

**EXECUTIVE
BOARD
MEETING**

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November 26, 2018

To: Members of the Executive Board

From: The Secretary

Subject: **Niger—Third Review Under the Extended Credit Facility Arrangement,
Request for Waiver of Nonobservance of Performance Criterion, and
Request for Augmentation of Access**

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NIGER

November 21, 2018

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AND REQUEST FOR AUGMENTATION OF ACCESS

EXECUTIVE SUMMARY

Context. Niger faces daunting development challenges, aggravated by terrorist incursions, low uranium export prices, and climate change. Nonetheless, GDP grew by a respectable 5 percent in the past two years. It should average 7 percent over the next five years thanks to reforms, substantial donor support, several large-scale projects, and a one-time boost from the projected commencement of crude oil exports in 2022.

Program performance. Program implementation has been broadly satisfactory. All quantitative targets for end-March and end-June 2018 were met, except the clearing of domestic payments arrears, but catching up with the end-December 2018 target remains within reach. The structural reform agenda is advancing reasonably well.

The 2018 program. The focus stays on prudent fiscal policies for macroeconomic stability. Budget implementation was bolstered by strong revenue performance, thanks to a systematic buildup of revenue administration capacity and tail winds from one-off revenues. The fiscal deficit and domestic financing declined faster than expected.

The 2019 program. Further consolidation, revenue mobilization, higher spending quality, and more emphasis on social programs are key planks on the fiscal front. The 2019 draft budget is broadly in line with the program and a further step toward meeting the WAEMU deficit norm in 2020. On the structural front, private sector development is to be fostered by financial deepening, a better business environment, and stronger governance and anti-corruption measures.

Risks. Results could be undermined by implementation challenges and deteriorating security conditions. On the upside, reforms, donor funds, and several large-scale investment projects could set off a stronger virtuous cycle.

Staff views. Staff supports the conclusion of the third review, which will result in the disbursement of SDR 14.1 million, and the authorities' request for an augmentation of access to IMF resources from 75 of quota (SDR 98.7 million) to 90 percent of quota (SDR 118.44 million).

Approved By

**David Owen (AFR)
and Johannes
Wiegand (SPR)**

Discussions were held in Niamey from October 17 to 30, 2018. The mission comprised Mr. Klingen (head), Ms. Ibrahim, Mr. Keller, Mr. Staines, Ms. Woldemichael, Mr. Cangul (Resident Representative), and Mr. Abdou (local economist) (all AFR). Ms. Canales (AFR) provided administrative assistance at headquarters.

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ECONOMIC DEVELOPMENTS, PROGRAM PERFORMANCE, AND OUTLOOK

1. The government enjoys a strong parliamentary majority and goodwill from donors, but popular discontent limits room for maneuver. The 2016 elections gave President Issoufou a strong mandate. But discontent with low living standards, limited job opportunities, tax hikes, and the arrest of protesters are sparking CSO and student demonstrations. Niger also faces cross-border terrorist incursions, the transit of Europe-bound migrants, low prices for its uranium exports, and climatic shocks. Donors are stepping up their support.

A. Recent Developments and Program Performance

2. Economic developments in 2018 are broadly in line with program projections. Real GDP growth should reach 5.2 percent thanks to strong activity in the construction and service sectors and despite a maintenance halt at the oil refinery. Favorable rains augur well for the 2018 crop season, which will mostly impact growth in 2019. Inflation fell back from 5.4 percent in April to 3.1 percent in October, as the one-off factors that hit prices earlier in the year started to unwind: tax and administrative price hikes, large purchases for the strategic food reserve, and higher import prices following the collapse of the only bridge connecting Niger to Benin, the main seaport transit. The 2017 current account deficit was revised up to 16.2 percent of GDP. It was mostly financed by donors and foreign investors, but the overall balance of payments also turned negative. As a WAEMU member, Niger has recourse to the union's pooled reserves of 4.3 months of union imports, which strengthened after euro bond placements by Côte d'Ivoire and Senegal in early 2018. Financial deepening also supports economic activity, with both broad money and private sector credit outpacing nominal GDP growth.

3. Fiscal consolidation has been ahead of schedule in the first half of 2018 and the government should comfortably meet its annual program objectives for revenues, domestic financing, and the deficit. The improvement in the basic balance deficit¹ and on the overall balance deficit² has been substantially stronger than envisaged. Both deficits are expected to end the year lower than in 2017, at 2.8 percent and 4.4 percent of GDP, respectively, thanks to overperforming revenues buttressed by conservative expenditure execution. Revenues rose a third in the first half of 2018 over the same period in 2017. However, this was mainly due to one-off factors, such as the sale of telecom licenses, an oil contract signing bonus, and a surge in non-cash revenues reflecting the government's contribution to donor-funded projects.³ Underlying

¹ Domestic revenues less domestically-financed spending.

² As defined by WAEMU. Adds grants less foreign-financed expenditures to the basic balance.

³ In Niger, counterpart funding to foreign-financed projects is typically provided in the form of tax relief (on registration fees for contracts, on VAT obligations, and on income taxes). In the fiscal accounts, it is recorded on a gross basis—as non-cash revenue (recettes d'ordre de paiement) and a matching entry on the expenditure side under domestically-financed investment.

performance was more muted, underscoring the continued need to better mobilize cash revenues to establish a solid revenue basis for subsequent years.

4. Domestic payments arrears clearance has fallen behind schedule. But the government remains committed to clear the 0.8 percent of GDP in arrears, which remained at end-June, by year-end. The smaller fiscal deficit and lower arrears clearance helped restrain domestic financing needs, which are usually high in the first semester due to backloaded external budget support and which have become difficult to satisfy in an again tightening regional bond market.

5. Program performance through end-June 2018 has been broadly satisfactory:

- **All performance criteria (PCs) except the one on domestic payment arrears clearance have been met.** Through June, domestic budget financing remained below the program ceiling. No external payment arrears were incurred. However, completion of a domestic payments arrears clearance operation took longer than expected and the June target was missed by 0.1 percent of GDP, for which the authorities are requesting a waiver for temporary non-observance. They are committed to meeting the end-December PC of eliminating all arrears—an objective that remains within reach.
- **All indicative targets were observed.** Revenues outperformed their June target, helped by the one-off factors. The basic fiscal deficit with and without grants, anti-poverty spending, and exceptional expenditure stayed within program confines.
- **Compliance with structural benchmarks (SBs) has been mixed.** Two out of four end-June targets, the end-September target, and all recurrent SBs have been met:
 - Good progress has been made with implementing the **Treasury Single Account (TSA)**—85 percent of the eligible account balances are already transferred, and a plan has been prepared for completing the process by end-2018.
 - The new legislation on **public-private partnerships (PPP)** was submitted to Parliament ahead of time. It has been promulgated.
 - Regarding **bankification**, cash payments to large customs and tax offices have been discontinued, but the whitepaper on bankification remains a work in progress so that, overall, the SB was not met. The government plans to complete the whitepaper by the end of the year (*proposed reset SB for end-December 2018*, MEFP ¶19).
 - Regarding **tax exemptions**, the government furnished a whitepaper on streamlining tax exemptions, but provided data on newly-granted discretionary tax exemptions to IMF staff with a delay, meaning that, overall, the end-June benchmark was missed. However, the government met the end-September benchmark on tax exemptions: it consolidated the legal basis for exemptions into the General Tax Code, starting to streamline exemptions in the process by discontinuing corporate income tax exemptions in the mining code and curbing ministerial discretion in the investment code.

- All **recurrent SBs** related to regular monitoring of budget execution, commitment and cash planning, and debt management have been respected.

6. More generally, the government is steadily advancing its broad-based structural reform agenda. This includes, for example, efforts to buttress capacity in the revenue administrations; the implementation of digital information systems in and between the revenue administrations and digital linkages between the Central Bank and the Treasury; preparation for a broad reform of civil service human resource management; auditing of selected public administrative entities and SOEs; keeping PPPs free of government financing commitments or guarantees; advancing Niger's rating according to the World Bank's Doing Business Index; and outreach efforts to promote the National Gender Policy.

B. Outlook and Risks

7. Economic growth over the next five years could pick up to an annual average of around 7 percent. This would be underpinned by the government's structural reform efforts and several large-scale investment projects (see Annex). But activity remains subject to the vagaries of weather conditions. Commodity prices and the regional security situation are downside risks. The authorities broadly agreed with this assessment while noting that growth could be higher if the large-scale projects triggered a virtuous cycle of domestic private-sector development.

8. Economic activity should receive a boost in 2019 and again in 2022. Growth in 2019 should rise to 6.5 percent, benefitting from a likely good harvest in the wake of the excellent 2018 rainy season, the start of several large projects, and mostly-private investments related to Niger's hosting of the African Union summit in July. Projects include the development of additional oil production capacity and construction of a pipeline through Benin that would allow crude oil exports for the first time, a large cement factory, the construction of the Kandadji dam under a World Bank project, various projects under the MCC, the refurbishment of the Niamey airport, and the construction of several new hotels in the capital. Growth should jump to 11 percent in 2022 when crude oil exports are scheduled to commence.

9. Inflation should return to below the 3 percent WAEMU ceiling during 2019. With the currency union's monetary policy based on the CFA franc's peg to the euro and temporary Niger-specific effects fading, inflation should settle at around 2 percent going forward.

10. The current account is likely to first deteriorate before settling at a lower deficit. The deficit is set to widen over the next few years to peak at 23 percent of GDP in 2020 as the large projects and relatively strong growth draw in imports and the slump of uranium exports extends, with only thriving artisanal gold exports providing a partial offset. But as the construction phase of the large projects comes to an end and production commences, imports will be substituted, and crude oil sales will boost exports. For 2023, the current account deficit is projected to be below 14 percent of GDP and to improve further thereafter.

11. The government intends to stay the fiscal consolidation course. Revenue mobilization will remain the main vehicle, but expenditure rationalization will also contribute and serve as a second line of defense should revenues fall short. The overall deficit is targeted to decline from 4.5 percent of GDP in 2019 to 3 percent of GDP in 2020, and to 2 percent of GDP in 2023 and onward. Larger fiscal support for development and social outcomes will need to come primarily from greater efficiency and quality of public spending. With foreign financing remaining substantial, the government would start repaying domestic debt from 2020, thereby making room for banks to finance the private sector.

12. Moderate fiscal and external financing gaps are likely to emerge in 2019. As explained below, they are the result of adverse shocks that would be difficult to offset through additional consolidation measures or to finance in again tightening regional bond markets. Against this background, the authorities are requesting an increase of access to IMF resources in the amount of CFAF 15.5 billion (0.3 percent of GDP).

POLICY DISCUSSIONS

Discussion revolved around the key objectives of the program and a policy agenda for 2019 to support them: (i) preserving macroeconomic stability; (ii) broadening the revenue base; (iii) improving expenditure quality; and (iv) brightening development prospects through structural reforms.

A. Preserving Macroeconomic Stability

13. Niger has made headway with fiscal consolidation, thereby strengthening macroeconomic stability. The overall fiscal deficit is projected to decline more than programmed, reaching 4.4 percent of GDP in 2018, compared to 6.1 percent of GDP in 2016. The government is staying well within the program limit on contracting new external debt and prioritizes concessional loans. Recently concluded PPPs are free of government financing or debt guarantees and governed by new legislation that is in line with international standards. The full functionality of the Inter-Ministerial Committee on Public Debt and Budgetary Support was restored earlier this year. The authorities are also moving forward with centralizing public debt management in a dedicated unit at the Treasury with a front-middle-back office structure. Once all domestic payment arrears have been cleared within the 2018 budget, the arrears stock will be subject to a close-to-zero ceiling (*proposed continuous performance criterion*, replacing past quarterly reduction targets, MEFP ¶19).

14. The new debt sustainability framework puts Niger's risk for external and overall debt distress at "moderate" (see Niger: Joint Bank-Fund Debt Analysis, November 2018). At 135 percent and 39.5 percent in present value terms, external public debt-to-export and total public debt-to-GDP ratios, respectively, remain comfortably below established thresholds. While indicators are set to deteriorate slightly in the near-term as Niger absorbs the substantial funds pledged at the December 2017 donor round table, they are projected in the longer run. Staff underscored that results are contingent on the reforms built into the baseline, that negative commodity price shocks lead to breaches of the external debt-to-export limits, and that the granular assessment shows that Niger has limited space to absorb shocks. The authorities broadly agreed with this assessment while noting their

efforts to diversify the export base and access to the pooled reserves of the currency union as mitigating factors.

15. Fiscal policy envisaged for 2019 and 2020 is ambitious. Fiscal targets for 2019 are essentially unchanged from the second program review, with a basic balance of -2.8 percent of GDP and an overall balance of -4.5 percent of GDP—a substantial consolidation effort compared to the fiscal program for 2018.⁴ The authorities submitted to Parliament a 2019 draft budget broadly in line with the program. While authorized spending would be 0.3 percent of GDP higher than programmed, the authorities have set aside the excess in a cabinet communication (*prior action*, MEFP ¶14). The authorities now strive to meet the WAEMU convergence criterion for an overall deficit of no more than 3 percent of GDP in 2020—one year earlier than envisaged in the second review. Ongoing reforms of revenue administrations and expenditure streamlining should help meet this objective, but additional measures are likely necessary as part of the 2020 budget.

B. Broadening the Revenue Base

16. Revenue mobilization is a priority for accommodating both fiscal consolidation and higher social spending and investment. In 2019, the headline number for fiscal revenues will suffer a setback as one-off factors in 2018 expire, but underlying revenue performance is programmed to strengthen by around 1 percent of GDP thanks to tax policy and tax administration measures. Programmed at 15.9 percent of GDP, 2019 revenues would be 1.5 percent of GDP stronger than in 2017.

17. The 2019 draft budget comes with strong revenue measures. It mostly steers clear of outright tax hikes for the general public to avoid affecting the poor and fueling further public discontent. Instead, an estimated yield of 1 percent of GDP is generated by: partially reinstating the tax on incoming international phone calls; substituting a banking tax for the VAT on the sector in line with WAEMU requirements; bringing the receipts of the telecom regulator on budget; simplifying the taxation of small businesses by raising the VAT threshold and expanding presumptive taxation; stepping up the fight against petroleum smuggling with molecular marking of products; intensifying tax arrears collection; and higher rates for presumptive taxes on small businesses in an effort to bring the informal sector into the tax net.

⁴ However, owing to the likely overperformance in 2018, fiscal deficit targets for 2019 remain largely unchanged from projected outturns for 2018.

18. The authorities will push ahead with administrative reforms in customs and tax departments, drawing on IMF technical assistance. Cooperation between administrations will benefit from linking up their IT systems (*proposed SB for end-March 2019*, MEFP ¶16) and regular meetings at the director level. Performance plans, which are gaining traction and focus attention on structural indicators, will be renewed for 2019 (*proposed SB for end-January 2019*, MEFP ¶16). Pressing ahead with ongoing reforms should also pay off, such as the transaction-price valuation of imports; better follow-up on non-filers, defaulters, and audit findings; more risk-based inspection regimes with more emphasis on post-clearance controls; and fuller utilization of the capacities of new IT systems.

Niger: Fiscal Revenue Measures, 2019

| | CFAF billion | Percent of GDP |
|--|-----------------|-------------------|
| Telecommunication tax (TATTIE) | 23.4 | 0.41 |
| Tax arrears collection | 15.0 | 0.26 |
| VAT threshold and presumptive taxation | 5.8 | 0.10 |
| Integrating telecom regulator | 5.2 | 0.09 |
| Banking tax in lieu of VAT (TAFI) | 5.0 | 0.09 |
| Marking of petroleum products | 3.0 | 0.05 |
| Total | 57.4 | 1.01 |

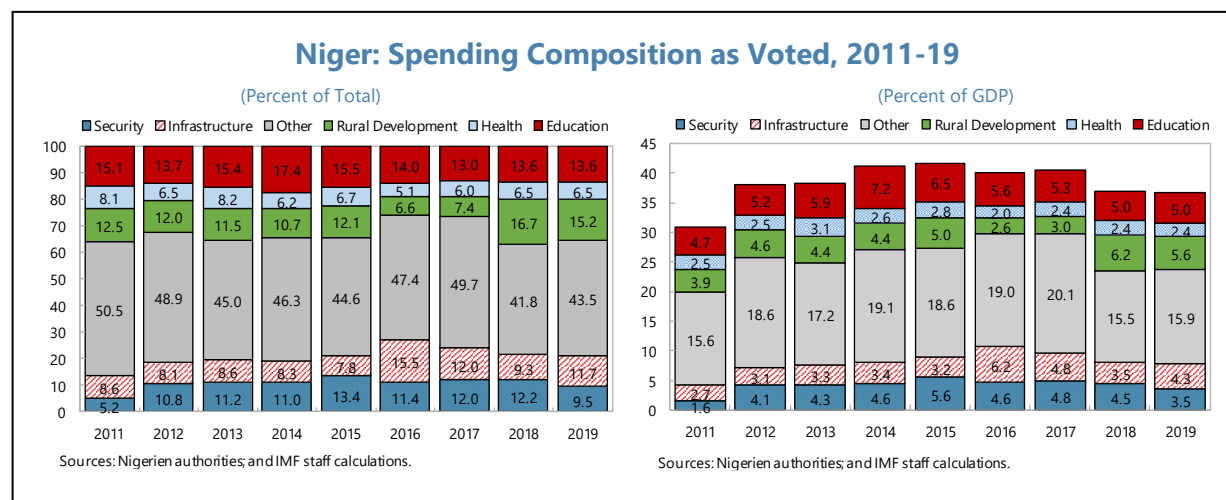
Source: IMF staff estimates.

19. Rationalizing tax exemptions further remains an important task. Moving the legal basis for all exemptions into the tax code, in the context of the 2019 draft budget law, was an important preparatory step. A welcome beginning with cutting exemptions has also been made in the process, but more substantive further cuts are needed going forward to strengthen revenues. The authorities are committed to a further round of streamlining (*proposed SB for end-June 2019*, MEFP ¶16). However, they are not yet ready to specify a target for the associated revenue gain, which will be set only in the context of the fourth program review once analytical background work has advanced. To better guard against fraud and misuse of the exemption regime, the government has recently set up a specialized unit for better monitoring and enforcement.

C. Improving Spending Quality

20. The authorities and staff agreed that the quality of spending deserves more attention to better support Niger's development and social objectives within a tight resource envelope. Supporting tools have been put in place, including program budgeting since 2018, a better coordinated public investment program, projects related to food security and rural development bundled under the 3N Initiative, and the TSA facilitating better cash management. Going forward, the government plans to move toward multi-year budgeting and has requested a PIMA from the IMF to boost the quality of investment-project selection. Budgets have become more realistic over time, reducing the need to sequester authorized spending to compensate for revenue shortfalls, thereby facilitating spending units' planning.

21. The 2019 draft budget makes a good start with revisiting spending programs. The scrutiny of outlays on administration, goods and services, investment, and subsidies and transfers, and the implementation of targeted retrenchments are welcome. Over the last few years, the government has made efforts to protect social spending, and indeed scale up resources for rural development and food security, despite large security outlays, which remain substantially above levels prior to the emergence of tensions. That said, the proposed security allocation in the 2019 draft budget has not been excluded from the expenditure streamlining exercise. This allows protecting social spending and increasing investment despite a slight reduction of voted expenditure relative to GDP.



22. The authorities agreed to step up the tracking of social expenditure. From mid-2019, they will put in place a system that monitors the execution of the main social spending programs, check progress against performance targets set out in the program budget and share the findings with IMF staff (*proposed SB for end-June 2019*, MEFP ¶18). The authorities attach the highest priority to spending on education and health in view of their key roles for economic development, but they will also include programs that are more directly geared toward poverty alleviation, such as cash transfers and school lunch programs. Staff recommended carrying out a review of social programs thereafter as the basis for reforms to enhance their efficiency.

23. The effort to make spending more efficient has further to go. While an in-depth public expenditure review would be useful, even a cursory review of the spending composition suggests room for improvement. For example, the 36 ministries and 12 other spending units in the budget, in addition to around 150 public administrative establishments and SOEs, seem more than warranted from an economic point of view. Allocation of resources across ministries should also be analyzed.

24. The government is taking welcome steps to improve fiscal transparency. This lays the groundwork for an informed societal debate about spending priorities and the structure of taxation. A first step was made with the on-line publication of the 2019 draft budget. The authorities are also committed to make available a citizens' budget, preliminary budget outcomes, and budget audits on a timely basis.

D. Structural Reforms

25. Staff and authorities concurred that building a stronger private sector is imperative for Niger's economic development. The efforts of a dedicated team under the leadership of the President to improve readings of the World Bank's Doing Business indicators are paying off: Niger's ranking has climbed considerably since 2014, including relative to regional peers, and FDI has recently picked up. However, important drawbacks remain, such as frequent power outages, insufficient access to finance, competition from the informal economy, an underfunded judiciary, or the absence of a proper VAT refund system. In addition to tackling these challenges, the mission suggested deepening the dialogue with the private sector and fostering entrepreneurship through more support for vehicles such as the business incubator CIPMEN. In the context of the large projects now getting underway, it will be important to secure a high local content and develop a work force sufficiently educated to provide the local inputs.

