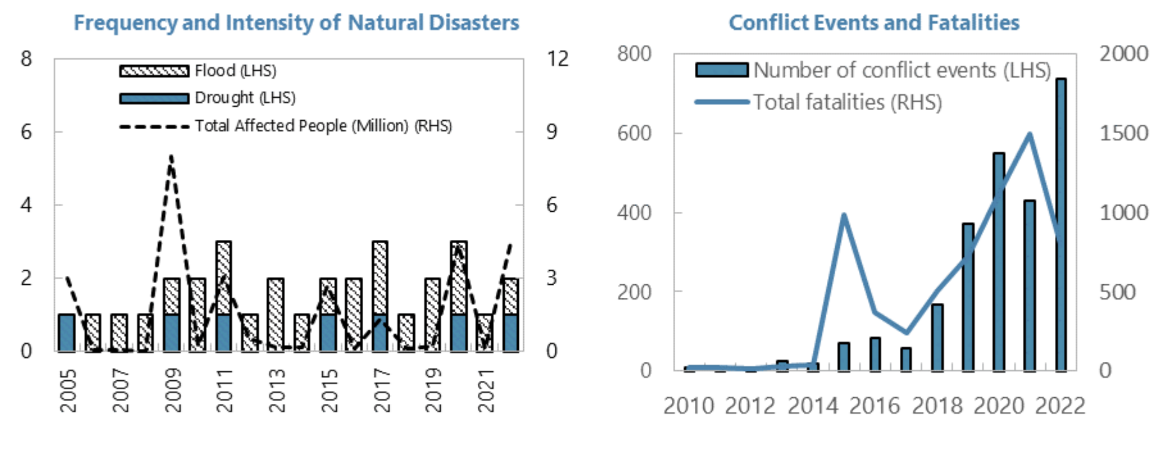
CONTEXT

1. **Niger continues to face formidable development challenges.** GDP per capita remains below its 1980 level. Rapid population growth (more than 3 percent per year) generates significant pressures in terms of social spending and high fertility rate—almost 7 children per woman—hinder the empowerment of women. With an average schooling of less than 2 years (compared with almost 3 years for men), a major imperative is to educate and create opportunities for women. On the positive side, political tensions have eased since the aftermath of the February 2021 elections.

2. **A decade of conflict in the Sahel and exposure to climate shocks have further hampered Niger's progress**. Since 2012, the worsening security situation has led to a major humanitarian crisis with thousands of refugees from neighboring countries and internally displaced persons.[1] The number of conflict incidents has recently intensified, having already reached as of end October 2022 the levels observed for the entire last year. Security spending has risen from 1.1 to 2.8 percent of GDP between 2011 and 2021, straining limited government resources. Following climate shocks, since end-2021, about 4.4 million people are estimated to face acute food insecurity based on World Food Program (WFP) calculations.

3. **Since the conclusion of the last Article IV consultation in 2019, authorities have made progress in adopting a number of key recommendations (Annex II).** Nonetheless, implementation of the reform agenda is stunted in a context of fragility, marked by limited capacity and difficulties in achieving consensus among different stakeholders for fundamental change.

Text Figure 1. Niger: Exposure to Conflict and Climate Shocks



Data updated to October 28, 2022
Source: ACLED, EMDAT, and IMF staff calculations.

[1] As of September 30, 2022, Niger had 251,081 refugees, 44,796 asylum seekers, and 376,809 internally displaced persons (IDPs), according to UNHCR data.

ECONOMIC DEVELOPMENTS, PROGRAM PERFORMANCE, AND OUTLOOK

A. Recent Developments

4. Macroeconomic performance in 2022 is expected to be broadly favorable with the rebound in growth and unwinding of inflationary pressures, despite strains on the budget. Economic growth should bounce back to 7.1 percent in 2022 supported by the recovery in the agricultural sector—thanks to a favorable rainy season—and the acceleration in the implementation of large-scale investment projects. The ongoing economic recovery is illustrated by positive trends in monthly conjunctural activity indicators, notably in commerce (Figure 1). Continued easing in inflationary pressures from food prices since the beginning of the second semester is expected to result in annual average inflation of 4.5 percent. The current account deficit is however projected to widen to 14.4 percent of GDP, as higher imports of food due to rising prices and capital and intermediate goods related to large investment projects more than offset a larger surplus on oil exports.

5. The fiscal stance is accommodative this year, as the authorities address urgent needs to mitigate the effects of the food crisis and rising security challenges. The overall deficit reached 354 billion CFAF (3.8 percent of GDP) cumulative up to September, compared with the program projection of 491.9 CFAF billion (5.3 percent of GDP). This is mainly due to under-execution of expenditure by 19 percent, owing to lower domestically financed capital spending, and postponed net lending to the pipeline project. Revenue collection up to September was 6.9 percent below projections because of poor performance of taxes on goods and services and international trade. The fiscal deficit is, however, expected to widen to 6.8 percent of GDP, as expenditure execution ramps up in the final quarter of the year.

6. Authorities have increased diesel prices, resulting in some temporary social discontent. Diesel prices were increased by 24 percent in August to align with international prices, prevent shortages, as lower domestic prices than those in neighboring countries had sparked large-scale smuggling, and to buttress the financial sustainability of the distribution company (SONIDEP). Several civil society groups opposed the measure. To ease social tensions, the authorities have initiated a communication and outreach campaign and implemented mitigating measures, including measures to reduce the pass-through of the diesel price increase on electricity costs.[2] The authorities have also suspended the molecular marking of petroleum products as the price differentials between Niger and neighboring countries reduced incentives for smuggling. In this context, the expected revenues from this measure are likely to be insufficient to fully cover the

[2] The component of the diesel price structure devoted to the energy fund increased from 2.5 to 62.65 CFAF/liter. NIGELEC (the state-owned utility) will draw funds from the energy fund as compensation for the increase in the ensuing power generating costs that will not be passed on to electricity consumers for the moment. This in effect would constitute a transfer from diesel consumers to electricity consumers.

implementation costs of molecular marking.[3] Moreover, the authorities have suspended diesel exports to ensure the availability of the product for domestic consumption.

7. After an increase in August, COVID-19 cases have fallen significantly, but vaccination coverage still lags behind targets. As of early November, the number of new cases per million stood at less than 0.5. The share of the population vaccinated stood at around 22 percent against a target of 42 percent by end-2022. This is partly due to vaccine hesitancy and security incidents impacting vaccination activities.

Text Table 1. Niger: Fiscal Accounts Compared to First Review Projections, Cumulative up to September 2022

		Billion CFAF		Percent of GDP	
		First Review Proj.	Est.	First Review Proj.	Est.
(1)	Revenues	786.9	732.4	8.5	7.9
(2)	Budget grants (Incl. CCRT)	35.7	0.0	0.4	0.0
(3)	Current expenditure	713.0	710.8	7.7	7.7
(4)	Domestically-financed investment	417.1	237.6	4.5	2.6
(5)	Net lending (pipeline)	45.0	0.0	0.5	0.0
(6) = (1)+(2)-(3)-(4)-(5)	Domestic balance	-352.5	-216.0	-3.8	-2.3
(7)	Foreign loan-financed investment	139.4	138.0	1.5	1.5
(8) = (6)-(7)	Fiscal balance (WAEMU definition)	-491.9	-354.0	-5.3	-3.8
(9)	*Memo* : Foreign grant-financed investment	206.4	213.4	2.2	2.3

Source: Nigerien Authorities and IMF staff calculations

8. Although interest rates have been increasing, monetary policy remains broadly accommodative. The central bank raised its key interest rates by an additional 25 basis points (bps) in September, following the 25 bps June increase, bringing interest rates back to their pre-Covid-19 level. These measures are intended to anchor inflation expectations and ensure the stability of foreign exchange reserves.

9. Financial sector vulnerabilities have risen, as illustrated by high levels of Non-Performing Loans (NPLs). In the banking sector, credit to the economy grew by 11.1 percent (y-o-y) at end-September 2022, and the capital adequacy ratio was 14.3 percent at end-June 2022, above the WAEMU average of 12.5 percent. However, the credit concentration ratio is estimated at 158.3 percent over the same period—with concentration being particularly high in the services, transport,

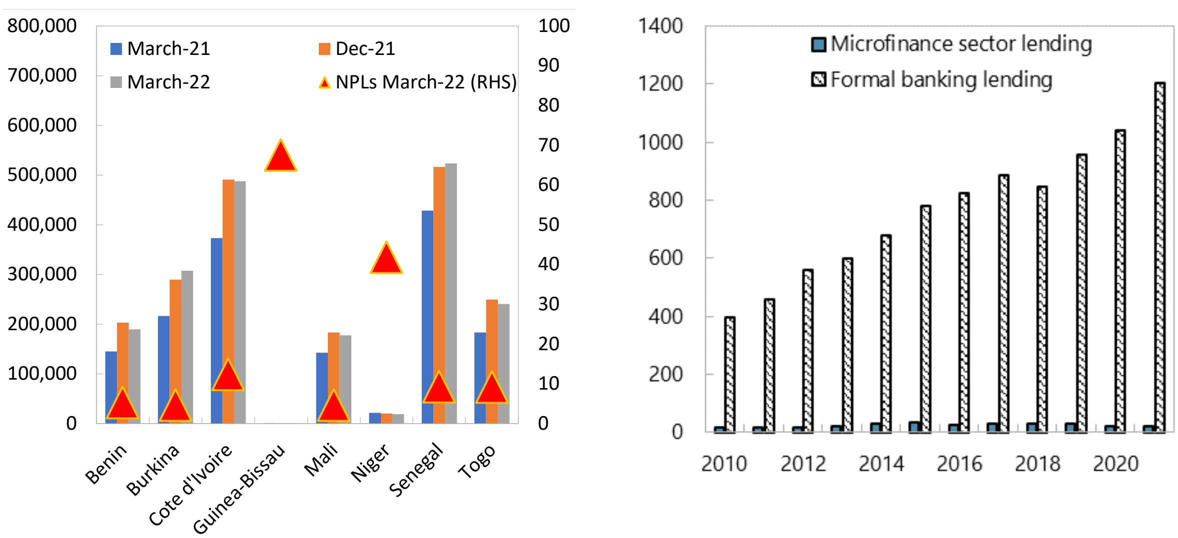
[3] The suspension of molecular marking does not imply that the measure is eliminated. Staff advised authorities to reinstate the molecular control once the situation has returned to normalcy to curb potential reversals in the domestic market of oil destined for export.

and construction sectors. In addition, the NPLs ratio remains high, both in the banking and the microfinance sectors, respectively estimated at 18.1 percent (at end September 2022) and 41.9 percent (at end March 2022). The Central Bank is currently conducting a survey to determine the causes of the deterioration in the banks' portfolios. The microfinance sector has suffered mainly from the lingering effects of the previous poor harvest season, increased insecurity, and the sector's weak governance as well as limited financial resources. Nevertheless, the weak interconnection of the sector to the banking system and low outstanding loans, limit overall financial stability risks.

Text Figure 2. Niger: Volume of Credit in the Microfinance and Formal Banking Sectors

(a) WAEMU countries: Evolution of outstanding credits (Millions of CFAF) and NPLs (in percent) in the microfinance sector

(b) Niger: microfinance sector lending and formal bank lending (excluding credits to the central government), 2010-21 (Billions of CFAF)



Source: Nigerien authorities and IMF staff calculations.

B. Program Implementation

10. Program implementation remains broadly on track against end-June and end-September 2022 targets:

- All quantitative performance criteria (QPCs) were met at end-June and end-September. In particular, domestic budget financing remained well below the targeted ceiling. Nevertheless, the present value of new public and publicly guaranteed (PPG) external debt exceeded its ceiling in November due to higher-than-expected project loan contracts being ratified. Niger registered no new external payment arrears. In addition, Niger does not have any other external arrears to bilateral or private creditors.

- All five indicative targets (ITs) at end-June and five (out of six) ITs at end-September were observed. Preliminary information indicates that cash revenue collection was slightly below

the program floor at end-September due to security incidents, issues at the Nigerian border, which is not yet fully re-opened for the movement of goods, and the reduction of the re-export tax rate impacting exports revenue. Basic budget balances—including and excluding budget grants—were above program floors. The ratio of exceptional expenditures to authorized spending was zero. Social protection spending was above the program floor.

11. **The implementation of the authorities' reform agenda is broadly on track.** All continuous SBs at end-October 2022 were met, except for the publication of the summary of feasibility studies for investment projects of more than CFAF 5 billion—which the authorities plan to ensure after the adoption by Parliament of the 2023 budget law by the end of this year.[4] In addition, most other SBs were met: (i) a roadmap for the review and simplification of the tax system has been adopted, with the objective of having the revised tax code—which shifts the tax burden from corporate and labor income to consumption—adopted by the Council of Ministers by end-December 2023, (ii) a status report of existing tax exemption agreements since 2019 has been shared with the IMF, reflecting foregone revenues of 1.6 percent of GDP as of 2021, (iii) the annual tax expenditure report was published online, and (iv) the audit report by the Auditor General on exemptions in the extractive sector was published as well. However, the SB on the adoption by end-September 2022 of an oil revenue management strategy was not met. The authorities requested additional technical assistance from the IMF to develop this strategy, which they plan to adopt by end-September 2023 before the start of crude oil exports.

C. Outlook and Risks

12. **Economic activity is projected to keep momentum in 2023 and accelerate in outer years (Figure 3).** Growth should remain strong (at 7.0 percent) next year, driven by higher crude oil production—with the expected start of exports from the Agadem oilfield through the pipeline to the Beninese coast—and the continued recovery in the agricultural sector. Growth should reach double-digits in 2024 as oil production picks up and the implementation of the structural reform agenda bears fruit. On the demand side (Figure 3), growth in 2023 is expected to be driven by private investment—through the implementation of large-scale projects, including the oil pipeline—and the revival of private consumption, while net exports would boost growth in 2024 thanks to rising oil exports. Inflationary pressures should gradually ease with the continued recovery in agricultural production (particularly cereals) and the normalization of supply chains, resulting in a convergence of inflation into the regional target band by 2023.

13. **The current account deficit is expected to narrow over the near-term while Niger's external position is substantially weaker than suggested by fundamentals and desirable policy**

[4] Authorities requested that going forward this continuous benchmark should be evaluated on an annual (rather than bi-annual) basis, given that the elaboration of the Public Investment Plan (*Plan d'Investissement de l'Etat-PIE*) is an integral part of the annual budget process. Only the feasibility studies for projects that are ultimately included in the PIE should be published on the website of the Ministry of Planning. The final decision regarding the inclusion of a project in the PIE is taken at the time of the approval of the Budget. Staff supports this request.

settings (Annex III). The current account deficit is projected to shrink in 2023 to 13.4 percent of GDP and further narrow over the medium-term, boosted by the onset of oil exports through the new pipeline. However, the EBA-lite methodology suggests that the current account gap amounts to 8.3 percent of GDP. That said, the sizable current account deficit is largely financed by grants and concessional lending from international financial institutions and foreign direct investment, which is desirable in view of Niger's development needs.

14. While debt vulnerabilities have increased, Niger's risk of external and overall debt distress is still rated "moderate" (DSA). PPG external debt made up 65.2 percent of total debt stock as of end-2021, of which multilateral creditors represent the lion's share (Table 9). The updated Debt Sustainability Analysis (DSA) deems debt as sustainable. As no threshold has been breached under the baseline scenario, but the PV of PPG external debt-to-exports ratio and debt-to-exports ratio surpass their thresholds in case of a shock to exports, Niger is in the 'moderate' category for external and overall debt distress risk. The recent change in IDA lending policy providing financial support to countries at moderate risk of debt distress only in the form of loans has a moderate impact on the debt level, and does not change the debt risk assessment, while it increases senior debt for the country in the long run. Under the baseline scenario, PPG external debt is projected to increase to 37.2 percent of GDP in 2022, reflecting acute financing needs and depreciation of the currency, and then decline as strong growth materializes and fiscal consolidation is implemented.

15. The outlook is subject to significant downside risks. The baseline assumes that the oil pipeline will be completed by the last quarter of 2023, but further delays would significantly impact growth and worsen the fiscal and external positions. Other risks that could cloud Niger's outlook include a worsening of the security situation in the Sahel implying a deterioration of economic activity and higher security expenditures; higher political instability in neighboring countries; volatility in commodity prices with higher food import prices impacting inflation and the external accounts; and unfavorable climatic conditions affecting performance in the agricultural sector (Annex I). Moreover, an accelerated tightening of global financial conditions could have spillovers in the WAEMU regional market and financing costs of the government. An escalation of the war in Ukraine could imply lower aid flows, more volatility in commodity prices, and further tightening of financial conditions that could result in greater damage to the Nigerien economy. Given that a significant portion of the population remains unvaccinated, reemergence of a new covid variant also presents a downside risk.

16. Climate shocks and materialization of other downside risks could jeopardize macroeconomic stability. A number of illustrative scenarios (Annex VI) assume that the economy is hit in 2023 by a climate shock hurting agricultural production and exports. They also incorporate assumptions on a one-year delay in the start of oil exports, lower oil prices, and higher interest rates in the regional financial market. GDP growth would temporarily drop in 2023 to around 2.5 percent but catch up thereafter. The current account deficit would widen to 15.5 percent of GDP due to lower oil exports and would remain large until 2024. The pace of the fiscal consolidation would be slower and the achievement of the WAEMU fiscal deficit norm would be postponed even beyond 2025, in the absence of additional measures. Debt indicators would deteriorate as well, but the country's risk rating would likely remain unchanged at "moderate". Given the limited space to absorb shocks (DSA), any

policy response would need to involve reprioritization of spending, targeted support to vulnerable populations and measures to mitigate deviations from fiscal targets under the program.

Authorities' views

17. The authorities concurred with staff's assessment of the medium-term outlook but pointed to potential upside risks. They highlighted the start of new large-scale investment projects, notably in the uranium sector. They broadly agreed with staff's outlook on inflation, including the convergence within the regional target band by next year. The authorities acknowledged that potential heightened risks from policy delays, climate shocks, deterioration of the security situation, commodity price volatility, and spillover effects from the tightening of global financial conditions could compromise their expectations. They reiterated their commitment to step up domestic revenue mobilization, adopt a fiscal contingent plan, reprioritize spending and accelerate the implementation of the structural reform agenda in case risks materialize.

POLICIES TO BUILD RESILIENCE

A. Anchoring Fiscal Policy to Preserve Macroeconomic Stability

18. A relaxation of 0.2 percent of GDP in the fiscal deficit relative to the 1st ECF review is envisaged this year to mitigate the impact of the food crisis and address pressing security challenges. The authorities have adopted a supplementary budget for 2022, increasing the spending envelope as well as reprioritizing expenditures to achieve these goals (Text Table 2). An additional CFAF 35 billion (about 0.4 percent of GDP) would cover security spending for the acquisition of military equipment, given the increase in incidents of terrorist attacks as well as political instability in neighboring countries. Net lending to the oil pipeline project will also be higher than initially projected this year and next, due to the depreciation of the CFAF against the US dollar as well as an erroneous recording of net loans by the authorities in 2020.[5] Moreover, the favorable agricultural production for the current harvest has diminished the need for some of the previously envisaged emergency spending related to livestock feed and fertilizers after the lean season. Authorities plan to reorient some spending towards new priorities, including expenditure to settle internally displaced people, transfers and school feeding programs to university students, and the stabilization and reconstruction efforts in regions affected by the security situation. The above-mentioned developments will be partially compensated by a higher level of budget support grants than previously projected.[6] Overall, the deficit is projected to stand at 6.8 percent of GDP in 2022 compared

[5] The amounts raised in the regional market in 2020 to finance CFAF 36.5 billion for the oil pipeline project were not actually spent at that time and remain unused as deposits at the Central Bank. As such, the 2020 overall fiscal balance was corrected and will be narrower than what was previously recorded in government statistics. The authorities envisage to spend this amount after negotiations with their Chinese partners are concluded in November 2022. On that occasion, the CFAF 36.5 billion will enter the overall deficit as a net lending item this year and next.

[6] The World Bank and Global Partnership for Education will provide an additional 0.5 percent of GDP in budget support grants relative to projections in the first review.

to 6.6 percent in the first review of the program. Financing for the additional deficit would include higher budget support grants and an increase in external budget support loan amounts due to additional concessional loans from the World Bank.

Text Table 2. Niger: Reprioritization and Additional Spending in Second Review, 2022

	Billion CFAF		Percent of GDP	
	1st Review	2nd Review	1st Review	2nd Review
Emergency Spending Agreed during 1st review				
Acquisition of cereals for distribution	21.50	22.98	0.23	0.25
Support of livestock feed	23.20	10.00	0.25	0.11
Acquisition of fertilizers and pesticides	20.10	12.83	0.22	0.14
Plan to support irrigated agriculture	15.00	9.80	0.16	0.11
Support of dilapidated school infrastructure	20.00	5.64	0.22	0.06
Sub-total	***99.80***	***61.25***	***1.08***	***0.66***
Reprioritization (remaining from the 99.8 bn agreed in the 1st review)				
Settlements of internally displaced population (school and teachers)		16.98		0.18
Vaccins		4.21		0.05
Subventions to students' parent school associations		1.89		0.02
School feeding and cash transfers to students programs for universities		1.66		0.02
Stabilization and reconstruction in regions affected by the security situation		2.11		0.02
Other		11.69		0.13
Sub-total		***38.55***		***0.42***
Additional spending agreed during 2nd review				
Defense (equipment)		25.00		0.27
Border security (equipment)		10.00		0.11
Pipeline (exchange rate effects + part of the amount from 2020)		17.90		0.19
Other		27.00		0.29
Sub-total (deviation from 1st review)		***79.90***		***0.86***

Source: Nigerien authorities and IMF staff calculations.

19. The authorities are committed to a more gradual fiscal adjustment path towards the regional deficit convergence criterion of 3 percent of GDP in order to accommodate additional priority spending to address large development needs (Text Table 3). The gradual adjustment path would entail a 0.6 percent of GDP relaxation of the fiscal deficit target for 2023 compared to the first ECF review, bringing the deficit to 5.3 percent of GDP. Fiscal consolidation will continue in 2024 with a projected narrowing of the deficit to 4.1 percent of GDP. This more gradual trajectory, made possible by more concessional financial support, will allow to accommodate additional priority spending in education, infrastructure, and social safety nets. Convergence to the WAEMU 3 percent of GDP deficit norm would occur by 2025, one year later than initially planned without significantly affecting debt sustainability prospects.

Text Table 3. Niger: Sources of Fiscal Consolidation, 2021-24
(In percent of GDP)

	Baseline 2019	Deterioration Δ 2019-22	Δ 2022-23	Consolidation Δ 2023-24	Δ 2024-25	Aggregate Δ 2019-25
Revenue, Natural Resources Sector	1.7	-0.1	0.7	2.0	0.0	2.6
Revenue, Other	9.5	0.6	0.4	0.1	0.0	1.1
Budget grants (Incl. CCRT)	2.6	-1.1	-0.3	0.0	0.0	-1.4
Domestic expenditure	14.7	2.9	-0.6	0.8	-1.1	2.0
Foreign loan-financed capex	2.6	-0.3	0.0	0.0	0.1	-0.2
Fiscal balance / total consolidation	-3.6	-3.3	1.5	1.2	1.1	0.5
Memo: Compound average GDP growth rate		6.7%	9.1%	15.3%	10.1%	9.1%

Source: Nigerien authorities and IMF staff calculations.

20. There is a need to strengthen capacity in the compilation and recording of government finance statistics. The erroneous recording of net lending in 2020 previously alluded to, among other issues, indicates deficiencies in these areas. The IMF is providing technical assistance, notably concerning the implementation of WAEMU directives for the harmonized table of government financial operations (TOFE) as well as improvements in the quality and the coverage of data in line with the Government Finance Statistics Manual 2014 (GFSM 2014), which will contribute to enhance the current framework.

21. The remaining half of the SDR allocation will be used for development purposes and to finance priority spending in 2022, in line with staff advice.[7] The allocation will contribute to finance the authorities' efforts to improve food security, provide animal feeding support, reduce the country's infrastructure gap, and address urgent security spending needs. The resources of the allocation have been channeled through the budget after being on-lent by the regional central bank under highly concessional terms (20-year loan carrying a fixed interest of 0.05 percent per year).

22. The authorities are committed to a prudent external debt policy in the face of heightened vulnerabilities (MEFP ¶19). They reiterated their intention to keep prioritizing external financing in the form of concessional loans and grants to minimize the debt burden. The authorities also agreed to step up ongoing efforts to increase the average tenor of domestic debt, currently at 5.2 years, to reduce exposure to refinancing risk.

23. Strong efforts are underway to improve the performance and monitoring of state-owned enterprises (SOEs) in order to contain rising vulnerabilities. In light of the role played by SOEs in key sectors of the economy, notably oil and gas as well as public services, a director was appointed to oversee the general directorate of public enterprises in the Ministry of Finance (MoF). The directorate is setting up an information system with the support of the World Bank to consolidate SOEs' financial statements for publication in an annual report—starting in May 2023.

[7] The total allocation amounted to 1.2 percent of GDP.

Other ongoing reforms include prior approval by the MoF of the budget of a subset of key SOEs before execution. Moreover, the authorities have signed a performance contract with the electricity company (NIGELEC) to improve service coverage, cost efficiency, and preserve its financial sustainability in light of the freeze on electricity tariff. However, given rising production costs, the company will receive government transfers to finance its operations.

24. It is important to develop and implement an oil revenue management strategy before the start of crude oil exports (SB#3, MEFP ¶28). A first round of technical assistance activities by the IMF has helped the authorities to pin down key aspects of the strategy, including the need to establish a non-oil primary balance target to insulate fiscal policy from volatility in international prices and avoid procyclicality. Nevertheless, authorities have requested a second round of IMF technical assistance to help them specify the practical components of the strategy—including the governance framework, the fiscal rule and its calibration, and the creation of a stabilization fund.

25. The authorities plan to reduce and reprioritize spending should downside risks materialize (MEFP ¶21). They committed to adjusting spending other than salaries and debt service to compensate any shortfalls in revenues, including grants, in order to meet the new fiscal deficit target. To properly ensure this adjustment, the authorities would rely on the treasury committee in charge of regularly monitoring revenue collection and authorizing spending accordingly.

Authorities' views

26. The authorities believe the gradual consolidation path strikes a good balance between the country's large development needs, fiscal sustainability, and their commitment to achieving the WAEMU fiscal deficit norm by 2025. They stressed the challenges in prioritizing spending given the country's multiple development needs and the current priority to security spending. They highlighted progress made in monitoring SOEs and are cognizant of the need to further improve their performance. They clarified that the tariff freeze was an important measure to protect consumers from higher electricity bills in the context of rising inflation.

B. Improving Domestic Revenue Mobilization

27. The authorities are committed to revising and simplifying the general tax code by end-2023 (new proposed SB#9, MEFP ¶25). A recent IMF TA diagnosis showed that corporate and labor income are excessively taxed in Niger, while consumption remains under-taxed. This reform thus aims to shift the tax burden from factors of production towards consumption to increase efficiency, stimulate investments, develop the private sector, by simplifying the tax code and making it understandable to taxpayers, and reduce tax exemptions while broadening the tax base. The authorities are taking steps to include all relevant stakeholders in the revision of the code, including the private sector, to ensure a stable and consistent tax system.

28. Enhancements in digitalization and staffing of the revenue administration are also key to stepping up revenue mobilization, creating the fiscal space for priority spending, and

achieving fiscal consolidation. The authorities are committed to pursuing the integration of the digital platforms of the General Directorate of Tax (DGI) and General Directorate of Customs (DGD) (new proposed SB#6, MEFP ¶25, ¶26). Encouraging steps have been taken in this respect, including the operationalization of the one-stop shop interconnecting all customs documentation and the deployment of the integrated tax and taxpayer information system (SISIC) in Niamey. Nevertheless, technical difficulties in the integration of the tax and customs IT systems will require a revision of the timetable and formulation for three new proposed SBs (#10, #11, and #12).[8] The authorities also plan to strengthen human resources and capacity of the tax administration by recruiting tax officers to improve the operation of the newly created Regional Tax Divisions (DRI) and tax centers (MEFP ¶27).

29. The authorities are also taking steps to strengthen the certified VAT invoicing system. The compliance rate is increasing, with around 60 percent of active taxpayers deemed compliant. Among large and medium-sized firms, compliance rates are high, at 91 and 87 percent, respectively. The authorities have continued their efforts to implement this reform despite resistance from the retail sector and small businesses. in particular. To address complaints that the VAT machine is expensive, the authorities will launch a new online platform (e-SECEF) to generate certified invoices (MEFP ¶24). Staff reiterated the need to make VAT credits operational to ensure VAT neutrality.

30. The revision of exemption terms in the investment code is in effect to rationalize exemptions. To limit fraud and abusive use of exemptions, the 2022 budget mandated that the full amount of customs duties and taxes be paid by beneficiaries of exemptions under the investment code and be reimbursed after the investment is carried out. With this new measure, the demand for exemptions has significantly decreased this year. Only six companies have requested an exemption, but only one company paid the full amount of duties and taxes, carried out its investment, and requested a refund. The authorities will put in place a robust refund system to continue attracting investors and ensure that this measure does not represent a barrier for investment.

