	-9.9	-11.2	-11.8	-11.2	-12.1	-7.5	-4.6	-3.0	-3.3
Exports, f.o.b	9.4	8.7	9.2	7.8	8.1	10.0	8.0	7.8	8.1	11.0	13.6	15.3	14.4
Uranium	1.6	1.7	1.6	1.7	2.0	1.4	1.1	1.1	1.0	0.9	0.7	2.0	1.8
Oil	1.8	1.7	1.3	1.2	1.1	1.1	1.3	1.2	1.1	4.3	7.2	7.6	6.8
Other products	5.9	5.4	6.2	4.9	5.0	7.5	5.7	5.5	5.9	5.8	5.8	5.7	5.7
Imports, f.o.b	17.8	18.1	20.0	17.1	18.0	21.3	19.8	18.9	20.2	18.5	18.2	18.3	17.7
Food products	4.4	4.5	4.2	4.6	4.9	4.2	4.3	5.2	4.9	4.4	4.1	4.0	3.8
Petroleum products	0.8	0.9	0.6	0.8	0.8	0.6	0.9	1.1	1.2	1.1	1.0	0.9	0.8
Capital goods	5.1	5.7	6.5	4.8	5.1	6.7	6.3	5.4	5.9	5.3	5.1	5.4	5.5
Other products	7.5	7.1	8.8	6.9	7.2	9.7	8.4	7.3	8.2	7.7	8.0	8.0	7.5
Services and income (net)	-8.0	-8.1	-8.4	-7.5	-7.8	-8.9	-7.8	-8.1	-8.1	-8.0	-8.2	-8.5	-8.7
Services (net)	-6.5	-6.6	-6.9	-6.2	-6.4	-7.4	-6.4	-6.6	-6.5	-6.1	-6.0	-6.1	-6.1
Income (net)	-1.5	-1.5	-1.5	-1.3	-1.5	-1.5	-1.4	-1.5	-1.6	-1.9	-2.1	-2.3	-2.5
Of which: interest on external public debt	-0.3	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3
Unrequited current transfers (net)	3.8	4.9	4.1	3.8	4.2	3.5	3.2	3.9	3.9	4.0	3.9	3.7	3.3
Private (net)	1.8	2.1	1.8	1.2	2.1	1.8	1.3	2.1	2.2	2.4	2.3	2.0	1.7
Public (net)	2.0	2.8	2.3	2.6	2.1	1.8	2.0	1.9	1.7	1.6	1.6	1.6	1.6
Of which: grants for budgetary assistance	1.8	2.6	2.1	2.5	2.0	1.6	1.8	1.7	1.5	1.5	1.5	1.5	1.5
Capital and financial account	11.1	16.8	11.9	12.7	12.2	15.9	16.2	13.8	13.3	10.6	9.5	9.4	9.4
Capital account	4.9	4.9	6.6	4.9	5.2	6.0	6.0	5.9	5.1	4.6	3.8	3.7	3.6
Private capital transfers	0.6	0.6	0.6	0.4	0.4	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.4
Project grants	4.3	4.2	6.1	4.5	4.8	5.4	5.3	5.4	4.8	4.3	3.5	3.3	3.3
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	0.0	0.0
Financial account	6.3	11.9	5.3	7.8	7.0	9.9	10.3	7.9	8.2	6.0	5.6	5.7	5.7
Direct investment	3.3	5.3	5.0	3.6	2.6	7.6	7.5	4.6	5.1	3.2	3.3	3.5	3.6
Portfolio investment	1.1	0.7	-1.0	-0.3	-0.6	0.2	0.0	1.1	0.8	1.0	0.6	0.5	0.5
Other investment	1.8	5.8	1.2	4.5	5.0	2.1	2.8	2.2	2.3	1.8	1.8	1.7	1.6
Public sector (net)	1.9	3.6	3.0	4.9	4.9	2.2	2.4	2.1	2.1	1.7	1.7	1.7	1.5
Disbursements	2.3	4.0	4.0	5.7	5.4	3.3	3.9	3.6	3.5	3.0	2.9	2.6	2.5
Loans for budgetary assistance	0.4	1.5	2.0	3.6	3.0	0.5	1.1	0.8	0.8	0.6	0.6	0.6	0.6
Project loans	1.9	2.6	2.0	2.1	2.3	2.8	2.8	2.8	2.7	2.4	2.2	2.0	1.9
Amortization	0.5	0.5	1.0	0.8	0.5	1.1	1.5	1.5	1.4	1.3	1.1	1.0	0.9
Other (net)	-0.1	2.3	-1.8	-0.4	0.1	-0.1	0.4	0.2	0.2	0.1	0.1	0.0	0.0
Errors and omissions	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-1.7	4.2	-3.2	-0.2	-1.3	-0.6	-0.2	-1.6	-3.0	-0.9	0.7	1.5	0.7
Financing	1.7	-4.2	0.2	0.2	1.3	-0.1	0.2	1.6	3.0	0.9	-0.7	-1.5	-0.7
Net foreign assets (BCEAO)	1.3	-2.7	0.2	-0.2	0.8	-0.1	0.0	1.4	3.0	0.9	-0.7	-1.5	-0.7
Of which: net use of Fund resources	0.3	0.3	0.2	1.0	1.0	-0.2	-0.2	0.2	0.5	0.1	0.1	-0.3	-0.2
Of which: SDR allocation <sup>1</sup>	...	...	...	...	...	...	...	1.2	...	...	...	...	...
Net foreign assets (commercial banks)	0.3	-1.5	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling obtained	0.0	0.0	0.0	0.5	0.4	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	3.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing from the RCF	...	...	0.9	0.9	0.9	...	...	...	...	...	...	...	...
Exceptional financing from the CCRT <sup>2</sup>	...	...	0.1	0.1	0.1	0.2	0.2	0.2	0.0	...	...	...	...
<i>Memorandum items:</i>													
Current account balance, excluding grants (in percent of GDP)	-14.6	-15.3	-17.4	-15.6	-15.6	-18.4	-18.4	-17.2	-18.0	-13.2	-10.4	-9.5	-10.3
Exports of goods and services (in percent of GDP)	11.3	10.8	11.2	9.3	16.6	12.6	10.1	14.5	14.8	17.3	19.5	20.8	19.6
Pooled gross international reserves, WAEMU (in USD billion)	14.9	17.5	...	...	19.4	...	...	...	...	...	...	...	...
Pooled gross international reserves, WAEMU (in CFAF billion)	8,561	10,357	...	...	10,677	...	...	...	...	...	...	...	...
In months of next year's imports of goods and services	4.7	5.9	...	...	5.5	...	...	...	...	...	...	...	...
In percent of broad money	31.1	34.1	...	...	31.9	...	...	...	...	...	...	...	...

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

<sup>1</sup> Since the SDR allocation increases both assets and liabilities by the same amount, net foreign assets does not increase.

<sup>2</sup> CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

**Table 7. Niger: Indicators of Financial Soundness, Dec. 2014–Dec. 2020**  
(In percent)

	2014	2015	2016	2017	2018	2018	2019	2019	2020	2020
	Dec.	Dec.	Dec.	Dec.	Jun. <sup>1</sup>	Dec. <sup>1</sup>	Jun. <sup>1</sup>	Dec. <sup>1</sup>	Jun. <sup>1</sup>	Dec. <sup>1</sup>
<b>Solvency Ratios</b>										
Regulatory capital to risk-weighted assets	16.2	13.5	13.9	16.8	13.3	12.3	12.7	14.8	14.9	15.6
Tier 1 capital to risk-weighted assets	14.4	7.7	13.5	16.4	13.2	12.3	12.7	14.2	14.3	14.5
CET1 capital to risk-weighted assets	...	...	...	...	13.2	12.3	12.7	14.2	14.3	15.3
Provisions to risk-weighted assets	13.0	12.6	12.1	14.0	11.9	8.7	8.2	8.2	8.5	7.9
Capital to total assets	9.0	7.6	8.9	9.4	9.1	8.3	7.9	9.1	8.7	9.7
<b>Composition and Quality of Assets</b>										
Total loans to total assets	54.2	57.0	58.1	55.4	56.6	52.9	52.8	56.1	53.3	55.5
Concentration <sup>2</sup>	108.8	170.9	144.5	98.8	96.0	93.4	94.0	91.1	75.9	68.8
Gross NPLs to total loans	17.6	15.5	17.7	18.8	19.0	17.0	15.1	16.1	15.0	12.6
Provisioning rate	66.8	71.4	66.5	66.1	65.9	59.0	58.2	51.5	57.1	64.3
Net NPLs to total loans	6.6	5.0	6.7	7.3	7.4	7.8	6.9	8.5	7.0	4.9
Net NPLs to capital	39.9	37.5	43.7	42.8	46.3	49.4	45.7	52.3	42.8	28.0
<b>Earnings and Profitability</b>										
Average cost of borrowed funds	2.0	1.3	2.2	2.2	...	2.4	...	1.0	...	1.6
Average interest rate on loans	9.7	6.1	8.8	8.4	...	8.9	...	7.7	...	8.4
Average interest rate (after taxes on financial operations)	7.7	4.8	6.6	6.3	...	6.6	...	6.7	...	6.8
After-tax return on average assets (ROA)	1.8	2.5	1.8	1.6	0.9	1.7	...	1.5	...	1.2
After-tax return on average equity (ROE)	20.5	26.0	19.5	15.4	8.0	15.0	...	12.8	...	11.1
Non-interest expenses to net banking income	49.8	51.8	56.5	59.3	53.1	59.9	...	63.0	...	61.9
Salaries and wages to net banking income	22.2	23.6	25.9	25.5	24.5	25.9	...	27.1	...	24.2
<b>Liquidity</b>										
Liquid assets to total assets	29.2	31.4	30.0	29.2	29.9	27.0	28.6	30.3	27.8	29.5
Liquid assets to total deposits	46.0	50.9	51.1	53.4	55.6	49.1	52.2	52.3	51.4	48.1
Total loans to total deposits	96.7	104.0	112.3	116.0	120.3	107.0	105.9	105.3	107.8	98.5
Total deposits to total liabilities	63.5	61.7	58.7	54.6	53.8	55.0	54.7	58.1	54.0	61.4
Sight deposits to total liabilities	41.1	37.9	36.6	35.3	33.1	35.3	35.2	36.1	32.2	38.3
Term deposits to total liabilities	22.4	23.8	22.0	19.3	20.7	19.7	19.5	22.0	21.8	23.1

Source: BCEAO.

<sup>1</sup> Compilation according to Basel II/III. Not comparable to earlier years.

<sup>2</sup> 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)													
<b>Fund obligations based on existing credit</b>													
Principal	7.8	16.1	14.6	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
<b>Fund obligations based on existing and prospective credit</b>													
Principal	7.8	16.1	14.6	21.8	25.2	26.1	38.1	42.9	50.9	59.0	62.7	52.1	39.5
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
<b>Total obligations based on existing and prospective credit</b>													
SDR millions	7.8	16.1	14.6	21.8	25.2	26.1	38.1	42.9	50.9	59.0	62.7	52.1	39.5
CFAF billions	6.3	12.9	11.5	17.1	19.7	20.3	29.5	33.2	39.4	45.7	48.5	40.3	30.6
Percent of exports of goods and services	0.8	1.0	0.9	1.2	1.1	0.9	1.1	1.2	1.3	1.4	1.4	1.1	0.8
Percent of debt service <sup>1</sup>	4.6	6.5	4.3	4.4	4.5	4.9	6.9	7.6	8.6	10.3	10.3	7.8	5.8
Percent of GDP	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.1
Percent of tax revenue	0.8	1.7	1.3	1.7	1.6	1.4	1.8	1.8	2.0	2.1	2.0	1.5	1.0
Percent of quota	5.9	12.2	11.1	16.6	19.2	19.8	28.9	32.6	38.6	44.9	47.6	39.6	30.0
<b>Outstanding IMF credit based on existing and prospective drawings</b>													
SDR millions	187.0	282.8	307.7	364.8	379.1	392.5	354.4	311.5	260.7	201.6	138.9	86.9	47.4
CFAF billions	151.4	226.4	241.8	286.1	296.1	305.3	274.8	241.1	201.7	156.0	107.5	67.2	36.7
Percent of exports of goods and services	18.6	17.2	19.5	20.8	16.4	13.2	10.0	8.7	6.6	4.8	3.1	1.8	0.9
Percent of debt service <sup>1</sup>	110.6	113.2	89.8	73.4	67.1	74.1	64.6	55.5	44.3	35.3	22.8	13.1	7.0
Percent of GDP	2.0	2.9	2.8	3.1	2.8	2.6	2.1	1.7	1.3	0.9	0.6	0.3	0.2
Percent of tax revenue	19.3	29.8	27.8	28.7	24.2	20.7	16.4	13.1	10.0	7.1	4.4	2.5	1.3
Percent of quota	142.1	214.9	233.8	277.2	288.1	298.3	269.3	236.7	198.1	153.2	105.6	66.0	36.0
<b>Net use of IMF credit (SDR millions)</b>													
Disbursements	33.8	111.9	39.5	79.0	39.5	39.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	7.8	16.1	14.6	21.8	25.2	26.1	38.1	42.9	50.9	59.0	62.7	52.1	39.5
<i>Memorandum items:</i>													
Exports of goods and services (CFAF billions)	814	1,314	1,243	1,374	1,810	2,318	2,735	2,783	3,068	3,264	3,476	3,750	4,012
External debt service (CFAF billions) <sup>1</sup>	137	200	269	390	441	412	426	434	455	441	472	515	523
Nominal GDP (CFAF billions)	7,565	7,909	8,559	9,301	10,471	11,895	13,166	14,229	15,363	16,617	17,957	19,418	21,003
Tax revenue (CFAF billions)	784	760	869	995	1,223	1,473	1,677	1,839	2,009	2,211	2,425	2,669	2,926
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.													
<sup>1</sup> Total external debt service includes IMF repayments.													

**Table 9. Niger: Proposed Schedule of Disbursements under the Three Year ECF Arrangement, 2021–24**

<b>Amount (Millions)</b>	<b>Amount (Percent of quota)</b>	<b>Conditions Necessary for Disbursement</b>	<b>Date Available</b>
SDR 39.48	30 percent	Executive Board Approval of the ECF Arrangement	December 8, 2021
SDR 39.48	30 percent	Observance of December 31, 2021 performance criteria, and completion of the first review under the arrangement	April 29, 2022
SDR 39.48	30 percent	Observance of June 30, 2022 performance criteria, and completion of the second review under the arrangement	October 31, 2022
SDR 19.74	15 percent	Observance of December 31, 2022 performance criteria, and completion of the third review under the arrangement	April 28, 2023
SDR 19.74	15 percent	Observance of June 30, 2023 performance criteria, and completion of the fourth review under the arrangement	October 31, 2023
SDR 19.74	15 percent	Observance of December 31, 2023 performance criteria, and completion of the fifth review under the arrangement	April 30, 2024
SDR 19.74	15 percent	Observance of June 30, 2024 performance criteria, and completion of the sixth review under the arrangement	October 31, 2024
SDR 197.4	150 percent	Total	

Source: International Monetary Fund.

**Table 10. Niger: Decomposition of Public Debt and Debt Service by Creditor, 2020-22<sup>1</sup>**

	Debt Stock (end of period)			Debt Service					
	2020			2020	2021	2022	2020	2021	2022
	(US\$ million)	(Percent total debt)	(Percent GDP)	(US\$ million)			(Percent GDP)		
<b>Total</b>	<b>6,599</b>	<b>100.0</b>	<b>45.0</b>	<b>1,158</b>	<b>1,074</b>	<b>693</b>	<b>7.9</b>	<b>6.9</b>	<b>4.0</b>
<b>External</b>	<b>4,634</b>	<b>70.2</b>	<b>31.6</b>	<b>203</b>	<b>230</b>	<b>338</b>	<b>1.4</b>	<b>1.5</b>	<b>2.0</b>
Multilateral creditors <sup>2</sup>	3,697	56.0	25.2	123	156	187	0.8	1.0	1.1
IMF	424	6.4	2.9						
World Bank	1,710	25.9	11.7						
AfDB	424	6.4	2.9						
Other Multilaterals	1,139	17.3	7.8						
o/w: BOAD	582	8.8	4.0						
Islamic Development Bank	263	4.0	1.8						
Bilateral Creditors	632	9.6	4.3	47	29	71	0.3	0.2	0.4
Paris Club	167	2.5	1.1	10	1	15	0.1	0.0	0.1
o/w: France	146	2.2	1.0				0.0	0.0	0.0
Belgium	21	0.3	0.1				0.0	0.0	0.0
Non-Paris Club	464	7.0	3.2	37	29	56	0.3	0.2	0.3
o/w: China	211	3.2	1.4				0.0	0.0	0.0
India	71	1.1	0.5				0.0	0.0	0.0
Bonds	0	0.0	0.0	0	0	0	0.0	0.0	0.0
Commercial creditors	305	4.6	2.1	32	44	80	0.2	0.3	0.5
o/w: Deutsche Bank	217	3.3	1.5						
Other international creditors	0	0.0	0.0	0	0	0	0.0	0.0	0.0
<b>Domestic</b>	<b>1,965</b>	<b>29.8</b>	<b>13.4</b>	<b>955</b>	<b>844</b>	<b>354</b>	<b>6.5</b>	<b>5.4</b>	<b>2.1</b>
Held by residents, total <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
T-Bills	427	6.5	2.9	258	253	251	1.8	1.6	1.5
Bonds	1,310	19.9	8.9	637	499	68	4.3	3.2	0.4
Loans	34	0.5	0.2	19	36	0	0.1	0.2	0.0
Others	194	2.9	1.3	41	55	36	0.3	0.4	0.2
<b>Memo items:</b>									
Collateralized debt <sup>3</sup>	0	0.0	0.0						
o/w: Related	0	0.0	0.0						
o/w: Unrelated	0	0.0	0.0						
Contingent liabilities	87	1.3	0.6						
o/w: Public guarantees	87	1.3	0.6						
o/w: Other explicit contingent liabilities <sup>4</sup>	0	0.0	0.0						
Nominal GDP	14,674	-	-						

1/As reported by country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/Multilateral creditors are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

3/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

4/Includes other one-off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

## Annex I. Niger Capacity Development Strategy

### Summary

#### Strategy

The strategy for Niger in FY 2022 extends the previous one with a few updates. (1) It continues to prioritize revenue mobilization as a key program objective by strengthening both tax policy and revenue administration, including simplifying tax policy in line with administrative capacity. To this end, the authorities have requested a mission to evaluate the overall efficiency of their tax system to identify areas of streamlining. There might also be the need to help the authorities calibrate the right balance between accommodative tax measures to support COVID recovery and preventing a further erosion of the tax base. This can be done by identifying effective measures from successful cases. (2) It puts more emphasis on reforming the implementation of the expenditure chain toward more transparency and efficiency while strengthening budget preparation and execution in the context of the introduction of program budgeting, with greater attention to quality control, including a public investment management assessment and public expenditure review. (3) The strategy will support Niger's capacity to manage natural resource revenues in light of the large projected increase in oil output. (4) It also continues to support improving macroeconomic and financial statistics, especially the balance of payment and the nexus of government finance and monetary statistics.

#### Overall priorities going forward

Priorities	Objectives
Tax policy and revenue administration	Domestic revenue mobilization. This objective would be helped by simplifying tax policy in line with revenue administration by a review of the taxation framework. Calibration of measures to support recovery from COVID-19.
Public financial management and debt management	Improve expenditure chain transparency and efficiency; strengthen budget preparation, execution and control, including expenditure quality.
Natural resource revenue management	Strengthen the capacity to management natural resource revenues in view of the impending increase in oil output. Consider implementing a basic, easy to implement smoothing mechanism to manage the additional volatility.
Macroeconomic and financial statistics	Improve national accounts, government finance and public sector debt statistics and balance of payments.

## Main risks and mitigation

The authorities welcome technical assistance (TA) from the Fund and have exhibited a strong determination to absorb and implement this assistance. However, absorption faces human resource constraints accentuated by a bunching of TA delivery, the challenges of the remote environment, an over-centralization of the reform effort, and a high turnover of senior staff. The authorities could make greater use of training opportunities offered by the Fund's Institute for Capacity Development and by Afritac West, the regional center for TA and training.

## Authorities' views

The authorities welcome Fund TA and thought it appropriately targeted. They welcome diagnostic TA from HQ and appreciate ongoing operational TA from Afritac West. They have expressed a concern that the TA mission timetable is over-crowded at times with some missions that seem to be repetitive.

## Assessments and Priorities by Department

### *Fiscal Affairs*

#### Effectiveness of past TA and training<sup>1</sup>

Workstreams	Ratings	Assessment
Revenue administration	3	The authorities have made strong efforts to improve revenue administration, but the revenue yield has not reflected these efforts. More should be done to improve implementation. Support might be needed to optimize impact on the economy in the wake of recovery from COVID and private sector development.
Public financial management	2-3	The large PFM TA program is bearing some fruit, but there has been some redundancy perceived by the authorities. It should be more focused toward niche topics, jointly identified with the authorities and the country team, to increase quality of spending.
Tax policy	2-3	The TA on tax policy – reducing tax expenditures – was effective. The recommendations are being implemented, but more should be done to take systematic charge of exemptions.

<sup>1</sup> Ratings from 1 to 3 (if possible, based on existing RBM scoring) with 1 being the worst (outcomes not achieved), 2 being intermediate (partially achieved), and 3 being the best rating (outcomes largely or fully achieved) about effectiveness of TA in recent years in each of the key areas of TA provided and, if applicable and possible, on training activities.