26. Niger's financial system seems stable but is shallow. Although an evaluation of banks according to Basel II and III standards and a new chart of accounts is pending, the authorities expect all banks to continue complying with prudential requirements. The just-released annual report of the WAMU Banking Commission does not flag any particular concerns about financial stability in Niger. Banks expressed little concern about non-performing loans and reported good loan expansion and reasonable deposit growth. Rather than financial stability, the main concern is the shallowness of the financial sector, with private-sector credit and deposits equivalent to only 16.1 and 14.4 percent of GDP, respectively. Fledgling microfinance suffered a setback when the largest institution, ASUSU, was placed under receivership in May 2018. The newly-created credit bureau remains largely dysfunctional, reflecting problems with its IT platform.

27. Financial deepening is rightly high on the authorities' agenda. The government is forging ahead with bankifying fiscal payments. With the phasing-out of tax and custom duty payments in cash nearing completion, salaries of government workers will be digitalized from January 2019. The commission in charge of bankification will provide a whitepaper on next steps by year-end (*proposed reset SB for end-December 2018*, MEFP ¶22). To open alternative financing channels, the tax treatment of leasing has been clarified and a newly-issued decree should facilitate warrantage. The government is also tackling Niger's low level of financial inclusion (Figure 5). It will launch a new strategy and organize a round table to secure financing for its implementation (*proposed SB for end-June 2019*, MEFP ¶23). In this context, mobile banking is an important opportunity not to be missed. The BCEAO for its part is putting in place the union-wide support instrument for lending to SMEs.

28. The government is preparing steps to improve the performance and governance of SOEs and public administrative entities. Results from five audits are expected to become available in 2019. The government plans to follow up with restructuring plans and to leverage the insights for improving the governance of SOEs and public administrative entities by strengthening the selection of board members and putting more emphasis on financial and technical expertise. Staff encouraged minimum requirements for independent directors on boards. The audits would also serve as a

launching pad for initiating mergers among the 150 public administrative entities currently operating in Niger.

29. The authorities pledged to build on recent progress with anti-corruption efforts and improving governance. They underscored the recent strengthening of the institutional framework, with the anti-corruption agency, HALCIA, referring cases directly to the judiciary and the establishment of specialized courts for corruption and money laundering. In response to shortcomings in implementation, an awareness campaign is underway to disseminate the new anti-corruption strategy. HALCIA produces annual reports. The authorities pledged to raise their profile by including case-tracking and publishing them on HALCIA's website. They also agreed to strengthen the asset-declaration regime by submitting to Parliament legislation establishing a framework for the implementation of the Constitutional asset-declaration obligations focusing on high-level officials and strengthening enforcement by introducing sanctions for non-compliance with asset declaration requirements (*proposed structural benchmark for end-September 2019*, MEFP ¶24). Rejoining the Extractive Industries Transparency Initiative (EITI) remains a goal. Regarding AML/CFT, Niger will act upon the recommendations of the just-completed National Risk Assessment required by the 2012 FATF standard.

30. The authorities remain committed to the objectives on gender equality and demographics laid out in their Social and Economic Development Plan (PDES 2017-2021). It targets a reduction of fertility from 7.3 children per women in 2015 to 5.63 in 2021 and a decline of population growth from 3.85 percent to 3.06 percent, with better education of girls one of the key avenues to achieve these objective, as well as to progress on gender equality. Staff shares the authorities' concerns about the weight that rapid population growth places on development and advocated rapid reform implementation. In this context, the ongoing awareness campaign, including for religious and traditional leaders, is an important step.

AUGMENTATION OF ACCESS TO FUND RESOURCES

31. The authorities seek an augmentation of access to Fund resources under the ECF-supported program. CFAF 15.5 billion (0.3 percent of GDP; SDR 19.74 million; 15 percent of quota) added to the proposed disbursement under the fourth ECF review would close the external and fiscal financing gaps that are likely to emerge in 2019. Debt sustainability and capacity to repay the Fund would remain intact.

32. Financing gaps arise from shocks not anticipated at the time of the second review. Security outlays are stubbornly high—still around 3.5 percent of GDP, compared to less than 2 percent of GDP in 2011; the struggling uranium sector is taking its toll on fiscal revenues; net donor support is increasing less strongly than anticipated despite reaching a record high of 11.2 percent of GDP; and outlays for food security also exceeds predictions. This leaves public finances with higher financing needs and the overall balance of payments in negative territory.

33. The government is making strong efforts to contain the financing gap. Every effort is being made to mobilize revenue and make up for the expiring one-off effects of 2018, with revenues now expected to slightly top second ECF review projections. The government is also holding down domestically-financed non-interest spending by cutting back administrative expenses and streamlining several programs. These efforts safeguard the fiscal deficit targets set in the second ECF review despite the shocks, but they cannot also offset the lower donor financing. There are limits to large reductions in the overall spending envelope in the near term without jeopardizing key social programs—food security spending alone accounts for 4.5 percent of GDP. The authorities explained that the augmentation will allow for social spending that would otherwise not be possible.

34. Filling the financing gaps by tapping the regional bond market would be difficult. The authorities have already revised their Treasury plans relative to the second ECF review (by 0.2 percent of GDP). However, while regional financing conditions had eased somewhat in mid-2018 following the euro bond issuance by Senegal and Côte d'Ivoire, they have started to tighten again with auctions for longer-dated obligations recently undersubscribed and yields drifting up. Moreover, with large redemptions looming next year, Niger will need to issue an unprecedented amount of obligations even if the requested augmentation of access is granted. Financing for the government is particularly strained in the first half of the year as the disbursement of budget support is heavily skewed toward year end. To help address this issue, the augmentation of access is proposed to be added in full to the proposed disbursement available as of end-April 2019.

PROGRAM MODALITIES

35. Program performance will continue to be assessed semi-annually. The prior action on the submission of a 2019 budget to Parliament broadly in line with program objectives and the issuance of a cabinet communication to set excess spending aside has been met. While the PC on domestic payments arrears clearance for end-June 2018 has been missed, the authorities are committed to be back on track by end-December 2018. Proposed quantitative performance criteria and indicative targets for the newly-covered period March-September 2019 appear in Table 2 of the MEFP. Existing, reset, and newly proposed SBs and recurrent SBs for December 2018 to September 2019 are set out in Tables 4 and 6 of the MEFP. With the committed clearance of all domestic payments arrears by end-2018, the replacement of the quarterly reduction target by a continuous PC guards against the reemergence of arrears. For the fourth review, program performance will be assessed against end-December 2018 PCs and indicative targets, as well as all applicable SBs.

36. Niger's capacity to repay the Fund remains adequate, but subject to risk, which program measures seek to mitigate. Considering the strength of the program, and implementation so far, Niger should have sufficient capacity to repay the Fund, including when repayments peak at 1.5 percent of tax revenues in 2024-25 and at 1.3 percent of exports in 2021 (Table 8). Key risks are security developments, climatic shocks, and implementation capacity.

37. Safeguards assessments are conducted at the level of the regional central bank (BCEAO). The most recent assessment was completed in April 2018 and found a continuing strong control environment.⁵

STAFF APPRAISAL

38. The authorities' implementation of the ECF-supported program has continued in a satisfactory manner. All quantitative targets for end-March and end-June have been met, except the one related to the clearance of domestic payments arrears. Structural reforms advanced reasonably well. The authorities' commitment to clear all remaining arrears as part of the 2018 budget execution and not to incur any new ones in 2019 is welcome.

39. The start of several large-scale projects is brightening the macroeconomic outlook. They should lift annual average GDP growth over the next five years to some 7 percent, compared to a historic long-term average of around 5.5 percent. To maximize the benefits for the local economy, it will be important to secure adequate local content and a fair fiscal contribution from these projects. The authorities' determination to leave the financing of projects in the context of the African Union Summit in July 2019 largely to the private sector and donor grants is commendable.

40. The 2019 draft budget is an important step toward meeting the WAEMU convergence criterion for a fiscal deficit of no more than 3 percent of GDP. Revenue measures in the amount of 1 percent of GDP together with concrete steps to improve revenue administration should help substitute for the favorable one-off factors in 2018 and strengthen underlying performance. Steps toward improving the quality of spending and putting more emphasis on social expenditure are welcome but will need to be built upon in the years to come. In the new debt sustainability framework, Niger retains its "moderate" rating for debt distress. The vulnerability to commodity price shocks underscores the need to strengthen and diversify exports.

41. The strong structural reform program for 2019 aims at building a more robust private sector. The program's focus is on financial deepening, better governance, and reforms of SOEs and public administrative entities. Ongoing efforts to improve the readings of "Doing Business" indicators are welcome but could usefully be supplemented with stepped-up regular dialogue with the private sector. The government's efforts to keep girls in school longer will not only contribute to better educational outcomes, but also help realize national gender equality and demographic objectives.

42. Staff supports the authorities' requests for a waiver for the temporary non-observance of the end-June 2018 performance criterion on domestic payments arrears clearance, the conclusion of the third ECF review, and the increase of access to IMF resources from 75 percent to 90 percent of quota. Despite the government's own efforts and strong donor support, financing gaps in the wake of adverse shocks would be difficult to fill with additional borrowing on regional markets. The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) set out appropriate policies to achieve the 2019 program objectives.

⁵ SM/18/56, paragraph 26 provides a fuller discussion.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. Niger has consulted with the Fund in accordance with paragraph 4.B(b) of the arrangement for Niger under the Extended Credit Facility (the "Arrangement") (EBS/16/138, 12/28/2016) to review program implementation and to reach understandings regarding the conditions for further disbursements under the Arrangement.
2. The letter dated November 21, 2018 (the "November 2018 Letter") from the Minister of Finance of Niger, together with its attached Memorandum of Economic and Financial Policies (the "November 2018 MEFP") and Technical Memorandum of Understanding (the "November 2018 TMU"), shall be attached to the Arrangement, and the letter dated December 21, 2016, together with its attachments, shall be read as supplemented and modified by the November 2018 Letter and its attachments.
3. Accordingly, the following amendments shall be made to the Arrangement:
 - a. Paragraph 2(e) shall be amended to read as follows:

"(e) the fifth disbursement, in an amount equivalent to SDR 33.84 million, will be available on or after April 30, 2019, at the request of Niger and subject to paragraphs 4 and 5 below;"
 - b. New paragraphs 2(f) and 2(g) shall be included to read as follows:

"(f) the sixth disbursement, in an amount equivalent to SDR 14.1 million, will be

available on or after October 31, 2019, at the request of Niger and subject to paragraphs 4 and 5 below;"

"(g) the seventh disbursement, in an amount equivalent to SDR 14.1 million, will be available on or after January 8, 2020, at the request of Niger and subject to paragraphs 4 and 5 below;"

c. A new paragraph 4.D. shall be included to read as follows:

"D. The sixth disbursement under the Arrangement specified in paragraph 2(f) above:

(a) if the Managing Director of the Trustee finds that the data as of June 30, 2019

indicate that the ceiling on the net domestic financing of the government, as set out in Table 2 of the November 2018 MEFP and further specified in the November 2018 TMU was not observed; or

(b) until the Trustee has determined that the fifth program review referred to in

paragraph 28 of the November 2018 MEFP has been completed."

d. A new paragraph 4.E shall be included to read as follows:

"E. The seventh disbursement under the Arrangement specified in paragraph 2(g) above:

(a) if the Managing Director of the Trustee finds that the data as of September 30, 2019

indicate that the ceiling on the net domestic financing of the government, as set out in Table 2 of the November 2018 MEFP and further specified in the November 2018 TMU was not observed; or

(b) until the Trustee has determined that the sixth program review referred to in

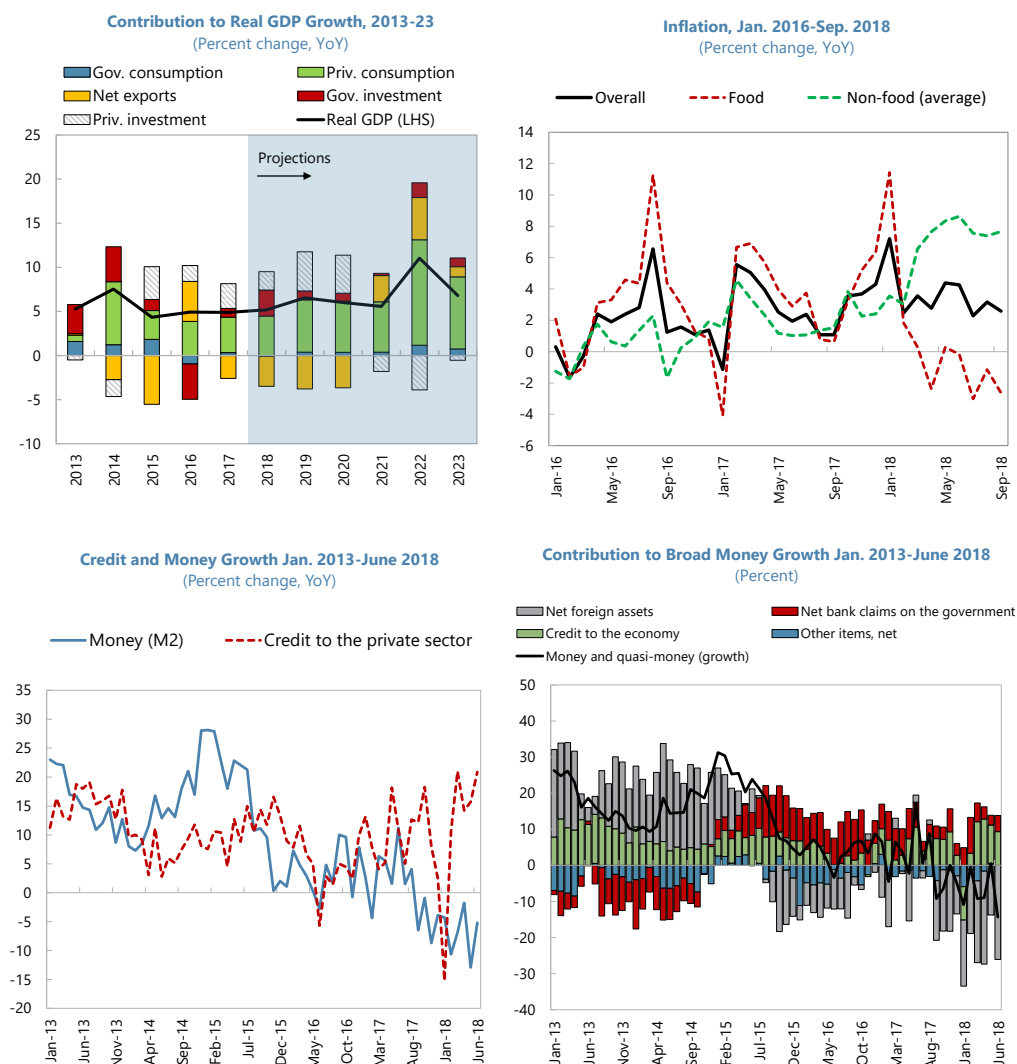
paragraph 28 of the November 2018 MEFP has been completed.”

e. A new paragraph 5(c) shall be included to read as follows:

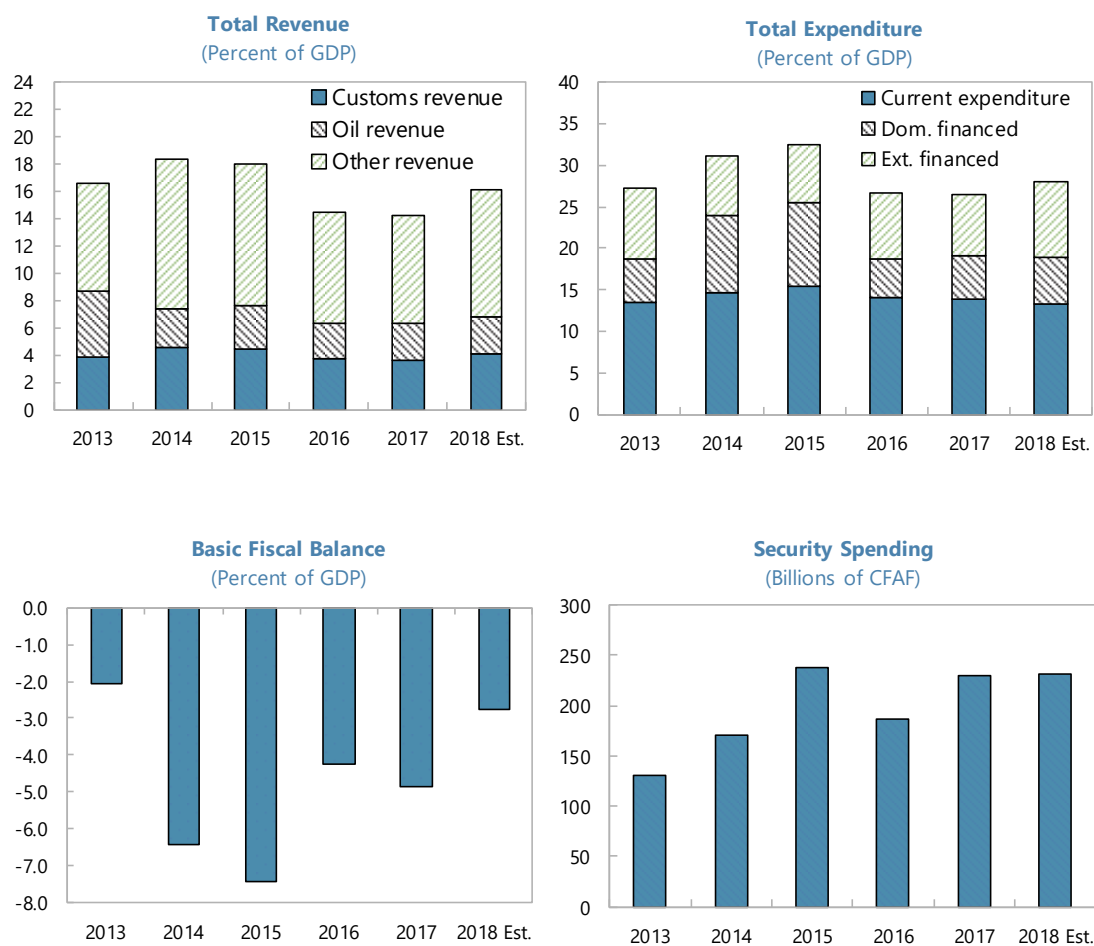
“(c) the government exceeds the ceiling on the stock of outstanding domestic arrears”

f. The references to “Table 2 of the May 2018 MEFP and as further specified in the May 2018 TMU” and “the TMU” in paragraph 5 of the Arrangement shall be revised to refer to “Table 2 of the November 2018 MEFP” and “the November 2018 TMU”, respectively.

4. The Fund decides that the third review specified in paragraph 4.B(b) of the Arrangement is completed and that Niger may request the fourth disbursement referred to in paragraph 2(d) of the Arrangement, notwithstanding the nonobservance of the end-June 2018 performance criterion on the clearance of domestic payment arrears specified in paragraph 4(B)(a)(ii) of the Arrangement, on the condition that the information provided by Niger on the performance under this criterion is accurate and on the further condition that the information provided by Niger on the implementation of the measure specified as a prior action in Table 6 of the November 2018 MEFP is accurate.

Figure 1. Niger: Recent Economic Developments and Outlook, 2013-23

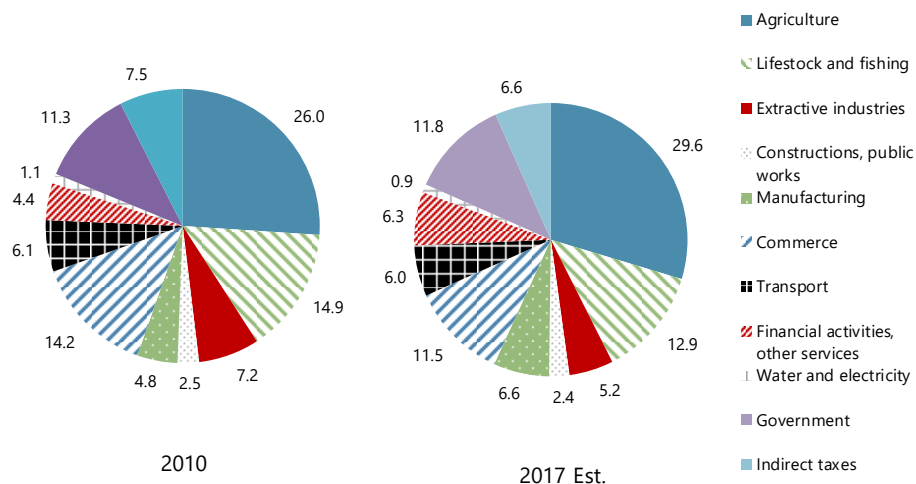
Sources: Nigerien authorities; and IMF staff calculations.

Figure 2. Niger: Fiscal Developments 2013–18

Sources: Nigerien authorities; and IMF staff calculations.

