IMF Country Report No. 22/227

NIGER

July 2022

FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR NIGER

In the context of the First Review Under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 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 June 29, 2022, following discussions that ended on May 13, 2022, 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 June 14, 2022.
- A **Statement by the Executive Director** for Niger.

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

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

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org
Price: $18.00 per printed copy

International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR22/237

IMF Executive Board Completes the First Review Under the Extended Credit Facility Arrangement for Niger, and Approves US$52.6 Million Disbursement

FOR IMMEDIATE RELEASE

- The unfolding acute food crisis and the deteriorating security situation in the Sahel region have increased fiscal pressures. The war in Ukraine is exacerbating these challenges.
- A temporary deviation from fiscal targets over 2022-23 is therefore appropriate. Stepped-up efforts to improve domestic revenue mobilization and enhance spending quality will be key.
- Program performance has been broadly satisfactory with all quantitative performance criteria and indicative targets (ITs) at end-December 2021 met. The implementation of the structural reform agenda is advancing well.

Washington, DC – June 29, 2022: Today, the Executive Board of the International Monetary Fund (IMF) completed the first review of Niger's economic and financial program supported under the Extended Credit Facility (ECF) arrangement. The completion of the review enables the disbursement of SDR 39.48 million (about US$52.62 million), bringing total disbursements under the arrangement to SDR 78.96 million (about US$105.24 million). Niger's three-year ECF arrangement was approved on December 8, 2021 for SDR197.4 million (about US$275.8 million at the time of program approval or 150 percent of quota) for Niger (see press release PR21/366). 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 near and medium-term economic outlook for Niger is broadly favorable with growth projected to bounce back this year and accelerate thereafter with the start of oil exports through the new pipeline. However, the country is facing an acute food crisis caused by adverse climate conditions and a deterioration of the security situation to which the authorities are responding with the support of donors. The impact of the war in Ukraine on food and fertilizer prices is further magnifying these challenges.

"Overall program performance has been broadly satisfactory with all quantitative performance criteria and indicative targets (ITs) at end-December 2021 met, but three ITs were missed at end-March 2022. The structural reform agenda is also advancing well.

"A temporary deviation from fiscal targets over 2022-23 is warranted to accommodate urgent spending needs related to the food crisis and lower budget-support grants from donors. However, the authorities remain committed to reverting to the WAEMU fiscal deficit norm in 2024.

"Domestic revenue mobilization is critical to create the fiscal space needed for priority spending. The authorities plan to take steps to reduce tax exemptions and evasion, revise the tax code to simplify the system and broaden the tax base, and strengthen revenue administration through digitalization. The authorities are also implementing reforms to enhance spending quality to improve the provision of public goods. Strengthening public financial management is essential to scale-up and better target spending on education and social programs, which are necessary to build human capital and improve protection of the vulnerable.

“Rising financial sector vulnerabilities, including those related to deteriorating asset quality, particularly in the microfinance sector, will need to be carefully monitored. Further efforts to foster financial inclusion are also needed.

“Authorities should continue to make progress on the governance agenda. They are committed to strengthen the AML/CFT framework, steadfastly implement the new asset declaration template, reinforce control mechanisms of the expenditure chain to reduce its vulnerability to corruption and embezzlement risks, and systematically prosecute public officials suspected of corruption.”

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	1.3	6.9
Export volume	-6.9	-2.7	-0.9	-8.1	1.0
Import volume	8.7	9.3	3.1	0.6	-2.3
CPI, annual average	2.8	-2.5	2.9	3.8	5.3
CPI, End-of-period	1.6	-2.3	3.1	4.9	5.2
Government finances					
Total revenue	26.7	-1.6	0.5	5.2	19.8
Total expenditure and net lending	18.8	8.4	11.0	10.8	10.0
Current expenditure	6.0	2.3	12.4	9.1	8.7
Capital expenditure	33.0	13.8	5.3	12.9	11.4
			(Annual percentage change)		
Domestic credit	11.4	-12.2	25.2	9.2	21.0
Credit to the government (net)	127.8	-89.5	575.2	-24.3	90.5
Credit to the economy	-4.5	13.0	8.6	15.4	12.4
Broad money	-2.1	15.0	17.0	8.8	19.3
			(Percent of GDP)		
Government finances					
Total revenue	12.1	11.2	10.8	10.8	11.8
Total expenditure and net lending	21.1	21.6	22.9	24.2	24.3
Current expenditure	9.9	9.6	10.3	10.7	10.6
Capital expenditure	11.2	12.0	12.1	13.0	13.2
Overall balance (incl. grants)	-3.0	-3.6	-5.3	-5.9	-6.6
Gross fixed capital formation	28.5	30.0	31.1	31.6	36.2
Non-government investment	18.4	19.3	20.5	20.5	24.9
Government investment	10.1	10.6	10.5	11.1	11.2
External current account balance					
Excluding official grants	-14.6	-15.0	-15.5	-16.2	-16.7
External current account balance (incl. grants)	-12.7	-12.2	-13.4	-13.8	-15.4
Total public and publicly guaranteed debt	39.8	39.8	45.0	51.2	54.1
Public and publicly guaranteed external debt [3]	25.3	26.5	31.6	33.4	33.7
PV of external debt	23.1	24.5	22.7	23.2	23.8
Public domestic debt	13.3	13.3	13.4	17.8	20.4
			(Billions of CFA francs)		
GDP at current market prices	7,134	7,565	7,907	8,291	9,085

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

INTERNATIONAL MONETARY FUND

NIGER

FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA

June 14, 2022

EXECUTIVE SUMMARY

Context. Since program approval, Niger has been facing a more challenging international context, including the fall-out from the war in Ukraine, which is exacerbating pressures on food and fertilizer prices. Moreover, unfavorable rainfall and a deterioration in the security situation led to a deceleration of growth to 1.3 percent in 2021 and an acute food crisis. A temporary deviation of fiscal deficit targets from the program in 2022-23 is needed to respond to urgent expenditure pressures, while the medium-term outlook is largely unchanged favored by the start of oil exports through the new pipeline.

Program performance. Performance has been broadly satisfactory. All quantitative performance criteria (QPCs) at end-December 2021 were met. All indicative targets (ITs) at end-December 2021 and all but three ITs (the floor on cash revenue, the basic budget balance including budget grants ceiling and the net domestic financing ceiling) at end-March 2022 were observed. All continuous structural benchmarks (SBs) at end-March 2022 were met. Moreover, all SBs at end-December 2021 and all SBs at end-March 2022 were implemented, albeit two with some delays.

Requests. The authorities are requesting (i) the modification of performance criteria for the ceiling on net domestic financing and of the two indicative targets on the basic budget balance (including budget grants and excluding grants) from end-June 2022 to reflect the need for additional domestic financing to finance a wider fiscal deficit in 2022; (ii) the modification of performance criteria for the ceiling on net domestic financing with an adjustor for payments of domestic obligations (float); and (iii) the modification of the indicative target floor on the basic budget balance including budget support grants with an adjustor for the shortfall in external budget grants.

Staff views. Staff supports the conclusion of the first review, the disbursement of SDR 39.48 million, and the authorities' request for modification of performance criteria.

Approved By
Costas Christou (AFR) and Guillaume Chabert (SPR)

Discussions were held in a hybrid format with part of the team physically in Niamey during May 4-13, 2022. The report was prepared by a team comprised of Mr. David (Head), Mr. Diallo, Mrs. Ganum, Mr. Kaho, Mr. Sever (all AFR), Mr. Atsebi (FAD), Mr. Omoev (SPR), Mr. Ouedraogo (Resident Representative) and Mr. Abdou (local economist). Mr. Chen (AFR) provided research assistance and Mrs. Delcambre (AFR) assisted with document and editorial management. The mission met his Excellency President Mohamed Bazoum and his Excellency Prime Minister Ouhoumoudou Mahamadou. The mission also held working sessions with the Minister of Finance, Dr. Ahmat Jidoud, Minister of Petroleum, Mr. Mahamane Sani Issoufou, the National Director of the BCEAO, Mr. Maman Laouane Karim, as well as other senior government officials. Mr. Andrianarivelo (Executive Director) and Mr. Bangrim Kibassim (Advisor OED) also joined the mission.

CONTENTS

TABLES

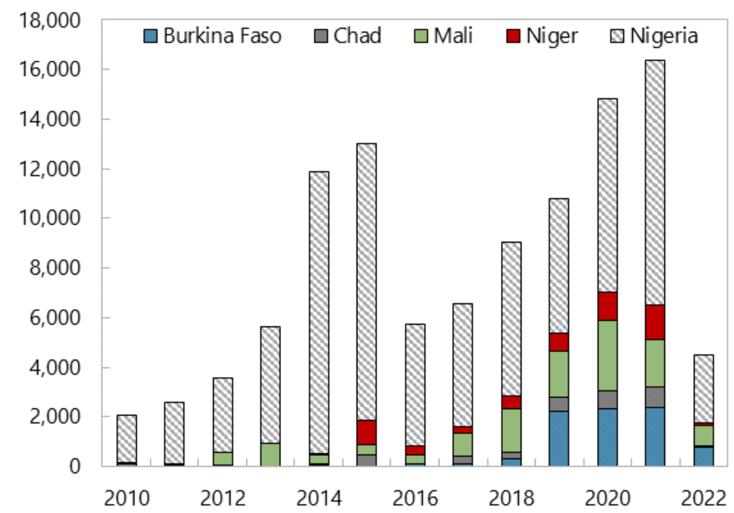
ANNEXES

APPENDIX

CONTEXT

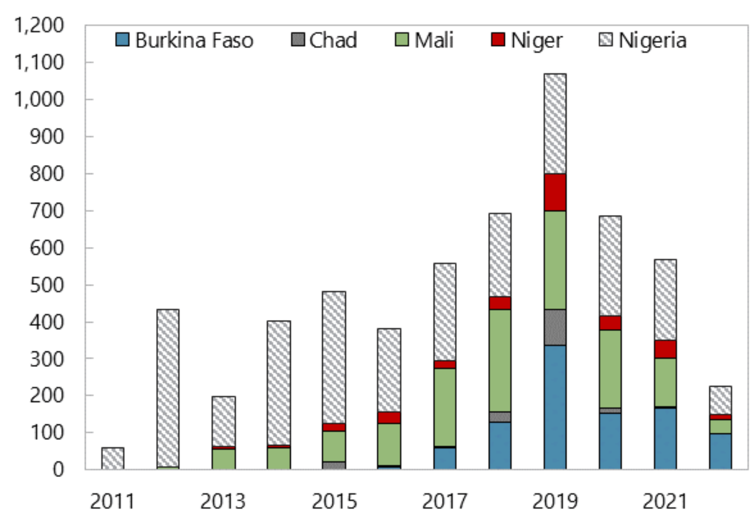
1. Niger faces an increasingly challenging domestic and international environment. The security situation in the Sahel has further deteriorated, particularly in the border regions with Burkina Faso, Mali, and Nigeria. The number of victims of security incidents in 2021 exceeded the peak of 2020 (Text Figure 1a), while the number of refugees and internally displaced persons (IDP) remains elevated.[1] Niger is also facing the growing challenge of climate hazards. The floods that affected the country in 2020 were followed in 2021 by unfavorable rainfall and prolonged periods of drought. As a result, agricultural production declined and food prices soared, leading to a severe food crisis. The war in Ukraine is exacerbating these challenges by adding to food and fertilizer price pressures.

Text Figure 1a. Selected Sahel Countries Security Developments, 2010-22 (Number of fatalities)



**Data updated to March 11, 2022.*
Source: ACLED; and IMF staff calculations.

Text Figure 1b. Selected Sahel Countries Terrorism Incidents, 2011-22 (Number of Incidents)



**Data updated to April 30, 2022.*
Sources: Control Risks; and IMF and WBG staff calculations.

2. Despite the difficulties stemming from the country's fragile situation (Annex I), the authorities are determined to pursue the implementation of their reform agenda. Niger's fragility is mainly caused by weak institutions and a nascent social contract and is compounded by vulnerability to climate shocks and persistent insecurity. These factors are often interconnected and hamper the country's development process. Furthermore, low levels of education, widespread

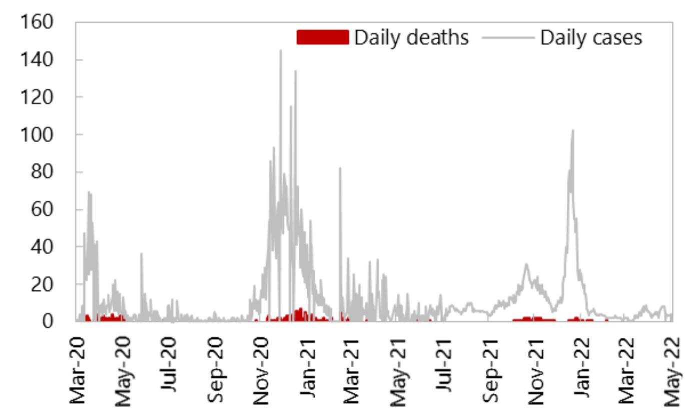
[1] The authorities estimate the number of refugees and IDP at 249,945 and 264,267, respectively, at end-2021.

poverty, and limited job opportunities provide conditions to recruit young people into conflict-related activities. The authorities have elaborated a new development and poverty reduction strategy covering the period 2022-2026 to address the country's vulnerabilities and development challenges.

RECENT DEVELOPMENTS

3. The COVID pandemic remains well-contained in Niger, despite a slow vaccine roll-out. The number of new cases has been small, notwithstanding the short-lived increase due to the omicron variant (Text Figure 2). As of May 22, 2022, only around 6 percent of the population were fully vaccinated. The authorities target to vaccinate 42 percent of the population by end-2022, and 58.4 percent by December 2023 (MEFP ¶32).

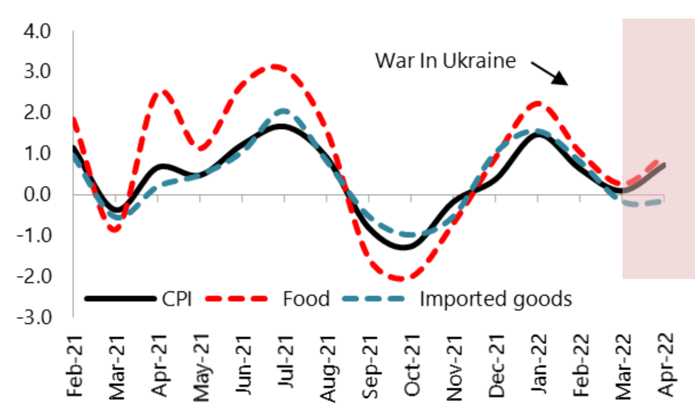
Text Figure 2. Niger: COVID-19 Cases and Deaths
(7-day moving average)



4. Unfavorable rainfall, a prolonged drought, and an increase in security incidents in 2021 have led to a severe food crisis, prompting the authorities to act. About 4.4 million people are expected to face food insecurity by the end of the lean season in August 2022. The authorities are implementing a support plan to mitigate the crisis by improving access to food for vulnerable households, while protecting and strengthening their livelihoods through free food distribution, cash transfers, and the sale of cereals, seeds, and livestock feed at moderated prices. The financing needs of the plan amount to 3.1 percent of GDP.

5. As a result, the macroeconomic situation has further weakened. Economic growth slowed to 1.3 percent in 2021 compared to 5.4 percent under the program, remaining below potential for the second consecutive year. Fueled by surging food prices, y-o-y inflation rose to 4.9 percent at end-2021. Pressures from food prices have not subsided, resulting in a y-o-y inflation of 5.4 percent at end-April 2022. The current account deficit deteriorated to 13.8 percent of GDP in 2021, mainly because of the decline in

Text Figure 3. Niger: Imported Goods Price Index
(Monthly percentage change)



uranium export receipts, the rise in food imports, and the increase in imports following the restart of large investment projects.

6. Nonetheless, the fiscal deficit has been contained. The overall deficit reached 5.9 percent of GDP in 2021, below the budgeted 6.6 percent, mainly due to higher-than-expected grants. Total revenue was 4 percent lower than expected at program approval because of poor performance of taxes on goods and services and international trade, partly due to the delay in the implementation of reforms, weaker economic performance, and weak tax compliance by certain segments of the business community.[2] Expenditure growth remained contained last year, but its composition improved with a slightly larger share dedicated to investment and social transfers (Text Table 1). Public and Publicly Guaranteed (PPG) debt rose to 51.2 percent of GDP in 2021 partly owing to weaker-than-expected growth and exchange rate depreciation.

Text Table 1. Niger: Sources of Fiscal Expansion, 2021

(Percent of GDP)

		2020	2021 Est.	Change 2020-21
(1)	Revenues	10.8	10.8	0.0
(2)	Budget grants (Incl. CCRT)	2.1	2.1	0.0
(3)	Current expenditure	10.3	10.7	0.4
(4)	Domestically-financed investment	5.0	5.4	0.4
(5)	Net lending (pipeline)	0.5	0.5	0.0
(6) = (1)+(2)-(3)-(4)-(5)	Domestic balance	-3.0	-3.7	-0.7
(7)	Foreign loan-financed investment	2.3	2.2	-0.1
(8) = (6)-(7)	Fiscal balance (WAEMU definition)	-5.3	-5.9	-0.6
(9)	*Memo* : Foreign grant-financed investment	4.7	5.4	0.7

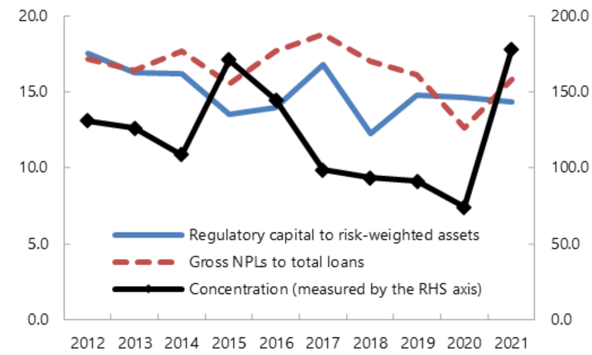
Sources: Nigerien Ministry of Finance; and IMF staff calculations.

7. The completion of the oil pipeline project is now planned for mid-2023. This is mainly due to delays in the acquisition of land, the displacement of populations in the right-of-way of the project in Benin, security issues, and the disruptions caused by the COVID-19 pandemic. The authorities of the two countries have taken steps to overcome these difficulties.

[2] Key reforms include the rollout of VAT invoicing machines and adoption of certified invoices for orders and public procurement to improve VAT and income tax revenues, as well as the deployment of the Integrated Tax and Taxpayer Monitoring System (SISIC) to better track non-compliance.

8. Monetary policy was accommodative, and the financial sector is broadly stable in 2021, although risks are rising. The central bank has maintained an accommodative monetary policy stance[3] and as a result, credit to the economy grew by 15.4 percent in 2021. In the banking sector, the capital adequacy ratio has improved modestly in June 2021 reaching 14.3 percent (above the WAEMU regional average of 12 percent). However, non-performing loans have increased markedly from 15.8 percent in June 2021 to 21.2 percent in December 2021, in part due to the end of the central bank's regulatory forbearance measures.

Text Figure 4. Niger: Financial Soundness Indicators (in percent), 2012-2021/June

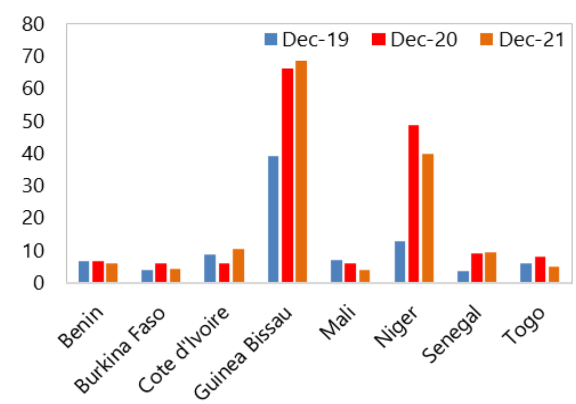


Source: BCEAO; and IMF staff calculations.

Concentration refers to the ratio of credit to the 5 largest borrowers to regulatory capital.

9. The microfinance sector was negatively affected by the poor harvest and increased insecurity. NPLs in the sector increased to 40.3 percent in 2021, from 13 percent in the pre-pandemic period. The sector remains fractured, fragile, and in need of restructuring. However, risks to financial stability are limited as microfinance institutions are only weakly connected to the banking system. Authorities have started to implement a restructuring plan this year, which includes recapitalizing large institutions by opening their capital to strategic partners and strengthening their administrative capacity (MEFP ¶34).

Text Figure 5. Niger: Evolution of NPLs in the Microfinance sector in the WAEMU region



Source: BCEAO; and IMF staff calculations.

PROGRAM PERFORMANCE

10. Program implementation was broadly satisfactory against end-December 2021 and end-March 2022 targets:

- All quantitative performance criteria (QPCs) at end-December 2021 were met.
- All indicative targets (ITs) at end-December 2021 were observed, but three were missed at end-March 2022. The cash revenue floor was missed by a small margin (0.05 percent of GDP) due to tariff cuts for some imported food staples to mitigate food price pressures, lingering trade restrictions at the Nigeria border, weaker compliance with the certified VAT

[3] Nonetheless, effective on June 16, 2022, the BCEAO decided to raise the minimum bid rate and the marginal lending facility rate by 25 basis points to 2.25 percent and 4.25 percent respectively with no change to the full rate full allotment policy.

reform, and the security situation. The ceiling on net domestic financing was missed due to repayment of the float related to last year's expenditures, and the basic budget balance ceiling including budget grants was missed since no budget grants were received by end-March.

11. All SBs at end-December 2021 and at end-March 2022 were implemented, albeit two with some delays. All continuous SBs at end-March 2022 were met. In addition: (i) a policy brief containing proposals to rationalize current exemptions and tighten procedures for granting new exemptions was adopted in December 2021; (ii) the feasibility studies of the nine largest investment projects were timely produced prior to their inclusion in the 2022 investment plan and budget; (iii) the audit report on 2020 COVID-19-related public spending completed by the Auditor General (*Cour des Comptes*) was published with a delay in April 2022 (Annex II)[4]; (iv) an annual report describing stocks and flows of tax arrears by fiscal year, type and degree of recoverability (containing a timetable with quantitative targets and detailed plan to reduce tax arrears) was produced; (v) a legal instrument requiring the collection of beneficial ownership information of companies awarded non-competitive contracts, except defense and security-related contracts, was issued and published on the Public Procurement Portal[5]; (vi) a plan for the integration of the digital platforms of the DGI and the DGD has been adopted with a delay due to a minor lag in the delivery of IMF technical assistance. The publication of the audit by the *Cour des Comptes* on the exemptions in the extractive sector between 2017 and 2020, SB at end-December 2022, was met in advance in May (Annex III).

OUTLOOK AND RISKS

12. The near and medium-term outlook is favorable. Economic activity is projected to rebound in 2022 to 6.9 percent due to the recovery in agricultural production and the acceleration of the implementation of large investment projects related to the oil pipeline. However, inflation would temporarily remain elevated before gradually easing to 2 percent in the medium term. The fiscal deficit is expected to widen relative to previous targets to 6.6 percent of GDP in 2022 and to 4.7 percent in 2023, before reaching the 3 percent target in 2024. The current account deficit is projected to widen by around 1.6 percentage points to 15.4 percent of GDP in 2022 mainly due to the increase in imports of food products and capital goods related to the pipeline project. Growth would accelerate in the medium term, reaching double digits, as oil production ramps up. Higher oil prices and production, and steady external financing would improve the external position. The current account deficit is thus projected to narrow to below 10 percent of GDP from 2024 onwards.

13. Public debt should remain on a downward trajectory given the continued recourse to concessional lending and grants from donors. The Debt Sustainability Analysis (DSA) undertaken at the time of the program request indicates Niger's moderate risk of overall and external debt

[4] The report is available at: http://www.courdescomptes.ne/index.php/publications/rapports-definitifs/send/103-2021/122-rd-cnj-2022-012-01-3-marches-pub-covid

[5] The legal instrument can be accessed at: http://www.marchespublics.ne/blog/18. At the time of the mission, information on beneficial ownership had not yet been collected and published because no new COVID-19-related and non-competitive contracts had been awarded by the authorities.

distress. The debt ratio is projected to decline as fiscal consolidation is implemented and crude oil exports increase over the medium-term, bringing PPG debt around 47 percent of GDP by 2027. The higher medium-term debt path compared to program approval is mainly linked to the depreciation of the CFAF relative to the dollar.

14. The war in Ukraine and related sanctions are projected to have a limited impact on Niger's economy but will add to food and fertilizer price pressures. Even though Niger has weak direct economic and trade linkages with Russia and Ukraine, there are indirect effects through food imports from the regional market.[6] Moreover, Niger is a net exporter of petroleum products and is thus not adversely affected by the increase in oil prices, except through higher transportation costs. Projections point to a small improvement in the terms of trade for Niger relative to forecasts before the war in Ukraine. However, pressures to prices of food and fertilizers are weighing on social tensions and are exacerbating the food crisis.

