International Monetary Fund

Niger and the IMF

Press Release:
IMF Executive Board Approves the US$19.5 Million Disbursement to Niger to Strengthen Macroeconomic Stability

December 10, 2018

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Niger: Letter of Intent, Memorandum of Economic Financial Policies, and Technical Memorandum of Understanding

November 21, 2018

The following item is a Letter of Intent of the government of Niger, which describes the policies that Niger intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Niger, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

Appendix I. Letter of Intent

Niamey, November 21, 2018

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

Madame Managing Director,

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

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

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

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

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

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

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

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

Sincerely yours,

/s/

Massoudou Hassoumi
Minister of Finance

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

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

INTRODUCTION

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

RECENT ECONOMIC AND FINANCIAL DEVELOPMENTS

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

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

PERFORMANCE UNDER THE ECF-SUPPORTED PROGRAM

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

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

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

- As a prior action for the completion of this review, government has submitted to Parliament **a 2019 draft budget broadly in line with the program with additional assurances against overspending**, as further specified in paragraph 14 below.

- A new **law on private-public partnerships** was submitted to Parliament and has been promulgated.

- Implementation of the **treasury single account (TSA)** progressed further, with less than 15 percent of the original amount in eligible accounts left to be transferred and an implementation plan in place to achieve the end-2018 target.

- Regarding **tax exemptions**, the government has consolidated the legal basis for exemptions into a dedicated piece of legislation as part of the 2019 draft budget law, also streamlining tax exemptions by discontinuing the corporate income tax exemptions in the mining code and curbing the Minister of Industry’s discretion for initiating the granting of tax exemptions.

- The government furnished a **whitepaper on streamlining tax exemptions** but provided **data on newly-granted discretionary tax exemptions** to IMF staff with a delay.

- The government discontinued **cash payments** to the largest customs offices and the large taxpayer office. A whitepaper on further bankification of fiscal payments will be furnished by end-December 2018.

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

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

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

ECONOMIC POLICIES FOR THE REMAINDER OF 2018

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

THE MACROECONOMIC FRAMEWORK FOR 2019 AND THE MEDIUM-TERM

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

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

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

FISCAL POLICIES AND REFORMS FOR 2019

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

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

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

- The partial reinstatement of the tax on incoming international calls, **TATTIE**, with a discount for companies that purchase a 4G license, strikes a balance between revenue needs and sector development. It is expected to yield CFAF 23.4 billion (0.4 percent of GDP).

- Substituting a dedicated financial sector tax, **TAFI**, for the VAT on banking services should generate CFAF 5 billion (0.1 percent of GDP) in additional revenues. This reform also implements a WAEMU directive.

- Revenue gains of at least CFAF 5.8 billion (0.1 percent of GDP) are expected from better taxing the informal sector. Raising the **VAT threshold** and subjecting more small businesses to **lump sum taxation** makes better use of scarce tax administration resources. In addition, lump sum taxes are raised, and VAT under-reporters will be subjected to a **turnover tax**.

- Integrating the receipts of the telecommunication regulator, **ARTP**, into the general budget is expected to yield another CFAF 5.2 billion (0.1 percent of GDP).

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

- The drive to **collect tax arrears** will be stepped up following the publication of the names of major tax offenders. Collections are expected to double compared to 2018, yielding an additional CFAF 15 billion (0.3 percent of GDP).

- **Molecular marking of petroleum products**, to begin in January 2019, will help tackle widespread smuggling. It should generate at least CFAF 3 billion (0.05 percent of GDP) in additional revenues.

- **Performance plans for DGI and DGD** will be better leveraged. Compliance with the 2018 plans will be closely scrutinized and enhanced plans will be put in place for 2019 (*proposed structural benchmarks* for end-January 2019). Performance indicators will be refined, corresponding responsibilities will be more clearly assigned within administrations, and monitoring of compliance will become more frequent. Plans will again include at least five indicators covering administrations' key functions, set ambitious numerical quarterly targets for the indicators, and assign responsibility within the administrations at the functional level.