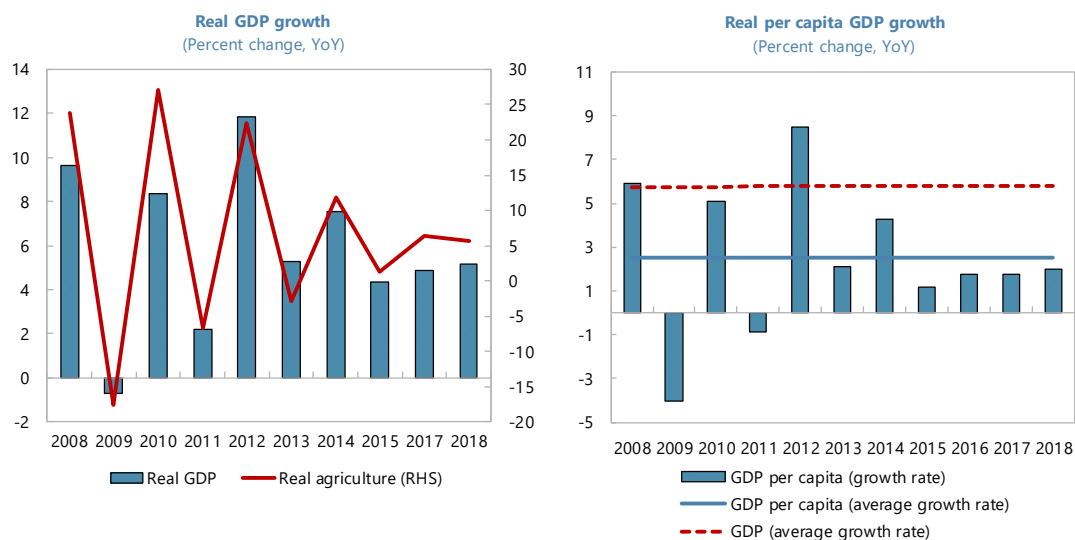
Figure 3. Niger: GDP Composition and Output Volatility

The share of the extractive industries in GDP remains low and has further declined in response to the lower international prices. The share of agriculture and livestock continues to dominate.

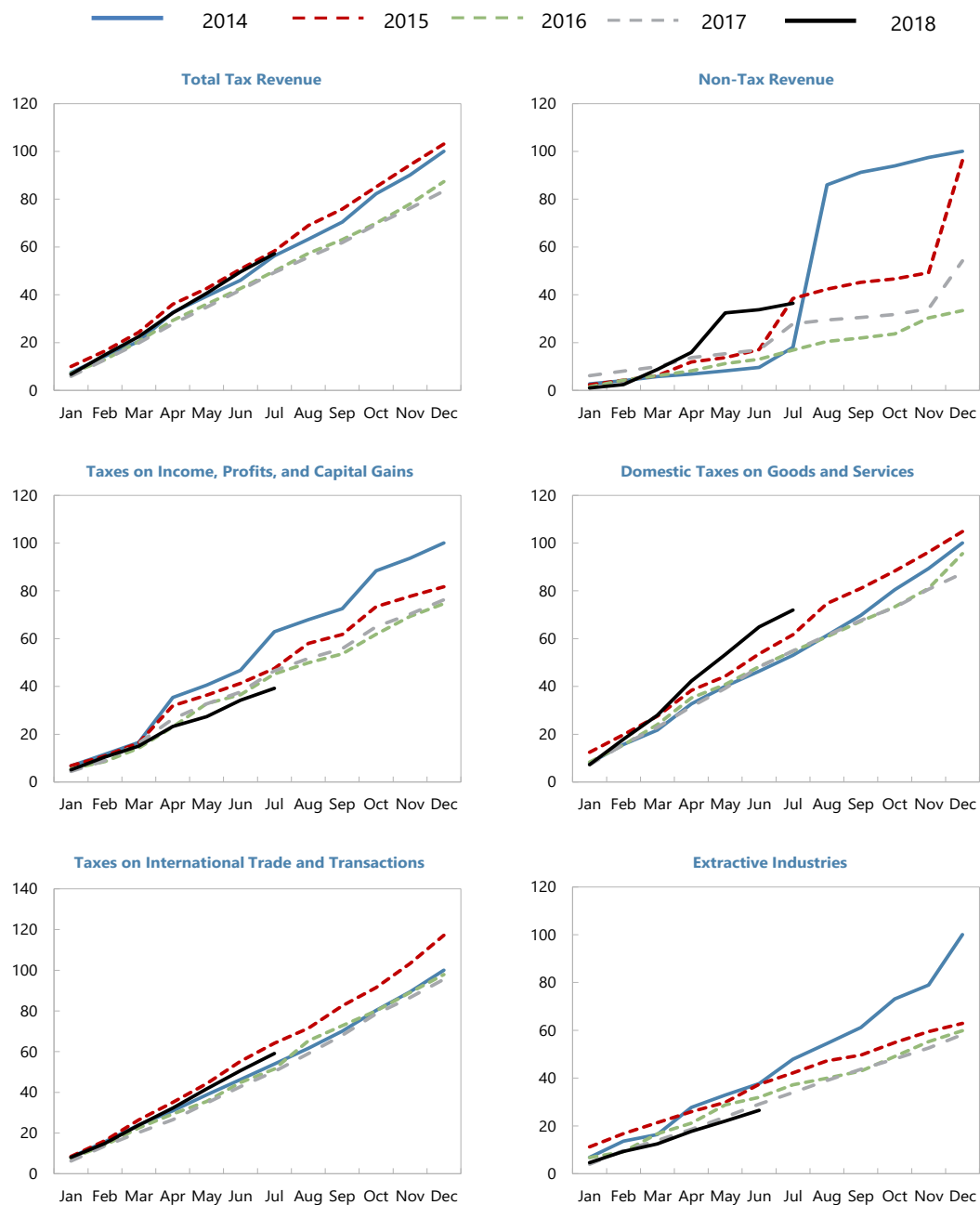


As a consequence, GDP growth is highly volatile and is driven by the impact of climatic shocks on agriculture.

Per capita GDP growth is highly volatile and, due to high population growth, is on average low.



Sources: Nigerien authorities; and IMF staff calculations.

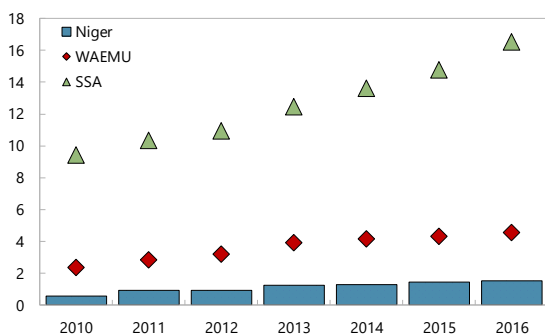
Figure 4. Niger: Tax Performance, 2014-18

(Cumulative values, December 2014 = 100, Nominal GDP discounted)

Sources: Nigerien authorities; and IMF staff calculations.

Figure 5. Niger: Indicators of Financial Inclusion, 2010-17**ATM's, 2010-16**

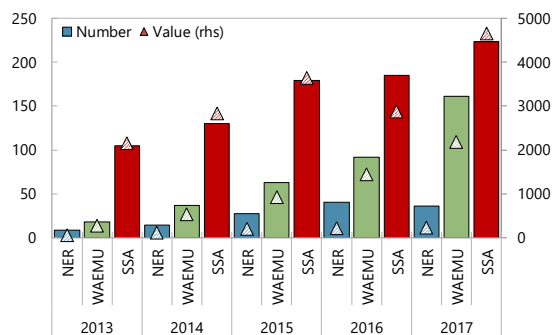
(Per 100,000 adults)



Source: IMF Financial Access Survey.

Mobile Money Transactions, 2013-17

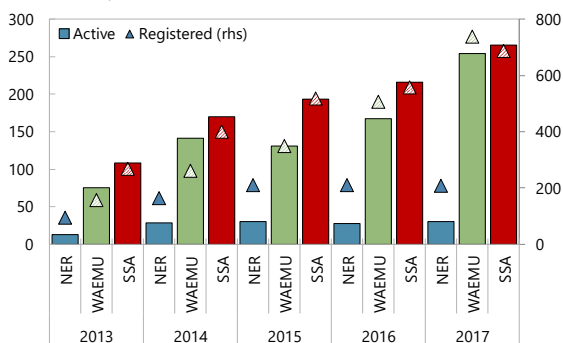
(Number in millions; Value in CFAF billions)



Source: IMF Financial Access Survey.

Mobile Money Accounts, 2013-17

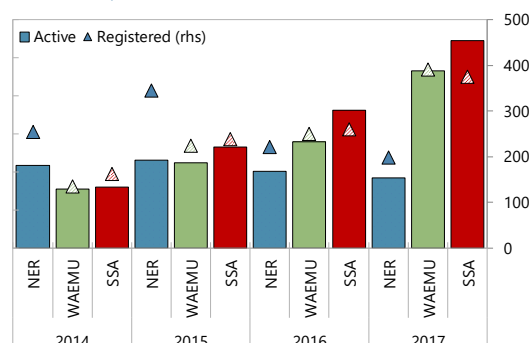
(Per 1,000 adults)



Source: IMF Financial Access Survey.

Mobile Banking Agent Outlets, 2014-17

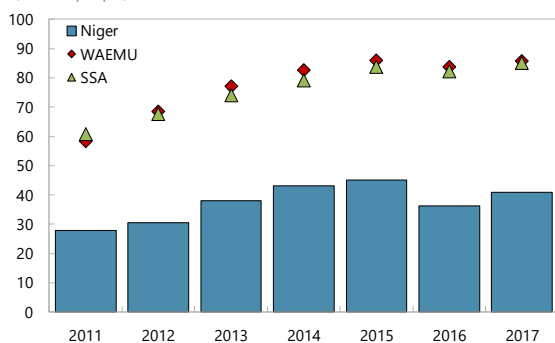
(Per 100,000 adults)



Source: IMF Financial Access Survey.

Mobile Cellular Subscriptions, 2011-17

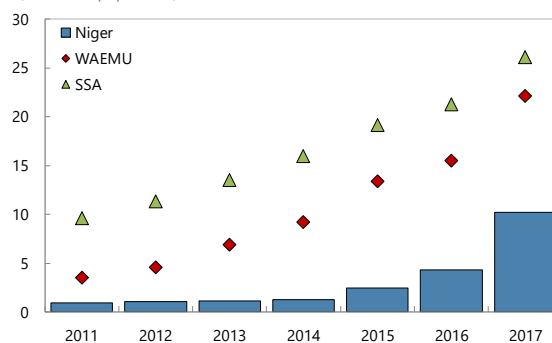
(Per 100 people)



Source: World Development Indicators.

Individuals using the Internet, 2011-17

(Percent of population)



Source: World Development Indicators.

Table 1. Niger: Selected Economic and Financial Indicators, 2016-23

| | 2016 | 2017 | 2018 | | 2019 | | 2020 | 2021 | 2022 | 2023 |
|--|-------|-------|------------|-------|------------|-------|-------------|-------|-------|-------|
| | | Est. | 2nd Review | Proj. | 2nd Review | Prog. | Projections | | | |
| (Annual percentage change, unless otherwise indicated) | | | | | | | | | | |
| National income and prices | | | | | | | | | | |
| GDP at constant prices | 4.9 | 4.9 | 5.2 | 5.2 | 5.3 | 6.5 | 6.0 | 5.6 | 11.0 | 6.8 |
| Oil production (thousand barrels per day) | 17 | 18 | 18 | 18 | 20 | 20 | 20 | 20 | 70 | 90 |
| GDP deflator | 0.2 | -0.1 | 3.8 | 3.3 | 1.9 | 2.4 | 1.9 | 2.0 | 1.4 | 2.0 |
| Consumer price index | | | | | | | | | | |
| Annual average | 0.2 | 2.4 | 3.9 | 3.3 | 2.0 | 2.4 | 2.1 | 2.0 | 2.0 | 2.0 |
| End-of-period | -2.2 | 4.8 | 2.4 | 2.9 | 2.0 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| External sector | | | | | | | | | | |
| Exports, f.o.b. (CFA francs) | -4.9 | 12.9 | 9.2 | 6.3 | 11.0 | 11.7 | 9.2 | 8.1 | 51.3 | 15.8 |
| Of which: non-uranium exports | 7.9 | 20.0 | 17.1 | 18.5 | 12.2 | 15.2 | 12.0 | 10.3 | 56.3 | 17.7 |
| Imports, f.o.b. (CFA francs) | -13.0 | 14.7 | 16.7 | 15.8 | 13.2 | 17.7 | 15.0 | -3.7 | 5.3 | 6.4 |
| Export volume | -2.0 | 13.5 | 6.5 | 2.1 | 10.8 | 11.8 | 10.3 | 5.4 | 66.4 | 18.1 |
| Import volume | -14.1 | 10.2 | 13.9 | 12.7 | 11.0 | 16.4 | 13.8 | -5.8 | 3.5 | 4.6 |
| Terms of trade (deterioration -) | -4.4 | -4.2 | -2.3 | -1.7 | -1.9 | -0.7 | -1.7 | 0.1 | -10.4 | -3.4 |
| Government finances | | | | | | | | | | |
| Total revenue | -16.2 | 5.7 | 18.0 | 23.8 | 10.2 | 5.6 | 15.1 | 11.8 | 19.6 | 11.5 |
| Total expenditure and net lending | -14.4 | 6.7 | 18.0 | 15.5 | 6.8 | 8.9 | 6.3 | 4.4 | 12.3 | 8.4 |
| Of which: current expenditure | -4.5 | 5.6 | 10.4 | 4.7 | 5.5 | 8.4 | 4.4 | 5.3 | 11.3 | 7.7 |
| Of which: capital expenditure | -23.4 | 7.8 | 26.4 | 27.4 | 8.1 | 9.3 | 8.0 | 3.7 | 13.2 | 8.9 |
| (Annual change, in percent of beginning-of-period broad money, unless otherwise indicated) | | | | | | | | | | |
| Money and credit | | | | | | | | | | |
| Domestic credit | 10.2 | 8.5 | 7.4 | 18.3 | 5.1 | 14.0 | 13.2 | 10.1 | 6.2 | 0.4 |
| Credit to the government (net) | 6.3 | 3.3 | 2.1 | 5.2 | 0.2 | 1.5 | 1.5 | -1.2 | -2.2 | -2.4 |
| Credit to the economy | 3.8 | 5.3 | 5.3 | 13.1 | 4.9 | 12.5 | 11.7 | 11.2 | 8.4 | 2.8 |
| Net domestic assets | 10.7 | 5.7 | 7.4 | 18.3 | 5.1 | 14.0 | 13.2 | 10.1 | 6.2 | 0.4 |
| Broad money (percent) | 8.7 | -4.9 | 9.5 | 12.0 | 7.9 | 7.4 | 8.5 | 7.5 | 14.5 | 9.0 |
| Velocity of broad money (ratio) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Percent of GDP, unless otherwise indicated) | | | | | | | | | | |
| Government finances | | | | | | | | | | |
| Total revenue | 14.3 | 14.4 | 15.4 | 16.4 | 15.8 | 15.9 | 16.9 | 17.6 | 18.7 | 19.1 |
| Total expenditure and net lending | 26.3 | 26.8 | 28.6 | 28.5 | 28.4 | 28.4 | 28.0 | 27.1 | 27.1 | 26.9 |
| Current expenditure | 14.0 | 14.1 | 14.0 | 13.6 | 13.8 | 13.5 | 13.1 | 12.8 | 12.6 | 12.5 |
| Capital expenditure | 12.3 | 12.7 | 14.5 | 14.9 | 14.6 | 14.9 | 14.9 | 14.4 | 14.4 | 14.5 |
| Basic balance (excluding grants) ¹ | -4.2 | -5.0 | -4.0 | -2.8 | -2.7 | -2.8 | -1.0 | -0.9 | -0.2 | -0.4 |
| Overall balance (commitment basis, including grants) ² | -6.1 | -5.7 | -5.9 | -4.4 | -4.5 | -4.5 | -3.0 | -2.7 | -2.1 | -2.0 |
| Gross investment | 38.4 | 40.2 | 39.0 | 43.0 | 40.4 | 45.5 | 47.8 | 43.8 | 37.4 | 35.5 |
| Of which: non-government investment | 26.0 | 27.5 | 24.4 | 28.1 | 25.7 | 30.5 | 32.9 | 29.4 | 23.0 | 21.0 |
| government | 12.3 | 12.7 | 14.5 | 14.9 | 14.6 | 14.9 | 14.9 | 14.4 | 14.4 | 14.5 |
| Gross national savings | 22.8 | 24.0 | 22.3 | 23.8 | 22.5 | 24.4 | 24.5 | 24.4 | 22.9 | 21.6 |
| Of which: non-government | 20.0 | 20.1 | 18.5 | 18.2 | 18.0 | 18.8 | 17.5 | 16.7 | 14.4 | 12.5 |
| Domestic savings | 21.3 | 21.5 | 20.3 | 22.0 | 20.5 | 22.2 | 22.4 | 22.5 | 22.6 | 22.7 |
| External current account balance | | | | | | | | | | |
| Excluding official grants | -17.4 | -19.1 | -19.2 | -21.2 | -20.4 | -23.6 | -25.7 | -21.6 | -16.4 | -15.7 |
| External current account balance (including grants) | -15.5 | -16.2 | -16.7 | -19.2 | -17.9 | -21.1 | -23.3 | -19.4 | -14.5 | -13.8 |
| Debt-service ratio as percent of: | | | | | | | | | | |
| Exports of goods and services | 7.6 | 5.2 | 8.9 | 7.9 | 6.4 | 9.2 | 7.8 | 8.6 | 6.4 | 6.0 |
| Government revenue | 8.6 | 6.2 | 9.5 | 8.0 | 6.8 | 9.8 | 7.9 | 8.4 | 7.8 | 7.5 |
| Total public and publicly guaranteed debt ³ | 43.7 | 49.3 | 44.7 | 50.5 | 46.1 | 50.8 | 49.8 | 48.3 | 44.7 | 42.8 |
| Public and publicly guaranteed external debt | 32.6 | 32.4 | 30.1 | 34.0 | 31.7 | 34.9 | 36.1 | 36.6 | 35.4 | 35.2 |
| NPV of external debt | 25.5 | 23.1 | 21.9 | 22.5 | 22.4 | 23.7 | 24.6 | 25.0 | 24.2 | 24.2 |
| Public Domestic debt ³ | 11.1 | 16.8 | 14.6 | 16.5 | 14.4 | 15.8 | 13.6 | 11.8 | 9.3 | 7.6 |
| Foreign aid | 10.5 | 10.6 | 12.0 | 12.0 | 12.8 | 12.9 | 12.9 | 11.3 | 10.4 | 9.8 |
| (Billions of CFA francs) | | | | | | | | | | |
| GDP at current market prices | 4,511 | 4,726 | 5,217 | 5,135 | 5,601 | 5,600 | 6,051 | 6,518 | 7,340 | 7,993 |
| GDP at current prices (annual percent change) | 5.2 | 4.8 | 9.2 | 8.6 | 7.4 | 9.1 | 8.1 | 7.7 | 12.6 | 8.9 |

Sources: Nigerien authorities; and IMF staff estimates and projections.

¹ Revenue excluding grants minus expenditure excluding foreign-financed capital expenditure.² Revenue including grants minus expenditure; WAEMU anchor.³ Includes from 2017 onward debt associated with commercial PPPs, standing at some 4.5 percent of GDP and gradually being paid off through 2033.

