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May 24, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Niger - Staff Report for the 1983 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1983 Article IV consultation with Niger. A draft decision appears on page 18. This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Basu (ext. 76542) or Ms. Hoban (ext. 76142).

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INTERNATIONAL MONETARY FUND

NIGER

Staff Report for the 1983 Article IV Consultation

Prepared by the Staff Representatives for
the 1983 Consultation with Niger

Approved by Oumar B. Makalou and S. Kanesa-Thasan

May 23, 1983

I. Introduction

The 1983 Article IV consultation discussions with Niger were held in Niamey during the period January 4-19, 1983. The representatives of Niger included Mr. Hamid Algabid, Minister Delegate to the Ministry of Finance, Dr. Mahamane Annou, Minister of Planning, Commerce, and Transportation, Mr. Boukary Adji, National Director of the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), Mr. Ahmadou Mayaki, Secretary General of Finance, and other senior officials concerned with economic and financial matters. Discussions were also held with BCEAO headquarters officials in Dakar. Toward the end of its stay, the mission had an opportunity to discuss Niger's economic and financial situation with the President, General Seyni Kountché. The staff representatives were Messrs. A. Basu (head-AFR), M.Z. Yucelik (FAD), J.P. Briffaux (AFR), Ms. C. Hoban (AFR), Mr. P. Ewenczyk (EP-CBD), and Ms. F. Straver-Postic (secretary-AFR).

Niger continues to avail itself of the transitional arrangements of Article XIV. Summaries of Niger's relations with the Fund and the World Bank are provided in Appendices I and II, respectively.

II. Recent Economic Developments

Over the past two years 1981-82 Niger experienced a sharp decline in the growth rate of real gross domestic product (GDP) and increasing financial imbalances in the operations of the public sector and in the external current account. As these imbalances entailed substantial foreign borrowing, some of it in the form of commercial loans, and as trends in export prices were unfavorable, the country's external debt service burden rose markedly as a proportion of exports of goods and nonfactor services. In 1982, despite continued heavy recourse to foreign borrowing, the overall balance of payments (BOP) switched to a large deficit. Niger has not incurred current payments arrears.

The annual growth rate of real GDP averaged 1 per cent during 1981-82, compared with 8.9 per cent during 1978-80 (Table 1). In the three years 1978-80 the output and export volume of uranium (the main export item) expanded rapidly, mainly because a second mine began operations in 1979, in the midst of buoyant world demand conditions. The average contract price of Niger's uranium exports rose (from CFAF 21,566/kg in 1977 to CFAF 24,343/kg in 1980) and led to substantial increases in budgetary revenues and exports (about 77 per cent and almost threefold, respectively, between 1977 and 1980). In these years domestic construction activity grew at a rapid pace because the public investment effort was stepped up, with particular emphasis on infrastructure development. Agricultural production kept pace with population growth, and in the livestock sector herd reconstitution reached predrought levels, with both production and exports recording rising trends (albeit at a slow pace).

The economy entered a new and less favorable phase soon after 1980, because an excess supply situation began to emerge in the world uranium market. The average contract price of Niger's uranium exports fell by 16 per cent to CFAF 20,418/kg in 1981, and subsequently recovered partially to CFAF 23,878/kg in 1982. As the average exchange rate for the U.S. dollar appreciated from CFAF 211.3 = US$1 in 1980 to CFAF 328.62 = US$1 in 1982, the U.S. dollar prices of uranium exports decreased by about 27 per cent. In these changed circumstances the mining sector's savings decreased, the planned investment in a third uranium mine was postponed indefinitely, and production and output from the existing mines increased at a much slower pace than in the preceding three years. As the slowdown in mining activity was accompanied by mediocre agricultural harvests (caused by inadequate rainfall), the exceptionally high growth rate of real GDP of earlier years could not be sustained through 1981 and 1982.

Public investment and budgetary revenues, which increased significantly during the years of the uranium boom, decreased over the two more recent years of financial difficulty for the uranium sector. Thus, Niger's investment/GDP ratio rose from an annual average of 27 per cent of GDP in 1977-78 to 32.3 per cent of GDP during 1979-80 and then declined to an average of about 22 per cent during 1981-82. Concurrently, the gross domestic savings ratio increased from an annual average of about 13 per cent of GDP during 1977-78 to 21 per cent of GDP in 1979-80 and then declined to 12 per cent of GDP during 1981-82. In addition to the decline in the uranium sector's savings, financial problems in the public sector contributed to the relatively weak savings performance. Because of this and of lags and rigidities in reducing public investment more substantially (after several new projects were already in execution), the country's external resource gap in goods and nonfactor services fluctuated as a proportion of GDP (declining from 15.5 per cent in 1978 to 11.6 per cent in 1979 and then rising to 13.3 per cent in 1982).

Table 1. Niger: Selected Economic and Financial Indicators, 1978-83

	1978	1979	1980	1981	1982 Esti-mates	1983 Fore-casts
	(Annual percentage changes, unless otherwise specified)					
National income and prices						
GDP at constant prices	8.3	13.6	4.9	1.1	1.0	1.0
GDP deflator	16.0	7.6	13.8	11.9	9.0	8.0
Consumer prices	10.1	9.9	7.3	24.7	9.7	10.0
External sector (on the basis of SDRs)						
Exports, f.o.b.	36.3	64.0	22.6	-7.7	-20.0	6.6
Imports, c.i.f.	43.4	39.5	22.4	-5.1	-5.5	-16.2
Non-oil imports, c.i.f.	44.7	35.5	12.7	-5.5	-5.1	-14.8
Export volume	33.3	48.8	18.3	17.8	-20.8	-0.8
Import volume	59.8	22.0	1.3	-7.6	-7.5	-15.1
Terms of trade (deterioration -)	16.3	-3.2	-13.9	-27.5	-2.6	11.2
Nominal effective exchange rate 1/ (depreciation -)	0.2	1.2	-0.1	-6.8	-4.4	...
Real effective exchange rate 1/ (depreciation -)	1.8	-1.6	-2.4	2.4	-1.8	...
Government budget (on the basis of fiscal years ending September 30)						
Revenue (excluding grants)	25.9	26.4	25.1	2.6	-8.8	10.6
Total expenditure	26.0	39.1	45.0	31.1	-3.6	-25.3
Money and credit						
Domestic credit 2/	69.4	27.9	38.4	21.5	34.0	29.8
Government 2/	12.0	-12.0	16.9	5.8	20.1	14.1
Private sector 2/	56.2	39.9	21.5	15.7	13.9	15.7
Money and quasi-money (M2)	44.1	19.0	20.8	20.7	1.0	20.3
Velocity (GDP relative to M2)	6.7	6.9	6.8	6.4	6.9	6.3
Interest rate (annual rate, one year savings deposit)	6.0	6.0	8.0	8.0	10.0	10.0
	(In per cent of GDP)					
Central government budget deficit (on the basis of fiscal years ending September 30)	-3.2	-3.2	-6.1	-10.8	-10.0	-3.3
Domestic bank financing	1.1	-0.4	1.0	1.9	1.5	0.4
Foreign financing (net)	2.3	3.1	3.8	6.8	6.2	2.7
External current account deficit						
Including grants	-12.5	-10.5	-10.6	-10.9	-13.9	-7.0
Excluding grants	-19.7	-16.2	-16.1	-16.5	-19.3	-12.4
External debt 3/	23.0	25.1	29.7	39.3	45.0	...
Debt service ratio 3/ 4/	12.8	14.3	19.0	31.5	39.2	43.8
Interest payments 3/ 4/	7.2	8.1	10.0	15.6	20.0	19.9
	(In millions of SDRs)					
Overall balance of payments	-7.1	-4.7	-29.1	31.2	-81.2	-40.1
External payments arrears	--	--	--	--	--	--

