



# NIGER

July 2024

## FOURTH AND FIFTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND EXTENSION AND REPHASING OF ARRANGEMENT, AND FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUEST FOR EXTENSION AND REPHASING OF THE ARRANGEMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR NIGER

In the context of the Fourth and Fifth Reviews Under the Extended Credit Facility Arrangement, Requests for Waivers of nonobservance of Performance Criteria, and Extension and Rephasing of Arrangement, and First Review Under the Resilience and Sustainability Facility Arrangement, and Request for Extension and Rephasing of the Arrangement, 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 and summarizing the views of the Executive Board as expressed during its July 17, 2024, consideration of the staff report on issues related to the Fourth and Fifth Reviews Under the Extended Credit Facility Arrangement, Requests for Waivers of nonobservance of Performance Criteria, and Extension and Rephasing of Arrangement, and First Review Under the Resilience and Sustainability Facility Arrangement, and Request for Extension and Rephasing of the Arrangement.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 17, 2024, following discussions that ended on June 1, 2024, with the officials of Niger on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 28, 2023.
- A **Supplementary Information** prepared by the staffs of the IMF.
- A **World Bank Assessment Letter** Update for the Resilience and Sustainability Facility for Niger
- A **Debt Sustainability Analysis** prepared by the staff[s] of the IMF and the World Bank.

- A **Statement by the Executive Director** for Niger.

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## IMF Executive Board Completes the Fourth and Fifth Reviews of the Extended Credit Facility Arrangement and the First Review of the Arrangement under the Resilience and Sustainability Facility

FOR IMMEDIATE RELEASE

- *The IMF Executive Board completed today, the Fourth and Fifth reviews of Niger's Extended Credit Facility Arrangement (ECF), and the First Review of Niger's Arrangement under the Resilience and Sustainability Facility (RSF). The decision allows for an immediate disbursement of about US\$ 71 million cumulatively under the ECF and the RSF.*
- *Political instability and sanctions following the military takeover of July 2023 have severely and persistently affected economic and social conditions. Growth is expected to rebound briskly in 2024 to 10.6 percent due to the start of oil exports and ensuing spillover effects across the economy (notably in the transport sector), as well as increased production in the agricultural sector, and the lifting of sanctions.*
- *Program implementation was broadly on track at end-June 2023 but was subsequently disrupted by the political crisis, which led to the accumulation of external and domestic debt service arrears.*

**Washington, DC – July 17, 2024:** Today, the Executive Board of the International Monetary Fund (IMF) completed the Fourth and Fifth Reviews of Niger's economic and financial program supported by the Extended Credit Facility arrangement (ECF), and the First Review under the Resilience and Sustainability Facility arrangement (RSF). Niger's ECF was approved on December 8, 2021 (see [PR 21/366](#)) and complemented by the RSF in July 2023 (see [PR 23/256](#)). The two arrangements were extended by six months until December 2025 to ensure sufficient time to implement key reforms and support the authorities' fiscal consolidation efforts.

The completion of the reviews allows for the immediate disbursement of SDR 19.74 million (about US\$ 26 million) under the ECF—bringing total disbursements under the arrangement to SDR 157.92 million (about US\$ 210million)—and of SDR 34.216 million (about US\$ 45 million) under the RSF.

Program implementation was broadly on track at end-June 2023 but was subsequently disrupted by the political crisis, which led to the accumulation of external and domestic debt service arrears. Several structural benchmarks were not met, including the adoption of an oil-revenue management strategy. The authorities have taken corrective measures to address these deviations. Several reform measures under the RSF were implemented with delay or rephased to allow implementation.

The authorities have reaffirmed their commitment to the objectives of the ECF and RSF-supported programs—aiming to bolster macroeconomic stability and enhancing resilience to climate change. After the lifting of sanctions in February 2024, the authorities have resumed full collaboration with WAEMU institutions, despite exiting ECOWAS in late January 2024.

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

"Niger's economy has been severely affected by political instability and sanctions following the July 2023 military takeover. Nevertheless, the near- and medium-term economic outlooks have improved owing to the start of oil exports, the lifting of sanctions, and increased agricultural production. To contain downside risks, the authorities must rebuild fiscal buffers, improve debt management, enhance social safety nets, and strengthen governance and anti-corruption frameworks.

"Maintaining a strong commitment to program objectives and the agreed fiscal consolidation path amid the difficult context is key. Going forward, urgent priorities include adopting an oil revenue management strategy to ensure transparency and insulate fiscal policy against oil price volatility; revising the General Tax Code to broaden the base and increase efficiency; and reestablishing the Supreme Audit Institution to strengthen governance frameworks. The authorities are encouraged to pursue a prudent debt policy, seeking concessional financing, given tighter financing conditions.

"Accelerating domestic revenue mobilization is essential to create fiscal space for priority and development spending. The digitalization of tax and customs administrations and other administrative measures are expected to boost revenues. However, the authorities should also pursue efforts to rationalize tax exemptions, broaden the tax base, and increase revenues from the resource sector. Moreover, improving spending quality, particularly in health and education sectors, is key to strengthen the social contract.

"Fostering private sector development, supported by a stable financial system and financial inclusion, is vital for resilient and inclusive growth. In addition, advancing the governance agenda is crucial to address the country's sources of fragility. In that context, the authorities are encouraged to leverage the IMF capacity development support to strengthen fiscal transparency.

"Progress in implementing reforms under the RSF-supported program is welcomed. Stepped up implementation of the measures under the program is essential to build resilience to climate change and lay the foundations to unlock additional finance for climate-related investments."

### Niger: Selected Economic Indicators Table, 2022-29

	2022	2023		2024		2025	2026	2027	2028	2029
	Est.	ECF 3rd Review	Est.	ECF 3rd Review	Proj.		Projections			
(Annual percentage change)										
National income and prices										
GDP at constant prices	11.9	7.0	2.4	13.0	10.6	7.4	6.1	6.4	6.0	6.0
Export volume	-12.7	34.8	-12.3	110.2	113.0	52.5	6.9	0.6	1.3	1.1
Import volume	-0.4	11.2	1.2	12.1	14.7	10.1	6.0	6.4	5.7	5.7
CPI (annual average)	4.2	2.7	3.7	2.5	4.4	3.6	3.2	2.0	2.0	2.0
CPI (end-of-period)	3.1	2.9	7.2	2.5	3.0	4.7	2.5	2.0	2.0	2.0
Money and credit										
Broad money	11.9	15.2	-0.9	16.4	10.5	14.2	11.2	8.5	8.2	8.1
Domestic credit	17.1	23.5	10.6	14.3	25.5	12.3	7.2	5.6	4.4	3.9
Credit to the government (net)	54.7	122.0	120.6	27.0	74.3	14.8	5.6	1.2	-1.6	-3.4
Credit to the economy	12.6	7.1	-7.6	9.9	6.2	10.6	8.2	8.5	8.1	8.0
Credit to the private sector	11.3	8.1	-6.5	10.0	6.5	11.6	9.1	9.3	8.9	8.6
(Percent of GDP)										
Government finances										
Total revenue	10.1	11.2	8.7	13.5	9.4	10.6	11.0	11.4	11.9	12.2
Total expenditure and net lending	21.6	21.9	15.8	22.6	16.3	15.8	15.9	16.0	16.1	16.1
Current expenditure	10.0	9.9	9.6	10.1	9.6	9.8	9.7	9.6	9.4	9.5
Capital expenditure	10.8	11.0	5.6	12.6	6.4	6.1	6.4	6.6	6.8	6.8
Basic balance (excl. grants)	-5.4	-4.4	-3.7	-2.7	-2.4	-1.0	-0.7	-0.5	-0.1	0.2
Overall balance (incl. grants)	-6.8	-5.3	-5.4	-4.1	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0
Gross investment										
Non-government investment	19.0	22.1	19.3	20.5	14.5	13.9	13.8	13.3	12.5	12.3
Government investment	8.1	9.4	4.2	10.7	4.8	4.6	4.8	5.0	5.2	5.1
External current account balance (incl. grants)										
External current account balance (incl. grants)	-16.2	-12.2	-14.4	-5.2	-6.5	-4.1	-4.9	-5.4	-4.4	-5.0
External current account balance (excl. grants)	-17.6	-14.2	-15.4	-6.7	-7.1	-4.6	-5.4	-5.9	-4.8	-5.4
Total public and publicly-guaranteed debt										
Public and publicly-guaranteed external debt	33.0	32.6	32.5	30.9	28.7	27.6	27.0	26.9	27.3	27.9
NPV of external debt	22.7	21.1	22.3	19.4	18.9	17.9	17.3	17.1	16.9	17.2
Public domestic debt	17.6	18.7	24.1	17.4	23.7	22.3	21.8	21.3	20.6	19.8
(Billions of CFA francs)										
GDP at current market prices	9,621	10,535	10,197	12,143	11,718	13,013	14,207	15,418	16,670	18,024

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



# NIGER

June 28, 2024

## FOURTH AND FIFTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND EXTENSION AND REPHASING OF ARRANGEMENT, AND FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUEST FOR EXTENSION AND REPHASING OF THE ARRANGEMENT

### EXECUTIVE SUMMARY

**Context.** Political instability and sanctions following the military takeover last July have severely and persistently affected economic and social conditions. The security situation continues to exacerbate the country's fragility. While working on a new development strategy, the authorities have declared their firm commitment to the objectives of the ECF and RSF-supported programs. After the lifting of sanctions in February 2024, the authorities have resumed full collaboration with WAEMU institutions, despite exiting ECOWAS in late January 2024 (along with Burkina Faso and Mali).

**Economic developments.** Growth in 2023 is estimated at 2.4 percent, a sharp downturn from earlier projections. Disruptions in cross-border trade due to the sanctions combined with limited domestic food supply have increased inflationary pressures. Revenue shortfalls persisted throughout the second half of 2023, exacerbated by political events and unfolding effects of sanctions, resulting in a fiscal deficit of 5.4 percent of GDP, slightly above projections. Financial sector vulnerabilities remain elevated. Growth is projected to rebound briskly in 2024 to 10.6 percent due to the start of oil exports and ensuing spillover effects across the economy, as well as increased production in the agricultural sector and the lifting of sanctions. Despite higher growth, the scarring caused by repeated shocks and compounded by the sanctions will take time and resolve to be addressed.

**Program performance.** Program implementation was broadly on track at end-June 2023 but was subsequently disrupted by the political crisis. Due to the sanctions, the continuous QPC ceiling on the accumulation of new external payment arrears was breached between July 2023 and May 2024. The ceiling on net domestic financing was also breached in December 2023. All Indicative Targets (ITs) were met at all target dates, except for the floor on cash revenue. Several structural benchmarks (SBs) were not met, including the adoption of an oil-revenue management strategy, while some were implemented with delays. Regarding reform measures (RMs) under the RSF, one RM was implemented in line with the initial timetable and three RMs were assessed to be implemented with delay under the first RSF review. For forthcoming RSF reviews, six RMs are proposed to be rephased, while one RM related to the publication of a fiscal risk assessment, including a natural disasters-related risks analysis, is on track to be achieved in line with the initial timetable.

**Staff's view.** Staff supports the conclusion of the fourth and fifth reviews under the ECF and the first review of the RSF, together with the extension and rephasing of the two arrangements (ECF and RSF), which will result in the disbursement of SDR 19.74 million and SDR 34.216 million, respectively. Staff also supports the authorities' request for waivers for the non-observance of performance criteria and modification of performance criteria and indicative targets under the ECF. Staff assesses that despite the non-observance of these PCs, program objectives remain achievable, as the authorities committed to the following corrective measures: (i) implementation of the arrears clearance plan; (ii) adherence to the fiscal adjustment path under the program thus preventing excessive domestic financing; (iii) commitment to follow prudent debt policies over the program horizon, including reliance on concessional financing. The extension of the ECF program will support (i) implementing additional reforms, (ii) entrenching fiscal policies to reach and sustain the regional deficit target, and (iii) addressing the protracted balance of payments needs induced by the political turmoil. Given the authorities' strong commitment and the technical assistance pipeline, staff believes that RSF reform measures remain achievable over the program horizon.

Approved By  
**Annalisa Fedelino**  
**(AFR) and Fabian**  
**Valencia (SPR)**

An IMF team conducted a mission in Niamey, Niger during May 20 to June 1, 2024. The mission team comprised Antonio David (head), Guy Morel Amouzou Agbe, Yoro Diallo, Jens Reinke (all AFR), Jean-Marc Atsebi, Sylke von Thadden-Kostopoulos (both FAD), Yinhao Sun (SPR), Rasmane Ouedraogo (IMF Resident Representative), Mr. Abdou and Mr. Kimso (local economists). Mr. Cai (AFR) provided research assistance and Mrs. Delcambre (AFR) assisted with document and editorial management. The mission met his Excellency, Prime Minister and Minister of the Economy and Finance, Mr. Ali Mahamane Lamine Zeine, Minister of Foreign Affairs, Cooperation, and Nigeriens Abroad, Mr. Bakary Yaou Sangare, and Dr. Soumana Boubacar, Minister Chief of Staff of the President of the National Council for the Safeguard of the Homeland (CNSP). The mission also held working sessions with the Deputy Minister of the Economy and Finance, Mr. Moumouni Boubacar Saidou, the National Director of the BCEAO, Mr. Maman Laouali Abdou Rafa, as well as other senior government officials, private sector representatives, and development partners.

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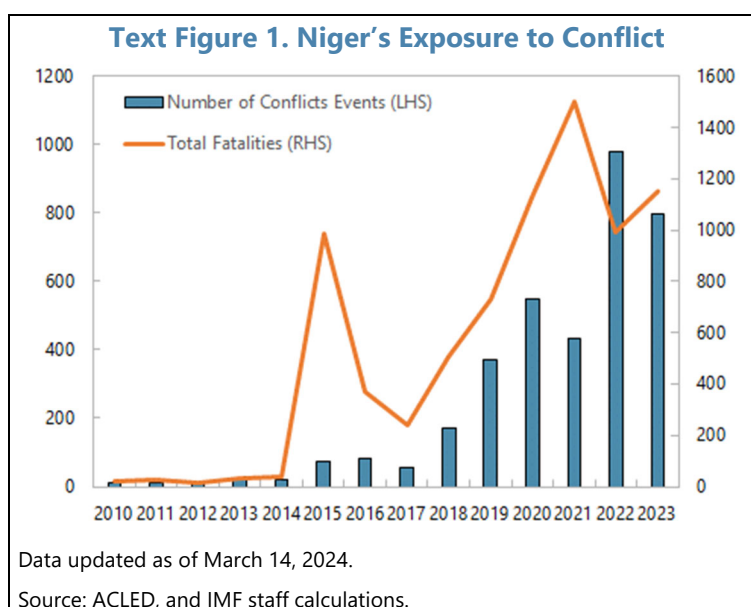
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## CONTEXT

**1. The military takeover in July 2023 changed the political equilibrium in Niger and strained the relationship with traditional development and regional partners.** President Bazoum was overthrown by a military coup, leading to the establishment of the National Council for the Safeguard of the Homeland (CNSP). General Tiani, the former head of the Presidential Guard, became the new President. This was the eighth coup since Niger's independence and the fifth to succeed. In the context of economic and financial sanctions imposed by ECOWAS and the WAEMU<sup>1</sup>, Niger—together with Mali and Burkina Faso—decided to form in September 2023 the Alliance of Sahelian States (AES) to foster economic and military cooperation.<sup>2</sup> In January 2024, regional political tensions escalated as the three countries decided to leave ECOWAS. Niger's relations with WAEMU institutions eventually normalized after the sanctions were lifted and Niger regained access to the regional capital market.

**2. The security situation continues to exacerbate the country's fragility.** The decline in conflict-related fatalities observed in 2022 has been reversed in 2023, despite a reduction in the number of events (Text Figure 1). Conflict adds to and intertwines with other factors contributing to fragility (Annex I).

**3. The authorities intend to adopt a new development strategy and have declared their firm commitment to the objectives of the ECF and RSF-supported programs.** The Resilience Program for the Safeguarding of the Homeland (PRSP) will be based on four pillars: (i) revitalizing the business climate, (ii) improving security management, (iii) reinstating good governance, and (iv) enhancing social cohesion. They are of the view that reform priorities supported under both arrangements remain fully pertinent, despite the change in the political landscape.



<sup>1</sup> The sanctions encompassed the suspension of cross-border trade in goods and services, financial transactions, as well as the freezing of Niger's financial and monetary assets at the Central Bank (BCEAO).

<sup>2</sup> The AES is to a large extent a revamp of the Liptako-Gourma Authority originally created in 1970.

## RECENT ECONOMIC DEVELOPMENTS, PROGRAM PERFORMANCE, AND OUTLOOK

### A. Recent Developments

**4. Political instability and sanctions have severely affected economic and social conditions.** Growth in 2023 is estimated at 2.4 percent—compared to 7 percent projected at the time of the 3rd ECF review—mainly due to the effects of sanctions and political instability on trade, investment, private and public consumption, as well as a relatively unfavorable agriculture season. Disruptions in cross-border trade due to the sanctions combined with limited domestic food supply have increased inflationary pressures, resulting in an inflation rate of 7.2 percent at end-December 2023. Despite lower-than-expected exports, the external current account deficit narrowed from 16.2 percent of GDP in 2022 to 14.4 percent of GDP in 2023, primarily due to diminished imports because of the sanctions and the economic slowdown. According to the World Food Program, 3.4 million people (13 percent of the population) are estimated to face acute food insecurity during the 2024's lean season. Furthermore, Niger is classified by UNHCR as the main country of asylum in West Africa with refugees and internally displaced persons representing around 3 percent of the population as of end March 2024.<sup>3</sup>

**5. The 2023 fiscal deficit outturn, at 5.4 percent of GDP, was marginally higher than programmed (Text Table 1).** Revenue shortfalls persisted throughout the second half of 2023, exacerbated by the political events and unfolding effects of sanctions. Other factors explaining the revenue underperformance in 2023 include delays in crude oil exports, the persistence of insecurity, and new tax policy measures aimed at alleviating inflation. Given the reduced financial support from traditional donors and the loss of access to the regional market, the authorities have significantly reduced expenditures, in particular capital expenditures. However, certain priority spending, including security, health, education, and food security, were preserved, being financed by tax revenues and domestic resources.

**6. Financial sanctions led to significant debt service arrears, but the authorities are committed to clearing them (Text table 2 and MEFP ¶20).** As of May 15, 2024, total debt service arrears amounted to CFAF 172.9 billion (1.5 percent of GDP). Moreover, the authorities incurred arrears to domestic suppliers, estimated at 0.7 percent of GDP as of April 2024. External debt service arrears are estimated at CFAF 64.5 billion (0.6 percent of GDP), while domestic arrears amount to 108.4 billion CFAF<sup>4</sup> (0.9 percent of GDP). The authorities developed a plan to settle the arrears (**Prior Action #1**) aiming for a complete clearance by the end of 2024, which should help to support the economic recovery. Staff assesses that there are credible plans to clear external arrears to

<sup>3</sup> <https://data.unhcr.org/en/country/ner>

<sup>4</sup> On April 26, 2024, the Nigerien authorities were able to return to the regional market and issue securities amounting to about CFAF 458 billion (3.9 percent of GDP). The proceeds of this issuance were used to repay part of the overdue domestic debt service obligations.

multilateral institutions, and that good faith efforts are ongoing to clear commercial arrears. Niger has outstanding debt service arrears to the following bilateral creditors: Belgium, China, France, India, Kuwait, Spain, Taiwan, Province of China, and the United Arab Emirates.<sup>5</sup>

		Billion CFAF			Percent of GDP		
		3rd Review Proj.	Est.	Diff	3rd Review Proj.	Est.	Diff
(1)	Revenues	1182.4	888.3	-294.1	11.2	8.7	-2.5
(2)	Budget grants (Incl. CCRT)	150.2	46.0	-104.2	1.4	0.5	-1.0
(3)	Current expenditure	1045.0	977.2	-67.8	9.9	9.6	-0.3
(4)	Domestically-financed investment	505.6	227.5	-278.1	4.8	2.2	-2.6
(5)	Net lending (pipeline)	99.6	59.5	-40.1	0.9	0.6	-0.4
(6) = (1)+(2)-(3)-(4)-(5)	Domestic balance	-317.6	-329.9	-12.3	-3.0	-3.2	-0.2
(7)	Foreign loan-financed investment	240.8	217.9	-22.9	2.3	2.1	-0.1
(8) = (6)-(7)	Fiscal balance (WAEMU definition)	-558.4	-547.8	10.5	-5.3	-5.4	-0.1
(9)	<i>Memo</i> : Foreign grant-financed investment	416.7	129.0	-287.7	4.0	1.3	-2.7

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

**7. After the lifting of sanctions, a number of development partners, including the World Bank and the African Development Bank, have resumed financing operations.** Some traditional bilateral partners already have active ongoing financing programs and the Nigerien authorities have also advanced in discussions with others for new financial support.

**8. At the regional level, the central bank has tightened monetary policy to respond to inflationary pressures and reserve losses.** BCEAO benchmark rates increased by a total of 50 basis points from July to December 2023. The policy rate has remained unchanged at 3.5 percent in May 2024.

**9. Financial sector vulnerabilities remain elevated, even if the repayment of debt service arrears on government securities alleviated some of the liquidity pressures in the banking system.** Preliminary estimates indicate that NPLs have increased by about 5.6 percentage points and stood at 22.6 percent as of end-December 2023. The system-wide capital adequacy ratio has also declined to 8.1 percent as of end-December 2023 and is now below the regional norm of 11.5 percent.<sup>6</sup>

<sup>5</sup> The Nigerien authorities have been engaging bilaterally with the Libyan authorities to reconcile and resolve pre-HIPC Initiative arrears to Libya. As the underlying Paris Club Agreed Minute was adequately representative and the authorities are making best efforts to resolve these amounts, such amounts continue to be deemed away under the Fund's policy on arrears to official bilateral creditors.

<sup>6</sup> The system-wide capital adequacy ratio when excluding banks with negative equity is estimated at 15 percent as of end-December 2023.

**Text Table 2. Niger: Total Amount of External Arrears by Creditor  
(in CFAF Billions, as of May 15, 2024) <sup>1</sup>**

Creditors	2023			2024		
	Principal	Interest	Total	Principal	Interest	Total
Multilateral	30.3	14.2	44.5	14.7	7.0	21.7
BOAD	13.4	6.4	19.8	11.6	5.5	17.1
World Bank <sup>2</sup>	9.7	4.7	14.4	0.0	0.0	0.0
IDB	2.7	0.4	3.1	0.0	0.0	0.0
FS-OPEP	1.7	0.3	2.0	2.1	0.4	2.5
FIDA	0.7	0.3	1.0	0.0	0.0	0.0
AfDB	1.0	1.5	2.5	0.0	0.0	0.0
BADEA	0.5	0.1	0.6	0.0	0.0	0.0
EIB	0.3	0.1	0.5	0.7	0.3	0.9
EBID	0.2	0.5	0.7	0.3	0.8	1.2
Bilateral	16.1	2.4	18.5	23.5	4.4	27.8
<i>Paris Club</i>	5.0	0.8	5.8	6.5	2.2	8.7
France	4.7	0.8	5.5	6.2	2.2	8.3
Belgium	0.3	0.0	0.3	0.3	0.0	0.3
<i>Non-Paris Club</i>	11.1	1.6	12.7	17.0	2.2	19.2
China	6.4	0.7	7.1	11.4	1.0	12.4
Kuwait	1.1	0.1	1.2	2.3	0.3	2.5
Saudi Arabia	1.9	0.4	2.3	0.0	0.0	0.0
India	1.4	0.2	1.7	3.0	0.6	3.6
Taiwan, Province of China	0.2	0.1	0.3	0.2	0.1	0.3
UAE	0.1	0.1	0.1	0.2	0.2	0.4
Commercial	4.7	2.8	7.6	9.4	5.6	15.0
Total	51.1	19.4	70.5	47.6	17.0	64.5

Sources: Nigerien authorities; and IMF staff calculations

1/ Authorities' estimates as of May 15, 2024. Arrears to Spain are estimated at 3 million CFAF. Excludes pre-HIPC arrears to Libya (see footnote 5)

2/ Arrears to the World Bank have been cleared at the end of April 2024

## B. Program Performance

### 10. Program implementation was broadly on track at end-June 2023 but was subsequently disrupted by the political crisis and the imposition of sanctions.

- **Achievement of quantitative performance criteria (QPCs) has been mixed.** The Government net domestic financing QPC was met at all target dates except for end-December 2023. The present value of new public and publicly guaranteed (PPG) external debt was met at all target dates. The continuous PCs on exchange restrictions, multiple currency practices, and import restrictions were observed. However, the continuous QPC ceiling on the accumulation of new external payment arrears was breached between July 2023 and May 2024.
- **All Indicative Targets (ITs) were met at all target dates, except for the floor on cash revenue.** The ITs on the basic budget balance—including and excluding grants—were met at all target dates. The ITs on social spending and the ratio of exceptional expenditures were met at all target dates. However, the IT on cash revenue floor was not met at any of the target dates.

- Several structural benchmarks (SBs) were not met, while some were implemented with delays (MEFP Tables 2 and 3).** Three out of the four continuous SBs were met in May 2024, but only one (out of three) was met in September 2023. The authorities continue publishing the beneficial ownership information of companies awarded non-competitive contracts (<https://www.arnp-niger.org/marches-passes-par-ed>). They intend to strengthen the legal instrument on public procurement procedures—from a circular to a decree—to systematically collect beneficial ownership information, reinforce compliance, and expand it to public limited companies. All three structural benchmarks related to the automation and interconnexion of tax and custom administrations systems were met. However, the two SBs related to the digitalization of expenditure orders and expenditure authorizations were not met and were implemented with delays. In addition, the SB related to the creation of the technical committee responsible for preparing a detailed report on projected revenue streams from crude oil production and assess fiscal risks was not met and was implemented with a delay in May 2024. Crucially, the adoption of the oil revenue management strategy, initially scheduled for end-September 2023, was not met and has been postponed to December 2024 (MEFP ¶23).
- The authorities have successfully implemented four reforms related to fiscal and disaster risks management (DRM) and the promotion of renewable energy initiatives, while most of the remaining ones are proposed to be rephased (MEFP Table 4).** The authorities have adopted and published a guide for the analysis of fiscal risks related to natural disasters (RM7, MEFP ¶153).<sup>7</sup> Further advancing the DRM agenda, the government has adopted an order to establish focal points in the relevant directorates of selected sectoral ministries to carry out the responsibilities defined in the new DRM law (RM9, MEFP ¶153). The studies on flood and drought risk were published on the national DRM data platform ([www.risques-niger.ne](http://www.risques-niger.ne)) (RM10, MEFP ¶153). Finally, the authorities have signed an order to create a new window within National Support Fund for Small and Medium Enterprises and Medium Industries (FONAP) to provide technical and financial support to enterprises investing in the field of renewable energy (RM11, MEFP ¶154). For the forthcoming RSF reviews, six RMs are proposed to be rephased, while one RM related to the publication of a fiscal risk assessment, including a natural disasters-related risks analysis, is on track to be achieved in line with the initial timetable (RM1-6, MEFP ¶155-56).

## C. Outlook and Risks

**11. The macroeconomic outlook is favorable with the removal of sanctions and the start of crude oil exports through the newly constructed pipeline in May 2024.**<sup>8</sup> Baseline projections incorporate the economic effects of the decision to leave ECOWAS (Annex II). Growth is expected to rebound briskly in 2024 to 10.6 percent due to the start of oil exports and ensuing spillover effects across the economy (notably in the transport sector), as well as increased production in the agricultural sector, and the lifting of sanctions. In addition, the re-opening of borders combined with

<sup>7</sup> [Publications du Ministère - Guide méthodologique pour la quantification des risques Budgétaires liés aux catastrophes naturelles - Ministère des Finances du NIGER \(gouv.ne\)](#)

<sup>8</sup> Crude oil production is expected to rise from 20,000 to 110,000 per day in the medium term.

the recovery of the agriculture sector should help contain inflationary pressures. Annual average inflation rate is projected at 4.4 percent in 2024 and 3.6 percent in 2025—the latter is partly due to the effects of exiting ECOWAS—before falling below the upper band of the WAEMU regional target of 3 percent in the medium term (Text Table 3). As oil exports ramp up, the current account deficit is projected to narrow to 6.5 percent of GDP in 2024 and average below 5 percent of GDP from 2025 and onwards.

**Text Table 3. Niger: Medium-Term Selected Economic Indicators**

	2023	2024	2025	2026	2027	2028	2029
	Est.			Projections			
	(Percent of GDP, unless otherwise indicated)						
GDP at constant prices (percent change)	2.4	10.6	7.4	6.1	6.4	6.0	6.0
Consumer price index, average (percent change)	3.7	4.4	3.6	3.2	2.0	2.0	2.0
Consumer price index, end of period (percent change)	7.2	3.0	4.7	2.5	2.0	2.0	2.0
Credit to the private sector (percent change)	-6.5	6.5	11.6	9.1	9.3	8.9	8.6
Total revenue	8.7	9.4	10.6	11.0	11.4	11.9	12.2
Total expenditure and net lending	15.8	16.3	15.8	15.9	16.0	16.1	16.1
Overall fiscal balance (commitment basis, incl. grants) <sup>1</sup>	-5.4	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0
External current account balance (excl. grants)	-15.4	-7.1	-4.6	-5.4	-5.9	-4.8	-5.4
External current account balance (incl. grants)	-14.4	-6.5	-4.1	-4.9	-5.4	-4.4	-5.0
Total public and publicly-guaranteed debt	56.6	52.5	49.9	48.8	48.2	47.9	47.7
Public and publicly-guaranteed external debt	32.5	28.7	27.6	27.0	26.9	27.3	27.9
Public domestic debt	24.1	23.7	22.3	21.8	21.3	20.6	19.8

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

<sup>1</sup> Includes CCRT debt relief.

**12. The risk of debt distress remains moderate.** Although the economy has been significantly impacted by sanctions, the commencement of oil exports this year, fiscal consolidation efforts, prudent debt policies, and the relatively favorable medium-term outlook will support the external and overall public debt distress ratings staying at a moderate risk level in the LIC DSA framework (DSA Annex). Nonetheless, increased reliance on higher-cost domestic financing has exacerbated rollover risks.

**13. Nonetheless, uncertainty around the baseline is significant, and downside risks dominate (Table 12).** A deterioration of the security situation could further affect economic activity. In addition, fiscal space could be compromised due to a tightening of global and regional financing conditions. Donor support may remain subdued, which could lead to delays in capital spending, including key investment projects. Persistence of political tensions with Benin could disrupt crude oil production and exports through the port of Seme (Benin) undermining the expected economic outcomes. Vulnerability to climate change and natural disasters could undermine the performance of the agricultural sector. External risks encompass commodity price volatility and the effects of an escalation of regional conflicts (e.g., Gaza-Israel). On the upside, the implementation of additional mining investment projects, involving gold and uranium, and the operationalization of a new oil refinery has the potential to boost medium-term growth.

## POLICY DISCUSSIONS

### A. Anchoring Fiscal Policy and Creating Space for Development Spending

**14. Consolidation efforts are set to continue in 2024 with the fiscal deficit projected at 4.1 percent of GDP.** The regional deficit target of 3 percent of GDP should be reached in 2025. The cumulative fiscal adjustment of 2.4 percent of GDP over 2023-25 will primarily result from increases in resource revenues, while expenditures growth is expected to be restrained (Text Table 4). The tightening of external financing (especially the reduction in donor flows relative to pre-coup projections) has put pressures on domestic financing, increased rollover risks, and further underpins the authorities' plans for fiscal restraint.

		Baseline	Consolidation		Aggregate
		2023	Δ 2023-24	Δ 2024-25	Δ 2023-25
(1)	Revenue, Natural Resources Sector	2.0	1.4	1.1	2.5
(2)	Revenue, Other	6.7	-0.7	0.1	-0.6
(3)	Budget grants (Incl. CCRT)	0.5	-0.1	0.0	-0.2
(4)	Domestic expenditure	12.4	-0.5	-0.2	-0.8
(5)	Foreign loan-financed capex	2.1	-0.2	0.3	0.1
(6) = (1)+(2)+(3)-(4)-(5)	Fiscal balance / total consolidation	-5.4	1.3	1.1	2.4
<i>Memo: Compound average GDP growth rate</i>			14.9%	11.1%	10.6%

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

**15. Domestic revenue mobilization continues to be challenging and could pose risks to the program objective of creating fiscal space for priority spending.** Revenue shortfalls have persisted into the first quarter of 2024. Cash revenue stood below the programmed target by CFAF 144 billion and declined by 19 percent y-o-y in nominal terms. This is due to a combination of factors including the effects of sanctions, which were more persistent than initially expected, delays in the start of crude oil exports, disrupted trade flows, and tax revenue advancements that were received in the last quarter of 2023. The situation was further exacerbated by increased insecurity, particularly affecting the Lomé-Ouagadougou-Niamey trade corridor. Consequently, tax revenue projections for 2024 have been revised downward by CFAF 539 billion. Over the medium term, this revenue gap relative to earlier projections is expected to narrow as the adverse factors contributing to lower revenue dissipate, and reforms in tax policy (such as the revision of the tax code) and revenue administration begin to yield positive outcomes.

**16. On the spending side, the allocation of resources will be guided by new priorities with a focus on security and social spending (health, education, food security, and social safety nets).** The authorities plan to recruit additional civil servants in the tax, education, and health administrations—noting structural capacity gaps in these critical government functions. This recruitment, coupled with salary increases, will result in an average yearly public wage bill increase of CFAF 35 billion (0.3 percent of GDP). Despite this increase, the wage bill as percentage of fiscal



revenues should remain below the 35-percent WAEMU norm.<sup>9</sup> Concurrently, social spending will be scaled up to support vulnerable populations and improve education and health indicators, notably through an average yearly increase in subsidies and transfers totaling CFAF 40 billion.<sup>10</sup> However, to adhere to the agreed-upon deficit target, the authorities have committed to deferring some lower-priority capital expenditures (MEFP ¶24).

**17. The adoption of an oil revenue management strategy by end-2024 remains a priority to protect the budget against fluctuations in oil prices and will be guided by a detailed roadmap (Prior Action #2).** The implementation of the structural benchmark planned for September 2023 was postponed due to the regime change. A technical committee has been created to conduct revenue forecasts for oil production and exports and assess fiscal risks (SB #6). Next steps include formally establishing a stabilization mechanism, featuring a reference price formula, a stabilization fund, and an expert committee for the implementation of the calculation of the reference price (SB #9). The strategy should also strengthen the budget preparation and execution processes to account for challenges in oil revenue management and ensure fiscal transparency and accountability (IMF Country Report 23/254).

**18. The authorities should pursue their prudent debt policy amid heightened vulnerabilities.** Although Niger’s risk of external and overall debt being is rated “moderate”, the uncertainty surrounding financing from some traditional creditors poses risks. Moreover, recent domestic issuances point to higher interest rates, reaching 9.35 percent for three-year maturity securities.<sup>11</sup> Greater reliance on domestic financing also exacerbates rollover risks. Staff advised the authorities to continue seeking concessional financing and grants, while increasing the average maturity of domestic debt to reduce refinancing risk.

### Mobilizing Domestic Revenues

**19. The need to increase revenues has become more pressing to safeguard program objectives (MEFP ¶25-28).** The authorities are implementing tax administration measures—primarily focusing on strengthening tax enforcement, fighting tax fraud, and collecting tax arrears, which are likely to yield only a modest net impact. To further increase non-resource revenues, staff advocated for the full implementation of these measures as well as additional efforts to boost property tax and resource revenues (see below). While the authorities see merits in staff’s additional

<sup>9</sup> The wage bill in Niger remains low relative to other low-income and developing countries (LIDCs) and other WAEMU countries. As of 2022, the wage bill in LIDCs and in other WAEMU countries amounted to about 6 percent of GDP on average according to the IMF FAD Government Compensation and Employment Dataset, compared to 3.6 percent of GDP in Niger. Government employment (as a share of the working age population) in Niger is also significantly lower than peers.

<sup>10</sup> Specifically, the increase in subsidies and transfers is linked to the expansion of social safety net programs, such as the in-kind food distribution, the resettlement of displaced persons, unconditional cash transfers under the National Safety Net Project, conditional cash transfers for education, targeted agricultural subsidies (including for irrigated crops), and free health care for pregnant women and children under 5.

<sup>11</sup> These interest rates are similar to the ones observed in recent issuances for Burkina Faso and Mali.

proposals, they argued that further internal analysis is needed before firmly committing to implementing these new measures. Therefore, discussions on the implementation of additional revenue measures and enhanced efforts to increase of non-resource revenues will be pursued in the next review.

- In the short term: efforts should be intensified to broaden the tax base by reducing tax exemptions and increasing the number of active taxpayers. In addition, it is crucial to fully implement the alignment of re-export duties on sugar and vegetable oils, and the specific export tax on crude oil, gold, and uranium, as included in the 2024 budget law.<sup>12</sup>
- In the medium term: actions should focus on revising and simplifying the general tax code, promoting digitalization, and pursuing strategies to boost revenues from mining and petroleum sectors. Further measures could include accelerating property and land registration by creating a cadaster and improving the estimation of property values in preparation for a future property tax.

**20. The authorities are pursuing the revision and simplification of the General Tax Code (CGI), albeit with some delays (MEFP ¶131).** The delays were due to the political turmoil and the suspension of technical assistance. The revised CGI is expected to be adopted by the council of Ministers by end-April 2025 (SB#4).

**21. The digitalization of tax and customs administrations and use of third-party data are critical to boost revenues (MEFP ¶129, 32-33).**

- The IT platforms of the tax and customs administrations are now exchanging information in real time. The next avenue for reforms should focus on exploiting the data to identify, assess, and prioritize key compliance risks.
- The free online platform (e-SECEF) and certified invoicing for VAT have contributed to increased VAT and CIT revenues. Controls, awareness campaigns, and communication efforts are, however, underway to increase the compliance rate for small enterprises and retailers.
- Progress on the deployment of the integrated tax and taxpayer information system (SISIC) is ongoing. The authorities should expand tax agency coverage in areas currently without representation.

### Enhancing Public Spending Quality

**22. Strengthening the social contract requires an improvement in the adequacy and quality of spending (MEFP ¶135-37).** Staff supports the authorities' efforts to preserve social spending and strengthen the social safety net. The authorities plan to replace 36,000 straw-hut classrooms with

<sup>12</sup> The re-alignment of re-export duties to match those on consumption is aimed at curbing fraudulent practices and errors in declarations, thereby reducing potential revenue losses.

classrooms made from durable materials. The government is also focused on implementing measures to increase the quality of education. Around 2,150 contractual teachers have already been converted to civil servants. To address gender inequality in education, the construction of girls' boarding schools remains a priority and the government is also supporting girls' school participation and retention through scholarships, transport grants, mentorship, and foster families. Nevertheless, progress in expanding the unified social registry and integrating it with other existing social databases, aiming at reaching 800,000 households by 2024, has been delayed due to the suspension of development partners' support. The deployment of new digital solutions, which has been delayed, should restart with the distributions of prepaid cards for the payment of scholarships and pensions in 2024.

### Strengthening Fiscal Governance

**23. The authorities agreed to incorporate the new Solidarity Fund for Safeguarding the Homeland (FSSP) into the budget (new SB#10), which will contribute to further improve fiscal transparency.** The FSSP is small, with total contributions of CFAF 13 billion (0.1 percent of GDP) between October 2023 and May 2024. Expenditures have remained well below total contributions.<sup>13</sup> In its current configuration, this fund may limit budget flexibility, while increasing governance risks by financing specific expenditures, such as displaced persons' resettlement and military spending, outside the regular budget framework (MEFP ¶38). Staff recommended that revenue and spending continue to be transparently reported and that the fund be subject to oversight by established budget audit mechanisms. Moreover, in the context of their programs, the World Bank will also update their fiduciary assessment by end-2024, which will include an evaluation and recommendations in terms of fiscal transparency, governance, and procurement.

**24. Authorities are making progress in reforms aimed at enhancing public financial management (MEFP ¶40, 44).** The double accounting system AE/CP budgeting (commitment authorizations/payment) will be expanded to all ministries by 2025. Other reform efforts include: (i) improving, simplifying, and digitalizing expenditure payment methods and supporting documents; (ii) revising the budgetary nomenclature and developing a guidance note to better codify expenditures; (iii) appointing officials for public management and programs.

**25. The expansion of the Treasury Single Account (TSA) to local governments should resume to strengthen cash management (MEFP ¶42).** Staff recommended conducting an inventory of bank accounts by public and publicly held entities in commercial banks, including those of local governments and closing the 34 accounts that remain open if the relevant projects they were financing have ended.

**26. A detailed analysis of fiscal risks and their implications has been conducted, and the authorities plan to publish a fiscal risks statement within the 2026 budget.** The fiscal risks

<sup>13</sup> Information on financial activities of the FSSP are publicly available on the website <https://fssp.ne/>

statement should cover macroeconomic risks, State-owned enterprises, and climate change risks. The authorities should elaborate a budget contingency plan to mitigate the identified fiscal risks.

**27. Monitoring and oversight of State-Owned Enterprises and public establishments are being strengthened (MEFP 143).** Several mergers of public establishments have been carried out and the quality of budgets submitted for the approval of the Minister of the Economy and Finance has improved. However, performance contracts have not yet been implemented.