Table 2. Niger: Financial Operations of the Central Government, 2016-23
(In billions of CFA francs)

| | 2016 | 2017 | 2018 | | 2019 | | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------------|-------------|-------------|------------|------------|------------|
| | | Est. | 2nd Review | Proj. | 2nd Review | Prog. | Projections | | | |
| Total revenue ¹ | 643.8 | 680.8 | 803.3 | 842.8 | 885.2 | 889.8 | 1,023.8 | 1,144.8 | 1,368.9 | 1,525.7 |
| Tax revenue | 606.9 | 619.9 | 728.2 | 766.5 | 795.1 | 834.0 | 955.7 | 1,064.2 | 1,271.7 | 1,417.7 |
| International trade | 164.7 | 172.2 | 208.4 | 215.9 | 231.5 | 244.4 | 282.2 | 317.0 | 368.0 | 416.7 |
| Goods and services | 239.0 | 233.8 | 279.5 | 307.3 | 297.4 | 323.8 | 362.9 | 401.3 | 481.5 | 527.9 |
| Income | 156.2 | 170.8 | 194.0 | 178.0 | 213.7 | 206.1 | 246.1 | 269.9 | 336.6 | 379.9 |
| Other | 47.0 | 43.1 | 46.3 | 65.3 | 52.5 | 59.7 | 64.5 | 76.0 | 85.6 | 93.2 |
| Nontax revenue | 27.9 | 48.6 | 61.8 | 65.7 | 74.5 | 39.0 | 48.3 | 52.8 | 66.0 | 73.9 |
| Special accounts revenue | 8.9 | 12.3 | 13.3 | 10.6 | 15.6 | 16.8 | 19.8 | 27.8 | 31.3 | 34.1 |
| Total expenditure and net lending | 1,187.9 | 1,267.1 | 1,491.3 | 1,462.9 | 1,592.8 | 1,592.8 | 1,693.5 | 1,768.5 | 1,986.0 | 2,151.9 |
| Of which: domestically financed | 832.7 | 916.5 | 1,013.3 | 987.2 | 1,035.9 | 1,047.6 | 1,084.2 | 1,200.5 | 1,386.2 | 1,558.6 |
| Total current expenditure | 631.3 | 666.9 | 732.6 | 698.1 | 772.9 | 756.6 | 790.1 | 831.6 | 925.6 | 996.7 |
| Budgetary expenditure | 609.5 | 642.7 | 708.8 | 674.2 | 747.3 | 731.0 | 763.3 | 807.0 | 898.0 | 966.6 |
| Wages and salaries | 265.1 | 269.7 | 276.4 | 276.4 | 284.7 | 284.7 | 296.3 | 313.2 | 349.6 | 377.2 |
| Materials and supplies | 107.1 | 112.0 | 136.0 | 115.0 | 146.0 | 130.1 | 140.6 | 151.4 | 169.0 | 182.3 |
| Other current expenditure | 197.6 | 215.3 | 232.4 | 219.6 | 249.5 | 241.9 | 252.3 | 269.3 | 305.9 | 333.1 |
| Interest | 41.9 | 47.0 | 63.9 | 63.2 | 67.1 | 74.3 | 74.1 | 73.1 | 73.5 | 74.0 |
| Of which: external debt | 18.4 | 16.4 | 23.4 | 23.1 | 19.3 | 26.8 | 29.1 | 32.7 | 36.0 | 39.7 |
| Adjustments and fiscal expenditure | -2.4 | -1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Special accounts expenditure ² | 21.8 | 24.2 | 23.9 | 23.9 | 25.6 | 25.6 | 26.8 | 24.5 | 27.6 | 30.1 |
| Capital expenditure and net lending | 556.6 | 600.2 | 758.7 | 764.8 | 819.9 | 836.2 | 903.4 | 936.9 | 1,060.4 | 1,155.2 |
| Capital expenditure | 556.6 | 600.2 | 758.7 | 764.8 | 819.9 | 836.2 | 903.4 | 936.9 | 1,060.4 | 1,155.2 |
| Domestically financed | 201.4 | 249.6 | 280.7 | 289.1 | 263.0 | 291.0 | 294.1 | 368.9 | 460.6 | 561.9 |
| Externally financed | 355.2 | 350.6 | 478.0 | 475.7 | 556.9 | 545.2 | 609.3 | 568.0 | 599.8 | 593.3 |
| Of which: grants | 204.0 | 201.0 | 269.9 | 307.5 | 333.7 | 334.7 | 362.5 | 330.0 | 345.9 | 334.3 |
| loans | 151.2 | 149.6 | 208.1 | 168.2 | 223.2 | 210.5 | 246.9 | 238.0 | 253.9 | 259.0 |
| Net lending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance (commitment including grants, WAEMU anchor) | -273.9 | -267.4 | -308.4 | -228.1 | -254.1 | -249.9 | -184.1 | -172.9 | -157.1 | -163.5 |
| Basic balance ³ | -188.9 | -235.7 | -210.0 | -144.4 | -150.7 | -157.9 | -60.4 | -55.7 | -17.2 | -32.9 |
| Change in payments arrears and float | 19.0 | -53.7 | -29.2 | -54.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Of which: change in payment arrears | 19.0 | -53.7 | -29.2 | -54.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance (cash) | -525.1 | -640.1 | -717.2 | -674.4 | -707.6 | -703.1 | -669.7 | -623.7 | -617.1 | -626.2 |
| Financing | 525.1 | 640.1 | 717.2 | 674.4 | 707.6 | 687.6 | 669.7 | 623.7 | 617.1 | 626.2 |
| External financing | 441.2 | 480.4 | 576.1 | 574.0 | 681.5 | 649.6 | 731.3 | 681.0 | 703.3 | 714.9 |
| Grants | 270.3 | 319.0 | 379.6 | 392.0 | 453.6 | 453.2 | 485.7 | 450.7 | 460.0 | 462.7 |
| Of which: budget financing | 66.2 | 118.0 | 109.8 | 84.5 | 119.9 | 118.5 | 123.2 | 120.7 | 114.0 | 128.4 |
| Loans | 203.4 | 182.9 | 245.2 | 222.4 | 263.7 | 252.1 | 292.3 | 287.0 | 306.8 | 318.5 |
| Of which: budget financing | 52.2 | 33.3 | 37.1 | 54.1 | 40.5 | 41.6 | 45.4 | 49.0 | 52.8 | 59.5 |
| Amortization | -32.5 | -21.5 | -48.7 | -40.3 | -35.8 | -55.7 | -46.6 | -56.7 | -63.4 | -66.3 |
| Debt relief (incl. debt under discussion) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Domestic financing | 84.0 | 159.7 | 141.1 | 100.4 | 26.1 | 38.0 | -61.6 | -57.4 | -86.2 | -88.7 |
| Banking sector | 11.6 | 105.1 | 27.0 | 59.8 | 2.5 | 19.0 | 20.9 | -17.9 | -35.4 | -44.8 |
| IMF | 6.6 | 19.2 | 17.3 | 20.7 | 15.4 | 16.1 | 1.9 | -14.9 | -17.0 | -19.6 |
| Statutory advances (including other advances) | -8.2 | -8.4 | -8.7 | 0.0 | -7.6 | 0.0 | -3.6 | -1.0 | 0.0 | 0.0 |
| Deposits with BCEAO | 31.0 | -65.3 | 4.1 | 12.6 | 0.0 | -1.1 | 0.0 | 0.0 | -5.0 | -10.0 |
| Government securities net and others | -17.8 | 159.6 | 14.3 | 26.5 | -5.4 | 4.0 | 22.5 | -2.0 | -13.5 | -15.2 |
| Nonbanking sector | 72.4 | 54.6 | 114.1 | 40.6 | 23.6 | 18.9 | -82.5 | -39.5 | -50.8 | -43.9 |
| Financing gap (+) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 15.5 | 0.0 | 0.0 | 0.0 | 0.0 |

Sources: Nigerien authorities; and IMF staff estimates and projections.

¹ Includes non-cash revenues of CFAF 35 billion in 2017, CFAF 125 billion in 2018, and CFAF 75.3 billion in 2019.

² The special accounts include the financing on the National Retirement Fund, Priority Investments Fund, and Fund for Continuous Professional Development.

³ Revenues minus expenditure net of externally-financed capital expenditure.

Table 3. Niger: Financial Operations of the Central Government, 2016-23
(In percent of GDP)

| | 2016 | 2017 | 2018 | | 2019 | | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|
| | | Est. | 2nd Review | Proj. | 2nd Review | Prog. | Projections | | | |
| Total revenue ¹ | 14.3 | 14.4 | 15.4 | 16.4 | 15.8 | 15.9 | 16.9 | 17.6 | 18.7 | 19.1 |
| Tax revenue | 13.5 | 13.1 | 14.0 | 14.9 | 14.2 | 14.9 | 15.8 | 16.3 | 17.3 | 17.7 |
| International trade | 3.7 | 3.6 | 4.0 | 4.2 | 4.1 | 4.4 | 4.7 | 4.9 | 5.0 | 5.2 |
| Goods and services | 5.3 | 4.9 | 5.4 | 6.0 | 5.3 | 5.8 | 6.0 | 6.2 | 6.6 | 6.6 |
| Income | 3.5 | 3.6 | 3.7 | 3.5 | 3.8 | 3.7 | 4.1 | 4.1 | 4.6 | 4.8 |
| Other | 1.0 | 0.9 | 0.9 | 1.3 | 0.9 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 |
| Nontax revenue | 0.6 | 1.0 | 1.2 | 1.3 | 1.3 | 0.7 | 0.8 | 0.8 | 0.9 | 0.9 |
| Special accounts revenue | 0.2 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 |
| Total expenditure and net lending | 26.3 | 26.8 | 28.6 | 28.5 | 28.4 | 28.4 | 28.0 | 27.1 | 27.1 | 26.9 |
| Of which: domestically financed | 18.5 | 19.4 | 19.4 | 19.2 | 18.5 | 18.7 | 17.9 | 18.4 | 18.9 | 19.5 |
| Total current expenditure | 14.0 | 14.1 | 14.0 | 13.6 | 13.8 | 13.5 | 13.1 | 12.8 | 12.6 | 12.5 |
| Budgetary expenditure | 13.5 | 13.6 | 13.6 | 13.1 | 13.3 | 13.1 | 12.6 | 12.4 | 12.2 | 12.1 |
| Wages and salaries | 5.9 | 5.7 | 5.3 | 5.4 | 5.1 | 5.1 | 4.9 | 4.8 | 4.8 | 4.7 |
| Materials and supplies | 2.4 | 2.4 | 2.6 | 2.2 | 2.6 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Other current expenditure | 4.4 | 4.6 | 4.5 | 4.3 | 4.5 | 4.3 | 4.2 | 4.1 | 4.2 | 4.2 |
| Interest | 0.9 | 1.0 | 1.2 | 1.2 | 1.2 | 1.3 | 1.2 | 1.1 | 1.0 | 0.9 |
| Of which: external debt | 0.4 | 0.3 | 0.4 | 0.4 | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Adjustments and fiscal expenditure | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Special accounts expenditure ² | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 |
| Capital expenditure and net lending | 12.3 | 12.7 | 14.5 | 14.9 | 14.6 | 14.9 | 14.9 | 14.4 | 14.4 | 14.5 |
| Capital expenditure | 12.3 | 12.7 | 14.5 | 14.9 | 14.6 | 14.9 | 14.9 | 14.4 | 14.4 | 14.5 |
| Domestically financed | 4.5 | 5.3 | 5.4 | 5.6 | 4.7 | 5.2 | 4.9 | 5.7 | 6.3 | 7.0 |
| Externally financed | 7.9 | 7.4 | 9.2 | 9.3 | 9.9 | 9.7 | 10.1 | 8.7 | 8.2 | 7.4 |
| Of which: grants | 4.5 | 4.3 | 5.2 | 6.0 | 6.0 | 6.0 | 6.0 | 5.1 | 4.7 | 4.2 |
| loans | 3.4 | 3.2 | 4.0 | 3.3 | 4.0 | 3.8 | 4.1 | 3.7 | 3.5 | 3.2 |
| Net lending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance (commitment including grants, WAEMU anchor) | -6.1 | -5.7 | -5.9 | -4.4 | -4.5 | -4.5 | -3.0 | -2.7 | -2.1 | -2.0 |
| Basic balance ³ | -4.2 | -5.0 | -4.0 | -2.8 | -2.7 | -2.8 | -1.0 | -0.9 | -0.2 | -0.4 |
| Change in payments arrears and float | 0.4 | -1.1 | -0.6 | -1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Of which: change in payment arrears | 0.4 | -1.1 | -0.6 | -1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance (cash) | -11.6 | -13.5 | -13.7 | -13.1 | -12.6 | -12.6 | -11.1 | -9.6 | -8.4 | -7.8 |
| Financing | 11.6 | 13.5 | 13.7 | 13.1 | 12.6 | 12.3 | 11.1 | 9.6 | 8.4 | 7.8 |
| External financing | 9.8 | 10.2 | 11.0 | 11.2 | 12.2 | 11.6 | 12.1 | 10.4 | 9.6 | 8.9 |
| Grants | 6.0 | 6.7 | 7.3 | 7.6 | 8.1 | 8.1 | 8.0 | 6.9 | 6.3 | 5.8 |
| Of which: budget financing | 1.5 | 2.5 | 2.1 | 1.6 | 2.1 | 2.1 | 2.0 | 1.9 | 1.6 | 1.6 |
| Loans | 4.5 | 3.9 | 4.7 | 4.3 | 4.7 | 4.5 | 4.8 | 4.4 | 4.2 | 4.0 |
| Of which: budget financing | 1.2 | 0.7 | 0.7 | 1.1 | 0.7 | 0.7 | 0.8 | 0.8 | 0.7 | 0.7 |
| Amortization | -0.7 | -0.5 | -0.9 | -0.8 | -0.6 | -1.0 | -0.8 | -0.9 | -0.9 | -0.8 |
| Debt relief (incl. debt under discussion) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Domestic financing | 1.9 | 3.4 | 2.7 | 2.0 | 0.5 | 0.7 | -1.0 | -0.9 | -1.2 | -1.1 |
| Banking sector | 0.3 | 2.2 | 0.5 | 1.2 | 0.0 | 0.3 | 0.3 | -0.3 | -0.5 | -0.6 |
| IMF | 0.1 | 0.4 | 0.3 | 0.4 | 0.3 | 0.3 | 0.0 | -0.2 | -0.2 | -0.2 |
| Statutory advances (including other advances) | -0.2 | -0.2 | -0.2 | 0.0 | -0.1 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| Deposits with BCEAO | 0.7 | -1.4 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | -0.1 |
| Government securities net and others | -0.4 | 3.4 | 0.3 | 0.5 | -0.1 | 0.1 | 0.4 | 0.0 | -0.2 | -0.2 |
| Nonbanking sector | 1.6 | 1.2 | 2.2 | 0.8 | 0.4 | 0.3 | -1.4 | -0.6 | -0.7 | -0.5 |
| Financing gap (+) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |

Sources: Nigerien authorities; and IMF staff estimates and projections.

¹ Includes non-cash revenues of 0.7 percent of GDP in 2017, 2.4 percent of GDP in 2018, and 1.3 percent of GDP in 2019.

² The special accounts include the financing on the National Retirement Fund, Priority Investments Fund, and Fund for Continuous Professional Development.

³ Revenues minus expenditure net of externally-financed capital expenditure.

Table 4. Niger: Monetary Survey, 2016-23

| | 2016 | 2017 | 2018 | | 2019 | | 2020 | 2021 | 2022 | 2023 |
|--|---------|---------|---------------|---------|---------------|---------|-------------|---------|---------|---------|
| | | Est. | 2nd Review | Proj. | 2nd Review | Prog. | Projections | | | |
| (Billions of CFA francs) | | | | | | | | | | |
| Net foreign assets | 569.8 | 441.8 | 601.0 | 370.2 | 641.0 | 286.1 | 221.6 | 183.2 | 317.2 | 477.5 |
| BCEAO | 458.4 | 357.7 | 505.9 | 286.1 | 543.9 | 201.9 | 137.4 | 99.0 | 233.0 | 393.3 |
| Commercial banks | 111.4 | 84.1 | 95.1 | 84.1 | 97.1 | 84.1 | 84.1 | 84.1 | 84.1 | 84.1 |
| Net domestic assets | 640.9 | 709.3 | 804.8 | 919.4 | 876.3 | 1,099.5 | 1,282.3 | 1,433.5 | 1,533.2 | 1,540.1 |
| Domestic credit | 909.5 | 1,012.8 | 997.5 | 1,222.9 | 1,069.0 | 1,402.9 | 1,585.8 | 1,737.0 | 1,836.7 | 1,843.5 |
| Net bank claims on government | 82.2 | 121.8 | 148.8 | 181.5 | 151.3 | 200.6 | 221.4 | 203.5 | 168.1 | 123.3 |
| BCEAO | 58.1 | 4.7 | 17.4 | 38.0 | 25.3 | 53.0 | 51.4 | 35.5 | 13.5 | -16.1 |
| Claims | 119.9 | 130.6 | 139.2 | 151.4 | 147.1 | 167.5 | 165.9 | 149.9 | 133.0 | 113.4 |
| <i>Of which</i> : statutory advances | 12.5 | 9.7 | 6.8 | 6.8 | 3.8 | 3.8 | 0.8 | 0.0 | 0.0 | 0.0 |
| Deposits | -61.7 | -125.9 | -121.8 | -113.3 | -121.8 | -114.4 | -114.4 | -114.4 | -119.4 | -129.4 |
| Commercial banks | 24.1 | 117.0 | 131.4 | 143.5 | 126.0 | 147.5 | 170.0 | 168.0 | 154.6 | 139.4 |
| Claims | 168.6 | 261.2 | 275.6 | 287.7 | 270.2 | 291.7 | 314.2 | 312.2 | 298.8 | 283.6 |
| Deposits | -144.5 | -144.2 | -144.2 | -144.2 | -144.2 | -144.2 | -144.2 | -144.2 | -144.2 | -144.2 |
| Credit to other sectors | 827.3 | 891.0 | 848.8 | 1,041.4 | 917.8 | 1,202.4 | 1,364.4 | 1,533.4 | 1,668.6 | 1,720.2 |
| <i>Of which</i> : credit to the private sector | 707.4 | 741.4 | 738.0 | 826.2 | 806.9 | 925.0 | 1,040.1 | 1,173.7 | 1,332.3 | 1,518.7 |
| Other items, net | -268.7 | -303.5 | -192.8 | -303.5 | -192.8 | -303.5 | -303.5 | -303.5 | -303.5 | -303.5 |
| Money and quasi-money | 1,210.7 | 1,151.1 | 1,405.8 | 1,289.7 | 1,517.3 | 1,385.5 | 1,503.9 | 1,616.6 | 1,850.4 | 2,017.5 |
| Currency outside banks | 598.7 | 490.1 | 682.2 | 549.1 | 736.4 | 589.9 | 640.3 | 688.3 | 787.8 | 859.0 |
| Deposits with banks | 612.0 | 661.0 | 723.6 | 740.6 | 781.0 | 795.6 | 863.6 | 928.4 | 1,062.6 | 1,158.6 |
| (Annual change, in percent of beginning-of-period broad money, unless otherwise indicated) | | | | | | | | | | |
| Net foreign assets | -1.9 | -10.6 | 2.0 | -6.2 | 2.8 | -6.5 | -4.7 | -2.6 | 8.3 | 8.7 |
| BCEAO | -2.2 | -8.3 | 1.2 | -6.2 | 2.7 | -6.5 | -4.7 | -2.6 | 8.3 | 8.7 |
| Commercial banks | 0.3 | -2.3 | 0.9 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net domestic assets | 10.7 | 5.7 | 7.4 | 18.3 | 5.1 | 14.0 | 13.2 | 10.1 | 6.2 | 0.4 |
| Domestic credit | 10.2 | 8.5 | 7.4 | 18.3 | 5.1 | 14.0 | 13.2 | 10.1 | 6.2 | 0.4 |
| Net bank claims on the government | 6.3 | 3.3 | 2.1 | 5.2 | 0.2 | 1.5 | 1.5 | -1.2 | -2.2 | -2.4 |
| BCEAO | 2.6 | -4.4 | 1.0 | 2.9 | 0.6 | 1.2 | -0.1 | -1.1 | -1.4 | -1.6 |
| <i>Of which</i> : statutory advances | -0.2 | -0.2 | -0.2 | -0.3 | -0.2 | -0.2 | -0.2 | -0.1 | 0.0 | 0.0 |
| Commercial banks | 3.8 | 7.7 | 1.1 | 2.3 | -0.4 | 0.3 | 1.6 | -0.1 | -0.8 | -0.8 |
| Claims | 4.5 | 7.6 | 1.1 | 2.3 | -0.4 | 0.3 | 1.6 | -0.1 | -0.8 | -0.8 |
| Deposits | -0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to other sectors | 3.8 | 5.3 | 5.3 | 13.1 | 4.9 | 12.5 | 11.7 | 11.2 | 8.4 | 2.8 |
| <i>Of which</i> : credit to the private sector | 5.6 | 2.8 | 4.2 | 7.4 | 4.9 | 7.7 | 8.3 | 8.9 | 9.8 | 10.1 |
| Other items, net | 0.5 | -2.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Broad money | 8.7 | -4.9 | 9.5 | 12.0 | 7.9 | 7.4 | 8.5 | 7.5 | 14.5 | 9.0 |
| Memorandum items: | | | | | | | | | | |
| Velocity of broad money (Ratio) | 3.7 | 4.1 | 3.7 | 4.0 | 3.7 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Credit to the private sector | | | | | | | | | | |
| (Change, in percent) | 9.7 | 4.9 | 7.9 | 11.5 | 9.4 | 12.0 | 12.5 | 12.9 | 13.6 | 14.0 |
| (Percent of GDP) | 15.7 | 15.7 | 14.1 | 16.1 | 14.4 | 16.5 | 17.2 | 18.0 | 18.2 | 19.0 |
| (Percent of non-agricultural GDP) | 19.3 | 19.4 | 17.2 | 19.7 | 17.4 | 20.2 | 21.0 | 21.9 | 21.7 | 22.6 |
| GDP at current prices (annual percent change) | 5.2 | 4.8 | 9.2 | 8.6 | 7.4 | 9.1 | 8.1 | 7.7 | 12.6 | 8.9 |
| Sources: BCEAO; and IMF staff estimates and projections. | | | | | | | | | | |