15. Risks to the outlook are titled to the downside. While the health risk related to COVID-19 is waning (despite persistently low vaccination rates), a worsening of the security situation in the Sahel, higher political instability in neighboring countries, rising food prices, unfavorable climate conditions, and further delays in the construction of the oil pipeline could cloud Niger's medium-term outlook (Annex IV and Text Figure 6). Moreover, an accelerated tightening of global financial conditions could have spillovers in the WAEMU regional market. An escalation of the crisis caused by the war in Ukraine could imply notably lower aid flows and further disruptions to international supply chains which would result in greater damage to the Nigerien economy. Finally, liquidity risks could adversely affect debt sustainability, given the low average maturity of domestic debt. On the upside, higher than expected oil and uranium prices could improve economic prospects.

POLICY DISCUSSIONS

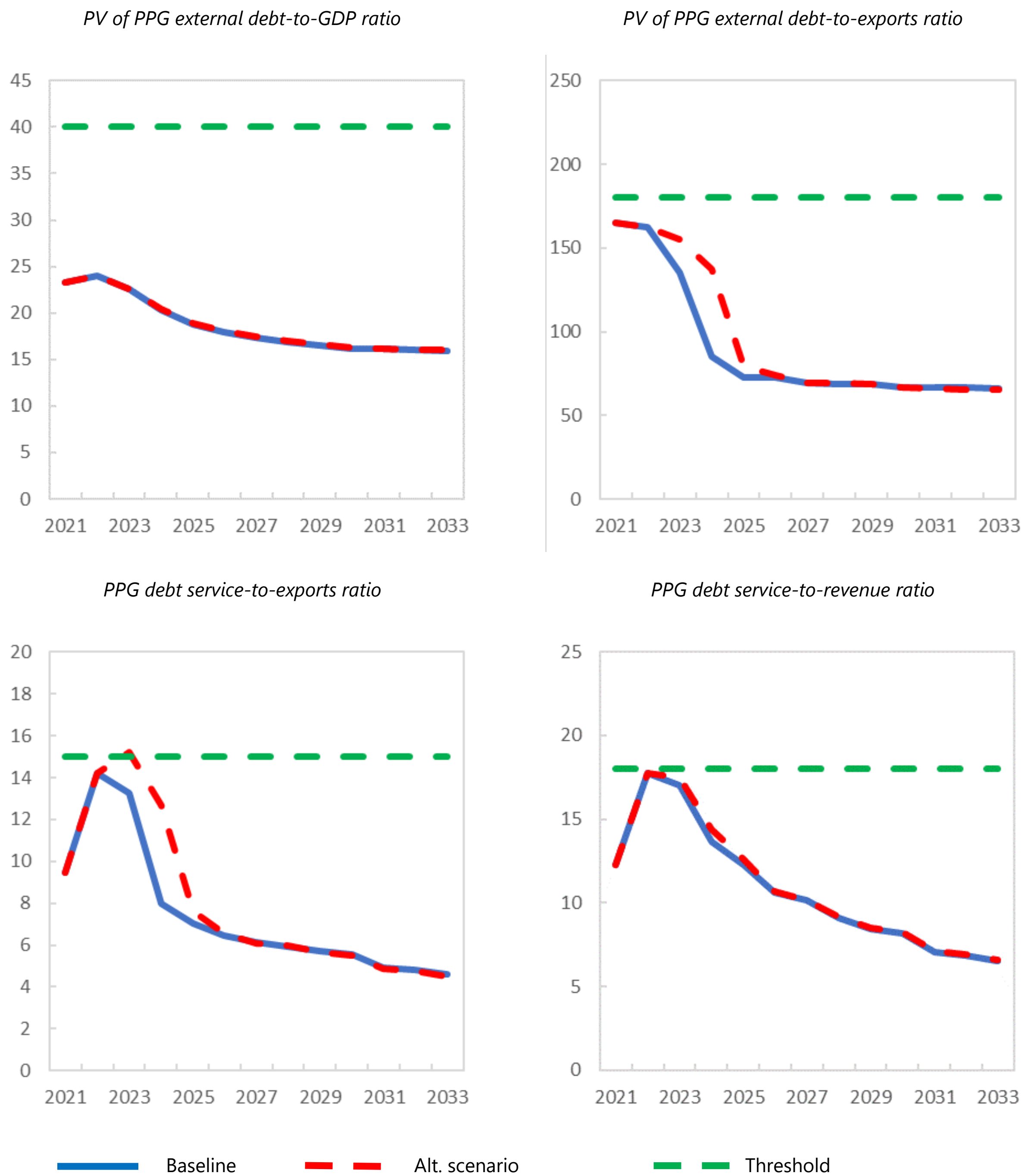
Discussions focused on the key objectives of the program and the policy agenda for 2022 and 2023.

A. Anchoring Fiscal Policy

16. The authorities will increase spending in 2022 to address urgent needs and mitigate the impact of the food crisis (Text Table 2). The deviation from the budget would accommodate CFAF 99.8 billion (1.1 percent of GDP) in additional spending for the acquisition of cereals for food distribution to vulnerable populations, the implementation of the emergency plan to support livestock feed, the acquisition of fertilizer and pesticides, the program to support the resilience of irrigated agriculture, including water management, seed and fertilizer distribution, and the program to address dilapidated school infrastructure (MEFP ¶16).

[6] As of 2019, total trade with Ukraine and Russia amounted to about 0.4 percent of Niger's total trade flows and less than 0.2 percent of Niger's GDP.

Figure 1. Niger: Debt Indicators -Alternative Scenario with a One-Year Delay in Oil Exports



Source: IMF staff estimates

Text Table 2. Niger: Emergency Spending in 2022

	Billion FCFA	Percent of GDP
Acquisition of cereals for distribution	21.5	0.24%
Support of livestock feed	23.2	0.26%
Acquisition of fertilizers and pesticides	20.1	0.22%
Plan to support irrigated agriculture	15	0.17%
Support of dilapidated school infrastructure	20	0.22%
Total	**99.8**	**1.10%**

Sources: Nigerien Ministry of Finance; IMF staff calculations.

17. Moreover, the revision of International Development Association (IDA) policy is expected to worsen the fiscal position in 2022 and lead to a reduction in the level of grants over the medium-term. Under new financing terms, effective July 1, 2022, the allocation of IDA–only countries assessed to be at moderate risk of debt distress (including Niger) will entirely be in the form of credits. The conversion of grants into credits will mechanically increase the deficit by 0.6 percent of GDP in 2022, while the impact on debt is limited, given the high level of concessionality of the new financing terms.

18. The authorities are undertaking corrective revenue measures to limit this year's budget overrun. Measures to address the slippage in revenue targets are estimated to amount to around 0.3 percent of GDP (CFAF 23.4 billion) by the end of the year, with most of these gains expected to be permanent. These comprise measures to reduce tax evasion, reinforce controls, accelerate digitalization and improve revenue administration (MEFP ¶20, MEFP Box 3). Furthermore, following the elaboration of the report on stock and flows of tax arrears (SB end-March 2022), they aim to rapidly initiate actions to collect recoverable arrears (with an expected one-off yield of over 0.2 percent of GDP). Moreover, the authorities plan to increase the reexport tax rates for certain products to equalize them with the consumption tax rates, which would reduce tax arbitrage and fraud, generating additional revenues.[7]

19. Nonetheless, the fiscal deficit in 2022 is projected to widen to 6.6 percent of GDP (compared to 5.4 percent of GDP at program approval). More specifically, 0.6 percent of GDP of the deficit deviation is mechanically derived from the change in the IDA financing terms, rather than a deliberate fiscal policy action. Furthermore, another 1.1 percent of GDP would be needed to accommodate emergency spending. These deviations will be partly offset by around 0.5 percent of GDP in additional revenues from the collection of tax arrears, as well as additional grants from other development partners to partially offset the decline in World Bank grants. The additional deficit

[7] The re-export tax is lower than the VAT for certain products, such as rice and sugar. The authorities will increase the re-export tax for the products that are most susceptible to fraud i.e., products that are declared to be destined for re-exports, but are consumed domestically.

would be entirely financed in the regional market, which so far remains liquid and with historically low interest rates.

Text Table 3. Niger: Revenue yields from corrective measures in 2022

Entities	Measures	One-off or permanent	Revenue yields	
			Billion CFA	Percent of GDP
General Directorate of Tax (DGI)	Stepping up of fiscal controls and strengthening cooperation with regional customs offices	Permanent	9.206	0.101
	Speeding up the work of the ad hoc committee tasked with cracking down on and combating tax evasion in the regions	Permanent	1.500	0.017
	Speeding up the processing of litigation cases	Permanent	3.000	0.033
	Collection of mining sector taxes in regions with gold-mining sites	Permanent	1.000	0.011
	Operationalization of the newly created Regional Tax Directorates and tax centers	Permanent	3.000	0.033
	Collection of outstanding amounts of tax to be recovered	One-off	21.750	0.239
	Sub-total	**-**	**39.456**	**0.434**
General Directorate of Customs (DGD)	Combating corruption through the revision of the performance criteria for custom offices chiefs and auditors	Permanent	0.730	0.008
	Combating corruption through the reinforcement of controls for certificates of WAEMU origin	One-off	0.350	0.004
	Molecular marking of petroleum products	Permanent	0.300	0.003
	Operationalization of the One-Stop Shop for Foreign Trade (GUCE)	Permanent	2.050	0.023
	Digitalization of the tax and customs administrations	Permanent	0.750	0.008
	Reinforced checks to regularize non discharged T1 documents and provisional declarations of frozen offal	One-off	1.470	0.016
	Aligning the re-export tax with the consumption tax for certain products	Permanent	-	-
	Sub-total	**-**	**5.650**	**0.062**
	Total	**-**	**45.106**	**0.496**

Sources: Nigerien Ministry of Finance; DGI; DGD; and IMF staff calculations.

20. **The authorities have not passed-through the increase in international energy prices to consumers.** To balance the trade-off between fiscal costs from implicit subsidies (related to potential revenue losses associated with unchanged retail prices) and the impact on the population, staff recommended partial pass-through to domestic prices cognizant of political economy constraints and the need to protect the most vulnerable by expanding social programs with temporary, targeted, and transparent transfers. However, the authorities argued in favor of keeping prices constant. They noted that there are no direct energy subsidies, given that Niger is a net exporter of refined petroleum products and current retail prices are sufficient to cover production costs. An adjustment of prices at the pump would have a negative impact on the population through an increase of transport costs. However, the export price of petroleum products has been increased, but to a lower extent compared to the increase in international prices.

21. **Half of the SDR allocation was used for development purposes and priority spending in 2021, in line with staff advice during program negotiations, and the rest will be used in 2022.**[8] The allocation helped to improve food security and increase needed investment in infrastructure. It also enabled the financing of urgent security spending. The resources of the allocation have been channeled through the budget after being on-lent by the regional central bank under highly concessional terms (20-year loan carrying a fixed interest of 0.05 percent per year).

[8] The total allocation amounted to 1.2 percent of GDP.

Authorities plan to use the remainder of the allocation in 2022 to finance the urgent needs related to food distribution and animal feeding support.

22. Despite the relaxation of the near-term deficit targets, the authorities remain committed to complying with the WAEMU deficit norm by 2024. There will be a modest widening of the deficit in 2023 to 4.7 percent of GDP (compared to 4.2 percent of GDP at program approval) to smooth the adjustment and accommodate a lower expected level of budget-support grants going forward. Given the temporary nature of the expenditure measures, a large part of the deviation can be unwound in 2023. Over the medium-term, oil exports are expected to boost revenue by 1.3 percent of GDP, thus contributing to fiscal consolidation. In addition, with the domestic revenue mobilization reform agenda expected to bear fruit and additional project grants from donors other than the World Bank,[9] the fiscal deficit should narrow to 3 percent of GDP in 2024.

Text Table 4. Niger: Sources of Fiscal Consolidation

(In percent of GDP)

	Baseline 2019	Deterioration Δ 2019-21	Consolidation Δ 2022-23	Δ 2023-24	Aggregate Δ 2019-24
Revenue, Natural Resources Sector	1.7	-0.1	0.4	0.8	1.3
Revenue, Other	9.5	-0.3	0.7	0.0	1.3
Budget grants (Incl. CCRT) 1/	2.6	-0.4	0.3	0.0	-1.3
Domestic expenditure	14.8	1.9	-0.5	-0.7	1.1
Foreign loan-financed capex	2.6	-0.4	0.0	-0.1	-0.4
Fiscal balance / total consolidation	-3.6	-2.3	1.9	1.7	0.6
Memo: Compound average GDP growth rate		4.7%	9.3%	14.7%	8.5%

1/ *The adverse 2019-21 swing in Budget grants is partly due to base effects, given unusually high outturn in 2019.*

23. Authorities will continue their prudent external debt policy to contain vulnerabilities. Niger will keep prioritizing external financing in the form of concessional loans and grants. Staff advised the authorities to pursue ongoing efforts to increase the average tenor of domestic debt, currently at 5.2 years, to reduce exposure to refinancing risk.

24. Niger's public and publicly guaranteed (PPG) debt stood at 51.2 percent of GDP at end 2021. PPG external debt makes up 65 percent of total debt stock, of which multilateral creditors represent the lion's share (around four-fifths). Under the baseline scenario, the PPG external debt-to-GDP ratio is expected to peak at close to 34 percent in 2022 and then follow a downward

[9] These are additional project-grants relative to previous staff projections, which are therefore substituting for previously projected loans.

trajectory over the medium and long term as strong and resilient growth materializes and fiscal adjustment proceeds.

25. Building the foundations for a transparent framework to manage oil revenues is underway. The authorities will start, with technical assistance from the IMF, the development of an oil resource management framework in line with international best practices. This framework will also establish safeguards so that public revenues from oil exploitation are under the control of the Ministry of Finance and channeled into the budget.

26. The authorities plan to reduce and reprioritize spending should downside risks materialize. Authorities are committed to adjust spending beyond salaries and debt service to compensate any eventual shortfalls in revenue including grants to respect the new deficit target. To ensure this adjustment, the authorities would rely on a treasury committee that regularly follows revenue collection and authorizes spending accordingly (MEFP ¶19).

B. Improving Domestic Revenue Mobilization to Address Development Needs

27. Reforms in areas covered by program conditionality and elsewhere are advancing, but revenue yields have not yet fully reflected these efforts. The authorities see revenue mobilization as a key priority for both fiscal consolidation and funding of development and social spending.

28. They are taking steps to broaden the VAT tax base and improve tax compliance. The deployment of VAT invoicing machines and adoption of the certified invoicing is now at its expansion stage after the pilot covering 500 taxpayers. An increase of compliance with the certified invoicing has been observed among large and medium enterprises. Resistance to this reform has been stronger among small enterprises and retailers, partly also due to the cost of acquiring the machines, misunderstanding of the reform, and fraud on turnover declaration. The authorities have taken several actions to increase compliance (MEFP ¶18, ¶23). In line with recommendations from a recent IMF technical assistance report, Staff discussed the need to make VAT credits fully and systematically operational to ensure the tax neutrality and the sustainability of the VAT, while reducing the need for exemptions. This reform would also increase corporate income tax (ISB) revenues through systematic information on turnover.

29. Measures have also been taken to increase tax compliance through the digitalization and interconnection of tax units. All tax units in Niamey are connected to the Integrated Tax and Taxpayer Monitoring System (SISIC). The deployment of the SISIC has also started in the departments and communes. Additionally, the authorities have started the process to create a fiscal cadaster for a possible future property tax.

30. Authorities are also taking action to enhance customs administration. Reforms aim to: (i) fight corruption by controlling WAEMU certificates of origin and modifying performance evaluation criteria for senior customs officials, (ii) create a one-stop shop backed by ASYCUDA that interconnects all customs documentation, (iii) accelerate digitalization by exploiting information in the SISIC system, and (iv) reinforce controls to regularize the declared value of certain products. As recommended by IMF technical assistance, the authorities also plan to fully automate the processes related to the taxpayer directory, customs declarations, and company balance sheets by end-March 2023 (new proposed SB) and continue the interconnection of the IT systems of DGI and DGD by end-September 2023 (new proposed SB).

31. The molecular marking of petroleum products has started, but inspections are not yet operational. Imports and products in the domestic market are being marked, thus limiting smuggling activities. However, inspection and control operations have not started as planned in December 2021, due to various constraints, including the lack of trained officials and vehicles. Authorities expect inspections to be fully operational by end-2022.

32. The authorities are also taking steps to secure additional revenue gains. They will publish an online annual report on tax expenditures starting in end-September 2022 (new proposed SB). Following the recommendations of IMF technical assistance, the government will adopt a roadmap for review and simplification of the current tax code (end-June 2022 SB) and prepare the revision of the tax code (MEFP ¶23).

C. Enhancing the Quality of Public Spending

33. The authorities intend to accelerate efforts to improve the quality and effectiveness of public spending. The government remains committed to scaling up public spending on education and social safety nets to foster human capital and improve the protection of vulnerable populations.

- On education, they will focus both on access and quality. Regarding the former, authorities are taking steps to improve access for girls, disabled children, and children from security-affected areas by: (i) building new schools and dormitories, (ii) exploring distant learning opportunities (including via radio and TV broadcasts), and (iii) providing incentives (such as support to families and scholarships to students). On the latter, key actions for 2022 include: (i) organizing teacher training programs, (ii) revising the hiring process and career prospects of teachers to attract talent, (iii) adapting the curriculum to labor market demand, and (iv) revamping teaching materials (including textbooks) to ensure quality. They will also be addressing urgent needs linked to dilapidated school infrastructure and have identified models to construct schools at lower costs.

- On social safety nets, authorities will develop indicators to monitor the execution of social spending in key priority areas including health and nutrition, protection of children in fragile areas, building resilience to shocks in vulnerable and marginalized groups particularly women and young people (MEFP ¶25).

34. Authorities have made progress towards the implementation of the Treasury Single Account (TSA). While several public bank accounts have been closed, the scope of the TSA still needs to be expanded to local governments and donor funds. Staff also discussed the need to conduct a new census of the accounts of public entities.

35. The authorities are also advancing reforms to strengthen Public Financial Management (PFM) to improve spending efficiency and transparency. The double commitment system (AE/CP) has started with a pilot stage covering five ministries with large investment projects. Following this pilot stage, the authorities intend to expand the AE/CP reform to all ministries. The decentralization of payment orders has also entered a pilot stage. To improve transparency and efficiency of spending, the authorities will digitalize all budgetary expenditure emissions by end-September 2023 (new proposed SB) to improve transmission of expenditure documents between accountants and authorizing officers; and digitalize all authorizations of expenses (AD) by end-December 2023 (new proposed SB). The selection procedure of investment projects is also being reinforced. Starting with the 2023 budget, a feasibility study will be carried out for all investment projects totaling more than CFAF 5 billion (Continuous SB).

D. Developing the Private Sector and Financial Inclusion for Sustained and Inclusive Growth

36. The authorities are advancing the structural reforms agenda with the view to lift the most binding constraints to private sector development and diversification. They have revamped and upgraded the institutional framework for public-private dialogue in line with regional best standards, including by ensuring its inclusiveness to reflect the diversity of Nigerien private actors. The government is also finalizing the development of a Charter for SMEs aimed at creating an enabling environment for their growth and reducing informality through further simplification of business creation procedures, strengthened mechanisms for access to financing, improved conditions of access to public contracts, and tax relief measures (MEFP ¶33).

37. The National Financial Inclusion Strategy (SNFI) is an important pillar of the government agenda for financial inclusion (MEFP ¶34). Financial intermediation is very limited in Niger. Only 17.5 percent of the population uses financial services compared to 60 percent at the WAEMU level. In this context, several funds have been set up by the authorities to foster the sector:

- The Financial Inclusion Development Fund (FDIF) is expected to strengthen the financial and technical capacities of financial services providers to enable them to meet the demand for financing in rural areas.
- The National Support Fund for Small and Medium Enterprises and Medium Industries (FONAP) to be operationalized in June 2022 will boost SMEs access to financial services through the provision of credit guarantees and capacity building.
- To address the low provision of credit to the agriculture sector, the authorities launched a pilot "warrantage paysan" project. In addition, the Food and Nutritional Security Investment

Fund (FISAN), created in 2017, aims to promote rural finance and the financing of food and nutrition security in Niger.

E. Strengthening Governance to Reduce Corruption and Address Sources of Fragility

38. The government reiterated its resolute commitment to promoting good governance and fighting corruption. Officials involved in recent embezzlement scandals are subject to administrative sanctions and legal prosecution. Further corrective measures have been taken or are being considered to reduce the vulnerability of the expenditure chain to fraud and corruption, including moves towards full digitalization. The recently published Auditor General's report on 2020 COVID-19 related spending highlights a number of weaknesses in public procurement systems (Annex II). The government has committed to implementing, by the end of this year, one of the main recommendations of the report, concerning the establishment of a mechanism for monitoring the implementation of the recommendations from the public procurement audit reports commissioned annually by the Public Procurement Regulatory Authority-ARMP (MEFP ¶27).

39. The authorities intend to implement this year additional measures to further strengthen governance and anti-corruption frameworks. In light of the deficiencies identified in Niger's AML/CFT framework in the 2021 Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA) Mutual Evaluation Report,[10] the authorities plan to reinforce the AML/CFT framework by adopting a new national strategy to fight money laundering and the financing of terrorism, together with an action plan aimed at implementing the recommendations from the GIABA report (MEFP ¶36) before the end of 2022. The authorities also intend to ensure the full implementation of the new framework for asset declaration by high-ranking officials by adopting a practical guide. They also undertake to ensure that all members of the government are up to date with their declarations (MEFP ¶35). Authorities are consulting with the Auditor General on the modalities of the implementation of the new asset declaration framework. Among the outstanding issues to be resolved are (i) the adoption of a guidance note on how to complete the new declaration template and (ii) the determination with the High Authority on Data Privacy of information that can be published.

PROGRAM ISSUES

40. Modifications to the program and monitoring. To reflect changes in the macroeconomic framework, largely due to the impact of the changes in IDA financing terms and the need to

[10] The Financial Action Task Force (FATF) is the internationally recognized standard setting body for AML/CFT. The Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF style regional body assessed Niger's level of compliance with FATF recommendations and the effectiveness of its AML/CFT framework and published a mutual evaluation report in 2021, see http://www.fatf-gafi.org/media/fatf/documents/reports/fur/GIABA-Mutual-Evaluation-Republic-Niger-2021.pdf.

accommodate emergency spending to address the food crisis, the authorities request modification of program conditionality as follows:

- Modification of performance criteria for the ceiling on net domestic financing and of the two indicative targets on the basic budget balance (including budget grants and excluding grants) from end-June 2022 to reflect the need for additional domestic financing to finance a wider deficit in 2022 (MEFP Table 1).

- Modification of performance criteria for the ceiling on net domestic financing with an adjustor for payments of domestic obligations (float, MEFP Table 1).

- Modification of the indicative target floor on the basic budget balance including budget support grants with an adjustor for the shortfall in external budget grants. (MEFP Table 1).

- Establishment of new performance criteria and indicative targets for all relevant indicators for December 2022 until June 2023. (MEFP Table 1).

41. Niger continues to face acute financing needs and Fund engagement is critical to catalyze the support from other development partners. External financing needs are estimated at around CFAF 799 billion over 2022-24. Financing needs are expected to gradually diminish over the program period as reform implementation advances and oil exports further strengthen the current account. IMF financial support is expected to catalyze budget support from multilateral and bilateral donors. The program is fully financed, with firm commitments of financing in place for the next 12 months, and good prospects of adequate financing for the remaining program period.

Text Table 5. Niger: External Financing Needs and Sources

(CFAF Billions)

	2021	2022	2023	2024
Total Financing Requirement	**1,528**	**1,408**	**1,496**	**1,380**
Current account deficit (excl. grants)	1,307	1,481	1,429	1,134
Government amortization	104	126	153	148
Gross changes in NFA (+: increase)	118	-200	-87	98
Total Financing Source	**1,251**	**1,127**	**1,252**	**1,106**
Foreign direct investment	280	380	410	375
Project-related financing	628	656	675	704
Other flows	343	91	167	27
Financing Need	**277**	**281**	**243**	**274**
Budget support	229	215	212	243
AfDB	12	...	...	...
EU	43	34	34	35
France	20	9	9	...
Luxembourg	1	...	...	...
Others 1/	155	173	169	209
IMF financing	32	61	31	31
CCRT	16	4	0	0
Residual Financing Gap	0	0	0	0

1/ The estimated amounts include the World Bank's budget support for 2022-2024 , which will be finalized once officially confirmed after the internal approval procedure.

42. Capacity to repay the Fund remains adequate. Given the significant prior use of Fund resources, Niger's credit outstanding to the Fund relative to quota is among the highest of past PRGT programs, peaking at nearly 300 percent of quota in 2024 (Table 11). Repayment obligations to the Fund peak at 1.2 percent of exports in 2023 and at 2.0 percent of fiscal revenues in 2027-2029. Risks to the program include worsening instability in neighboring countries and/or in Niger, further delays in the construction of the oil pipeline, and weak policy implementation, all of which could result in continued debt accumulation. Risks are mitigated under the program through policy actions, including building fiscal space, strengthening key institutions, and boosting the economy's resilience. Niger has a strong record of timely repayment of Fund obligations.

43. Safeguards assessment. The BCEAO has implemented all recommendations provided in the 2018 safeguards assessment. The assessment found that the BCEAO had broadly appropriate governance arrangements and a robust control environment. In line with the safeguards policy's four-year cycle for regional central banks, an update assessment of the BCEAO is due in 2022.