1/ Import-weighted.
2/ Expressed in per cent of beginning-of-period money stock.
3/ Takes into account both the public debt and preliminary estimates of the nonguaranteed private debt.
4/ Expressed as a ratio of exports of goods and nonfactor services.

In the public sector several of the nonfinancial public enterprises have been experiencing serious financial problems. The official marketing agencies for both imported and locally produced food items and basic necessities are carrying sizable stocks (for security reasons) and providing large amounts of trade credits, mainly by relying on short-term credit from domestic banks and on occasional large budgetary transfers, as their permanent resources (mainly capital funds) are insufficient and their profit margins are narrow. The recently completed coal plant (SONICHAR) 1/ is operating well below full capacity, because the postponement of investment in a third uranium mine has caused the mining sector's energy consumption to be much less than was earlier envisaged. Because of this factor and a heavy burden of service payments on the foreign loans that financed its initial investment, SONICHAR is facing acute financial difficulties. The transport and distribution of electricity from SONICHAR to the two existing uranium mines is handled by the state-owned electricity company (NIGELEC), 2/ and the costs of this are a serious burden for NIGELEC, which is already having to consider a substantial revision of electricity tariffs to reflect the increased costs of domestic production and of imports (from Nigeria). Apart from this, several agro-processing and industrial enterprises are experiencing shortages of domestic agricultural inputs and skilled labor; some plants (such as groundnut oil mills) have shut down while others are operating below capacity, and several are also finding it difficult to remain competitive once the initial period of tax concessions granted under the Investment Code has ended.

Between 1978/79 and 1981/82 the overall fiscal deficit more than quadrupled to about CFAF 65.7 billion (10 per cent of GDP) (Table 2). Over the three fiscal years ending with 1981/82 the contributions of the uranium sector decreased by about 46 per cent, and tax revenues from the rest of the economy increased at much slower rates than nominal GDP. The annual growth rates in expenditure were substantially higher than those of total revenues, with extrabudgetary capital outlays, subsidies and interest payments, and increases in the wage bill contributing importantly to the overall expansion of total expenditure.

The financing of the fiscal deficits of the past four years entailed a tripling of net foreign borrowing, increasingly heavier recourse to net domestic bank financing, and the accumulation of arrears to domestic suppliers and public enterprises. With the heavy foreign borrowing, the budgetary burden of external debt service payments increased from 2.3 per cent of total revenues in 1978/79 to 23 per cent in 1981/82. To finance the deficits the Government moved from a net creditor position vis-à-vis the banking system of CFAF 7.1 billion at end-September 1979 to a net debtor position of CFAF 19.4 billion at end-September 1982, as a consequence of relying both on credit from deposit money banks and on an almost full use of its credit allocation under the BCEAO's statutory ceiling. The

1/ Société Nigérienne du Charbon d'Anou Araren.
2/ Société Nigérienne d'Electricité.

Table 2. Niger: Government Finance and Monetary Survey, 1978/79-1982/83

(In billions of CFA francs)

	1978/79	1979/80	1980/81	1981/82 Estimates	1982/83 Projections
Government finance (October 1 - September 30)					
Total revenue	59.87	74.89	76.84	70.11	77.51
Current expenditure	37.68	46.67	51.68	56.92	61.47
Of which: debt service	(5.10)	(1.66)	(6.50)	(9.93)	(11.33)
Capital expenditure (FNI)	17.60	23.91	26.95	11.49	7.00
Extrabudgetary expenditure	18.83	36.85	62.19	67.42	33.04
Overall deficit	-14.24	-32.54	-63.98	-65.72	-24.00
Change in arrears (decrease in-)	1.89	2.73	2.82	6.66	-14.10
Deficit (cash basis)	-12.35	-29.81	-61.16	-59.06	-38.10
Financing					
External financing (net)	13.76	18.17	40.37	40.63	19.55
Drawings	(14.29)	(22.08)	(43.26)	(46.47)	(28.16)
Amortization	(-0.53)	(-3.91)	(-2.89)	(-5.84)	(-8.61)
Domestic financing	-1.41	11.64	20.79	18.43	18.55
Banking system (net)	(-1.98)	(5.14)	(11.31)	(10.11)	(3.00)
Other	(0.57)	(6.50)	(9.48)	(8.32)	(14.55)
Monetary survey (end of period)	1979	1980	1981	1982	1983
Net foreign assets	20.18	12.19	22.13	-7.28	-36.28
Central Bank	(25.47)	(27.36)	(29.68)	(9.72)	(0.22)
Deposit money banks	(-5.29)	(-15.17)	(-7.55)	(-17.00)	(-36.50) 1/
Domestic credit	57.46	82.25	98.97	130.97	159.30
Government	(-18.36)	(-7.49)	(-2.98)	(15.95)	(29.30)
Private sector	(75.82)	(89.74)	(101.95)	(115.00)	(130.00)
Broad money	64.51	77.93	94.08	95.00	114.30
Long-term foreign liabilities	3.50	9.45	16.55	20.00	...
Other items (net)	9.63	7.06	10.47	8.72	8.72

1/ Includes long-term foreign liabilities.

accumulation of arrears to domestic suppliers and public enterprises arose primarily because substantial extrabudgetary capital expenditures were incurred in anticipation of exceptional foreign assistance which finally could not be mobilized. The enterprises that carried out these projects relied mainly on prefinancing provided by the domestic banks, which in turn borrowed substantial amounts from abroad.

