INTERNATIONAL MONETARY FUND

Tax Potential and Revenue Mobilization in Niger

Ana Sofia Pessoa (FAD) and Elisée Miningou (AFR).

SIP/2025/040

IMF Selected Issues Papers are prepared by IMF staff as background documentation for periodic consultations with member countries. It is based on the information available at the time it was completed on December 17, 2024. This paper is also published separately as IMF Country Report No 25/26.

2025
APR

SELECTED ISSUES PAPER

 SIP/2025/040

IMF Selected Issues Paper
African Department

Tax Potential and Revenue Mobilization in Niger
Prepared by Ana Sofia Pessoa (FAD) and Elisée Miningou (AFR).

Authorized for distribution by Antonio David.
April 2025

***IMF Selected Issues Papers* are prepared by IMF staff as background documentation for periodic consultations with member countries.** It is based on the information available at the time it was completed on December 17, 2024. This paper is also published separately as IMF Country Report No 25/26.

ABSTRACT: Niger faces significant challenges to mobilize revenue, with one of the lowest tax revenue to GDP ratios in the region. This paper estimates the tax revenue gap, which reflects the difference between the actual and the potential tax revenue given economic and institutional context. The tax revenue gap reached 3.4 percent of GDP in 2022 due to gaps in the collection of taxes on goods and services, and international trade taxes. To enhance revenue mobilization, it is essential to rationalize VAT exemptions and the reduced rates on specific products, reform excise and property taxes, and strengthen tax administration.

RECOMMENDED CITATION: Ana Sofia Pessoa and Elisée Miningou. 2025. “Tax Potential and Revenue Mobilization in Niger” IMF Selected Issues Paper (SIP/2025/040). Washington, D.C.:International Monetary Fund

JEL Classification Numbers:	H10, H20, H21
Keywords:	Fiscal Revenues, Tax Gap, Tax Potential
Author’s E-Mail Address:	APessoa@imf.org; EMiningou@imf.org

SELECTED ISSUES PAPERS

Tax Potential and Revenue Mobilization in Niger

Prepared by Ana Sofia Pessoa (FAD) and Elisée Miningou (AFR).[1]

[1] Prepared by Ana Sofia Pessoa (FAD) and Elisée Miningou (AFR). We would like to thank Antonio David, Annalisa Fedelino, Guy Morel Amouzou Agbe, Yinhao Sun, Marcos Poplawski-Ribeiro, Fayçal Sawadogo, Georges Hatcherian and the authorities for their valuable comments and suggestions. We extend our heartfelt gratitude to Greta Polo, Charles Vellutini, Carlos Benitez, Miguel Pecho, and Mario Mansour for generously sharing their data and resources, which significantly contributed to the development of this SIP. The authors are also thankful to Chris Stumphius and Joanna Delcambre for excellent research and editorial assistance.

INTERNATIONAL MONETARY FUND

NIGER

SELECTED ISSUES

December 17, 2024

Approved By
The African Department

Prepared By Ana Sofia Pessoa (FAD) and Elisée Miningou (AFR)

CONTENTS

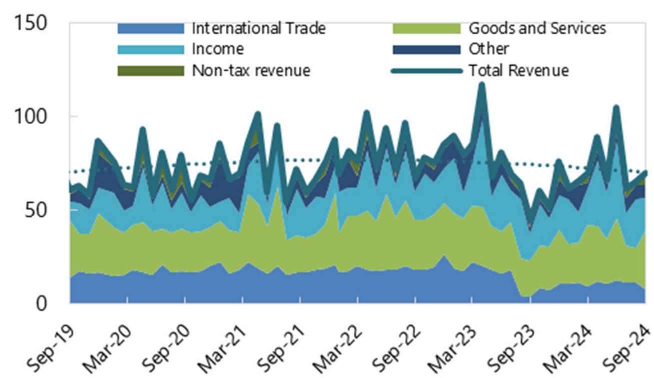
TAX POTENTIAL AND REVENUE MOBILIZATION IN NIGER[1]

Niger is facing significant challenges in revenue mobilization, with the tax revenue as a percentage of GDP being one of the lowest in the WEAMU region. This paper estimates the tax revenue gap, which reflects the difference between the actual tax revenue collected and the potential revenue for Niger's economic and institutional context. The tax revenue gap has been increasing since 2015 and reached 3.4 percent of GDP in 2022, primarily due to gaps in the collection of taxes on goods and services, and international trade taxes. To enhance revenue mobilization in Niger, it is essential to rationalize VAT exemptions and the reduced VAT rates on specific products, reform excise and property taxes, and strengthen tax administration. Furthermore, addressing informality and enhancing the ability to collect taxes from the informal sector, along with improving governance, will bolster revenue mobilization capacity in the medium to long term.

A. Motivation and Background

1. Total revenues, including tax revenues, have declined sharply in Niger following the military takeover in July 2023 (Figure 1). Revenue shortfalls relative to program targets persisted throughout the second half of 2023, exacerbated by the political events and the unfolding effects of sanctions. Recent revenue underperformance is also explained by delays in crude oil exports and the persistence of security issues. Revenue collection, though still lower than before the military takeover, has been slowly recovering from the recent shocks while revenues from international trade remain particularly weak, partly due to the border closure with Benin.

Figure 1. Total Revenue, Sep 2019-Sep 2024
(Billions of CFAF)