STAFF APPRAISAL

44. Program performance has been broadly satisfactory. All quantitative performance criteria at end-December 2021 were met. All indicative targets at end-December 2021 and all but three ITs (the floor on cash revenue, the basic budget balance including budget grants ceiling and the net domestic financing ceiling) at end-March 2022 were observed. All continuous structural benchmarks (SBs) at end-March 2022 were met. Moreover, all three SBs at end-December 2021 and all three SBs at end-March were implemented, albeit two with some delays.

45. Niger has been facing a challenging domestic and international environment. Low rainfall recorded last year, and a deterioration of the security situation has led to a drop in agricultural production and an acute food crisis. About 4.4 million people are expected to face food insecurity during this year's lean season. The war in Ukraine is exacerbating these challenges by adding pressures to food and fertilizer prices.

46. Nevertheless, Niger's economy is expected to rebound this year. After two consecutive years of below potential growth, economic growth is projected to accelerate to 6.9 percent in 2022 on the back of the recovery in agricultural production and the acceleration of the implementation of large investment projects related to the oil pipeline to Benin.

47. A temporary widening of the fiscal deficit is appropriate to address urgent spending needs linked to the food crisis, but authorities remain committed to return to medium-term targets. The 2022 fiscal deficit is projected to widen to 6.6 percent of GDP to accommodate emergency spending needs to address the acute food crisis. A modest relaxation of the deficit by 0.5 percent of GDP compared to program approval is also expected in 2023 to smooth the adjustment and accommodate a lower expected level of budget grants going forward. However, authorities are still committed to achieve the 3 percent of GDP deficit target by 2024. Staff believes that the planned fiscal adjustment is challenging but feasible, given the temporary nature of emergency spending in 2022 and prospects for increased oil revenue as well as domestic revenue mobilization efforts.

48. Domestic revenue mobilization and improving spending quality remain key priorities. The Nigerien authorities are planning to build on the progress made in the first review to accelerate the integration of DGI and DGD revenue administration systems. They also plan to simplify the current tax system following recommendations from IMF technical assistance. Reforms to enhance the quality of public spending and improve the delivery of public goods are also ongoing. Authorities are committed to scaling up public spending on education and social safety nets to foster human capital and improve the protection of vulnerable populations. Strengthening public financial management systems is essential to achieve these objectives.

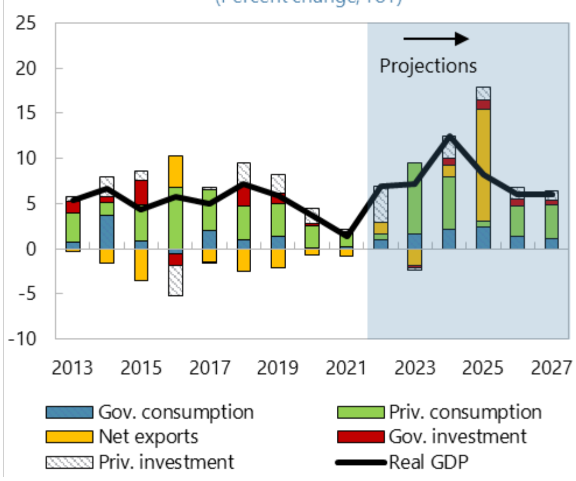
49. Authorities should continue to make progress to strengthen the governance agenda. The publication of the audit report of COVID-19-related expenditure and the audit report on tax exemptions to the extractive sector have significantly contributed to enhance transparency. The authorities are committed to improve governance and fight corruption by strengthening the AML/CFT framework, steadfastly implementing the new asset declaration template, reinforcing control mechanisms of the expenditure chain to reduce its vulnerability to corruption and embezzlement risks, and systematically prosecuting public officials suspected of corruption.

50. Based on program performance and commitments under the program, staff supports the completion of the first review under the ECF arrangement and the request for modification of performance criteria.

Figure 2. Niger: Recent Economic Developments and Outlook

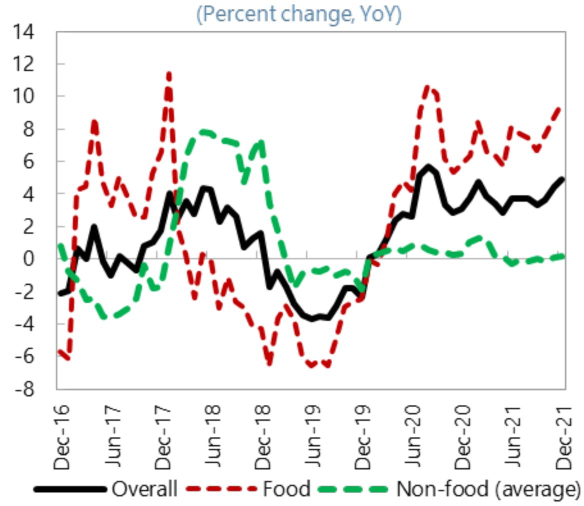
Growth slowed further in 2021 but is expected to bounce back in 2022 and pick up thereafter as oil exports increase.

Contribution to Real GDP Growth, 2013-27
(Percent change, YoY)



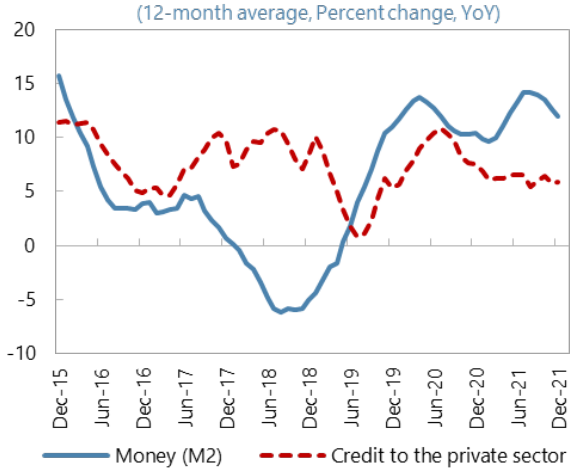
Inflation surged in 2021, reflecting rising food prices

Inflation, Dec. 2016-Dec. 2021
(Percent change, YoY)



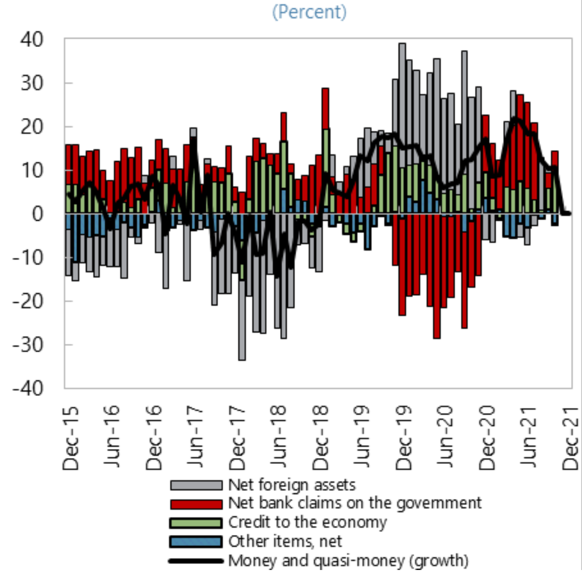
Private sector credit growth is still somewhat modest, indicating limited financial deepening...

Credit and Money Growth, Dec. 2015-Dec. 2021
(12-month average, Percent change, YoY)



...while net claims on the government have recently been the main driver of money growth.

Contribution to Broad Money Growth, Dec. 2015-Dec. 2021
(Percent)

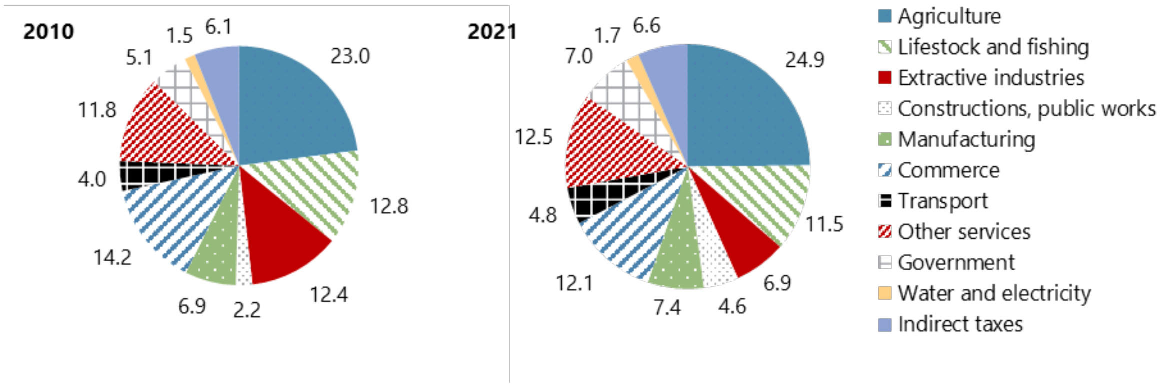


Sources: Nigerien authorities; and IMF staff calculation.

Figure 3. Niger: GDP Composition and Output Volatility

As of 2021, the share of the extractive industries in GDP remained low and has further declined in response to the relatively lower international prices. Agriculture and livestock continue to dominate economic activity.

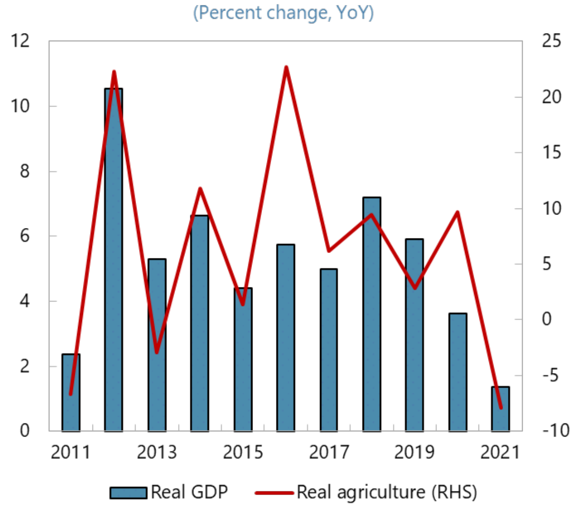
GDP Composition, 2010 and 2021



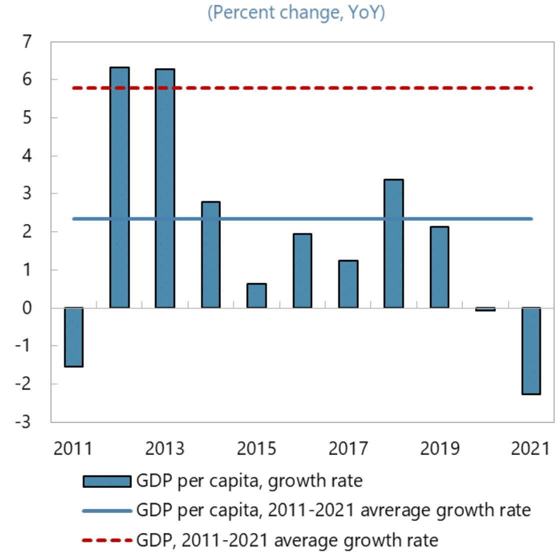
As a result, GDP growth is highly volatile and is driven by the impact of climate shocks on agriculture.

Per capita GDP growth is also fickle and relatively modest, due to high population growth.

Real GDP growth
(Percent change, YoY)



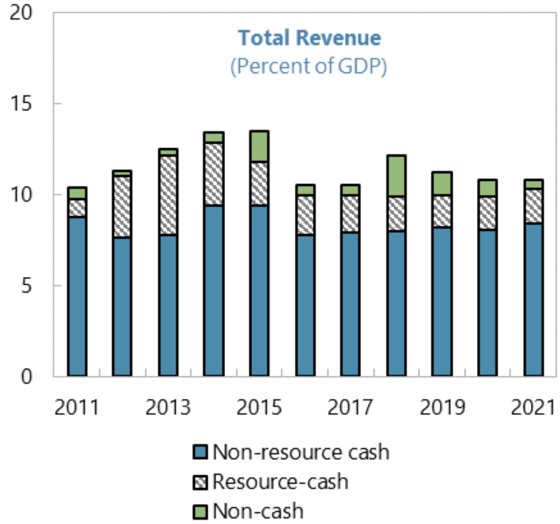
Real per capita GDP growth
(Percent change, YoY)



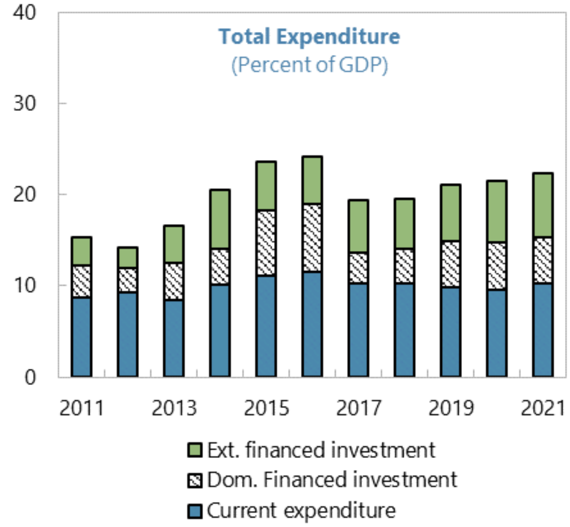
Sources: Nigerien authorities; and IMF staff calculations.

Figure 4. Niger: Fiscal Developments 2011-2021

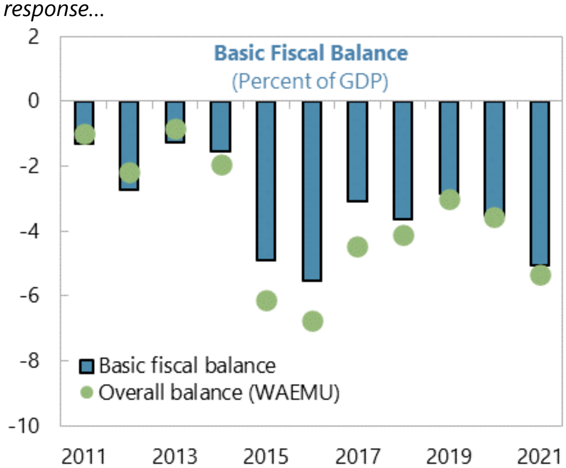
Revenue had been declining, even before the pandemic shock hit the Nigerien economy…



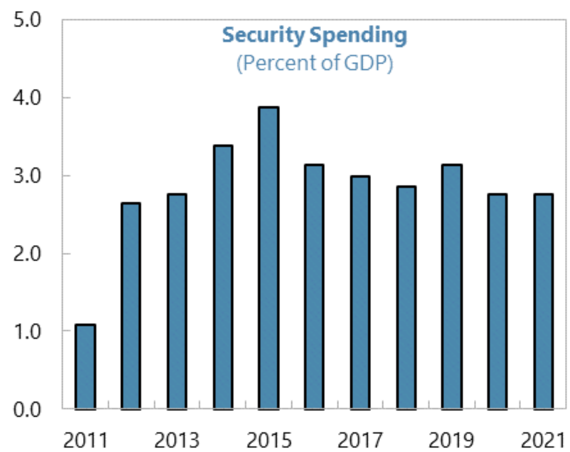
…while expenditure has increased, reflecting in part large development needs.



The deficit widened significantly following COVID-19 and climate shocks due to automatic stabilizers and the policy response…



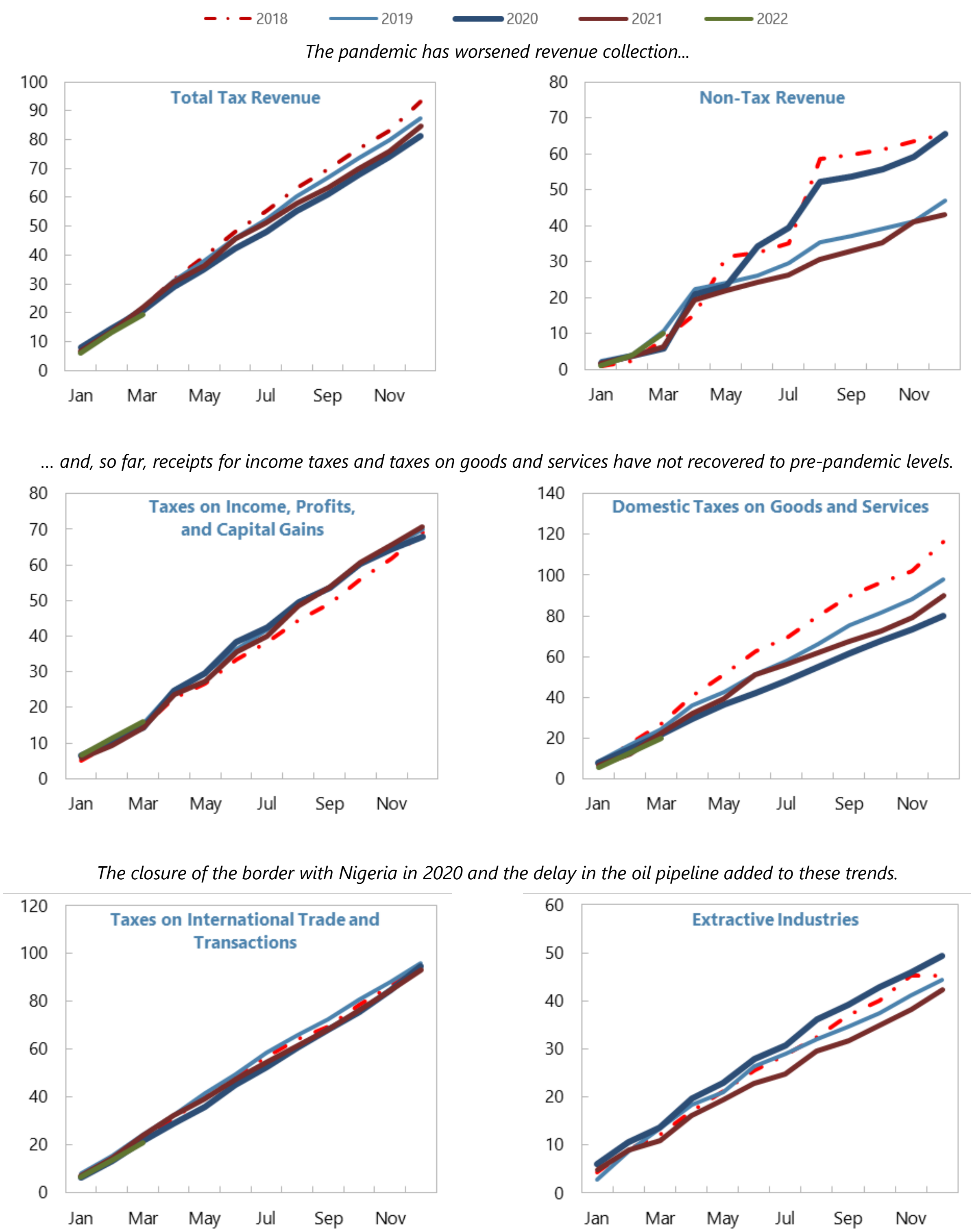
…moreover, security spending pressures have increased reflecting historical high levels of terrorist activity.



Sources: Nigerien authorities; and IMF staff calculations.

Figure 5. Niger: Tax Performance, 2018–22

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



Sources: Nigerien authorities; and IMF staff calculations.

Table 1. Niger: Selected Economic and Financial Indicators, 2019–27

	2019	2020	2021			2022			2023	2024	2025	2026	2027
			2017 ECF 6th Review	2021 ECF Request	Est.	2017 ECF 6th Review	2021 ECF Request	Proj.	Projections				
	(Annual percentage change, unless otherwise indicated)												
National income and prices													
GDP at constant prices	5.9	3.6	6.9	5.4	1.3	8.1	6.5	6.9	7.2	12.5	8.2	6.0	6.0
Oil production (thousand barrels per day)	18	17	17	17	17	20	17	17	28	87	103	108	108
GDP deflator	0.1	0.9	1.7	2.7	3.5	2.0	2.0	2.5	2.0	2.0	2.0	2.0	2.0
Consumer price index													
Annual average	-2.5	2.9	0.4	2.9	3.8	1.7	2.5	5.3	3.0	2.5	2.0	2.0	2.0
End-of-period	-2.3	3.1	2.0	3.0	4.9	2.0	2.5	5.2	3.0	2.5	2.0	2.0	2.0
External sector													
Exports, f.o.b. (CFA francs)	-1.5	-3.0	11.3	3.7	5.2	20.7	13.2	24.5	33.5	90.1	25.5	3.9	10.2
Of which: non-uranium exports	-1.5	-3.0	22.6	3.7	5.2	25.3	13.2	24.5	33.5	90.1	25.5	3.9	10.2
Imports, f.o.b (CFA francs)	7.5	4.3	26.2	14.0	9.0	17.1	16.1	16.8	8.4	22.3	6.3	5.6	7.9
Export volume	-2.7	-0.9	4.4	-7.8	-8.1	15.2	8.4	1.0	29.1	88.9	32.3	6.7	8.3
Import volume	9.3	3.1	28.7	3.9	0.6	19.5	13.7	-2.3	15.2	22.2	6.1	5.8	6.5
Terms of trade (deterioration -)	2.9	-3.2	8.8	2.5	5.6	6.9	2.4	3.1	10.0	0.5	-5.4	-2.4	0.5
Government finances													
Total revenue	-1.6	0.5	23.7	9.6	5.2	31.4	14.5	19.8	19.8	22.3	18.9	10.0	8.1
Total expenditure and net lending	8.4	11.0	6.1	13.3	10.8	5.9	3.0	10.0	4.6	8.8	14.4	9.0	7.9
Current expenditure	2.3	12.4	9.1	14.6	9.1	3.7	3.5	8.7	11.4	15.5	14.9	9.0	7.7
Capital expenditure	13.8	5.3	2.7	12.9	12.9	7.8	0.8	11.4	-3.8	9.9	13.9	9.1	8.0
	(Annual percentage change, unless otherwise indicated)												
Money and credit													
Domestic credit	-12.2	25.2	13.6	12.3	9.2	14.3	17.9	21.0	17.7	14.6	12.2	12.2	12.9
Credit to the government (net)	-89.5	575.2	51.6	45.3	-24.3	1.1	47.1	90.5	37.9	12.1	4.4	4.3	6.9
Credit to the economy	13.0	8.6	10.5	6.1	15.4	14.5	10.4	12.4	13.5	15.2	14.1	14.0	14.1
Net domestic assets	-18.6	45.2	23.6	30.9	1.6	24.8	42.4	53.6	22.4	9.6	-0.7	7.4	9.6
Broad money	15.0	17.0	11.9	11.6	8.8	13.1	14.9	19.3	12.5	12.3	11.5	10.4	11.2
Velocity of broad money (ratio)	5.8	5.2	5.8	5.2	5.0	5.9	5.1	4.6	4.5	4.6	4.5	4.4	4.3
	(Percent of GDP, unless otherwise indicated)												
Government finances													
Total revenue	11.2	10.8	11.9	10.9	10.8	12.2	11.5	11.8	13.0	13.8	14.9	15.1	15.1
Total expenditure and net lending	21.6	22.9	22.8	24.0	24.2	21.7	22.7	24.3	23.2	22.0	22.8	23.0	23.0
Current expenditure	9.6	10.3	10.6	10.9	10.7	10.2	10.4	10.6	10.8	10.9	11.3	11.4	11.4
Capital expenditure	12.0	12.1	11.7	12.6	13.0	11.6	11.7	13.2	11.6	11.1	11.5	11.6	11.6
Overall balance (commitment basis, incl. grants) [1, 2]	-3.6	-5.3	-4.4	-6.6	-5.9	-3.3	-5.4	-6.6	-4.7	-3.0	-3.0	-3.0	-3.0
Gross fixed capital formation	30.0	31.1	30.1	31.8	31.6	31.3	33.7	36.2	32.4	31.8	31.7	31.7	31.4
Non-government investment	19.3	20.5	19.7	20.8	20.5	20.8	23.5	24.9	22.5	22.3	21.9	21.8	21.6
Government investment	10.6	10.5	10.3	11.0	11.1	10.6	10.2	11.2	9.9	9.5	9.8	9.9	9.9
Gross national savings	18.0	17.8	13.7	16.4	17.9	14.8	17.3	20.9	19.4	23.2	25.7	24.7	24.5
Of which: non-government	13.6	15.2	10.7	14.7	15.4	11.3	14.7	18.4	15.6	18.7	20.6	19.4	19.3
Domestic savings	14.7	15.1	12.0	14.1	14.9	13.0	15.2	19.2	17.5	21.7	24.9	24.3	24.4
External current account balance													
Excluding official grants	-15.0	-15.5	-18.4	-17.2	-16.2	-18.4	-18.0	-16.7	-14.8	-10.3	-7.7	-8.7	-8.5
External current account balance (incl. grants)	-12.2	-13.4	-16.4	-15.3	-13.8	-16.6	-16.3	-15.4	-13.2	-8.7	-6.2	-7.1	-7.0
Debt-service ratio as percent of:													
Exports of goods and services	7.9	5.6	21.3	14.8	12.7	13.5	12.4	12.6	12.1	7.2	6.0	5.6	5.4
Government revenue	7.6	8.5	18.1	19.7	16.5	14.0	15.9	15.8	15.5	12.5	10.5	9.1	8.9
Total public and publicly-guaranteed debt	39.8	45.0	42.1	48.8	51.2	43.7	49.8	54.1	53.8	49.8	48.1	47.5	47.2
Public and publicly-guaranteed external debt [3]	26.5	31.6	28.9	32.8	33.4	29.7	32.2	33.7	32.1	29.6	28.1	27.4	26.9
PV of external debt	24.5	22.7	22.1	23.4	23.2	21.1	23.0	23.8	22.2	19.9	18.5	17.7	17.2
Public domestic debt	13.3	13.4	13.2	16.0	17.8	14.0	17.6	20.4	21.7	20.2	20.0	20.1	20.3
Foreign aid [4]	10.3	11.6	10.4	10.1	10.5	9.6	9.3	9.7	8.9	8.3	7.9	7.7	7.6
	(Billions of CFA francs)												
GDP at current market prices	7,565	7,907	8,559	8,559	8,291	8,633	9,301	9,085	9,932	11,397	12,578	13,599	14,704
GDP at current prices (annual percentage change)	6.0	4.5	8.2	8.2	4.8	10.3	8.7	9.6	9.3	14.7	10.4	8.1	8.1

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

[1] Revenue including grants minus expenditure; WAEMU Anchor.

