

INTERNATIONAL MONETARY FUND

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ROOM C-130

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The International Monetary Fund has approved the use of Fund resources totaling the equivalent of SDR 25.9 million by the Government of Niger in support of the Government's economic and financial program. Of the total, SDR 10.1 million may be drawn over the next 12 months under a stand-by arrangement. An additional SDR 15.8 million has been approved for the next three years under the Structural Adjustment Facility (SAF), of which SDR 6.7 million is available immediately under the first year's program. Niger's quota in the Fund is SDR 33.7 million, and its outstanding financial obligations to the Fund resulting from past operations and transactions, but excluding Trust Fund loans, currently total the equivalent of SDR 67.3 million.

The Niger Government has implemented a wide array of supply and demand oriented measures since 1983, in the context of Fund-supported adjustment programs, to redress the domestic and external economic and financial imbalances precipitated by the weakening in the world demand for Niger's main export commodity, uranium. Despite the adverse impact of the further weakening in demand for uranium, worsening terms of trade, and recurring droughts, considerable progress was achieved in reducing the underlying structural and financial imbalances. Notwithstanding the progress made, Niger continues to face major structural weaknesses. These include deficiencies in public resource management, a large and inefficient public enterprise sector, and an underdeveloped modern sector.

The program for 1986/87, which is supported by the present stand-by arrangement and the first annual arrangement under the SAF, was developed in the framework of a medium-term adjustment strategy that seeks to foster conditions for increased private sector activity by reducing the structural obstacles to economic growth. The narrowing of the scope of price controls, combined with the liberalization of marketing arrangements, is a key element in enhancing the incentives for private sector economic activity and reducing economic distortions. The ongoing reform of the public enterprise sector aims at improving both the financial position and its operations. Private sector participation in economic activity will also be stimulated by the envisaged reduction in the scope of the public enterprise sector. At the same time, the increase in public sector investments envisaged under the program, and its further redirection toward the productive sectors, will gradually expand the productive capacity of the country and improve the growth prospects.

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