Following small deficits during 1979-80 and a surplus in 1981, Niger's overall balance of payments recorded a sizable deficit (SDR 81.2 million or 4.4 per cent of GDP) in 1982. The current account deficit 1/ grew from SDR 168.1 million (10.5 per cent of GDP) in 1979 to SDR 252.8 million (13.9 per cent of GDP) in 1982, partly because the recent slowdown in uranium exports was preceded and accompanied by a rapid expansion of imports. While growing trade deficits have contributed importantly to the widening gaps in the current account, the net deficits on the services accounts have been much larger and growing, due to increases in freight and insurance costs and in interest payments on the foreign debt. The net inflows of foreign transfers have increased little, as increasing deficits on net private transfers (resulting mainly from the foreign remittances of expatriate workers in the mining sector) have partly offset the moderate increases in net inflows of public transfers. The country's medium- and long-term public debt increased rapidly (particularly during 1981 and 1982), but by 1982 the level of capital inflows fell far short of the substantially enlarged current account deficit and the rising burden of debt repayments.

Niger's outstanding and disbursed external public debt (including the Government's and the government-guaranteed debt) grew from SDR 199.6 million (11.9 per cent of GDP) in 1979 to SDR 629.2 million (35.5 per cent of GDP) in 1982. As recourse to loans from private sources increased substantially during these years, the average terms of the country's indebtedness hardened considerably. The ratio of public debt service payments to exports of goods and nonfactor services rose from 2.4 per cent in 1979 to 21.2 per cent in 1982. Based on projected drawings on undisbursed loan commitments, the public debt service payments are forecast to grow further between 1982 and 1984 to represent about 22.3 per cent of estimated 1984 exports of goods and nonfactor services; thereafter these payments are projected to decline only marginally during 1985-87 (Appendix III).

In addition to the external public debt, the nonguaranteed foreign debt 2/ of the domestic private sector (mainly that contracted by the mining companies with the guarantee of foreign shareholders and by banks) has also grown substantially in recent years. The private foreign debt of nonfinancial enterprises is estimated to have grown from SDR 153.9 million in 1978 to SDR 168.5 million in 1982. The domestic banks

1/ Including all grants.
2/ Without government guarantee.

increased their liabilities to foreign banks from SDR 95.8 million at the end of September 1980 to SDR 124.6 billion at the end of September 1982; 45 per cent of the increase reflected short-term borrowings (of less than 1 year maturity) and about 55 per cent represented an expanded recourse to medium- and long-term loans. Service payments related to the foreign debt of private financial and nonfinancial enterprises increased from SDR 27.6 million in 1978 to SDR 69.8 million in 1982. These service payments are projected to remain heavy this year and to decline substantially thereafter. The domestic banks on-lent a major part of their medium- and long-term foreign borrowing to the Government and used the remainder to prefinance the implementation of public projects by various enterprises. In these circumstances, the increased foreign debt service burden of the domestic banks is very much an extension of government expenditure and foreign borrowing policies, and their ability to service their foreign debt is predicated upon the Government paying its internal debt service obligations to the enterprises and the banks.

Between end-1979 and end-1982 the exchange rate of the CFA franc, which is pegged to the French franc at the rate of CFAF 50 = 1 F, depreciated by about 40 per cent vis-à-vis the SDR and by roughly 67.3 per cent in terms of the U.S. dollar. Between 1979 and 1982, on an import-weighted basis, the effective exchange rate of the CFA franc depreciated by about 11 per cent in nominal terms (and by 2 per cent in real terms). Over this period the export sector's gains from the depreciation were partly offset by decreases in the average f.o.b. export prices (expressed in U.S. dollars), which were about 4 per cent in the case of nonuranium exports and 35.4 per cent in the case of uranium exports. Despite the large decrease in the uranium export price, the mining companies have continued to record some, albeit reduced, pretax profits. For agricultural products, including both export and food crops, the authorities have implemented substantial increases in producers prices over the past two crop years, while ensuring that official marketing entities incurred no losses on the trading operations. Thus, between the 1980/81 and 1982/83 crop years the producer prices were increased for the three food crops: millet (100 per cent), sorghum (75 per cent); and rice (54.5 per cent); and for the three cash crops: groundnuts (33.3 per cent), cowpeas (88.9 per cent), and cotton (93.5 per cent). Hence, despite the annual fluctuations in climatic conditions, the outputs of key agricultural commodities have shown a rising trend. In line with the higher producer prices and the increased local currency cost of imports, during 1982 official sales prices were also increased for petroleum products (25 per cent) and for selected consumption items.

Niger's exchange and trade system is similar to that of other French franc area countries which maintain an operations account with the French Treasury, and remains free of restrictions on payments for current international transactions.

III. Report on the Discussions

1. Production, investment, and price policies

The Nigerien authorities expressed concern that, because of the depressed world demand conditions for uranium, the growth of real GDP and exports had been adversely affected. Moreover, owing to the mining sector's reduced contributions to the budget and the relatively heavy burden of existing external debt service payments, the future public investment effort was expected to be constrained by tight financial constraints. In these circumstances the authorities recognized that further new investments should be considered with great caution, and that projects in execution needed to be consolidated and phased, giving a high priority to productive projects. Due consideration would be given to economizing on the import content and foreign financing needs of the investment program and to strengthening production capacities for exports and import substitution. As external debt service payments are projected to remain relatively high up to about 1990, a program of growth and diversification of exports, based on the country's agricultural and livestock resources, needs to be formulated. In the course of 1983 the authorities expect to prepare a new investment program along these lines with the help of the World Bank.

As the uranium sector accounts for a dominant share of exports and is an important source of government revenues, the staff requested the Nigerien representatives to comment on the production and financial prospects of this sector. They indicated that the output of the two uranium companies (SOMAIR and COMINAK) was very much dependent upon contracts for export sales. 1/ In 1983, on the basis of existing sales contracts, exports are expected to amount to 3,677 metric tons (about 4 per cent below the 1982 level), with 3,200 tons sold from new production at the new contract price of CFAF 27,500/kg and 477 tons sold from existing stocks at last year's contract price of CFAF 24,000/kg. Given Niger's small share in the world market (about 10 per cent) and the generally depressed conditions of world demand, Niger has little control over the market. The Nigerien representatives felt that setbacks in the development of nuclear power plants (for electricity generation) in the major industrialized countries and the existence of sizable stocks in some industrial countries are the main factors which have depressed uranium prices in the world market (especially spot prices). In the long run, the persistence of this development is likely to contribute to the closing of inefficient mines and/or the postponement of new investment in other producing countries. On their part, the Nigerien authorities were obliged to postpone investments in a potential third mine until such time as it appears financially rational to undertake such an investment. Moreover, due to the present depressed demand conditions, the overall level of production cannot be raised to the existing capacity level (of 4,500 metric

1/ By far the major part of the export sales are to France.

tons), because any production that is sold at present spot prices (which are substantially less than Niger's prevailing contract price) would entail losses. On their part, the Nigerien authorities feel that the interests of both producing and consuming countries toward the progressive development of an alternative source of energy would be better served if world prices provided a reasonable profit margin above long-term average costs. They recognized that as yet there was little evidence of a recovery in world demand, and that exports and the budgetary revenue contributions of the uranium sector are not likely to grow appreciably in the years ahead.