[2] Includes CCRT debt relief.

[3] The public debt projection numbers reflect the new IDA20 financing changes.

[4] The projections are based on the team’s discussions with the authorities and do not necessarily reflect firm commitments by donors.

Table 2. Niger: Financial Operations of the Central Government, 2019–27
(In billions of CFA francs)

	2019	2020	2021			2022			2023	2024	2025	2026	2027
			2017 ECF 6th Review	2021 ECF Request	Est.	2017 ECF 6th Review	2021 ECF Request	Proj.	Projections				
Total revenue	848	852	1,017	934	897	1,240	1,070	1,075	1,287	1,574	1,871	2,058	2,224
Of which: cash revenue	750	780	929	846	854	...	...	...	...	...	...	...	...
Tax revenue	784	760	953	869	831	1,159	995	1,001	1,193	1,465	1,727	1,903	2,065
International trade	209	215	269	236	222	331	283	272	315	377	454	486	521
Goods and services	317	270	384	357	318	461	405	391	469	584	681	749	825
Income	189	192	224	187	209	274	206	237	299	377	441	506	545
Other	69	83	77	89	82	94	102	100	109	128	151	162	174
Nontax revenue	51	74	49	50	51	65	58	58	76	88	122	131	133
Special accounts revenue	14	18	15	15	15	17	16	16	17	20	22	24	26
Total expenditure and net lending	1632	1810	1,953	2,052	2,007	2,120	2,113	2,206	2,308	2,511	2,872	3,131	3,378
Of which: domestically financed	1116	1253	1,320	1,419	1,378	1,503	1,469	1,548	1,642	1,807	2,141	2,363	2,566
Of which: domestically financed, cash	1018	1181	1,232	1,331	1,335	...	...	...	...	...	...	...	...
Total current expenditure	723	813	906	932	887	992	964	964	1,074	1,240	1,425	1,553	1,672
Budgetary expenditure	691	781	880	907	869	963	937	938	1,045	1,206	1,387	1,512	1,629
Wages and salaries	282	298	318	328	318	362	344	344	390	442	501	541	581
Goods and services	109	131	155	161	135	160	147	147	161	190	235	267	288
Transfers and subsidies	225	269	313	324	323	323	340	340	360	421	482	516	556
Interest	75	83	94	94	94	118	106	106	133	153	169	188	204
Of which: external debt	22	28	47	47	38	53	37	37	39	39	40	41	43
Adjustments to fiscal expenditure	0	1	0	0	0	0	0	0	0	0	0	0	0
Special accounts expenditure [1]	32	32	25	25	19	29	28	27	29	34	37	40	44
Capital expenditure and net lending	908	997	1,047	1,120	1,119	1,128	1,149	1,242	1,234	1,271	1,447	1,579	1,705
Capital expenditure	908	956	997	1,080	1,079	1,032	1,089	1,202	1,156	1,271	1,447	1,579	1,705
Domestically-financed	393	398	364	447	451	415	444	544	489	567	716	811	894
Of which: domestically-financed, cash	294	326	276	359	408	...	...	...	...	...	...	...	...
Externally-financed	516	558	633	633	628	617	644	658	667	704	731	768	811
Of which: grants	321	372	393	392	446	367	397	446	435	453	467	496	530
loans	195	185	240	240	182	250	247	212	232	251	264	272	281
Net lending	0	41	50	40	40	96	60	40	79	0	0	0	0
Overall balance [2, 3]	-269	-422	-377	-565	-489	-343	-502	-599	-467	-342	-377	-408	-440
Overall balance, excl. pipeline investment		-381	-327	-525	-449	-247	-442	-559	-388	-342	-377	-408	-440
Financing	786	935	936	1,118	1,057	879	1,043	1,132	1,022	937	1,001	1,073	1,154
External financing	783	922	763	731	770	745	738	752	726	799	851	915	969
Grants	514	528	544	537	605	531	537	528	555	595	624	666	714
Of which: budget financing	193	155	151	145	159	165	140	82	120	142	157	170	184
Loans	306	425	335	309	253	311	323	345	324	352	375	387	400
Of which: budget financing	111	240	95	69	70	61	75	133	92	101	111	115	119
Amortization	-37	-39	-131	-131	-104	-102	-126	-126	-153	-148	-148	-137	-145
Debt relief (incl. debt under discussion)	0	8	15	16	16	5	4	4	0	0	0	0	0
Domestic financing	3	13	173	386	287	134	306	380	296	138	150	158	185
Banking sector	-149	91	41	188	-31	34	134	134	107	47	19	20	33
IMF	21	79	-15	15	16	-17	44	43	11	9	-36	-35	-26
Statutory advances (including other advances)	-8	-3	0	99	99	0	0	0	0	0	0	0	0
Deposits with BCEAO	-101	3	0	0	-142	-5	-5	-30	-10	-15	-20	-25	-30
Government securities net and others	-61	12	55	74	-3	56	96	121	107	53	75	79	89
Nonbanking sector	152	-78	132	199	318	100	171	246	188	91	131	139	152
Financing gap (+)	-44	-41	0	0	0	0	0	0	0	0	0	0	0

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

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

[2] On commitment basis. WAEMU anchor.

[3] Includes budget grants and CCRT debt relief.

Table 3. Niger: Financial Operations of the Central Government, 2019–27
(In percent of GDP)

	2019	2020	2021			2022			2023	2024	2025	2026	2027
			2017 ECF 6th Review	2021 ECF Request	Est.	2017 ECF 6th Review	2021 ECF Request	Proj.	Projections				
Total revenue	11.2	10.8	11.9	10.9	10.8	12.6	11.5	11.8	13.0	13.8	14.9	15.1	15.1
Of which: cash revenue	9.9	9.9	10.9	9.9	10.3	…	…	…	…	…	…	…	…
Tax revenue	10.4	9.6	11.1	10.2	10.0	11.8	10.7	11.0	12.0	12.9	13.7	14.0	14.0
International trade	2.8	2.7	3.1	2.8	2.7	3.4	3.0	3.0	3.2	3.3	3.6	3.6	3.5
Goods and services	4.2	3.4	4.5	4.2	3.8	4.7	4.4	4.3	4.7	5.1	5.4	5.5	5.6
Income	2.5	2.4	2.6	2.2	2.5	2.8	2.2	2.6	3.0	3.3	3.5	3.7	3.7
Other	0.9	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.2
Nontax revenue	0.7	0.9	0.6	0.6	0.6	0.7	0.6	0.6	0.8	0.8	1.0	1.0	0.9
Special accounts revenue	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total expenditure and net lending	21.6	22.9	22.8	24.0	24.2	21.5	22.7	24.3	23.2	22.0	22.8	23.0	23.0
Of which: domestically financed	14.8	15.8	15.4	16.6	16.6	15.3	15.8	17.0	16.5	15.9	17.0	17.4	17.5
Of which: domestically financed, cash	13.5	14.9	14.4	15.6	16.1	…	…	…	…	…	…	…	…
Total current expenditure	9.6	10.3	10.6	10.9	10.7	10.1	10.4	10.6	10.8	10.9	11.3	11.4	11.4
Budgetary expenditure	9.1	9.9	10.3	10.6	10.5	9.8	10.1	10.3	10.5	10.6	11.0	11.1	11.1
Wages and salaries	3.7	3.8	3.7	3.8	3.8	3.7	3.7	3.8	3.9	3.9	4.0	4.0	4.0
Goods and services	1.4	1.7	1.8	1.9	1.6	1.6	1.6	1.6	1.6	1.7	1.9	2.0	2.0
Transfers and subsidies	3.0	3.4	3.7	3.8	3.9	3.3	3.7	3.7	3.6	3.7	3.8	3.8	3.8
Interest	1.0	1.0	1.1	1.1	1.1	1.2	1.1	1.2	1.3	1.3	1.3	1.4	1.4
Of which: external debt	0.3	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	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 [1]	0.4	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital expenditure and net lending	12.0	12.6	12.2	13.1	13.5	11.5	12.4	13.7	12.4	11.1	11.5	11.6	11.6
Capital expenditure	12.0	12.1	11.7	12.6	13.0	10.5	11.7	13.2	11.6	11.1	11.5	11.6	11.6
Domestically-financed	5.2	5.0	4.3	5.2	5.4	4.2	4.8	6.0	4.9	5.0	5.7	6.0	6.1
Of which: domestically financed, cash	3.9	4.1	3.2	4.2	4.9	…	…	…	…	…	…	…	…
Externally-financed	6.8	7.1	7.4	7.4	7.6	6.3	6.9	7.2	6.7	6.2	5.8	5.6	5.5
Of which: grants	4.2	4.7	4.6	4.6	5.4	3.7	4.3	4.9	4.4	4.0	3.7	3.6	3.6
loans	2.6	2.3	2.8	2.8	2.2	2.5	2.7	2.3	2.3	2.2	2.1	2.0	1.9
Net lending	0.0	0.5	0.6	0.5	0.5	1.0	0.6	0.4	0.8	0.0	0.0	0.0	0.0
Overall balance [2, 3]	-3.6	-5.3	-4.4	-6.6	-5.9	-3.5	-5.4	-6.6	-4.7	-3.0	-3.0	-3.0	-3.0
Overall balance, excl. pipeline investment			-3.8	-6.1	-5.4	-2.5	-4.8	-6.2	-3.9	-3.0	-3.0	-3.0	-3.0
Financing	10.4	11.8	10.9	13.1	12.7	8.9	11.2	12.5	10.3	8.2	8.0	7.9	7.8
External financing	10.3	11.7	8.9	8.5	9.3	7.6	7.9	8.3	7.3	7.0	6.8	6.7	6.6
Grants	6.8	6.7	6.4	6.3	7.3	5.4	5.8	5.8	5.6	5.2	5.0	4.9	4.9
Of which: budget financing	2.6	2.0	1.8	1.7	1.9	1.7	1.5	0.9	1.2	1.2	1.2	1.2	1.2
Loans	4.0	5.4	3.9	3.6	3.0	3.2	3.5	3.8	3.3	3.1	3.0	2.8	2.7
Of which: budget financing	1.5	3.0	1.1	0.8	0.8	0.6	0.8	1.5	0.9	0.9	0.9	0.8	0.8
Amortization	-0.5	-0.5	-1.5	-1.5	-1.3	-1.0	-1.4	-1.4	-1.5	-1.3	-1.2	-1.0	-1.0
Debt relief (incl. debt under discussion)	0.0	0.1	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing	0.0	0.2	2.0	4.5	3.5	1.4	3.3	4.2	3.0	1.2	1.2	1.2	1.3
Banking sector	-2.0	1.1	0.5	2.2	-0.4	0.3	1.4	1.5	1.1	0.4	0.2	0.1	0.2
IMF	0.3	1.0	-0.2	0.2	0.2	-0.2	0.5	0.5	0.1	0.1	-0.3	-0.3	-0.2
Statutory advances (including other advances)	-0.1	0.0	0.0	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with BCEAO	-1.3	0.0	0.0	0.0	-1.7	-0.1	-0.1	-0.3	-0.1	-0.1	-0.2	-0.2	-0.2
Government securities net and others	-0.8	0.2	0.6	0.9	0.0	0.6	1.0	1.3	1.1	0.5	0.6	0.6	0.6
Nonbanking sector	2.0	-1.0	1.5	2.3	3.8	1.0	1.8	2.7	1.9	0.8	1.0	1.0	1.0
Financing gap (+)	-0.6	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

[2] On commitment basis. WAEMU anchor.

[3] Includes budget grants and CCRT debt relief.

Table 4. Niger: Monetary Survey, 2019–27

	2019	2020	2021			2022			2023	2024	2025	2026	2027
			2017 ECF 6th Review	2021 ECF Request	Est.	2017 ECF 6th Review	2021 ECF Request	Proj.	Projections				
	(Billions of CFA francs)												
Net foreign assets	641	566	660	447	683	595	172	483	396	494	793	936	1,076
BCEAO	467	402	486	284	401	420	9	201	115	212	511	654	794
Commercial banks	174	163	174	163	282	174	163	282	282	282	282	282	282
Net domestic assets	655	951	827	1,246	967	1,102	1,773	1,485	1,818	1,993	1,979	2,125	2,329
Domestic credit	991	1,241	1,179	1,393	1,354	1,438	1,643	1,638	1,929	2,210	2,479	2,782	3,140
Net bank claims on government	29	196	120	285	149	154	419	283	390	438	457	477	510
BCEAO	-11	67	52	82	-12	31	120	1	2	-4	-60	-120	-176
Claims	154	230	219	245	345	202	289	388	399	408	372	337	311
Of which: statutory advances	5	3	0	0	0	0	0	0	0	0	0	0	0
Deposits	-165	-163	-166	-163	-357	-171	-168	-387	-397	-412	-432	-457	-487
Commercial banks	40	129	68	203	161	124	299	282	388	442	517	596	686
Claims	168	278	196	352	323	251	448	444	550	604	679	758	848
Deposits	-127	-149	-127	-149	-162	-127	-149	-162	-162	-162	-162	-162	-162
Credit to other sectors	962	1,045	1,059	1,108	1,206	1,283	1,224	1,355	1,538	1,772	2,022	2,305	2,630
Of which: credit to the private sector	847	926	932	982	1,077	1,145	1,088	1,216	1,389	1,612	1,848	2,119	2,429
Other items, net	-336	-289	-352	-148	-387	-336	130	-153	-111	-217	-500	-657	-811
Money and quasi-money	1,296	1,517	1,487	1,693	1,650	1,697	1,946	1,968	2,214	2,487	2,772	3,061	3,405
Currency outside banks	527	579	605	646	545	690	743	650	731	821	916	1,011	1,125
Deposits with banks	769	938	882	1,047	1,105	1,007	1,203	1,318	1,483	1,665	1,856	2,050	2,281
	(Annual percentage change, unless otherwise indicated)												
Net foreign assets	99.2	-11.8	0.1	-20.9	20.8	-9.9	-61.5	-29.3	-17.9	24.6	60.5	18.0	15.0
BCEAO	78.9	-13.8	0.1	-29.4	-0.2	-13.5	-96.9	-49.9	-43.0	85.1	140.7	28.0	21.4
Commercial banks	186.2	-6.4	0.0	0.0	72.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net domestic assets	-18.6	45.2	23.6	30.9	1.6	33.3	42.4	53.6	22.4	9.6	-0.7	7.4	9.6
Domestic credit	-12.2	25.2	13.6	12.3	9.2	21.9	17.9	21.0	17.7	14.6	12.2	12.2	12.9
Net bank claims on the government	-89.5	575.2	51.6	45.3	-24.3	28.3	47.1	90.5	37.9	12.1	4.4	4.3	6.9
BCEAO	-115.0	693.3	-21.7	22.5	-118.1	-41.4	47.0	111.5	59.3	-274.0	-1453.0	-99.3	-47.1
Of which: statutory advances	-55.7	-50.0	-100.0	-100.0	-100.0	...	...	...	...	...	...	...	...
Commercial banks	-80.0	220.6	435.5	57.1	24.2	81.6	47.2	75.3	37.8	13.8	17.1	15.3	15.0
Claims	-51.2	66.0	39.6	26.5	15.9	28.5	27.2	37.5	24.0	9.7	12.5	11.7	11.8
Deposits	10.2	-17.1	0.0	0.0	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to other sectors	13.0	8.6	10.5	6.1	15.4	21.2	10.4	12.4	13.5	15.2	14.1	14.0	14.1
Of which: credit to the private sector	16.5	9.2	10.9	6.0	16.4	22.9	10.9	12.9	14.2	16.0	14.7	14.6	14.6
Other items, net	-3.8	13.8	-4.5	-49.0	-33.9	-4.8	-188.2	60.4	27.6	-95.4	-130.4	-31.2	-23.4
Broad money	15.0	17.0	11.9	11.6	8.8	14.1	14.9	19.3	12.5	12.3	11.5	10.4	11.2
Memorandum items:													
Velocity of broad money (ratio)	5.8	5.2	5.8	5.1	4.7	5.8	5.1	4.6	4.5	4.6	4.5	4.4	4.3
Credit to the economy (percent of GDP)	12.7	13.2	12.4	12.9	14.5	13.0	12.9	14.9	15.5	15.5	16.1	16.9	17.9
Credit to the private sector (percent of GDP)	11.2	11.7	10.9	11.5	13.0	11.6	11.5	13.4	14.0	14.1	14.7	15.6	16.5
GDP at current prices (annual percent change)	6.0	4.5	8.2	8.2	4.8	15.0	8.2	9.6	9.3	14.7	10.4	8.1	8.1

Sources: BCEAO; and IMF staff estimates and projections.

Table 5. Niger: Balance of Payments, 2019–27
(In billions of CFA francs, unless otherwise indicated)

	2019	2020	2021			2022			2023	2024	2025	2026	2027
			2017 ECF 6th Review	2021 ECF Request	Est.	2017 ECF 6th Review	2021 ECF Request	Proj.	Projections				
Current account balance	-923	-1,062	-1,404	-1,311	-1,148	-1,063	-1,519	-1,399	-1,309	-992	-775	-971	-1,030
Balance on goods, services, and income	-1,292	-1,394	-1,679	-1,648	-1,526	-1,377	-1,881	-1,696	-1,677	-1,400	-1,167	-1,353	-1,433
Balance on goods	-705	-784	-1,012	-955	-879	-582	-1,128	-974	-846	-279	110	72	144
Exports, f.o.b	658	639	685	664	672	1,180	752	836	1,116	2,121	2,663	2,766	3,049
Uranium	128	155	91	91	102	141	93	131	144	142	291	327	479
Oil	128	89	110	106	131	416	106	206	386	1,301	1,448	1,424	1,452
Other products	402	395	484	467	439	622	553	499	587	679	923	1,015	1,119
Imports, f.o.b	1,363	1,422	1,697	1,620	1,550	1,762	1,880	1,810	1,962	2,401	2,552	2,694	2,906
Food products	332	385	366	443	433	375	456	520	550	631	655	687	748
Petroleum products	65	71	75	92	84	82	113	130	117	131	117	115	121
Capital goods	435	393	538	460	440	557	548	485	566	627	664	718	782
Other products	532	573	718	626	594	749	763	675	729	1,012	1,116	1,174	1,255
Services and income (net)	-587	-610	-668	-692	-647	-795	-753	-721	-831	-1,121	-1,278	-1,425	-1,577
Services (net)	-474	-495	-552	-567	-517	-647	-602	-580	-647	-887	-982	-1,088	-1,183
Income (net)	-113	-115	-116	-126	-130	-148	-152	-141	-184	-234	-295	-337	-394
Of which: interest on external public debt	-22	-28	-47	-47	-38	-53	-37	-37	-39	-39	-40	-41	-43
Unrequited current transfers (net)	368	332	275	337	378	314	362	296	368	408	393	383	403
Private (net)	159	166	108	176	180	134	206	176	210	228	199	176	183
Public (net)	210	166	167	161	198	180	156	120	158	180	194	206	220
Of which: grants for budgetary assistance	193	155	151	145	159	165	140	82	120	142	157	170	184
Capital and financial account	1,243	956	1,389	1,177	1,289	993	1,239	1,195	1,223	1,090	1,074	1,114	1,170
Capital account	370	405	510	502	487	461	479	526	527	495	513	547	585
Private capital transfers	49	33	52	41	41	48	35	36	37	42	47	51	55
Project grants	321	372	458	461	446	413	444	491	490	453	467	496	530
Nonproduced, nonfinancial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial account	873	551	879	675	802	532	760	669	695	594	560	567	585
Direct investment	401	199	642	394	280	292	473	380	410	375	325	351	356
Portfolio investment	156	-50	0	90	399	4	76	70	69	45	40	34	36
Other investment	316	402	237	191	123	236	212	219	216	174	195	182	194
Public sector (net)	269	386	204	178	164	209	197	219	176	200	220	237	244
Disbursements	306	425	335	309	269	311	323	345	324	352	375	387	400
Loans for budgetary assistance	111	240	95	69	86	61	75	133	92	101	111	115	119
Project loans	195	185	240	240	182	250	247	212	232	251	264	272	281
Amortization	37	39	131	131	104	102	126	126	153	148	148	137	145
Other (net)	47	16	33	13	-42	27	15	0	40	-25	-25	-55	-51
Errors and omissions	0	1	0	0	-39	0	0	0	0	0	0	0	0
Overall balance	320	-105	-15	-134	102	-70	-280	-205	-87	98	299	143	140
Financing	-320	105	15	134	-102	70	280	205	87	-98	-299	-143	-140
Net foreign assets (BCEAO)	-206	65	0	118	1	65	275	200	87	-98	-299	-143	-140
Of which: net use of Fund resources	21	79	-15	15	16	-17	44	43	11	9	-36	-35	-26
Of which: SDR allocation [1]	…	…	…	99	99	…	…	…	…	…	…	…	…
Net foreign assets (commercial banks)	-113	11	0	0	-118	0	0	0	0	0	0	0	0
Rescheduling obtained	0	29	15	16	16	5	4	4	0	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional financing from the RCF	…	69	…	…	…	…	…	…	…	…	…	…	…
Exceptional financing from the CCRT	…	…	15	16	16	4	4	4	…	…	…	…	…
Memorandum items:													
Current account balance, excluding grants	-1,133	-1,228	-1,571	-1,472	-1,345	-1,243	-1,675	-1,520	-1,467	-1,172	-968	-1,177	-1,250
Exports of goods and services	811	1,309	863	1,243	1,165	1,374	1,374	1,345	1,652	2,708	3,259	3,375	3,674
Pooled gross international reserves, WAEMU (in USD billion)	17.5	21.8	…	…	26.4	…	…	…	…	…	…	…	…
Pooled gross international reserves, WAEMU (in CFAF billion)	10,357	11,731	…	…	15,342	…	…	…	…	…	…	…	…
In months of next year's imports of goods and services	5.6	5.5	…	…	5.8	…	…	…	…	…	…	…	…
In percent of broad money	34.1	33.2	…	…	40.0	…	…	…	…	…	…	…	…
GDP at current prices	7,565	7,907	8,559	8,559	8,291	9,845	9,301	9,085	9,932	11,397	12,578	13,599	14,704

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

[1] Since the SDR allocation increases both assets and liabilities by the same amount, net foreign assets does not increase.