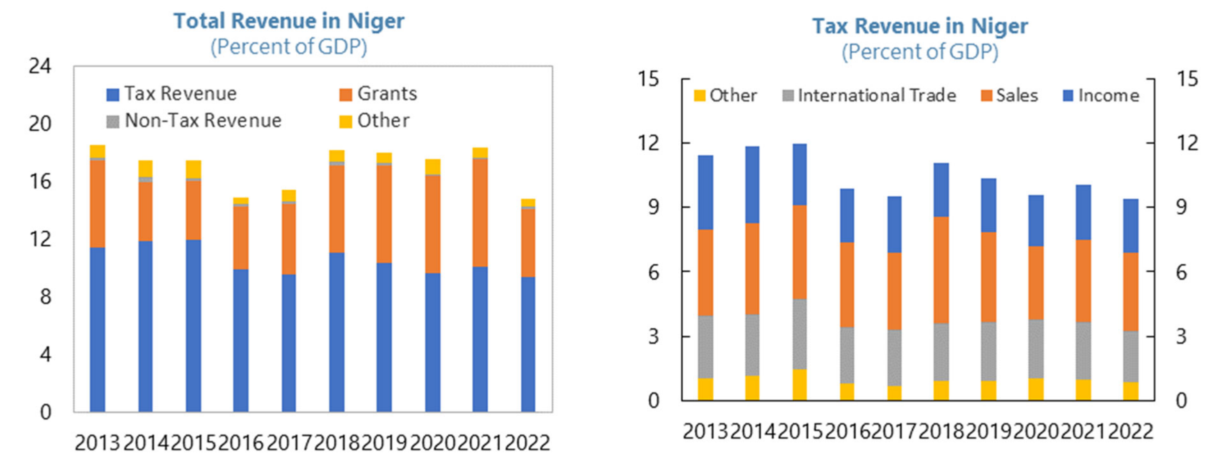


Source: Ministry of Finance and IMF staff calculations

[1] Prepared by Ana Sofia Pessoa (FAD) and Elisée Miningou (AFR). We would like to thank Antonio David, Annalisa Fedelino, Guy Morel Amouzou Agbe, Yinhao Sun, Marcos Poplawski-Ribeiro, Fayçal Sawadogo, Georges Hatcherian and the authorities for their valuable comments and suggestions. We extend our heartfelt gratitude to Greta Polo, Charles Vellutini, Carlos Benitez, Miguel Pecho, and Mario Mansour for generously sharing their data and resources, which significantly contributed to the development of this SIP. The authors are also thankful to Chris Stumphius and Joanna Delcambre for excellent research and editorial assistance.

2. However, weak revenue mobilization has been a long-standing issue in Niger. Total fiscal revenues have not improved over the last decade, fluctuating between about 15 and 19 percent of GDP (Figure 2).

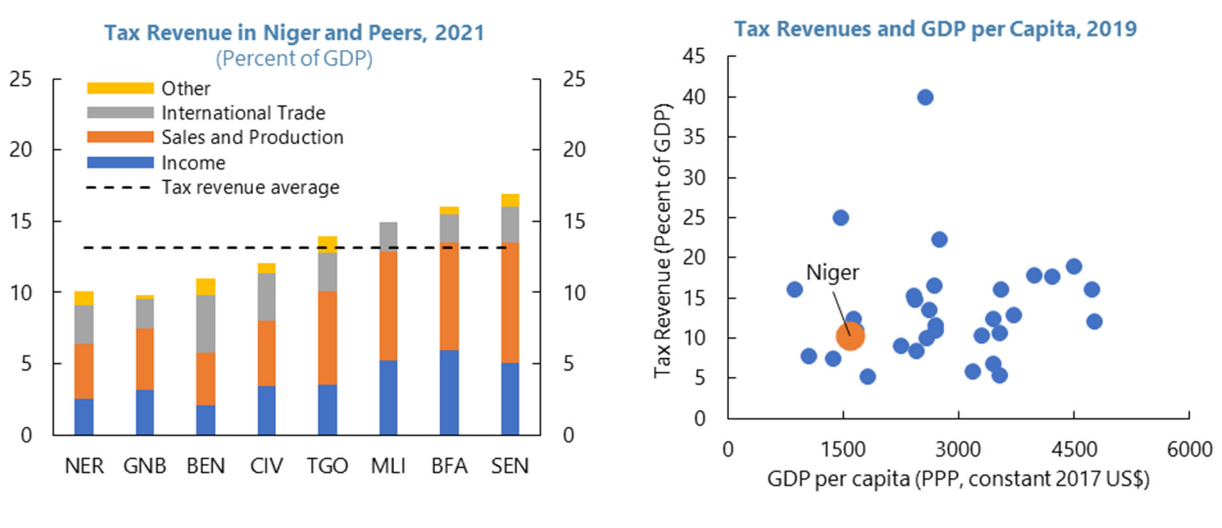
Figure 2. Fiscal Revenues in Niger



Sources: WoRLD and staff calculations.

3. Tax revenues, which make up for a large part of fiscal revenues, have been slowly deteriorating. Tax revenues account for about 60 percent of total fiscal revenues. Over the last decade, they have been slowly declining, and in 2022 reached 9.4 percent of GDP—the lowest value in a decade (Figure 1). This was driven by decline in the contribution of income, sales, and trade tax revenues.

Figure 3. Tax Revenues in Niger and Peers

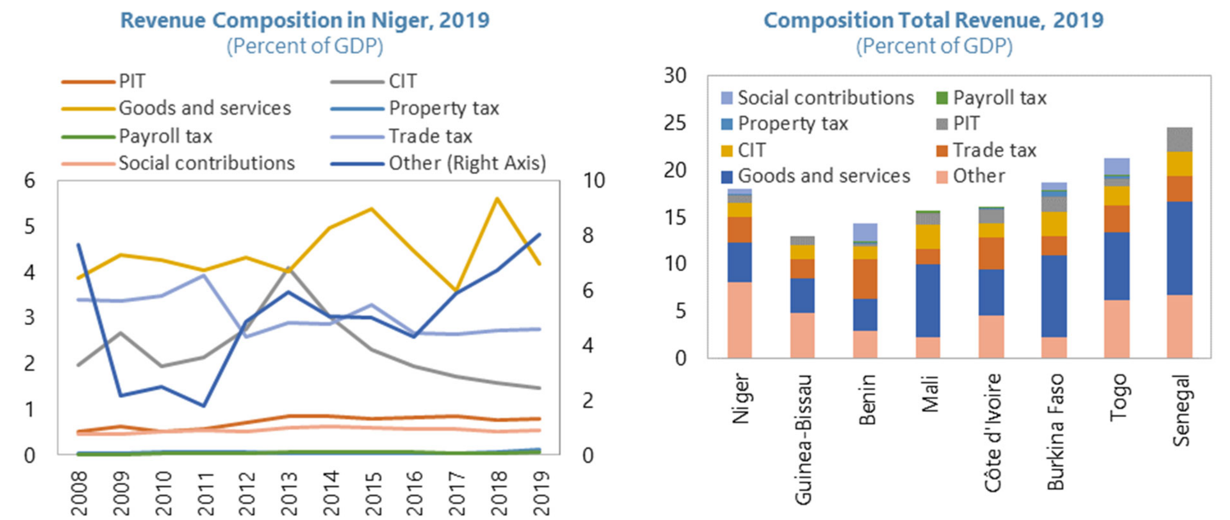


Sources: WoRLD, WDI, WGI, and IMF staff calculations. For the figure on the right, a cluster analysis technique was used to determine a group of 33 low-income countries that are comparable to Niger in terms of GDP per capita, the economic structure (specifically the share of agriculture and trade in GDP), and institutional quality (corruption control and government effectiveness).