In their agricultural policies the authorities have given the highest priority to the objective of attaining self-sufficiency in foodstuffs (mainly the cereals: millet, sorghum, and rice). To this end, they have implemented various projects geared to raising productivity, increased official producer prices substantially over the past two crop years, and pursued a policy of building up cereal stocks (through both domestic procurement and imports) to cover the contingency of food shortages resulting from unforeseen drought conditions. In addition, to limit the size of drought-induced food shortages, the farmers themselves are believed to attach a much higher priority to cultivating food crops rather than export crops. This preference has been reinforced by the fact that, over the past five crop years, average revenue yields per hectare have increased much more for food crops than for export crops, because the increases in both physical yields per hectare and producer prices have been more significant for food crops. Moreover, for the major cereals marketed by the state-owned OPVN, the domestic sales prices, which were recently increased to reflect the higher producer prices, are roughly in line with the opportunity costs of importing.

In the case of export crops (mainly groundnuts, cowpeas, and cotton), efforts to tackle production problems and increase yields were begun only recently, and, despite substantial increases in the producer prices during the past two crop years, the official marketing agency (SONARA) 1/ is finding it difficult to increase the volume of its marketing operations. Since in recent years the groundnut crops have been hurt by a spreading fungus disease and the lack of adequate stocks of seeds, the authorities have launched a program of seed multiplication and increased the distribution of appropriate fungicides and improved seeds. For cotton also the authorities plan to promote the use of improved cultivation techniques supported by small-scale irrigation schemes. While direct efforts are thus being made to improve productivity, the task of channeling exports (especially of groundnuts and cowpeas) through the official agency (SONARA) is proving to be difficult, because, in addition to the above mentioned bias toward food crop cultivation, the official producer prices for the export crops are at best floor prices. The latter are far less than the prices prevailing in the private markets along the long and open southern

1/ Société Nationale d'Arachide.

border with Nigeria, where the CFA franc is exchanged (for nairas) at a more favorable rate than the official rate. This last factor also makes it cheaper for Nigeriens to import consumer goods and farm inputs (such as fertilizers) through the parallel markets rather than through official channels. Thus, even though local official producer prices are as high as can be justified by prevailing world prices, it is clear that no further unilateral increases by the Nigerien authorities are likely to eliminate the special exchange-rate-induced incentive that exists for unofficial border trade. In these circumstances the authorities are considering expanding the role of the private sector, while limiting the role of SONARA to maintaining official producer prices at minimum levels to provide a floor for the prices farmers may expect.

The authorities indicated that they would take steps to strengthen the financial situation of the public and "mixed" enterprises. In the case of the marketing agencies for essential commodities (OPVN and COPRO-NIGER), in 1982 the authorities implemented some increases in final sales prices to ensure that these agencies are able to generate sufficient trading profits to cover all operating costs. The financial strains being experienced by these agencies result mainly from their lack of capital funds and heavy reliance on short-term bank credit to finance the holding of sizable stocks; the related costs of debt servicing are not fully reflected in the final sales prices of the commodities. To alleviate the financial difficulties of these agencies, the authorities are examining the need for strengthening their capital bases, the scope for economizing on holdings of stocks, and the possibility of privatizing the marketing process. In the energy sector there is a need to examine (a) how SONICHAR's financial losses, resulting from low rates of capacity utilization and high debt service payments, can be reduced, and (b) how to cover NIGELEC's costs of distributing electricity from SONICHAR to the mines. In the case of industrial enterprises being supported by tax concessions under the official Investment Code, the authorities intend to reassess the need for renewing such concessions once the initial period for which they were granted has ended, with a view to encouraging the enterprises to become self-sustaining and competitive. During 1983 the authorities will be studying the problems of the public and mixed enterprises with World Bank and bilateral technical assistance. A major objective of the authorities is to ensure that the public enterprises become financially self-sustaining, so that they can operate without any permanent budgetary support.

2. Financial developments and policies

The sharp increase in the fiscal deficit/GDP ratio during 1979/80-1981/82 reflected both a large increase in the expenditure/GDP ratio and a declining trend in the revenue/GDP ratio. Expenditures grew rapidly during 1979/80-1980/81 (about 38 per cent annually) due to rising levels of capital and extrabudgetary project outlays. In 1981/82 a cutback in capital budgetary outlays contributed to a drop in total expenditure (of 3.7 per cent). The high levels of capital and extrabudgetary outlays (mainly for various investment projects) have contributed directly and indirectly to rising levels of current outlays since 1978/79, primarily in the form of increases in the wage bill, materials and maintenance outlays, and public debt service payments. In particular, as the fiscal deficits have been financed by heavy recourse to foreign borrowing, the burden of public debt service payments as a proportion of budgetary revenues has risen from 9.5 per cent in 1978/79 to 22.8 per cent in 1981/82. The declining trend in the revenue/GDP ratio was partly due to the drop in revenues from the uranium sector and partly due to the inelasticity of other revenues to the growth of GDP and imports.

The 1982/83 budget estimates call for a large reduction in the fiscal deficit, from CFAF 65.7 billion (10 per cent of GDP) in 1981/82 to CFAF 24 billion (3.3 per cent of GDP) in 1982/83 (Tables 1-2). On the expenditure side, new extrabudgetary outlays are to be avoided, and the total of all expenditures other than debt service payments is to be reduced sharply by 28.4 per cent compared with a reduction of 6.3 per cent in 1981/82. The main area of expenditure growth is expected to be debt service payments, which are projected to rise by 26 per cent. In addition to the effort on the expenditure side, the authorities have taken new tax measures aimed at increasing total budgetary revenues by 10.6 per cent (as compared with a decrease of 8.8 per cent in 1981/82). Also following the recommendations contained in an FAD technical assistance report on the tax system, the authorities have begun a reform of the tax system covering the nonmining sectors. An FAD fiscal panel expert is providing assistance in this area. In this context, the fixed standard values which provide the basis for the taxation of imports have been increased for several items, and the specific tax rates have been almost doubled for alcoholic beverages and increased by 20 per cent for petroleum products. A number of other tax measures, such as higher and/or new excise tax rates for selected goods and services (tobacco and various public utilities), are under consideration. The tax administration is putting in place reporting and collection methods which will permit increases in taxation of business, personal, and capital incomes, and various other administrative improvements.