## B. Addressing Challenges to Inclusive Growth, Governance and Transparency

### Strengthening Private Sector Development

**28. The Nigerien authorities are committed to improving the business climate to lay the foundations for an inclusive and private-sector-led growth (MEFP 145).** Several institutional and technical committees have been created to enhance the public and private sector dialogue framework established in 2022. A revised charter for the SMEs, aiming at enhancing their competitiveness and facilitating their access to financing, has been submitted for adoption. The operationalization of the one-stop foreign trade window ("*Guichet Unique du Commerce Extérieur*") offers a digitalized commercial ecosystem for the private sector, improving considerably efficiency and traceability.

**29. But additional efforts are indispensable to address challenges to private sector development.** These include: i) strengthening the representation of the private sector in the fiscal recourse arbitration committee<sup>14</sup>, ii) addressing higher transport and inputs costs associated with cross-border trade disruptions, and iii) simplifying the tax and investment codes.

### Promoting Financial Stability and Inclusion

**30. Financial inclusion is crucial to support private sector development, boost economic growth, and build resilience to shocks (MEFP 146).** Financial inclusion remains a priority for the authorities despite significant delays in the implementation of the country's national financial inclusion strategy (SNFI 2019-2023). An evaluation of the strategy, planned for 2024, will help refine policies, elaborate an action plan for a new strategy, and provide lessons to streamline actions to increase the financial inclusion of economically vulnerable populations, including women and youth in disadvantaged rural and urban areas. The elaboration of a national financial education program is still ongoing. The Nigerien authorities are committed to encourage digitalization through the promotion of mobile money and other digital service to foster financial inclusion.

<sup>14</sup> The fiscal recourse arbitration committee (Comité Arbitral des Recours Fiscaux : CARFI) is a committee that has been created to facilitate the resolution of disputes between the public and private sector. However, following the political crisis and sanctions, the activities of this committee have been significantly disrupted.

**31. The two main funds for the promotion of financial inclusion, FDIF and FONAP, are operational but face difficulties in mobilizing financial resources (MEFP ¶47-48).** An additional window centered on the development of Islamic finance services has been created in 2024 within the FDIF. Similarly, the FONAP created an additional window to provide more support to SMEs, particularly those operating in the sector of renewable energies. However, both the FDIF and the FONAP face challenges in mobilizing sufficient external financial resources from development partners.

**32. The microfinance sector still faces significant challenges despite the implementation of a restructuring plan (MEFP ¶49).** The license of TAANADI has been revoked under the initiative of the regulator (ARSM), but the two other large microfinance institutions (ASUSU and UCMN) are still under interim administration. The implementation of the regional-level (WAEMU) regulations on the microfinance sector adopted in December 2023 will support the restructuring and strengthening of the sector.

**33. Vulnerabilities in the banking sector remain high.** Non-performing loans remain structurally higher in Niger compared to the average of the WAEMU region. Elevated NPLs stem from concentration risks in certain banks' loan portfolios, the effects of sanctions, and payment delays in public procurement contracts. In order to address financial stability risks, staff emphasized the importance of strengthening internal controls, cash management, credit underwriting, portfolio monitoring and recapitalizing banks with negative equity, as needed. The implementation of recent WAEMU banking regulations, adopted at the regional level in 2023, including the increase in minimum regulatory capital requirements for banks from 10 billion CFAF to 20 billion CFAF is also essential.

### **Advancing the Governance Agenda**

**34. The new regime has placed the fight against corruption at the center of their agenda, but the dissolution of the Supreme Audit Institution (*Cour des Comptes*) is a significant step back (MEFP ¶50).** The authorities have created the Economic, Financial, and Tax Crime Fighting Commission (CoLDEFF) as the primary institution in the combat against corruption.<sup>15</sup> Since its creation, CoLDEFF has recovered funds amounting to CFAF 42 billion. However, the dissolution of the Supreme Audit Institution (*Cour des Comptes*) has led to an interruption in the monitoring of the recommendations of previous audit reports on COVID-19 spending and extractive sector, and the asset declaration of senior government officials. The authorities are preparing a new order to define the organization and operation of a new Supreme Audit Institution. Moreover, the authorities have requested a governance diagnostic assessment technical assistance mission from the IMF to identify weaknesses in existing frameworks and provide recommendations on how to address them.

**35. The authorities are advancing in strengthening the framework for combating money laundering and the financing of terrorism (MEFP ¶51).** They are transposing into their domestic

<sup>15</sup> CoLDEFF replaced the previous anti-corruption agency (HALCIA).

legal framework the new WAEMU regional law on combating money laundering, the financing of terrorism, and the proliferation of weapons of mass destruction (AML/CFT/WMD), which was adopted in 2023. They also continue to implement the recommendations of Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) 2021 mutual evaluation report. For instance, sectoral risk assessments have been undertaken to identify vulnerabilities to money laundering and the financing of terrorism and inform mitigation measures. However, the National Financial Information Processing Unit (CENTIF) faces significant capacity and financial challenges, such as a low rate of reporting of suspicious transactions by relevant sectors.

### C. Building Resilience to Climate Change

**36. The authorities remain committed to implement the RSF reform package, despite disruptions caused by political events and the interruption of technical assistance (MEFP 152-57).** In line with the requested rephrasing of RMs (Text Figure 2) and the revised timeline for relevant technical assistance, RSF implementation has advanced well with four RMs supporting disaster informed fiscal planning and management and the promotion of renewable energy sources being implemented:

- **Integrating disaster-related risks into fiscal planning.** Supported by IMF technical assistance, the guide for the analysis of fiscal risks related to natural disasters was published in May 2024 on the website of the MEF (**RSF First Review, RM7**). Moving ahead, important progress has been already made with the inclusion of a first quantitative natural disasters-related fiscal risk analysis in the Macroeconomic and Budget Framework Note 2025-2027. The authorities continue to enhance the analysis to publish it as a fiscal risks statement (**RSF Second Review, RM8**) with the multi-year economic and fiscal programming document (*Document de Programmation Budgétaire et Economique Pluriannuel DPBEP*).
- **Strengthening disaster risk reduction and management.** In line with the 2022 DRM law, the authorities adopted an order appointing DRM focal point in relevant directorates of five Ministries to assume the responsibilities on DRM, including: (i) preparation and implementation of sectoral disaster risk reduction plans, (ii) monitoring and evaluation of disaster risk reduction actions, (iii) disaster preparedness and response, and (iv) coordination of disaster risk management between Ministries (**RSF First Review, RM9**). To ensure its operationalization, the reform is complemented by support from the World Bank through its Integrated Urban Development and Multisectoral Resilience Project (PIDUREM) that will provide technical capacity to the DRM Units. The authorities with support from the WB published in June 2024 flood and drought risk assessments conducted in seven urban areas on the National DRM platform (**RSF First Review, RM10**).
- **Promoting renewable energy sources.** The Government signed an order in June 2024 to create a new window within the FONAP to provide financial and technical support to SMEs operating in the renewable energy sector (**RSF First Review, RM 11**). A priority is now the operationalization of the window and ensure that SMEs can benefit from it. In this context, the

World Bank will provide technical assistance for the development of the technical manual to specify the operational rules of the window. Additional measures are being taken, including (i) the drafting of a conceptual note to guide the operationalization of the window, and (ii) the setup of a consultation framework involving all stakeholders to mobilize local knowledge, funding and awareness-raising for SMEs on the technical assistance provided under the window. Considering weak implementation capacity and limited external funding, there is a risk that the window might become fully operational only in 2025.

- **Other important reforms aimed to improve the sensitivity of public investment management (PIM) to climate-related issues are also advancing well.** Technical assistance is being provided by the World Bank and the IMF to support the PIM related RMs (**RSF Second Review RM4 and RSF Third Review, RM5**). A guide for project preparation and assessment has been drafted and will be further strengthened by incorporating a methodology for climate vulnerability assessments and ensuring consultations with sectoral ministries. Informed by the guide, the revision of the 2021 PIM Order will be initiated in the second semester of 2024. The delay in the implementation of this reform (initially due in October 2023) is due to constraints related to the provision of technical assistance, which cannot be mobilized before the second half of 2024. While both RMs 4 and 5 are geared to enhance the authorities' capacities, legislation, and guidelines to assess climate risk exposure and prioritization of resilient public investments, RM6 (supporting the piloting of climate informed feasibility studies) may require additional time given the complexity and timeframe of such studies.
- **Work is also progressing well on RMs supporting planning and budgeting of climate-related spending.** The preparation of a methodology for tagging climate-related expenditures, spearheaded by the Ministry of Economy and Finance and the Ministry of Hydraulics, Sanitation and Environment, is now on track after being delayed by a year (**RSF Second Review, RM 1**). Accordingly, the other related RMs (2 and 3) -supporting the piloting of the CBT framework and amendment of the budget circular to mandate the deployment of the tool for sector ministries - are proposed to be rephased by 12 months in line with the original reform sequencing and availability of technical assistance.

**37. Establishing an environment conducive to scaling up climate finance is a key priority for the authorities.** There are important opportunities for improved access to climate finance by strengthening accreditation, coordination, and public financial management functions. With support from the World Bank, the government will conduct staff training on opportunities to develop new climate finance instruments (such as green bond, debt swap, insurance scheme, etc.) and unlock additional concessional climate finance. As part of Government's commitment to Article 6 of the Paris Agreement, the authorities have secured funding to elaborate a carbon market development strategy. Supported by the RSF arrangement, the authorities are implementing measures to improve climate informed planning and project quality, ultimately also leveraging private finance. Similarly, the creation of a conducive environment under the RSF arrangement to promote renewable energy aims to scale up private investment and to contribute to the country's energy transition.

## PROGRAM MODALITIES

**38. Fund engagement is crucial to provide fiscal space and catalyze support from other development partners.** Fund resources will be entirely used for budget support and help address protracted balance of payments needs stemming from: (i) deteriorating financing prospects from traditional sources, and (ii) vulnerabilities linked to insecurity, climate change, and other structural issues. The resumption of program reviews is crucial for other development partners to reignite financial assistance, especially budget support.

**39. The authorities have requested a six-month extension of the ECF arrangement to December 2025, as well as a rephrasing, and modification of performance criteria in light of the regime change, the new macroeconomic and policy environment, and to ensure sufficient time to implement key reforms.** The military takeover and the sanctions imposed by ECOWAS and the WAEMU have severely impacted the country's economic landscape and delayed the implementation of SBs as well as technical assistance supporting reforms. The extension of the ECF program will support (i) implementing additional reforms, (ii) entrenching fiscal policies to reach and sustain the regional deficit target, and (iii) addressing the additional protracted balance of payments needs induced by the political turmoil. Disbursements under the fourth and fifth reviews would be reduced to SDR 9.87 million each, and the remaining access would be available at the time of newly set eighth review with an end-June 2025 test date. Total disbursements under the ECF and RSF would remain unchanged (Tables 8a and 8b). In that context, the authorities are requesting a modification of the QPC on the ceiling on net domestic financing of the government, without IMF net financing for end-June 2024. These new targets are consistent with program objectives.



Figure 1. Niger: Proposed Revised RSF Reform Measures Timetable, 2024-25

	4 <sup>th</sup> and 5 <sup>th</sup> ECF Reviews (End June 2024)	6 <sup>th</sup> ECF Review (End December 2024)	7 <sup>th</sup> ECF Review (End June 2025)	8 <sup>th</sup> ECF Review (End December 2025)
	RSF 1 <sup>st</sup> Review	RSF 2 <sup>nd</sup> Review	RSF 3 <sup>rd</sup> Review	RSF 4 <sup>th</sup> Review
<b>Reform Area 1: Strengthening the planning and budgeting of climate- related spending</b>		<b>RM1 (Climate PFM).</b> Government to validate a methodology for tagging climate-related expenditures (CBT).	<b>RM2 (Climate PFM).</b> Government to apply the CBT framework for at least 4 sectoral ministries in their 2025 budget and share the results with IMF staff.	<b>RM3 (Climate PFM).</b> Government to amend the budget circular for the preparation of the 2026 budget to include instructions on identifying climate-related allocations in the 2026 budget preparation.
<b>Reform Area 2: Improving the sensitivity of public investment management to climate-related issues</b>		<b>RM4 (Climate PIM).</b> Government to develop and publish (on the website of the Ministry of the Economy and Finance) a guide defining the methodology for climate vulnerability assessments of public investment projects and programs.	<b>RM5 (Climate PIM).</b> Government to amend the order no. 0041 dated November 03, 2021—on the process of analysis and selection of projects and investment programs—to require the integration of climate change aspects in the various stages of public investment management (evaluation and selection) and to publish it on the website of the Ministry of the Economy and Finance. [on track]	<b>RM6 (Climate PIM).</b> Government to publish feasibility studies, including climate vulnerability assessments, for at least three public investment projects of more than 5 billion CFAF.
	<b>RM7 (Climate PFM).</b> Government to publish on the website of the Ministry of the Economy and Finance a guide for the analysis of fiscal risks related to natural disasters.	<b>RM8 (Climate PFM).</b> Government to publish a fiscal risks statement, including an assessment of natural disasters related risks, on the Ministry of the Economy and Finance website.		
<b>Reform Area 3: Enhancing disaster informed fiscal planning and management</b>	<b>RM9 (DRM).</b> Government to adopt an order to establish focal points consisting of at least two persons (one titular and one alternate) in the relevant directorates of three selected ministries to carry out the responsibilities defined in the new DRM law.			
	<b>RM10 (DRM).</b> Government to publish flood and drought risk assessments in key exposed areas on the National DRM Data Platform: <a href="http://www.risques-niger.ne">www.risques-niger.ne</a>			
<b>Reform Area 4: Promoting renewable energy sources</b>	<b>RM11 (Green Energy).</b> Government to create a new window (“Guichet”) within the FONAP that provides technical and financial assistance for improving the bankability of small and medium enterprises projects as well as their implementation in the field of renewable energy.			
				<b>Implemented</b> <b>Implemented with delay</b> <b>Rephased</b> <b>Not Rephased</b>

**40. The authorities also request waivers for the non-observance of the performance criterion on the accumulation of external payments arrears and for the performance criterion on the ceiling of net domestic financing of the government and the completion of the fourth and fifth reviews of the ECF arrangement.** The ceiling on new external arrears was breached as a result of sanctions imposed in the aftermath of the military takeover. Moreover, the deviation from the net domestic financing ceiling PC (by about 1 percent of GDP) was directly linked to sanctions, the ensuing lack of repayment of domestic debt service and the suspension of most external financing in the second half of 2023. Staff assesses that despite the non-observance of these PCs, program objectives remain achievable, as the authorities committed to the following corrective measures: (i) implementation of the debt service arrears clearance plan; (ii) adherence to the fiscal adjustment path under the program thus preventing excessive domestic financing; (iii) commitment to follow prudent debt policies over the program horizon, including reliance on concessional financing. The ceiling on the present value of new public and publicly guaranteed (PPG) external debt was recalibrated in line with the authorities' arrears clearance plan.

**41. An adjustor to the program's basic budget balance target has been introduced to accommodate priority spending and a more gradual adjustment path if additional external concessional financing materializes.** The basic budget balance target could be relaxed by an amount equivalent to 0.5 percent of GDP, expressed in billion CFAF, to accommodate security and other priority social spending to address the lingering effects of sanctions, provided that the authorities secure additional concessional budget-support financing (beyond the currently envisaged amounts). Any relaxation should be devoted to the spending priorities previously outlined, including health, education, food security, and social safety nets.

**42. The authorities request the completion of the first review of the RSF arrangement, as well as a six-months extension and rephasing of the supported reform measures to address: (i) delays in implementation due to the political crisis and (ii) the new timeline of related technical assistance.** The rephasing is determined by the authorities' capacity to implement the RMs and the availability of technical assistance. As such, six RMs will have to be rephased (Text Figure 2), except the one related to the publication of fiscal risks statement. However, the proposed rephasing of RMs does not impact the outcome of both reform streams. Staff believes that the revised schedule is feasible as it is aligned with the availability of technical assistance and the Government has shown a strong commitment to RSF implementation. Despite a fragile context and capacity constraints, three out of the initial six RMs due in October 2023 and one (initially due in June 2024) have been implemented as part of the RSF first review in June 2024.

**43. Niger's capacity to repay the Fund remains adequate but subject to significant downside risks.** Despite the challenging context in 2023, the favorable medium-term outlook underpins Niger's sufficient capacity to repay the Fund (Table 11). Repayment obligations to the Fund peak at 1.7 percent of exports in 2029 and 3.0 percent of fiscal revenues in 2027 while net disbursements are positive during the program period, amounting to 3.2 percent and 1.0 percent of exports in 2024 and 2025, respectively. Nonetheless, there are several potential risks to capacity to repay, including possible fiscal slippages as well as climate related shocks. The swift implementation

of the authorities' reform agenda and contingency measures in case adverse shocks materialize are factors mitigating such risks.

**44. The program is fully financed under the proposed extension and rephasing**, with firm commitments in the next 12 months and good prospects for the remaining program period (Text Table 5). The tightening of external financing underpins the authorities' plans for fiscal restraint. Any shortfall in financing will need to be addressed by contingency measures, including reductions in spending.

**45. Safeguards Assessment.** The 2023 BCEAO safeguards assessment found that the central bank continues to have well-established audit arrangements and a strong control environment. The BCEAO has still to align its statute with changes in the 2019 cooperation agreement with France.

**46. The authorities have requested technical assistance to support the implementation of the two programs.** Priorities include: (i) climate budget tagging, (ii) public investment management, (iii) treasury and debt management, and (iv) improving the compilation of government finance statistics.

	2023	2024	2025	2026
<b>Total Financing Requirement</b>	<b>1,272</b>	<b>985</b>	<b>967</b>	<b>1,092</b>
Current account deficit (excl. budget support grants)	1,514	798	569	728
Government amortization	57	211	147	143
Changes in FA excl. RSF disbursements (+: increase) <sup>1/</sup>	-299	-24	251	221
<b>Total Financing Source</b>	<b>1,210</b>	<b>893</b>	<b>849</b>	<b>994</b>
Foreign direct investment	557	225	139	172
Project-related financing	347	522	539	597
Other flows	306	145	170	225
<b>Financing Need</b>	<b>62</b>	<b>93</b>	<b>119</b>	<b>98</b>
Budget support	46	66	97	98
AfDB	...	...	...	...
BOAD	...	...	...	...
World Bank	28	...	...	...
Global Partnership for Education	...	15	15	15
EU	0	0	...	...
France	0	0	...	...
Luxembourg	...	12	12	12
Others <sup>2/</sup>	18	39	71	71
ECF	16	26	21	0
CCRT	0	0	0	0
<b>Residual Financing Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
RSF disbursement	0	48	32	0
Total changes in FA incl. RSF disbursements <sup>1/</sup>	-299	25	283	221

<sup>1/</sup> The amounts net out the transactions that affect liabilities other than Fund lending disbursements.  
<sup>2/</sup> The estimated amounts include the World Bank budget support for 2024-2026, which will be finalized once officially confirmed after the internal approval procedure.

## STAFF APPRAISAL

**47. Staff commends the authorities' efforts to implement the ECF and RSF supported programs, despite daunting challenges.** All quantitative performance criteria (QPCs) and indicative targets (ITs)—except the cash revenue floor—were met before the military takeover. However, regional sanctions and political turmoil disrupted the achievement of some QPCs and ITs. Most structural benchmarks have been implemented, albeit with some with delays, with the notable exception for the adoption of the oil revenue management strategy. Authorities are committed to adopt the oil revenue management strategy by end-2024 following the elaboration of a roadmap and further internal consultations. Despite the proposed rescheduling of several climate-related reform measures, the authorities have nonetheless succeeded in enhancing disaster-informed fiscal planning and management and in creating new instruments to promote renewable energy. These measures are expected to support the authorities' climate agenda in both adaptation and mitigation. Staff urges the authorities to maintain the reform momentum under the RSF.

**48. Economic activity is expected to rebound briskly this year with the commencement of oil exports, though downside risks remain.** The start of crude oil exports in May 2024 is expected to spur growth and increase fiscal revenues. Scaling up investment in irrigated agriculture should also support growth. Nonetheless, political tensions with Benin, security issues, and climate shocks pose risks to these positive prospects. Staff urges the authorities to accelerate measures to boost the private sector's contribution to growth for a more inclusive, diversified, and resilient economy, particularly by improving the investment climate and fostering financial inclusion.

**49. The fiscal deficit trajectory, aimed at converging to the WAEMU criteria of 3 percent of GDP by 2025, strikes the right balance between preserving sustainability and protecting development spending, given tight financing conditions.** Fiscal consolidation hinges on increases in resource revenues, while expenditures growth is expected to be restrained. Given the importance of resource revenues, the adoption of an oil revenue management strategy by end-2024 remains a priority to protect the budget against fluctuations in oil prices, strengthen the budget preparation and execution processes to account for challenges in oil revenue management, and ensure fiscal transparency and accountability. The reduction in donor flows has increased pressures to tap higher-cost domestic financing and exacerbated rollover risks. It further underpins the authorities' plans for fiscal restraint.

**50. Efforts to mobilize domestic revenue should be stepped up to safeguard the program objective of creating fiscal space for priority spending.** Staff encourages the authorities to make steadfast progress on the reform related to the revision and simplification of the general tax code, which is now scheduled to be implemented in April 2025. With the completion of the integration of the IT platforms of the tax and customs administrations, it is essential to leverage the shared data to identify, assess, and prioritize key compliance risks and undertake automated risks profiling. The momentum for digitalization reforms must be maintained, which includes continuing the deployment of SISIC and facilitating e-payments for taxes. Efforts to rationalize tax exemptions

should also be sustained. Reforming property taxes could also be a promising avenue to mobilize revenues.

**51. The commitment of the authorities to incorporate the FSSP in the budget is welcome.**

This would facilitate program monitoring with consolidated fiscal data, promote spending efficiency and transparency, while ensuring a more precise tracking of resources.

**52. Maintaining a prudent debt policy and improving the quality of spending are necessary given the narrow fiscal space.**

In the short term, it is essential to fully implement the arrears clearance plan to rebuild public trust and support the economic recovery. At the same time, it is crucial to continue to prioritize external financing in the form of concessional and semi-concessional loans and grants and avoid overreliance on high-cost domestic borrowing subject to rollover risks to finance the budget. In the medium and long-term, continuous efforts should be made to entrench sound macroeconomic policies, enhance debt management practices, improve public investment management, and increase public spending efficiency, in order to buttress debt sustainability.

**53. Strengthening governance, AML/CFT and anti-corruption frameworks is critical to support macroeconomic stability and sustainable economic growth.**

The dissolution of the Supreme Audit Institution is a significant setback, interrupting the auditing in the management of public resources and the asset declaration framework for senior government officials. Staff urges the authorities to expedite the establishment of a new independent Supreme Audit Institution to ensure transparency, accountability, and efficiency in the use of public resources. Staff also recommends enhancing the financial and administrative independence of the new anti-corruption agency, CoLDEFF and welcome the planned request for a governance diagnostic assessment. Staff also encourages ongoing efforts to ensure the full implementation of the GIABA recommendations to strengthen country's AML/CFT framework.

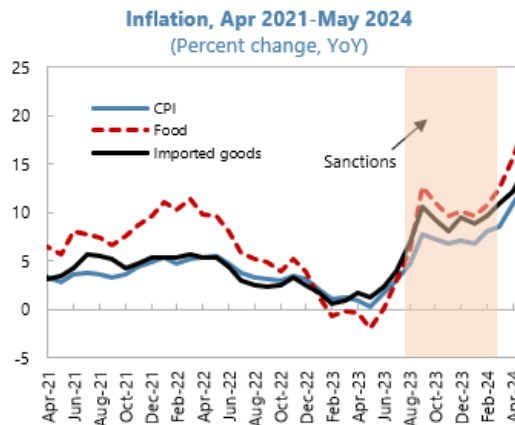
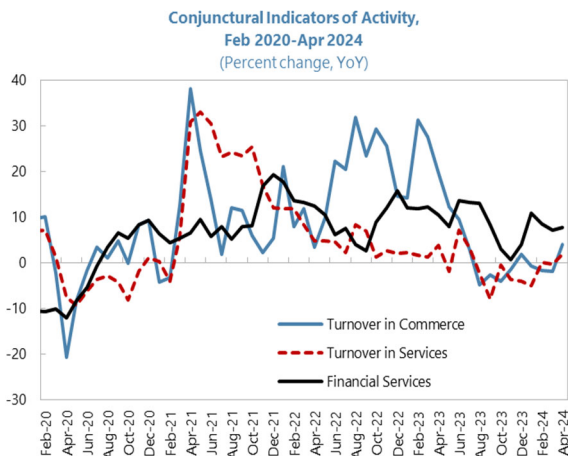
**54. Based on performance and commitments under the program, staff supports the completion of the fourth and fifth reviews under the ECF arrangement and the first review under the RSF arrangement.**

Staff also supports: (i) the request for the extension and the rephrasing of both arrangements, (ii) the request for modification of performance criteria and indicative targets under the ECF-arrangement, (iii) waivers for the non-observance of the performance criteria on the accumulation of external payments arrears and the ceiling of net domestic financing of the government, and (iv) the disbursement of the fifth and sixth tranches under the ECF arrangement and the related amount associated with implemented reforms under the RSF arrangement totaling SDR 19.74 million and SDR 34.216 million, respectively. Policies outlined in the attached MEFP are adequate to achieve the program's goals. Staff believes that RSF reform measures remain achievable given the authorities' strong commitment and the expected technical support from development partners.

**Figure 2. Niger: Recent Economic Developments**

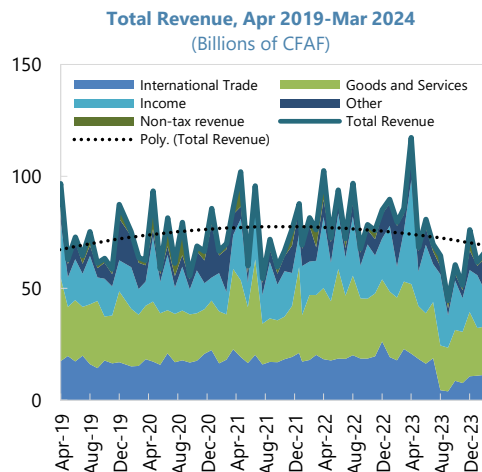
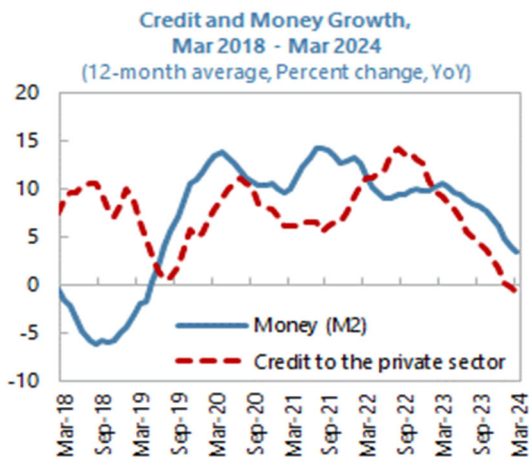
Services and commerce growth was severely affected by sanctions and political instability.

Inflationary pressures persisted in the first quarter of 2024, despite the lifting of sanctions.



Broad money growth and credit to the private sector declined markedly in the second half of 2023...

... and so have all categories of government revenue.

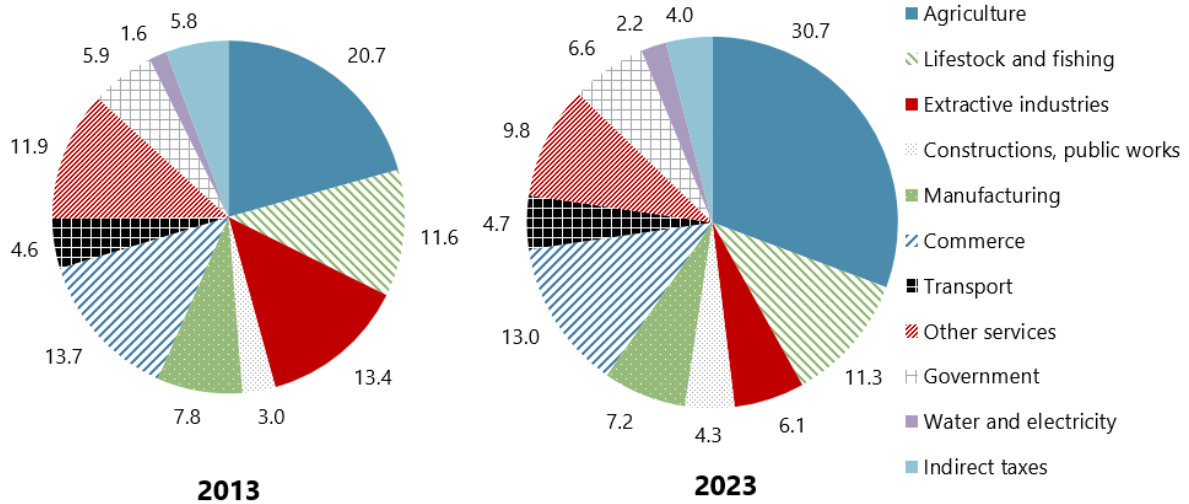


Source: Nigerien authorities; and IMF staff calculations.

**Figure 3. Niger: GDP Composition and Output Volatility**

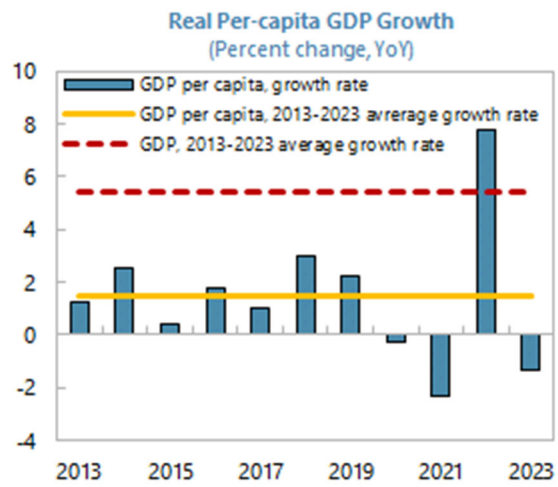
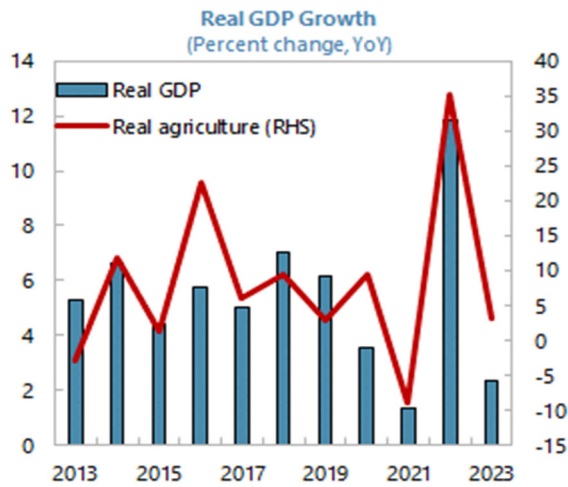
*The primary, extractive industries, and commerce sectors still dominate economic activity despite efforts to promote diversification.*

**GDP Composition, 2013 and 2023**



*GDP growth is highly volatile and is mainly driven by the impact of climate shocks on agriculture.*

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

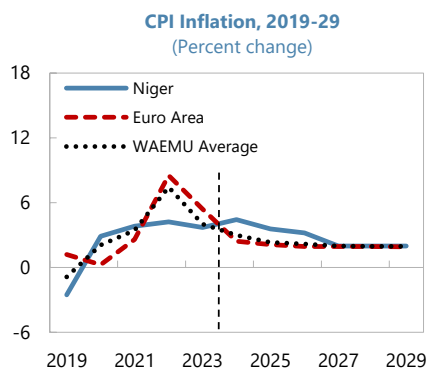
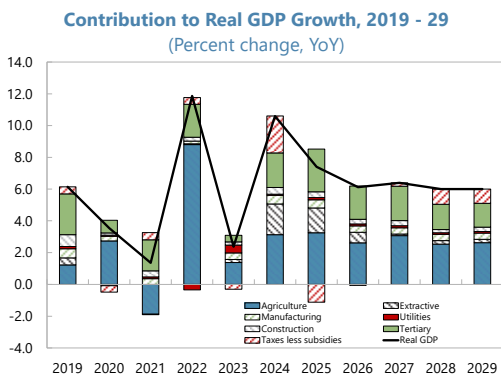


Sources: Nigerien authorities; and IMF staff calculations.

**Figure 4. Niger: Medium-Term Outlook, 2019-29**

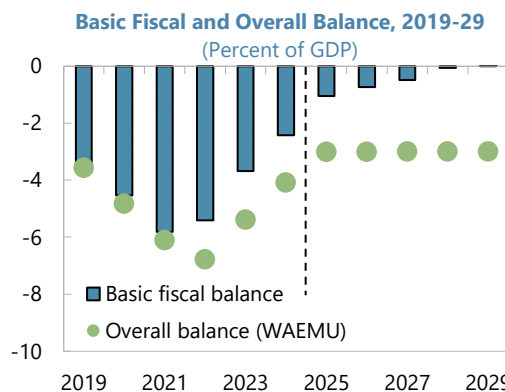
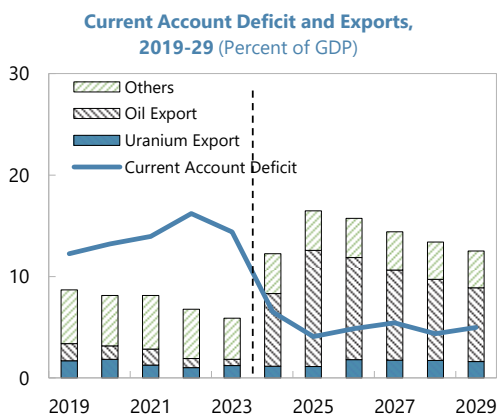
Growth should rebound in 2024 propelled by the extractive sector and a recovery in agriculture production.

Inflation should converge to the upper-limit of the WAEMU target band by end-2026.



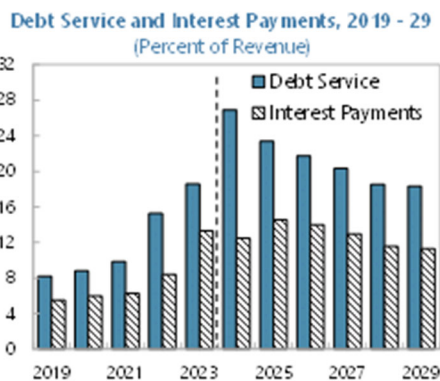
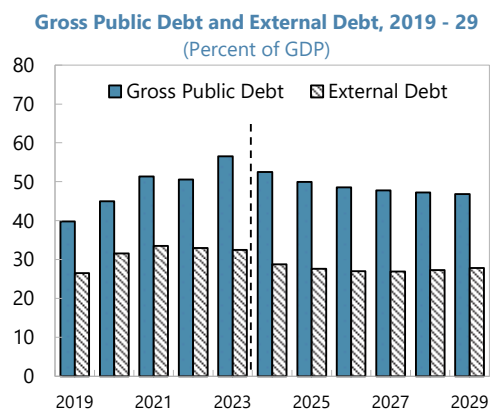
The current account deficit is projected to narrow over the near-term with higher oil exports.

Fiscal consolidation efforts to reach the regional deficit target will persist in the near-term.



Public debt should remain relatively contained despite large shocks...

...while the debt service burden is projected to gradually decline over the medium-term



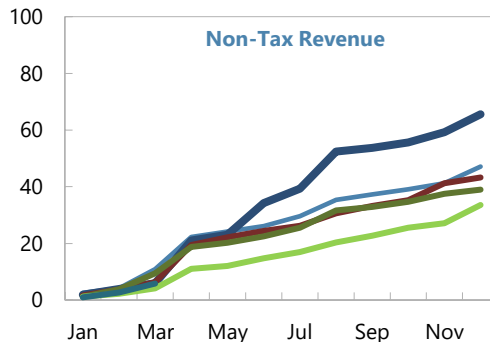
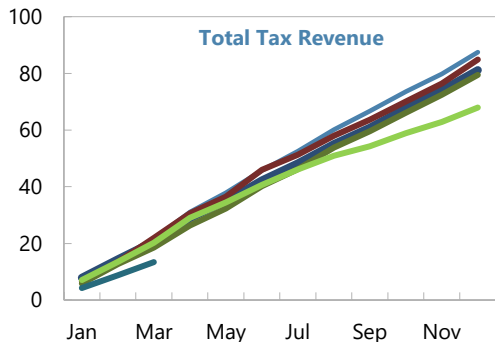
Source: Nigerien authorities; and IMF staff calculations.



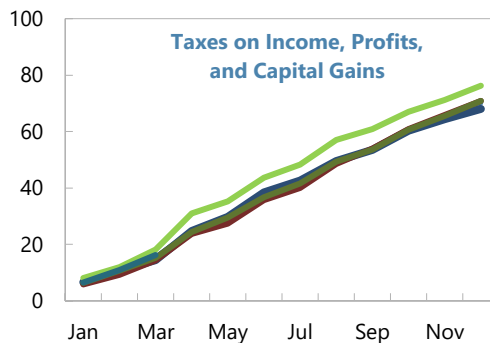
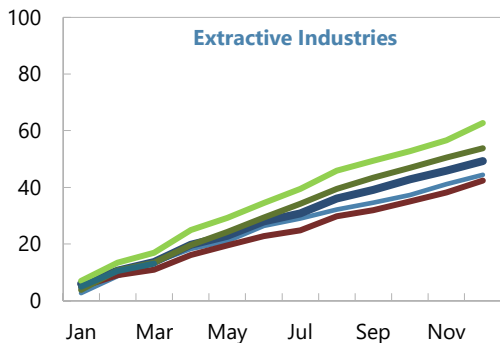
**Figure 5. Niger: Tax Performance, 2019-24**  
 (Cumulative values, December 2014 = 100, nominal GDP discounted)

— 2019 — 2020 — 2021 — 2022 — 2023 — 2024

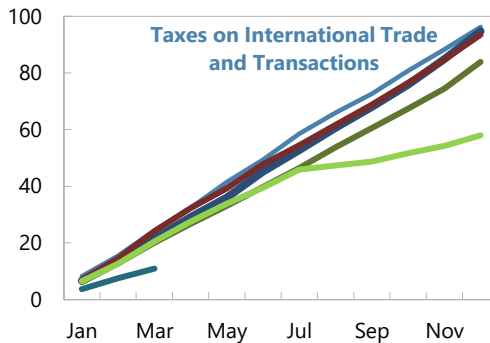
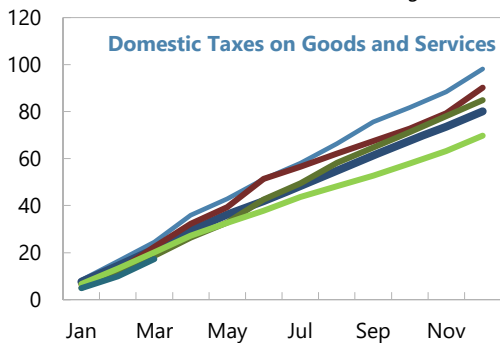
*Recent shocks, including the pandemic and security situation, have persistently adversely affected revenue collection...*



*...while the taxes on extractive industries and income have surpassed to pre-pandemic levels, ...*



*...taxes on goods and services and trade have not. In 2023, the political events and measures taken to alleviate the effects of higher inflation added to these trends.*



Sources: Nigerien authorities; and IMF staff calculations.