Table 5. Niger: Balance of Payments, 2016-23
(In billions of CFA francs, unless otherwise indicated)

| | 2016 | 2017 | 2018 | | 2019 | | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------------|-------------|-------------|------------|------------|------------|
| | | Est. | 2nd Review | Proj. | 2nd Review | Prog. | Projections | | | |
| Current account balance | -700.4 | -763.8 | -870.2 | -985.5 | -1,003.3 | -1,181.6 | -1,410.0 | -1,266.0 | -1,067.7 | -1,106.6 |
| Balance on goods, services, and income | -865.3 | -986.1 | -1,088.8 | -1,190.1 | -1,235.0 | -1,424.4 | -1,668.8 | -1,526.5 | -1,328.7 | -1,387.2 |
| Balance on goods | -405.4 | -476.3 | -535.6 | -616.7 | -622.8 | -769.5 | -932.8 | -792.6 | -389.1 | -275.5 |
| Exports, f.o.b | 611.8 | 690.8 | 734.6 | 734.5 | 815.4 | 820.8 | 896.6 | 969.6 | 1,467.0 | 1,698.6 |
| Uranium | 177.7 | 169.8 | 124.5 | 117.0 | 130.8 | 109.2 | 99.7 | 90.9 | 93.3 | 82.0 |
| Oil | 91.3 | 151.4 | 205.4 | 208.8 | 228.5 | 238.0 | 261.6 | 263.7 | 708.5 | 872.0 |
| Other products | 342.8 | 369.7 | 404.7 | 408.7 | 456.1 | 473.6 | 535.3 | 615.0 | 665.2 | 744.6 |
| Imports, f.o.b | 1,017.2 | 1,167.2 | 1,270.2 | 1,351.2 | 1,438.2 | 1,590.3 | 1,829.4 | 1,762.3 | 1,856.1 | 1,974.1 |
| Food products | 208.0 | 263.4 | 254.4 | 294.9 | 307.6 | 318.2 | 334.2 | 345.6 | 356.2 | 367.2 |
| Petroleum products | 57.9 | 74.2 | 65.0 | 77.9 | 68.2 | 81.8 | 85.9 | 90.2 | 94.7 | 99.4 |
| Capital goods | 280.5 | 323.9 | 421.8 | 394.1 | 482.5 | 492.0 | 599.4 | 539.2 | 589.2 | 640.7 |
| Other products | 472.7 | 505.7 | 529.1 | 584.4 | 579.8 | 698.2 | 810.0 | 787.3 | 816.0 | 866.8 |
| Services and income (net) | -459.8 | -509.8 | -553.2 | -573.4 | -612.2 | -654.9 | -736.0 | -733.9 | -939.6 | -1,111.7 |
| Services (net) | -363.0 | -408.3 | -440.0 | -463.2 | -490.7 | -534.8 | -606.1 | -594.0 | -700.1 | -748.9 |
| Income (net) | -96.8 | -101.4 | -113.1 | -110.2 | -121.4 | -120.2 | -129.9 | -139.9 | -239.5 | -362.8 |
| Of which: interest on external public debt | -18.4 | -16.4 | -23.4 | -23.1 | -19.3 | -26.8 | -29.1 | -32.7 | -36.0 | -39.7 |
| Unrequited current transfers (net) | 164.9 | 222.2 | 218.6 | 204.6 | 231.7 | 242.8 | 258.8 | 260.5 | 260.9 | 280.6 |
| Private (net) | 82.1 | 84.0 | 88.9 | 100.1 | 92.1 | 104.6 | 116.2 | 120.7 | 128.3 | 134.0 |
| Public (net) | 82.8 | 138.2 | 129.7 | 104.5 | 139.5 | 138.2 | 142.6 | 139.8 | 132.6 | 146.6 |
| Of which: grants for budgetary assistance | 66.2 | 118.0 | 109.8 | 84.5 | 119.9 | 118.5 | 123.2 | 120.7 | 114.0 | 128.4 |
| Capital and financial account | 685.0 | 635.8 | 885.2 | 913.9 | 1,041.3 | 1,082.0 | 1,345.5 | 1,227.6 | 1,201.7 | 1,266.9 |
| Capital account | 229.6 | 234.4 | 306.8 | 354.6 | 373.9 | 411.8 | 472.4 | 458.8 | 458.0 | 463.7 |
| Private capital transfers | 25.9 | 33.4 | 36.9 | 47.1 | 40.2 | 49.8 | 54.3 | 63.7 | 65.3 | 67.5 |
| Project grants | 204.0 | 201.0 | 269.9 | 307.5 | 333.7 | 362.0 | 418.1 | 395.1 | 392.7 | 396.1 |
| Food Aid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Nonproduced, nonfinancial assets | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt cancellation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account | 455.4 | 401.5 | 578.4 | 559.3 | 667.4 | 670.2 | 873.1 | 768.8 | 743.7 | 803.2 |
| Direct investment | 155.7 | 175.5 | 291.5 | 270.8 | 330.1 | 385.7 | 547.7 | 437.0 | 433.0 | 443.3 |
| Portfolio investment | 99.1 | 19.8 | 24.9 | 34.4 | 26.7 | 37.5 | 38.5 | 41.5 | 30.4 | 24.8 |
| Other investment | 200.5 | 206.2 | 262.0 | 254.2 | 310.7 | 247.0 | 286.8 | 290.3 | 280.3 | 335.2 |
| Public sector (net) | 170.9 | 161.4 | 196.5 | 182.1 | 228.0 | 196.4 | 245.7 | 230.3 | 243.4 | 252.2 |
| Disbursements | 203.4 | 182.9 | 245.2 | 222.4 | 263.7 | 252.1 | 292.3 | 287.0 | 306.8 | 318.5 |
| Loans for budgetary assistance | 52.2 | 33.3 | 37.1 | 54.1 | 40.5 | 41.6 | 45.4 | 49.0 | 52.8 | 59.5 |
| Project loans | 151.2 | 149.6 | 208.1 | 168.2 | 223.2 | 210.5 | 246.9 | 238.0 | 253.9 | 259.0 |
| Amortization | 32.5 | 21.5 | 48.7 | 40.3 | 35.8 | 55.7 | 46.6 | 56.7 | 63.4 | 66.3 |
| Other (net) | 29.6 | 44.8 | 65.5 | 72.1 | 82.7 | 50.6 | 41.2 | 60.1 | 37.0 | 83.0 |
| Errors and omissions | -6.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | -21.5 | -128.0 | 15.0 | -71.6 | 38.0 | -99.7 | -64.5 | -38.4 | 134.0 | 160.3 |
| Financing | 21.5 | 128.0 | -15.0 | 71.6 | -38.0 | 84.2 | 64.5 | 38.4 | -134.0 | -160.3 |
| Net foreign assets (BCEAO) | 24.9 | 100.7 | -15.0 | 71.6 | -38.0 | 84.2 | 64.5 | 38.4 | -134.0 | -160.3 |
| Of which: net use of Fund resources | 6.6 | 19.2 | 17.3 | 20.7 | 15.4 | 16.1 | 1.9 | -14.9 | -17.0 | -19.6 |
| Net foreign assets (Commercial Banks) | -3.4 | 27.3 | ... | 0.0 | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rescheduling obtained | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financing gap | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 15.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Memorandum items:</i> | | | | | | | | | | |
| Current account (in percent of GDP) | -15.5 | -16.2 | -16.7 | -19.2 | -17.9 | -21.1 | -23.3 | -19.4 | -14.5 | -13.8 |
| Current account (excluding grants; in percent of GDP) | -17.4 | -19.1 | -19.2 | -21.2 | -20.4 | -23.6 | -25.7 | -21.6 | -16.4 | -15.7 |
| Trade balance (in percent of GDP) | -9.0 | -10.1 | -10.3 | -12.0 | -11.1 | -13.7 | -15.4 | -12.2 | -5.3 | -3.4 |
| Overall balance (in percent of GDP) | -0.5 | -2.7 | 0.3 | -1.4 | 0.7 | -1.8 | -1.1 | -0.6 | 1.8 | 2.0 |
| Pooled gross international reserves, WAEMU (in USD billion) ¹ | 10.5 | 13.0 | ... | 15.1 | ... | ... | ... | ... | ... | ... |
| Pooled gross international reserves, WAEMU (in CFAF billion) ¹ | 6,529 | 7,184 | ... | 8,351 | ... | ... | ... | ... | ... | ... |
| In months of next year's imports of goods and services ¹ | 3.8 | 3.8 | ... | 4.3 | ... | ... | ... | ... | ... | ... |
| In percent of broad money | 35.3 | 35.3 | ... | ... | ... | ... | ... | ... | ... | ... |
| GDP at current prices | 4,511 | 4,726 | 5,217 | 5,135 | 5,601 | 5,600 | 6,051 | 6,518 | 7,340 | 7,993 |

Sources: Nigerien authorities; and IMF staff estimates and projections.

¹ Values for 2018 are for end-September 2018. All other years are end-December.

Table 6. Niger: Balance of Payments, 2016-23
(In percent of GDP)

| | 2016 | 2017 | 2018 | | 2019 | | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|
| | | Est. | 2nd Review | Proj. | 2nd Review | Prog. | Projections | | | |
| Current account balance | -15.5 | -16.2 | -16.7 | -19.2 | -17.9 | -21.1 | -23.3 | -19.4 | -14.5 | -13.8 |
| Balance on goods, services, and income | -19.2 | -20.9 | -20.9 | -23.2 | -22.0 | -25.4 | -27.6 | -23.4 | -18.1 | -17.4 |
| Balance on goods | -9.0 | -10.1 | -10.3 | -12.0 | -11.1 | -13.7 | -15.4 | -12.2 | -5.3 | -3.4 |
| Exports, f.o.b | 13.6 | 14.6 | 14.1 | 14.3 | 14.6 | 14.7 | 14.8 | 14.9 | 20.0 | 21.3 |
| Uranium | 3.9 | 3.6 | 2.4 | 2.3 | 2.3 | 2.0 | 1.6 | 1.4 | 1.3 | 1.0 |
| Oil | 2.0 | 3.2 | 3.9 | 4.1 | 4.1 | 4.3 | 4.3 | 4.0 | 9.7 | 10.9 |
| Other products | 7.6 | 7.8 | 7.8 | 8.0 | 8.1 | 8.5 | 8.8 | 9.4 | 9.1 | 9.3 |
| Imports, f.o.b | 22.6 | 24.7 | 24.3 | 26.3 | 25.7 | 28.4 | 30.2 | 27.0 | 25.3 | 24.7 |
| Food products | 4.6 | 5.6 | 4.9 | 5.7 | 5.5 | 5.7 | 5.5 | 5.3 | 4.9 | 4.6 |
| Petroleum products | 1.3 | 1.6 | 1.2 | 1.5 | 1.2 | 1.5 | 1.4 | 1.4 | 1.3 | 1.2 |
| Capital goods | 6.2 | 6.9 | 8.1 | 7.7 | 8.6 | 8.8 | 9.9 | 8.3 | 8.0 | 8.0 |
| Other products | 10.5 | 10.7 | 10.1 | 11.4 | 10.4 | 12.5 | 13.4 | 12.1 | 11.1 | 10.8 |
| Services and income (net) | -10.2 | -10.8 | -10.6 | -11.2 | -10.9 | -11.7 | -12.2 | -11.3 | -12.8 | -13.9 |
| Services (net) | -8.0 | -8.6 | -8.4 | -9.0 | -8.8 | -9.5 | -10.0 | -9.1 | -9.5 | -9.4 |
| Income (net) | -2.1 | -2.1 | -2.2 | -2.1 | -2.2 | -2.1 | -2.1 | -2.1 | -3.3 | -4.5 |
| Of which: interest on external public debt | -0.4 | -0.3 | -0.4 | -0.4 | -0.3 | -0.5 | -0.5 | -0.5 | -0.5 | -0.5 |
| Unrequited current transfers (net) | 3.7 | 4.7 | 4.2 | 4.0 | 4.1 | 4.3 | 4.3 | 4.0 | 3.6 | 3.5 |
| Private (net) | 1.8 | 1.8 | 1.7 | 1.9 | 1.6 | 1.9 | 1.9 | 1.9 | 1.7 | 1.7 |
| Public (net) | 1.8 | 2.9 | 2.5 | 2.0 | 2.5 | 2.5 | 2.4 | 2.1 | 1.8 | 1.8 |
| Of which: grants for budgetary assistance | 1.5 | 2.5 | 2.1 | 1.6 | 2.1 | 2.1 | 2.0 | 1.9 | 1.6 | 1.6 |
| Capital and financial account | 15.2 | 13.5 | 17.0 | 17.8 | 18.6 | 19.3 | 22.2 | 18.8 | 16.4 | 15.9 |
| Capital account | 5.1 | 5.0 | 5.9 | 6.9 | 6.7 | 7.4 | 7.8 | 7.0 | 6.2 | 5.8 |
| Private capital transfers | 0.6 | 0.7 | 0.7 | 0.9 | 0.7 | 0.9 | 0.9 | 1.0 | 0.9 | 0.8 |
| Project grants | 4.5 | 4.3 | 5.2 | 6.0 | 6.0 | 6.5 | 6.9 | 6.1 | 5.4 | 5.0 |
| Food Aid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Nonproduced, nonfinancial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt cancellation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account | 10.1 | 8.5 | 11.1 | 10.9 | 11.9 | 12.0 | 14.4 | 11.8 | 10.1 | 10.0 |
| Direct investment | 3.5 | 3.7 | 5.6 | 5.3 | 5.9 | 6.9 | 9.1 | 6.7 | 5.9 | 5.5 |
| Portfolio investment | 2.2 | 0.4 | 0.5 | 0.7 | 0.5 | 0.7 | 0.6 | 0.6 | 0.4 | 0.3 |
| Other investment | 4.4 | 4.4 | 5.0 | 5.0 | 5.5 | 4.4 | 4.7 | 4.5 | 3.8 | 4.2 |
| Public sector (net) | 3.8 | 3.4 | 3.8 | 3.5 | 4.1 | 3.5 | 4.1 | 3.5 | 3.3 | 3.2 |
| Disbursements | 4.5 | 3.9 | 4.7 | 4.3 | 4.7 | 4.5 | 4.8 | 4.4 | 4.2 | 4.0 |
| Loans for budgetary assistance | 1.2 | 0.7 | 0.7 | 1.1 | 0.7 | 0.7 | 0.8 | 0.8 | 0.7 | 0.7 |
| Project loans | 3.4 | 3.2 | 4.0 | 3.3 | 4.0 | 3.8 | 4.1 | 3.7 | 3.5 | 3.2 |
| Amortization | 0.7 | 0.5 | 0.9 | 0.8 | 0.6 | 1.0 | 0.8 | 0.9 | 0.9 | 0.8 |
| Other (net) | 0.7 | 0.9 | 1.3 | 1.4 | 1.5 | 0.9 | 0.7 | 0.9 | 0.5 | 1.0 |
| Errors and omissions | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | -0.5 | -2.7 | 0.3 | -1.4 | 0.7 | -1.8 | -1.1 | -0.6 | 1.8 | 2.0 |
| Financing | 0.5 | 2.7 | -0.3 | 1.4 | -0.7 | 1.5 | 1.1 | 0.6 | -1.8 | -2.0 |
| Net foreign assets (BCEAO) | 0.6 | 2.1 | -0.3 | 1.4 | -0.7 | 1.5 | 1.1 | 0.6 | -1.8 | -2.0 |
| Of which: net use of Fund resources | 0.1 | 0.4 | 0.3 | 0.4 | 0.3 | 0.3 | 0.0 | -0.2 | -0.2 | -0.2 |
| Net foreign assets (Commercial Banks) | -0.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rescheduling obtained | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financing gap | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Memorandum items:</i> | | | | | | | | | | |
| Current account (in percent of GDP) | -15.5 | -16.2 | -16.7 | -19.2 | -17.9 | -21.1 | -23.3 | -19.4 | -14.5 | -13.8 |
| Current account (excluding grants; in percent of GDP) | -17.4 | -19.1 | -19.2 | -21.2 | -20.4 | -23.6 | -25.7 | -21.6 | -16.4 | -15.7 |
| Trade balance (in percent of GDP) | -9.0 | -10.1 | -10.3 | -12.0 | -11.1 | -13.7 | -15.4 | -12.2 | -5.3 | -3.4 |
| Overall balance (in percent of GDP) | -0.5 | -2.7 | 0.3 | -1.4 | 0.7 | -1.8 | -1.1 | -0.6 | 1.8 | 2.0 |
| Pooled gross international reserves, WAEMU (in USD billion) ¹ | 10.5 | 13.0 | ... | 15.1 | ... | ... | ... | ... | ... | ... |
| Pooled gross international reserves, WAEMU (in CFAF billion) ¹ | 6,529.2 | 7,184.2 | ... | 8,351.4 | ... | ... | ... | ... | ... | ... |
| In months of next year's imports of goods and services ¹ | 3.8 | 3.8 | ... | 4.3 | ... | ... | ... | ... | ... | ... |
| In percent of broad money | 35.3 | 35.3 | ... | ... | ... | ... | ... | ... | ... | ... |

Sources: Nigerien authorities; and IMF staff estimates and projections.

¹ Values for 2018 are for end-September 2018. All other years are end-December.

Table 7. Niger: Indicators of Financial Soundness, Dec. 2012-Dec. 2017

(In percent)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2017 | 2017 | 2017 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. |
| Solvency Ratios | | | | | | | | | |
| Regulatory capital to risk-weighted assets | 17.5 | 16.2 | 16.2 | 13.5 | 13.9 | 11.1 | 12.5 | 14.8 | 16.8 |
| Tier 1 capital to risk-weighted assets | 17.5 | 15.7 | 14.4 | 7.7 | 13.5 | 10.7 | 12.2 | 14.4 | 16.4 |
| Provisions to risk-weighted assets | 10.4 | 12.1 | 13.0 | 12.6 | 12.1 | 13.1 | 14.1 | 13.2 | 14.0 |
| Capital to total assets | 10.5 | 9.6 | 9.0 | 7.6 | 8.9 | 7.3 | 7.4 | 10.5 | 9.4 |
| Composition and quality of assets | | | | | | | | | |
| Total loans to total assets | 60.0 | 57.5 | 54.2 | 57.0 | 58.1 | 56.3 | 54.8 | 57.7 | 55.4 |
| Concentration: credit to the 5 biggest borrowers to regulatory capital | 130.8 | 126.1 | 108.8 | 170.9 | 144.5 | 207.3 | 123.9 | 94.7 | 98.8 |
| Gross NPLs to total loans | 17.1 | 16.4 | 17.6 | 15.5 | 17.7 | 19.2 | 19.0 | 20.8 | 18.8 |
| Provisioning rate | 54.6 | 67.4 | 66.8 | 71.4 | 66.5 | 69.1 | 69.7 | 67.1 | 66.1 |
| Net NPLs to total loans | 8.6 | 6.0 | 6.6 | 5.0 | 6.7 | 6.9 | 6.6 | 8.0 | 7.3 |
| Net NPLs to capital | 49.2 | 36.1 | 39.9 | 37.5 | 43.7 | 53.2 | 48.9 | 43.7 | 42.8 |
| Earnings and profitability | | | | | | | | | |
| Average cost of borrowed funds | 2.2 | 2.0 | 2.0 | 1.3 | 2.2 | ... | ... | ... | 2.2 |
| Average interest rate on loans | 10.5 | 10.1 | 9.7 | 6.1 | 8.8 | ... | ... | ... | 8.4 |
| Average interest rate (after taxes on financial operations) | 8.3 | 8.1 | 7.7 | 4.8 | 6.6 | ... | ... | ... | 6.3 |
| After-tax return on average assets (ROA) | 0.8 | 1.4 | 1.8 | 2.5 | 1.8 | ... | ... | ... | 1.6 |
| After-tax return on average equity (ROE) | 7.4 | 12.6 | 20.5 | 26.0 | 19.5 | ... | ... | ... | 15.4 |
| Non-interest expenses to net banking income | 54.5 | 51.5 | 49.8 | 51.8 | 56.5 | ... | ... | ... | 59.3 |
| Salaries and wages to net banking income | 23.3 | 23.5 | 22.2 | 23.6 | 25.9 | ... | ... | ... | 25.5 |
| Liquidity | | | | | | | | | |
| Liquidity assets to total assets | 32.5 | 30.3 | 29.2 | 31.4 | 30.0 | 27.0 | 27.6 | 29.2 | 29.2 |
| Liquidity assets to total deposits | 51.4 | 49.7 | 46.0 | 50.9 | 51.1 | 45.1 | 47.9 | 53.3 | 53.4 |
| Total loans to total deposits | 104.7 | 105.8 | 96.7 | 104.0 | 112.3 | 108.3 | 109.4 | 122.3 | 116.0 |
| Total deposits to total liabilities | 63.2 | 61.0 | 63.5 | 61.7 | 58.7 | 59.9 | 57.7 | 54.8 | 54.6 |
| Sight deposits to total liabilities | 42.0 | 40.1 | 41.1 | 37.9 | 36.6 | 36.8 | 36.8 | 34.2 | 35.3 |
| Term deposits to total liabilities | 21.2 | 21.0 | 22.4 | 23.8 | 22.0 | 23.2 | 20.8 | 20.6 | 19.3 |

Source: BCEAO.