The Nigerien representatives indicated that in 1982/83 the Government needs to mobilize resources not only for financing the targeted fiscal deficit (CFAF 24 billion) but also for eliminating a portion of its domestic arrears vis-à-vis the domestic enterprises (CFAF 15.1 million) and deposit money banks (CFAF 7 billion). They stated that the Government intends to work out a plan for reducing its domestic arrears in a phased manner. While no firm target had so far been set for the reduction of domestic arrears in 1982/83, the Nigerien representatives felt that, after taking into account the likely net inflow of foreign resources (of about CFAF 19.6 billion) and the forecast use of domestic bank deposits (of CFAF 3 billion), the Treasury's additional financing need was likely to be of the order of CFAF 15 billion in 1981/82. Covering this gap with additional bank financing was considered infeasible because the amount of credit remaining to be utilized under the BCEAO's statutory ceiling is marginal and the alternative of drawing down the Treasury's bank deposits by a large amount would severely strain the resources of the domestic banks. In these circumstances the staff representatives urged that additional revenue measures and further cutbacks in outlays be implemented to further reduce the 1982/83 fiscal deficit and the outstanding stock of payments arrears.

The Nigerien representatives stated that, within the monetary union's global objective for the end-1983 level of official net foreign assets, the target set for Niger's net foreign assets at the BCEAO allows for a decrease of CFAF 9.5 billion over the year (compared with CFAF 20 billion in 1982). Also, the country's deposit money banks are expected to reduce their total net foreign indebtedness slightly (as against an increase of CFAF 12.9 billion in 1982) and reduce substantially its short-term component. The reduction in deposit money banks' short-term foreign liabilities is to be achieved partly through efforts to obtain refinancing on a medium-term basis and partly by repayments. The authorities' domestic credit policies for 1983 have been formulated with reference to these net foreign asset objectives and a forecast that, with enterprises reconstituting their holdings of bank deposits, the growth of broad money (20.3 per cent) will exceed that of nominal GDP (12 per cent).

Based on the above assumptions, the growth rate of total domestic credit by the banking system is to be slowed from 34.0 per cent of the beginning money stock during 1982 to 29.8 per cent during 1983. This slowdown is to be achieved primarily by reducing the size of the Government's net recourse to the banking system (from CFAF 19 billion in 1982 to CFAF 13.3 billion in 1983); bank credit to the private sector is to be increased at about the same rate (13 per cent) as in the previous year. As the Government has only a small amount of credit remaining to be utilized under the BCEAO's statutory ceiling, its anticipated recourse to the banking system would need to be primarily in the form of a drawdown of its bank deposits.

The extent to which the deposit money banks would be able to finance the planned overall credit expansion and achieve the targeted reduction in their net foreign liabilities from their own resources (as distinct from rediscounts) in the face of a large decline in government deposits would depend crucially upon the degree to which the assumptions about the growth and composition of the demand for money are fulfilled. The official monetary projections for 1983 forecast the growth in broad money to be predominantly in the form of demand deposit liabilities. The staff team expressed doubts about the realism of this assumption because bank deposits had declined during 1982. The Nigerien representatives recognized that while deposit growth is likely to be affected importantly by the amount by which the Government reduces its arrears to domestic enterprises during the year, such payments are likely to be only moderate amounts within the foreseeable budgetary financing constraints. Nevertheless, to the extent that this process permits enterprises to repay their debts to domestic banks and reconstitute their holdings of monetary assets, the resource situation of the banks will be less tight in relation to the demand for credit. Also, as an additional step toward alleviating the financial strains of the deposit money banks, the Government would be encouraging them to explore the possibility of obtaining suitable refinancing of short-term loans from their foreign creditors. Moreover, the BCEAO expects to continue to provide resources to the banks through rediscounts. Reacting to the staff's concern that the target for monetary expansion and hence for domestic credit was too high the Nigerien representatives indicated that credit expansion would be periodically reviewed and closely monitored to ensure that it is allocated for productive activities and that it is consistent with realistic assumptions for growth of money demand and for the banking system's net foreign assets objective.

3. External developments and policies

In 1983 the planned substantial decreases in the overall fiscal deficit, accompanied by cutbacks in capital and extrabudgetary outlays and higher import taxes, and the slowdown in the growth rate of domestic bank credit are expected to contribute importantly to a large reduction in the external current account deficit (from SDR 252.8 million, or 14 per cent of GDP in 1982, to SDR 139 million, or 7 per cent of GDP, in 1983). Although net capital inflows are projected to drop by some 43 per cent, the overall BOP deficit is expected to be halved to about SDR 40 million (2 per cent of GDP as against 4.5 per cent of GDP in 1982). The anticipated large reduction in the current account gap is to be achieved mainly through a narrowing of the goods and services deficit. The major part of this adjustment reflects an 11 per cent decline in imports of goods and services, to be brought about by both a cutback in capital and extrabudgetary outlays and an increase in average rates of import taxation (as envisaged under the 1982/83 budget). If the expected increase in interest payments on the foreign debt is excluded and account is taken of the forecast increase in import prices, the adjustment in real terms in anticipated payments for other goods and services is almost 15 per cent. The projected increase in exports is based mainly on an expected modest increase in uranium prices. The Nigerien representatives recognized the need for export growth and diversification over the medium term, particularly in the area of agricultural and livestock exports. The authorities would continue to encourage agricultural production through increases in producer prices whenever the evolution of world prices would permit it. Moreover, consideration will be given to appropriate export-oriented investments.

The projected increases in the burden of foreign debt service payments for the 1980s, both on the public debt and the nonguaranteed private debt, are a matter of serious concern for the authorities. Nevertheless, the Nigerien representatives expressed a strong inclination to continue normal servicing of scheduled debt service obligations even in the present difficult budgetary situation. In any case the service payments related to the foreign debt of the Government itself are expected to be paid on schedule. As regards the service payments on the government-guaranteed debt of public and mixed enterprises, the uranium companies are expected to be able to meet their payments on schedule. 1/ The main problem in this area arises because the state-owned coal plant (SONICHAR) will be facing an exceptionally heavy debt service burden in the years ahead, which, taken together with the other operational costs, is not likely to be covered by the company's expected earnings. In this case, the Government would have to either find additional budgetary revenues or negotiate some direct bilateral debt relief to reduce the additional burden of debt service payments to be made on behalf of SONICHAR. The authorities are considering obtaining bilateral foreign technical assistance to examine the problem. With regard to the private foreign debt, which includes the debt owed by domestic banks and enterprises (public, private, and mixed) to foreign banks, to foreign parent companies of domestic enterprises, and to foreign suppliers, for which there is no government guarantee, the authorities are inclined to ask the relevant domestic banks and enterprises to renegotiate and/or refinance their obligations through direct consultations with their creditors.