4. Niger's tax revenue as a share of GDP is low when compared to peers. Niger's tax collection is significantly below its regional peers—about 2 percentage points of GDP lower than the average —but also lower than countries with similar characteristics (Figure 3). Niger's tax revenue also stands below the minimum thresholds recommended to start an accelerated growth and development process, which as suggested by IMF research range between 13 to 15 percent of GDP.[2]

5. **Revenues from personal income tax (PIT), corporate income tax (CIT), property tax and goods and services are particularly low by regional standards.** Revenues-to-GDP ratios on property tax and PIT are below 1 percent, while the contribution of corporate income tax (CIT) has been declining since 2013 (Figure 4). On the upside, other revenue sources have been increasing over the last few years. The contribution of tax revenue from PIT, CIT, and goods and services is low even for regional standards (Figure 4). Revenues from international trade, though declining over the last decade—from 3.4 in 2013 to 2.8 percent of GDP in 2019—used to be in line with the regional average before the military takeover.

Figure 4. Decomposition of Fiscal Revenues in Niger and Peers



Sources: WoRLD and staff calculations. Notes: Data on property tax, payroll tax and social contributions are not available for Guinea-Bissau and Senegal. Data on social contributions are not available for Mali and Côte d'Ivoire.

B. Revenue Potential and Tax Gaps

6. **Differences in revenue mobilization across countries can be explained by heterogeneities in economic structures and institutional settings (Box 1).** One way to assess the amount of additional taxes that Niger could potentially collect is to compare its tax-to-GDP ratio with that of other countries with similar characteristics, including the level of economic and institutional development. Such an analysis can define a tax frontier (or a tax revenue potential), that is, the highest level that a country can expect to achieve given underlying macroeconomic and

[2] These thresholds are likely associated with changes in social norms of behavior and state capacity for which developing economies could have their own domestic resources to start an accelerated process of growth and development (Gaspar et al., 2016).

institutional conditions. The distance between actual tax revenues and the tax frontier in a particular year measures the tax gap, which reflects the additional tax revenue that a country could collect through improvement in the efficiency of collection (see Box 1 for more details).

Box 1. Stochastic Frontier Analysis

Building on a large set of empirical studies, we specify a model similar to Benitez et al. (2023) and IMF (2022a). The Stochastic Frontier Analysis models a production function in which inputs are translated into tax revenues and assumes that countries collect less than their full potential due to inefficiencies u_{it} and random shocks v_{it}. The specification takes the following form:

$$ln(y_{it}) = \alpha_i + \sum \beta ln\,(x_{it}) + v_{it} - u_{it} \qquad (1)$$

where y_{it} is the tax revenue to GDP ratio of country i at time t and x_{it} is a set of inputs including GDP per capita; GDP per capita squared; agriculture, fishing, and forestry value added; trade value added; and public sector corruption index. The inefficiency term u_{it} follows a truncated normal distribution, while the residual terms v_{it} are normally distributed and independent of the inefficiency.

A vector of efficiency scores with a value between 0 and 1 is estimated by equation 2:

$$Efficiency_{it} = exp\,(-u_{it}) \qquad (2)$$

$Efficiency_{it}$ approximates the tax effort (or the efficiency in the use of inputs to collect tax revenues). The estimation method in this paper uses time-varying True Fixed Effects model (Greene, 2008) that accounts for country level unobserved heterogeneities, as captured by α_i in equation 1.

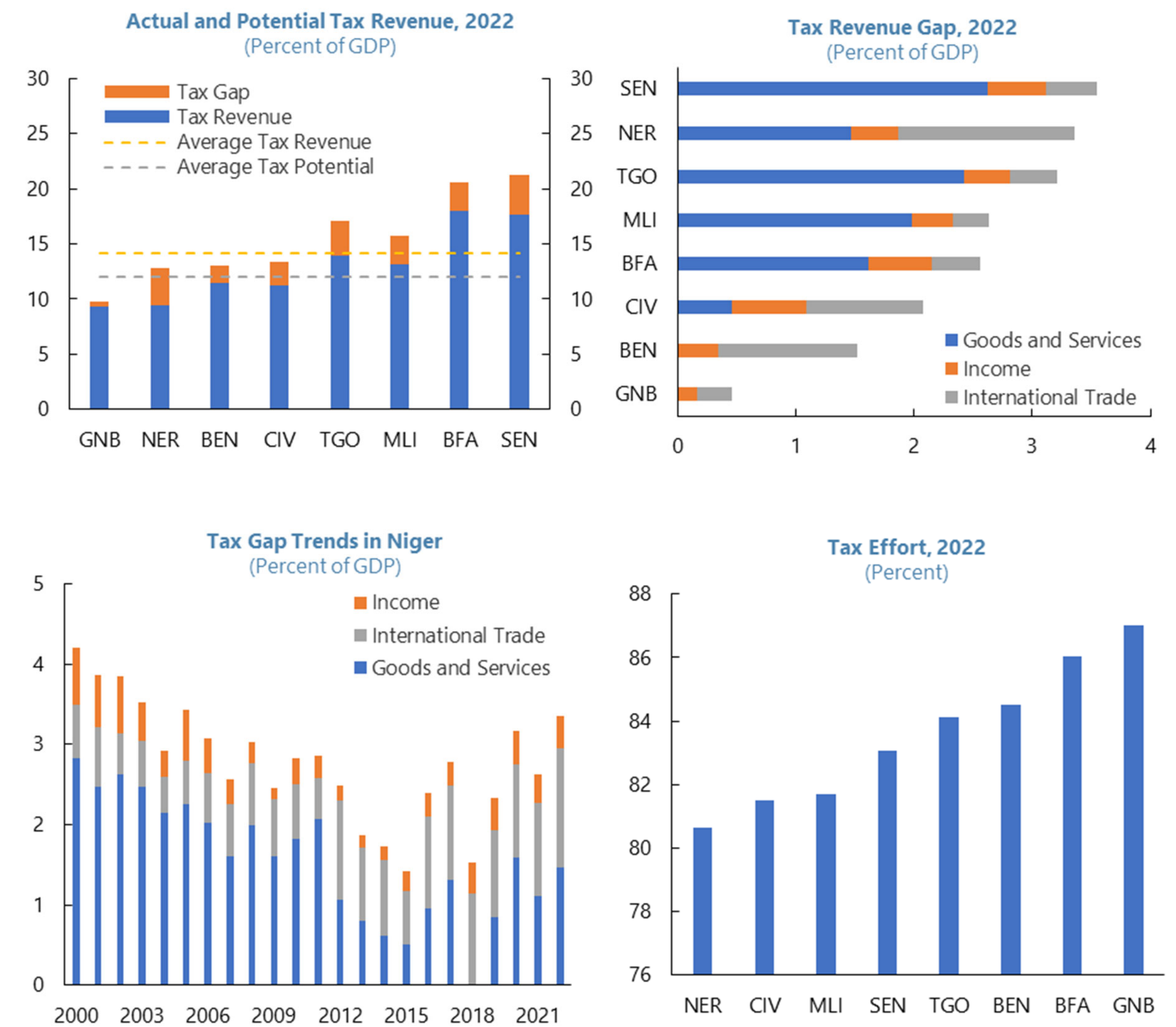
Finally, the tax potential is computed as $y_{it}/\exp(-u_{it})$ and the tax gap is the difference between the estimated tax potential and the actual tax revenue. The tax effort can also be defined as the ratio between the estimated tax potential and the actual tax revenue level.

