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2024 ARTICLE IV CONSULTATION, SIXTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; STAFF SUPPLEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR NIGER

In the context of the 2024 Article IV Consultation, Sixth Review Under the Extended Credit Facility Arrangement, Requests for a Waiver of Nonobservance of Performance Criterion, Modification of Performance Criteria, Second Review Under the Resilience and Sustainability Facility Arrangement, and Financing Assurances Review, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board and summarizing the views of the Executive Board as expressed during its January 22, 2025 consideration of the staff report on issues related to the Article IV Consultation and Sixth Review Under the Extended Credit Facility Arrangement, Requests for a Waiver of Nonobservance of Performance Criterion, Modification of Performance Criteria, Second Review Under the Resilience and Sustainability Facility Arrangement, and Financing Assurances Review.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on January 22, 2025, following discussions that ended on November 9, 2024, with the officials of Niger on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on December 17, 2024.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **World Bank Assessment Letter** for the Resilience and Sustainability Facility.
- A **Staff Supplement** updating information on recent developments.
- A **Statement by the Executive Director** for Niger.

The documents listed below have been or will be separately released.

Selected Issues

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PRESS RELEASE

PR25/014

IMF Executive Board Completes the Sixth Review under the Extended Credit Facility Arrangement and the Second Review under the Resilience and Sustainability Facility Arrangement, and Concludes the 2024 Article IV Consultation with Niger

FOR IMMEDIATE RELEASE

- *The IMF Executive Board concluded today, the 2024 Article IV Consultation and completed the Sixth Review under the Extended Credit Facility (ECF) Arrangement for Niger, and the Second Review under the Resilience and Sustainability Facility (RSF) Arrangement for Niger, allowing for an immediate disbursement of about US$51 million cumulatively under the ECF and the RSF.*
- *A robust recovery is expected, with GDP growth estimated at 8.8 percent in 2024, on the back of oil production. For 2025, economic growth should remain strong at 7.9 percent driven by oil exports at full capacity and the expected normalization of supply chains and cross-border trade activities with Benin.*
- *Risks of external and overall debt distress in Niger are rated high, although debt remains sustainable over the medium term. Risks to the outlook are skewed to the downside.*
- *For the ECF arrangement, performance through end-September was mixed. Two out of three performance criteria (PCs) were met; however, only two out six Indicative targets (ITs) were met. For the RSF arrangement, all the three reform measures (RMs) for this review were implemented.*

Washington, DC – January 22, 2025: Today, the Executive Board of the International Monetary Fund (IMF) concluded the 2024 Article IV Consultation,[1] completed the Sixth Review of Niger's economic and financial program supported by the Extended Credit Facility (ECF) arrangement, and the Second Review under the Resilience and Sustainability Facility (RSF) arrangement. The ECF arrangement for Niger was approved on December 8, 2021 (see PR 21/366) and complemented by the RSF arrangement in July 2023 (see PR 23/256). The completion of the reviews allows for the immediate disbursement of SDR 13.16 million (about US$17 million) under the ECF—bringing total disbursements under the ECF arrangement to SDR 171.08 million (about US$ 227 million)—and of SDR 25.662 million (about US$34 million) under the RSF —bringing total disbursements under the RSF arrangement to SDR 59.88 million (about US$78 million).

The Executive Board also concluded the 2024 Article IV consultation with Niger. Since the conclusion of the last Article IV consultation in 2022, the authorities have made some progress in adopting a number of key policy recommendations and have advanced their reform agenda.

[1] Under the Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

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Nonetheless, the country continues to face daunting development challenges, which are exacerbated by fragility, conflict in the Sahel and vulnerabilities to climate shocks.

Following the Executive Board discussion, Mr. Okamura, Deputy Managing Director and Acting Chair of the Board, issued the following statement:

Niger remains trapped in high levels of fragility and conflict, which are exacerbated by climate shocks. Political instability and sanctions following the military takeover in July 2023 have severely and persistently affected economic and social conditions. Despite headwinds, a robust recovery is expected, with GDP growth estimated at 8.8 percent in 2024, owing to the start of oil exports, the lifting of sanctions, and increased agricultural production.

Economic growth should remain strong at 7.9 percent in 2025 driven by oil production in full capacity and the expected normalization of supply chains and cross-border trade activities with Benin. Inflationary pressures should gradually recede owing to a favorable agricultural season. But risks to the outlook are skewed to the downside.

Although the fiscal deficit is expected to narrow to 3 percent of GDP by 2025, Niger continues to experience a funding squeeze with a high reliance on costly regional financing. The banking sector is confronted with liquidity pressures and financial stability risks have increased.

Niger’s risks of external and overall debt distress are high, though debt remains sustainable over the medium term. Roll-over risks for domestic debt are particularly elevated.

For the ECF arrangement, performance through end-September was mixed. Two out of three performance criteria (PCs) were met; however, only two out six Indicative targets (ITs) were met. Significant progress has been made regarding the implementation of structural benchmarks, including the integration of the Solidarity Fund for the Safeguarding of the Homeland (FSSP) into the 2025 budget, the adoption of an oil revenue management strategy, and the revision of the General Tax Code (CGI). For the RSF arrangement, all the three reform measures (RMs) for this review were implemented.

The implementation of policies to use efficiently the country’s natural resources, expand fiscal space through domestic revenue mobilization and increased spending efficiency, manage fiscal risks and reduce vulnerabilities to shocks, is essential to sustainably address development needs. Moreover, it is critical to strengthen the private sector’s contribution to growth, including by stepping up efforts to enhance the stability and soundness of the financial sector and address debt service arrears. Progress in transparency and anti-corruption frameworks is also crucial to tackle the sources of fragility and improve the business environment.

Executive Board Assessment[2]

Executive Directors broadly agreed with the thrust of the staff appraisal. While noting the expected strong recovery in the near term and favorable medium-term prospects, Directors stressed that significant challenges remain, and risks are tilted to the downside. Niger continues to experience a funding squeeze, with high reliance on the costly regional market financing and domestic debt roll over risks; the banking sector is under pressure, with

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[2] At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summing-up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm

heightened liquidity concerns and increased financial stability risks; the border with Benin remains closed; and risks of external and overall debt distress have been downgraded from moderate to high. Against this background and noting the mixed program performance, and the significant governance challenges in a fragile socio political and security environment, Directors urged steadfast implementation of sound macroeconomic policies and structural reforms. These stepped-up efforts, supported by capacity development assistance, would help Niger escape fragility and firmly put the country on a trajectory of diversified, sustained, inclusive, and resilient growth.

Directors emphasized that revenue based fiscal consolidation is essential to create fiscal space to address development needs while maintaining debt sustainability. They called for steadfast progress to mobilize domestic revenues and adopt a framework for oil revenue management. Directors also emphasized the need to improve the quality and efficiency of public spending, including through more targeted support to vulnerable groups. They highlighted the importance of maintaining a prudent debt policy supported by a zero ceiling on non-concessional external debt. Directors also urged strong implementation of the revised arrears clearance plan to help rebuild public trust and support the economic recovery.

Directors encouraged the authorities to implement measures to address financial sector vulnerabilities and promote financial inclusion. Swiftly clearing domestic debt service arrears, addressing payment delays to public sector suppliers, and implementing recapitalization plans will be critical to strengthen banks' balance sheets.

Directors underscored the critical importance of enhancing governance, anti-corruption efforts, and public financial management. They stressed that ensuring the independence of the Supreme Audit Institution, publishing the Fund’s Governance Diagnostic Report, and strengthening AML/CFT will be important steps in this regard. Reforms to improve the investment climate and foster private sector development are also needed to boost growth prospects.

Directors commended the authorities for their progress under the RSF and noted that reforms implemented under the program are gradually yielding results. Given constraints, the complete roll out of planned capacity development activities will be critical for continued reform implementation. Overcoming barriers to accessing climate finance will also be essential going forward.

The next Article IV Consultation is expected to take place in accordance with the Executive Board decision on consultation cycles for members with Fund arrangements.

Table 1. Niger: Selected Economic Indicators Table, 2023-29

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Est.	ECF 4th+5th Reviews	Proj.	Projections			
				(Annual percentage change)					
National income and prices									
GDP at constant prices	2.4	10.6	8.8	7.4	7.9	6.7	6.4	6.0	6.0
Export volume	-13.5	113.0	66.9	52.5	91.7	7.2	0.2	0.8	2.3
Import volume	-3.1	14.7	4.0	10.1	12.0	6.8	6.4	8.0	6.4
CPI (annual average)	3.7	4.4	9.1	3.6	3.7	3.2	2.0	2.0	2.0
CPI (end-of-period)	7.2	3.0	3.1	4.7	4.8	2.5	2.0	2.0	2.0
Money and credit									
Broad money	-0.9	10.5	6.8	14.2	13.6	11.7	8.5	8.2	8.1
Domestic credit	10.6	25.5	14.1	12.3	12.3	6.2	6.0	4.8	4.4
Credit to the government (net)	120.6	74.3	36.0	14.8	18.1	2.1	1.7	-2.0	-4.4
Credit to the private sector	-6.5	6.5	5.7	11.6	10.3	9.5	9.1	8.9	8.9
				(Percent of GDP)					
Government finances									
Total revenue	8.7	9.4	8.3	10.6	9.4	10.0	10.6	11.2	11.5
Total expenditure and net lending	15.8	16.3	15.0	15.8	14.6	15.0	15.2	15.4	15.5
Current expenditure	9.6	9.6	8.3	9.8	8.4	8.6	8.8	8.7	8.8
Capital expenditure	5.6	6.4	6.7	6.1	6.4	6.6	6.6	6.8	6.8
Basic balance (excl. grants)	-3.7	-2.4	-2.3	-1.0	-1.1	-0.8	-0.6	-0.1	0.1
Overall balance (incl. grants)	-5.4	-4.1	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Gross investment	23.6	19.3	17.0	18.5	20.5	19.1	18.5	18.1	17.7
Non-government investment	19.3	14.5	11.9	13.9	15.7	14.2	13.5	12.9	12.6
Government investment	4.2	4.8	5.0	4.6	4.8	5.0	5.0	5.2	5.1
External current account balance (incl. grants)	-13.9	-6.5	-7.0	-4.1	-4.1	-4.4	-4.5	-4.7	-4.8
External current account balance (excl. grants)	-14.8	-7.1	-7.4	-4.6	-4.6	-5.0	-5.0	-5.2	-5.3
Total public and publicly-guaranteed debt	51.9	52.5	48.4	49.9	45.6	44.7	44.5	44.4	44.4
Public and publicly-guaranteed external debt	31.6	28.7	28.5	27.6	27.5	27.5	27.3	27.7	28.2
NPV of external debt	21.8	18.9	18.8	17.9	17.6	17.1	16.6	16.5	16.8
Public domestic debt	20.3	23.7	19.9	22.3	18.1	17.3	17.1	16.7	16.1
				(Billions of CFA francs)					
GDP at current market prices	10,194	11,718	11,879	13,013	13,305	14,608	15,857	17,146	18,540

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

INTERNATIONAL MONETARY FUND

NIGER

December 17, 2024

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION, SIXTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. Niger remains trapped in high levels of fragility and conflict, which are exacerbated by climate shocks. This year, flooding combined with heavy rain affected more than 1.5 million people. The socio-political environment remains challenging. Political instability and sanctions following the military takeover in July 2023 have severely and persistently affected economic and social conditions. There is still no timetable for the political transition after the military takeover and insecurity remains acute, particularly outside the capital Niamey. The authorities are finalizing a new development strategy, the Resilience Program for the Safeguarding of the Homeland (PRSP).

Outlook and Risks. The near-term macroeconomic outlook has been revised downwards, but a robust recovery is still expected, with GDP growth estimated at 8.8 percent in 2024, on the back of oil production. Inflationary pressures appear to have peaked and should gradually recede owing to a favorable agricultural season. For 2025, economic growth should remain strong at 7.9 percent driven by oil exports in full capacity and the expected normalization of supply chains and cross-border trade activities with Benin. Staff has downgraded Niger's risks of external and overall debt distress from moderate to high, though debt remains sustainable over the medium term. Risks to the outlook are skewed to the downside.

Program Performance. For the ECF arrangement, performance through end-September was mixed. Two out of three performance criteria (PCs) were met (the continuous PC on the non-accumulation of new external arrears was missed); however, only two out six Indicative targets (ITs) were met. In addition, all the continuous structural benchmarks (SBs) were met,

and significant progress has been made regarding the implementation of other SBs, including the integration of the Solidarity Fund for the Safeguarding of the Homeland (FSSP) into the 2025 budget as a special account and the revision of the General Tax Code (CGI). For the RSF, all the three reform measures (RMs) for this review were implemented.

Policy discussions. Discussions with Nigerien authorities centered on policies to use efficiently the country's natural resources, expand fiscal space, manage fiscal risks, strengthen the private sector's contribution to growth, enhance transparency and anti-corruption frameworks, and reduce vulnerabilities to shocks (including natural disasters)—underpinned by analytical work on tax gaps, potential output and the governance and anti-corruption framework. Niger continues to be supported by extensive IMF capacity development (CD).

Staff's views. Staff supports the completion of the sixth review under the ECF arrangement and the second review under the RSF arrangement. Staff also supports: (i) the waiver for the non-observance of the performance criterion on the accumulation of external payments arrears, (ii) the request for modification of performance criterion on net domestic financing and of the performance criterion on the present value of new public and publicly guaranteed debt and indicative targets, (iii) the disbursement of the seventh tranche under the ECF arrangement and the second tranche under the RSF arrangement in the amount of SDR 13.16 million and SDR 25.662 million, respectively. Policies outlined in the attached MEFP are overall adequate to achieve the program's goals. Staff believes that RSF reform measures are achievable given the authorities' strong commitment and the expected technical support from development partners.

Approved By
Annalisa Fedelino (AFR) and Fabian Valencia (SPR)

An IMF team conducted a mission in Niamey, Niger during October 28 to November 9, 2024. The mission team comprised Antonio David (head), Guy Morel Amouzou Agbe, Élisée Miningou, Mesmin Koulet-Vickot (all AFR), Ana Sofia Pessoa, Sylke von Thadden-Kostopoulos (both FAD), Yinhao Sun (SPR), Mouhamadou Moustapha Ly (IMF Resident Representative), Ms. Ali Hamidou and Mr. Kimso (local economists). Mr. Stumphius (AFR) provided research assistance and Mrs. Delcambre (AFR) assisted with document and editorial management. The mission met his Excellency, Prime Minister and Minister of the Economy and Finance, Mr. Ali Mahamane Lamine Zeine. The mission also held working sessions with the Deputy Minister of the Economy and Finance, Mr. Moumouni Boubacar Saidou, the National Director of the BCEAO, Mr. Maman Laouali Abdou Rafa, as well as other senior government officials, private sector representatives, and development partners.

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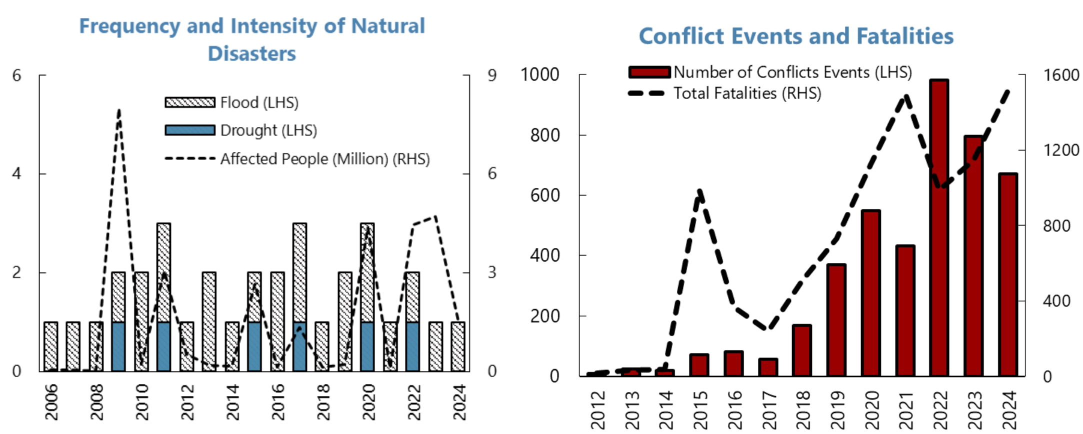
CONTEXT

1. **Niger remains trapped in high levels of fragility and conflict.** Fragility is rooted in weak state capacity to deliver public services to the fast-growing population and reduce significant regional disparities.[1] This context fuels grievances among marginalized groups and regions, political instability, and conflict. Since 2012, the total number of fatalities associated with conflict events is estimated at about 9,200. As a result, the country is consistently ranked around the bottom of the UNDP's Human Development Index and close to 46 percent of Nigeriens live in poverty, earning less than $2.15 per day.

2. **Fragility and conflict are exacerbated by the country's high vulnerability to climate shocks (Text Figure 1).** Natural disasters are frequent in Niger, with severe events—mainly droughts and floods— occurring approximately every two years. Between 2010 and 2024, disasters affected about 7 percent of the population annually and incurred a cumulated cost of at least US$271 million (1.4 percent of GDP), according to the Emergency Events Database (EM-DAT). In 2024, flooding combined with heavy rain affected more than 1.5 million people, claiming more than 300 lives, and damaging more than 158,000 houses.

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



Data updated to November 22, 2024

Source: EMDAT; ACLED; and IMF staff calculations.

3. **Lack of diversification and governance weaknesses constrain economic opportunities and distort economic incentives.** Economic activity is concentrated in a few primary products (agriculture accounts for about 40 percent of GDP and employs about 80 percent of the Nigerien population) and relies excessively on extractive industries (including uranium, oil, and gold), which

[1] Niger has the highest fertility rate in the world (6.9 children per woman), which translates into the fastest demographic growth rate in the word (3.8 percent per year). The population is projected to almost double by 2050 to reach 52 million from 27 million in 2024 (UN Population Prospects 2024, Medium variant).

fosters rent seeking. Corruption has been endemic, close to 65 percent of the respondents of the Afrobarometer survey, round 8 in 2021, assessed that the Nigerien authorities were doing a "fairly bad or very bad" job in handling corruption in the country and close to 48 percent of respondents reported having at least once or twice paid a bribe to policy officers to avoid problems.

4. **The socio-political environment remains challenging.** Political instability and sanctions following the military takeover in July 2023 have severely and persistently affected economic and social conditions. There is still no timetable for the political transition. Insecurity remains acute, particularly outside the capital Niamey. Niger's relationships with certain segments of the international community remain strained. There is ongoing humanitarian crisis, with food insecurity, recrudescence of epidemics (for example meningitis), climate shocks and conflict affecting approximately 4.5 million people (about 17 percent of the population) according to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

5. **The authorities are finalizing a new development strategy, the Resilience Program for the Safeguarding of the Homeland (PRSP).** It seeks to leverage Niger's natural resources to foster inclusive growth through accelerated structural transformation, enhanced governance, and the efficient use of resources. The strategy is built on four pillars: i) strengthening security and social cohesion; ii) promoting good governance; iii) developing production structures for economic sovereignty and iv) accelerating social reforms.

6. **The authorities have made progress on addressing key recommendations from the 2022 Article IV consultation (Annex I).** Significant efforts have been made to implement recommendations related to revenue mobilization, fiscal governance and AML/CFT, although improvements in outcomes have been mixed. Nevertheless, more work is needed on improving the quality of public spending and reinforcing inclusiveness, promoting financial inclusion and stability, developing the private sector, building resilience to shocks, and fighting corruption.

ECONOMIC DEVELOPMENTS, PROGRAM PERFORMANCE, AND OUTLOOK

A. Recent Developments

7. **Economic activity is recovering strongly, despite some headwinds.** The continued tensions and de facto closure of the border with Benin (traditionally Niger's primary trade route) together with floods held back activity in the secondary (oil and mining exports) and tertiary sectors (commerce and transport). On the positive side, after being interrupted over July-August, crude oil exports through the pipeline have fully resumed in September and favorable weather conditions have boosted agriculture production. Reflecting these developments, inflation stood at 5.2 percent (y-o-y) and 9.6 percent (annual average) as of October 2024 (MEFP ¶4).

8. **Fiscal developments through September show an underperformance of domestic revenue collection.** Revenue collection was about 1 percent of GDP lower than initially projected

(Text Table 1). This shortfall was driven by a general underperformance of direct and indirect taxes, custom duties, and non-tax revenues, linked to the continued border closure with Benin and interruptions in the oil exports. Revenue underperformance coupled with a shortfall in budget grants and an accelerated execution of domestically-financed investments led to a 1.1 percentage point higher fiscal deficit than programmed.

Text Table 1. Niger: Fiscal Accounts, Cumulative up to September 2024

		Cummulative up to September 2024			
		Billion CFAF		Percent of GDP	
		4th and 5th Review Proj.	Est.	4th and 5th Review Proj.	Est.
(1)	Revenues	773.1	656.1	6.5	5.5
(2)	Budget grants (Incl. CCRT)	14.2	12.4	0.1	0.1
(3)	Current expenditure	811.2	801.0	6.8	6.7
(4)	Domestically-financed investment	167.5	228.1	1.4	1.9
(5)	Net lending (pipeline)	27.8	0.0	0.2	0.0
(6) = (1)+(2)-(3)-(4)-(5)	Domestic balance	-219.2	-360.6	-1.8	-3.0
(7)	Foreign loan-financed investment	122.4	109.3	1.0	0.9
(8) = (6)-(7)	Fiscal balance (WAEMU definition)	-341.7	-469.9	-2.9	-4.0
(9)	*Memo*: Foreign grant-financed investment	140.1	101.8	1.2	0.9

Sources: Nigerien Ministry of Finance; and IMF staff calculations.

9. **The authorities took measures to ease social hardships linked to the high cost of living crisis and the impact of the floods, which are likely to have implications for fiscal revenues in 2025.** They reduced the regulated pump prices of gasoline and diesel by 7.5 percent by reducing some components in the pricing formula, such as transportation costs and retailer fees. While this measure will not have a direct impact on tax revenues given that the tax components of the price structure remain unchanged, it is expected to affect the revenues and profits of the state-owned oil distribution company, SONIDEP, even if this could be partially offset by higher expected oil consumption.[2] IMF staff estimates that the increase in implicit fuel subsidies for 2024 linked to the price reduction would amount to about 0.2 percentage points of GDP (Text Table 2). The expected effects on the profitability of SONIDEP should be relatively modest and are unlikely to affect its financial sustainability.[3] In addition, the authorities also temporarily (for one year) reduced the price of cement to facilitate the rebuilding of houses after the floods, as well as to incentivize the use of

[2] VAT and other taxes are applied on the "transfer price" from the refinery (Soraz), which remain unchanged.

[3] The methodology used is based on Coady et al., (2019), who estimate fuel subsidies, defined as fuel consumption times the gap between existing and efficient prices (i.e., prices warranted by supply costs, environmental costs, and revenue considerations).

materials that are more resistant to climate disasters.[4] The authorities estimate that the direct fiscal impact of these measures will be limited, reaching less than 0.1 percent of GDP.

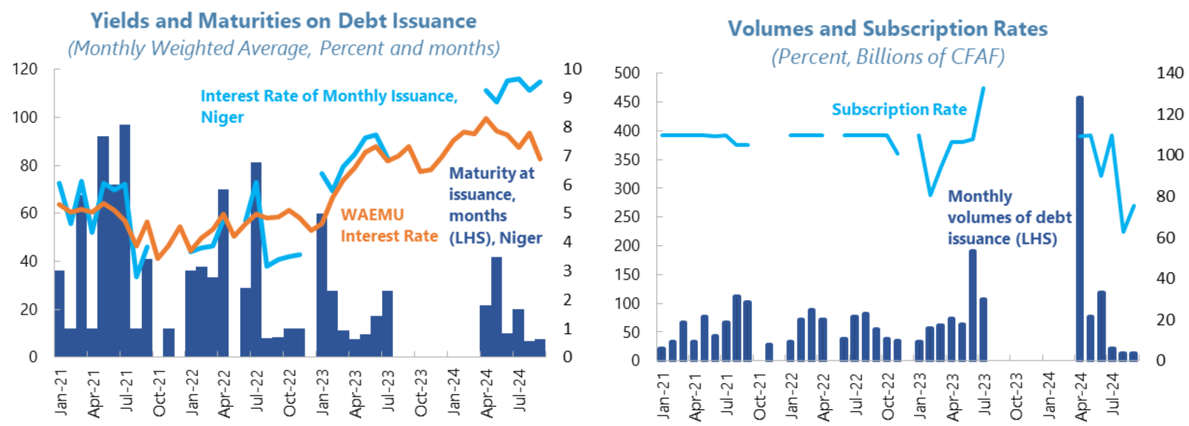
Text Table 2. Niger: Implicit Fuel Subsidies

	2018	2022	2024	
			With price change	Without price change
Post-tax subsidies in US$ billions	0.12	0.53	0.21	0.17
Post-tax subsidies in percent of GDP	1.06	3.46	1.08	0.86
Post-tax subsidies in US$ per capita	5.27	20.48	7.62	6.01

Source: IMF Energy subsidies Template, staff calculations.

10. Niger continues to face a funding squeeze (Text Figure 2). The government has increasingly relied on relatively more costly market-based regional financing, given the decline in external budget financing by development partners. As of September 2024, 72 percent of the CFAF 598 billion mobilized by the government consists of CFAF denominated-debt (of which CFAF 243 billion from CNPC-NP Niger). The weighted average yield on the sovereign debt stock on the regional market has risen to 7.7 percent, an increase of 210 basis points compared to January 2023. The average maturity of government securities has shortened, and the subscription rate declined, thus increasing rollover risks.[5] Domestic investors purchased approximately one-third of the debt issued in the regional market in 2024.

Text Figure 2. Niger: Monthly Debt Issuance in the Regional Market



Source: UMOA TITRES and IMF staff calculations

11. Niger has accumulated new debt service arrears since end-June 2024 (Text Table 3). The arrears accumulation is linked to underperforming fiscal revenues, limited capacity in treasury

[4] Over 158 thousand houses collapsed during the 2024 floods.

[5] In September 2024 for instance, Niger issued CFAF 13 billion in debt, paying 9.6 percent interest at a weighted-average maturity of under 8 months.

cash management, and liquidity constraints. As of end-October, the total amount of debt service arrears is estimated at CFAF 263.9 billion (2.2 percent of GDP), distributed as follows: (i) external arrears amounting to CFAF 67.1 billion (about 0.6 percent of GDP)[6], of which CFAF 27.9 billion (0.2 percent of GDP) were accumulated since end-June 2024, and (ii) domestic debt instruments arrears totaling CFAF 196.8 billion (about 1.7 percent of GDP), with CFAF 94.5 billion (0.8 percent of GDP) accumulated since June 2024 (MEFP ¶7, MEFP ¶20). The IMF's non-toleration policy (NTP) applies to the arrears to bilateral creditors and international financial institutions presented in Text Table 3. As discussed in detail below (¶24, ¶48 and ¶52), authorities have committed to partially clear external and domestic debt service arrears (Prior Action #3) and have a credible plan and projected financing to resolve the remaining stock over the program horizon. Niger owes pre-HIPC Initiative arrears to Libya which continue to be deemed away under the policy on arrears to official bilateral creditors, as the underlying Paris Club Agreed Minute is adequately representative, and the authorities are making best efforts to resolve the arrears.

Text Table 3. Niger: Total Amount of External Arrears by Creditor[1]

(in CFAF Billions)

	30-Jun-24			Old arrears clearance			New arrears accumulation			31-Oct-24		
Creditors	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Multilateral+BOAD	14.7	7.0	21.7	4.1	1.0	5.0	4.7	4.5	9.2	15.4	10.5	25.8
BOAD	11.6	5.5	17.1	3.4	0.7	4.1	0.7	2.2	2.9	8.9	7.0	15.9
IDB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.2	0.2
FS-OPEP	2.1	0.4	2.5	0.0	0.0	0.0	1.7	0.3	2.0	3.8	0.7	4.4
FIDA	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.2	0.8	0.6	0.2	0.8
AfDB	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.1	2.0	0.9	1.1	2.0
BADEA	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.0	0.2
EIB	0.7	0.3	0.9	0.7	0.3	0.9	0.4	0.2	0.5	0.4	0.2	0.5
EBID	0.3	0.8	1.2	0.0	0.0	0.0	0.3	0.3	0.6	0.6	1.1	1.7
Bilateral	23.5	4.4	27.8	12.4	2.8	15.1	10.0	1.1	11.2	21.1	2.7	23.8
Paris Club	6.5	2.2	8.7	6.5	2.2	8.7	0.0	0.0	0.0	0.0	0.0	0.0
France	6.2	2.2	8.3	6.2	2.2	8.3	0.0	0.0	0.0	0.0	0.0	0.0
Non-Paris Club	17.0	2.2	19.2	5.9	0.6	6.5	10.0	1.1	11.2	21.1	2.7	23.8
China	11.4	1.0	12.4	5.7	0.5	6.2	5.5	0.5	6.0	11.2	1.0	12.2
Kuwait	2.3	0.3	2.5	0.0	0.0	0.0	1.8	0.2	2.0	4.1	0.5	4.5
Saudi Arabia	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.1	1.2	1.1	0.1	1.2
India	3.0	0.6	3.6	0.0	0.0	0.0	1.5	0.4	1.9	4.5	1.0	5.5
UAE	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.4
Commercial	9.4	5.6	15.0	3.1	2.0	5.1	4.7	2.8	7.5	11.0	6.4	17.4
DBAG	9.4	5.6	15.0	3.1	2.0	5.1	4.7	2.8	7.5	10.9	6.4	17.3
MOODY'S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total	47.6	17.0	64.5	19.6	5.7	25.3	19.5	8.4	27.9	47.5	19.6	67.1

Sources: Nigerien authorities; and IMF staff calculations

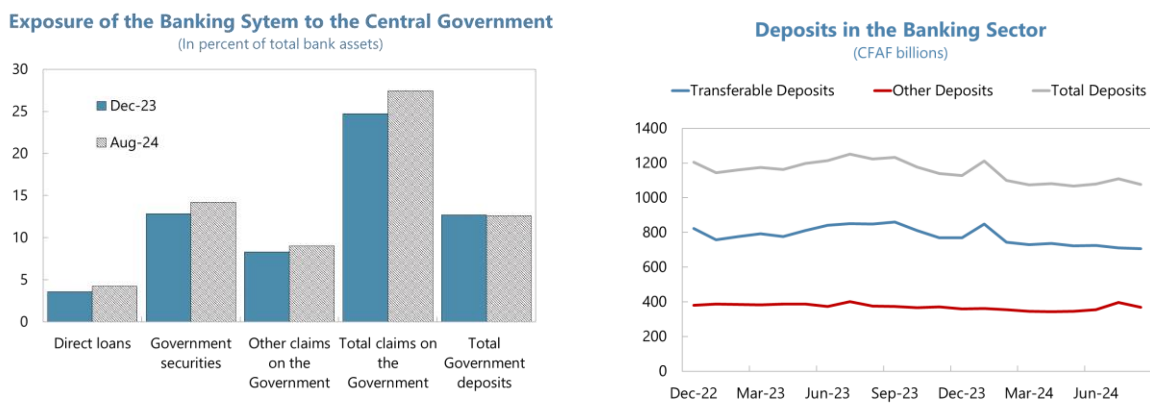
1/ Estimates of the authorities as of October 31, 2024.

12. **The banking sector is confronted with increasing liquidity pressures and other vulnerabilities and financial stability risks have increased since the last Article IV consultation (Text Figure 3).** Deposits fell by 5.3 percent through September, and four out 14 banks do not meet the regional liquidity ratio requirement. More importantly, several banks are facing challenges to meet all demand for cash. At the root of these liquidity pressures are the impact of elevated

[6] The amounts reported do not include the pre-HIPC Initiative arrears to Libya, which are nevertheless included in the external debt stock. The Nigerien authorities have been engaging bilaterally with the Libyan authorities to reconcile and resolve pre-HIPC Initiative arrears.

domestic debt-service arrears and the lingering repercussions on confidence of the measure to limit cash withdrawal implemented at the time of the regional sanctions to prevent cash exodus from the banking system. Moreover, the negative impact of the border closure with Benin on business turnover is also a contributing factor. Other key risks stem from the deterioration of asset quality. As of August 2024, non-performing loans (NPLs) stood at 24.4 percent of total loans against 16.1 percent a year earlier. The system-wide capital adequacy ratio remains below the regulatory norm of 11.5 percent as of October 2024. Solvency concerns are particularly pronounced for one state-owned bank, representing 7.7 percent of total assets, which has negative equity of 0.7 percent of GDP. Three other banks are slightly undercapitalized (with capital adequacy ratios close to 11 percent). The banking system's' sovereign exposure remains high.

Text Figure 3. Niger: Exposure of the Banking System to the Central Government and Deposits in the Banking Sector



Source: Nigerien authorities and IMF staff calculations.

13. Authorities' Views. The authorities broadly agreed with staff's description of the recent macro-financial developments. They concurred with staff that the lingering repercussions of the regional and international sanctions, the effects of the continued border closure with Benin and floods, as well as security challenges have tempered the strong economic recovery. They indicated that actions are underway to remove these roadblocks.

B. Performance Under the ECF and RSF Arrangements

14. Program performance under the ECF and RSF arrangements through end-September was mixed (MEFP ¶12, ¶13 and MEFP Tables 1-4):

- **Two out of three performance criteria (PCs) were met (MEFP Table 1).** The total amount of net domestic financing was well below its target at the relevant dates in part due to tight financing conditions in the regional market. Regarding the continuous PCs, the PV value of new PPG external debt was below its ceiling. However, the continuous PC on the non-accumulation of new external payment arrears was missed.

- **Only two out six Indicative targets (ITs) were met.** The ITs on social spending and the ratio of exceptional expenditures were met at all target dates. However, the three ITs on the basic budget balance—including and excluding grants— was not met at any of the target dates. The IT on cash revenue floor was met at end-June, but not end-September.
- **All the continuous structural benchmarks (SBs) under the ECF were met (MEFP Table 2)**. The authorities provided IMF staff with a list of newly granted or renewed tax exemptions (continuous SB#1). They continue to: (i) publish procurement plans, tender notices and final contract award results on the Public Procurement Portal (continuous SB#2), (ii) produce and publish feasibility studies for any investment project costing more than CFAF 5 billion (continuous SB#3), (iv) publish information about the beneficial owners of companies awarded non-competitive contracts (fiscal identifier number), with the exception of defense and security contracts, on the public procurement portal (continuous SB#4). Moreover, the authorities have resumed the quarterly publication of the budget execution report. Starting from 2025, this report will include a section on the use of oil-related revenues, in line with the oil revenue management strategy (new continuous SB#5).
- **Significant progress has been made regarding the implementation of the non-continuous SBs (MEFP Table 3).** These include the integration of the Solidarity Fund for the Safeguarding of the Homeland (FSSP) into the 2025 budget as a special account and the revision of the General Tax Code (CGI).
- **All the three reform measures (RMs) for this review under the RSF were implemented (MEFP Table 4).** The methodology for tagging climate-related expenditures (RM1, MEFP ¶13) was approved by the National Determined Contribution (NDC) committee in September 2024. To enhance public investment resilience, the authorities adopted and published a guide for climate vulnerability assessments of public investments (RM4). Finally, as part of government's fiscal risks statement, an assessment of natural disaster risks was published on the MEF website (RM8).

C. Outlook and Risks

15. The near-term macroeconomic outlook has been revised downwards, but a robust recovery is still expected. For 2024, staff has revised downward GDP growth estimates to 8.8 percent (against 10.6 percent at the previous review) to take into account the impacts on activity of the interruption in oil exports[7], trade disruptions due to border tensions with Benin, vulnerabilities in the banking sector, and floods. While average inflation will be higher than previously envisaged (9.1 percent against 4.4 percent), inflationary pressures appear to have peaked at end-September and should gradually recede through the end of the year, owing to a favorable agricultural season. The

[7] Niger's oil production capacity is about 110 thousand barrels per day, with an export capacity of 90 thousand barrels per day through the Niger-Benin pipeline. Oil exports commenced in May 2024 but were temporarily disrupted due to political tensions with Benin. Starting in 2025, Niger is projected to approach full production capacity.

current account deficit is expected to improve to 7 percent of GDP in 2024 due to a large increase in crude oil exports, a reduction in food imports, as well as a decrease in capital goods imports. However, the improvement is slightly weaker than projected during last review, primarily reflecting downward revisions of exports of uranium and crude oil (MEFP ¶14). For 2025, economic growth should remain strong at 7.9 percent driven by oil production, operating close to its full capacity of about 110 thousand barrels per day and the expected normalization of supply chains and cross-border trade activities with Benin. The current account deficit will narrow further to 4.1 percent of GDP, as oil exports reach full capacity. These baseline projections are predicated on the normalization of the relationship with Benin.

16. The medium-term outlook remains favorable. Staff projects GDP growth to average 6.6 percent over 2025-2029, bolstered by the expansion of agricultural irrigation infrastructure, the development of agro-industrial value chains, increased urbanization, and investments in both the extractive and energy sectors and reforms to spur structural transformation. The output gap is projected to be closed by 2028, when Niger will reach its estimated potential growth rate of 6 percent (see SIP #2). Inflation is expected to fall below the upper limit of the WAEMU regional target of 3 percent. The current account deficit is projected to average 4.6 percent of GDP over 2026-2029, reflecting strong export dynamics (MEFP ¶15).

Text Table 4. Niger: Medium-Term Selected Economic Indicators

	2023	2024	2025	2026	2027	2028	2029
	Est.	Projections					
	(Percent of GDP, unless otherwise indicated)						
GDP at constant prices (percent change)	2.4	8.8	7.9	6.7	6.4	6.0	6.0
Consumer price index, average (percent change)	3.7	9.1	3.7	3.2	2.0	2.0	2.0
Consumer price index, end of period (percent change)	7.2	3.1	4.8	2.5	2.0	2.0	2.0
Credit to the private sector (percent change)	-6.5	5.7	10.3	9.5	9.1	8.9	8.9
Total revenue	8.7	8.3	9.4	10.0	10.6	11.2	11.5
Total expenditure and net lending	15.8	15.0	14.6	15.0	15.2	15.4	15.5
Overall fiscal balance (commitment basis, incl. grants) [1]	-5.4	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0
External current account balance (excl. grants)	-14.8	-7.4	-4.6	-5.0	-5.0	-5.2	-5.3
External current account balance (incl. grants)	-13.9	-7.0	-4.1	-4.4	-4.5	-4.7	-4.8
Total public and publicly-guaranteed debt	51.9	48.4	45.6	44.7	44.5	44.4	44.4
Public and publicly-guaranteed external debt	31.6	28.5	27.5	27.5	27.3	27.7	28.2
Public domestic debt	20.3	19.9	18.1	17.3	17.1	16.7	16.1

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

[1] Includes CCRT debt relief.

17. The external position of Niger in 2023 was substantially weaker than the level implied by medium-term fundamentals and desirable policies. From 2024 and over the medium term, the current account is expected to narrow as intermediary goods imports will decrease given the completion of oil pipeline construction and oil exports will scale up. In the longer term, Niger's external sector should be strengthened with the diversification of exports and private sector growth, driven by enhanced macroeconomic stability and the implementation of the structural reform agenda.

18. Staff has downgraded Niger's risks of external and overall debt distress from moderate to high, though debt remains sustainable over the medium term. Niger's debt profile is unchanged, despite new debt service arrears accumulated since end-June 2024. After the implementation of corrective measures (Prior Action #3) and the revised arrears clearance plan, the outstanding stock of arrears is expected to remain under 1 percent of GDP from early 2025, supporting Niger's classification as a "de minimis" case not to be classified as "in debt distress". However, the external debt service to revenue ratio breaches the threshold in 2024 and 2025, mainly due to the downward revision of the 2025 revenue projections and is expected to fall back below the threshold starting in 2026. This triggered a downgrading of external debt distress assessment from "moderate" to "high", as well as the overall risk rating. For domestic debt, risks are elevated (in particular rollover risks) due to Niger's overreliance on relatively shorter maturity financing. Staff advised the authorities to maintain a zero ceiling on non-concessional debt, while increasing the average maturity of domestic debt to reduce refinancing risk.

19. Risks to the outlook are skewed to the downside (Table 12). A deteriorating security situation could further impact economic activity, while fiscal space may shrink due to tightening global and regional financing conditions. Donors' financial support might remain limited, delaying capital spending and key investments. A more prolonged border closure and strained relations with Benin could further disrupt trade, drive inflation upwards, and reduce customs revenues, potentially increasing risks of social unrest. Additional external risks include commodity price volatility and escalating regional conflicts (e.g., Gaza-Israel). On the upside, investment in the extractive and energy sectors, including an oil complex and refinery in Dosso, could boost medium-term growth.

20. Authorities' Views. The authorities broadly agreed with staff's assessment of the outlook and risks. They expressed optimism about the normalization of the border situation with Benin and the relationships with some development partners. They indicated they are finalizing a development plan that seeks to leverage the country's significant natural resources potential to strengthen resilience through diversification.

MACROECONOMIC POLICIES TO ESCAPE FRAGILITY

Policy discussions focused on measures to use efficiently the country's natural resources, expand fiscal space, manage fiscal risks, strengthen the private sector's contribution to growth, enhance transparency and anti-corruption frameworks, and reduce vulnerabilities to shocks, including natural disasters. Discussions were underpinned by analytical work on tax gaps, potential output and governance.

21. Macroeconomic policies will have to be carefully calibrated over the near and medium-term term to firmly put Niger on a trajectory of sustained, inclusive, and resilient development. Fiscal policy should be firmly anchored around the regional deficit target and emphasize domestic revenue mobilization to create fiscal space to address acute development needs and build resilience to climate change. There is also scope to enhance the efficiency and quality of public spending, in particular regarding social sectors. Reforms to improve the investment climate and boost private sector development are essential, including efforts to boost financial inclusion and address banking sector vulnerabilities. Governance and anti-corruption frameworks should be strengthened to improve transparency, accountability, and rebuild public trust, which should contribute to facilitate social acceptance of difficult reforms. The authorities should also stay the course on their commitment to address the effects of climate change—including through RSF-supported reforms and efforts to overcome obstacles to accessing climate finance.

A. Anchoring Fiscal Policy While Expanding Fiscal Space and Addressing Development Needs

Fiscal Policy for the Remainder of 2024

22. **The authorities remain committed to containing the fiscal deficit at 4.1 percent of GDP in 2024, in line with the program targets (MEFP ¶16).** Based on the revenue collection through September and absent new measures, revenues would stand at 7.7 percent of GDP, 1.7 percentage points of GDP lower than projected at the time of the fourth and fifth ECF reviews. To limit the revenue shortfall, the authorities have identified new tax revenue-measures (see below) amounting to CFAF 45 billion (0.4 percentage point of GDP), and non-tax revenue increases driven by one-off proceeds from the Economic, Financial, and Tax Crime Fighting Commission (CoLDEFF) amounting to CFAF 25 billion (0.2 percent of GDP). Moreover, budget grants were lower than expected by 0.2 percentage points of GDP as of end-September. To maintain the fiscal deficit target, the authorities committed to generating 1.3 percentage point of GDP in savings relative to the initial projections, through cuts in current spending notably on subsidies, transfers, goods, and services, while preserving social transfers. The spending cuts for the remainder of 2024 seem feasible and the composition is adequate.[8] As a contingency plan, the authorities are committed to further cuts in expenditures, while preserving security, education, and health spending, in case the expected tax revenues from the new measures do not materialize. The contingency plan includes further reductions of 0.4 percent of GDP equally distributed in current spending and domestically-financed investment. These spending cuts would entail delaying road construction and rehabilitation projects, postponing the implementation of the urban modernization program, cutting transfers and subsidies to various government entities, among others.

23. **Corrective measures on the revenue side for 2024 include boosting tax compliance, increasing audits and controls, expanding the tax base, and enhancing tax filing procedures.** Tax administration measures are projected to be the primary source of corrective revenue collection, generating approximately CFAF 40 billion. The measures implemented by authorities starting in October include intensifying efforts to collect old debts (targeting larger amounts), increasing audits and on-site inspections, and accelerating the processing time of tax audit cases. The authorities are also working on broadening the tax base by identifying niches where tax collection has not been

[8] Spending on salaries, as well as on goods and services will remain in line with previous quarters of 2024, albeit lower than previously projected. Subsidies and transfers will slow down sharply in Q4 2024, to about 40 percent of an average quarter. The reductions in subsidies and transfers relative to initial plans would involve for example postponement of investment spending by state-owned enterprises and should not generate new arrears.

effective; scaling up merchandise vehicle inspections to increase transport-related revenue; and boosting non-tax revenues by selling government assets that are no longer used. The customs administration estimates that it will raise CFAF 5 billion in revenues based on strengthening controls and fighting fraud in the hydrocarbons sector; enforcing customs clearance deadlines, clearing warehouse accounts, and seizing vehicles not cleared by customs.

24. The authorities have repaid part of debt service arrears accumulated since end-June as a corrective measure and devised a revised arrears clearance plan. Authorities have committed to clear CFAF 15 billion in external arrears and CFAF 80 billion of domestic debt service arrears (Prior Action #3). Moreover, the arrears clearance plan has been revised to better align with the authorities' capacity constraints and liquidity situation. The balance on the arrears is expected to be cleared by the end of 2025.

Fiscal Policy for 2025 and Beyond

25. Given tight financing conditions, revenue-based fiscal consolidation efforts will continue, while aiming to preserve social and security spending (MEFP ¶17). The authorities and staff agreed that the fiscal consolidation efforts should be revenue-based and target a fiscal deficit of 3 percent of GDP in 2025. In this vein, the authorities put forward a budget for 2025 that targets an increase of 1.0 percent of GDP in total revenues. This is in large part driven by the increase in oil production and exports, which is projected to boost resource sector revenues by over 50 percent to 4 percent of GDP. This will fully support the increase in tax revenues on goods and services, which will grow by 0.7 percentage points of GDP, and on income, by 0.1 percentage point of GDP. Non-resource revenues are also expected to grow considerably assuming that the border with Benin will reopen, the flow of goods will gradually normalize, and the lingering effects of the sanctions will dissipate. Customs revenues should increase by 0.4 percentage points of GDP, though remaining below the levels seen before the military takeover. Other tax revenues are projected to increase by 0.1 percentage point of GDP, while non-tax revenue is projected to decline by 0.2 percentage points of GDP due to the base effect of one-off proceeds expected at end-2024. On the spending side, the budget prioritizes security and social expenditure, with current spending and domestically-financed investment remaining constant in percent of GDP, and net lending returning to its initially projected path. Importantly, the 2025 budget also integrates the solidarity Fund (FSSP) (SB#1). Revisions to current spending relative to the last review are driven in large part by lower transfers and subsidies. Despite this adjustment, social assistance, education, and health spending remain a priority for the authorities and the indicative targets on social spending are unchanged for 2025. The revisions to current spending also reflect a slowdown in salaries and wages expenditure, which could impact the authorities' ability to implement their 2024-2026 recruitment plan of civil servants and tax agents. Domestically-financed capital expenditure was revised up by 0.3 percentage points of GDP relative to the 4th and 5th reviews, to address the new security spending needs.

26. Authorities plan to introduce several revenue enhancing measures in 2025(MEFP ¶18). The combination of tax policy and administrative measures put forward by the authorities for 2025 could yield about 0.5 percentage points of GDP in revenues according to preliminary staff estimates. These measures include, among others, the continuation of tax enforcement and control efforts outlined for the last quarter of 2024, repealing exemptions to corporate income tax (*Impot Sur les Benefices*) withholding, raising the corporate income tax rate on non-residents[9]; raising income taxes on leases; and extending the VAT coverage to e-commerce. Nevertheless, given significant uncertainty surrounding the estimated impact of some of these measures, they were only partially reflected in the macroeconomic framework's forecasts and as such would constitute an upside risk to revenue projections.[10] Moreover, staff proposed several avenues to further increase tax revenues, including tackling VAT exemptions, increasing the lower VAT rates on certain products, and rising excise taxes (see below). Authorities are taking these proposals into consideration but argue that there may be strong political economy constraints to their implementation. Staff also argued that recent increases in implicit subsidies due to the reductions in petroleum products and cement prices, even if relatively modest, go against the program's revenue mobilization and climate objectives. Social goals are more efficiently achieved through targeted support to vulnerable groups. Beyond 2025 and over the medium-term, the revision of the general tax code (see the discussion below) is on track to be adopted by April 2025 and will contribute to boost revenues.