**Priorities**

<b>Topics</b>	<b>Objectives</b>
Revenue administration	Revenue mobilization remains the key program priority. Consideration should be given to the quality of revenue collection and not hurting private sector dynamism with excessive administrative measures, especially in the wake of COVID. Support might be needed to calibrate the implementation of administrative measures to optimize recovery while minimizing the further erosion of the tax base. Support is also needed to strengthen capacity for natural resource revenue management.
Tax Policy	The tax policy project ends in April 2019. A follow-up mission on streamlining and taking systematic charge of tax exemptions is advisable. It would help to have TA to simplify tax policy in line with administrative capacity based on an evaluation of the tax system. Support is also needed to strengthen capacity for natural resource revenue management, including through a possible, simple to implement smoothing mechanism.
Public financial management	Increase efficiency and transparency in the expenditure chain. Strengthen budget preparation and execution in the context of program budgeting. Missions should be focused on niche, technical topics to improve expenditure quality. Follow-up missions to monitor the advice from the public investment management assessment (PIMA) could be helpful.

**Monetary and Capital Markets****Effectiveness of past TA and training**

<b>Workstreams</b>	<b>Ratings</b>	<b>Assessment</b>
Debt management	3	The authorities have made good progress on the institutional framework and strategy.

**Priorities**

<b>Topics</b>	<b>Objectives</b>
Debt management	Further TA is needed to strengthen capacity to manage public debt and prepare a public debt plan that is consistent with the broader investment strategy and fiscal planning.



**Statistics****Effectiveness of past TA and training**

<b>Workstreams</b>	<b>Ratings</b>	<b>Assessment</b>
Strengthen macroeconomic and financial statistics	2	TA has been provided on the national accounts, government finance statistics, external sector statistics. The statistics remain weak and further support is needed.

**Priorities**

<b>Topics</b>	<b>Objectives</b>
Strengthen macroeconomic and financial statistics	Strengthening government finance statistics, public sector debt statistics, and national accounts remains a priority. The project on external statistics ends in April 2019, and further support is needed especially in the area of BOP.
Monetary and financial statistics	TA is needed to help the authorities reconcile monetary and fiscal data on banking sector net credit to government. This would help program monitoring of public finances.

## Three-Year Arrangement Under the Extended Credit Facility

Attached hereto is a letter dated November 19, 2021 (the “Letter”) from the Minister of Finance of Niger, with its attached Memorandum of Economic and Financial Policies (the “MEFP”) and Technical Memorandum of Understanding (the “TMU”), requesting from the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust (the “Trustee”), a three-year arrangement under the Extended Credit Facility (“ECF”), and setting forth:

- (a) the objectives and policies of the program that the authorities of Niger intend to pursue during the three-year period of the arrangement;
- (b) the objectives, policies and measures that the authorities of Niger intend to pursue during the first year of the arrangement; and
- (c) understandings of Niger with the Trustee regarding reviews that will be made of progress in realizing the objectives of the program and of the policies and measures that the authorities of Niger will pursue during the second and third years of the arrangement.

To support these objectives and policies, the Trustee grants the requested three-year arrangement in accordance with the following provisions, and subject to the provisions applying to assistance under the Poverty Reduction and Growth Trust (the “PRG Trust”).

1. (a) For a period of three years from the date of approval of this arrangement, Niger will have the right to obtain disbursements from the Trustee in a total amount equivalent to SDR 197.4 million, subject to the availability of resources in the PRG Trust.
 

(b) Disbursements under this arrangement shall not exceed the equivalent of SDR 118.44 million during the first 12 months of the arrangement, and the equivalent of SDR 157.92 million during the first 24 months of the arrangement
2. During the period of the arrangement:
  - (a) the first disbursement, in an amount equivalent to SDR 39.48 million, will be available upon approval of the arrangement, at the request of Niger;
  - (b) the second disbursement, in an amount equivalent to SDR 39.48 million, will be available on or after April 29, 2022 at the request of Niger and subject to paragraphs 4 and 5 below;
  - (c) the third disbursement, in an amount equivalent to SDR 39.48 million, will be available on or after October 31, 2022, at the request of Niger and subject to paragraphs 4 and 5 below.

3. The right of Niger to request further disbursements during the second and third years of this arrangement shall be subject to such phasing and conditions as shall be determined in the context of reviews under the ECF arrangement for Niger.
4. Niger will not request:
  - A. The second or third disbursements under this arrangement specified in paragraphs 2(b) and 2(c) above, respectively:
    - (a) if the Managing Director of the Trustee finds that, with respect to the second disbursement, the data as of December 31, 2021, and with respect to the third disbursement, the data as of June 30, 2022, indicate that:
      - (i) the ceiling on the net domestic financing of the government, without IMF net financing;  
as set out in Table 1 of the MEFP and further specified in the TMU was not observed; or
      - (b) until the Trustee has determined that, with respect to the second disbursement, the first program review, and with respect to the third disbursement, the second program review, referred to in paragraph 47 of the MEFP has been completed.
5. Niger will not request a disbursement under this arrangement if at any time during the period of this arrangement:
  - (a) the ceiling on the accumulation of new external payments arrears on government debt,  
or
  - (b) the ceiling on Present Value of new external debt contracted or guaranteed by the government from the beginning of the relevant calendar year;  
as set out in Table 1 of the MEFP and as further specified in the TMU is not observed, or
  - (c) Niger:
    - (i) imposes or intensifies restrictions on the making of payments and transfers for current international transactions, or
    - (ii) introduces or modifies multiple currency practices, or
    - (iii) concludes bilateral payments agreements that are inconsistent with Article VIII,  
or
    - (iv) imposes or intensifies import restrictions for balance of payments reasons.

6. When Niger is prevented from requesting disbursements under this arrangement because of paragraphs 4 and 5 above, such disbursements may be made available only after consultation has taken place between the Trustee and Niger and understandings have been reached regarding the circumstances in which Niger may request the disbursements.
7. In accordance with Paragraph 4 of the Letter, Niger will provide the Trustee with such information as the Trustee requests in connection with the progress of Niger in implementing the policies and reaching the objectives of the program supported by this arrangement.
8. During the period of this arrangement, Niger shall remain in close consultation with the Trustee. In accordance with Paragraph 4 of the Letter, Niger shall consult with the Trustee on the adoption of any measures that may be appropriate at the initiative of the government or whenever the Managing Director of the Trustee requests such a consultation. Moreover, after the period of this arrangement and while Niger has outstanding financial obligations to the Trustee arising from loan disbursements under this arrangement, Niger will consult with the Trustee from time to time, at the initiative of the government or whenever the Managing Director of the Trustee requests consultation on Niger's economic and financial policies. These consultations may include correspondence and visits of officials of the Trustee to Niger or of representatives of Niger to the Trustee.

## Appendix I. Letter of Intent

Niamey, November 19, 2021

To

Ms. Kristalina Georgieva

Managing Director

International Monetary Fund

Washington DC 20431

Madam Managing Director,

**1. Niger has just experienced a historic transfer of power between two democratically elected presidents.** The Nigerien people have placed their trust in His Excellency MOHAMED BAZOUM based on the Renaissance Program Act III which consolidates the achievements and progress recorded in the implementation of the Renaissance Programs Act I and II. As he recalled in his inaugural speech, the ambition of the Renaissance Program Act III is to stabilize the macroeconomic framework, strengthen governance and transform the economic fabric to considerably reduce poverty and allow for job creation, especially for youth and women. This ambition was set out in the Government's General Policy Statement (DPG), presented by the Prime Minister and adopted by the National Assembly on May 16, 2021.

**2. The implementation of the Economic and Social Development Plan (PDES) 2017-2021, supported by the Economic and Financial Program (PEF) 2017-2020, has enabled sustained growth.** Over the 2017-19 period, macroeconomic stability remained firmly established, supported by a prudent fiscal policy. Growth remained strong, thanks to large-scale projects and a fiscal policy focused on striking a balance between addressing social priorities and supporting macroeconomic stability. Inflation remained low over the period, below the WAEMU standard of up to 3 percent. In 2020, the Covid-19 pandemic significantly weighed on the economy due to its negative impact on all economic activities, in a context already marked by persistent climate and security shocks.

**3. The attached Memorandum of Economic and Financial Policies (MEFP) describes the progress made under the previous program and outlines the Government's economic and financial policies and structural reforms for the next three years (2021-24).** The new program considers the achievements and lessons learned from the previous program to establish sustainable objectives. It aims for an in-depth transformation of the Nigerien economy through sustained and inclusive growth, while preserving macroeconomic stability and public debt sustainability. The emphasis is on (i) creating fiscal space by strengthening revenue mobilization and improving spending efficiency, (ii) using this fiscal space to address economic development challenges - in particular, through investments in education - while strengthening security spending, which is essential to preserve stability and territorial integrity, (iii) promoting good economic and financial governance, (iv) initiatives to strengthen the private sector as the real engine of growth, including by improving access to finance, and (v) strengthening the social safety net to ensure that no one is left

behind in our development process. The program will be monitored by quantitative performance criteria (PC) and indicative targets (IT) summarized in the Quantitative Performance Criteria and Structural Benchmarks tables enclosed in the MEFP.

**4. The Government is requesting a three-year arrangement under the Extended Credit Facility for an amount equivalent to SDR 197.4 million (150 percent of quota) and the disbursement of SDR 39.48 million (30 percent of quota) upon approval of the agreement by the Executive Board.**

Niger faces acute and protracted balance of payment and fiscal needs to support the recovery from the COVID-19 pandemic, address security situations, and fulfill development needs, while supporting ongoing efforts to resilient and inclusive growth. The Government is convinced that the measures and policies included in the MEFP are adequate to achieve the program's objectives. The Government will take any additional measures that prove appropriate to achieve them. In this context, the Government will consult with the IMF prior to the adoption of such measures and prior to any revision of the policies contained in the MEFP, in accordance with the IMF's consultation policies in this regard.

**5. The Government will provide the IMF with all the information mentioned in the Technical Memorandum of Understanding (TMU) enclosed in the appendix on the agreed dates.**

**6. In accordance with its long tradition of transparency,** the Government consents to the publication of the IMF staff report, the present letter of intent, the MEFP and the TMU on the IMF website.

/s/

Yours sincerely  
Dr Ahmat Jidoud  
Minister of Finance

Attachments :

- I. Memorandum of Economic and Financial Policies (MEFP)
- II. Technical Memorandum of Understanding (TMU)

## Attachment I. Memorandum of Economic and Financial Policies of the Government of Niger

### Introduction

**1. Niger's recent successful democratic transition is a testament to its political stability.**

The country has just completed a peaceful transfer of power from one democratically elected President to another, the first such transfer in its democratic history. Following the free, transparent and inclusive presidential elections held on December 27, 2020 and February 21, 2021, His Excellency Mohamed Bazoum ascended to the country's highest office, with a political program of consolidation and continuity of the actions already under way. The government's general policy declaration adopted on May 26, 2021 by the National Assembly reflects its achievement of the commitments under the Renaissance Program Act 3 and covers seven main areas of intervention: (i) security and social peace; (ii) good governance and the consolidation of the institutions of the Republic; (iii) the development of human capital; (iv) modernization of the rural world; (v) the development of economic infrastructure; (vi) tapping of economic potential; and (vii) solidarity and socioeconomic inclusion of vulnerable segments of the population.

**2. Although the government's reform program is ambitious, it is built on solid foundations.** The planned actions, which are grouped around three priorities, aim to consolidate economic and financial governance by (i) mobilizing the resources needed to finance essential expenditure in the areas of security, basic social infrastructure and development; (ii) improving the quality and effectiveness of expenditure; and (iii) transforming the economy. The government is committed to pursuing reforms that will (i) digitalize tax collections, expand the tax base, streamline tax and customs exemptions, enhance internal and border controls, and optimize the tax system to improve and simplify it; (ii) computerize the expenditure process, enhance planning, programming, control and execution of expenditures, and improve public procurement procedures; and (iii) develop the country's formal private sector by implementing measures to remove constraints and obstacles that hamper the development of small and medium-sized enterprises (SME) and small and medium-sized industries (SMI) while encouraging them to operate in the formal sector.

**3. Niger has invested a considerable effort to combat the COVID-19 pandemic since 2020.** Since the start of the pandemic, the government has implemented strong containment measures with an overall response plan based on a five-part operational program of economic and social resilience: (i) health management of the pandemic; (ii) strengthening of the resilience of the education system; (iii) support for vulnerable persons; (iv) mitigation of the economic and financial impact; and (v) strengthening of the resilience of producers in the agriculture and livestock sector. In follow-up to the containment measures, which negatively affected the activities of households and businesses, the government implemented tax, fiscal and financial measures to limit the economic and social impact of the pandemic. Implementation of this plan enabled Niger to better contain the crisis than other countries in the region and around the world.

**4. The new three-year arrangement aims to support the government's efforts to protect and consolidate the macroeconomic framework while creating fiscal space to finance social,**

**security and infrastructure expenditure.** The program objectives are to (i) consolidate macroeconomic stability; (ii) improve the mobilization of domestic resources; (iii) improve the effectiveness of public expenditure with an emphasis on social spending and poverty reduction; and (iv) promote good governance to build the foundations for private sector-led growth. These goals are fully aligned with the government's reform priorities and reflect strong program ownership.

**5. The government is committed to fully implementing this program despite the challenges that it faces.** The government is determined to protect the macroeconomic framework by implementing a fiscal policy that seeks to achieve the difficult balance between social priorities and support for macroeconomic stability in a context of fragility marked by the deteriorating security situation, particularly in the Diffa and Maradi regions and the three borders area, climate shocks, and the persistence of the COVID-19 crisis.

**6. This Memorandum of Economic and Financial Policies (MEFP) describes recent economic developments and the government's economic and structural policies for the medium term.** It presents the results achieved under the previous program and describes recent economic developments, the short- and medium-term macroeconomic outlook, and the macroeconomic policies and structural reforms planned for 2021-2024.

## Performance Under the Previous ECF-supported Program

**7. The government made progress on several fronts under the previous program, specifically in the achievement of the objectives of the 2017-2020 Economic and Social Development Plan (PDES).** Niger was able to maintain macroeconomic stability, growth was sustained, inflation was contained, and the indicative targets for the poverty reduction expenditure program were met in all of the reviews. Macroeconomic stability along with a solid average growth rate of 5.4 percent over the period 2017-2020 and a strong pace of reform helped to attract large-scale foreign projects and reduce poverty. On the fiscal side, progress was made with the public finance management reform through (i) the introduction of the Single Treasury Account; (ii) implementation of program budgeting; (iii) development and deployment of IT systems in the government agencies (SISIC for the General Directorate of Taxation and ASYCUDA for the General Directorate of Customs) and migration of the public procurement management system (SIGMAP) from version 1 to version 2; (iv) consolidation and streamlining of exemptions; (v) introduction of performance plans in the tax and customs administrations; (vi) direct deposit of government payments and taxes; (vii) introduction of the valuation of import transactions for tax purposes; and (viii) centralization of debt management in a single unit with a front-middle-back office structure. Domestic payments arrears, including arrears to public utilities, have been cleared. Fiscal transparency has also improved, particularly with the online publication of a simplified "citizen budget" and analytical reports on the public debt. The business environment has improved significantly. Progress has been made in particular in the development of human capital, with substantial investments in health, education and food and nutritional security, as well as economic infrastructure as a result of the organization of the 2019 African Union Summit in Niamey.



### Box 1: Key reforms implemented under the previous program

Important structural reforms were implemented under the previous program, specifically:

- **General Directorate of Taxation:** Development of performance plans based on revenue targets and operational indicators for the revenue collection units, direct deposit of tax payments, introduction of the Integrated Tax and Taxpayer Monitoring System (SISIC) and implementation of eSISIC for electronic payments and electronic filing, interconnection of the DGI and DGD IT systems, expansion of the jurisdiction of the Enterprise Directorate to the entire country with the transfer to it of the files of enterprises previously managed by the regional tax offices outside Niamey, launching of the Arbitration Committee for Tax Appeals (CARFI), and deployment of VAT invoicing machines.
- **General Directorate of Customs:** Completion of the interconnection of all bureaus to ASYCUDA WORLD and the interconnection with the customs administrations of Benin, Togo and Burkina Faso, preparation of performance plans, direct deposit of customs revenues collected, implementation of the transaction value for imports, and signing of the contract for the marking of petroleum products.
- **General Directorate of the Treasury and Public Accounting (DGTCP):** Preparation of cash flow plans alongside the commitment plans, preparation of annual and quarterly public debt reports validated by the Technical Committee, establishment of the Single Treasury Account, participation in the BCEAO SICA and STAR payments systems, direct deposit of wages and bonuses for contractual workers, centralization of debt management functions in a single unit with a front-middle-back office structure, and launching of the Interministerial Committee for Monitoring the Government Borrowing and Budgetary Aid Negotiation Policy (CISPEE/NAB).
- **General Directorate of the Budget:** Quarterly release of appropriations in the first month of the quarter based on proposals from the Budgetary Regulation Committee, implementation of program budgeting for all ministries/institutions, reduction of payment order delays for expenditures, and computerization of the clearance of expenditures involving delegated appropriations.
- **Other structural reforms:** Adoption of a new law on public-private partnerships (PPP) that aligns with the Investment Code and the Organic Law on Budget Laws, deployment of the Integrated Public Procurement Management System (SIGMAP), version 2, and adoption of a national strategy on inclusive finance and launching of the Executive Secretariat responsible for its implementation, and establishment of an SME/SMI Support Fund (FONAP).

**8. The program did, however, have mixed results in some areas.** Despite the efforts made on several fronts, progress was limited in the mobilization of domestic revenues owing to the size of the informal economy, the impact of exemptions, the volatility of commodity prices, the persistence of the difficult security situation, the closing of the border with Nigeria, and the COVID-19 health crisis. Implementation of some broader structural reforms also met with limited success, specifically (i) the development of a strong private sector to improve living standards and create jobs and (ii) expansion of the financial sector and financial inclusion to promote the private sector.

## Recent Economic Developments

**9. The economy slowed significantly in 2020.** Following the strong performance of the agricultural, mining and oil sectors in 2019, resulting in an economic growth rate of 5.9 percent, the rate of economic activity declined in 2020 as a result mainly of the measures taken by the government to contain the COVID-19 pandemic. The disruption of private sector activity and externally financed infrastructure projects, declining trade and the shrinking of the hotel and

services sector contributed to this slowdown. The annual average inflation rate stood at 2.9 percent in 2020, as compared to -2.5 percent in 2019, just below the maximum community standard of 3 percent for the West African Economic and Monetary Union (WAEMU). Economic developments by sector were as follows:

- **Primary sector:** Essentially informal, the primary sector is estimated to have increased by 8.3 percent in 2020 to 40.8 percent of GDP, as compared to a 3.4 percent increase in 2019. This change is essentially the result of the 7.7 percent increase in the production of the major grains, despite flooding that prevented some other crops, particularly lowland rice, from reaching harvest maturity.
- **Secondary sector:** Representing 19.8 percent of GDP, this sector is estimated to have increased 1.9 percent in 2020 as compared to 8.7 percent in 2019. This decrease is explained by declining mining production owing to the cessation of COMINAK operations. It also resulted from the lower rate of oil production (about 17,000 barrels/day as against a capacity of 20,000 barrels/day) and declining manufacturing activities owing to the COVID-19 pandemic
- **Tertiary sector:** Accounting for 41.1 percent of GDP, the tertiary sector is estimated to have recorded -0.7 percent real growth in 2020 as against 7.0 percent in 2019. This is the result of declining activity in the transport sector (-3.8 percent in 2020 compared to 7.6 percent in 2019) and hotel sector (-3.2 percent in 2020 compared to 10 percent in 2019) and a decrease in taxes on goods (-6.8 percent in 2020 compared to 4.2 percent in 2019).

**10. In line with the development of its counterparts, the money supply is expected to total CFAF 1,516.2 billion in 2020, or 18.8 percent of GDP, as against 17 percent in 2019.** This is the result of the consolidation of bank deposits (+20.9 percent) and currency in circulation (9.8 percent). Credit to the economy is expected to represent 13.0 percent of GDP, a growth rate of 8.6 percent, based on net lending to trading companies, construction companies and mobile telephone companies.

**11. Foreign trade in 2020 was affected by the economic slowdown and growing trade restrictions resulting from measures to combat the COVID-19 pandemic as well as the closure of Nigeria's borders to trade in August 2019.** The result was a decline in FDI owing to delays in the shipment of equipment needed for the works. As well, travel revenues declined as a result of the slowdown in activity in the hotel and transport sectors following the cancellation of a number of conferences planned for Niamey and the closing of borders to travelers. This situation was also affected by lower remittances and NGO receipts. However, reduced purchases of capital and intermediate goods and merchandise freight as work on major projects slowed is expected to mitigate the deterioration of the current and capital account. Against this backdrop, Niger's balance of payments is expected to show a deficit of CFAF 81.5 billion in 2020, following a surplus of CFAF 317.7 billion in 2019.

**12. Public finances were tested in 2020, mainly owing to the loss of revenue resulting from the COVID-19 pandemic and expenditures on security.** The fiscal deficit (including grants) is expected to deteriorate to 5.2 percent of GDP, as against 3.5 percent of GDP in 2019. The

mobilization of budgetary support in the amount of CFAF 403.6 billion (CFAF 163.8 billion in grants and CFAF 239.9 billion in loans) is expected to reduce the pressure on expenditures. The closing of the border with Nigeria, terrorist attacks and the COVID-19 pandemic have hampered the collection of revenues and resulted in increased expenditures.

## Macroeconomic Framework and Medium-Term Agenda

**13. The outlook for 2021 and the medium term remains favorable, with growth expected to accelerate.** With the gradual lifting of the COVID-19 restrictions and the ongoing vaccination program, the economy has begun to recover. The continuation of the large projects undertaken by the government and foreign investors should result in strong growth in 2021 at a rate of 5.4 percent. As well, an uptick in the agricultural sector, particularly in the context of the 3N Initiative, should also lead to accelerated growth, and the reopening of the border with Nigeria should result in an increase in trade. The pipeline for crude oil exports will be a major boon for the economy during its construction phase starting in 2021 and when it enters into operation starting in the second half of 2023. Against this backdrop, real GDP growth should average 8.2 percent over the medium term. Inflation will continue to decline owing to base effects in the near term and will remain below the WAEMU community standard of 3 percent. Execution of large projects will push up imports and lead to a deterioration of the external position, with a worsening external deficit, but is expected to gradually improve starting in 2023 when oil exports start up. With the measures to improve access to credit, private credit should outpace nominal GDP growth and contribute to financial deepening.