The data used to estimate the stochastic frontier model are collected from the WoRLD, Worldwide Governance Indicators and World Development Indicators databases. These data cover the period 1990- 2022 and include 191 countries.

7. **An econometric analysis indicates that there is potential to substantially boost Niger's tax revenue by up to 3.4 percent of GDP (Figure 5).** The results of the stochastic frontier model suggest that Niger's tax potential amounts to nearly 12.8 percent of GDP. Given Niger's GDP per capital level, institutional quality and economic structure, the tax to GDP ratio could be 3.4 percentage points higher than the level observed in 2022 (Figure 5). This implies that for its economic and institutional characteristics, Niger could have achieved an additional CFAF 323 billion in tax revenue in 2022 if it was as efficient as the comparable countries in tax revenue collection. Niger is also among the countries with the largest tax gaps in the WAEMU region.

8. The tax revenue gap is larger in goods and services taxes and international trade taxes. A breakdown of the tax gap by the three main components shows that there is a gap of 1.5 percent of GDP in tax revenues on sales and production as well as on international trade tax revenues. The international trade tax gap is also one of the largest among low-income-countries and the highest among WAEMU countries.

Figure 5. 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. Tax effort is the ratio between the actual level of tax revenue and the estimated tax potential.

9. The overall tax gap has been rising since 2015, following a steady decline throughout the previous decade. The overall tax gap declined from 4.2 percent of GDP in 2000 to 1.4 percent in 2015 and has been on an increasing trend since then, driven by sales and production tax gaps.

Between 2015 and 2022, the goods and services tax gap ranged between 0.5 and 1.5, while the international trade tax gap fluctuated between 1.1 and 1.5 percent of GDP.

10. The relatively large tax gap in Niger illustrates a generally weak tax effort. The tax effort – the ratio between actual tax revenue and potential tax revenue – is a measure of tax collection capacity. It reflects the effectiveness of the tax system to collect taxes given the available tax base. The average tax effort over the period 2010-2022 was 80.7 percent, meaning that 19.3 percent of the potential tax revenue was not collected due to inefficiencies in the tax system or administration (Figure 5). Of the three main categories of taxes collected in Niger, the international trade tax is associated with the lowest tax effort, followed by the goods and services taxes. These results possibly reflect ample tax administration inefficiencies and a high level of tax expenditures.

11. In general, a lower level of informality is correlated with a stronger tax effort. Countries with below median labor informality register a 7-percentage point higher tax effort compared to those with higher informality. Informality matters the most for goods and services tax effort, with the tax effort being 11 percentage points higher in countries with low informality.[3] Tackling informality in Niger could significantly help closing the tax revenue gap given that the informal sector accounts for about 58 percent of GDP (according to estimates by the Nigerien authorities).

12. Higher-quality institutions and increased digitization are also associated with higher tax effort. There is a positive correlation between overall tax effort and quality of institutions indicators like transparency, accountability, and corruption perception in the public sector. Tax effort also tends to be higher in countries where digitalization of the public sector is more advanced. Countries with digitalization above the median level achieve, on average, a tax effort that is 3 percentage points higher than those below the median. Improving the quality of institutions and promoting digitalization in the public sector can potentially contribute to a better tax revenue collection.

C. Closing Tax Revenue Gaps

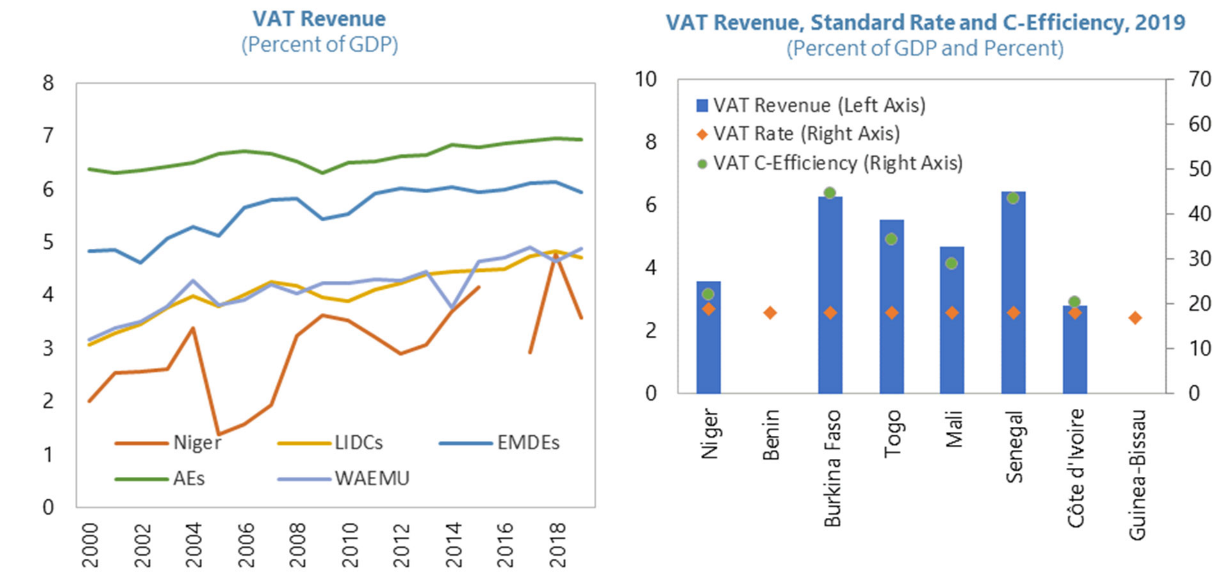
13. Even though important reforms are already planned or underway in Niger, more efforts are needed to boost revenue mobilization and create fiscal space for development spending. Current efforts include the revision and simplification of the General Tax Code, scheduled for adoption in April 2025, which would redistribute the tax burden from factors of production to consumption; the integration of the tax and the customs IT platforms which would allow for the exchange information in real time, automating tasks and boosting compliance, among others.