Text Table 5. Niger: Sources of Fiscal Consolidation, 2023-2025

(In percent of GDP)

		Baseline	Consolidation		Aggregate
		2023	Δ 2023-24	Δ 2024-25	Δ 2023-25
(1)	Revenue, Natural Resources Sector	2.0	0.8	1.1	2.0
(2)	Revenue, Other	6.7	-1.2	-0.1	-1.3
(3)	Budget grants (Incl. CCRT)	0.5	-0.3	0.2	-0.2
(4)	Domestic expenditure and net lending	12.4	-1.8	-0.2	-2.0
(5)	Foreign loan-financed capex	2.1	-0.2	0.3	0.1
(6) = (1)+(2)+(3)-(4)-(5)	Fiscal balance / total consolidation	-5.4	1.3	1.1	2.3
	Memo: Compound average GDP growth rate		16.5%	12.0%	11.4%

Source: Nigerien authorities and IMF staff calculations.

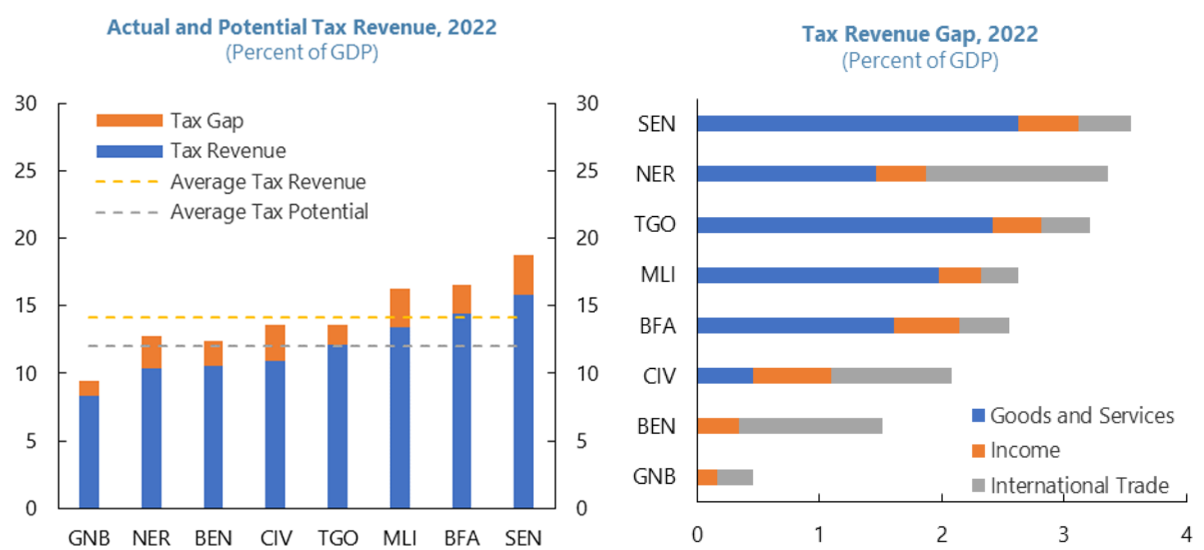
27. The government financing needs in 2025 are fully covered. The government intends to maintain a prudent borrowing policy to limit the risk of debt distress, maintaining a zero ceiling of the non-concessional borrowing. External financing (budget loans and grants) is expected to increase in 2025 from 0.3 to 1.3 percent of GDP though remaining considerably lower than before the events of July 2023. Estimated budget loans, amounting to 1 percent of GDP, include financing from the African Development Bank (AfDB) and the World Bank (WB). Total domestic financing is estimated at 1.4 percent of GDP (CFAF 190 billion) in 2025.

[9] If the measure on the taxation of non-residents is enacted, an assessment will be required under the institutional view on the liberalization and management of capital flows.

[10] About 0.2 percentage points of GDP related to these measures have been incorporated to the 2025 revenue projections.

28. Given financing constraints and significant development needs, staff stressed the importance of further efforts to mobilize domestic revenue and the revision of the general tax code is the key reform supported under the ECF arrangement in this area. The reform aims to simplify the system and broaden the tax base, while enhancing economic efficiency by shifting the tax burden from factors of production (capital and labor) towards consumption. The revision of the tax code is expected to contribute at least 0.8 percentage points of GDP to the projected increase in tax revenues over the medium term. More broadly, weak revenue mobilization has been a persistent issue in Niger, with tax revenues being substantially lower than in peer countries. Staff estimates that Niger's overall tax revenue gap relative to potential amounts to 3.4 percent of GDP, mainly driven by the gaps in tax revenue on goods and services, and international trade (Text Figure 4).[11]. Possible avenues to increase revenue in the near term include rationalizing tax expenditures, tackling VAT exemptions, increasing the lower VAT rates on certain products, raising excise taxes on passenger vehicles, and revising excise structure on products like tobacco. Strengthening tax and customs administrations through digitalization and automation of procedures, boosting tax compliance, and improving the taxpayer registry would also contribute to revenue mobilization efforts. A land and property cadaster, as planned by the authorities, could contribute to increase property tax revenues in the medium term by at least 0.5 percentage points of GDP. The authorities should develop a revenue mobilization strategy which should prepare the introduction of new tax policy reforms.

Text Figure 4. Niger: Tax Revenue Potential and Tax Gap Breakdown in Niger and Peers



Sources: WoRLD and staff calculations.

Notes: Tax revenue potential is computed as the sum of the actual tax revenue and the estimated tax gap.

[11] For more details, please see the accompanying Selected Issues Paper (SIP) #1.

29. The authorities have elaborated and will adopt an oil revenue management strategy to ensure efficiency and transparency, mitigate the budget's dependence on oil revenues, and build fiscal buffers (prior action #1). The draft strategy shared with staff is aligned with the recommendations of two previous IMF technical assistance missions. The strategy will establish a stabilization fund and non-oil revenue primary fiscal balance target to mitigate the effects of oil price fluctuations on the budget. The strategy will also contribute to enhance the macroeconomic framework for management of oil revenues by preparing detailed oil revenue projections. Moreover, it will strengthen the budget preparation and execution processes to account for the challenges of oil revenue management and will enhance the disclosure of information on the oil sector.

30. Authorities' Views. The authorities acknowledge that revenue performance has fallen short and cited the challenging economic environment, high levels of inequality, and political economy constraints (including potential social tensions linked to eventual tax increases), as contributing factors. Authorities argued that the adoption of the oil revenue management strategy is imminent, and a technical committee will be set up to operationalize the oil stabilization fund aimed at insulating fiscal policy from short-term oil price fluctuations (**SB#2**, March 2025). They reiterated their commitment to bringing the fiscal deficit down to 3 percent of GDP in 2025. Regarding the effects of the reductions in fuel and cement prices, authorities insisted that their impact on revenues would be limited and argued that targeted transfers and other forms of support to vulnerable groups have not worked well in the past in Niger. They also highlighted ongoing reforms to boost domestic revenue mobilization. These include:

- **Revising the general tax code**. As of end-October 2024, five out of seven books of the revised tax code have been validated. The authorities' plan to adopt a full revised code by end-April 2025 **(SB#3**).
- **Promoting digitalization and interconnection of revenue administrations**. Significant progress has been made on the deployment of the integrated tax and taxpayer information system (SISIC). As of end-October 2024, 67 out of 83 tax units have been successfully covered by SISIC.
- **Reducing tax exemptions**. Following an assessment study of tax expenditures, the authorities intend to: (i) combat tax fraud and evasion; (ii) reorient tax expenditures towards essential products for the poorest households; (iii) reduce VAT exemptions and (iv) set up a system for monitoring the use of tax exemptions.
- **Advancing on property taxation**. Even though limited progress has been made so far, the government is continuing to implement an ambitious project on geo-tracking real estate. This reform will create a cadaster and improve the estimation of property values, facilitating an accelerated registration of properties and owners.

B. Enhancing the Quality and Efficiency of Public Spending

31. Building human capital is crucial for generating employment, tackling skill mismatches, mitigating vulnerabilities, and fostering sustainable growth. Human capital development is one of the most pressing challenges in Niger. The country lags considerably behind its regional peers both in educational and health outcomes (IMF Country Report 23/29). Demographic pressures weigh on the state's capacity to provide basic health and education services. Moreover, government expenditure on health and education is not efficiently translated into human capital. An efficiency analysis reveals that approximately 16.1 percent of government health expenditures are lost due to inefficiencies (Annex V). The education sector in Niger is facing even more severe spending inefficiencies with an estimated 50 percent of spending being wasted. Tackling poor governance and severe inequalities in access to health and education can contribute to enhancing spending efficiency in Niger. The economic and social impact of improvements in the efficiency of education and health spending can be significant. Healthy life expectancy at birth could increase by 10.8 years to 67.5 years if health spending inefficiencies are addressed. Similarly, the number of years of quality education could rise by an additional 2.7 years to 5.3 years, by closing the efficiency gap in the education sector (see Annex V).

32. The authorities have undertaken various initiatives aimed at improving the quality of education, enhancing access, and strengthening governance within the sector. Acknowledging the crucial role that teachers play in ensuring education quality, the authorities intend to recruit more civil servants and incorporate contractual teachers into the public payroll. With support from the World Bank, at least 50,000 teachers in primary and secondary school will benefit from training and coaching activities by 2028. The ongoing curriculum reform and the introduction of digital technology in schools are expected to further enhance education quality. To expend access to education for girls and boys, the authorities plan to replace 36,000 straw hut classrooms with durable structures and build 100 girls' boarding schools. Efforts to enhance governance in the education sector include adherence to the school map, the development of a human resources database, and the implementation of performance contracts to improve resource management and accountability.

33. Improving social safety nets is also a priority. Staff welcomed the authorities' intention to extend Unified Social Registry (USR) coverage to 800,000 households in the coming years, aiming to cover 3 million poor and vulnerable households by 2030, and encouraged them to accelerate its development (MEFP ¶26). Once completed, this registry would provide the tool to target support to those in need in case of shocks such as floods, droughts, or sudden price increases of necessities.

34. Staff emphasized the need to continue efforts to strengthen public financial management (PFM). These efforts include: (i) the implementation of program-based budgeting, (ii) the expansion of the Treasury Single Account (iii) the digitalization of payment orders, and (iv) the decentralization of payment orders (MEFP ¶23-25). Staff welcomed the integration of the solidarity Fund (FSSP) in the supplemental 2024 budget law.

35. Authorities' Views. The authorities concurred that achieving more inclusive and sustainable growth will require building human capital. They also recognized that the country's high vulnerability to shocks has reinforced the need to strengthen social safety nets to boost the resilience of the vulnerable population. They will mobilize the financial resources needed to develop the social registry. With respect to PFM, the authorities indicated that the FSSP will continue to be integrated in the budget laws. They noted that the scope of the 2024 ordinance on exception of public procurement procedures is limited to security spending. They pointed to progress in several PFM areas, notably:

- **Treasury Single Account (TSA)**. The gradual closure of bank accounts opened by public entities during the sanctions imposed on Niger will continue. The government plans to close the remaining 34 active accounts in commercial banks as soon as the projects they finance are completed. There is a plan to expand the coverage of the TSA to local governments, merging local authorities based on their geographical proximity and similarities.

- **Other reforms**. Efforts are underway to expand the double accounting system AE/CP budgeting (commitment authorizations/payment) to all ministries by 2025 and digitalize expenditure payment methods.

C. Fostering Sustainable and Resilient Growth Through Private Sector Development and Financial Inclusion

36. The underdevelopment of the private sector constitutes an obstacle to a sustained growth. Potential growth in Niger is estimated at around 6 percent with a structurally significant contribution of labor and peaks of growth associated with higher investment in capital (see the SIP #2 on potential GDP growth). High informality, skill mismatches, low human capital, lack of competitiveness, limited access to financing, and complex business regulations are the main factors hindering private sector development in Niger. Furthermore, payment arrears are weighing on the private sector. Moreover, the prolonged land border closure with Benin and the ensuing supply chain disruptions are also impacting adversely the business environment through higher transport and inputs costs. The adoption of the revised charter for the SMEs, aiming at enhancing their competitiveness and facilitating their access to financing is still pending. The digitalization of business administrative procedures is also ongoing with the operationalization of the one-stop foreign trade window ("Guichet Unique du Commerce Extérieur"), albeit it has been significantly disrupted by the military takeover and subsequent sanctions (MEFP ¶30-31).

37. Staff encouraged the authorities to step up efforts to bolster private sector development. These include: (i) strengthening the public-private framework with the reinstatement and reinforcement of the arbitration and regulatory committees for public procurement and settlement of tax disputes, (ii) ensuring timely payment for public procurement contracts, (iii) simplifying the tax and investment codes, and (iv) strengthening the Caisse de Dépôt et de Consignations[12] to ensure adequate private sector financing.

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[12] Established in 2016, the Caisse des Dépôts et Consignations du Niger (CDC-Niger) is a Public Financial Institution assigned with a pivotal role of supporting development policies, including financing the private sector and promoting SMEs.

38. Promoting financial inclusion remains key for development by supporting the most vulnerable, reducing inequality, and smoothing shocks (MEFP ¶32). The main challenges to financial inclusion in Niger include high levels of informality, low financial literacy, infrastructure gaps and weakly diversified financial products (IMF Country Report 23/29). The authorities are elaborating a national financial education program in synergy with the WAEMU regional financial education program and aim to translate it in local languages, including Haussa, Peul and Germa. They are also conducting an assessment of the country's national financial inclusion strategy (SNFI 2019-2023). They expect that the full operationalization of the WAEMU interoperable instant payment system, with currently six Nigerien banks connected, and the promotion of digitalization through mobile money and other digital services will help enhance financial inclusion. An effective collaborative framework between the different institutions for the promotion of financial inclusion, including banks, is essential (MEFP ¶33).

39. The financial sector vulnerabilities require immediate attention.

- The microfinance sector remains under stress despite the implementation of a restructuring plan (MEFP ¶34). The license of TAANADI, one of the main microfinance institutions, has been revoked by the regulator (ARSM) and its resolution process is ongoing. The restructuring of ASUSU (one of the largest microfinance institutions) is advancing following the certification of its financial statements by the auditor. The other large microfinance institution, UCMN is still under interim administration. Staff emphasized the need to address long-standing constraints to microfinance sector development, including weak governance, inadequate capitalization, regulatory gaps, and poor information systems.

- The banking sector is facing liquidity shortages and a deterioration of asset quality. Staff emphasized the need for a prompt settlement of domestic debt service arrears owed to banks to improve their balance sheet and address liquidity pressures. This should be followed by efforts to resolve and avoid payment delays to government suppliers and measures to restore confidence in the banking sector. Moreover, the authorities should ensure that the four undercapitalized banks develop and implement time-bound recapitalization plans in consultation with the regional Banking Commission. Decisive action is particularly required for the public bank with negative equity. Staff insisted that the authorities should ensure that the bank remains viable before injecting public funds. In any case, a decision to inject public resources should be paired with efforts to recover distressed assets. On the regulation side, the BCEAO is closely monitoring the implementation of the recent WAEMU banking regulations, which raised the minimum share capital for banks from CFAF 10 billion to CFAF 20 billion. Among the 10 non-subsidiary banks in Niger, four are already compliant, while five have submitted their compliance plans to meet the new minimum share capital requirement within the three-year deadline.

40. There has been no change in the foreign exchange system and foreign exchange restrictions since the last review. The BCEAO is monitoring and enforcing existing foreign exchange regulations, including with regards to documentation and export proceed repatriation requirements and has not introduced any new foreign restrictions (IMF Country Report No. 24/90).

41. Authorities' Views. The authorities indicated that fostering private sector development is one of the focuses of the Resilience Program for the Safeguarding of the Homeland (PRSP). They committed to enhancing financial inclusion and highlighted progress made so far. They expect that the ongoing implementation of the recent 2023 WAEMU regional law on microfinance regulation, will help reduce the vulnerabilities of the microfinance sector. The authorities also committed to clearing debt service arrears to banks and suppliers' arrears, which should help to support the economic recovery.

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

42. The military takeover has disrupted governance frameworks; however, authorities are determined to strengthen the foundations of governance (MEFP ¶27 and SIP #3 on governance and anti-corruption frameworks in Niger). The dissolution of the supreme audit institution has impeded the implementation of several measures to enhance governance, including the recommendations from audit reports on COVID-19 spending and extractive sectors, and the advancement of the asset declaration framework. Nonetheless, the authorities will adopt a decree to re-instate the Supreme Audit Institution (Cour des Comptes) (Prior Action #2) and are also committed to publish the Government Diagnostic Assessment report following the IMF technical assistance planned for 2025 (Structural Benchmark #4). The dispute settlement committee for public procurement has also been dissolved following the military takeover, disrupting effective dialogue and transparency in the execution of public procurement. The newly created Economic, Financial, and Tax Crime Fighting Commission (CoLDEFF) replacing the former anti-corruption HALCIA has a narrow focus on the recovery of stolen public funds and public assets and must be extended to broader anti-corruption initiatives.[13] Niger is under enhanced scrutiny due to disruptions in the implementation of the EITI recommendations (SIP #3 on governance and anti-corruption frameworks in Niger).

43. The authorities are strengthening the framework for combating money laundering and the financing of terrorism (MEFP ¶28). An ordinance has been issued to transpose the new WAEMU regional law on combating money laundering, the financing of terrorism, and the financing of proliferation of weapons of mass destruction (AML/CFT/CPF) into the national legal framework and six draft decrees to strengthen further Niger's AML/CFT/CPF framework are awaiting signature for adoption. Niger remains subject to enhanced follow-up by GIABA owing to deficiencies in the AML/CFT framework. Despite leaving ECOWAS, Niger has expressed interest to stay in the GIABA under the Article 3 of the regional institution's statutes. The National Financial Information Processing Unit (CENTIF) continues to face significant financial and capacity constraints. Staff stressed the importance of advancing the AML/CFT reform agenda to combat money laundering and terrorism financing risks and to support broader anti-corruption efforts.

[13] As of august 2024, the CoLDEFF had recovered CFAF 50.6 billion since its creation.

44. Authorities' Views. The authorities concurred with staff on the need for progress on the governance reform agenda**.** To this end, they have requested a Governance Diagnostic Assessment (GDA) technical assistance mission from the IMF, which is scheduled for 2025, to take stock of governance vulnerabilities. Authorities are committed to publish the GDA report (Structural Benchmark #4). They also highlighted progress being made to strengthen the AML/CFT framework (MEFP ¶28).

E. Building Resilience to Climate Change

45. The authorities' commitment to building resilience to climate change—including through RSF-supported reforms— continues to be strong. The RSF implementation is on track with three RMs supporting climate informed budget planning, climate resilient public investment management and disaster related fiscal planning.

- **Strengthening the planning and budgeting of climate-related spending (MEFP ¶36)**. Supported by IMF technical assistance, a methodology for climate budget tagging was developed and validated by the NDC committee on September 26, 2024 (Second RSF Review, RM1). A recently established taskforce led by the Directorate General of Budget will conduct a training session for the pilot sector ministries to ensure the officials are familiar with the methodology and able to assess the climate relevance of the 2025 budget (Third RSF Review, RM2). Once the budget tagging system is fully deployed, it will facilitate the preparation and oversight of climate-related initiatives initially during budget preparation and at a later stage during budget execution, thereby enhancing transparency and decision-making on climate relevant allocations.

- **Climate resilient public investment management (MEFP ¶36).** The authorities developed and published a guide defining the methodology for assessing the climate vulnerability of public investment projects and programs (Second RSF Review, RM4). This user-friendly guide is intended to be utilized during both the project concept and appraisal stages to assess exposure to climate risks. The methodology will be integrated into the Public Investment Manual (PIM), which is currently being prepared with the assistance of the World Bank. A committee, led by the Directorate General of Planning, Programming and Development (DGPPD), has been established to oversee the guide's preparation, dissemination, and implementation, with validation expected by the end of 2024. The climate-informed PIM manual will guide the revision of the PIM Order, which is scheduled for April 2025 and will benefit from IMF technical assistance (Third RSF Review, RM5).

- **Climate vulnerability methodology for public investment projects (MEFP ¶36).** The authorities remain committed to applying the climate vulnerability methodology on a pilot basis for three selected projects by September 2025 (Fourth RSF Review, RM6). Given the lack of major projects in the budget, the authorities, in accordance with the IMF team, are requesting the removal of the CFAF 5 billion floor for the three major projects to facilitate the assessment of smaller or medium-sized projects (MEFP Table 4). The World Bank is considering providing technical assistance for the application of the climate vulnerability assessment on the three projects.

- **Strengthening disaster risk related fiscal planning (MEFP ¶36).** As part of the Multiannual Fiscal and Economic Programming Document (2025- 2027), the authorities published a fiscal risk statement in October 2024, which includes an assessment of natural disasters-related risks (Second RSF Review, RM8). The assessment drew upon the guide for analyzing fiscal risks associated with natural disasters. To address some of the data gaps that undermine the assessment of macroeconomic and fiscal impact, the authorities are currently conducting an ex-post impact assessment of the recent floods. Additionally, the World Bank assistance on including a climate change module to the Ministry's of Economy and Finance macroeconomic model will enhance the analysis and calibration of these risks.

46. Some reforms implemented during the First RSF Review concerning disaster risk management and the low-cost energy transition are gradually yielding results.

- **The publication of the floods and drought assessment (RM10)** has informed technical studies for resilient infrastructure funded by the World Bank's PIDUREM project across 14 municipalities in Niger. Several of these municipalities were affected by the recent floods. While local governments still need to integrate the studies' findings in urban planning, there is anecdotal evidence that it has heightened awareness among decision-makers regarding the importance of risk management and the necessity for resilient infrastructure.

- **For the newly appointed disaster risk management (DRM) focal points in five key ministries (RM9), terms of reference have been developed outlining their responsibilities and tasks related to coordinating disaster risk management.** The focal points have already participated in meetings convened by the National Disaster Risk Platform, which was recently established in March 2024. The authorities intend to seek support from the World Bank to enhance the capacities of these sectoral focal points in their new roles.

- **Concerning the establishment of a window for renewable energy promotion under FONAP (RM11),** despite challenges such as resource constraints and subdued interest from the banking sector in financing FONAP-supported projects, the fund established a consultation platform, chaired by the Ministry of Energy, to promote renewable energy and encourage collaboration among stakeholders. Additionally, efforts are underway to mobilize funding from the Green Climate Fund for renewable energy projects.

47. Overcoming barriers to accessing climate finance will be critical for mobilizing additional development and private finance to invest in climate resilience. Accessing the Adaptation and Green Climate Fund remains challenging, partly due to internal obstacles, such as limited technical capacity to develop a pipeline for bankable projects, governance issues as well as stringent requirements linked to the accreditation process. The climate-related funding mobilized to date is minimal compared to the investment needs estimated as part of the NDCs preparation. With assistance from development partners, the authorities are stepping up their efforts to convert nine concept notes into bankable projects for the Green Climate Fund and to advance the reaccreditation process for the Adaptation Fund, aiming to submit a project proposal for US$10 million. Although private financing remains almost completely absent, there has been some advancement under the RSF in supporting an enabling environment for renewable energy through the establishment of a consultation platform to draw in private investment.

PROGRAM MODALITIES, FINANCING ASSURANCES REVIEW

48. The authorities are requesting a waiver for the non-observance of the performance criterion on the accumulation of external payments arrears. As of the end October 2024, new external debt service arrears (compared to end-June) amounted to approximately CFAF 27.9 billion (0.2 percent of GDP). Revenue underperformance in part linked to disruptions in supply chains and exports due to the continued closure of the border with Benin combined with the continued tight financing conditions and weak treasury cash management have hindered the implementation of the external arrears clearance plan agreed upon during the fourth and fifth reviews. As a corrective measure, the authorities have committed to clear CFAF 15 billion in external arrears and CFAF 80 billion in domestic arrears (Prior Action #3) and are committed to clear the remaining balance in 2025. Higher oil revenue and concessional borrowing from multilateral partners are anticipated to alleviate financing conditions in 2025. Staff assesses that despite the non-observance, program objectives remain achievable, as the authorities committed to the following corrective measures: (i) revision and implementation of the debt service arrears clearance plan; (ii) adherence to the fiscal adjustment path under the program; (iii) commitment to follow prudent debt policies over the program horizon, including reliance on concessional financing.

49. The authorities are requesting the modification of the performance criteria on net domestic financing and on the present value of new public and publicly guaranteed debt to reflect the updated framework. The modifications accommodate a small upward revision in domestic financing in 2025 as well as a rescheduling of some unmaterialized borrowing planned from 2024 to 2025. Changes to these quantitative performance criteria are being proposed at end-December 2024 and end-June 2025 along with the corresponding indicative targets for end-March and end-September 2025 (MEFP ¶40).

50. The authorities are committed to maintain a zero ceiling on new non-concessional external debt. Niger is assessed at high risk of debt distress in the latest DSA, and the country does not have significant access to international financial markets. The authorities aim to maintain a prudent debt policy to limit the risk of over-indebtedness and have requested that a continuous PC be added from the completion of this review onwards. (MEFP ¶19).

51. The program remains fully financed with firm commitments for the upcoming 12 months (Text Table 6). Niger continues to face acute financing needs and IMF engagement is crucial to provide fiscal space and catalyze support from other development partners. The authorities committed to offset any shortfall in financing with reductions in spending.

52. Risks to the program remain elevated. Although the program objectives remain attainable, potential risks include: (i) political uncertainty, including over the political transition process timeline and the risk of another coup; (ii) deterioration of the security situation; (iii) continued funding squeeze; (iv) continued border closure with Benin. Exemptions provided by the authorities in response to economic shocks impede the attainment of the revenue mobilization targets set forth by the program. Limited external financing increases the risk of overreliance on domestic debt instruments and the accumulation of external debt service arrears.

53. The financing assurances review indicates that adequate safeguards remain in place for further use of the Fund's resources. Niger's economy has been severely affected by political instability and sanctions following the military takeover, with multiple risks lying ahead. Despite these challenges, the authorities are committed to fiscal consolidation, a prudent debt policy, and reform measures. The authorities have already taken corrective measures to begin to resolve external and domestic arrears and will implement the arrears clearance plan, which will contribute to contain debt risks. Currently, all the arrears to IFIs and bilateral creditors are not OSI-related, and the Nigerien authorities are making good faith efforts to reach a collaborative agreement with Niger's commercial creditors, including reaching out to the DBAG and Moody's and sharing information on a timely basis; those arrears to commercial creditors have already been included in the arrears clearance plan and will be cleared at the same pace as other external arrears. Staff assess that Lending Into Arrears (LIA) policy continues to be met, and adequate safeguards remain in place for further use of the Fund's resources.

54. Capacity to repay the Fund remains adequate but is subject to downside risks. Despite the challenging near-term context, the favorable medium-term outlook leaves Niger sufficient capacity to repay the Fund (Table 11). Repayment obligations to the Fund peak at 1.6 percent of exports in 2029 and 3.0 percent of fiscal revenues in 2027 while net disbursements are positive during the program period, amounting to 1.5 percent and 2.5 percent of exports in 2024 and 2025, respectively. The swift implementation of the authorities' reform agenda and contingency measures are mitigating factors to potential downside risks to capacity to repay, which encompass fiscal slippages as well as climate related shocks. Despite a high debt distress rating, Niger's capacity to repay is further mitigated by its track record of timely repayments and access to the WAEMU pooled regional reserves.

55. Safeguards Assessment. The 2023 BCEAO safeguards assessment found that the central bank continues to have well-established audit arrangements and a strong control environment. The BCEAO has still to align its statute with changes in the 2019 cooperation agreement with France.

56. Capacity development (CD) to support ECF and RSF program objectives remains critical (Annex III). Priorities include: i) enhancing governance and fiscal transparency, ii) advancing climate reforms, iii) improving treasury and debt management, iv) strengthening both tax policy and revenue administration, and v) enhancing macroeconomic and financial statistics.

Text Table 6. Niger: External Financing Needs and Sources
(CFAF Billions)

	2023	2024	2025	2026
Total Financing Requirement	**1,305**	**946**	**994**	**1,056**
Current account deficit (excl. budget support grants)	1,461	844	576	692
Government amortization	57	177	165	144
Changes in FA excl. RSF disbursements (+: increase) 1/	-212	-75	252	220
Total Financing Source	**1,243**	**897**	**788**	**860**
Foreign direct investment	617	246	162	139
Project-related financing	347	523	550	606
Other flows	280	128	76	116
Financing Need	**62**	**49**	**206**	**196**
Budget support	46	33	174	196
AfDB	0	0	88	85
BOAD	…	…	…	…
World Bank	28	33	…	…
Global Partnership for Education	…	…	…	…
EU	0	0	…	…
France	0	0	…	…
Others 2/	18	0	86	111
ECF	16	16	32	0
CCRT	0	0	0	0
Residual Financing Gap	0	0	0	0
RSF disbursement	0	28	53	0
Total changes in FA incl. RSF disbursements 1/	-212	-47	305	220

1/ The amounts net out the transactions that affect liabilities other than Fund lending disbursements.

2/ The estimated amounts include the World Bank budget support for 2025-2026, which will be finalized once officially confirmed after the internal approval procedure.

STAFF APPRAISAL

57. Near and medium-term macroeconomic policies should be geared towards helping Niger escape fragility and firmly put the country on a trajectory of sustained, inclusive, and resilient growth. Fiscal policy should aim at creating fiscal space to address acute spending pressures and social needs, given the ongoing funding squeeze. Reforms to improve the investment climate and boost private sector development are critical to boost growth prospects. Governance and anti-corruption frameworks should be strengthened to rebuild public trust on the efficient use of public resources, which should contribute to facilitate social acceptance of difficult reforms. The authorities should also stay the course on their commitment to address the effects of climate change.

58. Niger's economy is on track for a strong recovery in the near term despite significant headwinds, and medium-term prospects are favorable. Growth is set to pick up in 2024, boosted by the start of oil production and exports and a strong agricultural campaign. Inflation was elevated through September due trade disruptions but is expected to moderate going forward thanks to a good harvest. The current account deficit has started to narrow, while it was still assessed as substantially weaker than the level implied by medium-term fundamentals and desirable policies in 2023. In the years ahead, growth would remain strong provided that structural reforms are implemented, and risks and vulnerabilities are well managed. It is notably critical to normalize relationships with Benin and the development partners.

59. The authorities' performance under the ECF and RSF was mixed. Two out of three performance criteria were met (the continuous PC on the non-accumulation of new external arrears was missed), and only two out six indicative targets were met. All continuous structural benchmarks (SBs) of the ECF program have been implemented, while other structural benchmarks are on track. All the three reform measures (RMs) for this review under the RSF were implemented. Staff urged the authorities to improve program performance despite challenging circumstances.

60. Given the continued tight financing conditions, a revenue-based fiscal consolidation strategy is essential to create fiscal space to address development needs. While welcoming the authorities' commitment to contain the fiscal deficit to the agreed limits in 2024 and 2025, staff estimates that the tax policy measures underpinning the revenue projections could have been more ambitious. There is scope to increase tax revenue in the near term by tackling sizable VAT exemptions, increasing the lower VAT rates on certain products, and rising excise taxes on passenger vehicles, alcohol, and tobacco. Over the medium term, staff encourages the authorities to make steadfast progress on the revision of the general tax code, which will be a significant driver of the projected increase in tax revenues, while stimulating investment and developing the private sector. This should be complemented by efforts to make greater use of IT systems to identify, assess, and prioritize key compliance risks. The recently concluded integration of the IT platforms of the tax and customs administrations should contribute to improve revenue mobilization in the near and medium term. Efforts to accelerate land and property registration by creating a cadaster and improving the estimation of property values would strengthen property taxes and could boost tax revenues beyond staff's medium-term projections.

61. The adoption of legal and fiscal framework for oil revenue management is urgent given the start of crude oil exports. Staff welcomed the draft strategy that is aligned with the recommendations of two previous IMF technical assistance missions and aims to ensure efficiency and transparency, mitigate the budget's dependence on oil revenues, and build fiscal buffers, particularly through the establishment of a stabilization fund and non-oil revenue primary fiscal balance target.

62. Maintaining a prudent debt policy is necessary given the deterioration in debt sustainability outlook. It is essential to strictly implement the revised arrears clearance plan, which takes into account the authorities' capacity and liquidity constraints, to rebuild public trust and support the economic recovery. At the same time, it is crucial to maintain the zero ceiling on new non-concessional external debt and avoid overreliance on high-cost domestic borrowing subject to rollover risks to finance the budget. In the medium and long term, continuous efforts should be made to entrench sound macroeconomic policies and enhance debt management practices in order to buttress debt sustainability.

63. **Achieving inclusive and sustainable growth will require enhancing the quality and efficiency of public spending and promoting private sector development.** In this context, staff welcomes ongoing reforms to support transparent budget execution and improve cash management. Given limited fiscal space, authorities should favor targeted support to vulnerable groups rather than generalized explicit or implicit subsidies. Efforts to enhance the social safety nets, including by expanding the social registry, and to improve the business climate should be pursued actively.

64. **As financial stability risks have increased since the last Article IV consultation, the Nigerien authorities should step up measures to address financial sector vulnerabilities and promote financial inclusion.** In that context, the swift clearance of domestic debt service arrears and addressing payment delays to public sector suppliers are critical to strengthen banks' balance sheets. Fully reopening the border with Benin should also contribute to enhance business turnover and banking sector activity. Undercapitalized banks should develop time-bound restructuring and recapitalization plans in consultation with the Banking Commission. Finalizing the restructuring of the microfinance sector is essential to accelerate financial inclusion.

65. **The authorities should accelerate efforts to address AML/CFT and governance weaknesses.** Priority actions include: (i) the re-establishment of the Supreme Audit Institution, (ii) the signing of six decrees to strengthen the AML/CFT framework; (iii) the implementation of the outstanding 2021 GIABA recommendations, in particular, those related to measures to improve transparency over the beneficiary ownership of legal persons and arrangements and the AML/CFT supervision of the designated non-financial business and professions. Staff welcomes the authorities' request for a diagnostic of the governance framework with technical assistance from the IMF and their commitment to publish the ensuing report in 2025. Staff encourages the authorities to promptly clarify the collaboration framework between CoLDEFF and the new Supreme Audit Institution, once it is reinstated.

66. **Staff commends the authorities for their progress under the RSF.** Reforms implemented during the First RSF Review are gradually yielding results. Given constraints, the complete roll-out of planned capacity development activities will be critical for reform implementation. Overcoming barriers to accessing climate finance will also be essential going forward.

67. **Data provision has some shortcomings that somewhat hamper surveillance (Annex IV)**. In the fiscal sector, the authorities should intensify efforts to produce government finance statistics according to the GFSM 2014 manual. While data on the external sector is reported in the BPM6 format, there is limited information on gold exports and significant delays of two or more years in the release of final statistics. Delays in data provision on Financial Soundness Indicators (FSIs) hamper the monitoring of the financial sector situation. Finally, there is a need to update the base

years for both the price index and the annual national accounts, as well as to adopt and disseminate quarterly national accounts.

68. Based on performance and commitments under the program, staff supports the completion of the sixth review under the ECF arrangement, the second review under the RSF arrangement, and the financial assurances review. Staff also supports: (i) the request for a waiver for the non-observance of the performance criterion on the accumulation of external payments arrears, (ii) the request for modification of performance criterion on net domestic financing and on the present value of new public and publicly guaranteed debt and indicative targets, (iii) the proposed revision of RM6 under the RSF arrangement, (iv) the disbursement of the seventh tranche under the ECF arrangement and the second tranche under the RSF arrangement in the amount of SDR 13.16 million and SDR 25.662 million, respectively. Policies outlined in the attached MEFP are overall adequate to achieve the program's goals. Staff believes that RSF reform measures are achievable given the authorities' strong commitment and the expected technical support from development partners.

69. The next Article IV Consultation is expected to take place within 24 months, in accordance with the Executive Board decision on consultation cycles for members with Fund arrangements.

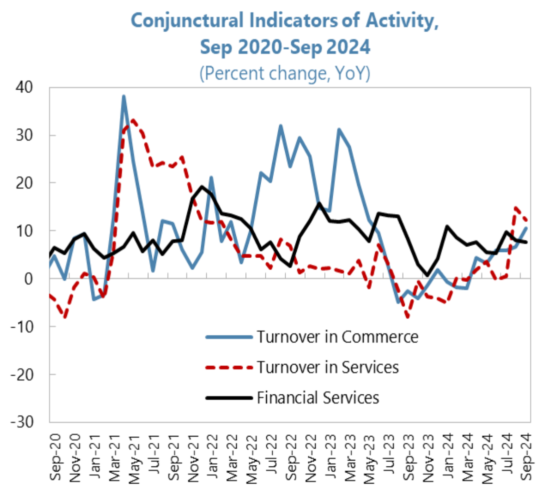
Figure 1. Niger: RSF Reform Measures Timetable, 2024-25

	4th and 5th ECF Reviews (End June 2024) RSF 1st Review completed	6th ECF Review (End December 2024) RSF 2nd Review	7th ECF Review (End June 2025) RSF 3rd Review	8th ECF Review (End December 2025) RSF 4th Review
Reform Area 1: **Strengthening the planning and budgeting of climate-related spending**		**RM1 (Climate PFM).** Government to validate a methodology for tagging climate-related expenditures (CBT). **[Implemented]**	**RM2 (Climate PFM).** Government to apply the CBT framework for at least 4 sectoral ministries in their 2025 budget and share the results with IMF staff.	**RM3 (Climate PFM).** Government to amend the budget circular for the preparation of the 2026 budget to include instructions on identifying climate-related allocations in the 2026 budget preparation.
Reform Area 2: **Improving the sensitivity of public investment management to climate-related issues**		**RM4 (Climate PIM).** Government to develop and publish (on the website of the Ministry of the Economy and Finance) a guide defining the methodology for climate vulnerability assessments of public investment projects and programs.**[Implemented]**	**RM5 (Climate PIM).** Government to amend the decree no. 0041 dated November 03, 2021—on the process of analysis and selection of projects and investment programs—to require the integration of climate change aspects in the various stages of public investment management (evaluation and selection) and to publish it on the website of the Ministry of the Economy and Finance. [on track]	**RM6 (Climate PIM).** Government to publish feasibility studies, including climate vulnerability assessments, for at least three public investment projects.
Reform Area 3: **Enhancing disaster informed fiscal planning and management**	**RM7 (Climate PFM).** Government to publish on the website of the Ministry of the Economy and Finance a guide for the analysis of budgetary risks related to natural disasters. **[Implemented]** **RM9 (DRM).** Government to adopt an order to establish focal points consisting of at least two persons (one titular and one alternate) in the relevant directorates of three selected ministries to carry out the responsibilities defined in the new DRM law. **[Implemented]** **RM10 (DRM).** Government to publish flood and drought risk assessments in key exposed areas on the National DRM Data Platform: www.risques-niger.ne **[Implemented]**	**RM8 (Climate PFM).** Government to publish a fiscal risks statement, including an assesment of natural disasters related risks, on the Ministry of the Economy and Finance website. **[Implemented]**		
Reform Area 4: **Promoting renewable energy sources**	**RM11 (Green Energy).** Government to create a new window ("Guichet") within the FONAP that provides technical and financial assistance for improving the bankability of small and medium enterprises projects as well as their implementation in the field of renewable energy. **[Implemented]**			

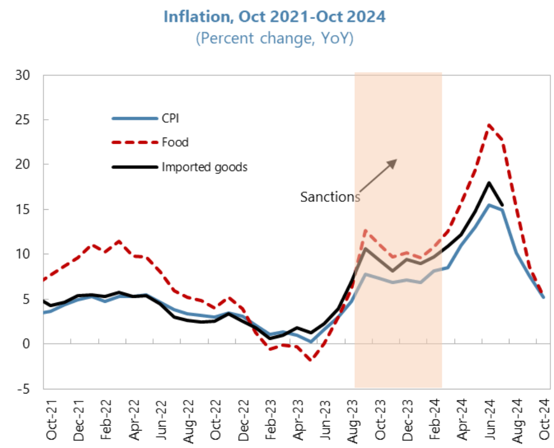
Implemented
Implemented with delay
Planned

Figure 2. Niger: Recent Economic Developments

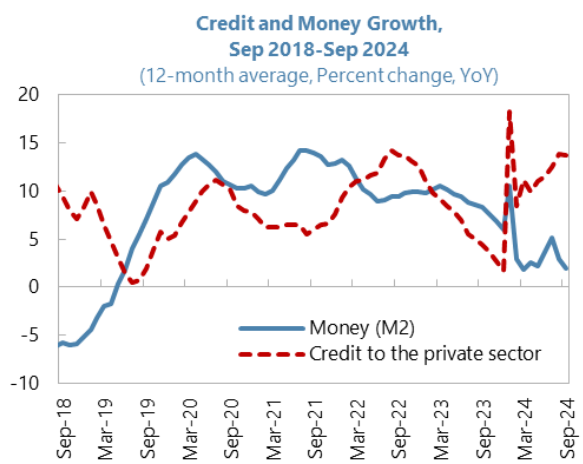
Growth in commerce and services are gradually recovering, supported by a favorable agriculture season.



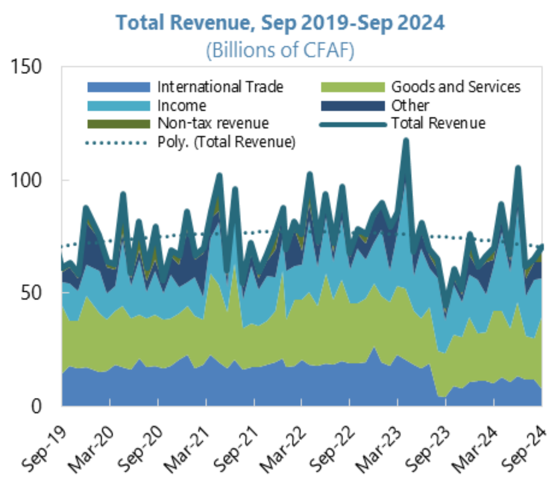
Inflationary pressures are abating, despite the prolonged land border closure with Benin.



Recovery in broad money remains challenging, despite a gradual rebound in credit to the private sector…



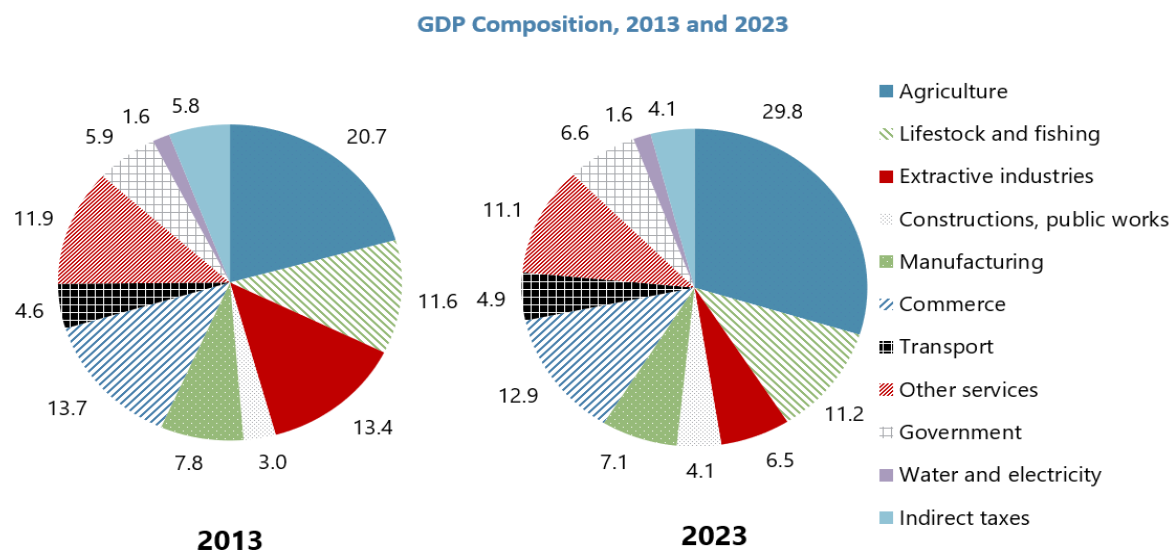
…and overall revenue mobilization remains weak.



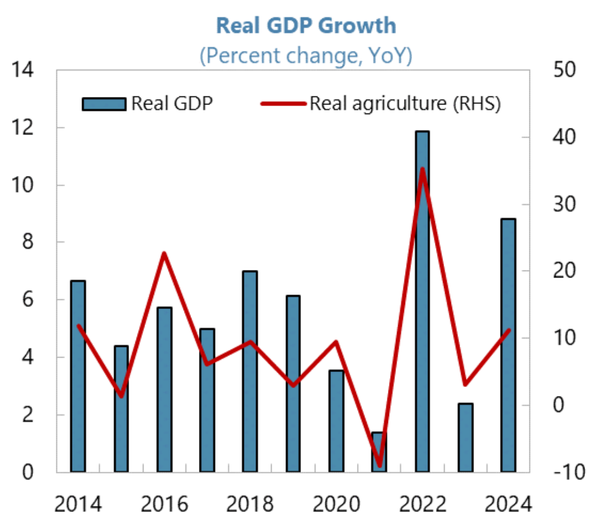
Source: Nigerien authorities; and IMF staff calculations.

Figure 3. Niger: GDP Composition and Output Volatility

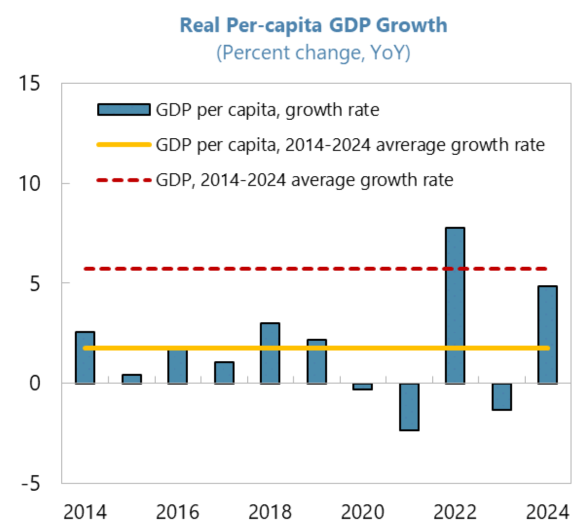
The primary, extractive industries, and commerce sectors still dominate economic activity despite efforts to promote diversification.



GDP growth is highly volatile and dependent on the performance of the agriculture sector.



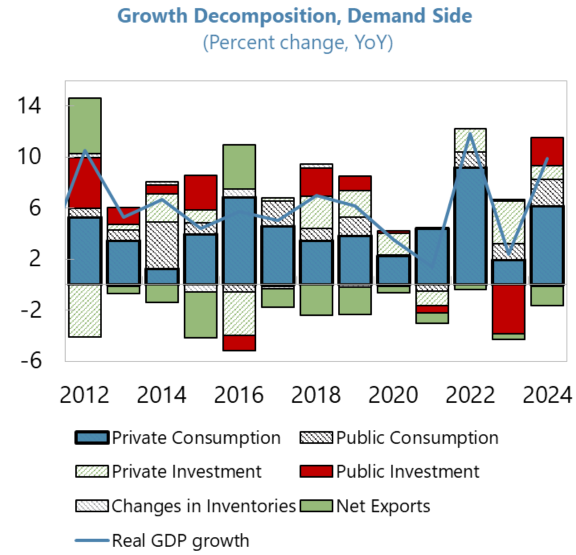
Per capita GDP growth is also fickle and relatively modest, due to high population growth.