31. The authorities have strengthened controls to better protect the tax base. They have stepped up controls of domestic taxes through new regional centers that became operational this year. They have also increased inter-agency collaboration with the Anti-corruption agency (HALCIA) and the police to fight corruption and collect tax payments due directly from bank accounts.

32. The 2023 draft budget law includes additional measures to boost domestic revenue and support fiscal consolidation efforts (MEFP ¶22, ¶23, ¶24). These measures aim at broadening the tax base and curbing tax evasion and fraud. The measures with the highest revenue yields include: i) the increase of the excise duty on tobacco products by 10 percent ad valorem and an introduction of a specific tax of CFAF 240 per pack of cigarettes, ii) the introduction of a specific tax of 5 percent on exports of gold and precious metals, iii) the introduction of a specific tax on exports of petroleum

[8] A recent IMF TA report revealed, among other issues, that the IT Department has insufficient staff, and the IT platform has a low level of automation. In addition, a renegotiation of the servicing contract with the software provider might be required to fully automate the system.

products of 15 percent, iv) the reclassification of the telecom sector activities as services so that it can be subject to VAT, v) the taxation of Nigerien-source income received by creditors not domiciled in Niger, and vi) the abolition of the temporary tax exemption for new construction projects. These measures should yield 48 billion CFAF in revenues (about 0.5 percent of GDP).

33. Domestic revenue mobilization is a pillar of the new capacity development strategy. The IMF will continue to support the authorities' efforts to strengthen the capacity of revenue-generating administrations, including through the digitalization and integration of tax (DGI) and customs administrations (DGD). Support to improve tax policy through the revision of the tax code is also a key priority supported by the IMF.

C. Enhancing the Quality of Public Spending and Inclusiveness

34. Niger's low level of human capital development puts a premium on enhancing the efficiency of social spending. The adult literacy rate is low at 35 percent, and net enrollment rates at the primary and secondary level are much lower than other countries in sub–Saharan Africa with a similar level of education spending per student (Figure 5). Life expectancy is lower than peers with similar health expenditure per capita, partly reflecting inefficiencies in the healthcare system and a shortage of healthcare professionals. At the same time, the fertility rate is elevated, putting pressure on social expenses. Staff's analysis finds that social assistance spending is inadequate and concentrated on food and in-kind distribution (see Chapter 1 of the accompanying Selected Issues Papers-SIP). Moreover, coverage, adequacy, and targeting of programs remain weak and tend to be regressive.

35. Improving access and quality of education and strengthening social safety nets are key priorities for the government and are crucial steps to tackle the root causes of fragility. Moving away from a system based on untargeted subsidies towards a more systematic use of conditional cash transfer programs is desirable. The country has a relatively strong system to respond to food crises, albeit targeting of this assistance is weak and long-term assistance is not enough to make a dent on poverty. Model simulations suggest that cash transfers before and after a climate shock tend to present more beneficial effects on measures of welfare and food security compared to alternative policy interventions (Chapter 5 of the SIP). Moreover, social assistance should focus on cash transfers oriented to lasting investments and income-generating activities. The establishment of a unified social registry (USR), currently underway, would ensure better targeting and monitoring of assistance to people in need.

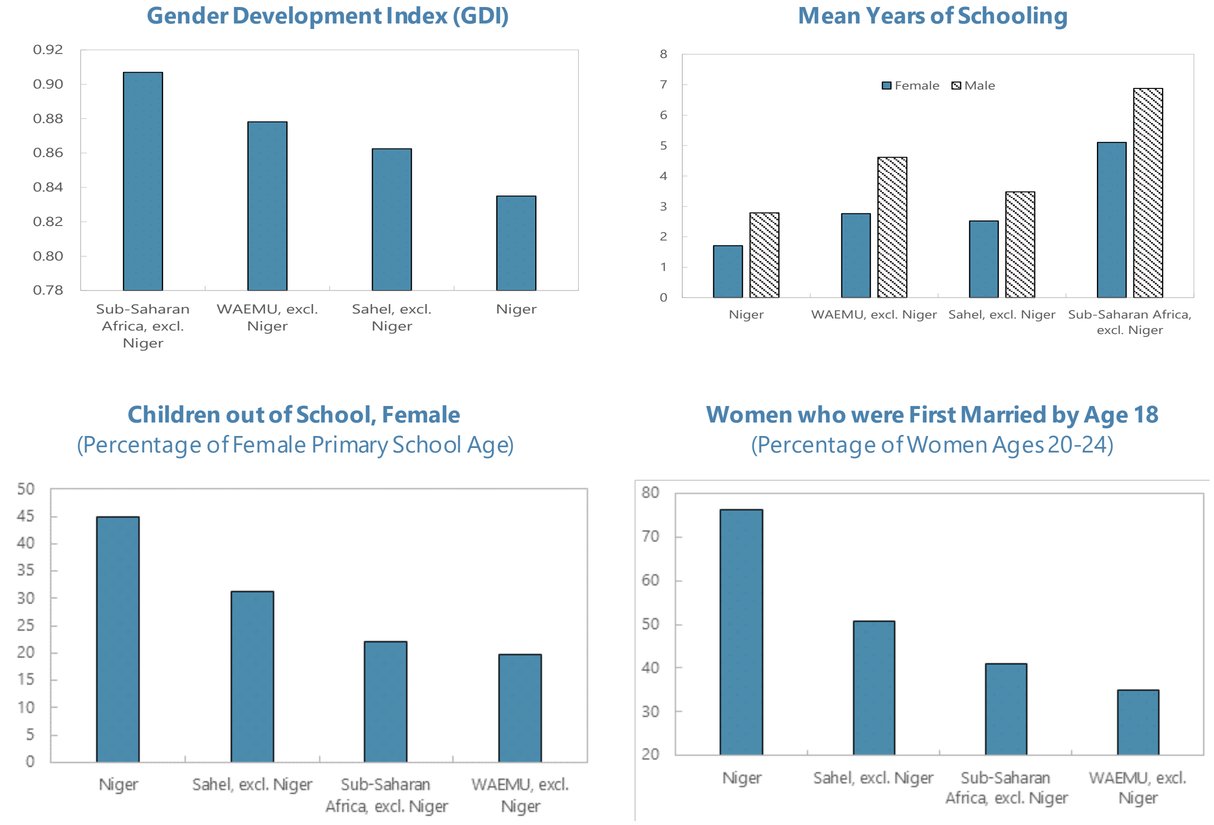
36. Public Financing Management (PFM) reforms are essential to strengthen spending quality. The authorities have started the expansion of the Treasury Single Account (TSA) to local governments. Starting in January 2023, Treasury accountants will become public accountants of subnational decentralized authorities and start integrating their accounts into the TSA (MEFP ¶29). Following staff's advice to survey government accounts during the first ECF review, the authorities identified 34 accounts opened in commercial banks in July 2022, a significant reduction from the

187 accounts found in the last census of 2018.[9] The decentralization of payment orders has been launched with the Ministries of Education and Health at the central level, but further actions need to be taken to continue the decentralization at regional level. The double accounting system AE/CP, which began with five pilot ministries in 2022, is expected to be expanded to six new ministries in 2023 (MEFP ¶30). The government is also committed to deploying new digital solutions for both revenue administration and expenditure to improve the speed of operations, increase transparency and reduce bottlenecks for formal economic activity (MEFP ¶26). Improving public investment management, including the transparency of investment planning and project selection, as well as public procurement are also critical to foster spending efficiency and quality.

37. Policies to close gender gaps could yield significant macroeconomic gains. Gender development in Niger stands out as one of the lowest in sub-Saharan Africa, mainly due to high rates of school dropout for girls and child marriage (Text Figure 3). Staff estimates that closing the gender gaps in educational enrollment would boost GDP by about 11 percent (Chapter 2 of the SIP). Cognizant of the importance of gender equality, the authorities have adopted a new National Gender Policy aiming to close gender gaps by 2027 by fostering girls' education. The main initiative is the construction of boarding schools for girls, which started last year, with a goal to construct at least 100 schools by 2025. Staff supports this measure and encourages authorities to improve data collection on gender, consider expanding existing programs that provide targeted cash transfers to help families directly, and improve women's access to financial resources and employment opportunities. To increase accountability and effectiveness of the programs to improve gender equality, the authorities could consider adopting gender-responsive budgeting.

[9] Out of the 34 accounts, 15 had a zero outstanding balance and staff recommended to close them immediately. The other accounts are linked to projects funded by donors in the health sector.

Text Figure 3. Niger: Gender Development (2021)



Source: UNDP and IMF staff calculations.

Authorities' Views

38. **The authorities concurred with staff's recommendations and underscored those ongoing initiatives would help improve human capital and gender equality.** They appreciated staff analysis on the potential impact of policies to foster gender equality and on the efficiency of social spending. They also highlighted the difficulty in reaching the population living in conflict-affected areas through social assistance programs. Moreover, authorities argued that the large territorial extension of the country creates challenges to effective targeting of social safety net programs. They highlighted the challenges in creating a unified social registry in the context of high population growth and an outdated civil identification system and noted that a manual of the USR has been validated in September 2022 with the objective of covering 800,000 households in the database.

D. Developing the Private Sector and Building Resilience to Shocks

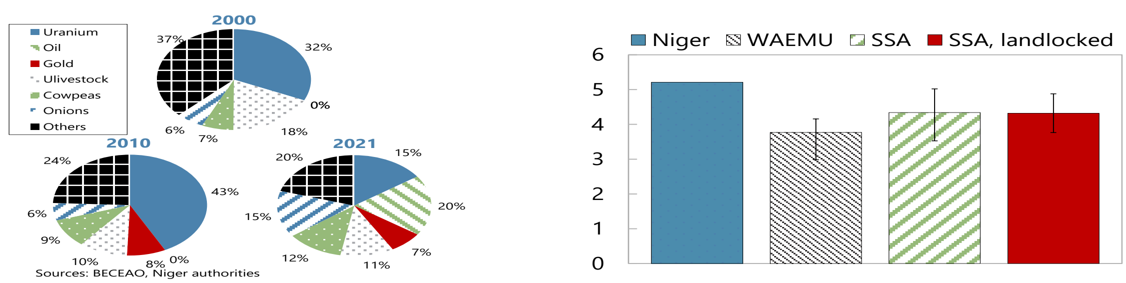
39. **Fostering export diversification is key for sustained growth and to reduce vulnerability to shocks**. Niger's exports remain concentrated in a few primary products in the natural resource and agricultural sectors, including uranium, gold, and oil. The degree of export diversification

remains lower compared to the average of other WAEMU and Sub-Saharan African (SSA) countries (Text Figure 4). This increases the vulnerability of the economy to commodity and climate shocks. Staff analysis suggests that certain specific horizontal policies, such as investing in human capital and infrastructure, promoting digitalization, removing barriers to trade and improving governance are likely to yield the largest gains in terms of export diversification (Chapter 6 of the SIP). In this context, the envisaged construction and rehabilitation of the road network with Benin under the Millennium Challenge Corporation and the ongoing rehabilitation of the trans-Saharan corridor Lagos-Alger via Zinder and Agadez are welcome initiatives to upgrade infrastructure. The African Continental Free Trade Area (AfCFTA) can also be an effective mechanism to increase new market opportunities for exporting firms of Niger, given the expected reduction in tariffs and non-tariff barriers and the ensuing decrease in trade costs.

Text Figure 4. Niger: Export Diversification

Composition of Goods Exports

Export Diversification in 2014[1/ 2/]
(A Higher Value Indicates Lower Diversification,)



Sources: BECEAO, Niger authorities

[1/] *The export diversification indicator was developed by IMF staff (e.g., Henn, Papageorgiou, and Spatafora, 2013).*
[2/] *The WAEMU, SSA, and SSA landlocked countries exclude Niger. Bars show the average, whereas error bands indicate the 25 and 75 percentiles of each country group.*
Source: IMF Export Diversification and Quality Data and IMF staff calculation

40. The authorities are committed to accelerating the implementation of key reforms to promote private sector development (MEFP ¶32). A new inclusive national framework for public-private dialogue has been created, its central bodies have been set up and its regional branches are being installed. The government also plans to adopt, before the end of this year, a charter for SMEs aimed at creating a more favorable environment for their development and improving their competitiveness. The government also plans to accelerate the finalization of projects for the digitalization of business creation procedures, the creation of a one-stop shop for foreign trade, and the digitization of the land registry—starting with that of the city of Niamey—with a view to publishing it on an official website.

41. Authorities are encouraged to implement policies to improve the resilience and adaptation of the agricultural sector to climate shocks. The high prevalence of rain-fed agriculture exposes production to climate-related shocks and increases the vulnerability of rural households (Chapter 4 of the SIP). Staff estimates indicate that a one standard deviation decline in rainfall is associated with a decrease in income per capita of about 11 percent. Climate shocks also negatively affect household consumption, poverty, and nutritional status. The lack of large-scale

irrigation infrastructure prevents farmers to adequately cope with increasingly frequent drought episodes. Tapping into the country's large underground water potential would strengthen the resilience of the agricultural sector. Improving access to renewable energy equipment could also contribute to modernize the sector. While limited access to electricity is a major obstacle to the use of irrigation pumps in rural areas, Niger's renewable energy potential (solar, hydropower, and wind) could be tapped to close this gap. Moreover, facilitating access and use of appropriate weather information could increase disaster preparedness.

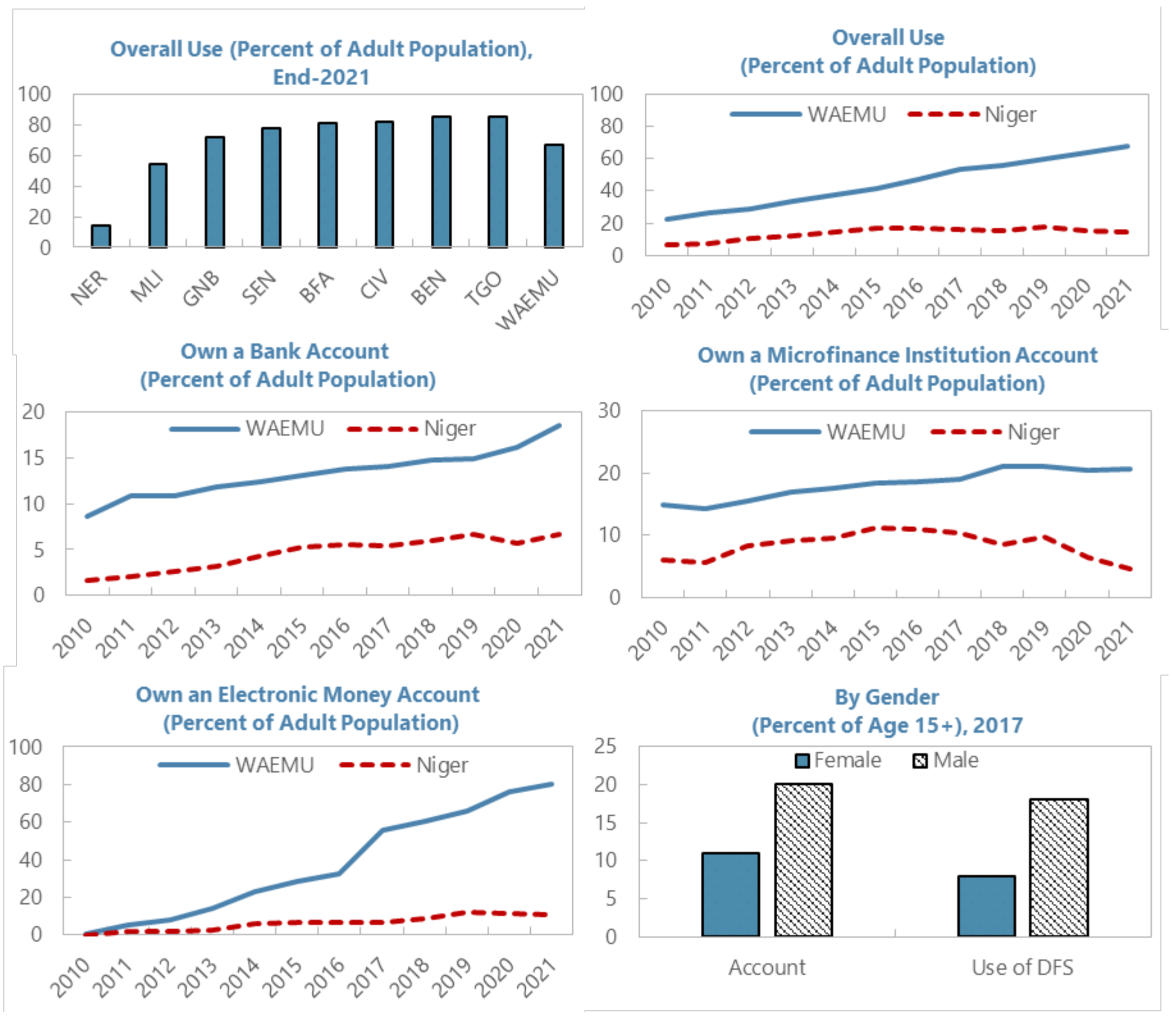
Authorities' Views

42. The authorities welcomed staff's analysis on economic diversification, climate change, and food insecurity and plan to incorporate pertinent recommendations in their structural reform agenda. They highlighted that under the new Economic and Social Development Plan (PDES 2022-2026, see Annex V), they aim to build Agro-poles throughout the country to transform locally produced agricultural products. This policy would help farmers diversify their production and increase individual and macroeconomic resilience in the face of climate shocks. The authorities also emphasized the adoption of a strategy and a national plan for adaptation to climate change in the agricultural sector focusing on harnessing the country's large untapped underground water for irrigation. Finally, they pointed to the Niger 2.0 Smart Villages Project to promote digitalization in rural and remote parts of the country.

E. Financial Sector Policies

43. Low financial literacy, informality, and inadequate infrastructure are among the main fundamental barriers limiting financial inclusion (Chapter 3 of the SIP). Niger lags behind other WAEMU countries in terms of use of and access to financial services (Text Figure 5). Only 14 percent of the adult population uses financial services— with a significant gender gap— compared to 67 percent for the WAEMU average in 2021. Expediting the implementation of the national financial education strategy currently being prepared is among the main recommendations to foster financial inclusion highlighted by staff (Chapter 3 of the SIP). Moreover, promoting the digitalization of financial services would contribute to improved access to financial services, especially in remote areas. The forthcoming implementation of the regional interoperability project led by the regional central bank (BCEAO) should create an enabling environment in that area by allowing payments between the government and individuals from any type of account and electronic payment platforms offered by banks, microfinance institutions and non-bank issuers of electronic money, in particular mobile money. Closing the gender gap in terms of access and use of financial services is also an imperative for women's economic empowerment.

Text Figure 5: Niger: The Use of Financial Services in Niger and WAEMU Countries



Sources: BCEAO financial inclusion reports, World Bank Global Findex, and IMF staff calculations.

44. **Authorities should accelerate the implementation of measures to enhance the soundness of the banking and microfinance sectors, given the recent increase in vulnerabilities**. While the WAMU Banking Commission is closely monitoring banks' portfolios and mandating remedial actions when needed, the Central Bank is also conducting an analysis to better understand the factors that caused the recent increase in NPLs. Moreover, authorities are putting in place a framework to ameliorate the dialogue between banks and the treasury with a view of enhancing/tightening lending standards for borrowers involved in public works contracts. In the microfinance sector, a refinancing agreement is being discussed between banks and ASUSU—the largest microfinance institution—to finance its activities, including the restructuring of loans and its recapitalization. Other recommendations stemming from the plan to restructure the sectors that are being implemented include the establishment of a training program for managers to reinforce

governance and the consolidation of the sector by merging institutions facing financial difficulties. Furthermore, the government plans to accelerate donor funding for the Financial Development and Inclusion Fund (FDIF), which is expected to boost the microfinance sector operations.

Authorities' Views

45. The authorities concurred that financial inclusion is crucial to improving people's resilience to shocks and their overall living conditions (MEFP ¶34). They stressed that the national financial inclusion strategy and ongoing regional initiatives, including digitalization and interoperability of all financial services providers, represent opportunities to deepen financial inclusion. They are optimistic that the microfinance sector will recover, especially when the sector's restructuring plan is fully implemented by 2023 (MEFP #35). In addition, they intend to encourage donors to fulfill their financial commitments to ensure the proper operation of the FDIF. The authorities are also stepping up efforts to remove barriers to financial deepening. A consultation framework has been set up to ensure the coordination of all existing financial inclusion funds. In addition, the National Support Fund for Small and Medium Enterprises (FONAP) has begun operations by providing a credit facility to 100 SMEs in the amount of CFAF 10.9 billion. Furthermore, the authorities intend to launch a national financial literacy program aimed at fostering the financial inclusion of vulnerable people, namely youth and women. To improve access and use of financial services, they plan to focus on the development of mobile banking and of Islamic finance, which is in line with the country's sociocultural context. The Central Bank is also conducting a diagnostic of financial inclusion barriers in Niger, the recommendations of which will be included in the next financial inclusion strategy.

F. Advancing the Governance Reform Agenda to Address the Sources of Fragility

46. Since the last consultation, the authorities took steps to strengthen governance and anti-corruption frameworks and are committed to further reforms. In the area of public financial management, several audits have notably been completed by the Auditor General (*Cour des Comptes)* and some of them were published recently, including those related to 2020 Covid-19 spending and tax exemptions in the extractive industries sector. The authorities have also taken steps to ensure the implementation of the recommendations of the audit reports of the Auditor General (MEFP ¶36) on 2020 Covid-19-related spending and tax exemptions in the extractives industry. In particular, a committee has been set up at the Ministry of Finance to follow-up on the recommendations under its purview and the Public Procurement Authority (ARMP) has drawn up an action plan to implement the recommendations relating to deficiencies in the public procurement system. The *Cour des Comptes* intends to take stock of the implementation status of the recommendations in its forthcoming public annual report. The authorities are publishing the beneficial ownership information of companies awarded non-competitive contracts (new continuous SB: https://www.armp-niger.org/marches-passes-par-ed) and plan to strengthen the existing framework by adopting an implementing decree of the new public procurement code that will mandate the provision of this information by companies. On AML/CFT, the government has adopted a new AML/CFT strategy and its action plan to address

deficiencies identified in its AML/CFT framework by the 2021 GIABA report. The plan includes actions to strengthen risk-based monitoring of non-profit organizations, enhance risk-based supervision of banks in coordination with the regional supervisor, improve risk-based supervision of higher risk designated non-financial sectors (e.g., real estate, lawyers, precious metals and stones), increase transparency of legal persons and arrangements, ensure effective application of targeted financial sanctions, and improve investigation and prosecution of money laundering and terrorist financing offences. Finally on anti-corruption, the authorities adopted in 2020 a law requiring additional senior public officials to report asset declarations, and plan to issue a decree to further operationalize the asset declaration framework.

47. **However, corruption remains a major challenge and rule of law weaknesses are persisting.** Key third-party indicators continue to point to deficiencies in terms of perceptions of control of corruption. As of 2020, The World Governance Indicators index[10] on control of corruption score went down from -0.53 in 2019 to -0.55 in 2021, and the Transparency International's corruption perception index[11] score marginally decreased from 32 to 31 during the same period. Nonetheless, it is important to note that there is sizable uncertainty regarding the measurement of these indicators in Niger, which calls for caution when inferring trends from movements in these indexes. Contract and property rights enforcement is hampered by concerns of bribery threatening the impartiality of judicial proceedings, by the non-enforcement of some decisions, and by the lack of resources and technology.

48. **The authorities' governance reform agenda needs to be reinforced for greater impact.** It is particularly important that the Ministries of Mines and Hydrocarbons put in place arrangements to address recommendations directed to them by the Auditor General. Efforts to strengthen Niger's institutional anti-corruption framework should continue, including by strengthening the independence, as well as the human and financial resources of the High Authority for the Fight Against Corruption and Similar Offenses (HALCIA)—Niger's official anti-corruption agency, responsible for preventing and combatting corruption-related offences. Furthermore, transparency and accountability could be enhanced by publishing the final corruption related statistics, prosecutions, and rulings of key institutions. It is also critical that a law is enacted to determine the modalities of the asset declarations, as contemplated by the Constitution. In line with good international practices, these modalities should notably include the online publication of declarations including assets beneficially owned and dissuasive sanctions for non-compliance. With regard to the rule of law, in addition to increasing resources, integrity and independence of the judiciary, steps should be taken to ensure the efficient enforcement of contracts, specifically for individuals based in remote areas.

Authorities' Views

49. **Authorities are fully aware of the challenges of improving governance and strengthening the fight against corruption to ensure more effective and efficient management**

[10] Estimate ranges from approximately -2.5 (weak) to 2.5 (strong) control of corruption performance.

[11] A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean.

of public finances, improve the business environment and address the sources of the country's fragility. They intend to pursue their two-pronged strategy, aimed firstly at creating a deterrent environment for corruption practices by effectively implementing administrative and judicial sanctions to those found guilty of corruption and acts of ill-governance. They recognize that the deterrent effect and desired change in behavior will be more effective if the sanctions are applied to the highest public authorities. Authorities remain therefore committed to accelerating the collection and publication of asset declarations by senior officials as per to the existing framework. The authorities' second approach to fighting corruption and promoting good governance consists in putting in place public financial management procedures and systems prone to reducing risks of corruption and improving transparency, notably through dematerialization and digitalization. The operationalization of SISIC at the DGI and ASYCUDA at the DGD, as well as the digitization of government payments, are important steps in this process that need to be accelerated.

PROGRAM ISSUES, STATISTICAL ISSUES, CAPACITY DEVELOPMENT AND OUTREACH

50. A waiver for the non-observance of the continuous performance criterion on the contracting of external public and publicly guaranteed debt is requested by the authorities. The breach occurred in November due to higher-than-expected ratified project loan contracts this year, mostly because of a reclassification of loan contracts previously recorded in 2021.[12] It is also expected that additional concessional loans from the World Bank (123.2 billion CFAF in PV terms, subject to the changes in the IDA financing terms), will be contracted in 2022 to support budget financing. The total amount of new external debt in 2022 is expected to be 571.1 billion CFAF in the PV terms. The total size of the breach (169.1 billion CFAF) is explained by the reclassification of the three external loans, and additional concessional loans from the World Bank. Staff assesses that despite the non-observance, program objectives remain achievable under sustained prudent public debt management by the authorities and considering that additional concessional borrowing from the World Bank partly substitutes costly domestic financing, thereby easing the debt service burden. Staff recommends a waiver of non-observance given that the deviation is temporary in nature. The deviation was caused by three factors (reclassification of loans, lack of recalibration of the debt limit in time to reflect the change to IDA assumptions and extra concessional borrowing from the World Bank replacing domestic financing), all of which can be deemed temporary. The non-observance does not change the risk of external and overall debt distress, which remains moderate (DSA), nor would it jeopardize the program's objectives.

51. The authorities are requesting the modification of the continuous performance criterion on the contracting of external public and publicly guaranteed debt to reflect the updated framework. The modification accommodates larger-than-anticipated external borrowing, mainly from

[12] The authorities informed staff that three external loans, which were recorded in 2021 with a total amount of 66.2 billion CFAF in the PV terms, were in fact ratified in the first quarter of 2022. Staff confirms that the correction does not affect the assessment of the performance criteria in the previous review.

concessional resources, as the impact of the changes in the IDA financing terms materializes in the full year. The higher contracting of external debt also reflects the intention of preventing future delays in the disbursements of project loans under the new national economic and social development plan. Consequently, the disbursement schedule remains mostly unchanged, and the authorities reiterated their commitment to achieve the programmed fiscal consolidation. External borrowing is expected to finance the fiscal deficit while containing the reliance on costly domestic financing. Despite the modification, the risk of external and overall debt distress remains at moderate (DSA). The authorities are also requesting the modification of performance criterion for the ceiling on net domestic financing at end-December 2022 and June 2023, as well as the modification of indicative targets from end-December 2022 until June 2023 to reflect the updated macroeconomic framework. They are also requesting the establishment of new performance criteria and indicative targets for all relevant indicators for end-September and end-December 2023.

52. Niger continues to face acute financing needs and Fund engagement is critical to catalyze the support from other development partners. External financing needs are estimated at CFAF 993 billion over 2022-24 (Text Table 4). Financing needs are expected to diminish as the current financing pressure eases, reform implementation advances, and oil exports further strengthen the current account balance. The IMF's financial support is expected to catalyze budget support from multilateral and bilateral donors. The program is fully financed, with firm commitments of financing in place for the next 12 months, and good prospects of adequate financing for the remaining program period. The authorities continue to prioritize external financing in the form of concessional loans and grants, benefiting from the support from international partners (Table 10).