**14. Although slightly delayed, the startup of oil exports in 2023 should generate substantial resources for the government and help meet the country's pressing development needs and challenges.** The 2000 km oil pipeline linking the Agadem oil basin to the Port of Sèmè on the Benin coast should considerably increase Niger's oil production and exports, from 20,000 barrels/day to 97,000 barrels/day once construction is completed. The COVID-19 pandemic slowed the work of the China National Petroleum Corporation (CNPC), which is building the pipeline, and construction will continue until mid-2023. To substantially increase the contribution of the oil sector to the budget and better control the production and transport process, the government has purchased a 15 percent equity holding in the oil pipeline operating company (WAPCO). The government will prepare an oil revenue management strategy with technical assistance from the IMF [*structural benchmark for end-September 2022*] to ensure better use of these resources, which are expected to increase by at least 2 percent of GDP.

**15. The government intends to establish a robust institutional and operational framework, in line with international best practices and suited to the country's capacity, to ensure efficient and transparent management of oil revenues.** The entry into operation of the pipeline for crude oil exports will significantly increase the contribution of the oil sector to Niger's economy. This sector is expected to represent close to 25 percent of GDP, 45 percent of tax revenues, 68 percent of exports and 8 to 12 percent of formal jobs starting in 2023. The government intends to enact legislation on local content with the aim of increasing the share captured by Nigerien companies from the current 4.5 percent to 20 percent within five years (excluding core expenditures such as transport, food, security, etc.). Improvements to the oil sector legal and institutional framework will also be pursued to strike a balance between maintaining the attractiveness of the

sector and the revenues it generates. The aim for the institutional framework governing the oil sector is to ensure that all oil-related revenues remain under the exclusive control of the Treasury at all times. More generally, the Ministry of Finance will play a key role in the management of the financial flows from the oil sector. In this context, the government will seek technical assistance from the IMF and from development partners with relevant expertise. A portion of the additional revenues will be channeled to Niger's development, bearing in mind potential supply bottlenecks, the limited administrative capacity to rapidly increase expenditures without jeopardizing quality, and the volatility of oil revenues. Well-designed medium-term public finance and expenditure plans and prudent budgetary rules could help to remove these constraints.

**16. After a difficult year in 2020, the fiscal outlook for 2021 remains shaky.** Although the 2021 budget aims to reduce the deficit while continuing to support the economy, the slow recovery of revenues has been further exacerbated by the increase in social and security spending needs. The supplementary budget adopted by the National Assembly calls for an increase in current and capital expenditures. These measures will widen the fiscal deficit, including grants, to 6.6 percent of GDP. The government will have recourse to a combination of budgetary support and the issuance of long-term securities on the regional market to cover its additional financing needs [130].

**17. The financial sector was little affected by the pandemic, but financial deepening and inclusion remain challenges.** The overall rate of use of financial services is among the lowest in the WAEMU owing to (i) the very limited contribution of the banking sector, (ii) a weak microfinance services supply, (iii) a limited contribution by mobile telephone financial services; and (iv) the insufficient and poor-quality data used to calculate financial inclusion indicators. To remedy these weaknesses, the potential of new financing mechanisms will be fully exploited, particularly financial leasing, warrantage, and support for the agricultural sector by making FISAN fully operational. FONAP, the BCEAO regional financing arrangement, and loans co-financed via the Maison de l'Entreprise will be tapped to support the private sector. The framework governing bank and mobile payment activities is in place, but the new options must still be popularized, the interconnection improved, and infrastructure deficits filled. The new national inclusive finance strategy will be implemented following the roundtable of donors held on July 1, 2021. This will be accompanied by the entry into operation of the Inclusive Finance Development Fund (FDIF) created by Decree No. 2020-514/PRN/MF of July 3, 2020.

## Fiscal Policy and Reforms

**18. The 2021 fiscal policy focuses on management of the COVID-19 health crisis and the economic recovery.** The budget was written taking into account the policy directions of the Renaissance Program and the strategic choices and priorities defined by the government, particularly in the 2017-2021 PDES. In response to the socioeconomic impact of the pandemic, fiscal policy focuses on implementing economic recovery actions while pursuing a fiscal policy that is anchored in prudent recourse to borrowing, with an emphasis on concessional resources and BOOT-type public-private partnerships.

**19. The new configuration of the government and the pressing need to respond to additional requirements, particularly in the area of security, have led to an amendment of the 2021 budget law.** Following the elections, several ministerial departments were merged or realigned to take account of the priorities of the new authorities. Changes to budget expenditure essentially involved investment in security, Niger's participation in the construction of the pipeline for crude oil exports, roads projects, and the replenishment of the food security buffer stock.

**20. The new tax policy measures in the 2021 supplementary budget have corrected weaknesses in certain provisions or strengthened them to adapt them to the national situation or community requirements.** These measures include (i) certified invoicing by strengthening the current arrangement to ensure more efficient implementation, (ii) taxation regimes, specifying the nature of sole proprietorships, which are businesses operated by individuals, (iii) reduction in the scope of the tax on incoming international calls (TATTIE) to bring the General Tax Code in line with the decision of the Heads of State of the Sahel G5 on the elimination of roaming charges within the group and Regulation C/REG.21/12/17 of December 16, 2017 on roaming on mobile communications networks open to the public in ECOWAS, and (iv) reduction of the domestic tax on petroleum products (TIPP) from 12 percent to 7.5 percent to take account of the cost of the molecular marking of hydrocarbons and the increase in the per liter price of gasoline and diesel following the revision of the marketing agreement between the Zinder Refining Company (SORAZ), the Nigerien Oil Company (SONIDEP) and the government.

**21. The government is committed to keeping public expenditures consistently with the fiscal deficit target of 6.6 percent of GDP in 2021.** The 2021 budget law includes a set of administrative and policy measures aimed at increasing revenues [Box 2]. The revenue mobilization effort will be stepped up in the coming months to offset the shortfalls recorded. The Interministerial Committee on Budget Regulation will take account of the rate of mobilization of revenues in the release of appropriations to respect the deficit target. We have identified a list of lower-priority projects totaling CFAF 50 billion for which appropriations have already been frozen to ensure achievement of this objective. This list has been shared with IMF staff.

## Box 2. Measures with immediate effect to increase revenues during the remainder of 2021

- **Collection of DGI tax arrears** with a view to tackling recoverable tax arrears in the amount of CFAF 69.7 billion in the fourth quarter of 2021, which will bring in at least CFAF 8.1 billion in revenues for this year alone, and establishment of collection strategies for the balance.
- **Deployment of VAT invoicing machines:** The DGI has evaluated implementation of the first phase, covering 500 taxpayers, and will endeavor to expand the use of these machines to all taxpayers subject to the VAT.
- **Regularization of T1s for vehicles that have not arrived:** The DGD has taken steps to channel imported vehicles to the SONILOGA sites for customs clearance.
- **Regularization of Simplified Declarations:** In the context of the procedure for the recording of goods, immediate release facilities have been granted by the DGD to certain categories of goods.
- **The exclusion of revenue-generating products from bulk goods** from Asia and Nigeria: To eliminate customs duty evasion (loss of revenues), the DGI has identified a list of 11 revenue-generating products to be excluded from bulk goods. In addition to these measures, the customs administration intends to step up controls at all levels, activating the inspection units, specifically through the use of ex post inspections.
- **Implementation of performance contracts signed between the Director General of Customs and inspectors from the full-service bureaus** in Niamey so as to increase revenue levels. These performance contracts will be expanded to other full-service bureaus in the interior of the country.

**22. Starting in 2022, the strengthening recovery should lead to a significant improvement in the fiscal position.** The fiscal policy objective will be to bring the fiscal deficit in line with the maximum of 3 percent of GDP agreed in the WAEMU Convergence, Stability, Growth and Solidarity Pact by 2024. The draft budget law for 2022 will initiate a fiscal consolidation process, with a forecast deficit of 5.4 percent of GDP as against 6.6 percent in 2021. Fiscal consolidation is based primarily on mobilizing revenues while consolidating the control and effectiveness of expenditure. Increased revenues from the substantial rise in oil production starting in 2023 will further reduce the deficit, but these revenues must be used primarily to respond to Niger's urgent development needs. This will help to sustainably consolidate the fiscal position.

**23. Specific tax and administrative measures are planned to increase revenues in 2022 by 0.8 percent of GDP.** The government plans to strengthen existing mechanisms for forecasting and tracking revenues to ensure that the collection targets set in the new measures are met. This will involve:

- **wider use of the VAT invoicing machines** in line with the provisions on certified electronic invoicing introduced in the 2020 budget law. The verification of invoicing will help to offset the concealment of sales and improve VAT and corporate income tax (ISB) revenues.
- **effective implementation of the marking of oil products** to combat hydrocarbons fraud.

- **revision of the exemption conditions.** In future, beneficiaries of exemptions granted under exemption arrangements must pay all of the duties and taxes owed and then submit an application for a refund.
- **strict application of the standard tax regime to government entities.**
- **taxation of amounts placed in free reserves.** Amounts placed in reserves, which by their very nature exceed one fifth of capital, are subject to the tax on investment income (IRVM). Based on the data in the tax returns of large companies, it appears that substantial amounts are placed in free reserves to evade the IRVM.
- **establishment of one set of formalities for both property registration and advertisement.** The formalities for property registration and advertisement are combined for all instruments previously subject to registration. This is also the case for instruments with a suspensive condition for the transfer of real property rights against payment, specifically sale, exchange, capital contribution.
- **revision of the special re-export tax (TSR) on sugar and fabric.** The TSR is set at 20 percent for sugar under tariff position 17.01 and at 15 percent ad valorem for the tariff positions for fabric.
- **deployment of the Integrated Tax and Taxpayer Monitoring System (SISIC)** in all tax units across the country, which will allow for better tracking of non-compliance.
- **obligation to produce a certified invoice** for orders and public procurement.
- **increase in the abatement rate on the taxable value of vehicles** based on their condition, by 10 to 15 additional percentage points.
- **exclusion, within the customs boundaries, of goods produced, manufactured or available locally** from the exemptions included in the national budget.
- **continuation of the reforms to automate and modernize tax and customs procedures.**

**24. The foundations have been laid for a successful overhaul of the tax and customs administration reform.** Momentum has been built on the basis of the following achievements:

- **Completion of the integration of the DGI and DGD digital platforms** with a view to full automation of the following processes so that they can be carried out without human intervention: (i) generation and updating of the list of compliant taxpayers; (ii) its publication on the DGI and DGD websites; (iii) its forwarding to ASYCUDA; (iv) tracking by ASYCUDA of imports and exports by comparing data on said list with import/export documents; (v) automatic rejection of inconsistencies by ASYCUDA, with real time notification of the DGI; (vi) immediate transfer of information on the taxpayer account, including VAT to be deducted. The government will adopt a detailed plan for implementation of these measures consistent with IMF technical assistance advice [*structural benchmark for end-March 2022*].

- **Deployment of SISIC to all DGI units**, with entry into operation and use of all of its functionalities.
- **Establishment of the One-Stop Shop for Foreign Trade (GUCE)**, which will lead to the full automation of the pre-clearance and clearance process and improvement of the tracking of foreign trade operations.
- **Digitalization of the tax system**, with the use of the new electronic filing and payment platform by taxpayers. Interconnection of the tax and customs IT systems will be improved to permit the automatic transmission of information on importers-exporters and its automated processing by SISIC to improve the results of tax audits.

**25. Building a solid tax base will require a multifaceted strategy for reducing the weight of the informal sector, which will involve improving the tax policy and business environment and continuing the tax administration reforms.** The General Directorate of Taxation will enhance its internal and external communications. The current communications deficit will be corrected to give greater visibility and transparency to the organization and its activities, the tax legislation and doctrine, procedures, and current or planned reforms. The following actions will be taken to expand the tax base and will include a detailed implementation timetable:

- The creation of new units by redrawing the areas covered by some tax centers and tax collection agencies and the establishment of units in communes with tax potential.
- The creation of new land registry offices in the regional capitals that currently do not have such services.
- Completion of the digitization of the property registry.
- Deployment of SISIC in the departments and communes with tax centers and tax collection agencies.
- Completion of the “Enclos Fiscal” (ring-fencing) project.
- Continuation of in-community registration operations.

**26. Simplification of the tax system should help to improve tax yields.** The government will prepare a roadmap with technical assistance from the IMF for the revision and simplification of the tax system in order to improve tax compliance, eliminate unproductive taxes, encourage formalization, and mobilize revenues in a way that is progressive and favorable to development [*structural benchmark for end-June 2022*]. The revision of the General Tax Code should follow, in line with the technical assistance recommendations.

**27. Implementation of the molecular marking of petroleum products designed during the previous program has started.** Specifications will be finalized by SONIDEP and the service provider for the marking of hydrocarbons intended for domestic consumption directly on the SORAZ Zinder platform. Inspection operations covering all regional capitals will begin by end-December 2021.



**28. Exemptions must be limited to create the needed fiscal space to finance social and development expenditure.** The government will share a status report on existing agreements with the IMF, indicating, for each agreement, the amounts of the exemptions by type of tax since the beginning of 2019 and their expiration dates, along with information available on exemption projections for 2022 [*structural benchmark for end-June 2022*]. The government will also provide IMF staff with half-yearly status reports on new or renewed tax exemptions, including details and expiration dates [*continuous structural benchmark*]. Moreover, a policy brief will be adopted by the Ministry of Finance containing specific, quantified proposals for streamlining existing exemptions and tightening up the procedures for granting such exemptions will be prepared in consultation with IMF staff [*structural benchmark for end-December 2021*].

**29. Better management of tax arrears will help the government collect revenues owed with greater predictability.** The government commits to producing an annual report describing: (i) stocks and flows of tax arrears by tax year and type and degree of recoverability on the basis of a rigorous analysis; (ii) a timetable with quantitative targets for the reduction of arrears based on the recoverability analysis and careful prioritization; and (iii) a detailed plan to be agreed with AFRITAC containing specific actions that the DGI will take to achieve these objectives [*structural benchmark for end-June 2022*].

**30. The government will pursue a prudent external borrowing policy.** Public finance management reforms will be consolidated to keep borrowing at a sustainable level. Some of the measures include (i) continue to modernize the institutional framework for public debt management and (ii) prioritizing concessional financing and the implementation of growth- and development-oriented projects to keep the borrowing level below the 70 percent as agreed in the WAEMU Convergence, Stability, Growth and Solidarity Pact. Given the scarcity of concessional resources, the government will have recourse to semi- or nonconcessional financing while respecting the agreed foreign debt ceiling and complying with the new Economic and Social Development Plan (PDES). The Interministerial Committee for Monitoring the Government Borrowing and Budgetary Aid Negotiation Policy (CISPEE/NAB) will continue to approve new foreign commitments before they are signed, and the CISPEE/NAB Technical Committee will continue to validate the quarterly and annual public debt reports. The government will also continue to publish the annual public debt reports on the Ministry of Finance website and will continue its efforts to improve debt management in order to strengthen debt sustainability. To this end, annual borrowing plans based on the medium-term debt strategy will continue to be prepared. When new commitments are contracted, emphasis will be placed on evaluation of the sources of financing and the mix of instruments to optimize costs, reduce liquidity risks and protect the risk of debt distress rating.

**31. To improve the quality of public investments, detailed multiyear budgets will be published together with the budget law, along with the feasibility study results underpinning the selection of projects.** For the 2022 budget, the government will conduct feasibility studies for the 9 largest projects prior to their inclusion in the Government Investment Program (PIE) [*structural benchmark for end-December 2021*]. Starting in 2023, all investment projects totaling more than CFAF 5 billion will be subject to feasibility studies, a summary of which will be published on the Ministry of Planning website prior to their inclusion in the PIE [*continuous structural benchmark*]. The

government will provide sufficient funds for feasibility studies for all large projects, while the sectoral ministries will be authorized to conduct their own feasibility studies for small projects.

**32. Fiscal transparency will be enhanced, particularly through the publication of the citizen budget.** The government undertakes to (i) continue to publish the citizen budget with the budgetary documents for the same year; (ii) each year publish the Government Investment Program along with the budget, showing the annual maximum capital appropriations for each of the three years of the investment planning horizon; and (iii) include a brief analysis of performance gaps for the main fiscal aggregates (revenue and expenditure) and macroeconomic variables in the Multiyear Economic and Fiscal Programming Document (DPBEP) and other relevant budget documents, in line with the recommendations of previous technical assistance missions.

**33. The government will continue the reforms for the digitalization of payments.** To improve the security and transparency of government payments and promote digital finance, a draft law will be submitted to the National Assembly authorizing the adoption of digital payments by the central government.

**34. Strengthening of the framework for the management of natural resource revenues is a priority to ensure that the growth of oil exports results in a commensurate increase in tax revenues.** The return of Niger to the Extractive Industries Transparency Initiative (EITI) is an important step in improving transparency in the sector. The 2010-2014 audits and the compliance audit for the period 2015-2016 already conducted by the Audit Office will help to improve sector governance. To better control exemptions in the extractive industries sector, an audit included in the annual work program of the Audit Office is also being conducted in 2021. The report on this audit will be published in strict compliance with the prerogatives and institutional independence of this Office, which are strongly supported by the government [*structural benchmark for end-December 2022*]. Information on contracts and the roadmap for the publication of the beneficial owners of extractive industry companies will be published on the EITI website. To make better use of oil resources, the government undertakes to prepare an oil revenue management strategy with technical assistance from IMF staff [*structural benchmark for end-September 2022*]. The government will also seek the assistance of other development partners with expertise in this area if necessary. To improve governance, the new role of SONIDEP as the government corporation fully involved in oil operations will be strengthened. It will be the guarantor of government interests in all companies involved in oil activities and will also conduct research, development, production, transport, refinery or oil infrastructure construction projects itself or in joint ventures, while being prohibited from acting as fiscal agent for the government.

**35. Progress with the implementation of the Single Treasury Account (CUT) is continuing.** Expansion of the CUT to local governments and externally financed public programs and projects will be studied. In the case of the local governments, the principle of gradual inclusion, with an initial pilot project covering Niamey, will be applied. Projects will be included in the CUT based on the necessary adjustments to new agreements. Development of the DGTCP banking function—defined as a major component of the reforms and dependent on the development of effective electronic payment solutions—to serve as a point of entry for the collection of resources by government departments, collection agencies and public organizations or for payments to beneficiaries

(students, civil servants, pensioners, etc.) will continue. For this purpose, Niger has joined the electronic payment platform of the Interbank Electronic Banking Group of the West African Economic and Monetary Union (GIM-WAEMU), becoming a key member on September 25, 2020. Certification tests of the GIM-WAEMU prepaid extranet have been completed. The remaining actions for project implementation are:

- receipt of the pilot electronic payment terminals and cards;
- purchase of ABMs/ATMs;
- launching of the publicity program (communications agency);
- training on accounting arrangements;
- testing of online payments;
- availability of a foreign currency payment account for transactions outside the WAEMU;
- entry into operation following validation of the various tests.

**36. Improvement of the quality and effectiveness of expenditure will facilitate fiscal adjustment and ownership of the fiscal reforms.** To improve public procurement transparency and effectiveness, competitive bidding will be prioritized and brought up to the WAEMU threshold of 95 percent. Procurement procedures will also be improved by (i) downloading public procurement plans in SIGMAP and publishing them on the public procurement website ([www.marchespublics.ne](http://www.marchespublics.ne)); (ii) publishing related tender notices and final contract results on the public procurement website; and (iii) publishing the beneficial owners of companies awarded single tender or sole source contracts on the public procurement website, with the exception of contracts related to security and national defense [*continuous structural benchmark*]. A legal instrument requiring the collection of information on the beneficial owners of companies awarded single tender or sole source contracts, with the exception of contracts relating to security and national defense, will be issued and the information published on the public procurement website [*structural benchmark for end-March 2022*]. To modernize procedures and streamline expenditure execution processes, improve the security of transactions and services provided, and reduce payment delays, full implementation of a paperless expenditure process will be accelerated by (i) revising the legislation and regulations to cover digital and electronic transactions; (ii) completing the interconnection of the IT systems involved in the process (CEGIB, SISIC, ASYCUDA, SIGMAP) and (iii) introducing paperless expenditure payment procedures (from commitment through to payment authorization). To improve medium-term planning and avoid disrupting capital projects and programs under way, the double authorization framework (AE/CP) for budgetary appropriations will begin with the 2022 budget in five pilot ministries: Ministry of National Education, Ministry of Public Health, Population and Social Affairs, Ministry of Infrastructure, Ministry of Agriculture and Ministry of Water Resources. The decentralization of payment orders will also begin with the 2022 budget in two pilot ministries (Ministry of Public Health, Population and Social Affairs and Ministry of National Education). The government will place emphasis on competitive bidding for PPP contracting and

reaffirms its commitment to make PPP projects subject to more rigorous analysis before contracts are signed.

**37. The government intends to pursue its efforts in the area of the security of persons and goods and defense of territorial integrity.** This will first of all involve maintenance of financing, continued strengthening of the operational capacity of the security and defense forces (FDS) by creating a denser territorial network, increased recruitment, and the creation and training of special units in various corps. To this end, the necessary FDS recruitment and training will be completed and appropriate logistical and physical resources such as armored vehicles and air delivery systems will be purchased. As well the security governance system will be improved to reconcile accountability needs with military secrecy in the management of the resources allocated to security. Capacity building will be accompanied by initiatives to improve FDS living conditions. This will include the construction of social housing, the creation of a school for wards of the state, and implementation of the Waqf fund for the dependents of fallen soldiers. Niger will also strengthen its military cooperation with its allies given their crucial role in the areas of training, provision of equipment, information sharing and air support. The government will also continue to coordinate efforts to combat terrorism and organized crime with neighboring countries in the context of the G5 Sahel Joint Force, the Multinational Joint Task Force of the Lake Chad basin countries, and joint cross-border patrols between Niger and Nigeria.