Table 6. Niger: Balance of Payments, 2019–27
(In percent of GDP)

	2019	2020	2021			2022			2023	2024	2025	2026	2027
			2017 ECF 6th Review	2021 ECF Request	Est.	2017 ECF 6th Review	2021 ECF Request	Proj.	Projections				
Current account balance	-12.2	-13.4	-16.4	-15.3	-13.8	-10.8	-16.3	-15.4	-13.2	-8.7	-6.2	-7.1	-7.0
Balance on goods, services, and income	-17.1	-17.6	-19.6	-19.3	-18.4	-14.0	-20.2	-18.7	-16.9	-12.3	-9.3	-10.0	-9.7
Balance on goods	-9.3	-9.9	-11.8	-11.2	-10.6	-5.9	-12.1	-10.7	-8.5	-2.5	0.9	0.5	1.0
Exports, f.o.b	8.7	8.1	8.0	7.8	8.1	12.0	8.1	9.2	11.2	18.6	21.2	20.3	20.7
Uranium	1.7	2.0	1.1	1.1	1.2	1.4	1.0	1.4	1.4	1.2	2.3	2.4	3.3
Oil	1.7	1.1	1.3	1.2	1.6	4.2	1.1	2.3	3.9	11.4	11.5	10.5	9.9
Other products	5.3	5.0	5.7	5.5	5.3	6.3	5.9	5.5	5.9	6.0	7.3	7.5	7.6
Imports, f.o.b	18.0	18.0	19.8	18.9	18.7	17.9	20.2	19.9	19.8	21.1	20.3	19.8	19.8
Food products	4.4	4.9	4.3	5.2	5.2	3.8	4.9	5.7	5.5	5.5	5.2	5.1	5.1
Petroleum products	0.9	0.9	0.9	1.1	1.0	0.8	1.2	1.4	1.2	1.1	0.9	0.8	0.8
Capital goods	5.7	5.0	6.3	5.4	5.3	5.7	5.9	5.3	5.7	5.5	5.3	5.3	5.3
Other products	7.0	7.2	8.4	7.3	7.2	7.6	8.2	7.4	7.3	8.9	8.9	8.6	8.5
Services and income (net)	-7.8	-7.7	-7.8	-8.1	-7.8	-8.1	-8.1	-7.9	-8.4	-9.8	-10.2	-10.5	-10.7
Services (net)	-6.3	-6.3	-6.4	-6.6	-6.2	-6.6	-6.5	-6.4	-6.5	-7.8	-7.8	-8.0	-8.0
Income (net)	-1.5	-1.5	-1.4	-1.5	-1.6	-1.5	-1.6	-1.5	-1.8	-2.0	-2.3	-2.5	-2.7
Of which: interest on external public debt	-0.3	-0.4	-0.5	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3
Unrequited current transfers (net)	4.9	4.2	3.2	3.9	4.6	3.2	3.9	3.3	3.7	3.6	3.1	2.8	2.7
Private (net)	2.1	2.1	1.3	2.1	2.2	1.4	2.2	1.9	2.1	2.0	1.6	1.3	1.2
Public (net)	2.8	2.1	2.0	1.9	2.4	1.8	1.7	1.3	1.6	1.6	1.5	1.5	1.5
Of which: grants for budgetary assistance	2.6	2.0	1.8	1.7	1.9	1.7	1.5	0.9	1.2	1.2	1.2	1.2	1.2
Capital and financial account	16.4	12.1	16.2	13.8	15.5	10.1	13.3	13.2	12.3	9.6	8.5	8.2	8.0
Capital account	4.9	5.1	6.0	5.9	5.9	4.7	5.1	5.8	5.3	4.3	4.1	4.0	4.0
Private capital transfers	0.6	0.4	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Project grants	4.2	4.7	5.3	5.4	5.4	4.2	4.8	5.4	4.9	4.0	3.7	3.6	3.6
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	11.5	7.0	10.3	7.9	9.7	5.4	8.2	7.4	7.0	5.2	4.5	4.2	4.0
Direct investment	5.3	2.5	7.5	4.6	3.4	3.0	5.1	4.2	4.1	3.3	2.6	2.6	2.4
Portfolio investment	2.1	-0.6	0.0	1.1	4.8	0.0	0.8	0.8	0.7	0.4	0.3	0.3	0.2
Other investment	4.2	5.1	2.8	2.2	1.5	2.4	2.3	2.4	2.2	1.5	1.6	1.3	1.3
Public sector (net)	3.6	4.9	2.4	2.1	2.0	2.1	2.1	2.4	1.8	1.8	1.8	1.7	1.7
Disbursements	4.0	5.4	3.9	3.6	3.2	3.2	3.5	3.8	3.3	3.1	3.0	2.8	2.7
Loans for budgetary assistance	1.5	3.0	1.1	0.8	1.0	0.6	0.8	1.5	0.9	0.9	0.9	0.8	0.8
Project loans	2.6	2.3	2.8	2.8	2.2	2.5	2.7	2.3	2.3	2.2	2.1	2.0	1.9
Amortization	0.5	0.5	1.5	1.5	1.3	1.0	1.4	1.4	1.5	1.3	1.2	1.0	1.0
Other (net)	0.6	0.2	0.4	0.2	-0.5	0.3	0.2	0.0	0.4	-0.2	-0.2	-0.4	-0.3
Errors and omissions	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	4.2	-1.3	-0.2	-1.6	1.2	-0.7	-3.0	-2.3	-0.9	0.9	2.4	1.1	1.0
Financing	-4.2	1.3	0.2	1.6	-1.2	0.7	3.0	2.3	0.9	-0.9	-2.4	-1.1	-1.0
Net foreign assets (BCEAO)	-2.7	0.8	0.0	1.4	0.0	0.7	3.0	2.2	0.9	-0.9	-2.4	-1.1	-1.0
Of which: net use of Fund resources	0.3	1.0	-0.2	0.2	0.2	-0.2	0.5	0.5	0.1	0.1	-0.3	-0.3	-0.2
Of which: SDR allocation [1]	…	…	…	1.2	1.2	…	…	…	…	…	…	…	…
Net foreign assets (commercial banks)	-1.5	0.1	0.0	0.0	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling obtained	0.0	0.4	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing from the RCF	…	0.9	…	…	…	…	…	…	…	…	…	…	…
Exceptional financing from the CCRT	…	…	0.2	0.2	0.2	0.0	0.0	0.0	…	…	…	…	…
Memorandum items:													
Current account balance, excluding grants (in percent of GDP)	-15.0	-15.5	-18.4	-17.2	-16.2	-12.6	-18.0	-16.7	-14.8	-10.3	-7.7	-8.7	-8.5
Exports of goods and services (in percent of GDP)	10.7	16.6	10.1	14.5	14.1	14.0	14.8	14.8	16.6	23.8	25.9	24.8	25.0
Pooled gross international reserves, WAEMU (in USD billion)	17.5	21.8	…	…	26.4	…	…	…	…	…	…	…	…
Pooled gross international reserves, WAEMU (in CFAF billion)	10,357	11,731	…	…	15,342	…	…	…	…	…	…	…	…
In months of next year's imports of goods and services	5.6	5.5	…	…	5.8	…	…	…	…	…	…	…	…
In percent of broad money	34.1	33.2	…	…	40.0	…	…	…	…	…	…	…	…

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

[1] Since the SDR allocation increases both assets and liabilities by the same amount, net foreign assets does not increase.

Table 7. Niger: Indicators of Financial Soundness, December 2016–June 2021
(In percent)

	2016 Dec.	2017 Dec.	2018 Jun.[1]	2018 Dec.[1]	2019 Jun.[1]	2019 Dec.[1]	2020 Jun.[1]	2020 Dec.[1]	2021 Jun.[1]	2021 Dec.[1]
Solvency Ratios										
Regulatory capital to risk-weighted assets	13.9	16.8	13.3	12.3	12.7	14.8	14.9	14.64	14.34	...
Tier 1 capital to risk-weighted assets	13.5	16.4	13.2	12.3	12.7	14.2	14.3	14.08	13.79	...
CET1 capital to risk-weighted assets	...	...	13.2	12.3	12.7	14.2	14.3	14.26	13.79	...
Provisions to risk-weighted assets	12.1	14.0	11.9	8.7	8.2	8.2	8.5	7.94	8.12	...
Capital to total assets	8.9	9.4	9.1	8.3	7.9	9.1	8.7	9.01	8.52	...
Composition and Quality of Assets										
Total loans to total assets	58.1	55.4	56.6	52.9	52.8	56.1	53.3	55.55	54.50	...
Concentration [2]	144.5	98.8	96.0	93.4	94.0	91.1	75.9	73.95	177.96	...
Gross NPLs to total loans	17.7	18.8	19.0	17.0	15.1	16.1	15.0	12.59	15.84	21.18
Provisioning rate	66.5	66.1	65.9	59.0	58.2	51.5	57.1	64.33	51.35	...
Net NPLs to total loans	6.7	7.3	7.4	7.8	6.9	8.5	7.0	4.88	8.39	14.60
Net NPLs to capital	43.7	42.8	46.3	49.4	45.7	52.3	42.8	30.10	53.65	...
Earnings and Profitability										
Average cost of borrowed funds	2.2	2.2	...	2.4	...	1.0	...	1.60	...	...
Average interest rate on loans	8.8	8.4	...	8.9	...	7.7	...	8.40	...	...
Average interest rate (after taxes on financial operations)	6.6	6.3	...	6.6	...	6.7	...	6.80	...	...
After-tax return on average assets (ROA)	1.8	1.6	0.9	1.7	...	1.5	...	1.25	...	...
After-tax return on average equity (ROE)	19.5	15.4	8.0	15.0	...	12.8	...	11.14	...	...
Non-interest expenses to net banking income	56.5	59.3	53.1	59.9	...	63.0	...	61.92	...	...
Salaries and wages to net banking income	25.9	25.5	24.5	25.9	...	27.1	...	24.19	...	...
Liquidity										
Liquid assets to total assets	30.0	29.2	29.9	27.0	28.6	30.3	27.8	29.5	26.5	...
Liquid assets to total deposits	51.1	53.4	55.6	49.1	52.2	52.3	51.4	48.1	43.2	...
Total loans to total deposits	112.3	116.0	120.3	107.0	105.9	105.3	107.8	98.5	96.6	...
Total deposits to total liabilities	58.7	54.6	53.8	55.0	54.7	58.1	54.0	61.4	61.4	...
Sight deposits to total liabilities	36.6	35.3	33.1	35.3	35.2	36.1	32.2	38.3	37.7	...
Term deposits to total liabilities	22.0	19.3	20.7	19.7	19.5	22.0	21.8	23.1	23.8	...

Source: BCEAO.
[1] Compilation according to Basel II/III. Not comparable to earlier years.
[2] Credit to the 5 biggest borrowers to regulatory capital.

Table 8. Niger: Schedule of Disbursements Under the Three Year ECF Arrangement, 2021–24

Amount (Millions)	Amount (Percent of quota)	Conditions Necessary for Disbursement	Date Available
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 9. Niger: Decomposition of Public Debt and Debt Service by Creditor, 2021-23[1]

	Debt Stock (end of period)			Debt Service					
	2021			2021	2022	2023	2021	2022	2023
	(US$ million)	*(Percent total debt)*	*(Percent GDP)*	*(US$ million)*			*(Percent GDP)*		
Total	**7,317**	**100.0**	**51.2**	**1,090**	**1,242**	**1,683**	**7.6**	**8.0**	**9.8**
External	**4,773**	**65.2**	**33.4**	**254**	**331**	**361**	**1.8**	**2.1**	**2.1**
Multilateral creditors[2]	3,854	52.7	27.0	182	194	218	1.3	1.3	1.3
IMF	422	5.8	3.0						
World Bank	1,916	26.2	13.4						
AfDB	436	6.0	3.1						
Other Multilaterals	1,081	14.8	7.6						
o/w: BOAD	540	7.4	3.8						
Islamic Development Bank	229	3.1	1.6						
Bilateral Creditors	651	8.9	4.6	29	80	88	0.2	0.5	0.5
Paris Club	177	2.4	1.2	1	24	30	0.0	0.2	0.2
o/w: France	157	2.1	1.1				0.0	0.0	0.0
Belgium	20	0.3	0.1				0.0	0.0	0.0
Non-Paris Club	475	6.5	3.3	28	56	59	0.2	0.4	0.3
o/w: China	222	3.0	1.6				0.0	0.0	0.0
India	61	0.8	0.4				0.0	0.0	0.0
Bonds	0	0.0	0.0	0	1	2	0.0	0.0	0.0
Commercial creditors	267	3.7	1.9	42	57	55	0.3	0.4	0.3
o/w: Deutsche Bank	202	2.8	1.4						
Other international creditors	0	0.0	0.0	0	1	2	0.0	0.0	0.0
Domestic	**2,544**	**34.8**	**17.8**	**836**	**911**	**1,321**	**5.9**	**5.9**	**7.7**
Held by residents, total[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
T-Bills	483	6.6	3.4	434	494	871	3.0	3.2	5.1
Bonds	1,801	24.6	12.6	359	338	408	2.5	2.2	2.4
Loans	38	0.5	0.3	3	0	0	0.0	0.0	0.0
Others	221	3.0	1.5	41	79	42	0.3	0.5	0.2
Memo items:									
Collateralized debt[3]	0	0.0	0.0						
o/w: Related	0	0.0	0.0						
o/w: Unrelated	0	0.0	0.0						
Contingent liabilities	0	0.0	0.0						
o/w: Public guarantees	0	0.0	0.0						
o/w: Other explicit contingent liabilities[4]	0.0	0.0	0.0						
Nominal GDP	14,287	-	-						

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).

Table 10a. Niger: Summary Table of Projected External Borrowing Program

PPG external debt	Volume of new debt in 2022		PV of new debt in 2022 (program purposes)		PV of new debt in 2022 (including negative GEs)	
	USD million	Percent	USD million	Percent	USD million	Percent
By sources of debt financing	**1183.4**	**100**	**707.4**	**100**	**709.3**	**100**
Concessional debt, of which	**519.3**	**44**	**159.2**	**23**	**159.2**	**22**
Multilateral debt	519.3	44	159.2	23	159.2	22
Bilateral debt	0.0	0	0.0	0	0.0	0
Other	0.0	0	0.0	0	0.0	0
Non-concessional debt, of which	**664.2**	**56**	**548.2**	**77**	**550.1**	**78**
Semi-concessional	627.8	53	511.9	72	511.9	72
Commercial terms	36.3	3	36.3	5	38.2	5
By Creditor Type	**1183.4**	**100**	**707.4**	**100**	**709.3**	**100**
Multilateral	871.2	74	434.4	61	434.6	61
Bilateral - Paris Club	139.2	12	110.0	16	111.7	16
Bilateral - Non-Paris Club	86.3	7	77.7	11	77.7	11
Other	86.8	7	85.4	12	85.4	12
Uses of debt financing	**1183.4**	**100**	**707.4**	**100**	**709.3**	**100**
Infrastructure	325.5	28	246.7	35	248.6	35
Social Spending	29.3	2	22.0	3	22.0	3
Budget Financing	559.3	47	203.4	29	203.4	29
Other	269.3	22.8	235.3	33.3	235.3	33.2

Table 10b. Niger: Type of New External Debt, USD million

January 1, 2022, to December 31, 2022

By the type of interest rate	
Fixed Interest Rate	560.0
Variable Interest Rate	623.5
Unconventional Loans	0.0
By currency	
USD denominated loans	695.7
Loans denominated in other currency	487.7

Table 11. Niger: Indicators of Capacity to Repay the Fund, 2019-31

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	(In millions of SDRs, unless otherwise indicated)												
Fund obligations based on existing credit													
Principal	7.8	16.1	14.6	16.1	25.2	26.1	38.1	42.9	46.9	41.3	37.0	20.5	7.9
Charges and interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fund obligations based on existing and prospective credit													
Principal	7.8	16.1	20.3	16.1	25.2	26.1	38.1	42.9	50.9	55.1	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
Total obligations based on existing and prospective credit													
SDR millions	7.8	16.1	20.3	16.1	25.2	26.1	38.1	42.9	50.9	55.1	62.7	52.1	39.5
CFAF billions	6.3	12.9	16.0	13.2	20.6	21.2	31.0	34.8	41.3	44.7	50.9	42.3	32.1
Percent of exports of goods and services	0.8	1.0	1.4	1.0	1.2	0.8	0.9	1.0	1.1	1.1	1.2	0.9	0.7
Percent of debt service[1]	4.6	6.4	7.0	3.5	4.8	5.4	7.3	8.6	9.9	10.5	11.8	9.2	7.4
Percent of GDP	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.2
Percent of tax revenue	0.8	1.7	1.9	1.3	1.7	1.4	1.8	1.8	2.0	1.9	2.0	1.5	1.0
Percent of quota	5.9	12.2	15.4	12.2	19.2	19.8	28.9	32.6	38.6	41.9	47.6	39.6	30.0
Outstanding IMF credit based on existing and prospective drawings													
SDR millions	187.0	282.8	301.9	364.8	379.1	392.5	354.4	311.5	260.7	205.6	142.9	90.8	51.3
CFAF billions	151.4	226.4	238.4	299.3	310.1	319.6	288.0	253.0	211.7	167.0	116.1	73.8	41.7
Percent of exports of goods and services	18.7	17.3	20.5	22.3	18.8	11.8	8.8	7.5	5.8	4.3	2.8	1.6	0.9
Percent of debt service[1]	110.6	113.0	104.5	79.5	71.9	80.6	68.0	62.6	50.9	39.1	26.8	16.1	9.7
Percent of GDP	2.0	2.9	2.9	3.3	3.1	2.8	2.3	1.9	1.4	1.0	0.7	0.4	0.2
Percent of tax revenue	19.3	29.8	28.7	29.9	26.0	21.8	16.7	13.3	10.3	7.1	4.5	2.6	1.3
Percent of quota	142.1	214.9	229.4	277.2	288.1	298.3	269.3	236.7	198.1	156.2	108.6	69.0	39.0
Net use of IMF credit (SDR millions)	26.1	95.7	19.2	62.9	14.3	13.4	-38.1	-42.9	-50.9	-55.1	-62.7	-52.1	-39.5
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	20.3	16.1	25.2	26.1	38.1	42.9	50.9	55.1	62.7	52.1	39.5
Memorandum items:													
Exports of goods and services (CFAF billions)	811	1,309	1,165	1,345	1,652	2,708	3,259	3,375	3,674	3,913	4,158	4,525	4,856
External debt service (CFAF billions)[1]	137	200	228	376	431	396	424	404	416	427	433	459	431
Nominal GDP (CFAF billions)	7,565	7,907	8,291	9,085	9,932	11,397	12,578	13,599	14,704	15,968	17,294	18,704	20,209
Tax revenue (CFAF billions)	784	760	831	1,001	1,193	1,465	1,727	1,903	2,065	2,366	2,591	2,851	3,135
Quota (SDR millions)	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6

Source: IMF staff estimates and projections.

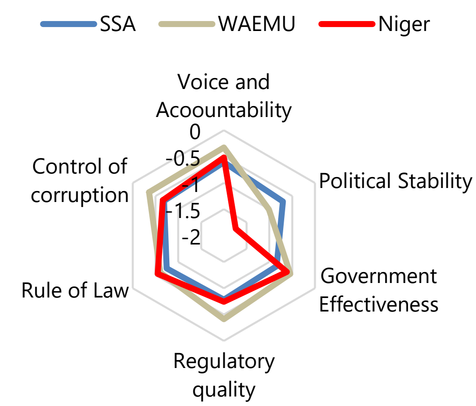
[1] Total external debt service includes IMF repayments.

Annex I. Sources of Fragility in Niger

1. Countries in fragile situations (CFS) tend to exhibit: (i) significant institutional and policy implementation weaknesses; (ii) a fractious political context; (iii) severe domestic resource mobilization constraints; and (iv) vulnerability to shocks.[1] Against this backdrop, the IMF has in recent years defined CFS as countries having either weak institutional capacity as measured by the World Bank's Country Policy and Institutional Assessment (CPIA) score—with an average of 3.2 or lower—and/or having recently experienced conflict.[2] While Niger's average CPIA score has been slightly above 3.2 since 2005, the country continues to face challenges in economic management, structural policies, political stability, social inclusion, and equity.

2. Governance indicators for Niger point to a number of weaknesses relative to comparator countries and the social contract is limited. Control of corruption remains inadequate, with lower indicators relative to other WAEMU countries. Corruption is a major constraint to the business environment contributing to increase transaction costs and limiting the formalization of the economy. Moreover, state capacity to mobilize domestic resources and to deliver basic social services, is constrained by the weight of the informal economy and the security situation. This contributes to weaken the social contract between the population and the government, which decreases the legitimacy of official institutions, increases the risk of social unrest, and jeopardizes internal political stability. In fact, Niger scores well below the average for WAEMU and SSA countries regarding the political stability dimension of governance.

Figure 1. World Governance Indicators in 2020



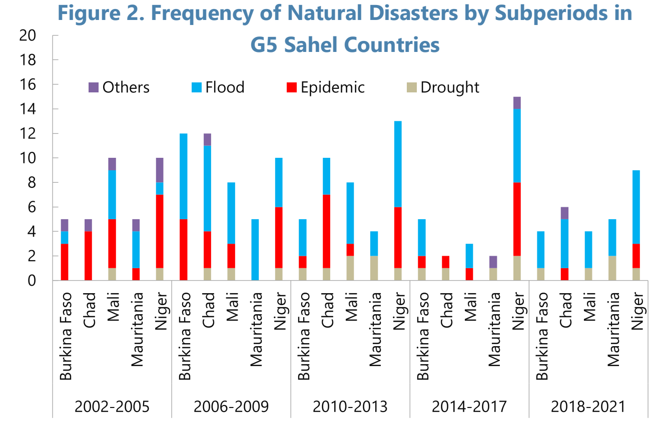
Source: WGI and IMF staff calculation.

[1] IMF (2012). Staff guidance note on the fund's engagement with countries in fragile situations. https://www.imf.org/external/np/pp/eng/2012/042512.pdf.

[2] IMF (2015). IMF engagement with countries in post-conflict and fragile situations— stocktaking. https://www.imf.org/external/np/pp/eng/2015/050715.pdf.

3. In addition, vulnerability to climate related shocks stunts economic activity and contributes to increase poverty and income inequality. The agricultural sector in Niger is mainly rain-fed and therefore productivity is vulnerable to rising temperatures and volatile rainfall during the growing season. In recent decades, Niger has experienced natural disasters even more frequently than peer countries in the Sahel region. Furthermore, climate change also contributes to increase poverty and inequality and widens disparities between urban and rural areas. 83 percent of Niger's population lives in rural areas and their livelihoods depend on the agricultural sector, thus rendering them more vulnerable to climate change. In addition, disasters such as floods destroy property, especially the property of poorer households located in hazard-prone areas. Furthermore, household coping capacities are still traditional, and the government lacks a comprehensive risk management strategy to prevent and respond to disasters in a timely manner.

Figure 2. Frequency of Natural Disasters by Subperiods in G5 Sahel Countries



Source: EMDAT and IMF Staff Calculation

4. The country is subject to increased risks of outbreaks of violence and political tensions. In 2021, Niger recorded a total of 418 conflict events, including terrorist attacks, inter-communities' conflicts, and violence against civilians. The intensity of the insecurity situation within the country is also due in part to the spillover effects of conflicts observed in neighboring countries (Burkina Faso, Mali, Chad, and Nigeria). Conflicts led to significant economic and social costs. In addition, insecurity fuels a vicious circle by worsening economic performance, limiting domestic revenue mobilization, and affecting the quality of spending. Increased security spending crowds-out other priority expenditures. Government intervention in at-risk geographic areas is limited and therefore contributes to the "underdevelopment trap" of these areas. Furthermore, Niger has experienced seven coup attempts in the past, including as recently as 2021 after the presidential transition. These attempts were mainly initiated by military forces, and 57 percent of them were successful.[3]

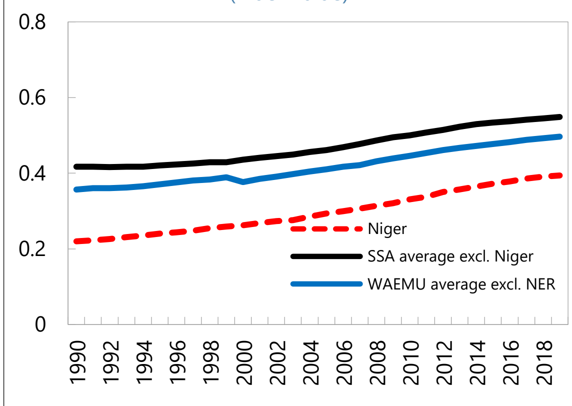
Figure 3. Location of Conflict Events in Niger, 2021

Source: ACLED and IMF staff calculation

[3] Powell, J. M., & Thyne, C. L. (2011). Global instances of coups from 1950 to 2010: A new dataset. *Journal of Peace Research*, *48*(2), 249-259. https://doi.org/10.1177/0022343310397436.

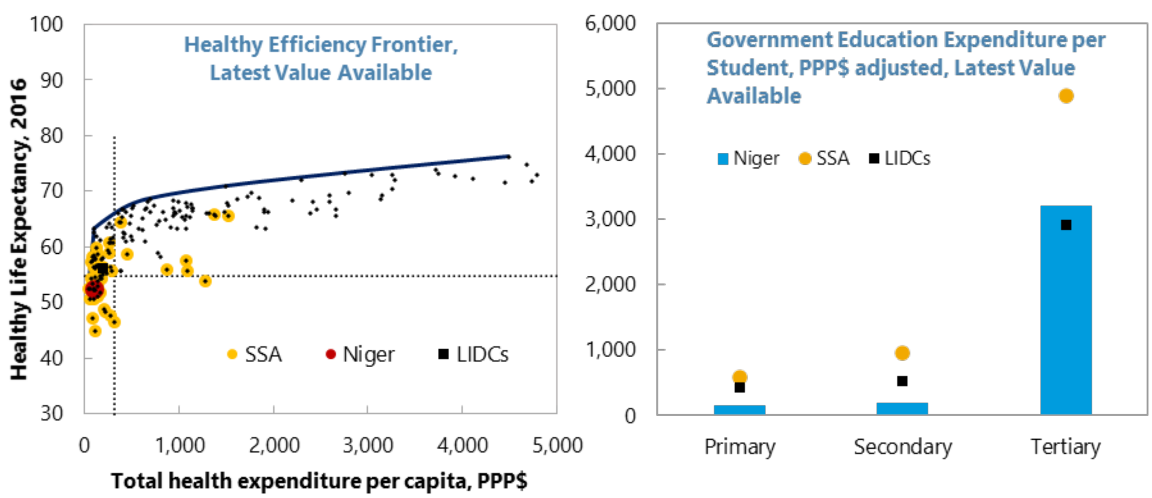
5. Niger's fragility is reflected in low levels of human capital development. The country is consistently ranked around the bottom of the UNDP's Human Development Index. Real per capita GDP remains below its 1980 level. 42.9 percent of Nigeriens live in poverty, earning less than $1.90 per day. The challenge of education is acute, with an average of 2 years of schooling for the population as a whole concealing even worse outcomes for females. Government education expenditure per student is very low compared to other countries in SSA. Moreover, Niger has the highest fertility rate in the world (6.9 children per woman), which results in pressures on women's health and nutritional status and, in turn, that of their children. 44 percent of under-5-year-olds in the country are estimated to be stunted.