53. Capacity to repay the Fund remains adequate. Despite the challenging near-term context, the favorable medium-term outlook leaves Niger sufficient capacity to repay the Fund (Table 14). Repayment obligations to the Fund peak at 1.3 percent of exports and 2.2 percent of tax revenues in 2029. Nonetheless, there are a number of potential risks to capacity to repay, including possible fiscal slippages, further delays in the operationalization of the pipeline, and consequently oil exports, as well as the faster accumulation of senior debt due to recent IDA policy changes. The swift implementation of the authorities' reform agenda and contingency measures in case adverse shocks materialize are factors mitigating such risks to capacity to repay.

54. Safeguards assessment. The BCEAO has implemented all recommendations provided in the 2018 safeguards assessment. The assessment found that the BCEAO had broadly appropriate governance arrangements and a robust control environment. An update assessment of the BCEAO is planned for 2023.

55. The authorities and staff agreed on a new capacity development (CD) strategy. Building on the previous strategy and on program priorities, the focus will be on: i) tax policy and revenue administration, ii) natural resource management, iii) public financial management, and iv) macroeconomic and financial statistics.

Text Table 4. Niger: External Financing Needs and Sources
(CFAF Billions)

	2022	2023	2024
Total Financing Requirement	**1,462**	**1,503**	**1,304**
Current account deficit (excl. grants)	1,460	1,468	896
Government amortization	126	127	131
Gross changes in NFA (+: increase)	-125	-92	278
Total Financing Source	**1,048**	**1,190**	**1,038**
Foreign direct investment	336	443	281
Project-related financing	658	613	670
Other flows	54	134	87
Financing Need	**414**	**313**	**266**
Budget support	349	282	235
EU	40	83	41
France	15	16	...
Luxembourg	2	2	3
Switzerland	1	1	...
Canada	1	0	...
Others 1/	291	180	191
IMF financing	61	31	31
CCRT	4	0	0
Residual Financing Gap	0	0	0

1/ The estimated amounts include the World Bank's budget support for 2022-2024 , which will be finalized once officially confirmed after the internal approval procedure.

Source: Nigerien authorities and IMF staff calculations.

STAFF APPRAISAL

56. Niger's medium-term economic outlook is favorable despite significant development challenges in a context of fragility. Economic growth is expected to rebound this year as agricultural production recovers and large-scale investment projects are accelerated. Growth should gain further momentum in the medium term, reaching double digits in 2024, with the start of oil exports and the implementation of the authorities' structural reforms.

57. Nevertheless, the balance of risks—both domestic and external—is tilted to the downside, calling for greater prudence in macroeconomic policy choices. Niger's favorable outlook could be undermined by international developments related to volatile commodity prices, spillover effects on the regional market from tighter global financial conditions, and intensifying spillovers of the war in Ukraine, which could reduce the country's access to concessional financing. Climate shocks and a further delay in the completion of the pipeline are also major risks. In this context, the authorities should resort to a cautious fiscal policy to rebuild buffers and curtail increased vulnerabilities to debt sustainability.

58. Niger will need continued donor support to decisively address climate change and security challenges, thus helping preserve macroeconomic stability. The authorities consider the restoration of security and peace throughout the country as a prerequisite for development. However, pressure from security spending threatens to crowd out other priority expenditures needed to strengthen the resilience of the population and support longer-term growth efforts. The country remains vulnerable to climate shocks and faces increasing aridity, marked by high volatility of weather conditions during the growing season. Climate change itself is a factor exacerbating the risk of conflict and is a source of fragility.

59. Program performance has been broadly satisfactory in a challenging context. All quantitative performance criteria (QPCs) were met and five out of six indicative targets (ITs) at end-June and end-September were observed. Nevertheless, the present value of new PPG external debt exceeded its ceiling in November, while Niger registered no new external payment arrears. The implementation of the authorities' reform agenda is broadly on track with almost all SBs and continuous SBs met. The authorities are committed to taking the necessary steps to accelerate the completion of the delayed reforms.

60. A temporary and moderate widening of the fiscal deficit in 2022 is appropriate to address urgent spending needs related to the food crisis and the deteriorating security situation in the Sahel region. The 2022 fiscal deficit is projected to widen by 0.2 percentage point of GDP to 6.8 percent of GDP, while a relaxation of the deficit by 0.6 percent of GDP compared to the first review of the program is expected in 2023 to accommodate pressing spending priorities (in education, infrastructure, and social safety nets as well as security spending) and reflect a more gradual fiscal adjustment path. Staff supports this relaxation of the deficit target given Niger's daunting development needs and its moderate implications for fiscal sustainability risks. However, the authorities remain committed to achieve the 3 percent of GDP deficit regional norm by 2025, in line with the recent decision by the WAEMU Council of Ministers to delay the convergence period by one year. Staff deems the envisaged medium-term fiscal adjustment trajectory challenging but feasible, given the temporary nature of emergency spending in 2022 and prospects for increased oil revenue as well as domestic revenue mobilization efforts.

61. Staying the course with the agreed fiscal consolidation path and avoiding entrenched large deficits would preserve fiscal and public debt sustainability. The country's risk of external and overall debt distress remains moderate, but vulnerabilities have increased with debt indicators moving closer to their reference thresholds. The authorities remain committed to pursuing a prudent debt policy by prioritizing concessional external borrowing and borrowing for growth-enhancing investments while extending the average maturity of domestic debt to reduce refinancing risk.

62. Efforts to increase revenue mobilization should be stepped up. The reform of the tax code to simplify the tax system and broaden the tax base by shifting the tax burden from production factors to consumption is a crucial step in that agenda. The digitization and interconnection of tax collection administrations should be finalized within the program period to

ensure more efficient revenue collection and a level playing field by reducing opportunities for fraud. There is also an urgent need to continue to rationalize and reduce tax exemptions by restricting the conditions under which they are granted and reinforcing their monitoring.

63. The establishment of a transparent oil resource management framework before the start of exports is a priority. The IMF stands ready to provide additional technical assistance to develop this framework. The authorities are committed to ensuring that all government oil revenues will be channeled to the budget and remain under the control of the Ministry of Finance. They also intend to establish a fiscal rule for the management of oil revenues and a stabilization fund to insulate fiscal policy from the volatility of international oil prices. As a priority of the new capacity development strategy, staff encourages the authorities to work steadfastly with FAD experts to deliver the oil revenue management strategy and implement it before the start of crude oil exports, as further delays could undercut Niger’s capacity to efficiently manage the expected revenues.

64. Improving the quality and efficiency of spending remains an imperative that goes hand in hand with revenue mobilization efforts. The authorities are committed to improving social spending to address the country's large human capital gap, including by focusing on girls' education. Increased and better targeted social protection spending is also essential to improve the resilience of vulnerable populations to recurrent shocks. Moreover, there is an urgent need to reduce the infrastructure gap to improve the mobility of people and goods and to open up secluded production regions. Strengthening public financial management systems is a prerequisite for this purpose.

65. Preserving the stability and soundness of the banking and microfinance sectors is essential for private sector development and inclusive growth. The authorities and regional institutions should continue to coordinate their efforts to tackle the sharp deterioration in the portfolio of financial institutions observed since 2021. Promoting financial inclusion also remains a priority to close the gap between Niger and other WAEMU countries and improve economic resilience; this would require efforts to tackle low financial literacy, promote digitalization, and address informality.

66. The authorities should accelerate the implementation of ongoing initiatives to support private sector development, economic diversification, and resilience to climate change. Diversifying away from the agricultural and extractive sectors to create more local value added and jobs would help to reduce GDP volatility induced by vulnerability to climate shocks and commodity prices fluctuations. Reforms to enhance human capital and the quality of infrastructure, to promote digitalization, to remove barriers to trade and improve governance are likely to yield the largest gains in terms of diversification. The resilience of the agricultural sector to climate shocks could be enhanced by tapping into the country’s large underground water potential and improving access to renewable energy equipment.

67. Staff welcomes authorities’ commitment to further strengthen governance and anti-corruption frameworks. The publication of information on the beneficial owners of companies

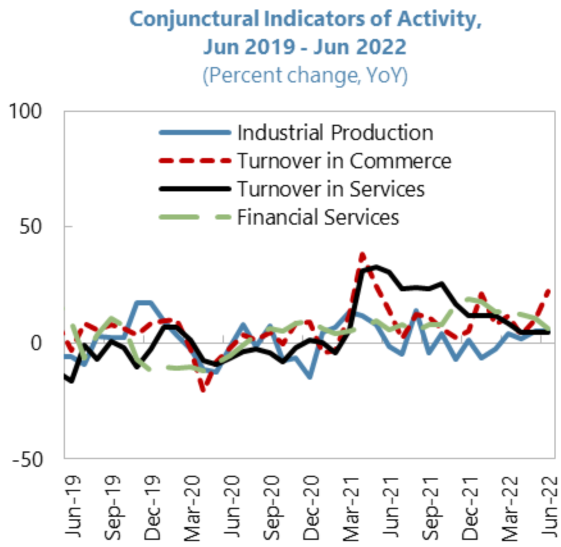
awarded non-competitive public contracts and the adoption of a strategy and action plan to strengthen the AML/CFT framework are welcome developments. Ongoing efforts to reduce the vulnerability of the revenue and expenditure chain to corruption—especially through the digitization of procedures—are also promising and should be accelerated. Staff encourages the authorities to expedite the implementation of the action plan of the AML/CFT strategy to address deficiencies in the framework, the recommendations of the audit reports of the Auditor General, and the enactment of a law to determine the modalities of the asset declarations, as contemplated by the Constitution.

68. Based on program performance and commitments under the program, staff supports the completion of the second review under the ECF arrangement, the request for waiver of non-observance, modification of performance criteria, and the disbursement of the third tranche of SDR 39.48 million. The attached Letter of Intent and the Memorandum of Economic and Financial Policies set out appreciate policies to achieve program objectives.

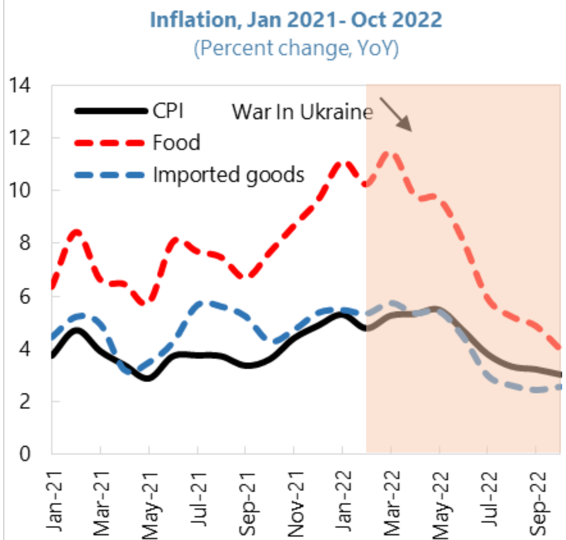
69. It is expected that the next Article IV Consultation will be held on the 24-month cycle, in accordance with Decision No. 14747-(10/96).

Figure 1. Niger: Recent Economic Developments

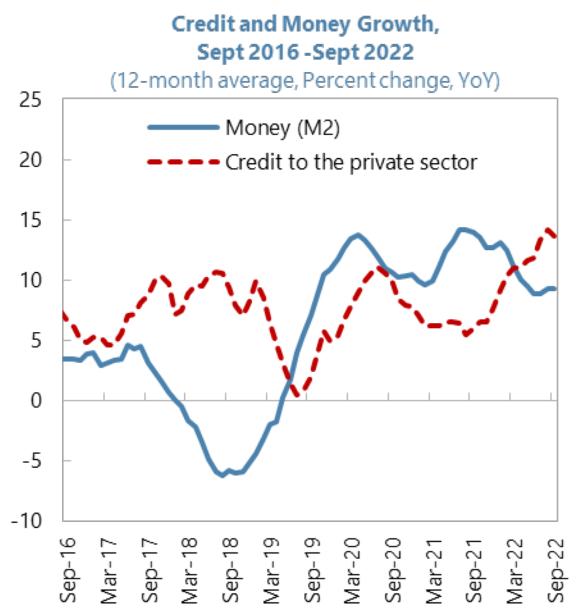
Activity in commerce has recovered in the second quarter of 2022.



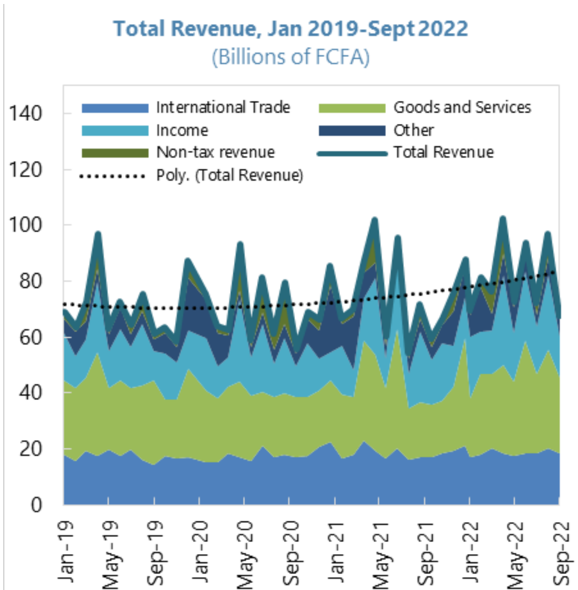
Inflationary pressures mainly stemming from higher food prices are moderating as of October 2022.



The first half of 2022 shows a positive trend, but private sector credit growth still indicates limited financial deepening.



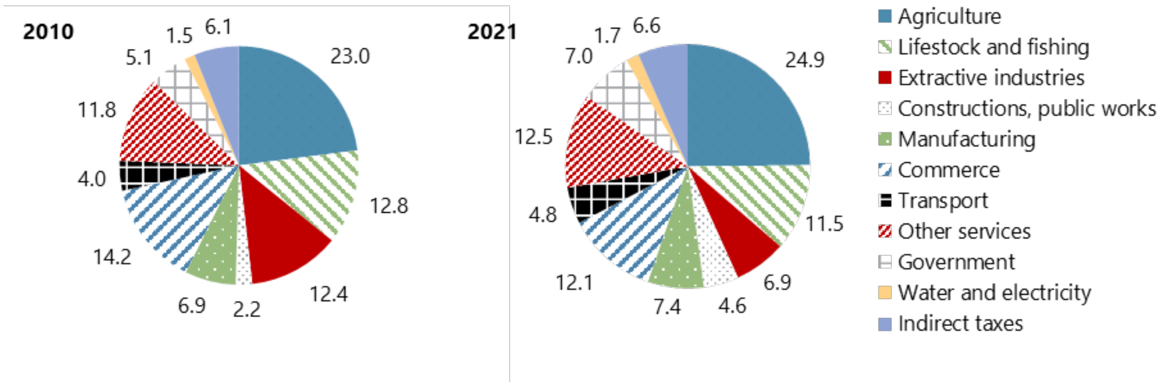
Revenue has been slightly improving in 2022 driven by income tax and VAT, offsetting underperformance in international trade and other taxes.



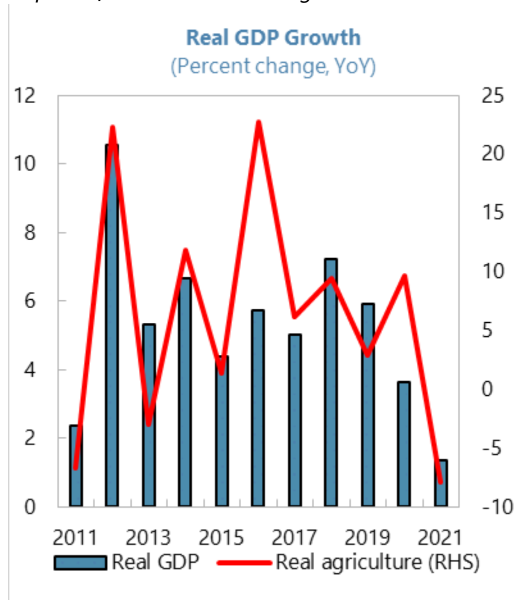
Source: Nigerien authorities and IMF staff calculations.

Figure 2. Niger: GDP Composition and Output Volatility

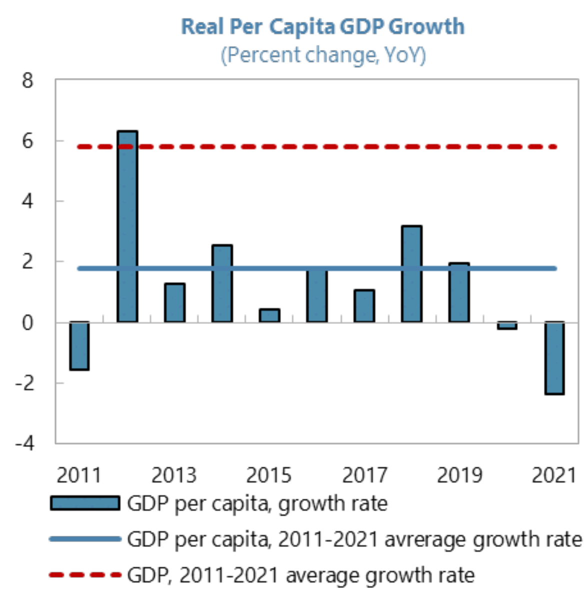
As of 2021, the share of the extractive industries in GDP remained low and has further declined in response to the relatively lower international prices. The agriculture and livestock sectors continue to dominate economic activity.



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



Per capita GDP growth is also fickle and relatively modest, due to high population growth.

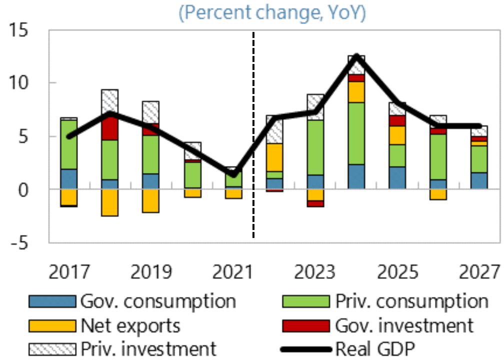


Sources: Nigerien authorities and IMF staff calculations.

Figure 3. Niger: Medium-Term Outlook, 2017-27

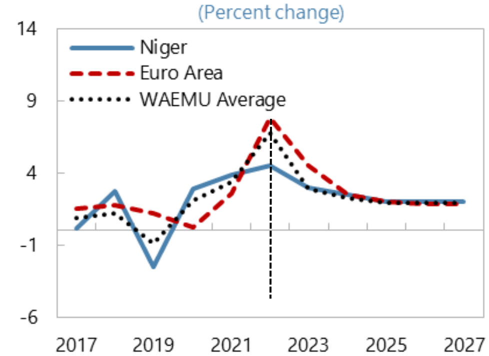
Growth is expected to bounce back in 2022 and pick up thereafter, as oil production increases.

Contribution to Real GDP Growth, 2017-27
(Percent change, YoY)



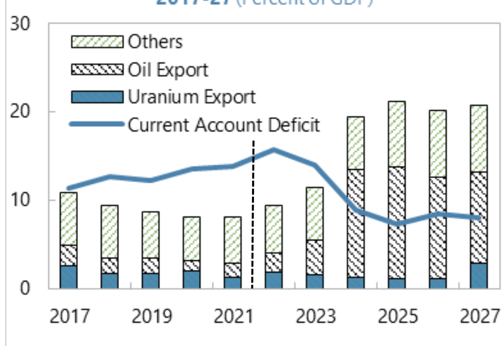
Inflation should converge back to the regional target band by end-2023.

CPI Inflation, 2017-27
(Percent change)



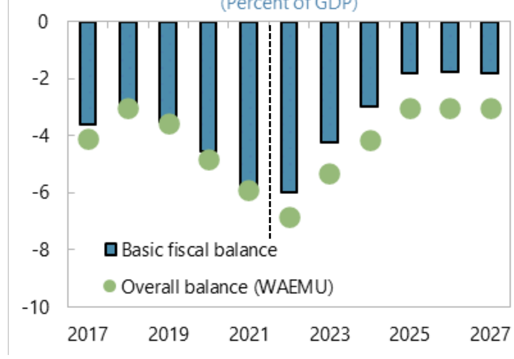
The current account deficit is projected to narrow with higher oil exports.

Current Account Deficit and Exports, 2017-27 (Percent of GDP)



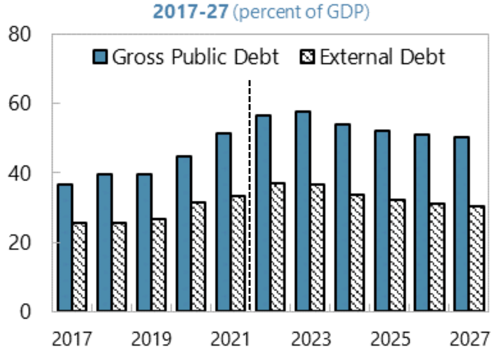
After three years of fiscal expansion, the onus is on growth-friendly consolidation of public accounts over 2023-25.

Basic Fiscal and Overall Balance. 2017-27
(Percent of GDP)



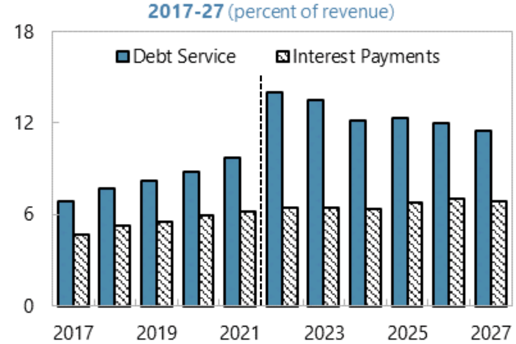
Public debt will remain contained…

Gross Public Debt and External Debt, 2017-27 (percent of GDP)



…while debt service indicators gradually decline over the medium-term.

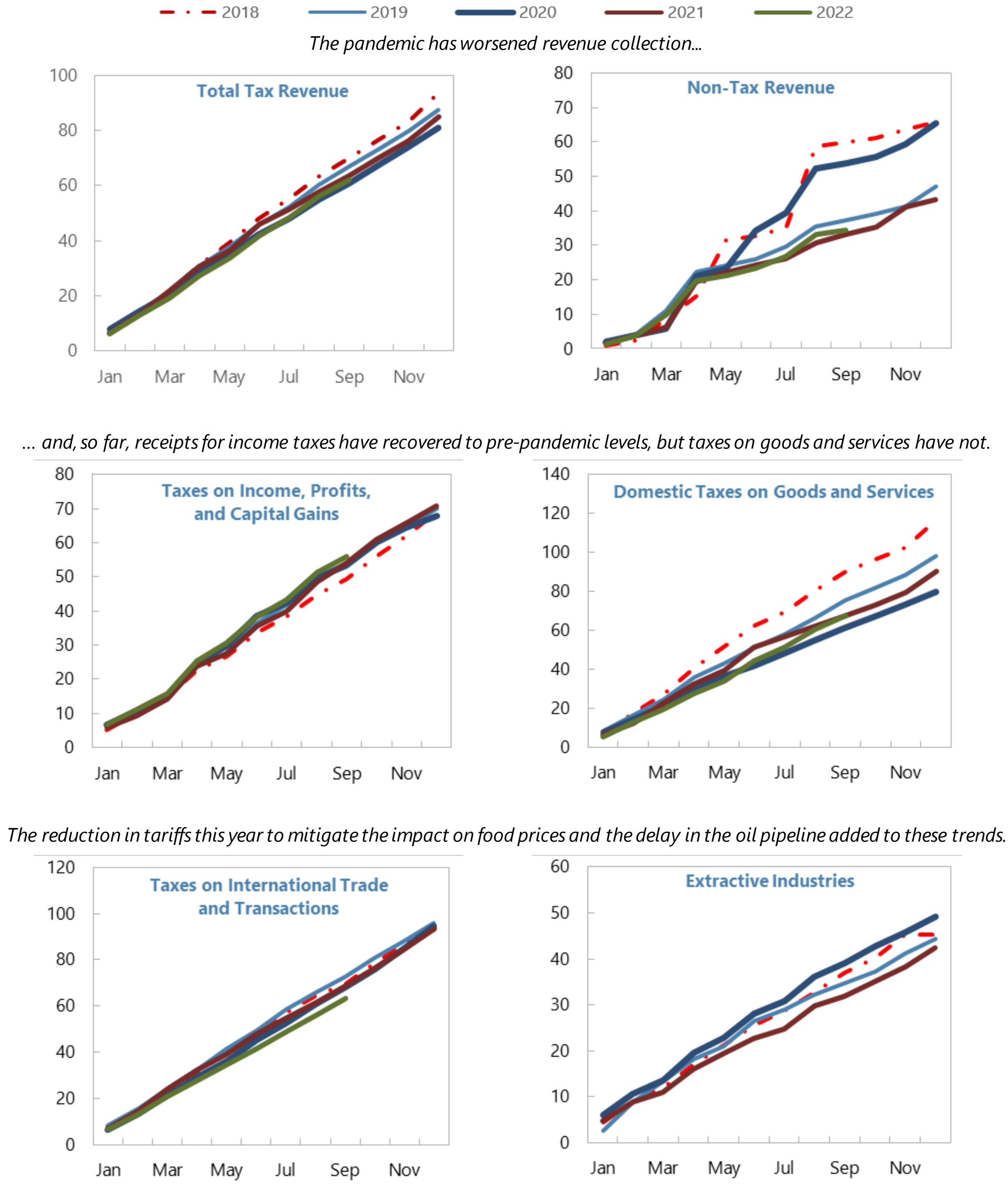
Debt Service and Interest Payments, 2017-27 (percent of revenue)



Source: Nigerien authorities and IMF staff calculations.

Figure 4. Niger: Tax Performance, 2018–22

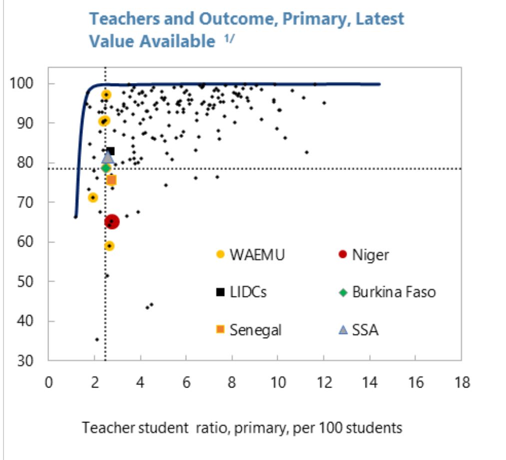
(Cumulative values, December 2014 = 100, nominal GDP discounted)

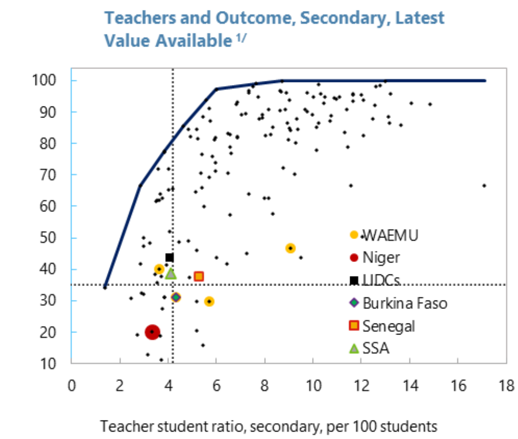


Sources: Nigerien authorities and IMF staff calculations.

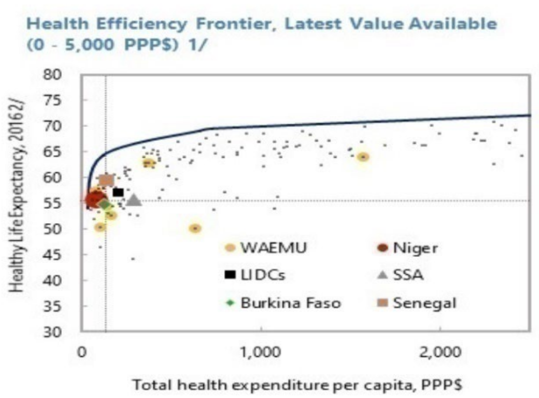
Figure 5. Niger: Social Spending, Latest Available

There are signs of inefficiencies in education spending at both the primary and secondary level, with a large distance to the frontier.

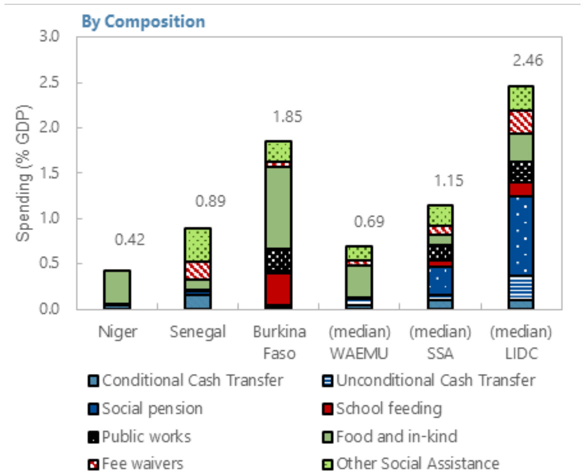




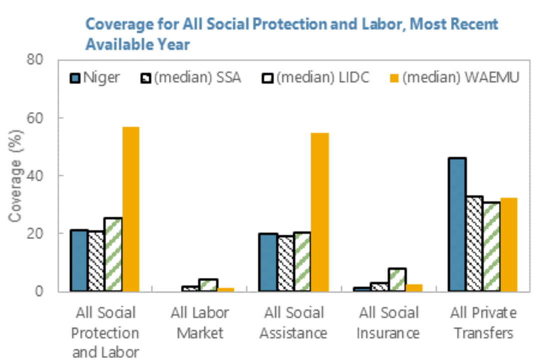
Life expectancy and health expenditure per capita lag behind peers.