**38. Education will be a government priority in the use of available fiscal space.** Key actions planned will tackle the major challenges related to access, quality of the education and apprenticeship system, and the alignment of training with labor market needs. To improve the quality of education, the government plans to (i) gradually end the contract system; (ii) reserve access to teacher training colleges for students who have completed at least secondary school; (iii) establish a career plan to provide teachers with career prospects; (iv) implement ongoing training plans (in-person or remote), particularly following teacher evaluations; and (v) increase the capacity of school infrastructure and equipment by absorbing makeshift classrooms. Appropriate strategies will be implemented to encourage scientific education and ensure that children in emergency situations and zones of insecurity and young girls receive an education, particularly through the construction of school boarding facilities.

**39. In order for growth to be more inclusive, the Government intends to strengthen its social protection and poverty reduction system.** For the years 2021 and 2022, minimum amounts, respectively 80 billion FCFA and 76.5 billion FCFA, will be implemented in the respective budgets in favor of the poorest (Indicative targets at the end of December 2021 and end of September 2022). Emphasis will be placed on programs that have proven to be the most effective and have a significant impact in strengthening the resilience of the most vulnerable populations. Efforts will be directed primarily towards programs dedicated to emergency social safety nets and having a strong impact on social capital. These include the rebuilding of the food security stock, the humanitarian emergency, free healthcare for children aged 0 to 5, hygiene and sanitation in rural areas, the prevention of malnutrition targeting children first 1000 days of the life of the child and pregnant women, the deployment of social centers for the prevention, promotion and protection of the child in particular in fragile areas, the improvement of the offer and of the quality maternity and neonatal care, community health, school canteens, support for female entrepreneurship, support for the

agricultural campaign, boarding schools for young girls, construction of hydro-agricultural facilities, construction of classes, etc. The mechanism for targeting vulnerable areas and populations will be strengthened and risk prevention approaches aimed at the sustainable recovery of vulnerable populations will be promoted so as to respond in advance to the multiple shocks that affect populations.

**40. The government intends to continue its efforts to improve food security and mitigate the risks related to climate change.** The government will step up the implementation of the 3N Initiative (Nigeriens Feeding Nigeriens) and will create the conditions for modernizing the agriculture/livestock sector by removing obstacles to production, storage, processing and marketing. Aware of the major challenges relating to desertification, climate change and biodiversity protection, the government will promote the green economy, an important lever for achieving the objectives set in the context of the 2030 Agenda for Sustainable Development. This will reduce pollution, create decent jobs, stimulate innovation and improve food and nutritional security. Promotion of the inclusive green economy in Niger will make it possible to reconcile economic, social and environmental objectives by using existing instruments, specifically the Food and Nutritional Security Investment Fund (FISAN). To improve the effectiveness of financing and relations between the various sector stakeholders, the government will prepare a financing framework for the agricultural subsectors incorporating the principles and facilities promoted in the context of the inclusive green economy.

**41. The government will ensure that COVID-19 vaccines are available and administered.** The government remains convinced that mass vaccination to provide herd immunity is the best way forward to contain COVID-19 and ensure the resumption of economic activities. Niger is a member of the COVAX facility and will, together with the technical and financial partners, continue efforts to access the necessary doses to ensure coverage of the population, particularly the most vulnerable. The national vaccination plan covers the entire country and targets 47.8 percent of the total population. The persons prioritized include mainly health care personnel, persons with a co-morbidity condition, individuals over the age of 60, defense and security forces, pilgrims, persons traveling outside the country, teachers, pupils and students, and government officials and assistants. An appropriate communications strategy will be deployed to encourage hesitant populations to be vaccinated, particularly through social mobilization and community engagement. A mechanism to monitor and evaluate national vaccine coverage will be established at all levels (district, regional, central) to assess the overall impact of vaccination, identify lessons to be learned, and adjust strategies and activities if necessary. A vaccination timetable has been divided into five phases covering two main waves. The COVAX facility, which targets 20 percent of the total population, will finance the first three phases from March 2021 to February 2022, and the final two phases, covering March 2022 to October 2022 and targeting 27.7 percent of the total population, will be financed by the government and other partners.

## Broader Structural Reforms

**42. A strong private sector is essential for improving living conditions and creating jobs.** The government will create the conditions for the transformation of the economy to strengthen and

diversify the nonoil private sector, given the outlook for a vast expansion of the oil sector. In addition to the measures being implemented to improve the business environment, the government has prepared two draft laws: the Small business Charter and the Small Business Act. It also plans to create a National Framework for Public-Private Dialogue as part of a platform bringing together stakeholders, including the private sector. The aim is to trigger a self-sustaining momentum while respecting fiscal constraints. The government will implement a critical mass of specific, measurable reforms with established deadlines before asking the private sector and donors to do the same. Implementation will be monitored, and consultations will be held to make any necessary corrections and expand the program. The government will also enhance the incentives for the local private sector to formalize positive measures such as access to credit, training, certification and partnerships with foreign companies. Moreover, the government intends to prepare ex post cost-benefit analyses for the two thermal power plants in Niamey and Zinder to assess the budgetary risks involved.

**43. Development of the financial sector and financial inclusion are essential for promotion of the private sector.**

To increase the resilience of small businesses to unfavorable economic developments and increase their contribution to economic growth and transformation of the Nigerien economy, the government has established the SME/SMI National Support Fund (FONAP). The aim of this fund is to seek out and mobilize resources for the financing of small businesses, facilitate their access to bank credit, and build their technical and managerial capacity. The aim is to ease financing constraints through the mobilization of private capital with the help of guarantees. The promotion of financial inclusion in Niger is well under way with the development of a National Inclusive Finance Strategy. The action plan for the strategy calls for the creation and institutionalization of a Financial Inclusion Development Fund (FDIF). This fund was created by Decree No. 2020-514/PRN/MF of July 3, 2020. A roundtable of donors was organized on July 1, 2021 to finance the FDIF, resulting in the announcement of resources covering 174.2 percent of the provisional budget for implementation of the strategy. The government will also continue to implement the consolidation plan for the microfinance sector, which involves: (i) rehabilitating the Savings and Loan Association Movement (MCPEC) and strengthening the Union of Credit Unions of Niger (UCMN); (ii) dealing with microfinance institutions in difficulty; (iii) strengthening and consolidating the microfinance sector; and (iv) providing capacity-building for the supervisory authority.

**44. The government will consolidate the good governance and anticorruption measures.**

Particular emphasis will be placed on (i) evaluating and strengthening the measures to combat corruption and similar offense to improve their effectiveness in preventing and combating corruption; (ii) leading by example at the highest levels of government and at all levels in the management of public affairs; (iii) conducting systematic unscheduled inspections, followed by sanctions at all levels of the central government and its agencies; and (iv) raising the awareness of government officials regarding ethics, conduct and morality. As well, the government has undertaken to ensure that the funds allocated to combating COVID-19 are spent effectively. To this end, (i) an Audit Office audit report on the 2020 COVID-19 expenditures will be published online as part its General Public Report [*structural benchmark for end-December 2021*] and (ii) a regulation will be issued to require information on the beneficial owners of bidding companies for all public procurement relating to COVID-19, and beneficial ownership information on the companies awarded contracts will be published of the public procurement website [*prior action*]. An

administrative investigation ordered by the President of the Republic has identified irregularities in the payment of some expenditures. The report was forwarded to the courts and the pretrial investigation is under way. In this connection, the government has suspended the payment of expenditures without prior payment orders and a committee has been established to review the instruction on the execution of public expenditures. Moreover, the government intends to accelerate and finalize the revision of the framework governing asset declarations by senior government officials to ensure greater transparency and broader coverage. A draft law adopted in 2020 extends the obligation to submit an asset declaration to encompass a larger number of public officials than those covered by the Constitution. To implement this new reporting regime, a decree this year established a new model and content for asset declarations. The Audit Office will proceed with the publication of the asset declarations of members of the government on an official internet site based on the new model, in accordance with the recommendations of the High Authority for the Protection of Personal Data (HAPDP) and international best practices in this area.

**45. The government plans to implement reforms to improve public sector effectiveness.**

Innovative initiatives will be taken to improve the effectiveness and performance of public services focusing on the effective implementation of program budgeting, deployment of a system to manage positions and skills in the main public service sectors, systematic introduction of paperless government procedures, and strengthening of the social security system for government employees.

**46. The governance and efficiency of public enterprises will be improved.** The reforms include:

- amendment of the law on public enterprises based on relevant provisions of the OHADA Code to include categories not currently covered, more clearly set out their development mission, and strengthen the accountability and control mechanism.
- continued publication online of the financial statements of large public enterprises.
- revision of the method of appointment of members of the boards of directors of public enterprises in accordance with their objectives.
- establishment of a performance contract system for public enterprises to which a portion of the remuneration of their managers will be indexed.
- creation of a high-level accountability framework to promote high performance enterprises and propose corrective measures for poorly performing companies.

## Program Monitoring

**47. Program monitoring will be based on performance criteria (Table 1) and structural benchmarks (Tables 2 and 3).** These indicators are defined in the attached Technical Memorandum of Understanding (TMU), along with the requirements for reporting data to IMF staff. The authorities will submit to the IMF the statistical data and information in accordance with the Technical

Memorandum of Understanding, and all other information they deem necessary or that IMF requests for monitoring purposes.

**48. The government is committed to implement all the program measures outlined in this memorandum.** The IMF Executive Board will monitor the program through half yearly reviews. The first program review will be based on performance criteria and data through end-December 2021 and the second will cover performance criteria and data through end-June 2022. The first and second reviews of the program will be completed on or after April 29, 2022 and October 31, 2022, respectively. The semi-annual reviews will be based on the performance criteria at end-June and end-December, and the indicative targets at end-March and end-September.



**Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (December 2021–September 2022)**  
(Billions of CFAF, unless otherwise indicated)

	End-Dec. 2021			End-Mar. 2022			End-Jun. 2022			End-Sep. 2022		
	PC			IT			PC			IT		
	Proj.	Actual	Status	Proj.	Actual	Status	Proj.	Actual	Status	Proj.	Actual	Status
<b>A. Quantitative performance criteria and indicative targets <sup>1</sup></b>												
(Cumulative from beginning of year)												
Ceiling on net domestic financing of the government, without IMF net financing	371.4			90.5			182.6			310.1		
Adjustment for shortfall in external budget support <sup>2</sup>	...			...			...			...		
Adjusted ceiling on net domestic financing of the government, without IMF net financing	371.4			90.5			182.6			310.1		
<i>Memorandum items:</i>												
External budget support <sup>3</sup>	213.5			15.6			29.4			48.7		
<b>B. Continuous quantitative performance criteria <sup>1</sup></b>												
(Ceiling)												
Accumulation of new external payments arrears	0.0			0.0			0.0			0.0		
Present Value (PV) of new public and publicly-guaranteed (PPG) external debt contracted from the beginning of the relevant calendar year	346.0			402.0			402.0			402.0		
<b>C. Indicative Targets</b>												
(Cumulative from beginning of year)												
Basic budget balance (commitment basis, excl. grants), floor	-484.6			-87.8			-182.0			-298.8		
Basic budget balance (commitment basis, incl. budget grants), floor	-340.0			-73.3			-156.3			-253.9		
Cash revenue, floor	846.4			222.3			469.0			715.6		
Floor on social protection spending	80.0			18.0			45.0			76.5		
Ratio of exceptional expenditures on authorized spending (percent), ceiling <sup>4</sup>	5.0			5.0			5.0			5.0		

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

Note: The terms in this table are defined in the TMU.

<sup>1</sup> Program indicators under A. are performance criteria at end-December 2021 and end-June 2022, and indicative targets for end-March 2022 and for end-September 2022.

<sup>2</sup> The ceiling on net domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 3 falls short of forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

<sup>3</sup> External budgetary assistance (excluding net financing from the IMF).

<sup>4</sup> Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

**Table 2. Niger: Continuous Structural Benchmarks for the Program,  
December 2021—December 2022**

<b>Measures</b>	<b>Rationale</b>	<b>Timetable</b>
1. Provide Fund staff on a semi-annual basis, starting in March 2022, with a tally of newly granted or renewed tax exemptions with their details and expiration dates.	Protect revenue base and improve domestic revenue mobilization.	Continuous, monitored on a bi-annual basis
2. Publish procurement plans, tender notices and final contract award results on the Public Procurement Portal, starting in March 2022.	Improve public expenditure management	Continuous, monitored on a bi-annual basis
3. Produce a feasibility study for any investment project of more than CFAF 5 billion, the summary of which will be published on the website of the Ministry of Planning, prior to its inclusion in the <i>Plan d'Investissement de l'Etat</i> from the 2023 budget, starting in July 2022.	Improve the efficiency of public spending	Continuous, monitored on a bi-annual basis

**Table 3. Niger: Proposed Prior Action and Structural Benchmarks,**  
December 2021—December 2022

Measures	Rationale	Timetable
<b>Prior Action</b>		
1. Issue a regulation requesting the beneficial ownership information of companies submitting bids for all Covid-19-related public procurement, with the beneficial ownership information of the winning company to be published on the Public Procurement Portal.	Ensure greater transparency in the awarding of public contracts. Reduce risk of conflict of interest.	Prior Action
<b>Structural Benchmarks</b>		
2. Adopt a policy brief containing concrete and costed proposals to rationalize current exemptions and tighten procedures for granting new exemptions, in consultation with IMF staff.	Protect revenue base and improve domestic revenue mobilization.	End-December 2021
3. Produce feasibility studies for the 9 largest investment projects prior to their inclusion in the 2022 <i>Plan d'Investissement de l'Etat</i> .	Improve public investment management and efficiency of public spending.	End-December 2021
4. Publish the audit report by the Auditor General (Cour des Comptes) on 2020 COVID-19-related spending.	Improve governance and transparency.	End-December 2021
5. Adopt a plan for the completion of the integration of the digital platforms of the DGI and the DGD, indicating the key milestones to complete the actions described in paragraph 24 of the MEFP consistent with IMF technical assistance advice.	Protect revenue base.	End-March 2022
6. Produce an annual report describing: (i) stocks and flows of tax arrears by fiscal year and by type, as well as by degree of collectability, (ii) a timetable with quantitative targets to reduce arrears stocks based on the recoverability analysis and a prioritization scheme and, (iii) a detailed plan, containing specific actions to achieve these objectives.	Improve domestic revenue mobilization.	End-March 2022
7. Issue a legal instrument requiring the collection of beneficial ownership information of companies awarded single tender or sole source contracts, except defense and security-related contracts, and their publication on the Public Procurement Portal.	Ensure greater transparency in the awarding of public contracts. Reduce risk of conflict of interest.	End-March 2022
8. Adopt a roadmap, with technical assistance from the IMF, for the review and simplification of the current tax system.	Improve domestic revenue mobilization and business environment.	End-June 2022
9. Share with the IMF a status report of existing agreements, showing for each agreement the amounts of exemptions by tax type since the beginning of 2019, expiration dates, and available information on projected exemptions for 2022.	Improve domestic revenue mobilization.	End-June 2022
10. Adopt an oil revenue management strategy with technical assistance from the IMF.	Enhance governance and transparency of oil revenue allocation.	End-September 2022
11. Publish the audit by Auditor General (Cour des Comptes) on exemptions in the extractive sector.	Improve governance and transparency of the extractive sector.	End-December 2022

## Attachment II. Technical Memorandum of Understanding

**1. This technical memorandum of understanding defines the performance criteria and indicative targets of Niger’s program under the Extended Credit Facility (ECF) arrangement for the period Q4-2021 to Q3-2022.** The performance criteria and indicative targets for 2021 through September 2022 are set out in Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of November 19, 2021. Structural benchmarks appear in Tables 2 and 3. This technical memorandum of understanding also sets out data-reporting requirements for program monitoring.

### Definitions

**2. For the purposes of this technical memorandum, the following definitions of “government,” “debt,” “payment arrears,” and “government obligations” will be used:**

- a) **Government** refers to the central government of the Republic of Niger; it does not include any political subdivision, public entity, or central bank with separate legal personality.
- b) As specified in paragraph 8 of the Guidelines on Public Debt Conditionality in Fund Arrangements, adopted by the Decision No. 16919-(20/103) of the Executive Board of the IMF on October 28, 2020, **debt** will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers’ credits) and temporary exchanges of assets, that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers’ credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

- c) Present value (PV) of new public and publicly-guaranteed external debt contracted discounts at a five percent annual rate the future payment stream, except for loans with a negative grant element, in which case the PV is set equal to the value of the loan. The calculation of the PV is based on the loan amount contracted in a given year, independent on when disbursements take place.
- d) **Domestic payment arrears** are domestic payments owed by the government but not paid. They include committed and authorized fiscal year expenditures that are not paid within 90 days. **External payment arrears** are external payments due but not paid.
- e) Government **obligation** is any financial obligation of the government accepted as such by the government (including any government debt).

## A. Quantitative Performance Criteria

### Net Domestic Financing of the Government

#### *Definition*

3. **Net domestic financing of the government** is defined as the sum of (i) **net bank credit to the government**; (ii) **net nonbank domestic financing of the government**, including government securities issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks, proceeds from the sale of government assets, and privatization receipts.
4. **Net bank credit to the government is equal to the balance of government claims and debts vis-à-vis national banking institutions.** Government claims include cash holdings of the Nigerien Treasury, secured obligations, deposits with the central bank, and deposits of the Treasury (including regional offices) with commercial banks. Government deposits with commercial banks are excluded from government claims insofar as they are used solely to finance externally financed capital expenditure.
5. **Government debt to the banking system includes assistance from the central bank (excluding net IMF financing)**, the CFAF counterpart of the 2009 General SDR Allocation and the 2021 General SDR Allocation, assistance from commercial banks (including government securities held by the central bank and commercial banks) and deposits with the CCP (postal checking system).
6. **The scope of net bank credit to the government, as defined by the BCEAO, includes all government administrations.** Net bank credit to the government and the amount of Treasury bills and bonds issued in CFAF on the WAEMU regional financial market are calculated by the BCEAO.
7. **Net nonbank domestic financing includes:** (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of Treasury correspondents' deposit accounts; (iii) the change in the balance of various deposit accounts at the Treasury; and

(iv) the change in the stock of claims on the government forgiven by the private sector. Net nonbank financing of the government is calculated by the Nigerien Treasury.

**8. The 2021 and 2022 quarterly targets** are based on the change between the end-December 2020 and end-December 2021 levels, respectively, and the date selected for the performance criterion or indicative target.

### ***Adjustments***

**9. The ceiling on net domestic financing of the government** will be subject to adjustment if disbursements of external budgetary support net of external debt service, external arrears payments, and net financing from the IMF fall short of program projections.

**10. If disbursements of external budgetary support** fall short of the projected amounts at the end of each quarter, the corresponding quarterly ceilings will be raised pro tanto, up to a maximum of CFAF 30 billion.

### ***Reporting Requirement***

**11. Detailed data on domestic financing of the government** will be provided monthly, within six weeks after the end of each month.

## **New External Payment Arrears on Government Debt**

### ***Definition***

**12. Government debt** is outstanding debt contracted or guaranteed by the government. External arrears are obligations that have not been paid on due dates, taking into account the contractual grace periods, if any. For the program, the government undertakes not to accumulate new external payment arrears on its debt (including Treasury bills and bonds issued in CFAF on the WAEMU regional financial market), with the exception of external payment arrears arising from debt being renegotiated with external creditors, including Paris Club and other bilateral official creditors.

### ***Reporting Requirement***

**13. Data on the stock, accumulation, and repayment of external payment arrears will be provided monthly,** within six weeks after the end of each month.

## **Present Value of New Public and Publicly- Guaranteed External Debt Contracted from the Beginning of the Relevant Calendar Year**

### ***Definition***

**14. Contract.** For the purposes of the relevant performance criteria, the debt is deemed to have been contracted or guaranteed when it is signed by the government, adopted by the parliament by law and ratified by the President of the Republic. For program monitoring purposes, external debt is deemed to be contracted or guaranteed on the date of ratification of the contract.

**15. Guarantee.** For the purposes of the relevant performance criteria, the guarantee of a debt arises from any explicit legal obligation of the government to service a debt in the event of nonpayment by the debtor (involving payments in cash or kind).

**16. External debt is defined as debt contracted or serviced in a currency other than the franc of the Financial Community of Africa (CFAF),** except for the borrowing from the West African Development Bank (BOAD), which is considered external debt despite being local-currency-denominated.

**17. The performance criterion (PC) is a ceiling and applies to the present value of all new external debt (concessional or non-concessional) contracted or guaranteed by the government,** including commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- (a) Short-term supplier or trade-related credit with a maturity of up to three months.
- (b) rescheduling agreements; and
- (c) IMF disbursements.

**18. Currency Denomination.** For program purposes, the value in CFAF of new external debt of 2021 and 2022 is calculated using the exchange rates for end September 2021, in the IMF's International Financial Statistics (IFS) database.

Exchange Rates	
CFAF/SDR	798.1337
U.S. Dollar/SDR	1.408871
Euro/SDR	1.216747
Japanese Yen/SDR	157.6668
U.K. Pound Sterling/SDR	1.048658
U.A.E. Dirham/SDR	5.174080

**19. PV Calculation.** Present Value of new external debt is calculated by discounting all projected disbursements and debt service payments (principal and interest) on the basis of a program discount rate of 5 percent and taking account of all loan conditions, including projected disbursements, the maturity, grace period, payment schedule, front-end fees and management fees. The PV is calculated using the IMF "DSA template," which is based on the amount of the loan and the above parameters. In the case of loans for which the grant element is zero or less than zero, the PV is set at an amount equal to the nominal value.

**20. Reference rate.** For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD LIBOR is 1.81 percent and will remain fixed for the duration of the program. The spread of six-month Euro LIBOR over six-month USD LIBOR is -200 basis points. The spread of six-month JPY LIBOR over six-month USD LIBOR is -200 basis points. The spread of six-month GBP

LIBOR over six-month USD LIBOR is -100 basis points. For interest rates on currencies other than Euro, JPY, and GBP, the spread over six-month USD LIBOR is -100 basis points.

