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IMF Executive Board Completes Eighth Review of Niger's ECF Arrangement and Approves US$17.1 Million Disbursement

On July 11, 2016, the Executive Board of the International Monetary Fund (IMF) completed the eighth review of Niger's economic performance under the program supported by an Extended Credit Facility (ECF)[1] arrangement. The completion of the review enables an immediate disbursement of SDR12.34 million, (about US$17.1 million), bringing total disbursements under the ECF arrangement to SDR 107.745 million (US$149.7 million).

In completing the review, the Executive Board granted the authorities' request for waiver for the nonobservance of the End-December 2015 periodic performance criteria and the modification of the said criteria at end-June 2016.

The ECF arrangement for Niger was approved on March 16, 2012 for SDR 78.96 million (about US$120.97 million) - see Press Release No. 12/90. On November 30, 2015, the Board subsequently extended the program to December 31, 2016 and increased access under the program to 62.5 percent of the quota – see Press Release No. 15/541.

Following the Executive Board's discussion, Mr. Min Zhu, Deputy Managing Director and Acting Chair, issued the following statement:

"Despite security concerns, commodity price shocks, and the regional economic slowdown, Niger's economy continues to grow, albeit at a slower pace than the 7 percent annual growth targeted for significantly reducing poverty over the medium term. The decline reflects slower activity in the agricultural and natural resource sectors. Inflation remained subdued, partly reflecting a good harvest and the stabilizing role played by government food programs.

[1] The ECF has replaced the Poverty Reduction and Growth Facility as the Fund's main tool for medium-term financial support to low-income countries. Financing under the ECF currently carries a zero interest rate, with a grace period of 5.5 years, and a final maturity of 10 years. The Fund reviews the level of interest rates for all concessional facilities every two years.

“Budgetary revenues from non-resource sources increased significantly over 2014, but shortfalls in resource revenue and external financing, coupled with a surge in capital spending, led to slippages in meeting fiscal targets and accumulation of domestic expenditure arrears during 2015. Overruns in spending also reflect budget execution weaknesses, including a lack of effective oversight over the expenditure chain. To preserve fiscal sustainability and limit the incurrence of new arrears, the government has adopted a number of measures to reinforce revenue mobilization and improve expenditure control to ensure that spending commitments are in line with available resources. A revised budget for 2016 has been approved by the National Assembly.

“The medium-term economic outlook remains positive. Growth is expected to reach 5.2 percent in 2016, benefiting from stronger agriculture growth and a recovery in the resource sector. Economic growth is projected to average 6.3 percent, based on the completion of major projects in the resource sector and the improvement of the regional security and economic situation. Improved macroeconomic performance will also depend on effective policies aimed at strengthening the fiscal framework, enhancing public financial management, and establishing stronger fiscal institutions.

“Sustained fiscal consolidation will preserve debt and fiscal sustainability and allow a better leveraging of resource revenues to reduce the infrastructure gap and promote inclusive growth in line with the objectives set by the Economic Development Document. Advancing the development of the financial sector, strengthening the banking sector, and promoting private sector development would also support inclusive growth.”