[3] A t-test was conducted to compare the average tax effort derived from the stochastic frontier between two groups of countries: those with a share of informal workers above the median and those below the median.

Options to Improve the Taxation of Consumption

14. VAT collection in Niger is lower than in most peers despite similar tax rates. VAT revenue has been fluctuating over time, peaking at 7 percent of GDP in 2016, and amounting to 3.5 percent of GDP in 2019 (Figure 6). Even though the standard VAT rate in Niger (19 percent) is similar or even higher than in peers, VAT revenue collection remains well below levels seen in other countries. VAT could be at the core of revenue mobilization efforts in Niger, but the reduced tax base and exemptions erode revenue collection**.** The ratio of actual VAT collection relative to the potential VAT collection (C-efficiency) is about 22 percent in Niger, which is very low compared to the regional average of 34 percent (Figure 6). This reflects a combination of factors including sizable exemptions and revenue administration gaps.

Figure 6. VAT Tax Revenues and C-Efficiency



Source: IMF Assessment of Revenue Tool; WoRLD and International Tax Rates Database. Notes: Data includes both VAT and goods and services tax that effectively works like a VAT. C-Efficiency is calculates as (VAT Revenue) / [(VAT Rate) * (Total Consumption)].

15. Tackling sizable VAT exemptions and increasing the reduced VAT rates on certain products would support revenue mobilization in the short term. Even though Niger's 19 percent VAT rate is adequate according to regional standards, the reduced VAT rate of 5 percent on some products could be increased to 10 percent, including edible oil and sugar.[4] Moreover, the use of a reduced rate on some goods and services could be rationalized.[5] Another important source of

[4] According to IMF staff estimates, increasing the reduced rate from 5 percent to 10 percent on all products listed in Article 226 of the General Tax Code could boost tax revenues by 0.09 percent of GDP.]

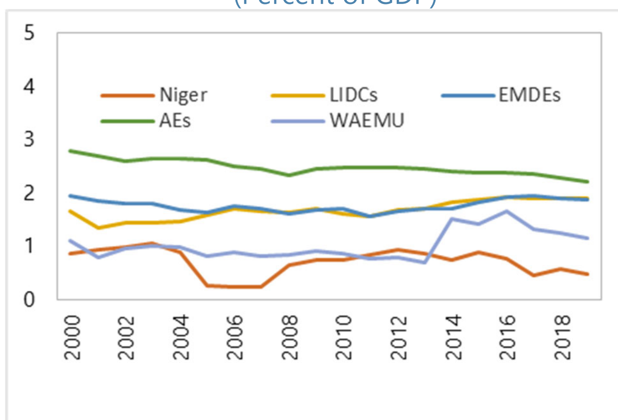
[5] One example for which the use of reduced rates could be reassessed is transport activities.

revenues could stem from revisiting VAT exemptions on some products and activities, like agricultural, livestock, and fishing activities, and petroleum products, among others.[6]

16. When reforming VAT exemptions? and reduced rates, mitigating measures should be implemented to protect the most vulnerable groups. VAT exemptions and reduced rates are untargeted measures that benefit the entire population. The revenue loss from such policies tends to be high relative to the benefit that accrues to low-income individuals.

17. Moreover, excise taxes could be used to raise revenue and address negative externalities. Compared to peers, excises remain a relatively untapped source of revenue in Niger. Excise tax revenue is about 0.5 percent of GDP, much lower than in other WAEMU countries and LIDCs (Figure 7).[7] Expanding the base on passenger vehicles and rising their excise tax rates could also provide an important source of revenue in the near term.[8] This measure is particularly appealing as the products are widely consumed and it seems relatively easy to collect from a limited number of producers, or on imports at the border. These excise taxes can also have a progressive nature as passenger vehicles are less likely to be purchased by low-income households. Moreover, the elasticity of consumption with respect to the price is generally low for some of the goods subject to excise duties like tabaco and luxury goods. Even though *ad valorem* excise taxes are simple to apply and suitable for a country like Niger, they may create incentives to underreport the value of the imported goods. Improving oversight or adding a specific taxation element (such as a per-unit component) to the excise duty on goods while maintaining the *ad valorem* element could be an option to address this issue.

Figure 7. Excise Tax Revenue
(Percent of GDP)



Source: IMF WoLRD.

[6] According to IMF staff estimates, revenues could increase by at least 0.61 percent of GDP after eliminating VAT exemptions on petroleum products; kerosene; flour; prepared for children's food for retail sale; pure sodium salt and chloride; other breathing apparatus and gas masks; some medical and veterinary equipment and furniture. Estimates are not available for the impact of VAT exemptions on agriculture, livestock, and fishing activities.

[7] A revenue shortfall was detected for 2021 between the excise rates prescribed and the revenues collected. IMF staff estimated that fully applying the excise tax rates as prescribed in the CGI would have generated a revenue increase of 0.05 percent of GDP]

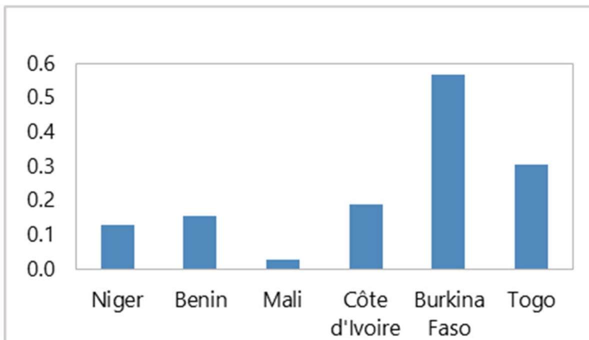
[8] The current excise rate on passage vehicles stands at 8 percent, but the majority of vehicles is exempt.

