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The Chairman's Summing Up at the Conclusion of the
1981 Article IV Consultation with Niger
Executive Board Meeting 81/160 - December 21, 1981

Executive Directors expressed their broad agreement with the thrust of the staff appraisal of the economy of Niger. They noted that real GDP had grown rapidly during the period 1977-80, in part as a result of the investments made possible by rising uranium receipts. The rate of real GDP growth is expected to decline in 1981, mainly due to the leveling off in uranium output. In view of both the stagnating receipts from uranium exports and the investment effort undertaken by the Government, it is expected that in 1981 the consolidated government deficit will increase, domestic credit expansion will continue at a high level, and the external position will weaken.

Executive Directors stressed the need for taking measures in 1982 aimed at readjusting economic and financial policies in the light of weakened uranium prices. In this context, they noted the importance of scaling down the investment outlays under the current Five-Year Development Plan in line with the availability of financial resources. To stimulate domestic production and improve resource allocation in the non-uranium sector, Executive Directors indicated that a liberalization of price controls would be desirable, as well as an appropriate increase in producer prices in the agricultural sector.

Executive Directors underlined the importance of curtailing the growth in government expenditure through a continued containment of civil service salary adjustments, a reduction of subsidies, and a cutback of budgetary and extrabudgetary capital outlays, as well as the need to review the tax system in order to expand the domestic revenue base and enhance its income elasticity.

In this connection, Directors welcomed the decision of the authorities to review the operations of public enterprises to determine their viability. An improvement in the overall government position should aid the authorities in reducing the rate of growth of domestic credit while allowing adequately for the credit needs of the private sector.

Directors shared the concern of the staff regarding the mounting debt burden and emphasized the desirability of reducing external borrowing on nonconcessional terms. They welcomed the Government's adoption of measures to monitor borrowing abroad by the public sector and suggested that similar monitoring might be needed in regard to the private sector.