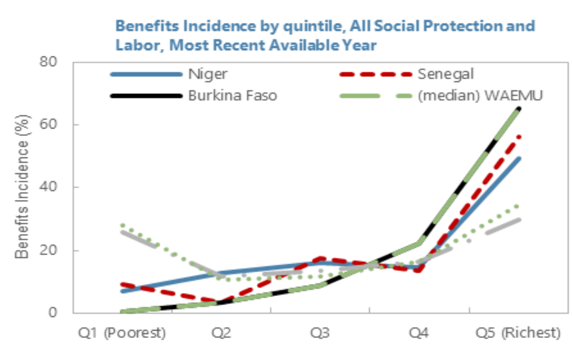
Social assistance spending is low and concentrated in food distribution.



The coverage for social protection programs is low, particularly for labor market and social insurance.



The targeting of social protection programs tends to be regressive, where the top quintiles receive a larger share of benefits than the bottom.



1/ Dashlines are the average of WAEMU.

Source: FAD EAT tool, FAD EP SPL-AT tool, and IMF staff calculations.

Table 1. Niger: Selected Economic and Financial Indicators, 2020-27

	2020	2021	2022			2023			2024	2025	2026	2027
			2021 ECF Request	1st Review	Proj.	2021 ECF Request	1st Review	Proj.	Projections			
	(Annual percentage change, unless otherwise indicated)											
National income and prices												
GDP at constant prices	3.5	1.4	6.5	6.9	7.1	10.4	7.2	7.0	13.0	7.9	6.1	6.0
Oil production (thousand barrels per day)	17	17	17	17	16	49	28	25	102	108	110	110
GDP deflator	0.9	3.1	2.0	2.5	4.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer price index												
Annual average	2.9	3.8	2.5	5.3	4.5	2.0	3.0	3.0	2.5	2.0	2.0	2.0
End-of-period	3.1	4.9	2.5	5.2	4.8	2.0	3.0	3.0	2.5	2.0	2.0	2.0
External sector												
Exports, f.o.b. (CFA francs)	-2.2	4.6	13.2	24.5	13.9	53.4	33.5	30.1	136.9	5.5	1.3	11.9
Of which: non-oil exports	1.5	0.8	15.7	16.4	9.1	8.2	16.1	12.6	6.6	18.5	10.6	38.8
Imports, f.o.b (CFA francs)	3.9	10.1	16.1	16.8	12.2	3.3	8.4	9.3	23.2	6.5	5.7	6.9
Export volume	-0.6	-8.3	8.4	1.0	-6.7	58.7	29.1	22.8	125.8	9.9	4.2	14.2
Import volume	2.7	1.1	13.7	-2.3	-5.2	4.6	15.2	10.6	21.7	6.1	5.9	6.2
Terms of trade (deterioration -)	-2.7	4.7	2.4	3.1	3.1	-2.1	10.0	7.2	3.7	-4.4	-2.6	-2.6
Government finances												
Total revenue	0.5	5.2	14.5	19.8	19.9	24.2	19.8	19.6	33.8	10.3	9.1	9.5
Total expenditure and net lending	8.4	13.4	3.0	10.0	13.9	9.5	4.6	1.7	17.8	5.5	8.7	9.1
Current expenditure	12.4	9.1	3.5	8.7	13.9	15.4	11.4	1.8	21.3	8.0	9.2	9.2
Capital expenditure	5.3	12.9	0.8	11.4	12.9	6.0	-3.8	-4.3	29.9	3.3	8.2	8.9
	(Annual percentage change, unless otherwise indicated)											
Money and credit												
Domestic credit	25.0	9.2	17.9	21.0	17.5	16.3	17.7	15.0	16.5	12.9	12.1	12.3
Credit to the government (net)	565.5	-24.6	47.1	90.5	103.6	22.6	37.9	37.7	21.9	5.6	4.9	6.2
Credit to the economy	8.6	15.4	10.4	12.4	7.1	14.1	13.5	9.8	14.9	15.2	14.1	13.9
Net domestic assets	46.1	0.6	42.4	53.6	30.7	22.6	22.4	24.8	3.7	7.6	9.6	10.3
Broad money	17.0	9.7	14.9	19.3	10.3	15.6	12.5	12.1	16.3	13.6	11.3	11.2
Velocity of broad money (ratio)	5.2	5.0	5.1	4.6	5.0	4.8	4.5	4.9	4.8	4.7	4.6	4.4
	(Percent of GDP, unless otherwise indicated)											
Government finances												
Total revenue	10.8	10.8	11.5	11.8	11.7	12.7	13.0	12.8	14.8	14.9	15.0	15.2
Total expenditure and net lending	22.4	24.3	22.7	24.3	24.8	22.1	23.2	23.1	23.6	22.6	22.7	22.9
Current expenditure	10.3	10.7	10.4	10.6	11.0	10.6	10.8	10.2	10.7	10.5	10.6	10.7
Capital expenditure	12.1	13.1	11.7	13.2	13.2	11.0	11.6	11.6	13.0	12.2	12.2	12.3
Overall balance (commitment basis, incl. grants) [1, 2]	-4.8	-5.9	-5.4	-6.6	-6.8	-4.2	-4.7	-5.3	-4.1	-3.0	-3.0	-3.0
Gross fixed capital formation	31.1	31.7	33.7	36.2	34.2	30.4	32.4	33.5	33.6	32.4	32.1	31.8
Non-government investment	20.5	20.6	23.5	24.9	22.9	20.8	22.5	23.7	22.5	22.0	21.6	21.3
Government investment	10.5	11.1	10.2	11.2	11.2	9.6	9.9	9.8	11.1	10.4	10.4	10.5
Gross national savings	18.0	17.7	17.3	20.9	19.9	18.9	19.4	20.3	27.2	24.7	23.7	24.0
Of which: non-government	15.1	15.3	14.7	18.4	17.4	15.3	15.6	16.1	21.6	18.9	17.9	18.1
Domestic savings	15.2	14.8	15.2	19.2	17.5	16.9	17.5	18.2	25.5	23.8	23.2	23.8
External current account balance												
Excluding official grants	-15.7	-16.4	-18.0	-16.7	-16.2	-13.2	-14.8	-14.9	-8.0	-9.2	-9.9	-9.3
External current account balance (incl. grants)	-13.2	-14.1	-16.3	-15.4	-14.4	-11.5	-13.2	-13.4	-6.5	-7.8	-8.5	-7.9
Debt-service ratio as percent of:												
Exports of goods and services	5.5	7.7	12.4	12.6	12.1	10.4	12.1	11.0	5.9	5.8	5.2	4.8
Government revenue	8.5	11.0	15.9	15.8	15.8	14.1	15.5	14.3	10.6	9.8	8.5	7.9
Total public and publicly-guaranteed debt	45.0	51.3	49.8	54.1	56.6	48.2	53.8	57.6	54.1	52.1	51.1	50.2
Public and publicly-guaranteed external debt [3]	31.6	33.5	32.2	33.7	37.2	30.0	32.1	36.7	33.9	32.1	31.1	30.3
PV of external debt	22.7	20.7	23.0	23.8	22.7	21.2	22.2	22.2	19.8	18.1	17.0	16.0
Public domestic debt	13.4	17.8	17.6	20.4	19.4	18.2	21.7	20.9	20.2	19.9	19.9	19.9
Foreign aid [4]	12.2	10.6	9.3	9.7	11.0	9.3	8.9	8.9	7.8	7.6	7.6	7.6
	(Billions of CFA francs)											
GDP at current market prices	7,911	8,271	9,301	9,085	9,222	10,471	9,932	10,065	11,601	12,769	13,819	14,941
GDP at current prices (annual percentage change)	4.5	4.5	8.7	9.6	11.5	12.6	9.3	9.1	15.3	10.1	8.2	8.1

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

[1] Revenue including grants minus expenditure; WAEMU Anchor.

[2] Includes CCRT debt relief.

[3] The public debt projection numbers reflect the new IDA20 financing changes.

[4] The projections are based on the team's discussions with the authorities and do not necessarily reflect firm commitments by donors.

Table 2. Niger: Financial Operations of the Central Government, 2020–27
(In billions of CFA francs)

	2020	2021	2022			2023			2024	2025	2026	2027
			2021 ECF Request	1st Review	Proj.	2021 ECF Request	1st Review	Proj.	Projections			
Total revenue	852	897	1,070	1,075	1,075	1,329	1,287	1,286	1,721	1,898	2,071	2,267
Of which: cash revenue	780	854	…	…	…	…	…	…	…	…	…	…
Tax revenue	760	831	995	1,001	988	1,223	1,193	1,175	1,586	1,741	1,902	2,086
International trade	215	222	283	272	232	304	315	275	347	395	423	462
Goods and services	270	318	405	391	391	501	469	468	649	691	764	856
Income	192	209	206	237	275	290	299	336	469	503	552	594
Other	83	82	102	100	90	128	109	96	123	152	164	175
Nontax revenue	74	51	58	58	71	87	76	94	115	135	145	155
Special accounts revenue	18	15	16	16	16	18	17	17	20	22	24	26
Total expenditure and net lending	1769	2,006	2,113	2,206	2,286	2,315	2,308	2,325	2,739	2,888	3,140	3,426
Of which: domestically financed	1212	1,378	1,469	1,548	1,628	1,672	1,642	1,712	2,069	2,132	2,318	2,539
Of which: domestically financed, cash	1140	1,335	…	…	…	…	…	…	…	…	…	…
Total current expenditure	813	887	964	964	1,010	1,113	1,074	1,028	1,247	1,346	1,469	1,605
Budgetary expenditure	781	869	937	938	983	1,081	1,045	999	1,213	1,309	1,429	1,561
Wages and salaries	298	318	344	344	342	395	390	350	442	486	526	569
Goods and services	131	135	147	147	150	169	161	146	173	194	210	239
Transfers and subsidies	269	323	340	340	385	390	360	388	455	459	502	551
Interest	83	94	106	106	106	128	133	115	143	169	190	203
Of which: external debt	28	38	37	37	37	41	39	49	42	38	33	32
Adjustments to fiscal expenditure	1	0	0	0	0	0	0	0	0	0	0	0
Special accounts expenditure [1]	32	19	28	27	27	31	29	29	34	37	40	44
Capital expenditure and net lending	956	1,119	1,149	1,242	1,276	1,202	1,234	1,297	1,492	1,542	1,670	1,821
Capital expenditure	956	1,079	1,089	1,202	1,218	1,154	1,156	1,166	1,514	1,564	1,692	1,842
Domestically-financed	398	451	444	544	560	511	489	553	844	808	871	956
Of which: domestically-financed, cash	326	408	…	…	…	…	…	…	…	…	…	…
Externally-financed	558	628	644	658	658	643	667	613	670	756	821	886
Of which: grants	372	446	397	446	446	391	435	381	398	449	488	526
loans	185	182	247	212	212	252	232	231	272	306	333	361
Net lending	0	40	60	40	58	48	79	131	-22	-22	-22	-22
Overall balance [2, 3]	-381	-488	-502	-599	-629	-438	-467	-535	-481	-388	-420	-454
Overall balance, excl. pipeline investment	-381	-448	-442	-559	-571	-390	-388	-404	-503	-410	-442	-475
Financing	894	1,057	1,043	1,132	1,211	986	1,022	1,039	1,018	990	1,068	1,159
External financing	922	820	738	752	885	726	726	768	774	833	909	990
Grants	528	605	537	528	578	548	555	503	537	602	648	705
Of which: budget financing	155	159	140	82	132	157	120	122	139	153	160	179
Loans	425	253	323	345	429	316	324	391	369	370	396	424
Of which: budget financing	240	70	75	133	217	64	92	160	96	64	63	64
Amortization	-39	-54	-126	-126	-126	-139	-153	-127	-131	-140	-135	-139
Debt relief (incl. debt under discussion)	8	16	4	4	4	0	0	0	0	0	0	0
Domestic financing	-28	237	306	380	326	260	296	271	243	157	159	169
Banking sector	91	-81	134	134	148	95	107	112	90	28	26	34
IMF	79	16	44	43	43	10	11	11	9	-36	-35	-26
Statutory advances (including other advances)	-3	99	0	0	0	0	0	0	0	0	0	0
Deposits with BCEAO	3	-192	-5	-30	-30	-10	-10	-53	-3	-8	-13	-18
Government securities net and others	12	-3	96	121	135	95	107	154	84	72	73	78
Nonbanking sector	-119	318	171	246	178	166	188	159	153	129	133	135
Financing gap (+)	0	0	0	0	0	0	0	0	0	0	0	0

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

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

[2] On commitment basis. WAEMU anchor.

[3] Includes budget grants and CCRT debt relief.

Table 3. Niger: Financial Operations of the Central Government, 2020–27
(In percent of GDP)

	2020	2021	2022			2023			2024	2025	2026	2027
			2021 ECF Request	1st Review	Proj.	2021 ECF Request	1st Review	Proj.	Projections			
Total revenue	10.8	10.8	11.5	11.8	11.7	12.7	13.0	12.8	14.8	14.9	15.0	15.2
Of which: cash revenue	9.9	10.3	…	…	…	…	…	…	…	…	…	…
Tax revenue	9.6	10.1	10.7	11.0	10.7	11.7	12.0	11.7	13.7	13.6	13.8	14.0
International trade	2.7	2.7	3.0	3.0	2.5	2.9	3.2	2.7	3.0	3.1	3.1	3.1
Goods and services	3.4	3.8	4.4	4.3	4.2	4.8	4.7	4.6	5.6	5.4	5.5	5.7
Income	2.4	2.5	2.2	2.6	3.0	2.8	3.0	3.3	4.0	3.9	4.0	4.0
Other	1.0	1.0	1.1	1.1	1.0	1.2	1.1	1.0	1.1	1.2	1.2	1.2
Nontax revenue	0.9	0.6	0.6	0.6	0.8	0.8	0.8	0.9	1.0	1.1	1.1	1.0
Special accounts revenue	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total expenditure and net lending	22.4	24.3	22.7	24.3	24.8	22.1	23.2	23.1	23.6	22.6	22.7	22.9
Of which: domestically financed	15.3	16.7	15.8	17.0	17.7	16.0	16.5	17.0	17.8	16.7	16.8	17.0
Of which: domestically financed, cash	14.4	16.1	…	…	…	…	…	…	…	…	…	…
Total current expenditure	10.3	10.7	10.4	10.6	11.0	10.6	10.8	10.2	10.7	10.5	10.6	10.7
Budgetary expenditure	9.9	10.5	10.1	10.3	10.7	10.3	10.5	9.9	10.5	10.3	10.3	10.5
Wages and salaries	3.8	3.8	3.7	3.8	3.7	3.8	3.9	3.5	3.8	3.8	3.8	3.8
Goods and services	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.4	1.5	1.5	1.5	1.6
Transfers and subsidies	3.4	3.9	3.7	3.7	4.2	3.7	3.6	3.9	3.9	3.6	3.6	3.7
Interest	1.0	1.1	1.1	1.2	1.2	1.2	1.3	1.1	1.2	1.3	1.4	1.4
Of which: external debt	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.3	0.2	0.2
Adjustments to fiscal expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special accounts expenditure [1]	0.4	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital expenditure and net lending	12.1	13.5	12.4	13.7	13.8	11.5	12.4	12.9	12.9	12.1	12.1	12.2
Capital expenditure	12.1	13.1	11.7	13.2	13.2	11.0	11.6	11.6	13.0	12.2	12.2	12.3
Domestically-financed	5.0	5.5	4.8	6.0	6.1	4.9	4.9	5.5	7.3	6.3	6.3	6.4
Of which: domestically financed, cash	4.1	4.9	…	…	…	…	…	…	…	…	…	…
Externally-financed	7.0	7.6	6.9	7.2	7.1	6.1	6.7	6.1	5.8	5.9	5.9	5.9
Of which: grants	4.7	5.4	4.3	4.9	4.8	3.7	4.4	3.8	3.4	3.5	3.5	3.5
loans	2.3	2.2	2.7	2.3	2.3	2.4	2.3	2.3	2.3	2.4	2.4	2.4
Net lending	0.0	0.5	0.6	0.4	0.6	0.5	0.8	1.3	-0.2	-0.2	-0.2	-0.1
Overall balance [2, 3]	-4.8	-5.9	-5.4	-6.6	-6.8	-4.2	-4.7	-5.3	-4.1	-3.0	-3.0	-3.0
Overall balance, excl. pipeline investment		-5.4	-4.8	-6.2	-6.2	-3.7	-3.9	-4.0	-4.3	-3.2	-3.2	-3.2
Financing	11.3	12.8	11.2	12.5	13.1	9.4	10.3	10.3	8.8	7.8	7.7	7.8
External financing	11.7	9.9	7.9	8.3	9.6	6.9	7.3	7.6	6.7	6.5	6.6	6.6
Grants	6.7	7.3	5.8	5.8	6.3	5.2	5.6	5.0	4.6	4.7	4.7	4.7
Of which: budget financing	2.0	1.9	1.5	0.9	1.4	1.5	1.2	1.2	1.2	1.2	1.2	1.2
Loans	5.4	3.1	3.5	3.8	4.7	3.0	3.3	3.9	3.2	2.9	2.9	2.8
Of which: budget financing	3.0	0.9	0.8	1.5	2.4	0.6	0.9	1.6	0.8	0.5	0.5	0.4
Amortization	-0.5	-0.7	-1.4	-1.4	-1.4	-1.3	-1.5	-1.3	-1.1	-1.1	-1.0	-0.9
Debt relief (incl. debt under discussion)	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing	-0.4	2.9	3.3	4.2	3.5	2.5	3.0	2.7	2.1	1.2	1.1	1.1
Banking sector	1.1	-1.0	1.4	1.5	1.6	0.9	1.1	1.1	0.8	0.2	0.2	0.2
IMF	1.0	0.2	0.5	0.5	0.5	0.1	0.1	0.1	0.1	-0.3	-0.3	-0.2
Statutory advances (including other advances)	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with BCEAO	0.0	-2.3	-0.1	-0.3	-0.3	-0.1	-0.1	-0.5	0.0	-0.1	-0.1	-0.1
Government securities net and others	0.2	0.0	1.0	1.3	1.5	0.9	1.1	1.5	0.7	0.6	0.5	0.5
Nonbanking sector	-1.5	3.8	2.0	3.1	1.9	1.9	2.4	1.6	1.3	1.0	1.0	0.9
Financing gap (+)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

[2] On commitment basis. WAEMU anchor.

[3] Includes budget grants and CCRT debt relief.

Table 4. Niger: Monetary Survey, 2020–27

	2020	2021	2022			2023			2024	2025	2026	2027
			2021 ECF Request	1st Review	Proj.	2021 ECF Request	1st Review	Proj.	Projection			
	(Billions of CFA francs)											
Net foreign assets	560	701	172	483	576	76	396	484	762	963	1,103	1,243
BCEAO	397	419	9	201	294	-88	115	203	480	681	821	961
Commercial banks	163	282	163	282	282	163	282	282	282	282	282	282
Net domestic assets	957	963	1,773	1,485	1,259	2,174	1,818	1,572	1,630	1,753	1,921	2,119
Domestic credit	1,238	1,352	1,643	1,638	1,588	1,911	1,929	1,827	2,128	2,403	2,692	3,025
Net bank claims on government	193	146	419	283	297	514	390	409	498	526	552	586
BCEAO	67	-12	120	1	1	120	2	-41	-35	-79	-127	-170
Claims	230	345	289	388	388	299	399	399	408	372	337	312
Of which: statutory advances	3	0	0	0	0	0	0	0	0	0	0	0
Deposits	-163	-357	-168	-387	-387	-178	-397	-440	-443	-451	-464	-482
Commercial banks	129	161	299	282	295	394	388	450	533	605	679	757
Claims	278	323	448	444	457	543	550	612	695	768	841	919
Deposits	-149	-162	-149	-162	-162	-149	-162	-162	-162	-162	-162	-162
Credit to other sectors	1,045	1,206	1,224	1,355	1,291	1,397	1,538	1,418	1,629	1,876	2,140	2,438
Of which: credit to the private sector	926	1,077	1,088	1,216	1,150	1,251	1,389	1,266	1,468	1,700	1,950	2,233
Other items, net	-281	-388	130	-153	-329	263	-111	-255	-497	-649	-771	-906
Money and quasi-money	1,517	1,664	1,946	1,968	1,835	2,250	2,214	2,056	2,392	2,716	3,025	3,362
Currency outside banks	579	557	743	650	614	859	731	688	800	909	1,012	1,125
Deposits with banks	938	1,107	1,203	1,318	1,221	1,391	1,483	1,368	1,592	1,808	2,013	2,237
	(Annual percentage change, unless otherwise indicated)											
Net foreign assets	-12.7	25.2	-61.5	-29.3	-17.8	-56.1	-17.9	-15.9	57.3	26.4	14.5	12.7
BCEAO	-15.1	5.7	-96.9	-49.9	-29.8	-1,095.2	-43.0	-31.1	137.0	41.8	20.5	17.0
Net domestic assets	46.1	0.6	42.4	53.6	30.7	22.6	22.4	24.8	3.7	7.6	9.6	10.3
Domestic credit	25.0	9.2	17.9	21.0	17.5	16.3	17.7	15.0	16.5	12.9	12.1	12.3
Net bank claims on the government	565.5	-24.6	47.1	90.5	103.6	22.6	37.9	37.7	21.9	5.6	4.9	6.2
BCEAO	693.3	-118.1	47.0	111.5	111.4	-0.1	59.3	-3054.3	14.5	-126.5	-60.2	-34.4
Of which: statutory advances	-50.0	-100.0	...	...	...	...	...	...	...	...	...	...
Commercial banks	220.6	24.2	47.2	75.3	83.9	31.7	37.8	52.2	18.6	13.5	12.1	11.5
Claims	66.0	15.9	27.2	37.5	41.8	21.2	24.0	33.7	13.7	10.4	9.6	9.2
Deposits	-17.1	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to other sectors	8.6	15.4	10.4	12.4	7.1	14.1	13.5	9.8	14.9	15.2	14.1	13.9
Of which: credit to the private sector	9.2	16.4	10.9	12.9	6.7	15.0	14.2	10.1	15.9	15.9	14.7	14.5
Other items, net	16.2	-38.0	-188.2	60.4	15.3	102.2	27.6	22.5	-95.2	-30.6	-18.7	-17.5
Broad money	17.0	9.7	14.9	19.3	10.3	15.6	12.5	12.1	16.3	13.6	11.3	11.2
Memorandum items:												
Velocity of broad money (ratio)	5.2	4.7	5.1	4.6	5.0	4.8	4.5	4.9	4.8	4.7	4.6	4.4
Credit to the economy (percent of GDP)	13.2	14.6	12.9	14.9	14.0	13.2	15.5	14.1	14.0	14.7	15.5	16.3
Credit to the private sector (percent of GDP)	11.7	13.0	11.5	13.4	12.5	11.7	14.0	12.6	12.6	13.3	14.1	14.9
GDP at current prices (annual percent change)	4.5	4.5	8.2	9.6	11.5	8.7	9.3	9.1	15.3	10.1	8.2	8.1

Sources: BCEAO; and IMF staff estimates and projections.

Table 5. Niger: Balance of Payments, 2020–27

(In billions of CFA francs, unless otherwise indicated)

	2020	2021	2022			2023			2024	2025	2026	2027
			2021 ECF Request	1st Review	Proj.	2021 ECF Request	1st Review	Proj.	Projections			
Current account balance	-1,047	-1,164	-1,519	-1,399	-1,329	-1,207	-1,309	-1,346	-757	-991	-1,173	-1,183
Balance on goods, services, and income	-1,391	-1,540	-1,881	-1,696	-1,687	-1,629	-1,677	-1,730	-1,178	-1,395	-1,559	-1,596
Balance on goods	-779	-893	-1,128	-974	-992	-788	-846	-925	-7	-33	-145	-29
Exports, f.o.b	642	672	752	836	765	1,154	1,116	996	2,359	2,488	2,520	2,821
Uranium	145	105	93	131	135	95	144	152	149	148	147	422
Oil	105	131	106	206	175	455	386	331	1,650	1,648	1,592	1,532
Other products	392	436	553	499	455	604	587	513	560	691	781	867
Imports, f.o.b	1,422	1,565	1,880	1,810	1,757	1,942	1,962	1,921	2,366	2,521	2,665	2,850
Food products	385	433	456	520	479	458	550	497	555	575	602	647
Petroleum products	70	84	113	130	126	115	117	119	139	127	125	124
Capital goods	393	440	548	485	488	558	566	574	647	686	744	808
Other products	572	609	763	675	664	811	729	731	1,025	1,133	1,194	1,270
Services and income (net)	-612	-646	-753	-721	-695	-841	-831	-805	-1,171	-1,362	-1,414	-1,566
Services (net)	-492	-515	-602	-580	-563	-639	-647	-630	-947	-1,073	-1,089	-1,185
Income (net)	-120	-131	-152	-141	-132	-202	-184	-174	-224	-289	-325	-382
Of which: interest on external public debt	-28	-38	-37	-37	-37	-41	-39	-49	-42	-38	-33	-32
Unrequited current transfers (net)	344	376	362	296	358	422	368	384	422	403	386	412
Private (net)	152	179	206	176	190	249	210	226	247	215	191	199
Public (net)	192	196	156	120	169	173	158	158	175	188	195	214
Of which: grants for budgetary assistance	155	159	140	82	132	157	120	122	139	153	160	179
Capital and financial account	972	1,312	1,239	1,195	1,204	1,110	1,223	1,254	1,034	1,192	1,313	1,323
Capital account	407	489	479	526	481	483	527	418	439	495	538	580
Private capital transfers	34	43	35	36	35	38	37	36	42	46	50	54
Project grants	372	446	444	491	446	446	490	381	398	449	488	526
Nonproduced, nonfinancial assets	1	0	0	0	0	0	0	0	0	0	0	0
Financial account	564	822	760	669	723	627	695	836	595	697	775	744
Direct investment	199	308	473	380	336	338	410	443	281	338	380	386
Portfolio investment	10	382	76	70	94	104	69	75	96	104	107	115
Other investment	355	132	212	219	293	185	216	318	218	254	288	243
Public sector (net)	386	163	197	219	303	177	176	270	234	223	249	274
Disbursements	425	268	323	345	429	316	324	391	369	370	396	424
Loans for budgetary assistance	240	85	75	133	217	64	92	160	96	64	63	64
Project loans	185	182	247	212	212	252	232	231	272	306	333	361
Amortization	39	104	126	126	126	139	153	127	131	140	135	139
Other (net)	-31	-32	15	0	-10	8	40	48	-16	31	39	-31
Errors and omissions	-6	-6	0	0	0	0	0	0	0	0	0	0
Overall balance	-82	141	-280	-205	-125	-97	-87	-92	278	201	140	140
Financing	82	-141	280	205	125	97	87	92	-278	-201	-140	-140
Net foreign assets (BCEAO)	71	-23	275	200	125	97	87	92	-278	-201	-140	-140
Of which: net use of Fund resources	79	16	44	43	43	10	11	11	9	-36	-35	-26
Of which: SDR allocation [1]	…	99	…	…	…	…	…	…	…	…	…	…
Net foreign assets (commercial banks)	11	-118	0	0	0	0	0	0	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional financing from the RCF	69	…	…	…	…	…	…	…	…	…	…	…
Exceptional financing from the CCRT	29	16	4	4	4	…	…	…	…	…	…	…
Memorandum items:												
Current account balance, excluding grants	-1,239	-1,360	-1,675	-1,520	-1,497	-1,380	-1,467	-1,504	-931	-1,180	-1,368	-1,397
Exports of goods and services	1,313	1,282	1,374	1,345	1,406	1,810	1,652	1,664	3,088	3,222	3,387	3,725
Pooled gross international reserves, WAEMU (in USD billion)	21.8	26.4	…	…	…	…	…	…	…	…	…	…
Pooled gross international reserves, WAEMU (in CFAF billion)	11,731	15,342	…	…	…	…	…	…	…	…	…	…
In months of next year's imports of goods and services	5.5	5.8	…	…	…	…	…	…	…	…	…	…
In percent of broad money	33.2	40.0	…	…	…	…	…	…	…	…	…	…
GDP at current prices	7,911	8,271	9,301	9,085	9,222	10,471	9,932	10,065	11,601	12,769	13,819	14,941

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

[1] Since the SDR allocation increases both assets and liabilities by the same amount, net foreign assets does not increase.