Enhancing Income and Wealth Taxation

18. PIT and CIT revenue collection has not progressed in Niger and remains below 1 percent of GDP (Figure 2). This is in large part driven by both a narrow tax base, most workers earn limited income (in many cases below the poverty line), the business fabric is limited, and the informal sector is large. It is estimated that 98.5 percent of the total employment is informal, and 58 percent of GDP comes from the informal sector.[9] The top PIT rate in Niger is adequate by regional standards, standing at 35 percent in 2022, close to the average in other LIDCs and EMDEs. Moreover, Benedek et al. (2022) show that, in the past, increasing statutory rates and adjusting the level of exempt income provided a limited contribution to boosting revenues in low-income countries.[10] On the other hand, tackling informality and boosting revenue administration, could potentially play an important role in increasing PIT and CIT revenues. Rationalizing tax benefits and exemptions could be help boost CIT revenues.

19. Property tax revenue has been stagnant and minimal over the past decade. Property tax revenue is about 0.1 percent of GDP, lower than in peers like Burkina Faso or Togo (Figure 8). To improve revenue mobilization over the medium term, Niger could accelerate the property and land registration process by creating a cadaster and improving the estimation of property values. Once these administrative infrastructures are in place, property taxes could be an important element of equitable and efficient revenue mobilization. New property identification technologies – such as modern mapping technology and aerial photography by drones – and simplified valuation methods have become widely available and can contribute to improve property registry. With such reforms and technology, recurrent property tax revenues in developing countries could be at least 10 times higher than current levels (IMF 2024a).[11]

Figure 8. Property Tax Revenue, 2019
(Percent of GDP)



Source: IMF WoLRD.

Taxing Natural Resources

20. Natural resources have been an important source of revenue in Niger. Natural resource revenue, including crude and refined oil as well as uranium, has fluctuated over the last decade, peaking at 4.3 percent of GDP in 2013. The relative contribution of uranium has declined

---

[9] The International Labour Organization (ILO) estimated that the share of informal employment in Niger in 2022 was 99.9 percent in the agricultural sector and 94.5 percent in the non-agriculture sector.

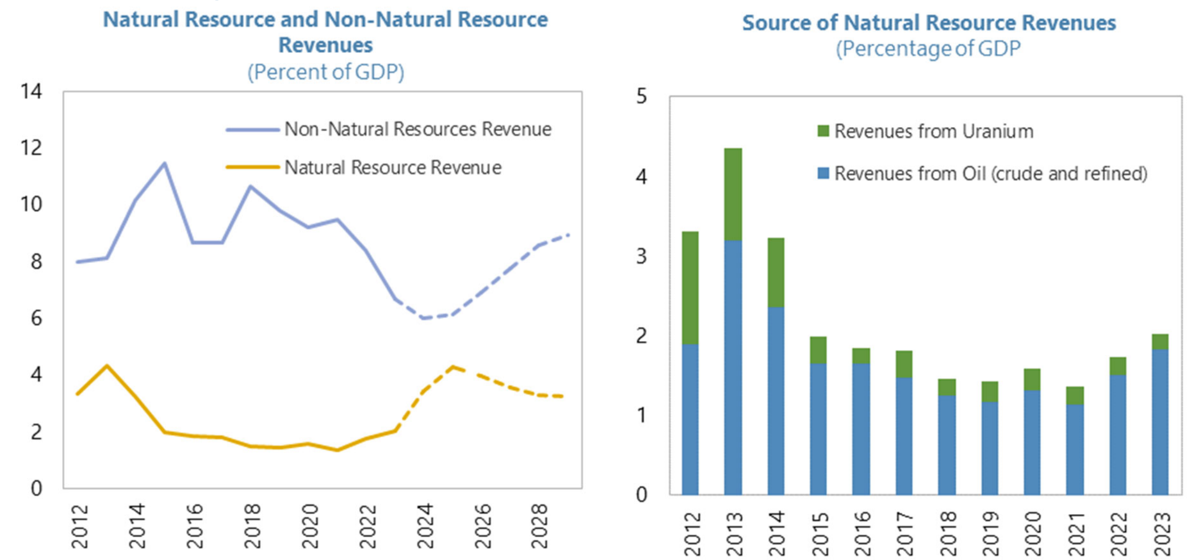
[10] See more details in here.

[11] More details on how to design and implement property tax reforms can be found on IMF (2024a).

significantly since 2012, while oil has become the main source of resource revenues (Figure 9). Total resource revenues are projected to continue increasing up to 5 percent of GDP in 2025 when oil production and exports peak.

21. Optimizing resource taxation is key for Niger. Royalties have been the main source of uranium-related revenues. Royalty rates were automatically adjusted to the profitability of the mines, which makes them lose their feature as payment for access to a scarce resource and facilitates tax avoidance. Moreover, even though mining companies have been subject to corporate taxes, they were also eligible for tax benefits including exemptions on duties and customs taxes.[12] Technical assistance could help optimize mining taxation going forward.

Figure 9. Natural Resource and Non-Natural Resource Revenues



Source: Ministry of Finance and IMF staff calculations. Notes: Dashed line are projections by IMF staff.

Enhancing Revenue Administration

22. Niger's revenue administration remains relatively weak despite recent progress. The 2021 TADAT report shows that Niger performed poorly across all nine key areas analyzed—including accountability and transparency, efficient revenue management, timely tax filing, risk management— and that little has improved since 2017.[13] One exception is the progress on the integration of the IT systems of Directorate General of Taxes (DGI) and Directorate General of Customs (DGD), which can contribute to enhancing automation of processes and improve monitoring and compliance. The report also identified a few key areas that could contribute to the quality of the RA in Niger. First, improving the quality of taxpayer registry – including maintaining a

