INTERNATIONAL MONETARY FUND

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The International Monetary Fund has approved a three-year arrangement equivalent to SDR 50.55 million for the Government of Niger under the Enhanced Structural Adjustment Facility (ESAF). Of this total, SDR 16.85 million will be available under the first annual arrangement, of which the first semi-annual loan of SDR 8.43 million can be disbursed on December 30, 1988. The ESAF replaces the current arrangement for the equivalent of SDR 21.40 million under the Structural Adjustment Facility (SAF) which became effective November 17, 1986. Two loans totaling the equivalent of SDR 16.85 million were made under the SAF arrangement.

Niger's quota in the Fund is SDR 33.70 million, and its outstanding financial obligations to the General Resources Account resulting from past operations and transactions currently total the equivalent of SDR 43.04 million.

Since 1984, the authorities have undertaken wide-ranging structural reforms aimed at eliminating distortions in pricing and marketing, reducing the size of the public enterprise sector while rehabilitating some of the key enterprises, carrying out significant tax reforms, and strengthening public investment planning. Notwithstanding the progress achieved thus far, the Niger authorities are aware that a number of constraints are still facing the economy. They include the dependence on uranium, which represents over 70 percent of exports; the vulnerability of agriculture to weather and the still-limited diversification of agricultural production; and a large debt service burden.

The authorities, recognizing that a satisfactory resolution of these constraints will require the pursuit of an intensified and more comprehensive strategy, have adopted a medium-term framework, covering the period 1988-91. This framework, supported by the ESAF, aims at accelerating the diversification of the economy to promote a sustained growth of production and exports, while reducing financial imbalances through the increased mobilization of domestic resources and the pursuit of policies aimed at enhancing competitiveness. The main elements of the strategy are: structural reforms in agriculture; an increase in the investment effort to address bottlenecks both in production and in the provision of essential services; an increased tax effort to mobilize domestic resources; and a further improvement in the regulatory framework to stimulate private sector activity and the effectiveness of public enterprises.

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