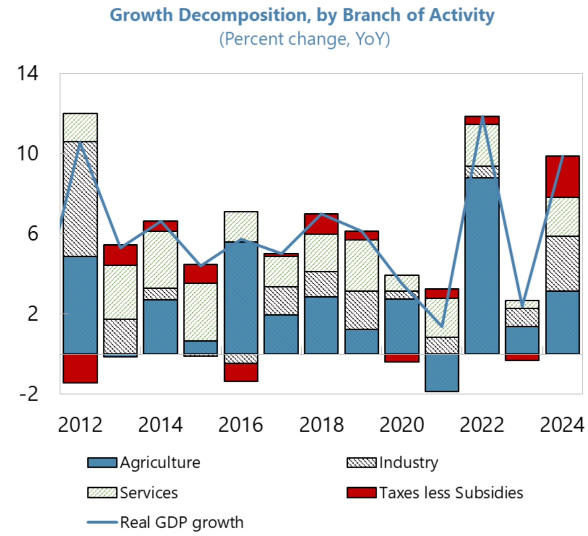
Sources: Nigerien authorities; and IMF staff calculations

Figure 4. Niger: Contributions to Real GDP Growth

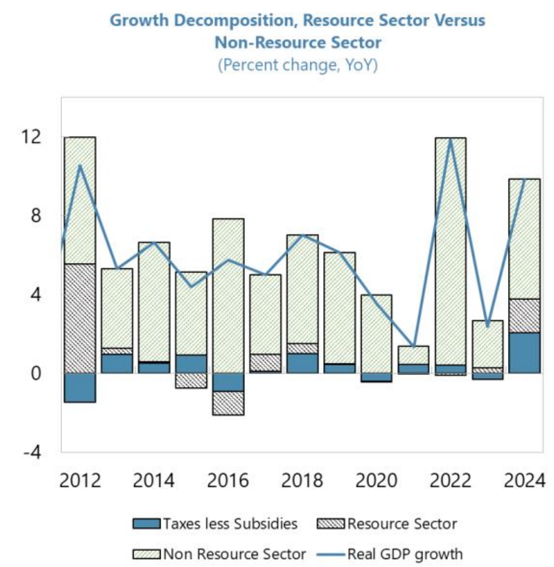
Growth was essentially driven by private consumption and investment.



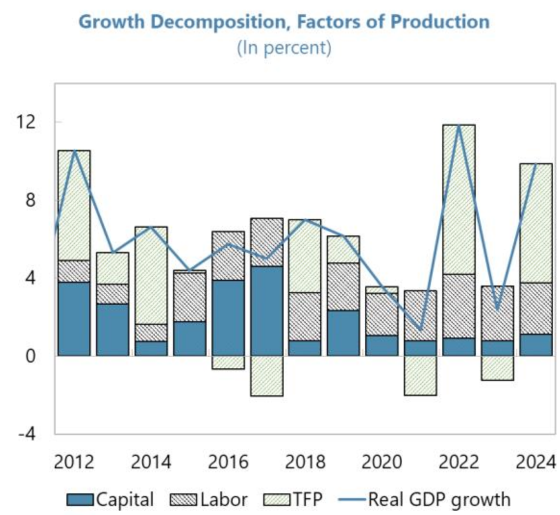
……with higher contributions from agriculture and services and favorable prospects in the industry sector.



The Contribution of the resource sector to growth should increase with the start of oil exports in 2024.



Higher contributions in capital and TFP correspond to peaks in growth.

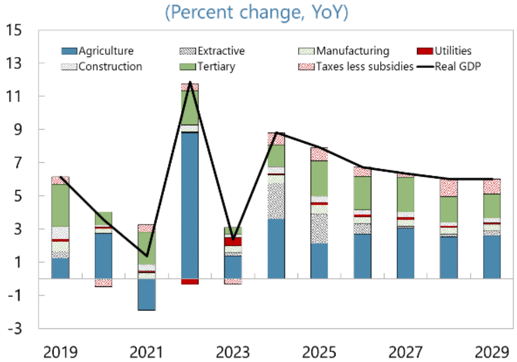


Source: Nigerien authorities; and IMF staff calculations.

Figure 5. Niger: Medium-Term Outlook, 2019-29

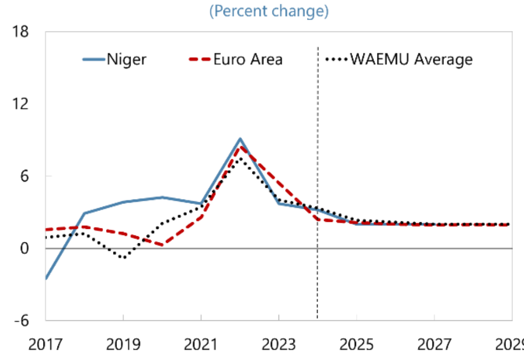
Growth should rebound in 2024 propelled by the extractive sector and a favorable agricultural season.

Contribution to Real GDP Growth, 2019-29
(Percent change, YoY)



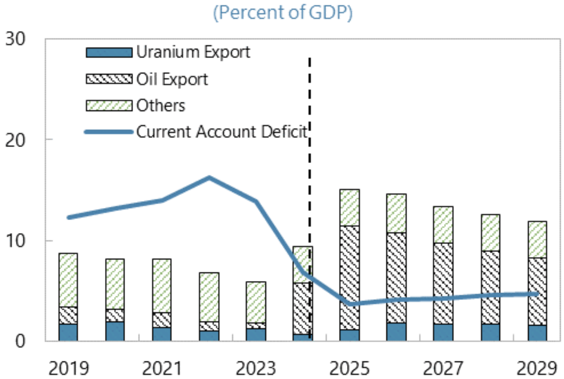
Inflation remains elevated in 2024 but should converge to the upper-limit of the WAEMU target band by end-2026.

CPI Inflation, 2019-29
(Percent change)



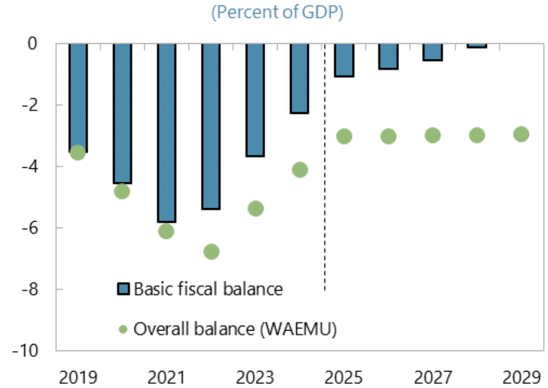
The current account deficit is projected to narrow over the near-term with higher oil exports.

Current Account Deficit and Exports, 2019-29
(Percent of GDP)



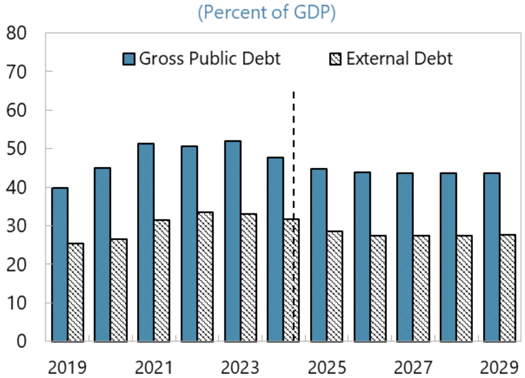
Fiscal consolidation efforts to reach the regional deficit target will persist in the near-term.

Basic Fiscal and Overall Balance, 2019-29
(Percent of GDP)



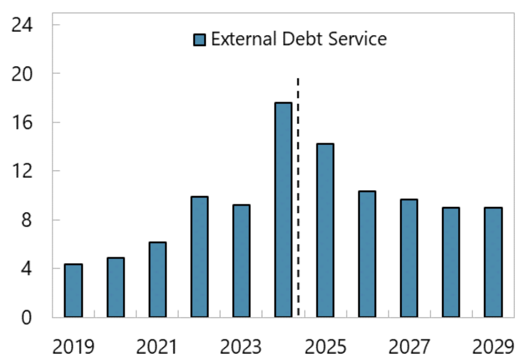
Public debt should remain relatively contained but with heavier reliance on high-cost domestic borrowing.

Gross Public Debt and External Debt, 2019-29
(Percent of GDP)



The debt service burden increased after the coup, but is projected to gradually decline over the medium-term

External Debt Service, 2019-29
(Percent of Revenue)



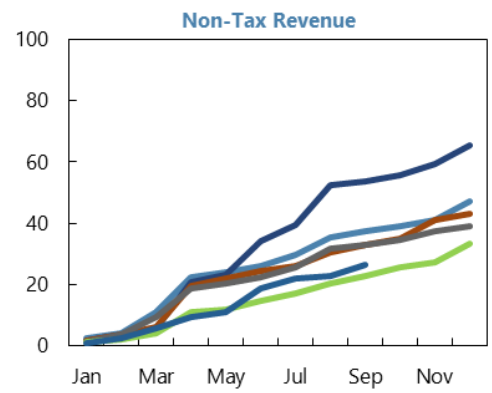
Source: Nigerien authorities; and IMF staff calculations.

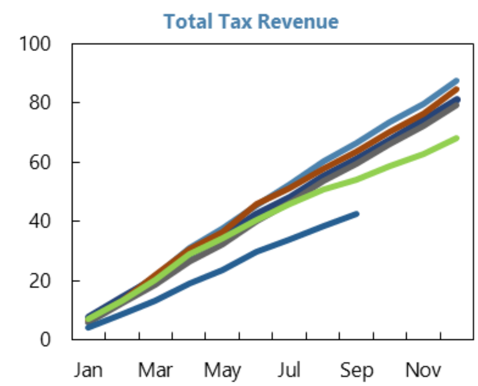
Figure 6. Niger: Tax Performance, 2019-24

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

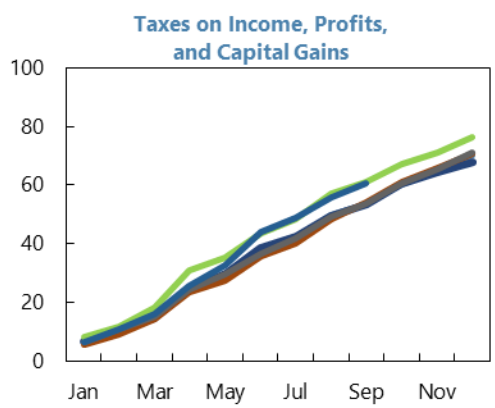
2019 2020 2021 2022 2023 2024

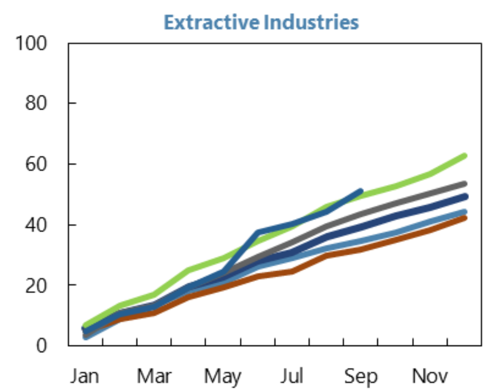
Revenue collection, though lower than before the military takeover, has been slowly recovering from the recent shocks.



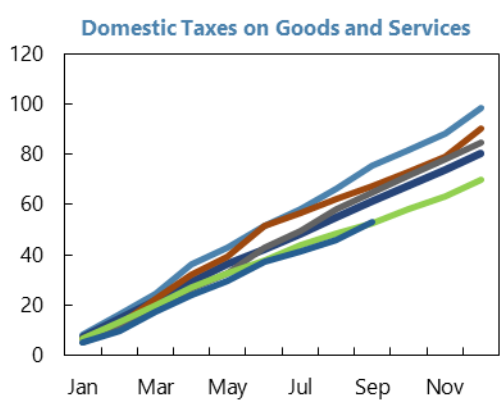


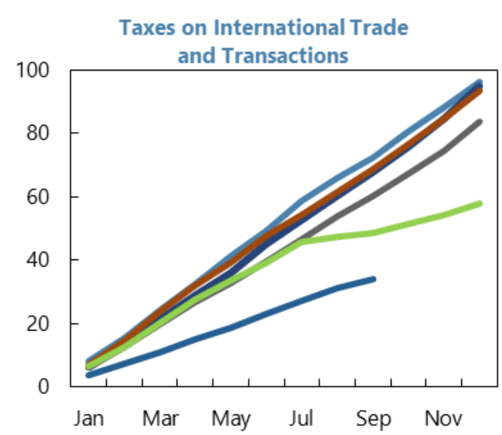
While the taxes on income and on extractive industries have surpassed pre-pandemic levels, …





…tax revenue on goods and services has not, and tax collection on international trade remains particularly weak.





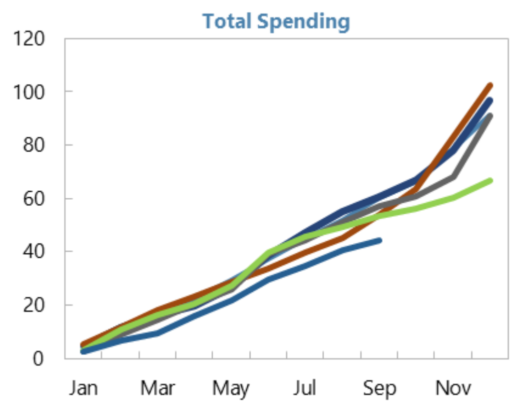
Sources: Nigerien authorities; and IMF staff calculations.

Figure 7. Niger: Spending Composition, 2019-24

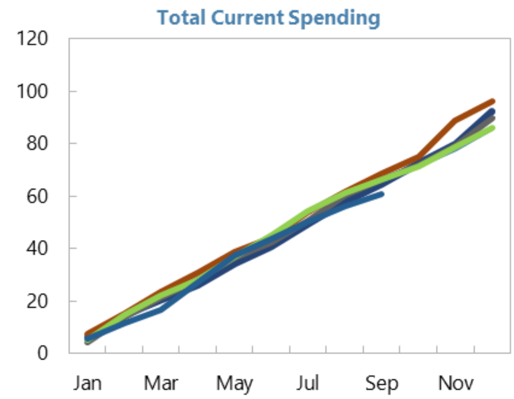
(Cumulative values, December 2014 = 100 or Q4 2021 = 100, nominal GDP discounted, percent of nominal GDP)

2019 2020 2021 2022 2023 2024

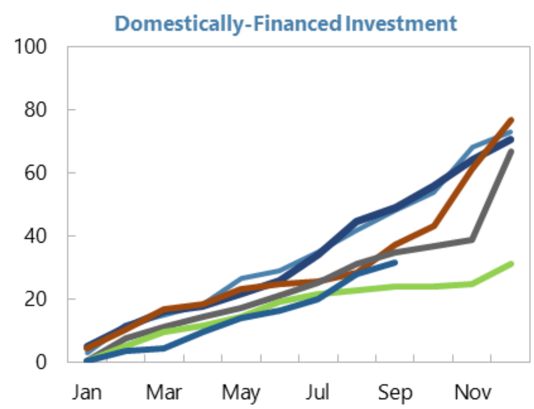
Total fiscal spending has declined since the military takeover…



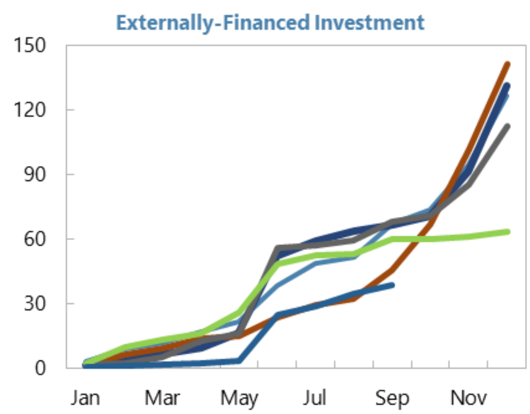
… though current spending has remained at similar levels.



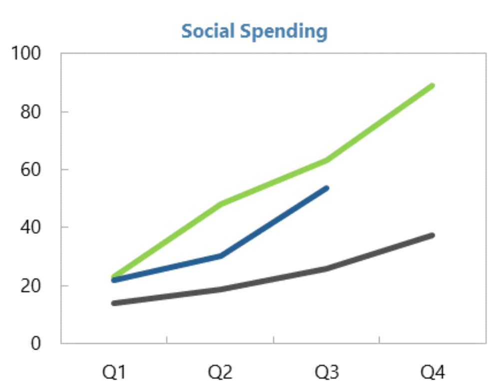
Domestically-financed investment decelerated sharply since July 2023, but has been recovering somewhat.…



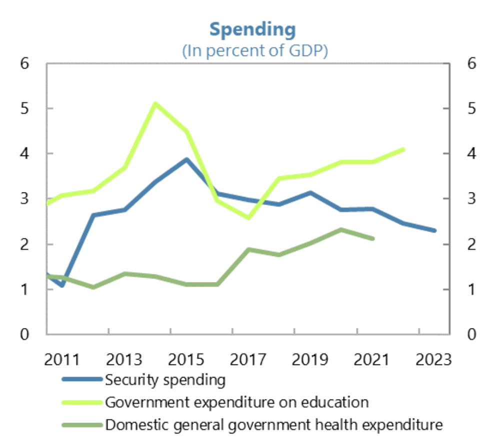
…while externally-financed investment remains well below the previous levels.



Social spending continues to be a priority and has been converging to the levels of 2023.



Security spending has been declining as share of GDP since 2017, while health and education expenditures have increased.



Sources: Nigerien authorities; and IMF staff calculations.

Table 1. Niger: Selected Economic and Financial Indicators, 2023-29

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Proj.	ECF 4th+5th Reviews	Proj.	Projections			
	(Annual percentage change, unless otherwise indicated)								
National income and prices									
GDP at constant prices	2.4	10.6	8.8	7.4	7.9	6.7	6.4	6.0	6.0
Oil production (thousand barrels per day)	20	61	50	105	105	106	106	106	108
GDP deflator	3.5	3.9	7.1	3.4	3.8	2.9	2.1	2.0	2.0
Consumer price index									
Annual average	3.7	4.4	9.1	3.6	3.7	3.2	2.0	2.0	2.0
End-of-period	7.2	3.0	3.1	4.7	4.8	2.5	2.0	2.0	2.0
External sector									
Exports, f.o.b. (CFA francs)	-7.8	138.8	83.3	49.4	81.1	7.3	0.5	1.6	2.9
Of which: non-oil exports	-4.9	10.8	-6.5	9.5	29.2	28.2	4.6	6.5	5.0
Imports, f.o.b (CFA francs)	-13.8	-3.2	-7.2	11.3	23.2	8.3	0.4	1.4	2.2
Export volume	-13.5	113.0	66.9	52.5	91.7	7.2	0.2	0.8	2.3
Import volume	-3.1	14.7	4.0	10.1	12.0	6.8	6.4	8.0	6.4
Terms of trade (deterioration -)	19.9	32.9	23.1	-3.1	-14.1	-1.2	6.4	7.3	4.7
Government finances									
Total revenue	-8.6	24.4	11.4	24.7	25.9	17.7	14.5	13.7	11.6
Total expenditure and net lending	-22.4	18.6	10.8	7.4	8.7	13.3	10.0	9.5	8.4
Current expenditure	1.5	15.4	1.1	13.3	12.5	12.4	11.1	7.7	8.7
Capital expenditure	-44.8	30.0	38.7	6.7	6.6	14.0	8.5	11.8	7.8
	(Annual percentage change, unless otherwise indicated)								
Money and credit									
Domestic credit	10.6	25.5	14.1	12.3	12.3	6.2	6.0	4.8	4.4
Credit to the government (net)	120.6	74.3	36.0	14.8	18.1	2.1	1.7	-2.0	-4.4
Credit to the economy	-7.6	6.2	5.4	10.6	9.4	8.5	8.3	8.1	8.2
Net domestic assets	24.2	16.9	15.0	3.6	2.9	2.5	3.6	4.0	7.4
Broad money	-0.9	10.5	6.8	14.2	13.6	11.7	8.5	8.2	8.1
Velocity of broad money (ratio)	5.5	5.7	6.0	5.6	5.9	5.8	5.8	5.8	5.8
	(Percent of GDP, unless otherwise indicated)								
Government finances									
Total revenue	8.7	9.4	8.3	10.6	9.4	10.0	10.6	11.2	11.5
Total expenditure and net lending	15.8	16.3	15.0	15.8	14.6	15.0	15.2	15.4	15.5
Current expenditure	9.6	9.6	8.3	9.8	8.4	8.6	8.8	8.7	8.8
Capital expenditure	5.6	6.4	6.7	6.1	6.4	6.6	6.6	6.8	6.8
Overall balance (commitment basis, incl. grants) [1, 2]	-5.4	-4.1	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Gross fixed capital formation	23.6	19.3	17.0	18.5	20.5	19.1	18.5	18.1	17.7
Non-government investment	19.3	14.5	11.9	13.9	15.7	14.2	13.5	12.9	12.6
Government investment	4.2	4.8	5.0	4.6	4.8	5.0	5.0	5.2	5.1
Gross national savings	9.9	12.9	10.1	14.5	16.5	14.8	14.1	13.4	13.0
Of which: non-government	9.9	12.5	9.7	13.2	15.0	12.8	11.8	10.5	9.7
Domestic savings	8.4	11.9	9.1	14.3	15.8	14.4	13.9	13.4	13.0
External current account balance									
Excluding official grants	-14.8	-7.1	-7.4	-4.6	-4.6	-5.0	-5.0	-5.2	-5.3
External current account balance (incl. grants)	-13.9	-6.5	-7.0	-4.1	-4.1	-4.4	-4.5	-4.7	-4.8
External debt-service ratio as percent of:									
Exports of goods and services	8.4	12.2	12.3	7.1	7.6	6.5	6.6	6.9	6.1
Government revenue	11.0	23.0	22.6	13.9	16.1	11.1	10.1	9.8	9.2
Total public and publicly-guaranteed debt	51.9	52.5	48.4	49.9	45.6	44.7	44.5	44.4	44.4
Public and publicly-guaranteed external debt	31.6	28.7	28.5	27.6	27.5	27.5	27.3	27.7	28.2
PV of external debt	21.8	18.9	18.8	17.9	17.6	17.1	16.6	16.5	16.8
Public domestic debt	20.3	23.7	19.9	22.3	18.1	17.3	17.1	16.7	16.1
Total arrears	4.6	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Domestic arrears	3.9	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0
External arrears	0.7	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Foreign aid [3]	3.9	5.0	4.7	4.9	5.4	5.5	4.8	4.9	4.8
	(Billions of CFA francs)								
GDP at current market prices	10,194	11,718	11,879	13,013	13,305	14,608	15,857	17,146	18,540
GDP at current prices (annual percentage change)	6.0	14.9	16.5	11.1	12.0	9.8	8.6	8.1	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 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, 2023–29
(In billions of CFA francs)

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Proj.	ECF 4th+5th Reviews	Proj.	Projections			
Total revenue	888	1,105	990	1,378	1,247	1,468	1,681	1,912	2,134
Of which: cash revenue	864	1,023	916	...	...	...	...	...	...
Of which: natural resource revenue	206	402	340	584	532	562	541	540	582
Tax revenue	821	979	839	1,222	1,110	1,300	1,429	1,639	1,837
International trade	169	200	141	270	217	262	288	345	394
Goods and services	304	367	330	445	460	515	548	622	693
Income	278	332	292	411	340	423	482	535	601
Other	70	80	76	95	92	101	111	137	149
Nontax revenue	49	107	132	136	116	145	224	244	265
Special accounts revenue	18	19	19	20	21	22	28	30	32
Total expenditure and net lending	1,611	1,911	1,784	2,053	1,939	2,196	2,417	2,647	2,868
Of which: domestically financed	1,264	1,389	1,262	1,514	1,389	1,590	1,770	1,935	2,115
Total current expenditure	977	1,128	988	1,277	1,112	1,250	1,388	1,495	1,625
Of which: supplier and interest arrears	0	0	62	0	0	0	0	0	0
Budgetary expenditure	939	1,093	960	1,239	1,074	1,208	1,343	1,490	1,620
Wages and salaries	367	397	384	432	408	467	523	583	630
Goods and services	116	155	107	170	146	164	190	223	252
Transfers and subsidies	316	360	256	392	286	328	381	446	482
Interest	141	182	213	246	233	249	249	238	255
Of which: external debt	41	35	47	35	36	37	38	39	42
Special accounts expenditure [1]	38	34	28	38	38	42	45	5	5
Capital expenditure and net lending	634	784	797	776	828	946	1,028	1,152	1,243
Capital expenditure	574	747	797	797	849	968	1,050	1,174	1,265
Domestically-financed	227	225	274	258	299	362	403	462	512
Externally-financed	347	522	523	539	550	606	647	712	753
Of which: grants	129	292	292	249	252	239	215	173	128
loans	218	230	230	290	298	367	432	539	625
Net lending	60	37	0	-21	-22	-21	-22	-21	-22
Overall balance (commitment)	-723	-806	-795	-675	-693	-728	-735	-735	-734
Overall balance [2, 3]	-548	-478	-488	-390	-404	-443	-474	-511	-551
Overall balance, excl. pipeline investment	-488	-441	-488	-411	-426	-465	-495	-532	-573
Basic balance excl. budget grants	-376	-284	-272	-136	-143	-122	-89	-23	19
Basic balance [3]	-330	-248	-258	-100	-107	-76	-42	28	73
Change in payment arrears and float	-87	-5	-5	0	0	0	0	0	0
Of which: change in payment arrears	0	-5	-5	0	0	0	0	0	0
Overall balance (cash)	-810	-811	-800	-675	-693	-728	-735	-735	-734
Financing	810	811	800	675	693	728	735	735	734
External financing	357	307	361	489	503	658	609	678	716
Grants	175	328	306	285	288	285	261	224	183
Of which: budget financing	46	36	14	36	36	47	47	51	55
Loans	218	260	250	351	435	517	496	609	700
Of which: budget financing	0	30	19	61	137	149	65	70	75
Amortization	-57	-211	-177	-147	-165	-144	-149	-154	-167
Debt relief (incl. debt under discussion)	0	0	0	0	0	0	0	0	0
Net accumulation of external arrears (- = payment)	20	-71	-18	0	-55	0	0	0	0
Domestic financing	453	504	439	186	190	71	126	57	18
Banking sector	299	369	179	128	92	17	14	-16	-36
IMF	5	37	21	12	47	-35	-26	-22	-14
Of which: IMF RSF disbursement	0	48	28	32	53	0	0	0	0
Statutory advances (including other advances)	0	0	0	0	0	0	0	0	0
Deposits with BCEAO	164	74	74	54	54	-6	-26	-46	-66
Of which: Repayment of all types of arrears	0	466	266	0	203	0	0	0	0
Government securities net and others	131	259	84	63	-8	58	66	52	45
Nonbanking sector and Others	154	135	259	58	97	54	112	73	53
Of which: Net accumulation of domestic arrears (- = payment)	33	-395	-248	0	-147	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, 2023–29

(In percent of GDP)

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Proj.	ECF 4th+5th Reviews	Proj.	Projections			
Total revenue	8.7	9.4	8.3	10.6	9.4	10.0	10.6	11.2	11.5
Of which: cash revenue	8.5	8.7	7.7	…	…	…	…	…	…
Of which: natural resource revenue	2.0	3.4	2.9	4.5	4.0	3.8	3.4	3.1	3.1
Tax revenue	8.1	8.4	7.1	9.4	8.3	8.9	9.0	9.6	9.9
International trade	1.7	1.7	1.2	2.1	1.6	1.8	1.8	2.0	2.1
Goods and services	3.0	3.1	2.8	3.4	3.5	3.5	3.5	3.6	3.7
Income	2.7	2.8	2.5	3.2	2.6	2.9	3.0	3.1	3.2
Other	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.8	0.8
Nontax revenue	0.5	0.9	1.1	1.0	0.9	1.0	1.4	1.4	1.4
Special accounts revenue	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total expenditure and net lending	15.8	16.3	15.0	15.8	14.6	15.0	15.2	15.4	15.5
Of which: domestically financed	12.4	11.9	10.6	11.6	10.4	10.9	11.2	11.3	11.4
Total current expenditure	9.6	9.6	8.3	9.8	8.4	8.6	8.8	8.7	8.8
Of which: supplier and interest arrears	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Budgetary expenditure	9.2	9.3	8.1	9.5	8.1	8.3	8.5	8.7	8.7
Wages and salaries	3.6	3.4	3.2	3.3	3.1	3.2	3.3	3.4	3.4
Goods and services	1.1	1.3	0.9	1.3	1.1	1.1	1.2	1.3	1.4
Transfers and subsidies	3.1	3.1	2.2	3.0	2.2	2.2	2.4	2.6	2.6
Interest	1.4	1.6	1.8	1.9	1.7	1.7	1.6	1.4	1.4
Of which: external debt	0.4	0.3	0.4	0.3	0.3	0.3	0.2	0.2	0.2
Special accounts expenditure [1]	0.4	0.3	0.2	0.3	0.3	0.3	0.3	0.0	0.0
Capital expenditure and net lending	6.2	6.7	6.7	6.0	6.2	6.5	6.5	6.7	6.7
Capital expenditure	5.6	6.4	6.7	6.1	6.4	6.6	6.6	6.8	6.8
Domestically-financed	2.2	1.9	2.3	2.0	2.3	2.5	2.5	2.7	2.8
Externally-financed	3.4	4.5	4.4	4.1	4.1	4.1	4.1	4.2	4.1
Of which: grants	1.3	2.5	2.5	1.9	1.9	1.6	1.4	1.0	0.7
loans	2.1	2.0	1.9	2.2	2.2	2.5	2.7	3.1	3.4
Net lending	0.6	0.3	0.0	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Overall balance (commitment)	-7.1	-6.9	-6.7	-5.2	-5.2	-5.0	-4.6	-4.3	-4.0
Overall balance [2, 3]	-5.4	-4.1	-4.1	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Overall balance, excl. pipeline investment	-4.8	-3.8	-4.1	-3.2	-3.2	-3.2	-3.1	-3.1	-3.1
Basic balance excl. budget grants	-3.7	-2.4	-2.3	-1.0	-1.1	-0.8	-0.6	-0.1	0.1
Basic balance [3]	-3.2	-2.1	-2.2	-0.8	-0.8	-0.5	-0.3	0.2	0.4
Change in payment arrears and float	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: change in payment arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash)	-7.9	-6.9	-6.7	-5.2	-5.2	-5.0	-4.6	-4.3	-4.0
Financing	7.9	6.9	6.7	5.2	5.2	5.0	4.6	4.3	4.0
External financing	3.5	2.6	3.0	3.8	3.8	4.5	3.8	4.0	3.9
Grants	1.7	2.8	2.6	2.2	2.2	2.0	1.6	1.3	1.0
Of which: budget financing	0.5	0.3	0.1	0.3	0.3	0.3	0.3	0.3	0.3
Loans	2.1	2.2	2.1	2.7	3.3	3.5	3.1	3.5	3.8
Of which: budget financing	0.0	0.3	0.2	0.5	1.0	1.0	0.4	0.4	0.4
Amortization	-0.6	-1.8	-1.5	-1.1	-1.2	-1.0	-0.9	-0.9	-0.9
Debt relief (incl. debt under discussion)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net accumulation of external arrears (- = payment)	0.2	-0.6	-0.2	0.0	-0.4	0.0	0.0	0.0	0.0
Domestic financing	4.4	4.3	3.7	1.4	1.4	0.5	0.8	0.3	0.1
Banking sector	2.9	3.2	1.5	1.0	0.7	0.1	0.1	-0.1	-0.2
IMF	0.0	0.3	0.2	0.1	0.4	-0.2	-0.2	-0.1	-0.1
Of which: IMF RSF disbursement	0.0	0.4	0.2	0.2	0.4	0.0	0.0	0.0	0.0
Statutory advances (including other advances)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with BCEAO	1.6	0.6	0.6	0.4	0.4	0.0	-0.2	-0.3	-0.4
Of which: Repayment of all types of arrears	0.0	4.0	2.2	0.0	1.5	0.0	0.0	0.0	0.0
Government securities net and others	1.3	2.2	0.7	0.5	-0.1	0.4	0.4	0.3	0.2
Nonbanking sector	1.5	1.2	2.2	0.4	0.7	0.4	0.7	0.4	0.3
Net accumulation of domestic arrears (- = payment)	0.3	-3.4	-2.1	0.0	-1.1	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, 2023–29

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Proj.	ECF 4th+5th Reviews	Proj.	Projection			
	(Billions of CFA francs)								
Net foreign assets	402	352	311	582	531	751	901	1,051	1,151
BCEAO	87	37	-4	267	216	436	586	736	836
Commercial banks	315	315	315	315	315	315	315	315	315
Net domestic assets	1,444	1,688	1,660	1,748	1,708	1,751	1,814	1,887	2,026
Domestic credit	1,751	2,198	1,999	2,468	2,245	2,385	2,529	2,650	2,765
Net bank claims on government	497	867	677	995	799	816	830	813	778
BCEAO	232	343	327	409	428	387	334	266	185
Claims	393	430	414	442	461	426	400	378	364
Of which: statutory advances	0	0	0	0	0	0	0	0	0
Deposits	-161	-87	-87	-33	-33	-40	-66	-112	-178
Commercial banks	265	524	350	587	371	429	495	547	592
Claims	423	682	508	745	529	587	653	705	750
Deposits	-158	-158	-158	-158	-158	-158	-158	-158	-158
Credit to other sectors	1,254	1,332	1,322	1,473	1,446	1,569	1,699	1,837	1,987
Of which: credit to the private sector	1,121	1,194	1,184	1,333	1,306	1,430	1,560	1,699	1,849
Money and quasi-money	1,846	2,039	1,971	2,330	2,239	2,501	2,715	2,937	3,176
Currency outside banks	718	793	766	906	871	973	1,056	1,142	1,235
Deposits with banks	1,128	1,246	1,205	1,424	1,368	1,529	1,659	1,795	1,941
	(Annual percentage change, unless otherwise indicated)								
Net foreign assets	-42.6	-12.4	-22.7	65.4	70.8	41.5	20.0	16.7	9.5
BCEAO	-76.5	-57.7	-105.0	627.3	5073.6	102.0	34.4	25.6	13.6
Net domestic assets	24.2	16.9	15.0	3.6	2.9	2.5	3.6	4.0	7.4
Domestic credit	10.6	25.5	14.1	12.3	12.3	6.2	6.0	4.8	4.4
Net bank claims on the government	120.6	74.3	36.0	14.8	18.1	2.1	1.7	-2.0	-4.4
BCEAO	231.9	47.5	40.8	19.2	30.7	-9.6	-13.5	-20.5	-30.3
Of which: statutory advances	...	...	...	...	...	...	...	...	...
Commercial banks	70.5	97.7	31.9	11.9	6.2	15.6	15.4	10.6	8.2
Claims	6.7	61.2	20.0	9.2	4.3	10.9	11.2	8.0	6.4
Deposits	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to other sectors	-7.6	6.2	5.4	10.6	9.4	8.5	8.3	8.1	8.2
Of which: credit to the private sector	-6.5	6.5	5.7	11.6	10.3	9.5	9.1	8.9	8.9
Broad money	-0.9	10.5	6.8	14.2	13.6	11.7	8.5	8.2	8.1
Memorandum items:									
Velocity of broad money (ratio)	5.5	5.7	6.0	5.6	5.9	5.8	5.8	5.8	5.8
Credit to the economy (percent of GDP)	12.3	11.4	11.1	11.3	10.9	10.7	10.7	10.7	10.7
Credit to the private sector (percent of GDP)	11.0	10.2	10.0	10.2	9.8	9.8	9.8	9.9	10.0
GDP at current prices (annual percent change)	6.0	14.9	16.5	11.1	12.0	9.8	8.6	8.1	8.1

Sources: BCEAO; and IMF staff estimates and projections.

Table 5. Niger: Balance of Payments, 2023–29

(In billions of CFA francs, unless otherwise indicated)

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Proj.	ECF 4th+5th Reviews	Proj.	Projections			
Current account balance	-1,415	-762	-830	-532	-540	-645	-717	-814	-896
Balance on goods, services, and income	-1,687	-1,054	-1,102	-803	-813	-911	-990	-1,098	-1,192
Balance on goods	-969	-154	-354	375	202	200	204	212	232
Exports, f.o.b	602	1,435	1,103	2,143	1,997	2,144	2,156	2,190	2,254
Uranium	124	136	76	147	147	259	273	290	295
Oil	63	839	599	1,491	1,347	1,310	1,282	1,260	1,277
Other products	415	459	428	505	504	575	601	640	681
Imports, f.o.b	1,570	1,588	1,457	1,768	1,795	1,945	1,952	1,978	2,022
Food products	335	372	333	411	421	398	380	359	342
Petroleum products	109	131	110	140	131	138	135	142	149
Capital goods	629	548	485	603	588	660	664	648	640
Other products	496	537	529	614	656	749	772	830	891
Services and income (net)	-719	-901	-747	-1,178	-1,015	-1,110	-1,194	-1,309	-1,424
Services (net)	-599	-724	-600	-941	-841	-902	-947	-1,035	-1,119
Income (net)	-119	-176	-147	-237	-175	-208	-247	-275	-305
Of which: interest on external public debt	-41	-35	-47	-35	-36	-37	-38	-39	-42
Unrequited current transfers (net)	272	293	272	271	273	265	273	284	296
Private (net)	175	222	223	200	203	185	193	201	209
Public (net)	97	71	49	71	70	80	80	83	87
Of which: grants for budgetary assistance	46	36	14	36	36	47	47	51	55
Capital and financial account	1,116	782	757	762	813	865	867	964	996
Capital account	177	378	342	345	295	286	266	229	188
Private capital transfers	48	86	50	96	43	47	51	56	60
Project grants	129	292	292	249	252	239	215	173	128
Nonproduced, nonfinancial assets	0	0	0	0	0	0	0	0	0
Financial account	939	404	415	417	518	580	601	735	808
Direct investment	617	225	246	139	162	139	153	155	126
Portfolio investment	195	87	67	79	79	74	75	77	76
Other investment	127	91	101	199	277	367	374	503	606
Public sector (net)	156	45	68	197	263	361	336	454	534
Disbursements	218	260	250	351	435	517	496	609	700
Loans for budgetary assistance	0	30	19	61	137	149	65	70	75
Project loans	218	230	230	290	298	367	432	539	625
Amortization	57	211	177	147	165	144	149	154	167
Other (net)	-30	46	33	2	14	7	38	49	72
Errors and omissions	0	0	0	0	0	0	0	0	0
Overall balance	-299	20	-73	230	273	220	150	150	100
Financing	299	-20	73	-230	-273	-220	-150	-150	-100
Net foreign assets (BCEAO, -: increase)	212	50	91	-230	-220	-220	-150	-150	-100
of which: RSF disbursements	0	48	28	32	53	…	…	…	…
of which: net use of Fund resources other than RSF disbursements	5	-12	-7	-19	-6	-35	-26	-22	-14
of which: SDR allocation [1]	…	…	…	…	…	…	…	…	…
Net foreign assets (commercial banks, -: increase)	16	0	0	0	0	0	0	0	0
Rescheduling obtained	0	0	0	0	0	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0	0
Exceptional financing from the RCF	…	…	…	…	…	…	…	…	…
Exceptional financing from the CCRT	…	…	…	…	…	…	…	…	…
Change in arrears	71	-70	-18	0	-53	0	0	0	0
Memorandum items:									
Current account balance, excluding grants	-1,512	-833	-879	-603	-610	-726	-797	-897	-983
Exports of goods and services	1,162	2,079	1,822	2,686	2,649	2,868	2,875	2,914	3,008
Changes in foreign assets excl. RSF disbursement (BCEAO, -: increase) [2]	208	62	98	-211	-214	-185	-124	-128	-86
Changes in foreign assets incl. RSF disbursement (BCEAO, -: increase) [2]	208	13	70	-242	-267	-185	-124	-128	-86
Pooled gross international reserves, WAEMU (in USD billion)	15,764	…	…	…	…	…	…	…	…
Pooled gross international reserves, WAEMU (in CFAF billion)	9,484	…	…	…	…	…	…	…	…
In months of next year's imports of goods and services	3.3	…	…	…	…	…	…	…	…
In percent of broad money	20.0	…	…	…	…	…	…	…	…
GDP at current prices	10,194	11,718	11,879	13,013	13,305	14,608	15,857	17,146	18,540

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.

[2] The amounts net out the transactions that affect liabilities other than Fund lending disbursements and repayments and the SDR allocation.

Table 6. Niger: Balance of Payments, 2023–29
(In percent of GDP)

	2023	2024		2025		2026	2027	2028	2029
	Est.	ECF 4th+5th Reviews	Proj.	ECF 4th+5th Reviews	Proj.	Projections			
Current account balance	-13.9	-6.5	-7.0	-4.1	-4.1	-4.4	-4.5	-4.7	-4.8
Balance on goods, services, and income	-16.6	-9.0	-9.3	-6.2	-6.1	-6.2	-6.2	-6.4	-6.4
Balance on goods	-9.5	-1.3	-3.0	2.9	1.5	1.4	1.3	1.2	1.3
Exports, f.o.b	5.9	12.2	9.3	16.5	15.0	14.7	13.6	12.8	12.2
Uranium	1.2	1.2	0.6	1.1	1.1	1.8	1.7	1.7	1.6
Oil	0.6	7.2	5.0	11.5	10.1	9.0	8.1	7.3	6.9
Other products	4.1	3.9	3.6	3.9	3.8	3.9	3.8	3.7	3.7
Imports, f.o.b	15.4	13.6	12.3	13.6	13.5	13.3	12.3	11.5	10.9
Food products	3.3	3.2	2.8	3.2	3.2	2.7	2.4	2.1	1.8
Petroleum products	1.1	1.1	0.9	1.1	1.0	0.9	0.9	0.8	0.8
Capital goods	6.2	4.7	4.1	4.6	4.4	4.5	4.2	3.8	3.5
Other products	4.9	4.6	4.5	4.7	4.9	5.1	4.9	4.8	4.8
Services and income (net)	-7.1	-7.7	-6.3	-9.1	-7.6	-7.6	-7.5	-7.6	-7.7
Services (net)	-5.9	-6.2	-5.1	-7.2	-6.3	-6.2	-6.0	-6.0	-6.0
Income (net)	-1.2	-1.5	-1.2	-1.8	-1.3	-1.4	-1.6	-1.6	-1.6
Of which: interest on external public debt	-0.4	-0.3	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2
Unrequited current transfers (net)	2.7	2.5	2.3	2.1	2.1	1.8	1.7	1.7	1.6
Private (net)	1.7	1.9	1.9	1.5	1.5	1.3	1.2	1.2	1.1
Public (net)	1.0	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Of which: grants for budgetary assistance	0.5	0.3	0.1	0.3	0.3	0.3	0.3	0.3	0.3
Capital and financial account	10.9	6.7	6.4	5.9	6.1	5.9	5.5	5.6	5.4
Capital account	1.7	3.2	2.9	2.7	2.2	2.0	1.7	1.3	1.0
Private capital transfers	0.5	0.7	0.4	0.7	0.3	0.3	0.3	0.3	0.3
Project grants	1.3	2.5	2.5	1.9	1.9	1.6	1.4	1.0	0.7
Nonproduced, nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	9.2	3.4	3.5	3.2	3.9	4.0	3.8	4.3	4.4
Direct investment	6.1	1.9	2.1	1.1	1.2	0.9	1.0	0.9	0.7
Portfolio investment	1.9	0.7	0.6	0.6	0.6	0.5	0.5	0.4	0.4
Other investment	1.2	0.8	0.9	1.5	2.1	2.5	2.4	2.9	3.3
Public sector (net)	1.5	0.4	0.6	1.5	2.0	2.5	2.1	2.6	2.9
Disbursements	2.1	2.2	2.1	2.7	3.3	3.5	3.1	3.5	3.8
Loans for budgetary assistance	0.0	0.3	0.2	0.5	1.0	1.0	0.4	0.4	0.4
Project loans	2.1	2.0	1.9	2.2	2.2	2.5	2.7	3.1	3.4
Amortization	0.6	1.8	1.5	1.1	1.2	1.0	0.9	0.9	0.9
Other (net)	-0.3	0.4	0.3	0.0	0.1	0.0	0.2	0.3	0.4
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-2.9	0.2	-0.6	1.8	2.0	1.5	0.9	0.9	0.5
Financing	2.9	-0.2	0.6	-1.8	-2.0	-1.5	-0.9	-0.9	-0.5
Net foreign assets (BCEAO, -: increase)	2.1	0.4	0.8	-1.8	-1.7	-1.5	-0.9	-0.9	-0.5
of which: RSF disbursements	0.0	0.4	0.2	0.2	0.4	...	...	...	...
of which: net use of Fund resources other than RSF disbursements	0.0	-0.1	-0.1	-0.1	0.0	-0.2	-0.2	-0.1	-0.1
of which: SDR allocation [1]	...	...	...	...	...	...	...	...	...
Net foreign assets (commercial banks, -: increase)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing from the RCF	...	...	...	...	...	...	...	...	...
Exceptional financing from the CCRT	...	...	...	...	...	...	...	...	...
Change in arrears	0.7	-0.6	-0.1	0.0	-0.4	0.0	0.0	0.0	0.0
Memorandum items:									
Current account balance, excluding grants (in percent of GDP)	-14.8	-7.1	-7.4	-4.6	-4.6	-5.0	-5.0	-5.2	-5.3
Exports of goods and services (in percent of GDP)	11.4	17.7	15.3	20.6	19.9	19.6	18.1	17.0	16.2
Changes in foreign assets excl. RSF disbursement (BCEAO, -: increase) [2]	2.0	0.5	0.8	-1.6	-1.6	-1.3	-0.8	-0.7	-0.5
Changes in foreign assets incl. RSF disbursement (BCEAO, -: increase) [2]	2.0	0.1	0.6	-1.9	-2.0	-1.3	-0.8	-0.7	-0.5
Pooled gross international reserves, WAEMU (in USD billion)	15,764.5	...	...	...	...	...	...	...	...
Pooled gross international reserves, WAEMU (in CFAF billion)	9,484.3	...	...	...	...	...	...	...	...
In months of next year's imports of goods and services	3.3	...	...	...	...	...	...	...	...
In percent of broad money	20.0	...	...	...	...	...	...	...	...

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.

[2] The amounts net out the transactions that affect liabilities other than Fund lending disbursements and repayments and the SDR allocation.