- Revenue performance will also benefit from **better cooperation between DGD and DGI**. The link between the administrations' IT systems, ASYCUDA and SISIC, will be operational from March 2019 (*proposed structural benchmark* for end-March 2019), allowing ready access to pertinent information such as tax identification numbers and tax filings. In addition, regular meetings between DGD and DGI at the director level will be instituted with a view to identifying joint actions to improve revenue performance and enlarge the revenue base.

- The streamlining of **tax exemptions** and their improved administration holds potential. Legislation to reduce revenue forgone from exemptions will be submitted to parliament in June (*proposed structural benchmark* for end-June 2019). The targeted revenue gains from this measure will be agreed with IMF staff ahead of time. There is also a need to reduce leakage from tax exemptions granted to NGOs, subcontractors, and other beneficiaries. The operations of the special unit recently established in DGD to improve the management of exemptions will be ramped up.

- The implementation of **transaction valuation of imports** and move to a more risk-based inspection regime at DGD with heightened emphasis on post-clearance audits will continue.

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

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

- **Civil service reform**, supported under the World Bank's PCDS project, is well underway. By end-2019, a new civil service law should be in place that emphasizes performance-based management, ethics in civil service, and better human resource management. A call for tender offers to conduct a biometric census of civil servants and contractual government workers closed in November 2018 and a unified database is targeted to be in place in mid-2019.

- Audits of five major **public administrative entities and state-owned enterprises** should be completed by end-2018 and the government will develop concrete reform plans thereafter. This exercise will be levered into broader governance reforms. New legislation would strengthen supervisory boards by reforming the selection of its members, emphasizing the financial and technical aspects of oversight. The audits would also provide a launching pad for the rationalization of public administrative entities, building on the recent report by a government committee on subsides to such entities.

- Despite considerable progress on food security under the 3N program (Nigeriens feed Nigeriens), **social issues** remain a pressing issue. The government is committed not only to scale up programs, but also ensure efficient delivery. To this end, the government will closely monitor the execution of the main programs, including spending and progress toward achieving objectives. A tracking system will be put in place by mid-year and results shared with IMF staff (*proposed structural benchmark* for end-June 2019).

- Increased reliance on **public-private partnerships** (PPPs) within the new legal PPP framework will take off pressure on scarce public resources. The focus will remain on build-operate-transfer projects free of government financial contributions or guarantees. We will also keep close tabs on exemptions granted in the context of PPPs and will publish the conventions for PPPs, as well as other large private investment projects, on the Ministry of Finance's website for those signed since the beginning of 2018.

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

- Avoiding the re-emergence of **domestic payment arrears** after their clearance at end-2018 is of utmost importance. From 2019 onward, the stock will be subject to a close-to-zero ceiling (*proposed continuous performance criterion* from January 2019).

- **TSA implementation** is entering its final stretch and all remaining eligible accounts will be transferred by end-2018, thereby overperforming on the associated structural benchmark. The opening of new accounts by public entities at banks will be strictly forbidden, compliance monitored, and banks and public entities sanctioned in case of violations. The competent government authorities will push ahead with remaining tasks, such as upgrading the TSA account structure, making the Treasury's newly established banking unit operational, digitalizing Treasury banking services, and upgrading the electronic interfaces between the Treasury and the BCEAO.

- The government remains committed to preserving the upgraded functionality of the **Inter-Ministerial Committee on Public Debt and Budgetary Support**. Quarterly meetings will continue to be held, compliance with procedures for the selection of projects will be validated, and its decisions, notably regarding newly-approved loans, will be reported in the quarterly debt management reports as set out in the associated recurrent structural benchmarks.

- **Consolidating the management of all public debt** in a dedicated unit at the Treasury with a front-middle-back office structure remains an important objective. The recent organizational change that attaches debt management to the Directorate of Financial Operations and Reforms of the Ministry of Finance is only an interim step.