Table 1. Niger: Selected Economic and Financial Indicators, 2022-29

	2022	2023		2024		2025	2026	2027	2028	2029
		ECF 3rd Review	Est.	ECF 3rd Review	Proj.	Projections				
(Annual percentage change, unless otherwise indicated)										
National income and prices										
GDP at constant prices	11.9	7.0	2.4	13.0	10.6	7.4	6.1	6.4	6.0	6.0
Oil production (thousand barrels per day)	17	28	20	102	61	105	106	106	107	108
GDP deflator	4.0	2.4	3.5	2.0	3.9	3.4	2.9	2.0	2.0	2.0
Consumer price index										
Annual average	4.2	2.7	3.7	2.5	4.4	3.6	3.2	2.0	2.0	2.0
End-of-period	3.1	2.9	7.2	2.5	3.0	4.7	2.5	2.0	2.0	2.0
External sector										
Exports, f.o.b. (CFA francs)	-2.9	48.6	-7.9	108.2	138.8	49.4	4.3	-0.6	0.7	0.9
Of which: non-oil exports	4.7	18.6	-5.2	-3.5	10.8	9.5	23.7	5.7	5.9	4.7
Imports, f.o.b. (CFA francs)	17.0	5.7	-9.9	5.8	-3.2	11.3	8.3	1.6	-5.3	4.8
Export volume	-12.7	34.8	-12.3	110.2	113.0	52.5	6.9	0.6	1.3	1.1
Import volume	-0.4	11.2	1.2	12.1	14.7	10.1	6.0	6.4	5.7	5.7
Terms of trade (deterioration -)	-5.3	15.9	18.0	5.0	32.9	-3.1	-4.5	3.4	10.9	0.7
Government finances										
Total revenue	8.4	21.7	-8.6	39.1	24.4	24.7	13.4	12.6	12.8	10.8
Total expenditure and net lending	3.4	11.2	-22.4	18.8	18.6	7.4	10.3	9.3	8.6	8.0
Current expenditure	8.5	8.6	1.5	17.9	15.4	13.3	7.8	7.5	5.8	8.8
Capital expenditure	-3.7	11.9	-44.8	31.6	30.0	6.7	13.9	11.8	12.5	6.7
(Annual percentage change, unless otherwise indicated)										
Money and credit										
Domestic credit	17.1	23.5	10.6	14.3	25.5	12.3	7.2	5.6	4.4	3.9
Credit to the government (net)	54.7	122.0	120.6	27.0	74.3	14.8	5.6	1.2	-1.6	-3.4
Credit to the economy	12.6	7.1	-7.6	9.9	6.2	10.6	8.2	8.5	8.1	8.0
Net domestic assets	20.7	17.8	24.2	0.8	16.9	3.6	2.3	6.7	1.6	7.6
Broad money	11.9	15.2	-0.9	16.4	10.5	14.2	11.2	8.5	8.2	8.1
Velocity of broad money (ratio)	5.2	4.9	5.5	4.9	5.7	5.6	5.5	5.5	5.5	5.5
(Percent of GDP, unless otherwise indicated)										
Government finances										
Total revenue	10.1	11.2	8.7	13.5	9.4	10.6	11.0	11.4	11.9	12.2
Total expenditure and net lending	21.6	21.9	15.8	22.6	16.3	15.8	15.9	16.0	16.1	16.1
Current expenditure	10.0	9.9	9.6	10.1	9.6	9.8	9.7	9.6	9.4	9.5
Capital expenditure	10.8	11.0	5.6	12.6	6.4	6.1	6.4	6.6	6.8	6.8
Overall balance (commitment basis, incl. grants) <sup>1,2</sup>	-6.8	-5.3	-5.4	-4.1	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0
Gross fixed capital formation	27.2	31.5	23.6	31.2	19.3	18.5	18.6	18.2	17.6	17.3
Non-government investment	19.0	22.1	19.3	20.5	14.5	13.9	13.8	13.3	12.5	12.3
Government investment	8.1	9.4	4.2	10.7	4.8	4.6	4.8	5.0	5.2	5.1
Gross national savings	11.1	19.4	9.4	26.1	12.9	14.5	13.8	12.9	13.3	12.4
Of which: non-government	9.6	16.2	9.4	21.2	12.5	13.2	12.0	10.6	10.4	9.3
Domestic savings	9.1	16.8	8.1	24.2	11.9	14.3	14.0	13.3	13.9	13.2
External current account balance										
Excluding official grants	-17.6	-14.2	-15.4	-6.7	-7.1	-4.6	-5.4	-5.9	-4.8	-5.4
External current account balance (incl. grants)	-16.2	-12.2	-14.4	-5.2	-6.5	-4.1	-4.9	-5.4	-4.4	-5.0
Debt-service ratio as percent of:										
Exports of goods and services	12.8	13.2	8.7	7.1	12.2	7.1	6.6	6.9	7.0	7.3
Government revenue	15.3	18.5	11.9	11.8	23.0	13.9	12.1	11.1	10.3	10.0
Total public and publicly-guaranteed debt	50.6	51.3	56.6	48.3	52.5	49.9	48.8	48.2	47.9	47.7
Public and publicly-guaranteed external debt <sup>3</sup>	33.0	32.6	32.5	30.9	28.7	27.6	27.0	26.9	27.3	27.9
PV of external debt	22.7	21.1	22.3	19.4	18.9	17.9	17.3	17.1	16.9	17.2
Public domestic debt	17.6	18.7	24.1	17.4	23.7	22.3	21.8	21.3	20.6	19.8
Total arrears	...	...	4.6	...	0.0	0.0	0.0	0.0	0.0	0.0
Domestic arrears	...	...	3.9	...	0.0	0.0	0.0	0.0	0.0	0.0
External arrears	...	...	0.7	...	0.0	0.0	0.0	0.0	0.0	0.0
Foreign aid <sup>4</sup>	9.2	9.2	3.9	8.4	5.0	4.9	4.9	4.8	4.8	4.7
(Billions of CFA francs)										
GDP at current market prices	9,621	10,535	10,197	12,143	11,718	13,013	14,207	15,418	16,670	18,024
GDP at current prices (annual percentage change)	16.3	9.6	6.0	15.3	14.9	11.1	9.2	8.5	8.1	8.1

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

<sup>1</sup> Revenue including grants minus expenditure; WAEMU Anchor.<sup>2</sup> Includes CCRT debt relief.<sup>3</sup> The public debt projection numbers reflect the new IDA20 financing changes.<sup>4</sup> 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, 2022–29**  
(In billions of CFA francs)

	2022	2023		2024		2025	2026	2027	2028	2029
		ECF 3rd Review	Est.	ECF 3rd Review	Proj.					
Total revenue	972	1,182	888	1,644	1,105	1,378	1,563	1,759	1,985	2,200
<i>Of which:</i> cash revenue	940	...	864	...	1,023	...	...	...	...	...
<i>Of which:</i> natural resource revenue	179	221	206	466	402	584	584	566	559	594
Tax revenue	905	1,084	821	1,528	979	1,222	1,374	1,541	1,749	1,945
International trade	232	275	169	348	200	270	317	350	410	463
Goods and services	348	406	304	599	367	445	496	565	637	703
Income	243	307	278	458	332	411	459	511	560	625
Other	82	97	70	124	80	95	103	115	142	154
Nontax revenue	54	77	49	94	107	136	167	191	206	223
Special accounts revenue	13	21	18	22	19	20	22	28	30	32
Total expenditure and net lending	2,076	2,308	1,611	2,741	1,911	2,053	2,264	2,473	2,686	2,899
<i>Of which:</i> domestically financed	1,492	1,650	1,264	1,967	1,389	1,514	1,667	1,834	1,994	2,168
<i>Of which:</i> domestically financed, cash	...	...	...	...	...	...	...	...	...	...
Total current expenditure	962	1,045	977	1,232	1,128	1,277	1,377	1,480	1,566	1,704
<i>Of which:</i> supplier and interest arrears	0	0	0	0	0	0	0	0	0	0
Budgetary expenditure	951	1,014	939	1,196	1,093	1,239	1,336	1,435	1,517	1,651
Wages and salaries	346	350	367	442	397	432	467	501	536	571
Goods and services	133	146	116	161	155	170	184	204	221	246
Transfers and subsidies	353	388	316	435	360	392	425	463	500	557
Interest	119	131	141	158	182	246	261	267	260	277
<i>Of which:</i> external debt	43	38	41	35	35	35	37	38	41	44
Adjustments to fiscal expenditure	0	0	0	0	0	0	0	0	0	0
Special accounts expenditure <sup>1</sup>	11	31	38	35	34	38	42	45	49	53
Capital expenditure and net lending	1,113	1,263	634	1,509	784	776	887	993	1,120	1,196
Capital expenditure	1,040	1,163	574	1,531	747	797	908	1,015	1,141	1,217
Domestically-financed	456	506	227	757	225	258	311	375	450	486
<i>Of which:</i> domestically-financed, cash	...	...	...	...	...	...	...	...	...	...
Externally-financed	584	658	347	774	522	539	597	640	692	731
<i>Of which:</i> grants	378	417	129	452	292	249	239	216	163	118
loans	205	241	218	322	230	290	358	424	528	613
Net lending	73	100	60	-22	37	-21	-21	-21	-21	-21
Overall balance (commitment)	-1,104	-1,125	-723	-1,097	-806	-675	-701	-714	-701	-700
Overall balance <sup>2,3</sup>	-652	-558	-548	-497	-478	-390	-426	-462	-499	-539
Overall balance, excl. pipeline investment	-578	-459	-488	-518	-441	-411	-447	-483	-520	-560
Basic balance excl. budget grants	-520	-468	-376	-323	-284	-136	-104	-74	-10	32
Basic balance <sup>3</sup>	-446	-318	-330	-174	-248	-100	-68	-38	30	74
Change in payment arrears and float	37	0	-87	0	-5	0	0	0	0	0
<i>Of which:</i> change in payment arrears	0	0	0	0	-5	0	0	0	0	0
Overall balance (cash)	-1,066	-1,125	-810	-1,097	-811	-675	-701	-714	-701	-700
Financing	1,066	1,125	810	1,097	811	675	701	714	701	700
External financing	791	795	357	873	307	489	551	590	644	680
Grants	452	567	175	600	328	285	276	253	203	161
<i>Of which:</i> budget financing	74	150	46	148	36	36	36	36	39	43
Loans	436	401	218	424	260	351	419	485	595	684
<i>Of which:</i> budget financing	231	160	0	101	30	61	61	61	66	72
Amortization	-98	-173	-57	-150	-211	-147	-143	-148	-153	-165
Debt relief (incl. debt under discussion)	0	0	0	0	0	0	0	0	0	0
Net accumulation of external arrears (- = payment)	0	0	20	0	-71	0	0	0	0	0
Domestic financing	276	330	453	223	504	186	150	125	57	20
Banking sector	156	196	299	135	369	128	56	13	-17	-35
IMF	53	55	5	28	37	12	-35	-26	-23	-14
<i>Of which:</i> IMF RSF disbursement	0	42	0	28	48	32	0	0	0	0
Statutory advances (including other advances)	0	0	0	0	0	0	0	0	0	0
Deposits with BCEAO	30	7	164	57	74	54	-6	-26	-46	-66
<i>Of which:</i> Repayment of all types of arrears	0	0	0	0	466	0	0	0	0	0
Government securities net and others	74	134	131	51	259	63	98	66	53	46
Nonbanking sector and Others	120	134	154	88	135	58	94	112	74	55
<i>Of which:</i> Net accumulation of domestic arrears (- = payment)	0	0	33	0	-395	0	0	0	0	0

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

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

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

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

**Table 3. Niger: Financial Operations of the Central Government, 2022–29**  
(In percent of GDP)

	2022	2023		2024		2025	2026	2027	2028	2029
		ECF 3rd Review	Est.	ECF 3rd Review	Proj.					
Total revenue	10.1	11.2	8.7	13.5	9.4	10.6	11.0	11.4	11.9	12.2
<i>Of which:</i> cash revenue	9.8	...	8.5	...	8.7	...	...	...	...	...
<i>Of which:</i> natural resource revenue	1.9	2.1	2.0	3.8	3.4	4.5	4.1	3.7	3.4	3.3
Tax revenue	9.4	10.3	8.1	12.6	8.4	9.4	9.7	10.0	10.5	10.8
International trade	2.4	2.6	1.7	2.9	1.7	2.1	2.2	2.3	2.5	2.6
Goods and services	3.6	3.9	3.0	4.9	3.1	3.4	3.5	3.7	3.8	3.9
Income	2.5	2.9	2.7	3.8	2.8	3.2	3.2	3.3	3.4	3.5
Other	0.9	0.9	0.7	1.0	0.7	0.7	0.7	0.7	0.9	0.9
Nontax revenue	0.6	0.7	0.5	0.8	0.9	1.0	1.2	1.2	1.2	1.2
Special accounts revenue	0.1	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	21.9	15.8	22.6	16.3	15.8	15.9	16.0	16.1	16.1
<i>Of which:</i> domestically financed	15.5	15.7	12.4	16.2	11.9	11.6	11.7	11.9	12.0	12.0
<i>Of which:</i> domestically financed, cash	...	...	...	...	...	...	...	...	...	...
Total current expenditure	10.0	9.9	9.6	10.1	9.6	9.8	9.7	9.6	9.4	9.5
<i>Of which:</i> supplier and interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budgetary expenditure	9.9	9.6	9.2	9.9	9.3	9.5	9.4	9.3	9.1	9.2
Wages and salaries	3.6	3.3	3.6	3.6	3.4	3.3	3.3	3.3	3.2	3.2
Goods and services	1.4	1.4	1.1	1.3	1.3	1.3	1.3	1.3	1.3	1.4
Transfers and subsidies	3.7	3.7	3.1	3.6	3.1	3.0	3.0	3.0	3.0	3.1
Interest	1.2	1.2	1.4	1.3	1.6	1.9	1.8	1.7	1.6	1.5
<i>Of which:</i> external debt	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Adjustments to fiscal expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special accounts expenditure <sup>1</sup>	0.1	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital expenditure and net lending	11.6	12.0	6.2	12.4	6.7	6.0	6.2	6.4	6.7	6.6
Capital expenditure	10.8	11.0	5.6	12.6	6.4	6.1	6.4	6.6	6.8	6.8
Domestically-financed	4.7	4.8	2.2	6.2	1.9	2.0	2.2	2.4	2.7	2.7
<i>Of which:</i> domestically financed, cash	...	...	...	...	...	...	...	...	...	...
Externally-financed	6.1	6.2	3.4	6.4	4.5	4.1	4.2	4.1	4.1	4.1
<i>Of which:</i> grants	3.9	4.0	1.3	3.7	2.5	1.9	1.7	1.4	1.0	0.7
loans	2.1	2.3	2.1	2.7	2.0	2.2	2.5	2.7	3.2	3.4
Net lending	0.8	0.9	0.6	-0.2	0.3	-0.2	-0.1	-0.1	-0.1	-0.1
Overall balance (commitment)	-11.5	-10.7	-7.1	-9.0	-6.9	-5.2	-4.9	-4.6	-4.2	-3.9
Overall balance <sup>2,3</sup>	-6.8	-5.3	-5.4	-4.1	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0
Overall balance, excl. pipeline investment	-6.0	-4.4	-4.8	-4.3	-3.8	-3.2	-3.1	-3.1	-3.1	-3.1
Basic balance excl. budget grants	-5.4	-4.4	-3.7	-2.7	-2.4	-1.0	-0.7	-0.5	-0.1	0.2
Basic balance <sup>3</sup>	-4.6	-3.0	-3.2	-1.4	-2.1	-0.8	-0.5	-0.2	0.2	0.4
Change in payment arrears and float	0.4	0.0	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Of which:</i> change in payment arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash)	-11.1	-10.7	-7.9	-9.0	-6.9	-5.2	-4.9	-4.6	-4.2	-3.9
Financing	11.1	10.7	7.9	9.0	6.9	5.2	4.9	4.6	4.2	3.9
External financing	8.2	7.5	3.5	7.2	2.6	3.8	3.9	3.8	3.9	3.8
Grants	4.7	5.4	1.7	4.9	2.8	2.2	1.9	1.6	1.2	0.9
<i>Of which:</i> budget financing	0.8	1.4	0.5	1.2	0.3	0.3	0.3	0.2	0.2	0.2
Loans	4.5	3.8	2.1	3.5	2.2	2.7	2.9	3.1	3.6	3.8
<i>Of which:</i> budget financing	2.4	1.5	0.0	0.8	0.3	0.5	0.4	0.4	0.4	0.4
Amortization	-1.0	-1.6	-0.6	-1.2	-1.8	-1.1	-1.0	-1.0	-0.9	-0.9
Debt relief (incl. debt under discussion)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net accumulation of external arrears (- = payment)	0.0	0.0	0.2	0.0	-0.6	0.0	0.0	0.0	0.0	0.0
Domestic financing	2.9	3.1	4.4	1.8	4.3	1.4	1.1	0.8	0.3	0.1
Banking sector	1.6	1.9	2.9	1.1	3.2	1.0	0.4	0.1	-0.1	-0.2
IMF	0.5	0.5	0.0	0.2	0.3	0.1	-0.2	-0.2	-0.1	-0.1
<i>Of which:</i> IMF RSF disbursement	0.0	0.4	0.0	0.2	0.4	0.2	0.0	0.0	0.0	0.0
Statutory advances (including other advances)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with BCEAO	0.3	0.1	1.6	0.5	0.6	0.4	0.0	-0.2	-0.3	-0.4
<i>Of which:</i> Repayment of all types of arrears	0.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0
Government securities net and others	0.8	1.3	1.3	0.4	2.2	0.5	0.7	0.4	0.3	0.3
Nonbanking sector	1.2	1.3	1.5	0.7	1.2	0.4	0.7	0.7	0.4	0.3
Net accumulation of domestic arrears (- = payment)	0.0	0.0	0.3	0.0	-3.4	0.0	0.0	0.0	0.0	0.0

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

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

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

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

Table 4. Niger: Monetary Survey, 2022–29

	2022	2023		2024		2025	2026	2027	2028	2029
		ECF 3rd Review	Est.	ECF 3rd Review	Proj.					
(Billions of CFA francs)										
Net foreign assets	699	775	402	1,115	352	582	803	903	1,103	1,203
BCEAO	369	445	87	785	37	267	488	588	788	888
Commercial banks	331	331	315	331	315	315	315	315	315	315
Net domestic assets	1,163	1,370	1,444	1,381	1,688	1,748	1,788	1,909	1,939	2,086
Domestic credit	1,583	1,955	1,751	2,234	2,198	2,468	2,645	2,793	2,917	3,031
Net bank claims on government	226	501	497	636	867	995	1,051	1,064	1,048	1,012
BCEAO	70	132	232	217	343	409	367	314	245	164
Claims	397	452	393	480	430	442	407	380	357	343
<i>Of which: statutory advances</i>	0	0	0	0	0	0	0	0	0	0
Deposits	-327	-320	-161	-263	-87	-33	-40	-66	-112	-178
Commercial banks	156	368	265	419	524	587	684	750	802	848
Claims	396	531	423	581	682	745	842	908	960	1,006
Deposits	-162	-162	-158	-162	-158	-158	-158	-158	-158	-158
Credit to other sectors	1,358	1,454	1,254	1,598	1,332	1,473	1,594	1,729	1,869	2,019
<i>Of which: credit to the private sector</i>	1,199	1,271	1,121	1,398	1,194	1,333	1,455	1,590	1,731	1,880
Money and quasi-money	1,862	2,145	1,846	2,496	2,039	2,330	2,591	2,811	3,042	3,289
Currency outside banks	655	755	718	878	793	906	1,008	1,093	1,183	1,279
Deposits with banks	1,207	1,390	1,128	1,618	1,246	1,424	1,583	1,718	1,859	2,010
(Annual percentage change, unless otherwise indicated)										
Net foreign assets	-0.2	10.9	-42.6	43.9	-12.4	65.4	38.0	12.5	22.2	9.1
BCEAO	-12.0	20.6	-76.5	76.5	-57.7	627.3	82.9	20.5	34.0	12.7
Net domestic assets	20.7	17.8	24.2	0.8	16.9	3.6	2.3	6.7	1.6	7.6
Domestic credit	17.1	23.5	10.6	14.3	25.5	12.3	7.2	5.6	4.4	3.9
Net bank claims on the government	54.7	122.0	120.6	27.0	74.3	14.8	5.6	1.2	-1.6	-3.4
BCEAO	573.0	88.8	231.9	64.1	47.5	19.2	-10.2	-14.3	-22.0	-32.9
<i>Of which: statutory advances</i>	...	...	...	...	...	...	...	...	...	...
Commercial banks	-3.2	136.9	70.5	13.7	97.7	11.9	16.6	9.6	7.0	5.7
Claims	22.9	33.8	6.7	9.5	61.2	9.2	13.1	7.8	5.8	4.7
Deposits	0.0	0.0	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to other sectors	12.6	7.1	-7.6	9.9	6.2	10.6	8.2	8.5	8.1	8.0
<i>Of which: credit to the private sector</i>	11.3	8.1	-6.5	10.0	6.5	11.6	9.1	9.3	8.9	8.6
Broad money	11.9	15.2	-0.9	16.4	10.5	14.2	11.2	8.5	8.2	8.1
<i>Memorandum items:</i>										
Velocity of broad money (ratio)	5.0	4.9	5.5	4.9	5.7	5.6	5.5	5.5	5.5	5.5
Credit to the economy (percent of GDP)	14.1	13.8	12.3	13.2	11.4	11.3	11.2	11.2	11.2	11.2
Credit to the private sector (percent of GDP)	12.5	12.1	11.0	11.5	10.2	10.2	10.2	10.3	10.4	10.4
GDP at current prices (annual percent change)	16.3	9.6	6.0	15.3	14.9	11.1	9.2	8.5	8.1	8.1

Sources: BCEAO; and IMF staff estimates and projections.

**Table 5. Niger: Balance of Payments, 2022–29**  
(In billions of CFA francs, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028	2029
		ECF 3rd Review	Est.	ECF 3rd Review	Proj.					
Current account balance	-1,560	-1,290	-1,468	-629	-762	-532	-692	-839	-727	-900
Balance on goods, services, and income	-1,898	-1,704	-1,740	-1,043	-1,054	-803	-944	-1,100	-997	-1,181
Balance on goods	-1,170	-951	-1,041	-30	-154	375	319	276	394	327
Exports, f.o.b	653	954	601	1,986	1,435	2,143	2,235	2,221	2,236	2,256
Uranium	99	148	124	125	136	147	259	271	288	294
Oil	86	294	64	1,349	839	1,491	1,429	1,369	1,333	1,311
Other products	468	511	413	512	459	505	546	581	614	651
Imports, f.o.b	1,822	1,905	1,642	2,016	1,588	1,768	1,916	1,945	1,842	1,929
Food products	463	445	299	437	372	411	436	455	467	481
Petroleum products	125	110	111	131	131	140	144	144	145	147
Capital goods	543	596	736	587	548	603	670	674	621	661
Other products	693	754	495	860	537	614	666	673	609	640
Services and income (net)	-728	-752	-700	-1,013	-901	-1,178	-1,264	-1,375	-1,391	-1,508
Services (net)	-588	-615	-567	-830	-724	-941	-991	-1,049	-1,021	-1,090
Income (net)	-140	-138	-133	-183	-176	-237	-273	-327	-370	-418
Of which: interest on external public debt	-43	-38	-41	-35	-35	-35	-37	-38	-41	-44
Unrequited current transfers (net)	338	414	272	414	293	271	253	260	270	281
Private (net)	203	213	175	232	222	200	183	191	198	206
Public (net)	135	201	97	183	71	71	70	70	72	75
Of which: grants for budgetary assistance	74	150	46	148	36	36	36	36	39	43
Capital and financial account	1,551	1,366	1,082	969	782	762	913	939	927	1,000
Capital account	435	475	178	519	378	345	344	330	286	251
Private capital transfers	57	58	49	67	86	96	105	114	123	133
Project grants	378	417	129	452	292	249	239	216	163	118
Nonproduced, nonfinancial assets	0	0	0	0	0	0	0	0	0	0
Financial account	1,116	891	904	450	404	417	569	610	640	749
Direct investment	597	594	557	212	225	139	172	133	167	181
Portfolio investment	157	67	195	43	87	79	84	95	97	105
Other investment	362	230	152	195	91	199	312	382	376	463
Public sector (net)	343	233	166	269	45	197	264	326	441	519
Disbursements	436	401	218	424	260	351	419	485	595	684
Loans for budgetary assistance	231	160	0	101	30	61	61	61	66	72
Project loans	205	241	218	322	230	290	358	424	528	613
Amortization	98	173	57	150	211	147	143	148	153	165
Other (net)	19	-4	-15	-74	46	2	49	56	-65	-56
Errors and omissions	6	0	0	0	0	0	0	0	0	0
Overall balance	-2	76	-386	340	20	230	221	100	200	100
Financing	2	-77	386	-340	-20	-230	-221	-100	-200	-100
Net foreign assets (BCEAO, -: increase)	51	-77	299	-340	50	-230	-221	-100	-200	-100
of which: RSF disbursements	...	42	0	28	48	32	...	...	...	...
of which: net use of Fund resources other than RSF disbursements	53	12	5	-1	-12	-19	-35	-26	-23	-14
of which: SDR allocation <sup>1</sup>	...	...	...	...	...	...	...	...	...	...
Net foreign assets (commercial banks, -: increase)	-49	0	16	0	0	0	0	0	0	0
Rescheduling obtained	0	0	0	0	0	0	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0	0	0
Exceptional financing from the RCF	...	...	...	...	...	...	...	...	...	...
Exceptional financing from the CCRT	0	...	...	...	...	...	...	...	...	...
Change in arrears	...	...	71	...	-70	0	0	0	0	0
<i>Memorandum items:</i>										
Current account balance, excluding grants	-1,695	-1,491	-1,565	-812	-833	-603	-762	-909	-799	-975
Exports of goods and services	1,156	1,659	1,215	2,750	2,079	2,686	2,861	2,839	2,920	3,004
Changes in foreign assets excl. RSF disbursement (BCEAO, -: increase) <sup>2</sup>	-1	-89	294	-339	62	-211	-186	-74	-177	-86
Changes in foreign assets incl. RSF disbursement (BCEAO, -: increase) <sup>2</sup>	-1	-131	294	-368	13	-242	-186	-74	-177	-86
Pooled gross international reserves, WAEMU (in USD billion)	18.4	...	17.5	...	...	...	...	...	...	...
Pooled gross international reserves, WAEMU (in CFAF billion)	11,397	...	10,759.8	...	...	...	...	...	...	...
In months of next year's imports of goods and services	4.1	...	3.6	...	...	...	...	...	...	...
In percent of broad money	24.9	...	21.5	...	...	...	...	...	...	...
GDP at current prices	9,621	10,535	10,197	12,143	11,718	13,013	14,207	15,418	16,670	18,024

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

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

<sup>2</sup> The amounts net out the transactions that affect liabilities other than Fund lending disbursements and repayments and the SDR allocation.

**Table 6. Niger: Balance of Payments, 2022–29**  
(In percent of GDP)

	2022	2023		2024		2025	2026	2027	2028	2029
		ECF 3rd Review	Est.	ECF 3rd Review	Proj.					
Current account balance	-16.2	-12.2	-14.4	-5.2	-6.5	-4.1	-4.9	-5.4	-4.4	-5.0
Balance on goods, services, and income	-19.7	-16.2	-17.1	-8.6	-9.0	-6.2	-6.6	-7.1	-6.0	-6.6
Balance on goods	-12.2	-9.0	-10.2	-0.2	-1.3	2.9	2.2	1.8	2.4	1.8
Exports, f.o.b	6.8	9.1	5.9	16.4	12.2	16.5	15.7	14.4	13.4	12.5
Uranium	1.0	1.4	1.2	1.0	1.2	1.1	1.8	1.8	1.7	1.6
Oil	0.9	2.8	0.6	11.1	7.2	11.5	10.1	8.9	8.0	7.3
Other products	4.9	4.9	4.1	4.2	3.9	3.9	3.8	3.8	3.7	3.6
Imports, f.o.b	18.9	18.1	16.1	16.6	13.6	13.6	13.5	12.6	11.0	10.7
Food products	4.8	4.2	2.9	3.6	3.2	3.2	3.1	3.0	2.8	2.7
Petroleum products	1.3	1.0	1.1	1.1	1.1	1.1	1.0	0.9	0.9	0.8
Capital goods	5.6	5.7	7.2	4.8	4.7	4.6	4.7	4.4	3.7	3.7
Other products	7.2	7.2	4.9	7.1	4.6	4.7	4.7	4.4	3.7	3.6
Services and income (net)	-7.6	-7.1	-6.9	-8.3	-7.7	-9.1	-8.9	-8.9	-8.3	-8.4
Services (net)	-6.1	-5.8	-5.6	-6.8	-6.2	-7.2	-7.0	-6.8	-6.1	-6.0
Income (net)	-1.5	-1.3	-1.3	-1.5	-1.5	-1.8	-1.9	-2.1	-2.2	-2.3
Of which: interest on external public debt	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2
Unrequited current transfers (net)	3.5	3.9	2.7	3.4	2.5	2.1	1.8	1.7	1.6	1.6
Private (net)	2.1	2.0	1.7	1.9	1.9	1.5	1.3	1.2	1.2	1.1
Public (net)	1.4	1.9	1.0	1.5	0.6	0.5	0.5	0.5	0.4	0.4
Of which: grants for budgetary assistance	0.8	1.4	0.5	1.2	0.3	0.3	0.3	0.2	0.2	0.2
Capital and financial account	16.1	13.0	10.6	8.0	6.7	5.9	6.4	6.1	5.6	5.5
Capital account	4.5	4.5	1.7	4.3	3.2	2.7	2.4	2.1	1.7	1.4
Private capital transfers	0.6	0.6	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Project grants	3.9	4.0	1.3	3.7	2.5	1.9	1.7	1.4	1.0	0.7
Nonproduced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	11.6	8.5	8.9	3.7	3.4	3.2	4.0	4.0	3.8	4.2
Direct investment	6.2	5.6	5.5	1.7	1.9	1.1	1.2	0.9	1.0	1.0
Portfolio investment	1.6	0.6	1.9	0.4	0.7	0.6	0.6	0.6	0.6	0.6
Other investment	3.8	2.2	1.5	1.6	0.8	1.5	2.2	2.5	2.3	2.6
Public sector (net)	3.6	2.2	1.6	2.2	0.4	1.5	1.9	2.1	2.6	2.9
Disbursements	4.5	3.8	2.1	3.5	2.2	2.7	2.9	3.1	3.6	3.8
Loans for budgetary assistance	2.4	1.5	0.0	0.8	0.3	0.5	0.4	0.4	0.4	0.4
Project loans	2.1	2.3	2.1	2.7	2.0	2.2	2.5	2.7	3.2	3.4
Amortization	1.0	1.6	0.6	1.2	1.8	1.1	1.0	1.0	0.9	0.9
Other (net)	0.2	0.0	-0.1	-0.6	0.4	0.0	0.3	0.4	-0.4	-0.3
Errors and omissions	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	0.0	0.7	-3.8	2.8	0.2	1.8	1.6	0.6	1.2	0.6
Financing	0.0	-0.7	3.8	-2.8	-0.2	-1.8	-1.6	-0.6	-1.2	-0.6
Net foreign assets (BCEAO, -: increase)	0.5	-0.7	2.9	-2.8	0.4	-1.8	-1.6	-0.6	-1.2	-0.6
of which: RSF disbursements	...	0.4	0.0	0.2	0.4	0.2	...	...	...	...
of which: net use of Fund resources other than RSF disbursements	0.5	0.1	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.1	-0.1
of which: SDR allocation <sup>1</sup>	...	...	...	...	...	...	...	...	...	...
Net foreign assets (commercial banks, -: increase)	-0.5	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing from the RCF	...	...	...	...	...	...	...	...	...	...
Exceptional financing from the CCRT	0.0	...	...	...	...	...	...	...	...	...
Change in arrears	...	...	0.7	...	-0.6	0.0	0.0	0.0	0.0	0.0
<i>Memorandum items:</i>										
Current account balance, excluding grants (in percent of GDP)	-17.6	-14.2	-15.4	-6.7	-7.1	-4.6	-5.4	-5.9	-4.8	-5.4
Exports of goods and services (in percent of GDP)	12.0	15.7	11.9	22.6	17.7	20.6	20.1	18.4	17.5	16.7
Changes in foreign assets excl. RSF disbursement (BCEAO, -: increase) <sup>2</sup>	0.0	-0.8	2.9	-2.8	0.5	-1.6	-1.3	-0.5	-1.1	-0.5
Changes in foreign assets incl. RSF disbursement (BCEAO, -: increase) <sup>2</sup>	0.0	-1.2	2.9	-3.0	0.1	-1.9	-1.3	-0.5	-1.1	-0.5
Pooled gross international reserves, WAEMU (in USD billion)	18.4	...	17.5	...	...	...	...	...	...	...
Pooled gross international reserves, WAEMU (in CFAF billion)	11,397	...	10,760	...	...	...	...	...	...	...
In months of next year's imports of goods and services	4.1	...	3.6	...	...	...	...	...	...	...
In percent of broad money	24.9	...	21.5	...	...	...	...	...	...	...

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

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

<sup>2</sup> The amounts net out the transactions that affect liabilities other than Fund lending disbursements and repayments and the SDR allocation.

**Table 7. Niger: Indicators of Financial Soundness, 2018–23**  
(In percent, unless otherwise indicated)

	2018 Jun. <sup>1</sup>	2018 Dec. <sup>1</sup>	2019 Jun. <sup>1</sup>	2019 Dec. <sup>1</sup>	2020 Jun. <sup>1</sup>	2020 Dec. <sup>1</sup>	2021 Jun. <sup>1</sup>	2021 Dec. <sup>1</sup>	2022 Jun. <sup>1</sup>	2022 Dec. <sup>1</sup>	2023 Jun. <sup>1</sup>	2023 Dec. <sup>1</sup>
<b>Solvency Ratios</b>												
Regulatory capital to risk-weighted assets	13.3	12.3	12.8	14.8	14.9	14.6	14.3	14.4	14.3	14.0	14.6	8.1
Tier 1 capital to risk-weighted assets	13.2	12.3	12.8	14.2	14.3	14.1	13.8	13.9	14.1	13.8	14.4	7.9
CET1 capital to risk-weighted assets	13.2	12.3	12.8	14.2	14.3	14.3	13.8	13.9	14.1	13.8	14.4	7.9
Provisions to risk-weighted assets	11.9	8.7	8.2	8.2	8.5	7.9	8.1	7.4	7.2	6.8	7.1	12.5
Capital to total assets	9.1	8.3	8.0	9.1	8.7	9.0	8.5	8.7	9.6	8.1	8.3	4.5
<b>Composition and Quality of Assets</b>												
Total loans to total assets	56.6	52.9	52.8	56.1	53.3	55.5	54.5	53.2	54.5	55.0	53.9	52.7
Concentration <sup>2</sup>	96.0	93.4	92.5	91.1	75.9	74.0	178.0	214.4	158.0	272.4	257.1	650.3
Gross NPLs to total loans	19.0	17.0	15.1	16.1	15.0	12.6	15.8	21.2	15.8	17.0	16.1	22.6
Provisioning rate	65.9	59.0	58.2	51.5	57.1	64.3	51.3	36.5	51.4	39.6	43.0	51.1
Net NPLs to total loans	7.4	7.8	6.9	8.5	7.0	4.9	8.4	14.6	8.4	11.0	9.9	12.5
Net NPLs to capital	46.3	49.4	45.7	52.3	42.8	30.1	53.7	89.6	47.6	74.8	64.3	146.6
<b>Earnings and Profitability</b>												
Average cost of borrowed funds	...	2.4	...	1.0	...	1.6	...	1.9	...	1.9	...	2.1
Average interest rate on loans	...	8.9	...	7.7	...	8.4	...	8.7	...	7.5	...	8.9
Average interest rate (after taxes on financial operations)	...	6.6	...	6.7	...	6.8	...	6.8	...	5.6	...	6.8
After-tax return on average assets (ROA)	...	1.7	...	1.5	...	1.2	...	1.3	...	1.1	...	0.8
After-tax return on average equity (ROE)	...	15.0	...	12.8	...	11.1	...	12.2	...	11.3	...	10.3
Non-interest expenses to net banking income	...	59.9	...	63.0	...	61.9	...	60.0	...	68.8	...	64.9
Salaries and wages to net banking income	...	25.9	...	27.1	...	24.2	...	24.9	...	27.0	...	26.6
<b>Liquidity</b>												
Liquid assets to total assets	29.9	27.0	28.6	30.3	27.8	29.5	26.5	25.5	26.6	28.2	27.2	24.7
Liquid assets to total deposits	55.6	49.1	52.2	52.3	51.4	48.1	43.2	40.8	43.2	46.0	45.2	42.0
Total loans to total deposits	120.3	107.0	105.9	105.3	107.8	98.5	96.6	92.5	96.6	96.2	96.1	101.4
Total deposits to total liabilities	53.8	55.0	54.7	58.1	54.0	61.4	61.4	62.4	61.4	61.3	60.3	58.8
Sight deposits to total liabilities	33.1	35.3	35.2	36.1	32.2	38.3	37.7	39.0	37.7	38.6	38.9	36.9
Term deposits to total liabilities	20.7	19.7	19.5	22.0	21.8	23.1	23.8	23.3	23.8	22.7	21.4	21.9

Source: BCEAO.

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

<sup>2</sup> Credit to the 5 biggest borrowers to regulatory capital.



**Table 8a. Niger: Proposed Rephased Schedule of Disbursements Under the ECF Arrangement, 2021–25**

<b>Amount (Millions)</b>	<b>Amount (Percent of quota)</b>	<b>Conditions Necessary for Disbursement</b>	<b>Date Available</b>
SDR 39.48	30 percent	Executive Board Approval of the ECF Arrangement	December 8, 2021
SDR 39.48	30 percent	Observance of December 31, 2021 performance criteria, and completion of the first review under the arrangement	April 29, 2022
SDR 39.48	30 percent	Observance of June 30, 2022 performance criteria, and completion of the second review under the arrangement	October 31, 2022
SDR 19.74	15 percent	Observance of December 31, 2022 performance criteria, and completion of the third review under the arrangement	April 28, 2023
SDR 9.87	7.5 percent	Observance of June 30, 2023 performance criteria, and completion of the fourth review under the arrangement	October 31, 2023
SDR 9.87	7.5 percent	Observance of December 31, 2023 performance criteria, and completion of the fifth review under the arrangement	April 30, 2024
SDR 13.16	10 percent	Observance of June 30, 2024 performance criteria, and completion of the sixth review under the arrangement	October 31, 2024
SDR 13.16	10 percent	Observance of December 31, 2024 performance criteria, and completion of the seventh review under the arrangement	April 30, 2025
SDR 13.16	10 percent	Observance of June 30, 2025 performance criteria, and completion of the eighth review under the arrangement	October 31, 2025
SDR 197.4	150 percent	Total	

Source: International Monetary Fund.

**Table 8b. Niger: Proposed Schedule of Disbursements Under the RSF Arrangement, 2024–25**

<b>Amount (Millions)</b>	<b>Amount (Percent of quota)</b>	<b>Conditions Necessary for Disbursement</b>	<b>ECF review</b>	<b>Total Amount (Percent of quota)</b>	<b>Date Available</b>
SDR 8.554	6.5 percent	Reform measure (RM) 7 implementation			October 31, 2023 (ECF 4 <sup>th</sup> Review)
SDR 8.554	6.5 percent	RM 9 implementation	ECF 4 <sup>th</sup> and 5 <sup>th</sup> Reviews	26 percent	October 31, 2023 (ECF 4 <sup>th</sup> Review)
SDR 8.554	6.5 percent	RM 10 implementation			April 30, 2024 (ECF 5 <sup>th</sup> Review)
SDR 8.554	6.5 percent	RM 11 implementation			October 31, 2023 (ECF 4 <sup>th</sup> Review)
SDR 8.554	6.5 percent	RM 1 implementation	ECF 6 <sup>th</sup> Review	19.5 percent	October 31, 2024
SDR 8.554	6.5 percent	RM 4 implementation			
SDR 8.554	6.5 percent	RM 8 implementation			
SDR 8.554	6.5 percent	RM 2 implementation	ECF 7 <sup>th</sup> Review	13 percent	April 30, 2025
SDR 8.554	6.5 percent	RM 5 implementation			
SDR 8.554	6.5 percent	RM 3 implementation	ECF 8 <sup>th</sup> Review	16.5 percent	October 31, 2025
SDR 13.16	10 percent	RM 6 implementation			
SDR 98.7	75 percent	Total			
Source: International Monetary Fund.					