### ***Reporting Requirement***

**21. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government** and will consult with staff on any potential debt management operations.

## **B. Indicative Targets**

### ***Definitions***

**22. Cash revenue is an indicative target for the program.** It includes tax, nontax, and special accounts revenue, but excludes proceeds from the settlement of reciprocal debts between the government and enterprises and non-cash revenue.

**23. The basic fiscal balance is defined as the difference between** (i) total revenue, which is the sum of cash revenue as defined in paragraph 22 and non-cash revenue; and (ii) total fiscal expenditure excluding externally financed investment expenditure but including HIPC-financed expenditure. Two indicative targets on basic fiscal balance are set: one including budget grants and the other excluding budget grants.

**24. The floor on social spending is an indicative target for the program.** Social spending is defined as expenditures from the Government's own resources allocated to the social sectors (expenditures with a social purpose identified at the sector level) and those directly benefiting poor households, children, young people and women in vulnerable situations, the elderly, the disabled, victims of armed conflict and trafficking, refugees, or displaced persons and the unemployed. These expenditures will be coded in the budget, according to the recommendations of UNICEF (see table below), to facilitate their tracking. Vulnerability is the risk that individuals may fall into poverty, face food insecurity or be physically and financially unable to meet their basic needs.



<b>Codification of Social Spending Activities</b>	
<b>Budget Activities</b>	<b>Codes</b>
Non-Social	00
Social-Health	11
Social-Education	12
Social-Social Protection	13
Social-Nutrition	14
Social- Hydraulics/Sanitation	15
Social-Others	19

**25. A limit is set on the amount of expenditures paid through exceptional procedures (without prior commitment) excluding debt service payments and expenditures linked to tax exemptions.** The limit is 5 percent of total authorized expenditures during the quarter for which the target is assessed.

### ***Reporting Requirement***

**26. Information on basic budget revenue and expenditures will be provided to the IMF monthly,** within six weeks after the end of each month.

**27. Information on UPL expenditures will be provided to the IMF quarterly,** within six weeks after the end of each quarter.

**28. Information on exceptional expenditure will be provided to the IMF quarterly** after six weeks after the end of the quarter.

## **Additional Information for Program Monitoring**

### **A. Government Finance**

**29. The authorities will forward the following to IMF staff:**

- Detailed monthly estimates of revenue and expenditure, including priority expenditure, the payment of domestic and external arrears, and a breakdown of customs, DGI, and Treasury revenue.
- The Table of Government Financial Operations with comprehensive monthly data on domestic and external financing of the budget, and changes in arrears and Treasury balances outstanding. These data are to be provided monthly, within six weeks after the end of each month.
- Comprehensive monthly data on net nonbank domestic financing: (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of various deposit accounts at the Treasury; (iii) the change in the stock of claims on the government forgiven by the private sector.

- Quarterly data on expenditure for UPL lines (statement of appropriations approved, disbursed, and used).
- Quarterly reports on budget execution, including the rate of execution of poverty-reducing expenditure and, in particular, the use of appropriations by the line ministries concerned (National Education, Public Health, Equipment, Agriculture, Livestock).
- Monthly data on Treasury balances outstanding, by reference fiscal year, with a breakdown of maturities of more than and less than 90 days.
- Monthly data on effective debt service (principal and interest) compared with the programmed maturities provided within four weeks after the end of each month; and
- List of external loans contracted in process of negotiation and projected borrowing in the next six months, including the financial terms and conditions.

## B. Monetary Sector

### 30. The authorities will provide the following information each month, within eight weeks following the end of each month:

- Consolidated balance sheet of monetary institutions and, where applicable, the consolidated balance sheets of individual banks;
- Monetary survey, within eight weeks following the end of each month, for provisional data;
- Borrowing and lending interest rates; and
- Customary banking supervision indicators for banks and nonbank financial institutions (where applicable, these same indicators for individual institutions may also be provided).

## C. Balance of Payments

### 31. The authorities will provide IMF staff with the following information:

- Any revision of balance of payments data (including services, private transfers, official transfers, and capital transactions) whenever they occur.
- Preliminary annual balance of payments data, within six months after the end of the reference year.

## D. Real Sector

### 32. The authorities will provide IMF staff with the following information:

- Disaggregated monthly consumer price indexes, within two weeks following the end of each month.
- The national accounts, within six months after the end of the year; and
- Any revision of the national accounts.

## E. Structural Reforms and Other Data

### 33. The authorities will provide IMF staff with the following information:

- Any study or official report on Niger's economy, within two weeks after its publication.
- Any decision, order, law, decree, ordinance, or circular with economic or financial implications, upon its publication or, at the latest, when it enters into force.
- Any draft contract in the mining and petroleum sectors, including production and sales volumes, prices, and foreign investment; and
- Any agreement with private sector stakeholders having economic or financial repercussions for the government, including in the natural resources sector.

### Summary of Data to be Reported

Type of Data	Table	Frequency	Reporting Deadline
Real sector	National accounts.	Annual	End-year + 6 months
	Revisions of the national accounts.	Variable	8 weeks after the revision
	Disaggregated consumer price indexes.	Monthly	End-month + 2 weeks
Government finance	Net government position vis-à-vis the banking system.	Monthly	End-month + 6 weeks
	Complete monthly data on net nonbank domestic financing: (i) change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) change in the balance of various deposit accounts at the Treasury; (iii) change in the stock of claims on the government forgiven by the private sector.	Monthly	End-month + 6 weeks
	Provisional TOFE, including a breakdown of revenue (DGI, DGD and DGTCP) and expenditure, including the repayment of domestic wage and nonwage arrears, as at end-1999, and the change in Treasury balances outstanding.	Monthly	End-month + 6 weeks
	Data on Treasury balances outstanding (RAP), by reference fiscal year (total and RAP at more than 90 days).	Monthly	End-month + 6 weeks
	Monthly statement of Treasury correspondents' deposit accounts.	Monthly	End-month + 6 weeks
	Execution of the investment budget.	Quarterly	End-quarter + 6 weeks

**Summary of Data to be Reported (concluded)**

<b>Type of Data</b>	<b>Table</b>	<b>Frequency</b>	<b>Reporting Deadline</b>
	Table of fiscal expenditure execution, unified list expenditure, and HIPC-financed expenditure.	Monthly	End-month + 6 weeks
	Treasury accounts trial balance.		
	Monthly statement of the balances of accounts of the Treasury and of other public accounts at the BCEAO.	Monthly	End-month + 6 weeks (provisional) End-month + 10 weeks (final)
	Petroleum products pricing formula, petroleum products tax receipts, and pricing differentials.	Monthly	End-month + 6 weeks
	Monetary survey		
Monetary and financial data	Consolidated balance sheet of monetary institutions and, where applicable, consolidated balance sheets of individual banks.	Monthly	End-month + 8 weeks
	Borrowing and lending interest rates.	Monthly	End-month + 8 weeks
	Banking supervision prudential indicators.	Quarterly	End-quarter + 8 weeks
Balance of payments	Balance of payments	Annual	End-year + 6 months
	Balance of payments revisions	Variable	At the time of the revision.
External debt	Stock and repayment of external arrears.	Monthly	End-month + 6 weeks
	Breakdown of all new external loans signed and projected borrowing, including the financial terms and conditions.		End-month + 6 weeks
	Table on the monthly effective service of external debt (principal and interests), compared with the programmed maturities.	Monthly	End-month + 4 weeks



# NIGER

## REQUEST FOR A THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS

November 19, 2021

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Prepared by the staffs of the International Monetary Fund and the International Development Association.

<b>Niger: Joint Bank-Fund Debt Sustainability Analysis</b>	
<b>Risk of external debt distress</b>	<i>Moderate</i>
<b>Overall risk of debt distress</b>	<i>Moderate</i>
<b>Granularity in the risk rating</b>	<i>Limited space to absorb shocks</i>
<b>Application of judgement</b>	<i>No</i>

*Niger's risk of external and overall public debt distress is assessed "moderate"—unchanged from the previous DSA.<sup>1 2</sup> The response to the COVID-19 pandemic required higher borrowing and the shock entailed a sharp fall in exports, exacerbating the impact of Nigeria's decision to close its border to trade in 2019. Nevertheless, debt indicators remain below their thresholds thanks to concessional financing from donors and the prospective post-COVID rebound. Sustainability should be buttressed by the envisaged implementation of the government's reform program and the onset of crude oil exports via a new pipeline. In the medium and long run, further strengthening debt management, mitigating fiscal risks from SOEs and PPPs, prioritizing concessional borrowing, and strengthening private-sector development to support economic diversification would be key to strengthening Niger's debt sustainability.*

<sup>1</sup> Niger's debt-carrying capacity remains rated "medium" with a composite indicator value of 2.96.

<sup>2</sup> Staff simulated a scenario assuming full disbursement of annual IDA allocations under credit terms, which did not affect the risk of external debt distress rating.

## PUBLIC DEBT COVERAGE

**1. The coverage of the public sector in the DSA is in line with the fiscal accounts and the previous DSA** (Text Table 1). It covers the central government but excludes local governments and the social security fund. There are no extra budgetary funds. State guarantees extended to the private and public sectors for external borrowing are included. Publicly-guaranteed private debt is limited to the guarantee issued to the China National Petroleum Company (CNPC) for a loan to finance the government's minority stake in the refinery SORAZ.<sup>3</sup> SOEs do not directly borrow from abroad, benefitting instead from on-lending by the central government, which is captured in the debt statistics at the stage where the central government borrows the funds. This includes electricity (NIGELEC), water (SPEN), and telecom (Niger Telecom) companies, and the ABK, a public administrative entity set up for implementing the Kandadji dam project. Absent reliable data, the DSA cannot explicitly account for domestic SOE debt. The authorities are working with the World Bank to improve the availability and quality of financial information for SOEs. A dedicated directorate general has been established in the Ministry of Finance in late 2019. The authorities, under the World Bank's support, will publish certified financial statements for 2020 of at least nine out of 11 largest SOEs on the official website of the Ministry of finance to improve transparency and quality of debt reporting. External debt is defined on a currency basis.<sup>4</sup>

**Text Table 1. Niger: Coverage of Public-Sector Debt and Design of Contingent Liability Stress Test**

Subsectors of the public sector	Sub-sectors covered		
1 Central government		X	
2 State and local government			
3 Other elements in the general government			
4 o/w Social security fund			
5 o/w Extra budgetary funds (EBFs)		X	
6 Guarantees (to other entities in the public and private sector, including to SOEs)		X	
7 Central bank (borrowed on behalf of the government)		X	
8 Non-guaranteed SOE debt			

The country's coverage of public debt	The central government plus extra budgetary funds, central bank, government-guaranteed debt		
	Default	Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	0 percent of GDP	0.0	
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.0	
4 PPP	35 percent of PPP stock	0.0	
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0	
Total (2+3+4+5) (in percent of GDP)		7.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

**2. The contingent liability tailored stress test is calibrated to account for debt coverage gaps** (Text Table 1). First, the coverage shock is kept at 0 percent of GDP for other elements of the general government not captured in the baseline stock of debt since: (i) the authorities indicated that the strong financial position of the social security fund (CNSS) removes material fiscal risks; (ii) the authorities confirmed the absence of extra-budgetary funds; and (iii) local governments solely contract short-term debt with the domestic banking sector, which is small in size. Second, the contingent liabilities shock from SOE debt is set at the default value of 2 percent to reflect risks associated with their domestic borrowing

<sup>3</sup> CNPC extended a US\$880 million (7.0 percent of GDP) loan for the construction of SORAZ refinery in 2008, of which US\$352 million (2.8 percent of GDP) is guaranteed by the government. The outstanding stock of US\$87.3 million (1.1 percent of GDP) at end-2020 is included in the baseline stock of debt and is expected to be fully repaid by 2023.

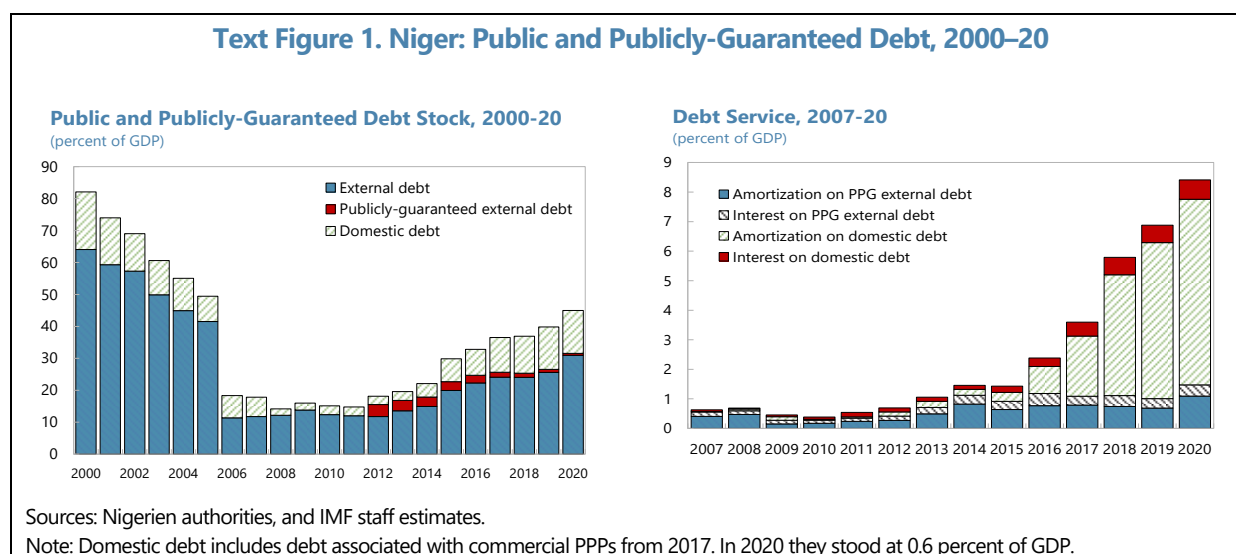
<sup>4</sup> The only exception is the borrowing from the West African Development Bank (BOAD), which is considered external debt despite being local-currency-denominated.

SOEs. Third, public-private partnerships (PPPs) signed under the new PPP law of May 2018 do not involve government financing—e.g., the recent renovation of the Niamey airport was fully privately financed in exchange for a 30-year concession to operate it. Projects under the previous PPP law are akin to installment payments and are reflected to the extent that they are implemented but yet paid. A contingent liability stress test for PPPs is hence not indicated at this time, and, taking into account credit to the economy of just 13.2 percent of GDP as of 2020, the default value of 5 percent of GDP for contingent liability risk appears adequate.

## BACKGROUND

### A. Evolution and Composition of Debt

**3. Niger's public and publicly guaranteed (PPG) debt stood at 45.0 percent of GDP at end-2020** (Text Figure 1). External public debt dropped from an average of 52.7 percent of GDP during 2000–05 to 11.3 percent of GDP in 2006 following the debt relief granted under the HIPC and Multilateral Debt Relief Initiatives. It has risen slowly since 2012 as Niger developed natural resource projects and other large-scale public investments. Domestic debt had also been on a declining trend since 2000 and averaged 2.8 percent of GDP over 2008–14, before starting to rise from 2015. Debt service follows a similar pattern, with a large share of the amortization on domestic debt reflecting its shorter maturity. In 2020, the outstanding PPG debt increased at a higher pace than recent years as the heightened fiscal deficit in the context of the COVID-19 pandemic was financed mainly by external donor support.



**4. PPG external debt makes up 70 percent of Niger's total debt stock in 2020.** Multilateral creditors represent the lion's share (around four fifths) of external debt, with Niger borrowing most from the World Bank (IDA) followed by the BOAD and African Development Bank (AfDF). The official bilateral debt represents around one fifth of external debt. External debt exposed to exchange rate risk is relatively low (around one third of external debt) given the CFAF's peg to the euro. External debt is generally on concessional terms, with an average weighted interest rate of 1.2 percent and remaining maturity of 23 years at end-2020.



**5. Domestic debt consists mostly of short- and medium-term Treasury securities**, predominantly held by banks domiciled in Niger or in the rest of the West African Economic and Monetary Union (WAEMU). Outstanding Treasury securities remained almost flat in 2020 despite larger financing needs amid the pandemic as, the government carried out a debt reprofiling operation in January 2020, in which it borrowed CFAF 148 billion (1.9 percent of GDP) commercially from abroad to repay domestic debt.<sup>5</sup> In 2019 Niger placed government paper worth 3.9 percent of GDP for the first time through syndication. At seven years, the tenor was much above what is achievable in regional auctions. The average remaining maturity of Niger's domestic debt is 5.4 years while the average weighted interest rate stood at 4.1 percent at end-2020.

**6. The estimation and analysis of private external debt is complicated by data issues and requires further follow-up.** The regional central bank (BCEAO) does not yet compile private external debt stock statistics. Efforts to gather information on the coverage and composition of private external debt will continue, with technical support from the IMF's Statistics Department.

## B. Macroeconomic Forecast

**7. The baseline scenario is predicated on macroeconomic assumptions reflecting recent economic developments and the response to the COVID-19 pandemic, as well as ongoing and new policy measures** (Text Table 2). While the direct health impacts of the pandemic have been limited, containment measures including the closure of the border with Nigeria slowed down economic activity in 2020, leading to a drop in exports and a sizeable increase in external financial assistance. With the removal of the remaining social distancing measures, the opening of the border with Nigeria, and the resumption of all infrastructure projects, growth is projected to pick up in 2021 and onward. Growth and exports are expected to be boosted in 2023 by the expected start of oil exports—one year later than in the previous DSA update due to the delay of the construction project amid the COVID-19 pandemic. Growth in the long run is projected at 6.1 percent in line with the previous DSA. Addressing constraints in the business environment and financial services, through the improvements to tax policy and administration and new mechanisms to support financial intermediation, is critical to enhancing private sector developments and reducing informality, thereby supporting stronger and more resilient growth. Ongoing reform on the education system is expected to improve human capital and contribute to the long-run growth. The exchange rate peg keeps inflation well-contained throughout the projection period.

**8. The framework assumes gradual fiscal consolidation in line with the government's ongoing reform program.** Given rising insecurity due to terrorism and crime across the Sahel, an increase in security-related spending is inevitable. Nonetheless, in line with the macro projections, a sizable bounce-back of revenues is expected for next years as the health crisis abates, the border with Nigeria is reopened to trade, and revenue measures regain traction, further strengthened by oil-related revenue when the exports commerce. Apart from the oil sector, the economy should also benefit from several other large projects related to stepped-up engagement of donors and foreign investors. Compared to the previous DSA, real GDP growth and the revenue-to-GDP ratio are

<sup>5</sup> The loan was contracted in January 2020 with Deutsche Bank for a total amount of euro 225 million, of which euro 179 million (1.5 percent of GDP) have been drawn. It was used to repay a set of five Treasury bills and one Treasury bond.

expected to be moderately lower in the coming years, reflecting persistently slow economic activities in formal non-agricultural sectors in the context of the pandemic and postponement of the onset of the oil exports from 2022 to 2023 due to the construction delay. The medium- and long-term projections remain almost unchanged.

**Text Table 2. Niger: Key Macroeconomic Assumptions, 2018– 41**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027-41
<b>Real GDP growth (percent)</b>										
DSA 2021	7.2	5.9	3.6	5.4	6.5	10.4	11.4	8.5	6.0	6.1
Previous DSA	7.2	5.9	1.2	6.9	12.8	11.1	6.7	6.3	5.8	6.2
<b>Inflation (CPI)</b>										
DSA 2021	2.8	-2.5	2.9	2.9	2.5	2.0	2.0	2.0	2.0	2.0
Previous DSA	2.8	-2.5	2.8	0.4	2.0	2.0	2.0	2.0	2.0	2.0
<b>Primary fiscal balance (percent of GDP)</b>										
DSA 2021	-2.1	-2.6	-3.4	-3.6	-2.0	-1.3	-1.3	-1.3	-1.3	-1.1
Previous DSA	-2.1	-2.6	-3.4	-3.6	-1.9	-1.3	-1.3	-1.3	-1.3	-1.1
<b>Total revenue excluding grants (percent of GDP)</b>										
DSA 2021	12.1	11.2	10.8	10.9	11.5	12.7	13.4	13.8	14.0	15.5
Previous DSA	12.1	11.2	10.4	11.9	12.6	13.6	13.9	14.2	14.3	15.4
<b>Exports of goods and services (percent of GDP)</b>										
DSA 2021	11.3	10.8	16.6	14.5	14.8	17.3	19.5	20.8	19.6	18.8
Previous DSA	11.3	11.1	9.3	10.1	14.0	16.6	16.6	16.7	16.1	11.4
<b>Oil export price (US dollars per barrel)</b>										
DSA 2021	64.9	58.3	39.2	62.4	61.3	58.2	56.1	54.5	53.5	62.9
Previous DSA	64.9	58.3	39.6	44.4	45.7	46.7	47.7	48.6	49.6	53.9
<b>Uranium price (Thousands of CFAF per kg)</b>										
DSA 2021	40.8	44.0	48.7	46.9	46.2	46.1	46.0	46.0	46.0	46.0
Previous DSA	40.8	44.0	48.7	46.9	46.4	46.2	46.1	46.1	46.1	43.0

Source: IMF staff calculations.

**9. Compared to the previous DSA, gold exports projections have been significantly revised upwards.** Artisanal gold production has been booming in the Burkina Faso-Mali-Niger triangle in the last few years with Niger’s gold industry benefitting from refining, trading, and shipment to abroad of gold imported from neighboring countries. The previous DSA update did not take this into account in the baseline as the BCEAO’s data compilation process of Niger’s gold exports in the balance-of-payments was ongoing—instead, an alternative scenario was assessed based on available customs data. The IMF provided a technical assistance (TA) through its statistics department to support the authorities’ efforts to improve the quality of gold exports statistics. The data compilation has proceeded and is included in the baseline framework entailing an upward revision of exports and their projections<sup>6</sup>.