Table 7. Niger: Indicators of Financial Soundness, 2018–24
(In percent, unless otherwise indicated)

	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]	2022 Dec.[1]	2023 Jun.[1]	2023 Dec.[1]	2024 Jun.[1]
Solvency Ratios													
Regulatory capital to risk-weighted assets	13.3	12.3	12.8	14.8	14.9	14.6	14.3	14.4	14.3	14.0	14.6	8.4	7.1
Tier 1 capital to risk-weighted assets	13.2	12.3	12.8	14.2	14.3	14.1	13.8	13.9	14.1	13.8	14.4	8.2	6.8
CET1 capital to risk-weighted assets	13.2	12.3	12.8	14.2	14.3	14.3	13.8	13.9	14.1	13.8	14.4	8.2	6.8
Provisions to risk-weighted assets	11.9	8.7	8.2	8.2	8.5	7.9	8.1	7.4	7.2	6.8	7.1	12.3	14.7
Capital to total assets	9.1	8.3	8.0	9.1	8.7	9.0	8.5	8.7	9.6	8.1	8.3	4.7	3.9
Composition and Quality of Assets													
Total loans to total assets	56.6	52.9	52.8	56.1	53.3	55.5	54.5	53.2	54.5	55.0	53.9	52.7	53.0
Concentration [2]	96.0	93.4	92.5	91.1	75.9	74.0	178.0	214.4	158.0	272.4	257.1	620.9	774.2
Gross NPLs to total loans	19.0	17.0	15.1	16.1	15.0	12.6	15.8	21.2	15.8	17.0	16.1	22.6	25.3
Provisioning rate	65.9	59.0	58.2	51.5	57.1	64.3	51.3	36.5	51.4	39.6	43.0	51.1	52.3
Net NPLs to total loans	7.4	7.8	6.9	8.5	7.0	4.9	8.4	14.6	8.4	11.0	9.9	12.5	13.9
Net NPLs to capital	46.3	49.4	45.7	52.3	42.8	30.1	53.7	89.6	47.6	74.8	64.3	140.0	189.7
Earnings and Profitability													
Average cost of borrowed funds	...	2.4	...	1.0	...	1.6	...	1.9	...	1.9	...	2.1	...
Average interest rate on loans	...	8.9	...	7.7	...	8.4	...	8.7	...	7.5	...	8.9	...
Average interest rate (after taxes on financial operations)	...	6.6	...	6.7	...	6.8	...	6.8	...	5.6	...	6.8	...
After-tax return on average assets (ROA)	...	1.7	...	1.5	...	1.2	...	1.3	...	1.1	...	0.8	...
After-tax return on average equity (ROE)	...	15.0	...	12.8	...	11.1	...	12.2	...	11.3	...	10.3	...
Non-interest expenses to net banking income	...	59.9	...	63.0	...	61.9	...	60.0	...	68.8	...	64.9	...
Salaries and wages to net banking income	...	25.9	...	27.1	...	24.2	...	24.9	...	27.0	...	26.6	...
Liquidity													
Liquid assets to total assets	29.9	27.0	28.6	30.3	27.8	29.5	26.5	25.5	26.6	28.2	27.2	24.7	25.8
Liquid assets to total deposits	55.6	49.1	52.2	52.3	51.4	48.1	43.2	40.8	43.2	46.0	45.2	42.0	43.8
Total loans to total deposits	120.3	107.0	105.9	105.3	107.8	98.5	96.6	92.5	96.6	96.2	96.1	101.4	104.0
Total deposits to total liabilities	53.8	55.0	54.7	58.1	54.0	61.4	61.4	62.4	61.4	61.3	60.3	58.8	58.8
Sight deposits to total liabilities	33.1	35.3	35.2	36.1	32.2	38.3	37.7	39.0	37.7	38.6	38.9	36.9	37.2
Term deposits to total liabilities	20.7	19.7	19.5	22.0	21.8	23.1	23.8	23.3	23.8	22.7	21.4	21.9	21.5

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 8a. Niger: Schedule of Disbursements Under the ECF Arrangement, 2021–25

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 9.87	7.5 percent	Observance of June 30, 2023 performance criteria, and completion of the fourth review under the arrangement	October 31, 2023
SDR 9.87	7.5 percent	Observance of December 31, 2023 performance criteria, and completion of the fifth review under the arrangement	April 30, 2024
SDR 13.16	10 percent	Observance of June 30, 2024 performance criteria, and completion of the sixth review under the arrangement	October 31, 2024
SDR 13.16	10 percent	Observance of December 31, 2024 performance criteria, and completion of the seventh review under the arrangement	April 30, 2025
SDR 13.16	10 percent	Observance of June 30, 2025 performance criteria, and completion of the eighth review under the arrangement	October 31, 2025
SDR 197.4	150 percent	Total	

Source: International Monetary Fund.

Table 8b. Niger: Schedule of Disbursements Under the RSF Arrangement, 2024–25

Amount (Millions)	Amount (Percent of quota)	Conditions Necessary for Disbursement	ECF review	Total Amount (Percent of quota)	Date Available
SDR 8.554	6.5 percent	Reform measure (RM) 7 implementation	ECF 4th and 5th Reviews	26 percent	October 31, 2023 (ECF 4th Review)
SDR 8.554	6.5 percent	RM 9 implementation			October 31, 2023 (ECF 4th Review)
SDR 8.554	6.5 percent	RM 10 implementation			April 30, 2024 (ECF 5th Review)
SDR 8.554	6.5 percent	RM 11 implementation			October 31, 2023 (ECF 4th Review)
SDR 8.554	6.5 percent	RM 1 implementation	ECF 6th Review	19.5 percent	October 31, 2024
SDR 8.554	6.5 percent	RM 4 implementation			
SDR 8.554	6.5 percent	RM 8 implementation			
SDR 8.554	6.5 percent	RM 2 implementation	ECF 7th Review	13 percent	April 30, 2025
SDR 8.554	6.5 percent	RM 5 implementation			
SDR 8.554	6.5 percent	RM 3 implementation	ECF 8th Review	16.5 percent	October 31, 2025
SDR 13.16	10 percent	RM 6 implementation			
SDR 98.7	75 percent	Total			

Source: International Monetary Fund.

Table 9. Niger: Decomposition of Public Debt and Debt Service by Creditor, 2023-26

	Debt Stock (end of period) 2023			Debt Service					
				2024	2025	2026	2024	2025	2026
	(US$ million)	*(Percent total debt)*	*(Percent GDP)*	*(US$ million)*			*(Percent GDP)*		
Total	**8,798**	**100.0**	**51.9**	**1,786**	**2,396**	**2,847**	**10.5**	**10.7**	**11.6**
External	**5,361**	**60.9**	**31.6**	**399**	**377**	**356**	**2.4**	**1.7**	**1.5**
Multilateral creditors[2]	4,446	50.5	26.2	250	279	274	1.5	1.2	1.1
IMF	487	5.5	2.9						
World Bank	2,422	27.5	14.3						
AfDB	473	5.4	2.8						
Other Multilaterals	1,064	12.1	6.3						
o/w: BOAD	477	5.4	2.8						
Islamic Development Bank	275	3.1	1.6						
Bilateral Creditors	626	7.1	3.7	116	65	52	0.7	0.3	0.2
Paris Club	228	2.6	1.3	0	0	0	0.0	0.0	0.0
o/w: France	200	2.3	1.2				0.0	0.0	0.0
Belgium	28	0.3	0.2				0.0	0.0	0.0
Non-Paris Club	398	4.5	2.3	116	65	52	0.7	0.3	0.2
o/w: China	158	1.8	0.9				0.0	0.0	0.0
India	62	0.7	0.4				0.0	0.0	0.0
Bonds	0	0.0	0.0	0	0	0	0.0	0.0	0.0
Commercial creditors	171	1.9	1.0	33	32	31	0.2	0.1	0.1
o/w: Deutsche Bank	171	1.9	1.0						
o/w: CNPC	0	0.0	0.0						
Other international creditors	0	0.0	0.0	0	0	0	0.0	0.0	0.0
Domestic	**3,437**	**39.1**	**20.3**	**1,387**	**2,019**	**2,490**	**8.2**	**9.1**	**10.2**
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	731	8.3	4.3	811	1,436	1,417	4.8	6.4	5.8
Bonds	2,360	26.8	13.9	475	548	1,038	2.8	2.5	4.2
Loans	265	3.0	1.6	65	0	0	0.4	0.0	0.0
Others	81	0.9	0.5	37	35	35	0.2	0.2	0.1
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						
Nominal GDP	16,945	-	-						

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).

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

PPG external debt	Volume of new debt in 2024		PV of new debt in 2024 (program purposes)	
	USD million	Percent	USD million	Percent
By sources of debt financing	**528.0**	**100**	**205.1**	**100**
Concessional debt, of which	**435.1**	**82**	**116.9**	**57**
Multilateral debt	435.1	82	116.9	57
Bilateral debt	0.0	0	0.0	0
Other	0.0	0	0.0	0
Non-concessional debt, of which	**92.9**	**18**	**88.2**	**43**
Semi-concessional	92.9	18	88.2	43
Commercial terms	0.0	0	0.0	0
By Creditor Type	**528.0**	**100**	**205.1**	**100**
Multilateral	528.0	100	205.1	100
Bilateral - Paris Club	0.0	0	0.0	0
Bilateral - Non-Paris Club	0.0	0	0.0	0
Other	0.0	0	0.0	0
Uses of debt financing	**528.0**	**100**	**205.1**	**100**
Infrastructure	0.0	0	0.0	0
Social Spending	172.9	33	110.4	54
Budget Financing	355.1	67	94.7	46
Other	0.0	0.0	0.0	0.0
Memo Items				
Indicative projections				
Year 2	**1807.5**		**830.8**	
Year 3	**206.6**		**179.7**	

Table 11. Niger: Indicators of Capacity to Repay the Fund, 2024–45

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	(In millions of SDRs, unless otherwise indicated)																					
Fund obligations based on existing credit																						
Principal	26.1	38.1	42.9	50.9	53.1	56.8	44.2	31.6	23.7	7.9	3.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	0.0
Charges and interest	0.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.0	0.0
Fund obligations based on existing and prospective credit																						
Principal	26.1	38.1	42.9	50.9	53.1	56.8	46.8	39.5	31.6	15.8	11.8	10.8	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	4.3
PRGT	26.1	38.1	42.9	50.9	53.1	56.8	46.8	39.5	31.6	15.8	11.8	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	4.3
Charges and interest	0.0	1.4	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.0	1.8	1.6	1.3	1.1	0.9	0.7	0.4	0.2	0.1
Charges (SDR Assessments and charges)	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	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[1]																						
SDR millions	26.1	39.5	45.1	53.1	55.3	59.0	49.0	41.7	33.8	18.0	14.1	13.0	11.9	11.7	11.4	11.2	11.0	10.8	10.5	10.3	10.1	4.4
CFAF billions	20.9	32.2	36.9	43.5	45.5	48.5	40.3	34.3	27.8	14.8	11.6	10.7	9.8	9.6	9.4	9.2	9.0	8.9	8.7	8.5	8.3	3.6
Percent of exports of goods and services	1.1	1.2	1.3	1.5	1.6	1.6	1.1	0.9	0.7	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0
Percent of debt service[2]	5.0	8.1	9.7	11.4	11.2	11.4	9.4	8.5	6.4	3.2	2.4	2.1	1.8	1.6	1.4	1.2	1.1	1.0	0.9	0.8	0.7	0.3
Percent of GDP	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of tax revenue	2.5	2.9	2.8	3.0	2.8	2.6	2.0	1.5	1.2	0.6	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0
Percent of quota	19.8	30.0	34.3	40.3	42.0	44.8	37.3	31.7	25.7	13.7	10.7	9.9	9.0	8.9	8.7	8.5	8.3	8.2	8.0	7.8	7.7	3.3
Principal	19.8	28.9	32.6	38.6	40.4	43.1	35.6	30.0	24.0	12.0	9.0	8.2	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	3.3
PRGT	19.8	28.9	32.6	38.6	40.4	43.1	35.6	30.0	24.0	12.0	9.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	3.3
Outstanding IMF credit based on existing and prospective drawings																						
SDR millions	387.2	453.1	410.2	359.4	306.3	249.5	202.7	163.2	131.6	115.8	104.0	93.1	83.3	73.4	63.5	53.7	43.8	33.9	24.1	14.2	4.3	0.0
PRGT	353.0	354.4	311.5	260.7	207.6	150.8	104.0	64.5	32.9	17.1	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	34.2	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	93.1	83.3	73.4	63.5	53.7	43.8	33.9	24.1	14.2	4.3	0.0
CFAF billions	311.2	368.7	335.2	294.5	251.8	205.2	166.7	134.3	108.3	95.3	85.5	76.6	68.5	60.4	52.3	44.1	36.0	27.9	19.8	11.7	3.5	0.0
Percent of exports of goods and services	17.1	13.9	11.7	10.2	8.6	6.8	4.7	3.6	2.7	2.2	1.9	1.6	1.3	1.1	0.9	0.7	0.6	0.4	0.3	0.2	0.0	0.0
Percent of debt service[2]	73.9	93.4	88.6	77.3	62.1	48.2	38.7	33.1	24.8	20.7	17.9	15.4	12.4	9.8	7.5	5.7	4.3	3.1	2.0	1.1	0.3	0.0
Percent of GDP	2.6	2.8	2.3	1.9	1.5	1.1	0.8	0.6	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Percent of tax revenue	37.1	33.2	25.8	20.6	15.4	11.2	8.3	6.0	4.5	3.6	3.0	2.5	2.0	1.6	1.3	1.0	0.7	0.5	0.3	0.2	0.1	0.0
Percent of quota	294.3	344.3	311.7	273.1	232.7	189.6	154.0	124.0	100.0	88.0	79.0	70.8	63.3	55.8	48.3	40.8	33.3	25.8	18.3	10.8	3.3	0.0
PRGT	268.3	269.3	236.7	198.1	157.7	114.6	79.0	49.0	25.0	13.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	26.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	70.8	63.3	55.8	48.3	40.8	33.3	25.8	18.3	10.8	3.3	0.0
Net use of IMF credit (SDR millions)	27.9	65.9	-42.9	-50.9	-53.1	-56.8	-46.8	-39.5	-31.6	-15.8	-11.8	-10.8	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-9.9	-4.3
Disbursements	54.0	105.4	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.0	1.8	1.6	1.3	1.1	0.9	0.7	0.4	0.2	0.1
Repayments and repurchases[1]	26.1	39.5	45.1	53.1	55.3	59.0	49.0	41.7	33.8	18.0	14.1	13.0	11.9	11.7	11.4	11.2	11.0	10.8	10.5	10.3	10.1	4.4
Memorandum items:																						
Exports of goods and services (CFAF billions)	1,822	2,649	2,868	2,875	2,914	3,008	3,528	3,754	3,997	4,265	4,554	4,811	5,094	5,405	5,741	6,120	6,502	6,895	7,281	7,696	8,145	8,629
External debt service (CFAF billions)[2]	421	395	378	381	405	426	431	405	437	460	478	498	552	614	695	771	838	911	986	1,062	1,141	1,219
Nominal GDP (CFAF billions)	11,879	13,305	14,608	15,857	17,146	18,540	20,049	21,677	23,437	25,340	27,397	29,622	32,027	34,628	37,440	40,480	43,767	47,321	51,163	55,317	59,809	64,666
Tax revenue (CFAF billions)	839	1,110	1,300	1,429	1,639	1,837	2,015	2,251	2,399	2,633	2,894	3,067	3,355	3,663	4,167	4,396	4,810	5,257	5,750	6,303	6,889	7,594
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	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] Niger is classified as a Group A country in the interest rate structure of the RSF.

[2] Total external debt service includes IMF repayments.

Table 12. Niger: Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
Global conjunctural risks			
Intensification of regional conflicts. Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade, remittances, FDI and financial flows, payment systems, and increase refugee flows.	High	High Disruptions in trade and financial flows. Tighter financial conditions. Higher commodity prices. Increased humanitarian needs and fiscal deterioration	Implement domestic revenue mobilization reforms to create fiscal space. Advance structural reforms to enhance resilience to external shocks. Enhance the efficiency of social spending.
Commodity price volatility. Supply and demand fluctuations (e.g., due to conflicts, export restrictions, OPEC+ decisions, and green transition) cause recurrent commodity price volatility, external and fiscal pressures and food insecurity in EMDEs, cross-border spillovers, and social and economic instability.	High	High Adverse effects on inflation and food security. Slightly positive impact from rising oil prices on the balance of payments and fiscal position.	Implement targeted social measures to protect the most vulnerable. Bolster domestic food production. Strengthen fiscal buffers.
Global structural risks			
Deepening geoeconomic fragmentation. Broader conflicts, inward-oriented policies, and weakened international cooperation result in a less efficient configuration of trade and FDI, supply disruptions, protectionism, policy uncertainty, technological and payments systems fragmentation, rising shipping and input costs, financial instability, a fracturing of international monetary system, and lower growth.	High	High Trade disruptions and reduced economic growth. Uncertainties surrounding traditional bilateral partnerships.	Promote regional economic integration initiatives. Accelerate market reforms to improve competitiveness and support trade diversification.
Domestic and regional risks			
Deterioration of security situation in the Sahel and neighboring countries.	Medium	High Disruption in economic activity and reduced fiscal revenues and FDI. Forced displacement and increased flows of refugees. Elevated security and humanitarian spending.	Allow for a more gradual fiscal consolidation path to accommodate high priority security spending. Increase engagement with the international community on security issues.
Prolonged border closure and strained relations with Benin.	Medium	High Disruption in agricultural food trade and crude oil exports. High inflation. Lower fiscal revenues.	Pursue discussions intermediated by partners to resolve differences. Develop and implement a plan to strengthen fiscal buffers and protect priority spending.
Extreme climate events (Floods, Droughts, Rising Temperature).	Medium	High Reduction in agricultural output, deterioration of current account and fiscal deficits, increased food insecurity, and inflationary pressures.	Implement targeted social measures to protect the most vulnerable. Improve management of water resources. Strengthen planning and budgeting of climate-related spending.
Constrained financing conditions due to high interest and rising risk premia	Medium	High Reduction in capital expenditure, Adverse effects on investments.	Create fiscal space by seeking concessional financing and enhancing domestic revenue mobilization.
Reduced donor support.	High	High Negative impact on development projects and on social safety nets and program execution.	Enhance engagement with traditional and new donors. Strengthen implementation capacity to ensure high returns from investment projects
Persistence of political instability and social discontent.	Medium	High Increased uncertainty undermining economic growth and reform implementation. Negative impact on development projects.	Accelerate governance reforms. Strengthen the social safety net.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. 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. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Table 13. Niger: Performance on Selected UN Sustainable Development Goals

	Value	Year	Rating[1]
SDG1 – No Poverty			
Poverty headcount ratio at $2.15/day (2017 PPP, %)	48.4	2024	● (orange)
Poverty headcount ratio at $3.65/day (2017 PPP, %)	81.0	2024	● (red)
SDG2 – Zero Hunger			
Prevalence of undernourishment (%)	16.1	2021	● (red)
Prevalence of stunting in children under 5 years of age (%)	47.7	2022	● (red)
Cereal yield (tonnes per hectare of harvested land)	0.6	2022	● (red)
SDG3 – Good Health and Well-Being			
Neonatal mortality rate (per 1,000 live births)	34.4	2022	● (red)
Life expectancy at birth (years)	61.6	2021	● (red)
Subjective well-being (average ladder score, worst 0–10 best)	4.6	2023	● (red)
SDG4 – Quality Education			
Participation rate in pre-primary organized learning (% of children aged 4 to 6)	20.8	2021	● (red)
Net primary enrollment rate (%)	60.4	2023	● (red)
Literacy rate (% of population aged 15 to 24)	48.2	2022	● (red)
SDG5 – Gender Equality			
Ratio of female-to-male mean years of education received (%)	54.5	2022	● (red)
Ratio of female-to-male labor force participation rate (%)	73.8	2023	● (green)
Seats held by women in national parliament (%)	30.7	2023	● (yellow)
SDG6 – Clean Water and Sanitation			
Population using at least basic drinking water services (%)	48.9	2022	● (red)
Population using at least basic sanitation services (%)	16.4	2022	● (red)
Scarce water consumption embodied in imports (m³ H_2O eq/capita)	98.5	2024	● (green)
SDG7 – Affordable and Clean Energy			
Population with access to electricity (%)	18.6	2021	● (red)
Population with access to clean fuels and technology for cooking (%)	3.0	2021	● (red)
CO_2 emissions from fuel combustion per total electricity output ($MtCO_2$/TWh)	3.9	2022	● (red)
SDG8 – Decent Work and Economic Growth			
Victims of modern slavery (per 1,000 population)	4.6	2022	● (yellow)
Unemployment rate (% of total labor force, ages 15+)	0.5	2024	● (green)
Fundamental labor rights are effectively guaranteed (worst 0–1 best)	0.59	2022	● (orange)
SDG9 – Industry, Innovation and Infrastructure			
Rural population with access to all-season roads (%)	65.7	2024	● (orange)
Population using the internet (%)	16.9	2022	● (red)
Mobile broadband subscriptions (per 100 population)	28.0	2022	● (red)

	Value	Year	Rating[1]
SDG10 – Reduced Inequalities			
Gini coefficient	37.3	2018	● (orange)
Palma ratio	1.3	2021	● (red)
SDG11 – Sustainable Cities and Communities			
Proportion of urban population living in slums (%)	70.4	2018	● (red)
Annual mean concentration of PM2.5 (μg/m³)	73.2	2022	● (red)
Access to improved water source, piped (% of urban population)	93.0	2022	● (yellow)
SDG12 – Responsible Consumption and Production			
Production-based air pollution (DALYs per 1,000 population)	0.2	2024	● (green)
Air pollution associated with imports (DALYs per 1,000 population)	0.2	2024	● (green)
Production-based nitrogen emissions (kg/capita)	14.3	2024	● (green)
SDG13 – Climate Action			
CO_2 emissions from fossil fuel combustion and cement production (tCO_2/capita)	0.1	2022	● (green)
GHG emissions embodied in imports (tCO_2/capita)	0.2	2021	● (green)
CO_2 emissions embodied in fossil fuel exports (kg/capita)	0.0	2020	● (green)
SDG14 – Life Below Water			
Marine biodiversity threats embodied in imports (per million population)	0.0	2018	● (green)
SDG15 – Life on Land			
Mean area that is protected in terrestrial sites important to biodiversity (%)	54.7	2023	● (red)
Mean area that is protected in freshwater sites important to biodiversity (%)	58.2	2023	● (red)
Red List Index of species survival (worst 0–1 best)	0.93	2024	● (green)
SDG16 – Peace, Justice and Strong Institutions			
Corruption Perceptions Index (worst 0–1 best)	32.0	2023	● (red)
Press Freedom Index (worst 0–1 best)	59.7	2024	● (orange)
Access to and affordability of justice (worst 0–1 best)	0.48	2022	● (red)
SDG17 – Partnerships for the Goals			
Government spending on health and education (% of GDP)	6.2	2022	● (orange)
Statistical Performance Index (worst 0–100 best)	65.9	2022	● (yellow)
Index of countries' support to UN-based multilateralism (worst 0–100 best)	64.7	2023	● (yellow)

[1]Ratings: ● (red) Major challenges ● (orange) Significant challenges
● (yellow) Challenges remain ● (green) SDG achieved

Source: UN Sustainable Development Report 2024; IMF staff calculations.

Annex I. Implementation Status of Key Recommendations from the 2022 Article IV Consultation

Recommendation	Status
Improve Domestic Revenue Mobilization (DRM)	
• Revise and simplify the general tax code to shift the tax burden from factors of production towards consumption to increase efficiency, stimulate investments, and develop the private sector. • Strengthen digitalization of the revenue administration to stepping up revenue mobilization and expanding the fiscal space. • Rationalize tax exemptions.	• The draft of the first book of the revised general tax code (CGI) is now available and six other books will also be developed and validated. The authorities committed to adopt a full revised CGI by end-April 2025. The digitalization and interconnection of tax administrations has been achieved— supported by technical assistance from the IMF. Moreover, the authorities are implementing tax administration measures— primarily focusing on strengthening tax enforcement, fighting tax fraud, and collecting tax arrears to strengthen their fiscal space.
Strengthen fiscal governance	
• Implement the Treasury Single Account (TSA) reform. • Implement the decentralization of payment orders. • Implement the double accounting system AE/CP. • Improve the performance and monitoring of State-Owned Enterprises (SOEs) to contain related fiscal risks. • Develop and implement an oil revenue management strategy, including an appropriate governance framework, relevant fiscal rules and their calibration, and the creation of a stabilization fund.	• The Government is closing and integrating local authorities' accounts into the TSA. The reform on AE/CP budgeting of budget appropriations has been expanded to 11 ministries and should cover all Ministries by 2025. The authorities have also started the digitalization of government payment processes. Several public institutions have been merged and the authorities plan to implement a system to monitor the performance of SOEs. The authorities have adopted a roadmap for the adoption of the oil revenue management strategy before the end of 2024.
Enhance the quality of public spending and reinforce inclusiveness	
• Improve access and quality of education and strengthening social safety nets to reduce inequality and tackle the root causes of fragility. • Move away from a system based on untargeted subsidies towards a more systematic use of conditional cash transfer programs. • Develop a social assistance framework focusing on cash transfers oriented to lasting investments and income-generating activities.	• The authorities have begun replacing straw hut classrooms with permanent structures, built 100 boarding schools for girls, and created centers for children affected by insecurity. They have also introduced digital technology in schools to enhance teaching practices and online learning. Additionally, there is a plan to register all poor and vulnerable households—over 3 million—in the Unified Social Registry by 2030.

Recommendation	Status
Develop the private sector and build resilience to shocks	
• Foster export diversification to sustain growth and reduce vulnerability to shocks. • Accelerate the implementation of key reforms to promote private sector development. • Invest in human capital and infrastructure, promote digitalization, remove barriers to trade, and improve governance. • Reinforce the resilience and adaptation of the agricultural sector against climate shocks. • Tap into the country's large underground water potential to strengthen the resilience of the agricultural sector. • Improving access to renewable energy equipment.	• The government established a new framework for public-private dialogue, with an institutional structure at both central and regional levels. Technical committees have been formed to develop an action plan addressing private sector concerns. The authorities also plan to adopt a decree instituting an SME charter this year to enhance competitiveness and improve access to financing. The authorities committed to implement several strategies to address climate change, increase access to clean water and promote renewable energy, including the National Determined Contributions (NDCs), the National Adaptation Plan, National Action Plan for Integrated Water Resources Management (PANIGRE, 2017-2030), National Access to Electricity Strategy 2018-2035, etc.
Promote financial inclusion and stability	
• Expedite the implementation of the national financial education strategy. • Promote digitalization of financial services to improved access to financial services, especially in remote areas. • Close the gender gap in terms of access and use of financial services to reinforce women's economic empowerment. • Accelerate the implementation of measures to enhance the soundness of the banking and microfinance sectors.	• Some progress has been made under the National Financial Inclusion Strategy (SNFI). A task force was established to outline the pillars of a national financial education program, primarily targeting rural populations, women, and youth—the groups most excluded from the financial system. The authorities also established two funds (FDIF and FONAP) to enhance access to financial services, and in 2024, an additional window was created in FDIF to support Islamic finance. The pilot project to interconnect all WAEMU financial systems has been completed. However, high NPL rates remain a structural challenge to ensuring the financial sector's soundness.
Advance the governance reform agenda	
• Strengthen governance and anti-corruption frameworks. • Address recommendations directed by the audit reports on extractive sectors. • Strengthen 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. • Improve transparency and accountability by publishing the final corruption related statistics, prosecutions, and rulings of key institutions. • Improve the asset declaration framework, including the online publication of declarations integrating assets beneficially owned and dissuasive sanctions for non-compliance.	• The authorities have made progress in implementing GIABA's recommendations, Of the 58 GIABA recommendations, 25 have been fully implemented, 25 partially implemented and 8 not yet implemented. Authorities have also established a new anti-corruption institution, the Commission for Combatting Economic, Financial, and Tax Delinquency (CoLDEEF), which replaced HALCIA and recovered CFAF 50.6 billion in misappropriated funds since its creation and as of august 2024. • However, last year's regime change—with the suspension of the supreme audit institution— has slowed the implementation of several measures to enhance governance, including, the implementation of recommendations of audit reports and the implementation of the asset declaration framework. Nonetheless, the authorities are drafting a decree to re-instate the Supreme Audit Institution and have also requested a governance diagnostic assessment technical assistance mission.

Annex II. External Sector Assessment

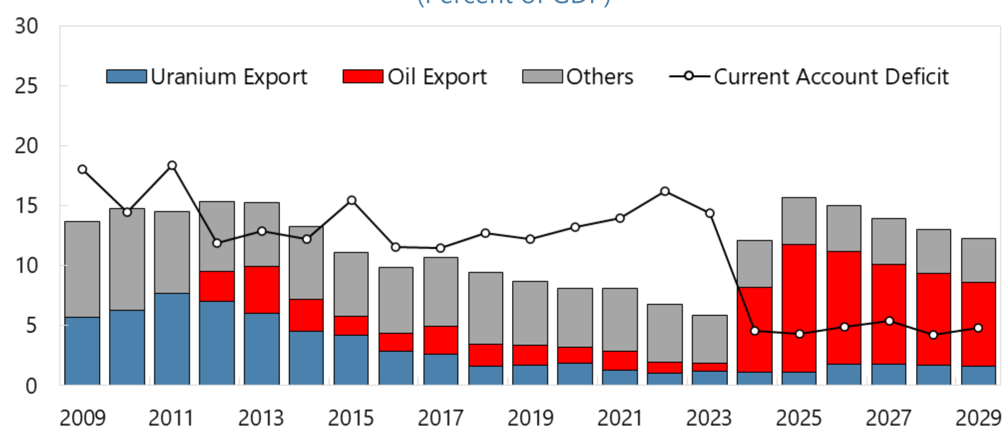
Overall Assessment: *The external position of Niger in 2023 was substantially weaker than the level implied by medium-term fundamentals and desirable policies. The coup d'etat and sanctions have largely impacted Niger's external position. The sizable current account deficit of Niger is normally financed by grants and concessional lending from donors and foreign direct investment. However, the military takeover in July 2023 strained the relationship with traditional development and regional partners and lead to the suspension of several financing sources. Thereby, reserves were depleted in 2023. Niger also benefits from a stable exchange rate since it is part of a currency union, whose currency is pegged to the euro.*

Potential Policy Responses: *The CA deficit is expected to shrink as exports increase over the medium term given the onset of production in large extractive sector projects (oil and uranium). 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

Background. The CA deficit narrowed from 16.2 percent of GDP in 2022 to 13.9 percent of GDP in 2023, primarily due to (i) sanctions after the coup d'etat, which negatively affected both trade of goods and services, but imports declined more than exports, (ii) a slightly improved primary income balance and a deteriorated of secondary income, driven by the decline in remittances from foreign workers and the withdrawal of budget support. Going forward, oil exports will increase, while intermediary goods imports will decrease after the completion of oil pipeline construction, thereby reducing the CA deficit (text chart). However, persistence of political tensions with Benin may further disrupt crude oil exports through the port of Seme) and may undermine the CA balance if not resolved.

Annex II. Figure 1. Niger: Current Account Deficit and Natural Resources, 2009-29
(Percent of GDP)



Assessment. The external position of Niger in 2023 was substantially weaker than the level implied by medium-term fundamentals and desirable policies. The EBA-lite CA model indicates a CA gap of -9.1 percent of GDP. The sizable CA gap arises from an adjusted CA deficit of 15.9 percent of GDP, which reflects acute financing needs for food and capital goods imports, cyclical contributions, ECOWAS sanctions after the coup d'etat, and natural disasters and conflicts. These financing needs are not explicitly taken into account in the CA norm of 6.9 percent of GDP) in the model.

Annex II. Table 1. Niger: EBA-lite Model Results, 2023

	CA model 1/	**REER model** 1/
	(in percent of GDP)	
CA-Actual	**-13.9**	
Cyclical contributions (from model) (-)	0.5	
Additional Temporary/Statistical Factors (-) 2/	0.5	
Natural disasters and conflicts (-)	0.6	
Adjusted CA	**-15.4**	
CA Norm (from model) 3/	**-6.9**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-6.9**	
CA Gap	**-8.5**	**0.7**
o/w Relative policy gap	-0.2	
Elasticity	-0.13	
REER Gap (in percent)	**66.2**	**-5.7**

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the temporary impact of ECOWAS sanctions following the coup d'etat on CA, the adjustor is assumed to be comparable but less than conflicts senario (0.5 percent of GDP). This shock is assumed temporary.
3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

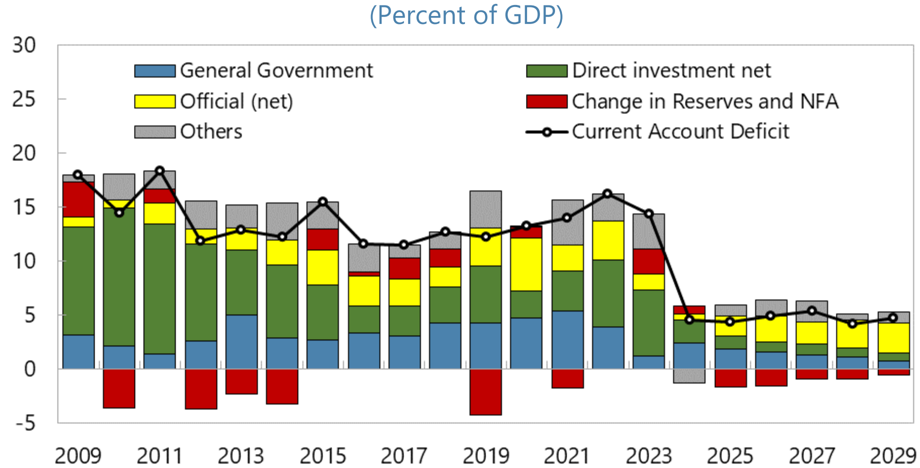
Background. Niger is part of the WAEMU currency union, with the CFA franc pegged to the euro. The country's real effective exchange rate appreciated by 4.1 percent in 2023, mainly driven by the appreciation of the euro against third currencies.

Assessment. Based on the EBA-lite CA model and a trade semi-elasticity of -0.13, the REER gap is estimated at 70 percent. Unlike the CA model, the EBA-lite REER model does not estimate a significant REER gap. However, the bottom-line assessment of the 2023 external sector position and REER gap estimates are anchored on the EBA-lite CA model, which demonstrates a stronger historical fit. It is worth noting that, as a member of WAEMU, Niger does not have the ability to implement its own monetary policy to impact the REER. Any narrowing of the REER gap will have to come from other policies.

Capital and Financial Accounts

Background and Assessment. The sizable CA deficit is financed largely by FDI flows, as well as grants (capital transfer) and concessional loans (other investment) from external donors (text chart). However, the military takeover in July 2023 strained the relationship with traditional development and regional partners and lead to the suspension of several financing sources. Thereby, reserves have been depleted in 2023 to finance the CA deficit. 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 considering Niger's large developing needs and under the assumption that cooperation with traditional development partners will resume.

Annex II. Figure 2. Niger: Financing of Current Account Deficit, 2009-29
(Percent of GDP)



Reserve adequacy

Background. The WAEMU pooled reserves deteriorated from about 14 trillion CFAF (about €21 billion, or 5.3 months of prospective imports) at end-2021 to under 10 trillion CFAF (about €15 billion, or 3.2 months of prospective imports) in 2023, despite significant inflows including from IMF disbursements. These developments reflect a variety of factors including: (1) large imports from the hydrocarbon projects in Niger and Senegal, as well as increasing and still high food and fuel import prices, especially in the earlier period; (2) continued large fiscal deficits; and (3) tighter global financial conditions. Reserves are projected to recover over the medium term as the CA balance improves amid fiscal consolidation, reducing pressure on external savings.

Assessment. The Assessment of Reserve Adequacy Credit Constrained (ARA-CC) approach based on 2022 data estimates a range for the minimum level of adequate reserves of 4.0 to 6.0 months of prospective import coverage for the WAEMU, with the lower end calibrated on fragile states and the higher end calibrated on non-resource rich countries. Based on this model, the level of reserves estimated for end-2023 (3.2 months of imports) is below the level assessed as adequate. The improving current account, coupled with enhanced prospects for financial inflows are expected to contribute to a gradual rebuilding of external reserves towards adequate levels. Growth-friendly fiscal consolidation, tighter monetary policy, and implementation of structural reforms will be key to quickly returning reserves to the adequate range.[1]

[1] IMF Country Report No. 24/90. West African Economic and Monetary Union—Staff Report on Common Policies for Member Countries.

Annex III. Capacity Development Strategy Note

This note aims to present an overview of the Niger's capacity development strategy, expected objectives and technical assistance in support for program implementation and macroeconomic policies in Niger.

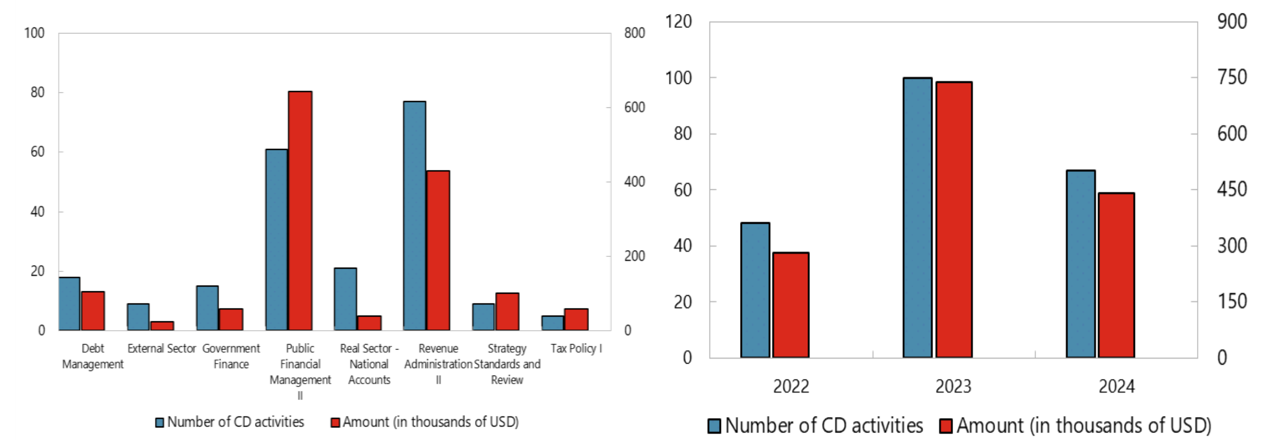
A. Context

1. General context. Niger continues to face dire 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. Political instability, lingering effects of sanctions following the July 2023 military takeover and the conjugated impacts of climate shocks, persistent regional insecurity and acute food insecurity are weighing heavily on public finances and exacerbating balance of payment imbalances.

2. Country engagement with the Fund. The IMF is engaged with Niger on several fronts which includes the provision of financial support under the ECF and RSF arrangements, policy advice and extensive capacity development activities. Niger's current ECF arrangement was approved on December 2021 and complemented by the RSF arrangement approved in July 2023. On July 17 2024, the IMF Executive Board completed the combined Fourth and Fifth ECF reviews of the ECF arrangement and the first review of the RSF arrangement. The two arrangements were also extended by six months until December 2025 to ensure sufficient time to implement key reforms and support the authorities' fiscal consolidation efforts.

3. Previously provided Fund Capacity Development. Niger is an intensive user of the IMF's capacity development (CD) activities as reflected by Figure 1. The implementation of reforms has been supported by activities covering several 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 and government finance statistics). The implementation of technical assistance (TA) recommendations has been broadly on track but subject to disruptions due to capacity and technology constraints, as well as political instability.

Annex III. Figure 1. Niger: Total CD Spendings Outturns, FY2022-FY2024



Source: IMF staff calculations.

B. CD Strategy and Priority

4. The authorities' priorities. CD priority areas are aligned with the authorities' structural reform agenda supported by the ECF and RSF arrangements. The FY25 CD strategy aims to build on the results of the previous strategy and include new activities relevant to the country's needs. Current priorities include: i) enhancing governance and fiscal transparency, ii) advancing climate reforms, iii) improving treasury and debt management, iv) strengthening both tax policy and revenue administration, and v) enhancing macroeconomic and financial statistics (Table 1).

Annex III. Table 1. Niger: Capacity Development Priorities

Priorities	Objectives	Challenges
Governance	i) Strengthen the country's governance framework, which is one of the main pillars of the ongoing ECF program, and ii) develop a Governance Diagnostic report to address governance vulnerabilities, including those linked to natural resources.	Staffing with limited capacities and high turnover. Changes in new authorities' priorities and political instability impacting CD delivery.
Tax policy and revenue administration	i) Strengthen both core administrative functions of tax and customs to expand the tax base and limit fiscal fraud, ii) improve the taxpayer base, electronic tracking of goods in transit, iii) ensure the accuracy of declarations at customs administration, iv) improve custom and tax revenue forecasting models, and v) strengthen capacity for natural resource revenue management.	Staffing with limited capacities and high turnover. Lack of structured coordination between DGD and DGI directorates. Changes in new authorities' priorities and political instability impacting CD delivery.
Public financial management and debt management	i) Improve expenditure chain transparency and efficiency, ii) strengthen budget preparation, execution and control, including expenditure quality, iii) expand the TSA, and (iv) strengthen cash flow forecasting.	Staffing with limited capacities and high turnover. Changes in new authorities' priorities and political instability impacting CD delivery.
Planning and budgeting of climate-related spending	i) Improve climate budget tagging exercises, ii) establish a working task force, responsible to develop the institutional framework for CBT, iii) prepare the CBT guidelines, iv) update planning tools, such as the budget circular and v) provide institutional support for the implementation of the CBT framework with selected sector ministries to identify climate-related spendings	Staffing with limited capacities and high turnover. Changes in new authorities' priorities and political instability impacting CD delivery.
Public investment management and climate change	i) Support the integration of climate change aspects in the various stages of public investment management (evaluation and selection) and coordination/ dissemination of the new regulations; and (ii) Improve the integration of climate aspects in the appraisal and selection of projects and facilitate peer learning from other countries with the support of GIZ.	Staffing with limited capacities and high turnover. Changes in new authorities' priorities and political instability impacting CD delivery.
Disaster informed fiscal planning and management	i) Operationalize the DRM law, notably aspects related to the coordination and implementation responsibilities defined in the law, ii) Prepare flood and drought risk assessments in urban areas with the support of the World Bank through its Integrated Urban Development and Multisectoral Resilience Project (PIDUREM).	Staffing with limited capacities and high turnover. Changes in new authorities' priorities and political instability impacting CD delivery.
Macroeconomic and financial statistics	Improve national accounts, government finance, public sector debt, and balance of payments statistics.	Staffing with limited capacities and high turnover. Changes in new authorities' priorities and political instability impacting CD delivery.

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 would ensure coordination within the Fund include: i) effective coordination and communication between the country team and CD experts, ii) early consultation on CD work plans and delivery constraints, iii) 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 country team, and iv) strong support from the IMF local office in Niger for mission preparation and execution.

7. Main risks and mitigation. Risks to CD implementation in Niger include a limited absorption capacity due to excessive turnover of senior staff and public employees, deficient transitions of duties, public administration complexities with overlapping mandates, concentration of institutional knowledge among a few public servants and an over-centralization of reform efforts. To mitigate these risks, a strong coordination and communication among the different branches of government would be essential. In terms of opportunities, the Nigerien authorities could leverage from training opportunities offered by the Fund's Institute for Capacity Development and by the AFRITAC WEST regional center to improve CD and reforms implementation.

8. Authorities' views. The authorities welcome the Fund's capacity development activities and consider them well-targeted. They value the diagnostic capacity development provided by HQ and the ongoing operational capacity development support from AFRITAC West.

D. Priorities by Department

i) FAD

Priorities.

Topics	**Objectives**
Revenue administration	Revenue mobilization remains a key program priority. CD support would provide recommendations to broaden the tax base and improve the quality of revenue collection, while accounting for the effects of excessive administrative measures on the private sector dynamism. CD Support will also be needed to strengthen capacity for natural resource revenue mobilization and establish robust tax and customs revenue forecasting models.
Tax Policy	The revision of the tax code and improvements in tax administrations remain crucial to strengthen revenue administration, reduce tax exemptions, broaden the tax base, boost revenues in the mining and oil sectors. Moreover, support will be needed to enhance collection of property tax by improving property and land registration.
Climate change	The authorities require capacity development to advance in their climate reforms which include strengthening planning and budgeting of climate-related spending and enhancing disaster-informed fiscal planning and management.
Public financial management	There is a need for CD Support to increase efficiency and transparency in the expenditure chain and strengthen budget preparation and execution in the context of program budgeting. This involves monitoring progress on fiscal risks assessments, public investment management assessment, implementation of Treasury Single Account and cash management.

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 and public sector debt statistics according to GFSM 2014 standards and the Public Sector Debt Statistics Guide (PSDSG), and the improvement of balance of payment statistics as well as national accounts remain priorities.

iv) LEG

Priorities.

Topics	**Objectives**
Governance	Strengthening the country's governance framework is also one of the main pillars of the ongoing program. In this context, the Niger authorities have requested a Governance Diagnostic TA to address vulnerabilities in governance frameworks.

Annex IV. Data Issues

Annex IV. Table 1. Niger Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
C							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	B	B	C	C	B	C	C
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	B	C	B	B		
Granularity 3/	B		C	C	B		
			B		C		
Consistency			C	B		C	
Frequency and Timeliness	C	A	B	C	B		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

1. **Rationale for staff assessment.** Data provision has some shortcomings that somewhat hamper surveillance.

- In the real sector, while coverage and granularity of the Annual National Accounts (ANA) remain broadly adequate with disaggregated information on both the modern and traditional sectors, there is a lag of about two years or more for the final ANA to be released. Statistics on prices are also broadly appropriate with a monthly frequency and an adequate coverage. Nevertheless, efforts should be considered to update both the base year of 2014 and 2015 of the price index and ANA respectively. Moreover, it is also crucial to adopt and disseminate quarterly national accounts (QNA).

- In the fiscal sector, there is a need to strengthen capacity in producing government finance statistics. Due to limited capacity, coverage of government finance statistics is currently limited to the budgetary central government and are produced based on the Government Finance Statistics Manual 1986 (GFSM 1986). Efforts are ongoing to implement the GFSM 2014 which would considerably improve the quality and coverage of government finance and public sector debt statistics.

- Data on the external sector is reported in the BPM6 format but with limited information on gold exports and significant delays of two or more years in the release of definitive statistics.

- In the monetary and financial sector, the provision of monetary and financial statistics is broadly adequate, with the BCEAO regularly submitting standardized monthly data to the IMF's Statistics Department. However, Financial Soundness Indicators (FSIs) are only available on a system-wide basis and semiannually.

- The Ayorou macroeconomic and budgetary framework designed for Niger helps to ensure broad inter-sectoral consistency. However, there is a need to enhance the use of the model to better support consistent interconnections between the different macroeconomic sectors.

2. Changes since the last Article IV consultation. Several capacity development activities to improve national accounts, government finance, public sector debt, and balance of payments statistics are in progress but have been significantly disrupted with the 2023 military takeover. Discussions with the authorities have, however, ensured the continuation of these technical assistance to improve macroeconomic and financial statistics in Niger.

3. Use of data and/or estimates different from official statistics in the Article IV consultation. Staff does not use any data and/or estimates in the staff report in lieu of official statistics. However, data provided by other international institutions such as the World Bank help Staff to refine analysis and tailor policy advice.

4. Corrective actions and capacity development priorities. Discussions are ongoing with the authorities to address data limitations through technical assistance. Capacity development priorities with the Fund include: i) supporting the development of quarterly national accounts consistent with annual national accounts, ii) updating the base year for national accounts. iii) improving government finance statistics in line with the GFSM 2014 standards, iv) ensuring consistency between fiscal reporting, monetary and financial data and debt sustainability analysis, v) launching the National Summary Data Page (NSDP) to improve accessibility and transparency of macroeconomic data, and vi) strengthening the authorities macroeconomic and budgetary frameworks.

5. Other data gaps. Timely provision of nationally representative household and enterprise data, including statistics on areas such as climate, labor market and social protection, would enhance policy discussions.

Annex IV. Table 2. Niger: Data Standards Initiatives

Niger is participating in the Enhanced General Data Dissemination System (e-GDDS) and first posted its metadata in February 2002 but is yet to disseminate the data recommended under the e-GDDS. Authorities remain committed to launch the National Summary Data Page (NSDP) which has been disrupted by the 2023 military takeover.