Table 6. Niger: Balance of Payments, 2020–27
(In percent of GDP)

	2020	2021	2022			2023			2024	2025	2026	2027
			2021 ECF Request	1st Review	Proj.	2021 ECF Request	1st Review	Proj.	Projections			
Current account balance	-13.2	-14.1	-16.3	-15.4	-14.4	-11.5	-13.2	-13.4	-6.5	-7.8	-8.5	-7.9
Balance on goods, services, and income	-17.6	-18.6	-20.2	-18.7	-18.3	-15.6	-16.9	-17.2	-10.2	-10.9	-11.3	-10.7
Balance on goods	-9.9	-10.8	-12.1	-10.7	-10.8	-7.5	-8.5	-9.2	-0.1	-0.3	-1.1	-0.2
Exports, f.o.b	8.1	8.1	8.1	9.2	8.3	11.0	11.2	9.9	20.3	19.5	18.2	18.9
Uranium	1.8	1.3	1.0	1.4	1.5	0.9	1.4	1.5	1.3	1.2	1.1	2.8
Oil	1.3	1.6	1.1	2.3	1.9	4.3	3.9	3.3	14.2	12.9	11.5	10.3
Other products	4.9	5.3	5.9	5.5	4.9	5.8	5.9	5.1	4.8	5.4	5.7	5.8
Imports, f.o.b	18.0	18.9	20.2	19.9	19.1	18.5	19.8	19.1	20.4	19.7	19.3	19.1
Food products	4.9	5.2	4.9	5.7	5.2	4.4	5.5	4.9	4.8	4.5	4.4	4.3
Petroleum products	0.9	1.0	1.2	1.4	1.4	1.1	1.2	1.2	1.2	1.0	0.9	0.8
Capital goods	5.0	5.3	5.9	5.3	5.3	5.3	5.7	5.7	5.6	5.4	5.4	5.4
Other products	7.2	7.4	8.2	7.4	7.2	7.7	7.3	7.3	8.8	8.9	8.6	8.5
Services and income (net)	-7.7	-7.8	-8.1	-7.9	-7.5	-8.0	-8.4	-8.0	-10.1	-10.7	-10.2	-10.5
Services (net)	-6.2	-6.2	-6.5	-6.4	-6.1	-6.1	-6.5	-6.3	-8.2	-8.4	-7.9	-7.9
Income (net)	-1.5	-1.6	-1.6	-1.5	-1.4	-1.9	-1.8	-1.7	-1.9	-2.3	-2.4	-2.6
Of which: interest on external public debt	-0.4	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4	-0.3	-0.2	-0.2
Unrequited current transfers (net)	4.3	4.5	3.9	3.3	3.9	4.0	3.7	3.8	3.6	3.2	2.8	2.8
Private (net)	1.9	2.2	2.2	1.9	2.1	2.4	2.1	2.2	2.1	1.7	1.4	1.3
Public (net)	2.4	2.4	1.7	1.3	1.8	1.6	1.6	1.6	1.5	1.5	1.4	1.4
Of which: grants for budgetary assistance	2.0	1.9	1.5	0.9	1.4	1.5	1.2	1.2	1.2	1.2	1.2	1.2
Capital and financial account	12.3	15.9	13.3	13.2	13.1	10.6	12.3	12.5	8.9	9.3	9.5	8.9
Capital account	5.2	5.9	5.1	5.8	5.2	4.6	5.3	4.2	3.8	3.9	3.9	3.9
Private capital transfers	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Project grants	4.7	5.4	4.8	5.4	4.8	4.3	4.9	3.8	3.4	3.5	3.5	3.5
Nonproduced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	7.1	9.9	8.2	7.4	7.8	6.0	7.0	8.3	5.1	5.5	5.6	5.0
Direct investment	2.5	3.7	5.1	4.2	3.6	3.2	4.1	4.4	2.4	2.7	2.8	2.6
Portfolio investment	0.1	4.6	0.8	0.8	1.0	1.0	0.7	0.7	0.8	0.8	0.8	0.8
Other investment	4.5	1.6	2.3	2.4	3.2	1.8	2.2	3.2	1.9	2.0	2.1	1.6
Public sector (net)	4.9	2.0	2.1	2.4	3.3	1.7	1.8	2.7	2.0	1.8	1.8	1.8
Disbursements	5.4	3.2	3.5	3.8	4.7	3.0	3.3	3.9	3.2	2.9	2.9	2.8
Loans for budgetary assistance	3.0	1.0	0.8	1.5	2.4	0.6	0.9	1.6	0.8	0.5	0.5	0.4
Project loans	2.3	2.2	2.7	2.3	2.3	2.4	2.3	2.3	2.3	2.4	2.4	2.4
Amortization	0.5	1.3	1.4	1.4	1.4	1.3	1.5	1.3	1.1	1.1	1.0	0.9
Other (net)	-0.4	-0.4	0.2	0.0	-0.1	0.1	0.4	0.5	-0.1	0.2	0.3	-0.2
Errors and omissions	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-1.0	1.7	-3.0	-2.3	-1.4	-0.9	-0.9	-0.9	2.4	1.6	1.0	0.9
Financing	1.0	-1.7	3.0	2.3	1.4	0.9	0.9	0.9	-2.4	-1.6	-1.0	-0.9
Net foreign assets (BCEAO)	0.9	-0.3	3.0	2.2	1.4	0.9	0.9	0.9	-2.4	-1.6	-1.0	-0.9
Of which: net use of Fund resources	1.0	0.2	0.5	0.5	0.5	0.1	0.1	0.1	0.1	-0.3	-0.3	-0.2
Of which: SDR allocation [1]	...	1.2	...	...	...	...	...	...	...	...	...	...
Net foreign assets (commercial banks)	0.1	-1.4	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing from the RCF	0.9	...	...	...	...	...	...	...	...	...	...	...
Exceptional financing from the CCRT	0.4	0.2	0.0	0.0	0.0	...	...	...	...	...	...	...
Memorandum items:												
Current account balance, excluding grants (in percent of GDP)	-15.7	-16.4	-18.0	-16.7	-16.2	-13.2	-14.8	-14.9	-8.0	-9.2	-9.9	-9.3
Exports of goods and services (in percent of GDP)	16.6	15.5	14.8	14.8	15.2	17.3	16.6	16.5	26.6	25.2	24.5	24.9
Pooled gross international reserves, WAEMU (in USD billion)	21.8	26.4	...	...	...	...	...	...	...	...	...	...
Pooled gross international reserves, WAEMU (in CFAF billion)	11,731	15,342	...	...	...	...	...	...	...	...	...	...
In months of next year's imports of goods and services	5.5	5.8	...	...	...	...	...	...	...	...	...	...
In percent of broad money	33.2	40.0	...	...	...	...	...	...	...	...	...	...

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

[1] Since the SDR allocation increases both assets and liabilities by the same amount, net foreign assets does not increase.

Table 7. Niger: Indicators of Financial Soundness, 2016–22
(In percent, unless otherwise indicated)

	2016 Dec.	2017 Dec.	2018 Jun.[1]	2018 Dec.[1]	2019 Jun.[1]	2019 Dec.[1]	2020 Jun.[1]	2020 Dec.[1]	2021 Jun.[1]	2021 Dec.[1]	2022 Jun.[1]
Solvency Ratios											
Regulatory capital to risk-weighted assets	13.9	16.8	13.3	12.3	12.7	14.8	14.9	14.6	14.3	14.4	14.3
Tier 1 capital to risk-weighted assets	13.5	16.4	13.2	12.3	12.7	14.2	14.3	14.1	13.8	13.9	14.1
CET1 capital to risk-weighted assets	-	-	13.2	12.3	12.7	14.2	14.3	14.3	13.8	13.9	14.1
Provisions to risk-weighted assets	12.1	14.0	11.9	8.7	8.2	8.2	8.5	7.9	8.1	7.4	7.2
Capital to total assets	8.9	9.4	9.1	8.3	7.9	9.1	8.7	9.0	8.5	8.7	8.8
Composition and Quality of Assets											
Total loans to total assets	58.1	55.4	56.6	52.9	52.8	56.1	53.3	55.5	54.5	53.2	54.0
Concentration [2]	144.5	98.8	96.0	93.4	94.0	91.1	75.9	74.0	178.0	214.4	158.3
Gross NPLs to total loans	17.7	18.8	19.0	17.0	15.1	16.1	15.0	12.6	15.8	21.2	20.9
Provisioning rate	66.5	66.1	65.9	59.0	58.2	51.5	57.1	64.3	51.3	36.5	36.4
Net NPLs to total loans	6.7	7.3	7.4	7.8	6.9	8.5	7.0	4.9	8.4	14.6	14.4
Net NPLs to capital	43.7	42.8	46.3	49.4	45.7	52.3	42.8	30.1	53.7	89.6	87.7
Earnings and Profitability											
Average cost of borrowed funds	2.2	2.2	...	2.4	...	1.0	...	1.6	...	1.9	...
Average interest rate on loans	8.8	8.4	...	8.9	...	7.7	...	8.4	...	8.7	...
Average interest rate (after taxes on financial operations)	6.6	6.3	...	6.6	...	6.7	...	6.8	...	6.8	...
After-tax return on average assets (ROA)	1.8	1.6	...	1.7	...	1.5	...	1.2	...	1.3	...
After-tax return on average equity (ROE)	19.5	15.4	...	15.0	...	12.8	...	11.1	...	12.2	...
Non-interest expenses to net banking income	56.5	59.3	...	59.9	...	63.0	...	61.9	...	60.0	...
Salaries and wages to net banking income	25.9	25.5	...	25.9	...	27.1	...	24.2	...	24.9	...
Liquidity											
Liquid assets to total assets	30.0	29.2	29.9	27.0	28.6	30.3	27.8	29.5	26.5	25.5	26.5
Liquid assets to total deposits	51.1	53.4	55.6	49.1	52.2	52.3	51.4	48.1	43.2	40.8	42.4
Total loans to total deposits	112.3	116.0	120.3	107.0	105.9	105.3	107.8	98.5	96.6	92.5	93.6
Total deposits to total liabilities	58.7	54.6	53.8	55.0	54.7	58.1	54.0	61.4	61.4	62.4	62.4
Sight deposits to total liabilities	36.6	35.3	33.1	35.3	35.2	36.1	32.2	38.3	37.7	39.0	39.4
Term deposits to total liabilities	22.0	19.3	20.7	19.7	19.5	22.0	21.8	23.1	23.8	23.3	23.0

Source: BCEAO.
[1] Compilation according to Basel II/III. Not comparable to earlier years.
[2] Credit to the 5 biggest borrowers to regulatory capital.

Table 8. Niger: Schedule of Disbursements Under the Three Year ECF Arrangement, 2021–24

Amount (Millions)	Amount (Percent of quota)	Conditions Necessary for Disbursement	Date Available
SDR 39.48	30 percent	Executive Board Approval of the ECF Arrangement	December 8, 2021
SDR 39.48	30 percent	Observance of December 31, 2021 performance criteria, and completion of the first review under the arrangement	April 29, 2022
SDR 39.48	30 percent	Observance of June 30, 2022 performance criteria, and completion of the second review under the arrangement	October 31, 2022
SDR 19.74	15 percent	Observance of December 31, 2022 performance criteria, and completion of the third review under the arrangement	April 28, 2023
SDR 19.74	15 percent	Observance of June 30, 2023 performance criteria, and completion of the fourth review under the arrangement	October 31, 2023
SDR 19.74	15 percent	Observance of December 31, 2023 performance criteria, and completion of the fifth review under the arrangement	April 30, 2024
SDR 19.74	15 percent	Observance of June 30, 2024 performance criteria, and completion of the sixth review under the arrangement	October 31, 2024
SDR 197.4	150 percent	Total	

Source: International Monetary Fund.

Table 9. Niger: Decomposition of Public Debt and Debt Service by Creditor, 2021-24

	Debt Stock (end of period) 2021			Debt Service					
				2022	2023	2024	2022	2023	2024
	(US$ million)	*(Percent total debt)*	*(Percent GDP)*	*(US$ million)*			*(Percent GDP)*		
Total	**7,317**	**100.0**	**51.3**	**1,156**	**1,533**	**1,980**	**8.1**	**9.7**	**10.9**
External	**4,773**	**65.2**	**33.5**	**293**	**305**	**303**	**2.1**	**1.9**	**1.7**
Multilateral creditors[2]	3,854	52.7	27.0	164	168	188	1.2	1.1	1.0
IMF	422	5.8	3.0						
World Bank	1,916	26.2	13.4						
AfDB	436	6.0	3.1						
Other Multilaterals	1,081	14.8	7.6						
o/w: BOAD	540	7.4	3.8						
Islamic Development Bank	263	3.6	1.8						
Bilateral Creditors	651	8.9	4.6	72	84	64	0.5	0.5	0.4
Paris Club	177	2.4	1.2	12	1	22	0.1	0.0	0.1
o/w: France	157	2.1	1.1				0.0	0.0	0.0
Belgium	20	0.3	0.1				0.0	0.0	0.0
Non-Paris Club	475	6.5	3.3	60	83	42	0.4	0.5	0.2
o/w: China	222	3.0	1.6				0.0	0.0	0.0
India	72	1.0	0.5				0.0	0.0	0.0
Bonds	0	0.0	0.0	0	0	0	0.0	0.0	0.0
Commercial creditors	267	3.7	1.9	56	53	51	0.4	0.3	0.3
o/w: Deutsche Bank	202	2.8	1.4						
Other international creditors	0	0.0	0.0	0	0	0	0.0	0.0	0.0
Domestic	**2,544**	**34.8**	**17.8**	**863**	**1,228**	**1,676**	**6.1**	**7.8**	**9.2**
Held by residents, total[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
T-Bills	483	6.6	3.4	469	826	1,080	3.3	5.2	5.9
Bonds	1,801	24.6	12.6	321	372	565	2.2	2.4	3.1
Loans	38	0.5	0.3	3	0	0	0.0	0.0	0.0
Others	221	3.0	1.6	71	30	30	0.5	0.2	0.2
Memo items:									
Collateralized debt[3]	0	0.0	0.0						
o/w: Related	0	0.0	0.0						
o/w: Unrelated	0	0.0	0.0						
Contingent liabilities	0	0.0	0.0						
o/w: Public guarantees	0	0.0	0.0						
o/w: Other explicit contingent liabilities[4]	0.0	0.0	0.0						
Nominal GDP	14,253	-	-						

1/As reported by country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/Multilateral creditors are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

3/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

4/Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

Source: Nigerien authorities and IMF Staff calculations.

Table 10. Niger: Summary Table of Projected External Borrowing Program

PPG external debt	Volume of new debt in 2022		PV of new debt in 2022 (program purposes)		PV of new debt in 2022 (including negative GEs)	
	USD million	Percent	USD million	Percent	USD million	Percent
Sources of debt financing	**1964.1**	**100**	**1008.1**	**100**	**1009.2**	**100**
Concessional debt, of which	**1783.2**	**91**	**859.7**	**85**	**859.7**	**85**
Multilateral debt	1688.0	86	808.8	80	808.8	80
Bilateral debt	95.3	5	50.9	5	50.9	5
Other	0.0	0	0.0	0	0.0	0
Non-concessional debt, of which	**180.9**	**9**	**148.4**	**15**	**149.5**	**15**
Semi-concessional	116.4	6	84.0	8	84.0	8
Commercial terms	64.4	3	64.4	6	65.6	6
By Creditor Type	**1964.1**	**100**	**1008.1**	**100**	**1009.2**	**100**
Multilateral	1855.6	94	948.0	94	949.1	94
Bilateral - Paris Club	75.3	4	40.7	4	40.7	4
Bilateral - Non-Paris Club	33.3	2	19.4	2	19.4	2
Other	0.0	0	0.0	0	0.0	0
Uses of debt financing	**1964.1**	**100**	**1008.1**	**100**	**1009.2**	**100**
Infrastructure	1092.8	56	600.1	60	600.9	60
Social Spending	289.8	15	143.5	14	143.8	14
Budget Financing	408.2	21	217.4	22	217.4	22
Other	173.3	8.8	47.2	4.7	47.2	4.7

By the type of interest rate	
Fixed Interest Rate	1964.1
Variable Interest Rate	0.0
Unconventional Loans	0.0
By currency	
USD denominated loans	7.5
Loans denominated in other currency	1956.6

Sources: Nigerien authorities and IMF staff calculations.

Table 11. Niger: Indicators of Capacity to Repay the Fund, 2022–34

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	(In millions of SDRs, unless otherwise indicated)												
Fund obligations based on existing credit													
Principal	5.0	25.2	26.1	38.1	42.9	50.9	45.2	44.9	28.4	15.8	7.9	0.0	0.0
Charges and interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fund obligations based on existing and prospective credit													
Principal	5.0	25.2	26.1	38.1	42.9	50.9	55.1	62.7	52.1	39.5	31.6	13.8	5.9
Charges and interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total obligations based on existing and prospective credit													
SDR millions	5.0	25.2	26.1	38.1	42.9	50.9	55.1	62.7	52.1	39.5	31.6	13.8	5.9
CFAF billions	4.2	21.5	22.2	32.5	36.6	43.3	46.9	53.4	44.4	33.6	26.9	11.8	5.0
Percent of exports of goods and services	0.3	1.3	0.7	1.0	1.1	1.2	1.2	1.3	1.0	0.7	0.6	0.2	0.1
Percent of debt service[1]	1.2	5.8	6.6	8.9	10.5	12.4	13.6	13.9	11.0	9.0	7.1	3.1	1.3
Percent of GDP	0.0	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.0	0.0
Percent of tax revenue	0.4	1.8	1.4	1.9	1.9	2.1	2.1	2.2	1.7	1.2	0.8	0.3	0.1
Percent of quota	3.8	19.2	19.8	28.9	32.6	38.6	41.9	47.6	39.6	30.0	24.0	10.5	4.5
Outstanding IMF credit based on existing and prospective drawings													
SDR millions	364.8	379.1	392.5	354.4	311.5	260.7	205.6	142.9	90.8	51.3	19.7	5.9	0.0
CFAF billions	304.6	322.6	335.1	302.5	265.7	222.2	175.2	121.8	77.4	43.7	16.8	5.0	0.0
Percent of exports of goods and services	21.7	19.4	10.8	9.4	7.8	6.0	4.5	3.0	1.8	1.0	0.3	0.1	0.0
Percent of debt service[1]	87.4	87.7	99.6	82.8	76.6	63.8	50.6	31.7	19.1	11.7	4.4	1.3	0.0
Percent of GDP	3.3	3.2	2.9	2.4	1.9	1.5	1.1	0.7	0.4	0.2	0.1	0.0	0.0
Percent of tax revenue	30.8	27.5	21.1	17.4	14.0	10.6	7.8	5.0	2.9	1.5	0.5	0.1	0.0
Percent of quota	277.2	288.1	298.3	269.3	236.7	198.1	156.2	108.6	69.0	39.0	15.0	4.5	0.0
Net use of IMF credit (SDR millions)	62.9	14.3	13.4	-38.1	-42.9	-50.9	-55.1	-62.7	-52.1	-39.5	-31.6	-13.8	-5.9
Disbursements	67.9	39.5	39.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	5.0	25.2	26.1	38.1	42.9	50.9	55.1	62.7	52.1	39.5	31.6	13.8	5.9
Memorandum items:													
Exports of goods and services (CFAF billions)	1,406	1,664	3,088	3,222	3,387	3,725	3,884	4,086	4,331	4,583	4,869	5,123	5,403
External debt service (CFAF billions)[1]	349	368	336	365	347	348	346	384	404	374	380	379	388
Nominal GDP (CFAF billions)	9,222	10,065	11,601	12,769	13,819	14,941	16,154	17,468	18,887	20,420	22,079	23,872	25,810
Tax revenue (CFAF billions)	988	1,175	1,586	1,741	1,902	2,086	2,259	2,453	2,656	2,922	3,173	3,449	3,760
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	131.6	131.6

Source: IMF staff estimates and projections.

[1] Total external debt service includes IMF repayments.

Annex I. Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
Spillover Risks			
Intensifying spillovers from Russia's war on Ukraine.	**High**	**Medium** Even higher commodity prices, tighter financial conditions, lower aid flows, and other adverse spillovers, despite the direct trade link is limited.	Implement domestic revenue mobilization to create fiscal space. Advance structural reforms, including public debt management measures, to enhance the resilience to external shocks.
Rising and volatile food and energy prices.	**High**	**High** Negative impact on inflation and access to food from rising food prices. Slightly positive impact from rising oil prices on the balance of payments and fiscal position.	Prioritize well-targeted spending to protect the most vulnerable and accelerate implementation of the support plan for populations vulnerable to food, nutritional and pastoral insecurity.
De-anchoring of inflation expectations in advanced economies leads to further tightening of global financial conditions.	**Medium**	**Medium** Rise in risk premia and financing costs for frontier markets with adverse spillovers for the WAEMU regional sovereign bond market.	Intensify efforts to mobilize donor funds and access to concessional financing to contain debt vulnerabilities. Accelerate the implementation of reforms to foster domestic revenue mobilization.
Reduced donor support.	**Low**	**High** Negative impact on development projects and on social safety nets and program execution.	Enhance engagement with traditional and new donors. Enhance implementation capacity to ensure high return from the projects financed by donors.
Domestic/Regional Risks			
Deterioration of security situation in the Sahel and neighboring countries.	**Medium**	**High** Deterioration in growth and balance of payments because of disruption of economic activity and reduced FDI. Negative impact on the fiscal position due to reduced fiscal intake and higher security expenditures.	Allow for a more backloaded fiscal consolidation path as needed to accommodate high priority security spending in response to developments on the ground. Increase engagement with neighboring countries and the international community on security issues.
Delays in the realization of extractive industry projects.	**High**	**High** Significant impact on medium-term economic activity, current account, and fiscal position as well as debt sustainability.	Accelerate efforts to enhance oversight and transparency of the sector.
Unfavorable weather conditions/natural disasters.	**High**	**High** Reduction in agricultural output, increased food insecurity, and inflationary pressures.	Increase well-targeted spending, including transfers to vulnerable populations, while restraining other current expenditure.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short term (ST)" and "medium term (MT)" are meant to indicate that the risk could materialize within 1 year and 3 years, respectively.

Annex II. Implementation Status of Key Recommendations from the 2019 Article IV Consultation

Recommendation	Status
Build a strong revenue base	
Strengthen revenue mobilization through better management of tax exemptions; fully implement reforms underway.	A host of revenue administration measures have been implemented: the authorities have prepared a detailed plan to reduce tax arrears, have interconnected all tax units in Niamey to the SISIC; are in the process of linking customs and DGI IT systems.
Improve the quality and efficiency of government spending	
Refine program budgeting; roll out the double authorization framework for selected ministries; apply the requirement that investment proposals be evaluated before consideration by the selection committee; reduce recourse to unsolicited PPP offers and contract awards without competition; address the proliferation of government agencies.	The double authorization framework has been rolled out with five pilot ministries.
Strengthen public debt management	
Widen the responsibilities of the Inter-Ministerial Committee on Public Debt and Budget Support to monitor SOE internal debt and PPPs.	The Directorate for public enterprises was replaced by the General Directorate of Public Debt and the debt monitoring unit was transferred from the ministry of planning to the Public Treasury in 2019. An *Arreté* was adopted in 2020 requiring the annual publication of the report on debt and strengthening the role of the inter-ministerial committee.
Support private sector development	
Propose a priority list of concrete and attainable measures and hold timebound consultations with the private sector to pin down the government's agenda. Provide incentives for businesses to enter the formal sector.	In 2022, the authorities launched the 2022-2026 Social and Economic Development Plan. The authorities also revamped the institutional framework for public-private dialogue in line with regional best standards.
Reform the state electricity company and improve service delivery and financial sustainability.	Significant progress has been made improving the performance and financial sustainability of NIGELEC. However, further reforms are needed to improve service delivery and reduce the cost of energy production.

Foster good governance and tackle corruption	
Strengthen the Independence of the Anti-Corruption agency (HALCIA) and revamp Niger's asset declaration regime for public officials. Reduce opportunities for corruption by promoting competitive procurement, improving governance of SOEs and extractive industries, scaling-back discretionary exemptions, digitalization of fiscal payments, establishing a TSA, risk-based inspection regimes at customs, simplifying and automating administrative procedures. Improve fiscal transparency by introducing legal requirements for publication of key documents and make available online free of charge the Government Gazette.	In 2020 the anti-corruption agency HALCIA has recorded more cases than ever, increased its staffing, launched an awareness campaign on social media, and upgraded its website to better publicize its activities and enable electronic filing of complaints. The authorities also intend to ensure the full implementation of the new framework for asset declaration by high-ranking officials by adopting a practical guide. They also undertake to ensure that all members of the government are up to date with their declarations. Progress has been made towards implementing the TSA, but further progress is desirable. The authorities have published annually the budget laws, execution reports, and citizen budget in the Ministry of Finance and have made available past documents.
Foster financial inclusion and financial stability	
Enhance financial intermediation: make new financing vehicles fully functional; encourage banks to extend more credit to the private sector. Build capacity in microfinance institutions, consolidate institutions, and improve their regulation.	Niger's main challenge on this sector remains better access to credit for the private sector. Use of the credit bureau has improved, but leasing, warrantage, and regional BCEAO financing scheme for SMEs have yet to be used and the FISAN fund for agricultural credit operates only on a small scale. The microfinance sector was negatively affected by poor harvest in 2021 and needs restructuring. Authorities have elaborated a restructuring plan with assistance from the World Bank, which is currently being implemented. Moreover, a network of microfinance institutions has been created to consolidate the sector and the BCEAO is providing capacity building to improve governance in the sector in line with the best practices in the WAEMU region.

Annex III. External Sector Assessment

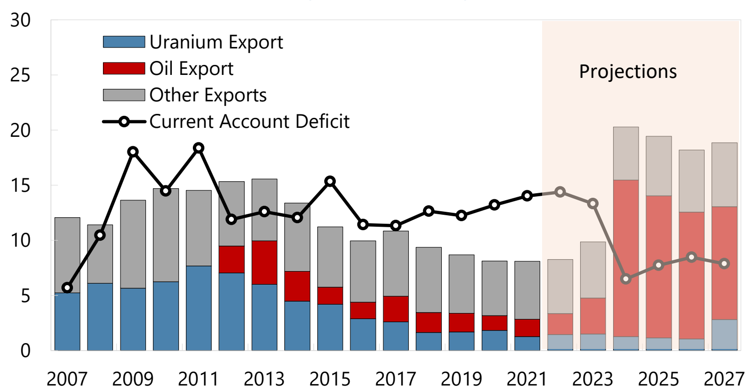
Overall Assessment: *The external position of Niger in 2021 was substantially weaker than the level implied by fundamentals and desirable policies. However, the sizable current account (CA) deficit is largely financed by foreign direct investment as well as grants and concessional lending from donors, which is desirable in view of Niger's daunting development needs. Niger also benefits from stable exchange rate of the currency union, which is pegged to euro.*

Potential Policy Responses: *The CA deficit is expected to shrink as the onset of production in extractive sector's large projects scales up exports over the medium term. In the longer term, Niger's external sector should be strengthened with diversification of exports and private sector growth, driven by enhanced macroeconomic stability and the implementation of the structural reform agenda.*

Current Account and Real Exchange Rate

Background. The CA deficit widened in 2021 and is projected to slightly deteriorate in 2022 due to (i) a larger food import bill with higher prices, (ii) larger capital/intermediate goods import with the resumption of the execution of large projects, while (iii) the service and income account remains stable. Higher oil prices are more than offset by higher prices for imported food items, leading to a projected deterioration in the terms of trade in 2022. Going forward, the stabilization of global food prices is expected to contribute to narrow the CA deficit. Furthermore, the onset of oil exports through a pipeline that is under construction will scale-up exports, thereby reducing the CA deficit (text chart).

Niger: CA Deficit and Natural Resources, 2007-27
(Percent of GDP)



Assessment. The EBA-light CA model indicates a CA gap of 8.3 percent of GDP. The sizable CA gap arises from an adjusted CA deficit of 15.3 percent of GDP, which reflects acute financing needs for food and capital goods imports as well as cyclical contributions and natural disasters and conflicts, while these financing needs are not explicitly taken into account in the CA norm (6.9 percent) in the

CA model. The model implies that assuming an elasticity of the CA balance with respect to the REER of -0.14, the real effective exchange rate (REER) would need to depreciate by 57.9 percent to eliminate the gap between the actual and norm. The EBA-light REER model suggests that there is no substantial REER gap with the actual REER well explained by a reduced form equation of the REER index.