Figure 4. HDI evolution in Niger
(Index value)



Source: UNDP and IMF staff calculation.

Figure 5. Niger: Healthy Efficiency Frontier and Government Education Expenditure per Student



Source: IMF FAD Expenditure Assessment Tool (EAT), World Bank.

6. Authorities are undertaking initiatives to address the causes of fragility in a holistic manner. They have adopted a new development and poverty reduction strategy covering the period 2022-2026 that aims to: (i) strengthen good governance and security, (ii) foster sustained and inclusive human capital development, and (iii) stimulate a private sector-led structural transformation of the economy. Moreover, to strengthen the resilience of agriculture to climate change, authorities intend to exploit the country's groundwater resources, which have an estimated capacity of 17,000 billion m^3 of water.

Annex II. Main Findings of the Audit Report on 2020 COVID-19-Related Spending

A. Scope and Objectives of the Audit

1. **The audit covered contracts awarded by the following public entities as part of the implementation of the government response plan to Covid-19:** Prime Minister's Office, Ministry of Public Health, Ministry of Agriculture, and Ministry of Hydraulics. 54 contracts were audited amounting to CFAF 34.9 billion (around 51 percent of the amount of the RCF disbursed in April 2020). All these contracts were awarded and executed in accordance with the national procedures in force.

2. **The objectives of the audit were:** (i) to examine the legal framework of the public procurement system, (ii) to ensure the existence of a good organization, effective internal control tools and effective archiving within the ministries concerned and, (iii) to verify the compliance of the procurement process with the procedures put in place and the effectiveness of contract management.

B. Key Findings

Legal Framework of the Public Procurement System

3. **Irrelevance of the legal procurement system.** The special derogation adopted by the government from the general rules for calls for tenders and deadlines for the receipt of tenders is deemed irrelevant as the Procurement Code already authorizes the recourse to non-competitive contracts in the event of a duly substantiated emergency and the reduction of the deadlines for receipt of tenders.

4. **Failure to define the roles and responsibilities of the actors in a single document in the form of a charter.** This failure is detrimental to the mastery of these roles and responsibilities by these actors given the dispersion and the large number of texts in which they are defined.

Organization, Internal Control Tools and Archiving

5. **Lack of qualified staff and of training plans for agents in charge of public procurement.** The rules and procedures relating to delegations, responsibilities, job descriptions and the selection of agents are not translated into procedures manuals within the ministries. They lack key personnel familiar with the rules of award, execution, monitoring, and litigation relating to public procurement and also do not have internal training plans.

6. **Failure to archive documents relating to public procurement within the ministries.** Procurement documents and contracts are not properly maintained and there is no existing system to easily locate procurement records.

Procurement Process Compliance and Contract Management Efficiency

7. Non-compliance of the procurement process with the procedures put in place. The procurement plans were not informed by preliminary studies and cost estimates and did not take into account all the needs of the ministries. The budget appropriations were not reserved before the contracts were signed. In addition, the standard procurement documents were not sufficiently used, resulting in the lack of transparency and reliability of ministries' procurement documents. The procurement plans were not followed during the award of the contracts and shortcomings were detected in the letters of invitation to negotiate and in the designation of the members of the negotiation commissions. Line ministries failed to produce certain documents required for the contracts while collusive maneuvers and practices likely to favor certain candidates in the awarding of contracts were noticed along with the lack of a notice of conformity from the control body for all the contracts audited.

8. Constructions carried out and acquisitions at unreasonable costs. The loss due to these additional costs is estimated at 6.9 billion FCFA, or almost 20 percent of the total amount of the contracts audited.

9. Unsatisfactory achievement of the objectives defined in the contracts. This is illustrated by the late distribution or storage of large quantities of equipment and perishable goods, the non-compliance with the standards of certain constructions, the lack of functionality of constructions and sites, the distribution of cash, in some cases, instead of seeds, and the non-production of supporting documents for certain deliveries.

C. Recommendations

10. The following main recommendations were made to remedy the shortcomings observed:

- Put an end to derogatory practices not provided for in the Procurement Code when the compressible deadlines defined by the texts in force make it possible to deal with the declared emergency.
- Develop a single document in the form of a charter defining the role and responsibilities of public procurement actors.
- Provide for the suspension of the procurement procedure in the event of an appeal before the Council of State.
- Develop manuals of procedures relating to delegations, responsibilities, job descriptions and the selection of agents dedicated to the management of public contracts within line ministries.
- Recruit or train key personnel specialized in public procurement within line ministries.

- Develop and implement internal training plans in public procurement at ministry level.
- Put in place a system for monitoring the implementation of recommendations from public procurement audits commissioned annually by the ARMP.
- Put in place an effective system for archiving documents relating to public contracts, including the maintenance of adequate registers within the ministries.
- Implement a manual and electronic system to easily locate records and protect them against loss and unauthorized access.
- Create a private-public consultation framework to promote competition in public procurement.

Annex III. Main Findings of the Report on Tax Exemptions in the Extractive Sector

A. Scope and Objectives of the Audit

1. **This audit is in line with the transparency requirement in the exploitation and management of natural resources as advocated by the constitution of Niger**. It targets public administrations (Ministries in charge of finance, petroleum, mines, and industry) and mining and oil companies.

2. **The audit aims to verify compliance with the regulations in force regarding tax expenditures granted to the extractive industries over the period 2017-20**. The verifications specifically focused on: (i) compliance of the tax expenditures granted with those provided for by the regulations, (ii) compliance by the liable parties with the provisions of the applicable codes (mining, oil, tax, and customs), (iii) compliance of the tax expenditures granted with the provisions of the budget laws, and (iv) the existence and operationality of a proper control and monitoring mechanism for exemptions.

B. Key Findings

Compliance Findings

3. **The compliance findings below have been highlighted by the audit:**

- Regarding the advantages granted, the contracts signed with the mining companies comply with the provisions of the mining and petroleum code as well as with those of standard contracts and agreements.

- In accordance with WAEMU regulations, the government has produced since 2017 annual reports on the evaluation of tax expenditures and related measures, including those granted to the extractive industries sector.

Non-Compliance Findings and Shortcomings

4. **Insufficient monitoring of mining and petroleum contracts with regard to the legislation in force**. This is illustrated by the deficient production of monitoring reports by the sector's actors. The audit noted the unavailability of the reports that should be produced by mining and oil companies, but also the inadequacy of the monitoring reports from the ministries in charge of the sector, particularly with regard to financial aspects. More specifically:

- The activity reports as well as investment programs of mining and petroleum companies are not transmitted to the authorities as requested in the contractual documents.

- The monitoring reports of the ministries in charge of the extractive industries sector are not duly prepared or contain many shortcomings relating to financial aspects (monitoring of exemptions and list of materials).

- The reports submitted do not provide details of the investments made at the community level by mining and oil companies and mostly highlight firms' contribution to the training of ministry officials.

- No monitoring report on exempted goods was shared with the *Cour des Comptes* by the Ministry of Finance.

- The *Cour des Comptes* was unable to verify compliance with the provisions of the mining and petroleum code of the exemptions granted to mining and oil companies, due to the unavailability of the lists which should be established by the companies and centralized at the level of the Ministry in charge of industry.

- Examination of the various legislative and regulatory texts governing the extractive sector indicates that no text has provided for a coordination mechanism in the management of tax expenditure.

5. Non-compliance by mining and oil companies with some of their contractual obligations. They specifically have not complied with the contractual clauses in terms of social investment. Nor do they share with the Ministry in charge of industry the list of raw materials, consumables and packaging corresponding to their annual production, as provided for in the standard contract.

C. Recommendations

6. The recommendations formulated are directed to the ministries in charge of the sector and relate to the following issues:

- Ministry in charge of mines, Ministry in charge of petroleum and Ministry in charge of industry: ensure rigorous monitoring of contractual clauses which are the basis of the government's tax expenditures granted to mining and oil companies.

- Ministry in charge of industry: ensure strict compliance with the provisions of the mining and oil code as well as contractual clauses with mining and oil companies.

- Ministry of Finance: take appropriate actions to ensure optimal monitoring of exempted equipment and tools.

- Ministry in charge of petroleum: take the necessary measures for the effective application of the regulations relating to the organization of the central services of the Ministry in charge of petroleum determining the attributions of their managers.

Annex IV. Risk Assessment Matrix (RAM)[1]

Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
Spillover Risks			
Outbreak of lethal and highly contagious Covid-19 variants.	**Medium**	**Medium** Reassessment of growth prospects, requires costly containment efforts. The impact on exports would be moderated due to Niger's weak involvement in global value chains.	Ensure vaccine roll-out and other health priorities are fully funded, with grant or concessional resources wherever possible.
De-anchoring of inflation expectations in advanced economies leads to further tightening of global financial conditions.	**Medium**	**Medium** Rise in risk premia and financing costs for frontier markets with adverse spillovers for the WAEMU regional sovereign bond market.	Intensify efforts to mobilize donor funds and access to concessional financing to contain debt vulnerabilities. Accelerate the implementation of reforms to foster domestic revenue mobilization.
Rising and volatile food and energy prices.	**High**	**High** Negative impact on inflation and access to food from rising food prices. Slightly positive impact from rising oil prices on the balance of payments and fiscal position.	Prioritize well-targeted spending to protect the most vulnerable and accelerate implementation of the support plan for populations vulnerable to food, nutritional and pastoral insecurity.
Reduced donor support.	**Low**	**High** Negative impact on development projects and on social safety nets and program execution.	Enhance engagement with traditional and new donors. Enhance implementation capacity to ensure high return from the projects financed by donors.
Domestic/Regional Risks			
Deterioration of security situation in the Sahel and neighboring countries.	**Medium**	**High** Deterioration in growth and balance of payments because of disruption of economic activity and reduced FDI. Negative impact on the fiscal position due to reduced fiscal intake and higher security expenditures.	Reprioritize spending as needed to accommodate high security spending in response to developments on the ground and mobilize additional donor support. Increase engagement with neighboring countries and the international community on security issues.
Delays in the realization of extractive industry projects.	**High**	**High** Significant impact on medium-term economic activity, current account, and fiscal position as well as debt sustainability.	Accelerate efforts to enhance oversight and transparency of the sector.
Unfavorable weather conditions/natural disasters.	**High**	**High** Reduction in agricultural output, increased food insecurity, and inflationary pressures.	Increase well-targeted spending, including transfers to vulnerable populations, while restraining other current expenditure.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short term (ST)" and "medium term (MT)" are meant to indicate that the risk could materialize within 1 year and 3 years, respectively.

Appendix I. Letter of Intent

Niamey, June 10, 2022

To
Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Madam Managing Director:

1. **The 2022 economic outlook for Niger looks promising.** After a sharp slowdown in 2021 due to the adverse effects of climate shocks on the agricultural sector, growth should rebound to 6.9 percent in 2022 with the resumption of agricultural production and the accelerated implementation of major investment projects. However, inflation is expected to remain high as a result of continued pressure on food prices both globally and nationally.

2. **Niger is facing considerable challenges related to the national and international environment.** This year, our country is experiencing a food crisis because of last year's severe rainfall deficit, which resulted in a decrease of agricultural production by close to 40 percent. These effects are occurring in conjunction with the persistence of insecurity in some of the country's regions and are exacerbated by the deteriorating security conditions in the Sahel. Consequently, economic activity slowed substantially last year. The growth initially projected to be 5.4 percent is estimated to be 1.3 percent in 2021. Moreover, inflation was 5.3 percent at end-March 2022, driven primarily by food products. To combat the food insecurity that is affecting over 4.4 million people, we have adopted a support plan at a total cost of CFAF 279 billion and have undertaken tax reduction measures on certain basic products.

3. **The implementation of our Extended Credit Facility (ECF) program is on track.** All the performance criteria at end-December 2021 have been met, as have most of the indicative targets at end-December 2021 and end-March 2022, except for the target on cash revenues, the ceiling on domestic financing, and the floor on the basic budget balance including grants. The revenue floor at end-March 2022 has been modestly missed due to intensified insecurity in tax revenue-generating areas and the tax relief measures included in our food insecurity policy. The ceiling on net domestic financing was missed due to repayment of the float related to last year's expenditures, and the basic budget balance ceiling including budget grants was missed since no budget grants were received by end-March. We consider domestic revenue mobilization to be a priority like never before. We implemented all of the structural benchmarks at end-December 2021 and end-March 2022.

4. **Against this background, we request the following changes in the program evaluation**: (i) the modification of performance criteria for the ceiling on net domestic financing and of the two indicative targets on the basic budget balance (including budget grants and

excluding grants) from end-June 2022 to reflect the need for additional domestic financing to finance a wider fiscal deficit in 2022; (ii) the modification of performance criteria for the ceiling on net domestic financing with an adjustor for payments of domestic obligations (float); and (iii) the modification of the indicative target floor on the basic budget balance including budget support grants with an adjustor for the shortfall in external budget grants.

5. In light of our satisfactory performance to date, we are requesting the disbursement of the second tranche equivalent to SDR 39.48 million (30 percent of our quota) under the ECF arrangement to cover our protracted balance of payments needs.

6. The Government of Niger is fully committed to the objectives of its program. The consolidation of macroeconomic stability, the mobilization of domestic resources, the strengthening of public financial management, the improvement of spending efficiency, and the promotion of transparency and good governance are essential to meeting our country's development needs. The Government therefore continues to implement structural reforms to digitalize the tax revenue collection system, decentralize payment processes and make them paperless across all government services, and improve the selection of public investment projects. Moreover, the simplification of the general tax code will make way for private-sector development and reduced informality. To anchor these reforms and face the country's major challenges, we have adopted a new Economic and Social Development Plan (PDES 2022–2026) to (i) foster sustained and inclusive development of human capital, (ii) strengthen good governance and security, and (iii) stimulate a structural transformation of the economy led by the private sector.

7. The Government reform agenda for the rest of 2022 and the medium term is detailed in the attached Memorandum of Economic and Financial Policies (MEFP). The Government is confident that the measures and policies set forth therein support the achievement of the established objectives. It stands ready to take any further measures that may become appropriate and will consult with the Fund on the adoption of these measures and in advance of revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultation. The government will provide, in a timely manner, such information as the IMF may request or as agreed in the Technical Memorandum of Understanding (TMU) for follow-up on the economic situation and for the implementation of policies relevant to the program.

8. In keeping with our long-standing commitment to transparency, we authorize the IMF to publish the Fund staff report, this letter of intent, the MEFP, and the TMU on its website.

Very truly yours,

/s/
Ahmat Jidoud
Minister of Finance

Attachments: I. Memorandum of Economic and Financial Policies
II. Technical Memorandum of Understanding

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

A. Introduction

1. This Memorandum on Economic and Financial Policies (MEFP) complements and updates the MEFP signed on November 19, 2021. It describes recent economic developments, takes stock of the implementation of the economic and financial program agreed with the International Monetary Fund (IMF) under the Extended Credit Facility for the period 2021-2024, and sets out the broad approach for the remainder of 2022 as well as the medium-term outlook. The program's objectives remain focused on (i) consolidating macroeconomic stability, (ii) enhancing domestic resource mobilization, (iii) improving the effectiveness of public spending with the emphasis on social spending and poverty reduction expenditure, and (iv) promoting good governance.

2. The backdrop to the implementation of the program is marked by the persistence of the security crisis in the Sahel region and a rainfall deficit in 2021, which led to a large cereal deficit. Niger is the last line of defense against the threats posed by the jihadist and non-state armed groups that plague the Sahel. The 2021/2022 agricultural year ended in (i) a food deficit of around 38 percent, putting a very large number[1] of our compatriots in a situation of extreme food insecurity and causing higher prices for basic foodstuffs, and (ii) a fodder deficit of over 15 million tons. These challenges are also compounded by the adverse consequences of the war in Ukraine, resulting in a considerable increase in the prices of certain essential foodstuffs such as wheat and flour.

3. As the spread of the pandemic is contained, the government intends to gradually reduce the measures to combat COVID-19. In view of the epidemiological situation marked by a significant decline in the circulation of the virus at the national level, the government has taken measures to ease the directives on COVID-19 monitoring and prevention, i.e., it has abolished PCR tests on arrivals and departures for vaccinated travelers who have received their first dose at least four weeks previously.

4. A new Economic and Social Development Plan (PDES) covering the period 2022-2026 is in the final phase of preparation. As the PDES 2017-2021 came to an end on December 31, 2021, the government is finalizing the formulation of a new PDES for the period 2022-2026 on the basis of the lessons learned from the implementation of past PDESs. It consists of three strategic axes and sixteen programs: (i) Axis 1: development of human capital, inclusion, and solidarity through six programs, (ii) Axis 2: consolidation of governance, peace, and security, also through six programs, and (iii) Axis 3: structural transformation of the economy through four programs.

[1] More than 4.4 million people will urgently need food assistance by the end of the lean season.

Box 1. Breakdown of the Priorities of the 2022-2026 PDES Into Programs

Axis 1: Human capital development, inclusion, and solidarity

- Program 1: improving equal access to quality education and training;
- Program 2: improving the population's health and the demographic determinants;
- Program 3: improving access to drinking water, hygiene, and sanitation;
- Program 4: promoting social inclusion and national solidarity;
- Program 5: reducing gender inequalities;
- Program 6: promoting youth, sport, and culture.

Axis 2: Consolidation of governance, peace, and security

- Program 7: improving development management;
- Program 8: improving legal and judicial governance;
- Program 9: improving political and administrative governance;
- Program 10: strengthening security governance;
- Program 11: strengthening migration management;
- Program 12: strengthening local governance and spatial planning.

Axis 3: Structural transformation of the economy

- Program 13: developing the private sector;
- Program 14: modernizing rural society;
- Program 15: improving the development of the main economic potentialities (oil, mines);
- Program 16: sustainable management of the environment and strengthening resilience to climate change.

B. Recent Macroeconomic Developments

5. The macroeconomic framework deteriorated significantly in 2021. Economic activity experienced a slowdown in line with the sharp decline in agricultural production. The growth rate is estimated at 1.3 percent, following an increase in output of 3.6 percent in 2020 and 5.9 percent in 2019. This underperformance is mainly due to the primary sector, with the secondary and tertiary sectors being on the right track. The primary sector decrease should be 8.3 percent in 2021, compared with an increase of 7.7 percent in 2020, as a result of the deficit in the 2021 winter harvest, which would mean a 13.7 percent drop in agricultural production after an increase of 9.5 percent in 2020. The fall in cereal production was particularly sharp at 37.2 percent. The main causes are: (i) the early cessation of rainfall in several regions of the country; (ii) the poor distribution of rainfall over time and space; (iii) attacks by pests, and (iv) insecurity in certain areas, which led farmers to abandon their crops. Economic activity also took place against the background of general price increases, averaging 3.8 percent per annum, despite the government's support measures to mitigate this phenomenon. Developments in other sectors are as follows:

- **The secondary sector** is estimated to grow by 5.4 percent in 2021 compared to 1.7 percent in 2020. This development is due to the good performance of manufacturing activities, energy, and construction in line with expectations. The 5.4 percent increase in manufacturing activities is linked to the increase in the production of the new cement plant; the improvement in local production capacity that led to an increase in energy coverage explains the 8.4 percent increase in energy, and the 6.0 percent increase in construction, in line with the continuation of the socio-economic infrastructure works. The impact of these increases is lessened by a weaker performance of extractive activities.

- **The tertiary sector**, amounting to 42.3 percent of GDP, is estimated to grow by 7.7 percent in 2021 after an increase of 2.3 percent in 2020. This recovery in growth relates to commercial activities (9.7 percent), which benefited from the good agricultural season in 2020, hotels and restaurants (5.8 percent), communication (6.2 percent), and non-market services (6.3 percent).

6. The year-on-year change in the monetary situation as of December 31, 2021, was reflected in an increase in net foreign assets and an increase in domestic claims and money supply. The money supply stood at 1650 billion in December 2021, an increase of 133 billion compared with 2020. This increase was mainly due to the increase in the transferable deposits of commercial banks. Net foreign assets stood at 683 billion as of December 31, 2021, compared with 566 billion in 2020, i.e., an increase of 117 billion. This increase was due to a 118 billion increase in net foreign assets of commercial banks and a decrease of 1 billion in those of the Central Bank. Thus, the rebound in net foreign assets is linked to the growth in claims on non-residents in other deposit-taking institutions that is larger than their external liabilities. As regards net domestic claims, they increased from 951 billion in December 2020 to 967 billion in the same period of 2021, i.e., a rebound of 16 billion. This is linked to the increase in credit to the economy (161 billion) and the decline in net claims on the central government (47 billion) and the variation of other items net. The increase in credit to the economy is due to loans granted by commercial banks to the private sector following low interest rates in the WAEMU since the outbreak of the COVID-19 crisis thanks to an accommodative monetary policy. The decline in net claims on the central government can be explained by the consolidation of government deposits, in particular at the Central Bank.

7. The external sector is estimated to present a current account deficit of 1147.5 billion in 2021, or 13.8 percent of GDP. This corresponds to a widening of 85.5 billion (0.4 percentage point of GDP) compared with the previous year, mainly due to the deterioration in the balance of goods and services. Exports and imports rose by 5.2 percent and 9.0 percent, respectively, in 2021 as a result of the economic recovery facilitated by the decline in the spread of COVID-19, the continuation of the work initiated in the mining and oil sectors, the construction of the Kandadji Dam, and the poor agricultural harvest in 2021, which led to increased imports of food products. Under these conditions, an overall surplus of 102.0 billion is estimated for 2021, after the deficit of 105.1 billion recorded in 2020.

8. Public finances held up well overall, despite the persistence of shocks. The budget deficit (including grants) increased to 5.9 percent of GDP, from 5.4 percent of GDP in 2020, which is below the initially projected target of 6.6 percent. The mobilization of budget support of 484.7 billion (159.0 billion in grants and 102.4 billion in loans) helped to alleviate the pressure on expenditures. Total cash revenue mobilized amounted to 853.6 billion at end-December 2021, compared with 750.3 billion in 2019 and 780.4 billion in 2020.

9. Ongoing efforts to consolidate public finances are expected to yield significant results in the short and medium term. The structural reforms undertaken by the government are geared towards consolidating economic and financial governance by improving the quality and effectiveness of expenditure and increasing the mobilization of resources through the implementation of measures to modernize and digitalize the economy. This economic transformation is necessary if we are to significantly reduce poverty and kick-start the process of the emergence of our country.

C. Results Achieved Under The ECF-Supported Program

10. All quantitative performance criteria and indicative targets at end-December 2021 have been met. Despite various exogenous shocks, implementation of the program got off to a good start. Net domestic financing of government, with a ceiling of 371.4 billion, was 271.3 billion. No external payment arrears were recorded. New ratified public and publicly guaranteed external debt stood at 282.5 billion, well below the ceiling of 346 billion. Cash revenues reached 853.6 billion, above the floor of 846.4 billion. The basic fiscal balance without grants, projected to be in deficit by 484.6 billion, stood at -481.3 billion. Social protection expenditure was robustly executed at 261 billion compared to a floor of 80 billion. Finally, exceptional expenditures accounted for 0.74 percent of budget expenditure, well below the 5 percent ceiling, thanks to the measures taken by the government to suspend such expenditure.

11. At end-March 2022, almost all indicative targets had been met, with the exception of the cash revenue target, the floor on the basic budget balance including grants, and the ceiling on domestic financing. Cash revenues were modestly below the target by around 4.5 billion and the basic budget balance including grants was missed by 4.8 billion. The domestic financing ceiling, adjusted by the amount of planned but unrealized budgetary support, was exceeded by 39.4 billion because of the drawdowns made from Treasury deposits at the Central Bank in order to clear part of the float of the 2021 financial year by 75.5 billion and to avoid an accumulation of domestic arrears. In this respect, an upward adjustment of the domestic financing ceiling at end-June 2022 is necessary to take account of these drawdowns.

12. The government implemented all the structural benchmarks (SB) of the program at end-December 2021 and at end-March 2022. An envisaged prior action was implemented with the preparation of the circular on public procurement relating to the fight against COVID-19 requiring the publication of information on the beneficial owners of successful tenderers on the public procurement portal. The government has drawn up a guidance note containing concrete and quantified proposals aimed at rationalizing the current exemptions and strengthening the procedures for granting new exemptions. The Auditor General's audit report on COVID-19-related public expenditure in 2020 has been published online. Feasibility studies were produced for the nine largest investment projects prior to their inclusion in the Government Investment Program 2022. The government has received technical assistance from the IMF and adopted a plan to complete the integration of the digital platforms of DGI and DGD. The government has also produced an annual report describing: (i) stocks and flows of tax arrears by tax year and type, as well as by degree of recoverability on the basis of a rigorous analysis, (ii) a timetable with quantitative arrears-reduction targets based on the recoverability analysis and careful prioritization, (iii) a detailed plan, containing specific actions to achieve these objectives. Finally, the government has drawn up and published a regulatory act requiring the collection of information on the beneficial owners of corporations that have negotiated contracts by direct agreement, with the exception of contracts relating to defense and security, and its publication on the public procurement portal.