**10. The authorities aim to maintain limited reliance on domestic financing for years to come, with a view to extending maturities, reducing roll-over risk, and creating space for banks to lend to the private sector.** Concessional and semi-concessional financing from external donors remain the main

<sup>6</sup> In accordance with the TA recommendation, gold exports by Nigerien refineries—accounting for the bulk of the increase in 2020 gold exports—are recorded as service exports as the country provides refining services almost exclusively to non-residents of neighboring countries.

sources of financing.<sup>7</sup> The share of domestic sources in total budgetary financing was lower than 5 percent in 2019 and 2020 thanks to the ample external financing in the context of large-scale project related loans and COVID pandemic as well as the debt reprofiling operation in January 2020. Over the medium term, it is projected to remain below 40 percent, slightly below the average in 2013-18 (42 percent). In the very long run, highly concessional donor support is assumed to gradually decline as a percent of GDP as the domestic financial market deepens.

**11. The terms of foreign and domestic borrowing are assumed to shift over time to lower concessionality and longer maturities.** For foreign debt, new disbursements are expected to be covered by external funding sources based on historical financing patterns. In the longer run, the weights of external creditors are adjusted so that external borrowing moves very gradually toward less concessional financing and toward commercial loans. For domestic borrowing, debt instruments are assumed to gradually shift from T-bills to medium- and long-term bonds. Consistent with the borrowing terms of recent government securities issuances on the regional market, the average interest rate on government bonds is assumed at 5.5, 6, and 6.5 percent for bonds maturing in 1 to 3, 4 to 7 years and over 7 years, respectively. The interest rate on T-bills is set to 5 percent.

**12. The SDR allocation has given Niger access to more beneficial financing.** The SDR allocation was on-lent in CFA franc to member states by the BCEAO in the form of a 20-year loan carrying a fixed interest rate of 0.05 percent. The financing terms are more concessional than the arrangements for the 2009 SDR allocation (10-year repayment period with a three-year grace period and an interest rate of 3 percent). The arrangement is treated as domestic debt and evaluated in nominal terms in the DSA. This on-lending is expected to improve the overall debt profile by replacing more expensive domestic borrowing.

**13. The DSA's tool kit to assess the realism of the macroeconomic forecast does not raise red flags in light of historical experience and comparison with peers.**

- a. **Drivers of debt dynamics** (Figure 3). The evolution of total public debt is dominated by developments of the primary fiscal deficit and real GDP growth. Compared to the past five years, projections put the contribution of growth higher and the one for the primary deficit lower. The rise of the public debt ratio is consequently arrested, and it stabilizes at around 40 percent of GDP, slightly higher than in the previous DSA. External public debt is projected to peak at 32.7 percent of GDP in 2021, and decline to 16.5 percent in 2041, entailing a similar pattern to total public debt. Unexpected changes in residuals were chiefly responsible for past forecast errors for total public debt whereas those in the primary deficit and the current account were for external public debt. Their magnitude is comparable to those in other low-income countries (LICs).
- b. **Realism of planned fiscal adjustment** (Figure 4). The projected three-year fiscal adjustment in the primary balance (1.3 percentage point of GDP) lies slightly below the top quartile of the distribution of past adjustments to the primary fiscal deficit (above 2 percentage points of GDP) for a sample of LICs. The realism of the expected adjustment is predicated on the recovery from the pandemic (i.e., including one-off gain from the removal of COVID-related containment measures and constraints), the

<sup>7</sup> Concessional financing is defined as the one with grant element (GE) exceeding 35 percent of the face value.

improvements in non-oil revenue mobilization through expanding tax base and reducing tax expenditure, and the revenue boost from the start of crude-oil exports in 2023.

- c. **Consistency between fiscal adjustment and growth** (Figure 4). The projected growth path for 2021 to 2022 is driven by the recovery from the pandemic, reinforced by the removal of the remaining restrictions, the full opening of the border with Nigeria, and the resumption of all infrastructure projects, with the impact of fiscal adjustments ranging from -0.5 to 0.5 percent of GDP based on different fiscal multipliers. With much of the fiscal adjustment being driven by higher oil-related revenues, the impact of consolidation on growth is likely to be muted.
- d. **Consistency between public investment and growth** (Figure 4). The tool shows a similar share of public investment in GDP in the previous and the current DSAs. Private investment is expected to scale up in the projected years.

## C. Country Classification and Determination of Stress Test Scenarios

**14. Niger’s debt-carrying capacity remains rated “medium”.** The methodology relies on a composite indicator (CI) combining the CPIA score,<sup>8</sup> external conditions as captured by global growth, and country-specific factors. Based on data from the April 2021 WEO vintage, the calculations give a CI value of 2.96, reflecting positive contributions from the CPIA (44 percent) but also international reserves (34 percent), and country and global real growth rates (6 and 14 percent, respectively) (Text Table 3). This score falls within the medium debt-carrying capacity thresholds defined as  $2.69 < CI \leq 3.05$ .

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.402	1.31	44%
Real growth rate (in percent)	2.719	6.983	0.19	6%
Import coverage of reserves (in percent)	4.052	45.974	1.86	63%
Import coverage of reserves <sup>2</sup> (in percent)	-3.990	21.136	-0.84	-29%
Remittances (in percent)	2.022	0.813	0.02	1%
World economic growth (in percent)	13.520	3.137	0.42	14%
<b>CI Score</b>			<b>2.96</b>	<b>100%</b>
<b>CI rating</b>			<b>Medium</b>	

Source : IMF staff calculations. The CI cutoff for medium debt-carrying capacity is  $2.69 < CI \leq 3.05$ .

**15. The debt sustainability analysis relies on six standardized stress tests and a tailored commodity price shock stress test.** The standardized stress tests use the default settings. While Niger does not qualify for the market financing shock stress test, the commodity price shock stress test is relevant and helps assess the sensitivity of projected debt burden indicators to unfavorable developments in commodity export prices.<sup>9</sup>

<sup>8</sup> The CPIA score is 3.42 in 2020.

<sup>9</sup> Under the debt sustainability framework, countries with commodity exports accounting for at least 50 percent of total exports of goods and services over the previous three-year period are subject to the stress test. Commodities accounted for 75.0 percent of Niger exports of goods and services over the period 2018-20.

## DEBT SUSTAINABILITY

### A. External Debt Sustainability

**16. External debt is projected to fall gradually, with public and private debt both declining in the long run** (Table 1). Under the baseline scenario, PPG external debt-to-GDP is expected to remain flat in 2021 owing to significant foreign borrowing to finance Niger’s economic and social development agenda, followed by a downward trajectory to settle at 16.5 percent of GDP at the end of the projection period in 2041 as higher growth materializes and fiscal adjustments proceed. Total external debt displays a similar pattern—steadily declining to 24.0 percent of GDP in 2041. The non-interest current account deficit remains the main driver of these dynamics. The goods and services balance is projected to deteriorate until 2022 reflecting high imports related to the large projects, such as the Kandadji dam, a cement factory, a uranium mine, the oil export pipeline, and MCC-funded investments in agriculture. Coupled with growth in gold exports, production from these projects is expected to improve the current account sharply when they come on stream.<sup>10</sup> Once the non-interest current account deficit, net FDI, and endogenous debt dynamics are accounted for, remaining drivers of external debt dynamics, such as components of the capital account, reserves accumulation, valuation adjustments, as well as price and exchange rate changes, are subsumed into the residual.

**17. The PPG external debt indicators remain below their thresholds throughout the projection period under the baseline scenario** (Figure 1). The present value (PV) of debt-to-GDP is projected to follow a gradual downward trend over the projection period. The PV to exports ratio remains slightly below the threshold in 2021 and 2022 despite the severe impact of the COVID-19 pandemic on exports while it is projected to decline as exports strengthen due to the reopening of borders and the prospective oil exports via a new pipeline. Debt service to official creditors is low in 2021 benefiting from the G20 Debt Service Suspension Initiative (DSSI) and the IMF’s Catastrophe Containment and Relief Trust (CCRT), which amount to 0.4 percent of GDP in 2020-21 and 0.3 percent of GDP through 2020-22, respectively. Both debt service to exports and revenue ratios are expected to enter a downward trajectory in the medium- and long-run after spikes in 2022.

**18. Stress tests indicate that two export-related indicators (the PV of PPG external debt to exports ratio and debt service to exports ratio) exceed their threshold with export shocks and one-time depreciation shock temporarily bringing the debt service-to-revenue ratio above its threshold** (Figure 1). Regarding the risk surrounding exports, while the oil pipeline project is expected to be completed by 2023, further delays cannot be ruled out. The exchange rate risk will remain contained in a currency union and given the CFAF’s peg to the euro. Also, the PV of debt-to-GDP and exports ratios pick up later in the projected period under the historical scenario. The scenario mechanically captures large shocks such as draughts and floods, the evolution of macroeconomic variables with structural changes in the last ten years, large financing needs during the initial stages of extractive industries’ projects and the political instability after the 2011 military coup, exaggerating the severity of the scenario.

<sup>10</sup> Around half of the increase in exports by 2026 is explained by the oil export pipeline.

**19. The granularity assessment suggests that the space to absorb shocks is limited in 2021-22—unchanged from the previous DSA update—but space relative to the thresholds is expected to increase in the medium- and long-run** (Figure 5). Under tests to qualify the moderate risk of external debt distress, the PV of debt-to-exports ratio currently falls into the limited space in 2021 and 2022, and the debt service-to-exports and revenue ratios enter the limited space in 2022, while they fall reaching to the territory of substantial space as exports pick up and revenue mobilization materializes in the next couple of years.

## B. Total Public Debt Sustainability

**20. Public sector debt is projected to decline gradually in the medium- and long-run** (Table 2). After an increase during and after the pandemic to 49.8 percent of GDP in 2022, public debt is projected to decline to and stabilize at around 41.3 percent of GDP in the long run. This owes to growth recovery and fiscal consolidation after the pandemic, aided by higher oil revenues. In the medium and long run, improved domestic revenue mobilization, higher spending efficiency, and better expenditure control are expected to contribute to reducing the primary deficit. Gradual shifts toward lower concessionality and longer maturities over the medium- and long-run would marginally increase interest costs, while the benefit of the extension of maturities lies in reducing roll over risks.

**21. The PV of the public debt-to-GDP ratio is below the benchmark in the baseline, though not in the event of an adverse commodity price shock** (Figure 2). The PV of public debt-to-GDP ratio is well below the benchmark of 55 percent of GDP in 2021 and projected to gradually decline over the projection period under the baseline scenario. A commodity price shock would set the PV of debt and debt-service on a diverging path in the absence of compensating fiscal and other policy measures.<sup>11</sup>

## C. Risk Rating and Vulnerabilities

**22. Niger’s risk of external and overall debt is rated “moderate” and debt is deemed sustainable.** The moderate debt distress rating arises from the fact that no indicator for PPG external or public debt breaches its threshold under the baseline scenario. Debt remains sustainable as: (i) debt indicators remain on steady trajectories and overall public debt sustainability remains solid even in the face of adverse shocks; (ii) Niger’s economy is expected to rebound from the pandemic, supported by the strengthening of the export base due to the onset of crude oil exports in 2023 and implementation of revenue mobilization measures in the medium run; (iii) the liquidity risk facing the country remains low since, as a member of the WAEMU, Niger can draw on the currency union’s pooled external reserves, delinking the ability to service foreign debt from exports at the national level; and (iv) Niger is expected to continue to benefit from significant financial assistance from donors over the next few years to address the daunting development and security challenges it faces. In line with the Fund Debt Limits Policy (DLP), a debt limit on the new PPG external borrowing is embedded in program conditionality, and is calibrated to build an adequate buffer to avoid a downgrade of the risk of debt distress.

<sup>11</sup> The mechanics of the DSA could exaggerate the adverse effect of a commodity price shock. They set the growth of primary expenditure relative to historical averages of GDP growth for the years 2022 and 2023, thereby neglecting the high growth during the period in the baseline.

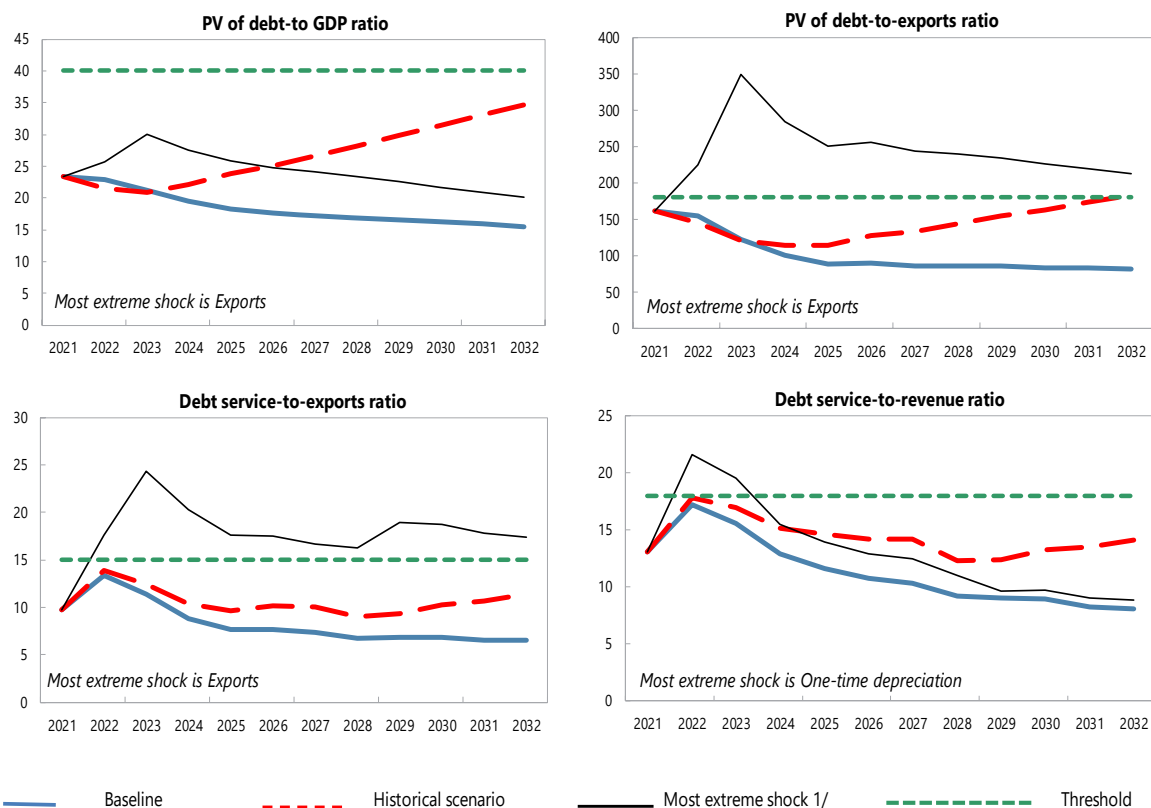
**23. The authorities' sustained commitment to sound macroeconomic policies and economic reforms, as well as further progress on debt management in line with recent TA, will be critical to buttress debt sustainability.** Progress in the following areas will be key:

- **Domestic revenue mobilization.** Niger's public debt relative to domestic revenues compares unfavorably to other WAEMU countries or Sub-Saharan Africa. Non-oil revenue mobilization is of fundamental importance with reducing tax expenditures and increasing the tax base taking a central position. Additional oil revenues expected in coming years should not be fully spent, thereby contributing to fiscal consolidation.
- **Fiscal risks and spending quality.** Possible mismanagement of large investments by SOEs or under PPPs have the potential to eventually add substantially to government debt. While Niger is in dire need to build up its infrastructure, proper evaluation and attention to good governance should not fall by the wayside in the rush. More generally, the government should try to make the most of limited resources by raising the efficiency of public spending, which remains low in Niger.
- **Economic diversification.** A narrow economic base and a low level of economic development generally are at the root of difficulties with mobilizing revenues and securing strong sustainable growth. Developing the local private sector including SMEs while tackling informality is paramount.
- **External borrowing.** Until export prospects are more certain, Niger should continue to prioritize external financing in the form of concessional loans and grants. Favoring euro-denominated debt, given the CFAF's peg to the currency, can also help reduce the exchange rate risk.
- **Domestic borrowing.** While benefiting from the current favorable market conditions supported by the accommodative regional monetary policy, dedicated market communication and marketing will be needed, in the medium- and long-run, to increase the average tenor of issuances and thereby reduce the vulnerability regarding refinancing. These efforts should be complemented by the implementation of a structural program of swaps of securities close to their maturity with securities of longer maturities.
- **Financing plan.** To avoid liquidity shortfalls and minimize the associated financing costs, not only the overall volumes of debt to be issued but also the issuance schedule for the year, along with effective instruments should be formulated in an annual financing plan. Integration with the annual cash flow plan would be essential.

#### D. Authorities' Views

**24. The authorities agreed the conclusions of the DSA.** They were pleased that Niger's moderate **rating** for debt distress is maintained thanks to concessional financing from donors and the prospective post-COVID rebound. They also agreed that it is essential to build an adequate buffer given the limited space to absorb shocks in the coming years and, in the medium- and long-run, further strengthening debt management, as well as sustained commitment to sound macro. policies and reforms will be critical.

**Figure 1. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2021–32**



Customization of Default Settings		
	Size	Interactions
<b>Tailored Tests</b>		
Combined CLs	No	
Natural Disasters	n.a.	n.a.
Commodity Prices <sup>2/</sup>	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
<b>Shares of marginal debt</b>		
External PPG MLT debt	100%	
<b>Terms of marginal debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	26	26
Avg. grace period	5	5

\* 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.

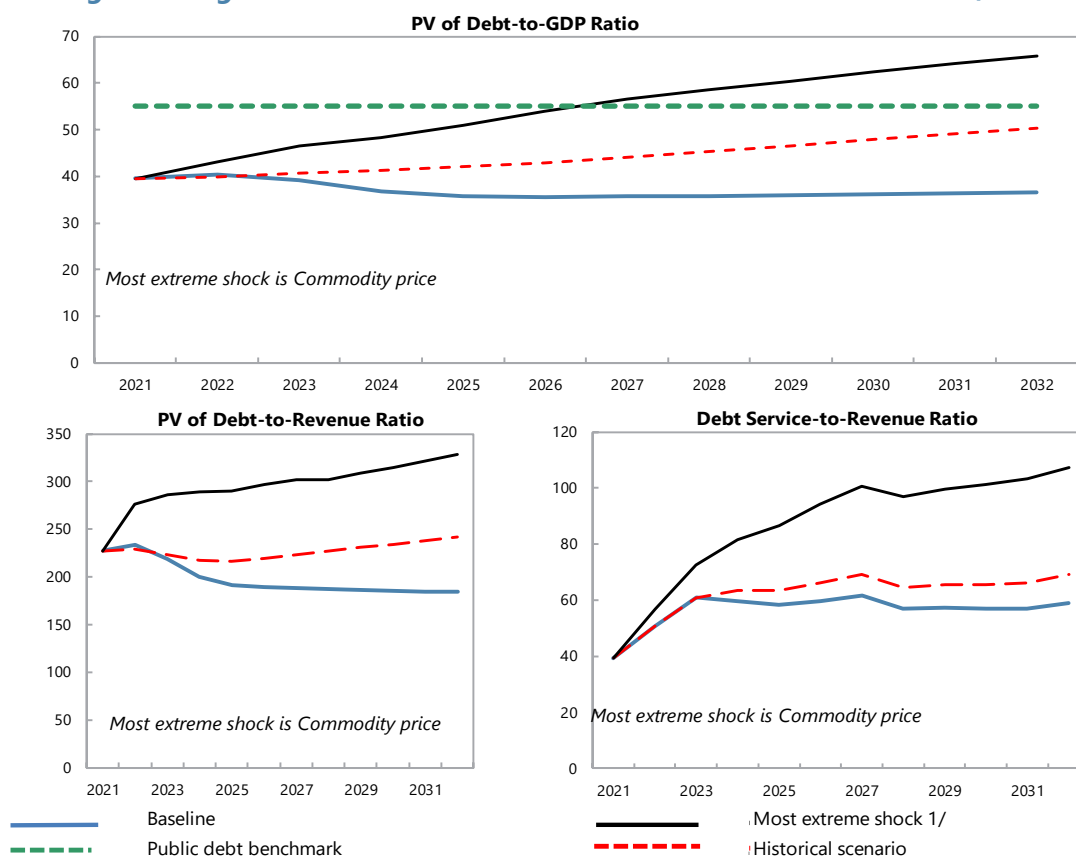
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2031. 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 extreme 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, 2021–32**



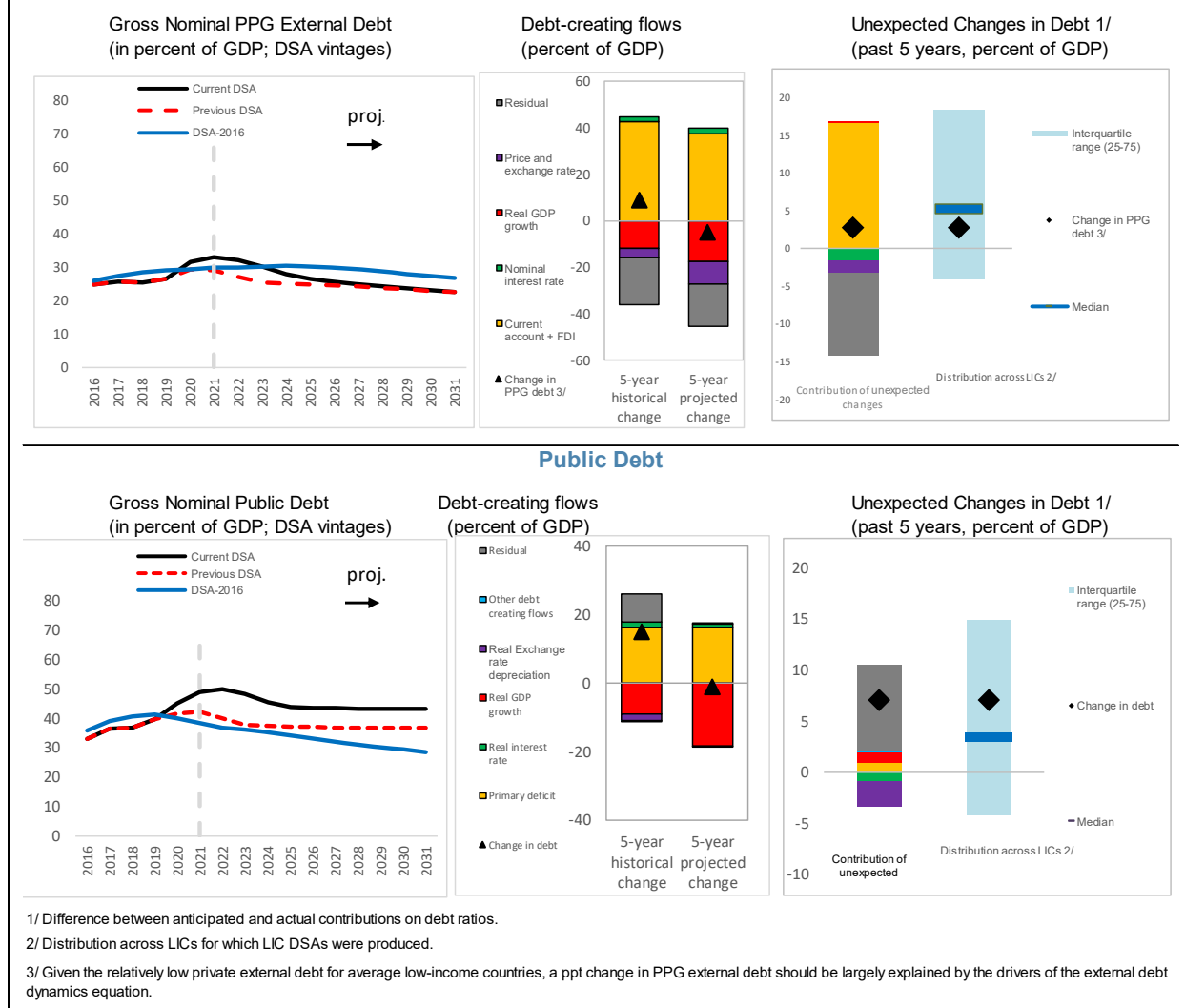
Borrowing Assumptions for Stress Tests*	Default	User defined
<b>Shares of marginal debt</b>		
External PPG medium and long-term	22%	22%
Domestic medium and long-term	32%	32%
Domestic short-term	47%	47%
<b>Terms of marginal debt</b>		
<b>External MLT debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
Avg. maturity (incl. grace period)	26	26
Avg. grace period	5	5
<b>Domestic MLT debt</b>		
Avg. real interest rate on new borrowing	4.1%	4.1%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
<b>Domestic short-term debt</b>		
Avg. real interest rate	3%	3.0%

\* 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.

