

**FOR
AGENDA**

EBS/88/237
Correction 1

CONFIDENTIAL

December 7, 1988

To: Members of the Executive Board

From: The Acting Secretary

Subject: Niger - Staff Report for the 1988 Article IV Consultation and
Request for Arrangements Under the Enhanced Structural
Adjustment Facility

The following corrections have been made in EBS/88/237 (11/21/88):

Page 1, footnote 1, line 5: for "Minister of Planning"
read "Minister of State for Planning and
Regional Planning"

add last line: "Mr. Norbert Toé, Advisor to Niger's Executive
Director, participated in the discussions."

Page 64, last line: delete footnote 3.

Corrected pages are attached.

Att: (2)

I. Introduction

In the attached letter to the Managing Director dated September 3, 1988, the Government of Niger has requested a three-year arrangement under the enhanced structural adjustment facility (ESAF) in an amount equivalent to SDR 50.55 million (150 percent of quota), in support of its economic and financial program for the period October 1988-September 1991, as well as the first arrangement thereunder in an amount equivalent to SDR 16.85 million (50 percent of quota). The authorities' program for 1988/89 is described in the Memorandum on Economic and Financial Policies annexed to their letter. The requested three-year ESAF arrangement would replace the three-year arrangement under the structural adjustment facility (SAF) approved on November 17, 1986, under which Niger has received two loans equivalent to SDR 6.74 million (20 percent of quota) and SDR 10.11 million (30 percent of quota).

Discussions on the requested ESAF arrangement were held in Niamey during the period August 17-September 5, 1988, together with the Article IV consultation discussions. ^{1/} In view of the weak prospects for uranium exports, the authorities have requested that the existing SAF arrangements be replaced by arrangements under the ESAF because of the need for sustained medium-term adjustment, which will involve both diversification of the economy and attainment of a viable fiscal position. The Niger authorities have prepared, in collaboration with the staffs of the Fund and World Bank, a policy framework paper (PFP) for the period 1989-91, which updates and extends the previous PFP covering 1988-90 (see EBD/87/274). The new PFP was circulated to the Executive Board of the Fund on November 18, 1988 (EBD/88/335). It was also circulated to the Executive Board of the World Bank, and is expected to be considered by the Bank's Committee of the Whole in the first half of December 1988.

As of September 30, 1988, Niger's total outstanding Fund credit was equivalent to SDR 63.9 million, or 189.6 percent of quota. Taking into account scheduled repurchases and the prospective disbursements under the ESAF, net credit from the Fund at end-September 1989 would amount to SDR 66.5 million, or 197.4 percent of quota; by end-September 1991, net credit from the Fund would amount to SDR 79.9 million, or 237.2 percent of quota (Tables 1 and 2).

^{1/} The staff team consisted of Mr. E. Sacerdoti (head), Mr. R. Daumont, Mr. Z. Ebrahim-zadeh, Mr. P. Mathieu (all-AFR), Miss Cheasty (FAD), and Miss Nolan (secretary-BCS). The representatives of Niger included Mr. Mamadou Beidari, Minister of State for Finance; Dr. Yahaya Tounkara, Minister of State for Planning and Regional Planning; Mr. Boukari Wassalké, Secretary of State for the Budget; Mr. Mohamed Abdoulaye, Minister of Public Enterprises; Mr. Ali Sabo, Minister of Commerce, Industry, and Handicrafts; Mr. Mamadou Diop, National Director of the BCEAO; and other senior officials concerned with economic and financial matters. Mr. Norbert Toé, Advisor to Niger's Executive Director, participated in the discussions.

Table 1. Niger: Fund Position During the Period of the Proposed Arrangement
Under the Enhanced Structural Adjustment Facility, 1988-91 1/