13. The achievement of all the continuous structural benchmarks of the program is on track. The government has produced a status report on newly granted or renewed tax exemptions, with their details and expiration dates. The second recurrent SB was also achieved with the publication on the public procurement portal of procurement plans, related tender notices, and final award results. A regulatory act will be adopted to systematize the transmission of the final award results to the public procurement agency (ARMP) and to make their publication on the public procurement portal compulsory.

Box 2. Other Reforms Implemented Under the New Program

- **General Directorate of Taxation (DGI):** the adoption of the new strategic plan covering the period 2022-2024; the creation of synthetic tax arbitration committees across the country to settle disputes arising from synthetic taxes; the creation of local services monitored by SISIC (Integrated Tax and Taxpayer Monitoring System); strengthening of the e-invoicing machine management system aimed at improving VAT receipts; strengthening of the unit in charge of online tax services with a view to improve services to users; continued implementation of the "enclos fiscal", which is a system aimed at identifying and rigorously monitoring active taxpayers and ensuring that they comply with their declaration and payment obligations; intensification of communication and awareness-raising actions, which make a considerable contribution to improving consent to taxation and to the transparency of tax management; creation of a framework for dialog between the DGI and the Chamber of Commerce and Industry of Niger, favorable to better ownership, on both sides, of the tax measures contained in finance laws.

- **General Directorate of Customs:** the start of the molecular marking of petroleum products and the establishment of a data exchange interface with Niger's one stop shop for international trade (GUCE) to improve the mobilization of customs revenues.

- **General Directorate of the Treasury and Public Accounting (DGTCP):** the reorganization of the DGTCP to integrate municipal collectors into the Treasury network in the context of the enlargement of the Single Treasury Account to include local authorities and the deployment of the IATS platform.

- **General Directorate of the Budget:** revision of the decree and instruction on the arrangements for implementing government expenditure, continuation of the suspension of payment of expenditure without prior authorization (payment authorization letters), splitting in AE/CP of the budget appropriations of the five (5) pilot ministries (Ministry of Public Works, Ministry of Water and Sanitation, Ministry of Urban Planning and Housing, Ministry of Agriculture, and Ministry of Livestock) into commitment appropriations and payment appropriations, devolution of the authorization function for the two pilot ministries (Ministry of Public Health, Population and Social Affairs and the Ministry of Education), adoption of a decree on the selection of public investments, deployment of an IT module to monitor investment projects, reorganization of the General Directorate for the Budget to initiate the establishment of sectoral clusters, and operationalization of the Finance Directorate of Local Authorities.

D. The Macroeconomic Framework for 2022 and the Medium Term

14. The outlook for 2022 and the medium term remains favorable, with growth expected to pick up. All sectors of the economy are expected to contribute. Thus, economic growth should rebound in 2022 to around 7.0 percent, after slowing down to 1.3 percent in 2021. This growth would be supported by investment in major projects, particularly oil and economic infrastructure, as well as in the agricultural sector, through the 3N (Nigeriens Nourish Nigeriens) initiative and the Millennium Challenge Corporation (MCC). Medium-term growth is expected to accelerate strongly with the start of crude oil exports via the Niger-Benin pipeline under construction and continued strong investment. The discovery of large oil reserves in the Bilma and Kafra basins, as well as the project to build the pipeline to supply Europe with African gas via Niger, will further strengthen the soundness of these prospects. Sectoral developments in 2022 would be as follows:

- **The primary sector** is expected to grow by 7.0 percent over the period 2022-2026. This is mainly due to the agriculture and livestock sectors, with average annual growth rates of 8.2 percent and 4.7 percent, respectively. The agricultural sector should benefit from the effects of completing the implementation of major projects and programs (MCC, Kandadji Dam, regional hubs, etc.). As for the development of the livestock sector, this is linked to good rainfall, which affects the availability of fodder and the protection of animal health.

- **The secondary sector** should grow by 5.5 percent in 2022. This performance would be linked to the strong activity in the extractive industry related to the start of the production of oil for export in 2023. However, activity in mining is expected to decrease because of lower uranium production (-4.9 percent) due to the closure of COMINAK (Compagnie minière d'Akokan).

- **The tertiary sector** is expected to grow by 7.1 percent in 2022. This would be driven in particular by transport (+ 17.8 percent) linked to the transportation of the pipes for construction of the pipeline, non-market services of public administrations (+ 8.0 percent), and communication (+ 7.3 percent).

15. The government has adopted and is implementing a Support Plan for Vulnerable Populations. This plan is the reference document of the government and its partners for the planning and implementation of measures to prevent and respond to food, nutrition, and pastoral insecurity. Drawing up and implementing this plan in early 2022 is particularly challenging in a context of severe food and nutrition insecurity resulting from an agropastoral season that did not meet the expectations of the population and that had particularly high deficits in early 2022. The situation of vulnerable households is expected to deteriorate significantly between now and the lean season, with an early depletion of food stocks combined with higher food prices in markets. This situation has already been aggravated by the deteriorating security situation in the regions of Tillabéry, Tahoua, Diffa, and south Maradi, which negatively affects development programs, access to basic social services, assistance to the population, and humanitarian access in general. The plan, with an estimated budget of CFA 279,254,989,581, targets 2,578,384 people in need of food assistance from January to May and 3,637,983 from June to August 2022. It will also target 1,360,783 chronically vulnerable people benefiting from multiyear social safety nets, people affected by other emergency situations such as refugees, internally displaced persons or persons recently returned to their places of origin, as well as primary and secondary school pupils in vulnerable areas, or victims of other shocks and disasters that may occur. In addition, it will cover 2,393,810 people who will need curative or preventive nutritional support.

16. The government intends to take the necessary measures to strengthen the resilience of population groups that are vulnerable to the effects of multiple exogenous shocks. With a view to supporting food insecure populations and avoiding a second adverse winter farming and rainy season, which would spell a serious humanitarian crisis, the government will implement the following measures, at an estimated cost of 1.1 percent of GDP, which will be evaluated at the end of the current fiscal year:

- **the purchase of cereals worth 21.5 billion,** for sale at moderate prices to support vulnerable or food insecure populations;
- **the implementation of an emergency support program for the pastoral season** at a cost of 23.2 billion, with the purchase and availability in all regions, departments, and municipalities of wheat bran and cotton-seek cakes sold at moderate prices, in order to secure the livelihood (production capital) of vulnerable farmers;
- **the implementation of the 2022-2023 agricultural season plan worth 20.1 billion** in order to increase cereal production, cover 40 percent of areas sown with fertilizers in micro doses, support flagship programs, monitor the performance of irrigation infrastructure and protect crops. For this purpose, three levers were identified, namely (i) the supply of fertilizers, (ii) the protection of seeds and crops through the acquisition of pesticides, fungicides, and plant-health equipment, and (iii) capacity building for support structures;
- **the implementation of the irrigated crops program for 2022-2023 at a cost of 15 billion,** with a view to increasing production under irrigation and floodplain production through irrigation schemes, tidal flats, small-scale irrigation systems, and flood recession crops. For this purpose, the implementation strategy will involve restoring all irrigation schemes to fully harness the available water, increasing the areas under small-scale irrigation, supplying quality seeds, fertilizers, and pesticides to producers under the various programs (rice, potatoes, peppers, etc.), and crop protection;
- **the 20 billion program for the replacement of straw-hut classrooms.** The government has embarked on a major reform of the education sector involving measures

to improve the quality of teaching and teachers' skills and the gradual replacement of 37,000 straw-hut classrooms with classrooms made of durable materials. On the latter aspect, more than 42 children between the ages of 4 and 6 lost their lives as a result of fires in their classrooms in 2021. In addition, the government has just adopted an alternative model of classroom built with local materials costing 30 to 50 percent less than a conventional classroom.

17. Monetary policy at the WAEMU-level should remain broadly accommodative and the financial sector should remain stable. In 2021, the BCEAO continued its accommodative monetary policy to support the recovery of economic activity and to support the banking sector in its role of financial intermediation, maintaining its fixed rate full-allotment tender format of 2.0 percent and covering all the banks' liquidity needs. Thus, the minimum bidding interest rate in liquidity-injection tender operations remains at 2.0 percent and the marginal lending window interest rate at 4.0 percent – levels in force since June 24, 2020. In addition, the minimum required reserve ratio applicable to banks has remained unchanged at 3.0 percent since March 16, 2017. Inflation recorded in 2021 was mainly driven by supply shocks on food and petroleum products, for which an increase in internal policy rates would be ineffective or even counterproductive. Monetary policy is expected to remain accommodative in the coming months. However, the Monetary Policy Committee of the BCEAO will continue to pay particular attention to inflation dynamics and will, if necessary, take the necessary measures to ensure price stability. In addition to the conduct of monetary policy, the Central Bank will continue its efforts to deepen and develop the WAEMU financial system and to consolidate financial stability and activities in the banking and microfinance sectors in the member states of the Union.

E. Fiscal Policies and Reforms in 2022 and 2023

18. The government is implementing the budgetary measures agreed upon when the program was adopted. Within this context, the following measures have been in force since January 1, 2022 and controls will be strengthened to ensure their effective implementation: (i) the obligation for tax payers to use certified electronic VAT invoicing systems, (ii) the obligation to produce a certified invoice in the context of public procurement, (iii) the obligation for beneficiaries of exemptions granted under the discretionary regimes to pay the full amount of duties and taxes and subsequently to initiate refund application procedures, (iv) taxation, at the IRVM (tax on investment income) rate, of amounts placed in free reserves which, exceed one-fifth of the share capital, (v) the application of the combined formality for both property registration and advertisement for all instruments previously subject to registration[2], and (vi) the exclusion, within the customs boundaries, of goods produced, manufactured or available locally from the exemptions included in the national budget.

19. The budgetary framework for 2022 is fully financed. The budget deficit will be within the limit of 6.6 percent of GDP. With a view to offsetting the revenue shortfalls recorded and

[2] 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.

meeting the targets, the revenue mobilization effort will be stepped up, with the implementation of a package of measures to increase tax revenue by 45.1 billion or 0.5 percent of GDP (Box 3). In addition, the Interministerial Budgetary Regulation Committee will take the necessary steps to take account of the pace of revenue mobilization including grants before releasing appropriations in order to comply with the deficit target.

Box 3. Corrective Measures to Achieve Revenue Targets in 2022

- **Collection of outstanding amounts of tax to be recovered**,
- **Stepping up of fiscal controls (desk checks) and strengthening cooperation with regional customs offices**, in particular with a view to using customs permits;
- **Speeding up the work of the ad hoc committee tasked with cracking down on and combating tax crime in the regions**;
- **Speeding up the processing of litigation cases**;
- **Collection of the mining sector taxes**, particularly in regions where gold-mining sites are created (Agadez, Maradi, Tillabéry, etc.);
- **Operationalization of the newly created Regional Tax Directorates and tax centers** in order to strengthen the tax network and improve the efficiency of the tax administration and the collection of taxes;
- **Combating corruption** through revision of the performance criteria of the office chiefs and auditors of full-capacity customs offices and control of certificates of WAEMU origin;
- **Molecular marking of petroleum products** by strengthening of control to combat fraud in petroleum products;
- **Operationalization of the One-Stop Shop for Foreign Trade (GUCE),** which will allow the data available on its platform and the data from the Virtual Transaction File (DVT) to be used in real time;
- **Digitalization of the revenue-collecting agencies,** which will facilitate the use of data (TIN, tax clearance certificate, waiver, company balance sheets) from the SISIC;
- **Reinforced checks** to regularize non discharged T1 documents and provisional declarations of frozen offal.
- **Aligning the re-export tax with the consumption tax for certain products**, which would reduce tax arbitrage and fraud.

20. Improving domestic revenue mobilization through tax policy measures will remain a priority to increase fiscal space and meet the country's development needs. Thus, emphasis will be placed on tax administration measures, including strengthening controls and speeding up the dematerialization and digitalization of revenue collection. However, aware of the impact of the food crisis and the international situation on the worsening purchasing power of population groups, the government intends to defer any fiscal policy measure that would amplify the effects of these shocks.

21. Further efforts will be made to rationalize and reduce exemptions. In order to protect the tax base and improve revenue mobilization, the government intends to continue its efforts to rationalize exemptions. For this purpose, the report on tax expenditures will be published online *(Structural benchmark at end-September 2022)*.

22. Strengthening the system for managing and monitoring tax arrears will fully contribute to the collection of more revenue in a more predictable manner. The operationalization of the Specialized Recovery Hubs will be a powerful lever for the collection of the outstanding amounts of tax to be recovered. The measures planned are (i) reminders for taxpayers by increasing the number of telephone calls, notices to appear, and awareness-raising, (ii) the exercise of the right of discovery to make recovery actions more effective, (iii) an increase in recovery actions, in particular notifications to third party holders, external constraints, and even seizure of property in accordance with tax legislation, and (iv) work in synergy with the other departments of the DGI, including the taxpayer management, verification, investigation, and registration departments, in order to collect as much information about their assets as possible, (v) the regular monitoring of settlement plans, (vi) the closure of business premises, and (vii) the establishment of a write-off team.

23. Accelerating the implementation of tax administration reforms will also be a key pillar of domestic revenue mobilization efforts. Emphasis will be placed on:

- **completion of the integration of the digital platforms of the tax and customs administrations.** This will involve (i) full automation of priority processes linked to the taxpayer register, customs declarations, and the accounting records of companies, followed by the implementation of measures to strengthen the capacity of the IT systems of the DGI and DGD, while respecting the technical and functional requirements and the timetable for implementation recommended by the IMF technical assistance *(Structural benchmark at end-March 2023)* and (ii) continuation of the process of full interconnection of DGD's and DGI's IT systems through the establishment of activities concerning the control of exchanges, VAT return consultation, customs permit consultation, motor vehicles consultations, and contentious cases consultation, while respecting the technical and functional requirements of the systems and the timetable for implementation recommended by the IMF technical assistance *(Structural benchmark at end-September 2023)*;

- **simplification of the current tax system** based on the recommendations of the IMF technical assistance and the results of the consultations with all relevant stakeholders. For this purpose, the government will draw up and forward to Parliament a draft law on the revision of the General Tax Code;

- **operationalization of the newly created Regional Tax Directorates and tax centers**;

- **creation of services close to taxpayers** and wide coverage in the SISIC to guarantee the service close to taxpayers and to improve the quality of the service to taxpayers by significantly reducing the costs of tax transactions;

- **strengthening the unit in charge of online tax services** in order to (i) facilitate interaction between taxpayers and the tax administration, (ii) ensure transparency in the management of taxpayers' files, (iii) reduce the time spent on corporate tax management, (iv) refocus exchanges on tax files, (v) facilitate exchanges and access to tax records, (vi) extend the period for the filing of returns, and (vii) make payments secure.

- **the introduction of risk control tools** to ensure the quality of the tax base and receipts, as well as the uniform application of the tax rules in force;

- **the establishment of a procedure for the certification of financial statements** through the one-stop shop for the filing of financial statements (GUDEF). The GUDEF is responsible for collecting, analyzing, and verifying the completeness, plausibility, and consistency of the financial statements submitted by taxpayers before certifying them;

- **the continued implementation of ring fencing**, which aims at identifying and rigorously monitoring active taxpayers and ensuring that they comply with their declaration and payment obligations.

24. The government intends to redouble its efforts to improve the quality of public spending by prioritizing education and social expenditure. It will promote the speed of expenditure operations through the gradual devolution of the authorization function, regarding which a pilot operation has started in 2022 involving the Ministries of Education and Public Health. The capacities of the main stakeholders (auditors of public procurement and budgetary operations, financial resource directors, public procurement directors, government accounting officers, etc.) in the public expenditure chain will be strengthened with the creation and operationalization of the Capacity Building Center of the Ministry of Finance. The execution of expenditure will be improved by connecting the Regional Budget Directorates with all the decentralized services of the various ministerial departments at the regional level. The audit and inspection of expenditure operations will be stepped up by building the capacity of the control bodies and by updating the texts governing them.

25. Education and social spending will be given greater priority. The government has undertaken to replace straw-hut classrooms with classrooms made of durable materials. However, the high costs of the materials to be used have necessitated a search for alternative models of less expensive classrooms. Following a selection procedure, nine projects were selected on the basis of the model, implementation materials, project cost, longevity, and ease of implementation. In addition, the government has drawn up guidelines for the promotion of national solidarity and socio-economic inclusion by increasing the coverage of programs promoting social protection, women's empowerment, child protection, and youth integration. The targeting of social programs will be improved to ensure the socio-economic inclusion of the most vulnerable or marginalized groups, including persons with disabilities, women and children in a risky mobility situation, populations affected by forced displacement, and orphans. In the social sectors, particular attention will be paid to programs contributing to reducing the vulnerability of population groups in a sustainable manner. Indicators for monitoring the level of implementation of social expenditure in a number of key areas will be developed. In the field of health and nutrition, this will be achieved through the implementation of programs promoting free care, routine vaccination, control of communicable diseases, treatment of malnutrition, and family planning. In fragile areas, the deployment of social centers for the prevention, promotion, and protection of children will be a priority. In the field of social protection, the shock response plan remains a priority owing to a particularly unfavorable rainy season in 2021 and the multiple shocks suffered by vulnerable population groups. Efforts will continue to expand the coverage of productive social safety nets aimed at ensuring resilience to shocks, sustainable recovery, and socio-economic inclusion of vulnerable and marginalized groups, including women and young people in rural areas, people with disabilities, women and children in a risky mobility situation, and population groups affected by forced displacement.

26. Ongoing initiatives to strengthen the public expenditure chain and reduce its vulnerabilities will be continued. The dematerialization of the expenditure chain will be accelerated by gradually integrating the procedures that are still manual into the computerized budget preparation and implementation system. In this context, with a view to securing budgetary issuances and streamlining the transmission of supporting documents for expenditure between authorizing officers and accounting officers, the government undertakes to digitalize budgetary expenditure emissions *(Structural benchmark at end September 2023)*. Thus, at the end of this process, (i) all documents produced by government accounting and integrated budget management – CEGIB – (commitments, settlements, orders) will be entered directly in the electronic file, (ii) external supporting documents (invoices, notes, decisions, etc.) will be scanned by the appropriate staff of the authorizing department concerned and entered in the electronic file of the budgetary issuance in the CEGIB-Accounting system, (iii) all the physical documents in the file will be handed over to the treasury accounting officer who will be assigned to archiving in the authorizing department, (iv) when the management accounts are produced, the Auditor General will receive a secure copy of all paperless files and all (physical) supporting documents kept by the accounting officers. In addition, with the increase in expenditure in the regions and abroad, in order to avoid the security problems inherent in the physical transmission of authorizations of expenditure from assigned funds, the government is proceeding to digitalize these expenditure authorizations *(Structural benchmark at end December 2023)*. This will ensure that (i) all expenditure authorizations produced by the CEGIB are entered directly in the electronic file of the expenditure from assigned funds and notified to the actors concerned, who acknowledge receipt thereof within the system, (ii) all expenditure authorizations (physical) are kept by the authorizing officer, (iii) after the expenditure implemented from assigned funds has been cleared, these physical expenditure authorizations (together with all the corresponding dematerialized documents) are entered in the management accounts sent to the Auditor General.

27. Efforts to increase the transparency and efficiency of public procurement and award procedures will be continued. In particular, the government intends to (i) revise the Public Procurement Code and public service delegations, (ii) fully digitalize the award of public contracts and public service delegations, and (iii) introduce modulated control of public contracts. In addition, the government intends to set up a system for monitoring the implementation of the recommendations resulting from the compliance and materiality audit reports on public procurement ordered annually by the ARMP.

28. The government remains committed to speeding up the implementation of the reforms and measures needed to improve the management and quality of public investment. Feasibility studies of investment projects costing more than CFAF 5 billion are being prepared for inclusion in the Government Investment Program (PIE). The summaries of these feasibility studies will be published on the Ministry of Planning's website. The AE/CP budgeting system, which was initiated with five pilot ministries, will be strengthened, and gradually extended to all of the country's ministries and institutions, which will make it possible to improve the medium-term planning of investment programs and projects. In addition, the government will continue to give preference to the tendering procedure as the method for awarding PPP contracts.

29. The government intends to continue improving treasury and public debt management. Efforts will focus on signing the instruction on the accounting of electronic payment transactions, digitizing the collection of non-tax revenue, deploying the SICA at the level of Regional Treasuries, and extending the scope of the TSA to public projects and programs using external financing. In order to improve debt management, the government plans to acquire the Debt Management and Analysis System (SYGADE), develop a debt management procedures manual, and provide capacity building for the staff of the public debt directorate.

30. The government plans to prepare a declaration on fiscal risks. With a view to further modernizing public finance management tools, increasing transparency, and enhancing the credibility of fiscal planning, a budget contingency plan will be drawn up with technical assistance from IMF staff and implemented with a view to mitigating the fiscal risks associated with the various shocks to which the economy is exposed. The identification, analysis, and mitigation of these risks are important aspects of fiscal planning. The aim is to comprehensively identify the different risks to the fiscal outlook, measure their impact on public finances, and manage them in a preventive manner.

31. Ongoing reforms to improve the efficiency of the public sector will be accelerated. At the level of the civil service, efforts will continue to modernize the management of human resources and the careers of civil servants, in particular through: (i) revision of the law on the general government civil service regulation and its implementing decree, (ii) finalization and operationalization of the biometric database of government officials, (iii) adoption of a decree on assessment of the performance of public services, (iv) preparation of a code of ethics and professional conduct for civil servants, (v) establishment of a system of forward employment planning, (vi) updating and adapting statutes specific to the national and international context,

(vii) strengthening the capacity of training institutions to help implement administrative reforms, and (viii) capacity-building for regional directorates in the practice of career management for civil servants. In addition, the institutional framework for public enterprises has been strengthened with the adoption of new texts. The government intends to speed up the dissemination of these texts and to strengthen the capacities of those responsible. With a view to improving the governance of these enterprises and preventing any associated fiscal risks, the accountability framework will be strengthened with the progressive signing of performance contracts between the government and the primary managers of public enterprises.

32. The Government will extend vaccination coverage against COVID-19 by speeding up the implementation of the vaccination program. In response to the COVID-19 pandemic, the Government, with the support of its technical and financial partners, has implemented several COVID-19 strategies, including vaccination, to provide sufficient collective immunity for the population and break the chain of transmission of the virus. On March 29, 2021, the Government launched the first COVID-19 vaccination campaign, which will be followed by other campaigns with over six million doses of five different vaccines received via the COVAX scheme and bilateral contributions. As of April 7, 2022, 2,188,718 people have received at least a first dose and 1,547,540 have been fully vaccinated, giving a vaccination coverage rate of 6.3 percent of the total population and 14.5 percent of the population aged 18 and over. Faced with these low rates, well below the targets set, the government is determined to extend vaccination coverage against COVID-19 by speeding up the implementation of the vaccination program. With this in mind, the government has revised its national vaccination deployment plan with the aim of increasing vaccination coverage to 42 percent of the total population by end-December 2022 and to 58.4 percent by December 31, 2023. In order to achieve these objectives, the government will intensify its awareness-raising campaigns at all levels. It will increase the capacity of front-line health workers to vaccinate across the country by expanding the cold chain and tackling vaccine hesitancy among specific groups, including young people and teachers, nomadic communities, and migrants. In order to increase the existing capacity of the ultra-cold chain in Niger, both in the capital and in the regions, the government plans to install three additional ultra-cold chambers at the National Vaccination Directorate and to train logisticians in the use and maintenance of the new equipment. A total of 30 double-insulated transport boxes will help to ship the Pfizer vaccine to remote clinics. In addition, 170 health care institutions located in remote areas will receive solar-powered refrigerators for the storage of other COVID-19 and general vaccines. To counter and correct disinformation about COVID-19 vaccinations, it will be important to ensure continuous monitoring of rumors and the sharing of factual information through official channels.

F. Structural Reforms

33. A vibrant and resilient private sector is essential for creating jobs and improving people's living conditions. The government remains resolute to create the conditions for the transformation of the economy by strengthening and diversifying the non-oil private sector, given the prospect of a strong expansion of the oil sector. To establish a more conducive environment to the development of the national fabric of small and medium-sized enterprises

(SMEs), the Government intends to adopt two laws: (i) the Charter of SMEs, further facilitating the conditions for their creation and strengthening support mechanisms for their competitiveness and (ii) the Small Business Act, designed notably to promote their integration into the extractive industries sector. The Government also intends to establish a new and more inclusive National Framework for Public-Private Dialogue, in line with international best practices, in order to revitalize and render more fruitful consultation between the private sector and the State.

34. Development of the financial sector and financial inclusion are essential for promotion of the private sector and inclusive growth. 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.

35. The government reaffirms its commitment to putting governance at the heart of its priorities in order to consolidate the management of public funds and combat corruption, particularly in the public administration. In general, measures to improve governance are considered at two levels. The first consists in the sending of strong signals to drive a radical change in behavior through deterrence. In this sense, repression is an unavoidable tool for raising collective awareness of the need to combat corrupt practices in all their forms. Deterrence would be more credible as a tool when repression affects prominent figures. The second level consists in introducing tamper-proof procedures, in particular through dematerialization and digitalization, which make procedures transparent and difficult to circumvent. These reforms are strongly anchored in the government's priorities, in particular at the level of the revenue-collecting agencies. The operationalization of the SISIC in taxation and of the ASYCUDA in customs and the use of the banking system for payments by the government and for the government are important steps in this process that needs to be speeded up. In addition, the government intends to speed up the collection of the asset declarations of senior officials in accordance with the template adopted. The Government will also ensure that all members of the Government are up to date with their obligation to declare their assets.