In these circumstances, the key immediate problem facing the authorities is whether the service payments to be made through the budget on both the government debt and a part of the government-guaranteed debt are likely to be of a manageable magnitude within the framework of present budgetary estimates for 1982/83. The Nigerien representatives recognized that, given the Treasury's overall financing constraints, the increased budgetary burden of debt service payments could become more manageable if further efforts were made to reduce the fiscal imbalance (through restraints on expenditure and appropriate tax measures). The staff suggested that such a policy of fiscal restraint be combined with cautious investment and foreign borrowing policies so as to avoid serious debt servicing problems in the years ahead. New foreign borrowing would need to be both limited to loans on concessional terms and used for productive and financially viable projects.

IV. Staff Appraisal

Over the past two years 1981-82 Niger's annual growth rate of real GDP slowed (from 9.3 per cent in 1979-80 to 1 per cent) because of depressed world demand conditions for its exports (mainly uranium) and adverse climatic conditions that led to poor harvests. In particular, after a rapid growth in the volume and price of uranium exports during 1978-80, the uranium boom subsided during 1981-82. Consequently, over the last two years related exports and government revenues were adversely

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1/ In fact, in 1982 the external accounts of the uranium sector, which reflect, inter alia, the prevailing export "contract" price and all projected debt service payments, remain in overall surplus.

affected. Moreover, in 1982 the exceptional foreign aid inflows anticipated by the Government did not materialize. However, as the levels of public investment, which had been scaled up substantially on the basis of the 1978-80 boom in uranium exports, remained relatively high, large fiscal deficits were recorded during 1980/81-1981/82. The external current account deficit also widened sharply. As the high levels of public investment and the accompanying large fiscal and external current account deficits entailed heavy borrowing on hard terms and relatively short maturities by both the government and the nongovernment sectors, the country's overall external debt service burden increased markedly.

Thus, the key issue facing the authorities is how to reduce the country's large internal and external imbalances and, at the same time, raise the growth rate of real GDP from the exceptionally low levels to which it dropped during 1981-82. The staff feels that, given the depressed external demand conditions for the mining sector, the growth rate of real GDP is unlikely to recover in the short run to the high levels achieved during the earlier uranium boom years. However, a moderate recovery in the growth rate could be achieved, provided the prospects for this are not weakened by continuing large financial imbalances. At this stage, it would appear necessary to adopt a stance of strict restraint with regard to public investment in the immediate years ahead, and to reorient it to the productive sectors. It would also be important to limit public investments to levels that could be supported by adequate provisions for the domestic recurrent costs of various projects while strictly limiting foreign borrowing. Moreover, a sizable reduction in the fiscal and external current account deficits is needed to contain future foreign borrowing and avoid further aggravation of the present serious external debt servicing problems. A reorientation of public investments away from infrastructural projects to the development of the agricultural and livestock sector is also urgently needed, to promote the growth and diversification of exports, develop viable import substitution in foodstuffs, and reduce the import content of investments. More emphasis should be given to the implementation of the various productivity projects which aim at increasing average agricultural yields (especially of the cash crops such as groundnuts and cotton). The staff strongly supports the authorities' intention to reformulate the public investment program along with the assistance of the World Bank, and would urge that the work in this area be undertaken with urgency.

The staff finds it encouraging to note that the authorities implemented substantial increases in the producer prices of major food and export crops in each of the two recent crop years 1981/82-1982/83. However, it would be important to take steps to solve the financial problems that the official agricultural marketing agencies are facing. Within the context of the planned study of public enterprises, to be carried out with World Bank technical assistance, it would be important for the authorities to give early consideration to ways of reducing the operational costs of the official marketing agencies (including the costs of carrying security stocks) and to the scope for privatization of the marketing process.

During 1982/83-1983/84 steps will also need to be taken to tackle the financial problems of certain other nonfinancial public and mixed enterprises (such as SONICHAR and NIGELEC). The staff agrees with the authorities that SONICHAR's financial problems, which stem essentially from its heavy burden of debt service payments and its underutilized capacity, should be the subject of an in-depth review; this is expected to be carried out with the support of bilateral technical assistance. With regard to NIGELEC, the authorities should implement appropriate increases in electricity tariffs to reflect the increases that have occurred in domestic and import costs. This will also require consideration of how best to cover the high costs that NIGELEC incurs in transporting electricity from the SONICHAR power plant to the existing mines. Given the interdependence of the financial relationships between the mines, NIGELEC, and SONICHAR, it would be important to take this into account when working out a clear, long-term strategy for NIGELEC's electricity tariff-setting policies.

The staff feels that the budgetary financing gap (about CFAF 15 billion) for 1982/83 should be narrowed by measures aimed at reducing the fiscal deficit to less than the presently projected level, so that reasonable amounts of repayments of domestic arrears would not result in excessive expansion of domestic bank credit. While reductions in public investment and steps to rehabilitate the financial situation of public and semipublic enterprises will help to reduce the fiscal deficit in 1982/83 and in the immediate years ahead, it will also be important to seek economies in nondevelopmental outlays and to take measures to improve the elasticity of the tax system (in the nonuranium sectors). With regard to the latter the staff would urge the authorities to establish an early timetable for expeditiously implementing the main recommendations of the FAD technical assistance report on the tax system. Concurrently, the authorities would need to avoid unplanned extrabudgetary outlays, consider the scope for economies in certain areas of nondevelopmental outlays (such as loans and/or transfers to public enterprises), and adopt a stance of restraint with regard to increases in wages and civil service employment.

While an appropriate program of revenue measures and expenditure cutbacks and restraints will be necessary to achieve a larger reduction in the fiscal deficit in 1982/83 than currently planned, the authorities will also need to take into account the possible constraints to the financing of the deficit. At present the main uncertainties are with regard to the rate at which the Government plans to reduce its domestic arrears; the extent to which it will have to assume the debt servicing obligations arising out of the publicly guaranteed debt of certain enterprises (e.g., SONICHAR); the prospects of mobilizing adequate foreign budgetary assistance; and the extent to which the Government could make use of its bank deposits 1/ without putting an unusual strain upon the

1/ The room for additional bank credit under the BCEAO's statutory ceiling is at best marginal.

banking system. The staff feels that there is a need for the authorities to formulate reasonable proposals for each of these elements on the financing side of the 1982/83 fiscal deficit. With regard to the first element, the Government should be prepared to set a clear time schedule for repayment of its domestic arrears to the banks and the enterprises; the latter should be left to work out their own plans to servicing and refinancing their foreign debt, as most of this is not directly guaranteed by the Government. In the case of the debt service payments of SONICHAR, since the amounts involved are relatively large, early steps should be taken to rescheduling at least the immediate payment obligations, especially if the authorities are planning to continue to make repayments on the Government's (direct) foreign debt on schedule.