Outstanding at end-Sept. 1988	1988	1989				1990				1991		
	Oct.- Dec.	Jan.- March	April- June	July- Sept.	Oct.- Dec.	Jan.- March	April- June	July- Sept.	Oct.- Dec.	Jan.- March	April- June	July- Sept.
(In millions of SDRs)												
Transactions under tranche policies (net)	-3.45	-2.97	-3.34	-2.96	-3.65	-2.50	-2.80	-2.30	-2.40	-2.04	-2.54	-2.07
Purchases	—	—	—	—	—	—	—	—	—	—	—	—
Ordinary resources	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Enlarged access resources	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Repurchases	-3.45	-2.97	-3.34	-2.96	-3.65	-2.50	-2.80	-2.30	-2.40	-2.04	-2.54	-2.07
Ordinary resources	(-3.05)	(-2.57)	(-2.57)	(-2.56)	(-2.72)	(-1.76)	(-1.56)	(-1.56)	(-1.16)	(-0.80)	(-0.80)	(-0.46)
Enlarged access resources	(-0.40)	(-0.40)	(-0.77)	(-0.40)	(-0.93)	(-0.74)	(-1.24)	(-0.74)	(-1.24)	(-1.24)	(-1.74)	(-1.61)
Transactions under special facilities (net)	-1.50	—	—	—	—	—	—	—	—	—	—	—
Purchases	—	—	—	—	—	—	—	—	—	—	—	—
Repurchases 2/	-1.50	—	—	—	—	—	—	—	—	—	—	—
Transactions under SAF 3/	—	—	—	—	—	—	—	—	—	—	—	—
Loans	—	—	—	—	—	—	—	—	—	—	—	—
Repayments	—	—	—	—	—	—	—	—	—	—	—	—
Transactions under PSAP 4/	8.43	—	8.42	—	8.43	—	8.42	—	8.43	—	8.42	—
Loans	8.43	—	8.42	—	8.43	—	8.42	—	8.43	—	8.42	—
Repayments	—	—	—	—	—	—	—	—	—	—	—	—
Total Fund credit outstanding (end of period)	63.89	67.37	64.40	69.48	66.52	71.30	68.80	74.42	72.12	78.15	76.11	81.99
Tranche policies	45.54	42.09	39.12	35.78	32.82	29.17	26.67	23.87	21.57	19.17	17.13	14.59
Special facilities 2/	1.50	—	—	—	—	—	—	—	—	—	—	—
SAF 3/	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85
PSAP 4/	—	8.43	8.43	16.85	16.85	25.28	25.28	33.70	33.70	42.13	42.13	50.55
(In percent of quota)												
Total Fund credit outstanding (end of period)	189.58	199.90	191.09	206.17	197.39	211.56	204.14	220.83	214.01	231.89	225.84	243.29
Tranche policies	135.13	124.90	116.09	106.17	97.39	86.56	79.14	70.83	64.01	56.89	50.84	43.29
Special facilities 2/	4.45	—	—	—	—	—	—	—	—	—	—	—
SAF 3/	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
PSAP 4/	—	25.00	25.00	50.00	50.00	75.00	75.00	100.00	100.00	125.00	125.00	150.00
Memorandum item:												
Trust Fund loans outstanding (end of period)	—	—	—	—	—	—	—	—	—	—	—	—
In millions of SDRs	2.95	2.95	2.22	2.22	1.50	1.50	0.77	0.77	0.05	0.05	—	—
In percent of quota	8.75	8.75	6.59	6.59	4.45	4.45	2.28	2.28	0.15	0.15	—	—

Source: IMF, Treasurer's Department.

1/ Data may not add up because of rounding.

2/ Compensatory financing facility.

3/ Structural adjustment facility.

4/ Enhanced structural adjustment facility.

Table II. Niger: Monetary Survey, 1986-91

(In billions of CFA francs; end of period)