Annex IV. Table 3. Niger: Table of Common Indicators Required for Surveillance

As of November 15, 2024

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Expected Frequency[6,7]	Niger[8]	Expected Timeliness[6,7]	Niger[8]
Exchange Rates	15-Nov-24	15-Nov-24	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	Oct-24	Nov-24	M	M	M	...	1M	...
Reserve/Base Money	Aug-24	Oct-24	M	2M	M	30	2M	90
Broad Money	Oct-24	Nov-24	M	2M	M	30	1Q	90
Central Bank Balance Sheet	Aug-24	Oct-24	M	2M	M	30	2M	90
Consolidated Balance Sheet of the Banking System	Sep-24	Oct-24	M	2M	M	30	1Q	90
Interest Rates[2]	Nov-24	Nov-24	I	I	M	7	...	7
Consumer Price Index	Oct-24	Nov-24	M	M	M	30	2M	10
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	NA	NA	NA	NA	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government	Sep-24	Nov-24	M	2M	Q	30	1Q	25
Stocks of Central Government and Central Government-Guaranteed Debt[5]	Oct-24	Nov-24	Q	Q	Q	30	2Q	180
External Current Account Balance	Dec-23	Nov-24	A	SA	Q	90	1Q	210
Exports and Imports of Goods and Services	Dec-23	Nov-24	A	SA	M	30	12W	300
GDP/GNP	Dec-22	Mar-24	A	A	Q	365	1Q	90
Gross External Debt	...	...	A	I	Q	365	2Q	210
International Investment Position	Dec-22	Dec-23	A	A	A	365	3Q	14

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

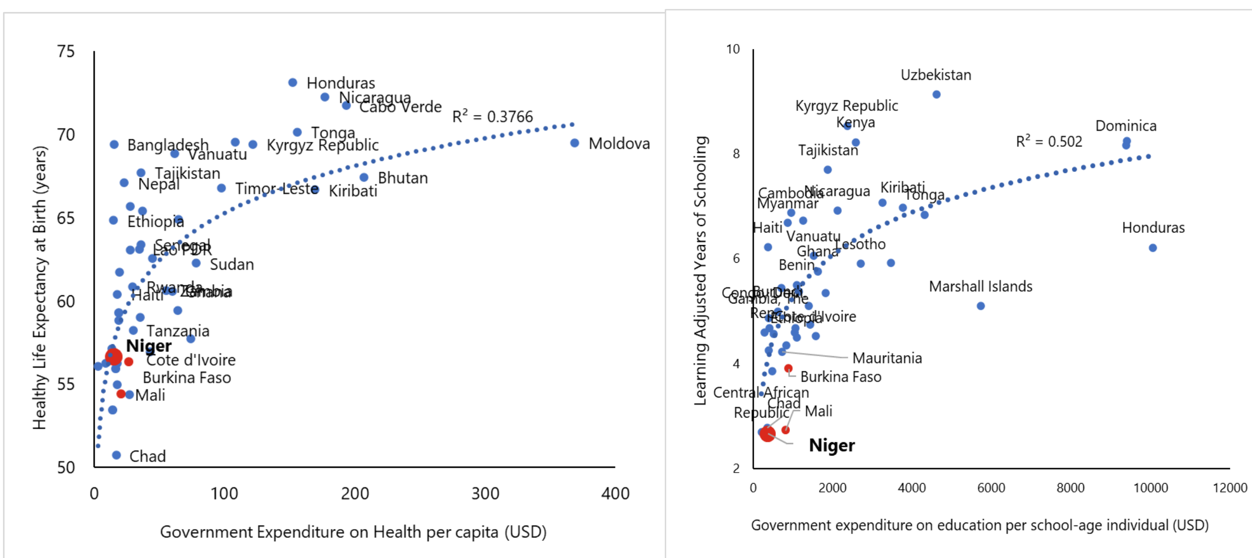
[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

Annex V. Revisiting the Efficiency of Government Expenditure on Education and Health in Niger

1. **Health and education outcomes are relatively low in Niger compared to other low-income economies given the level of government spending, which suggests that social sector spending is inefficient.** As illustrated in Figure 1, Niger not only spends less on health and education but also register worse outcomes compared to most low-income countries (LICs). With an average per-capita health spending of US$15 per year over the last two decades, Niger achieved an average healthy life expectancy (HALE) of 57 years. Countries such as Bangladesh and Ethiopia, which also spent around US$15 per capita on health during the same period, achieved better health outcomes, with an average HALE of 70 and 66 years, respectively. A child born in Niger in the past decade could expect to attain 2.7 years of quality education, as measured by Learning Adjusted Years of Schooling (LAYS). The average expenditure per school-age child in Niger is about US$363, which is similar to the spending levels in Madagascar (US$400) and The Gambia (US$382). The average LAYS in Madagascar and The Gambia is 4.7 and 4.9 years, respectively—nearly double that of Niger.

Annex V. Figure 1. Niger: Comparing Education and Health Outcomes and Social Spending



Sources: Staff calculations based on WDI, EdStat and WHO

Note: The data shown in this figure are averages over the period 2000-2019 for LAYS and education expenditure, and 2010-2020 for HALE and health expenditure. LAYS is widely recognized as one of the best proxies of educational achievement, integrating both access to education and the quality of education into a single measure.

2. Stochastic frontier models are used to further investigate the efficiency of health and education spending.[1] First, an analysis of health expenditure efficiency is conducted. The model applied to data from 164 countries, including 53 low-income countries, evaluates how efficiently per capita government health spending translates into health outcomes, as measured by the healthy life expectancy at birth (HALE). Second, a separate stochastic frontier model is applied to data from 138 countries, including 44 low-income countries, to evaluate the efficiency with which spending per school-age child is translated into improved access to quality education, as measured by the Learning Adjusted Years of Schooling (LAYS).[2] This analysis does not aim to examine the specific causes of inefficiency in health and education spending. Instead, its objective is to offer a broader perspective on Niger's position in terms of social sector spending efficiency compared to other countries.

3. The results indicate that around 16.1 percent of government health expenditure is lost due to inefficiencies. Niger's health spending efficiency (83.9 percent) is lower than the average for low-income countries (87.9 percent) and the WAEMU region (85.5 percent) but somewhat higher than the other AES (Alliance des États du Sahel) countries (Figures 2 and 3). In other words, government expenditure on health is not being efficiently translated into health outcomes and the most performing countries can serve as benchmarks for Niger (Figure 3). If Niger could match the efficiency of the top-performing countries, health outcomes could improve by 19.1 percent with the current per capita health spending. Overall, the literature shows that poor governance, inequalities in resource allocation across geographic areas, fragmentation of the heath system, inadequate infrastructure, high administrative cost and insufficient focus on preventive care are among the determinants of the inefficiency of health spending in developing countries.[3]

4. The education sector in Niger is grappling with more severe spending inefficiencies compared to the health sector, with an efficiency level of just 50 percent.[4] This is one of the lowest efficiency levels among the countries in the sample, including low-income countries (74.1 percent) and WAEMU (61.6 percent). About half of the education expenditure is wasted due to inefficiencies. Given the substantial size of the education sector in government spending (about 15 percent of total government spending and 3.4 percent of GDP), the fiscal impact of these inefficiencies can be considerable. Based on the most recent data on education spending, the loss due to education spending inefficiencies is estimated at CFAF 347 billion which represents 1.7 percent of the 2023 GDP and equivalent to about one third of the fiscal deficit in 2023.

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[1] The stochastic frontier model suggested by Battese and Coelli (1995) is applied.

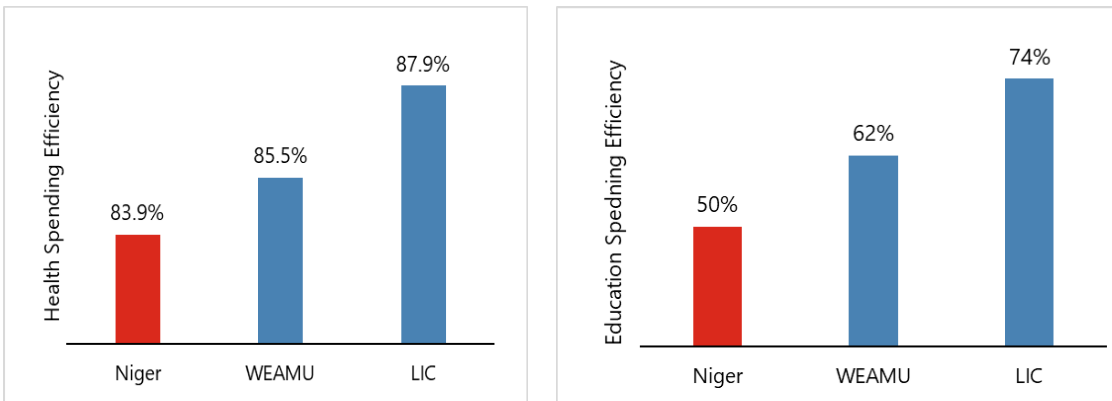
[2] The two models included control for countries income level (dummy variables for IMF country classification) and control for households' ability to finance education and health (household consumption as a share of GDP). For the health efficiency model data was available for an unbalanced panel of 164 countries covering the period 2000-2019. Regarding the education efficiency model, data was available for an unbalanced panel of 138 countries over the period 2010-2020.

[3] See World Health Organization (2010) and Wagner *et al* (2019).

[4] A previous study (Miningou, 2019) evaluated the efficiency of education spending in Niger at 46 percent.

Addressing these inefficiencies could significantly improve access to quality education. While pinpointing the exact sources of inefficiency in Niger requires additional investigation, the literature suggests two main contributing factors: (i) supply-side factors such as teacher qualifications, deployment and management policies, the learning environment (including the adequacy of school infrastructure), distance to schools, and curriculum relevance; and (ii) demand-side factors such as household income and social norms.[5]

Annex V. Figure 2. Niger: Average Efficiency Score



Sources: Staff calculations based on WDI, EdStat and WHO

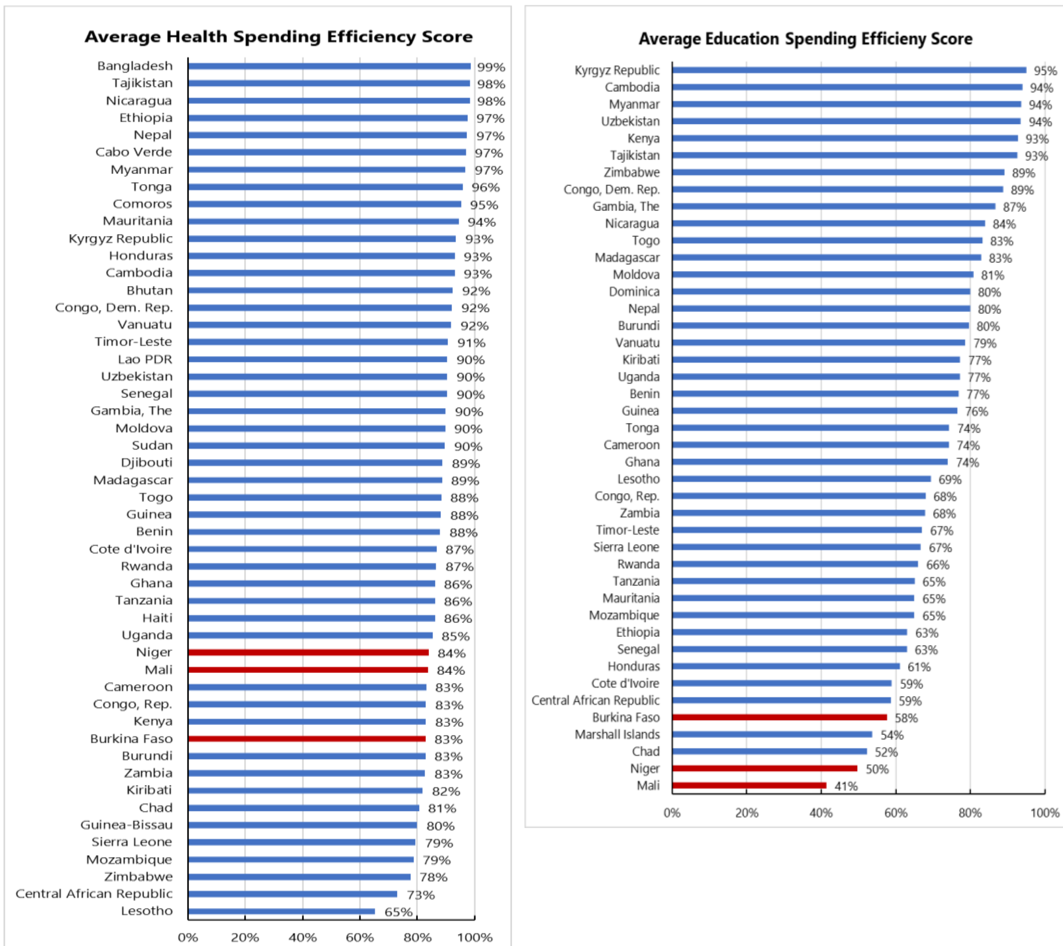
5. **Addressing inefficiencies in health and education spending could significantly improve Niger's human capital level.** Healthy life expectancy at birth could increase by 10.8 years to 67.5 years, if health spending in Niger were as efficiency as the most efficient countries in the sample. Similarly, the number of years of quality education could rise by an additional 2.7 years to 5.3 years, by closing the efficiency gap in the education sector. Enhancing the efficiency of spending in these sectors would greatly contribute to building human capital in Niger, potentially boosting its human capital index from the current 0.32 to 0.41. This improvement could also elevate Niger's rank on the human capital index by 9 points.

6. **Education reform efforts are constrained by a significant lack of resources.** A substantial improvement in education financing is essential to meet the sector's needs. In 2020, authorities launched the "Zéro Classes Paillotte" program, aimed at replacing 36,000 straw hut classrooms with modern facilities. This initiative was accompanied by a plan to equip the new classrooms with qualified teachers and integrate existing teachers into the public sector payroll. However, despite these efforts, an estimated 57 percent of children of primary and secondary school age (58 percent of girls of the same age-group) remain out of school, while those enrolled face inadequate learning conditions. As of 2022, 36 percent of the country's 81,947

[5] See Hanushek, and Wößmann (2007) and Bruns *et al* (2011).

primary and secondary classrooms were still classified as "Classe Paillotte" because of the delays in implementing the program. Fully implementing these initiatives is projected to cost about 0.3 percent of GDP over the next 30 years. Due to demographic pressures, this set of initiatives would be insufficient to meet the growing demand for education. Addressing the sector's needs would require a more comprehensive policy package, potentially costing an additional 1.2 percent of GDP annually.[6]

Annex V. Figure 3. Niger: Average Efficiency Score by Country (LICs only)



Sources: Staff calculations based on WDI, EdStat and WHO

[6] World Bank (2024). Niger Economic Update 2024: Special chapter: Investing in Education for Inclusive Growth. Washington DC

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Appendix I. Letter of Intent

Niamey, December 17, 2024

To:

Ms. Kristalina Georgieva

Managing Director

International Monetary Fund

Washington, DC 20431

Subject: Letter of Intent

Dear Madam Managing Director:

1. **The authorities, under the leadership of the National Council for the Safeguard of the Homeland (CNSP), aim to guarantee the country's sovereignty through effective management of the security situation and good economic and social governance.** The alarming security situation in some regions and the serious economic and social governance problems inherited by the current authorities exacerbate the challenges facing the country. To address these challenges, the CNSP has created a Solidarity Fund for the Safeguard of the Homeland (FSSP) in order to mobilize additional resources to finance the capacity building of the defense and security forces. This fund will also contribute to the care of citizens who are victims of forced displacement and to the social mobilization of populations. Starting from the 2024 amended finance law, the funds collected under the FSSP will now be integrated into the national budget. The budget approved for the year 2025, similar to that of 2024, prioritizes spending on security, social sectors, and the development of productive bases. Furthermore, as part of our commitment to fight corruption, impunity, the misappropriation of public assets and poor governance, on September 20, 2023, we signed an order creating the Commission for Combating Economic, Financial, and Fiscal Crime (CoLDEFF), which has recovered nearly CFAF 50 billion as of end of October 2024.

2. **The government is preparing a new development strategy adapted to the country's context, the Resilience Program for the Safeguard of the Homeland (PRSP) for 2024-2026.** The main objective of the PRSP is to lay the foundations for endogenous development through four strategic pillars: (i) strengthening security and social cohesion; (ii) promoting good governance; (iii) developing production structures for economic sovereignty, and (iv) accelerating social reforms. The PRSP will serve as the reference framework for the socio-economic development of Niger during the period indicated.

3. The year 2024 marks a recovery of economic activity after the sharp decline in 2023 attributed to the sanctions imposed on the country following the events of July 26, 2023, which had very serious economic and social consequences. Indeed, a growth rate of 8.8 percent is expected in 2024, compared to 2.4 percent in 2023. This growth will be mainly driven by the lifting of sanctions, a successful agricultural campaign due to heavy rainfall, and oil exports. Inflation is expected to decelerate in 2024, compared to its level of 7.2 percent at the end of 2023. Moreover, the efforts being made to accelerate domestic revenue mobilization should continue to bear fruit and allow Niger to meet the West African Economic and Monetary Union (WAEMU) fiscal deficit convergence criterion of 3 percent of GDP, beginning in 2025.

4. The implementation of the two arrangements under the IMF's facilities (Extended Credit Facility – ECF and Resilience and Sustainability Facility – RSF) was disrupted by certain exogenous shocks. All the program's quantitative performance criteria at end-June have been met, with the exception of the continuous performance criterion on the non-accumulation of new external arrears. Two of the program's six indicative targets at end-June and end-September have been met. Efforts are underway to meet the remaining four targets by the end of December 2024. In addition, the three reform measures set out in the RSF Second Review have been met. These include reforms on climate-sensitive public investment management, climate budget tagging, and natural disaster risk management.

5. The Government's reform program for the remainder of 2024 and the medium term is detailed in the attached Memorandum of Economic and Financial Policies (MEFP). These reforms are expected to lay a solid foundation for more inclusive and resilient growth and to strengthen the country's sovereignty. The Government is prepared to adopt any additional measures, if necessary, in order to meet the objectives of the program. For this purpose, the Government commits to consulting with the IMF staff in advance on any proposed changes to the policies outlined in the MEFP, in accordance with the IMF's consultation policies. Information necessary to monitor the economic situation and the implementation of relevant policies under the program will be provided in a timely manner, as agreed in the attached Technical Memorandum of Understanding (TMU), or at the IMF's request.

6. In light of the overall satisfactory performance to date despite the challenges the country has faced, we request the completion of the sixth review under the ECF arrangement and the financing assurances review, and the associated disbursement of an amount equivalent to SDR 13.16 million. We also request the completion of the second review under RSF arrangement and the disbursement for the second tranche corresponding to SDR 25.662 million (or 10 percent and 19.5 percent of our quota for the ECF and RSF arrangements, respectively). This disbursement will cover our balance of payments financing needs and meet the needs of adapting to the adverse effects of climate change on our economy and populations. We request a waiver for non-observance with the continuous criterion of non-accumulation of new payment arrears on external debt servicing. This deviation was caused by cash-flow tensions in a context where financing conditions in the regional market remain tight and budget revenues fell short of planned targets, partly due to disruptions in crude oil exports and the country's supply chain as well as the impact of flooding. As corrective measures, we (i) updated the arrears clearance plan to account for the recent economic and financial developments in Niger; (ii) committed to clear CFAF 15 billion in external and CFAF 80 billion in domestic debt service arrears (*Prior Action #3*), (iii) committed to adhering to the budgetary adjustment path under the program; and (iv) remain committed to implementing the program's key structural reforms and to strengthening our debt policies, with a focus on the use of concessional financing. Also, to reflect recent budgetary developments, we request the modification of the performance criterion relating to net domestic financing of the government, excluding net IMF financing and the one related to the present value of new public and publicly guaranteed external debt as well as indicative targets. We also request the modification of the performance criterion by adding a zero ceiling on new non-concessional external debt contracted or guaranteed by the central government to limit the risk of over-indebtedness, the Technical Memorandum of Understanding (TMU) is revised according. Lastly, we request a modification of the upcoming RM regarding the climate vulnerability assessment for three selected major projects (due September 2025 under the Fourth RSF Review, RM6). Considering the absence of major projects in the budget, we request the removal of the CFAF 5 billion floor for the three projects. This aims to facilitate the assessment of smaller or medium-sized projects.

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

Very truly yours,

Attachments:

I. Memorandum of Economic and Financial Policies.

II. Technical Memorandum of Understanding

/s/

ALI MAHAMAN LAMINE ZEINE

Prime Minister, Minister for Economy and Finance

Attachment I. Memorandum of Economic and Financial Policies of Niger

INTRODUCTION

1. Niger's economy continues to suffer the lingering effects of the regional and international sanctions imposed in the wake of the events of July 26, 2023. In particular, these sanctions have disrupted supply and export chains, weakened the banking sector, and affected the mobilization of domestic and external resources. Added to this is the impact of the recent floods, which affected around 1.5 million Nigeriens, and the security challenges posed by terrorism.

2. Despite this difficult context, the Government is determined to mitigate the impact of these shocks on the population and to continue implementing reforms supported by the Extended Credit Facility (ECF) and the Resilience and Sustainability Facility (RSF). With this in mind, the Government has allocated CFAF 12 billion to help the population in the wake of the floods. It decided to take measures to reduce fuel and cement prices. It has continued its efforts to clear the debt servicing arrears in order to restore the Government's financial credibility. The Government is also determined to pursue its budget consolidation strategy through increased mobilization of domestic revenues as well as governance and transparency reforms. Thus, the Government is preparing to adopt the oil revenue management strategy (Prior Action 1) and the ordinance to set up the Supreme Audit Institution (Prior Action 2). Finally, the Government is finalizing the Resilience Program for the Safeguarding of the Homeland (PRSP) and its development strategy for the next three years.

3. This Memorandum of Economic and Financial Policies (MEFP) supplements and updates the MEFP signed on June 27, 2024. It describes recent economic developments, the principal strategies for the rest of 2024, and the medium-term outlook. It also reviews the implementation status of the economic and financial program concluded with the International Monetary Fund (IMF) in the context of the ECF for the 2021–2025 period. The program objectives continue to be focused on (i) consolidating macroeconomic stability, (ii) strengthening the mobilization of domestic resources, (iii) improving the effectiveness of public expenditure, with particular emphasis on social and poverty-reduction spending, (iv) fostering good governance, and (v) development of the private sector. It also provides an overview of the implementation of the reform measures under the RSF.

RECENT MACROECONOMIC DEVELOPMENTS

4. In 2024, the recovery of the economic activity was weaker than expected, despite a favorable agricultural season thanks to heavy rainfall. The lingering effects of sanctions on the banking sector, difficulties in mobilizing external resources from development partners, and disruptions in supply and export chains linked to the closure of the border with Benin have weighed heavily on activity in the secondary (mining and oil) and tertiary (trade and transport) sectors. Added to this was the impact of the floods on transport and trade during the third quarter. Also reflecting these factors, inflation stood at 5.2 percent and 9.6 percent respectively on an annual and year-on-year basis in the month of October 2024.

5. **Crude oil exports, which began in May 2024, are continuing after temporary interruptions.** The loading of the first ship of about 1 million barrels took place in May 2024 and by end-September 2024, Niger had exported a total of around 3 million barrels of crude oil, and additional exports of 8 million barrels are planned for the rest of the year.

6. **Budget execution at end-September 2024 reflected revenue underperformance.** At end-September, cash revenue reached CFAF 646 billion, CFAF 67 billion below program forecasts. This shortfall is explained in particular by the underperformance in the collection of taxes on goods and services and of customs duties, due to several factors, including supply chain disruptions related to the closure of the border with Benin and the temporary interruption of crude oil exports. This loss of revenue, estimated at 0.6 percent of GDP, coupled with higher than expected domestically financed investments, led to a budget deficit of CFAF 355 billion, which is higher than the program's forecast (CFAF 219 billion). As of end-September, the Government had managed to mobilize CFAF 598 billion in financing. 72 percent of these resources come from the regional financial market and from the advance of CFAF 243 billion on oil exports, while external financing represented 28 percent of the total.

7. **The Government has accumulated new external and internal debt service arrears since end-June 2024.** At end-October, new external debt service arrears amounted to CFAF 27.9 billion. Domestic debt service arrears increased by CFAF 94.5 billion to reach CFAF 196.8 billion. At end-September 2024, total supplier debt outstanding amounted to CFAF 109.1 billion, including CFAF 35.4 billion in arrears. As a corrective measure to strengthen debt sustainability and to support the economic recovery, the government has committed to clear CFAF 15 billion in external and CFAF 80 billion in domestic debt service arrears (*Prior Action #3*).

8. **The Government has decided to reduce the pump prices of petrol and diesel, as well as cement, to mitigate the rising cost of living.** In the case of fuels, the decrease is the result of an update of the formula for setting the price of petroleum products to eliminate obsolete cost elements (transport and associated costs) because petroleum products are no longer imported but refined locally. As this update does not affect taxation, the drop in prices does not have a direct impact on revenues. However, it is likely to negatively affect SONIDEP's profits and the share of the dividend paid to the Government as well as the company's corporation tax. We have no intention of introducing explicit direct fuel subsidies. As for cement, the temporary price cut is justified by the need to help households whose houses collapsed (158,343 houses as of November 4, 2024) following the recent floods. The impact of this last measure on revenues will be relatively small, being estimated at about CFAF 3 billion.

9. **The banking sector is facing acute liquidity pressures, a deterioration in portfolio quality and possibly solvency issues.** The decline in deposits (down 5.3 percent at end-September 2024 compared with December 2023) combined with the non-repayment by the Government of the maturities due on syndicated securities (nearly 6.7 percent of the total assets of the banking system at end-2023) and the impact of the closure of the border with Benin on economic activity are weighing on the liquidity of the banking system. As a result, some banks

are finding it difficult to meet all the liquidity demand of their customers. In total, four out of fourteen banks no longer comply with the prudential liquidity standard. In addition, gross non-performing loans at end-August 2024 are estimated at 24.4 percent, a level well above the West African Economic and Monetary Union (WAEMU) average (8.7 percent in 2023). In addition, four out of fourteen banks are in breach of the prudential solvency standard.

PERFORMANCE UNDER THE PROGRAM SUPPORTED BY THE ECF AND THE RSF

10. Two out of three quantitative performance criteria (PC) of the program at end-June have been met, but the continuous performance criterion on the non-accumulation of new external arrears was missed. Indeed, the Government has accumulated new external arrears on external debt servicing of CFAF 27.9 billion since the conclusion of the fourth and fifth program reviews.

11. Two of the six indicative targets of the program at end-June and end-September 2024 have been met. The indicative targets for social expenditures and the ratio of exceptional expenditures were met on all target dates. The indicative target for the cash revenue floor was met at end-June but not at end-September. The targets for the budgetary balance floor were not met at either end-June or end-September.

12. All continuous structural benchmarks for the program to date have been implemented, while non-continuous structural benchmarks are well underway.

- **Continuous structural benchmarks**. The Nigerien authorities provided IMF staff with a list of newly granted or renewed tax exemptions in May 2024 and October 2024 (***continuous SB1***). The continuous structural benchmark for the publication of public procurement plans, tender notices, and final contract award results on the public procurement portal was also implemented in September 2024 (***continuous SB2***). The continuous structural benchmark relating to the production and publication of feasibility studies for any investment project of more than CFAF 5 billion was met in May 2024 (***continuous SB3***). Similarly, information on the beneficial owners of companies (now including the tax identification number) awarded contracts by private treaty, with the exception of contracts relating to defense and security, has been regularly published (***continuous SB4***). We are working to adopt a legal and regulatory framework to include full information on the beneficial owners of public limited companies, as is already the case with limited liability companies or sole proprietorships. We have resumed publication of the budget execution reports on the website of the Ministry of Economy and Finance, and we are committed to including a section on the utilization of oil revenues in connection with the oil revenue management strategy (***continuous SB5, from 2025***).

- **Non-continuous structural benchmarks in progress**. The revision of the tax code is progressing (***SB3, end-April 2025***). The Solidarity Fund for the Safeguarding of the

Homeland (FSSP) is already integrated into the revised 2024 budget as a special account with the details of its financing modalities (***SB1***) and the Government is committed to doing the same for the 2025 budget.

13. All the reform measures (RM) for this review of the RSF-supported program have been implemented. The reforms relate to (i) validation of a methodology for tagging climate-related expenditures, (ii) publication (on the website of the Ministry of Economy and Finance) of a guide defining the methodology for climate vulnerability assessments of public investment projects and program], and (iii) publication of a statement on fiscal risks, including an assessment of fiscal risks related to natural disasters, on the website of the Ministry of Economy and Finance.

MACROECONOMIC FRAMEWORK FOR 2024 AND THE MEDIUM TERM

14. Economic growth for 2024 has been revised downwards moderately. It is now expected to be 8.8 percent against 10.6 percent initially projected, despite a sharp increase in agricultural production following abundant rainfall. This revision is linked to temporary interruptions in exports in the oil sector and the slowdown in economic activity, particularly in the secondary and tertiary sectors, which is partly linked to disruptions in supply chains with the closure of the borders with Benin. This has resulted in relatively high inflation which is estimated at 9.6 percent on average year-on-year at end-October 2024 and is expected to decrease by end-2024. As for the current account deficit, it was revised slightly upwards to 7 percent of GDP in 2024 from 6.5 percent of GDP initially forecast, to take into account the less sustained increase in oil exports and the suspension of uranium and gold exports, despite a decline in food imports in line with the good agricultural season.

15. The medium-term macroeconomic outlook remains favorable. Over the period 2025–2029, real GDP growth is expected to average 6.6 percent, driven in particular by the expansion of agricultural irrigation infrastructure and the increase in oil, uranium, and gold production. With the normalization of supply chains, medium-term inflation is expected to fall below the upper limit of the WAEMU regional target of 3 percent. Due to the strengthening of crude oil exports, the current account is expected to improve to an average of 4.6 percent of GDP in the medium term.

FISCAL POLICY AND REFORMS IN 2024–2025

16. In 2024, the Government is determined to contain the budget deficit to 4.1 percent of GDP. To achieve this, it is implementing the following measures:

- **On the revenue front.** The Government intends to mobilize CFAF 334 billion in total revenue in Q4. These revenue projections take into account the expected effects of certain administrative and control measures at the DGD and the DGI, the budgetary impact of which amounts to about CFAF 45 billion in additional revenue. DGI corrective measures include (i) intensify controls and on-site inspections, reducing the processing time of tax audit cases, which is estimated to rise the tax recovery rate from 20 to 50 percent; (ii) improve recovery of large outstanding debts; (iii) broadening the tax base by identifying niche activities which were not effectively taxed (e.g., private schools); (iv) intensifying merchandise vehicle inspections to rise transport-related tax revenue; and (v) selling public assets which are no longer in use. DGD measures include, among others, (i) strengthening controls and combating fraud in the hydrocarbon sector; (ii) enforcing customs clearance deadline and settling delayed cases; (ii) seizing vehicles, motorcycles and pharmaceutical products that were not cleared by the customs, and (iii) settling warehouse accounts. The CoLDEFF has initiated the seizure of ill-gotten assets, which has already led to the recovery of CFAF 25 billion. This initiative will continue into Q4, providing a significant source of non-tax revenue. All new initiatives launched in Q4 2024 aimed at improving revenue mobilization through greater tax enforcement and controls will remain in effect through 2025 and beyond, together with additional measures to be introduced in 2025.

- **On the expenditure side.** The Government is committed to freezing budget appropriations to take into account the fall in revenue and the deficit recorded at end-September 2024.

17. The Government is committed to continuing its fiscal consolidation efforts in order to reduce the budget deficit to 3 percent of GDP by 2025. To achieve this, the draft 2025 budget includes:

- **In terms of revenues,** an increase of 26 percent to reach CFAF 1,247 billion in 2025. Revenue from taxes on international trade is expected to amount to CFAF 217 billion. Taxes on goods and services would bring in CFAF 460 billion and income taxes should amount to CFAF 340 billion, while other tax revenues should represent CFAF 92 billion. Non-tax revenues are expected to reach CFAF 116 billion.

- **In terms of expenditure,** prioritization of security and social spending. This strategic orientation aims to address the immediate and long-term needs of the most vulnerable populations, while ensuring stability and national security. Overall, total budgetary expenditure is expected to reach CFAF 1,938 billion in 2025, of which at least 10 percent will be allocated to social spending.

18. To achieve the 2025 revenue targets, the Government is committed to taking strong measures in tax policy and administration.

In terms of tax policies, several measures are envisaged to increase the mobilization of domestic resources, the main ones being:

- **Customs taxes:**

  i) The application of the statistical charge (SR) at the rate of 1 percent to all products, whether exempt or not, except those imported by embassies and

United Nations agencies. The objective is to comply with Community texts in order to improve the level of revenue collection;

ii) The introduction of a new temporary admission tax (TAT) at the rate of 1 percent, including on extensions and transfers of temporary admission (TA);

iii) The collection of the statistical charge on exports (ESR) on agro-sylvo-pastoral products at the rate of 3 percent ad-valorem. Our aim is to obtain reliable statistics on exports of agro-sylvo-pastoral products;

- **Domestic taxation:**

The Government plans, among other things, to:

(i) repeal the provision relating to the issuance of exemptions from withholding tax (WHT);

(ii) raise the rate of tax on the profits of non-residents from 16 percent to 20 percent;

(iii) tax capital gains on the sale of mining titles at a rate of 20 percent;

(iv) repeal the exemption of new companies from the single combined tax (Impôt synthétique, IS) for a period of two years;

(v) subject mineral water (15%), non-alcoholic energy drinks (20%), plastic bags (10%) to excise duties (droit d'assiette-DA) and change the rate for certain products that are liable.

Concerning administrative measures:

- **At the level of the Directorate-General of Customs:**

i) establish a database of companies and products approved for the Community preferential tax;

ii) establish a certificate of origin control mechanism through ASYCUDA;

iii) introduce a system to generate exemption certificates based on the information in the manifest;

iv) apply administrative values to certain goods such as tires, air conditioners, rice, mayonnaise, soup broths, spare parts, tea, insecticides, etc.;

v) revise the current goods valuation system;

vi) harmonize the customs clearance procedure for goods subject to "convoys";

vii) return to electronic payment of customs duties and taxes and continue data exchange with DGI's SISIC and the ASYCUDA system.

In the medium term, the Government will undertake major reforms to increase the tax burden. The key reforms concern the following:

- **Revision of the General Tax Code**. The reform aims to simplify the current tax system and to better distribute the tax burden. The Government is determined to ensure that the reform is the result of transparent consultation involving all stakeholders, including private sector actors. To date, the drafts of five (5) books are available and have been validated by the DGI. The next phase will involve the examination of these books by the Advisory Board set up for this purpose, pending the availability of the remaining two (2) books. The Government is committed to adopting the new General Tax Code (CGI) before end-April 2025 (***SB3***).

- **Rationalization of exemptions.** The DGI has undertaken a study to assess the socio-economic impact of tax expenditures. The aim of this study is to obtain a plan for rationalizing exemptions. It has highlighted the positive impact of tax exemptions on households and businesses. However, it is recommended to: (i) combat tax fraud and tax evasion; (ii) reorient tax expenditures by targeting more consumer products of the poorest households; (iii) consider reducing VAT exemptions, and (iv) set up a system for monitoring goods acquired under tax exemptions.

- **Property tax.** The Government plans to implement an ambitious project for the geolocation of land properties, which will allow for better identification of real estate. This project will be accompanied by the creation of a cadaster and the improvement of the estimation of real estate values, thus facilitating the acceleration of the registration of properties and owners.

- **Digitalization and interconnection of tax administrations**: Significant progress has been made in the deployment of the Integrated Tax and Taxpayer Information System (SISIC). To date, 67 out of 83 tax units have been successfully covered by SISIC, demonstrating a commendable commitment to using technology to make tax collection processes more efficient and transparent. The Government is committed to continuing this rollout to the remaining tax units. A recent IMF technical assistance mission helped to iron out inconsistencies and errors in the data exchanged as part of the interconnection of the DGD and DGI information systems. The completion of this interconnection process will help to strengthen compliance risk management, conduct inspections and audits, and combat tax fraud and tax evasion. Additional efforts will be made to strengthen the use of digital means of payment in order to increase the speed of budget revenue collection.

19. The Government intends to maintain a prudent debt policy to limit the risk of over-indebtedness. Niger is assessed at high risk of debt distress in the latest DSA, and the country does not have significant access to international financial markets. In line with its policy of controlling debt and strengthening the sustainability of public finances, the Government intends to maintain a zero ceiling on non-concessional debt *(New continuous PC)* and prioritize the concessional resources with grants to finance its development policy. Also, efforts under way to strengthen capacities of the institutional framework for public debt management and monitoring will be stepped up in order to better control the associated risks and costs.

20. The Government has revised its arrears clearance plan in view of the accumulation of new arrears and is committed to implementing concrete measures to avoid an accumulation of new external debt service arrears. The authorities have done their utmost to implement the arrears clearance plan adopted in July 2024. However, new payment arrears have accumulated due to lower-than-expected revenues and unfavorable financing conditions in the regional market. At end-October, 2024, the total amount of arrears amounted to CFAF 263.9 billion, distributed as follows: (i) external arrears amounting to CFAF 67.1 billion, of which 27.9 billion were accumulated after the conclusion of the 4th and 5th reviews by the IMF Executive Board, and (ii) domestic arrears totaling CFAF 196.8 billion, of which 94.5 billion were accumulated after the conclusion of the last combined review in July 2024. The Government has revised the arrears clearance plan in order to achieve full clearance of all payment arrears by end-December 2025. The Government will take all necessary measures to avoid an accumulation of new external arrears by strengthening revenue mobilization, improving cash management, and prioritizing expenditures.

Concerning the public financial management reforms

21. The Government is committed to adopting an oil revenue management strategy by end-2024 *(Prior Action #1)*. The implementation of the roadmap for the adoption of the oil revenue management strategy is underway. As part of the development of this strategy, the authorities commit to setting targets for the nonoil fiscal balance and establishing a stabilization fund to insulate fiscal policy from short-term oil price fluctuations and ensure long-term fiscal sustainability, given that oil is an exhaustible resource. Moreover, a technical committee has already been set up to develop the macroeconomic and fiscal framework of the finance laws, prepare a report on forecasted revenues from the extractive industries, and ensure the consistency of the macroeconomic accounts. Subsequently, we plan to adopt a regulatory text to set up a stabilization mechanism that would include: (i) a formula for calculating the reference price, (ii) an oil stabilization fund, and (iii) a committee of experts for the implementation of this calculation formula *(SB #2 at end-March 2025)*.

22. The Government plans to implement a recruitment strategy aimed at strengthening the public administration, particularly in the tax administration and the education and health sectors. With a total workforce of 89,002 agents, all categories combined at end-December 2023, the capacity of the Nigerien public administration to cover and meet the needs of the population remains very limited. A recruitment plan should make it possible to strengthen the workforce and lead to an increase of 7,654 agents and civil servants, on average, per year in the civil service over the period 2024–2026. Specifically, the number of tax administration staff must be boosted to broaden the tax base, increase the tax network, and improve the collection of fiscal revenue. To this end, a recruitment of nearly 831 agents for the DGI is planned. Particular emphasis will likewise be placed on priority sectors. We have converted nearly 2,150 contract workers from the Ministry of National Education into civil servants in order to ensure quality education. We are also considering recruiting staff for the Ministry of Health, where recruitment has not taken place since 2021.

23. The reform of budgeting in AE/CP (Commitment Authorizations / Payment Credits) will be extended to all Ministries in 2025. To date, it includes eleven Ministries with the highest investment portfolios. A preliminary assessment will be carried out to identify and find a solution to the challenges encountered during this reform. Following this evaluation, the reform should cover all Ministries by 2025. At the same time, additional training is planned to strengthen the capacity of sectoral ministries, thus ensuring that relevant staff are well equipped to implement this budgeting model.

24. The Government is continuing to implement the reform of the Treasury Single Account (STA) in order to strengthen cash management. The freezing of the treasury account during the sanctions imposed on Niger led the Government to open accounts in the books of some commercial banks to ensure the continuity of its sovereign missions. However, the Government has undertaken the gradual closure of these accounts opened by public entities. In this context, the 34 accounts that are still active will be closed as soon as the projects they financed are completed. Currently, the Treasury accountants manage the accounts of 122 out of 266 local authorities. The expansion of coverage by the Treasury's direct accountants is expected to continue, facilitated by collaboration between the Treasury and the finance directorate of local authorities, focusing on the merger of local authorities according to their geographical proximity and similarities.

25. The Government of Niger will continue the digitalization of Government payment processes to revolutionize the efficiency, transparency, and accessibility of financial operations within the public sector. At the heart of this reform are the *e-Trésor Niger* and I-ATS platforms, which promise to modernize payments by enabling various payment methods, promoting real-time management of state bank accounts, and ensuring seamless interconnectivity between banks and the Public Treasury. For this purpose, prepaid cards will soon be distributed to students, contract workers, and retirees, allowing them to receive their scholarship and pension payments. This reform will not only significantly reduce transaction times and costs, but also plays a crucial role in the fight against corruption and improving financial inclusion by minimizing reliance on cash and promoting digital transactions. The success of these reforms requires a concerted effort from all stakeholders, supported by a robust regulatory framework, comprehensive change management strategies, and an unwavering commitment to cybersecurity.

Improve the quality and effectiveness of public expenditure

26. In line with the Government's priorities, the framework of the social protection system will be strengthened. As part of this approach, special emphasis is placed on the expansion of the Unified Social Registry (RUS). The objective is to enroll 800,000 households in the coming years, targeting in particular 43 percent of the poorest individuals, to ensure a more efficient and targeted distribution of aid. Ultimately, the plan aims to register all poor and vulnerable households, estimated at more than 3 million, by 2030. This initiative focuses not only on data collection, but also on the dynamic maintenance of the RUS by regularly updating household information and achieving interoperability with other national information systems. The authorities are committed to overcoming challenges such as mobilizing the necessary financial resources for this reform, establishing a unique identifier for vulnerable individuals and households, and including diverse social groups in the registry.

GOVERNANCE AND ANTI-CORRUPTION EFFORTS

27. The Government is determined to strengthen the governance framework. Two IMF technical assistance missions are expected in the first half of 2025 to take stock of governance in Niger and to make recommendations. The Government will authorize the publication of the report resulting from these missions (*SB#4 at end-October 2025*). In addition, the Government commits to adopt an ordinance reinstating the Supreme Audit Institution (Cour des Comptes) (*Prior Action #2*) before end-2024 and to make it operational in early 2025. The Supreme Audit Institution will reactivate the asset declaration system and audit public finances.

28. The Government will continue to implement measures to improve the framework for combating money laundering and the financing of terrorism. An ordinance has been adopted to transpose into national law the new WAEMU Community Law on Combating Money Laundering, Terrorist Financing and the Financing of Proliferation of Weapons of Mass Destruction (AML/CFT/CPF). The six draft decrees to strengthen Niger's AML/CFT framework are awaiting signature. The Government is continuing to implement GIABA's recommendations. In particular, the National Financial Information Processing Unit (CENTIF) has set up a forum serving as a framework for periodic consultation with all stakeholders. CENTIF has organized awareness-raising and training campaigns for the designated nonfinancial businesses and professions. A national terrorist financing risk assessment as well as sector assessments (including for the banking, real estate, non-for-profit and mining sectors) were undertaken to understand the risk exposure to money laundering and terrorist financing. On the other hand, actions relating to improving transparency over the beneficial ownership of legal persons and arrangements, as well as AML/CFT supervision of designated non-financial businesses and professions, have been delayed.

29. The security situation and the related emergencies have led the Government to take the necessary measures to ensure the prompt mobilization of the required financial and material resources. In this context, Ordinance 2024-5 of February 23, 2024, which grants exemptions to the legislation on public procurement was adopted in order to provide the flexibility necessary for efficiency in the defense sector. However, it should be noted that the scope of this ordinance is strictly restricted to the national defense sector, and it applies only to spending for the acquisition of defense and security equipment.

STRUCTURAL REFORMS

30. The Government of Niger considers development of the private sector to be a key driver for sustained and inclusive growth. In this context, it is essential to strengthen the institutional framework for dialogue between the public and private sectors. This framework should lead to the rehabilitation and strengthening of the various arbitration and regulatory committees and an effective settlement system, particularly in the field of public procurement. The strengthening of this framework for dialogue at the sectoral level with the DGI and the DGD is already producing encouraging results. We also intend to continue with our reforms to digitize administrative operations, which will lead to transparency and efficiency gains. The revision of the General Tax Code, which is underway and is expected to be adopted in 2025, will also create the conditions for a more productive and competitive private sector.

31. In line with our endogenous growth policy as set out in the main guidelines of the PRSP, Niger is also determined to improve access to financing and to develop small and medium-sized enterprises (SMEs). To achieve this, the revision and adoption of a decree instituting a charter for SMEs to improve their competitiveness and facilitate their access to financing is ongoing. In terms of private sector financing, Niger has a Deposit and Consignment Fund (Caisse de dépôt et de consignation) which will be strengthened to ensure adequate financing of the private sector.

32. The development of the financial sector and financial inclusion continue to be an important pillar for Niger. The main orientations in terms of financial inclusion are set out in the National Strategy for Inclusive Finance (SNFI 2019–2023), an essential pillar of which is the development of a national financial education program. Work is still underway to develop this national financial education program in synergy with the WAEMU regional financial education program and its transcription into three national languages, including Haussa, Fulani, and Germa. One firm has already been selected and deliverables are expected by end-2024. An assessment of the SNFI in line with the Central Bank of West African States (BCEAO)'s updated regional financial inclusion strategy is also planned in order to improve financial inclusion in Niger. At the same time, the Nigerien authorities are committed to continuing the digitalization of the financial system through the promotion of mobile money and other digital services.

33. The Financial Inclusion Development Fund (FDIF) and the National Support Fund for Small and Medium-Sized Enterprises and Small and Medium-Sized Industries (FONAP) remain operational to increase financial inclusion in Niger. The two funds now have five windows (*guichet*) each in their respective frameworks of intervention. In 2024, the FDIF established a fifth additional window dedicated to Islamic finance and the FONAP also set up a fifth window to support small and medium-sized enterprises in the renewable energy sector. A framework for synergistic consultation is being developed between FONAP, FDIF, and the banks to improve the effectiveness of the various interventions of these structures in terms of financial inclusion and financial sector development.

34. The implementation of the microfinance sector restructuring plan is continuing in order to strengthen the financial sector. At the initiative of the Regulatory Agency of the Microfinance Sector (ARSM) and with the approval of the BCEAO, the license of TAANADI has been revoked and it is currently being wound up. The restructuring of ASUSU is progressing with the signing of agreements after the certification of its financial statements. At the same time, at the end of a negotiation with BOAD, the Government of Niger has succeeded in securing a loan of CFAF 10 billion for on lending to ASUSU. The *Union des Caisses Mutuelles du Niger* remains under provisional administration. The transposition into national law of the recent

WAEMU community law on the regulation of microfinance, adopted in December 2023, is underway and will reduce vulnerabilities in the microfinance sector.

POLICIES AND MEASURES TO COMBAT CLIMATE CHANGE

35. The Government remains determined to strengthen climate resilience and advance the transition towards a green economy. The Government is committed to revising its nationally determined contribution (NDC), a process that will start in 2025, although the roadmap for this process is currently being drawn up. This revision of the NDC aims to raise the ambitions for reducing greenhouse gases by including the waste sector in the new NDC. Already, in the context of the fifth communication, several studies have been carried out that will contribute to the revision of the NDC. Once the roadmap has been developed, we will work to mobilize technical and financial partners to finance the NDC revision process. Within the same process, we will make an assessment of the implementation of the 2021 NDC. Niger is in the process of setting up its MRV system with the support of the World Bank; the process is underway. Once developed, the MRV will allow Niger to report its efforts to the United Nations Framework Convention on Climate Change (UNFCCC) and to have a real-time climate database. In terms of adaptation, we are in the process of updating our national adaptation plan. Our mitigation efforts are focused on strengthening our policy tools, including the recent development of a low-carbon strategy with the support of UNITAR.