**Table 9. Niger: Decomposition of Public Debt and Debt Service by Creditor, 2023-26**

	Debt Stock (end of period)			Debt Service					
	2023			2024	2025	2026	2024	2025	2026
	(US\$ million)	(Percent total debt)	(Percent GDP)	(US\$ million)			(Percent GDP)		
<b>Total</b>	<b>9,585</b>	<b>100.0</b>	<b>56.6</b>	<b>1,945</b>	<b>2,797</b>	<b>3,283</b>	<b>11.5</b>	<b>13.1</b>	<b>14.1</b>
<b>External</b>	<b>5,501</b>	<b>57.4</b>	<b>32.5</b>	<b>477</b>	<b>369</b>	<b>346</b>	<b>2.8</b>	<b>1.7</b>	<b>1.5</b>
Multilateral creditors <sup>2</sup>	4,519	47.1	26.7	288	275	265	1.7	1.3	1.1
IMF	520	5.4	3.1						
World Bank	2,446	25.5	14.4						
AfDB	452	4.7	2.7						
Other Multilaterals	1,101	11.5	6.5						
o/w: BOAD	508	5.3	3.0						
Islamic Development Bank	279	2.9	1.6						
Bilateral Creditors	651	6.8	3.8	143	62	50	0.8	0.3	0.2
Paris Club	235	2.5	1.4	0	0	0	0.0	0.0	0.0
o/w: France	206	2.1	1.2				0.0	0.0	0.0
Belgium	29	0.3	0.2				0.0	0.0	0.0
Non-Paris Club	416	4.3	2.5	143	62	50	0.8	0.3	0.2
o/w: China	170	1.8	1.0				0.0	0.0	0.0
India	65	0.7	0.4				0.0	0.0	0.0
Bonds	0	0.0	0.0	0	0	0	0.0	0.0	0.0
Commercial creditors	215	2.2	1.3	46	32	30	0.3	0.1	0.1
o/w: Deutsche Bank	184	1.9	1.1						
o/w: CNPC	31	0.3	0.2						
Other international creditors	0	0.0	0.0	0	0	0	0.0	0.0	0.0
<b>Domestic</b>	<b>4,084</b>	<b>42.6</b>	<b>24.1</b>	<b>1,467</b>	<b>2,428</b>	<b>2,937</b>	<b>8.7</b>	<b>11.4</b>	<b>12.6</b>
Held by residents, total <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
T-Bills	731	7.6	4.3	952	1,830	1,758	5.6	8.6	7.6
Bonds	2,360	24.6	13.9	415	563	1,145	2.4	2.6	4.9
Loans	255	2.7	1.5	64	0	0	0.4	0.0	0.0
Others	738	7.7	4.4	37	35	35	0.2	0.2	0.1
<b>Memo items:</b>									
Collateralized debt <sup>3</sup>	0	0.0	0.0						
o/w: Related	0	0.0	0.0						
o/w: Unrelated	0	0.0	0.0						
Contingent liabilities	0	0.0	0.0						
o/w: Public guarantees	0	0.0	0.0						
o/w: Other explicit contingent liabilities <sup>4</sup>	0	0.0	0.0						
Nominal GDP	16,949	-	-						

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 10. Niger: Summary Table of Projected External Borrowing Program<sup>1</sup>

PPG external debt	Volume of new debt in 2024		PV of new debt in 2024 (program purposes)	
	USD million	Percent	USD million	Percent
<b>By sources of debt financing</b>	<b>1117.6</b>	<b>100</b>	<b>465.8</b>	<b>100</b>
<b>Concessional debt, of which</b>	<b>895.6</b>	<b>80</b>	<b>286.7</b>	<b>62</b>
Multilateral debt	895.6	80	286.7	62
Bilateral debt	0.0	0	0.0	0
Other	0.0	0	0.0	0
<b>Non-concessional debt, of which</b>	<b>222.0</b>	<b>20</b>	<b>179.1</b>	<b>38</b>
Semi-concessional	222.0	20	179.1	38
Commercial terms	0.0	0	0.0	0
<b>By Creditor Type</b>	<b>1117.6</b>	<b>100</b>	<b>465.8</b>	<b>100</b>
Multilateral	1117.6	100	465.8	100
Bilateral - Paris Club	0.0	0	0.0	0
Bilateral - Non-Paris Club	0.0	0	0.0	0
Other	0.0	0	0.0	0
<b>Uses of debt financing</b>	<b>1117.6</b>	<b>100</b>	<b>465.8</b>	<b>100</b>
Infrastructure	85.3	8	62.7	13
Social Spending	682.3	61	309.8	66
Budget Financing	350.0	31	93.4	20
Other	0.0	0.0	0.0	0.0
<b>Memo Items</b>				
<b>Indicative projections</b>				
Year 2	<b>1528.1</b>		<b>635.2</b>	
Year 3	<b>206.1</b>		<b>179.1</b>	

1/This table outlines the authorities' plans for new debt contracts in the coming years, which may exceed the assumptions for debt disbursements in the framework due to factors such as fiscal consolidation, absorption capacity, among other reasons.

Table 11. Niger: Indicators of Capacity to Repay the Fund, 2024–45

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
(In millions of SDRs, unless otherwise indicated)																						
<b>Fund obligations based on existing credit</b>																						
Principal	26.1	38.1	42.9	50.9	53.1	56.8	40.2	27.6	19.7	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges and interest	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Fund obligations based on existing and prospective credit</b>																						
Principal	26.4	39.9	45.4	53.4	55.6	59.3	50.7	42.0	34.1	18.3	14.4	13.3	12.2	11.9	11.7	11.5	11.3	11.1	10.8	10.6	10.4	3.4
PRGT	26.2	38.4	43.2	51.2	53.4	57.1	48.4	39.8	31.9	16.1	12.2	4.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
RSF	0.2	1.5	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	9.0	11.9	11.6	11.4	11.2	11.0	10.7	10.5	10.3	10.1	3.1
Charges and interest	0.4	1.9	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.3	2.1	1.9	1.6	1.4	1.2	1.0	0.7	0.5	0.4
<b>Total obligations based on existing and prospective credit<sup>1</sup></b>																						
SDR millions	26.8	41.8	47.9	55.9	58.2	61.8	53.2	44.5	36.6	20.9	16.9	15.7	14.5	14.0	13.6	13.1	12.7	12.2	11.8	11.4	10.9	3.7
CFAF billions	21.6	33.8	39.0	45.6	47.7	50.8	43.7	36.6	30.1	17.1	13.9	12.9	11.9	11.5	11.1	10.8	10.4	10.0	9.7	9.3	9.0	3.1
Percent of exports of goods and services	1.0	1.3	1.4	1.6	1.6	1.7	1.2	1.0	0.8	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0
Percent of debt service <sup>2</sup>	4.3	8.5	10.3	11.9	11.6	11.8	10.0	9.0	7.0	3.8	3.0	2.6	2.1	1.9	1.6	1.4	1.3	1.1	1.0	0.9	0.8	0.3
Percent of GDP	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of tax revenue	2.2	2.8	2.8	3.0	2.7	2.6	2.0	1.5	1.2	0.6	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0
Percent of quota	20.4	31.8	36.4	42.5	44.2	47.0	40.4	33.8	27.8	15.8	12.8	12.0	11.0	10.7	10.3	10.0	9.6	9.3	9.0	8.6	8.3	2.8
Principal	20.1	30.4	34.5	40.6	42.3	45.1	38.5	31.9	25.9	13.9	10.9	10.1	9.2	9.1	8.9	8.7	8.6	8.4	8.2	8.1	7.9	2.6
PRGT	19.9	29.2	32.8	38.9	40.6	43.4	36.8	30.2	24.2	12.2	9.2	3.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
RSF	0.2	1.2	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	6.8	9.0	8.8	8.7	8.5	8.3	8.2	8.0	7.8	7.7	2.3
<b>Outstanding IMF credit based on existing and prospective drawings</b>																						
SDR millions	426.1	453.1	410.2	359.4	306.3	249.5	201.3	161.9	130.3	114.5	102.6	91.9	82.0	72.1	62.2	52.4	42.5	32.6	22.8	12.9	3.0	0.0
PRGT	366.2	354.4	311.5	260.7	207.6	150.8	102.6	63.2	31.6	15.8	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	59.9	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	91.9	82.0	72.1	62.2	52.4	42.5	32.6	22.8	12.9	3.0	0.0
CFAF billions	343.3	366.9	333.6	293.4	250.9	204.8	165.3	132.9	106.9	94.0	84.2	75.4	67.3	59.2	51.1	43.0	34.9	26.8	18.7	10.6	2.5	0.0
Percent of exports of goods and services	16.5	13.7	11.7	10.3	8.6	6.8	4.7	3.6	2.7	2.2	1.9	1.6	1.3	1.1	0.9	0.7	0.5	0.4	0.3	0.1	0.0	0.0
Percent of debt service <sup>2</sup>	68.5	92.3	87.8	76.4	60.9	47.4	37.7	32.5	25.0	21.0	18.0	14.9	12.0	9.6	7.4	5.6	4.2	3.0	1.9	1.0	0.2	0.0
Percent of GDP	2.9	2.8	2.3	1.9	1.5	1.1	0.8	0.6	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Percent of tax revenue	35.1	30.0	24.3	19.0	14.3	10.5	7.7	5.6	4.2	3.4	2.8	2.3	1.9	1.5	1.2	0.9	0.7	0.5	0.3	0.2	0.0	0.0
Percent of quota	323.8	344.3	311.7	273.1	232.7	189.6	153.0	123.0	99.0	87.0	78.0	69.8	62.3	54.8	47.3	39.8	32.3	24.8	17.3	9.8	2.3	0.0
PRGT	278.3	269.3	236.7	198.1	157.7	114.6	78.0	48.0	24.0	12.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	45.5	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	69.8	62.3	54.8	47.3	39.8	32.3	24.8	17.3	9.8	2.3	0.0
<b>Net use of IMF credit (SDR millions)</b>																						
Disbursements	66.7	27.0	-42.9	-50.9	-53.1	-56.8	-48.1	-39.5	-31.6	-15.8	-11.8	-10.8	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-3.0
Repayments and repurchases <sup>1</sup>	26.8	41.8	47.9	55.9	58.2	61.8	53.2	44.5	36.6	20.9	16.9	15.7	14.5	14.0	13.6	13.1	12.7	12.2	11.8	11.4	10.9	3.7
<i>Memorandum items:</i>																						
Exports of goods and services (CFAF billions)	2,079	2,686	2,861	2,839	2,920	3,004	3,509	3,731	3,974	4,235	4,521	4,782	5,068	5,383	5,725	6,110	6,498	6,897	7,287	7,709	8,164	8,657
External debt service (CFAF billions) <sup>2</sup>	501	397	380	384	412	432	438	408	427	448	467	505	559	618	689	763	831	903	974	1,048	1,126	1,202
Nominal GDP (CFAF billions)	11,718	13,013	14,207	15,418	16,670	18,024	19,488	21,070	22,781	24,631	26,631	28,793	31,131	33,659	36,392	39,347	42,542	45,996	49,731	53,770	58,136	62,856
Tax revenue (CFAF billions)	979	1,222	1,374	1,541	1,749	1,945	2,137	2,381	2,551	2,779	3,049	3,227	3,522	3,977	4,354	4,597	5,021	5,480	5,986	6,552	7,153	7,920
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	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6

Source: IMF staff estimates and projections.

<sup>1</sup> Niger is classified as a Group A country in the interest rate structure of the RSF.<sup>2</sup> Total external debt service includes IMF repayments.

Table 12. Niger: Risk Assessment Matrix (RAM)<sup>1</sup>

Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
<b>Global conjunctural risks</b>			
<b>Intensification of regional conflicts.</b> Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade, remittances, FDI and financial flows, payment systems, and increase refugee flows.	<b>High</b>	<b>High</b>	Implement domestic revenue mobilization reforms to create fiscal space. Advance structural reforms to enhance resilience to external shocks. Enhance the efficiency of social spending.
		Disruptions in trade and financial flows. Tighter financial conditions. Higher commodity prices. Increased humanitarian needs and fiscal deterioration	
<b>Commodity price volatility.</b> A succession of supply disruptions and demand fluctuations causes recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.	<b>High</b>	<b>High</b>	Implement targeted social measures to protect the most vulnerable. Bolster domestic food production. Strengthen fiscal buffers.
		Adverse effects on inflation and food security. Slightly positive impact from rising oil prices on the balance of payments and fiscal position.	
<b>Global structural risks</b>			
<b>Deepening geoeconomic fragmentation.</b> Broader conflicts, inward-oriented policies, and weakened international cooperation result in a less efficient configuration of trade and FDI, supply disruptions, protectionism, policy uncertainty, technological and payments systems fragmentation, rising shipping and input costs, financial instability, a fracturing of international monetary system, and lower growth.	<b>High</b>	<b>High</b>	Promote regional economic integration initiatives. Accelerate market reforms to improve competitiveness and support trade diversification.
		Trade disruptions and reduced economic growth. Uncertainties surrounding traditional bilateral partnerships.	
<b>Domestic and regional risks</b>			
Deterioration of security situation in the Sahel and neighboring countries.	<b>Medium</b>	<b>High</b>	Allow for a more gradual fiscal consolidation path to accommodate high priority security spending. Increase engagement with the international community on security issues.
		Disruption in economic activity and reduced fiscal revenues and FDI. Forced displacement and increased flows of refugees. Elevated security and humanitarian spending.	
Persistence of political tensions with Benin	<b>Medium</b>	<b>High</b>	Pursue discussions intermediated by partners to resolve differences. Develop and implement a plan to strengthen fiscal buffers and protect priority spending.
		Disruption in crude oil production and exports through the port of Seme undermining the expected economic outcomes, including fiscal revenues.	
1/ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. 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. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.			

Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
Extreme climate events (Floods, Droughts, Rising Temperature).	Medium	High	Implement targeted social measures to protect the most vulnerable. Improve management of water resources. Strengthen planning and budgeting of climate-related spending.
		Reduction in agricultural output, deterioration of current account and fiscal deficits, increased food insecurity, and inflationary pressures.	
Constrained financing conditions due to high interest and rising risk premia	Medium	High	Create fiscal space by seeking concessional financing and enhancing domestic revenue mobilization.
		Reduction in capital expenditure, Adverse effects on investments.	
Reduced donor support.	High	High	Enhance engagement with traditional and new donors. Strengthen implementation capacity to ensure high returns from investment projects
		Negative impact on development projects and on social safety nets and program execution.	
Persistence of political instability and social discontent.	Medium	High	Accelerate governance reforms. Strengthen the social safety net.
		Increased uncertainty undermining economic growth and reform implementation. Negative impact on development projects.	

## Annex I. Country Engagement Strategy

*In line with IMF's Strategy for Fragile and Conflict Affected States, approved by the IMF Board in March 2022, this annex summarizes Niger's Country Engagement Strategy (CES). The CES aims to discuss the drivers of fragility and conflict in Niger as well as constraints to reform implementation to better tailor engagement, support the integration of surveillance, capacity development, and lending programs, inform program design and conditionality, as well as the dialogue with country authorities and partners.*

### A. Background and Context

#### 1. Niger's fragility is reflected in political instability, low levels of human capital development, and escalating conflict.

Since independence in 1960, Niger has experienced five successful coups d'état, including the military takeover of July 2023. Contributing factors to political instability and fragility include weak institutions and socio-economic grievances arising from an inadequate social contract. The country is consistently ranked at the bottom of the UNDP's Human Development index and close to 46 percent live in poverty earning less than \$2.15 per day.

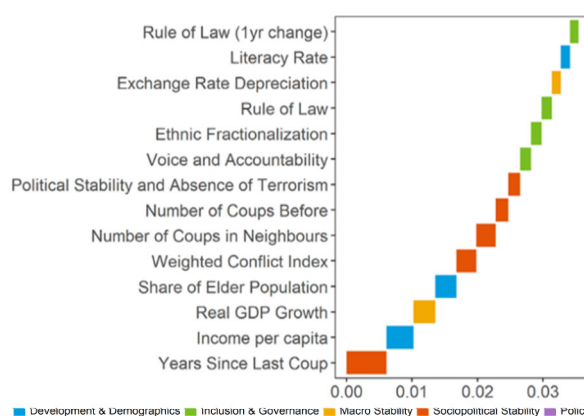
#### 2. Niger's economy is largely dependent on subsistence and rainfed agriculture which is frequently disrupted by droughts and climate change.

Agriculture accounts for about 40 percent of GDP and employs about 80 percent of the Nigerien population. The economy is also heavily reliant on the production and export of a limited number of primary commodities, including uranium, oil, and gold.

#### 3. The IMF is engaging with Niger through the provision of financial support - under the ECF and RSF arrangements, in addition to policy advice and extensive capacity development activities.

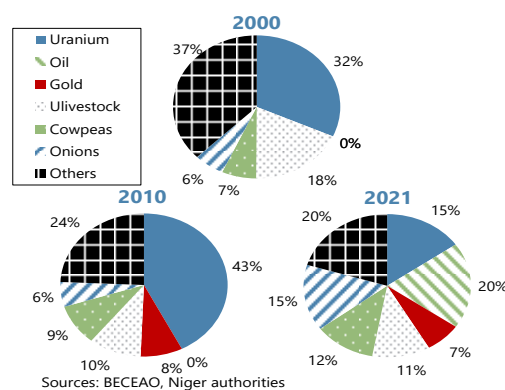
The CES contributes to tailor IMF's engagement with Niger in respect to the IMF strategy and framework for Fragile and Conflict-affected States.

**Figure 1. Niger: Top Drivers of Predicted Coup Probability as of 2022**



Sources: Cebotari et al. (2023). Note: The size of each rectangle (x-axis) measures the contribution of the relevant variable (y-axis) to the predicted probability of coup.

**Figure 2. Niger: Exports Composition**



Sources: BECEAO, Niger authorities



## B. Fragility and the Drivers of Conflict

**4. A wide array of political and social factors contributes to fragility in Niger.** These include: i) fragmentation and elite capture fostering clientelism and exclusion; ii) a weak social contract distorting economic incentives; iii) limited state capacity and governance undermining political stability; iv) demographic pressures and low human capital accentuating development challenges; v) stark gender and regional inequalities reinforcing exclusion and constraining development.

**5. Political and social factors intertwine with economic and financial drivers to accentuate fragility.** Economic and financial drivers of fragility in Niger encompass: i) the lack of diversification and excessive reliance on extractive industries fostering rent seeking; ii) high informality and lack of access to finance fueling grievances and heightening the likelihood of political instability and violence; iii) inadequate revenue mobilization due to pervasive exemptions, informality, extreme poverty and security challenges; iv) inefficient and inadequate social spending to effectively address poverty, inequalities and development challenges.

**6. Weakness in governance, reflected by corruption risks in several sectors also accentuate fragility.** At the civil service level, low wages, poorly trained officials, and weak administrative controls foster petty corruption practices. At the higher level, the lack of transparency in the negotiations and awarding of public procurement and extractive industries' contracts elevate corruption risks.

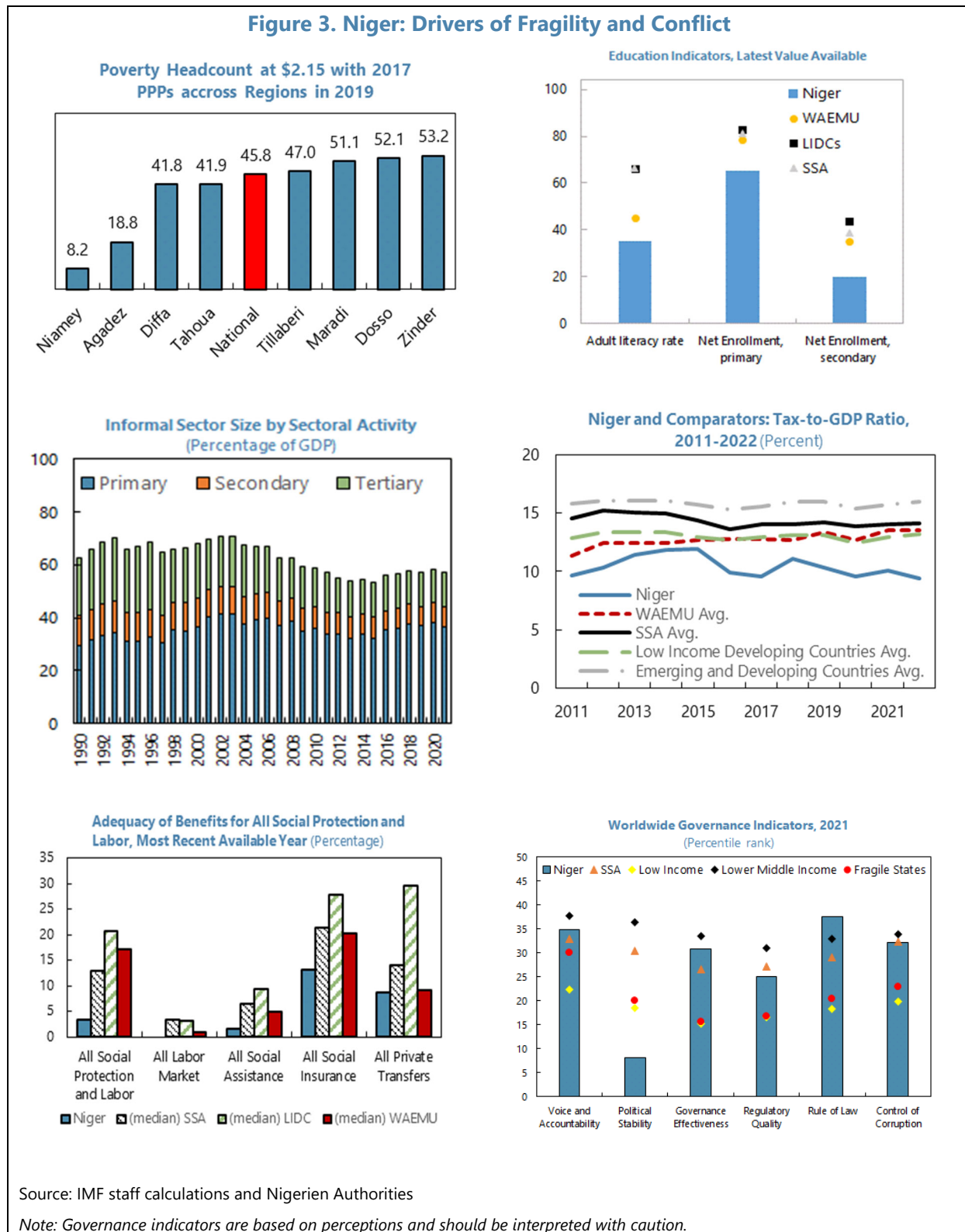
**7. Additional cross-cutting stressors such as climate change and spillovers from regional security contribute to fragility and conflict in Niger.** Niger experiences frequent severe natural disasters, in particular droughts and floods, which have considerable social and economic costs including internal population displacement, growth collapses, inflationary pressures, as well as chronic food insecurity and poverty. Spillovers from regional insecurity have also had a profound impact on Niger by dampening economic activity, often due to increased uncertainty, or trade disruptions. The influx of refugees is another important spillover channel and possible source of social tensions. Regional insecurity also has significant fiscal cost through adverse effects on tax revenues and increased spending pressures.

**8. Despite facing vulnerabilities on multiple fronts, Niger exhibits some sources of resilience to conflict.** These include: (i) a culture of open dialogue upheld by traditional and religious authorities promoting social cohesion; ii) the existence of institutions devoted to conflict resolution and the preservation of peace; (iii) a dynamic civil society conducting vital awareness building activities and projects on topics related to fragility and conflicts. Moreover, Niger has also traditionally benefited from strong international support to adopt policies to increase its resilience.

## C. Constraints to Reform Implementation

**9. The recurrence of political instability is an important obstacle to the ownership, implementation, and continuity of reform efforts.** Appetite for the design and implementation of genuinely deep reforms is limited given the potential risks of social unrest and/or the disruption of

the precarious political balance of power. Moreover, political instability undermines the continuity of reform efforts and ownership of the reform agenda.



**10. Moreover, limited human capital, institutional capacity and high staff turnover undermine reform implementation.** Concentration of institutional knowledge in a small number of people and an over-centralization of reform efforts are key obstacles to reform implementation. Continuity of reform efforts are additionally hampered by high turnover and a lack of hand-over of responsibilities.

## D. Macroeconomic Policies to Escape Fragility

**11. In the short term, it is imperative to prioritize actions to tackle the pervasive effects of recent political events and sanctions on the economy.** Clearing accumulated external and domestic debt service arrears is crucial to regain access to the regional market and external financing, ensure fiscal stability, and rebuild public trust. Measures to address financial stability risks amplified by the sanctions and revive credit to the private sector are also essential (Annex Table I.1).

**12. Over the medium term, the pillars of the ongoing IMF-supported programs remain relevant in helping in Niger escape fragility.** Policies should focus on strengthening revenue mobilization, reducing debt vulnerabilities, and the adoption of a fully functioning legal and fiscal framework for oil revenue management. Other overarching policies include strengthening governance and combating corruption, promoting financial inclusion, and addressing climate change challenges (Table 1).

## E. Capacity Development Priorities

**13. Niger is an intensive user of the IMF's capacity development (CD) activities.** The implementation of reforms has been supported by activities covering several key areas of institution building, with a focus on revenue, public financial management, tax policy (simplification of the General Tax Code), debt management, and statistics.

**14. Going forward, CD priorities include supporting the arrears clearance strategy, adopting climate reforms, expanding fiscal space, improving the quality of spending, enhancing macroeconomic and financial statistics, and fostering governance and transparency.** More specifically, priorities include: (i) strengthening both tax policy and revenue administration, (ii) improving the efficiency of the expenditure chain, (iii) improving national accounts, fiscal, and balance of payments statistics, (iv) climate budget tagging, and (v) green public investment management. However, there are risks to CD implementation, including limited absorption capacity due to excessive turnover of senior staff and other personnel, lack of hand-over of responsibilities, public administration complexity with overlapping mandates and an over-centralization of reform efforts.

## F. Cooperation with Stakeholders and Risks to IMF Engagement

**15. Niger has historically benefited from substantial support from development partners.** IMF engagement remains crucial to catalyze support from other development partners by underpinning the design and implementation of sound macroeconomic policies and macro-critical reforms, to meet the countries' daunting development challenges.

**16. The IMF is exposed to significant enterprise risks related to its engagement with Niger, although so far, no substantial risks have materialized.** The CES would contribute to mitigate some of the risks related to program performance, de-globalization, risk to debt sustainability, and overdue obligations.

<b>Table 1. Niger: Reform Priorities to Escape Fragility</b>	
<b>Reform Area</b>	<b>Actions</b>
Fiscal	Establishing a strategy to clear both domestic and external arrears and adopting a prudent debt management policy.
	Adopting a legal and fiscal framework for oil revenue management, strengthening revenue mobilization by revising and simplifying the general tax code, improving revenue administration through reforms aiming at reinforcing tax compliance, integrating the digital systems of the tax agencies, rationalizing tax exemptions and deterring fraud.
	Committing to reduce gradually the overall fiscal deficit towards the regional target of 3 percent of GDP.
	Fostering fiscal governance, spending quality and efficiency through reforms aiming at improving the expenditure chain transparency, strengthening budget preparation, execution, and control, expanding the TSA, and strengthening cashflow forecasting.
Financial sector	Addressing financial stability risks, restructuring the microfinance sector.
	Enhancing banks' internal controls, treasury management, and AML/CFT procedures.
	Fostering financial inclusion, developing a national financial literacy program and fostering digitalization. Adapting and diversifying financial products to the country's circumstances, including Islamic and agricultural finance.
Governance	Improving transparency of public procurement, and strengthening the country's governance framework
	Advancing with the operationalization of the asset declaration framework,
Climate change	Strengthening planning and budgeting of climate-related spending and enhancing disaster-informed fiscal planning and management.
	Improving the sensitivity of public investment management to climate change and promoting renewable energy sources.
	Improving management of water resources and addressing obstacles hindering access to climate finance.

## Annex II. Macroeconomic Implications of Niger's Exit from ECOWAS

### A. Background

1. **On January 28, 2024, Niger, Burkina Faso and Mali have jointly announced their decision to leave ECOWAS, a regional group of West African countries.**<sup>1</sup> These countries have recently experienced military takeovers, which prompted ECOWAS to enact suspensions and impose economic and financial sanctions. In September 2023, the Alliance of Sahelian States (AES) was established to strengthen economic and military cooperation among Burkina Faso, Mali, and Niger. The military juntas evoked the severity and unfairness of ECOWAS sanctions, insufficient support in combating terrorism in the region, and foreign interference in ECOWAS governance as main reasons for exiting the organization. According to the ECOWAS treaty, an exit requires a one-year notice period.<sup>2</sup>

2. **Leaving ECOWAS will preclude AES countries from benefiting from the community's provisions and frameworks.** These include: i) the ECOWAS Free Movement of Persons, Residency and Establishment Protocol; ii) the ECOWAS Trade Liberalization Scheme (ETLS) for the operationalization of a regional free trade area; iii) the ECOWAS Common External Tariff (CET) for the harmonization and strengthening of a custom union and common market (Annex Table II.1); iv) the ECOWAS Common Investments Code and Policy for the regulation and operationalization of an ECOWAS Common Investment Market (ECIM).

**Table 1. Niger: Structure of ECOWAS and WAEMU Common External Tariff**

Category	Description	Duty Rate (In percent)
0	Essential social goods	0
1	Goods of primary necessity, raw materials and specific inputs	5
2	Inputs and intermediate goods	10
3	Final consumption goods	20
4	Specific goods for economic development	35

Source: ECOWAS Regulation C/REG.1/06/13; ECOWAS 2016 Annual report; WAEMU Regulation n° 06/2014/CM/UEMOA.

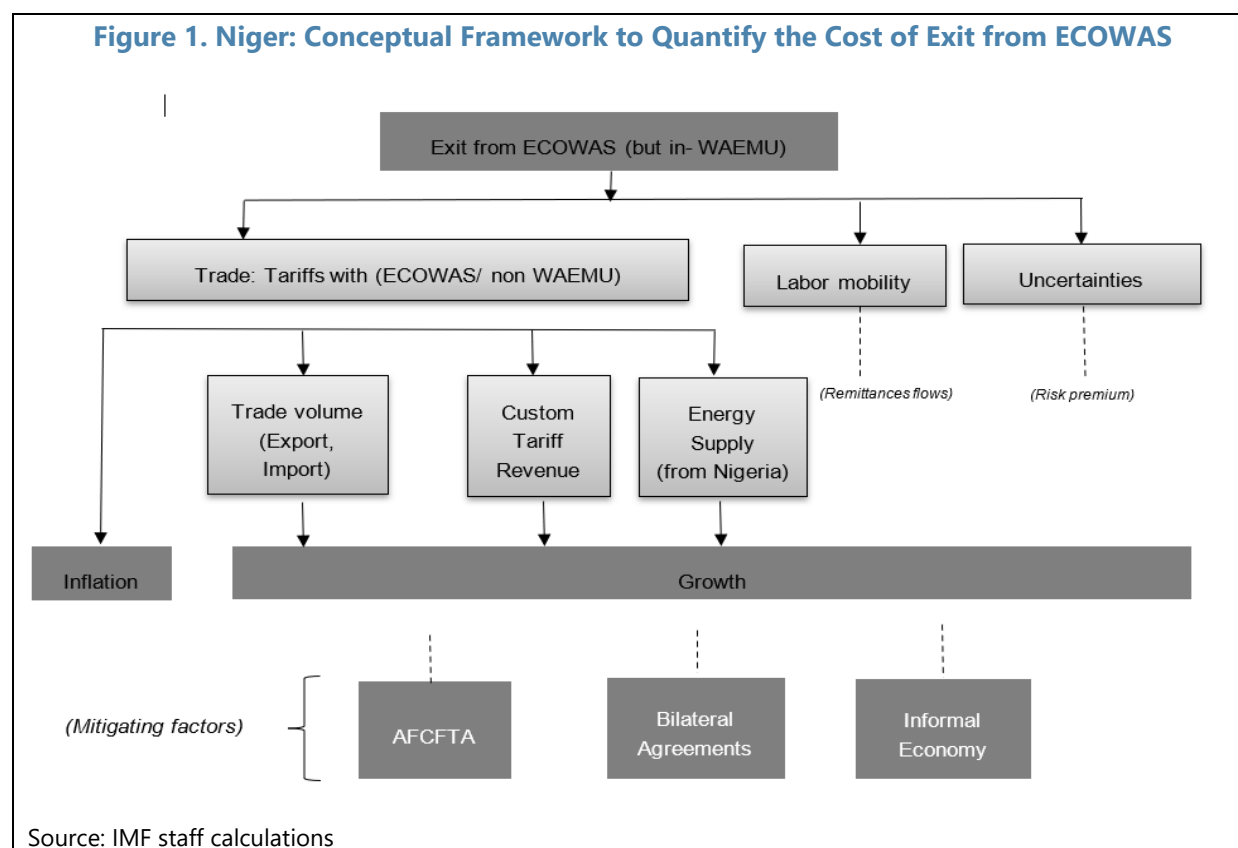
### B. Stylized Facts

3. **Several channels have been identified to quantify the potential impact of Niger's exit from ECOWAS (Annex Figure II.1).** These include: (i) cross-border trade, (ii) labor mobility, and (iii) uncertainty. The decision to exit will imply an increase in tariffs on imports, potentially affecting the

<sup>1</sup> The fifteen member states include the eight WAEMU countries (Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo) and the seven ECOWAS non- WAEMU countries (Cape Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone).

<sup>2</sup> As a historical precedent, Mauritania followed this procedure, submitting its withdrawal in December 1999 and officially exiting in December 2000.

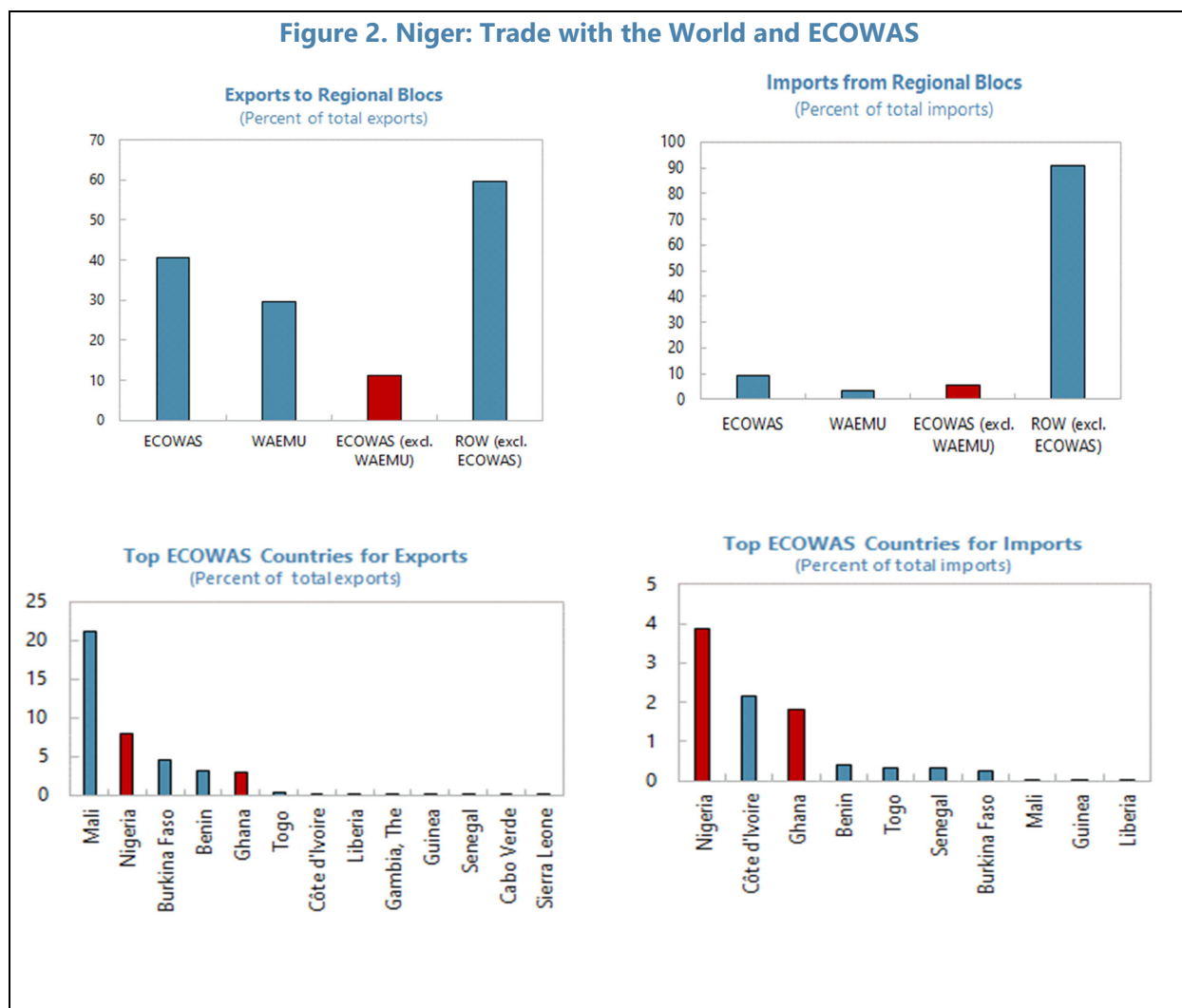
volume of trade between Niger and non-WAEMU-ECOWAS countries, in the absence of bilateral agreements, even if tariff revenues should increase. Potential restrictions on the movement of people would impact labor mobility and remittances. Overall uncertainty could also increase as a result of the decision to exit, elevating the risk premia, tightening financing conditions, and negatively affecting FDI flows. Finally, Niger's reliance on Nigeria for a large part of its electricity imports could also be a source of value chain production disruption, with potentially increasing costs and ensuing inflation pressures.



**4. The impact of leaving ECOWAS could nevertheless be mitigated by other trade agreements, including the African Continental Free Trade Area (AfCFTA).** In addition, high levels of informality in trade along the border with Nigeria and Benin could limit the economic impact of the decision to exit ECOWAS.

**5. While Niger's trade with ECOWAS member countries that are not WAEMU members is relatively limited, it is more exposed to Nigeria and Ghana than other AES countries (Annex Figure II.2).** The volume of trade with non-WAEMU-ECOWAS countries stands at 11 and 6 percent of total exports and imports, respectively. However, considering the total volume of trade (both exports and imports), Nigeria (a non-WAEMU member country) is Niger's main trading partner

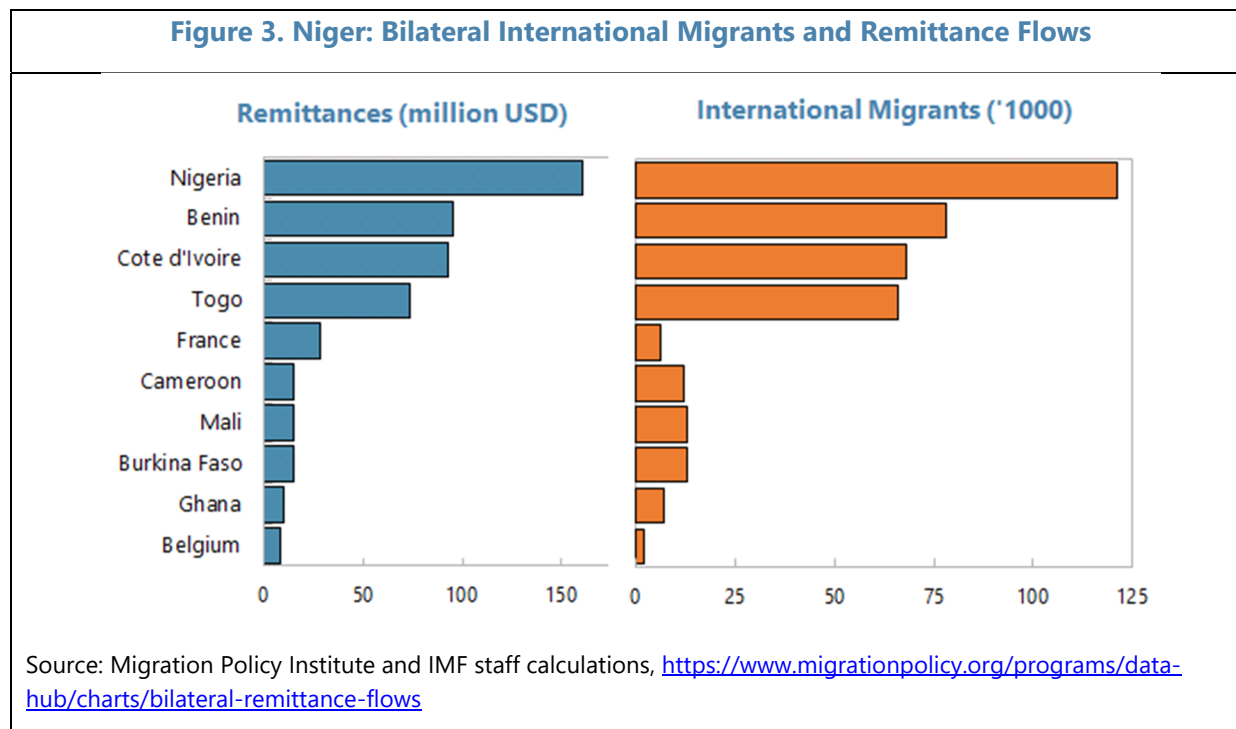
among all ECOWAS countries (including WAEMU countries).<sup>3</sup> Ghana is another large trading partner (among the top 5 both in terms of exports and imports when considering ECOWAS countries) that is part of ECOWAS though not WAEMU. In addition, informal cross-border trade, particularly with Nigeria, is an important source of employment, but is not captured in official statistics.



**6. Furthermore, Niger's diaspora in ECOWAS countries constitutes a significant source of income, particularly in rural areas.** The main destinations for Niger migrants are Nigeria, Benin, Côte d'Ivoire, Togo, and Mali, accounting for 30 percent, 20 percent, 17 percent, 16 percent, and 3 percent of the total diaspora stock, respectively. Migration to Nigeria is generally seasonal to search for additional sources of income and cope with shocks such as those related to climate. In 2020, remittances from migrants to Niger amounted to US\$514 million (3.8 percent of GDP), with US\$161 million originating from Nigeria (Annex Figure II.3). In the absence of bilateral agreements, withdrawal from ECOWAS could constrain labor mobility, and Niger's diaspora working conditions in

<sup>3</sup> Trade with Nigeria primarily involves food products, fuel, and electricity. 70 percent of Niger's electricity supply is provided by Nigeria.

non-WAEMU ECOWAS member countries, thereby limiting their ability to transfer funds back to their country of origin.



**7. Uncertainty surrounding Niger's potential exit from ECOWAS is expected to adversely affect trade, FDI inflows, and financing conditions.** An analysis conducted by IMF staff indicates that this increase in uncertainty correlates with a significant decline in bilateral trade.<sup>4</sup> Furthermore, uncertainty surrounding the business climate and the economic outlook are likely to heighten risk aversion and increase the risk premia for Niger, hampering borrowing from the regional market.

### C. Estimates of the Economic Costs of Exiting ECOWAS

**8. The analysis assumes that the exit from ECOWAS will take effect in 2025 and that Niger will remain in the WAEMU.** Tariffs between Niger and non-WAEMU ECOWAS countries are assumed to increase by 10 percentage points reciprocally. The quantification of the effects of exit through the trade channel is based on IMF research<sup>5</sup>, wherein the trade elasticity to a tariff increase is estimated to be -1.98. This implies an approximate 18 percent decrease in trade flows. In addition, GDP per capita is estimated to decrease by 1.25 percentage points for every 1 percentage point decrease in trade openness.