Niger: Model Estimates for 2021 (in percent of GDP)

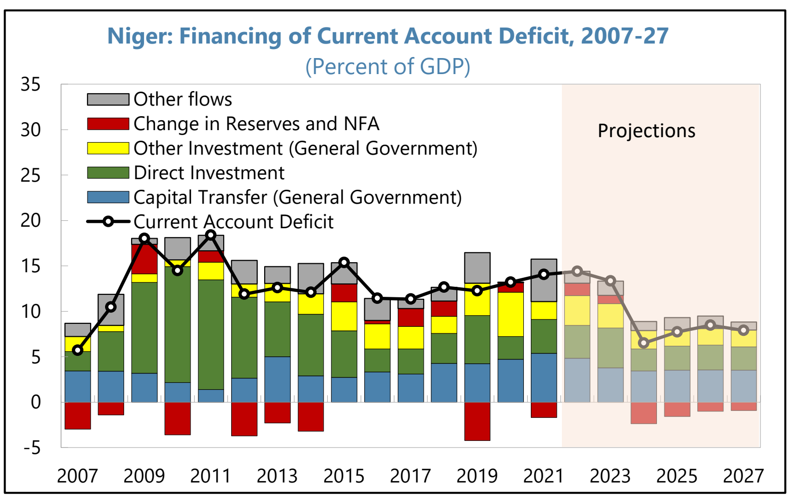
	CA model 1/	REER model 1/
	(in percent of GDP)	
CA-Actual	**-14.0**	
Cyclical contributions (from model) (-)	0.7	
COVID-19 adjustor (-)	0.1	
Natural disasters and conflicts (-)	0.5	
Adjusted CA	**-15.3**	
CA Norm (from model) 2/	**-6.9**	
CA Gap	**-8.3**	**-0.2**
o/w Relative policy gap	1.8	
Elasticity	-0.14	
REER Gap (in percent)	**57.9**	**1.6**

1/ Based on the EBA-lite 3.0 methodology

2/ Cyclically adjusted, including multilateral consistency adjustments.

Capital and Financial Accounts

Background and Assessment. The sizable CA deficit is financed largely by FDI, as well as grants (capital transfer) and concessional loans (other investment) (text chart). Niger has benefited from the support of the international community since the onset of the pandemic. FDI is mainly linked to large-scale projects. Over the medium and long term, financing needs are expected to decline with an ensuing reduction of financing amounts from these sources. The current financing structure is justifiable in light of Niger's large developing needs and stable financing sources.



Reserve adequacy

Background and Assessment. The WAEMU pooled reserves have increased to 5.8 months of imports (26.4 billion USD) in 2021. The Assessing Reserve Adequacy (ARA) metric suggests that the current level of reserves, as well as the medium-term projection, is adequate. Growth-friendly fiscal consolidation and implementation of structural reforms, as well as appropriate monetary policy at the regional level, will be key to maintaining reserves within the estimated optimal range.[1]

[1] IMF Country Report No. 22/67. West African Economic and Monetary Union—Staff Report on Common Policies for Member Countries.

Annex IV. Capacity Development Strategy Note

This note presents the understanding reached between Fund staff and Nigerien authorities on the capacity development strategy, expected objectives, and technical assistance in support of the macroeconomic policy priorities for 2023-2024.

A. Context

1. **General context**. Niger continues to face daunting development challenges exacerbated by a decade of conflict in the Sahel and exposure to climate shocks. Moreover, as a fragile country, Niger exhibits institutional and policy implementation weaknesses, a factious political context, and severe domestic revenue mobilization constraints. Low rainfall in 2021 pushed 4.4 million people into food insecurity, with the war in Ukraine adding to food, petroleum, and fertilizer price pressures. This context is putting strains on public finances and exacerbating balance of payment imbalances.

2. **Country engagement with the Fund**. Niger has completed the first review of the ECF arrangement (SDR 197.4 million or 150 percent of quota), which was approved on December 08, 2021. The staff reports for the request and the first review of the ECF arrangement are available following this link: https://www.imf.org/en/Countries/NER. Emergency financial assistance under the RCF (SDR 83.66 million, 63.6 percent of quota) was approved on April 14, 2020, which followed the approval of debt service relief under the Catastrophe Containment Relief Trust (SDR 31.59 million since April 2020). In addition, Niger has received a total of SDR 126.1 million in August 2021 as a result of the general SDR allocation designed to foster the resilience and stability of the global economy and help the most vulnerable countries to cope with the impact of the COVID-19 crisis.

3. **Previously provided Fund Capacity Development**. The implementation of reforms has been supported by CD activities covering all key areas of institution building, with a focus on revenue administration (digitalization of tax and custom directorates, taxpayer registration), public financial management (oil revenue management, TSA and cash management, PIMA, fiscal risk management), tax policy (simplification of the General tax code), debt management, and statistics (quarterly national accounts). The implementation of technical assistance (TA) recommendations has been broadly on track.

B. CD Strategy and Priority

4. **The authorities' priorities**. The CD's priority areas are aligned with the authorities' structural reform agenda under the current ECF program, including expanding fiscal space, improving the quality of spending, and enhancing transparency. Thus, the FY22 CD strategy aims to build on the results of the previous strategy and include new activities relevant to the country's needs. These include (i) strengthening both tax policy and revenue administration, (ii) improving the efficiency of

the expenditure chain, (iii) strengthening the management of natural resources revenue, and (iv) improving national accounts, fiscal, and balance of payments statistics (see Table below).

Priorities	Objectives	Challenges
Tax policy and revenue administration	The objective of this project is twofold. First, it aims to evaluate the current taxation system of the country with the goal to simplify it and improve revenue mobilization in line with country's capacity. Its second goal is to strengthen both core administrative functions of tax and customs to expand the tax base and limit fiscal fraud. The authorities have expressed interest in capacity development activities to implement the full interconnection of digital platforms of the DGI and the DGD, including an audit of the computerized system for tracking taxes and taxpayers (SISIC), strengthening of the taxpayer base, electronic tracking of goods in transit, ensuring the accuracy of declarations at customs administration, and improving custom and tax revenue forecasting models.	Staffing/ lack of structured coordination between DGD and DGI directorates.
Public financial management and debt management	This project aims to (i) improve expenditure chain transparency and efficiency; (ii) strengthen budget preparation, execution and control, including expenditure quality; (iii) complete the digitalization of payment orders; (iv) conduct fiscal risks' assessment; expand TSA and (v) strengthen cash flow forecasting.	Staffing
Natural resource revenue management	The goal of this project is to (i) strengthen the capacity to manage natural resource revenues in view of the impending increase in oil output, (ii) implement an oil revenue management strategy, (iii) establish a robust institutional and operational framework, in line with international best practices and adapted to Niger's capacities, and (iv) ensure efficient and transparent management of oil revenues.	Staffing
Macroeconomic and financial statistics	The project aims to improve national accounts, government finance and balance of payments statistics.	Staffing

C. Engagement strategy

5. Engagement with the authorities. Authorities have a strong degree of ownership and commitment for the implementation of CD recommendations. Staff's policy advice and the authorities' reform agenda (as reflected in the program's structural benchmarks) build on the CD recommendations with the aim of supporting the authorities' engagement.

6. **Coordination within the Fund.** Key elements that ensure coordination within the Fund include: (i) strong communication between the area department country team and CD experts, (ii) early consultation on CD work plans and delivery constraints, (iii) the area department country team's review of CD missions' briefs, and explicit approval of scope and timing, and of CD missions' reports, (iv) debriefing of CD missions with the area department country team, and (iv) support from the IMF local office in Niger for mission preparation and execution.

7. **Main risks and mitigation.** Absorption capacity is limited due to human resource constraints accentuated by a bunching of CD delivery, over-centralization of reform efforts, and high turnover of senior staff. Also, a better coordination and communication among the different branches of government would be welcome. The authorities could make greater use of training opportunities offered by the Fund's Institute for Capacity Development and by AFRITAC West, the regional center for CD and training.

8. **Authorities' views.** The authorities welcome Fund capacity development activities and thought it was appropriately targeted. They welcome diagnostic CD from HQ and appreciate ongoing operational CD support from AFRITAC West.

D. Priorities by Department

i) FAD

Priorities.

Topics	**Objectives**
Revenue administration	Revenue mobilization remains the key program priority. CD support would provide recommendations to broaden the tax base and improve the quality of revenue collection, while not hurting private sector dynamism with excessive administrative measures. Support might be needed to improve the management of the taxpayer registration, complete the digitalization and interconnexion of DGI and DGD. Support is also needed to strengthen capacity for natural resource revenue management and establish robust tax and customs revenue forecasting models.
Tax Policy	The focus is now on broadening the tax base and removing tax exemptions through a simplification of the General tax code and a shift of the tax burden from corporate and labor income to consumption. The authorities expressed interest in a TA on assessing the socio-economic impacts of tax expenditures and modernizing land and property registration.

Topics	Objectives
Public financial management	The priority is to develop an oil revenue management strategy and establish a robust institutional and operational framework, in line with international best practices and adapted to Niger's capacities, to ensure efficient and transparent management of oil revenues. Support is also needed to increase efficiency and transparency in the expenditure chain and strengthen budget preparation and execution in the context of program budgeting. The authorities would like to have a TA on fiscal risks assessment (macro risks related to PPP, SOEs, …). Follow-up missions to monitor the advice from the public investment management assessment (PIMA) and progress on TSA and cash management could be helpful.

ii) MCM

Priorities.

Topics	Objectives
Debt management	Further TA is needed to strengthen the country's capacity to manage public debt, including DSA analysis and to prepare a public debt plan that is consistent with the broader investment strategy and fiscal planning.

iii) STA

Priorities.

Topics	Objectives
Strengthen macroeconomic and financial statistics	Strengthening government finance statistics according to GFSM 2014 standards, and the improvement of balance of payment statistics as well as national accounts remain priorities.

Annex V. Niger's Development Strategy

1. Niger adopted in June 2022 its new Poverty Reduction and Growth Strategy (PRGS)—the Economic and Social Development Plan (PDES)—, covering the period 2022-2026. The formulation of the PRGS was carried out following an inclusive process, including the participation of representatives of the private sector, civil society organizations and trade unions, with discussions held in all regions of the country. The preparation of the PRGS benefited from technical support from development partners, including the World Bank, the African Development Bank, and the UNDP. The PRGS takes into account Niger's international commitments, in particular the African Union's Agenda 2063 and the United Nations' Sustainable Development Goals (SDGs). It also integrates the effects of extreme exogenous shocks to which the country is exposed, including those related to climate change. One of the key results expected from the implementation of the PRGS is the reduction of the poverty rate to 35.4 percent by 2026 from 40.8 percent in 2019.

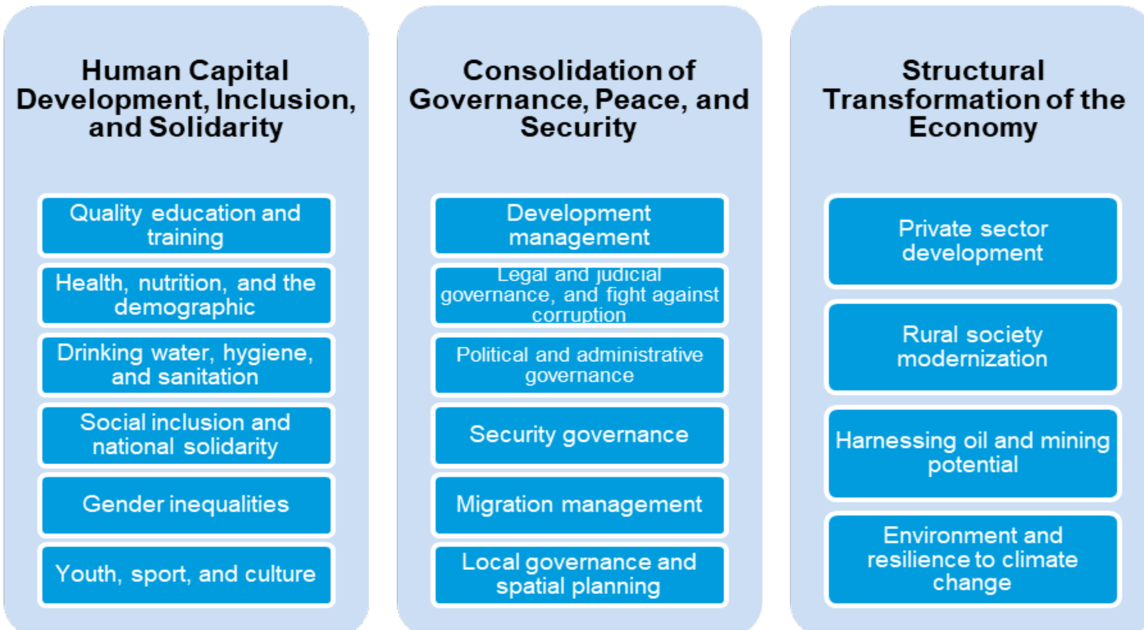
2. The PRGS is structured around three strategic axes, broken down into sixteen specific programs: **(i) human capital development, inclusion, and solidarity, covering six programs, (ii) consolidation of governance, peace, and security, through six programs, and (iii) structural transformation of the economy, including four programs.** The identification of these axes and programs was underpinned by a comprehensive diagnostic of the major challenges facing the country, including those related to governance, human capital development, infrastructure gaps, private sector development, rural modernization, gender gaps and climate change. The authorities have set up an inclusive governance framework to ensure transparent and efficient implementation of the PRGS, building on the lessons learned from the previous PRGS framework.

3. Niger's PRGS is aligned with the authorities' program priorities supported by the Extended Credit Facility (ECF) arrangement. It emphasizes the need to strengthen macroeconomic stability and build the foundation for inclusive, job-creating, and resilient growth. Improving domestic revenue mobilization is a key priority to ensure the financing of the country's daunting development needs—with the objective of raising the fiscal revenue-to-GDP ratio to about 15 percent of GDP by 2026. At the same time, public spending will be improved to achieve the transformative effects expected from public investments, especially with the view of enhancing the country's human capital. The PRGS aims to promote and revitalize the private sector as the main engine of economic growth in order to transform the Nigerien economy through a more diversified production base. Finally, cross-cutting themes related to good governance and the fight against corruption, the reduction of gender inequalities, and resilience to the effects of climate change are also prioritized.

4. The implementation cost of the PRGS is estimated at CFAF 19,427.6 billion, twice the country's projected 2022 GDP and approximately 6 times the state budget planned for 2023. The authorities remain confident that this financing can be raised from development partners, the private sector and through the State's domestic revenues. The estimated financing gap to be filled, based on resources already identified, amounts to CFAF 10,670.6 billion, of which CFAF 6742.3 billion

would come from donors and CFAF 3,928.3 billion are expected from the private sector. The authorities are also relying on the ECF arrangement to further catalyze financial support from donors and the private sector. In this regard, a round table will be organized in December 2022, in Paris, to ensure development partners adherence to the strategic orientations of the PRGS and to mobilize the technical and financial resources needed for its implementation.

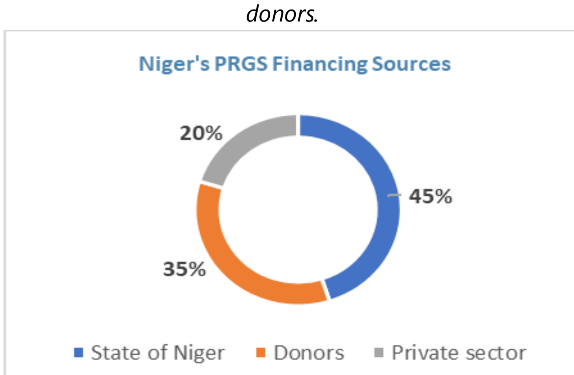
Box 1. Niger's PRGS Axes and Programs



Source: Nigerien authorities and IMF staff.

Niger's PRGS Financing Needs

Most of the financing is expected from the state and donors.

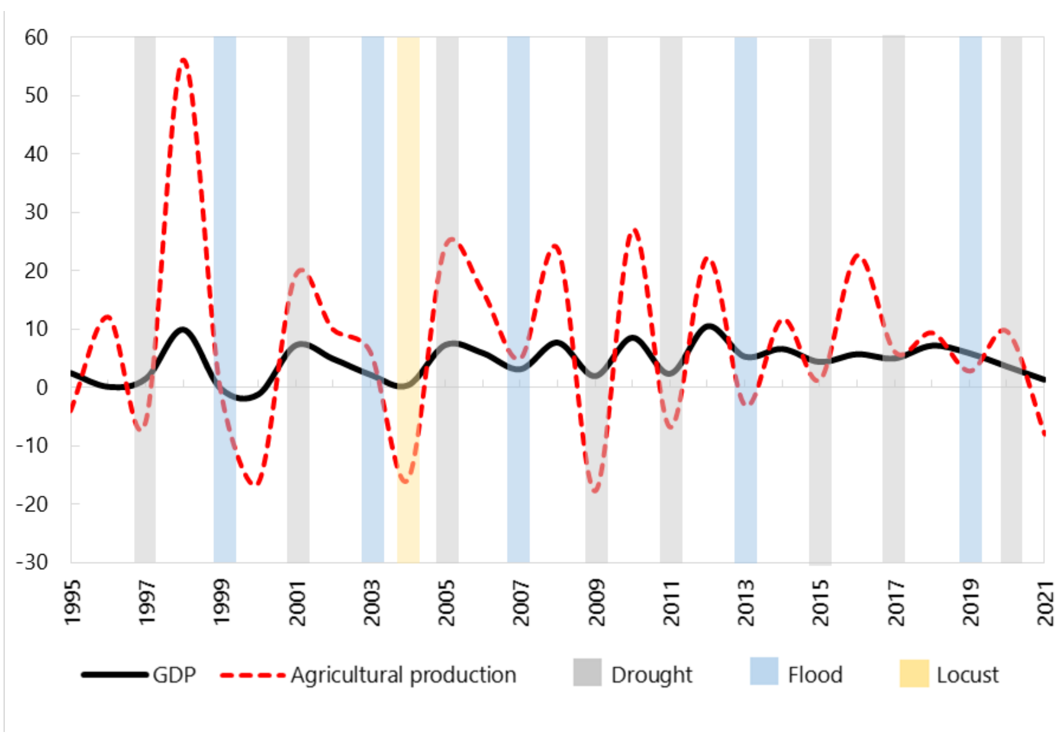


Source: Nigerien authorities and IMF staff calculations.

Annex VI. Downside Scenario

1. Niger remains exposed to multiple shocks of internal and external origin. Although the country's near- and medium-term outlook remains favorable, several risks factors threaten to derail the projected accelerated growth path. These include: (i) a worsening of the security situation in the Sahel and spillover effects from political instability in neighboring countries (ii) climate-related shocks, in the form of drought or floods, which have frequently affected the country over the last decade (Annex VI. Figure 1) and caused a volatility in agricultural production[1] and GDP, (iii) a further delay in the construction of the oil pipeline to the Beninese coast and leading to the postponement of the start of crude oil exports and expected revenues, (iv) a sharp and protracted decline in international oil prices due to a recession in advanced and emerging economies, and (v) a further tightening of the regional monetary policy stance in response to that of the European Central Bank—stepping up efforts to curb higher inflationary pressures in the euro zone.

Figure 1. Niger: GDP Growth Volatility and Agricultural Production Growth



Source: Nigerien authorities, EM-DAT, and IMF staff calculations.

[1] Rainfed agricultural production accounts for 99 percent of total agricultural production according to authorities' estimates.

Box 1. Niger: Alternative Scenarios and Assumptions

Three alternative scenarios are simulated with cumulative shocks:

Alternative scenario 1 (Alt 1) assumes a shock of one standard deviation to agricultural production growth in 2023 (equivalent to a 7.0 percent drop in agricultural production) combined with a one-year delay in the start of oil exports through the new pipeline project. Agricultural production is assumed to gradually recover thereafter and catch up to the baseline level, in 2027.

Alternative scenario 2 (Alt 2) incorporates the assumptions of Alt 1 with an additional shock (of a magnitude of one standard deviation) on oil prices (as projected in the WEO) from 2023 through 2025.

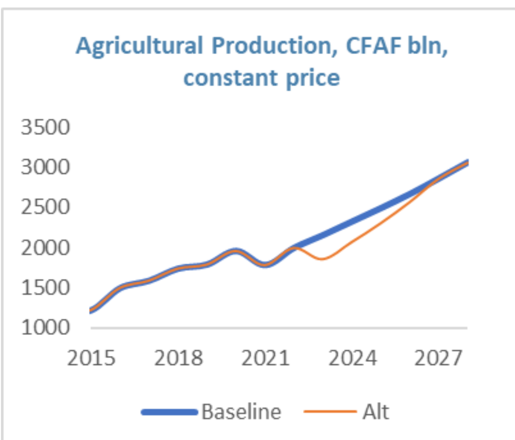
Alternative scenario 3 (Alt 3) includes the shocks of the two previous scenarios plus the assumption of a tightening of monetary policy over the entire projection period (2022-28) in the form of a uniform increase of 100 basis points in the interest rates of debt securities issued by Niger on the WAEMU regional financial market.

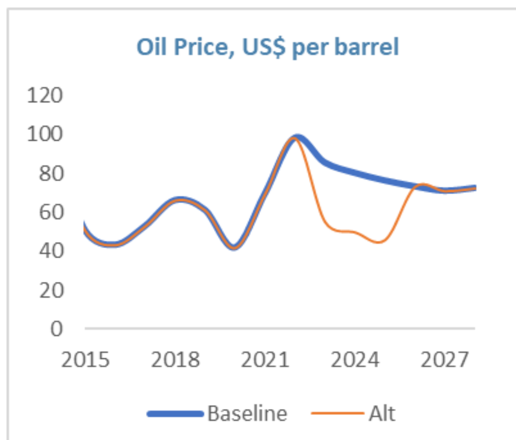
Other key assumptions:

The elasticity of non-oil revenues to GDP is equal to 1.

No additional fiscal policy response is assumed in terms of adjustment of the expenditure path compared to the baseline apart from the increase in domestic interest payments under the assumption of monetary policy tightening.

Additional financing needs resulting from larger fiscal deficits are met by increasing debt issuance in the regional financial market.





Source: Nigerien authorities, WEO and IMF staff calculations.

2. The materialization and overlap of these shocks could jeopardize Niger's medium term macroeconomic stability, especially fiscal and external debt sustainability, as shown below by the results (Annex VI. Figure 2, 3, and 4) of the three downside scenarios that were simulated (Annex VI. Box 1).

- **GDP growth would temporarily drop in 2023 and catch up thereafter**. Economic growth in 2023 would slow sharply in the first (Alt 1) alternative scenario[2] to 2.5 percent from 7.3 percent in the baseline scenario, due to lower agricultural and crude oil production. Subsequently, growth would pick up to 7.6 percent in 2024 with the recovery of agricultural production and the delayed start of oil exports—but would remain well below the baseline performance of 13.0 percent. Growth would peak at 16.1[3] percent in 2025 with the ramp up of crude oil production before gradually declining thereafter (as oil production reaches full capacity) and converge to the baseline by 2028.

- **The current account (CA) deficit would markedly widen until 2024** as the effects of the delayed start of oil exports would be exacerbated by lower oil prices. Compared to its level in the baseline of 13.3 and 6.5 percent of GDP, in 2023 and 2024, respectively, the CA deficit would deteriorate to 14.8 and 19.0 percent of GDP in case of a one-year delay in the pipeline project (Alt 1) and worsen to 15.4 and 20.2 percent of GDP with depressed international oil prices (Alt 2 and Alt 3). It would start narrowing steeply in 2025 under the alternative scenarios and converge to the baseline only by 2028.

- **The pace of the fiscal consolidation process would be slower and the achievement of the WAEMU fiscal deficit norm would be postponed beyond 2025 if no policy adjustment is implemented.** The fiscal deficit in the simulated alternative scenarios would range between 6.4 and 6.9 percent of GDP in 2023, above the projection of 5.3 percent of GDP in the baseline, and further deteriorate in 2024, hovering between 8.7 and 9.5 percent of GDP, against 4.1 percent of GDP in the baseline. Should the start of oil exports be delayed by one year, the speed of fiscal adjustment would only accelerate from 2025 onwards, instead of 2023 in the baseline, and the convergence to the WAEMU fiscal deficit norm would be reached only by 2027. These deadlines would be further extended in the more pessimistic scenarios with lower oil prices and tighter monetary policy.

- **Debt vulnerabilities would substantially increase in the short- and medium-term**. The country's external and overall risk of debt distress would still be rated at “moderate” under all alternative scenarios due to high concessionality of new debt and rapid pick-up in growth, though two debt indicators (the PPG debt service-to-exports ratio and the PPG debt service-to-revenue ratio) would get closer to breach their respective thresholds in 2023.

[2] Real GDP growth rates of Alt 2 and 3 in 2023 and 2024 are almost identical to those of Alt 1, at 1.5 and 7.1 percent, respectively.

[3] 15.9 percent in the cases of Alt 2 and Alt 3.

3. The policy implications of the possible materialization of these shocks and the mitigating measures can be distinguished according to short-term and longer-term considerations:

- At a shorter horizon, given the limited space to absorb shocks, the policy response should include the following main actions:

  - Adopt a fiscal contingency plan—for the next fiscal year—with technical assistance from IMF to mitigate the fiscal risks associated with the various shocks to which the economy exposed.

  - A reprioritization of spending, including a reduction in non-essential current expenditure and possibly the postponement of certain non-emergency capital expenditure.

  - Part of the savings stemming from the rationalization of non-priority expenditure should be reallocated to support the most vulnerable populations—through targeted interventions, including cash transfers.

  - Accelerate domestic revenue mobilization efforts, particularly by exploiting the opportunities for quick wins from reducing tax exemptions.

  - Pursue a prudent external debt policy to curtail vulnerabilities by prioritizing external financing in the form of concessional loans and grants.

  - In the event of a deterioration of conditions on the regional financial market, the authorities could seek more additional financing from development partners and possibly consider increasing its access to IMF resources in order to deal with the food crisis that could arise from the drop in agricultural production.

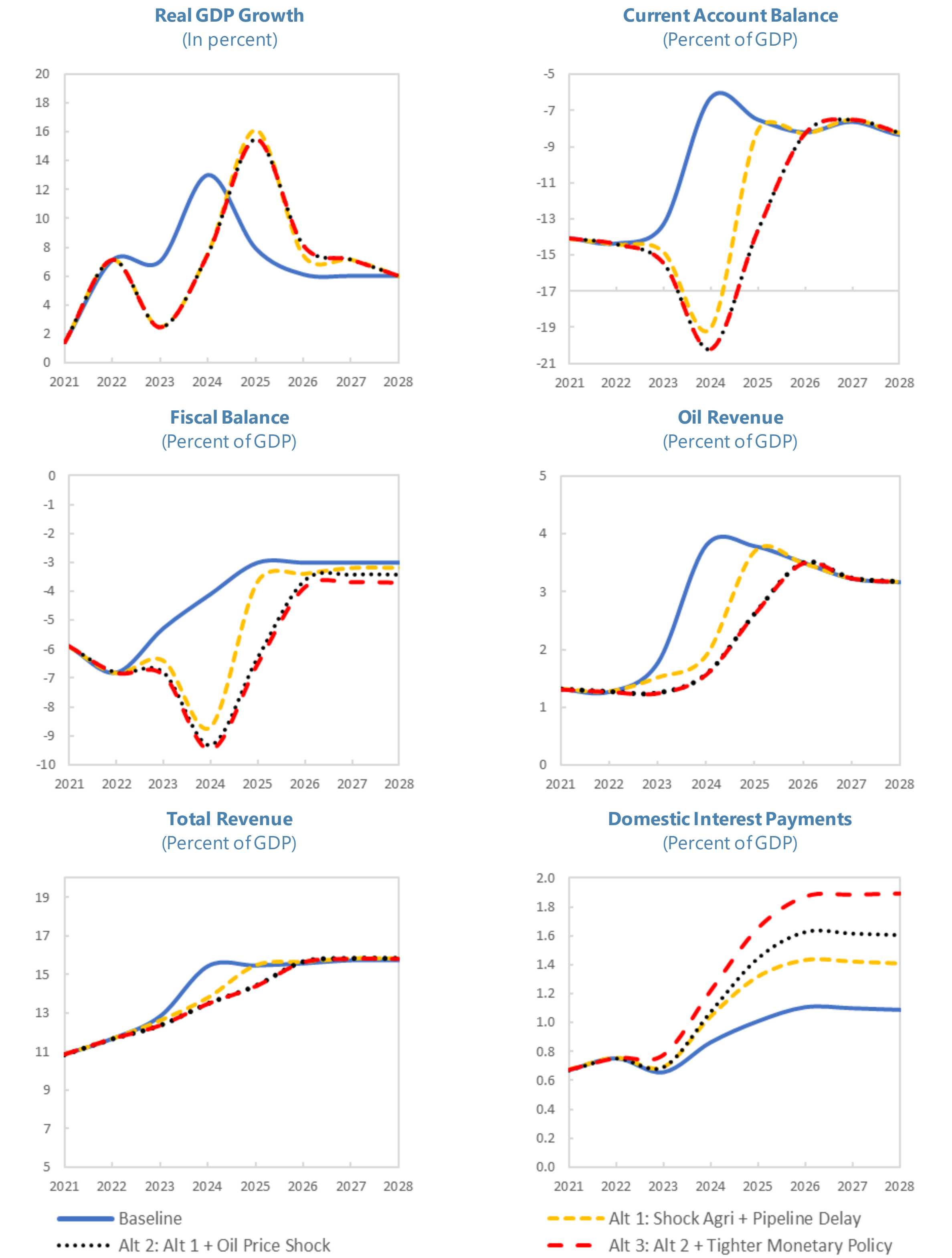
- Longer-term measures should focus on:

  - Improving agriculture resilience to climate shocks (Chapter 4 of the SIP).