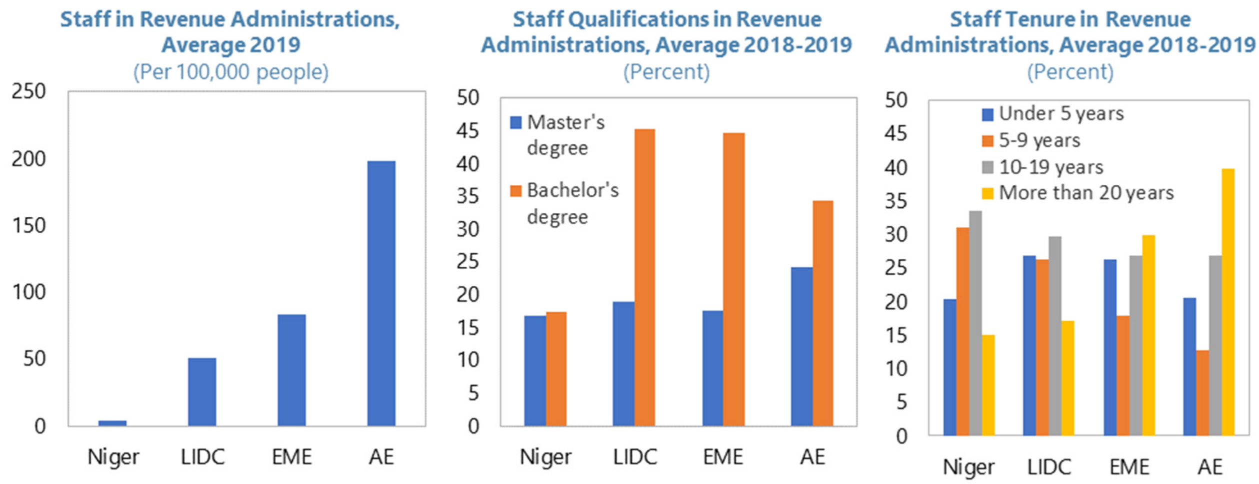
[12] Some mining licenses have been recently revoked and there is large uncertainty about uranium production and exports in the near future.

[13] The report can be found here.

clean, accurate, and complete database – is fundamental to effective tax administration. Second, Niger could promote tax compliance by proving taxpayers with the necessary information and support they need to meet their obligations, as well as by reducing taxpayers' compliance costs. Third, there is no structured, documented procedure for identifying, assessing, and mitigating institutional and operational risks, including risks of loss of confidential data.

23. **Strengthening and modernizing the institutions responsible for tax collection and administration is vital for revenue mobilization.** The overall strength of tax administrations is associated with an improvement in tax revenues, though results may take time to fully materialize. Research shows that an increase in the strength of tax administration from the 40th to the 60th percentile is associated with an average increase in tax revenue by 1.8 pp. of GDP (Adan et al., 2023).

Figure 10. Staff in Revenue Administrations



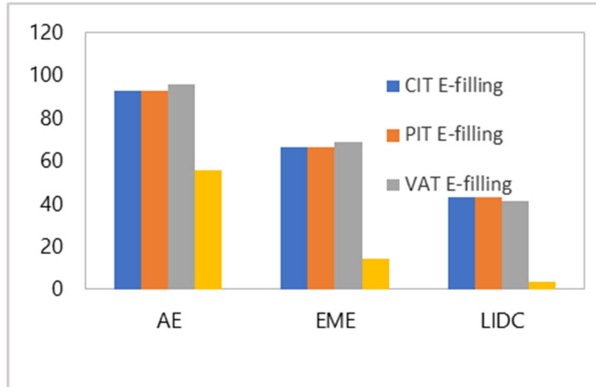
Source: ISORA and IMF staff calculations.

24. **Ensuring sufficient funding to hire and retain adequate human capital for revenue administrations is also essential.** While Advances Economies (AEs) tend to benefit from large revenue administrations with experienced and well-educated staff, LIDCs have on average smaller teams, with more junior workers (Figure 10). Niger lags other Low Income and Developing Economies (LIDCs in all these dimensions, and particularly on the size and qualifications of the tax administration unit.

25. **Revenue administrations in Niger continue to have lower levels of digitalization and automation of core operations than peers.** The most recent data available for Niger shows that electronic tax filing and pre-filling of taxes have not been initiated in the country. In other LIDCs for

which data is available, about 40 percent of all CIT, PIT, and VAT tax returns are filled electronically (Figure 11). While significant progress has been made in countries with similar income levels (Benitez et al., 2023), Niger's level of automation of core operations remains limited. Digitalization could not only increase efficiency of processes in revenue administration, but also potentially enhance revenue mobilization. One notable advancement was the introduction of the VAT e-invoicing in 2021, an important step to automate and modernize core operations and contribute to VAT collection.

Figure 11. Tax E-Filling, Average 2018-21
(Percent)

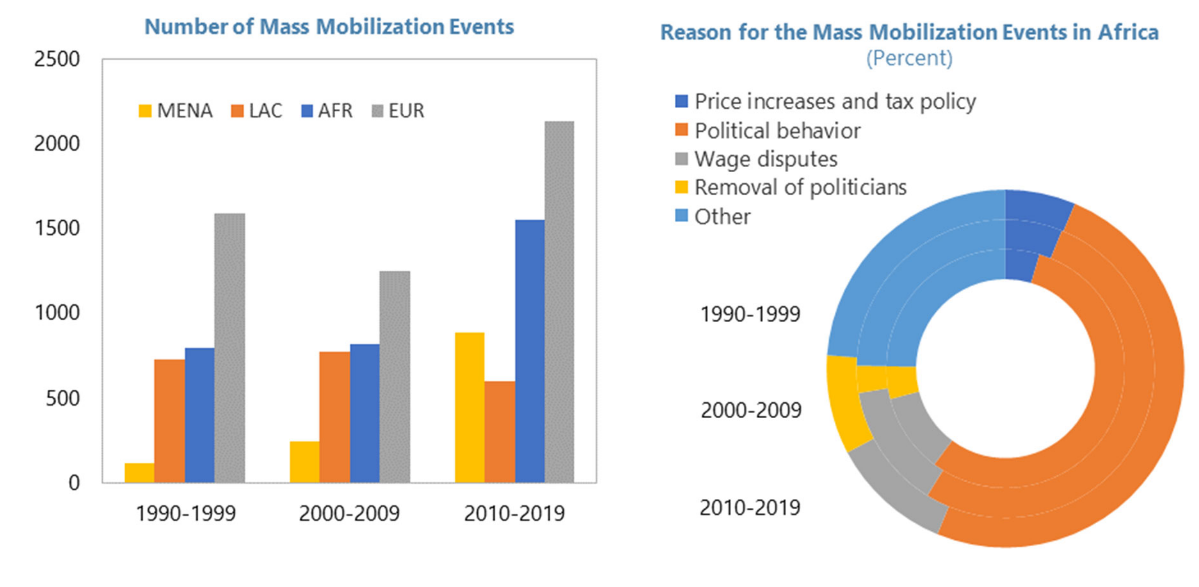


Source: ISORA; IMF staff calculations

D. Political Economy of Taxation

26. Fear of social unrest could block structural reforms and weaken revenue mobilization efforts. Resistance against tax hikes has recently taken place in a few African countries, such as Kenya, Ghana, and Senegal.[14] As important as tax mobilization is in Niger and other countries in the

Figure 12. Mass Mobilization Events



Source: Clark and Regan (2016) and IMF calculations. Notes: MENA includes countries in the Middle East and North Africa; LAC in south and Central America; AFR in Africa, excluding North Africa; and EUR in Europe.