<sup>4</sup> Ouedraogo et al. (2024), "The Heterogeneous Effects of Uncertainty on Trade", IMF mimeo.

<sup>5</sup> El-Ganainy, A.A., Hakobyan, S., Liu, F., Weisfeld, H., Allard, C., Balima, H.W., Bteish, C., Giri, R., Kanda, D.S., Meleshchuk, S. and Ramirez, G., 2023. Trade Integration in Africa: Unleashing the Continent's Potential in a Changing World. Departmental Papers, 2023/003.



**9. The direct effects of the exit decision on Niger’s trade flows are estimated to be limited, with larger decreases in imports than exports (Annex Table II.2).** Staff analysis shows that the effects of leaving ECOWAS will reduce Niger’s exports and imports to GDP by 0.06 and 0.30 percentage points, respectively. Due to a larger decrease in imports, the trade balance to GDP ratio should improve by 0.24 percentage points. The persistence of the exiting “shock” will depend on how quickly Niger can re-establish bilateral trade agreements with non-WAEMU countries, especially Nigeria.

Trade shares in GDP					Effects of ECOWAS exit on selected indicators (in percentage points of GDP, unless specified otherwise)					
Exports	Imports	Exports to non-WAEMU ECOWAS	Imports from non-WAEMU ECOWAS		X/GDP	M/GDP	TB/GDP	Openness	GDP per capita	Import Tariff revenue, \$mn
Panel a: reported exports and reported imports					Panel a: reported exports and reported imports					
Niger	3%	30%	0.3%	1.7%	-0.06%	-0.30%	0.24%	-0.36%	-0.45%	21.42
Panel b: mirrored imports and mirrored exports					Panel b: mirrored imports and mirrored exports					
Niger	27%	30%	0.1%	1.7%	-0.01%	-0.30%	0.29%	-0.32%	-0.40%	21.42

Source: DOTS, Published WEO, IMF staff calculations.

<sup>1</sup> The analysis estimates the impact of an increase of trade tariffs by 10 percentage points on selected macroeconomic variables. Panel (a) reflects data from national statistics, while panel (b) shows mirror statistics, compiled with data from trade partners.

**10. Niger’s tariff revenue is projected to increase modestly by US\$21.4 million, while the total effects on government revenues will be driven by multiple factors.** The improvement in tariff revenues is due to the fact that Niger imports more goods from non-WAEMU ECOWAS countries than it exports. By leaving the ECOWAS common external tariff (CET), Niger is likely to see a larger increase in import tariff revenues than losses in export volume (due to tariffs on Nigerien exports to other countries). However, the total impact of an ECOWAS exit on government revenues is more complex and the decrease in revenue resulting from the slowdown of economic activity could potentially outweigh the benefits of tariff increases.

**11. Consequently, growth is projected to slow down by 0.8 percentage points in 2025, with annual average inflation expected to rise by 0.6 percentage points.** Nevertheless, these adverse effects are projected to be fully dissipated in the medium term, contingent upon the establishment of bilateral agreements between Niger and other ECOWAS countries that will restore conditions to those prior to Niger's departure. Baseline staff projections of the effects on growth and inflation were calibrated mostly based on the effects on trade, transport as well as its spillover effects on the economy but did not account for the effects of increased uncertainty, labor mobility, and electricity supply interruption. For the latter, while the sanctions following the military takeover in July 2023 led to the interruption of Nigeria's electricity supply, the authorities believe that leaving ECOWAS will not put an end to this bilateral agreement between the two countries.

## Appendix I. Letter of Intent

Niamey, June 27, 2024

To:

Ms. Kristalina Georgieva  
Managing Director  
International Monetary Fund  
Washington, DC 20431

**Subject:** Letter of Intent

Dear Madame Managing Director:

- The new authorities, under the leadership of the National Council for the Safeguard of the Homeland (CNSP), primarily aim to guarantee the country's sovereignty through effective management of the security situation and good economic and social governance.** The alarming security situation in certain regions of Niger and the serious economic and social governance problems inherited by the new authorities complicate the challenges facing the country. To address these challenges, the CNSP has created a Solidarity Fund for Safeguarding the Homeland (FSSP) to mobilize additional resources to finance the capacity building of the defense and security forces, to help care for citizens who are victims of forced displacement, and to support the social mobilization of the population. The budget adopted for 2024 prioritizes spending on security, social sectors, and rural development. In addition, as part of our commitment to combat corruption, impunity, the embezzlement of public goods and poor governance, we signed an order on September 20, 2023, creating the Commission for Combating Economic, Financial and Fiscal Crime (CoLDEFF).
- The government is preparing a new development strategy adapted to the country's context, the Resilience Program for Safeguarding of the Homeland (PRSP) for the period 2024-2026.** The main objective of the PRSP is to lay the foundations for endogenous development through four strategic pillars: (i) strengthening governance, peace, and security; (ii) inclusive human capital development; (iii) improving economic growth and employment; and (iv) enhancing citizen participation and social inclusion. The PRSP will serve as the reference framework for the development of the socio-economic context in Niger during the indicated period.
- The sanctions imposed on the country following the events of July 26, 2023, have led to very severe economic and social consequences. However, the economic outlook is expected to strengthen and stabilize in the medium term.** Economic growth is estimated at 2.4 percent in 2023, compared to an initial forecast of 7 percent, mainly due to the effects of sanctions as well as a relatively unfavorable agricultural season. As a result, inflationary pressures and the need for humanitarian assistance have been felt throughout the country. However, the start of crude oil

exports, the lifting of sanctions, as well as state investments in irrigated agriculture production are expected to increase growth to 10.6 percent in 2024 and reduce inflationary pressures. The efforts being made to accelerate domestic revenue mobilization should continue to bear fruit and allow Niger to meet the West African Economic and Monetary Union (WAEMU) fiscal convergence criterion of GDP starting from 2025.

4. **The implementation of the two arrangements under the IMF's facilities (Extended Credit Facility-ECF and Resilience and Sustainability Facility-RSF) was broadly on track at the end of June 2023, but disrupted by sanctions.** All quantitative performance criteria were met, except for the continuous criterion on the non-accumulation of new arrears in external debt service payments and the criterion on the net domestic financing ceiling, excluding IMF net financing at the end of December 2023. All indicative targets were met, except for the floor on cash revenues. The government's efforts enabled the achievement of some structural benchmarks under the ECF program, but others have not been achieved, including the adoption of the oil revenue management strategy, initially scheduled for the end of September 2023, and now postponed to the end of December 2024. However, we have implemented several reform measures planned as part of the first review of the RSF, mainly in the areas of fiscal and natural disaster risks management and the promotion of renewable energy.

5. **The government's reform program for the remainder of 2024 and the medium term is detailed in the attached Memorandum of Economic and Financial Policies (MEFP).** These reforms are expected to lay solid foundations for more inclusive and resilient growth and to strengthen the country's sovereignty. However, the government is also willing to adopt any additional measures, if necessary, in order to meet the objectives of the program. To this end, the government commits to consulting Fund staff in advance of any revision of the policies set out in the MEFP, in accordance with the IMF's policies on such consultations. Information required to monitor the economic situation and the implementation of policies relevant to the program will be provided on a timely basis, as agreed in the attached Technical Memorandum of Understanding (TMU), or at the IMF's request.

6. **The government requests an extension of six months, to December 2025, and a rephasing of the two arrangements under the ECF and the RSF.** This additional time is essential to (i) addressing the delay in the implementation of certain reforms and finalize the implementation of key program reforms, in particular the new oil revenue management framework, (ii) completing ongoing fiscal consolidation efforts, and (iii) addressing protracted balance-of-payments financing needs. The request for extension and rephasing of the RSF is in response to consideration of the impact of sanctions on the planned timeline for the implementation of reforms and the new timeline of technical assistance expected from development partners to support the implementation of reforms, in particular in the areas of climate budgeting and public investment management.

7. **In light of the satisfactory performance to date despite the challenges the country has faced, we request the disbursement of the fifth and sixth tranches of the ECF arrangement and the first tranche under the RSF arrangement, corresponding to SDR 19.74 million and SDR 34.216 million respectively** (or 15 percent and 26 percent of our quota, respectively), in order to

cover our balance of payments financing needs and meet the needs of adapting to the adverse effects of climate change on our economy and populations. We request waivers for non-compliance with the continuous criterion for non-accumulation of new arrears in external debt service payments and the criterion for net domestic financing at the end of December 2023. These deviations were caused by the freezing of our account at the Central Bank due to the sanctions imposed on our country in the aftermath of the events of July 26, 2023. As corrective measures, we (i) developed an arrears clearance plan; (ii) committed to the budgetary adjustment path under the program; and (iii) remain committed to implementing the program's key structural reforms and strengthening our debt policies, with a focus on the use of concessional financing. Also, to reflect recent budgetary developments, we request the modification of the performance criterion relating to net domestic financing of the government, excluding net IMF financing.

8. **In keeping with our longstanding commitment to transparency**, we agree to the publication of the IMF staff report, this letter of intent, the MEFP, and the TMU on the IMF website.

Respectfully Yours,

**Enclosed:**

- I. Memorandum of Economic and Financial Policies.
- II. Technical Memorandum of Understanding

/s/

**ALI MAHAMAN LAMINE ZEINE**

Prime Minister and Minister of the Economy and Finance

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

## INTRODUCTION

**1. The National Council for the Safeguard of the Homeland (CNSP) and the government are determined to ensure the country's sovereignty.** As we work on restoring our sovereignty, the government has prioritized upholding the dignity of the sons and daughters of the Nation, safeguarding the homeland, the defense and security of people and their property throughout the national territory. To address these challenges, the government has launched the development of the Resilience Program for the Safeguarding of the Homeland (PRSP). The CNSP and the government have also set up the Solidarity Fund for the Safeguarding of the Homeland (FSSP) and launched the Large-Scale Irrigation Program (PGI). In addition, the 2024 budget prioritizes spending on security and social sectors. Moreover, in order to improve governance and effectively combat corruption, the government adopted an ordinance on September 20, 2023, to create a Commission for Combating Economic, Financial and Fiscal Crime (CoLDEFF). The creation of this Commission materializes one of the strong commitments made by the CNSP to fight corruption, impunity, embezzlement of public assets and bad governance.

**2. The Nigerien economy has demonstrated resilience in the face of regional and international sanctions imposed in the aftermath of the events of July 26, 2023.** Indeed, economic growth came out at 2.4 percent against an initial forecast of 7.0 percent. Irrigated production reflects this resilience and has made it possible to mitigate the decline in rain-fed agriculture, bringing the growth rate of the agricultural branch to 3.1 percent. In addition, supply of the country has been assured despite the closure of borders, and the financial sector has shown resilience despite the interruption in financial interactions with ECOWAS financial institutions as well as Niger's suspension from the regional financial market.

**3. This Memorandum of Economic and Financial Policies (MEFP) supplements and updates the MEFP signed on June 19, 2023.** It describes recent economic developments, the principal strategies for the rest of 2024, and the medium-term outlook. It also reviews the status of implementation of the economic and financial program concluded with the International Monetary Fund (IMF) in the context of the Extended Credit Facility (ECF) for 2021-2025. The program objectives remain focused on (i) consolidating macroeconomic stability, (ii) strengthening the mobilization of domestic resources, (iii) improving the effectiveness of public expenditures, with emphasis on social and poverty-reduction spending, and (iv) fostering good governance. In addition, the memorandum presents an overview of the implementation of the reform measures under the Resilience and Sustainability Facility (RSF) to mitigate the climate change risks faced by Niger.

## RECENT MACROECONOMIC DEVELOPMENTS

**4. The unjust and inhumane sanctions imposed on our country have led to a slowdown in economic activity in 2023 and created enormous social and humanitarian challenges.** Following the events of July 26, 2023, the series of economic, financial and monetary sanctions imposed by regional organizations (ECOWAS and WAEMU) and the suspension in the disbursements of development assistance by some Technical and Financial Partners (TFPs) have affected the country's economic outlook and reduced growth estimates to 2.4 percent. The implementation of these retaliatory measures has led to the disruption of supply chains, increased prices of imported products, a shortage of pharmaceutical products, and difficulties in the air and land transport sectors. They have also caused disruptions in banking and financial transactions, leading to liquidity shortages and increasing vulnerabilities in Niger's banking and financial sector. This situation has also led to disruptions in the activities of public and private companies, including public procurement, investments and production. In addition, in 2023, the humanitarian situation in Niger continued to be worrisome, with 3.4 million people in need of humanitarian assistance, particularly due to food insecurity and terrorism. This need increased by 14 percent in 2023 in the regions of Diffa, Maradi, Tahoua and Tillabéri. Moreover, inflation stood at an annual average of 3.7 percent, above the ceiling of the WAEMU community norm of 3 percent.

**5. The current account deficit stood at 14.4 percent of GDP in 2023.** According to the latest balance of payments estimates, the current account balance would improve from 1559.5 billion CFAF in 2022 to 1468.4 billion in 2023, an improvement of 5.8 percent, driven by the improvement in the goods and services account. The current account deficit would thus be 14.4 percent of GDP in 2023 compared to 16.2 percent in 2022. The deficit in the balance of goods and services narrowed by 157.2 billion (+8.6 percent) in 2023. This reduction in the deficit in 2023 is partly due to a drop in imports (-9.9 percent) caused by the closure of borders, which was higher than the decline of exports of goods (-7.9 percent). The primary income balance improved from -140 billion in 2022 to -133.2 billion in 2023. The secondary income balance deteriorated to 272 billion in 2023 compared to 338 billion in 2022, driven by the decline in remittances from foreign workers (-13.8 percent) and the withdrawal of budget support (-37.8 percent).

**6. The overall fiscal deficit amounted to 5.4 percent of GDP in 2023, slightly above the program target.** This situation reflects on the one hand, the repercussions of the heavy sanctions against Niger, a significant reduction in external and domestic financing, a drop in revenue, as well as a significant cut in spending, particularly investment spending. Specifically, total cash revenue in 2023 fell short of the program's target, due in part to the impact of sanctions and the persistent difficult security environment—which led to a slowdown in economic activity and disruptions in the Lomé-Ouagadougou-Niamey customs corridor—and lower-than-expected yields from tax measures and tax and customs administration reforms. In view of lower-than-expected revenue collection, the government took steps to control public spending—in line with its commitments under the program—in particular by reducing domestically financed capital expenditures and less essential current expenditures. This fiscal regulation has effectively made it possible to contain the revenue deficit and the tightening of financial conditions.

**7. The sanctions imposed have also led to a significant accumulation of both domestic and external debt service arrears, but the recent issuance of securities on the regional market has helped to clear a large part of those arrears.**

Although Niger had the funds to ensure the payment of its debt service, it was unable to do so because of the ban on banking and financial transactions through the BCEAO network in the WAEMU zone. It has therefore unwittingly accumulated arrears due to ECOWAS sanctions. For the same reasons, Niger has not used the regional financial market since August 2023. Following the lifting of sanctions, on April 26, 2024, during a special operation of issuance of securities for an amount of 419.05 billion CFA francs, Niger raised 457.99 billion CFA francs to alleviate accumulated debt service arrears. In addition, on May 6, 2024, the BCEAO carried out an operation to purchase 77 billion CFA francs of Niger's public securities held by WAEMU banks to increase liquidity and to facilitate the management and restructuring of the country's debt.

**8. Broad money growth contracted in 2023 due to a significant drop in bank deposits and currency in circulation.**

In 2023, the money supply contracted by 0.9 percent compared to an expansion of 11.9 percent in 2022. Indeed, the money supply fell from 1862.1 billion in 2022 to 1845.6 billion in 2023, a decrease of 16.5 billion. This decline mainly results from a decrease in transferable deposits at commercial banks of 6.8 percent compared to an increase of 13.9 percent and 19.4 percent respectively in 2022 and 2021 and also due to a limitation of banknotes in circulation. On the counterparty side of the money supply, there was a decrease of 42.6 percent in net foreign assets and 7.6 percent in claims on the economy.

**9. To contain inflationary pressures, regional monetary policy became more restrictive in 2023.**

In the context of international and regional broad-based price increases, the Central Bank has pursued a restrictive monetary policy by tightening its financial conditions. Indeed, in 2023, the BCEAO raised its policy rate three times, from 2.75 percent to 3.5 percent. In addition, the interest rate on the marginal lending window increased from 4.75 percent to 5.5 percent over the same period. These measures aim to contain inflationary pressures and improve external accounts.

**10. Most of financial soundness indicators, particularly the quality of the credit portfolio, have deteriorated due to sanctions.**

Gross non-performing loans increased from 17.0 percent in 2022 to 22.6 percent in 2023, a deterioration of 5.6 percentage points. This level remains well above the WAEMU average (8.7 percent in 2023). Net non-performing loans increased by around 3.6 billion to 161.78 billion in 2023. The net deterioration rate of the banks' portfolio stood at 12.6 percent at the end of December 2023 compared to 11.0 percent in December 2022. Accrued provisions increased by 66.7 billion to reach 171.1 billion as of end-December 2023.

**11. However, the construction of the Niger-Benin pipeline, intended for the export of crude oil, has been completed, and exports started in May 2024.**

On November 1, 2023, Niger inaugurated a 1980 km long oil pipeline connecting the Agadem oil fields to the port city of Sémé in Benin for an initial export of 90,000 barrels/day of crude oil. The first ship was loaded with about 1 million barrels in mid-May 2024.

## RESULTS ACHIEVED UNDER THE PROGRAM SUPPORTED BY THE ECF AND THE RSF

**12. The government met most of the program’s quantitative performance criteria at end-June, end-September and end-December 2023 and at end-March 2024.** However, program implementation has been mixed due to sanctions. While the quantitative performance criterion relating to the present value of new public and publicly-guaranteed external debt was met at all target dates, the criterion relating to the government’s net domestic financing was not met at the end-December 2023. In addition, the continuous criterion for the accumulation of new arrears of payments on external debt was not met between July 2023 and May 2024.

**13. All indicative targets were met at the end-June, end-September, end-December 2023 and end-March 2024, with the exception of the cash revenue floor.** Specifically, the indicative targets for the basic budget balance—including and excluding grants—have been met. The indicative targets for social expenditures and the ratio of exceptional expenditures were met on all target dates. However, the indicative target for cash revenue floor was not met by any of the target dates.

**14. Due to the events of July 26, 2023, the implementation of the structural benchmarks of the ECF has been mixed.** All the structural benchmarks relating to the digitalization and interconnection of the DGI and DGD administrations have been achieved. The digitalization of budget expenditure orders and expenditure authorizations has been finalized, albeit with delays. We also adopted the Order No. 0209/MEF/SG/DGER of May 27, 2024, establishing a technical committee composed of representatives of the Ministries of Petroleum, Economy and Finance, tasked with preparing a detailed report on the forecasted revenue from the production and export of crude oil over the economic life of recoverable reserves and with assessing fiscal risks. However, the adoption of the oil revenue management strategy, originally scheduled for September 2023, has not yet been carried out.

**15. The implementation of continuous structural benchmarks has also been disrupted.** Of the four continuous structural benchmarks, three were met in May 2024. The government provided IMF staff with a list of newly granted or renewed tax exemptions. The government continues to produce and publish feasibility studies for any investment project costing more than CFAF 5 billion. However, no investment project costing more than CFAF 5 billion has been included in the budget this year—due to financing constraints. In addition, we continue to publish information about the beneficial owners of companies awarded non-competitive contracts, with the exception of defense and security contracts, on the public procurement portal.

**16. A rephasing of reform measures supported under the RSF arrangement is proposed to address implementation delays caused by the political crisis and the interruption of technical assistance.** Based on the new proposed timetable, all four reform measures planned for June 2024 have been implemented. Significant progress has been made in improving the planning and management of fiscal risks related to natural disasters. On the one hand, we have published a methodological guide for the analysis of fiscal risks related to natural disasters and



flood and drought risk assessments. On the other hand, we have strengthened sectoral capacities in risk management and resilient response by establishing focal points in some sectoral ministries. In order to promote private sector investment in renewable energy, we adopted the Order No. 0208/MEF/SG/SE-FONAP of 27 May 2024, creating a new window within FONAP to support SMEs operating in the renewable energy sector.

## MACROECONOMIC FRAMEWORK FOR 2024 AND THE MEDIUM TERM

### 17. **The short- and medium-term outlook is favorable, mainly driven by the start of crude oil exports via the new pipeline and the increase in irrigated agricultural production.**

Economic activity in 2024 is expected to reach 10.6 percent after 2.4 percent in 2023, in line with a normal agricultural season and the expected effects of the implementation of the Large-Scale Irrigation Development Program as well as the start of crude oil exports and the resumption of economic activity following the lifting of sanctions. In 2025-2029, real GDP growth is expected to average 6.4 percent, in particular due to increased oil and uranium production. It is expected to reach 7.4 percent in 2025, then 6.1 percent in 2026 and 6.4 percent in 2027. It is mainly driven by the primary sector with an average growth of 7.3 percent, followed by the secondary and tertiary sectors with an average of 6.4 percent and 6.3 percent respectively.

**18. The current account deficit is expected to narrow considerably with the start of crude oil exports.** Thanks to the expected increase in oil production, the current account deficit is expected to increase to 6.5 percent of GDP in 2024. In the medium term, due to the strengthening of crude oil exports, the current account is expected to improve to an average of 4.8 percent of GDP. This improvement is also attributable to a surplus in the balance of secondary income and exports of mining products (uranium and gold).

**19. As part of our commitment to ensuring long-term financial stability and to respecting the WAEMU convergence criteria, we will continue our fiscal consolidation efforts.** Our goal is to reduce the fiscal deficit to 4.1 percent of GDP in 2024 and 3 percent of GDP from 2025 onwards, mainly through increased natural resource revenue, better mobilization of non-resource revenue, and better control of the growth in public spending. However, we are aware of the potential challenges, particularly if disbursements from our development partners are lower than expected or if borrowing conditions on the regional market become less favorable. Given these risks, we stand ready to intensify our revenue mobilization efforts and reprioritize spending to further reduce the fiscal deficit and alleviate our financing needs.

**20. The government is committed to clearing debt arrears and to avoiding accumulating new arrears on external debt payments.** Since the lifting of sanctions, the government has undertaken to regularize arrears to several creditors, including those relating to domestic debt. As of May 15, 2024, the total amount of arrears amounted to 172.9 billion CFAF, composed as follows: (i) arrears to multilateral creditors in the amount of 21.7 billion CFAF, (ii) arrears to bilateral creditors in the amount of 27.8 billion CFAF, (iii) commercial debt arrears in the amount of 14.99 billion CFAF and (iv) arrears on domestic debt in the amount of 108.4 billion CFAF. In order to meet its commitments to its partners, the government has drawn up a plan to

settle arrears (**Prior Action #1**) aiming for a full clearance by the end of 2024. The revised budget will include payments relating to these arrears. In addition, the government commits to monitor and report quarterly to the IMF staff, starting in June 2024, on the outstanding arrears and payments made. Finally, efforts will be made to avoid the accumulation of new arrears on external debt payments.

**21. The government intends to maintain a prudent debt policy to limit the risk of debt distress.** In line with its policy of controlling debt and strengthening the sustainability of public finances, the government intends to continue to prioritize the use of concessional resources and grants to finance its development policy. Also, efforts under way to strengthen the capacities of the institutional framework for public debt management and monitoring will be stepped up in order to better control the associated risks and costs.

**22. The monetary policy stance will continue to be determined by the level of inflation and reserves.** In 2023, the BCEAO continued to tighten monetary conditions with a view to limiting inflationary expectations and ensuring the stability of foreign exchange reserves. In the future, the Central Bank's monetary policy stance will continue to depend on the evolution of global inflation and the interest rates of major central banks.

## FISCAL POLICIES AND REFORMS IN 2024

**23. The government is committed to developing and implementing an oil revenue management strategy by the end of 2024.** To this end, we plan to adopt a regulatory text to establish and approve a roadmap, with a precise timetable, for the adoption of the oil revenue management strategy before the end of 2024 (**Prior action #2**). As part of devising this strategy, a technical committee has been set up. This committee is responsible for developing the macroeconomic and fiscal framework of the finance laws, preparing a report on forecasted revenue from the extractive industries, and ensuring the consistency of the macroeconomic accounts. Composed of representatives from the Ministry of Economy and Finance as well as several other ministries, the committee is also responsible for preparing a detailed report on forecasted revenue from the production and export of crude oil during the economic life of the recoverable reserves and assessing the fiscal risks (**Structural benchmark at end-March 2024**). Subsequently, we plan to adopt a regulatory text to set up a stabilization mechanism that would include: (i) a formula for calculating the reference price, (ii) an oil stabilization fund and (iii) a committee of experts for the implementation of this calculation formula (**Structural benchmark at end-March 2025**).

**24. The fiscal framework for 2024 is fully financed.** The Interministerial Budget Regulation Committee will take the necessary measures to release credits, considering the pace of revenue and grant mobilization, to maintain the deficit within 4.1 percent of GDP. Efforts will be intensified to raise additional domestic revenue in order to free up the fiscal space required to finance priority social and development spending.

**25. The government is placing particular emphasis on mobilizing domestic revenue.** As part of its efforts to consolidate public finances over the medium term, increased domestic revenue mobilization is at the heart of the government's strategy. This approach is motivated by

the existing taxation potential and the imperative to finance national development, particularly in priority sectors, namely security, agriculture and basic social sectors (education and health), as well as food security, support programs for the development of irrigated crops and the recruitment of government officers and civil servants.

**26. The new tax measures in Budget 2024 are expected to increase fiscal revenue.**

Among these, it is proposed to align the duties on the re-export of sugar with those related to its consumption, i.e., a rate of 27 percent. Similarly, the alignment of the duties on the re-export of edible oil with those related to its consumption is envisaged. In addition, it is suggested to introduce a 3 percent Statistical Export Royalty (SER) on crude oil that passes through the pipeline, in the same way as refined products, as well as a 3 percent SER on gold and uranium. These measures aim not only to harmonize tax rates to limit fraud but also to generate significant additional revenue for the state budget, potentially from the extractive sectors.

**27. Particular emphasis will be placed on supporting measures to boost the mobilization of customs revenue.**

In this perspective, several customs administrative measures have been adopted. They include the activation of the Special Customs Rapid Intervention Unit (USIR), which, under the leadership of the Director General of Customs, will play a key role in the fight against fraud. In addition, the reinforcement of customs controls, the implementation of the National Plan against Hydrocarbon Fraud, the deployment of the Annual Plan of the Directorate of Customs Investigations, Intelligence and Risk Analysis (DEDRAR), as well as the Audit Program of the Audit and Internal Control Directorate (DACI) and the Regional Inspection Program are all intended to improve the handling of goods and maximize compliance with the regulation. To this end, we are considering a reorganization of customs services and agents to make better use of our human resources in activities with high revenue potential. We have also created an observatory and a framework for exchange with the private sector to better understand the regulatory texts and increase the speed of customs clearance operations. These initiatives, aimed at broadening the tax base and reducing tax evasion, are key to improving performance in customs revenue mobilization, which has been found to be insufficient in previous evaluations of the program. With these actions, the government aspires to achieve the objectives set for customs revenue.

**28. The government is committed to intensifying efforts to increase revenue from property taxes.**

It plans to implement an ambitious project for the geolocation of land properties, which will allow for better identification of real estate. This project will be accompanied by the creation of a cadaster and the improvement of the estimation of real estate values, thus facilitating the acceleration of the registration of properties and owners. The need for these reforms was highlighted by a comparison with neighboring countries such as Mali and Burkina Faso, where Niger was identified as lagging in property tax revenue. The authorities affirm their determination to pursue these reforms, aware of the challenge but motivated by the considerable revenue potential observed in neighboring countries.

**29. The certified invoice reform marked a significant turning point in tax administration, thanks to the implementation of the free online platform for the issuance of certified electronic invoices (e-SECEF).** This reform, combined with the generalization of the use of the Certified Electronic Invoicing System (SECEF) to all taxpayers, including those not

subject to VAT, has laid the foundations for more effective tax control of companies' turnover. Indeed, the compliance rates of large and medium-sized companies are now close to 100 percent. This progress resulted in a notable increase in VAT and income tax (IT) revenue, exceeding expectations in the first quarter of 2024. To encourage this dynamic, monitoring, awareness-raising and communication efforts are ongoing, which are key to encourage economic operators to implement this reform. These measures aim to increase the compliance rate among small businesses and retailers to 50 percent.

**30. The government intends to continue efforts to rationalize exemptions in order to control tax expenditures and protect the tax base.** As part of the rationalization of exemptions, the DGI has undertaken a socio-economic impact assessment study of tax expenditures, which is scheduled to be finalized in July 2024. The aim of this study is to develop a plan for rationalizing exemptions.

**31. The government is committed to adopting the revision of the General Tax Code (CGI) aimed at simplifying the current tax system and improving the distribution of the tax burden.** The government is determined to ensure that this reform is the result of a transparent consultation involving all stakeholders, including private sector actors. To date, the draft of the first book is available and is being reviewed and validated in accordance with legislative principles by the technical committee. Six other books will also be developed and validated. The government is committed to adopting the new CGI prior to March 2025 **structural benchmark at end-March 2025**.

**32. The digitalization and interconnection of tax administrations has been achieved, and we plan to gradually improve data sharing.** Following the IMF's technical assistance, we revised and validated the interfacing manual that defines the data to be shared, as well as the exchange architecture. We then operationalized the interconnection of the SISIC and SYDONIA platforms, through the exchange of (i) the complete automation of priority processes related to taxpayer directories and customs declarations (**Structural benchmark at end-March 2024**), (ii) exchanges relating to the exchange control unit, the VAT declarations inquiries unit, the customs permits inquiries unit, the automobile inquiries unit, and the disputes inquiries unit (**Structural benchmark at end-June 2024**), and (iii) exchanges concerning full automation of priority processes relating to corporate balance sheets (**Structural benchmark at end-September 2024**). Given the evolving nature of this reform, we plan to improve the availability of data on both platforms in order to facilitate their exchange, particularly with regard to companies' financial statements, which are rarely entered. We plan to use this data exchanged to strengthen our compliance risk management, conduct inspections and audits, and combat tax fraud and tax evasion.

**33. In addition, these digitalization reforms are based on the expansion of digital payment methods for the collection of fiscal revenue and the deployment of the digital platform of the tax administration.** The recent increase in electronic payments for tax revenue in Niger, reaching 164 billion CFAF in 2022 and 131 billion CFAF in the first seven months of 2023, highlights the increasing adoption of digital payment systems within the country's tax collection system. This promising trajectory has been hampered, however, by recent financial sanctions, temporarily disrupting the momentum of digital financial inclusion and eroding

taxpayers' trust in the electronic payment system. Additional efforts will be made to strengthen the use of these digital means of payment to increase the celerity of fiscal revenue collection. In addition, significant progress has been made in the deployment of the Integrated Tax and Taxpayer Information System (SISIC). This deployment will make it possible to modernize our tax administration. To date, 67 out of 83 tax units have been successfully covered by SISIC, demonstrating a commendable commitment to using technology to make tax collection processes more efficient and transparent. We are committed to continuing this rollout to the remaining tax units.

**34. Confronted with the necessity to adapt fiscal policies to current challenges, the authorities have shifted resource allocation priorities, with a focus on security and social spending such as health, education, food security, and social safety nets.** This strategic reorientation aims to address the immediate and long-term needs of the most vulnerable populations, while ensuring stability and national security. By increasing investment and spending in these key sectors, the government aspires to build a more resilient society, capable of dealing with health, education and security crises, while laying the foundations for sustainable and inclusive development. This holistic approach underscores the authorities' commitment to prioritizing citizen well-being and social cohesion in their budget planning efforts, despite the economic constraints and complex challenges imposed by the current context.

**35. In addition, the government plans to implement a recruitment strategy aimed at strengthening the public administration, particularly the tax administration and the education and health sectors.** With a total workforce of 89,002 agents, all categories combined at the end of December 2023, the capacity of the Nigerien public administration to cover and meet the needs of the population remains very limited. A recruitment plan should make it possible to strengthen the workforce and lead to an increase of 7,654 agents and civil servants, on average, per year in the civil service over the period 2024-2026. Specifically, the number of tax administration staff must be increased to broaden the tax base, increase the tax network, and improve the collection of fiscal revenue. To this end, a recruitment of about 831 agents for the DGI is planned for 2024. Emphasis will be placed on priority sectors. We have converted nearly 2,150 contractual workers from the Ministry of National Education into civil servants to ensure quality education. We are also considering recruiting staff for the Ministry of Health, where recruitment has not taken place since 2021, namely, to enable the provision of quality health services.

**36. The government intends to strengthen the social protection system to protect vulnerable populations.** To this end, spending on subsidies and transfers is expected to increase. This will not only provide much-needed support to these populations but will also lead to a significant improvement in social indicators across the country. As part of this approach, special emphasis is placed on the expansion of the Unified Social Register (USR). The objective is to expand the coverage of the USR to 800,000 households in the coming years, targeting particularly 43 percent of the poorest individuals, to ensure a more efficient and targeted distribution of social spending. Ultimately, the plan aims to register all poor and vulnerable households, estimated at more than 3 million, by 2030. This initiative focuses not only on data collection, but also on maintaining the USR dynamic by updating regularly household information and achieving interoperability with other national information systems. The

authorities are committed to overcoming challenges such as mobilizing the necessary financial resources for this reform, establishing a unique identifier for vulnerable individuals and households, and including diverse social groups in the registry.

**37. In line with the authorities' priorities, the government has undertaken several initiatives to improve access to and quality of education, as well as to strengthen the governance of the education system.** To increase access to education, the gradual replacement of 36,000 straw hut classrooms with constructions made of hard materials has been initiated, with 2,331 classrooms already under construction in the 8 regions of Niger using Niger's own resources from the 2022 budget, and 1,059 more planned for 2024. In addition, the construction of 100 boarding schools for girls and the creation of grouping centers for children affected by insecurity illustrate efforts to enroll more young girls in school and reintegrate the displaced. In terms of quality, the continuation of the curriculum reform and the introduction of digital technology in schools mark important steps towards improving teaching practices and online learning. Finally, governance could be strengthened by respecting the school card, setting up a human resources database and establishing performance contracts, with the goal of improving resource management and a culture of results and accountability. These reforms, supported by the government and its partners, demonstrate Niger's commitment to transforming its education system to meet the country's development needs.

**38. The government is committed to integrating the Solidarity Fund for the Safeguarding of the Homeland (FSSP) as a special account in the 2025 budget (*new structural benchmark*).** This fund, established to respond to the security and social challenges of our country, focuses on: (i) the financing of defense and security expenditures; (ii) support for citizens who have been forcibly displaced, by facilitating their relocation, local reintegration, and voluntary return; (iii) the financing of social mobilization in the context of citizen actions. The FSSP draws its resources from voluntary contributions and various levies (telephone operator levies, levies on the price structure of hydrocarbons, etc.). We are committed to maintaining rigorous accounting of all contributions and expenditures associated with this fund, reinforcing our commitment to transparent and accountable financial management.

**39. The government will also request technical assistance for a governance diagnostic assessment to strengthen fiscal transparency.** At the same time, a fiduciary evaluation by the World Bank, scheduled for the end of 2024 as part of the evaluation of its programs, should allow for the formulation of recommendations to strengthen budget transparency and governance in Niger.

**40. The reform of budgeting in AE/CP (Commitment Authorizations / Payment Credits) will be extended to all Ministries in 2025.** To date, it includes eleven Ministries with the highest investment portfolios. A preliminary assessment will be carried out to identify and find a solution to the challenges encountered during this reform. Following this evaluation, the reform should cover all Ministries by 2025. At the same time, additional training is planned to strengthen the capacity of sectoral ministries, thus ensuring that relevant staff are well equipped to implement this budgeting model.

**41. The government of Niger has begun the digitalization of government payment processes to revolutionize the efficiency, transparency, and accessibility of financial**

**operations within the public sector.** At the heart of this reform are the e-Tresor Niger and I-ATS platforms, which promise to modernize payments by enabling various payment methods, promoting real-time management of state bank accounts, and ensuring seamless interconnectivity between banks and the Public Treasury. For this purpose, prepaid cards will soon be distributed to students and retirees, allowing them to receive their scholarship and pension payments. This reform will not only significantly reduce transaction times and costs, but also plays a crucial role in the fight against corruption and improving financial inclusion by minimizing reliance on cash and promoting digital transactions. The success of these reforms requires a concerted effort from all stakeholders, supported by a robust regulatory framework, comprehensive change management strategies, and an unwavering commitment to cybersecurity.

**42. The government has preserved the achievements of the reform of the Treasury Single Account (TSA) in order to strengthen cash management.** Despite the freezing of the Treasury account, we have restricted the opening of new bank accounts by public entities in commercial banks. We will continue to inventory these accounts, including those of local authorities, and close the 34 accounts that are still active if the projects they funded are completed. Currently, the Treasury accountants manage the accounts of 122 out of 266 local authorities. The expansion of coverage by the Treasury's direct accountants is expected to continue, facilitated by collaboration between the Treasury and the finance directorate of local authorities, focusing on the merger of local authorities based on their geographical proximity and similarities.

**43. Efforts have been made to better supervise and monitor the performance of state-owned enterprises and institutions.** The budgets submitted for approval by the Minister of Finance have been significantly improved. Several public institutions have been merged. However, the implementation of contracts based on performance is still pending, although they are being actively pursued. For the year 2024, the aim will be to update the database of budgets and financial statements transmitted by these companies and public institutions, publish their financial statements, and conducting analyses that should lead to three reports, namely the report on debts and receivables, the report of the State portfolio, and the general report of public enterprises. Efforts will also focus on updating the state's participation, updating companies listed in the latest order, the organization of the general assembly, and raising awareness among the managers of these companies and public entities. In the years to come, the authorities wish to equip themselves with an information and management system that will facilitate the entry and use of information on budgets and financial statements, to archive them electronically, as well as to better define the texts for appointing board members, and to equip them through training and certifications.

**44. The government has undertaken a series of reforms with the aim of strengthening the public expenditure chain and ensuring more transparent and efficient management of public finances.** These reforms include, in particular, the revision of the order on supporting documents to simplify and streamline the process of expenditure execution, the development of guides for a better utilization of the budget nomenclature and the execution of public expenditure in the context of the program budget, an accelerated and efficient processing of files related to personnel expenditure by pay agents, as well as the elaboration of a decree on

budget management aimed at establishing a coherent regulatory framework for the new public management system. These initiatives, accompanied by the establishment of a communication framework between the Directorate General of Budget (DGB) and the actors involved in the preparation and execution of the budget, aim to ensure effective implementation of reforms, and promote the quality of financial governance.

## STRUCTURAL REFORMS

**45. The government remains committed to creating the conditions for a more productive, diversified, and resilient private sector.** To support the implementation of the reforms needed to improve the business environment, the government created a new framework for public-private dialogue in April 2022 and the institutional framework for its operations at the central and regional levels. Technical committees have also been set up to support the private sector. In parallel, the government plans to adopt a decree instituting a charter for small and medium-size enterprises (SMEs) before the end of the year to improve their competitiveness and facilitate their access to financing. A strategy on access to electricity for the period 2018-2035 was adopted in 2018 with the aim of providing all Nigeriens with reliable, affordable, and environmentally responsible electricity. Improved energy coverage will encourage the emergence of the private sector, particularly through the development of local industries.

**46. The development of the financial sector and financial inclusion continues to be an important pillar of the government's development agenda.** As part of its commitment to promoting financial inclusion in Niger, the government has adopted a national inclusive finance strategy since 2018, with an assessment planned for this year. This assessment will provide lessons to streamline actions to increase the financial inclusion of economically vulnerable populations, including women and youth in disadvantaged rural and urban areas. At the same time, a financial education plan is being developed. The development of this plan is expected to be based on a diagnostic study on financial inclusion. In addition, the Nigerien authorities are committed to continuing the digitalization of the financial system through the promotion of mobile money and other digital services.

**47. The government has a Financial Inclusion Development Fund (FDIF) to promote financial inclusion.** The Fund is the government's main financing instrument for promoting financial inclusion. In this regard, its mission is to ensure the strengthening of the technical and financial capacities of financial service providers (FSPs), through the establishment of credit lines for the benefit of Decentralized Financial Systems (DFS), a guarantee fund for credit operations, Facilitation Funds for bank refinancing of DFS and technical assistance and counterpart grants to stakeholders, in particular financial service providers, technical service providers, FinTechs, support structures through its four windows. An additional window focused on the development of Islamic finance services was established in 2024 to strengthen the financial inclusion activities of FDIF.

**48. In addition to the FDIF, Niger also has the National Support Fund for Small and Medium-sized Enterprises and Small and Medium-Sized Industries (FONAP) to support**



**access to finance for SMEs and increase financial inclusion.** FONAP's interventions are part of a complementary and synergistic approach with other instruments such as the Financial Inclusion Development Fund (FDIF), the Investment Fund for Food and Nutrition Security (FISAN) and the BCEAO's SME Financing Facility. FONAP has four windows, namely the first Window on Loan and Refinancing Funds, Participation and Credit Guarantees to SMEs/SMIs, the second Window on Interest Rate Subsidy Funds, the third Window on Leasing Funds and the fourth Window on Technical Assistance and Counterpart Funds. For the year 2023, FONAP benefited from state subsidies amounting to 3.78 billion CFA francs.