  - Enhancing economic diversification (Chapter 6 of the SIP).

  - Strengthening human capital and closing the gender gap (Chapter 2 of the SIP).

Figure 2. Niger: Adverse Scenario—Selected Economic Indicators

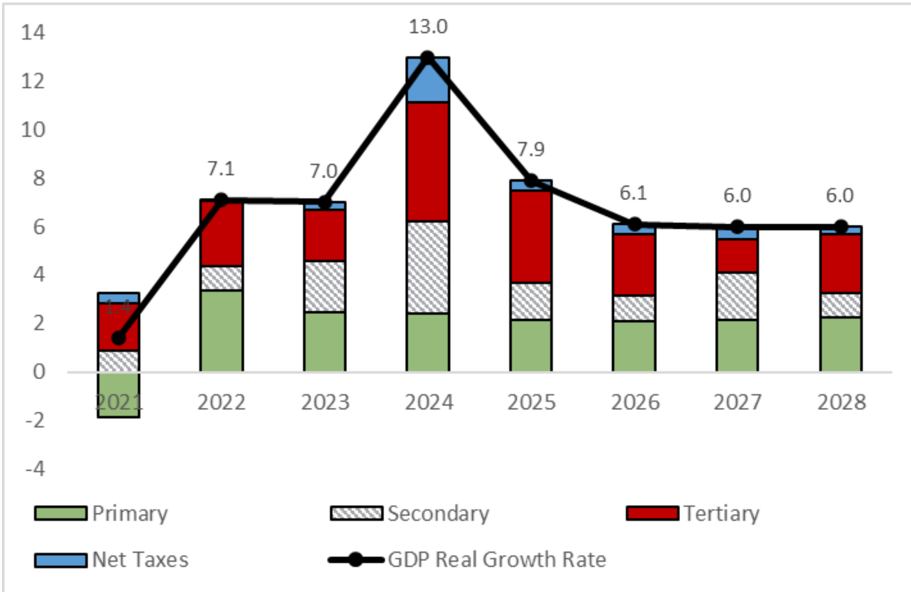


Source: Nigerien authorities and IMF staff estimates and projections.

Figure 3. Niger: Adverse Scenario—Supply Side Drivers of Growth

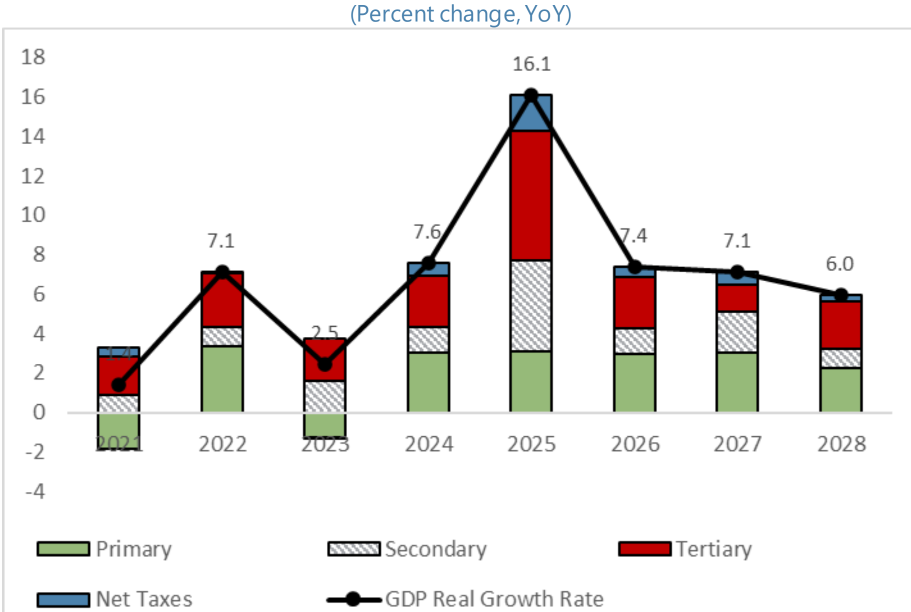
Contribution to Real GDP growth, Baseline

(Percent change, YoY)



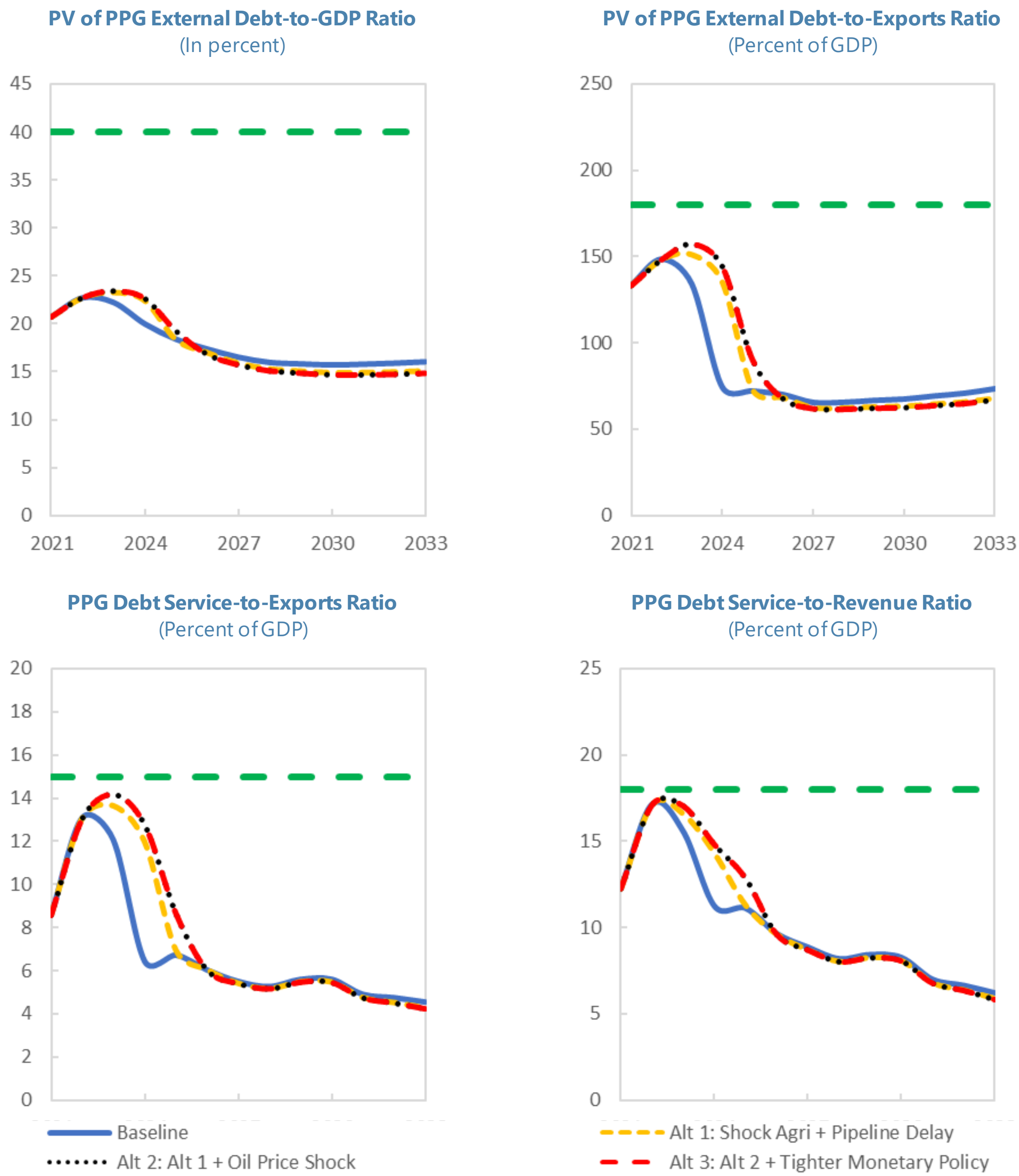
Contribution to Real GDP growth, Alternative Scenario 1

(Percent change, YoY)



Source: Nigerien authorities, IMF staff estimates and projections.

Figure 4. Niger: Adverse Scenario—External Debt Indicators



Source: IMF staff calculations.

Appendix I. Letter of Intent

Niamey, November 30, 2022

To:
Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Madam Managing Director:

1. **Niger's economic outlook for this year and the medium term remain favorable.** Economic growth is expected to rebound to 7.1 percent in 2022 thanks to the revival of agricultural production supported by favorable rainfall and the acceleration in the implementation of large-scale investment projects. Inflation is expected to remain contained this year as a result of easing price pressures on food and imported goods. The start of oil exports planned for next year should also further stimulate medium-term growth while generating additional resources to achieve fiscal consolidation and finance the country's development needs.

2. **Niger is facing increased challenges associated with the national and international environment as well as with the country's exposure to climate shocks**. The persistent insecurity in certain regions of the country, exacerbated by deteriorating security conditions in the Sahel, has led the government to take important measures to addressing the risks to social peace and economic activity. Furthermore, this year, the government has developed and implemented a plan to support vulnerable populations due to the rainfall deficit recorded in 2021. The government has also carried out emergency actions to assist peoples affected by this year's massive floods.

3. **The implementation of our program under the Extended Credit Facility (ECF) is on track.** All quantitative performance criteria at end June and most indicative targets at end September 2022 have been met. However, as of November 2022, the present value of new public and publicly guaranteed external debts that have been ratified has exceeded its ceiling. The program's structural benchmarks were also all met—including the continuous structural benchmarks—excepted benchmarks on the adoption of an oil revenue management strategy—for which the government has requested additional technical assistance from the IMF—and the benchmark on the publication of the summary of feasibility studies for investment projects of more than CFAF 5 billion—which should be met after the adoption of the 2023 budget law by Parliament, scheduled for the end of this year.

4. **In light of the satisfactory results achieved today, we are requesting disbursement of the third tranche under the ECF arrangement, equivalent to SDR 39.48**

million (i.e., 30 percent of our quota), in order to cover our protracted balance of payments needs. In addition, to reflect the recent fiscal developments and our external borrowing plan, we request for modification of performance criteria on net domestic financing, and a waiver of non-observance and modification of the continuous performance criteria on the contracting of external public and publicly guaranteed debt.

5. The government of Niger remains fully committed to achieving its program objectives. Strengthening macroeconomic stability, domestic resource mobilization, enhancing public financial management, improving expenditure efficiency, as well as promoting transparency and good governance are prerequisites to addressing our country's development needs. Accordingly, the government is continuing *inter alia* to implement structural reforms aimed at dematerializing and digitalizing the tax revenue collection, decentralizing and dematerializing the payment procedures, and improving the selection of public investment projects. In addition, the simplification of the General Tax Code should support private sector development and reduce informality in our economy. To anchor these reforms and embrace the major challenges facing the country, we have developed and will implement a new Economic and Social Development Plan (PDES 2022-2026), the financing of which will be mobilized during the donors' roundtable organized by the government.

6. The government reform agenda for the rest of 2022 and the medium term is detailed in the attached Memorandum of Economic and Financial Policies (MEFP). The government is confident that these measures and policies will support the achievement of the established objectives. The government stands ready to take any additional measures that may be necessary and will consult with the Fund on the adoption of these measures and in advance of revisions to the policies contained in the MEFP, in accordance with IMF consultation policies. The information required to monitor the economic situation and to implement policies relevant to the program will be provided in a timely manner, as agreed in the attached TMU, or at the IMF's request.

7. In keeping with our long-standing commitment to transparency, we authorize the IMF to publish the Fund staff report, this letter of intent, the MEFP, and the Technical Memorandum of Understanding (TMU), on the IMF website.

Very truly yours,

/s/

Ahmat Jidoud
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 MEFP signed on June 10, 2022**. It describes recent economic developments and the implementation status of the economic and financial program with the International Monetary Fund (IMF) under the Extended Credit Facility arrangement for the 2021-2024 period. It also presents the main policy orientations for the remainder of 2022 and the medium-term outlook. The program's objectives remain focused on (i) consolidating macroeconomic stability, (ii) strengthening domestic revenue mobilization, (iii) improving public expenditure effectiveness, with emphasis on social spending and poverty reduction, and (iv) promoting good governance.

2. **Niger continues to face major development challenges exacerbated by the persistent security crisis and the vulnerability of its economy to the effects of climate change.** Despite the noticeable lull in the Diffa Region and the left bank of the Niger River, the security situation remains tense along the tri-border area. In addition, the effects of the unfavorable economic situation linked to a decline in the 2021 harvest of nearly 40 percent compared to its average over the past ten years, which was the result of worsening climatic shocks, dealt a blow to growth in 2021. The international economic situation, marked by the outbreak of war in Ukraine in February 2022, with the consequences of higher prices for basic commodities, agricultural inputs, and energy, as well as higher interest rates in the financial markets, presents an additional challenge.

3. **The government, with support from the development partners, has responded swiftly and vigorously to the recent shocks in Niger**. Indeed, the heavy rains that hit Niger between June and October 2022 caused severe flooding and resulted in nearly 200 deaths, while more than 327,000 other victims suffered losses. The government supported the victims by temporarily relocating them, and distributing food, water and blankets, etc.

4. **The government adopted a new Economic and Social Development Plan (PDES) 2022-2026 and a new climate change adaptation strategy with a view to accelerating inclusive, resilient growth.** The Plan is designed to implement the government's General Policy Declaration and to give tangible expression to the commitments of the President of the Republic contained in the Renaissance Program - Act III. Adopted by Decree No. 2022-448/PRN/MP of June 10, 2022, the 2022-2026 PDES is structured around three strategic pillars: (i) development of human capital, inclusion, and solidarity; (ii) consolidation of governance, peace, and security; and (iii) structural transformation of the economy. The overall cost of the 2022-2026 PDES is estimated at CFAF 19,437.6 billion, including CFAF 8,757.0 billion to be mobilized by the government, CFAF 6,742.3 billion expected from technical and financial partners, and CFAF 3,928.3 billion to be financed by the private sector. The government will organize a roundtable on the financing of the Plan in Paris in December 2022. Moreover, the new national strategy for adaptation to climate change has been developed as part of the implementation

of the revised Nationally Determined Contribution (NDC) and aims to ensure sustainable and climate-smart agricultural development through the strengthening of resilience and adaptation of rural populations to extreme climatic events and risk factors and changes in the short and medium term. It has the following objectives: (i) sustainable exploitation of the productive potential of agro-ecosystems; (ii) sustainable improvement of the agronomic, economic, and environmental performance of agricultural, forestry, and grazing operations; and (iii) increasing the resilience of ecological, economic, and social systems to shocks, particularly those of climatic origin.

RECENT MACROECONOMIC DEVELOPMENTS

5. The macroeconomic outlook remains promising for the rest of 2022. Economic growth is expected to rebound this year to 7.1 percent with the recovery of agricultural production – which increases by 10 percent due to milder climate conditions – and the accelerated implementation of large-scale investment projects. The other economic sectors should also record favorable results. The secondary sector should expand by 4.7 percent, driven by gold production— an increase of18.8 percent— while growth in the tertiary sector is expected to accelerate to 6.3 percent, driven namely by the continued recovery of activity in the transportation, trade, hotel, and restaurant sectors amid the complete lifting of all restrictions imposed in response to the COVID-19 pandemic. Inflationary pressures, fueled in the first half by soaring prices of food products and imported consumer goods, are also expected to subside considerably through the end of the year. Average annual inflation should stand therefore at 4.5 percent, significantly above the upper limit of the WAEMU convergence band.

6. The current account deficit is expected to widen in 2022 compared to 2021, reaching 14.4 percent of GDP. The deterioration is primarily due to increased capital and intermediate goods imports with the accelerated implementation of large investment projects, as well as orders for food products following the drop in grain production in 2021. Export activities were also impacted by the security situation around the border areas and the shortfall in the previous winter harvest. However, the stabilization of imported food prices and favorable domestic agricultural production should help reduce the current account deficit in 2023. In addition, the start of oil exports through the pipeline under construction will increase exports, which will significantly reduce the current account deficit in the medium term.

7. The broad money is expected to increase in line with the consolidation of bank deposits and currency in circulation. In counterpart terms, the increase in the money supply would reflect a rise in net domestic claims by 17.5 percent, against the backdrop of a deterioration in net foreign assets by 17.8 percent. In 2022, the money supply is expected to rise to CFAF 1,835 billion, or 19.9 percent of GDP, an increase of 10.3 percent compared to 2021. The increased money supply should be driven by growth in all of the components of the economy's aggregate liquidity. From the standpoint of its counterparts, the consolidation of the money supply would mainly represent the strength of claims on the economy, which improved by 7.1 percent due to the increase in lending to individuals, trade, construction, and manufacturing, among other things. The growth of net domestic claims is also

related to an improvement in net claims on the government. In the medium term, the trajectory of the money supply should be shaped by the positive economic outlook in the oil, energy, mining, and agricultural sectors, related to the major infrastructure projects being carried out around the country. It should also reflect the implementation of initiatives to promote inclusive finance.

8. The financial sector is expected to remain stable despite increased vulnerabilities associated with the deterioration in quality of the financial institutions' portfolios. The capital adequacy ratio stood at 14.3 percent at end-December 2021, above the WAEMU regional average of 12.5 percent. Also, ratios of liquid assets to total assets and deposits remained at levels above the community average at 26.5 percent and 42.4 percent, respectively. Non-performing loans continue to increase significantly in the microfinance sector, however, reaching a rate of 41.9 percent at end-March 2022. For banks, non-performing loans remain well above the Union average, although a downward trend can be seen in 2022, from 21.2 percent in 2021 to 18.1 percent as of September 30, 2022. Discussions are under way at the central bank to determine the causes of the deterioration in banks' portfolios and to propose appropriate solutions to address it. Over the same period, the credit concentration ratio was estimated at 158.3 percent, in line with high credit concentration in the services, transportation, and construction and public works sectors and the limited share of credit allocated to the agriculture sector (1.86 percent). Nevertheless, the risk sharing ratio (45 percent in 2021 and 35 percent in 2022) is being met by most banks in Niger. In the microfinance sector, poor governance and insufficient financial resources to finance activities are the main factors limiting sector performance. However, the banks' limited exposure to the microfinance sector reduces risks for the stability of the financial system.

9. This year fiscal expansion aims to mitigate the consequences of the food crisis and security shocks and lay the foundation for accelerated growth next year. The changes made to the adopted budgetary package have to do, at the resource level, with the inclusion of additional support mobilized from certain partners. At the expenditure level, the changes concern: (i) transfers to households experiencing food insecurity through free and low-cost grain distribution operations; (ii) investments in the agricultural and livestock sector to support production, including the purchase of fertilizer and livestock feed, and financing of the irrigated crop program; (iii) replenishment of the food reserve; (iv) defense and domestic security expenditures following a deterioration of the security situation in the tri-border area; (v) support for recovery, stabilization, and peacekeeping activities; and (vi) financing of certain urgent expenditures in the education and health sectors.

10. The government increased the price of diesel fuel to curb speculation and ensure a steady supply of the product in the domestic market. As a result of the energy crisis caused by the Russian-Ukrainian war and the significant risk of a diesel shortage throughout the country, the government has taken measures to protect and secure national consumption against speculation from neighboring countries. The first measure was to suspend the export of diesel as of June 2022 and to ration the supplies available for distribution. However, this measure did not ensure the domestic availability of diesel, on account of the significant price differential with neighboring countries. The alignment of the price of diesel with the prices charged in some neighboring countries, through an increase of 24 percent at the pump, has significantly reduced the pressure on the demand volume,

which had more than doubled between February and June 2022. This measure also made it possible to maintain electricity prices through an increase in the energy reserve, thus avoiding additional inflationary pressures. It also made it possible to strengthen the stability and financial equilibrium of the hydrocarbons sector.

11. Work on construction of the oil pipeline to Benin is moving ahead and is expected to be completed next year, as planned. The construction work was 51 percent complete at end-August 2022. The infrastructure will be placed in service and oil export operations will begin during the second half of 2023, in accordance with the established schedule. Moreover, the development model adopted for petroleum extraction from the Agadem field provides for nearly full exploitation of the reserve and pipeline by 2024.

RESULTS ACHIEVED UNDER THE ECF-SUPPORTED PROGRAM

12. The government met all program performance criteria at end-June and end-September 2022. The government's net domestic financing, capped at CFAF 385 billion in June 2022—adjusted for the amount of budget support planned but not delivered and the amount of float payments in fiscal year 2021—was CFAF 182.4 billion in June 2022. No external arrears were recorded. New public and publicly guaranteed external debts that were ratified amounted to CFAF 212 billion and CFAF 334.7 billion in June and September 2022, respectively, below the ceiling of CFAF 402 billion. Nevertheless, this ceiling was exceeded in November 2022 due to the ratification of new project loan contracts that were higher than expected.

13. Most indicative targets were met at end June and end-September 2022. The government's net domestic financing, capped at 515.7 billion at end September 2022—adjusted for the amount of budget support planned but not delivered and the amount of float payments in fiscal year 2021—was 312.1 billion. Also, the indicative targets for basic budget balances (including and excluding grants), exceptional expenditures, and social expenditures were all met at end-June and end-September 2022. Cash revenue was above the June 2022 ceiling but slightly below the September 2022 ceiling due to security incidents and the reduction in the re-export tax rate that impacted export revenue.

14. The structural benchmarks at end-June 2022 were all met, as were most structural benchmarks at end-September. A road map for revision and simplification of the tax system was adopted, and a status report on existing tax exemption agreements since 2019 was shared with the IMF. A report on tax expenditures was published in the annexes of the 2023 budget law. However, additional technical assistance from the IMF proved necessary – and has been requested – for the preparation and adoption of the new oil revenue management strategy, which resulted in postponement of compliance with the benchmark to end-September 2023. In light of the technical complexity of the project to integrate DGI and DGD Information systems, the associated structural benchmarks were reformulated as four structural benchmarks (Table 3, structural benchmarks 6, 10, 11, and 12), and the timeframes were revised to take account of the capacity strengthening needs of the administrations concerned.

15. Moreover, most program's continuous structural benchmarks were met by time. The Government has produced the status of newly granted or renewed tax exemptions, with their details and expiration dates. The public procurement plans, the related tender notices and the final award results were also published on the public procurement portal. However, the publication of summaries of feasibility studies for investment projects of more than CFAF 5 billion will only be made when the 2023 budget is adopted by parliament.

MACROECONOMIC FRAMEWORK FOR 2023 AND THE MEDIUM TERM

16. Economic growth is expected to remain buoyant in 2023 and accelerate in the medium term. Real GDP growth in 2023 is projected at 7.0 percent, supported primarily by the start of crude oil exports from the Agadem field. The increase to nearly full-capacity oil production in 2024 is expected to boost growth to two digits 13.0 percent before it decelerates in the following years. Inflation is expected to return to 3.0 percent in 2023 – within the community convergence limits – and decline further thereafter with the continued recovery of agricultural production, improved distribution circuits, and attenuation of the sharp rise in imports prices.

17. The current account balance is expected to improve with the launch of oil exports via the new Niger-Benin pipeline. The start of oil exports through the pipeline will increase total exports, thereby reducing the current account deficit. Moreover, stabilization of imported food prices is expected to help reduce the current account deficit in 2023. In the medium term, crude oil exports are expected to reach full capacity in terms of volume in 2024, which should further stabilize the current account deficit, and at the same time capital projects in uranium should further increase exports. Agricultural production is expected to accelerate in the medium-term following investments aimed at improving agriculture sector productivity and substitution of imported food products.

18. The consolidation of public finances is expected to continue in 2023 and beyond, with a view to compliance with WAEMU convergence criteria. The overall fiscal deficit is expected to narrow to 5.3 percent of GDP in 2023 compared to 6.8 percent of GDP in 2022 in light of the contribution from oil receipts, improved domestic revenue mobilization, and rationalization of public expenditure. Continued consolidation efforts in the medium term, supported mainly by increased oil revenue, should allow Niger to comply with the WAEMU convergence criteria – 3 percent of GDP – for the overall fiscal deficit.

19. The government intends to pursue its prudent borrowing policy. In keeping with its policy of debt management and strengthening the viability of public finances, the government will pursue a financing policy essentially based on the use of concessional resources and the implementation of projects with strong growth and development potential, in compliance with the ceiling of 70 percent of GDP set in the WAEMU convergence and stability pact. In addition, a roundtable is planned for December 2022 in Paris to mobilize additional resources, prioritizing concessional loans and grants, which will serve to finance the 2022-2026 Economic and Social Development Plan. Finally, the capacities of the institutional framework for public debt management and monitoring will continue to be strengthened in order to limit debt-related vulnerabilities, in particular liquidity risks and the risk of

debt distress. The debt sustainability indicators should improve in the medium term, particularly with the start of oil pipeline activities.

20. The regional monetary policy is expected to remain relatively accommodating. During 2022, the central bank has undertaken actions to tighten monetary conditions, with a view to limiting inflationary expectations, on the one hand, and ensuring the stability of international reserves, on the other. In June 2022, the BCEAO Monetary Policy Committee raised key interest rates by 25 basis points in order to promote the gradual return of inflation to the target zone, an essential condition for healthy and inclusive economic growth. Continuing the tightening trend, policy rates were raised again in September to pre-pandemic levels. Thus, the minimum bid rate for liquidity injection tenders was raised from 2.25 percent to 2.50 percent and the marginal lending window rate was increased from 4.25 percent to 4.50 percent.

FISCAL POLICIES AND REFORMS IN 2022 AND 2023

21. The fiscal framework for 2022 is fully financed. The Inter-ministerial Committee for Fiscal Regulation will take the necessary steps to release funds, taking into account the pace of revenue and grant mobilization, in order to keep the deficit within the limit of 6.8 percent of GDP. Efforts will be stepped up to increase domestic revenue mobilization in order to free up the fiscal space needed to finance priority social and development expenditures.

22. The proposed 2023 budget aims to strike a balance between preserving the sustainability of public finances and providing the necessary support for the recovery of economic activity. It provides, among other things, for a set of measures to expand the tax base and limit tax evasion as well as measures to promote formalization of the economy and private sector development.

- ***Measures to expand the tax base, limit tax evasion, and increase revenue***: about twenty measures in this category have been included, ranging from reorganization of the management of certain taxes (income tax, or ISB; investment income tax, or IRCM; vehicle registration tax; VAT) to the creation of new taxes (specific taxes on tobacco and cigarettes, gold and precious metals, and petroleum products). The impact of these measures is estimated at CFAF 46 billion.

- ***Measures to ease the tax burden on businesses***: these measures are intended to facilitate investment. They include elimination of the incoming international call termination fee (TATTIE), the taxation of investment income when the recipient is domiciled outside Niger, the exemption from the alternative minimum tax for the first two years of operation, the easing of conditions for granting the tax compliance certificate (ARF), reduction in the business tax for companies that have not carried out any activity during the year, reorganization of the apprenticeship tax (TAP) to encourage job creation, etc. These measures are expected to reduce revenues by CFAF 3.4 billion.

- ***Measures to consolidate previous tax reforms***: in accordance with the commitments made by the government during discussions with the Chamber of Commerce regarding the reform of the certified invoice, measures have been proposed, including: (i) exemption from the ISB withholding tax, under certain conditions, in the case of purchases made for commercial purposes; (ii) elimination of the VAT liability of certain businesses based on floor space; and (iii) a more flexible approach to penalties for non-compliance. In addition, in terms of property tax, the two-year exemption for income producing properties is eliminated as a source of tax inequity compared to other income such as salaries and profits, which are taxed as soon as they are realized. The temporary five-year exemption for companies building their headquarters remains in place pending an assessment, however. Similarly, in the area of land registration and advertising, measures to consolidate the reforms instituted by the 2019 and 2022 budget laws have been reinforced. These measures should increase revenues by 5.4 billion CFA francs.

- ***Measures to reorganize certain tax procedures***: These measures pertain to: (i) the elimination of the referral to the Minister of Finance, in order to accelerate the administrative phase of the handling of tax disputes; (ii) a reduction in the time required to respond to disputes, from three to two months for the administrative phase and set at three months in the event of a judicial appeal; and (iii) limiting settlements to penalties and additional charges. These measures will not have an immediate financial impact, but they will speed up and reduce the cost of the procedure for the taxpayer.

23. The customs measures provided in the 2023 budget essentially concern exemptions aimed at developing the agricultural, industrial, and transportation sectors beyond the increase in excise taxes on tobacco and e-cigarettes. The measure will exempt (i) imports of agricultural equipment, (ii) imports of new vehicles used to transport merchandise and passengers, and (iii) exports of local industrial products (on the same basis as agriculture / forestry / livestock products) from taxes and levies other than community contributions. The anticipated net effect of these measures is a revenue reduction of CFAF 0.8 billion. In addition, the introduction of excise taxes and the TSR and VAT on electronic cigarettes should yield 1 billion CFA francs.

24. The government will also emphasize measures and reforms of the tax administration to increase fiscal space and address the country's development needs. These measures aim to simplify tax and customs procedures for taxpayers, expand the tax base, strengthen controls, and accelerate the automation and digitalization of revenue collection. Accordingly, the 2023 budget provides for:

- **Extension of the certified electronic invoicing system (SECEF) to all taxpayers** who deliver goods and/or services, through the free online platform e-SECEF, including taxpayers whose activity is not subject to VAT.