36. Significant progress has been made in strengthening our planning and budgeting for climate-related projects as well as taking climate into account in our fiscal risk assessment.

- **Strengthen planning and budgeting for climate change-related expenditures.** With technical assistance from the IMF, we have developed a methodology for tagging climate-related expenditures. The methodology was validated by the NDC Committee on September 26, 2024 (***RSF Second Review, RM1***). We see climate budget tagging as a key tool to strengthen our efforts to identify and develop climate-related activities. To support this initiative, we have set up a working group led by the Directorate-General for Budget to oversee the preparation and implementation of this methodology. The methodology has already helped to update our National Adaptation Plan and NDCs, giving more priority to adaptation-focused sectors, including water. In anticipation of a pilot project to apply the methodology in selected sectoral ministries (***RSF Third Review, RM2***), we organized a joint training session with the IMF in November 2024, in which the six selected ministries participated in a presentation of the methodology and the definition of the next steps. Additional IMF technical assistance is planned early next year to assess the climate relevance of the FY2025 budget using this methodology, with findings expected in April 2025.

- **Climate-resilient infrastructure.** To strengthen our public investment management (PIM), we are finalizing a project preparation and appraisal guide with the support of the World Bank and have already published a guide including a methodology for assessing vulnerability to climate change as part of the project assessment (***RSF Second Review, RM4***). The methodology is designed to ensure that public investment projects will undergo increasingly in-depth assessments with respect to their climate risk as they progress through the PIM process. In order to support the development and implementation of the guide, we have set up a committee led by the Directorate-General for Planning, Programming and Development (DGPPD). In line with our commitment to implement the guide, in particular the climate vulnerability assessment of projects, we plan to conduct a pilot assessment on at least three investment projects. Our goal is for the feasibility studies to be published by end-October 2025 (***RSF Fourth Review, RM6***). However, considering the absence of major projects in the budget, we request the removal of the CFAF 5 billion floor for the three major projects to facilitate the assessment of smaller or medium-sized projects.

- **Statement on fiscal risks related to natural disasters.** In October 2025, we published our multiyear fiscal and economic programming document (*Document de Programmation Budgétaire et Economique Pluriannuel* DPBEP) 2025–2027, which includes a risk assessment of natural disasters (***RSF Second Review, RM8***). In line with our guide, the assessment includes the risk probability calculations and estimates of the economic and fiscal impact of natural disasters, in particular floods and droughts. The lack of data available to accurately quantify the macroeconomic and fiscal impacts of these events remains a major problem. To strengthen our analysis, we are working with the World Bank to implement an economic model that includes climate aspects that will allow us to better assess and calibrate the risks and impacts associated with natural disasters.

37. The reforms already carried out in favor of disaster risk management and the low-cost energy transition under the RRF are beginning to bear fruit.

- **Natural disaster risk management**. Outputs from the flood and drought baseline assessment (***RM10, met in the RSF First Review***) are currently being used as the basis for design work, including the technical studies for the delivery of resilient infrastructure financed by the World Bank through the Integrated Urban Development and Multisectoral Resilience Project (PIDUREM). These technical studies identify critical infrastructure, such as drainage systems, dikes, and urban watershed development works, that are vulnerable to climate risks. Based on these findings, the Government is implementing PIDUREM with funding from the World Bank with the aim of strengthening the resilience of infrastructure in fourteen municipalities in Niger. Although local governments are still in the early stages of integrating this analysis, the results have indirectly helped to raise awareness among leaders in vulnerable areas about risk management and the need to develop resilient infrastructure. It should be noted that the Government has put in place a flood contingency plan.

- **Strengthening sectoral capacities in disaster risk prevention and management.** The national platform for disaster risk prevention and reduction, created by an order revised in March 2024, is operational. Three meetings were held to discuss its mandate, the establishment of sub-committees (focusing on disaster risk management policies, education and research, resource mobilization, and communication), and to inform the sectoral focal points of the ongoing revision of the National Strategy for Disaster Risk Reduction, with the financial support of the United Nations Development Programme (UNDP). Following the reform to strengthen sectoral capacities for disaster risk management by designating sectoral focal points in five key ministries (***RM9, met in the First Review***), their terms of reference were drawn up, outlining their responsibilities and tasks related to the coordination of disaster risk management. The various focal points also took part in the meetings of the national DRR platform. For the platform to become effectively operational, technical and financial support is necessary. To develop the capacities of the sectoral focal points in their new functions, we will seek additional support from the World Bank.

- **Gender in disaster risk management.** The Ministry of Humanitarian Action and Disaster Management has a Directorate for Gender Inclusion and Protection in Emergency Situations. Technical and financial support would make it possible to respond adequately to gender issues.

- **Promotion of renewable energies through the implementation of the new FONAP window.** Following the issuance of regulations to establish a window to promote renewable energy projects (***RM11, met in the First Review,***), FONAP still faces significant constraints, including insufficient resources, limited banking sector interest in financing FONAP-supported projects, and limited private sector investment capacity in the field of renewable energy. To address these challenges, the authorities issued a decree in September creating a consultation platform to promote renewable energy, chaired by the Ministry of Energy and bringing together representatives from sectoral ministries and the private sector. The Ministry of Energy is in the process of appointing focal points for this platform and plans to hold a first meeting by December. FONAP is also working with Banque Agricole du Niger (BAGRI) to prepare projects that can be financed by the Global Green Fund and is in discussions with Banque de l'Habitat on possible energy efficiency projects. On the institutional front, the United Kingdom is supporting the development of a capacity development plan. Although World Bank technical assistance for the FONAP Operational Manual has not yet begun, FONAP has drafted a concept note on operational procedures.

38. Niger is stepping up its efforts to develop its capacity to mobilize climate finance. The recent severe floods have underscored the need for us to invest in climate resilience, which has forced us to allocate around USD 20 million (CFAF 12 billion) in emergency assistance, although the need to repair damage to infrastructure is much greater. We are also conducting a study to assess the economic and fiscal impact of these floods. In line with our NDC investment plan and with the support of development partners, we are continuing our efforts to turn nine concept notes into bankable projects for the Green Climate Fund. In addition, we are continuing to prepare a USD 10 million project proposal focused on improving value chain resilience in the agriculture sector for submission to the Adaptation Fund. We have experienced some delays in the accreditation process of Banque Agricole du Niger, which is seeking not only Green Climate Fund accreditation but also Adaptation Fund re-accreditation. Various development partners, such as the Norwegian Refugee Council (NORCAP), the African Development Bank (AfDB), the World Bank, and the United Kingdom, are providing technical support to develop our technical and institutional capacities in terms of World Climate Fund procedures, project formulation, and climate finance inventory in Niger.

PROGRAM MONITORING

39. ECF program monitoring will be based on the performance criteria (Table 1) and structural benchmarks (Tables 2 and 3). The indicators and reporting requirements are defined 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.

40. The ECF- and RSF-supported programs will be monitored by means of joint semiannual reviews by the IMF Executive Board. The semiannual reviews under the ECF will be based on the performance criteria at end-June and end-December, and on the indicative target at end-March and end-September. New quantitative performance criteria are being proposed at end-December 2024 and end-June 2025 along with the corresponding indicative targets for end-March 2025 and end-September 2025, as outlined in Table 1. The RSF reviews will be based on the evaluation of implementation of the reform measures set out in Table 4.

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (March 2023-December 2023)

(Billions of CFA francs, unless otherwise indicated)

	End-Mar. 2023 IT			End-Jun. 2023 PC			End-Sep. 2023 IT			End-Dec. 2023 PC		
	2nd Review	Actual	Status	3rd Review	Actual	Status	3rd Review	Actual	Status	3rd Review	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	109.7			286.7			456.1			289.3		
Adjustment for shortfall in external budget support [2]		0.0		...	0.0		...	0.0		...	30.0	
Adjustment for payments of domestic obligations (arrears and float) [3]		20.1		...	20.1		...	20.1		...	20.1	
Adjustment for debt reprofiling operation [4]	...	...		...	0.0		...	0.0		...	0.0	
Adjusted ceiling on net domestic financing of the government, without IMF net financing	129.8	80.9	Met	306.8	306.5	Met	476.2	428.9	Met	339.5	448.6	Unmet
Memorandum items:												
External budget support [5]	15.0	27.9		32.6	46.0		53.3	46.0		310.2	46.0	
External budget grants [6]	12.6	27.9		24.6	46.0		45.4	46.0		150.2	46.0	
B. Continuous quantitative performance criteria [1]												
(Ceiling)												
Accumulation of new external payment arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	107.8	Unmet	0.0	274.0	Unmet
Present Value (PV) of new public and publicly-guaranteed (PPG) external debt contracted from the beginning of the relevant calendar year	550.0	43.6	Met	550.0	139.5	Met	550.0	164.9	Met	550.0	164.9	Met
Adjustment for debt reprofiling operation [7]	...	...	...	...			...			...		
Adjusted PV of new PPG external debt contracted from the beginning of the relevant calendar year	...	...	...	550.0	139.5	Met	550.0	164.9	Met	550.0	164.9	Met
C. Indicative Targets												
(Cumulative from beginning of year)												
Basic budget balance (commitment basis, excl. grants), floor	-92.3	-63.8	Met	-256.0	-168.9	Met	-389.7	-262.4	Met	-467.8	-375.9	Met
Basic budget balance (commitment basis, incl. budget grants), floor	-79.6			-231.4			-344.4			-317.6		
Adjustment for shortfall in external budget grants [8]		0.0		...	0.0		...	0.0		...	30.0	
Adjusted basic budget balance (commitment basis, incl. budget grants), floor	-79.6	-36.0	Met	-231.4	-122.9	Met	-344.4	-216.4	Met	-347.6	-329.9	Met
Cash revenue, floor	265.9	245.0	Unmet	520.0	502.4	Unmet	785.2	676.3	Unmet	1114.0	864.4	Unmet
Floor on social spending	20.3	73.8	Met	50.6	154.1	Met	100.0	203.1	Met	120.0	286.5	Met
Ratio of exceptional expenditures on authorized spending (percent), ceiling [9]	5.0	0.0	Met	5.0	0.0	Met	5.0	0.0	Met	5.0	0.0	Met

Sources: Nigerien authorities; and IMF staff estimates and projections.
Note: The terms in this table are defined in the TMU.

***In addition to QPCs enumerated in this table, the Standard Continuous Performance Criteria will also apply: (i) Not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) Not to introduce new or intensify existing multiple currency practices; (iii) Not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article III); and (iv) Not to impose new or intensify existing import restrictions for balance of payments reasons.

[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 5 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] The ceiling on domestic financing of the budget will be lowered by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service for end-September 2023 and end-December 2023.

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

[6] External budgetary grants.

[7] The ceiling on the PV of new PPG external debt will be raised by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service from July 6, 2023 until December 31, 2023 up to an amount of CFAF 300 billion.

[8] 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.

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

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (March 2024-September 2025) (concluded)

(Billions of CFA francs, unless otherwise indicated)

	End-Mar. 2024			End-Jun. 2024			End-Sep. 2024			End-Dec. 2024		End-Mar. 2025		End-Jun. 2025		End-Sep. 2025
	IT			PC			IT			PC		IT		PC		IT
	3rd Review	Actual	Status	4th+5th Review	Actual	Status	4th+5th Review	Actual	Status	4th+5th Review	Proj.	4th+5th Review	Proj.	4th+5th Review	Proj.	Proj.
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	125.0			323.6	255.5	Met	435.2	411.3	Met	491.1	491.1	86.3	94.3	204.8	222.7	242.1
Adjustment for shortfall in external budget support [2]	…	7.7		…	0.0		…	0.0		…	…	…	…	…	…	…
Adjustment for payments of domestic obligations (arrears and float) [3]	…	0.0		…	0.0		…	0.0		…	…	…	…	…	…	…
Adjustment for debt reprofiling operation [4]	…	0.0		…	0.0		…	0.0		…	…	…	…	…	…	…
Adjusted ceiling on net domestic financing of the government, without IMF net financing	132.7	66.1	Met	323.6	255.5	Met	435.2	411.3	Met	491.1	491.1	86.3	94.3	204.8	222.7	242.1
Memorandum items:																
External budget support [5]	9.9	0.0		5.4	29.5		19.2	29.5		66.2	33.1	3.2	4.7	6.6	9.2	35.7
External budget grants [6]	7.7	0.0		4.2	12.4		14.2	12.4		36.5	13.9	1.9	1.8	4.2	4.1	13.7
B. Continuous quantitative performance criteria [1]																
(Ceiling)																
Accumulation of new external payment arrears	0.0	119.9	Unmet	0.0	0.0	Met	0.0	28.4	Unmet	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-concessional debt ceiling											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	541.0	0.0	Met	541.0	0.0	Met	541.0	36.6	Met	541.0	541.0	403.1	550.0	403.1	550.0	550.0
Adjustment for debt reprofiling operation [7]	…			…	…		…			…	…	…	…	…	…	…
Adjusted PV of new PPG external debt contracted from the beginning of the relevant calendar year	541.0	0.0	Met	541.0	0.0	Met	541.0	36.6	Met	541.0	541.0	403.1	550.0	403.1	550.0	550.0
C. Indicative Targets																
(Cumulative from beginning of year)																
Basic budget balance (commitment basis, excl. grants), floor	-95.3	-52.8	Met	-195.1	-236.7	Unmet	-233.4	-373.0	Unmet	-284.2	-284.2	-51.5	-56.3	-136.8	-136.9	-138.2
Basic budget balance (commitment basis, incl. budget grants), floor	-87.6			-190.9	-224.3	Unmet	-219.2	-360.6	Unmet	-247.8	-270.3	-49.6	-54.5	-132.5	-132.8	-124.5
Adjustment for shortfall in external budget grants [8]	…	7.7		…	0.0		…	1.8		…	…	…	…	…	…	…
Adjusted basic budget balance (commitment basis, incl. budget grants), floor	-95.3	-52.8	Met	-190.9	-219.1	Unmet	-219.2	-355.4	Unmet	-247.8	-270.3	-49.6	-54.5	-132.5	-132.8	-124.5
Cash revenue, floor	342.2	197.8	Unmet	423.8	455.2	Met	712.5	645.9	Unmet	1022.7	890.0	281.9	255.7	526.4	476.0	800.1
Floor on social spending	20.3	82.3	Met	85.0	113.5	Met	127.5	201.4	Met	170.0	170.0	50.0	50.0	100.0	100.0	150.0
Ratio of exceptional expenditures on authorized spending (percent), ceiling [9]	5.0	0.5	Met	5.0	0.0	Met	5.0	0.0	Met	5.0	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.
addition

[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 5 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] The ceiling on domestic financing of the budget will be lowered by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service for end-September 2023 and end-December 2023.

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

[6] External budgetary grants.

[7] The ceiling on the PV of new PPG external debt will be raised by the amount of borrowing under guarantee of ATI (African Trade Insurance Agency) to refinance domestic debt service from July 6, 2023 until December 31, 2023 up to an amount of CFAF 300 billion.

[8] 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.

[9] 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

Measures	Rationale	Timetable	Progress	Comments
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 in May and October 2024	
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	Not met in March 2024, met in September 2024	
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 Economy and Finance, 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	Met in May 2024	
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 and promote transparency and accountability	Continuous, monitored on a bi-annual basis	Met in May 2024, met in September 2024	
5. Publish budget execution reports in the Ministry of Finance's website, including a section on the use of oil-related revenues, in coherence with the oil revenue management strategy, starting in April 2025.	Reinforce PFM practices and transparency in the use of oil revenue.	Continuous, monitored on a bi-annual basis		New proposed continuous SB

Table 3. Niger: ECF Structural Benchmarks and Prior Actions				
Measures	**Rationale**	**Timetable**	**Progress**	**Comments**
Prior Actions				
1. Adopt an oil revenue management strategy	Enhance governance and transparency of oil revenue allocation.	Prior Action		
2. Adopt decree to reinstate the Supreme Audit institution (Cour des comptes).	Improve governance and transparency.	Prior Action		
3. Clear CFAF 15 billion in external debt service arrears and CFAF 80 billion in domestic debt service arrears.	Strengthen debt sustainability and support the economic recovery.	Prior Action		
Structural Benchmarks				
1. Integrate the Solidarity Fund for the Safeguarding of the Homeland (FSSP) into the 2025 budget as a special account. The budget must also include an annex detailing the terms and conditions of financing the FSSP.	Ensuring fiscal transparency in the mobilization of public resources.	End-December 2024	Met in October 2024	
2. Adopt a decree determining the formula for calculating the reference price for the oil stabilization fund and create a committee of experts to implement the calculation.	Enhance governance and transparency of oil revenue allocation.	End-March 2025		
3. 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-April 2025		.
4. Publish the Governance Diagnostic Assessment (GDA) report.	Improve governance and fiscal transparency.	End-October 2025		New proposed structural benchmark

Table 4. Niger: Reform Measures under the RSF

No.	Reform Measure	Type of Reform	Indicative deadline 1/	Technical assistance	Status
Reform Area 1. Strengthening the planning and budgeting of climate-related spending					
RM1.	Government to validate a methodology for tagging climate-related expenditures (CBT).	PFM-Climate	ECF 6th review (End September 2024)	IMF	Implemented
RM2.	Government to apply the CBT framework for at least 4 sectoral ministries in their 2025 budget and share the results with IMF staff.	PFM-Climate	ECF 7th review (End March 2025)	IMF	
RM3.	Government to amend the budget circular for the preparation of the 2026 budget to include instructions on identifying climate-related allocations in the 2026 budget preparation.	PFM-Climate	ECF 8th review (End August 2025)		
Reform Area 2. Improving the sensitivity of public investment management to climate-related issues					
RM4.	Government to develop and publish (on the website of the Ministry of Economy and Finance) a guide defining the methodology for climate vulnerability assessments of public investment projects and programs.	PFM-Climate	ECF 6th review (End September 2024)	IMF and WB	Implemented
RM5.	Government to amend the decree no. 0041 dated November 03, 2021—on the process of analysis and selection of projects and investment programs—to require the integration of climate change aspects in the various stages of public investment management (evaluation and selection) and to publish it on the website of the Ministry of Economy and Finance.	PFM-Climate	ECF 7th review (End March 2025)	IMF	

Table 4. Niger: Reform Measures under the RSF (continued)

RM6:	Government to publish feasibility studies, including climate vulnerability assessments, for at least three public investment projects.	PFM-Climate	ECF 8th review (End September 2025)		
Reform Area 3. Enhancing disaster informed fiscal planning and management.					
RM7.	Government to publish on the website of the Ministry of Economy and Finance a guide for the analysis of fiscal risks related to natural disasters.	PFM-Climate	ECF 4th review (End - September 2023)	IMF	Implemented with a delay
RM8.	Government to publish a statement on fiscal risks, including an assessment of fiscal risks related to natural disasters, on the website of the Ministry of Economy and Finance.	PFM-Climate	ECF 6th review (End December 2024)		Implemented
RM9	Government to adopt an order to establish focal points consisting of at least two persons (one titular and one alternate) in the relevant directorates of three selected ministries to carry out the responsibilities defined in the new DRM law, including: (i) the preparation and implementation of sector-level disaster risk reduction plans, (ii) the monitoring and evaluation of disaster risk reduction actions, (iii) the preparation and the response to disasters, and (iv) the DRM coordination among ministries.	DRM	ECF 4th review (End October 2023)	World Bank	Implemented with a delay.
RM10	Government to publish flood and drought risk assessments in key exposed areas on the National DRM Data Platform: www.risques-niger.ne	DRM	ECF 5th review (End April 2024)	World Bank (PIDUREM project).	Implemented

Table 4. Niger: Reform Measures under the RSF (concluded)

Reform Area 4. Promoting renewable energy sources					
RM11	Government to create a new window ("Guichet") within the FONAP that provides technical and financial assistance for improving the bankability of small and medium enterprises projects as well as their implementation in the field of renewable energy.	Green energy	ECF 4th review (End October 2023)		Implemented with a delay.
Note: 1/ According to the IMF's policy paper ("Proposal to Establish a Resilience and Sustainability Trust", Policy Paper No. 2022/013, April 2022), the timeline is indicative and some flexibility in the implementation timeline is granted to take into account the difficulty of assessing the exact time needed to complete reforms					

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 Q4-2024 to Q3-2025. The performance criteria and indicative targets for December 2024 through September 2025 are set out in the Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of December 17, 2024. 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 2024 and 2025 quarterly targets respectively concern the cumulative amounts since the beginning of 2024 and 2025 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. This adjustment will be capped at a maximum of CFAF 75 billion.

12. The primary budget balance target will be increased by an amount equivalent to 0.5 percent of GDP, expressed in billions of CFA francs, to account for priority spending, provided that the authorities secure concessional financing (in addition to the amounts currently envisaged).

Reporting Requirement

13. 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

14. 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

15. 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

16. 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.

17. 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).

18. 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.

19. 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.

20. Currency Denomination. For program purposes, the value in CFAF of new external debt of 2024 and that of 2025 is respectively calculated using the exchange rates for end May 2024 and end October 2024, in the IMF's International Financial Statistics (IFS) database.

Exchange Rates (end May 2024)	
CFAF/SDR	800.02484
U.S. Dollar/SDR	1.32354
Euro/SDR	1.21963
Japanese Yen/SDR	207.333
U.K. Pound Sterling/SDR	1.04035
U.A.E. Dirham/SDR	4.85725

Exchange Rates (end October 2024)	
CFAF/SDR	802.6946
U.S. Dollar/SDR	1.33163
Euro/SDR	1.22489
Japanese Yen/SDR	204.406
U.K. Pound Sterling/SDR	1.02611
U.A.E. Dirham/SDR	4.87684

21. 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.

22. 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

23. 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.

New Non-Concessional External Debt Contracted or Guaranteed by the Central Government

Definition

24. External Debt Contracted or Guaranteed by the Central Government are defined as the previous paragraphs.

25. Concessionality. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97). For debts 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) and the six-month Euro Interbank Offered Rate (EURIBOR) are, respectively, 2.73 percent and 2.00 percent and will remain fixed for the duration of the program. Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR and the six-month EURIBOR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR will be added.

Reporting Requirement.

26. The government will report any new external borrowing and its terms to Fund staff before external debt is contracted or guaranteed by the government.

B. Indicative Targets

Definitions

27. 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.

28. The basic budget 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 budget balance are set: one including budget grants and the other excluding budget grants.

29. 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.

30. 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

31. 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

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

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

34. 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

35. 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

36. 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

37. 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

38. 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

39. 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.

Table 1. Niger: 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

Table 1. Niger: 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

INTERNATIONAL MONETARY FUND

NIGER

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION, SIXTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—INFORMATIONAL ANNEX

December 17, 2024

Prepared By The African Department

CONTENTS

RELATIONS WITH THE FUND

(As of October 31, 2024)

A. Financial Relations

Membership Status: Joined: April 24, 1963;

Accepted Obligations of Article VIII, Sections 2, 3, and 4: June 1, 1996

General Resources Account:	**SDR Million**	**%Quota**
Quota	131.60	100.00
IMF's Holdings of Currency (Holdings Rate)	106.40	80.85
Reserve Tranche Position	25.23	19.18

SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	189.07	100.00
Holdings	229.06	121.15

Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
RSF Arrangements	34.22	26.00
RCF Loans	83.66	63.57
ECF Arrangements	278.62	211.71

Latest Financial Commitments:

Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RSF	Jul 05, 2023	Dec 07, 2025	98.70	34.22
ECF	Dec 08, 2021	Dec 07, 2024	197.40	157.92
ECF	Jan 23, 2017	Oct 28, 2020	118.44	118.44

Outright Loans [1/]:

Type	Date of Commitment	Date Drawn/Expired	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	Apr 14, 2020	Apr 16, 2020	83.66	83.66

[1/] Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e., Board approval date.

Overdue Obligations and Projected Payments to Fund [1/]
(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2024	2025	2026	2027	2028
Principal	9.26	38.09	42.89	50.85	53.11
Charges/Interest	0.19	0.77	0.77	0.77	0.77
Total	9.45	38.86	43.66	51.63	53.88

[1/] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Implementation of HIPC Initiative:

	Enhanced Framework
I. Commitment of HIPC assistance	
Decision point date	Dec 2000
Assistance committed by all creditors (US$ Million) [1/]	663.10
Of which: IMF assistance (US$ million)	42.01
(SDR equivalent in millions)	31.22
Completion point date	Apr 2004
II. Disbursement of IMF assistance (SDR Million)	
Assistance disbursed to the member	31.22
Interim assistance	6.68
Completion point balance	24.55
Additional disbursement of interest income [2/]	2.74
Total disbursements	33.96

[1/] Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

[2/] Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

Implementation of Multilateral Debt Relief Initiative (MDRI):

I. MDRI-eligible debt (SDR Million)[1/]	77.55
Financed by: MDRI Trust	59.82
Remaining HIPC resources	17.73

II. Debt Relief by Facility (SDR Million)

	Eligible Debt		
Delivery Date	**GRA**	**PRGT**	**Total**
January 2006	N/A	77.55	77.55

[1/] The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

Implementation of Catastrophe Containment and Relief (CCR):

Date of Catastrophe	Board Decision Date	Amount Committed (SDR million)	Amount Disbursed (SDR million)
N/A	Apr 13, 2020	5.64	5.64
N/A	Oct 02, 2020	5.64	5.64
N/A	Apr 01, 2021	9.54	9.54
N/A	Oct 06, 2021	5.03	5.03
N/A	Dec 15, 2021	5.75	5.75

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Decision point - point at which the IMF and the World Bank determine whether a country qualifies for assistance under the HIPC Initiative and decide on the amount of assistance to be committed.

Interim assistance - amount disbursed to a country during the period between decision and completion points, up to 20 percent annually and 60 percent in total of the assistance committed at the decision point (or 25 percent and 75 percent, respectively, in exceptional circumstances).

Completion point - point at which a country receives the remaining balance of its assistance committed at the decision point, together with an additional disbursement of interest income as defined in footnote 2 above. The timing of the completion point is linked to the implementation of pre-agreed key structural reforms (i.e., floating completion point)

B. Non-Financial Relations

Exchange Rate Arrangement:

The exchange rate arrangement of the West African Economic and Monetary Union (WAEMU) is a conventional peg. Niger participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The union's common currency, the CFA franc, is pegged to the Euro at a rate of CFAF 655.957 = EUR 1. A Monetary Cooperation Agreement between the WAEMU member states and France was concluded on December 21, 2019, to replace the agreement dated December 4, 1973. The Monetary Cooperation Agreement is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) a guarantee of unlimited convertibility. Niger accepted the obligations of Article VIII, Sections 2, 3, and 4 with effect from June 1, 1996. Niger maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices.

Safeguard Assessment Findings:

The Central Bank of West African States (BCEAO) is a common central bank of the countries of the West African Economic and Monetary Union (WAEMU). In accordance with safeguards policy requirements for regional central banks, a quadrennial safeguards assessment of the BCEAO was completed in 2023. The assessment found that the central bank continues to have well-established audit arrangements and a strong control environment. The BCEAO is in the process of addressing the safeguards assessment's recommendations, including to align its Statute with changes in the 2019 cooperation agreement with France.

Article IV Consultations

The last Article IV consultation discussions ended in Niamey in November 2022. The staff report (Country Report No.23/28) was discussed by the Executive Board, and the 2022 Article IV consultation concluded, on December 21, 2022.

Technical Assistance

Technical Assistance from 2021 to October 2024

Department	Purpose	Start-date	End-date
FAD	Capacity building for staff in public expenditure reviews and budget forecasting	21-Oct-24	01-Nov-24
STA	Developing QNA consistent with ANA	07_Oct-24	18-Oct-24
FAD	Tax- Customs exchange automatization	07-Oct-24	18-Oct-24
STA	Migration to GFSM 2014	19-Aug-24	30-Aug-24
FAD	Strengthening technical macroeconomic and fiscal frameworks	12-Aug-24	30-Aug-24
FAD	Revenue Administration	01-Jul-24	05-Jul-24
FAD	Climate budget tagging	27-May-24	07-Jun-24
STA	Developing quarterly national accounts	12-Apr-24	26-Apr-24
FAD	Arrears Clearance	04-Mar-24	08-Mar-24
MCM	Improving MTDS and ABP formulation and implementation	11-Jul-23	20-Jul-23
FAD	Fiscal Risks	09-Jul-23	22-Jul-23
FAD	Revenue Administration	26-Jun-23	04-Jul-23
STA	eGGDS Technical Assistance	10-Jul-23	18-Jul-23
FAD	Transition to accrual accounting	01-May-23	05-May-23
FAD	Revenue Administration	17-Apr-23	28-Apr-23
FAD	Oil revenue management strategy	09-Jan-23	20-Jan-23
FAD	Revenue Administration	14-Nov-22	25-Nov-22
FAD	Revenue Administration	14-Nov-22	25-Nov-22
STA	Government Finance	14-Nov-22	25-Nov-22

Technical Assistance from 2021 to October 2024 (concluded)

Department	Purpose	Start-date	End-date
FAD	Revenue Administration	14-Nov-22	02-Dec-22
FAD	Public Financial Management	01-Nov-22	20-Nov-22
FAD	Public Financial Management	03-Oct-22	25-Oct-22
FAD	LTX visit on Improving macroeconomic risk analysis	12-Sep-22	23-Sep-22
FAD	Revenue Administration	25-Jul-22	05-Aug-22
FAD	Preparation of an oil revenue management strategy	14-Jun-22	27-Jun-22
FAD	STX visit - fiscal risk management	13-Jun-22	24-Jun-22
FAD	Revenue Administration	02-May-22	31-May-22
STA	External Sector	18-Apr-22	22-Apr-22
FAD	Tax Policy	15-Apr-22	29-Apr-22
STA	Real Sector - National Accounts	11-Apr-22	15-Apr-22
FAD	Revenue Administration	01-Apr-22	29-Apr-22
FAD	Revenue Administration	28-Mar-22	28-Apr-22
FAD	Revenue Administration	14-Mar-22	25-Mar-22
STA	Real Sector - National Accounts	14-Mar-22	18-Mar-22
FAD	Revenue Administration	07-Mar-22	18-Mar-22
FAD	Revenue Administration	31-Jan-22	12-Feb-22
STA	Government Finance	22-Nov-21	17-Dec-21
FAD	Tax Administration Diagnostic Assessment Tool assessment	15-Nov-21	
FAD	Tax Administration Diagnostic Assessment Tool training	08-Nov-21	
FAD	Revenue Administration	25-Oct-21	05-Nov-21
FAD	Public Financial Management	31-May-21	11-Jun-22
STA	Real Sector - National Accounts	17-May-21	28-May-21
MCM	Assets & Liability Management	09-Mar-21	21-Mar-21
MCM	Assets & Liability Management	09-Mar-21	19-Mar-21
FAD	Revenue Administration	01-Feb-21	12-Feb-21
FAD	Revenue mobilization	01-Feb-21	12-Feb-21
STA	National Acct. & Prices	25-Jan-21	05-Feb-21
FAD	Revenue Administration	05-Jan-21	05-Jan-21

Resident Representative:

Mr. Mouhamadou Moustapha Ly, since July 2024.

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

Niger and the World Bank

https://www.worldbank.org/en/country/niger

World Bank projects

https://projects.worldbank.org/en/projects-operations/projects-list?os=0&qterm=Niger

Niger and the African Development Bank

https://www.afdb.org/en/countries-west-africa/niger

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Approved By
Annalisa Fedelino (AFR), Fabian Valencia (SPR), Manuela Francisco (IDA)

Prepared by the staffs of the International Monetary Fund (IMF) and the International Development Association (IDA).[1]

Niger: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	*High*
Overall risk of debt distress	*High*
Granularity in the risk rating	*Sustainable*
Application of judgement	*No*

Niger's risk of external and overall public debt distress is assessed as "High"—downgraded from the previous DSA published in July 2024, and the public debt is deemed sustainable.[2]The downgrading is primarily attributed to lower revenue projections, which induced breaches in the external debt service-to-revenue ratio threshold in 2024 and 2025, other debt indicators remain below their thresholds under the baseline scenario.

[1] This DSA was prepared in line with Guidance Note on Bank-Fund Debt Sustainability Framework for Low-Income Countries, 2018, and its supplement.

[2] Niger's debt-carrying capacity remains rated "medium" with a composite indicator value of 2.87 based on the October 2024 IMF's World Economic Outlook (WEO) and the 2023 World Bank's Country Policy and Institutional Assessment (CPIA).

Nonetheless, for domestic debt, roll-over risks are more elevated due to Niger's overreliance on relatively higher-cost and shorter maturity financing following the military takeover. Special attention should be paid to the evolution of risks, particularly those linked to crude oil price volatility, prolonged border tensions with Benin, a deterioration in the security situation and vulnerability to climate change, as they may impact debt sustainability if they were to materialize. Given high levels of uncertainty, prudent debt policies should still be pursued. Strengthening fiscal position, especially greater efforts on domestic revenue mobilization, remains an imperative in the face of heightened vulnerabilities. In the short term, it is essential to fully implement the arrears clearance plan to ensure fiscal stability, rebuild public trust, and support the economic recovery. At the same time, it is crucial to maintain a zero ceiling on non-concessional debt and avoid overreliance on higher-cost domestic borrowing to finance the budget. In the medium and long term, continuous efforts should be made to entrench sound macroeconomic policies, implement reforms, enhance debt management practices, improve public investment management, and increase public spending efficiency, to buttress debt sustainability amid greater economic uncertainty. Given Niger's vulnerabilities to climate change, it is essential to build resilience through adaptation investments and policies, while maintaining fiscal prudence.

PUBLIC DEBT COVERAGE

1. **Niger's public and public guaranteed (PPG) debt primarily covers the central government** (Text Table 1). State and local government entities do not borrow directly on their own, and the social security fund and extra-budget funds are not covered by the DSA.[3] State guarantees extended to the private and public sectors for external borrowing are included. Publicly guaranteed private debt includes only the guarantee issued to the China National Petroleum Company (CNPC) for a loan to finance the SORAZ refinery to cover the government's minority stake.[4] SOEs do not directly borrow abroad, benefitting instead from on-lending by the central government, which is captured in debt statistics.[5] The availability of reliable data on domestic SOE debt is still limited. To strengthen debt transparency and expand the coverage of public debt reporting, the Government had implemented measures to publish annually on the Ministry of Finance's website financial information for the largest SOEs in 2022-2023 supported by the World Bank's Sustainable Development Financing Policy (SDFP). There has been a pause in these efforts since the political crisis and it will be important for the authorities to sustain these measures and not backtrack on the progress made. Moreover, efforts are ongoing to produce government finance statistics according to the GFSM 2014 manual, which would considerably improve the quality and coverage of government finance and public sector debt statistics. Lastly, most of external debt is defined on a currency basis due to limitations on the availability of residence information of WAEMU debt holders.[6]

Text Table 1. Niger: Coverage of Public-Sector Debt and Design of Contingent Liability Stress Test

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

		Default	Used for the analysis	Reasons for deviations from the default settings
1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
2	Other elements of the general government not captured in 1.	0 percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	3.0	
4	PPP	35 percent of PPP stock	0.0	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)		8.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

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[3] National Council for the Safeguard of the Homeland (CNSP) created a solidarity fund in October 2023 for the purpose of combating terrorism and insecurity. This fund is financed by levies on hydrocarbons, telecommunications, and transport fees, among others, as well as voluntary financial and in-kind contributions.

[4] CNPC extended a US$880 million (7.0 percent of GDP) loan for the construction of the SORAZ refinery in 2008, of which US$352 million (2.8 percent of GDP) is guaranteed by the government. The outstanding stock of US$30.7 million at end-2023 with repayments continuing until 2024 is included in the baseline stock of debt.

[5] This includes the electricity (NIGELEC), water (SPEN), and telecom (Niger Telecom) companies, and the ABK, a public administrative entity set up for implementing the Kandadji dam project.

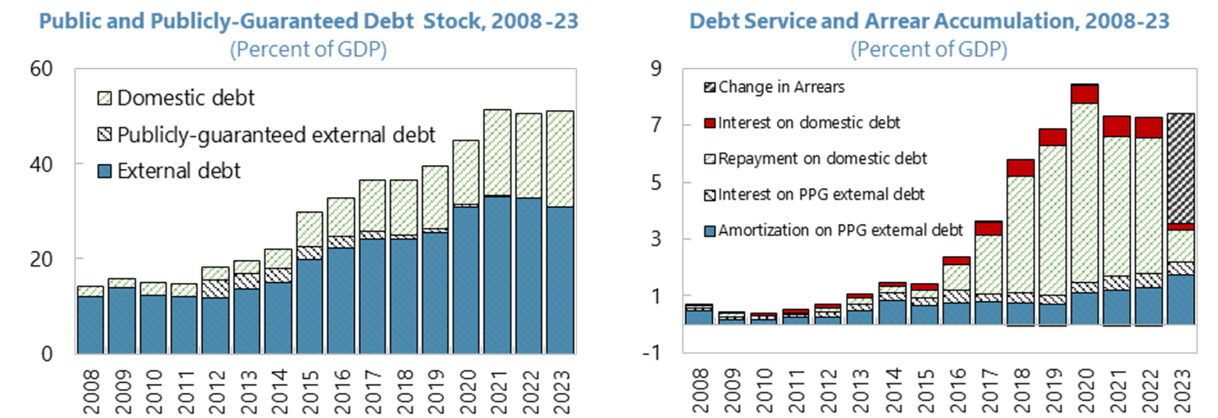
[6] Except for creditors whose residency can be tracked, for which debt is defined on residency basis. As an example, West African Development Bank (BOAD) debt is classified as external debt.

2. **The contingent liability tailored stress test is calibrated to account for debt coverage gaps** (Text Table 1). First, the coverage shock is kept at 0 percent of GDP for other elements of the general government not captured in the baseline stock of debt since: (i) the authorities indicated that the strong financial position of the social security fund (CNSS) removes material fiscal risks; and (ii) local governments solely contract short-term debt with the domestic banking sector, which is small in size. Second, an additional 1 percent of GDP shock was imposed on top of the default value of 2 percent of GDP for the contingent liabilities shock from SOE debt to reflect the potential bank recapitalization needs resulting from vulnerabilities in the banking system. Third, public-private partnerships (PPPs) signed under the current PPP law do not involve government financing. A contingent liability stress test for PPPs is hence not incorporated currently. Considering the relatively low levels of credit to the economy, the default value of 5 percent of GDP for financial market contingent liability risks appears adequate.

BACKGROUND ON DEBT

3. **Niger's public and publicly guaranteed (PPG) debt is estimated at 51.9 percent of GDP at end-2023** (Text Figure 1). Niger's PPG debt stock has been rising in recent years, leading to a corresponding increase in debt service. The political crisis and ensuing sanctions in 2023 pushed public debt to a peak of 51.9 percent of GDP, primarily through the accumulation of debt service arrears (around 5.4 percent of GDP). Other factors have contributed to a longer upwards trend in Niger's PPG debt, including higher security spending, large-scale public investments, and fiscal pressures during the COVID-19 pandemic and the response to a severe drought in 2021. Previously, wider deficits were mainly financed by external donor support, but prospects for financing from traditional partners are uncertain after the military takeover.

Text Figure 1. Niger: Public and Publicly-Guaranteed Debt, 2008–23



Sources: Nigerien authorities, and IMF staff estimates.

4. **PPG external debt makes up 60.9 percent of Niger's total debt stock in 2023**. Multilateral creditors represent the largest share (around ¾) of external debt, with Niger borrowing mostly from the World Bank (IDA) followed by the IMF; BOAD also represents an important creditor. Official bilateral debt represents around 12 percent of external debt. Exposure to exchange rate risk is relatively low given that most external debt is denominated in CFAF or Euros, and the CFAF is pegged to the Euro. External debt is

generally on concessional terms, with an average effective interest rate of 1.06 percent in 2023 and remaining maturity of 19 years. However, going forward, this financing structure is likely to be subject to significant changes, despite the projected return of financing from multilateral institutions in the near term,[7] as the suspension of financing from some traditional bilateral partners is likely to persist for the foreseeable future.

5. **Domestic debt consists mostly of short- and medium-term Treasury securities**, predominantly held by banks domiciled in Niger or in the rest of the West African Economic and Monetary Union (WAEMU). The average remaining maturity of Niger's domestic debt is 6 years while the average weighted interest rate stood at 5.13 percent at end-2023. Niger lost its access to the WAEMU regional market after the military takeover and the imposition of sanctions, which led to the accumulation of domestic debt service arrears (around 4 percent of GDP at end-2023). However, Niger has regained access to the regional securities market in April 2024, with an issuance of close to CFAF 458 billion in securities (the proceeds of this issuance were used to repay overdue domestic debt service obligations). Financing costs have increased relative to trends observed before the military coup, primarily due to the BCEAO's higher policy rate (from 2 percent in 2022 to 3.5 percent by December 2023), and higher risk premium faced by member countries of the Alliance of Sahelian States (AES) on recent issuances. The DSA considers these developments.

6. **Debt service arrears amounted to CFAF 465.7 billion by the end of 2023, and new arrears have accumulated since end-June 2024 (Text Table 2).** The DSA includes end-December 2023 domestic and external debt service arrears estimated at CFAF 395.2 billion (3.9 percent of GDP) and CFAF 70.5 billion (0.7 percent of GDP)[8], respectively. The authorities have attempted to follow the arrears clearance plan adopted before the last ECF review in July 2024. However, underperforming fiscal revenues, limited capacity in treasury cash management and liquidity constraints, have, lead to the accumulation of new debt service arrears since end-June. As of end-October 2024, the total amount of debt service arrears is estimated at CFAF 263.9 billion (2.2 percent of GDP), distributed as follows: (i) external arrears amounting to CFAF 67.1 billion (0.6 percent of GDP), of which CFAF 27.9 billion (0.2 percent of GDP) were accumulated, and (ii) domestic debt instrument arrears totaling CFAF 196.8]billion (1.7 percent of GDP), with CFAF 94.5 billion (0.8 percent of GDP) accumulated. The IMF's non-toleration policy (NTP) applies to the arrears to bilateral creditors and international financial institutions presented in Text Table 2. The authorities are committed to taking corrective measures and clear CFAF 15 billion external arrears and CFAF 80 billion in domestic debt service arrears as a prior action under the ECF supported arrangement. Moreover, they have revised the arrears clearance plan to reflect the new context and staff assesses that the authorities have a credible plan and projected financing to resolve the remaining stock over the program horizon (by December 2025). Niger owes pre-HIPC Initiative arrears to Libya which continue to be deemed away under the policy on

[7] The structure of World Bank financing has changed. Under IDA19, IDA regular loans and grants were the main facilities. However, with the starting of IDA20, IDA 50 years loans become the main facility.

[8] The amounts reported do not include the pre-HIPC Initiative arrears to Libya, which are nevertheless included in the external debt stock. The Nigerien authorities have been engaging bilaterally with the Libyan authorities to reconcile and resolve pre-HIPC Initiative arrears.

arrears to official bilateral creditors, as the underlying Paris Club Agreed Minute is adequately representative, and the authorities are making best efforts to resolve the arrears.

Text Table 2. Niger: Total Amount of External Arrears by Creditor[1]

(in CFAF Billions)

	30-Jun-24			Old arrears clearance			New arrears accumulation			31-Oct-24		
Creditors	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Multilateral+BOAD	14.7	7.0	21.7	4.1	1.0	5.0	4.7	4.5	9.2	15.4	10.5	25.8
BOAD	11.6	5.5	17.1	3.4	0.7	4.1	0.7	2.2	2.9	8.9	7.0	15.9
IDB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.2	0.2
FS-OPEP	2.1	0.4	2.5	0.0	0.0	0.0	1.7	0.3	2.0	3.8	0.7	4.4
FIDA	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.2	0.8	0.6	0.2	0.8
AfDB	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.1	2.0	0.9	1.1	2.0
BADEA	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.0	0.2
EIB	0.7	0.3	0.9	0.7	0.3	0.9	0.4	0.2	0.5	0.4	0.2	0.5
EBID	0.3	0.8	1.2	0.0	0.0	0.0	0.3	0.3	0.6	0.6	1.1	1.7
Bilateral	23.5	4.4	27.8	12.4	2.8	15.1	10.0	1.1	11.2	21.1	2.7	23.8
Paris Club	6.5	2.2	8.7	6.5	2.2	8.7	0.0	0.0	0.0	0.0	0.0	0.0
France	6.2	2.2	8.3	6.2	2.2	8.3	0.0	0.0	0.0	0.0	0.0	0.0
Non-Paris Club	17.0	2.2	19.2	5.9	0.6	6.5	10.0	1.1	11.2	21.1	2.7	23.8
China	11.4	1.0	12.4	5.7	0.5	6.2	5.5	0.5	6.0	11.2	1.0	12.2
Kuwait	2.3	0.3	2.5	0.0	0.0	0.0	1.8	0.2	2.0	4.1	0.5	4.5
Saudi Arabia	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.1	1.2	1.1	0.1	1.2
India	3.0	0.6	3.6	0.0	0.0	0.0	1.5	0.4	1.9	4.5	1.0	5.5
UAE	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.4
Commercial	9.4	5.6	15.0	3.1	2.0	5.1	4.7	2.8	7.5	11.0	6.4	17.4
DBAG	9.4	5.6	15.0	3.1	2.0	5.1	4.7	2.8	7.5	10.9	6.4	17.3
MOODY'S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total	47.6	17.0	64.5	19.6	5.7	25.3	19.5	8.4	27.9	47.5	19.6	67.1

Sources: Nigerien authorities; and IMF staff calculations

1/ Estimates of the authorities as of October 31, 2024.

7. **The estimation and analysis of private external debt is complicated by data limitations and requires further follow-up**. The BCEAO faces challenges in the compilation of private external debt stock statistics and will continue efforts to gather information on the coverage and composition of private external debt.

MAIN ASSUMPTIONS

8. **The baseline scenario is predicated on macroeconomic assumptions reflecting recent economic developments, including the ramifications of the military takeover in July last year, as well as assumptions related to the effects of climate change and policies to mitigate them (Text Table 2).** A brisk rebound in growth is expected in 2024 (to 8.8 percent) due to the start of crude oil exports and the lifting of sanctions, but a downward revision of 1.8 percentage points relative to the previous DSA has been made to reflect the adverse impacts of floods and the closure of the land border with Benin on transport and trade activities. In the near and medium term, growth would stabilize around 6 percent, driven by the expansion of agricultural irrigation infrastructure, the development of agro-industrial value chains, increased urbanization, and investments in both the extractive and energy sectors. The agriculture sector is projected to grow at an average rate of about 7 percent over the medium term (2025–2029), driven by the expansion of irrigation infrastructure and irrigated surfaces (from 18,000 hectares to 39,700 hectares by 2027), as various agricultural projects and programs gain momentum. Growth in the oil sector should remain, strong in 2025 reaching 23.1 percent, as production approaches full capacity -of 110,

000 barrels per day, following a peak growth rate of 70.1 percent in 2024 with the commencement of oil exports through the Niger-Benin pipeline. Growth in the oil sector is anticipated to be moderate thereafter as production stabilizes at full capacity. Meanwhile, the mining sector is projected to present robust growth of 8.6 percent over 2025–2029, supported by increased investment. In the early 2030s growth is projected to remain around 6 percent because of the development of new uranium production, before gradually falling to 5.5 percent in 2038. Growth projections consider historical patterns of climate-related shocks. Long-run growth is supported by high projected population growth and is in part explained by the catch-up process given the country's low level of development. The baseline scenario also includes climate-related investments planned by the authorities. Nevertheless, this baseline scenario is subject to downside risks. It is predicated on the normalization of the relationship with Benin. A more prolonged border closure and strained relations with Benin could further disrupt trade and reduce customs revenues. The baseline may also be negatively affected by a deterioration of the security situation, volatility in commodity prices, a tightening of financial conditions, among other factors, as discussed below. The downside risks are captured by the stress testing exercise.

