

**FOR  
AGENDA**

EBS/85/231  
Correction 1

CONFIDENTIAL

October 28, 1985

To: Members of the Executive Board  
From: The Secretary  
Subject: Niger - Request for Stand-By Arrangement

The following correction has been made in EBS/85/231 (10/21/85):

Page 25, Table 9, footnote 3, line 3: for "June 1, 1986...1, 1986"  
read "June 30, 1986...July 1, 1986"

A corrected page is attached.

Att: (1)

Table 9. Niger: Quantitative Performance Criteria  
Under the 1985/86 Program

	1985		1986		
	<u>Sept.</u> <u>Est.</u>	<u>Dec.</u> <u>Prog.</u>	<u>March</u>	<u>June 1/</u> <u>Program</u>	<u>Sept. 1/</u>
(In billions of CFA francs)					
Domestic credit <u>2/3/</u>	124.08	134.50	138.90	139.20	139.28
Net claims on Government	25.08	26.90	28.70	30.20	29.08
Government arrears <u>4/</u>	--	--	--	--	--
(In millions of SDRs)					
New external loans contracted or guaranteed by the Government on nonconcessional terms with maturity of 0 to 12 years	--	--	--	--	--

Source: Memorandum attached to the letter of intent of the Prime Minister of September 3, 1985.

1/ Credit ceilings are indicative only.

2/ Includes amounts which might ultimately be reclassified as doubtful or litigious loans during the program period.

3/ In addition to the projected external debt relief, the program assumes that Niger will receive no external budgetary assistance between October 1, 1985 and June 30, 1986 and will receive CFAF 3 billion in external budgetary assistance between July 1, 1986 and September 30, 1986. The ceilings will be reduced by any amount of external budgetary assistance (including debt relief) in excess of the programmed levels.

4/ External and internal.

first purchase would be available after Executive Board approval of the stand-by arrangement and upon the entering into effect of the arrangement on December 5, 1985. The second purchase, not before February 15, 1985, may be made subject to the satisfaction of the performance criteria for end-December 1985. The third purchase, not before May 15, 1986, may be made after the completion of the mid-term review of the program and the satisfaction of the performance criteria for end-March 1986. The last two purchases will be contingent on the observance of the performance criteria for end-June and end-September 1986, respectively.

#### V. Medium-Term Outlook of the Balance of Payments

The 1985/86 program was formulated in the context of a medium-term scenario, which updates that presented in EBS/85/143, in line with the more recent assessment of developments in 1985 and the anticipated outcome for 1986, as well as some revisions in the underlying assumptions. As shown in the base-line scenario presented in Table 6, because of the adverse impact of recent exogenous factors, Niger can be expected to attain a viable balance of payments position by 1990, provided that appropriate adjustment policies are pursued over the medium term, weather conditions are more favorable, and the anticipated improvement in the terms of trade materializes.

Under these assumptions, the external current account deficit is projected to decline steadily from 3.1 percent of GDP in 1986 to 0.5 percent in 1990. <sup>1/</sup> This would contribute to a shift in the balance of payments from a deficit of SDR 51.9 million (before rescheduling) in 1986 to a surplus of SDR 26.5 million by 1990. In the interim, however, a resource gap would occur and Niger would require further exceptional external assistance, including debt relief, to close the projected financing gaps.

The steady improvement in Niger's balance of payments is based on a continuous decline in the trade deficit, partly due to better terms of trade, a small reduction in the deficit of the services account as a result of lower scheduled interest payments, a moderate increase in net inflows of unrequited transfers, and an amelioration in the capital account. <sup>2/</sup> The improvement in net capital inflows during 1987-90 is projected to result partly from lower amortization payments due on external debt and partly from a moderate growth in gross capital inflows of 4 percent per year.

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<sup>1/</sup> The medium-term projections do not assume reopening of the border with Nigeria.

<sup>2/</sup> These projections are based on the outlook for prices, external financing, as well as exchange rate assumptions, utilized in the Fund's latest World Economic Outlook.