- **Reduced sanctions for SECEF offenses and revision of dispute procedures:** They include (i) aligning the 15 percent pre-payment for referral to the Minister of Finance with that for

referral to CARFI to reduce arbitration, (ii) reduction of dispute response delay to two months (instead of three months) and of the time limit for legal recourse in to three months (instead of an indefinite period) to speed the resolution of disputes, and (iii) limitation of the transaction to penalties and surcharges.

- **Strengthening of customs controls and anti-fraud measures**. The DGD plans to institute a mechanism to authenticate certificates of origin for community products; improve the classification of vehicles for the application of residual values according to their power rating for purposes of customs formalities; revise the performance evaluation criteria for civil service bureau chiefs and inspectors and expand evaluations to secondary bureau chiefs.

- **The molecular marking of petroleum products was suspended several months after it began**. The relatively low petroleum prices in Niger in comparison with bordering countries reduces incentives to divert products intended for export back to the domestic market and limits smuggling into Niger. Moreover, a suspension of petroleum product exports is underway to ensure the availability of supplies for domestic consumption. As fraud reduced, the government concluded that the continued marking of products no longer warranted given the financial costs incurred. Discussions between SONIDEP and the contractor are in progress to reach an agreement.

- **Simplified procedures for obtaining and improved conditions of use of the tax compliance certification (ARF).** The ARF is now valid for only one month but may be used for all the taxpayer's requirements (instead of a single purpose). Also, the stamp fee of CFAF 10,000 collected for issuance of the ARF has been reduced to CFAF 1500.

- **Tax administration support in the creation of community business support centers (*Centres de Gestion Agréés,* CGA)** as stock corporations, rather than associations as provided by current legislation.

- **Modifications to registration and stamp taxes** to reduce the burden on taxpayers.

25. The government also plans to implement additional reforms to improve the efficiency of the tax system and expand the tax base. These measures include, in particular:

- **Reform of the CGI to simplify the current tax system and improve the distribution of the tax burden** by taxing consumption more than factors of production, in accordance with the recommendations of IMF technical assistance missions and the results of consultations with all actors concerned. To this end, the government will prepare and transmit to the National Assembly a proposed law amending the CGI (*Structural benchmark for end-December 2023*).

- **Continued work on the integration of the DGI and DGD digital platforms**. The government agrees to (i) issue a decree regulating taxpayer registration and management of the taxpayer registry between the two administrations, including sanctions for "tax incivism"

(Structural benchmark for end-March 2023), ii) fully automate the priority process relating to the taxpayer registry *(Structural benchmark for end-March 2024)*, (iii) complete the automation of activities relating to the exchange control unit, the VAT declarations inquiries unit, the customs permits inquiries unit, the automobile inquiries unit, and the disputes inquiries unit *(Structural benchmark for end-June 2024]*, and (iv) complete the full automation of priority processes relating to corporate balance sheets *(Structural benchmark for end-September 2024)*, as recommended by the IMF technical assistance mission.

26. The government agrees to deploy new digital solutions for revenue and expenditure operations to reduce the times required for tax and expenditure operations, increase transparency, and stimulate economic activity. To this end, as part of the WAEMU automation project, it is planned (i) the deployment of the DGI electronic payment terminal, (ii) the implementation of a platform on the website of the Directorate General of Treasury and Public Accounting (DGTCP), already in the experimental phase, to facilitate the payment of nontax revenue, (iii) the deployment of a remote clearing system via the WAEMU automated interbank clearing system (SICA-WAEMU), (iv) a system of automatic bank debits via the SICA-WAEMU, and (v) the deployment of prepaid cards for social spending. In addition, the government is working on the deployment of the e-Treasury platform, as well as the following related solutions: (i) E-Tresor, which is planned to connect the SISIC and ASYCUDA systems to support DGTCP processing of securities issued by the DGI and DGD and credits for DGD release of goods, (ii) E-Pay for digital payment (magnetic cards and mobile money) of taxes and contributions, and (iii) E-Banking to improve terms and conditions for depositors such as specialized administrative agencies.

27. The government intends to increase the tax administration's human resources and capacities. The recruitment of several hundred new DGI staff is in process to support the launch of the newly created regional tax directorates (DRI) and local tax offices (CDI) to expand the tax administration's geographic coverage, improve its effectiveness, and increase tax collection.

28. The government agrees to elaborate and institute an oil revenue management strategy prior to the start of crude oil exports via the Niger-Benin pipeline. The strategy is expected to: (i) adopt an effective budget rule consistent with WAEMU convergence criteria to preserve the sustainability of public finances and anchor the public debt, (ii) create a stabilization or savings fund to smooth fluctuations of prices and revenue, (iii) improve the quality of oil revenue forecasts, (iv) strengthen budget preparation and execution procedures by giving consideration to the issues involved in oil revenue management, and (v) ensure transparency in oil revenue management. A second technical assistance mission from the IMF Fiscal Affairs Department (FAD) is expected to support the formulation of this strategy.

29. The government will continue expanding the coverage of the Treasury Single Account (TSA) to the subnational governments. Beginning in 2023, the Treasury accounting officers will also perform the accounting officer functions for the subnational governments. To this end, they will be required to report to the Court of Audit and integrate the subnational governments' accounts in the TSA. And as recommended by the IMF staff, the DGTCP completed an inventory of the accounts of

public and publicly held entities in July. The survey found that only 34 accounts remained opened with commercial banks in 2022 (a sharp reduction from the 187 accounts identified during the 2018 inventory) in line with the projects of certain partners. Of these 34 accounts, 15 accounts with zero balances should be closed.

30. The government plans to step up efforts to improve the quality of public expenditure by prioritizing education and social spending and improving their targeting for greater efficiency and equity.

- **The gradual decentralization of the authorization function began in 2022 and is expected to continue at the regional level**. A pilot phase with the ministries in charge of national education and public health revealed a deficit of personnel and capacities at the ministries, which is more accentuated at the regional level. However, training and technical assistance provided by the Directorate General of Budget (DGB) strengthen the capacities of those ministries, which were able to proceed, at the central level, with the authorization of payment orders. Decentralization should continue at the regional level with all decentralized services of the different ministerial departments.

- **Multiyear budgeting with the use of commitment authorizations (AE) and payment appropriations (CP), which began with five pilot ministries in 2022, is expected to be expanded to six additional ministries in 2023**, bringing the total of ministries using multiyear budgeting to 11. The six additional ministries are the Ministry of National Education; the Ministry of Public Health, Population, and Social Affairs; the Ministry of Finance; the Ministry of Planning; the Ministry of Technical Education, and the Ministry of Environment and Desertification Action. This budgeting approach will improve the long-term planning of investment programs and projects.

31. Improving the capacities and efficiency of the public sector also remains a priority for the government. To this end, the Government's plans include:

- A number of hiring to address staff shortages and retirements – in particular, in the health, education, public finance, and mining sectors – to strengthen the administration's personal capacities and attract qualified, competent workers.

- An amendment of the general civil service law to modernize human resources management and career development for government employees.

- The implementation of an individual performance evaluation system for civil servants in order to improve performance and productivity and create incentives to contribute to improving the quality of public sector services.

- The finalization of the biometric census of all civil servants and government employees, in the interest of controlling the wage bill and managing the flow of civil servants.

STRUCTURAL REFORMS

32. The government remains determined to create the conditions for the development of a diversified, job-creating private sector to serve as the main engine of accelerated and inclusive growth. In this regard, to better identify the constraints on the private sector and formulate appropriate responses to remove them, a new national framework for inclusive public-private dialogue was created — the central bodies were established, and the regional units are currently being deployed. The government also plans to adopt an SME charter intended to create a more favorable environment for SME development and improve their competitiveness. It also plans to quickly complete the projects to automate business creation procedures and digitize the cadaster — beginning with the Niamey cadaster — for publication on an official website. The government also plans to promote diversification of the economy by implementing a far-reaching project to develop integrated agro-industrial centers in the country's principal regions.

33. Education, particularly for young girls, remains a priority for the government's agenda. Human capital development is the first strategic pillar of the new 2022-2026 PDES. The strategies concern, in particular, improving access, quality, and governance of the education and training sector. With respect to access to education, the actions address improving the availability of infrastructures and teaching staff. A large-scale classroom construction program is being implemented, based on alternative, low-cost models that are better adapted to the country's environment, to gradually replace thatched classrooms from preschool to secondary school. In addition, a program to build more than boarding schools for girls and local high schools was launched to promote girls' enrollment and retention in school. To improve the quality of education, the government has established a program to cut back on the practice of contracting teaching staff and instead hire qualified civil servants. The government also adopted a human resources management, training, and hiring system in keeping with the increase in the school-age population.

34. Financial inclusion continues also to be an important pillar of the government's development agenda. The implementation of the National Financial Inclusion Strategy (SNFI) is broadly on track. The texts establishing the governance of the National Support Fund for Small and Medium-Size Enterprises and Medium-Size Industries (FONAP) have all been adopted, and the FONAP executive secretariat is in place and functioning. A framework for consultation with the different SNFI working groups was instituted to support implementation of the strategy and promote synergies among all the development and financial inclusion funds. The "100 Champion SMEs" project was instituted with CFAF 10.9 billion in funding to strengthen SME capacities. The four windows of the Financial Inclusion Development Fund (FDIF) are scheduled to open for business during first quarter 2023. Concerning the medium-term outlook, the government plans to launch a financial education program in all regions of the country to accelerate the financial inclusion of vulnerable populations, namely women and youths. The Government intends to focus on the digitization and development of Islamic finance to adapt the supply of financial services to the country's socio-cultural context. At the regional level, the central bank is conducting a diagnostic

study of the supply- and the demand-side constraints for financial services, the results of which will be used to improve the next national financial inclusion strategy.

35. The government intends to complete the implementation of the microfinance sector restructuring plan. To this end, it plans to (i) adopt an administrative order to improve the governance of decentralized financial systems (DFS) and (ii) sign a memorandum of understanding with creditor banks for recapitalization of ASUSU. At this time, a strategy for strengthening microfinance networks is under development to boost the sector through the inclusion of troubled DFSs. A circular on good governance practices was distributed to all DFSs, and the Microfinance Sector Regulatory Agency (ARSM) has developed a training program for DFS executives that is expected to strengthen their governance capacities. And once the FDIF is in operation, all DFSs will have ready access to appropriate refinancing solutions.

36. The government intends to continue its efforts to further strengthen the governance and anti-corruption framework. In particular, it remains determined to improve transparency in public financial management, reduce vulnerability to corruption in the public expenditure process, and systematically prosecute public officials accused of corruption and embezzlement of public funds. Also, to improve transparency in the award of public contracts and crack down on conflicts of interest, information on the beneficial owners of legal entities awarded non-competitive contracts is being published on the website of the Public Contracts Regulatory Authority (https://www.armp-niger.org/marches-passes-par-ed) *[Continuous structural benchmark, starting in January 2023]*. The government also plans to issue a decree, before the end of the year, prescribing the content of financial disclosures by senior public officials that can be published by the Court of Audit, as recommended by the High Authority on Protection of Personal Data. The publication of financial disclosures in the new format prescribed by the applicable texts should occur no later than end-2023. The government has adopted a new anti-money laundering and terrorism financing (AML/CFT) strategy and a detailed action plan to correct deficiencies in the existing framework identified in the mutual evaluation report by the Intergovernmental Task Force on Money Laundering in West Africa (GIABA). Finally, a monitoring committee was established to support the effective implementation of recommendations set out in the Court of Audit reports on COVID-19 expenditures in 2020 and tax expenditures benefiting the extractive industries.

PROGRAM MONITORING

37. The program monitoring will be based on the performance criteria (Table 1) and structural benchmarks (Tables 2 and 3). The indicators and reporting requirements are set out in the accompanying Technical Memorandum of Understanding (TMU). The authorities will submit data and statistics to the IMF as set out in the TMU, as well as any other information which they consider useful or is requested by the IMF for monitoring purposes.

38. The program will be monitored in the form of semiannual reviews. The IMF Executive Board will monitor the program by means of semiannual reviews. The third program review will be based on performance criteria and data through end-December 2022, the fourth review will cover

performance criteria and data through end-June 2023, and the fifth review will cover performance criteria and data through end-December 2023, with expected disbursements available after April 28, 2023, October 31, 2023, and April 30, 2024, respectively. The semiannual reviews will be based on performance criteria at end-June and end-September and on the indicative benchmarks at end-March and end-September.

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (December 2021–December 2023)

(Billions of CFAF, unless otherwise indicated)

	End-Dec. 2021 PC			End-Mar. 2022 IT				End-Jun. 2022 PC				End-Sep. 2022 IT				End-Dec. 2022 PC			
	Proj.	Actual	Status	Proj.	Adjusted	Actual	Status	Proj.	Revised	Actual	Status	Proj.	Revised	Actual	Status	Proj.	Revised	Actual	Status [8]
A. Quantitative performance criteria and indicative targets [1]																			
(Cumulative from beginning of year)																			
Ceiling on net domestic financing of the government, without IMF net financing	371.4			90.5	90.5			182.6	282.6			310.1	410.1			337.3	297.5		
Adjustment for shortfall in external budget support [2]	...	0.0			...	15.6		...	...	26.8		...	...	30.0		...	...		
Adjustment for payments of domestic obligations (arrears and float) [3]								...	...	75.5		...	...	75.5		...	...		
Adjusted ceiling on net domestic financing of the government, without IMF net financing	371.4	271.3	Met	90.5	106.1	149.1	Not met	182.6	385.0	182.4	Met	310.1	515.7	312.1	Met	337.3	297.5		
Memorandum items:																			
External budget support [4]	213.5	229.4		15.6	15.6	0		29.4	26.8	0.0		48.7	38.1	0.0		215.4	348.7		
External budget grants [5]	...	...		...	...	...		...	21.0	0.0		...	32.4	0.0		82.0	131.6		
B. Continuous quantitative performance criteria [1]																			
(Ceiling)																			
Accumulation of new external payments arrears	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0	0.0		
Present Value (PV) of new public and publicly-guaranteed (PPG) external debt contracted from the beginning of the relevant calendar year	346.0	216.3	Met	402.0	402.0	187.1	Met	402.0	402.0	212.0	Met	402.0	402.0	334.7	Met	402.0	575.0		
C. Indicative Targets																			
(Cumulative from beginning of year)																			
Basic budget balance (commitment basis, excl. grants), floor	-484.6	-481.2	Met	-87.8	-87.8	-78.1	Met	-182.0	-279.4	-102.3	Met	-298.8	-388.2	-216.0	Met	-473.9	-553.2		
Basic budget balance (commitment basis, incl. budget grants), floor	-340.0	-322.2	Met	-73.3	-73.3	-78.1	Not met	-156.3	-258.3			-253.9	-355.8			-391.9	-421.6		
Adjustment for shortfall in external budget grants [6]	...	...		...	...	...		...	...	21.0		...	...	30.0		...			
Adjusted basic budget balance (commitment basis, incl. budget grants), floor								...	-279.4	-102.3	Met	...	-385.8	-216.0	Met	-391.9	-421.6		
Cash revenue, floor	846.4	853.6	Met	222.3	222.3	221.7	Not met	469.0	471.0	481.2	Met	715.6	719.6	710.9	Unmet	986.5	986.5		
Floor on social spending	80.0	261.0	Met	18.0	18.0	42.9	Met	45.0	45.0	56.8	Met	76.5	76.5	78.5	Met	90.0	100.0		
Ratio of exceptional expenditures on authorized spending (percent), ceiling [7]	5.0	0.74	Met	5.0	5.0	0.0	Met	5.0	5.0	0.0	Met	5.0	5.0	0.0	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. are performance criteria at end-December 2021, end-June 2022 and end-December 2022, and indicative targets for end-March 2022 and for end-September 2022.

[2] The ceiling on net 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 forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

[3] The ceiling on domestic financing of the budget will be increased by the reductionin the float from 2021 of CFAF 115 billion. Starting in 2023, this adjustment will be capped at a maximum of CFAF 75 billion.

[4] External budgetary assistance (excluding net financing from the IMF).

[5] External budgetary grants.

[6] The floor on basic budget balance including budget grants will be adjusted if the amount of disbursements of external budgetary grants falls short of forecasts. The quarterly ceiling will be decreased pro tanto, up to a maximum of CFAF 30 billion.

[7] Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

[8] The continuous quantitative performance criteria on the PV of new PPG external debt was breached in November and a waiver of non-observance has been requested by the authorities.

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (December 2021–December 2023) (Concluded)

(Billions of CFAF, unless otherwise indicated)

	End-Mar. 2023 IT				End-Jun. 2023 PC				End-Sep. 2023 IT			End-Dec. 2023 PC		
	Proj.	Revised	Actual	Status	Proj.	Revised	Actual	Status	Proj.	Actual	Status	Proj.	Actual	Status
A. Quantitative performance criteria and indicative targets [1]														
(Cumulative from beginning of year)														
Ceiling on net domestic financing of the government, without IMF net financing	88.4	109.7			164.1	199.7			373.3			273.7		
Adjustment for shortfall in external budget support [2]	…	…			…	…			…			…		
Adjustment for payments of domestic obligations (arrears and float) [3]	…	…			…	…								
Adjusted ceiling on net domestic financing of the government, without IMF net financing	88.4	109.7			164.1	199.7			373.3			273.7		
Memorandum items:														
External budget support [4]	13.8	15.0			26.6	30.3			47.1			281.9		
External budget grants [5]	12.4	12.6			22.0	22.4			39.2			121.9		
B. Continuous quantitative performance criteria [1]														
(Ceiling)														
Accumulation of new external payments arrears	0.0	0.0			0.0	0.0			0.0			0.0		
Present Value (PV) of new public and publicly-guaranteed (PPG) external debt contracted from the beginning of the relevant calendar year	439.4	550.0			439.4	550.0			550.0			550.0		
C. Indicative Targets														
(Cumulative from beginning of year)														
Basic budget balance (commitment basis, excl. grants), floor	-71.8	-92.3			-127.6	-163.6			-308.4			-425.7		
Basic budget balance (commitment basis, incl. budget grants), floor	-59.4	-79.6			-105.5	-141.3			-269.2			-303.9		
Adjustment for shortfall in external budget grants [6]	…	…			…	…			…			…		
Adjusted basic budget balance (commitment basis, incl. budget grants), floor	-59.4	-79.6			-105.5	-141.3			-269.2			-303.9		
Cash revenue, floor	271.0	265.9			576.9	574.7			858.1			1177.9		
Floor on social spending	20.3	20.3			50.6	50.6			100.0			120.0		
Ratio of exceptional expenditures on authorized spending (percent), ceiling [7]	5.0	5.0			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. are performance criteria at end-June 2023 and end-December 2023, and indicative targets for end-March 2023 and end-September 2023.

[2] The ceiling on net 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 forecasts. The quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

[3] The ceiling on domestic financing of the budget will be increased by the reductionin the float from 2021 of CFAF 115 billion. Starting in 2023, this adjustment will be capped at a maximum of CFAF 75 billion.

[4] External budgetary assistance (excluding net financing from the IMF).

[5] External budgetary grants.

[6] The floor on basic budget balance including budget grants will be adjusted if the amount of disbursements of external budgetary grants falls short of forecasts. The quarterly ceiling will be decreased pro tanto, up to a maximum of CFAF 30 billion.

[7] Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

Table 2. Niger: Continuous Structural Benchmarks for the Program
December 2021 – September 2024

Measure	Rationale	Timetable	Status	Comment
1. Provide Fund staff on a semi-annual basis, starting in March 2022, with a tally of newly granted or renewed tax exemptions with their details and expiration dates.	Protect revenue base and improve domestic revenue mobilization.	Continuous, monitored on a bi-annual basis	Met for September 2022	
2. Publish procurement plans, tender notices and final contract award results on the Public Procurement Portal, starting in March 2022	Improve public expenditure management	Continuous, monitored on a bi-annual basis	Met for September 2022	
3. Produce a feasibility study for any investment project of more than CFAF 5 billion, the summary of which will be published on the website of the Ministry of Planning, prior to its inclusion in the *Plan d'Investissement de l'Etat* from the 2023 budget, starting in January 2023.	Improve the efficiency of public spending	Continuous, monitored on an annual basis	Not met for July 2022	The timetable has been modified to an annual basis.
4. Publish information on the Public Procurement Portal on the beneficial owners of companies awarded non-competitive contracts, with the exception of contracts relating to defense or security, starting in January 2023.	Improve public expenditure management	Continuous, monitored on a bi-annual basis		

Table 3. Niger: Structural Benchmarks
December 2021 – September 2024

Measure	Rationale	Date	Status	Comment
1. Adopt a road map, with technical assistance from the IMF, for the revision and simplification of the current tax system.	Improve domestic revenue mobilization and the business environment.	End-June 2022	Met	
2. Share with the IMF a status report of existing agreements, showing for each agreement the amounts of exemptions by tax type since the beginning of 2019, expiration dates, and available information on projected exemptions for 2022.	Improve domestic revenue mobilization.	End-June 2022	Met	
3. Adopt an oil revenue management strategy with technical assistance from the IMF.	Enhance governance and transparency of oil revenue allocation.	End-September 2022	Not met	The deadline has been extended at end September 2023
4. Publish the annual tax expenditure report online.	Protect revenue base and improve domestic revenue mobilization.	End-September 2022	Met	
5. Publish the audit by Auditor General (*Cour des Comptes*) on exemptions in the extractive sector	Improve governance and transparency in the extractive sector.	End-December 2022	Met	The report was published ahead of schedule (May 2022).
6. Continue the process of interconnecting all DGD and DGI IT systems by adopting an administrative order on taxpayer registration and management of the taxpayer registry between the two administrations, including sanctions for failure to comply with tax obligations, according to the recommendations of the IMF technical assistance mission.	Protect the revenue base.	End-March 2023		
7. Digitize all expenditure orders issued in the context of budget execution.	Improve the transparency and effectiveness of public spending.	End-September 2023		
8. Digitize all expenditure authorizations (AD).	Improve the transparency and effectiveness of public spending.	End-December 2023		
9. Adoption of the revised, simplified General Tax Code (CGI) by the Council of Ministers in accordance with the recommendations of IMF staff.	Simplify the CGI, promote private sector development, shift the tax burden from factors of production to consumption, and increase revenue.	End-December 2023		

Table 3. Niger: Structural Benchmarks (Concluded) December 2021 – September 2024				
Measure	**Rationale**	**Date**	**Status**	**Comment**
10. Continue the process of interconnecting all DGD and DGI IT systems by fully automating priority processes relating to the taxpayer databases and customs declarations in accordance with the recommendations from the IMF technical assistance mission.	Protect the revenue base.	End-March 2024		
11. Continue the process of interconnecting all DGD and DGI IT systems by automating activities relating to the exchange control unit, the VAT declarations inquiries unit, the customs permit inquiries unit, the automobile inquiries unit, and the disputes inquiries unit in accordance with the recommendations of the IMF technical assistance mission.	Protect the revenue base.	End-June 2024		
12. Complete the full interconnection of all DGD and DGI IT systems by fully automating the priority processes relating to corporate balance sheets in accordance with the recommendations of the IMF technical assistance mission.	Protect the revenue base.	End-September 2024		

Attachment II. Technical Memorandum of Understanding

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 Q4-2022 to Q4-2023. The performance criteria and indicative targets for December 2022 through December 2023 are set out in Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of November 30, 2022. Structural benchmarks are outlined in Tables 2 and 3. 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," "payment 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. 16919-(20/103) of the Executive Board of the IMF on October 28, 2020 , **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 payment 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 payment 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),** the CFAF counterpart of the 2009 General SDR Allocation and the 2021 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 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; (iv) the change in the stock of claims on the government forgiven by the private sector; (v) payments resulting from PPP contracts; and (vi) net income from privatizations . Net nonbank financing of the government is calculated by the Nigerien Treasury.

8. The 2022 and 2023 quarterly targets respectively concern the cumulative amounts since the beginning of 2022 and 2023 until the date selected for the performance criterion or indicative target.

Adjustments

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, external arrears payments, and net financing from the IMF 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. The ceiling on net domestic financing will also be adjusted for payments of the float related to previous year's expenditure. For 2022, the ceiling on net domestic financing of the budget will be increased by the reduction in the float from 2021 of CFAF 115 billion. Starting in 2023, this adjustment will be capped at a maximum of CFAF 75 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.

New External Payment Arrears on Government Debt

Definition

13. Government debt is outstanding debt contracted or guaranteed by the government. External arrears are obligations that have not been paid on due dates, taking into account the contractual grace periods, if any. For the program, the government undertakes not to accumulate new external payment arrears on its debt (including Treasury bills and bonds issued in CFAF on the WAEMU regional financial market), with the exception of external payment arrears arising from debt being renegotiated with external creditors, including Paris Club and other bilateral official creditors.

Reporting Requirement

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

Present Value of New Public and Publicly- Guaranteed External Debt Contracted from the Beginning of the Relevant Calendar Year

Definition

15. Contract. For the purposes of the relevant performance criteria, the debt is deemed to have been contracted or guaranteed when it is signed by the government, adopted by the parliament by law and ratified by the President of the Republic. For program monitoring purposes, external debt is deemed to be contracted or guaranteed on the date of ratification of the contract.

16. Guarantee. 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).

17. External debt is defined as debt contracted or serviced in a currency other than the franc of the Financial Community of Africa (CFAF), except for the borrowing from the West African Development Bank (BOAD), which is considered external debt despite being local-currency-denominated.

18. 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 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.

19. Currency Denomination. For program purposes, the value in CFAF of new external debt of 2022 and that of 2023 is respectively calculated using the exchange rates for end September 2021 and end April 2022, in the IMF's International Financial Statistics (IFS) database.

Exchange Rates (end September 2021)	
CFAF/SDR	798.1337
U.S. Dollar/SDR	1.408871
Euro/SDR	1.216747
Japanese Yen/SDR	157.6668
U.K. Pound Sterling/SDR	1.048658
U.A.E. Dirham/SDR	5.174080

Exchange Rates (end April 2022)	
CFAF/SDR	836.6272
U.S. Dollar/SDR	1.3443
Euro/SDR	1.27543
Japanese Yen/SDR	174.625
U.K. Pound Sterling/SDR	1.0695
U.A.E. Dirham/SDR	4.93696

20. 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 nominal value.

21. Reference rate. For any debt carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD Secured Overnight Financing Rate (SOFR) is 0.04 percent and will remain fixed for the duration of the program as will the spreads over six-month USD SOFR for interest rates in other currencies as follows: (1) The spread of six-month Euro LIBOR over six-month USD SOFR is -56.4 basis points; (2) The spread of six-month JPY LIBOR over six-month USD SOFR is -9.0 basis points; (3) The spread of six month GBP Sterling Overnight Interbank Average (SONIA) over six-month USD SOFR is 2.5 basis point; (4) For interest rates on currencies other than Euro, JPY, and GBP, the spread over six-month USD SOFR is 15 basis points. 5) Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR (rounded to the nearest 50 basis points) will be added.

Reporting Requirement

22. 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 and will consult with staff on any potential debt management operations.

B. Indicative Targets

Definitions

23. Cash 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 and non-cash revenue.

24. The basic fiscal balance is defined as the difference between (i) total revenue, which is the sum of cash revenue as defined in paragraph 22 and non-cash revenue; and (ii) total fiscal expenditure excluding externally financed investment expenditure but including HIPC-financed expenditure. Two indicative targets on basic fiscal balance are set: one including budget grants and the other excluding budget grants.

25. If disbursements of external budgetary grants are lower than the amounts projected at the end of each quarter, as quantified in the performance criteria table (see Table 1 of the MEFP), the corresponding quarterly floor of the basic budgetary balance, including budgetary grants, will be reduced on a pro rata basis, up to a maximum of CFAF 30 billion**.**

26. The floor on social spending is an indicative target for the program. Social spending is defined as expenditures from the Government's own resources allocated to the social sectors (expenditures with a social purpose identified at the sector level) and those directly benefiting poor households, children, young people and women in vulnerable situations, the elderly, the disabled, victims of armed conflict and trafficking, refugees, or displaced persons and the unemployed. These expenditures will be coded in the budget, according to the recommendations of UNICEF (see table below), to facilitate their tracking. Vulnerability is the risk that individuals may fall into poverty, face food insecurity or be physically and financially unable to meet their basic needs.

Codification of Social Spending Activities	
Budget Activities	**Codes**
Non-Social	00
Social-Health	11
Social-Education	12
Social-Social Protection	13
Social-Nutrition	14
Social- Hydraulics/Sanitation	15
Social-Others	19

27. 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

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

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

30. 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

C. Government Finance

31. 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 social expenditure (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.

D. Monetary Sector

32. 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).

E. Balance of Payments

33. 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.

F. Real Sector

34. 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.

G. Structural Reforms and Other Data

35. 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

Summary of Data to be Reported (Concluded)			
Type of Data	**Table**	**Frequency**	**Reporting Deadline**
	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		
Monetary and financial data	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	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