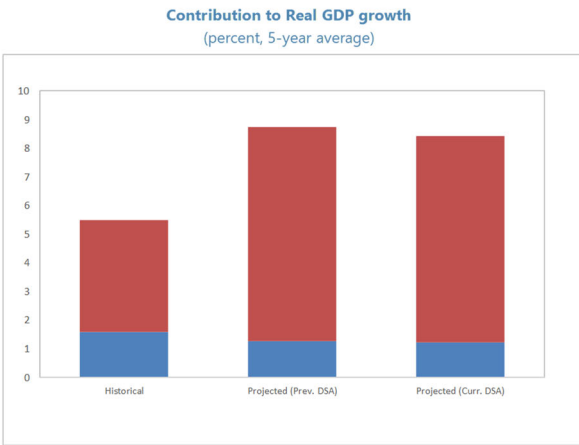
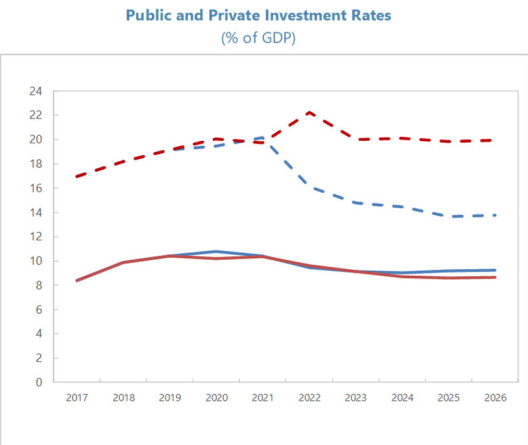
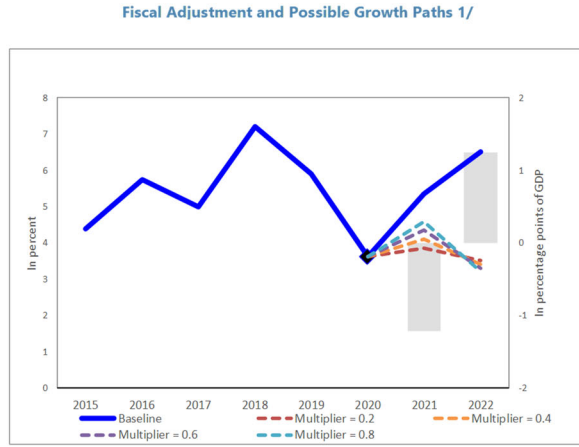
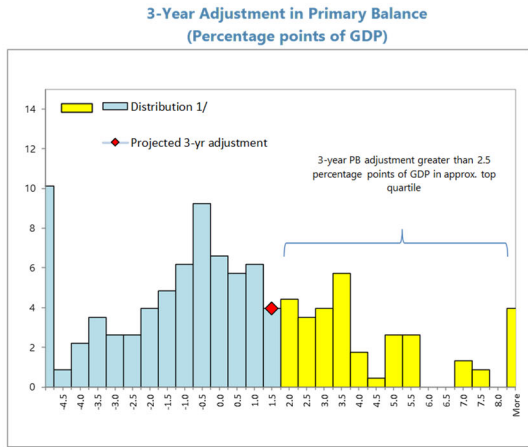
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2031. 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 extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

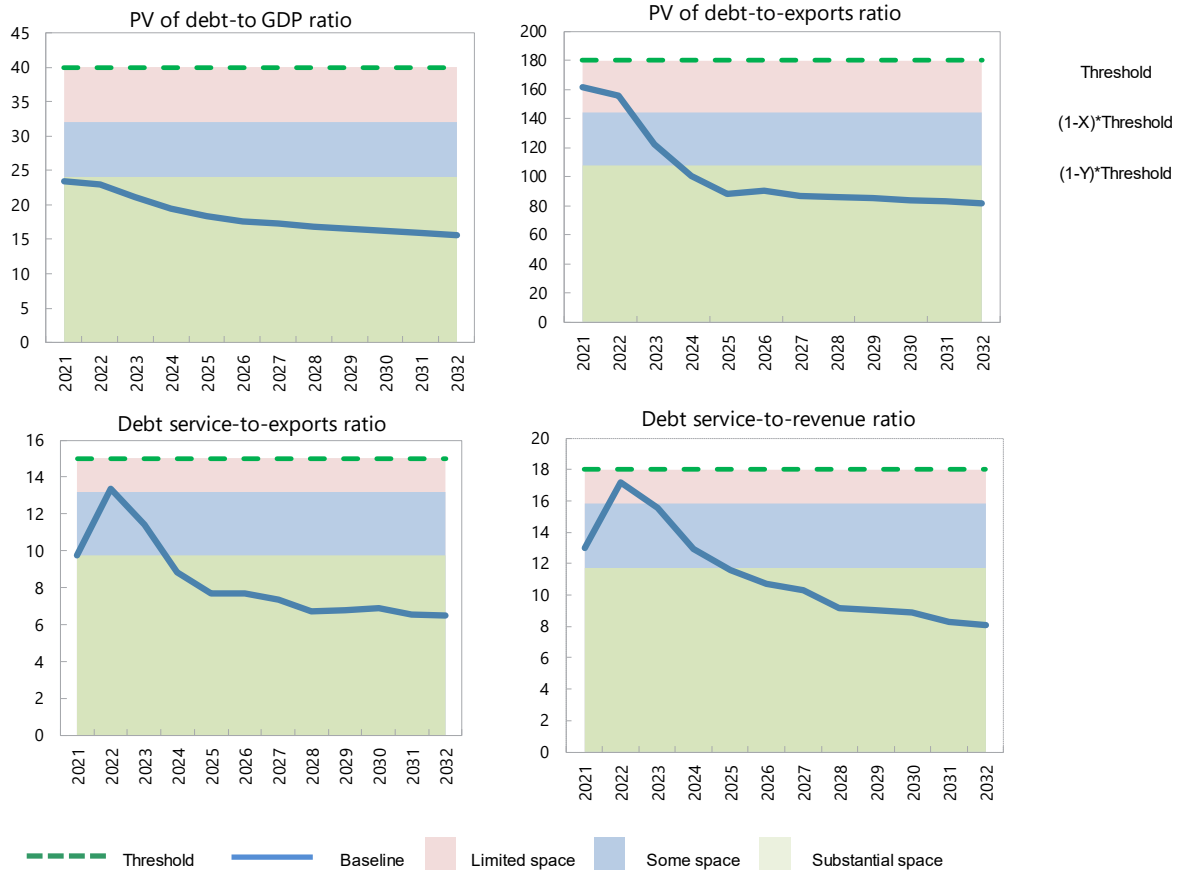
**Figure 3. Niger: Drivers of Debt Dynamics—Baseline Scenario**



**Figure 4. Niger: Realism Tools**



**Figure 5. Niger: Qualification of the Moderate Category, 2021–32<sup>1/</sup>**



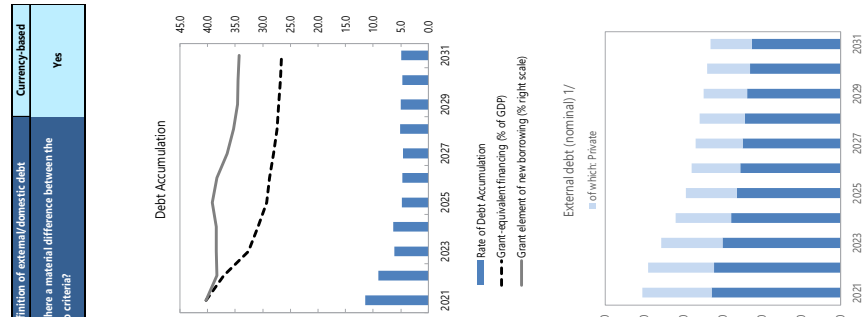
Sources: Country authorities; and staff estimates and projections.

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, 2018–41**  
(In percent of GDP, unless otherwise indicated)

	Actual										Projections										Average 9/						
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Historical	Projections
<b>External debt (nominal) 1/</b>	45.5	47.3	50.5	50.5	49.0	45.6	42.0	39.4	38.0	36.9	35.9	34.9	34.0	33.1	43.0	39.9									43.0	39.9	
<b>of which public and publicly guaranteed (PPG)</b>	25.3	26.5	31.6	32.8	32.2	30.0	27.9	26.3	25.5	24.9	24.3	23.7	23.1	22.6	21.9	26.7									21.9	26.7	
Change in external debt	-2.2	1.8	3.2	0.0	-1.5	-3.4	-3.6	-3.6	-1.4	-1.0	-1.0	-1.0	-0.9	-0.9	-1.2												
Identified net debt-creating flows	3.1	7.0	7.9	8.3	8.3	3.9	1.0	1.2	2.9	2.6	2.7	2.6	2.7	2.1	2.6												
Non-interest current account deficit	12.3	12.2	13.1	14.8	15.8	11.0	8.3	7.5	8.3	7.7	7.8	7.7	7.7	7.1	7.2												
Deficit in balance of goods and services	14.9	16.0	16.2	17.8	18.6	13.6	10.6	9.2	9.5	8.5	8.5	8.2	8.2	7.5	6.9												
Exports	11.3	10.8	16.6	14.5	14.8	17.3	19.5	20.8	19.6	20.0	19.6	19.4	19.3	19.1	17.5												
Imports	26.2	26.7	32.8	32.3	33.4	30.9	30.1	30.0	29.0	28.5	28.2	27.5	27.5	26.6	24.5												
Net current transfers (negative = inflow)	-3.8	-4.9	-4.2	-3.9	-3.9	-4.0	-3.9	-3.7	-3.3	-3.2	-3.2	-3.1	-3.0	-3.0	-2.4												
of which: official	-2.0	-2.8	-2.1	-1.9	-1.7	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.5												
Other current account flows (negative = net inflow)	1.1	1.1	1.1	1.0	1.1	1.4	1.7	1.9	2.1	2.4	2.5	2.6	2.6	2.6	2.7												
Net FDI (negative = inflow)	-3.3	-3.3	-2.6	-4.6	-5.1	-3.2	-3.3	-3.5	-3.6	-3.4	-3.5	-3.5	-3.5	-3.5	-3.5												
Endogenous debt dynamics 2/	-5.8	0.2	-2.6	-1.9	-2.5	-3.9	-4.1	-2.8	-1.8	-1.7	-1.7	-1.7	-1.6	-1.5	-1.2												
Contribution from nominal interest rate	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3												
Contribution from real GDP growth	-3.0	-2.7	-1.6	-2.4	-3.0	-4.5	-4.5	-3.2	-2.2	-2.1	-2.1	-2.0	-1.9	-1.9	-1.5												
Contribution from price and exchange rate changes	-3.2	2.5	-1.3	...	...	...	...	...	...	...	...	...	...	...	...												
Residual 3/	-5.3	-5.3	-4.7	-8.4	-9.7	-7.2	-4.6	-3.7	-4.3	-3.6	-3.7	-3.6	-3.6	-3.0	-3.8												
of which: exceptional financing 4/	0.0	0.0	-0.4	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0												
<b>Sustainability indicators</b>																											
PV of PPG external debt-to-GDP ratio	...	...	24.2	23.4	23.0	21.2	19.5	18.3	17.7	17.2	16.9	16.5	16.2	15.9	13.1												
PV of PPG external debt-to-exports ratio	...	...	145.8	161.3	155.4	122.4	100.2	88.1	90.4	86.3	85.9	85.4	83.7	83.0	74.7												
PPG debt service-to-exports ratio	7.8	7.5	6.7	9.8	13.4	11.4	8.9	7.7	7.7	7.3	6.7	6.8	6.9	6.5	5.7												
PPG debt service-to-revenue ratio	7.3	7.2	10.4	13.0	17.2	15.5	12.9	11.6	10.7	10.3	9.1	9.0	8.9	8.3	6.0												
Gross external financing need (Million of US dollars)	1293.1	1022.6	1646.2	1857.4	2216.9	1953.6	1532.1	1402.3	1702.1	1693.3	1833.9	1923.5	2103.6	1983.8	4936.4												
<b>Key macroeconomic assumptions</b>																											
Real GDP growth (in percent)	7.2	5.9	3.6	5.4	6.5	10.4	11.4	8.5	6.0	5.9	6.1	6.0	6.0	6.0	6.5												
GDP deflator (in US dollar terms) (change in percent)	7.2	5.1	2.9	7.5	3.2	3.5	3.2	3.1	2.8	2.0	2.0	2.0	2.0	2.0	3.9												
Effective interest rate (percent) 5/	0.9	0.8	0.8	1.1	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.1	1.2												
Growth of exports of G85 (US dollar terms, in percent)	0.9	-4.2	6.4	-1.0	11.7	33.7	29.6	19.3	2.6	10.2	6.4	6.5	7.9	7.0	7.3												
Growth of imports of G85 (US dollar terms, in percent)	14.8	2.4	30.9	11.4	13.5	5.9	11.8	11.5	5.6	6.0	6.9	5.7	7.9	4.6	7.2												
Grant element of new public sector borrowing (in percent)	...	...	...	40.3	38.3	38.4	38.4	39.1	38.3	36.4	35.3	34.6	34.4	34.2	32.9												
Government revenues (excluding grants, in percent of GDP)	12.1	11.2	10.8	10.9	11.5	12.7	13.4	13.8	14.0	14.2	14.4	14.7	14.9	15.1	16.5												
Ad flows (in Million of US dollars) 6/	1072.2	1399.3	1672.6	1498.8	1427.2	1452.1	1583.7	1779.6	1779.6	1882.7	1972.6	2111.0	2239.0	2421.1	5145.9												
Grant-equivalent financing (in percent of GDP) 7/	...	...	...	8.1	7.4	6.5	6.2	5.8	5.7	5.6	5.5	5.4	5.4	5.3	5.0												
Grant-equivalent financing (in percent of external financing) 7/	...	...	...	77.2	74.4	76.1	76.3	78.6	78.9	78.8	78.8	78.8	78.9	79.0	80.8												
Nominal GDP (Million of US dollars)	12,850	12,912	13,761	15,584	17,122	19,557	22,489	25,163	27,407	29,592	32,007	34,388	37,401	40,455	92,202												
Nominal dollar GDP growth	14.9	0.5	6.6	13.2	9.9	14.2	15.0	11.9	8.9	8.0	8.2	8.1	8.1	8.2	10.6												
<b>Memorandum items</b>																											
PV of external debt 8/	...	...	...	43.1	41.1	39.8	36.8	33.6	31.3	30.1	29.2	28.5	27.7	27.0	26.4												
In percent of exports	...	...	...	259.7	282.8	269.2	212.7	172.5	150.9	159.9	146.5	145.0	143.1	139.9	138.1												
Total external debt service-to-exports ratio	10.0	9.8	8.7	11.7	15.1	12.7	9.1	7.9	7.9	7.5	6.9	6.9	7.0	6.6	5.7												
PV of PPG external debt (in Million of US dollars)	...	...	...	3333.6	3646.9	3930.4	4135.9	4898.8	4605.5	4844.0	5098.3	5401.1	5719.5	6044.9	12060.5												
(PW-PW-1)/GDP-1 (in percent)	...	...	...	2.3	1.8	1.2	1.3	1.0	0.9	0.9	1.0	1.0	0.9	1.0	0.9												
Non-interest current account deficit that stabilizes debt ratio	144	104	99	149	173	144	120	100	97	87	87	87	86	80	85												

Sources: Country authorities; and staff estimates and projections.  
 1/ Includes both public and private sector external debt.  
 2/ Derived as  $(1 - g - p) / (1 + p - g)$  times previous period debt ratio, with  $r =$  nominal interest rate;  $g =$  real GDP growth rate and  $p =$  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/ The CRT debt relief is reflected in the exceptional financing.  
 5/ Current-year interest payments divided by previous period debt stock.  
 6/ Defined as grants, concessional loans, and debt relief.  
 7/ 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).  
 8/ Assumes that PV of private sector debt is equivalent to its face value.  
 9/ 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.



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

**Table 2. Niger: Public Sector Debt Sustainability Framework, Baseline Scenario, 2018–41**  
(In percent of GDP, unless otherwise indicated)

	Actual										Projections										Average 7/					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037		2038	2039	2040	2041	Historical
<b>Public sector debt 1/</b>	36.9	39.8	45.0	48.8	49.8	48.2	45.3	43.8	43.5	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	29.5	45.1	
of which: external debt	25.3	26.5	31.6	32.8	32.2	30.0	27.9	26.3	25.5	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	21.9	26.7	
Change in public sector debt	0.4	2.9	5.2	3.8	1.0	-1.6	-2.9	-1.5	-0.3	-0.1	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	2.2	-0.3	
Identified debt-creating flows	0.7	2.0	1.3	3.8	1.0	-1.6	-3.0	-1.5	-0.4	-0.3	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	2.2	-0.3	
Primary deficit	2.1	2.6	4.3	5.5	4.3	3.0	1.7	1.7	1.7	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	3.2	2.3	
Revenue incl. grants	18.1	18.0	17.6	17.4	17.3	17.9	18.4	18.7	18.8	19.7	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	16.6	18.6	
Primary (noninterest) expenditure	6.0	6.8	6.8	6.5	5.8	5.2	5.0	4.8	4.8	4.6	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	19.9	21.0	
<b>Automatic debt dynamics</b>	-1.4	-0.6	-3.0	-1.7	-3.3	-4.6	-4.7	-3.2	-2.1	-1.7	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	0.0	0.0	
Contribution from interest rate/growth differential	-2.3	-1.6	-0.8	-2.6	-2.9	-4.3	-4.5	-3.1	-1.9	-1.8	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	0.0	0.0	
of which: contribution from average real interest rate	0.2	0.5	0.5	-0.3	0.1	0.4	0.4	0.4	0.5	0.5	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	
of which: contribution from real GDP growth	-2.5	-2.1	-1.4	-2.3	-3.0	-4.7	-4.9	-3.5	-2.5	-2.4	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	0.0	0.0	
Contribution from real exchange rate depreciation	0.9	1.0	-2.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	0.0	0.0	
<b>Other identified debt-creating flows</b>	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	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	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	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	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	0.0	
Debt relief (HIPC and other) 2/	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	0.0	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	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	0.0	
<b>Residual</b>	-0.3	0.9	3.9	0.9	-0.4	-0.3	-0.2	-0.1	0.0	0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.1	
<b>Sustainability indicators</b>																										
<b>PV of public debt-to-GDP ratio 3/</b>	...	...	36.1	39.5	40.4	39.2	36.8	35.7	35.6	36.3	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	29.5	45.1	
<b>PV of public debt-to-revenue and grants ratio</b>	...	...	205.7	227.2	233.3	218.8	200.2	191.2	189.0	184.6	174.4	174.4	174.4	174.4	174.4	174.4	174.4	174.4	174.4	174.4	174.4	174.4	174.4	21.9	26.7	
<b>Debt service-to-revenue and grants ratio 4/</b>	30.7	37.1	45.9	39.3	50.5	61.1	59.6	58.5	59.6	57.0	44.1	44.1	44.1	44.1	44.1	44.1	44.1	44.1	44.1	44.1	44.1	44.1	44.1	16.6	18.6	
Gross financing need 5/	6.7	8.3	12.3	12.3	13.0	13.9	12.7	12.6	12.9	12.7	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	16.6	18.6	
<b>Key macroeconomic and fiscal assumptions</b>																										
Real GDP growth (in percent)	7.2	5.9	3.6	5.4	6.5	10.4	11.4	8.5	6.0	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	5.7	7.1	
Average nominal interest rate on external debt (in percent)	1.6	1.3	1.2	1.5	1.6	1.6	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	
Average real interest rate on domestic debt (in percent)	3.5	5.3	4.2	2.6	3.0	3.2	3.5	3.8	3.9	4.2	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	3.8	3.7	
Real exchange rate depreciation (in percent, + indicates depreciation)	3.9	4.1	-8.4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1.1	...	
Inflation rate (GDP deflator, in percent)	2.4	0.1	0.9	2.7	2.0	2.0	2.0	2.0	2.0	2.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	1.7	2.1	
Growth of real primary spending (deflated by GDP deflator, in percent)	15.0	8.2	10.0	10.3	0.5	6.8	7.2	9.9	6.6	6.5	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	11.0	6.8	
Primary deficit that stabilizes the debt-to-GDP ratio 6/	1.6	-0.3	-0.9	1.7	3.3	4.6	4.7	3.2	2.0	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.1	2.5	
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	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	0.0	

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 CGR debt relief is included in the primary deficit.