	1986 Dec.	1987				1988								1989				1990	1991
		Sept.		Dec.		March		June		Sept.		Dec.		March		June		Dec.	Dec.
		Prog.	Act.	Prog.	Act.	Prog.	Act.	Prog.	Act.	Prog.	Est.	Prog.		Program		Program		Proj.	Proj.
Net foreign assets	14.2	...	26.9	24.9	20.0	...	26.5	...	22.3	...	20.3	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7
Central bank	24.2	...	31.4	...	30.8	...	37.5	...	33.5	...	...	...	...	...	...	...	...	...	...
Deposit money banks	-10.0	...	-4.5	...	-10.8	...	-11.0	...	-11.2	...	...	...	...	...	...	...	...	...	...
Domestic credit 1/	133.8	129.4	114.6	130.6	119.6	133.1	124.1	128.0	131.0	130.1	133.2	135.5	141.5	142.4	143.2	147.4	156.9	166.8	166.8
Net claims on the Government 1/	19.1	12.1	2.9	10.6	11.4	9.6	7.0	8.0	16.9	7.6	16.2	15.5	15.7	15.7	15.7	15.0	13.7	9.8	9.8
Central bank	(19.4)	(...)	(3.7)	(...)	(10.2)	(...)	(9.7)	(...)	(18.9)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)
Other	(-0.3)	(...)	(-0.8)	(...)	(1.2)	(...)	(-2.7)	(...)	(-2.0)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)
Credit to the economy	114.7	117.3	111.7	120.0	108.2	123.5	117.1	120.0	114.1	122.5	117.0	120.0	125.8	126.7	127.5	132.4	143.2	157.0	157.0
Crop credit	(14.2)	(9.3)	(11.2)	(12.0)	(12.0)	(13.5)	(11.2)	(8.0)	(8.2)	(7.0)	(8.0)	(9.0)	(12.0)	(10.0)	(8.0)	(10.0)	(10.5)	(11.0)	(11.0)
Ordinary credit 2/	(100.5)	(108.0)	(100.5)	(108.0)	(96.2)	(110.0)	(105.9)	(112.0)	(105.9)	(115.5)	(109.0)	(111.0)	(113.8)	(116.7)	(119.5)	(122.4)	(132.7)	(146.0)	(146.0)
Net domestic assets	133.2	...	111.9	126.5	119.0	...	124.4	...	129.6	...	132.7	132.5	138.5	138.4	139.2	142.9	152.4	162.3	162.3
Money and quasi-money	121.1	...	113.7	125.1	114.4	...	126.4	...	127.4	...	128.0	125.9	131.9	131.8	132.6	136.3	145.8	155.7	155.7
Long-term liabilities	26.3	...	25.1	26.3	24.6	...	24.6	...	24.5	...	25.0	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Other items (net)	0.6	...	2.7	4.1	0.6	...	-0.4	...	1.4	...	0.5	3.0	3.0	4.0	4.0	4.5	4.5	4.5	4.5

Sources: Data provided by the Niger authorities; and staff estimates and projections.

1/ The ceilings for 1988/89 will be reduced by any amount of external budgetary assistance received prior to end-1987/88 in excess of the amounts set forth in the program. For 1988/89 the amount of budgetary aid already committed, not associated with the execution of investment projects, is estimated at CFAF 20.6 billion. Including the coverage of the financing gap, the debt relief already secured, and existing commitments, total budgetary aid not associated with the investment projects would amount to CFAF 32.3 billion. It is estimated that cumulatively CFAF 25.0 billion will be received by end-December 1988, CFAF 35.0 billion by end-March 1989, CFAF 40.0 billion by end-June 1989, and CFAF 44.0 billion by end-September 1989. The ceilings will be reduced by any amount by which external budgetary assistance, including debt relief, exceeds program estimates at a constant exchange rate of CFAF 310 = US\$1.

2/ Including bad debts and disputed claims.