**49. The implementation of the microfinance sector restructuring plan is still ongoing.**

At the end of a negotiation with BOAD, the State of Niger has succeeded in securing a loan of 10 billion CFA francs for retrocession to ASUSU. This loan should make it possible to rehabilitate the structure, which has been under provisional administration since 2018, and to relaunch its activities. The disbursement of funds to ASUSU is subject to the certification of its financial statements by the statutory auditor. Regarding TANAADI, the withdrawal of accreditation was initiated by the ARSM (Regulatory Agency of the Microfinance Sector) and validated by the BCEAO. Procedures are underway for the appointment of a liquidator within the regulatory timeframe. The Union des Caisses Mutuelles du Niger remains under provisional administration. In terms of reforms and regulations of the microfinance sector, the Nigerien Government remains committed to internalizing the recent WAEMU community law on microfinance regulation, adopted in December 2023.

**50. The government is focusing its efforts on promoting good governance and combating corruption.**

After assuming power, the new authorities committed to ending economic mismanagement. To this end, they established, by Ordinance No. 2023-09 of September 13, 2023, the Commission for Combatting Economic, Financial and Tax Delinquency (CoLDEEF). Its missions are to (i) conduct investigations into all cases of economic, financial and fiscal crime nationwide; (ii) receiving and processing economic, financial and tax investigation reports and handover reports; (iii) Analyzing detailed audit reports; (iv) recovering assets owed to the state and its branches; and (v) making recommendations to the competent authorities. Since its creation, the CoLDEEF has been able to recover an amount of 42 billion CFA francs. The dissolution of the Supreme Audit Institution (*Cours des Comptes*) has systematically led to an interruption in assets declaration. An ordinance on the organization and functioning of a new Supreme Audit Institution is being drafted, in line with the strategic axis of the PRSP: "Strengthening of governance, peace and security." The government has also extended the application of the morality survey mechanism to the appointment of administrative officials.

**51. The government is committed to strengthening the fight against money laundering and the financing of terrorism.** The process of transposing into the domestic legal framework the new WAEMU regional Law on Combating Money Laundering, Terrorist Financing and the Proliferation of Weapons of Mass Destruction (AML/CFT/CPF), adopted in 2023, is ongoing. In addition, an order has been signed and four draft decrees are being validated to strengthen Niger's AML/CFT framework. The Nigerien authorities are also continuing to implement GIABA's

recommendations. The National Financial Information Processing Unit (CENTIF) plans to set up a compliance forum for companies, which will serve as a periodic consultation framework with all stakeholders on a quarterly basis. The national terrorism financing risk assessment as well as sectoral risk assessments (including for the banking, real estate, non-profit, and mining sectors) have been undertaken to understand risk exposure to money laundering and terrorism financing.

## POLICIES AND MEASURES TO COMBAT CLIMATE CHANGE

**52. The government is pursuing its commitments to strengthen climate resilience and the transition of our economy towards a green economy.** To better support the implementation of the Nationally Determined Contribution (NDC), we have established governance bodies responsible for policy guidance, monitoring and coordination.<sup>1</sup> All strategic documents outlined in the NDC have been finalized. These include: (i) a resource mobilization strategy (2021-2025), (ii) a climate investment plan (2022-2026), (iii) a partnership plan to address financing needs by accessing potential financing sources, (iv) a national adaptation plan (2022-2027) and (v) a communication strategy (2023). In addition, we have conducted awareness campaigns on the NDC in the eight regional capitals and in all departments and municipalities of the regions of Dosso and Tahoua (in June 2022), those of Maradi and Zinder (ongoing), and supported the integration of climate considerations into Communal Development Plans. With support from the World Bank, we aim to establish, before the end of 2024, a Measuring, Reporting and Verification (MRV) mechanism under the Enhanced Transparency Framework to assess progress of actions planned in the NDC. We plan to revise our NDC in 2025 to include other aspects that represent major challenges for the country and their link to climate, such as migration, security and peace, and waste management.

**53. We have made progress in improving the planning and management of fiscal risks related to natural disasters.**

- **Fiscal risks Statement related to natural disasters.** With the support of technical assistance provided by the IMF in July 2023, we developed and published in May 2024 a guide for the analysis of fiscal risks related to natural disasters on the website of the Ministry of Economy and Finance (**First Review of the RSF, RM7**). Based on this guide, a quantitative analysis of the macroeconomic impacts of natural disasters has been developed in the Macroeconomic and Budgetary Framework Note 2025-2027, including the impacts on the state budget. Therefore, we plan to publish the fiscal risks statement, including those related to natural disasters, in the Multiannual Fiscal and Economic Programming Document (DPBEP 2025-2027) before the end of September 2024 (**Second Review of the RSF, RM8**).
- **Strengthening sectoral capacity in the prevention and management of disaster risk.** For the implementation of the Law No. 2022-61 outlining the fundamental principles of disaster risk management, we adopted an order for the establishment of a National Platform for

<sup>1</sup> Established respectively by decrees n°0100/ME/LCD/SG/DGE/DD/DRR/ACC/DL of June 7, 2022, and n°0101/ME/LCD/SG/DGE/DD/DRR/ACC/DL of June 7, 2022.

Disaster Risk Prevention and Reduction in March 2023. It is a mechanism for coordination, analysis, advice, and support in disaster risk reduction, created within the Ministry of Humanitarian Action and Disaster Management, and composed of ministerial institutions and non-governmental organizations (private sector and civil society). We are also strengthening sectoral capacities in risk management planning and the implementation of more resilient response actions. To this end, we adopted an order in June 2024 appointing focal points (a titular and an alternate) in the relevant directorates of five Ministries<sup>21</sup> to carry out the responsibilities set out in the new law on disaster risk management, including: (i) the preparation and implementation of sectoral disaster risk reduction plans, (ii) the monitoring and evaluation of disaster risk reduction actions, (iii) disaster preparedness and response, and (iv) the coordination of disaster risk management between Ministries. **(First Review of the RSF, RM9)**. The World Bank, as part of the PIDUREM project and the Climate Risk Trust and Early Warning System (CREWS), will support us in strengthening the capacity of sectoral ministries to take on these different responsibilities.

- **Natural disaster risk management.** To improve the management of drought and flood risks at the municipal level, we have conducted flood and drought risk assessments in seven urban areas (Niamey, Maradi, Tessaoua, Diffa, Gaya, Agadez, and Tahoua) with the technical support of the WB (as part of the PIDUREM project). Following a pre-validation workshop in 2023 of these studies by the main stakeholders, and ownership by the Ministry of Humanitarian Action, we published, in June 2024, these studies on the on the National DRM Data Platform ([www.risques-niger.ne](http://www.risques-niger.ne)) **(First Review of the RSF, RM10)**.

**54. We have made progress in implementing our agenda for a low-cost energy transition.** The revised NDC from 2021 commits to reducing greenhouse gas (GHG) emissions by 12.5 percent compared to the status quo in 2030 and by up to 22.7 percent with international support. The energy sector plays an important role in contributing to emission reductions (48 percent). Our country has substantial renewable energy resources to meet its current and future energy needs. The government signed an order for the creation of a new window within FONAP to provide financial and technical support to SMEs operating in the renewable energy sector in May 2024 **(RSF First Review, RM11)**. Operational rules and intervention mechanisms for the window will be developed in a technical manual, with the support of the World Bank. Pending the finalization of the technical manual, the authorities plan to draft a concept note to ensure the operationalization of the window. In addition, the government intends to establish a consultation framework to make participation in the window inclusive. The framework will focus on three strategic axes: (i) mobilizing researchers within local institutions to enrich the operating modalities of the window and adapt it to the Niger context, (ii) developing proposals to argue to strengthen the contribution of development partners to the financing of the window, and (iii) developing communication and awareness-raising strategies for SMEs regarding the offers and

<sup>21</sup> The Ministries concerned include: the Ministry of Economy and Finance, the Ministry of Hydraulics, Sanitation and the Environment, the Ministry of Urban Planning and Housing, the Ministry of Agriculture and Livestock and the Ministry of Humanitarian Action.

technical assistance provided for in the window. In addition, Niger will benefit from a Project for the Deepening of the Financial Sector and Financial Inclusion in Niger (PASFIF), with the support of the AfDB, which provides for activities related to the training of the entire financial ecosystem to accelerate access to the Green Fund.

**55. Making infrastructure investments green and resilient is key to achieve our climate and sustainable development goals.** As part of our commitment to climate-sensitive public investment management (PIM), we have started to revise the PIM Order (No. 0041 of 3 November 2021) to strengthen the integration of climate change aspects in the evaluation and selection of projects. We have strengthened institutional arrangements by establishing a Committee for the Analysis and Eligibility of Public Investment Programs. To benefit from international experience, we will continue the revision of the Order with the support of IMF technical assistance, which is expected to be completed before the end of March 2025 (**Third Review of the RSF, RM5**). With the support of GIZ experts, the General Directorate of Planning and Development Programming validated, in September 2023, a draft guide of methods for the preparation and evaluation of investment projects. Technical assistance from the World Bank is planned to systematically include in the guide the consideration of climate change in the different phases of PIM and then organize workshops to disseminate the guide to sectoral ministries before September 2024 (**Second Review of the RSF, RM4**). Based on this guide, we commit to publishing feasibility studies, including climate vulnerability assessments, for at least three public investment projects of more than 5 billion FCFA by the end of September 2025 (**Fourth Review of the RSF, RM6**).

**56. We have also made progress in implementing our reforms to strengthen the planning and budgeting of climate-related spending.** With technical support from the IMF, we finalized the development of a methodology for budget tagging of climate-related spending. This technical assistance focused on the training of representatives of several ministries, under the leadership of the Ministry of Economy and Finance and the Ministry of Hydraulics, Sanitation and the Environment, the institutional arrangements required in the marking process, the definition of the taxonomy of climate-related expenditures (including adaptation and mitigation aspects) and tagging tools. The methodology will be submitted to the NDC Technical Committee for validation before the end of September 2024 (**Second Review of the RSF, RM1**). The IMF's technical assistance will also support us in piloting the 2025 budget methodology for at least four sectoral ministries, the results of which are expected to be available by March 2025 (**Third RSF Review, RM2**).

**57. Mobilizing climate finance is a key priority to meet the investment needs set out in our climate agenda.** The financing needs for adaptation and mitigation under the NDC are estimated at \$9.9 billion for the period 2021-2030. We have mobilized resources from international climate funds such as the Adaptation Fund (\$10 million) and the Green Climate Fund (\$11 million). To date, only the Agricultural Bank of Niger (BAGRI) is accredited as a national implementing entity of the Adaptation Fund. The National Agency for the Financing of Local Authorities has been proposed as a potential candidate as an accreditation entity to the Green

Fund. The government also plans to strengthen the capacity of officials on climate finance, including in the development of project concept notes, to better meet the criteria for access to finance from existing funds. In addition, as part of our commitment to implement Article 6 of the Paris Agreement, we have secured funding to develop a carbon market development strategy, aimed at developing this sector and generating additional financing resources.

## PROGRAM MONITORING

**58. ECF program monitoring will be based on the performance criteria (Table 1) and structural benchmarks (Tables 2 and 3).** The indicators and reporting requirements are defined in the accompanying Technical Memorandum of Understanding (TMU). The authorities will submit data and statistics to the IMF as set out in the TMU, as well as any other information that they consider useful or is requested by the IMF for monitoring purposes.

**59. The ECF and RSF supported programs will be monitored by means of joint semiannual reviews by the IMF Executive Board.** The semiannual reviews under the ECF will be based on the performance criteria at end-June and end-December, and on the indicative targets at end-March and end-September. New quantitative performance criteria are being proposed at end-December 2024 and end-June 2025 as well as new indicative targets at end-September 2024 and end-March 2025 based on Table 1. The RSF reviews will be based on the evaluation of implementation of the reform measures set out in Table 4.

**Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (March 2023–December 2023)**  
(Billions of CFAF, unless otherwise indicated)

	End-Mar. 2023			End-Jun. 2023			End-Sep. 2023			End-Dec. 2023		
	2nd Review	Actual	Status	3rd Review	Actual	Status	3rd Review	Actual	Status	3rd Review	Actual	Status
<b>A. Quantitative performance criteria and indicative targets <sup>1</sup></b>												
(Cumulative from beginning of year)												
Ceiling on net domestic financing of the government, without IMF net financing	109.7			286.7			456.1			289.3		
Adjustment for shortfall in external budget support <sup>2</sup>		0.0			0.0			0.0			30.0	
Adjustment for payments of domestic obligations (arrears and float) <sup>3</sup>		20.1			20.1			20.1			20.1	
Adjustment for debt reprofiling operation <sup>4</sup>					0.0			0.0			0.0	
Adjusted ceiling on net domestic financing of the government, without IMF net financing	129.8	80.9	Met	306.8	306.5	Met	476.2	428.9	Met	339.5	448.6	Unmet
<i>Memorandum items:</i>												
External budget support <sup>5</sup>	15.0	27.9		32.6	46.0		53.3	46.0		310.2	46.0	
External budget grants <sup>6</sup>	12.6	27.9		24.6	46.0		45.4	46.0		150.2	46.0	
<b>B. Continuous quantitative performance criteria <sup>1</sup></b>												
(Ceiling)												
Accumulation of new external payment arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	107.8	Unmet	0.0	274.0	Unmet
Present Value (PV) of new public and publicly-guaranteed (PPG) external debt contracted from the beginning of the relevant calendar year	550.0	43.6	Met	550.0	139.5	Met	550.0	164.9	Met	550.0	164.9	Met
Adjustment for debt reprofiling operation <sup>7</sup>												
Adjusted PV of new PPG external debt contracted from the beginning of the relevant calendar year				550.0	139.5	Met	550.0	164.9	Met	550.0	164.9	Met
<b>C. Indicative Targets</b>												
(Cumulative from beginning of year)												
Basic budget balance (commitment basis, excl. grants), floor	-92.3	-63.8	Met	-256.0	-168.9	Met	-389.7	-262.4	Met	-467.8	-375.9	Met
Basic budget balance (commitment basis, incl. budget grants), floor	-79.6			-231.4			-344.4			-317.6		
Adjustment for shortfall in external budget grants <sup>8</sup>		0.0			0.0			0.0			30.0	
Adjusted basic budget balance (commitment basis, incl. budget grants), floor	-79.6	-36.0	Met	-231.4	-122.9	Met	-344.4	-216.4	Met	-347.6	-329.9	Met
Cash revenue, floor	265.9	245.0	Unmet	520.0	502.4	Unmet	785.2	676.3	Unmet	1114.0	864.4	Unmet
Floor on social spending	20.3	73.8	Met	50.6	154.1	Met	100.0	203.1	Met	120.0	286.5	Met
Ratio of exceptional expenditures on authorized spending (percent), ceiling <sup>9</sup>	5.0	0.0	Met	5.0	0.0	Met	5.0	0.0	Met	5.0	0.0	Met

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

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

\*\*\*In addition to QPCs enumerated in this table, the Standard Continuous Performance Criteria will also apply: (i) Not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) Not to introduce new or intensify existing multiple currency practices; (iii) Not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article III); and (iv) Not to impose new or intensify existing import restrictions for balance of payments reasons.

<sup>1</sup> Program indicators under A. are performance criteria at end-June 2023 and end-December 2023, and indicative targets for end-March 2023 and end-September 2023.

<sup>2</sup> The ceiling on net domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 5 falls short of forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

<sup>3</sup> The ceiling on 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.

<sup>4</sup> The ceiling on domestic financing of the budget will be lowered by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service for end-September 2023 and end-December 2023.

<sup>5</sup> External budgetary assistance (excluding net financing from the IMF).

<sup>6</sup> External budgetary grants.

<sup>7</sup> The ceiling on the PV of new PPG external debt will be raised by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service from July 6, 2023 until December 31, 2023 up to an amount of CFAF 300 billion.

<sup>8</sup> 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.

<sup>9</sup> Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

**Table 1. Niger: Proposed Quantitative Performance Criteria and Proposed Indicative Targets (March 2024–June 2025)**  
(Concluded)  
(Billions of CFAF, unless otherwise indicated)

	End-Mar. 2024			End-Jun. 2024		End-Sep. 2024	End-Dec. 2024	End-Mar. 2025	End-Jun. 2025
	3rd Review	Actual	Status	3rd Review	Proj.	Proj.	Proj.	Proj.	Proj.
<b>A. Quantitative performance criteria and indicative targets <sup>1</sup></b> (Cumulative from beginning of year)									
Ceiling on net domestic financing of the government, without IMF net financing	125.0			159.8	323.6	435.2	491.1	86.3	204.8
Adjustment for shortfall in external budget support <sup>2</sup>	...	7.7		...	...	...	...	...	...
Adjustment for payments of domestic obligations (arrears and float) <sup>3</sup>	...	0.0		...	...	...	...	...	...
Adjustment for debt reprofiling operation <sup>4</sup>	...	0.0		...	...	...	...	...	...
Adjusted ceiling on net domestic financing of the government, without IMF net financing	132.7	66.1	Met	159.8	323.6	435.2	491.1	86.3	204.8
<i>Memorandum items:</i>									
External budget support <sup>5</sup>	9.9	0.0		19.6	5.4	19.2	66.2	3.2	6.6
External budget grants <sup>6</sup>	7.7	0.0		15.7	4.2	14.2	36.5	1.9	4.2
<b>B. Continuous quantitative performance criteria <sup>1</sup></b> (Ceiling)									
Accumulation of new external payment arrears	0.0	119.9	Unmet	0.0	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	541.0	0.0	Met	541.0	541.0	541.0	541.0	403.1	403.1
Adjustment for debt reprofiling operation <sup>7</sup>	...			...	...	...	...	...	...
Adjusted PV of new PPG external debt contracted from the beginning of the relevant calendar year	541.0	0.0	Met	541.0	541.0	541.0	541.0	403.1	403.1
<b>C. Indicative Targets</b> (Cumulative from beginning of year)									
Basic budget balance (commitment basis, excl. grants), floor	-95.3	-52.8	Met	-113.2	-195.1	-233.4	-284.2	-51.5	-136.8
Basic budget balance (commitment basis, incl. budget grants), floor	-87.6			-97.5	-190.9	-219.2	-247.8	-49.6	-132.5
Adjustment for shortfall in external budget grants <sup>8</sup>	...	7.7		...	...	...	...	...	...
Adjusted basic budget balance (commitment basis, incl. budget grants), floor	-95.3	-52.8	Met	-97.5	-190.9	-219.2	-247.8	-49.6	-132.5
Cash revenue, floor	342.2	197.8	Unmet	738.4	423.8	712.5	1022.7	281.9	526.4
Floor on social spending	20.3	82.3	Met	50.6	85.0	127.5	170.0	50.0	100.0
Ratio of exceptional expenditures on authorized spending (percent), ceiling <sup>9</sup>	5.0	0.5	Met	5.0	5.0	5.0	5.0	5.0	5.0

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

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

\*\*\*In addition to QPCs enumerated in this table, the Standard Continuous Performance Criteria will also apply: (i) Not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) Not to introduce new or intensify existing multiple currency practices; (iii) Not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article III); and (iv) Not to impose new or intensify existing import restrictions for balance of payments reasons.

<sup>1</sup> Program indicators under A. are performance criteria at end-June 2023 and end-December 2023, and indicative targets for end-March 2023 and end-September 2023.

<sup>2</sup> The ceiling on net domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 5 falls short of forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

<sup>3</sup> The ceiling on 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.

<sup>4</sup> The ceiling on domestic financing of the budget will be lowered by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service for end-September 2023 and end-December 2023.

<sup>5</sup> External budgetary assistance (excluding net financing from the IMF).

<sup>6</sup> External budgetary grants.

<sup>7</sup> The ceiling on the PV of new PPG external debt will be raised by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service from July 6, 2023 until December 31, 2023 up to an amount of CFAF 300 billion.

<sup>8</sup> 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.

<sup>9</sup> Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

Table 2. Niger: Continuous Structural Benchmarks of the Program

Measures	Rationale	Deadline	Status	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 the tax base and improve domestic revenue mobilization	Continuous, monitored on a semiannual basis	Not met in September 2023, met in May 2024	The exemption status in September 2023 was shared with IMF staff in May 2024.
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 semiannual basis	Not met in September 2023, not met in May 2024	The political situation in 2023 and the change of administrative staff have led to a delay in the publication of tender notices and final contract award results on the public procurement portal. However, these documents can be consulted on the ARCOP website.
3. Produce a feasibility study for any investment project of more than 5 billion CFAF, the summary of which will be published on the website of the Ministry of Economy and Finance, prior to its inclusion in the <i>Plan d'Investissement de l'Etat</i> from the 2023 budget, starting in January 2023.	Improve the efficiency of public spending.	Continuous, monitored on an annual basis	Met in May 2024	
4. Publish information on the Public Procurement Portal on the beneficial owners of companies awarded non-competitive contracts, with the exception of contracts relating to defense or security, starting in January 2023.	Improve public expenditure management and promote transparency and accountability	Continuous, monitored on a semiannual basis	Met in September 2023, Met in May 2024	



**Table 3. Niger: ECF Structural Benchmarks and Proposal for a New Benchmark**

Measures	Rationale	Deadline	Status	Comments
<b>Prior Actions</b>				
1. Elaborate a plan to clear external and domestic arrears that should contain: (i) a precise timeframe; (ii) a commitment to allocate funds in future budget laws for the payment of arrears; and (iii) a commitment to track and report to IMF staff the stock of outstanding arrears, and arrears paid, on a quarterly basis.	Regain access to finance, ensure fiscal stability, and restore public confidence.	Prior action		
2. Approve a roadmap by regulatory text, with a precise timeline, for the adoption of the oil revenue management strategy before the end of 2024.	Mitigate the budget's dependence on oil revenues, build buffers and ensure efficiency and transparency in spending.	Prior action		
<b>Structural Benchmarks</b>				
1. Adopt an oil revenue management strategy with technical assistance from the IMF.	Enhance governance and transparency of oil revenue allocation.	End-September 2023	Not met	The date of adoption of the strategy has been postponed to the end of December 2024 (see Prior Action No. 2).
2. Digitize all expenditure orders issued in the context of budget execution.	Improve the transparency and effectiveness of public spending.	End-September 2023	Not met, implemented with delay	The digitization of expense orders was completed in March 2024.
3. Digitize all expenditure authorizations (AD).	Improve the transparency and effectiveness of public spending.	End-December 2023	Not met, implemented with delay	The digitization of expenditure authorizations was completed in March 2024.

**Table 3. Niger: ECF Structural Benchmarks and Proposal for a New Benchmark (continued)**

4. Adoption of the revised, simplified General Tax Code (CGI) by the Council of Ministers in accordance with the recommendations of IMF staff.	Simplify the CGI, promote private sector development, shift the tax burden from factors of production to consumption, and increase revenue.	End-June 2024	Postponed to end-April 2025	
5. Continue the process of interconnecting all DGD and DGI IT systems by fully automating priority processes relating to the taxpayer databases and customs declarations in accordance with the recommendations from the IMF technical assistance mission.	Protect the tax base.	End-March 2024	Met	
6. Create a technical committee comprising representatives from the Ministries of Petroleum, Planning and Finance responsible for preparing a detailed report on projected revenue streams from crude oil production and exports over the economic life of the reserves recoverable and assess fiscal risks.	Enhance governance and transparency oil revenue allocation.	End-March 2024	Not met, implemented with delay	The decree for the creation of the committee was adopted in May 2024
7. Continue the process of interconnecting all DGD and DGI IT systems by automating activities relating to the exchange control unit, the VAT declarations inquiries unit, the customs permit inquiries unit, the automobile inquiries unit, and the disputes inquiries unit in accordance with the recommendations of the IMF technical assistance mission.	Protect the tax base.	End-June 2024	Met	Completed in advance

**Table 3. Niger: ECF Structural Benchmarks and Proposal for a New Benchmark (Concluded)**

8. Complete the full interconnection of all DGD and DGI IT systems by fully automating the priority processes relating to corporate balance sheets in accordance with the recommendations of the IMF technical assistance mission.	Protect the tax base.	End-September 2024	Met	Completed in advance
9. Adopt a decree determining the formula for calculating the reference price for the oil stabilization fund and create a committee of experts to implement the calculation.	Enhance governance and transparency of oil revenue allocation.	End-September 2024		The date of this benchmark has been postponed to the end of March 2025.
10. Integrate the Solidarity Fund for the Safeguarding of the Homeland (FSSP) into the 2025 budget as a special account. The budget must also include an annex detailing the terms and conditions of financing the FSSP.	Ensuring fiscal transparency in the mobilization of public resources.	December 2024		New benchmark

**Table 4. Niger: Reform Measures under the RSF**

No.	Reform Measure	Type of Reform	Indicative deadline 1/	Technical assistance	Status
<b>Reform Area 1. Strengthening the planning and budgeting of climate-related spending</b>					
RM1.	Government to validate a methodology for tagging climate-related expenditures (CBT).	PFM-Climate	ECF 6 <sup>th</sup> review (End September 2024)	IMF	Rephased
RM2.	Government to apply the CBT framework for at least 4 sectoral ministries in their 2025 budget and share the results with IMF staff.	PFM-Climate	ECF 7 <sup>th</sup> review (End March 2025)	IMF	Rephased
RM3.	Government to amend the budget circular for the preparation of the 2026 budget to include instructions on identifying climate-related allocations in the 2026 budget preparation.	PFM-Climate	ECF 8 <sup>th</sup> review (End August 2025)		Rephased
<b>Reform Area 2. Improving the sensitivity of public investment management to climate-related issues</b>					
RM4.	Government to develop and publish (on the website of the Ministry of Economy and Finance) a guide defining the methodology for climate vulnerability assessments of public investment projects and programs.	PFM-Climate	ECF 6 <sup>th</sup> review (End September 2024)	IMF and WB	Rephased
RM5.	Government to amend the decree no. 0041 dated November 03, 2021—on the process of analysis and selection of projects and investment programs—to require the integration of climate change aspects in the various stages of public investment management (evaluation and selection) and to publish it on the website of the Ministry of Economy and Finance.	PFM-Climate	ECF 7 <sup>th</sup> review (End March 2025)	IMF	Rephased
RM6.	Government to publish feasibility studies, including climate vulnerability assessments, for at least three public investment projects of more than 5 billion CFAF.	PFM-Climate	ECF 8 <sup>th</sup> review (End September 2025)	IMF	Rephased

**Table 4. Niger: Reform Measures Under the RSF (Concluded)**

<b>Reform Area 3. Enhancing disaster informed fiscal planning and management.</b>					
RM7.	Government to publish on the website of the Ministry of Economy and Finance a guide for the analysis of fiscal risks related to natural disasters.	PFM-Climate	ECF 4 <sup>th</sup> review (End - September 2023)	IMF	Implemented with a delay.
RM8.	Government to publish a statement on fiscal risks, including an assessment of fiscal risks related to natural disasters, on the website of the Ministry of Economy and Finance.	PFM-Climate	ECF 6 <sup>th</sup> review (End September 2024)		
RM9	Government to adopt an order to establish focal points consisting of at least two persons (one titular and one alternate) in the relevant directorates of three selected ministries to carry out the responsibilities defined in the new DRM law, including: (i) the preparation and implementation of sector-level disaster risk reduction plans, (ii) the monitoring and evaluation of disaster risk reduction actions, (iii) the preparation and the response to disasters, and (iv) the DRM coordination among ministries.	DRM	ECF 4 <sup>th</sup> review (End October 2023)	World Bank	Implemented with a delay.
RM10	Government to publish flood and drought risk assessments in key exposed areas on the National DRM Data Platform: <a href="http://www.risques-niger.ne">www.risques-niger.ne</a>	DRM	ECF 5 <sup>th</sup> review (End April 2024)	World Bank (PIDUREM project).	Implemented
<b>Reform Area 4. Promoting renewable energy sources</b>					
RM11	Government to create a new window ("Guichet") within the FONAP that provides technical and financial assistance for improving the bankability of small and medium enterprises projects as well as their implementation in the field of renewable energy.	Green energy	ECF 4 <sup>th</sup> review (End October 2023)		Implemented with a delay.
Note: 1/ According to the IMF's policy paper ("Proposal to Establish a Resilience and Sustainability Trust", Policy Paper No. 2022/013, April 2022), the timeline is indicative and some flexibility in the implementation timeline is granted to take into account the difficulty of assessing the exact time needed to complete reforms.					

## 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 Q2-2024 to Q2-2025.** The performance criteria and indicative targets for June 2024 through June 2025 are set out in the Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of June 27, 2024. 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 2024 and 2025 quarterly targets** respectively concern the cumulative amounts since the beginning of 2024 and 2025 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.** 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 2024 and that of 2025 is respectively calculated using the exchange rates for end March 2023 and end May 2024, in the IMF's International Financial Statistics (IFS) database.

Exchange Rates (end March 2023)	
CFAF/SDR	811.4146
U.S. Dollar/SDR	1.3452
Euro/SDR	1.2370
Japanese Yen/SDR	179.5614
U.K. Pound Sterling/SDR	1.0870
U.A.E. Dirham/SDR	4.9404

<b>Exchange Rates (end May 2024)</b>	
CFAF/SDR	800.02484
U.S. Dollar/SDR	1.32354
Euro/SDR	1.21963
Japanese Yen/SDR	207.333
U.K. Pound Sterling/SDR	1.04035
U.A.E. Dirham/SDR	4.85725

**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 budget 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 budget 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.

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

**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.

### **Adjustment**

**28. The basic budget balance target** will be relaxed by an amount equivalent to 0.5 percent of GDP, expressed in billions of CFA francs, to account for priority spending, provided that the authorities secure concessional financing (in addition to the amounts currently envisaged).

### **Reporting Requirement**

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

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

**31. 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**

**32. 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

### 33. 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

### 34. 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

### 35. 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

### 36. 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.

**Table 1. Niger: Summary of Data to be Reported**

<b>Type of Data</b>	<b>Table</b>	<b>Frequency</b>	<b>Reporting Deadline</b>
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

**Table 1. Niger: Summary of Data to be Reported (Concluded)**

Type of Data	Table	Frequency	Reporting Deadline
Monetary and financial data	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		
Balance of payments	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
External debt	Balance of payments	Annual	End-year + 6 months
	Balance of payments revisions	Variable	At the time of the revision.
External debt	Stock and repayment of external arrears.	Monthly	End-month + 6 weeks
	Breakdown of all new external loans signed and projected borrowing, including the financial terms and conditions.		End-month + 6 weeks
	Table on the monthly effective service of external debt (principal and interests), compared with the programmed maturities.	Monthly	End-month + 4 weeks





# NIGER

July 11, 2024

## FOURTH AND FIFTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND EXTENSION AND REPHASING OF THE ARRANGEMENT, AND FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUEST FOR EXTENSION AND REPHASING OF THE ARRANGEMENT—SUPPLEMENTARY INFORMATION

Approved By  
**Annalisa Fedelino (African Department) and Fabian Valencia (Strategy, Policy and Review)**

Prepared by the African Department in consultation with LEG and SPR.

*This supplement provides updates regarding the implementation of the two Prior Actions under the ECF arrangement (Table 1) and does not alter the thrust of the staff appraisal. These prior actions pertain to (i) the elaboration of a plan to clear external and domestic debt service arrears and (ii) the approval of a roadmap by regulatory text for the adoption of an oil revenue management strategy.*

**1. The Nigerien authorities elaborated a plan to clear external and domestic debt service arrears, which was adopted by the Prime Minister.** The arrears clearance plan was elaborated in consultation with the different creditors and is consistent with IMF staff's recommendations. It contains: (i) a precise timeframe for the settlement of the accumulated arrears within the program horizon; (ii) a commitment to allocate funds in future budget laws for the payment of arrears; and (iii) a commitment to track and report to IMF staff the stock of outstanding arrears and arrears paid, on a quarterly basis. In the context of the implementation of the plan, the authorities have recently cleared arrears to the European Investment Bank. As of end-June 2024, the authorities estimate that external debt service arrears amount to 64.5 billion CFAF (0.6 percent of GDP), while domestic debt service arrears amount to 118.2 billion CFAF (1 percent of GDP).

**2. The authorities also approved a roadmap by regulatory text for the adoption of an oil revenue management strategy before the end of 2024.** In line with staff’s recommendation, this roadmap—adopted by the Prime Minister and endorsed by the President—contains a precise timeline that will pave the way for the adoption of an oil revenue management strategy before the end of 2024 in five stages. The first stage of the roadmap consists of establishing an inter-ministerial technical team by end-July, comprising members from the Ministry of the Economy and Finance, Ministry of Petroleum, and representatives of institutions such as the Presidency and the Prime Minister’s cabinet; this team will conduct an analysis based on the recommendations of the technical assistance report elaborated by the IMF in 2023 and put together a draft strategy. In the second stage, a technical workshop will be organized by end-August to discuss the draft strategy with the participation of the different government stakeholders, civil society organizations, and development partners. Based on feedback from the workshop, the draft strategy will be further refined and presented to the government in the third stage by end-October. In the fourth stage, a campaign to inform the general public about the strategy and its objectives will be organized. The campaign will be concluded by end-November. Finally, the fifth stage involves completing the draft strategy and its adoption by the Prime Minister by end-2024.

**3. Staff supports the completion of the fourth and fifth reviews under the ECF arrangement with the implementation of the prior actions.** Staff assess the implementation of the prior actions as consistent with IMF staff’s recommendations.

<b>Measures</b>	<b>Rationale</b>	<b>Status</b>
1. Elaborate a plan to clear external and domestic arrears that should contain: (i) a precise timeframe; (ii) a commitment to allocate funds in future budget laws for the payment of arrears; and (iii) a commitment to track and report to IMF staff the stock of outstanding arrears, and arrears paid, on a quarterly basis.	Regain access to finance, ensure fiscal stability, and restore public confidence	Met
2. Approve a roadmap by regulatory text, with a precise timeline, for the adoption of the oil revenue management strategy before the end of 2024.	Mitigate the budget’s dependence on oil revenues, build buffers and ensure efficiency and transparency in spending.	Met



# NIGER

July 3, 2024

**FOURTH AND FIFTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND EXTENSION AND REPHASING OF THE ARRANGEMENT, AND FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUEST FOR EXTENSION AND REPHASING OF THE ARRANGEMENT**

## **WORLD BANK ASSESSMENT LETTER UPDATE FOR THE RESILIENCE AND SUSTAINABILITY FACILITY FOR NIGER**

*This update to the RSF Assessment Letter—Niger<sup>1</sup> (dated June 2023)— highlights relevant changes that have occurred since the issuance of the Assessment Letter.*

- 1. Country vulnerability to climate change, including human, social, and economic costs for the country arising from climate change vulnerabilities.** Niger's vulnerability to climate change, including human, social, and economic costs described in the June 2023 Assessment Letter, based on the Sahel CCDR (2022), remain valid.
- 2. Government policies and commitments in terms of climate change adaptation and priority areas to strengthen resilience and Government policies and commitments in terms of climate change mitigation and priority areas to reduce greenhouse gas emissions.** Government policies and programs related to climate change (adaptation and mitigation) remain broadly unchanged since June 2023, despite the change in the Government. However, similar to other government programs, funding and implementation have been delayed due to the coup in July 2023 and subsequent sanctions and pause in development partner assistance, which affected all sectors over the past 12 months. The expected impact of delays in program funding is knock-on delays on implementation and on the achievement of results. There have been no changes since last year on Niger's NDCs. The Bank has supported the elaboration of NDC sectoral investment plans, organized trainings for Niger's NDC national committee on Paris agreement article 6 to unlock carbon finance. The Government is preparing reports for the upcoming COP on NDC implementation.

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<sup>1</sup> [Niger—World Bank Assessment Letter, June 2023](#)

**3. Any other challenges.** The key other challenges identified in the June 2023 Assessment Letter remain relevant.

**4. WB engagement in the area of climate change.** The World Bank engagements in the areas of climate change outlined in the June 2023 Assessment Letter are still in place although project implementation and new project approvals were interrupted due to the 10-month pause in WB disbursements after the coup. The World Bank resumed disbursements at the end of May 2024 and is preparing new projects for Board approval, including in the area of strengthening climate resilience of rural households and the agriculture sector. In terms of supporting policy and institutional reforms related to climate change, the Bank did not proceed with the second operation in the programmatic DPF series (P179536), which contained DRM and renewable energy-related policy measures that were complementary to the RSF. However, DRM and renewable energy reforms are continuing to be supported through other Bank lending operations and Bank technical assistance in these two areas.



# NIGER

July 3, 2024

## FOURTH AND FIFTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND EXTENSION AND REPHASING OF THE ARRANGEMENT, AND FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUEST FOR EXTENSION AND REPHASING OF THE ARRANGEMENT—DEBT SUSTAINABILITY ANALYSIS

Approved By  
**Annalisa Fedelino (AFR),**  
**Fabian Valencia (SPR),**  
**Manuela Francisco (IDA)**

Prepared by the staffs of the International Monetary Fund (IMF) and the International Development Association (IDA).<sup>1</sup>

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

<sup>1</sup> This DSA was prepared based on the Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries, 2017.

*Niger's risk of external and overall public debt distress is assessed as "moderate"—unchanged from the previous DSA published in July 2023.<sup>2</sup> However, the military takeover of July 2023 changed the political equilibrium in Niger and strained the relationship with traditional development partners, exacerbating pre-existing debt vulnerabilities linked to intensified conflict in the Sahel and extreme weather events. Debt indicators remain below their thresholds under the baseline scenario, except for one single year breach in the external debt service-to-revenue ratio, which is discounted from the analysis. This is primarily attributed to the decline of new financing and the economic rebound following the lifting of sanctions and the commencement of crude oil exports in 2024. The space to absorb shocks is assessed to be limited, which underscores the importance of preserving buffers. Special attention should be paid to the evolution of risks, in particular those linked to crude oil price volatility, a deterioration in the security situation and vulnerability to climate change, as they may impact debt sustainability if they were to materialize. Given high levels of uncertainty, prudent debt policies should still be pursued, and fiscal consolidation remains an imperative in the face of heightened vulnerabilities. In the short term, it is essential to fully implement the arrears clearance plan to ensure fiscal stability, rebuild public trust, and support the economic recovery. At the same time, it is crucial to continue to prioritize external financing in the form of concessional and semi-concessional loans and grants and avoid overreliance on high-cost domestic borrowing to finance the budget. In the medium and long-term, continuous efforts should be made to entrench sound macroeconomic policies, implement reforms, enhance debt management practices, improve public investment management, and increase public spending efficiency, in order to buttress debt sustainability amid greater economic uncertainty. Given Niger's vulnerabilities to climate change, it is crucial to build resilience through adaptation investments and policies, while maintaining fiscal prudence.*

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<sup>2</sup> Niger's debt-carrying capacity remains rated "medium" with a composite indicator value of 2.87 based on the April 2024 IMF's World Economic Outlook (WEO) and the 2022 World Bank's Country Policy and Institutional Assessment (CPIA).

## PUBLIC DEBT COVERAGE

**1. Niger's public and public guaranteed (PPG) debt primarily covers the central government** (Text Table 1). State and local government entities do not borrow directly on their own, and the social security fund and extra-budget funds are not covered by the DSA.<sup>3</sup> State guarantees extended to the private and public sectors for external borrowing are included. Publicly guaranteed private debt includes only the guarantee issued to the China National Petroleum Company (CNPC) for a loan to finance the SORAZ refinery to cover the government's minority stake.<sup>4</sup> SOEs do not directly borrow abroad, benefitting instead from on-lending by the central government, which is captured in debt statistics.<sup>5</sup> The availability of reliable data on domestic SOE debt is limited. With the World Bank's support, the authorities have published the certified financial statements for 2019 and 2020 of the ten largest SOEs on the official website of the Ministry of Finance, but coverage and timeliness should be expanded. Most of external debt is defined on a currency basis due to limitations on the availability of residence information of WAEMU debt holders.<sup>6</sup>

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

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

1 The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
	Default	Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	0 percent of GDP	0.0	
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	3.0	
4 PPP	35 percent of PPP stock	0.0	
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0	
<b>Total (2+3+4+5) (in percent of GDP)</b>		<b>8.0</b>	

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

**2. The contingent liability tailored stress test is calibrated to account for debt coverage gaps** (Text Table 1). First, the coverage shock is kept at 0 percent of GDP for other elements of the general government not captured in the baseline stock of debt since: (i) the authorities indicated that the strong

<sup>3</sup> National Council for the Safeguard of the Homeland (CNSP) created a solidarity fund in October 2023 for the purpose of combating terrorism and insecurity. It is reported that this fund is financed by levies on hydrocarbons, telecommunications, and transport fees, among others, voluntary financial and in-kind contributions are also expected from companies, NGOs, and the diaspora.

<sup>4</sup> CNPC extended a US\$880 million (7.0 percent of GDP) loan for the construction of the SORAZ refinery in 2008, of which US\$352 million (2.8 percent of GDP) is guaranteed by the government. The outstanding stock of US\$30.7 million at end-2023 with repayments continuing until 2024 is included in the baseline stock of debt.