Table 8. Niger: Indicators of Capacity to Repay the Fund, 2018-28

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| (In millions of SDRs, unless otherwise indicated) | | | | | | | | | | | |
| Fund obligations based on existing credit | | | | | | | | | | | |
| Principal | 0.7 | 7.8 | 11.6 | 19.1 | 21.8 | 25.2 | 23.2 | 18.7 | 10.9 | 7.1 | 1.4 |
| Charges and interest | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Fund obligations based on existing and prospective credit | | | | | | | | | | | |
| Principal | 0.7 | 7.8 | 11.6 | 19.1 | 21.8 | 25.2 | 29.5 | 32.6 | 26.2 | 22.3 | 16.6 |
| Charges and interest | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total obligations based on existing and prospective credit | | | | | | | | | | | |
| SDR millions | 0.7 | 7.8 | 11.7 | 19.1 | 21.9 | 25.3 | 29.5 | 32.6 | 26.2 | 22.3 | 16.7 |
| CFAF billions | 0.5 | 6.2 | 9.1 | 14.9 | 17.0 | 19.6 | 22.9 | 25.3 | 20.4 | 17.3 | 13.0 |
| Percent of exports of goods and services | 0.1 | 0.6 | 0.9 | 1.3 | 1.0 | 1.0 | 1.1 | 1.1 | 0.8 | 0.6 | 0.4 |
| Percent of debt service ¹ | 0.5 | 4.4 | 5.1 | 8.4 | 8.2 | 8.5 | 9.3 | 9.7 | 7.4 | 5.8 | 3.9 |
| Percent of GDP | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | 0.1 |
| Percent of tax revenue | 0.1 | 0.7 | 1.0 | 1.4 | 1.3 | 1.4 | 1.5 | 1.5 | 1.1 | 0.9 | 0.6 |
| Percent of quota | 0.5 | 5.9 | 8.9 | 14.5 | 16.6 | 19.2 | 22.4 | 24.8 | 19.9 | 17.0 | 12.7 |
| Outstanding IMF credit based on existing and prospective drawings | | | | | | | | | | | |
| SDR millions | 161.0 | 201.1 | 203.6 | 184.5 | 162.7 | 137.5 | 108.1 | 75.5 | 49.4 | 27.1 | 10.4 |
| CFAF billions | 126.3 | 158.5 | 159.2 | 143.9 | 126.5 | 106.8 | 83.9 | 58.6 | 38.3 | 21.0 | 8.1 |
| Percent of exports of goods and services | 14.7 | 16.7 | 15.4 | 12.9 | 7.7 | 5.6 | 4.1 | 2.5 | 1.5 | 0.8 | 0.3 |
| Percent of debt service ¹ | 132.1 | 112.2 | 88.9 | 80.7 | 61.0 | 46.4 | 34.0 | 22.5 | 14.0 | 7.1 | 2.5 |
| Percent of GDP | 2.5 | 2.8 | 2.6 | 2.2 | 1.7 | 1.3 | 1.0 | 0.6 | 0.4 | 0.2 | 0.1 |
| Percent of tax revenue | 16.5 | 19.0 | 16.7 | 13.5 | 9.9 | 7.5 | 5.5 | 3.5 | 2.1 | 1.1 | 0.4 |
| Percent of quota | 122.3 | 152.8 | 154.7 | 140.2 | 123.6 | 104.5 | 82.1 | 57.4 | 37.5 | 20.6 | 7.9 |
| Net use of IMF credit (SDR millions) | 27.5 | 40.2 | 2.5 | -19.1 | -21.8 | -25.2 | -29.5 | -32.6 | -26.2 | -22.3 | -16.6 |
| Disbursements | 28.2 | 47.9 | 14.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayments and repurchases | 0.7 | 7.8 | 11.6 | 19.1 | 21.8 | 25.2 | 29.5 | 32.6 | 26.2 | 22.3 | 16.6 |
| <i>Memorandum items:</i> | | | | | | | | | | | |
| Exports of goods and services (CFAF billions) | 859 | 951 | 1,031 | 1,116 | 1,653 | 1,893 | 2,064 | 2,347 | 2,557 | 2,760 | 3,030 |
| External debt service (CFAF billions) ¹ | 96 | 141 | 179 | 178 | 207 | 230 | 247 | 261 | 274 | 298 | 330 |
| Nominal GDP (CFAF billions) | 5,135 | 5,600 | 6,051 | 6,518 | 7,340 | 7,993 | 8,599 | 9,320 | 10,071 | 10,876 | 11,754 |
| Tax revenue (CFAF billions) | 767 | 834 | 956 | 1,064 | 1,272 | 1,418 | 1,530 | 1,662 | 1,796 | 1,945 | 2,114 |
| Quota (SDR millions) | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 | 131.6 |
| Source: IMF staff estimates and projections. | | | | | | | | | | | |
| ¹ Total external debt service includes IMF repurchases and repayments. | | | | | | | | | | | |

Annex I. Big Investment Projects

1. **Niger stands to benefit from several large projects, including in its hitherto undeveloped natural resource sector.** Some of them have been delayed for quite some time but are now ready for implementation, and others are in the offing. In addition, a number of other projects related to the hosting of the African Union summit in Niamey in July 2019 are already underway, including extensive refurbishment of the airport and the construction of several hotels under PPP arrangements.
2. **Oil sector projects:** The Chinese National Petroleum Company (CNPC) has been producing about 20,000 b/d from the Agadem oil fields in the far South-East of Niger for refining in the national refinery (SORAZ) in Zinder, some 600 km away, with products used for domestic consumption and export. The government has now signed agreements with CNPC to further develop the oil fields for an additional capacity of up to 100,000 b/d, at an estimated cost of US\$3.5 billion (37.5 percent of 2018 GDP), and the construction of a 2,000 km-long pipeline with terminal refurbishment to Benin, of which two thirds in Niger, for crude oil exports (US\$2 billion, 21.3 percent of 2018 GDP). The pipeline will be managed by companies set up by CNPC for this purpose in the two transit countries with possible minority participation of the host governments. CNPC is to finance these oil sector projects under terms and conditions that are still under negotiations but are likely to resemble those of the 2007 Production Sharing Agreement based on the Petroleum Code in force at the time. It is estimated that during the 3-year construction period, the growth-enhancing local content is about 5 percent, providing a yearly growth effect of around 0.5 percentage points of GDP. Growth effects will be higher when production commences in 2022, but the benefits for national income will be more muted and depend on additional fiscal proceeds and domestic spill-offs. In the longer term, further new concessions in the Agadem fields have been given to other oil companies, and their production could feed into the export pipeline.
3. **Dangote Cement:** The Nigerian Dangote conglomerate is initiating works on an integrated and self-standing cement factory complex, based on local raw materials; it will consist of a clinker plant, a cement factory, and a coal-fired power plant, for a total cement production of 4,500 ton/day, at an estimated cost of US\$322 million (3.5 percent of 2018 GDP). Construction, with limited local content, is scheduled for 2019-2021. Cement production will eventually cover domestic needs and should allow for a cutback of imports and some exports.
4. **Kandadji dam:** This long-planned irrigation project on the river Niger is going to take off now. The World Bank is leading the CFAF 155 billion (3 percent of GDP) dam construction project over 3 years, with co-financing by other donors. Apart from the additional electricity supply, the authorities have high hopes that the dam, together with other smaller irrigation projects, will stimulate formal agricultural production and strengthen national food security.
5. **Millennium Challenge Corporation (MCC) projects:** Niger has qualified for US\$437 million-worth of MCC investment over 2018-2023 (4.6 percent of 2018 GDP), with project implementation starting in earnest in 2019. Investment projects were selected mainly in agriculture

and integrated social sectors, with a view to hold up local content. Thus, overall growth and poverty relief of these projects may be relatively more significant than for the big investments.

6. Big projects present an opportunity for higher medium-term economic growth and diversification. They are also a challenge for growth and balance of payments projections, in particular during the construction phase. Imports of goods and services are expected to be very high for complex and integrated projects built by private foreign investors, and economic risks are substantial for a country with limited technical capacity. Macroeconomic returns critically depend on production and cost sharing agreements and transfer pricing for oil sector investments, and on tax and customs exemptions, including under the Investment and the Public/Private Partnership Codes, that may also be negotiated for discretionary elements. The main economic policy challenges for the Nigerien authorities consist in assuring a higher share of local content during construction and production phases, control of production and cost data on petroleum operations, and a focus on exemption constraint and revenue mobilization for sustainable spill-offs to the benefit of the poor population.

Appendix I. Letter of Intent

Niamey, November 21, 2018

Madame Christine Lagarde
Managing Director
International Monetary Fund
Washington DC, 20431

Madame Managing Director,

1. Niger continues to make notable progress in the context of its reform program supported by the ECF arrangement. Real GDP growth should reach 5.2 percent in 2018, with the crop season off to an auspicious start. It is expected to average just above 7 percent over the next five years, reflecting several large investment projects, the development of a pipeline for crude oil exports, and the hosting of the African Union Summit next year. Inflation should soon recede below the 3 percent WAEMU norm as transitory effects run their course. The government will spare no effort to meet the WAEMU convergence criterion for a fiscal deficit of at most 3 percent of GDP by 2020, ensuring debt sustainability and preserving Niger's moderate risk rating. This progress is being made despite a tense security situation, low prices for uranium exports, and daunting human development challenges.

2. Implementation of our ECF-supported reform program is broadly on track. All performance criteria and indicative targets for end-June were met, except for the clearance of domestic payments arrears, which we, however, still plan to complete by year end. Revenue mobilization remains a key policy priority for improving upon the 2018 performance. More follow-through at the administrative level is needed. Structural reforms also advanced.

3. The Government of Niger remains fully committed to its program objectives. It recognizes the need to go beyond macroeconomic stability and improve the quality of public spending, develop a stronger private sector, prioritize poverty reduction, and advance girls' education. Efficient government spending is key in a context of limited resources. Developing the private sector is indispensable for creating jobs and livelihoods for the rapidly growing labor force. Tackling chronic poverty requires strong commitment and sizable domestic resources. Advancing the education of girls and young women will not only make for a more educated labor force but will also help achieve the government's demographic objectives.

4. The government's program for the remainder of 2018, 2019, and the medium-term is detailed in the attached Memorandum of Economic and Financial Policies (MEFP). The

government believes that the measures and policies set forth therein will serve to achieve the established objectives. It stands ready to take any additional measures that may prove necessary and will consult with the IMF on the adoption of such measures and before making changes to the policies set out in the MEFP in accordance with the IMF's policies on consultations. Timely information needed to monitor the economic situation and implementation of policies relevant to the program will be provided, as agreed under the attached Technical Memorandum of Understanding (TMU), or at the Fund's request.

5. The Government of Niger requests an augmentation of access from 75 to 90 percent of quota under the ECF arrangement to deal with external shocks. There is no letup in the burden from the tense security situation and the uranium sector keeps disappointing. Together with a softer-than-expected rise in donor support and stepped-up import-intensive investment, fiscal and external financing gaps would emerge that are difficult to fill through additional borrowing on regional markets or domestic spending cuts without jeopardizing much needed social spending. If approved, the government would deploy the additional resources to strengthen social programs, notably in health and education.

6. Considering the fulfillment of the prior action on submitting to Parliament a draft 2019 budget law broadly in line with the program described in the MEFP and additional safeguards against overspending, progress made toward eliminating all remaining domestic payments arrears by end-2018, and our resolve to implement the program, the Government of Niger requests (i) a waiver for the non-observance of the end-June 2018 performance criterion on domestic payments arrears clearance, (ii) the completion of the third program review, (iii) the disbursement of the fourth tranche of SDR 14.1 million under the ECF arrangement, and (iv) an augmentation of access by SDR 19.74 million to 90 percent of quota to be applied to the proposed 2019 disbursement available as of April 30, 2019. Performance criteria, indicative targets, and structural benchmarks for 2019 are set out in Tables 2, 4, and 6 of the MEFP.

7. In keeping with our longstanding commitment to transparency, we agree to the publication of the staff report, this letter of intent, the MEFP, and the TMU on the IMF's website.

Sincerely yours,

/s/

Massoudou Hassoumi
Minister of Finance

Attachments: I. Memorandum of Economic and Financial Policies.
II. Technical Memorandum of Understanding.

Attachment I. Memorandum of Economic and Financial Policies of the Government of Niger

INTRODUCTION

1. This memorandum of economic and financial policies (MEFP) supplements and updates the MEFPs signed on December 21, 2016, November 30, 2017, and May 15, 2018. It describes recent economic developments, the macroeconomic outlook, progress with program implementation, and policies for the remainder of 2018, 2019, and the medium-term. The program supported by the Extended Credit Facility (ECF) arrangement is in line with the government's Economic and Social Development Plan 2017-21 (PDES 2017-2021). Program priorities are focused on: (i) maintaining macroeconomic stability; (ii) creating fiscal space through better revenue mobilization and higher efficiency in public spending; (iii) improving public financial management, including cash and debt management; (iv) supporting private sector and financial development; (v) increasing transparency and governance, including in the mining and oil sectors; (vi) poverty alleviation; and (vii) tackling demographic challenges, including by increasing school attendance of girls.

RECENT ECONOMIC AND FINANCIAL DEVELOPMENTS

2. Recent economic developments are broadly in line with expectations at the time of the previous program review. Real GDP growth should reach 5.2 percent in 2018, driven by the construction and service sectors. Inflation remains higher than usual, averaging 3.4 percent at end-September, reflecting administrative price and tax increases, purchases for the strategic food reserve, and higher import prices in the wake of the collapse of the only bridge connecting Niger to Benin, our main seaport transit. It should start coming down soon as these one-off factors dissipate. Private sector credit is expanding at a good rate of just over 10 percent. The external current account deficit of some 20 percent of GDP is larger than previously projected on revised data for 2017. Most of it is financed by donors and foreign investors, but an overall deficit of 1.4 percent of GDP remains. As a WAEMU member, Niger has recourse to the union's pooled reserves currently standing at some 4.3 months of union imports.

3. Fiscal consolidation is progressing. Developments so far indicate that deficit targets could be outperformed on conservative expenditure execution. Despite losing CFAF 32 billion from cuts in telecommunication taxes, revenue collection has been stronger than programmed, helped by the sale of telecom licenses, an oil contract signing bonus, and non-cash revenues related to donor-funded projects. Performance plans for revenue administrations, the gradual rollout of transaction valuation in customs, the removal of some tax exemptions, and efforts to strengthen the taxation of the informal sector have been a good start. The clearance of domestic payments arrears has fallen behind schedule, partly for operational reasons. However, with a strong push, clearing all arrears as targeted by year-end remains within reach.

PERFORMANCE UNDER THE ECF-SUPPORTED PROGRAM

4. All performance criteria (PCs) for end-June 2018 were met, except the one on the clearing of domestic payments arrears. The PC on net domestic government financing and the continuous PC on the avoidance of external payments arrears were respected. At CFAF 75.4 billion in present value terms, the contracting of external debt during 2018 remains well within the envelope of CFAF 225 billion for 2018. However, the delays in clearing domestic payments arrears led to a breach of the end-June 2018 target.

5. All indicative targets (ITs) for end-June 2018 were also met, except again for domestic payments arrears clearance. These relate to fiscal deficits, revenues, spending on poverty reduction, and the ratio of exceptional expenditure to total spending.

6. The structural reform program moved forward, with three structural benchmarks (SBs) met, good progress toward the remaining two, and fulfillment of the prior action.

- As a prior action for the completion of this review, government has submitted to Parliament a **2019 draft budget broadly in line with the program with additional assurances against overspending**, as further specified in paragraph 14 below.
- A new **law on private-public partnerships** was submitted to Parliament and has been promulgated.
- Implementation of the **treasury single account (TSA)** progressed further, with less than 15 percent of the original amount in eligible accounts left to be transferred and an implementation plan in place to achieve the end-2018 target.
- Regarding **tax exemptions**, the government has consolidated the legal basis for exemptions into a dedicated piece of legislation as part of the 2019 draft budget law, also streamlining tax exemptions by discontinuing the corporate income tax exemptions in the mining code and curbing the Minister of Industry's discretion for initiating the granting of tax exemptions.
- The government furnished a **whitepaper on streamlining tax exemptions** but provided **data on newly-granted discretionary tax exemptions** to IMF staff with a delay.
- The government discontinued **cash payments** to the largest customs offices and the large taxpayer office. A whitepaper on further bankification of fiscal payments will be furnished by end-December 2018.

7. The government complied with all recurrent structural benchmarks in the second quarter of 2018. Quarterly spending allocations are released within the first month, based on the decisions of the Inter-Ministerial Budget Regulation Committee. Quarterly commitment plans with corresponding cash and debt management plans were prepared. The Inter-Ministerial Debt Management Committee met quarterly.

8. More generally, the government is holding firm on and is steadily advancing its broad-based structural reform agenda.

- Ongoing technical assistance, including from the IMF, is designed to **strengthen capacity** in the tax and customs departments, with a view to supporting revenue mobilization.
- **Computerization** of the fiscal administration is progressing with the rollout of the SISIC software in tax administration (DGI), increased utilization of ASYCUDA in the customs department (DGD), the growing utilization of the customs interconnection with Benin and Togo, and better electronic connections between the BCEAO and the Treasury Department.
- Preparatory work for **human resource reform** in government and a biometric census of government employees is underway.
- Private **audit** firms have been contracted to examine five large public entities and enterprises.
- The government successfully attracted **private investors** to build infrastructure under PPP contracts of the build-operate-transfer format, without government financing or guarantees.
- Improving the **business environment** with a focus on the areas covered by the World Bank's "Doing Business" indicators continues to be a priority. Tax treatment of leasing is being clarified with the 2019 draft budget law. A decree regulating warehouse receipt financing was issued in July 2018. The BCEAO's support scheme for lending to SMEs was launched earlier this year.
- The **national demographic policy** objectives are being supported by implementing the National Gender Policy. Measures include awareness campaigns for religious leaders in parts of the country to build consensus around keeping girls in school longer, thereby also reducing early marriage and child bearing.
- To further strengthen **governance**, the anti-corruption agency, HALCIA, has stepped up awareness campaigns across the country since April 2018, as part of the rollout of the National Anti-Corruption Strategy.

ECONOMIC POLICIES FOR THE REMAINDER OF 2018

9. Fiscal policy in the remaining months of 2018 will focus on strengthening the revenue base, fiscal structural reforms, and domestic payments arrears clearance. Continued expenditure restraint will keep the deficit and domestic financing targets on track. A strong push will be made to clear all remaining arrears and ensure that other payables do not become overdue. Revenue administration reforms on the ground will be pushed forward with the help of performance plans. To spur the tax arrears collection effort, posting the names of tax delinquents on the DGI's website by end-2018 is under consideration. On the structural front, the phasing out of cash payments to tax and custom offices and the transfer of eligible accounts to the TSA will continue to meet the existing *end-December 2018 structural benchmark*. The whitepaper on the bankification of

fiscal payments will be furnished by end-December 2018 (*proposed reset structural benchmark for end-December 2018*).

THE MACROECONOMIC FRAMEWORK FOR 2019 AND THE MEDIUM-TERM

10. The economic outlook for 2019 and the medium-term is favorable. GDP growth should receive a jolt in 2019 from hosting the African Union Summit and the large projects that it has catalyzed, such as airport renovation, new hotels, and a modern conference center. They are either privately or grant financed. Next year also marks the start of several other large projects, including for additional oil production capacity and a pipeline for crude oil exports through Benin, a large cement factory, the construction of the Kandadji dam under a World Bank project, and various projects under the MCC. The government's reform efforts, together with economic potential from large-scale investments, and assuming the commencement of crude oil exports from 2022, should underwrite growth averaging just above 7 percent over the next five years. A turnaround in the uranium sector is unlikely, but the artisanal gold sector is booming. As one-off factors dissipate, inflation should fall back within the WAEMU norm. Private sector credit and broad money growth are projected to outpace nominal GDP growth as the financial sector gradually deepens. The current account will remain in sizable deficit until the envisaged crude oil exports commence.

11. Regarding public finances, the goal is to comply with the WAEMU deficit criterion by 2020, with another step toward fiscal consolidation planned for 2019. Revenue mobilization is the main driver and raising spending efficiency will help to make the most of limited resources. The distribution of spending allocations across spending units and functions will be more closely scrutinized going forward, with a view to strengthening social spending and economic development. Fiscal deficits will gradually decline, to 4.5 percent of GDP in 2019, 3.0 percent in 2020, and 2.7 percent in 2021. WAEMU's one-year derogation for meeting the deficit convergence criterion will give Niger time to implement projects for which substantial donor financing has been pledged at the December 2017 round table. Public debt will remain on a sustainable path, gradually declining to some 43 percent of GDP by 2023, and Niger will preserve its "moderate" rating for debt distress.

12. The Government of Niger requests an augmentation of access to IMF resources to fill external and fiscal financing gaps that are likely to emerge in 2019. Niger faces a number of adverse shocks. The tense security situation continues to strain public finances, prices for uranium exports have developed unfavorably, donor financing has not increased as strongly as foreseen, and needs for social spending are high. The government would face difficulties to raise the additionally required CFAF 15.5 billion in the regional bond market. It therefore requests an augmentation of access under the ECF arrangement from 75 percent to 90 percent of quota (SDR 19.74 million), to be added to the proposed disbursement available as of April 30, 2019.

FISCAL POLICIES AND REFORMS FOR 2019

13. The fiscal program for 2019 is built around fiscal consolidation through both revenue mobilization and expenditure restraint, along with steps to raise spending quality. The overall and basic deficits would reach 4.5 percent and 2.8 percent of GDP, respectively, almost identical to what was planned in the second program review. Measures worth 1 percent of GDP will boost underlying revenues. Expenditure declines as a percentage of GDP, reflecting notably targeted retrenchments and no general wage increase for government employees.

14. The 2019 draft budget submitted to Parliament is broadly in line with the fiscal program. While spending authorizations are CFAF 17.1 billion (0.3 percent of GDP) higher, the corresponding allocations will only be released to the extent that revenues overperform the program. A communication will be made to government setting aside CFAF 17.1 billion in spending, specifying the affected programs and ministries (*prior action* for completion of the third ECF-review). In addition, the government stands ready to hold back more allocations should revenues fall short of the program. As in the past and in line with the corresponding recurrent *structural benchmark*, spending allocations will be released as appropriate in the first month of each quarter, after consideration by the Inter-Ministerial Budget Regulation Committee.