Over the past two years, while the demand for domestic credit and the Government's net recourse to bank financing increased, bank deposits did not record a parallel expansion due to BOP deficits; on the contrary, bank deposits actually declined during 1982. As a result, deposit money banks have sought to strengthen their resource situation either through rediscounts from the Central Bank (as in 1981) or through foreign borrowing (as in 1982). The staff feels that in order to alleviate the liquidity problems of banks, it is essential to reduce the fiscal deficit and avoid large-scale prefinancing of government projects by both the private sector and the banks. Moreover, to reduce the existing pressures on the external current account, the authorities should also aim to decrease by more than currently planned the rates of overall credit expansion by setting appropriate limits both on central bank rediscounts (especially for nonseasonal nonagricultural credit) and on deposit money banks' foreign borrowing.

The staff team advised the authorities at the time of the consultation discussions in January 1983 that they should formulate proposals for reducing the fiscal deficit, take steps to further reduce domestic credit expansion, and reassess the prospects for the overall balance of payments for 1982/83 and 1983/84 and the need for foreign debt rescheduling. In response, with the help of foreign technical assistance, the authorities have recently completed a study of the country's foreign debt and, in conjunction with it, prepared a reassessment of their financial policies. The authorities have followed this up with a request for a staff visit and a staff team was scheduled to visit Niger in the last week of April to obtain the most recent data and the authorities' policy intentions and to discuss the procedures for possible use of Fund resources. A report on these discussions would be presented in a supplement to the consultation report soon after the staff visit.

It is proposed that the next Article IV consultation with Niger be held on the standard 12-month cycle.

V. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision in concluding the 1983 Article XIV consultation with Niger, in the light of the 1983 Article IV consultation with Niger conducted under Decision No. 5392-(77/63), adopted April 29, 1977 ("Surveillance over Exchange Rate Policies").

2. The Fund notes with satisfaction that Niger continues to maintain an exchange system which is free of restrictions on payments and transfers for current international transactions.

NIGER - Basic Data

Area, population, and GDP per capita

Area:	1,267,000 square kilometers
Population:	
Total (1981)	5.7 million
Growth rate (1981)	2.8 per cent
GDP per capita (1981):	SDR 386

	1978	1979	1980	1981	1982 Est.
	(In billions of CFA francs)				
GDP at constant 1976 prices	270.4	307.1	322.2	325.7	329.0
GDP at current market prices	362.1	442.6	528.5	597.6	658.0
Value added by sector 1/					
Agriculture, livestock, and forestry and fishing	174.5	197.6	229.0	278.7	...
Mining	36.0	61.6	65.6	54.3	...
Industry, energy, and handicrafts	19.8	23.4	27.9	36.0	...
Construction and public works	19.5	29.7	37.2	34.0	...
Commerce, transport, communications, and services	70.3	79.9	101.1	120.9	...
Government services	25.4	30.4	38.6	45.4	...
GDP at factor cost	345.5	422.6	499.4	569.3	...
Import taxes and duties	16.6	20.0	29.1	28.3	...
Use of resources 1/					
Domestic expenditure	418.2	494.0	586.7	658.7	...
Private consumption	281.2	307.0	360.5	462.6	...
Public consumption	36.5	43.8	55.2	64.5	...
Gross fixed capital formation	38.0	123.2	152.0	137.6	...
Changes in stocks	12.5	20.0	19.0	-6.0	...
Resource gap (deficit -) 2/	-56.1	-51.4	-58.2	-61.1	-87.7
	(Index, July 1962-June 1963 = 100)				
Consumer price index (Index for Africans in Niamey)	306.1	336.3	361.0	450.2	518.0 3/

1/ At current market prices. Data on value added by sector, gross fixed capital formation, changes in stocks, and public consumption provided by the Nigerien authorities. Total domestic expenditure and private consumption are staff estimates.
2/ Staff estimates based on balance of payments data.
3/ End-November 1982.

NIGER - Basic Data (continued)

	1979	1980	1981	1982 Est.	1983 Proj.
Money and credit	(In billions of CFA francs; end of period)				
Foreign assets (net)	20.18	12.19	22.13	-34.00 1/	-43.00
Domestic credit	57.46	82.25	98.97	130.97	159.30
Credit to Government (net)	-18.36	-7.49	-2.98	15.95	29.30
Credit to private sector	75.82	89.74	101.95	115.00	130.00
Of which: rediscounted at Central Bank	(13.95)	(13.88)	(22.75)	(28.00)	(39.00)
Money and quasi-money	64.51	77.93	94.08	95.00	114.30
Money	57.27	64.59	74.75	...	...
Quasi-money	7.24	13.34	19.32	...	...
SDR counterpart and Trust Fund	3.19	5.59	6.44	...	...
Long-term foreign liabilities	3.50	9.45	16.55	...	...
Other items (net)	6.44	1.47	4.03	2.00	2.00

	1978/79	1979/80	1980/81	1981/82 Prov.	1982/83 Proj.
Government finance 2/	(In billions of CFA francs)				
Revenue	59.87	74.89	76.84	70.11	77.51
Total expenditure and net lending	74.10	107.43	140.82	135.83	101.51
Of which: investment expenditure of the FNI	(17.60)	(23.91)	(26.95)	(11.49)	(7.00)
Overall deficit (-)	-14.23	-32.54	-63.98	-65.72	-24.00
Adjustment for cash basis	1.89	2.73	2.82	6.66	--
Financing requirement (-)	-12.34	-29.81	-61.16	-59.06	-24.00
Financing	12.34	29.81	61.16	59.06	24.00
Foreign (net)	13.75	18.17	40.36	40.63	19.55
Domestic (net)	-1.41	11.64	20.80	18.43	-10.10
Of which: banking system	(-1.98)	(5.14)	(11.31)	(10.11)	(3.00)
Financing gap	--	--	--	--	14.55

1/ Including SDR counterpart, Trust Fund, and long-term foreign liabilities.
2/ Includes extrabudgetary operations. Fiscal year ending September 30.

NIGER - Basic Data (continued)

	1979	1980	1981	1982 Est.	1983 Proj.
Balance of payments summary	(In millions of SDRs)				
Trade balance	-53.5	-64.4	-73.0	-128.2	-32.0
Exports, f.o.b.	(364.6)	(447.2)	(412.6)	(330.7)	(352.5)
Imports, f.o.b.	(418.1)	(511.6)	(485.6)	(458.9)	(384.5)
Net services	-174.6	-203.3	-194.1	-183.5	-173.0
Net transfers	60.0	62.9	63.1	58.9	66.0
Current account	-168.1	-204.8	-204.0	-252.8	-139.0
Nonmonetary capital	137.2	156.4	206.6	161.4	98.9
Private long-term	(62.6)	(29.8)	(-22.2)	(8.3)	(9.7)
Government	(74.6)	(126.6)	(228.8)	(153.1)	(89.2)
Short-term	(--)	(--)	(--)	(--)	(--)
Monetary capital					
Long-term	9.1	30.5	24.7	10.2	--
Errors and omissions	15.4	-12.9	2.3	--	--
SDR allocation	1.7	1.7	1.6	--	--
Overall balance (deficit -)	-4.7	-29.1	31.2	-81.2	-40.1
Gross official foreign reserves (end of period)	100.0	98.7	90.5	28.6	...
Outstanding external debt disbursed (end of period)	420.2	544.3	702.2	797.7	...
Public	199.6	313.1	524.3	629.2	683.4
Private	220.6	231.3	177.9	168.5	...
	(In per cent of exports of goods and nonfactor services)				
Debt service ratio	14.3	19.0	31.5	39.2	43.8
Public debt	(2.4)	(6.3)	(12.1)	(21.2)	(20.7)
Private debt	(11.9)	(12.7)	(19.4)	(18.0)	(23.1)