9. The macroeconomic framework maintains the assumption of a revenue driven fiscal consolidation that would reach the WAEMU deficit convergence criterion of 3 percent of GDP by 2025. This DSA maintains the same assumptions of the previous exercise regarding the fiscal sector. The increase in government revenues projected for 2024 is driven by the lifting of sanctions, economic recovery, and the start of crude oil exports. However, revenue projections in 2024 and 2025 were revised down relative to the last DSA, primarily due to a general underperformance of direct and indirect taxes, custom duties, and non-tax revenues, in part as a result of the continued border tensions with Benin and temporary interruptions in the oil exports. The authorities are implementing new tax administration measures—primarily focusing on strengthening tax enforcement, fighting tax fraud and corruption, collecting tax arrears, and managing human resources within tax agencies—which are likely to yield only a modest net impact. The projected fiscal consolidation for 2025 will be mainly revenue-driven because current spending and capital expenditures have already declined sharply since 2023 to preserve salary expenditures and boost security spending. The estimated revenue increase of 1 percentage point of GDP for 2025 is mainly driven by oil exports increasing to full capacity. This will boost resource-sector revenues by over 50 percent to 4 percent of GDP, fully supporting the projected increases in tax revenues on goods and services and on income. Customs revenues should increase by 0.4 percentage points of GDP in 2025 following the assumed border reopening with Benin, which is incorporated to the baseline. Even though there are significant risks to the baseline projections, related to security and the normalization of the relationship with Benin, revenue forecasts for 2025 are somewhat conservative and do not account for a number of the revenue measures proposed by the authorities as they have not yet been quantified. The authorities will also implement a revision of the tax code in 2025 that aims to simplify the current tax system and broaden the tax base, while shifting the tax burden from factors of production (capital and labor) towards consumption. This reform will contribute to boost revenues over the medium term. Additionally, efforts to tackle untargeted subsidies could generate further savings in the near-term – for example, the World Bank estimates that raising tariffs in the electricity sector to cost-reflective levels could save FCAF 29.5 billion annually. Over the medium-term, if the projected mobilization efforts do not materialize, the growth path of domestically-financed investment and current spending will likely have to slow down due to limited fiscal space.

Text Table 3. Niger: Key Macroeconomic Assumptions, 2021–44

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030-44
Real GDP growth (percent)										
Current DSA	1.4	11.9	2.4	8.8	7.9	6.7	6.4	6.0	6.0	5.7
ECF 4th and 5th combined review	1.4	11.9	2.4	10.6	7.4	6.1	6.4	6.0	6.0	5.7
ECF 3rd review	1.4	11.9	7.0	13.0	7.0	6.2	6.0	6.0	6.0	6.0
Inflation (CPI)										
Current DSA	3.8	4.2	3.7	9.1	3.7	3.2	2.0	2.0	2.0	2.0
ECF 4th and 5th combined review	3.8	4.2	3.7	4.4	3.6	3.2	2.0	2.0	2.0	2.0
ECF 3rd review	3.8	4.2	2.7	2.5	2.0	2.0	2.0	2.0	2.0	2.0
Primary fiscal balance (percent of GDP)										
Current DSA	-5.0	-5.5	-4.0	-2.5	-1.1	-1.1	-1.2	-1.4	-1.4	-1.4
ECF 4th and 5th combined review	-5.0	-5.5	-4.0	-2.5	-1.1	-1.2	-1.3	-1.4	-1.5	-1.5
ECF 3rd review	-3.8	-2.0	-1.3	-1.3	-1.3	-1.3	-1.2	-1.2	-1.2	-1.1
Total revenue excluding grants (percent of GDP)										
Current DSA	10.8	10.1	8.7	8.3	9.4	10.0	10.6	11.2	11.5	12.5
ECF 4th and 5th combined review	10.8	10.1	8.7	9.4	10.6	11.0	11.4	11.9	12.2	13.1
ECF 3rd review	10.8	10.1	11.2	13.5	14.1	14.6	14.7	14.8	15.2	16.0
Exports of goods and services (percent of GDP)										
Current DSA	15.5	12.0	11.4	15.3	19.9	19.6	18.1	17.0	16.2	15.7
ECF 4th and 5th combined review	15.5	12.0	11.9	17.7	20.6	20.1	18.4	17.5	16.7	16.1
ECF 3rd review	15.5	11.9	15.7	22.6	21.8	21.5	20.3	20.5	21.0	20.9
Oil export price (US dollars per barrel)										
Current DSA	65.8	91.5	76.6	75.1	66.3	64.6	63.7	63.3	63.2	74.3
ECF 4th and 5th combined review	65.8	91.5	76.6	77.2	72.6	69.3	66.9	65.2	64.1	75.3
ECF 3rd review	65.8	91.5	69.5	65.5	63.6	62.1	60.8	59.6	60.8	71.5
Uranium price (Thousands of CFAF per kg)										
Current DSA	45.0	52.0	75.0	76.0	71.2	75.7	79.6	82.3	83.8	83.8
ECF 4th and 5th combined review	45.0	52.0	75.0	76.0	71.2	75.7	79.1	82.0	83.4	83.4
ECF 3rd review	46.9	49.7	76.2	68.3	71.2	75.7	76.1	76.9	76.9	76.9

Source: IMF staff calculations.

10. **Tightened financial conditions, compounded by ramifications of the military takeover, are assumed to deteriorate financing terms in the short run. Over time, foreign borrowing is expected to shift towards less concessional sources, while domestic financing will move towards longer maturities.** Regarding external debt, the DSA assumes that the structure of creditors will change with the persistence of the suspension of financing from some traditional development partners. In the longer run, external borrowing moves, albeit gradually, toward less concessional financing and commercial loans. For domestic borrowing, the DSA keeps the assumptions regarding the average interest rate on government bonds in 2024 to 10, 10.2, and 10.6 percent for bonds maturing in 1 to 3, 4 to 7 years and over 7 years, respectively, and the interest rate on T-bills is set to 9.8 percent. Staff assess the above assumptions are aligned with recent high issuance cost of Alliance of Sahelian States (AES) countries in regional market. Debt instruments are assumed to gradually shift from T-bills to longer maturity bonds in the medium term (2040-2044).

11. **The DSA incorporates the latest developments regarding debt service arrears, including the authorities' corrective measures and new arrears clearance plan.** The end-2024 outstanding amounts of external and domestic arrears have been calibrated taking into account the authorities corrective

measures (i.e. clearing CFAF 15 billion external arrears and CFAF 80 billion domestic arrears). The DSA also updated the arrears clearance path following the revised clearance plan. Currently, all debt service arrears are assumed to be cleared in 2025.

12. The DSA's toolkit to assess the realism of the macroeconomic forecast does not raise red flags considering historical experience and comparisons with peers.

- **Drivers of debt dynamics** (Figure 3). During 2019 – 2023, a large amount of total public debt has been accumulated due to primary fiscal deficits. The accumulation of arrears in 2023 has pushed public debt to its highest level (51.9 percent of GDP). From 2024 to 2028, the contribution of GDP growth to debt dynamics is projected to dominate the unfavorable contribution of the primary deficit, which will support the downward trend of public debt to GDP ratio to 40.7 in 2044. External public debt peaked at 33.5 percent of GDP in 2021 and is estimated to decline to 22.9 percent in 2044. The drivers of debt dynamics of this DSA are the same with the previous vintage but reflect updates of the macroeconomic framework.

- **Realism of planned fiscal adjustment** (Figure 4). The projected three-year fiscal adjustment in the primary balance (2.5 percentage points of GDP) lies in the top quartile of the distribution of past adjustments to the primary fiscal deficit for a sample of LICs. The expected adjustment is based on revenue increases driven by the economic recovery, the lifting of sanctions, and the start of crude oil exports. On the spending side, the allocation of resources will be guided by new priorities with a focus on security and social spending (including health, education, food security, and social safety nets).

- **Consistency between fiscal adjustment and growth** (Figure 4). The low growth rate observed in 2023 was primarily due to political instability and sanctions and should be treated as an outlier. The projected growth path for 2024 to 2025 is primarily attributed to the start of oil exports and ensuing spillover effects across the economy (notably in the transport sector), as well as increased production in the agricultural sector and the implementation of irrigation projects, and the recovery linked to the lifting of sanctions. Consequently, the impact of fiscal consolidation on growth is likely to be muted.

- **Consistency between public investment and growth** (Figure 4). The tool shows the shares of public and private investments in GDP are consistent between current and previous DSA.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

13. Niger's debt-carrying capacity remains rated as "medium". The methodology relies on a composite indicator (CI) combining the CPIA score, external conditions as captured by global growth, and country-specific factors. Based on data from the October 2024 WEO vintage, the calculations give a CI value of 2.87, reflecting positive contributions from the CPIA (46 percent) but also international reserves

(56 percent), country and global real growth rates (6 and 14 percent, respectively) (Text Table 4). This score falls within the medium debt-carrying capacity thresholds defined as 2.69 < CI ≤ 3.05.

Text Table 4. Niger: Composite Indicator and Thresholds

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.426	1.32	46%
Real growth rate (in percent)	2.719	5.861	0.16	6%
Import coverage of reserves (in percent)	4.052	39.392	1.60	56%
Import coverage of reserves^2 (in percent)	-3.990	15.517	-0.62	-22%
Remittances (in percent)	2.022	0.912	0.02	1%
World economic growth (in percent)	13.520	2.909	0.39	14%
CI Score			2.87	100%
CI rating			Medium	

Debt Carrying Capacity	Medium

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Medium 2.865	Medium 2.881	Medium 2.875

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	55

Source: IMF staff calculations. The CI cutoff for medium debt-carrying capacity is 2.69 < CI ≤ 3.05.

14. Besides the six standardized stress tests, there are two tailored stress tests applied:

- One tailored stress test combines contingent liabilities of a one-time debt shock (equivalent to 8 percent of GDP) to capture a scenario reflecting both contingent liabilities from SOEs (equal to 3 percent of GDP) and a need for bank recapitalization (equal to the indicated standard level of 5 percent of GDP).

- The second tailored stress test is a commodity price shock.[9] The scenario captures the impact of a sudden one standard deviation decline in the price of the commodities the country exports.

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

15. External debt is projected to fall sharply in 2024 and continue to decrease gradually, with public and private debt both declining in the medium term (Table 1). Under the baseline scenario, the ratio of PPG external debt to GDP is projected to experience a sharp decline from 31.6 percent in 2023 to 28.5 percent in 2024. This is attributed to sanctions preventing Niger from borrowing externally in the first quarter of 2024, coupled with a continued funding squeeze, plus the rebound in GDP growth. At the same time, a large portion of external arrears are assumed to be cleared in 2024. Higher growth and fiscal prudence would support a downward trend in the PPG external debt-to-GDP ratio, which would reach to 22.9 percent in 2044. Total external debt would gradually decline to 31.1 percent of GDP in 2044. The non-interest current account deficit remains the main driver of these dynamics. The goods and services deficit is projected to narrow due to oil exports through the new pipeline. Once the non-interest current account deficit, net FDI, and endogenous debt dynamics are accounted for, remaining drivers of external debt dynamics, such as other components of the capital account, reserve accumulation, valuation adjustments, as well as price and exchange rate changes, are subsumed into the residual.

16. The risk of external debt distress has been downgraded from moderate to high. (Figure 1) The present value (PV) of the debt-to-GDP ratio and PV of the debt-to-exports ratio are expected to plateau with slightly decrease over the projection period but remain well below the relevant thresholds. The debt service-to-exports ratio is projected to decline, as exports strengthen, particularly with the increase in oil exports. However, the debt service-to-revenue ratio is projected to breach the established threshold in both 2024 and 2025. This is primarily attributed to the political crisis and persistent security challenges. However, the delayed impact of reforms on domestic revenue mobilization has played a critical role in the risk rating change, as debt service-to-revenue ratio raised slightly above the threshold in 2025 due to lower revenue projection comparing to last DSA vintage.

17. Stress tests indicate that three indicators will breach the thresholds under exports or one-time depreciation shocks (Figure 1). Two export-related indicators (the PV of PPG external debt-to-exports ratio and debt service-to-exports ratio) exceed their thresholds under the export shock scenario, reflecting a relatively small export base relative to external financing, highlights the risks of oil price volatility and the importance of oil revenue management strategy. The debt service-to-revenue ratio will breach the threshold in 2024-2026 under the one-time depreciation shock.[10] Stress tests scenarios caution against over-optimism that might arise from solely relying on the projected high growth in exports under the baseline.

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[9] Under the debt sustainability framework, countries with commodity exports accounting for at least 50 percent of total exports of goods and services over the previous three-year period are subject to the stress test. Commodities accounted for 53 percent of Niger exports of goods and services over the period 2021-23.

[10] In accordance with the LIC-DSF guidance, stress scenarios are formulated by subtracting the standard deviation from the lower value of the historical average and baseline projections.

18. The granularity assessment suggests Niger's external debt remains sustainable. The debt service-to-revenue ratio only breaches the threshold by a relatively small margin in 2025 and is projected to fall back below the threshold from 2026 onward. In the medium and long term, revenues from oil and continued domestic revenue mobilization efforts are expected to facilitate a steady decline in the debt service-to-revenue ratio. The above factors support the external debt of Niger being assessed as sustainable.

PUBLIC DEBT SUSTAINABILITY ANALYSIS

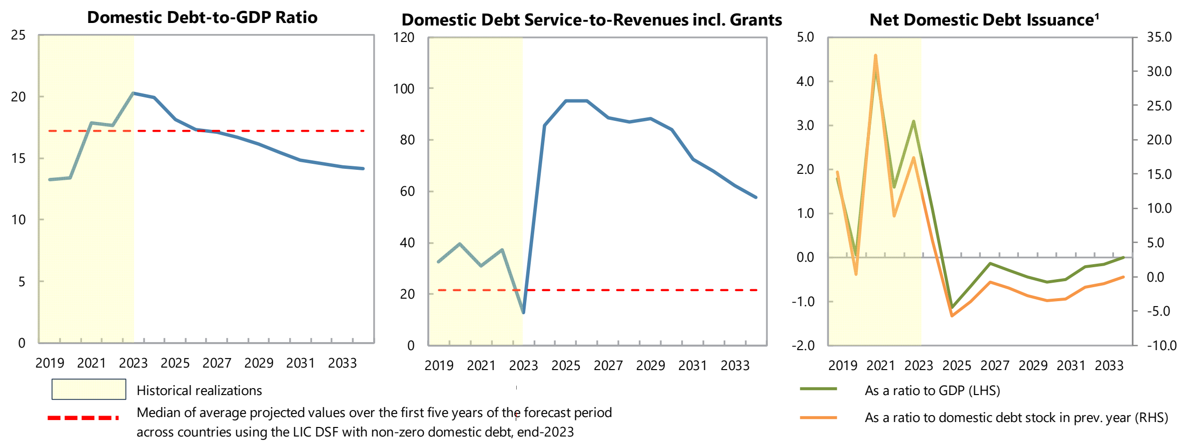
19. Public sector debt is projected to decline gradually in the medium and long run (Table 2). Improved domestic revenue mobilization, higher spending efficiency, and better expenditure control, coupled with export diversification fostered by private sector growth, are expected to contribute to stabilizing the primary deficit over the medium and long run. Gradual shifts toward lower concessionality and longer maturities over the medium and long term would marginally increase interest costs, while the extension of maturities would reduce rollover risks. All these factors would contribute to the decline of public sector debt to 40.7 percent of GDP by 2044.[11]

20. The PV of the public debt-to-GDP ratio remains below the benchmark in the baseline and stress testing scenarios (Figure 2). The PV of public debt-to-GDP ratio is well below the benchmark of 55 percent of GDP in 2023 and is projected to gradually decline over the projection period under the baseline scenario. The commodity price shock scenario is the most extreme stress test; however, the public debt-to-GDP ratio will remain below the threshold, even under this most extreme stress scenario.

21. Niger's public financing structure has unfavorably changed towards high-cost domestic borrowing (Text Figure 2). Niger faces an external funding squeeze after the military takeover, which is forcing the county to rely more on high-cost domestic borrowing to finance its deficit. The domestic debt to GDP ratio is projected to increase sharply from about 17.6 percent of GDP in 2022 to 20.3 percent of GDP in 2023, primarily due to the effects of the economic and financial sanctions imposed after the military takeover and debt service arrears accumulation. The domestic debt service to revenues (including grants) ratio reached 37.2 in 2022 and is expected to sharply increase starting 2023. Given the shift in financing sources towards high-cost short-term domestic debt, this ratio is projected to peak at 95.3 percent in the year 2025. Both the solvency and liquidity indicators are significantly above the respective medians among peers, illustrating an elevated domestic debt risk. Moreover, the small negative net domestic debt issuances from 2025 reflect a relatively high volume of domestic debt rollover.

[11]Niger secured a new loan of US$400 million equivalent from CNPC-NP Niger, a resident corporation, which is a subsidiary of the China National Petroleum Corporation (CNPC). The loan is denominated in CFA francs, with a 12-month maturity (extendable to 16 months) and a 7 percent interest rate. The loan repayment is tied to oil export proceeds, with CNPC-NP withholding 80 percent of Niger's anticipated share (25.36 percent of total oil exports via the pipeline). This loan is classified as domestic debt in the DSA.

Text Figure 2. Niger: Indicators of Domestic Public Debt: 2019-2034
(Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	37%
Short-term	63%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	4.5%
Avg. maturity (incl. grace period)	3
Avg. grace period	2
Domestic short-term debt	
Avg. real interest rate	4.0%

Sources: Country authorities; and staff estimates and projections.

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

RISK RATING AND VULNERABILITIES

22. **Niger's risk of external and overall debt is downgraded from "moderate" to "high", while debt is deemed sustainable**. Niger's Overall debt risk rating is downgraded mechanically with the external debt risk rating to "high". However, debt remains sustainable as: (i) most debt indicators remain on steady downward trajectories; (ii) a strong rebound is expected in 2024 due to the lifting of sanctions and the start of crude oil exports, which support the medium- and long-term growth; (iii) Niger has regained access to WAEMU's pooled external reserves after the sanctions were lifted, which could delink the ability to service foreign debt from exports at the national level and keep liquidity risks low. In line with the Fund Debt Limits Policy (DLP), a debt limit on the new PPG external borrowing is embedded in program conditionality under the ECF arrangement and is calibrated to build an adequate buffer to avoid a downgrade of the risk of debt distress. Nigerien authorities are committed to clearing CFAF 15 billion in external arrears and CFAF 80 billion of domestic debt service arrears (prior action #3), which will bring Niger's total outstanding stock of debt service arrears to 1.3 percent of GDP. Moreover, with the implementation of the revised arrears

clearance plan, Niger's total debt service arrears will decrease further to below 1 percent of GDP in early 2025, below the "de minimis" threshold for an "in debt distress" rating.

23. Special attention should be paid to the evolution of risks, as they may impact debt sustainability if they were to materialize. A deteriorating security situation in Niger could further impact economic activity, while fiscal space may shrink due to tightening global and regional financing conditions. Donor support may remain limited for longer, delaying capital spending and key investments. Prolonged border closures and strained relations with Benin could further disrupt trade, drive inflation, and reduce customs revenues, potentially increasing social unrest. Additional external risks include commodity price volatility and escalating regional conflicts (e.g., Gaza-Israel). The materialization of the above risks can negatively impact Niger's debt sustainability by decreasing the exports and government revenue, while further increasing financing costs. Moreover, increased reliance on high-cost domestic financing caused by the ongoing external funding squeeze poses significant rollover risk in short and medium term. However, these risks do not alter staff's assessment of the debt sustainability risk ratings, given the ongoing economic recovery and the resumption of financing from various sources. These risks can be mitigated by implementing the appropriate policies, as discussed below.

24. Moreover, Niger continues to suffer from vulnerability to climate change and natural disasters, which will put pressure on debt sustainability. Considering the long-term nature of the climate related risks, several of the conclusions drawn in the 2023 DSA's climate alternative scenario remain applicable (IMF Country Report 23/254). The alternative scenario was informed by the World Bank's G5 Sahel Country Climate and Development Report (CCDR), which included a cumulative GDP loss compared to the baseline case of no climate change amounting to 8.9 percent by 2045.The lower GDP growth is mainly driven by a decrease in agricultural production compared to the baseline and resulting in negative effects on exports and government revenue[12]. It also considered additional fiscal expenditure for investment projects to implement adaptation policies with the fiscal deficit being larger than in the baseline scenario by 4.1 percent of GDP at the maximum, while the positive effect of these policies will materialize in later years and the adverse consequences of climate change are assumed to be only partially mitigated. The resulting higher fiscal deficit would lead to an accumulation of external and domestic debt, leading to higher debt indicators, but remaining below the respective thresholds.

25. The authorities need to pursue prudent debt policies in the face of heightened vulnerabilities. The authorities need to strengthen treasury cash management to avoid new arrears accumulation linked to liquidity pressures. Arrears clearance plan should be aligned with debt servicing capacity and be strictly implemented. Moreover, they should review the prospects of donor financing and devise strategies to regain access to concessional financing and grants.

[12] The CCDR models the economic and poverty impact of climate change through six channels (1. rainfed crop yields, 2. heat stress and labor productivity, 3. heat-related human health shock, 4. livestock yields, 5. inland flooding, and 6. roads and bridges). The modeling of the channels is based on country-specific climate scenarios and biophysical effects models to estimate economic damages. Subsequently these estimated damages are introduced as shocks into a macro-structural model developed for each country to estimate the effect on GDP and other macroeconomic aggregates.

26. Continuous efforts should be made to entrench sound macroeconomic policies, implement economic reforms, and enhance debt management practices, in order to buttress debt sustainability amid greater economic uncertainty.

- **Domestic revenue mobilization** by enhancing revenue administration, reducing tax exemptions, and broadening the tax base. Although additional oil revenues are expected, they should not be fully spent, thereby contributing to fiscal consolidation under appropriate legal and fiscal framework for oil revenue management. The adoption of an oil revenue management strategy (supported under the ECF program) would help in this regard. Moreover, the revision of the tax code to simplify the system and broaden the tax base should contribute to increase revenues over the medium-term.

- **Fiscal risks and spending quality.** Adequate project evaluation and attention to good governance practices should be pursued when executing infrastructure investments. Efficiency of public spending should be increased amid limited resources. Supported by the RSF, important efforts are being made to introduce the impact of natural disasters in fiscal risk analysis, enhancing the authority's capacity to build fiscal resilience against natural hazards and strengthening fiscal management.

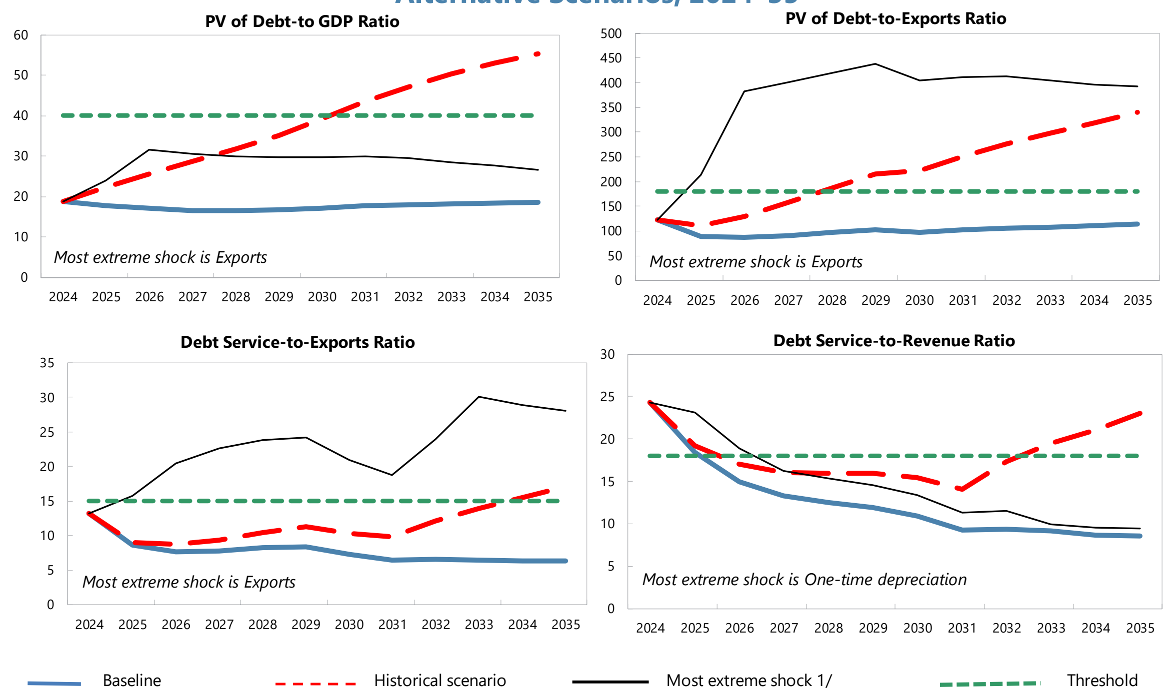
- **Economic diversification.** Horizontal policies to foster diversification, including developing the local private sector, tackling informality, accumulating human capital through education, are of paramount importance.

- **Financing.** Restoring financing capacity and finding new financing sources is essential. However, with elevated interest rates in the regional market, Niger should avoid over reliance on high-cost domestic borrowing to finance the budget. Since the risk of debt distress has been downgraded to high, a zero ceiling on non-concessional debt needs to be maintained. To avoid liquidity shortfalls and minimize the associated financing costs, the overall volumes of debt to be issued should be executed consistently with the annual and quarterly borrowing plan. Integration with the cash flow plan will be essential.

AUTHORITIES’ VIEWS

27. The authorities broadly agreed with staff’s assessment of the overall and external debt distress risk but questioned some of assumptions underlying the DSA exercise. The authorities emphasize the temporary nature of current liquidity pressures and believe the external debt service-to-revenue ratio will fall below the threshold in the near future. They reiterated their commitments of implementing corrective measures regarding new arrears accumulation and conduct prudent fiscal policies to ensure debt sustainability. The authorities also believe that the assumptions regarding high interest rates on local debt issuance in the WAEMU market were overly conservative, although they agreed that the assumptions were broadly aligned with the recent observed financing costs.

Figure 1. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2024–35



Customization of Default Settings	Size	Interactions
Tailored Tests		
Combined CLs	Yes	
Natural Disasters	n.a.	n.a.
Commodity Prices 2/	No	No
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	30	21
Avg. grace period	6	6

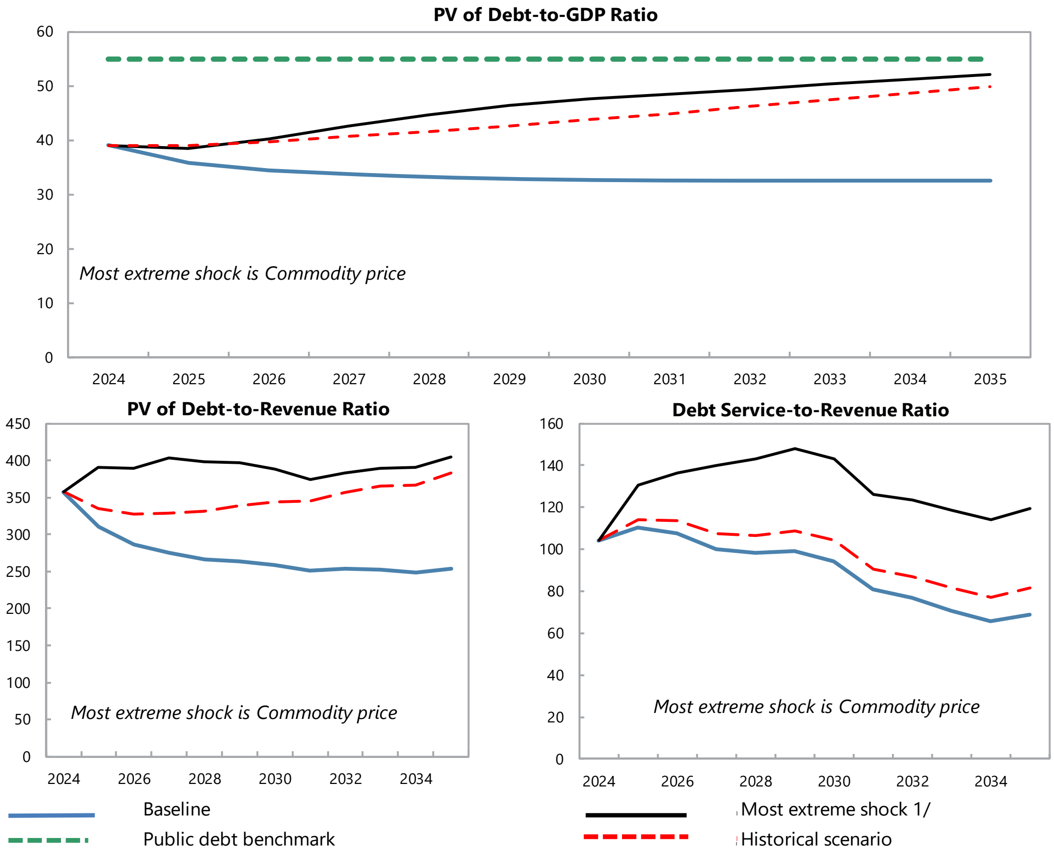
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Niger: Indicators of Public Debt Under Alternative Scenarios, 2024–35



Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	26%	26%
Domestic medium and long-term	27%	27%
Domestic short-term	47%	47%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
Avg. maturity (incl. grace period)	30	30
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.5%	4.5%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	4%	4.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

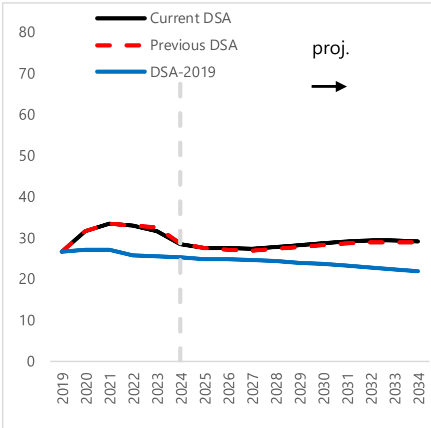
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Niger: Drivers of Debt Dynamics—Baseline Scenario

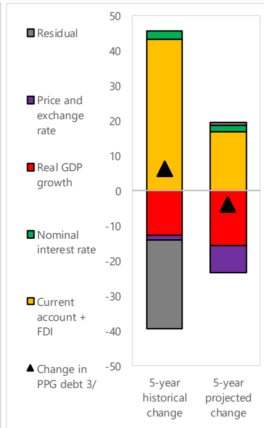
Gross Nominal PPG External Debt

(Percent of GDP; DSA Vintages)



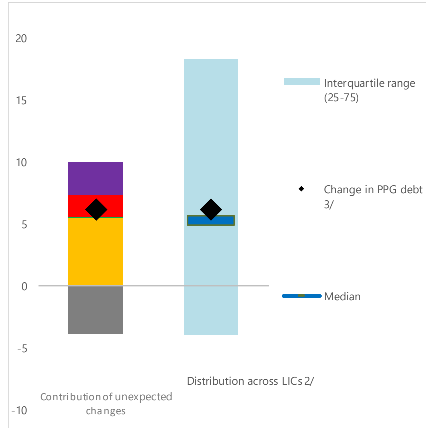
Debt-creating Flows

(Percent of GDP)



Unexpected Changes in Debt 1/

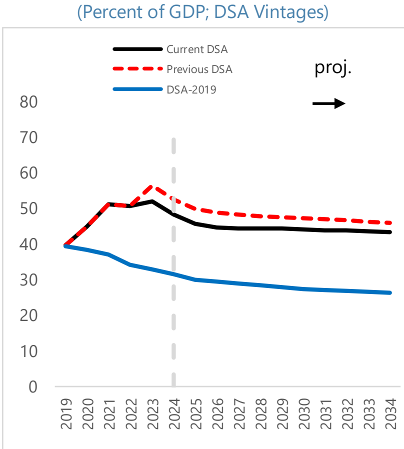
(Past 5 years, Percent of GDP)



Public Debt

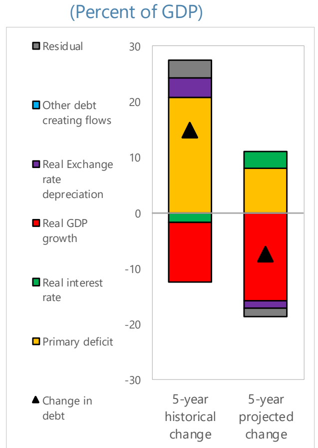
Gross Nominal Public Debt

(Percent of GDP; DSA Vintages)



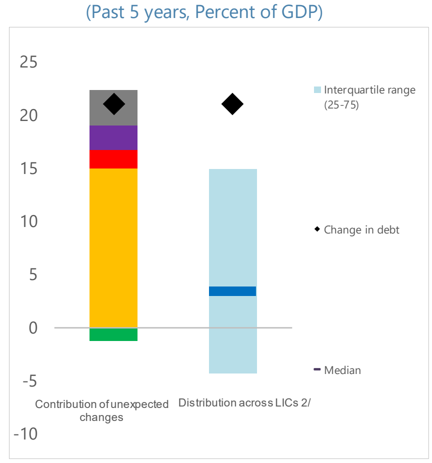
Debt-creating Flows

(Percent of GDP)



Unexpected Changes in Debt 1/

(Past 5 years, Percent of GDP)



Sources: Country authorities; and staff estimates and projections.

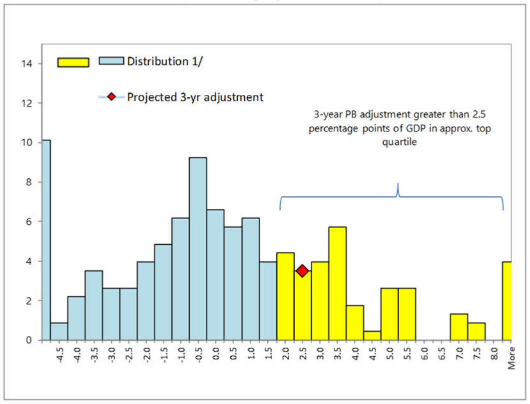
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

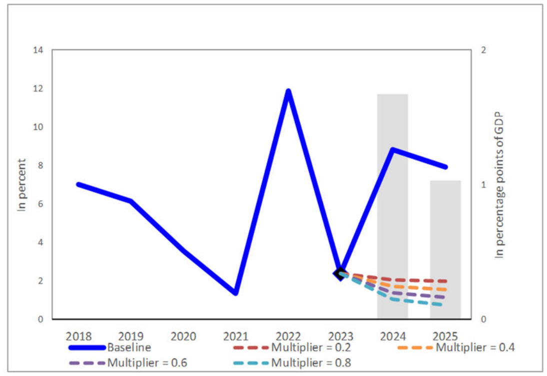
Figure 4. Niger: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



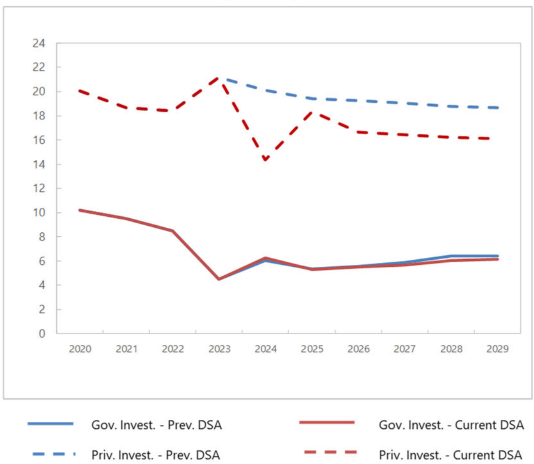
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

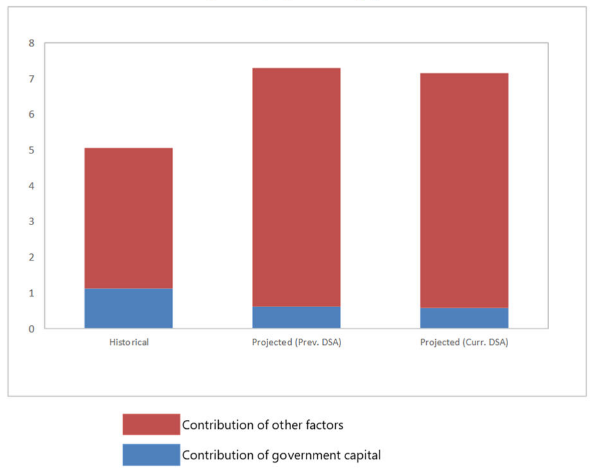


1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(% of GDP)



Contribution to Real GDP growth
(percent, 5-year average)



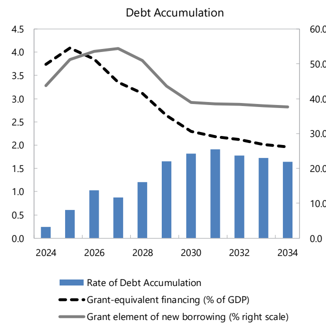
Sources: Country authorities; and staff estimates and projections.

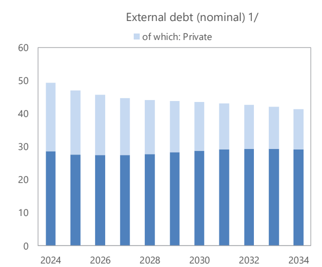
Table 1. Niger: External Debt Sustainability Framework, Baseline Scenario, 2021–44

(In percent of GDP, unless otherwise indicated)

	Actual			Projections												Average 9/	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2044	Historical	Projections
External debt (nominal) 1/	**56.7**	**56.9**	**55.4**	**49.3**	**46.9**	**45.7**	**44.6**	**44.1**	**43.8**	**43.4**	**43.1**	**42.5**	**41.9**	**41.2**	**31.1**	**49.5**	**44.2**
of which: public and publicly guaranteed (PPG)	**33.5**	**33.0**	**31.6**	**28.5**	**27.5**	**27.5**	**27.3**	**27.7**	**28.2**	**28.7**	**29.1**	**29.2**	**29.2**	**29.1**	**22.9**	**27.3**	**28.4**
Change in external debt	4.5	0.1	-1.5	-6.0	-2.4	-1.3	-1.1	-0.5	-0.3	-0.4	-0.3	-0.5	-0.6	-0.7	-0.8		
Identified net debt-creating flows	**6.2**	**8.0**	**3.3**	**0.7**	**-0.7**	**0.6**	**0.9**	**1.4**	**1.7**	**0.7**	**0.5**	**0.9**	**1.1**	**1.3**	**4.2**	**6.4**	**0.8**
Non-interest current account deficit	**13.4**	**15.7**	**13.4**	**6.5**	**3.7**	**4.1**	**4.2**	**4.5**	**4.6**	**3.4**	**3.3**	**3.6**	**3.8**	**4.0**	**6.2**	**12.9**	**4.2**
Deficit in balance of goods and services	16.9	18.3	15.4	8.0	4.8	4.8	4.7	4.8	4.8	3.6	3.4	3.6	3.8	3.9	5.8	**15.4**	**4.6**
Exports	15.5	12.0	11.4	15.3	19.9	19.6	18.1	17.0	16.2	17.6	17.3	17.1	16.8	16.6	13.6		
Imports	32.4	30.3	26.8	23.4	24.7	24.4	22.8	21.8	21.0	21.2	20.8	20.7	20.6	20.6	19.4		
Net current transfers (negative = inflow)	-4.5	-3.5	-2.7	-2.3	-2.1	-1.8	-1.7	-1.7	-1.6	-1.5	-1.5	-1.4	-1.3	-1.3	-0.9	**-3.6**	**-1.6**
of which: official	-2.4	-1.4	-1.0	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.3		
Other current account flows (negative = net inflow)	1.1	0.9	0.7	0.8	0.9	1.1	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3	**1.1**	**1.2**
Net FDI (negative = inflow)	**-3.7**	**-6.2**	**-6.1**	**-2.1**	**-1.2**	**-0.9**	**-1.0**	**-0.9**	**-0.7**	**-0.7**	**-0.7**	**-0.7**	**-0.7**	**-0.7**	**-0.7**	**-4.4**	**-0.9**
Endogenous debt dynamics 2/	**-3.5**	**-1.5**	**-4.1**	**-3.7**	**-3.2**	**-2.6**	**-2.4**	**-2.2**	**-2.2**	**-2.1**	**-2.1**	**-2.1**	**-2.0**	**-2.0**	**-1.3**		
Contribution from nominal interest rate	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Contribution from real GDP growth	-0.7	-6.5	-1.2	-4.2	-3.5	-2.9	-2.7	-2.5	-2.5	-2.3	-2.4	-2.4	-2.3	-2.3	-1.6		
Contribution from price and exchange rate changes	-3.4	4.5	-3.3	...	...	...	...	...	...	...	...	...	...	...	...		
Residual 3/	**-1.7**	**-7.9**	**-4.8**	**-6.8**	**-1.7**	**-1.9**	**-2.0**	**-1.9**	**-2.0**	**-1.0**	**-0.8**	**-1.4**	**-1.7**	**-2.1**	**-5.0**	**-4.6**	**-2.1**
of which: exceptional financing 4/	0.0	0.0	-0.7	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators																	
PV of PPG external debt-to-GDP ratio	**...**	**...**	**21.8**	**18.8**	**17.6**	**17.1**	**16.6**	**16.5**	**16.8**	**17.2**	**17.7**	**18.0**	**18.2**	**18.4**	**15.9**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**191.0**	**122.8**	**88.6**	**86.9**	**91.4**	**96.9**	**103.3**	**97.6**	**102.0**	**105.4**	**108.3**	**110.6**	**116.9**		
PPG debt service-to-exports ratio	**9.4**	**15.7**	**19.3**	**13.2**	**8.6**	**7.7**	**7.8**	**8.2**	**8.4**	**7.3**	**6.4**	**6.6**	**6.5**	**6.4**	**8.7**		
PPG debt service-to-revenue ratio	**13.5**	**18.7**	**25.3**	**24.3**	**18.4**	**15.0**	**13.3**	**12.5**	**11.9**	**10.9**	**9.3**	**9.4**	**9.1**	**8.7**	**8.9**		
Gross external financing need (Million of U.S. dollars)	1696.7	1792.4	1647.4	1287.8	920.9	1112.0	1207.1	1383.1	1582.3	1315.7	1318.0	1544.4	1720.8	1935.6	6483.7		
Key macroeconomic assumptions																	
Real GDP growth (in percent)	1.4	11.9	2.4	8.8	7.9	6.7	6.4	6.0	6.0	5.8	6.0	6.0	5.9	5.9	5.5	**5.4**	**6.5**
GDP deflator in US dollar terms (change in percent)	7.0	-7.4	6.2	7.4	2.1	2.5	1.8	1.8	2.0	2.2	2.0	2.0	2.1	2.1	2.5	**0.0**	**2.5**
Effective interest rate (percent) 5/	1.1	0.9	1.0	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	1.1	**0.9**	**0.8**
Growth of exports of G&S (US dollar terms, in percent)	1.2	-19.8	3.2	57.2	43.1	7.9	0.0	1.2	3.3	17.3	6.4	6.5	6.7	6.8	5.8	**3.4**	**14.2**
Growth of imports of G&S (US dollar terms, in percent)	7.6	-3.3	-3.8	2.0	16.5	8.2	1.0	3.1	4.3	9.1	5.8	7.9	7.6	7.9	7.7	**4.9**	**6.7**
Grant element of new public sector borrowing (in percent)	...	...	...	43.8	51.2	53.6	54.4	50.9	43.6	39.0	38.5	38.3	37.9	37.7	32.0	**...**	**44.4**
Government revenues (excluding grants, in percent of GDP)	10.8	10.1	8.7	8.3	9.4	10.0	10.6	11.2	11.5	11.7	12.1	11.9	12.0	12.2	13.3	**11.2**	**11.0**
Aid flows (in Million of US dollars) 6/	1547.7	1435.0	639.6	900.9	1145.1	1258.4	1173.4	1220.6	1251.0	1239.0	1261.8	1293.0	1321.1	1364.7	2349.2		
Grant-equivalent financing (in percent of GDP) 7/	...	...	...	3.7	4.1	3.8	3.4	3.1	2.6	2.3	2.2	2.1	2.0	2.0	1.6	**...**	**2.8**
Grant-equivalent financing (in percent of external financing) 7/	...	...	...	71.5	69.1	70.1	70.1	64.1	55.3	51.2	51.0	52.1	52.0	53.1	52.5	**...**	**60.0**
Nominal GDP (Million of US dollars)	14,923	15,458	16,809	19,641	21,648	23,687	25,644	27,676	29,937	32,374	35,002	37,844	40,917	44,240	96,577		
Nominal dollar GDP growth	8.4	3.6	8.7	16.8	10.2	9.4	8.3	7.9	8.2	8.1	8.1	8.1	8.1	8.1	8.1	**5.3**	**9.2**
Memorandum items:																	
PV of external debt 8/	...	...	45.5	39.7	37.1	35.3	33.8	32.8	32.3	31.9	31.6	31.3	30.9	30.5	24.1		
In percent of exports	...	...	399.1	258.5	186.1	179.7	186.5	193.3	198.9	181.2	182.7	183.4	183.6	183.3	177.2		
Total external debt service-to-exports ratio	10.7	17.5	21.7	13.6	8.9	7.9	8.0	8.4	8.6	7.4	6.6	6.7	6.6	6.4	8.7		
PV of PPG external debt (in Million of US dollars)			3660.9	3701.1	3819.9	4042.8	4249.8	4558.0	5015.3	5560.9	6181.2	6804.2	7458.6	8131.3	15373.0		
(PVt-PVt-1)/GDPt-1 (in percent)				0.2	0.6	1.0	0.9	1.2	1.7	1.8	1.9	1.8	1.7	1.6	1.1		
Non-interest current account deficit that stabilizes debt ratio	9.0	15.6	14.9	12.6	6.1	5.4	5.3	5.0	4.9	3.8	3.6	4.2	4.4	4.7	7.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ The CCRT debt relief is reflected in the exceptional financing.

5/ Current-year interest payments divided by previous period debt stock.

6/ Defined as grants, concessional loans, and debt relief.

7/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

8/ Assumes that PV of private sector debt is equivalent to its face value.