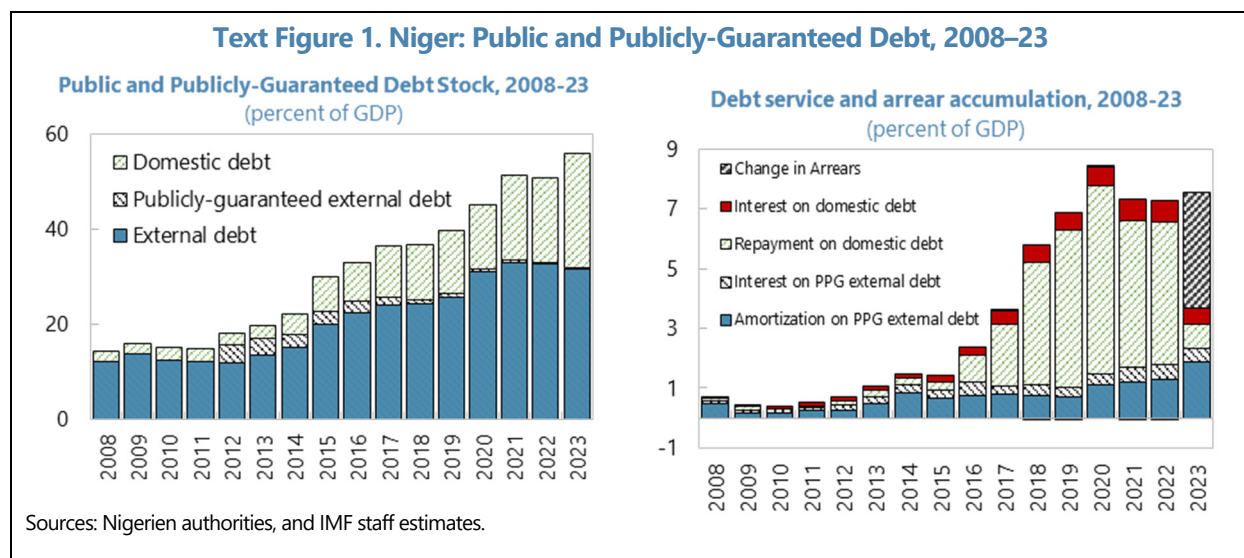
<sup>5</sup> This includes the electricity (NIGELEC), water (SPEN), and telecom (Niger Telecom) companies, and the ABK, a public administrative entity set up for implementing the Kandadji dam project.

<sup>6</sup> Except for creditors whose residency can be tracked, for which debt is defined on residency basis. As an example, West African Development Bank (BOAD) debt is classified as external debt.

financial position of the social security fund (CNSS) removes material fiscal risks; and (ii) local governments solely contract short-term debt with the domestic banking sector, which is small in size. Second, although the repayment of debt service arrears on government securities alleviated some of the liquidity pressures in the banking system, an additional 1 percent of GDP shock was imposed on top of the default value of 2 percent of GDP for the contingent liabilities shock from SOE debt to reflect the potential bank recapitalization needs resulting from remaining vulnerabilities. Third, public-private partnerships (PPPs) signed under the current PPP law do not involve government financing. A contingent liability stress test for PPPs is hence not incorporated currently. Considering the relatively low levels of credit to the economy, the default value of 5 percent of GDP for financial market contingent liability risks appears adequate.

## BACKGROUND ON DEBT

**3. Niger's public and publicly guaranteed (PPG) debt is estimated at 56.6 percent of GDP at end-2023** (Text Figure 1). Niger's PPG debt stock has been rising in recent years, leading to a corresponding increase in debt service. The political crisis and ensuing sanctions in 2023 pushed public debt to a peak of 56.6 percent of GDP, primarily through the accumulation of debt service arrears (around 5.4 percent of GDP). Other factors have contributed to a longer upwards trend in Niger's PPG debt, including higher security spending, large-scale public investments, and fiscal pressures during the COVID-19 pandemic and the response to a severe drought in 2021. Previously, wider deficits were mainly financed by external donor support, but prospects for financing from traditional partners are uncertain after the military takeover.



**4. PPG external debt makes up 57.4 percent of Niger's total debt stock in 2023.** Multilateral creditors represent the largest share (around four fifths) of external debt, with Niger borrowing mostly from the World Bank (IDA) followed by the IMF and BOAD. Official bilateral debt represents around 12 percent of external debt. Exposure to exchange rate risk is relatively low given that most external debt is denominated in CFAF or Euros, and CFAF is pegged to the Euro. External debt is generally on concessional terms, with an average effective interest rate of 1.06 percent in 2023 and remaining maturity of 19 years at



end-2023. However, this financing structure is subject to significant changes, despite the projected return of financing from multilateral institutions in the near term,<sup>7</sup> as the suspension of financing from some traditional bilateral partners is likely to persist for the foreseeable future.

**5. Domestic debt consists mostly of short- and medium-term Treasury securities**, predominantly held by banks domiciled in Niger or in the rest of the West African Economic and Monetary Union (WAEMU). The average remaining maturity of Niger's domestic debt is 6 years while the average weighted interest rate stood at 5.13 percent at end-2023. Niger lost its access to the WAEMU regional market after the military takeover and the imposition of sanctions, which led to the accumulation of domestic debt service arrears (around 4 percent of GDP at end-2023). However, Niger has regained access to the regional securities market in April 2024, with an issuance of close to CFAF 458 billion in securities (the proceeds of this issuance were used to repay overdue domestic debt service obligations). The financing costs have increased relative to trends observed before the military coup, primarily due to the BCEAO's higher policy rate (from 2 percent in 2022 to 3.5 percent by December 2023), and higher risk premium faced by member countries of the Alliance of Sahelian States (AES) on recent issuances even before the announcement of the decision to leave ECOWAS. The DSA considers these developments and has increased the cost of domestic financing accordingly.

**6. The estimation and analysis of private external debt is complicated by data limitations and requires further follow-up.** The BCEAO faces challenges in the compilation of private external debt stock statistics. Efforts to gather information on the coverage and composition of private external debt will continue, with technical support from the IMF's Statistics Department.

## MAIN ASSUMPTIONS

**7. The baseline scenario is predicated on macroeconomic assumptions reflecting recent economic developments, including the ramifications of the military takeover in July last year (Text Table 2).** Growth of 2023 is estimated at 2.4 percent, compared to 7 percent in the previous DSA, mainly because of sanctions and the impact of political instability on trade, investment, private and public consumption, as well as a relatively unfavorable agriculture season. A brisk rebound is expected in 2024 to 10.6 percent due to the start of crude oil exports and the lifting of sanctions. The baseline projections incorporate the economic effects of leaving ECOWAS. Growth in the early 2030s stands around 6 percent because of the development of new uranium production, and gradually falls to reach 5.5 percent in 2038. Average growth over 2030-2044 is projected at 5.7 percent, slightly lower than the previous DSA assumption and pre-pandemic average (5.9 percent over 2011-19) and considers historical patterns of climate-related shocks on growth. Long-run growth is supported by high projected population growth and is in part explained by the catch-up process given the country's low level of development. The baseline scenario also includes climate-related investments planned by the authorities.

<sup>7</sup> The structure of World Bank financing has changed. Under IDA19, IDA regular loans and grants were the main facilities. However, with the starting of IDA20, IDA 50 years loans become the main facility.

**8. The macroeconomic framework maintains the assumption of a fiscal consolidation that would reach the WAEMU deficit convergence criterion of 3 percent of GDP by 2025.** The increase in government revenues projected for 2024 is weaker when compared to the previous DSA but still significant, driven by the lifting of sanctions, economic recovery, and the start of crude oil exports. The authorities are implementing new tax administration measures—primarily focusing on strengthening tax enforcement, fighting tax fraud and corruption, collecting tax arrears, and managing human resources within tax agencies—which are likely to yield only a modest net impact.

**Text Table 2. Niger: Key Macroeconomic Assumptions, 2021–44**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030–44
<b>Real GDP growth (percent)</b>										
Current DSA	1.4	11.9	2.4	10.6	7.4	6.1	6.4	6.0	6.0	5.7
ECF 3rd review	1.4	11.9	7.0	13.0	7.0	6.2	6.0	6.0	6.0	6.0
ECF 2nd review	1.4	7.1	7.0	13.0	7.9	6.1	6.0	6.0	6.0	6.0
<b>Inflation (CPI)</b>										
Current DSA	3.8	4.2	3.7	4.4	3.6	3.2	2.0	2.0	2.0	2.0
ECF 3rd review	3.8	4.2	2.7	2.5	2.0	2.0	2.0	2.0	2.0	2.0
ECF 2nd review	3.8	4.5	3.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0
<b>Primary fiscal balance (percent of GDP)</b>										
Current DSA	-5.0	-5.5	-4.0	-2.5	-1.1	-1.2	-1.3	-1.4	-1.5	-1.5
ECF 3rd review	-3.8	-2.0	-1.3	-1.3	-1.3	-1.3	-1.2	-1.2	-1.2	-1.1
ECF 2nd review	-3.8	-2.1	-1.4	-1.4	-1.3	-1.3	-1.3	-1.3	-1.3	-1.1
<b>Total revenue excluding grants (percent of GDP)</b>										
Current DSA	10.8	10.1	8.7	9.4	10.6	11.0	11.4	11.9	12.2	13.1
ECF 3rd review	10.8	10.1	11.2	13.5	14.1	14.6	14.7	14.8	15.2	16.0
ECF 2nd review	10.8	11.7	12.8	14.8	14.9	15.0	15.2	15.2	15.3	16.3
<b>Exports of goods and services (percent of GDP)</b>										
Current DSA	15.5	12.0	11.9	17.7	20.6	20.1	18.4	17.5	16.7	16.1
ECF 3rd review	15.5	11.9	15.7	22.6	21.8	21.5	20.3	20.5	21.0	20.9
ECF 2nd review	15.5	15.2	16.5	26.6	25.2	24.5	24.9	24.0	23.4	20.1
<b>Oil export price (US dollars per barrel)</b>										
Current DSA	65.8	91.5	76.6	77.2	72.6	69.3	66.9	65.2	64.1	75.3
ECF 3rd review	65.8	91.5	69.5	65.5	63.6	62.1	60.8	59.6	60.8	71.5
ECF 2nd review	65.9	93.3	81.2	76.2	72.4	69.6	67.4	68.8	70.2	80.8
<b>Uranium price (Thousands of CFAF per kg)</b>										
Current DSA	45.0	52.0	75.0	76.0	71.2	75.7	79.1	82.0	83.4	83.4
ECF 3rd review	46.9	49.7	76.2	68.3	71.2	75.7	76.1	76.9	76.9	76.9
ECF 2nd review	46.9	70.6	80.4	80.2	79.7	79.2	78.7	78.7	78.7	78.7

Source: IMF staff calculations.

**9. Tightened financial conditions, compounded by ramifications of the military takeover, are assumed to deteriorate financing terms in the short run. Over time, foreign borrowing is expected to shift towards less concessional sources, while domestic financing will move towards longer maturities.** Regarding external debt, the DSA assumes that the structure of creditors will change with the persistence of the suspension of financing from some traditional development partners. In the longer run, external borrowing moves, albeit gradually, toward less concessional financing and commercial loans. For domestic borrowing, the DSA revised upward assumptions of the average interest rate on government bonds in 2024 to 10, 10.2, and 10.6 percent for bonds maturing in 1 to 3, 4 to 7 years and over 7 years,

respectively, and the interest rate on T-bills is set to 9.8 percent. Moreover, debt instruments are assumed to gradually shift from T-bills to longer maturity bonds in the medium term.

**10. The DSA incorporates the authorities' plan of fully clearing debt service arrears accumulated as a result of sanctions in 2024.** The DSA includes end-December 2023 domestic and external debt service arrears estimated at CFAF 395.2 billion (3.9 percent of GDP) and CFAF 70.5 billion (0.7 percent of GDP), respectively. With the ongoing implementation of the arrear's clearance plan, domestic and external arrears have decreased to CFAF 108.4 billion (0.9 percent of GDP) and CFAF 64.5 billion (0.6 percent of GDP) as of May 15, 2024. (Text Table 3). The authorities have elaborated and started implementing an arrears clearance plan to clear all debt service arrears by end-2024, which the DSA fully incorporates.

**Text Table 3. Niger: Total Amount of External Arrears by Creditor  
(In CFAF Billions, as of May 15, 2024)<sup>1</sup>**

Creditors	2023			2024		
	Principal	Interest	Total	Principal	Interest	Total
Multilateral <sup>2</sup>	30.3	14.2	44.5	14.7	7.0	21.7
Bilateral	16.1	2.4	18.5	23.5	4.4	27.8
<i>Paris Club</i>	5.0	0.8	5.8	6.5	2.2	8.7
<i>Non-Paris Club</i>	11.1	1.6	12.7	17.0	2.2	19.2
Commercial	4.7	2.8	7.6	9.4	5.6	15.0
Total	51.1	19.4	70.5	47.6	17.0	64.5

Sources: Nigerien authorities; and IMF staff calculations  
1/ Estimates of the authorities as of May 15, 2024.  
2/ The total arrears to the WB (estimated at 27.2 billion CFAF or 0.2 percent of GDP) has been cleared at the end of April 2024.

**11. The DSA includes disbursements related to the arrangement under the Resilience and Sustainability Facility (RSF) with a revised schedule relative to program approval.** The RSF is expected to disburse in tranches contingent upon the completion of each reform measure. Resources provided by the RSF would serve as a cost-effective alternative to domestic financing, thereby expanding fiscal space. As a Group A country, Niger continues to benefit from the interest rate cap of 2.25 percent.<sup>8</sup> Disbursements under the RSF arrangement have been rephased to be aligned with the ECF arrangement.

**12. The DSA's toolkit to assess the realism of the macroeconomic forecast does not raise red flags considering historical experience and comparisons with peers.**

- a. **Drivers of debt dynamics** (Figure 3). During 2019 – 2023, a large amount of total public debt has been accumulated due to primary fiscal deficits. The accumulation of arrears in 2023 has pushed public debt to its highest level (56.6 percent of GDP). From 2024 to 2028, the contribution of GDP growth to debt dynamics is projected to dominate the unfavorable contribution of the primary deficit, which will support the downward trend of public debt to GDP ratio to 42.9 in 2044. External public debt peaked at 33.5 percent of GDP in 2021 and is estimated to decline to 22.7 percent in

<sup>8</sup> The interest rate cap was approved by the Executive Board on a lapse of time basis on May 18, 2023: "Resilience and Sustainability Trust—Introduction of Interest Rate Cap (SM/23/120)."

2044 Compared to the previous DSA, the upward trajectory of GDP growth was interrupted by the military takeover and subsequent sanctions, accompanied by arrears accumulation and an increase in financing costs. All factors have contributed to a higher overall trajectory of public debt.

Conversely, the trajectory of PPG external debt is projected to be lower due to a reduction of external financing, with a number of traditional development partners suspending their financial support.

- b. **Realism of planned fiscal adjustment** (Figure 4). The projected three-year fiscal adjustment in the primary balance (3 percentage points of GDP) lies in the top quartile of the distribution of past adjustments to the primary fiscal deficit for a sample of LICs. The expected adjustment is justified by revenue increases driven by the economic recovery, the lifting of sanctions, and the start of crude oil exports. On the spending side, the allocation of resources will be guided by new priorities with a focus on security and social spending (including health, education, food security, and social safety nets).
- c. **Consistency between fiscal adjustment and growth** (Figure 4). The low growth rate observed in 2023 was primarily due to political instability and sanctions and should be treated as an outlier. The projected growth path for 2024 to 2025 is primarily attributed to the start of oil exports and ensuing spillover effects across the economy (notably in the transport sector), as well as increased production in the agricultural sector and the implementation of irrigation projects, and the recovery linked to the lifting of sanctions. Consequently, the impact of fiscal consolidation on growth is likely to be muted.
- d. **Consistency between public investment and growth** (Figure 4). The tool shows a decline of the shares of public and private investments in GDP compared to the previous DSA. This change reflects lower capital expenditure projections linked to tighter financing conditions.

## COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

**13. Niger's debt-carrying capacity remains rated "medium".** The methodology relies on a composite indicator (CI) combining the CPIA score, external conditions as captured by global growth, and country-specific factors. Based on data from the April 2024 WEO vintage, the calculations give a CI value of 2.87, reflecting positive contributions from the CPIA (46 percent) but also international reserves (56 percent), and country and global real growth rates (6 and 14 percent, respectively) (Text Table 4). This score falls within the medium debt-carrying capacity thresholds defined as  $2.69 < CI \leq 3.05$ .

**Text Table 4. Niger: Composite Indicator and Thresholds**

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.426	1.32	46%
Real growth rate (in percent)	2.719	5.861	0.16	6%
Import coverage of reserves (in percent)	4.052	39.392	1.60	56%
Import coverage of reserves^2 (in percent)	-3.990	15.517	-0.62	-22%
Remittances (in percent)	2.022	0.912	0.02	1%
World economic growth (in percent)	13.520	2.909	0.39	14%
<b>CI Score</b>			<b>2.87</b>	<b>100%</b>
<b>CI rating</b>			<b>Medium</b>	

<b>Debt Carrying Capacity</b>	<b>Medium</b>
-------------------------------	---------------

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Medium 2.865	Medium 2.881	Medium 2.875

APPLICABLE	
<b>EXTERNAL debt burden thresholds</b>	
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

APPLICABLE	
<b>TOTAL public debt benchmark</b>	
PV of total public debt in percent of GDP	55

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

#### 14. Besides the six standardized stress tests, there are two tailored stress tests applied:

- One tailored stress test combines contingent liabilities of a one-time debt shock (equivalent to 8 percent of GDP) to capture a scenario reflecting both contingent liabilities from SOEs (equal to 3 percent of GDP) and a need for bank recapitalization (equal to the indicated standard level of 5 percent of GDP).
- The second tailored stress test is a commodity price shock.<sup>9</sup> The scenario captures the impact of a sudden one standard deviation decline in the price of the commodities the country exports.

<sup>9</sup> Under the debt sustainability framework, countries with commodity exports accounting for at least 50 percent of total exports of goods and services over the previous three-year period are subject to the stress test. Commodities accounted for 53 percent of Niger exports of goods and services over the period 2021-23.

## EXTERNAL DEBT SUSTAINABILITY ANALYSIS

**15. External debt is projected to fall sharply in 2024 and continue to decrease gradually, with public and private debt both declining in the medium term (Table 1).** Under the baseline scenario, the ratio of PPG external debt to GDP is projected to experience a sharp decline from 32.5 percent in 2023 to 28.7 percent in 2024. This is attributed to sanctions preventing Niger from borrowing externally in the first quarter of 2024, coupled with a continued funding squeeze, plus the rebound in GDP growth. At the same time, all external arrears are assumed to be cleared in 2024. We anticipate higher growth and fiscal adjustment would support a downward trend in the PPG external debt-to-GDP ratio to 22.7 percent in 2044. Total external debt would gradually decline to 32.5 percent of GDP in 2044. The non-interest current account deficit remains the main driver of these dynamics. The goods and services deficit would be reduced due to oil exports through the new pipeline. Once the non-interest current account deficit, net FDI, and endogenous debt dynamics are accounted for, remaining drivers of external debt dynamics, such as other components of the capital account, reserve accumulation, valuation adjustments, as well as price and exchange rate changes, are subsumed into the residual.

**16. The risk of external debt distress is assessed as moderate. However, liquidity risk is significant (Figure 1).** The present value (PV) of the debt-to-GDP ratio and PV of the debt-to-exports ratio are expected to slightly increase over the projection period, but still remain well below the thresholds. The debt service-to-exports ratios is forecasted to decline as exports strengthen, particularly with the anticipated increase in oil exports. However, the debt service-to-revenue ratio is projected to remain elevated in 2024, breaching the established threshold. This is attributed to the political crisis, persistent security challenges, large amount of arrears clearance, and the delayed impact of reforms on domestic revenue mobilization. The debt service-to-revenue ratio will fall back under threshold from 2025 onward and this breach is discounted from the analysis because of its “single short-lived” nature. In the medium and long term, revenues from oil and continued domestic revenue mobilization efforts are expected to facilitate a steady decline in the debt service-to-revenue ratio. However, there is a significant rise in liquidity risk due to the suspension of financing by traditional partners, particularly funding from the European Union. Despite these challenges, Niger has resumed access to drawing on the West African Economic and Monetary Union's (WAEMU) pooled external reserves after the sanctions were lifted.

**17. Stress tests indicate that three indicators will breach the thresholds under exports or one-time depreciation shocks (Figure 1).** Two export-related indicators (the PV of PPG external debt-to-exports ratio and debt service-to-exports ratio) exceed their thresholds under the export shock scenario, reflecting a relatively small export base relative to external financing. The debt service-to-revenue ratio will breach the threshold in 2024-2025 under one-time depreciation shock. In accordance with the LIC-DSF guidance, stress scenarios are formulated by subtracting the standard deviation from the lower value of the historical average and baseline projection. This scenario cautions against over-optimism that might arise from solely relying on the projected high growth in exports under the baseline scenario, particularly attributable to crude oil exports.

**18. The granularity assessment suggests that the space to absorb shocks is limited (Figure 5).** After excluding the short-lived breaches, the debt service-to-revenue ratio still falls into categories of

“limited space” in 2025, and the situation improves over the medium term. This result should be treated with caution, because in the short term, suspension of loans by certain partners may be accompanied by a significant increase of liquidity risk and a negative impact on the economy. Moreover, Niger may be forced to turn to financing from less concessional sources, which will increase debt vulnerabilities in the medium term.

## PUBLIC DEBT SUSTAINABILITY ANALYSIS

### 19. Public sector debt is projected to decline gradually in the medium and long run (Table 2).

The economy is projected to recover swiftly in 2024 after the lifting of sanctions. Additionally, higher oil revenues following the start of oil exports will further support the downward trend of public sector debt. In the medium and long run, improved domestic revenue mobilization, higher spending efficiency, and better expenditure control, coupled with export diversification fostered by private sector growth, are expected to contribute to stabilizing the primary deficit. Gradual shifts toward lower concessionality and longer maturities over the medium and long term would marginally increase interest costs, while the extension of maturities would reduce rollover risks. All these factors would contribute to the decline of public sector debt to 42.9 percent of GDP by 2044.<sup>10</sup>

20. The PV of the public debt-to-GDP ratio remains below the benchmark in the baseline and stress testing scenarios (Figure 2). The PV of public debt-to-GDP ratio is well below the benchmark of 55 percent of GDP in 2023 and is projected to gradually decline over the projection period under the baseline scenario. Commodity price shock is the most extreme stress scenario; however, the public debt-to-GDP ratio will be still under the threshold under this most extreme stress scenario.

## RISK RATING AND VULNERABILITIES

21. Niger’s risk of external and overall debt is rated “moderate”, and debt is deemed sustainable. The moderate debt distress rating arises from the fact that no indicator for PPG external or public debt breaches its threshold under the baseline scenario (except for one single year breach in the external debt service-to-revenue ratio). Debt remains sustainable as: (i) most debt indicators remain on steady downward trajectories and overall public debt sustainability remains solid; (ii) although economic growth has been negatively affected by political instability and sanctions imposed by ECOWAS during 2023, a strong rebound is expected in 2024 due to the lifting of sanctions and the start of crude oil exports, which support the medium- and long-term growth; (iii) Niger has regained access to WAEMU’s pooled external reserves after the sanctions were lifted, which could delink the ability to service foreign debt from exports at the national level and keep liquidity risks low. In line with the Fund Debt Limits Policy (DLP), a debt limit on the new PPG external borrowing is embedded in program conditionality under the ECF

<sup>10</sup>Niger secured a new loan of US\$400 million equivalent from CNPC-NP Niger, a resident corporation, which is a subsidiary of the China National Petroleum Corporation (CNPC). The loan is denominated in CFA francs, with a 12-month maturity (extendable to 16 months) and a 7 percent interest rate. The loan repayment is tied to oil export proceeds, with CNPC-NP withholding 80 percent of Niger’s anticipated share (25.36 percent of total oil exports via the pipeline). This loan is classified as domestic debt in the DSA.

arrangement and is calibrated to build an adequate buffer to avoid a downgrade of the risk of debt distress. External debt service arrears are below 1 percent of GDP qualifying as a de minimis case, and therefore they do not affect the risk rating consideration.

**22. Special attention should be paid to the evolution of risks, as they may impact debt sustainability if they were to materialize.** A deterioration of the security situation could further affect economic activity. In addition, fiscal space could be compromised due to a tightening of global and regional financing conditions. Donor support may remain subdued, which could lead to delays in capital spending, including key investment projects. Persistence of political tensions with Benin could disrupt crude oil production and exports through the port of Seme (Benin) undermining the expected economic outcomes. External risks encompass commodity price volatility and the effects of an escalation of regional conflicts (e.g., Gaza-Israel). The materialization of the above risks can negatively impact Niger's debt sustainability by decreasing the exports and revenue, while further increasing the financing costs. Moreover, increased reliance on high-cost domestic financing caused by the ongoing external funding squeeze poses significant rollover risk in short and medium term. However, these risks do not alter staff's assessment of the debt sustainability risk ratings, given the ongoing economic recovery and the resumption of financing from various sources. These risks can be mitigated by implementing the appropriate policies as recommended below.

**23. Moreover, Niger continues to suffer from vulnerability to climate change and natural disasters, which will put pressure on debt sustainability.** Considering the long-term nature of the climate related risks, several of the conclusions drawn in the 2023 DSA's climate alternative scenario remain applicable (IMF Country Report 23/254). The scenario included lower GDP growth, mainly driven by a decrease in agricultural production compared to the baseline and resulting in negative effects on exports and government revenue. It also considered additional fiscal expenditure for investment projects to implement adaption policies with the fiscal deficit being larger than in the baseline scenario, while the positive effect of these policies will materialize in later years and the adverse consequences of climate change are assumed to be only partially mitigated. The resulting higher fiscal deficit would lead to an accumulation of external and domestic debt, leading to higher debt indicators, but remaining below the respective thresholds.

**24. The authorities need to pursue prudent debt policies in the face of heightened vulnerabilities.** The ongoing withdrawal of some traditional creditors poses risks around debt financing. Recent data indicates that AES countries are facing a higher premium to access the regional capital market. The authorities should review the prospects of donor financing and devise strategies to regain access to concessional financing and grants. Moreover, it is essential to fully implement the arrears clearance strategy. Clearing accumulated external and domestic debt service arrears is crucial to ensure fiscal stability, rebuild public trust, and support the economic recovery.

**25. Continuous efforts should be made to entrench sound macroeconomic policies, implement economic reforms, and enhance debt management practices, in order to buttress debt sustainability amid greater economic uncertainty.**

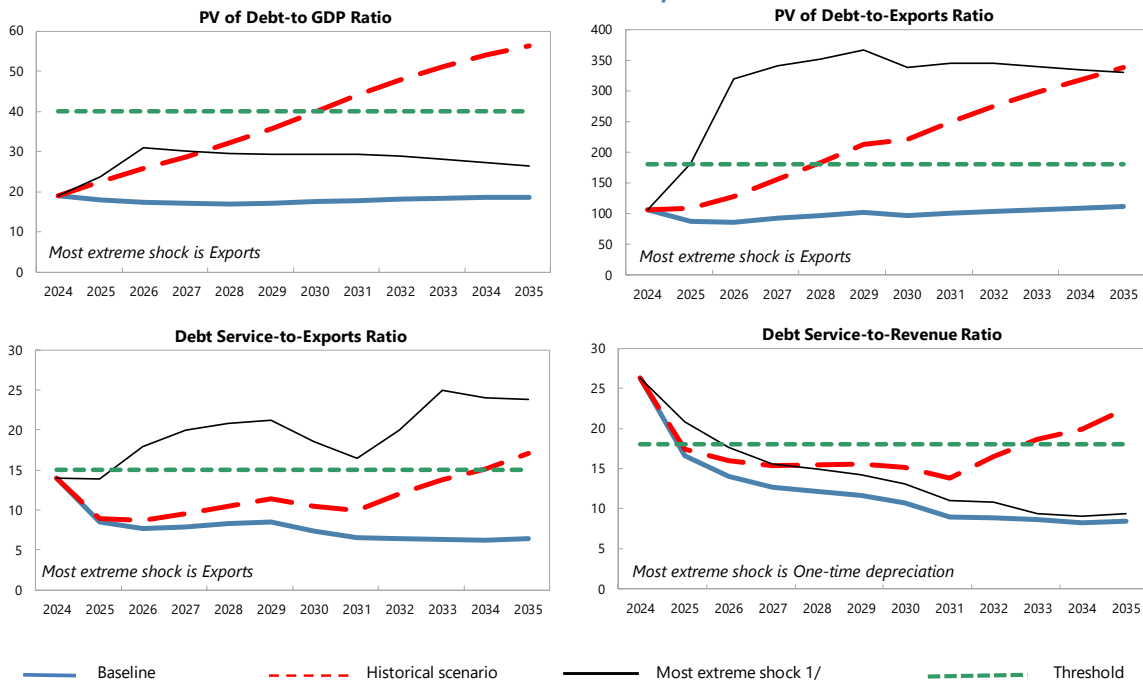


- **Domestic revenue mobilization** by enhancing revenue administration, reducing tax exemptions, and broadening the tax base. Although additional oil revenues are expected, they should not be fully spent, thereby contributing to fiscal consolidation under appropriate legal and fiscal framework for oil revenue management. The oil revenue management strategy would help in this regard.
- **Fiscal risks and spending quality.** Adequate project evaluation and attention to good governance practices should be pursued when executing infrastructure investments. Efficiency of public spending should be increased amid limited resources.
- **Economic diversification.** Horizontal policies to foster diversification, including developing the local private sector, tackling informality, accumulating human capital through education, are of paramount importance.
- **Financing.** Restoring financing capacity and finding new financing sources is essential. However, with elevated interest rates in the regional market, Niger should avoid over reliance on high-cost domestic borrowing to finance the budget. External financing in the form of concessional and semi-concessional loans and grants should continue to be prioritized. To avoid liquidity shortfalls and minimize the associated financing costs, the overall volumes of debt to be issued should be executed consistently with the annual and quarterly borrowing plan. Integration with the cash flow plan will be essential.

## AUTHORITIES' VIEWS

**26. The authorities broadly agreed with staff's assessment of the overall and external debt distress risk but questioned some of assumptions underlying the DSA exercise.** They reiterated their commitment to conduct prudent fiscal policies to ensure debt sustainability. The Nigerien authorities emphasized that since they have already started repaying debt service arrears, liquidity pressures in financial sector were alleviated and therefore, they do not consider the additional 1 percent of GDP shock for contingent liabilities as necessary. The authorities also believe that the assumptions regarding high interest rates on local debt issuance in the WAEMU market were overly conservative, although they agreed that the assumptions were broadly aligned with the recent observed financing costs. They also suggested keeping the long-term real GDP growth projection at 6 percent instead of revising it down to 5.5 percent.

**Figure 1. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2024–35**



Customization of Default Settings		
	Size	Interactions
<b>Tailored Tests</b>		
Combined CLs	Yes	
Natural Disasters	n.a.	n.a.
Commodity Prices <sup>2/</sup>	No	No
Market Financing	n.a.	n.a.

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

Borrowing Assumptions for Stress Tests*		
	Default	User defined
<b>Shares of marginal debt</b>		
External PPG MLT debt	100%	
<b>Terms of marginal debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.4%	1.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	29	21
Avg. grace period	6	6

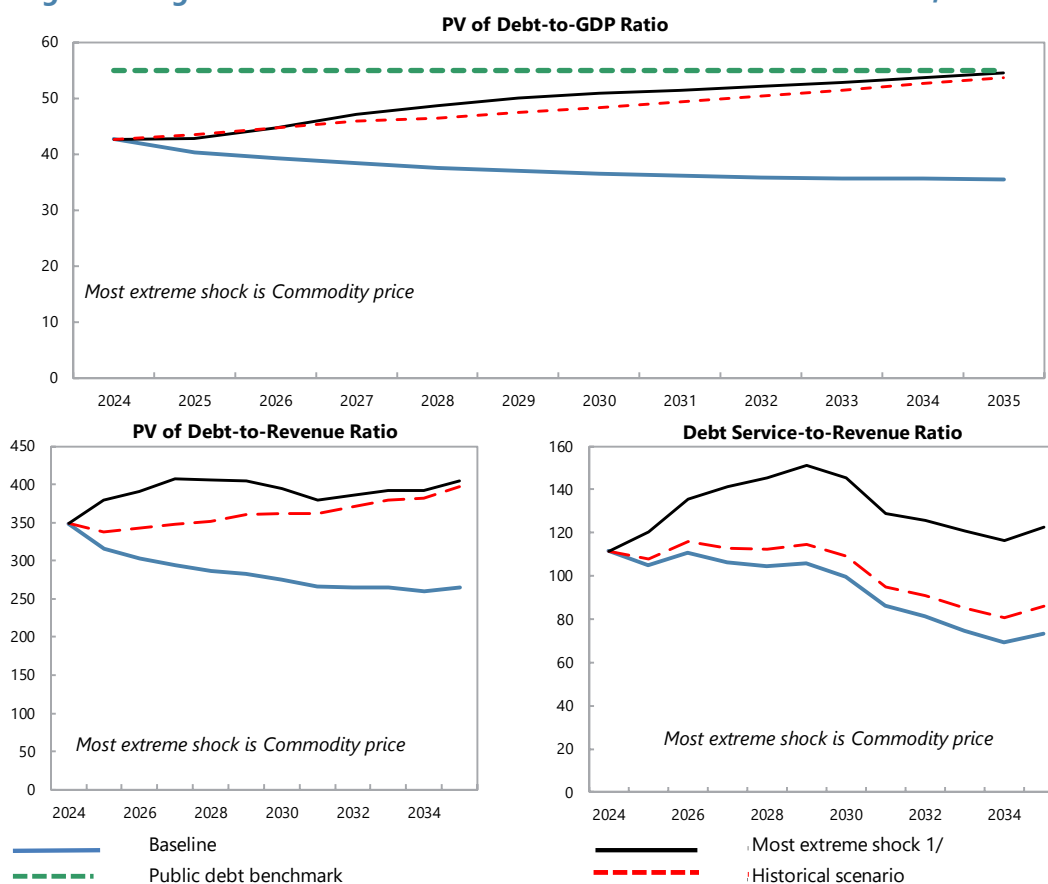
\* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

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

**Figure 2. Niger: Indicators of Public Debt Under Alternative Scenarios, 2024–35**



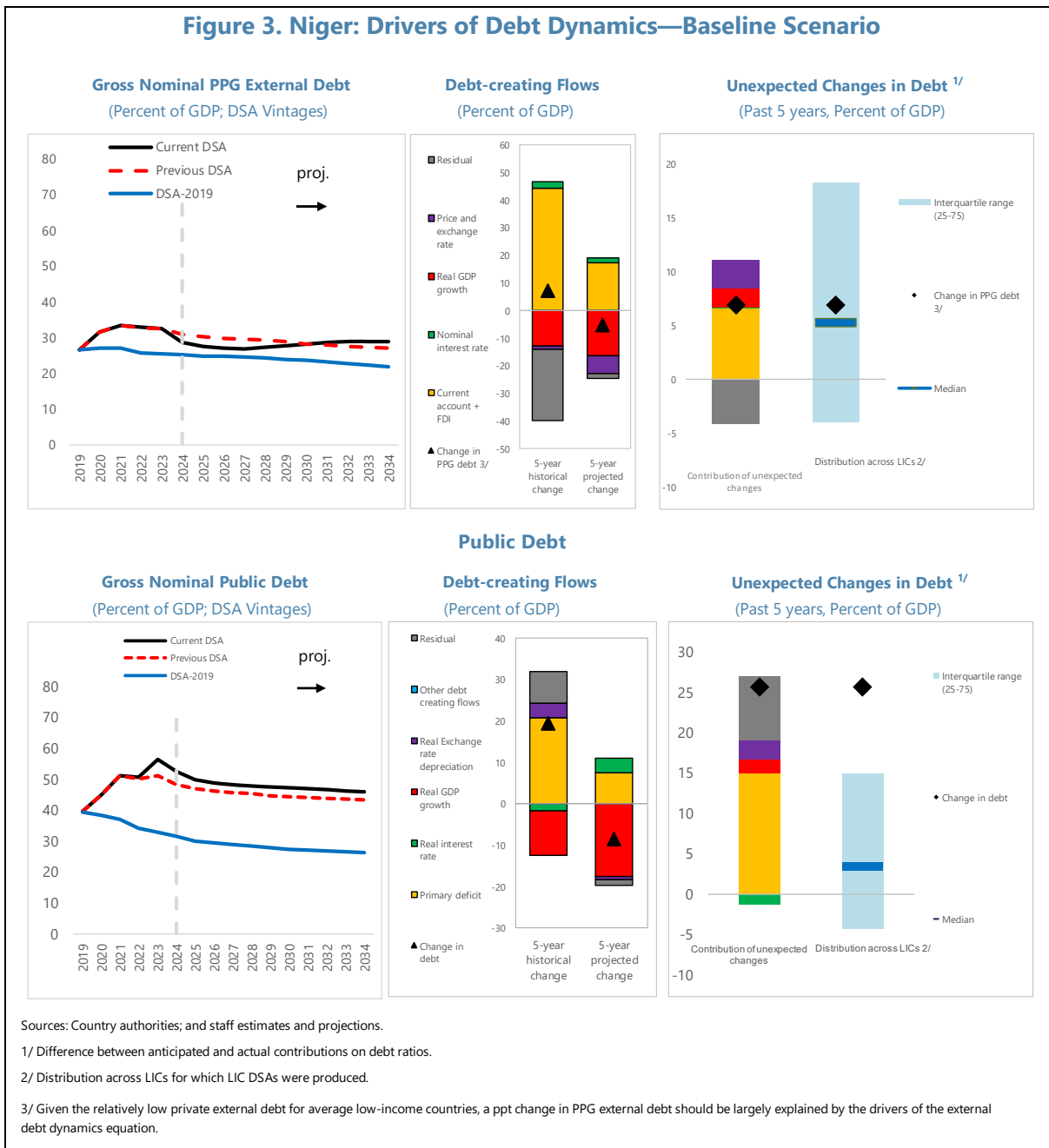
Borrowing Assumptions for Stress Tests*	Default	User defined
<b>Shares of marginal debt</b>		
External PPG medium and long-term	23%	23%
Domestic medium and long-term	28%	28%
Domestic short-term	49%	49%
<b>Terms of marginal debt</b>		
<b>External MLT debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.4%	1.4%
Avg. maturity (incl. grace period)	29	29
Avg. grace period	6	6
<b>Domestic MLT debt</b>		
Avg. real interest rate on new borrowing	4.8%	4.8%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
<b>Domestic short-term debt</b>		
Avg. real interest rate	4%	4.0%

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

Sources: Country authorities; and staff estimates and projections.