36. Several initiatives are underway to strengthen the country's AML/CFT framework. The Government intends to adopt a new strategy to combat money laundering and the financing of terrorism and proliferation. The Government also plans to adopt a national risk assessment on terrorism financing and its action plan as well. In addition, the Government has just issued a decree creating a technical advisory committee on the administrative freeze, which will be provided with adequate resources (human, budgetary and technical) to carry out its mission.

G. Program Monitoring

37. The monitoring of the program 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.

38. The program will be monitored in the form of semiannual reviews. The IMF Executive Board will monitor the program through half yearly reviews. The second program review will be based on performance criteria and data through end-June 2022 and the third will cover performance criteria and data through end-December 2022, with expected disbursements available after October 31, 2022, and April 28, 2023, 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–June 2023)

(Billions of CFAF, unless otherwise indicated)

	End-Dec. 2021 PC			End-Mar. 2022 IT				End-Jun. 2022 PC				End-Sep. 2022 IT				End-Dec. 2022 PC		
	Proj.	Actual	Status	Proj.	Adjusted	Actual	Status	Proj.	Revised	Actual	Status	Proj.	Revised	Actual	Status	Proj.	Actual	Status
A. Quantitative performance criteria and indicative targets [1]																		
(Cumulative from beginning of year)																		
Ceiling on net domestic financing of the government, without IMF net financing	371.4			90.5	90.5			182.6	282.6			310.1	410.1			337.3		
Adjustment for shortfall in external budget support [2]	...	0.0			...	15.6		...	...			...	...			...		
Adjustment for payments of domestic obligations (arrears and float) [3]								...	...			...	...			...		
Adjusted ceiling on net domestic financing of the government, without IMF net financing	371.4	271.3	Met	90.5	106.1	145.5	Unmet	182.6	282.6			310.1	410.1			337.3		
Memorandum items:																		
External budget support [4]	213.5	229.4		15.6	15.6	0		29.4	26.8			48.7	38.1			215.4		
External budget grants [5]	...	...		...	...	...		...	21.0				32.4			82.0		
B. Continuous quantitative performance criteria [1]																		
(Ceiling)																		
Accumulation of new external payments arrears	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0	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	282.5	Met	402.0	402.0	148.4	Met	402.0	402.0			402.0	402.0			402.0		
C. Indicative Targets																		
(Cumulative from beginning of year)																		
Basic budget balance (commitment basis, excl. grants), floor	-484.6	-481.3	Met	-87.8	-87.8	-78.1	Met	-182.0	-279.4			-298.8	-388.2			-473.9		
Basic budget balance (commitment basis, incl. budget grants), floor	-340.0	-322.4	Met	-73.3	-73.3	-78.1	Unmet	-156.3	-258.3			-253.9	-355.8			-391.9		
Adjustment for shortfall in external budget grants [6]	...	...		...	...	...		...	...			...	...			...		
Adjusted basic budget balance (commitment basis, incl. budget grants), floor								...	-258.3			...	-355.8			-391.9		
Cash revenue, floor	846.4	853.6	Met	222.3	222.3	217.8	Unmet	469.0	471.0			715.6	719.6			986.5		
Floor on social spending	80.0	261.0	Met	18.0	18.0	42.9	Met	45.0	45.0			76.5	76.5			90.0		
Ratio of exceptional expenditures on authorized spending (percent), ceiling [7]	5.0	0.74	Met	5.0	5.0	0.0	Met	5.0	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.

[1] Program indicators under A. are performance criteria at end-December 2021, end-June 2022 and end-December 2022, and indicative targets for end-March 2022 and for end-September 2022.

[2] 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 4 falls short of forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

[3] The ceiling on domestic financing of the budget will be increased by the reductionin the float from 2021 of CFAF 115 billion. Starting in 2023, this adjustment will be capped at a maximum of CFAF 75 billion.

[4] External budgetary assistance (excluding net financing from the IMF).

[5] External budgetary grants.

[6] The floor on basic budget balance including budget grants will be adjusted if the amount of disbursements of external budgetary grants falls short of forecasts. The quarterly ceiling will be decreased pro tanto, up to a maximum of CFAF 30 billion.

[7] Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (December 2021–June 2023) (Concluded)

(Billions of CFAF, unless otherwise indicated)

	End-Mar. 2023 IT			End-Jun. 2023 PC		
	Proj.	Actual	Status	Proj.	Actual	Status
A. Quantitative performance criteria and indicative targets [1]						
(Cumulative from beginning of year)						
Ceiling on net domestic financing of the government, without IMF net financing	88.4			164.1		
Adjustment for shortfall in external budget support [2]	...			...		
Adjustment for payments of domestic obligations (arrears and float) [3]	...			...		
Adjusted ceiling on net domestic financing of the government, without IMF net financing	88.4			164.1		
Memorandum items:						
External budget support [4]	13.8			26.6		
External budget grants [5]	12.4			22.0		
B. Continuous quantitative performance criteria [1]						
(Ceiling)						
Accumulation of new external payments arrears	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	439.4			439.4		
C. Indicative Targets						
(Cumulative from beginning of year)						
Basic budget balance (commitment basis, excl. grants), floor	-71.8			-127.6		
Basic budget balance (commitment basis, incl. budget grants), floor	-59.4			-105.5		
Adjustment for shortfall in external budget grants [6]	...			...		
Adjusted basic budget balance (commitment basis, incl. budget grants), floor	-59.4			-105.5		
Cash revenue, floor	271.0			576.9		
Floor on social spending	20.3			50.6		
Ratio of exceptional expenditures on authorized spending (percent), ceiling [7]	5.0			5.0		

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

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

[1] Program indicators under A. are performance criteria at end-June 2023, and indicative targets for end-March 2023.

[2] 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 4 falls short of forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

[3] The ceiling on domestic financing of the budget will be increased by the reductionin the float from 2021 of CFAF 115 billion. Starting in 2023, this adjustment will be capped at a maximum of CFAF 75 billion.

[4] External budgetary assistance (excluding net financing from the IMF).

[5] External budgetary grants.

[6] The floor on basic budget balance including budget grants will be adjusted if the amount of disbursements of external budgetary grants falls short of forecasts. The quarterly ceiling will be decreased pro tanto, up to a maximum of CFAF 30 billion.

[7] 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 2024

Measures	Rationale	Timetable	Progress	Comments
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	Met for March 2022	
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	Met for March 2022	
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 *Plan d'Investissement de l'Etat* 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 2023

Measures	Rationale	Timetable	Progress	Comments
Prior Action				
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	Met	
Structural Benchmarks				
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	Met	
3. Produce feasibility studies for the 9 largest investment projects prior to their inclusion in the 2022 *Plan d'Investissement de l'Etat*.	Improve public investment management and efficiency of public spending.	End-December 2021	Met	
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	Not Met	Implemented with a delay. The report has been published at the end of April 2022.
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	Met	
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	Met	
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	Met	
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		

Table 3. Niger: Proposed Prior Action and Structural Benchmarks (Concluded) December 2021—December 2023				
Measures	**Rationale**	**Timetable**	**Progress**	**Comments**
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 annual tax expenditure report online.	Protect revenue base and improve domestic revenue mobilization.	End-September 2022		
12. 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	Met	Implemented in advance. The report has been published in May 2022.
13. Fully automate the priority processes linked to the taxpayer register, customs declarations, and the accounting records of companies, followed by the implementation of measures to strengthen the capacity of the IT systems of the DGI and DGD, while respecting the technical and functional requirements and the timetable for implementation recommended by the IMF technical assistance	Protect revenue base.	End-March 2023		
14. Continue the process of full interconnection of DGD's and DGI's IT systems through the establishment of activities concerning the control of exchanges, VAT return consultation, customs permit consultation, motor vehicles consultations, and contentious cases consultation, while respecting the technical and functional requirements of the systems and the timetable for implementation recommended by the IMF technical assistance.	Protect revenue base.	End-September 2023		
15. Digitalize all budget expenditure emissions.	Improve the transparency and efficiency of public spending	End-September 2023		
16. Digitalize all expenditure authorizations	Improve the transparency and efficiency of public spending	End-December 2023		

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 Q2-2022 to Q2-2023. The performance criteria and indicative targets for June 2022 through June2023 are set out in Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of June 10, 2022. Structural benchmarks are outlined 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; (iv) the change in the stock of claims on the government forgiven by the private sector; (v) payments resulting from PPP contracts; and (vi) net income from privatizations . Net nonbank financing of the government is calculated by the Nigerien Treasury.

8. **The 2022 and 2023 quarterly targets** respectively concern the cumulative amounts since the beginning of 2022 and 2023 until 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.

11. **The ceiling on net domestic financing will also be adjusted for payments of the float related to previous year's expenditure.** For 2022, the ceiling on net domestic financing of the budget will be increased by the reduction in the float from 2021 of CFAF 115 billion. Starting in 2023, this adjustment will be capped at a maximum of CFAF 75 billion.

Reporting Requirement

12. **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

13. **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

14. 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

15. 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.

16. 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).

17. 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.

18. 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.

19. Currency Denomination. For program purposes, the value in CFAF of new external debt of 2022 and that of 2023 is respectively calculated using the exchange rates for end September 2021 and end April 2022, in the IMF's International Financial Statistics (IFS) database.

Exchange Rates (end September 2021)	
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

Exchange Rates (end April 2022)	
CFAF/SDR	836.6272
U.S. Dollar/SDR	1.3443
Euro/SDR	1.27543
Japanese Yen/SDR	174.625
U.K. Pound Sterling/SDR	1.0695
U.A.E. Dirham/SDR	4.93696

20. 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.

21. Reference rate. For any debt 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 Secured Overnight Financing Rate (SOFR) is 0.04 percent and will remain fixed for the duration of the program as will the spreads over six-month USD SOFR for interest rates in other currencies as follows: (1) The spread of six-month Euro LIBOR over six-month USD SOFR is -56.4 basis points; (2) The spread of six-month JPY LIBOR over six-month USD SOFR is -9.0 basis points; (3) The spread of six month GBP Sterling Overnight Interbank Average (SONIA) over six-month USD SOFR is 2.5 basis point; (4) For interest rates on currencies other than Euro, JPY, and GBP, the spread over six-month USD SOFR is 15 basis points. 5) Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR (rounded to the nearest 50 basis points) will be added.

Reporting Requirement

22. 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

23. 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.

24. 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.

25. If disbursements of external budgetary grants are lower than the amounts projected at the end of each quarter, as quantified in the performance criteria table (see Table 1 of the MEFP), the corresponding quarterly floor of the basic budgetary balance, including budgetary grants, will be reduced on a pro rata basis, up to a maximum of CFAF 30 billion**.**

26. 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.

Codification of Social Spending Activities

Budget Activities	Codes
Non-Social	00
Social-Health	11
Social-Education	12
Social-Social Protection	13
Social-Nutrition	14
Social- Hydraulics/Sanitation	15
Social-Others	19

27. 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

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

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

30. 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

C. Government Finance

31. 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 social expenditure (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.

D. Monetary Sector

32. 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).

E. Balance of Payments

33. 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.

F. Real Sector

34. 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.

G. Structural Reforms and Other Data

35. 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)			
Type of Data	**Table**	**Frequency**	**Reporting Deadline**
	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

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

June 29, 2022

I. Introduction

The Nigerien authorities express their gratitude to the Executive Board and the Management for their constant support. Niger is facing a challenging situation from a food crisis, climate and security shocks, and spillovers of the war in Ukraine. Despite these challenges, which have constrained the country's capacities, development, and poverty reduction objectives, the authorities remain firmly committed to the Fund-supported program and advancing their transformative agenda under the 2022-2026 National Development Plan PDES. In this context, they are deploying resources to ensure a more secure environment, food security, and investment in human capital through improvements in teaching quality and school infrastructure while reinforcing the state presence. Furthermore, the authorities have expressed their strong commitment to maintain their debt risk at a moderate level, preserve macroeconomic stability, strengthen people's safety and their propriety, and increase access to quality education.

The institutions, which resulted from the first democratic transfer of power, are attached to fulfill their commitments to improving governance and fighting corruption. In this regard, they will continue to strive for transparency, as shown by recent steps taken to publish the audit report of COVID- 19 spending. Their commitment to fight corruption is also noticeable, with many high senior officials brought to justice and sentenced for misuse of government funds or financial wrongdoing, which is the first of its kind.

II. Recent developments

The spread of the pandemic has been contained, which allows the authorities to start lifting containment measures. On the other hand, the war in Ukraine has triggered a price surge and a scarcity of fertilizers and staple foods. The volatile security conditions created by recurrent terrorist attacks and the severe rainfall shortage experienced in 2021 placed an enormous drag on public finances, causing a crowding-out effect on priority spending and public investments. As a result, populations are displaced and education, economic activities, agriculture, and livestock productions are disrupted. To address this situation, the authorities are improving the social climate and the delivery of basic services to support vulnerable segments. In this context, they have implemented a broad range of initiatives to avoid a subsequently failed agriculture campaign in 2022, which will be catastrophic. This includes an *emergency plan* followed by a *support plan for vulnerable people, measures in the agriculture sector,* an *irrigated agriculture 2022-2023 program,* and a *replacement program for straw-hut classrooms*.

Our visit during this review allowed us to witness firsthand the concerns faced by the authorities, notably food insecurity and challenges posed by straw-hut classrooms. Although the authorities undertook an action plan to resolve this issue and achieved satisfactory educational outcomes in some cases, it is worth noting that involved schools are confronted with safety problems and high risks of brutal interruption or dropout, with damages to the school curriculum and the country's development prospects. Considering that none of these challenges can be tackled without the security of people and their property, our authorities are compelled to allocate significant financial resources to the fight against terrorist attacks. This situation has been going on since the collapse of the Libyan state. Thus, Niger is one of the main victims of the Libyan conflict, without mentioning the spillover of Boko Haram from Nigeria and the jihadists from Mali.

On top of all these challenges, the unexpected change in World Bank's assistance policy to Niger has caught the authorities by surprise, who have expressed their concerns given the country's fragility and moderate debt level. This new reality could send a wrong signal contrasting the efforts made so far and the need to support fragile states. It highlights the need for a clear communication from our institutions.

II.1 Recent economic evolution

Agriculture production decelerated by 13.7 percent in 2021 (after increasing by 9.5 percent in 2020) due to a rainfall deficit, the impact of devastating insects, and challenging security conditions. As a result, the primary sector declined by 8.3 percent in 2021. The secondary sector increased by 5.4 percent in 2021, supported by the energy and construction sectors and the positive impact of a newly built cement plant after declining by 1.3 percent in 2020. Finally, the tertiary sector increased by 2.3 percent in 2020 and 7.7 percent in 2021 as activity strengthened in trade, hotel, catering, communication, and non-market services of the public administration. These developments resulted in a GDP deceleration from 3.6 percent in 2020 to 1.3 percent in 2021. On the price front, inflation hit 4.9 percent on an annual average in 2021, resulting from a supply shock on food and oil products.

The multiple shocks affecting Niger caused an increase in fiscal deficit from 5.4 percent of GDP in 2020 to 5.9 percent in 2021, mitigated by the positive budget support and an increase in revenue collection and strengthening spending efficiency. The accommodative monetary policy adopted to fight the pandemic allowed commercial banks to ease credit access to the economy. As a result, domestic claims increased by 9.18 percent. In the external sector, the rise in food product imports to compensate for the poor agricultural production in 2021 and the continuation of mining, oil, and infrastructure projects have caused the current account balance to deteriorate.

II.1 Implementation of the 2021-2024 ECF Arrangement

II.1.1 Program Performance

The program implementation at end-March 2022 was broadly satisfactory as all end-December 2021 and end-March 2022 structural benchmarks have been largely met. The prior action on regulating beneficial ownership information for COVID-19 related contracts and the Auditor General's audit report on 2020 COVID-19 related expenditure have been implemented, although the latter with some delay. The **Quantitative Performance Criteria** (QPC) on the *ceiling on net domestic financing of the government*; *accumulation of new external payments arrears*; *and ceiling on public and publicly guaranteed (PPG) external debt have been met*. However, all **Indicative Targets** (IT) have been met except for those on *cash revenue mobilization for end-March 2022, the ceiling on domestic financing,* and *the basic budget balance.* It is worth highlighting that social protection spending has been implemented with a large margin, and exceptional expenditure has been well contained within limits.

II.1.2 Reforms Implementation Under the New Program

The authorities made significant progress at institutional and operational levels in revenue-collection departments, public treasury, and budget directorate in advancing reforms agreed under the 2021-24 ECF arrangement. Their modernization program aims at strengthening domestic revenue mobilization through enhanced efficiency, monitoring, transparency, and tax compliance. In particular, the authorities have intensified the monitoring of petroleum products and information exchange with Niger's single window for foreign trade (GUCE) at the Customs Directorate (DGD); innovations at Tax Directorate (DGI) include the adoption of a strategic plan for 2022-24, the decentralization of services and service delivery through digitalization and electronic systems; the integration of local services into the Treasury Single Account implementation at the Directorate of Public Treasury (DGTCP); and the reinforcement of controls in budgetary and public expenditure procedures at the Directorate of Budget (DGB) and the decentralization of its services at the local level.

III. Economic perspectives in 2022 and on the Medium-Term

Niger's economic perspectives are optimistic for 2022 and beyond. The expected broad-based recovery supplemented by continuous investments and the discovery of large oil reserves in the Bilma and Kafra areas, the implementation of the 3N initiative and MCC projects in the agriculture sector, and large projects in the infrastructure and energy sectors will sustain the economic activity. Pipeline constructions for oil export via Benin and gas export to Europe through the African continent will also reinforce these perspectives. At a sectoral level, the primary sector would expand by 7 percent in 2022, supported by agriculture and livestock. The secondary sector will be impacted by the decline of 4.9 percent in Uranium activities but could achieve a growth of 5.5 percent, helped by the extractive industry and particularly oil exploitation; the annual growth of the tertiary sector will reach 7.1 percent on the back of vigorous activities in oil transportation through the pipeline construction and the dynamism of communications. Against this background, the GDP growth is projected to increase from 1.3 percent in 2021 to 6.9 percent in 2022. In the medium-term, the primary sector is expected to increase by 7.0 percent due to annual growth of 8.2 percent in agriculture and 4.7 percent in livestock. A similar upward trend is expected in the secondary and tertiary sectors and will contribute to a GDP growth of 7.2 percent in 2023, 12.5 percent in 2024, and 8.2 percent in 2025. Due to the continuation of the authorities' prudent fiscal and borrowing policies, Niger's moderate debt level will be preserved. Over the period of the projection, inflation will remain contained below the 3 percent target for the WAEMU monetary union.

IV. Policies and Reforms Undertaken

IV.1 The government's response to recent shocks

As immediate measures to respond to the recent multiple shocks, the government has deployed the following programs.

- ***Emergency Plan*** (November 2021- March 2022) amounting to CFA 160.24 billion and targeting 2,578,384 vulnerable people through multi-sectoral mitigation responses.
- ***Support Plan to Vulnerable People*** is the authorities' response to mitigate difficulties from the lean season, increase in staple food prices, and the impact of the deterioration of security conditions. It started at the beginning of 2022 and aimed at preventing food, nutritional and pastoral insecurity. It amounts to CFA 279.25 billion and targets at least 9,970,960 people from heterogenous groups with specific needs.
- ***Measures in the Agriculture Sector*** amount to 1.1 percent of GDP and aim at fighting food insecurity, reinforcing resilience, and preventing a consecutive production deficit. For the 2022-2023 crop year, an emergency support program for pastoral farming will be implemented. These measures include the improvements in irrigated agriculture, acquisition, and subsidized sales of cereals to vulnerable groups.
- ***Replacement of Straw-hut Classrooms:*** the authorities are pursuing two near-term objectives in the education sector. First, they will gradually build 37,000 classrooms in solid materials and at the best cost to replace straw-hut classrooms destroyed by fires that killed at least 42 children in 2021. Second, teachers' recruiting conditions are tightened to enhance the quality of education.

IV.2 Fiscal Policy

The government's fiscal policy is underpinned by a cautious approach and the necessity to increase fiscal space through further domestic revenue mobilization by ensuring traceability and tax compliance. Considering the need to accommodate a fiscal deficit of 6.6 percent of GDP to address competing spending demands facing Niger - notably in security, education, and social sectors - the authorities are committed to a revenue increase of 0.5 percent of GDP by contemplating enhancing measures in revenue administrations as well for spending efficiency. To finance the deficit, the authorities intend to recourse to the regional financial market. In the conduct of their fiscal policy, they put a strong focus on planning and implementing a comprehensive analysis of fiscal risks. Therefore, they will elaborate a fiscal contingency plan to strengthen transparency, credibility, and modernize PFM tools. Likewise, audit, inspection procedures, legislation, transparency, and traceability will be enhanced through the dematerialization of the expenditure chain.

In scaling up public investments, the government attaches a key priority to improving transparency and efficiency. To that end, the revision of the public procurement code supplemented by digitalization and targeted controls in procurement procedures and contracts will increase compliance. Good practices in public investments will be reinforced by requiring feasibility studies for projects exceeding CFA 5 billion, extending the AE/CP budgeting system, and awarding PPP contracts through competitive tendering procedures. Treasury management will be enhanced by using the TSA and electronic platforms.

IV.3 Financial Sector

Despite recent multiple shocks, Niger's financial system remained resilient and supportive as the credit to the economy has increased, and the banking system is well-capitalized and profitable. Although risks to financial stability have been contained, the level of NPLs has augmented in 2021 due to the pandemic. This loan portfolio deterioration is also prevalent in the microfinance sector, which remains fragile and fragmented. To address these vulnerabilities and strengthen the microfinance sector, the authorities will implement a consolidation plan to reinforce the supervisory and operational frameworks. Meanwhile, they will continue the goal of expanding financial inclusion by ensuring the provision of financial services to the population, particularly in rural areas.

IV.4 Oil Resource Management

Leveraging from experience and cognizant of the challenges linked to oil resources management, the authorities prioritize implementing an efficient and transparent management of the resources resulting from the oil exploitation. In particular, this management is expected to be brought under the control of the Ministry of Finance, and oil revenue channeled through the public treasury. The authorities are strongly committed to using these resources to advance the transformative economic program of Niger and diversify the drivers of economic growth. With support from the Fund, they expect to adopt by the end-2022 an oil revenue management strategy consistent with international best practices. In the context of implementing an oil resource management framework, it is important to underline that the authorities have made significant efforts to establish a collaboration mechanism involving the active participation of civil society and other stakeholders.

IV.5 Structural Reforms

To achieve sustained and inclusive growth, the authorities' reform agenda aims to improve the business climate, deepen financial inclusion, and enhance governance and the efficiency of the public sector. First, the authorities are creating enabling conditions for the private sector development. To this end, they will launch a public-private dialogue platform and enact the Charter of SMEs and the Small Business Act. The implementation of the National Strategy for Inclusive Finance and the development of mobile payment services, the operationalization of the Fund for the Development of Financial Inclusion, the Investment Fund for Food Security and Nutrition, and the National Fund for SMEs and SMIs will advance financial inclusion.

To strengthen human capital, investments in education will improve teaching quality, delivery, and infrastructures through recourse to well-trained teachers, construction of school buildings with durable materials and girls' boarding schools to take advantage of demographic dividend. The government puts a special emphasis on combatting corruption and disseminating good practices in public administrations to enhance governance. Finally, a particular focus will also be placed on the asset declarations of officials and the strengthening of the AML/CFT framework.

IV.6 Climate strategy

In recent years, the irregularity of rainfalls and recurrent episodes of droughts and flooding posed a major development challenge. Therefore, the authorities are especially engaged in combatting climate change and mitigating climate shock impacts, which otherwise will further increase poverty and inequalities. This is exactly the sense of the above-mentioned government's response to recent shocks. Following the revision of the Nationally Determined Contribution - A mechanism for implementing COP 21 agreement - in December 2021, its enforcement is being pursued at the regional level to alleviate the effects of climate change. Considering the government's priority in risk management and prevention, a strategy for adaptation of agriculture to climate change and a contingency plan against natural disasters are being implemented. The authorities are convinced that the green economy is a priority for addressing the effects of climate change and desertification. Therefore, a framework promoting the agricultural sector financing is under execution and benefits from facilities settled in the green economy framework and the Investment Fund for Food and Nutritional Security.

Conclusion

The Nigerien authorities welcome Board members and Management's support to their request for the ECF arrangement approved on December 8, 2021. While the government is engaged in fulfilling its commitments under the program, the efforts made so far to address recent shocks, including the food crisis emphasize the need for policies to be adapted to emerging risks and to adjust fiscal targets accordingly. Therefore, the authorities are requesting a modification of performance criteria for the ceiling on net domestic financing and indicative targets for the basic budget balance. Considering a broadly satisfactory program implementation and strong program ownership, we would appreciate Directors' support of the authorities' request for the completion of the First ECF Review and the authorities' request.