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October 22, 2020

**Statement by Mr. Rashkovan and Mr. Tsur on Niger
(Preliminary)
Executive Board Meeting
October 26, 2020**

We thank staff for their report and Mr. Raghani and Mr. Bah for their informative Buff statement. Niger's economic performance before the COVID-19 outbreak was satisfactory and we comment the authorities on containing the pandemic. We regret that the economic impact of the containment measures is severe, and hope that the low global integration of Niger will prevent future costly measures.

We agree with staff that clearing the remaining domestic payment arrears was an important achievement and we appreciate that the contracting of external debt remained prudent. At the same time, we are concerned by the fact that fiscal spending overran program targets while some crucial expenditure items, such as for supporting education and health, are under budgeted. Nevertheless, we support the completion of the sixth review under the ECF and the associated requests. We broadly agree with the staff appraisal and offer the following remarks:

The large gap in terms of costs between the comprehensive *COVID-19 Response Plan* and the 2020 supplementary budget is worrisome and raises sustainability questions about the planned budget. We appreciate the authorities cautious attitude translated in the budgetary changes. At the same time, it is important to cover this gap in the budget next year. As staff well explains, when "unexpected critical spending needs emerge at the last moment it is no longer possible to hold back the release of credits to line ministries without causing major disruptions".

The above challenge illustrates the unfortunate fact that Niger has only limited own resources to finance enormous needs, as staff emphasizes. We believe that the efforts of staff, the World Bank, and the authorities to finalize long-standing reform projects to improve the quality of public spending is an important step forward. We appreciate the authorities' commitment to subject PPPs to rigorous cost-benefit analyses and encourage them to respond properly to the just completed cost-benefit analysis for a PPP on a domestic pipeline to distribute refined petroleum products within the country and to its borders.

It is encouraging that three out of four PCs have been met. Regarding the missed fiscal goals, it seems a mix of both structural and temporary components, including the effect of COVID-19. It is necessary to understand which components have already been waned or handled, and which are expected to keep pressure on the budget. Furthermore, it is necessary to specifically assess the risks to fiscal projection that arises from three critical assumptions: the resumption of foreign projects; reopening of the border with Nigeria; and the absence of renewed lockdowns. Given that the authorities and staff agreed that uncertainty around the baseline is unusually high, we believe that a more explicit evaluation of these risks, as well as a contingency plan, will be appropriate under these circumstances.

We appreciate the government's efforts to strengthen the governance framework. The recently completed special audit of military procurement illustrates the motivation of the President and the authorities to mitigate this challenge. Furthermore, we appreciate the adoption of a law that widens the asset declaration requirements to top civil servants. However, we regret that this new legislation falls short of good practices. While we acknowledge the progress in this area, we strongly encourage the authorities to address the gaps in terms of coverage and non-compliance sanctioning.

We regret that the policy dialogue between staff and the authorities is lacking some of the needed steps to leverage the natural resources into a sustained and inclusive growth process. While the discussion well mitigates governance and infrastructure development issues, the crucial need to improve educational and economic opportunities, especially for girls and women, has been neglected to some extent. We are particularly concerned by the rise in subsidies and transfers on the account of schools and hospitals. *Could staff provide more details regarding this shift?* Improving access to financing for the private sector, especially SMEs, is another key to diversify economic growth that has not been discussed in the report.

With these remarks, we wish the authorities success in their policy endeavors.