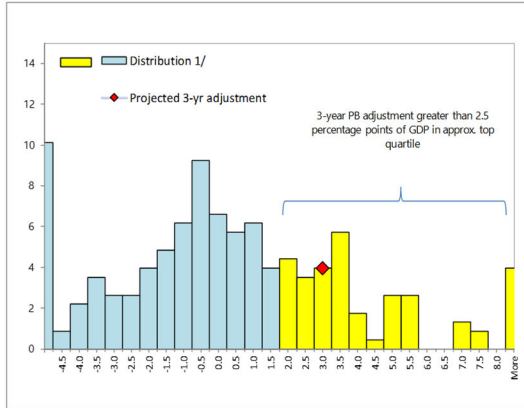
1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

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



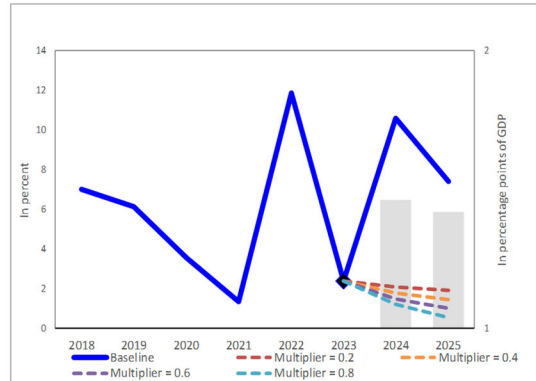
**Figure 4. Niger: Realism Tools**

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



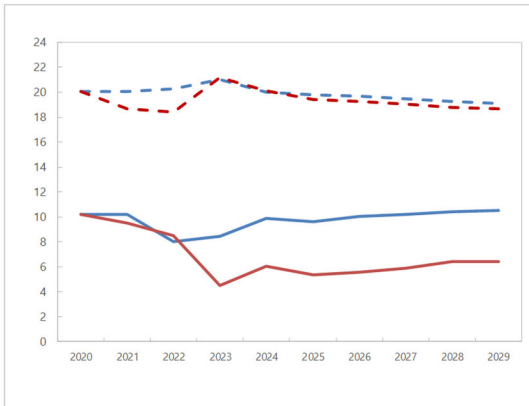
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

**Fiscal Adjustment and Possible Growth Paths 1/**



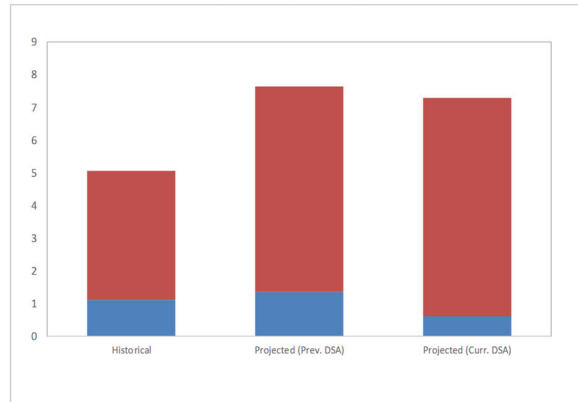
1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

**Public and Private Investment Rates  
(% of GDP)**



— Gov. Invest. - Prev. DSA      — Gov. Invest. - Current DSA  
 - - - Priv. Invest. - Prev. DSA      - - - Priv. Invest. - Current DSA

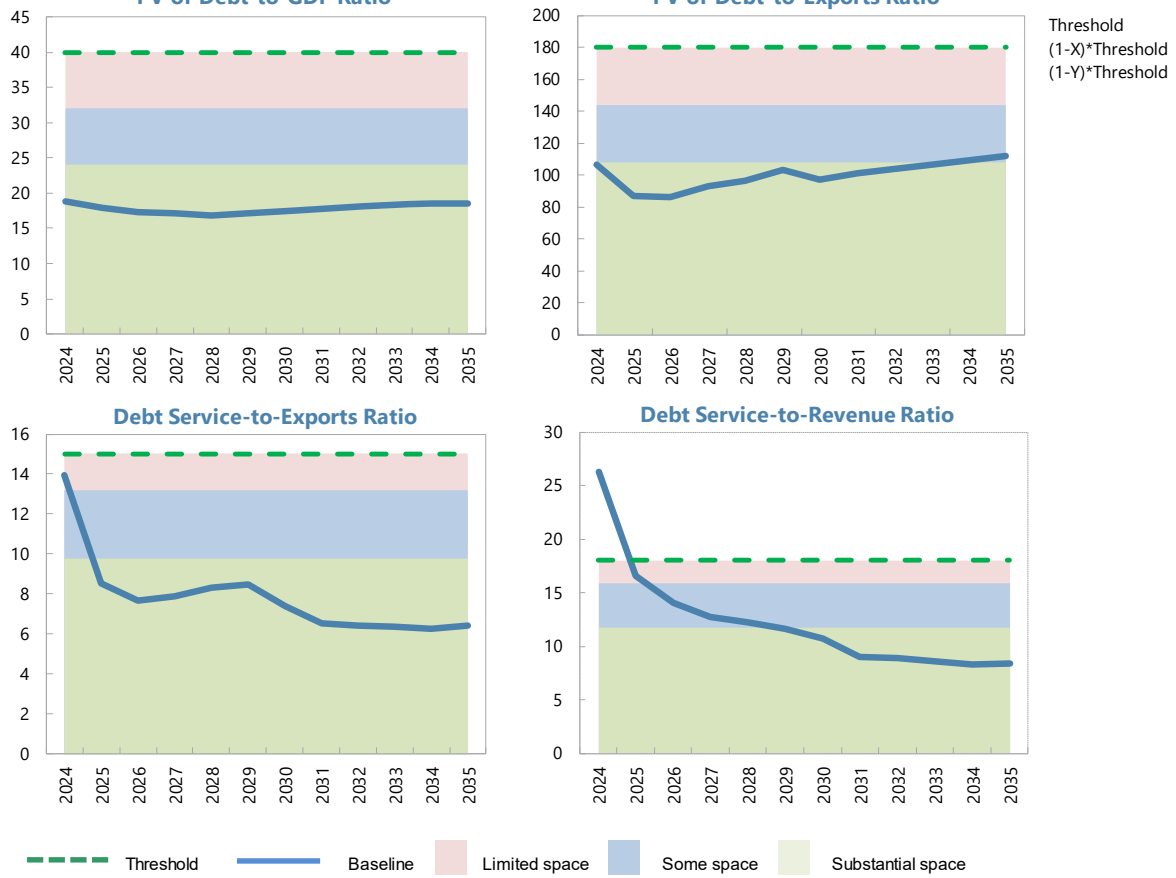
**Contribution to Real GDP growth  
(percent, 5-year average)**



■ Contribution of other factors  
 ■ Contribution of government capital

Sources: Country authorities; and staff estimates and projections.

**Figure 5. Niger: Qualification of the Moderate Category, 2024–35<sup>1/</sup>**  
**PV of Debt-to-GDP Ratio**      **PV of Debt-to-Exports Ratio**



Sources: Country authorities; and staff estimates and projections.

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

**Table 1. Niger: External Debt Sustainability Framework, Baseline Scenario, 2021–44**  
(In percent of GDP, unless otherwise indicated)

	Actual			Projections											Average 9/		
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2044	Historical	Projections
<b>External debt (nominal) 1/</b>	56.7	56.9	56.2	50.1	47.4	45.7	44.7	44.3	44.1	43.9	43.7	43.3	42.8	42.2	32.5	49.6	44.8
<i>of which: public and publicly guaranteed (PPG)</i>	33.5	33.0	32.5	28.7	27.6	27.0	26.9	27.3	27.9	28.3	28.7	28.9	29.0	28.9	22.7	27.3	28.1
<b>Change in external debt</b>	4.5	0.1	-0.7	-6.1	-2.7	-1.7	-1.0	-0.4	-0.2	-0.2	-0.2	-0.4	-0.5	-0.6	-0.8		
<b>Identified net debt-creating flows</b>	6.2	8.0	4.3	-0.6	-0.3	1.0	1.9	0.9	1.5	0.5	0.4	0.7	1.0	1.3	4.0	6.5	0.7
<b>Non-interest current account deficit</b>	13.4	15.7	13.9	6.1	3.7	4.5	5.1	4.1	4.7	3.6	3.5	3.8	4.0	4.3	6.4	12.9	4.3
Deficit in balance of goods and services	16.9	18.3	15.8	7.5	4.3	4.7	5.0	3.8	4.2	3.1	2.9	3.2	3.3	3.5	5.2	15.5	4.1
Exports	15.5	12.0	11.9	17.7	20.6	20.1	18.4	17.5	16.7	18.0	17.7	17.4	17.2	17.0	14.0		
Imports	32.4	30.3	27.7	25.2	25.0	24.9	23.4	21.3	20.9	21.1	20.7	20.6	20.5	20.5	19.3		
Net current transfers (negative = inflow)	-4.5	-3.5	-2.7	-2.5	-2.1	-1.8	-1.7	-1.6	-1.6	-1.5	-1.4	-1.3	-1.3	-1.2	-0.8	-3.6	-1.6
of which: official	-2.4	-1.4	-1.0	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.2		
Other current account flows (negative = net inflow)	1.1	0.9	0.8	1.1	1.5	1.6	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.1	1.8
<b>Net FDI (negative = inflow)</b>	-3.7	-6.2	-5.5	-1.9	-1.1	-1.2	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-4.4	-1.1
<b>Endogenous debt dynamics 2/</b>	-3.5	-1.5	-4.1	-4.8	-3.0	-2.3	-2.4	-2.2	-2.2	-2.1	-2.1	-2.1	-2.0	-2.0	-1.4		
Contribution from nominal interest rate	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Contribution from real GDP growth	-0.7	-6.5	-1.2	-5.2	-3.3	-2.7	-2.7	-2.5	-2.5	-2.4	-2.4	-2.4	-2.4	-2.4	-1.7		
Contribution from price and exchange rate changes	-3.4	4.5	-3.3	—	—	—	—	—	—	—	—	—	—	—	—		
<b>Residual 3/</b>	-1.7	-7.9	-5.0	-5.5	-2.3	-2.7	-2.9	-1.3	-1.7	-0.7	-0.6	-1.1	-1.5	-1.9	-4.8	-4.6	-2.0
<i>of which: exceptional financing 4/</i>	0.0	0.0	-0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Sustainability indicators</b>																	
<b>PV of PPG external debt-to-GDP ratio</b>	—	—	22.3	18.9	17.9	17.3	17.1	16.9	17.1	17.4	17.8	18.1	18.4	18.5	15.9		
<b>PV of PPG external debt-to-exports ratio</b>	—	—	187.1	106.4	86.7	86.1	92.9	96.5	102.8	96.8	100.7	103.9	106.8	108.9	113.0		
<b>PPG debt service-to-exports ratio</b>	9.4	15.7	19.6	14.0	8.5	7.7	7.9	8.3	8.5	7.4	6.5	6.4	6.4	6.3	8.5		
<b>PPG debt service-to-revenue ratio</b>	13.5	18.7	26.8	26.2	16.6	14.1	12.7	12.2	11.6	10.7	9.0	8.8	8.6	8.3	8.6		
Gross external financing need (Million of U.S. dollars)	1696.7	1792.4	1855.7	1292.1	952.1	1141.7	1450.4	1234.9	1513.7	1262.5	1266.2	1474.8	1665.1	1887.7	6266.8		
<b>Key macroeconomic assumptions</b>																	
Real GDP growth (in percent)	1.4	11.9	2.4	10.6	7.4	6.1	6.4	6.0	6.0	6.0	6.0	6.0	5.9	5.9	5.5	5.4	6.6
GDP deflator in US dollar terms (change in percent)	7.0	-7.4	6.2	3.7	3.0	2.7	1.8	1.9	2.0	2.0	2.0	2.0	2.1	2.1	2.5	0.0	2.3
Effective interest rate (percent) 5/	1.1	0.9	1.0	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.9	1.0	0.9	0.8
Growth of exports of G&S (US dollar terms, in percent)	1.2	-19.8	7.9	70.7	28.8	6.3	-0.9	2.8	2.9	16.8	6.3	6.5	6.6	6.8	5.9	3.9	13.9
Growth of imports of G&S (US dollar terms, in percent)	7.6	-3.3	-0.6	4.5	9.6	8.4	2.1	-1.9	6.2	9.1	5.8	7.8	7.7	8.0	7.8	5.3	6.1
Grant element of new public sector borrowing (in percent)	—	—	—	45.1	43.6	44.7	44.4	51.1	44.0	41.2	39.9	39.1	38.5	38.0	32.0	—	42.7
Government revenues (excluding grants, in percent of GDP)	10.8	10.1	8.7	9.4	10.6	11.0	11.4	11.9	12.2	12.5	12.8	12.7	12.7	12.9	13.9	11.2	11.8
Aid flows (in Million of US dollars) 6/	1547.7	1435.0	656.0	948.8	1017.5	1102.3	1153.2	1179.8	1206.9	1190.8	1208.6	1234.3	1256.7	1293.8	2212.8		
Grant-equivalent financing (in percent of GDP) 7/	—	—	—	4.1	3.5	3.3	3.0	3.0	2.6	2.3	2.1	2.0	1.9	1.9	1.5	—	2.7
Grant-equivalent financing (in percent of external financing) 7/	—	—	—	72.3	66.9	66.7	63.4	63.6	54.7	51.9	50.8	51.4	51.0	51.8	50.8	—	58.6
Nominal GDP (Million of US dollars)	14,923	15,458	16,813	19,278	21,333	23,253	25,186	27,209	29,420	31,808	34,991	37,184	40,203	43,468	94,891		
Nominal dollar GDP growth	8.4	3.6	8.8	14.7	10.7	9.0	8.3	8.0	8.1	8.1	8.1	8.1	8.1	8.1	8.1	5.3	9.0
<b>Memorandum items</b>																	
PV of external debt 8/	—	—	46.0	40.2	37.8	36.1	35.0	34.0	33.4	33.0	32.8	32.5	32.2	31.8	25.7		
In percent of exports	—	—	386.1	226.8	182.9	179.1	189.8	193.8	200.5	183.4	185.1	186.1	187.0	187.2	183.3		
Total external debt service-to-exports ratio	10.7	17.5	21.9	14.3	8.8	7.9	8.1	8.5	8.7	7.5	6.6	6.5	6.5	6.3	8.5		
PV of PPG external debt (in Million of US dollars)	—	—	3749.6	3639.1	3819.6	4029.9	4306.5	4601.0	5040.0	5543.5	6132.2	6739.0	7379.6	8038.8	15060.2		
(Pvt-Pvt-1)/GDPt-1 (in percent)	—	—	—	-0.7	0.9	1.0	1.2	1.2	1.6	1.7	1.9	1.8	1.7	1.6	1.1		
Non-interest current account deficit that stabilizes debt ratio	9.0	15.6	14.6	12.2	6.4	6.2	6.1	4.5	4.9	3.9	3.7	4.2	4.5	4.9	7.2		

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

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

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

4/ The CCRt debt relief is reflected in the exceptional financing.

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

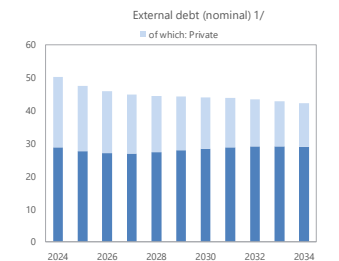
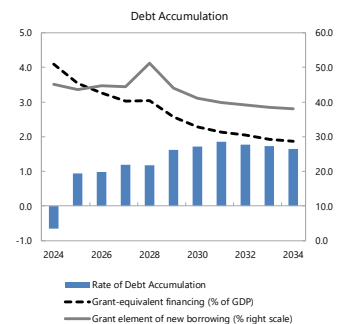
6/ Defined as grants, concessional loans, and debt relief.

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

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

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

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



**Table 2. Niger: Public Sector Debt Sustainability Framework, Baseline Scenario, 2021–44**  
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 7/	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2044	Historical	Projections
<b>Public sector debt 1/</b>	51.3	50.6	56.6	52.5	49.9	48.8	48.2	47.9	47.7	45.9	42.9	40.2	48.0
of which: external debt	33.5	33.0	32.5	28.7	27.6	27.0	26.9	27.3	27.9	28.9	22.7	27.3	28.1
<b>Change in public sector debt</b>	6.4	-0.7	6.0	-4.1	-2.6	-1.1	-0.6	-0.3	-0.2	-0.4	-0.3	3.0	-0.9
<b>Identified debt-creating flows</b>	6.5	1.4	1.2	-2.9	-2.1	-1.0	-0.7	-0.5	-0.5	-0.4	-0.3	4.2	1.5
<b>Primary deficit</b>	5.0	5.5	4.0	2.5	1.1	1.2	1.3	1.4	1.5	1.5	1.3	16.2	13.2
Revenue incl. grants	18.2	14.8	10.4	12.2	12.8	12.9	13.0	13.1	13.1	13.7	14.7	20.5	14.7
of which: grants	7.3	4.7	1.7	2.8	2.2	1.9	1.6	1.2	0.9	0.8	0.8		
Primary (noninterest) expenditure	23.1	20.3	14.4	14.8	13.9	14.1	14.3	14.6	14.6	15.2	16.0		
<b>Automatic debt dynamics</b>	1.5	-4.1	-2.8	-5.4	-3.2	-2.2	-1.9	-1.9	-1.9	-1.9	-1.6	0.0	0.0
Contribution from interest rate/growth differential	-1.2	-6.9	-1.9	-5.3	-2.9	-2.0	-2.0	-1.9	-1.9	-1.9	-1.5		
of which: contribution from average real interest rate	-0.6	-1.5	-0.7	0.1	0.7	0.9	1.0	0.8	0.8	0.7	0.8		
of which: contribution from real GDP growth	-0.6	-5.4	-1.2	-5.4	-3.6	-2.9	-2.9	-2.7	-2.7	-2.6	-2.3		
Contribution from real exchange rate depreciation	2.8	2.8	-0.9	...	...	...	...	...	...	...	...		
<b>Other identified debt-creating flows</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Residual</b>	-0.1	-2.2	4.7	-1.3	-0.8	-0.2	0.1	0.2	0.2	0.0	-0.1	0.7	-0.2
<b>Sustainability indicators</b>													
<b>PV of public debt-to-GDP ratio 3/</b>	...	...	46.2	42.7	40.2	39.2	38.4	37.5	36.9	35.6	36.1		
<b>PV of public debt-to-revenue and grants ratio</b>	...	...	443.2	348.7	314.9	302.8	294.6	286.2	282.1	259.9	245.5		
<b>Debt service-to-revenue and grants ratio 4/</b>	38.9	50.0	35.4	111.5	105.0	110.7	106.4	104.8	105.9	69.5	57.4		
Gross financing need 5/	10.9	11.8	7.7	16.2	14.5	15.5	15.1	15.2	15.3	11.0	9.7		
<b>Key macroeconomic and fiscal assumptions</b>													
Real GDP growth (in percent)	1.4	11.9	2.4	10.6	7.4	6.1	6.4	6.0	6.0	5.9	5.5	5.4	6.6
Average nominal interest rate on external debt (in percent)	1.5	1.4	1.4	1.2	1.2	1.2	1.1	1.1	1.0	1.2	1.5	1.5	1.1
Average real interest rate on domestic debt (in percent)	2.2	0.7	-0.2	2.0	4.0	4.7	5.2	4.6	4.7	4.6	4.4	3.2	4.4
Real exchange rate depreciation (in percent, + indicates depreciation)	9.2	9.9	-2.8	...	...	...	...	...	...	...	...	3.4	...
Inflation rate (GDP deflator, in percent)	3.1	4.0	3.5	3.9	3.4	2.9	2.0	2.0	2.0	2.1	2.5	1.8	2.4
Growth of real primary spending (deflated by GDP deflator, in percent)	9.9	-1.6	-27.4	13.2	1.1	7.8	8.0	7.8	6.0	7.4	5.9	2.9	7.1
Primary deficit that stabilizes the debt-to-GDP ratio 6/	-1.4	6.3	-2.0	6.6	3.7	2.2	1.9	1.8	1.7	1.9	1.6	1.0	2.5
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Sources: Country authorities; and staff estimates and projections.

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

2/ The CCRT debt relief is included in the primary deficit.

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

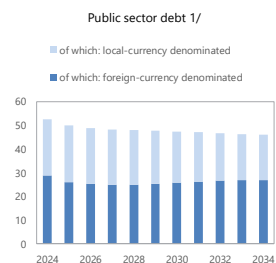
4/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

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

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

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

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





**Table 3. Niger: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2024–35**

	Projections 1/											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>PV of debt-to GDP ratio</b>												
<b>Baseline</b>	19	18	17	17	17	17	17	18	18	18	18	19
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2024-2044 2/	19	23	26	29	32	36	40	44	48	51	54	56
<b>B. Bound Tests</b>												
B1. Real GDP growth	19	19	20	20	19	20	20	20	21	21	21	21
B2. Primary balance	19	19	19	19	19	20	20	21	21	21	21	22
B3. Exports	19	24	31	30	30	29	29	29	29	28	27	26
B4. Other flows 3/	19	19	20	20	20	20	20	20	20	20	20	20
B6. One-time 30 percent nominal depreciation	19	22	19	19	19	19	20	20	21	21	22	22
B6. Combination of B1-B5	19	25	25	24	24	24	24	24	24	24	24	24
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	19	19	19	19	19	19	20	20	21	21	21	21
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	19	19	19	19	19	19	19	20	20	20	20	19
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	40	40	40	40	40	40	40	40	40	40	40	40
<b>PV of debt-to-exports ratio</b>												
<b>Baseline</b>	106	87	86	93	97	103	97	101	104	107	109	112
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2024-2044 2/	106	109	128	156	183	213	221	249	274	297	318	339
<b>B. Bound Tests</b>												
B1. Real GDP growth	106	87	86	93	97	103	97	101	104	107	109	112
B2. Primary balance	106	90	93	103	109	118	112	117	121	124	127	130
B3. Exports	106	<b>182</b>	<b>319</b>	<b>341</b>	<b>351</b>	<b>367</b>	<b>339</b>	<b>345</b>	<b>345</b>	<b>340</b>	<b>334</b>	<b>331</b>
B4. Other flows 3/	106	94	101	109	112	119	111	115	117	119	120	121
B6. One-time 30 percent nominal depreciation	106	87	76	82	86	92	87	91	95	98	101	105
B6. Combination of B1-B5	106	155	107	<b>188</b>	<b>194</b>	<b>205</b>	<b>191</b>	<b>197</b>	<b>199</b>	<b>201</b>	<b>201</b>	<b>204</b>
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	106	92	94	102	109	117	111	115	119	123	125	128
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	106	96	100	107	111	116	108	111	114	115	117	118
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	180	180	180	180	180	180	180	180	180	180	180	180
<b>Debt service-to-exports ratio</b>												
<b>Baseline</b>	14	9	8	8	8	8	7	7	6	6	6	6
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2024-2044 2/	14	9	9	10	11	11	11	10	12	14	15	17
<b>B. Bound Tests</b>												
B1. Real GDP growth	14	9	8	8	8	8	7	7	6	6	6	6
B2. Primary balance	14	9	8	8	9	9	8	7	7	7	7	7
B3. Exports	14	14	<b>18</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>19</b>	<b>16</b>	<b>20</b>	<b>25</b>	<b>24</b>	<b>24</b>
B4. Other flows 3/	14	9	8	8	9	9	8	7	7	8	7	8
B6. One-time 30 percent nominal depreciation	14	9	8	8	8	8	7	6	6	6	5	6
B6. Combination of B1-B5	14	12	13	14	14	15	13	11	14	13	13	13
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	14	9	8	8	8	9	8	7	7	7	7	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	14	9	8	9	9	9	8	7	7	7	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	15	15	15	15	15	15	15	15	15	15	15	15
<b>Debt service-to-revenue ratio</b>												
<b>Baseline</b>	26	17	14	13	12	12	11	9	9	9	8	8
<b>A. Alternative Scenarios</b>												
A1. Key variables at their historical averages in 2024-2044 2/	26	17	16	15	15	16	15	14	17	19	20	23
<b>B. Bound Tests</b>												
B1. Real GDP growth	26	18	16	15	14	13	12	10	10	10	9	10
B2. Primary balance	26	17	14	13	13	12	11	9	9	10	9	10
B3. Exports	26	17	16	15	15	14	13	11	13	16	15	15
B4. Other flows 3/	26	17	14	13	13	12	11	9	10	10	10	10
B6. One-time 30 percent nominal depreciation	26	21	18	16	15	14	13	11	11	9	9	9
B6. Combination of B1-B5	26	18	17	15	15	14	13	11	13	12	12	12
<b>C. Tailored Tests</b>												
C1. Combined contingent liabilities	26	17	14	13	13	12	11	9	9	9	9	9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	26	20	17	15	14	13	12	10	10	10	9	9
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	18	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

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

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

3/ Includes official and private transfers and FDI.

Table 4. Niger: Sensitivity Analysis for Key Indicators of Public Debt, 2024–35

	Projections												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
<b>PV of Debt-to-GDP Ratio</b>													
<b>Baseline</b>	<b>43</b>	<b>40</b>	<b>39</b>	<b>38</b>	<b>38</b>	<b>37</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
<b>A. Alternative Scenarios</b>													
A1. Key variables at their historical averages in 2018-2038 1/	43	43	45	46	46	47	48	49	50	51	53	54	54
<b>B. Bound Tests</b>													
B1. Real GDP growth	43	44	47	47	47	48	48	49	50	51	51	52	52
B2. Primary balance	43	44	47	46	44	43	42	41	41	40	40	39	39
B3. Exports	43	45	51	50	49	48	47	46	45	44	43	42	42
B4. Other flows 2/	43	42	42	41	40	40	39	39	38	38	37	37	37
B6. One-time 30 percent nominal depreciation	43	43	40	38	36	34	33	31	30	29	28	28	28
B6. Combination of B1-B5	43	44	43	42	40	39	39	38	37	37	37	37	36
<b>C. Tailored Tests</b>													
C1. Combined contingent liabilities	43	47	46	45	43	42	41	41	40	39	39	39	39
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	43	43	45	47	49	50	51	51	52	53	54	54	54
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Public debt benchmark</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>PV of Debt-to-Revenue Ratio</b>													
<b>Baseline</b>	<b>349</b>	<b>315</b>	<b>303</b>	<b>295</b>	<b>286</b>	<b>282</b>	<b>275</b>	<b>266</b>	<b>265</b>	<b>265</b>	<b>260</b>	<b>265</b>	<b>265</b>
<b>A. Alternative Scenarios</b>													
A1. Key variables at their historical averages in 2018-2038 1/	349	338	342	348	352	360	362	362	371	380	381	397	397
<b>B. Bound Tests</b>													
B1. Real GDP growth	349	341	354	355	356	361	361	359	365	372	373	386	386
B2. Primary balance	349	347	363	350	338	330	318	306	302	299	291	294	294
B3. Exports	349	355	396	384	372	365	353	341	335	327	314	314	314
B4. Other flows 2/	349	327	326	317	307	303	294	285	283	280	273	277	277
B6. One-time 30 percent nominal depreciation	349	342	316	297	277	263	247	231	224	218	209	208	208
B6. Combination of B1-B5	349	342	334	319	307	301	290	279	276	274	268	272	272
<b>C. Tailored Tests</b>													
C1. Combined contingent liabilities	349	372	354	342	330	322	311	299	296	293	286	289	289
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	349	380	391	407	405	404	394	379	386	392	391	405	405
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Debt Service-to-Revenue Ratio</b>													
<b>Baseline</b>	<b>112</b>	<b>105</b>	<b>111</b>	<b>106</b>	<b>105</b>	<b>106</b>	<b>100</b>	<b>86</b>	<b>81</b>	<b>75</b>	<b>70</b>	<b>73</b>	<b>73</b>
<b>A. Alternative Scenarios</b>													
A1. Key variables at their historical averages in 2018-2038 1/	112	108	116	113	112	115	109	95	91	85	81	86	86
<b>B. Bound Tests</b>													
B1. Real GDP growth	112	112	127	127	130	136	133	120	117	113	109	116	116
B2. Primary balance	112	105	128	133	127	130	119	101	95	87	81	84	84
B3. Exports	112	105	111	108	106	107	101	87	85	81	75	79	79
B4. Other flows 2/	112	105	111	107	105	106	100	86	82	76	71	75	75
B6. One-time 30 percent nominal depreciation	112	101	108	102	101	101	96	83	78	72	67	70	70
B6. Combination of B1-B5	112	104	112	122	114	119	111	95	89	82	76	80	80
<b>C. Tailored Tests</b>													
C1. Combined contingent liabilities	112	105	142	123	128	125	114	99	93	84	78	81	81
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	112	120	135	141	146	151	145	129	126	121	116	123	123
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

2/ Includes official and private transfers and FDI.

**Statement by Mr. Regis N'Sonde, Mr. Mbuyamu Matungulu, and Mr. Madjiyam  
Bangrim Kibassim on Niger Executive Board Meeting  
July 17, 2024**

## **I. INTRODUCTION**

**On behalf of the Nigerien authorities, we would like to thank Management and Executive Directors for the Fund's continued support to Niger.** The authorities are also appreciative of the constructive policy dialogue with staff and the program reengagement when this is the most needed.

**Following an inclusive consultative process, the authorities have adopted a new development program (PRSP) to build a resilient and inclusive economy.** A *Solidarity Fund for Safeguarding the Homeland (FSSP)* has also been set up to provide support to vulnerable populations and strengthen the country's defense capabilities. To improve food security, the *Large-Scale Irrigation Development Program (PDGI)* will expand Niger's irrigated surfaces from 18,000 hectares to 39,700 hectares by 2027. To help achieve their development objectives under the PRSP, the authorities are requesting the completion of the ECF and RSF arrangements, the extension of current arrangements to end-2025, and the modification of criteria on government domestic financing.

## **II. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

**Constrained by difficult domestic and international developments, growth and macroeconomic indicators had considerably weakened in the last two years.** Following the military takeover, impactful sanctions were imposed on the country by regional and international actors, including border closures, restrictions on regional transport activities, but also the suspension of cooperation with key development partners. The unfavorable economic environment caused a reduction of investments, public and private consumptions, in addition to the underperformance of the agriculture sector. Consequently, real GDP growth declined to 2.4 percent in 2023, from a robust 11.9 percent in 2022. Inflation rose to 7.2 percent in December 2023, from 3.1 percent one year earlier, owing notably to insufficient

domestic food supply. On the fiscal front, in the context of weak revenue mobilization, the deficit narrowed from 6.8 percent of GDP in 2022 to 5.4 percent in 2023, mostly driven by contained public investment outlays and limited availability of external and domestic financing. Nonetheless, while Niger's public debt increased to 56.6 percent of GDP in 2023 from 50.6 percent in 2022, risks of debt distress remain moderate in the medium-term. In parallel, the external current account deficit dropped from 16.2 percent of GDP in 2022 to 14.4 percent in 2023 given limited imports. The financial system suffered from sanctions as well, notably on account of liquidity shortages and restrictions on basic economic transactions. These unfavorable conditions affected both the public and private sectors and compounded an already dire social and humanitarian situation with the number of people in acute food insecurity and internally displaced persons estimated respectively at 3.3 million people (WFP) and 1.5 percent of Niger's population (UNHCR).

**The sanctions were lifted in early 2024, improving the economic outlook.** Economic activity is, indeed, expected to strengthen over the medium-term, supported by developments in the oil sector. Reflecting the envisaged scaling-up of public investments, notably under the PDGI, the medium-term prospects for agriculture are favorable. The completion of the Niger-Benin pipeline has paved the way for higher oil exports from 20,000 barrels/day currently to 90,000 barrels/day considering that the total production is projected at 110,000 barrels/day in the short-term. The catalytic effects across the economy will support the objectives of the authorities' vision of a vibrant endogenous inclusive development process for Niger. In this context and considering the lifting of sanctions and the revitalization of the mining sector, real DGP growth is expected to expand by 10.6 percent in 2024 and 6.1 percent on average from 2025 onwards. Meanwhile, inflation should decline to 3 percent this year and converge to the WAEMU target of 3.0 percent by 2026. The fiscal deficit is projected at 4.1 percent for 2024 and to average 3.0 percent over the medium-term. The external current account deficit would moderate to 5.0 percent in the medium-term, supported by buoyant mining and oil exports. Risks to the outlook are linked to global financial conditions, regional and international security developments, and natural disasters. On the other hand, the oil and mining sectors represent important upside risks. Niger has reopened discussions with Chad and envisages a route for its oil exports.

### III. PERFORMANCE UNDER THE ECF AND RSF PROGRAMS

**Despite the challenging security and governance contexts they face, the authorities have made progress in the implementation of their ECF-supported program.** They would like to emphasize their country's overall good program performance before the 2023 interruption and the tough sanctions imposed on Niger, including the freezing of Treasury assets at the central bank and crippling border closures. Although most of the ECF-related objectives for the period under review were met, the performance criteria on accumulation of new external payment arrears and on net domestic financing of the government (without IMF net financing), the indicative target on cash revenue floor, and the structural benchmark on the

oil revenue management strategy were missed. Corrective measures in place include an arrears clearance plan and the implementation of a prudent debt policy.

**On the other hand, the RSF arrangement remains on track, but its orderly implementation requires a few adjustments.** Four planned Reform Measures (RM) have been implemented, although three with delay. This includes (i) the publication of a guide for the analysis of fiscal risks from natural disasters (RM 7); (ii) the designation of two focal points in charge of carrying out the new DRM law (RM 9); (iii) the publication of flood and drought risks assessment in key exposed areas (RM 10); and (iv) the creation of a unit within the National Support Fund for Small and Medium Enterprises and Medium Industries (FONAP<sup>1</sup>) for supporting the implementation of small and medium-sized enterprises projects in renewable energy (RM 11). It should be recalled that the set of sanctions imposed on Niger has constrained the implementation of the Fund-program and adversely affected the provision of technical assistance. To complete the remaining reforms and adjust to technical assistance, the authorities are requesting a six-month extension and rephasing of the program.

#### IV. MACROECONOMIC POLICIES AND REFORMS IN 2024 AND THE MEDIUM-TERM

**The authorities are committed to implement prudent macroeconomic policies and sound structural reforms with the goal of fostering a private sector-led growth and promoting a diversified, greener and climate resilient economy.** They remain attached to the continuation of their fiscal adjustment plans under the ECF arrangement and to a prudent debt policy giving priority to concessional financing. They take the steps needed to reduce vulnerabilities in the financial system and advance structural reforms with the goal of increasing the resilience of the economy to shocks. To ensure policy efficiency and strengthen capacity, the authorities are requesting Fund's technical assistance, notably in debt management and treasury.

##### *Fiscal Policy*

**The authorities' fiscal consolidation plan emphasizes strong revenue mobilization, adequate fiscal space in support of the socioeconomic recovery on course and steady advances in fiscal sustainability.** In order to contain the fiscal deficit to 4.1 percent of GDP in 2024 and address pressing priority spending, the authorities will strengthen further domestic revenue mobilization and rationalize public expenditures.

To enhance *domestic revenue mobilization* and meet the WAEMU's fiscal deficit target of 3 percent of GDP by 2025, they are simplifying the general tax code and intend to (i) introduce critical fiscal measures, (ii) rationalize tax and customs exemptions, (iii) implement reforms in the customs administration, (iv) invigorate their property tax reform, and (v) strengthen digitalization.

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<sup>1</sup> Fonds National d'Appui aux Petites et Moyennes Entreprises et aux Petites et Moyennes Industries

In particular, new reexport taxes on sugar and oil and new statistical charges on oil, gold and uranium exports will be established to prevent tax avoidance and achieve tax harmonization. Second, to increase the contribution of custom taxes and fight fraud, a rapid intervention special unit (USIR) will be created. Other measures in customs administration include (i) actions to improve compliance with regulations, notably the implementation of the national plan for fighting fraud in the hydrocarbons sector, (ii) the regional inspection program, and (iii) the annual plan for customs investigations and risks analysis. Third, the creation of a land registry and improvements in property geo-tracking and registration are expected to increase land tax revenues. Fourth, the expansion of the certified electronic invoice system (e-SECEF), the tax administration's digital platform (SISIC) and digital tax payment systems; the rationalization of exemptions, and the automation and interconnexion of tax and customs registries, are expected to widen the tax base and increase compliance and efficiency.

The *expenditure policy* gives priority to raising spending efficiency and reinforcing national security, rural development, and food security. A focus is put on improving social spending in support of vulnerable groups and social sectors. To this end, the unified social registry (USR) will be expanded with the goal of enrolling 800,000 households over the medium-term. The government plans to increase the civil service workforce through a recruitment program adding annually 7,654 public servants from 2024-26 to the designated priority departments of national education, tax administration and health ministry.

### ***PFM Reforms***

**PFM reforms remain focused on the main objectives of improving budgeting procedures and enhancing transparency and efficiency in public service delivery, including through recourse to digitalization.** Since the launch of the ECF arrangement, a high priority was placed on strengthening fiscal governance through the double accounting system AE/CP budgeting reform. Considering the effectiveness achieved in pilot ministries and the capacity building planned in line ministries to reinforce ownership, implementation will be expanded to all ministries by 2025. To increase SOEs and public sector institutions' performance, emphasis has been placed on enforcing performance contracts, financial reporting, and implementing a Management Information System and a strict procedure for approving the budget of line ministries. The digitalization of payment systems offers a robust framework that will make the treasury a genuine government bank. It pursues the objective of reducing transaction costs and ensuring traceability and interconnection between banks and the treasury. Similarly, the Treasury Single Account reform allows to further improve cash management and bring under control banks accounts held by public entities and collectivities and to prevent further accounts opening in commercial banks. To improve spending efficiency and expenditure chain effectiveness, the authorities are considering administrative measures including the development of guidance notes on budget

nomenclature and public spending execution and the adoption of decrees for promoting a regulatory framework supportive of an efficient public service management.

### ***Debt Management***

**The authorities attach high importance to maintaining a moderate level of public debt.** They consequently will implement a prudent debt policy and continue to strengthen debt management. As highlighted in the Debt Sustainability Analysis (DSA), Niger maintains a moderate risk of debt distress reflecting the authorities' preference for concessional and semi-concessional financing. Considering the difficulties imposed by tight financing conditions, the need to ensure a successful arrears clearance plan and to address potential vulnerabilities from domestic financing, resources available to the debt management department will be reinforced.

**The government is committed to continue discussing in good faith with creditors and have adopted a plan for addressing all arrears by end-2024.** The sanctions against Niger had prevented the country from meeting its debt repayment commitments. As of May 15, 2024, the stocks of arrears and debt service for 2024 were estimated respectively at CFA 172.9 billion and CFA 456.2 billion. To honor these obligations; the authorities have issued securities on the regional financial market, targeting CFA 419 billion and collecting CFA 458 billion. The oversubscription of 109.3 percent confirms investors' confidence in the Nigerien economy.

**To ensure the success of their arrears clearance plan, the authorities are contemplating the following measures:** (i) a debt-rollover on the regional market; (ii) the adoption of a supplementary budget; (iii) the reprofiling of CFA 74 billion of market-based debt through initial public offerings; (iv) maintaining dialogue with domestic and regional investors; (v) mobilization of budget support from external partners; (vi) the strengthening of budgetary regulation to synchronize expenditure and cash flows; and (vii) the improvement of spending quality to prevent arrears accumulation.

### ***Financial Sector Policy***

**The authorities remain vigilant to address vulnerabilities in the financial sector and preserve financial stability as the effects of sanctions applied in 2023 and the subsequent economic slowdown gradually dissipate.** Niger's banking system and financial institutions remain resilient, but financial soundness indicators have deteriorated. Due to the full restriction of financial transactions and downturn in economic activity experienced last year, banks faced elevated liquidity pressures. At the same time, solvency ratios and asset quality worsened as capital ratios weakened and NPLs increased to 22.6 percent in December 2023, from 17.0 percent one year earlier.

### ***Oil Resources Management***

**The adoption of an oil revenue management strategy is a key program undertaking and ranks high in the reform agenda, with the aim to finalize its implementation by end-2024.** The authorities will resume publication of budget execution reports, which will have a section on the use of oil resources and advances. They are strongly committed to transparency in the use of oil revenue and will speed-up the adoption of the oil revenue management strategy. On the pre-financing of \$400 million from the oil company, the resources are mostly used for the clearance of debt. Despite the difficult social and financial conditions, the authorities made the hard decision of honoring their debt obligation and have used the oil pre-financing resources for this purpose.

An interdepartmental technical committee tasked with the elaboration of the macroeconomic and budget frameworks for finance bills, oil revenue forecasting from production and exports, budgetary risks assessment and for ensuring the consistency of macroeconomic accounts has been set up. Moreover, a regulatory text will be adopted for establishing a roadmap for the implementation of the oil revenue management strategy before end-2024.

### ***Structural Reforms***

**The authorities are strongly committed to enhance institutions, to reinforce the legal and business environments and promote a private sector-led growth, and to strengthen human capital for the country to take better advantage of its demographic dividend.**

The authorities commit to *reinstate the supreme audit institution* by the next program review. They are finalizing the legal texts governing the new court of auditors, and financial resources are already allocated in the budget. To *create an enabling environment*, the government is determined to fight impunity and strengthen economic governance and financial integrity. In this regard, the authorities have established the Commission for the Fight against Economic, Financial and Fiscal Delinquency (CoLDEFF), and considered the internalization of WAEMU Uniform AML/CFT legislation, and the implementation of the recommendations provided by the Intergovernmental Action Group Against Money Laundering. The authorities ask the Fund to speed-up the preparation of the governance diagnostic assessment and thank Staff for the invaluable support.

To *further promote the private sector*, efforts will be made in advancing competitiveness, reinforcing the public-private dialogue, and increasing access to energy. As the promotion of financial inclusion remains central to Niger's development strategy, due consideration is given to implementing WAEMU's regulation in microfinance and ensuring the sustainability of microfinance institutions and of dedicated national funds (FONAP and FDIF<sup>2</sup>).

Improvements of the *education system* is also a key component of the authorities' reform agenda and involves establishing teachers' performance contracts, promoting distance learning, building boarding schools for girls and classrooms in sustainable materials as well as reception centers for displaced populations.

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<sup>2</sup> Fund for the Development of Financial Inclusion



### *Climate Policies*

**The authorities' climate policies give priority to reinforcing adaptation to climate change and transitioning to a greener and climate resilient economy.** Niger is indeed highly vulnerable to climate change as evidenced by recurrent extreme climate events such as drought and the devastating impact of recent floods on households and livestock. Supported by partners assistance including from the World Bank and the African Development Bank, the authorities are elaborating a strategy for the development of carbon markets and planning to beef up the capacity of financial institutions to access green funds. The authorities are also implementing a Monitoring Reporting and Verification (MRV) mechanism to assess the progress achieved under their Nationally Determined Contribution (NDC). In this context, the annual financing required for the NDC from 2021 to 2030 calls for further international coordination to further enable Niger's access to climate finance. Likewise, adapted technical assistance will be necessary to increase the number of national bodies accredited to adaptation funds. The authorities are encouraged by the progress achieved under the RSF in the areas of renewable energy, management of budgetary risks related to natural disasters, and management of natural catastrophe risks. Going forward, they will redouble the efforts to complete the reform measures planned for the second review under the RSF.

## **V. CONCLUDING REMARKS**

**The Nigerien authorities remain attached to strong policy engagement with the IMF.** They have expressed determination to continue closely adhering to the objectives of their ECF- and RSF-supported arrangements. Reforms under the two programs are critical components of their development plan, the PRSP. To help address Niger's balance of payment needs and meet the requirements for their climate adaptation priorities, the authorities are requesting the completion of the Fourth and Fifth Reviews under the ECF arrangement and the First Review under the RSF arrangement. We would appreciate Executive Directors' favorable consideration of their request.