9/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

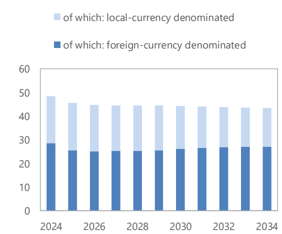
Table 2. Niger: Public Sector Debt Sustainability Framework, Baseline Scenario, 2021–44

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 7/	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2044	Historical	Projections
Public sector debt 1/	51.3	50.6	51.9	48.4	45.6	44.7	44.5	44.4	44.4	43.3	40.7	**39.7**	**44.6**
of which: external debt	33.5	33.0	31.6	28.5	27.5	27.5	27.3	27.7	28.2	29.1	22.9	**27.3**	**28.4**
	17.85	17.65	20.28	19.92									
Change in public sector debt	6.4	-0.7	1.3	-3.5	-2.8	-0.9	-0.3	-0.1	0.0	-0.3	-0.3		
Identified debt-creating flows	6.5	1.4	1.2	-2.7	-2.0	-0.8	-0.3	-0.2	-0.2	-0.3	-0.3	**3.0**	**-0.7**
Primary deficit	5.0	5.5	4.0	2.3	1.3	1.3	1.4	1.6	1.6	1.5	1.2	**4.2**	**1.6**
Revenue and grants	18.2	14.8	10.4	10.9	11.5	12.0	12.3	12.5	12.5	13.1	14.2	**16.2**	**12.4**
of which: grants	7.3	4.7	1.7	2.6	2.2	2.0	1.6	1.3	1.0	0.9	0.9		
Primary (noninterest) expenditure	23.1	20.3	14.4	13.2	12.8	13.3	13.7	14.0	14.1	14.7	15.4	**20.5**	**13.9**
Automatic debt dynamics	1.5	-4.1	-2.8	-5.0	-3.3	-2.1	-1.7	-1.8	-1.8	-1.8	-1.6		
Contribution from interest rate/growth differential	-1.2	-6.9	-1.9	-4.3	-2.9	-2.0	-1.7	-1.8	-1.8	-1.8	-1.4		
of which: contribution from average real interest rate	-0.6	-1.5	-0.7	-0.1	0.6	0.9	0.9	0.7	0.7	0.7	0.7		
of which: contribution from real GDP growth	-0.6	-5.4	-1.2	-4.2	-3.6	-2.9	-2.7	-2.5	-2.5	-2.4	-2.1		
Contribution from real exchange rate depreciation	2.8	2.8	-0.9	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	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**
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	-0.1	-2.2	0.1	-1.5	-1.2	-0.3	0.0	0.1	0.2	0.0	-0.1	**0.2**	**-0.2**
Sustainability indicators													
PV of public debt-to-GDP ratio 3/	...	...	41.9	39.0	35.8	34.4	33.7	33.2	32.9	32.6	33.8		
PV of public debt-to-revenue and grants ratio	...	...	401.6	357.6	310.3	286.5	275.1	266.3	263.2	248.4	237.5		
Debt service-to-revenue and grants ratio 4/	38.9	50.0	34.1	104.3	110.2	107.6	100.1	98.3	99.2	65.8	54.2		
Gross financing need 5/	10.9	11.8	7.5	13.7	14.0	14.2	13.7	13.8	14.0	10.2	8.9		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	1.4	11.9	2.4	8.8	7.9	6.7	6.4	6.0	6.0	5.9	5.5	**5.4**	**6.5**
Average nominal interest rate on external debt (in percent)	1.5	1.4	1.4	1.4	1.2	1.1	1.0	1.0	0.9	1.2	1.5	**1.5**	**1.1**
Average real interest rate on domestic debt (in percent)	2.2	0.7	-0.2	1.1	4.3	5.7	6.1	5.2	5.3	5.2	4.5	**3.2**	**4.9**
Real exchange rate depreciation (in percent, + indicates depreciation)	9.1	10.0	-2.8	...	...	...	...	...	...	...	...	**3.4**	**...**
Inflation rate (GDP deflator, in percent)	3.1	4.0	3.5	7.1	3.8	2.9	2.1	2.0	2.0	2.1	2.5	**1.8**	**2.7**
Growth of real primary spending (deflated by GDP deflator, in percent)	9.9	-1.6	-27.4	-0.2	4.6	10.9	9.0	9.0	6.4	7.5	5.9	**2.9**	**6.7**
Primary deficit that stabilizes the debt-to-GDP ratio 6/	-1.4	6.3	2.7	5.8	4.1	2.2	1.7	1.7	1.6	1.8	1.5	**2.5**	**2.4**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/



Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt. Definition of external debt is Currency-based.

2/ The CCRT debt relief is included in the primary deficit.

3/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

5/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

6/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

7/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Niger: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2024–35

	Projections 1/											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of debt-to GDP ratio												
Baseline	19	18	17	17	16	17	17	18	18	18	18	18
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2024-2044 2/	19	22	26	29	32	35	39	43	47	50	53	55
B. Bound Tests												
B1. Real GDP growth	19	19	20	19	19	19	20	21	21	21	21	21
B2. Primary balance	19	18	19	19	19	19	20	21	21	21	21	21
B3. Exports	19	24	31	30	30	30	30	30	29	28	28	27
B4. Other flows 3/	19	19	20	19	19	19	20	20	20	20	20	20
B6. One-time 30 percent nominal depreciation	19	22	19	18	18	19	19	20	21	21	22	22
B6. Combination of B1-B5	19	26	25	25	24	24	25	25	25	25	25	24
C. Tailored Tests												
C1. Combined contingent liabilities	19	19	19	18	19	19	20	20	21	21	21	21
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	19	19	19	19	19	19	19	19	20	20	20	19
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio												
Baseline	123	89	87	91	97	103	98	102	105	108	111	114
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2024-2044 2/	123	112	130	158	187	216	223	251	276	298	318	340
B. Bound Tests												
B1. Real GDP growth	123	89	87	91	97	103	98	102	105	108	111	114
B2. Primary balance	123	92	95	102	110	119	113	119	123	126	128	131
B3. Exports	123	**214**	**383**	**401**	**420**	**438**	**404**	**412**	**412**	**405**	**396**	**392**
B4. Other flows 3/	123	96	102	107	113	120	112	117	119	121	122	124
B6. One-time 30 percent nominal depreciation	123	89	77	81	86	92	88	92	96	100	103	107
B6. Combination of B1-B5	123	183	112	**219**	**231**	**243**	**227**	**234**	**236**	**237**	**238**	**241**
C. Tailored Tests												
C1. Combined contingent liabilities	123	95	95	102	110	118	112	117	122	125	127	131
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	123	99	102	107	113	118	110	113	116	118	119	121
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio												
Baseline	13	9	8	8	8	8	7	6	7	6	6	6
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2024-2044 2/	13	9	9	9	10	11	10	10	12	14	15	17
B. Bound Tests												
B1. Real GDP growth	13	9	8	8	8	8	7	6	7	6	6	6
B2. Primary balance	13	9	8	8	8	9	8	7	7	7	7	7
B3. Exports	13	16	**20**	**23**	**24**	**24**	**21**	**19**	**24**	**30**	**29**	**28**
B4. Other flows 3/	13	9	8	8	9	9	8	7	7	8	8	7
B6. One-time 30 percent nominal depreciation	13	9	8	8	8	8	7	6	6	6	6	6
B6. Combination of B1-B5	13	14	15	15	16	17	14	13	17	16	15	15
C. Tailored Tests												
C1. Combined contingent liabilities	13	9	8	8	8	9	8	7	7	7	7	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	13	9	8	9	9	9	8	7	7	8	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio												
Baseline	24	18	15	13	13	12	11	9	9	9	9	9
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2024-2044 2/	**24**	19	17	16	16	16	15	14	17	19	21	23
B. Bound Tests												
B1. Real GDP growth	**24**	20	17	15	15	14	13	11	11	11	10	10
B2. Primary balance	**24**	18	15	14	13	12	11	10	10	10	10	10
B3. Exports	**24**	19	17	16	15	14	13	11	14	18	16	16
B4. Other flows 3/	**24**	18	15	14	13	12	11	10	10	11	10	10
B6. One-time 30 percent nominal depreciation	**24**	23	19	16	15	15	13	11	12	10	10	9
B6. Combination of B1-B5	**24**	20	19	16	15	14	13	11	15	14	13	13
C. Tailored Tests												
C1. Combined contingent liabilities	**24**	18	15	14	13	12	11	10	10	10	9	9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**24**	23	19	17	15	14	12	10	10	11	10	10
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Niger: Sensitivity Analysis for Key Indicators of Public Debt, 2024–35

	Projections											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	PV of Debt-to-GDP Ratio											
Baseline	**39**	**36**	**34**	**34**	**33**	**33**	**33**	**33**	**33**	**33**	**33**	**33**
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	39	39	40	41	42	43	44	45	46	47	49	50
B. Bound Tests												
B1. Real GDP growth	39	40	42	42	43	44	45	46	47	48	49	50
B2. Primary balance	39	40	42	40	39	38	38	37	37	36	36	36
B3. Exports	39	42	47	46	45	45	44	43	43	42	41	40
B4. Other flows 2/	39	37	37	37	36	36	35	35	35	35	34	34
B6. One-time 30 percent nominal depreciation	39	39	36	34	32	30	29	28	27	26	26	25
B6. Combination of B1-B5	39	39	39	37	36	36	35	35	34	34	34	34
C. Tailored Tests												
C1. Combined contingent liabilities	39	43	41	40	39	38	37	37	36	36	36	36
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	39	38	40	43	45	46	48	48	49	50	51	52
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**
	PV of Debt-to-Revenue Ratio											
Baseline	358	310	286	275	266	263	258	251	253	253	248	253
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	358	335	328	329	331	339	344	345	356	365	367	383
B. Bound Tests												
B1. Real GDP growth	358	338	340	338	339	346	349	349	359	366	368	382
B2. Primary balance	358	344	347	329	315	308	299	288	286	283	276	279
B3. Exports	358	360	395	378	364	357	348	336	333	323	310	308
B4. Other flows 2/	358	324	312	299	289	285	279	271	271	269	263	266
B6. One-time 30 percent nominal depreciation	358	341	301	277	256	243	229	216	211	205	197	196
B6. Combination of B1-B5	358	341	320	301	289	284	276	267	267	265	260	264
C. Tailored Tests												
C1. Combined contingent liabilities	358	372	340	323	309	302	293	283	282	279	272	276
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	358	390	390	403	399	397	389	374	384	390	390	404
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Debt Service-to-Revenue Ratio											
Baseline	104	110	108	100	98	99	94	81	77	71	66	69
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	104	114	114	107	107	109	104	91	87	82	77	82
B. Bound Tests												
B1. Real GDP growth	104	118	125	122	124	130	128	116	114	110	106	112
B2. Primary balance	104	110	125	126	120	122	111	95	89	82	75	78
B3. Exports	104	110	108	102	100	101	96	82	81	78	72	75
B4. Other flows 2/	104	110	108	101	99	100	94	81	78	72	67	70
B6. One-time 30 percent nominal depreciation	104	106	105	97	95	96	91	78	74	68	63	66
B6. Combination of B1-B5	104	110	110	116	108	113	106	91	86	80	74	77
C. Tailored Tests												
C1. Combined contingent liabilities	104	110	140	116	121	118	107	93	87	79	73	75
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	104	131	136	140	143	148	143	126	124	119	114	119
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

2/ Includes official and private transfers and FDI.

NIGER

January 10, 2025

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION, SIXTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—WORLD BANK ASSESSMENT LETTER UPDATE FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

WORLD BANK ASSESSMENT LETTER UPDATE FOR THE RESILIENCE AND SUSTAINABILTY FACILITY FOR NIGER

This (December 2024) Update to the World Bank Assessment Letter for the RSF for Niger (June 2023) highlights relevant changes that have occurred since the last Update of the World Bank Assessment Letter for the RSF for Niger (July 2024)

1. Country vulnerability to climate change, including human, social, and economic costs for the country arising from climate change vulnerabilities.

The floods in August 2024, triggered by heavy rainfall, highlights the country's vulnerability to climate change. According to the government's assessment at the end of September, the floods affected 161,142 households (or 1,197,487 people) and claimed 341 lives through drowning and building collapses. In addition, the flooding resulted in the death of 22,476 livestock and the destruction of cereals storage capacity. Preliminary government estimates show that despite the floods, the agriculture sector expanded by 11.2 percent in 2024, helping to ease inflationary pressure in Q4-2024.

2. Government policies and commitments in terms of climate change adaptation and priority areas to strengthen resilience.

No update.

3. Government policies and commitments in terms of climate change mitigation and priority areas to reduce greenhouse gas emissions.

No update.

- **Any other challenges.**

- **A decline in revenue has reduced the fiscal space for government to respond to shocks, including from climate.** In 2024, total revenues were expected to strengthen with the lifting of sanctions and economic recovery, however revenue collected thus far is under-performing the projection in the budget. At the end of September, total revenues - including grants - are estimated at FCFA775.5 billion (6.6 percent of GDP), compared to CFAF 897.02 billion at the end of September 2023, a decline of 14% and only 37.3% of the projected revenue in the initial budget law. The decrease in revenue stems from three main factors: (i) weak customs tax collection due to the continued border closure with Benin; (ii) lower non-tax revenues from disrupted oil pipeline operations and uranium/gold export restrictions; and (iii) reduced grants due to lower World Bank financing (disbursements only resumed in May 2024 following clearance of arrears) and other development partner support.

- **While some development partners have resumed funding, several have continued to suspend operations and programs.** Following the military coup, development partners suspended operations and funding to the government. Since the lifting of sanctions, many have resumed operations, including the World Bank, AfDB, and IMF. However, as of December 2024, many have not resumed their operations. This has led to delays in the implementation of some projects, including those related to climate change. GIZ has suspended its technical assistance program that was supporting the government to revise its Public Investment Management (PIM) guide to include the cycles of investment and climate change considerations. The IMF and World Bank (see below) has resumed technical assistance related to RSF implementation.

4. WB engagement in the area of climate change.

Following resumption of operations, and disbursements at the end of May 2024, the Livestock and Agriculture Modernization Project (LAMP) was approved by the Board in June 2024. It is a 12-year multi-phase programmatic approach (MPA) of up to US$ 1 billion in agriculture and irrigation, which will strengthen climate resilience of households and the agriculture sector. The first phase of this MPA has an allocation of US$ 350 million. The World Bank is preparing new projects for Board approval, including in the area of renewable energy and strengthening climate resilience of roads, which would complement the measures in areas iii) and iv) of the RSF. Since September 2024, the World Bank has been providing TA to the government to revise its PIM guide to include climate considerations, which supports the implementation of the RSF. The World Bank is also providing TA to the government to include a climate module in its macroeconomic model to assess the impact of climate shocks on short-term growth projections. The TA activities are ongoing with close collaboration with the IMF and are scheduled to close by June 30, 2025.

Annex I

UPDATE WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILTY FACILITY FOR NIGER

(21 July 2024)

1. Country vulnerability to climate change, including human, social, and economic costs for the country arising from climate change vulnerabilities.

Niger's vulnerability to climate change, including human, social, and economic costs described in the June 2023 Assessment Letter, based on the Sahel CCDR (2022), remain valid.

2. Government policies and commitments in terms of climate change adaptation and priority areas to strengthen resilience and 3) Government policies and commitments in terms of climate change mitigation and priority areas to reduce greenhouse gas emissions.

- Government policies and programs related to climate change (adaptation and mitigation) remain broadly unchanged since June 2023, despite the change in the Government. However, similar to other government programs, funding and implementation have been delayed due to the coup in July 2023 and subsequent sanctions and pause in development partner assistance, which affected all sectors over the past 12 months. The expected impact of delays in program funding is knock-on delays on implementation and on the achievement of results.

- There have been no changes since last year on Niger's NDCs. The Bank has supported the elaboration of NDC sectoral investment plans, organized trainings for Niger's NDC national committee on Paris agreement article 6 to unlock carbon finance. The Government is preparing reports for the upcoming COP on NDC implementation.

3. Any other challenges.

The key other challenges identified in the June 2023 Assessment Letter remain relevant.

4. WB engagement in the area of climate change.

The World Bank engagements in the areas of climate change outlined in the June 2023 Assessment Letter are still in place although project implementation and new project approvals were interrupted due to the 10-month pause in WB disbursements after the coup. The World Bank resumed disbursements at the end of May 2024 and is preparing new projects for Board approval, including in the area of strengthening climate resilience of rural households and the agriculture sector. In terms of supporting policy and institutional reforms related to climate change, the Bank did not proceed with the second operation in the programmatic DPF series (P179536), which contained DRM and renewable energy-related policy measures that were complementary to the RSF. However, DRM and renewable energy reforms are continuing to be supported through other Bank lending operations and Bank technical assistance in these two areas.

Annex II

WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILTY FACILITY FOR NIGER

(June 21, 2023)

Country Vulnerability to Climate Change including Human, Social and Economic Costs

1. **Niger and the other countries in the Sahel are among the world's most vulnerable to climate change while having some of the highest poverty rates.** Sustaining economic growth to reduce poverty is already a challenge in the Sahel with growth volatile and subject to multiple shocks, notably political instability, insecurity, as well as climatic shocks. The University of Notre Dame Global Adaptation Initiative Index ranks Niger 176th out of 182 countries (countries are ranked from 1 (lower risk) to 182 (higher risk). Niger is assessed as very high risk). with respect to the country's vulnerability to climate change in combination with its readiness to improve resilience. Floods, droughts, and other natural disasters are increasing in intensity and frequency. In 2020, severe flooding affected over 632,000 people and caused losses of around 2 percent of GDP.[1] In 2021, poor rainfall devastated cereal production in large parts of the country.

2. **Large economic output losses are expected from climate change, with losses increasing over time.** According to the IPCC, most climate scenarios show that temperatures in the Sahel, including Niger, will rise by at least 2°C in the near term (2021 to 2040) while rainfall variability will increase. In a warmer climate the frequency and intensity of heavy precipitation events and pluvial flooding are becoming more common. The G5 Sahel Country Climate and Development Report (CCDR)[2] estimates that by 2050 annual GDP in Niger would be reduced by 2.2 percent under the wet and optimistic climate scenarios and 11.9 percent under the dry and pessimistic climate scenarios by 2050[3] *if* urgent investments in climate adaptation are not taken. The negative impacts come from lower labor productivity due to heat stress, lower rainfed crop and livestock yields, damages to roads and bridges and damages from inland flooding. Large annual variability in the shocks to rainfed crop and livestock yields pose additional challenges for the agriculture sector and food security. By 2050 there could be an increase in the poverty rate of Niger from 30.4 percent projected under the baseline scenario (no climate change) to 32.1 percent under the wet and

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[1] Niger Country Economic Memorandum, World Bank, 2022.

[2] G5 Sahel Country Climate and Development Report (CCDR), World Bank, September 2022: https://openknowledge.worldbank.org/handle/10986/37620

The World Bank Group's CCDRs are new analytical reports from the World Bank Group analyzing the linkages between growth, development, and climate change. CCDRs build on data and rigorous research and identify main pathways to reduce GHG emissions and climate vulnerabilities, including the costs and challenges as well as benefits and opportunities from doing so. The reports suggest concrete, priority actions to support the low-carbon, resilient transition.

[3] These estimates are likely to underestimate the impact from climate change because not all impact channels are included and because they do not include the magnifying effects of climate-induced changes in ecosystems, increases in conflicts, and migration shifts.

optimistic scenarios and to 39 percent under the dry and climate pessimistic scenarios, which translates to an additional 5.23 million people falling into poverty. Inequality will increase and climate change will have a heterogeneous spatial effect in the Sahel with higher poverty impacts in rural areas, including in some of the most vulnerable border communities in Chad, Niger, and Mali.

3. To accelerate resilient growth in the context of climate change, the G5 Sahel CCDR identifies measures, policies, and investments in five priority areas: (i) Institutions (including disaster risk management); (ii) Climate Financing and Risk Mitigation; (iii) Energy (including the opportunity to develop in a low-carbon pathway by making the most of the region's large renewable energy potential); (iv) Landscapes (integrated management of natural capital agriculture, water and environment); and (v) Cities (resilient urban development).

Government Policies and Commitments in terms of Climate Change Adaptation and Priority Areas to Strengthen Resilience

4. Niger is progressively strengthening its climate policies and commitments although more remains to be done. Niger's Nationally Determined Contribution (NDC)[4], is within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. It is aligned with national policies and strategies, in particular the Sustainable Development and Inclusive Growth Strategy (SDDCI): *Niger vision 2035*, the *Plan de Développement Economique et Social (*PDES) 2017-2021 and 2022-2026, as well as government programs/projects for the sustainable management of natural resources and access to energy. Niger's NDC covers both adaptation and mitigation ambitions.

5. Adaptation is a priority in Niger's NDC and covers a wide range of areas, including agriculture and livestock, conservation of ecosystems, biodiversity and forests, water and sanitation, energy and infrastructure, gender and social protection, land use planning, health, education, and fisheries and aquaculture. Adaptation measures in the Agriculture, Forestry, Other Land Use (AFOLU) sector focus on improving the resilience of the agriculture, livestock, forestry, water resources, fisheries, and wildlife sub-sectors as well as the health of populations. A Measurement, Reporting, and Verification (MRV) mechanism for the NDC will be established to monitor and evaluate performance indicators and Niger's efforts in terms of adaptation and mitigation within the framework of the implementation of the Paris Agreement.[5] The monitoring and evaluation will be overseen by a Permanent Secretariat housed in the Ministry of Environment and conducted in a participatory manner, with all the representatives in charge of implementing the NDC.

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[4] Updated NDCs submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2021.

[5] The Paris Agreement establishes a transparency framework that distinguishes between "action" and "support." The purpose for transparency of action is to provide a clear understanding of climate change action, including clarity and tracking of progress towards implementing and achieving individual NDCs as well as GHG inventories and countries' mitigation and adaptation actions. It will play a key role in providing scrutiny and accountability of Parties' efforts to address climate change.

6. On disaster risk management (DRM), the Government is strengthening the institutional framework and approved a new DRM law in 2022. Niger has the National Disaster Risk Reduction Strategy (SN-RRC) 2019-2030[6], which is aligned with the Sendai Framework for Disaster Risk Reduction 2015-2030. The strategy was formally adopted through the adoption of the Humanitarian and Disaster Management Policy 2022-2026 and its Action Plan (2023): *Plan d'Actions de la Politique Humanitaire et de Gestion des Catastrophes 2022-2026.* A new DRM law was approved by the Parliament in December 2022. The law provides a mandate for integrating DRM and climate resilience into key sectors of the economy and development processes and programs and serves as the legal framework for a multi-sectoral, integrated, and preventive approach to DRM.[7] To operationalize the new DRM law, two implementing decrees are being prepared. First, to implement the new DRM law by (i) establishing a DRM High Council to be chaired by the President to serve as a guidance, consultation, and decision-making platform at the national level, and (ii) setting up the procedures for the declaration of the state of emergency by the President. Second, to define the mission, organization, composition, and operating modalities of the DRM High Council.

Government Policies and Commitments in terms of Climate Change Mitigation and Priority Areas to Reduce Greenhouse Gas Emissions

7. Niger is a low GHG emitter, contributing an annual share of global greenhouse gas emissions of less than 0.1 percent and emitting 46 Mt CO2 eq (including land use).[8] Though the five Sahel countries combined contribute less than 1 percent of global GHG emissions, all five countries have set targets for GHG reductions in their NDCs under the Paris Agreement, updated at the COP26 meeting in Glasgow in 2021, and have pledged to achieve net-zero emissions by 2050. All five Sahel countries have low-carbon economic growth strategies with a strong focus on developing their renewable energy potentials, and all have specific renewable energy targets. Niger has a target of 30 percent of renewable energy by 2030.

8. Niger's NDC provide for a reduction in GHG emissions during the period 2021-2030 in two sectors: Agriculture, Forestry, and Other Land Use (AFOLU) sector and the Energy sector.[9] The mitigation measures planned in the AFOLU sector relate to the scaling up of good practices for sustainable land management and water in all agro-ecological zones to increase the resilience of ecosystems and households, and to reduce emissions from deforestation and degradation, and sequester carbon. For the Energy sector, the measures aim to facilitate access (target 80 percent of the population in Niger by 2035)

[6] The strategy has four areas: (i) Understanding disaster risks; (ii) Strengthening disaster risk governance; (iii) Investing in DRR for resilience; and (iv) Strengthening disaster preparedness to respond effectively and build back better.

[7] It defines the responsibilities of core structures and the principles governing the relations between various entities and specifies the key instruments for an effective DRM, including a general disaster risk reduction plan for each major hazard, early warning systems, and a national disaster response fund. This will prevent the emergence of new or increased disaster risks; remove or reduce risks already present; and strengthen the resilience of individuals and societies in the face of residual risks.

[8] G5 Sahel CCDR, World Bank, September 2022 (underlying source: World Bank DataBank).

[9] The Agriculture and Energy sectors contribute 88 and 9 percent to the country's GHGs, respectively. Unconditional GHG reduction compared to BAU baseline: 13% for AFOLU, 11% for energy; Conditional GHG reduction compared to BAU baseline: 23% for AFOLU, 45% for energy (Source G5 Sahel CCDR).

to cheap, sustainable, and clean energy as well as access to modern energy services for all. The mitigation measures concern the management of the 'Residential' sub-sector (households) through rural electrification, the saving of wood energy and its substitution by other more modern fuels (butane gas, biofuels, solar); the 'Transport' sub-sector by the drop in its specific consumption; the 'Demand, Transformation and Popularization of Renewable Energies' sub-sector by improving the energy efficiency of the sub-sectors and the promotion of photovoltaic solar energy for water pumping, health, and electrification.

9. **Over the past five years, several steps have been taken by the Government towards the goal of expanding access to affordable energy, including updating the least-cost power development plan (LCPDP) which promotes the shift to renewable energy.** The government has strengthened the institutional and regulatory framework of the electricity sector[10] and established new regulations on renewable energies.[11] The Government is in the process of revising the Electricity Code, which will adopt a framework for the selection and execution of new electricity generation projects based on the updated LCPDP and in accordance with the national renewable energy policy.[12] It is also preparing a decree to adopt the updated LCPDP.[13]

Other Challenges and Opportunities

10. **Mobilizing financing for climate investments will be very challenging.** The NDC investment to 2030 is approximately USD 9.91 billion, of which USD 3.17 billion is for mitigation and USD 6.74 billion is for adaptation. Niger's average annual NDC financing need is equivalent to 7.7 percent of 2021 GDP.[14] As fiscal space for public financing is constrained, Niger will need to mobilize additional financing from international, private, non-governmental, and climate finance sources, while also making more effective use of their existing financial resources. The Government should continue to ensure conducive legal and regulatory frameworks are in place to mobilize private sector financing into potential sectors such as renewable energy.

11. **Increasing public institutional capacities and ensuring government's planning and finance functions are climate-informed will also be important for effective climate actions and**

[10] The Electricity Code enacted in May 2016 ended the monopoly of NIGELEC and liberalized the sector for private-sector participation, particularly in generation and rural electrification. The Government approved a decree in 2020 to mandate a transparent and competitive selection process for new IPPs based on a least-cost power development plan.

[11] Outside of the grid, the government has established a regulatory framework to promote private sector-led solar mini-grids, as well as an exemption from import duties for a positive list of off-grid solar devices.

12 Currently in 2022 installed and operational renewable energy capacity in Niger is approximately 7% of total national grid capacity (in MW) and renewable energy is about 2.5% of total national energy produced (in MWh). Niger has a target of 30 percent of energy coming from renewables by 2030.

[13] The adoption of an updated low-carbon LCPDP will serve as a basis for setting new criteria and targets for the development of cost-efficient new generation projects, helping the reduction of the costs of power production, and reducing any tariff shortfalls. As mandated by the current regulatory framework for independent power producers (IPP), new generation projects must be aligned with the low-carbon LCPDP, which makes the code revision and decree adoption critical.

[14] G5 Sahel CCDR, World Bank, September 2022.

investments.[15] Potential areas of action in Niger include the following: (i) strengthening the planning and monitoring of climate-related expenditures (adaptation and mitigation) in budgets; (ii) mainstreaming into the public investment management system the appraisal of projects' climate change vulnerabilities as well as their potential contributions to strengthening climate resilience and to the mitigation goals of the NDC; (iii) moving towards green public procurement; (iv) assessing systematically fiscal risks from climate change; and (v) strengthening the capacity of sectoral ministries to plan and finance risk reduction interventions and prepare and respond to climate-related disasters, which supports the implementation of the new DRM law. These areas for institutional capacity building are complementary and should ideally be worked on in parallel. Areas i, ii, iv and v are being supported through the proposed RSF measures.

WB Engagement in the Area of Climate Change

12. The World Bank has a strong country engagement on climate change with a large portfolio of financing and technical assistance that is helping Niger implement its climate commitments and to strengthen its climate resilience:

- ***Active operations that have high climate co-benefits include:*** the **Niger Integrated Water Safety Platform Project** (USD 400 million, P174414) that aims to strengthen integrated water resource management, increase access to water services and improve resilience to climate-induced water variability in certain regions of Niger; the **Niger Integrated Urban Development and Multi-sectorial Resilience Project** (USD 250 million, P175857) that aims to increase resilience to floods and improve urban management and access to basic services in selected municipalities in Niger, including flood risk reduction infrastructure investments, institutional strengthening of DRM capacities and coordination, and early warning Early Warning Systems; the **Niger Gorou Banda Scaling Solar Project** (P176887) which will construct a Solar Power Plant of 60 MW and increase the share of renewable energies in the energy mix; and the **Niger Integrated Landscapes Project** (USD 150 million, P177043) that aims to increase the adoption of climate-smart landscape restoration practices and improve rural communities' access to income-generating opportunities. USD 2m is dedicated to an enabling environment for the implementation of NDC and land degradation neutrality in Niger. See below on the DPF series.
- ***Operations under preparation are strongly aligned with the five CCDR priority areas*** aiming to strengthen climate resilience of agriculture and livestock sectors and increase climate-resilient infrastructure.
- ***Analysis and technical assistance:*** The Sahel CCDR provides a strong knowledge base to support the country engagement on climate change across all sectors. The Bank also provides technical assistance, through TA components of projects and TA financed by the Climate Support Facility trust fund, to support the implementation of the NDCs, including the development of the MRV system, the strengthening of the DRM framework, the development and implementation of the LCPDP, and the operationalization of the CCDR findings.

[15] G5 Sahel CCDR, World Bank, September 2022.

13. The World Bank World Bank Niger Resilient Growth and Capital Building Development Policy Financing (DPF) series[16] support policy and institutional reforms that strengthen climate resilience and adaptation and advance a low-carbon development pathway. The DPF series is strongly aligned with the policy recommendations of the Sahel CCDR. It supports Government reforms to establish a strong DRM legal and institutional framework, expand the coverage of the social protection system using the Unified Social Registry with improved responsiveness to food insecurity, climate, and other shocks, increase access to electricity in a sustainable manner, including shifting towards renewable energy sources, strengthen groundwater management and protection, and expand irrigation to make agriculture more climate resilient.

14. The Niger DPF series and the RSF for Niger are complementary – particularly in the common sectors of DRM and renewable energy - and potentially in the water and agricultural sectors if government measures in these sectors are added to the RSF in the future. The DPF series supported the new DRM law and is now supporting the implementing decrees, while the RSF contains two measures which support the establishment of DRM focal points in key ministries to carry out the functions defined in the new DRM law and to promote the usage of the National DRM Data Platform – including the publication of disaster risk information for improved urban planning and resilient infrastructure investments. The DPF is supporting a decree approving the newly introduced LCPDP while the RSF contains a measure to provide technical and financial assistance to small and medium-sized enterprises for renewable energy projects.

[16] A programmatic series of two single-tranche DPFs. The first operation for $350 million (P178423) was approved by the Board in December 2022. The second operation is currently being prepared. The reform program is organized around three pillars.: (1) Strengthening the institutional framework for economic and social resilience to shocks; (2 Improving service delivery to build physical and human capital; and (3) Enhancing governance over natural resources.

NIGER

January 21, 2025

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION, SIXTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—SUPPLEMENTARY INFORMATION

Approved By
Annalisa Fedelino (AFR) and Fabian Valencia (SPR)

Prepared by the African Department in consultation with LEG and SPR.

This supplement provides updates regarding the implementation of the three Prior Actions under the ECF arrangement (Table 1) and does not alter the thrust of the staff appraisal. *These prior actions pertain to: (i) the adoption of an oil revenue management strategy, (ii) the adoption of a decree re-instating the Supreme Audit Institution (Cour des comptes), and (iii) clearance of CFAF 15 billion in external debt service arrears and CFAF 80 billion in domestic debt service arrears. All three prior actions have now been met.*

1. **The authorities have adopted an oil revenue management strategy, which is aligned with IMF technical assistance recommendations.** Following the roadmap previously endorsed by the President, an oil revenue management strategy was adopted through decree number 2025-055/P/CNSP/ME/F/MPE signed by President Tiani on January 21, 2025. The strategy includes the creation of a stabilization fund and a primary fiscal balance target that excludes oil revenues to mitigate the effects of oil price fluctuations on the budget. The strategy will also contribute to enhance the macroeconomic framework for management of oil revenues by calling for the preparation of detailed oil revenue projections. Moreover, it will strengthen the budget preparation and execution processes to account for the challenges of oil revenue management and will enhance the disclosure of information on the oil sector. More specifically, the strategy establishes the following key priorities, which are fully aligned with recommendations of IMF capacity development missions provided in 2022 and early 2023 (see also IMF Country Report 23/254):

- **Revamp the macroeconomic and budgetary framework to optimize oil revenue management and establish the mechanisms to guide the stabilization fund.** A technical committee has already been created to develop the macroeconomic and fiscal frameworks underlying budget laws, prepare a report on revenue projections for the extractive industries, and ensure the coherence across macroeconomic accounts. To insulate fiscal policy from short-term oil price fluctuations and ensure long-term fiscal sustainability, the strategy also envisages targets for the non-oil fiscal balance. Key elements of this new framework include (i) determining the methodology for calculating the reference oil price; (ii) defining the ceiling of the stabilization fund; and (iii) establishing guidelines to determine the contributions to and withdrawals from the fund.

- **Strengthen budget preparation and execution.** The authorities plan to channel oil revenue towards priority sectors and ensure transparency in fiscal operations, by disclosing the direct and indirect revenues generated by the oil sector and by clearly identifying the budgetary expenditures they finance. Strengthening the process of appraisal and budgeting of public investment projects should also mitigate inefficiencies and enhance transparency in the use of oil revenues.

- **Promote transparency and fiscal responsibility.** This will include publishing oil contracts, procedures for granting petroleum licenses, performance indicators, and reports explaining the challenges of the sector and the government's actions to address them. Boosting oversight of oil resource management by bodies independent of the executive branch, such as the Supreme Audit Institution, is also part of the oil revenue management strategy.

2. The Supreme Audit Institution-SAI (*Cour des comptes*) has been officially re-instated through ordinance number 2024-60 signed by President Tiani on December 31, 2024. The ordinance determines the mission, composition, and scope of operations of the SAI. The staff of the new institution (mostly former SAI members) have already been appointed with activities expected to fully resume early in 2025. The SAI will publish an annual general audit report for public accounts (starting with an audit of accounts relative to 2022), an annual report on the execution of the budget, and opine on the internal audit system and mechanisms, on the quality of accounting procedures and accounts, as well as on annual performance reports. These opinions will be accompanied by recommendations on desirable improvements. In line with the IMF staff's recommendations, the authorities aim to clarify the collaboration framework between the new anti-corruption agency CoLDEFF and the SAI. A fully functional SAI will contribute to accelerate the implementation of several measures designed to enhance governance, including the recommendations from audit reports on extractive industries, and the advancement of the asset declaration framework.

3. The Nigerien authorities have partly cleared external and domestic debt service arrears and will pursue the implementation of their plan to clear the remaining stock of arrears by end-2025. They have cleared CFAF 19.5 billion in external debt service arrears and CFAF 97.1 billion in domestic debt service arrears as of January 16, 2025. The arrears clearance was partly financed by issuances in the regional market, including the issuance of CFAF 200 billion in the syndication segment of the market in two tranches.[1] The stock of arrears as of January 16, 2025 decreased to CFAF 147.3 billion (1.1 percent of GDP), including CFAF 47.6 billion (0.4 percent of GDP) in external arrears (Table 2) and CFAF 99.7 billion (0.7 percent of GDP) in domestic arrears. An updated arrears clearance plan was elaborated, and it includes a timeframe for the settlement of the remaining stock of arrears within the program horizon. Staff assess the authorities' updated arrears clearance plan as credible.

4. Staff supports the completion of the sixth review under the ECF arrangement and the second review under the RSF arrangement with the implementation of the prior actions. Staff assess the implementation of the prior actions as consistent with IMF staff's recommendations.

Table 1. Niger: ECF Prior Actions

Measures	Rationale	Status
1. Adopt an oil revenue management strategy	Enhance governance and transparency of oil revenue allocation.	Met
2. Adopt decree to reinstate the Supreme Audit institution (Cour des comptes).	Improve governance and transparency.	Met
3. Clear CFAF 15 billion in external debt service arrears and CFAF 80 billion in domestic debt service arrears.	Strengthen debt sustainability and support the economic recovery.	Met

[1] This syndicated operation is still open to subscriptions, with an expected closing date of January 21, 2025.

Table 2. Niger: Total Amount of External Arrears by Creditor[1]
(in CFAF Billions)

	31-Oct-24			Arrears clearance			16-Jan-25		
Creditors	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Multilateral+BOAD	15.4	10.5	25.8	6.3	5.1	11.4	9.0	5.4	14.4
BOAD	8.9	7.0	15.9	4.4	3.7	8.1	4.5	3.3	7.8
IDB	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.2	0.2
FS-OPEP	3.8	0.7	4.4	0.0	0.0	0.0	3.8	0.7	4.4
FIDA	0.6	0.2	0.8	0.6	0.2	0.8	0.0	0.0	0.0
AfDB	0.9	1.1	2.0	0.9	1.1	2.0	0.0	0.0	0.0
BADEA	0.1	0.0	0.2	0.0	0.0	0.0	0.1	0.0	0.2
EIB	0.4	0.2	0.5	0.4	0.2	0.5	0.0	0.0	0.0
EBID	0.6	1.1	1.7	0.0	0.0	0.0	0.6	1.1	1.7
Bilateral	21.1	2.7	23.8	7.3	0.8	8.0	13.8	2.0	15.8
Paris Club	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Paris Club	21.1	2.7	23.8	7.3	0.8	8.0	13.8	2.0	15.8
China	11.2	1.0	12.2	5.6	0.5	6.1	5.6	0.5	6.1
Kuwait	4.1	0.5	4.5	0.0	0.0	0.0	4.1	0.5	4.5
Saudi Arabia	1.1	0.1	1.2	0.6	0.1	0.7	0.5	0.0	0.5
India	4.5	1.0	5.5	1.0	0.2	1.2	3.4	0.8	4.3
UAE	0.2	0.2	0.4	0.0	0.0	0.0	0.2	0.2	0.4
Commercial	11.0	6.4	17.4	0.0	0.0	0.0	11.0	6.4	17.4
DBAG	10.9	6.4	17.3	0.0	0.0	0.0	10.9	6.4	17.3
MOODY'S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	47.4	19.6	67.0	13.6	5.9	19.5	33.8	13.7	47.6
Libya (Pre-HIPC)[2]	9.3	0.0	9.3	0.0	0.0	0.0	9.3	0.0	9.3

Sources: Nigerien authorities; and IMF staff calculations

1/ Estimates of the authorities as of January 16, 2025.

2/ Niger owes pre-HIPC Initiative arrears to Libya, amounting 15.2 million USD or approximately 9.3 billion CFAF as per Nigerien authorities' record, which are deemed away under Fund's policy. The Nigerien authorities have been engaging bilaterally with the Libyan authorities to reconcile and resolve pre-HIPC Initiative arrears.

Statement by Mr. Ouattara Wautabouna, Executive Director for Niger and Mr. Abdoulaye Tall, Senior Advisor to Executive Director
January 22, 2025

Introduction

On behalf of our Nigerien authorities, we would like to thank Executive Directors, Management, and staff for their continued support for Niger. The authorities are particularly thankful for the constructive discussions held in Niamey and Washington, D.C., in the context of the sixth review under the Extended Credit Facility, the second review under the Resilience and Sustainability Facility, and the 2024 Article IV Consultation.

The authorities also appreciate that Niger's creditors have provided the required financing assurances, and that technical and financial partners continue supporting their reforms.

Recent Performance and Economic Outlook

In 2024, Niger continued to experience a robust recovery amidst significant domestic, regional, and global economic challenges. Real GDP growth rate is estimated at 8.8 percent driven by oil exports and the lifting of sanctions from the Economic Community of West African States (ECOWAS). Although this performance marked a remarkable turnaround from the sharp decline recorded in 2023, it was below the initial expectations for 2024, reflecting the impact of the series of shocks to the economy.

In August 2024, floodings and heavy rainfalls claimed more than 300 lives, 22,476 livestock perished, and substantial food and crop were damaged. Overall, 1.5 million people were severely impacted. Compounding the recurring extreme weather events, the authorities faced border closures along key trade routes as well as security challenges. The conflicts and ensuing humanitarian crises affect 17 percent of the population, representing 4.5 million. Additionally, rising commodity prices and supply chains disruptions contributed to increasing the inflation rate to 9.1 percent.

Niger's medium-term outlook is promising, nonetheless. The GDP growth rate is projected to reach 7.9 percent in 2025 before averaging 6 percent in the medium term as hydrocarbon production ramps up and agriculture expands. Inflation is expected to fall within the regional target range of 3 per cent. Key risks to the outlook include security challenges and prolonged geopolitical tensions, notably border closures with Benin, which could further disrupt supply chains and trade. Additionally, unexpected fluctuations in global energy prices could impact inflation and economic stability. Recurrent climate-related events pose significant risks as well, potentially affecting agricultural output and infrastructure.

Against this challenging backdrop, the authorities remain firmly committed to achieving the objectives of the ECF and RSF-supported programs with the view to addressing the medium-term structural challenges, strengthening the economy's resilience to shocks, and achieving Niger's sustainable development goals.

Program implementation

The authorities strived to strengthen further their track record of program implementation under the ECF and RSF Arrangements. They have reinstated the Supreme Audit Institution and took steps to adopt a strong framework for the management of natural resources wealth. The clearance plan for domestic and external arrears clearance is advancing as well. In doing so, the authorities have demonstrated their commitment to the highest governance and economic management standards. Two out of three quantitative performance criteria were implemented. All continuous structural benchmarks have been implemented. In particular, the *Solidarity Fund for the Safeguarding of the Homeland* was incorporated into the budget to increase transparency and strengthen controls. To remain within the program parameters, the authorities adopted contingency plans which they implemented when faced with revenue shortfalls. Amongst others, they cut or delayed expenditures, and took additional revenue-enhancing measures to make up for the revenue shortfalls.

Two of the six indicative targets for social expenditures and the ratio of exceptional expenditures were met. However, the remaining four targets, and the performance criteria on non-accumulation of new arrears were missed due to revenues underperformance, and to shortcomings in the debt management framework. The authorities took robust remedial actions, including by prioritizing the clearance of all external arrears by end-2025, adopting an arrears clearance plan to address domestic debt, and strengthening debt management.

On climate, all the reform measures under the RSF have been implemented; (i) The authorities adopted a methodology for tagging climate-related public expenditures; (ii) they took steps to systematically incorporate climate vulnerability assessments into public investments; and (iii) to incorporate climate-related risks into fiscal risk statements.

Policies for 2025 and the medium-term

The authorities' medium-term policies will be guided by the homegrown poverty reduction strategy, the *Resilience Program for the Safeguarding of the Homeland for 2024-2026.* The core pillars of the strategy are: (i) strengthening security and social cohesion; (ii) promoting good governance; (iii) developing production structures for economic sovereignty; and (iv) accelerating social reforms. Within this overarching framework, the ECF program will focus in 2025 on consolidating macroeconomic stability, rebuilding buffers, and promoting inclusive growth and poverty reduction. The RSF will support the authorities' climate strategy and help catalyze climate finance.

In addition to the IMF-supported programs and capacity development, the authorities will continue to engage Niger's technical and financial partners, including the World Bank and the African Development Bank to garner the support needed to implement their reforms agenda successfully.

Fiscal policy

The authorities are committed to pursuing a revenue-led fiscal consolidation strategy to create the fiscal space needed to promote sustainable economic growth and social protection, while preserving fiscal sustainability. Reforms will be anchored to the regional fiscal deficit norm of 3 per cent of GDP, which the authorities are committed to reaching in 2025, and the operationalization of the newly adopted natural resource management law. To achieve their revenues targets, the authorities plan an overhaul of the tax code to streamline tax exemptions, broaden the VAT base, and step-up enforcement to improve tax compliance. They will also advance tax and customs administration reforms, including by leveraging digitalization to improve compliance, and to encompass promising new areas such as land and property taxation.

On spending, the authorities will seek to improve spending efficiency and the allocation of adequate resources towards priority sectors, including healthcare, education, security, and infrastructure development. In the wake of the 2024 floodings, 158 thousand houses were destroyed. To support reconstruction efforts and encourage built-in resilience in the new constructions, the authorities took steps to reduce cement prices for one year. They also revised the petroleum retail price formula to remove costs that no longer applied with the view to providing relief to households.

To improve spending efficiency amid increased social spending, the authorities are committed to better targeting spending towards vulnerable households. In this vein, they will seek to expand the unique social registry.

The authorities will also continue strengthening public financial management, including by implementing the treasury single account, furthering program budgeting, and operationalizing the oil revenue management strategy, which will entail setting up an oil stabilization fund and publishing budget execution reports on the use of oil proceeds.

On debt policy, the authorities are taking forceful steps to bring public debt on a sustainable path. They have adopted a prudent approach to borrowing, committing to contracting new debt only on concessional terms. The authorities have also committed to enhancing transparency and prudent debt management. To address the arrears, they have been engaging creditors and plan on clearing all remaining arrears in 2025. Reforms aimed at diversifying the economy and increasing domestic revenue mobilization are key components of their strategy towards restoring public debt to sustainable levels.

Monetary and financial sector policies

The BCEAO conducts monetary policy at the regional level, aiming to maintain price and financial sector stability. After a series of policy tightening, the Central Bank recently maintained policy rates steady to anchor inflation while supporting the recovery and building reserves buffers.

The banking sector' financial soundness indicators continued to remain strained due to the lingering effect of sanctions, and the knock-on effects of sovereign debt arrears to creditors and suppliers. This led to elevated levels of non-performing loans, liquidity shortages, and a deterioration in the capital adequacy ratios. In response, the authorities took steps to strengthen the banking system's balance sheets, including by implementing a frontloaded arrears clearance plan. The authorities also doubled regulatory capital requirement for banks, with a three-year compliance timeframe. They also took steps to resolve non-complying microfinance institutions.

On financial inclusion, the authorities will continue implementing the National Financial Inclusion Strategy to promote financial access and financial inclusion, including through financial literacy programs and the promotion of access to banking services for underserved populations. In that regard, they will leverage progress made in integrating regional payment systems, as well as dedicated Funds targeting rural populations, women, and the youth.

Structural reforms

The authorities are committed to advancing quality structural reforms to leverage the country's natural resources endowment to foster long-term economic growth and competitiveness.

To reduce dependance on the hydrocarbon sector and support a transition towards a green economy, the authorities will focus on enhancing economic diversification. In this vein, they will invest, amongst others, in strengthening the resilience of the key agricultural and livestock sectors, by introducing modern farming techniques and improved irrigation systems. They will also endeavor to support small and medium enterprises (SMEs) by providing financial and technical support.

Key additional initiatives to strengthen competitiveness include labor market reforms aimed at increasing workforce participation and productivity, as well as measures to enhance the business environment through regulatory simplification and digitalization. On digitalization and innovation, the authorities launched a national digital strategy that includes the development of e-government services.

On climate, the authorities will step up the pace of implementation of their climate strategy given Niger's vulnerability to climate change. Building on frameworks provided by the RSF's reforms measures already implemented, the authorities will focus on integrating climate considerations into public financial management, strengthening governance, disaster risk management and mitigation, and mobilizing climate finance.

On Governance, the authorities will continue to promote enhanced governance and transparency standards and strengthen their AML/CFT framework. They elevated the promotion of good governance as the second strategic pilar of their poverty reduction strategy, and in this respect, they look forward to the Fund's upcoming governance diagnostic technical assistance to inform their reforms agenda. With the reinstatement of the Supreme Audit Institution and the creation of the Economic, Financial, and Tax Crime Fighting Commission the authorities plan on deploying them fully in recovering stolen public funds and assets, and in rooting out corruption. On AML/CFT, the authorities plan to continue working closely with the FATF/GIABA to strengthen further their AML/CFT framework including by finalizing the transposition into national law of the regional AML/CFT framework.

Conclusion

The authorities remain steadfast in their commitment to maintaining macroeconomic stability, fostering sustainable growth, and implementing reforms that enhance the security and well-being of the population in a particularly difficult context. They look forward to enhanced collaboration with the IMF and development partners in achieving these objectives and addressing the root causes of conflicts and fragility in Niger.

Based on the program performance and their commitment to implementing sound policies, the authorities seek Executive Directors' support for the conclusion of the sixth review under the ECF arrangement and the second review under the RSF arrangement.