Table III. Niger: Balance of Payments (in SDRs), 1985-93 1/

	1985	1986	1987		1988		1989	1990	1991	1992	1993
			Rev.	Est.	Prog.	Est.	Prog.		Projections		
			Prog.								
(In millions of SDRs)											
Trade balance	-101.5	-28.1	-34.5	-30.9	-103.6	-52.3	-98.3	-109.3	-123.8	-136.0	-156.0
Exports, f.o.b.	246.8	282.5	301.6	279.5	297.7	276.0	274.0	284.8	295.0	307.3	321.8
Of which: uranium	(211.1)	(218.3)	(225.2)	(223.6)	(228.3)	(203.5)	(192.5)	(192.5)	(192.5)	(192.5)	(192.5)
Imports, c.i.f.	-348.3	-310.6	-336.1	-310.3	-401.3	-328.3	-372.3	-394.0	-418.8	-443.3	-477.8
Of which: petroleum products	(-27.2)	(-18.5)	(-20.8)	(-18.5)	(-26.5)	(-20.3)	(-22.0)	(-23.3)	(-24.8)	(-26.5)	(-28.3)
cereals	(-89.9)	(-20.7)	(-17.4)	(-20.3)	(-53.5)	(-41.3)	(-27.5)	(-23.8)	(-23.8)	(-23.8)	(-23.8)
Services, net	-82.9	-94.3	-103.4	-108.1	-103.6	-94.0	-94.0	-91.0	-87.5	-84.8	-83.3
Of which: interest 2/	(-53.7)	(-56.4)	(-61.6)	(-66.4)	(-60.5)	(-53.8)	(-54.8)	(-52.3)	(-50.5)	(-49.5)	(-48.8)
Transfers	128.0	89.6	92.5	71.3	127.8	94.3	113.8	132.0	147.5	153.8	172.0
Private	(-31.8)	(-36.9)	(-39.0)	(-38.6)	(-39.0)	(-36.3)	(-36.8)	(-37.0)	(-37.3)	(-37.5)	(-37.8)
Official	(159.8)	(126.5)	(131.4)	(109.9)	(166.8)	(130.5)	(150.5)	(169.0)	(184.8)	(191.3)	(209.8)
Current account balance	-56.3	-32.7	-45.5	-67.7	-79.5	-52.0	-78.5	-68.3	-63.8	-67.0	-67.3
Excluding official transfers	(-216.1)	(-159.2)	(-176.9)	(-177.6)	(-246.2)	(-182.5)	(-229.0)	(-237.3)	(-248.5)	(-258.3)	(-277.0)
Capital, net	18.4	-10.3	25.5	45.5	62.6	16.3	45.8	48.8	57.3	69.0	72.3
Public, long-term, net	25.6	13.8	27.3	43.2	65.7	33.8	54.0	54.5	64.3	74.5	78.5
Disbursements	(81.1)	(83.2)	(96.6)	(102.9)	(129.4)	(95.0)	(112.3)	(114.3)	(125.3)	(135.5)	(139.5)
Amortization	(-55.5)	(-69.4)	(-69.4)	(-59.7)	(-63.6)	(-61.3)	(-58.3)	(-59.8)	(-61.0)	(-61.0)	(-61.0)
Private, long-term, net	-12.1	-10.1	-3.6	-12.4	-7.0	-8.8	-8.3	-5.8	-7.0	-5.5	-6.3
Disbursements	(18.6)	(14.3)	(9.6)	(8.7)	(4.9)	(5.5)	(6.3)	(5.0)	(4.3)	(3.3)	(4.3)
Amortization	(-30.7)	(-24.4)	(-13.2)	(-21.1)	(-11.9)	(-14.3)	(-14.5)	(-10.8)	(-11.3)	(-8.8)	(-10.5)
Short-term, net	4.8	-14.0	1.8	14.7	3.9	-8.8	--	--	--	--	--
Debt relief	43.8	49.2	39.7	39.6	...	35.5	...	...	...	...	...
Errors and omissions	0.9	3.4	--	-6.9	--	--	--	--	--	--	--
Overall balance	6.8	9.6	19.7	10.6	-16.9	-0.3	-32.8	-19.5	-6.5	2.0	5.0
Financing	-6.8	-9.6	-19.7	-10.6	16.9	0.3	32.8	19.5	6.5	-2.0	-5.0
Net foreign assets (increase -)	-6.8	-9.6	-19.7	-10.6	-5.5	0.3	--	--	--	-2.0	-5.0
Central bank 3/	-1.3	1.2	...	-12.6	...	...	--	--	--	-2.0	-5.0
Of which: IMF	(19.5)	(18.2)	(3.4)	(2.1)	(-17.4)	(-13.6)	(3.9)	(6.9)	(0.2)	(-6.8)	(-6.8)
purchases and drawings	(19.5)	(19.9)	(19.5)	(18.0)	(4.4)	(8.4)	(16.9)	(16.9)	(8.4)	(--)	(--)
repurchases and repayments	(--)	(-1.7)	(-16.1)	(-16.0)	(-21.8)	(-22.0)	(-13.0)	(-10.0)	(-8.3)	(-6.8)	(-6.8)
Commercial banks	-5.5	-10.8	...	2.1	...	...	--	--	--	--	--
Financing gap	--	--	--	--	22.3	--	32.8	19.5	6.5	--	--
(In CFA francs)											
Memorandum items:											
Exchange rates											
CFAF per SDR	456.2	406.3	385.0	388.6	385.0	400.0	400.0	400.0	400.0	400.0	400.0
CFAF per US\$	449.3	346.3	310.0	300.5	300.0	310.0	310.0	310.0	310.0	310.0	310.0

Sources: Data provided by the Niger authorities; and staff estimates and projections.

1/ Data may not add because of rounding.

2/ Includes estimates for interest due on the amounts required to cover the estimated financing gaps and on disbursements after mid-1987.