[14] Recently, in Kenya, tax changes under the 2024 Finance Act led to demonstrations in the country. The Finance Act was amended to remove some of the tax hikes initially proposed by the government. Resistance to reforms has also emerged in Ghana, with trade unions pushing back on electricity VAT proposals, and in Senegal, with pressures against fuel subsidy reform.

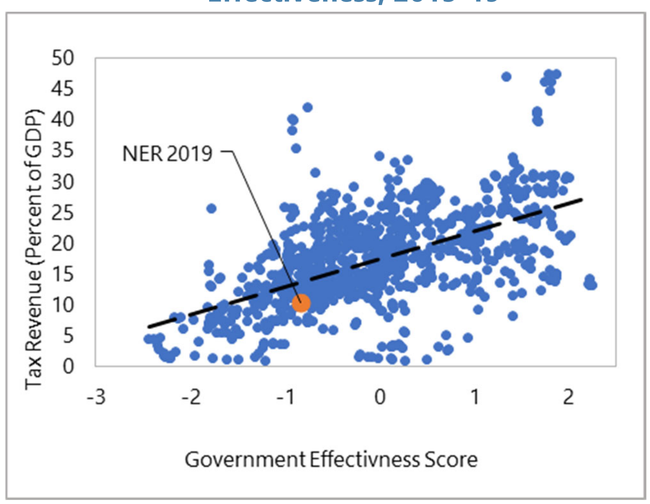
region, progress may depend not only on technical aspects of reforms, but also on political commitment and social consensus.

27. Mass mobilization events have become more frequent in Africa, primally driven by objections to political behavior. Data on mass mobilization events does not show clear evidence that revenue mobilization is a key driver of social unrest (Figure 12), even though this might be somewhat captured in the political behavior category. Moreover, IMF (2024b) also mentions that the key drivers of social unrest in sub-Sharan Africa include structural factors like poverty, low inclusion, corruption perceptions, weak governance, and security risks, though macroeconomic conditions and previous unrest events also increase the likelihood of unrest events.[15]

28. Improving social acceptability will require a well-thought communication strategy and mitigating measures. Engaging in an open dialogue on the need for revenue mobilization, consulting with key stakeholders, and correcting misinformation about policies can significantly boost reform support (IMF 2024c). Protecting the most vulnerable households will be key to contain poverty and improving governance will show commitment and reassurance on the use of taxpayers' money.

29. Improving transparency and accountability of institutions are essential to gain support for revenue mobilization (Figure 13). Fiscal governance has been poor in Niger with lack of transparency and accountability in revenue administration; weak fiscal transparency and limited access to budget documents; poor oversight of public agencies; limited transparency in public procurement contracts; and pervasive corruption.[16] To enhance confidence and trust, tax administrations should be openly accountable for their actions. Reverting the dissolution of the *Cour des Comptes,* as well as continuing the timely publication of budget execution reports would help improve transparency in the use of fiscal revenues and raise support for further revenue mobilization.

Figure 13. Tax Revenue and Government Effectiveness, 2015-19



Sources: WoRLD and WDI.

[15] Barrett et al. (2023) do not find evidence that overall economic and social factors have a significant role in explaining social unrest, besides prices and access to digital and social media. See details here.

[16] See SIP#3 'Enhancing Governance in Niger: Progress, Challenges, and Policy Priorities" for more details.

E. Conclusions

30. There is strong potential to boost tax revenue in Niger, but further efforts are needed. Tackling tax expenditures and improving tax administration would contribute significantly to closing the existing tax revenue gap in the country.

31. Successful episodes of improved revenue mobilization share some common characteristics. There are successful episodes in countries at various income levels, and initial levels of tax revenue. These successful experiences share some commonalities (IMF 2022b): (i) implementing a broad range of tax policy and revenue administrative reforms; (ii) embarking on a comprehensive and multiyear reform strategy, including focusing on the quality of institutions, on broadening the taxbase, and modernizing tax administrations; (iii) demonstrating strong and sustained political commitment; and (iv) building consensus for reform.

References

Adan, H., Atsebi, J.-M. B., Gueorguiev, N., Honda, J., & Nose, M. 2023. "Quantifying the revenue yields from tax administration reforms". Working Paper No. 2023/231. International Monetary Fund, Washington, DC.

Barrett, P., Appendino, M., Nguyen, K., & de Leon Miranda, J. 2023. "Measuring social unrest using media reports". Working Paper No. 2020/129. International Monetary Fund, Washington, DC.

Benedek, D., Benitez, J. C., & Vellutini, C. 2022. "Progress of the personal income tax in emerging and developing countries". IMF Working Paper No. 2022/020. International Monetary Fund, Washington, DC.

Benitez, J. C., Mansour, M., Pecho, M., & Vellutini, C. 2023. "Building tax capacity in developing countries". Staff Discussion Notes No. 2023/006. International Monetary Fund.

Clark, D., & Regan, P. 2016. "Mass mobilization protest data". Harvard Dataverse.

Gaspar, V., Jaramillo, L., & Wingender, P. 2016. "Tax capacity and growth: Is there a tipping point?" IMF Working Papers 2016/234. International Monetary Fund, Washington, DC.

Greene, W. H. (2008). "Fixed and Random Effects in Stochastic Frontier Models" *Journal of Productivity Analysis* 30(3), 239-250.

International Monetary Fund (IMF). 2022a. "Tax potential and options for domestic revenue mobilization". IMF Country Reports, 22/246. International Monetary Fund, Washington, DC.

International Monetary Fund (IMF). 2022b. "Republic of Madagascar: Selected issues". IMF Country Report No. 20/61. International Monetary Fund, Washington, DC.

International Monetary Fund (IMF). 2024. “How to design and implement property tax reforms”. How-To Note No 2024/006. International Monetary Fund, Washington, DC.

International Monetary Fund (IMF). 2024b. “Reform amid great expectations”. International Monetary Fund, Washington, DC.

International Monetary Fund (IMF). 2024c. “Understanding the social acceptability of structural reforms”. International Monetary Fund, Washington, DC.