15. The draft budget's ambitious revenue objectives are backed by strong tax policy measures:

- The partial reinstatement of the tax on incoming international calls, **TATTIE**, with a discount for companies that purchase a 4G license, strikes a balance between revenue needs and sector development. It is expected to yield CFAF 23.4 billion (0.4 percent of GDP).
- Substituting a dedicated financial sector tax, **TAFI**, for the VAT on banking services should generate CFAF 5 billion (0.1 percent of GDP) in additional revenues. This reform also implements a WAEMU directive.
- Revenue gains of at least CFAF 5.8 billion (0.1 percent of GDP) are expected from better taxing the informal sector. Raising the **VAT threshold** and subjecting more small businesses to **lump sum taxation** makes better use of scarce tax administration resources. In addition, lump sum taxes are raised, and VAT under-reporters will be subjected to a **turnover tax**.
- Integrating the receipts of the telecommunication regulator, **ARTP**, into the general budget is expected to yield another CFAF 5.2 billion (0.1 percent of GDP).

16. A host of reforms in tax administration will help further underpin revenue mobilization:

- The drive to **collect tax arrears** will be stepped up following the publication of the names of major tax offenders. Collections are expected to double compared to 2018, yielding an additional CFAF 15 billion (0.3 percent of GDP).
- **Molecular marking of petroleum products**, to begin in January 2019, will help tackle widespread smuggling. It should generate at least CFAF 3 billion (0.05 percent of GDP) in additional revenues.
- **Performance plans for DGI and DGD** will be better leveraged. Compliance with the 2018 plans will be closely scrutinized and enhanced plans will be put in place for 2019 (*proposed structural benchmarks* for end-January 2019). Performance indicators will be refined, corresponding responsibilities will be more clearly assigned within administrations, and monitoring of compliance will become more frequent. Plans will again include at least five indicators covering administrations' key functions, set ambitious numerical quarterly targets for the indicators, and assign responsibility within the administrations at the functional level.
- Revenue performance will also benefit from **better cooperation between DGD and DGI**. The link between the administrations' IT systems, ASYCUDA and SISIC, will be operational from March 2019 (*proposed structural benchmark* for end-March 2019), allowing ready access to pertinent information such as tax identification numbers and tax filings. In addition, regular meetings between DGD and DGI at the director level will be instituted with a view to identifying joint actions to improve revenue performance and enlarge the revenue base.
- The streamlining of **tax exemptions** and their improved administration holds potential. Legislation to reduce revenue forgone from exemptions will be submitted to parliament in June (*proposed structural benchmark* for end-June 2019). The targeted revenue gains from this measure will be agreed with IMF staff ahead of time. There is also a need to reduce leakage from tax exemptions granted to NGOs, subcontractors, and other beneficiaries. The operations of the special unit recently established in DGD to improve the management of exemptions will be ramped up.
- The implementation of **transaction valuation of imports** and move to a more risk-based inspection regime at DGD with heightened emphasis on post-clearance audits will continue.

17. On the expenditure side, the focus is on raising spending quality, with the 2019 draft budget delivering a first installment. The goal is better outcomes and better services from government activity despite expenditure containment. Program budgeting, which is now in its second year, supports this effort. More concretely, the 2019 draft budget incorporates a host of targeted expenditure cuts, following a review of spending programs with no sector sacrosanct. Moreover, the share of social spending will start to rise according to the 2019 budget. The

government will, for example, scale up the school lunch program and the cash transfer program and monitor progress in coverage.

18. Beyond the 2019 draft budget, four major avenues for improving government efficiency are being pursued:

- **Civil service reform**, supported under the World Bank's PCDS project, is well underway. By end-2019, a new civil service law should be in place that emphasizes performance-based management, ethics in civil service, and better human resource management. A call for tender offers to conduct a biometric census of civil servants and contractual government workers closed in November 2018 and a unified database is targeted to be in place in mid-2019.
- Audits of five major **public administrative entities and state-owned enterprises** should be completed by end-2018 and the government will develop concrete reform plans thereafter. This exercise will be levered into broader governance reforms. New legislation would strengthen supervisory boards by reforming the selection of its members, emphasizing the financial and technical aspects of oversight. The audits would also provide a launching pad for the rationalization of public administrative entities, building on the recent report by a government committee on subsidies to such entities.
- Despite considerable progress on food security under the 3N program (Nigeriens feed Nigeriens), **social issues** remain a pressing issue. The government is committed not only to scale up programs, but also ensure efficient delivery. To this end, the government will closely monitor the execution of the main programs, including spending and progress toward achieving objectives. A tracking system will be put in place by mid-year and results shared with IMF staff (*proposed structural benchmark* for end-June 2019).
- Increased reliance on **public-private partnerships** (PPPs) within the new legal PPP framework will take off pressure on scarce public resources. The focus will remain on build-operate-transfer projects free of government financial contributions or guarantees. We will also keep close tabs on exemptions granted in the context of PPPs and will publish the conventions for PPPs, as well as other large private investment projects, on the Ministry of Finance's website for those signed since the beginning of 2018.

19. The government remains committed to improving debt and cash management:

- Avoiding the re-emergence of **domestic payments arrears** after their clearance at end-2018 is of utmost importance. From 2019 onward, the stock will be subject to a close-to-zero ceiling (*proposed continuous performance criterion* from January 2019).
- **TSA implementation** is entering its final stretch and all remaining eligible accounts will be transferred by end-2018, thereby overperforming on the associated structural benchmark. The opening of new accounts by public entities at banks will be strictly forbidden, compliance monitored, and banks and public entities sanctioned in case of violations. The competent

government authorities will push ahead with remaining tasks, such as upgrading the TSA account structure, making the Treasury's newly established banking unit operational, digitalizing Treasury banking services, and upgrading the electronic interfaces between the Treasury and the BCEAO.

- The government remains committed to preserving the upgraded functionality of the **Inter-Ministerial Committee on Public Debt and Budgetary Support**. Quarterly meetings will continue to be held, compliance with procedures for the selection of projects will be validated, and its decisions, notably regarding newly-approved loans, will be reported in the quarterly debt management reports as set out in the associated recurrent structural benchmarks.
- **Consolidating the management of all public debt** in a dedicated unit at the Treasury with a front-middle-back office structure remains an important objective. The recent organizational change that attaches debt management to the Directorate of Financial Operations and Reforms of the Ministry of Finance is only an interim step.

20. Finally, fiscal transparency will be upgraded, not least to improve communication with the public. In a break with the past, this year's draft budget was published when it was submitted to parliament. Additional steps include the preparation and publication of a citizen budget in January 2019 and the publication of preliminary budgetary outcomes for 2018 in the first quarter of 2019, ahead of the presentation of audited accounts to Parliament in late 2020.

STRUCTURAL REFORMS

21. Developing a strong private sector is indispensable for a lasting increase of living standards and job creation. Over the last couple of months, Niger has made considerable progress in attracting foreign investors, but development of a strong independent domestic private sector remains work in progress. The government will push ahead with its focused effort to improve the readings of the World Bank's Doing Business Indicators but will also tackle other impediments for businesses. Monitoring of key indicators, such as the frequency of power outages, the availability and quality of communication services, customs clearance times, export certificates, or VAT refunds, will be stepped up. Developing reforms that tackle such bottlenecks directly or indirectly is paramount. It is also important to review and possibly consolidate the various government institutions and programs tasked with promoting the private sector.

22. Deepening Niger's shallow financial system should help provide critical financing and banking services to the private sector. To this end the government is bankifying its own activities. With cash payments at DGD almost completely phased out and DGI not far behind, attention is now shifting to salaries of civil servants and government workers. Those are planned to be paid via bank transfers or mobile money from January 2019. A commission for bankification is in place. A whitepaper on bankification will be provided by end-December 2018 (*proposed reset structural benchmark* for end-December 2018). Phasing out salary payments in cash to civil servants and government workers is envisaged from the beginning of 2019.

23. Financial inclusion remains an important objective. Microfinance experienced a setback when the largest institution was put under receivership in May 2018, with a restructuring plan now under preparation. Capacity and governance issues, as well as funding challenges, in the sector need addressing. The supervisory body, ARSM, is using new tools with a view to consolidate the sector and restore trust. The government will present a new financial inclusion strategy and convene a donor round table to secure financing for its implementation in the first half of 2019 (*proposed structural benchmark* for end-June 2019). It will also push ahead with developing mobile banking, working with the telecommunications sector to lay the physical infrastructure.

24. Improving governance remains high on the policy agenda. Following the strengthening of the institutional and legal frameworks against corruption, implementation is now the main challenge. HALCIA will publish its annual reports on its website going forward, which will include a list of the cases that it has taken up and the tracking of their progression through the judicial system, and the fund to help finance HALCIA will be established as mandated by law. In addition, the legal framework for asset declarations will be clarified by submitting to parliament draft legislation in consultation with IMF staff covering high-ranking government officials and by strengthening enforcement through sanctions for non-compliance (*proposed structural benchmark* for end-September 2019). The government will also redouble its effort to rejoin the Extractive Industry Transparency Initiative (EITI), if possible still in 2018. Regarding AML/CFT, Niger will act upon the recommendations of the just completed National Risk Assessment required by the 2012 FATF standard.

25. The government is committed to addressing Niger's demographic challenges to attain the objectives laid out in the PDES 2017-2021. Leveraging the updated National Gender Policy and the decree on the Education of Girls, awareness campaigns, geared toward religious leaders and the public at large, will be stepped up. The donor community will be invited to expand various projects in the areas of gender and demographics. There are also important synergies between social protection spending on the one hand and demographic and gender issues on the other. For example, an expanded school lunch program would help keep girls in school longer, thereby discouraging early marriage and child bearing.

PROGRAM MONITORING

26. In view of the progress made in implementing the ECF-supported program and the policies envisaged under the MEFP, the government requests a waiver for non-compliance with the end-June 2018 target on the clearance of domestic payments arrears, the approval of the third review under the arrangement, and the disbursement of SDR 14.1 million. The government also requests an augmentation of access to IMF resources from 75 percent to 90 percent of quota to be added to the proposed disbursement available as of April 30, 2019 under the ECF arrangement.

27. Program monitoring will be based on performance criteria (Tables 1 and 2) and structural benchmarks (Tables 4 and 6). The authorities will provide IMF staff with the statistical

data and information identified in the attached Technical Memorandum of Understanding, and any other information they deem necessary or that IMF staff may request for monitoring purposes.

28. The program will be monitored through semiannual reviews. The fourth and fifth program reviews are expected to take place at or after end-April 2019 and at or after end-October 2019, respectively.

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (March – December 2018)
(Billions CFA Francs)

| | End-Mar. 2018 Indicative Targets | | | End-Jun. 2018 Performance Criteria | | | End-Sept. 2018 Indicative Targets | | | End-Dec. 2018 Performance Criteria | | |
|--|-------------------------------------|--------|---------|---------------------------------------|--------|---------|--------------------------------------|--------|--------|---------------------------------------|--------|--------|
| | Prog. | Actual | Status | Prog. | Actual | Status | Prog. | Actual | Status | Prog. | Actual | Status |
| A. Quantitative performance criteria and indicative targets¹ (Ceiling on the cumulative from beginning of year) | | | | | | | | | | | | |
| Net domestic financing of the government, without IMF net financing | 46.1 | | | 70.6 | | | 140.4 | | | 123.8 | | |
| Adjustment for shortfall in external budget support | ... | 0.0 | | ... | 0.0 | | ... | | | ... | | |
| Adjustment for shortfall/excess of arrears clearance in 2018 | ... | -3.3 | | ... | -7.4 | | ... | | | ... | | |
| Adjusted net domestic financing criteria ² | 42.8 | -13.2 | Met | 63.2 | 47.6 | Met | 140.4 | | | 123.8 | | |
| Change in domestic payment arrears of government obligations ^{3,4} | -15.0 | | | -30.0 | | | -45.0 | | | -64.7 | | |
| Adjustment for overperformance in 2017 | ... | 10.3 | | ... | 10.3 | | ... | | | ... | | |
| Adjusted domestic payment arrears of government obligations | -4.7 | -1.4 | Not met | -19.7 | -12.3 | Not met | -45.0 | | | -64.7 | | |
| Memorandum items: | | | | | | | | | | | | |
| External budget support ⁵ | 0.0 | 23.2 | | 23.0 | 26.7 | | 68.4 | | | 146.9 | | |
| B. Continuous quantitative performance criteria (Ceiling) | | | | | | | | | | | | |
| Accumulation of external payments arrears | 0.0 | 0.0 | Met | 0.0 | 0.0 | Met | 0.0 | | | 0.0 | | |
| New external debt contracted or guaranteed by the government with maturities of less than 1 year ⁶ | 0.0 | 0.0 | Met | 0.0 | 0.0 | Met | 0.0 | | | ... | | |
| New non concessional external debt contracted or guaranteed by the government and public enterprises with maturities of 1 year or more ⁷ | 0.0 | 0.0 | Met | 0.0 | 0.0 | Met | 0.0 | | | ... | | |
| Present Value (PV) of new public and publicly-guaranteed external debt contracted from January 1, 2018 | ... | ... | n.a. | ... | 75.4 | n.a. | ... | | | 225.0 | | |
| C. Indicative Targets (cumulative for each fiscal year) | | | | | | | | | | | | |
| Basic budget balance (commitment basis, excl. grants), floor ⁴ | -61.2 | 12.0 | Met | -123.5 | -6.7 | Met | -169.7 | | | -210.0 | | |
| Basic budget balance (commitment basis, incl. budget grants), floor ⁴ | -61.2 | 35.2 | Met | -100.5 | 20.0 | Met | -132.4 | | | -100.3 | | |
| Total fiscal revenue, floor | 172.7 | 192.2 | Met | 369.5 | 440.0 | Met | 567.0 | | | 803.3 | | |
| Spending on poverty reduction, floor | 108.0 | 115.3 | Met | 237.9 | 300.1 | Met | 345.9 | | | 538.4 | | |
| Ratio of exceptional expenditures on authorized spending (percent), ceiling ⁸ | 5.0 | 4.4 | Met | 5.0 | 2.8 | Met | 5.0 | | | 5.0 | | |

Sources: Nigerien authorities; and IMF staff estimates and projections.

Note: The terms in this table are defined in the TMU.

1 Program indicators under A and B are performance criteria at end-June and end-December; indicative targets otherwise.

2 The ceiling on domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance, as defined in footnote 4, falls short of program forecasts.

If disbursements are less than the programmed amounts, the ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion at the end of each quarter of 2018.

Net domestic financing of the government will also be adjusted up (down) for any excess (shortfall) in domestic payment arrears clearance. The upward adjustment is capped at CFAF 30 billion.

3 Minimum; for the PC/IT on the reduction in domestic payments arrears, negative sign means a reduction and positive sign means an accumulation. Targets will be adjusted for over- and underperformance in 2017, subject to a cap of zero. Updated adjustment amount to account for revisions to 2017 data after the second review of the ECF arrangement.

4 Corrected indicative target for September 2018. Targets inadvertently shown on a non-cumulative basis in the second review of the ECF arrangement. Now correctly shown on a cumulative basis.

5 External budgetary assistance (excluding net financing from the IMF).

6 Excluding ordinary credit for imports or debt relief.

7 Excluding debt relief obtained in the form of rescheduling or refinancing.

8 Maximum, exceptional expenditures refer to payment made by the treasury without prior authorisation, excluding debt service payments and expenditures linked to exemptions.

Table 2. Niger: Quantitative Performance Criteria and Indicative Targets (March – December 2019)
(Billions CFA Francs)

| | End-Mar. 2019 Indicative Targets | | | End-Jun. 2019 Performance Criteria | | | End-Sept. 2019 Performance Criteria | | | End-Dec. 2019 Projections | | |
|--|-------------------------------------|--------|--------|---------------------------------------|--------|--------|--|--------|--------|------------------------------|--------|--------|
| | Prog. | Actual | Status | Prog. | Actual | Status | Prog. | Actual | Status | Prog. | Actual | Status |
| A. Quantitative performance criteria and indicative targets¹ | | | | | | | | | | | | |
| (Ceiling on the cumulative from beginning of year) | | | | | | | | | | | | |
| Net domestic financing of the government, without IMF net financing | 69.7 | | | 74.0 | | | 113.1 | | | 21.9 | | |
| Adjustment for shortfall in external budget support | ... | | | ... | | | ... | | | ... | | |
| Adjusted net domestic financing criteria ² | ... | | | ... | | | ... | | | ... | | |
| Memorandum items: | | | | | | | | | | | | |
| External budget support ³ | 0.0 | | | 28.2 | | | 28.2 | | | 160.1 | | |
| B. Continuous quantitative performance criteria | | | | | | | | | | | | |
| (Ceiling) | | | | | | | | | | | | |
| Accumulation of external payments arrears | 0.0 | | | 0.0 | | | 0.0 | | | 0.0 | | |
| Stock of outstanding domestic payment arrears on government obligations | 5.0 | | | 5.0 | | | 5.0 | | | 5.0 | | |
| Present Value (PV) of new public and publicly-guaranteed external debt contracted from January 1, 2019 | 225.0 | | | 225.0 | | | 225.0 | | | 225.0 | | |
| C. Indicative Targets | | | | | | | | | | | | |
| (Cumulative from beginning of year) | | | | | | | | | | | | |
| Basic budget balance (commitment basis, excl. grants), floor | -56.1 | | | -99.0 | | | -124.7 | | | -157.9 | | |
| Basic budget balance (commitment basis, incl. budget grants), floor | -56.1 | | | -70.8 | | | -96.5 | | | -39.4 | | |
| Total fiscal revenue, floor | 195.2 | | | 417.6 | | | 652.1 | | | 889.8 | | |
| Spending on poverty reduction, floor | 150.7 | | | 301.4 | | | 452.2 | | | 602.9 | | |
| Ratio of exceptional expenditures on authorized spending (percent), ceiling ⁴ | 5.0 | | | 5.0 | | | 5.0 | | | 5.0 | | |

Sources: Nigerien authorities; and IMF staff estimates and projections.

Note: The terms in this table are defined in the TMU.

1/ Program indicators under A and B are performance criteria at end-June and end-September, indicative targets for end-March, and projections for end-December.

2/ The ceiling on domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 3 falls short of program forecasts.

If disbursements are less than the programmed amounts, the quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

3/ External budgetary assistance (excluding net financing from the IMF).

