# INTERNATIONAL MONETARY FUND



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The International Monetary Fund has approved the use of resources by the Government of Niger totaling the equivalent of SDR 30 million. Of this amount, SDR 18 million, equivalent to 75 percent of Niger's quota in the Fund, may be drawn over the period through September 1984 under a stand-by arrangement in support of the Government's economic and financial program. The remainder, SDR 12 million may be drawn immediately under the compensatory financing facility in respect of a shortfall in earnings from merchandise exports for 1983.

Niger's economic and financial situation has deteriorated since 1981, mainly because of weak world demand for uranium, which accounts for 80 percent of the country's total exports. Following rates of growth during 1979-81 averaging 9 percent annually, real gross domestic product (GDP) is estimated to have declined at an annual rate of about 1 percent during 1982-83, due to a drop in total output that was reflected in a decrease in export volume, a slowdown in the growth of agricultural production following poor weather, as well as a decline in construction activities. With the decline in uranium exports and related budgetary receipts, deficits in overall Treasury operations and in the external current account became unsustainably large. Moreover, a number of the major public and mixed enterprises have been experiencing serious financial problems. To finance the imbalances in the public sector, the Government's recourse to foreign borrowing was substantial in the early 1980s, with some of the loans being contracted on nonconcessional terms.

The program, which the present stand-by arrangement supports, aims at a substantial reduction in the overall fiscal deficit by 1983/84. The actions taken to achieve this objective include a comprehensive package of tax reform measures, tight restraint on the growth of current expenditure, and a large reduction in extrabudgetary expenditure. The 1983/84 public investment target included under the program takes into account the country's tight financial constraints and its need to emphasize productive investments, particularly those in agriculture and transportation. The adjustment program seeks to redress the weak financial situation of public sector enterprises. In this regard, appropriate initial measures have been taken to improve management, reduce operating costs and adjust pricing policies.

The drawing under the compensatory financing facility is related to a shortfall in Niger's export earnings during 1983, which are estimated to be 11 percent below average earnings during the two pre-shortfall

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years. The overall shortfall, predominantly related to uranium exports, was caused by lower prices and volumes due to weak international demand. Niger drew SDR 12 million in July 1983 in relation to a shortfall in export earnings corresponding to calendar year 1982.

Niger's quota in the Fund is SDR 24 million and its outstanding financial obligations to the Fund resulting from past operations and transactions, excluding Trust Fund loans, currently total the equivalent of SDR 12 million.