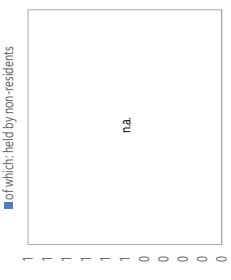
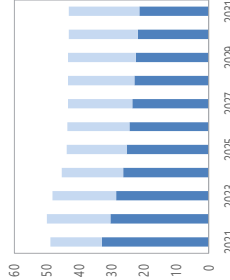
3/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

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

5/ 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.

6/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e. a primary surplus), which would stabilize the debt ratio only in the year in question.

7/ 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, 2021–32**

	2021	2022	2023	2024	2025	Projections 1/						
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>PV of debt-to GDP ratio</b>												
<b>Baseline</b>	23	23	21	20	18	18	17	17	17	16	16	16
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2021–2041 2/	23	22	21	22	24	25	27	28	30	31	33	35
<b>B. Bound Tests</b>												
B1. Real GDP growth	23	24	25	23	21	21	20	20	19	19	18	18
B2. Primary balance	23	23	22	20	19	19	18	18	18	17	17	17
B3. Exports	23	26	30	28	26	25	24	23	23	22	21	20
B4. Other flows 3/	23	26	27	25	23	23	22	21	21	20	19	19
B6. One-time 30 percent nominal depreciation	23	29	22	21	19	19	18	18	18	18	18	17
B6. Combination of B1–B5	23	29	29	26	25	24	23	23	22	21	21	20
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	23	24	23	21	20	20	19	19	19	18	18	18
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	23	24	24	22	21	20	19	18	17	17	16	15
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.
<b>Threshold</b>	40	40	40	40	40	40	40	40	40	40	40	40
<b>PV of debt-to-exports ratio</b>												
<b>Baseline</b>	161	155	122	100	88	90	86	86	85	84	83	82
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2021–2041 2/	161	146	121	114	115	128	133	144	154	162	174	183
<b>B. Bound Tests</b>												
B1. Real GDP growth	161	155	122	100	88	90	86	86	85	84	83	82
B2. Primary balance	161	157	126	104	92	95	91	91	91	89	89	87
B3. Exports	161	225	350	285	250	256	243	240	235	226	220	213
B4. Other flows 3/	161	177	158	129	113	116	110	109	107	103	100	98
B6. One-time 30 percent nominal depreciation	161	155	103	84	74	76	73	73	74	73	73	73
B6. Combination of B1–B5	161	207	141	184	162	166	158	156	154	150	147	144
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	161	162	130	107	96	100	96	96	96	95	94	93
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	161	186	150	120	103	103	96	94	91	87	85	82
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.
<b>Threshold</b>	180	180	180	180	180	180	180	180	180	180	180	180
<b>Debt service-to-exports ratio</b>												
<b>Baseline</b>	10	13	11	9	8	8	7	7	7	7	7	6
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2021–2041 2/	10	14	12	10	10	10	10	9	9	10	11	11
<b>B. Bound Tests</b>												
B1. Real GDP growth	10	13	11	9	8	8	7	7	7	7	7	6
B2. Primary balance	10	13	11	9	8	8	7	7	7	7	7	7
B3. Exports	10	18	24	20	18	18	17	16	19	19	18	17
B4. Other flows 3/	10	13	12	10	8	8	8	8	9	9	8	8
B6. One-time 30 percent nominal depreciation	10	13	11	8	7	7	7	6	6	6	6	6
B6. Combination of B1–B5	10	15	19	15	13	13	12	12	12	12	12	12
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	10	13	12	9	8	8	8	7	7	7	7	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	10	15	13	10	9	8	8	8	8	8	7	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.
<b>Threshold</b>	15	15	15	15	15	15	15	15	15	15	15	15
<b>Debt service-to-revenue ratio</b>												
<b>Baseline</b>	13	17	16	13	12	11	10	9	9	9	8	8
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2021–2041 2/	13	18	17	15	15	14	14	12	12	13	13	14
<b>B. Bound Tests</b>												
B1. Real GDP growth	13	18	18	15	13	12	12	11	10	10	10	9
B2. Primary balance	13	17	16	13	12	11	10	9	9	9	9	8
B3. Exports	13	17	16	15	13	12	12	11	12	12	11	11
B4. Other flows 3/	13	17	16	14	12	12	11	11	11	11	10	10
B6. One-time 30 percent nominal depreciation	13	22	20	16	14	13	12	11	10	10	9	9
B6. Combination of B1–B5	13	19	19	16	14	13	13	12	12	12	11	11
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	13	17	16	13	12	11	11	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	13	21	19	16	14	12	11	10	10	10	9	9
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.
<b>Threshold</b>	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, 2021–32

	Projections											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>PV of Debt-to-GDP Ratio</b>												
<b>Baseline</b>	<b>39</b>	<b>40</b>	<b>39</b>	<b>37</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2018-2038 1/	39	40	41	41	42	43	44	45	47	48	49	50
<b>B. Bound Tests</b>												
B1. Real GDP growth	39	43	48	47	47	49	51	53	55	56	58	60
B2. Primary balance	39	42	42	40	38	38	38	38	38	38	38	38
B3. Exports	39	43	47	44	42	42	42	42	41	41	41	40
B4. Other flows 2/	39	44	45	42	41	41	40	40	40	40	40	39
B6. One-time 30 percent nominal depreciation	39	45	42	38	35	34	33	32	31	31	30	29
B6. Combination of B1-B5	39	40	41	39	38	38	38	38	39	39	39	39
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	39	47	45	42	40	40	40	40	40	40	40	39
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	39	43	46	48	51	54	57	58	60	62	64	66
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.
<b>Public debt benchmark</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>PV of Debt-to-Revenue Ratio</b>												
<b>Baseline</b>	<b>227</b>	<b>233</b>	<b>219</b>	<b>200</b>	<b>191</b>	<b>189</b>	<b>189</b>	<b>187</b>	<b>187</b>	<b>185</b>	<b>185</b>	<b>184</b>
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2018-2038 1/	227	229	223	217	217	219	224	227	231	234	238	242
<b>B. Bound Tests</b>												
B1. Real GDP growth	227	244	256	245	244	250	258	265	272	277	284	290
B2. Primary balance	227	243	236	215	205	201	200	198	196	194	193	191
B3. Exports	227	247	263	239	227	223	221	218	214	210	207	204
B4. Other flows 2/	227	251	253	230	219	215	214	211	208	204	202	199
B6. One-time 30 percent nominal depreciation	227	269	240	211	194	185	178	172	166	160	155	151
B6. Combination of B1-B5	227	235	227	209	201	199	200	199	199	198	198	198
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	227	271	251	228	216	212	210	207	205	202	201	199
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	227	276	286	289	290	297	302	302	309	315	322	328
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.
<b>Debt Service-to-Revenue Ratio</b>												
<b>Baseline</b>	<b>39</b>	<b>51</b>	<b>61</b>	<b>60</b>	<b>58</b>	<b>60</b>	<b>62</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>59</b>
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2018-2038 1/	39	51	61	64	63	66	69	64	65	66	66	69
<b>B. Bound Tests</b>												
B1. Real GDP growth	39	52	69	72	74	80	86	83	87	88	91	95
B2. Primary balance	39	51	66	66	64	66	67	61	61	60	60	62
B3. Exports	39	51	61	61	59	60	62	58	60	59	59	61
B4. Other flows 2/	39	51	62	60	59	60	62	58	59	59	59	61
B6. One-time 30 percent nominal depreciation	39	50	62	60	58	59	61	56	56	56	55	57
B6. Combination of B1-B5	39	50	62	63	62	64	67	62	63	63	63	66
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	39	51	79	68	72	70	69	64	64	62	62	63
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	39	57	73	81	87	94	101	97	100	101	103	107
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.



**Statement by the Staff Representative on Niger**  
**December 8, 2021**

*This staff statement provides confirmation that the prior action has been implemented. The statement does not alter the thrust of the staff appraisal.*

1. **On November 3<sup>rd</sup>, 2021, the Prime Minister of Niger issued a regulation requesting the beneficial ownership information** of companies submitting bids for all Covid-19-related public procurement, with the beneficial ownership information of the winning company to be published on the Public Procurement Portal.
2. This measure helps to ensure greater transparency in the awarding of public contracts and reduce the risk of conflict of interest. It mandates the contracting authorities to collect precise and updated beneficial information of bidding companies—including the individuals’ names as well as a certified copy of a national identification document or passport—and the Public Procurement Regulatory Agency (ARMP) to publish this information on its website. It also provides for the exclusion of non-compliant bidding companies from the award procedure for the aforementioned contracts while indicating that authors of inaccurate or false information are liable to prosecution, in accordance with the provisions of the Penal Code. The regulation sets out a definition of “beneficial ownership” in line with regional regulations.
3. This was a Prior Action for the request of IMF Board Approval of the Three-Year Arrangement under the ECF, which has been met.

**Statement by Mr. Aivo Andrianarivelo, Executive Director for Niger and Mr. Regis N'Sonde, Alternate Executive Director, and Mr. Madjiyam Bangrim Kibassim, Advisor of the Executive Director on Niger**

**December 8, 2021**

**I. Introduction**

Our Nigerien authorities appreciate the constructive and candid policy dialogue they held with Fund staff during the discussions for an arrangement under the Extended Credit Facility (ECF). The authorities acknowledge the crucial role of the engagement with the IMF in the implementation of their economic and financial policies amidst a challenging environment posed notably by the COVID-19 pandemic, security, and climate shocks, volatile oil and minerals prices, and a drop in trade with Nigeria.

On April 2, 2021, Niger experienced its first democratic transition reflecting greater political stability and resilience and paving the way to an important structural transformation. Building on the progress achieved under the previous 2017-2020 ECF arrangement, the Nigerien authorities are requesting a successor three-year ECF arrangement (2021-2024) to maintain macroeconomic stability and advance their ambitious reform agenda embedded in the country's 2022-2026 Economic and Social Development Plan –*Plan de Développement Economique et Social (PDES)*. In this connection, the authorities have agreed with staff on a strong package of macroeconomic policies and structural reforms, as laid out in their Memorandum of Economic and Financial Policies (MEFP). Stabilizing the macroeconomic framework, preserving debt sustainability, achieving a sustained and inclusive growth notably for the youth and women, while strengthening governance are at the cornerstone of this agenda.

The Fund support will also be instrumental in catalyzing the much-needed assistance from other partners.

## **II. Recent Developments, Impact of COVID-19 Pandemic and the Authorities' Response Plan**

The effects of the COVID-19 pandemic combined with security and climate shocks continue to weigh heavily on the Nigerien economy. As a result, GDP growth declined from 5.9 percent in 2019 to 3.6 percent in 2020 while annual average inflation increased from -2.5

percent in 2019 to 2.9 percent in 2020. The fiscal deficit increased by 1.7 percent of GDP as revenue collection fell and public spending increased. Likewise, the balance of payments showed a deficit of CFA 81.5 billion in 2020 against a surplus of CFA 317.7 billion the previous year. This deterioration of macroeconomic indicators induced by containment measures adopted by the government to fight the pandemic has been driven mainly by service and hospitality sectors and a decrease of activity in infrastructure projects, external trade, and private sector.

The authorities have implemented a comprehensive response plan that prioritizes: (i) proper management of the health crisis; (ii) strengthening of the education system's resilience; (iii) support to vulnerable segments of the population; (iv) mitigation of the economic and financial impact of the pandemic; and (v) reinforcement of the resilience of the agropastoral sector. While the execution of this plan helped to mitigate the pandemic, movement restrictions and closure of borders with Nigeria have significantly affected economic activities, households, and small and medium-sized enterprises (SMEs), causing job losses and increased poverty.

The authorities are accelerating immunization and vaccines acquisition, but challenges remain. As of November 23, 2021, only 1.6 percent of the population are fully vaccinated, and 2.1 percent have received at least one dose. The government is committed to make an appropriate use of the cooperation with the COVAX initiative and support from partners to acquire and deliver vaccines to populations, particularly vulnerable segments, in order to achieve herd immunity.

## **III. Economic Outlook and Risks**

A recovery started since end-2020 but remains fragile as Niger continues to face the lingering effects of the pandemic and security and climate-related shocks in the Sahel. Nonetheless, the economic prospects are favorable. The authorities agree with staff that growth will accelerate and be higher than pre-pandemic levels on the back of effective vaccination campaign, the ending of COVID-19 restrictions, the resumption of large investment projects and trade exchanges helped by the reopening of borders with Nigeria. The increased production expected from the agriculture sector which benefits from the full implementation of the initiative "Nigériens Nourish Nigériens" and from the beginning of oil exploitation will further contribute to economic vitality.

The authorities are cognizant of the downside risks posed by security and climatic conditions in Niger. The volatility of the security situation in the Sahel region and recurrent flooding periods could heavily weigh on the country's fiscal, economic, and humanitarian conditions.

However, they are cautiously optimistic that the implementation of a new Fund-supported program and transformative structural reforms under the PDES, oil exploitation, as well as the large infrastructure projects over the medium-term and energy projects over the longer term will rise the potential growth, create jobs, and reduce poverty.

#### **IV. Policies and Reforms under a New ECF Arrangement**

The authorities' policy and reform program aims at reinforcing macroeconomic stability, strengthening governance, achieving a stronger and more inclusive growth, and reducing poverty. To this end, the government will put a focus on (i) economic transformation; (ii) enhancing the quality and efficiency of public spending; and (iii) further mobilizing domestic resources to address security, infrastructure, social and development needs.

##### ***Fiscal Policy for 2021***

The priority of the 2021 budget is to continue the fight against the pandemic to ensure a strong economic recovery, while making sure to keep the fiscal deficit on track and implementing a prudent borrowing policy. However, given insufficient resources and competing spending needs facing the country including those stemming from security challenges in the Sahel, fiscal efforts should be accompanied by adequate financing. Our authorities are committed to rely on concessional loans and BOOT-type public-private partnership contracts. Considering new requirements stemming from public spending in security, the construction of oil pipelines, the buildup of food stocks and far-reaching changes in administrative structures, a revised 2021 financial law was submitted to the parliament in October 2021. Consequently, the fiscal deficit is expected to increase from 5.2 percent in 2020 to 6.6 percent of GDP in 2021 reflecting a weak revenue collection aggravated by the augmentation of social and security spending.

On the revenue side, the government has contemplated a wide set of additional measures to increase revenue mobilization. These include among others: (i) recovering tax arrears by the tax administration, *Direction Générale des Impôts*; (ii) increasing VAT collection with the help of billing machines; (iii) regularizing and simplifying customs clearance; (iv) improving tax control; (v) limiting tax evasion; (vi) implementing performance contracts in customs; and (vii) enforcing vehicles' electronic declaration. The government will streamline tax exemptions and regularly communicate to Fund staff the list of existing and new exemptions.

##### ***Fiscal Policy from 2022 onwards***

The authorities are committed to achieving the WAEMU's 3-percent fiscal deficit target by 2024 on the back of an increase of oil revenue. This will hinge on continued strengthened revenue mobilization, spending control and efficiency, and beyond 2022, on oil revenue.

Reforms in tax and customs administrations and the broadening of the tax base constitute key components of the government's strategy for fiscal and financial consolidation. First, tax and

customs reforms will include: (i) integration of customs and tax digital platforms; (ii) deployment of the computerized system for monitoring taxes and taxpayers (SISIC) in tax services; (iii) digitalization of the fiscal system; and (iv) implementation of a single window for foreign trade. Other tax and administrative measures, notably the generalization of VAT billing machines and the automation of procedures, are being put in place to monitor and better forecast revenue in 2022. Second, while the reduction of informality and improvements of tax system and business environment are key priorities for an inclusive growth, the tax base will be widened through (a) expansion of tax services, including in areas with high revenue potential; (b) creation of property registries in areas lacking such services; (c) completion of the digitization of land registry and efficiency-enhancing tax projects; and (d) continuation of cars' bulk registration.

The authorities are committed to create more fiscal space to boost social spending especially in education for girls, which is critical to tackle demographic challenges and promote a sustained and inclusive economic growth. In this respect, they intend to enhance spending control, quality, and efficiency, and suspend non-priority projects. In particular, for improving the quality of public investments, feasibility studies will be made a requirement in considering projects in the state investment program.

### ***Public Financial Management Reforms***

The authorities will press ahead with public financial management (PFM) reforms to reinforce spending efficiency and strengthen transparency in budget and natural resources management. They will also emphasize the execution of a multiyear budgeting in public investments and advancing the digitalization of payments. The implementation of a Treasury Single Account will contribute to achieve the objectives of PFM reforms. Building on the payment system of the treasury and by simplifying procedures, the banking function of the treasury will be established and tested for the capital city Niamey and generalized later.

### ***Debt Management***

Maintaining debt sustainability and transparency and meeting the WAEMU convergence criterion of 70 percent of GDP for external debt rank high on the authorities' priorities. In this regard, the government will pursue a prudent borrowing policy with emphasis on the modernization of the debt management framework, the use of concessional loans and the execution of growth-enhancing projects. That said, given the scarcity of concessional resources for the 2022-26 PDES, semi-concessional or non-concessional loans could be considered in the limit of the debt ceiling and implemented under the monitoring of the Interdepartmental Committee for the Monitoring of the State Borrowing Policy and for Budget Support Negotiations (CISPEE/NAB).

### ***Oil Exploitation and Natural Resource Management***

The government is determined to undertake measures aimed at ensuring positive spillovers into other economic sectors from the upcoming oil exploitation. Robust institutional and operational frameworks, in line with international best practices and appropriate to Niger's

capacity, will be put in place along with an oil revenue management strategy developed with IMF support. The legislation will be adapted to local content to increase the participation of Nigerien companies in oil activities. Priority will also be given to bringing oil revenue under the exclusive control of the treasury and to striking an appropriate balance between the sector's attractiveness and revenue generation. Constraints related to spending quality, oil revenue volatility, administrative capacity and supply bottlenecks will equally be addressed. In addition, transparency in the management of oil revenues will be reinforced by the active involvement of civil society, which has shown strong vigilance in the past.

### ***Financial Sector***

The authorities continue to put a high value on a stable and well-functioning financial sector and will pursue their efforts to address bottlenecks to financial inclusion and access to financial services. They are contemplating new financing mechanisms, including credit-bail, warrantage, the operationalization of the Investment Fund for Food Security and Nutrition in the agriculture sector and of the National Fund for the Support of SMEs and SMIs, the regional financing facility of the central bank – *Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)* – for SMEs and SMIs, and financing granted by the “*Maison des Entreprises*”, a body for promoting friendly business environment. These measures are buttressed by the implementation of the National Strategy for Inclusive Finance, the operationalization of the Fund for the Development of Financial Inclusion, improvements in the infrastructure and framework of the banking system and mobile payment services, and positive prospects from Islamic finance. Several steps have been undertaken, including the acquisition of payment cards, ATMs and ACDs, to further ameliorate payments systems.

### ***Structural Reforms***

In the framework of the 2022-26 PDES, the authorities are dedicated to a wide range of structural reforms to foster a favorable business climate and facilitate private sector-led growth. Steady efforts have already contributed to improve the business environment. In addition, the authorities will move ahead with the enhancement of governance and fight against corruption. To that end, the framework for the fight against corruption and other violations, and awareness of civil servants to ethic and republican values will be strengthened. Systematic control, unannounced check and sanctions in the public administration will be implemented as well.

Given the country's high vulnerability to food insecurity, climate change and desertification, priority is given to reinforcing agropastoral development and green economy. In this context, a framework promoting the financing of agricultural sectors will be implemented and benefit from facilities settled in the green economy framework and the Investment Fund for Food and Nutritional Security. In addition to reinforcing the protection of populations and property, the government will increase security spending and military staff, create special units, promote a close meshing of the territory, and acquire adapted equipment, including aircraft platforms. Meanwhile, bilateral, and regional military cooperation will be pursued and strengthened. To step-up the promotion of the education system, concrete actions are

undertaken to improve its access, quality and adequation with job market. At the same time, Niger faces human capacity challenges that require technical assistance to support the authorities' reform and economic transformation agenda.

## **V. Conclusion**

The Nigerien authorities are requesting a three-year ECF arrangement to support the implementation of their economic program. The policies and reforms envisaged under this program should enable Niger to achieve sustained and inclusive growth with the aim of reducing poverty while ensuring fiscal and debt sustainability. Considering Niger's track record of previous program implementation, we would appreciate Directors' support of the authorities' request for a three-year arrangement under the ECF to sustain those efforts and catalyze other partners' assistance.