4/ Maximum, exceptional expenditures refer to payment made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

Table 3. Niger: Recurrent Structural Benchmarks for the Program, June – September 2018

| Measure | Timetable | | Macroeconomic Rationale |
|---|--------------------------|------------|--|
| Release the quarterly budget allocation in the first month of each quarter based on the proposal of the regulation committee. | Quarterly | Met for Q2 | Improve budget and cash flow management. |
| Prepare a quarterly commitment plan consistent with the corresponding cash plan. | Quarterly | Met for Q2 | Improve budget and cash flow management. |
| Prepare quarterly debt management reports to be validated by the National Public Debt Management Committee. | Quarterly | Met for Q2 | Improve debt management. |
| Hold at least monthly meetings of the Inter-Ministerial Debt Management Committee. Publish its decisions, a list of newly approved loans, and the view taken by the Ministry of Finance in the quarterly debt management reports. | Quarterly from Q3 onward | | Safeguard control over the contracting of new public debt. |

Table 4. Niger: Recurrent Structural Benchmarks for the Program, December 2018 – September 2019

| Measure | Timetable | Macroeconomic Rationale |
|---|------------------|--|
| Release the quarterly budget allocation in the first month of each quarter based on the proposal of the regulation committee. | Quarterly | Improve budget and cash flow management. |
| Prepare a quarterly commitment plan consistent with the corresponding cash plan. | Quarterly | Improve budget and cash flow management. |
| Prepare quarterly debt management reports to be validated by the National Public Debt Management Committee. | Quarterly | Improve debt management. |
| Hold at least monthly meetings of the Inter-Ministerial Debt Management Committee. Publish its decisions, a list of newly approved loans, and the view taken by the Ministry of Finance in the quarterly debt management reports. | Quarterly | Safeguard control over the contracting of new public debt. |
| New: Provide Fund staff with a tally of newly granted tax exemptions. | Quarterly | Protect revenue base. |
| Prepare a revised borrowing plan. | At end-June 2019 | Improve debt management. |

Table 5. Niger: Structural Benchmarks, June-September 2018

| Measure | Timetable | Progress | Macroeconomic Rationale |
|--|------------------|---|--|
| Fiscal Policy and Revenue Administration | | | |
| Provide IMF staff with a whitepaper on the streamlining of tax exemption for discussion. In the meantime, provide Fund staff with monthly data on newly-granted discretionary tax exemptions. | End-June | Not met, white paper provided, data provided with delay | Support revenue generation and simplify tax and customs administration. |
| Send legislation overhauling tax and customs exemptions to the National Assembly. | End-September | Met | Support revenue generation and simplify tax and customs administration. |
| Public Financial Management | | | |
| Regarding TSA implementation, establish, and share with Fund staff, a timetable for account closures of public administration and public entities that reduces still-to-be-transferred balances to less than 10 percent of the level established in the BCEAO study; implement new TSA account structure at the BCEAO. | End-June | Met | Improve liquidity management and expenditure control. |
| Other Structural Reforms | | | |
| Send to the National Assembly a new law on public private partnership (PPP) consistent with the investment code and the 2012 budget law, and in line with good international standards as laid out in the 2017 IMF TA report. | End-June | Met | Align with existing laws. |
| Discontinue tax and customs duty payments to the DGE and the ten largest customs offices in cash by issuing a circular; transform bankification plan into a whitepaper. | End-June | Not met, only cash payments ended | Improve governance in public administration and promote financial deepening. |

Table 6. Niger: Prior Actions and Structural Benchmarks, December 2018 – September 2019

| Measure | Timetable | Progress | Macroeconomic Rationale |
|--|-------------------|----------|---|
| Prior Actions | | | |
| Submit to the National Assembly a draft 2019 budget broadly in line with this MEFP and make a communication to government setting aside CFAF 17.1 billion in authorized spending. | Prior Action | | Ensure sound public finances. |
| Fiscal Policy and Revenue Administration | | | |
| New: Assess compliance with 2018 performance plans of DGD and DGI, take corrective actions as needed, and establish 2019 performance plans for DGD and DGI. New plans should feature at least five indicators covering administrations' key functions, set ambitious numerical quarterly targets for the indicators, and assign responsibility within the administrations at the functional level. | End-January 2019 | | Support revenue generation through systematic strengthening of tax and customs administrations. |
| Link the IT systems of DGI and DGD and make the access to pertinent information operational. | End-March 2019 | | Support revenue generation. |
| New: Submit legislation that cuts back exemptions to the National Assembly. | End-June 2019 | | Support revenue generation. |
| Public Financial Management | | | |
| Regarding TSA implementation, reduce still-to-be-transferred balances of public administration and public entities to less than 10 percent of the level established in the BCEAO study; digitalize Treasury's banking services. | End-December 2018 | | Improve liquidity management and expenditure control. |
| Other Structural Reforms | | | |
| Reset from end-June 2018: Provide IMF staff with a whitepaper on the bankification of fiscal payments, including action plan for next steps. | End-December 2018 | | Improve governance in public administration and promote financial deepening. |
| Discontinue tax and customs duty payments to the DME and the twenty largest customs offices in cash by issuing a circular. | End-December 2018 | | Improve governance in public administration and promote financial deepening. |

**Table 6. Niger: Prior Actions and Structural Benchmarks, December 2018 – September 2019
(concluded)**

| Measure | Timetable | Progress | Macroeconomic Rationale |
|--|--------------------|----------|--|
| Other Structural Reforms (concluded) | | | |
| New: Establish tracking system for major social programs, including spending and progress toward meeting objectives. | End-June 2019 | | Improve effectiveness of social protection. |
| New: Publish new strategy on financial inclusion and hold donor round table. | End-June 2019 | | Improve access to financing and the business environment |
| New: Submit to parliament draft legislation in consultation with IMF staff on asset declaration requirements for high-ranking government officials and introduce sanctioning non-compliance with asset-declaration requirements. | End-September 2019 | | Improve governance and transparency. |

Table 7. Niger: Proposed Disbursements Scheduled Under the ECF Arrangement, 2017–20

| Amount (Millions) | Conditions Necessary for Disbursement | Date Available^{1/} |
|--------------------------|---|------------------------------------|
| SDR 14.1 | Executive Board Approval of the ECF Arrangement | January 23, 2017 |
| SDR 14.1 | Observance of continuous and end-June 30, 2017 performance criteria, and completion of the first review under the arrangement | December 15, 2017 |
| SDR 14.1 | Observance of continuous and end-December 31, 2017 performance criteria, and completion of the second review under the arrangement | June 1, 2018 |
| SDR 14.1 | Observance of continuous and end-June 30, 2018 performance criteria, and completion of the third review under the arrangement | October 31, 2018 |
| SDR 33.84 | Observance of continuous and end-December 31, 2018 performance criteria, and completion of the fourth review under the arrangement | April 30, 2019 |
| SDR 14.1 | Observance of continuous and end-June 30, 2019 performance criteria, and completion of the fifth review under the arrangement | October 31, 2019 |
| SDR 14.1 | Observance of continuous and end-September 30, 2019 performance criteria, and completion of the sixth and last review under the arrangement | January 8, 2020 |
| SDR 118.44 | Total | |

1/ With respect to previously completed reviews, the date indicated refers to the date of the Executive Board meeting.

Source: International Monetary Fund.

Attachment II. Technical Memorandum of Understanding

Niamey, November 21, 2018

1. This technical memorandum of understanding defines the performance criteria and indicative targets of Niger’s program under the Extended Credit Facility (ECF) arrangement for the period Q2-2018 to Q1-2020. The performance criteria and indicative targets for 2018 and for 2019 are set out in Tables 1 and 2 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of November 21, 2018. Structural benchmarks appear in Tables 3 to 6. This technical memorandum of understanding also sets out data-reporting requirements for program monitoring.

DEFINITIONS

2. For the purposes of this technical memorandum, the following definitions of “government,” “debt,” “payments arrears,” and “government obligations” will be used:

- a) **Government** refers to the central government of the Republic of Niger; it does not include any political subdivision, public entity, or central bank with separate legal personality.
- b) As specified in paragraph 8 of the Guidelines on Public Debt Conditionality in Fund Arrangements, adopted by the Decision No. 15688-(14/107) of the Executive Board of the IMF of December 5, 2014, **debt** will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers’ credits) and temporary exchanges of assets, that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers’ credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the

failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

- c) Present value (PV) of new public and publicly-guaranteed external debt contracted discounts at a five percent annual rate the future payment stream, except for loans with a negative grant element, in which case the PV is set equal to the value of the loan. The calculation of the PV is based on the loan amount contracted in a given year, independent on when disbursements take place.
- d) **Domestic payments arrears** are domestic payments owed by the government but not paid. They include committed and authorized fiscal year expenditures that are not paid within 90 days. **External payments arrears** are external payments due but not paid.
- e) Government **obligation** is any financial obligation of the government accepted as such by the government (including any government debt).

A. Quantitative Performance Criteria

Net Domestic Financing of the Government

Definition

3. **Net domestic financing of the government** is defined as the sum of (i) **net bank credit to the government**; (ii) **net nonbank domestic financing of the government**, including government securities issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks, proceeds from the sale of government assets, and privatization receipts.

4. **Net bank credit to the government is equal to the balance of government claims and debts vis-à-vis national banking institutions.** Government claims include cash holdings of the Nigerien Treasury, secured obligations, deposits with the central bank, and deposits of the Treasury (including regional offices) with commercial banks. Government deposits with commercial banks are excluded from government claims insofar as they are used solely to finance externally financed capital expenditure.

5. **Government debt to the banking system includes assistance from the central bank (excluding net IMF financing under the ECF),** the CFAF counterpart of the 2009 General SDR Allocation, assistance from commercial banks (including government securities held by the central bank and commercial banks) and deposits with the CCP (postal checking system).

6. **The scope of net bank credit to the government, as defined by the BCEAO, includes all central government administrations.** Net bank credit to the government and the amount of Treasury bills and bonds issued in CFAF on the WAEMU regional financial market are calculated by the BCEAO.

7. Net nonbank domestic financing includes: (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of Treasury correspondents' deposit accounts; (iii) the change in the balance of various deposit accounts at the Treasury; and (iv) the change in the stock of claims on the government forgiven by the private sector. Net nonbank financing of the government is calculated by the Nigerien Treasury.

8. The 2018 and 2019 quarterly targets are based on the change between the end-December 2017 and end-December 2018 levels, respectively, and the date selected for the performance criterion or indicative target.

Adjustment

9. The ceiling on net domestic financing of the government will be subject to adjustment if disbursements of external budgetary support net of external debt service and external arrears payments, including disbursements under the ECF, fall short of program projections.

10. If disbursements of external budgetary support fall short of the projected amounts at the end of each quarter, the corresponding quarterly ceilings will be raised pro tanto, up to a maximum of CFAF 30 billion.

11. For 2018, but not 2019, the ceiling on net domestic financing will also be adjusted for deviations from programmed domestic payment arrears clearance. Specifically, the ceiling on domestic financing will be adjusted up (down) one-for-one for arrears clearance in excess (in deficit) of programmed levels. The upward adjustment is capped at CFAF 30 billion.

Reporting Requirement

12. Detailed data on domestic financing of the government will be provided monthly, within six weeks after the end of each month.

Reduction of Domestic Payments Arrears

Definition

13. For 2018, the reduction of domestic payments arrears is equal to the difference between the stock of arrears at end-2017 and the stock of arrears on the reference date. For 2019, there is a continuous ceiling on the stock of outstanding domestic payment arrears.

14. The Centre d'amortissement de la dette intérieure de l'Etat (CAADIE) and the Treasury are responsible for calculating the stock of domestic payments arrears on government obligations and recording their repayment.

15. Data on the stock, accumulation (including the change in Treasury balances outstanding), and repayment of domestic arrears on government obligations will be provided monthly, within six weeks after the end of each month.

Adjustment

16. Programmed arrears clearance in 2018 will be adjusted up (down) one-for-one for any shortfall (excess) relative to programmed arrears clearance programmed for end-2017. The adjusted target on domestic payment arrears clearance shall not be negative.

17. For the purpose of evaluating performance against the end-December 2018 target, domestic payment arrears clearance includes arrears' reduction during the supplementary budget period.¹

18. For the purpose of evaluating performance against the targets in 2019, the stock of outstanding domestic arrears will be assessed excluding the arrears' reduction during the supplementary period.

External Payments Arrears

Definition

19. Government debt is outstanding debt owed or guaranteed by the government. For the program, the government undertakes not to accumulate external payments arrears on its debt (including Treasury bills and bonds issued in CFAF on the WAEMU regional financial market), with the exception of external payments arrears arising from debt being renegotiated with external creditors, including Paris Club creditors.

Reporting Requirement

20. Data on the stock, accumulation, and repayment of external payments arrears will be provided monthly, within six weeks after the end of each month.

External Non-Concessional Loans Contracted or Guaranteed by the Government

Definition

21. The government and the public enterprises listed in paragraph 25 undertake not to contract or guarantee external debt with an original maturity of one year or more and having a grant element of less than 35 percent. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element (the

¹ The fiscal accounts for the current year are revised to incorporate transactions for expenditure engagements made in the current fiscal year but not finalized until the supplementary period (January and February) in the subsequent fiscal year.

difference between the present value (PV) of debt and its nominal value) expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. The discount rate used for that purpose is 5 percent.²

22. This performance criterion applies not only to debt, as defined in paragraph 8 of the Guidelines on Public Debt Conditionality in Fund Arrangements, adopted by the Decision No. 15688-(14/107) of the Executive Board of the IMF of December 5, 2014, but also to any obligation contracted or guaranteed for which no value has been received. However, this performance criterion does not apply to financing provided by the IMF and to debt rescheduling in the form of new loans.

23. For the purposes of the relevant performance criteria, the guarantee of a debt arises from any explicit legal obligation of the government to service a debt in the event of nonpayment by the debtor (involving payments in cash or kind).

24. For the purposes of the relevant performance criterion, external debt is defined as debt denominated, or requiring repayment, in a currency other than the CFA franc. This definition also applies to debt contracted among WAEMU member countries and with WAEMU financial institutions.

25. For the purpose of this performance criterion, the public sector includes the government, as defined in paragraph 2 above, and the following public enterprises: (i) *Société Nigérienne d'Electricité (Nigelec)*; (ii) *Société de Construction et de Gestion des Marchés (Socogem)*; (iii) *Société Nigérienne des Produits Pétroliers (Sonidep)*; (iv) *Société Nigérienne des Télécommunications (Sonitel)*; (v) *Société de Patrimoine des Mines du Niger (Sopamin)*; and (vi) *Société propriétaire et exploitante de l'Hotel Gaweye (SPEG)*.

Reporting Requirement

26. Details on all external public-sector debt will be provided monthly, within six weeks after the end of each month. The same requirement applies to guarantees granted by the central government. The Ministry of Finance will regularly forward to Fund staff a list of loans in process of negotiation. It will also prepare semiannual reports on any external debt contracted or in process of negotiation and the terms thereof, as well as on the borrowing program for the next six months including the terms thereof and will forward them to Fund staff.

² On October 11, 2013, the Executive Boards of the IMF and of the World Bank adopted a new methodology setting a single, unified rate to calculate the grant element of individual loans. The new unified rate is set at 5 percent (see <http://www.imf.org/external/np/pdr/conc/calculator/gecalcf.aspx>).

Short-Term External Debt of the Central Government

Definition

27. The government will not accumulate or guarantee new external debt with an original maturity of less than one year. This performance criterion applies not only to debt as defined in paragraph 8 of the Guidelines Public Debt Conditionality in Fund Arrangements, adopted by the Decision No. 15688-(14/107) of the Executive Board of the IMF of December 5, 2014, but also to any obligation contracted or guaranteed for which no value has been received. Short-term loans related to imports are excluded from this performance criterion, as are short-term securities issued in CFAF on the regional financial market.

Reporting Requirement

28. Details on all external government debt will be provided monthly, within six weeks after the end of each month. The same requirement applies to guarantees granted by the government.

Present Value of Public and Publicly-Guaranteed External Debt

Definition

29. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to IMF Executive Board Decision No. 15688-(14/107), adopted on December 5, 2014.

(<http://www.imf.org/external/pp/longres.aspx?id=4927>)

- (a) For the purpose of these guidelines, the term “debt” will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:
 - (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers’ credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);
 - (ii) suppliers’ credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

- (iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.
- (b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

30. External debt is defined as debt contracted or serviced in a currency other than the franc of the Financial Community of Africa (CFAF).

31. The performance criterion (PC) is a ceiling and applies to the present value of all new external debt (concessional or non-concessional) contracted or guaranteed by the central government, including commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- (a) Short-term supplier or trade-related credit with a maturity of up to three months;
- (b) rescheduling agreements; and
- (c) IMF disbursements.

32. Applicable contractual date. For program monitoring purposes, external debt is deemed to be contracted or guaranteed at the date of effectiveness of the contract, including its approval, where required, by the member(s) of the government of Niger with authority to do so.

33. Currency Denomination. For program purposes, the value in CFAF of new external debt of 2018 is calculated using the average exchange rate for January 2018 in the IMF's International Financial Statistics (IFS) database.

34. PV Calculation. Present Value of new external debt is calculated by discounting all projected disbursements and debt service payments (principal and interest) on the basis of a program discount rate of 5 percent and taking account of all loan conditions, including projected disbursements, the maturity, grace period, payment schedule, front-end fees and management fees. The PV is calculated using the IMF "DSA template," which is based on the amount of the loan and the above parameters. In the case of loans for which the grant element is zero or less than zero, the PV is set at an amount equal to the face value.

Reporting Requirement

35. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government.

B. Quantitative Targets**Definitions**

36. Total revenue is an indicative target for the program. It includes tax, nontax, and special accounts revenue, but excludes proceeds from the settlement of reciprocal debts between the government and enterprises.

37. The basic fiscal deficit is defined as the difference between (i) total tax revenue, as defined in paragraph 36; and (ii) total fiscal expenditure excluding externally financed investment expenditure but including HIPC-financed expenditure.

38. According to the WAEMU definition, the basic fiscal deficit is defined as the basic balance described under paragraph 37 plus budgetary grants.

39. The floor on poverty-reducing expenditure is an indicative target for the program. This expenditure comprises all budget lines included in the Unified Priority List (UPL) of poverty-reducing and HIPC-financed expenditures.

40. A limit is set on the amount of expenditures paid through exceptional procedures (without prior commitment) excluding debt service payments and expenditures linked to tax exemptions. The limit is 5 percent of total authorized expenditures during the quarter for which the target is assessed.

Reporting Requirement

41. Information on basic budget revenue and expenditures will be provided to the IMF monthly, within six weeks after the end of each month.

42. Information on UPL expenditures will be provided to the IMF quarterly, within six weeks after the end of each quarter.

43. Information on exceptional expenditure will be provided to the IMF quarterly after six weeks after the end of the quarter.

ADDITIONAL INFORMATION FOR PROGRAM MONITORING

A. Government Finance

44. The authorities will forward the following to IMF staff:

- Detailed monthly estimates of revenue and expenditure, including priority expenditure, the payment of domestic and external arrears, and a breakdown of customs, DGI, and Treasury revenue.
- The Table of Government Financial Operations with comprehensive monthly data on domestic and external financing of the budget, and changes in arrears and Treasury balances outstanding. These data are to be provided monthly, within six weeks after the end of each month.
- Comprehensive monthly data on net nonbank domestic financing: (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of various deposit accounts at the Treasury; (iii) the change in the stock of claims on the government forgiven by the private sector.
- Quarterly data on expenditure for UPL lines (statement of appropriations approved, disbursed, and used).
- Quarterly reports on budget execution, including the rate of execution of poverty-reducing expenditure and, in particular, the use of appropriations by the line ministries concerned (National Education, Public Health, Equipment, Agriculture, Livestock).
- Monthly data on Treasury balances outstanding, by reference fiscal year, with a breakdown of maturities of more than and less than 90 days.
- Monthly data on effective debt service (principal and interest) compared with the programmed maturities provided within four weeks after the end of each month; and
- List of external loans contracted in process of negotiation and projected borrowing in the next six months, including the financial terms and conditions.

B. Monetary Sector

45. The authorities will provide the following information each month, within eight weeks following the end of each month:

- Consolidated balance sheet of monetary institutions and, where applicable, the consolidated balance sheets of individual banks;
- Monetary survey, within eight weeks following the end of each month, for provisional data;
- Borrowing and lending interest rates; and

- Customary banking supervision indicators for banks and nonbank financial institutions (where applicable, these same indicators for individual institutions may also be provided).

C. Balance of Payments

46. The authorities will provide IMF staff with the following information:

- Any revision of balance of payments data (including services, private transfers, official transfers, and capital transactions) whenever they occur;
- Preliminary annual balance of payments data, within six months after the end of the reference year.

D. Real Sector

47. The authorities will provide IMF staff with the following information:

- Disaggregated monthly consumer price indexes, within two weeks following the end of each month;
- The national accounts, within six months after the end of the year; and
- Any revision of the national accounts.

E. Structural Reforms and Other Data

48. The authorities will provide IMF staff with the following information:

- Any study or official report on Niger's economy, within two weeks after its publication;
- Any decision, order, law, decree, ordinance, or circular with economic or financial implications, upon its publication or, at the latest, when it enters into force.
- Any draft contract in the mining and petroleum sectors, including production and sales volumes, prices, and foreign investment; and
- Any agreement with private sector stakeholders having economic or financial repercussions for the government, including in the natural resources sector.

Summary of Data to be Reported

| Type of Data | Table | Frequency | Reporting Deadline |
|--------------------|---|-----------|----------------------------|
| Real sector | National accounts. | Annual | End-year + 6 months |
| | Revisions of the national accounts. | Variable | 8 weeks after the revision |
| | Disaggregated consumer price indexes. | Monthly | End-month + 2 weeks |
| Government finance | Net government position vis-à-vis the banking system. | Monthly | End-month + 6 weeks |
| | Complete monthly data on net nonbank domestic financing: (i) change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) change in the balance of various deposit accounts at the Treasury; (iii) change in the stock of claims on the government forgiven by the private sector. | Monthly | End-month + 6 weeks |
| | Provisional TOFE, including a breakdown of revenue (DGI, DGD and DGTCP) and expenditure, including the repayment of domestic wage and nonwage arrears, as at end-1999, and the change in Treasury balances outstanding. | Monthly | End-month + 6 weeks |
| | Data on Treasury balances outstanding (RAP), by reference fiscal year (total and RAP at more than 90 days). | Monthly | End-month + 6 weeks |
| | Monthly statement of Treasury correspondents' deposit accounts. | Monthly | End-month + 6 weeks |
| | Execution of the investment budget. | Quarterly | End-quarter + 6 weeks |

| Type of Data | Table | Frequency | Reporting Deadline |
|-----------------------------|---|-----------|---|
| Monetary and financial data | Table of fiscal expenditure execution, unified list expenditure, and HIPC-financed expenditure. | Monthly | End-month + 6 weeks |
| | Treasury accounts trial balance. | | |
| | Monthly statement of the balances of accounts of the Treasury and of other public accounts at the BCEAO. | Monthly | End-month + 6 weeks (provisional) End-month + 10 weeks (final) |
| | Petroleum products pricing formula, petroleum products tax receipts, and pricing differentials. | Monthly | End-month + 6 weeks |
| | Monetary survey | | |
| | Consolidated balance sheet of monetary institutions and, where applicable, consolidated balance sheets of individual banks. | Monthly | End-month + 8 weeks |
| | Borrowing and lending interest rates. | Monthly | End-month + 8 weeks |
| | Banking supervision prudential indicators. | Quarterly | End-quarter + 8 weeks |
| | Balance of payments | Annual | End-year + 6 months |
| | Balance of payments revisions | Variable | At the time of the revision. |
| External debt | Stock and repayment of external arrears. | Monthly | End-month + 6 weeks |
| | Breakdown of all new external loans signed and projected borrowing, including the financial terms and conditions. | | End-month + 6 weeks |
| | Table on the monthly effective service of external debt (principal and interests), compared with the programmed maturities. | Monthly | End-month + 4 weeks |