NIGER - Basic Data (concluded)

	1979	1980	1981	1982 Est.	1983 Proj.
Terms of trade	(Average 1978-83 = 100; based on US$)				
Export prices	121.0	126.8	85.6	84.0	92.3
Import prices	95.1	115.8	107.8	103.1	101.8
Terms of trade	127.2	109.5	79.4	81.5	90.6
	(Annual average)				
Exchange rate of CFA franc					
CFAF per SDR	274.83	275.01	320.41	361.95 1/	...
CFAF per U.S. dollar	212.72	211.30	271.73	328.62	...
Index of import-weighted effective rate 2/					
Nominal	96.76	96.69	90.11	86.15	...
Real	117.77	114.90	118.16	116.07	...

1/ Exchange rate based on 11 months data.
2/ 1975 = 100; a decrease in the index indicates a depreciation of the CFA franc.

NIGER - Relations with the Fund
(As of March 31, 1983)

Date of membership:	April 24, 1963
Status:	Article XIV
Quota:	SDR 24 million
Intervention currency and the rate:	French franc; CFAF 1 = F 0.02
SDR/Local currency equivalent:	SDR 1 = CFAF 392.07 (March 31, 1983)
Direct distribution of profit from gold sales:	US$2.09 million
Distribution of gold:	11,124.5 fine ounces
Trust Fund loans outstanding:	SDR 12.71 million
Fund holdings of currency:	SDR 17.87 million (March 31, 1983)
SDR holdings:	SDR 7.45 million (March 31, 1983) (79.2 per cent of net cumulative allocation of SDR 9.41 million)

Staff contacts:

The last Article IV consultation discussions with Niger took place during August 5-20, 1981, and the staff report (SM/81/150 and SM/81/217) was discussed by the Executive Board on December 21, 1981. The decision was:

1. The Fund takes this decision in concluding the 1981 Article XIV consultation with Niger in light of the 1981 Article IV consultation with Niger conducted under Decision No. 5392-(77/63), adopted April 29, 1977 ("Surveillance over Exchange Rate Policies").

2. The Fund notes with satisfaction that Niger continues to maintain an exchange rate system which is free of restrictions on payments and transfers for current international transactions.

A technical assistance mission from the Fiscal Affairs Department visited Niger in March 1982 to study the country's tax system. During the same period a staff member from the Bureau of Statistics provided additional technical assistance in compiling government finance statistics. The final report of the technical assistance mission was presented to the authorities in the course of the 1983 Article IV consultation mission.

Financial Relations of the World Bank Group with Niger

Date of membership - IBRD: April 24, 1963

Capital subscription - IBRD: SDR 10.0 million

IDA lending operations 1/	Committed	Disbursed
	IDA	
	(In millions of U.S. dollars)	
Ten credits fully disbursed	40.4	40.4
Agricultural and rural development	78.8	25.9
Education	21.5	0.9
Transportation	25.6	20.5
Industrial development	16.0	1.2
Drought relief	2.0	1.8
Total	184.3	90.7
Repayments	1.5	
Debt outstanding (including undisbursed)	182.8	

Technical assistance: The IBRD has provided technical assistance to Niger through its standard lending operations for projects. In addition, the IBRD anticipates implementation in 1983 of a technical assistance project to help with the preparation of a realistic investment program, a study of the public enterprises, a complete inventory of the country's external debt, and a strengthening of the economic management.

Recent economic and sector missions: An economic mission visited Niamey in June 1982; follow-up discussions, together with discussions of the technical assistance project, were conducted in November 1982 and March 1983.

Source: World Bank.

1/ Through the end of December 1982.

Niger: External Debt 1/ and Debt Service Payments, 1978-86

	1978	1979	1980	1981	1982 2/	1983	1984	1985	1986
							Projections 3/		
					(In millions of SDRs)				
Total outstanding, disbursed 4/	305.38	420.16	544.32	702.20	797.75	...	...	...	...
Public	151.50	199.60	313.07	524.33	629.25	661.84	660.90	628.02	580.53
Private	153.88	220.56	231.25	177.87	168.50	...	...	...	...
Total debt service	34.48	57.28	95.95	147.73	151.74	179.83	150.24	136.72	...
Public	6.87	9.61	31.96	56.59	81.92	84.98	94.46	92.92	90.85
Principal	4.07	4.66	18.76	26.28	46.89	45.64	55.92	57.47	60.15
Interest	2.80	4.95	13.20	30.31	35.03	39.34	38.54	35.45	30.70
Private	27.61	47.67	63.99	91.14	69.82	94.85	55.78	43.80	...
Principal	10.97	20.38	26.54	48.38	27.63	52.66	34.51	28.13	...
Interest 5/	16.64	27.29	37.45	42.76	42.19	42.19	21.27	15.67	...
					(In per cent of exports of goods and nonfactor services) 6/				
Total debt servicing	12.8	14.3	19.0	31.5	39.2	43.8	35.5	31.4	...
Public	(2.6)	(2.4)	(6.3)	(12.1)	(21.2)	(20.7)	(22.3)	(21.3)	(20.2)
Private	(10.3)	(11.9)	(12.7)	(19.4)	(18.0)	(23.1)	(13.2)	(10.1)	(...)
Interest payments only	7.2	8.1	10.0	15.6	20.0	19.9	14.1	11.7	...
Public	(1.0)	(1.2)	(2.6)	(6.5)	(9.1)	(9.6)	(9.1)	(8.1)	(6.8)
Private	(6.2)	(6.8)	(7.4)	(9.1)	(10.9)	(10.3)	(5.0)	(3.6)	(...)

Sources: IBRD; and staff estimates.

1/ Medium- and long-term debts (exceeding one-year maturity). Data for private debts are estimates.
2/ Preliminary data.
3/ Projections at constant 1982 exchange rate on the basis of the total debt outstanding at the end of 1982.
4/ End of period.
5/ Interest payments on debt of less than 1-year maturity.
6/ Real growth of exports (estimated rate: 3 per cent per annum) after 1983.