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

STRUCTURAL REFORMS

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

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

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

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

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

PROGRAM MONITORING

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

27. Program monitoring will be based on performance criteria (Tables 1 and 2) and structural benchmarks (Tables 4 and 6). The authorities will provide IMF staff with the statistical data and information identified in the attached Technical Memorandum of Understanding, and any other information they deem necessary or that IMF staff may request for monitoring purposes.

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

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

(Billions CFA Francs)

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

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

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

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

2 The ceiling on domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance, as defined in footnote 4, falls short of program forecasts. If disbursements are less than the programmed amounts, the ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion at the end of each quarter of 2018. Net domestic financing of the government will also be adjusted up (down) for any excess (shortfall) in domestic payment arrears clearance. The upward adjustment is capped at CFAF 30 billion.

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

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

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

6 Excluding ordinary credit for imports or debt relief.

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

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

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

(Billions CFA Francs)

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

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

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

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

2/ The ceiling on domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 3 falls short of program forecasts. If disbursements are less than the programmed amounts, the quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

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

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

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

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

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

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

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

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

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

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

Table 6. Niger: Prior Actions and Structural Benchmarks, December 2018 – September 2019 (concluded)			
Measure	**Timetable**	**Progress**	**Macroeconomic Rationale**
Other Structural Reforms (concluded)			
New: Establish tracking system for major social programs, including spending and progress toward meeting objectives.	End-June 2019		Improve effectiveness of social protection.
New: Publish new strategy on financial inclusion and hold donor round table.	End-June 2019		Improve access to financing and the business environment
New: Submit to parliament draft legislation in consultation with IMF staff on asset declaration requirements for high-ranking government officials and introduce sanctioning non-compliance with asset-declaration requirements.	End-September 2019		Improve governance and transparency.

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

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

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

Source: International Monetary Fund.

Attachment II. Technical Memorandum of Understanding

Niamey, November 21, 2018

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

DEFINITIONS

2. For the purposes of this technical memorandum, the following definitions of "government," "debt," "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. 15688-(14/107) of the Executive Board of the IMF of December 5, 2014, **debt** will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits) and temporary exchanges of assets, that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property , while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

c) Present value (PV) of new public and publicly-guaranteed external debt contracted discounts at a five percent annual rate the future payment stream, except for loans with a negative grant element, in which case the PV is set equal to the value of the loan. The calculation of the PV is based on the loan amount contracted in a given year, independent on when disbursements take place.

d) **Domestic 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 under the ECF),** the CFAF counterpart of the 2009 General SDR Allocation, assistance from commercial banks (including government securities held by the central bank and commercial banks) and deposits with the CCP (postal checking system).

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

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

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

Adjustment

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

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

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

Reporting Requirement

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

Reduction of Domestic Payment Arrears

Definition

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

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

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

Adjustment

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

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

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

External Payment Arrears

Definition

19. Government debt is outstanding debt owed or guaranteed by the government. For the program, the government undertakes not to accumulate 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 creditors.

Reporting Requirement

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

External Non-Concessional Loans Contracted or Guaranteed by the Government

Definition

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

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

of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. The discount rate used for that purpose is 5 percent.[2]

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

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

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

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

Reporting Requirement

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

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

Short-Term External Debt of the Central Government

Definition

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

Reporting Requirement

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

Present Value of Public and Publicly-Guaranteed External Debt

Definition

29. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to IMF Executive Board Decision No. 15688-(14/107), adopted on December 5, 2014.
(http://www.imf.org/external/pp/longres.aspx?id=4927)

(a) For the purpose of these guidelines, the term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

(ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

(b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

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

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

(a) Short-term supplier or trade-related credit with a maturity of up to three months;

(b) rescheduling agreements; and

(c) IMF disbursements.

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

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

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

Reporting Requirement

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

B. Quantitative Targets

Definitions

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

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

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

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

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

Reporting Requirement

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

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

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

ADDITIONAL INFORMATION FOR PROGRAM MONITORING

A. Government Finance

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

- Detailed monthly estimates of revenue and expenditure, including priority expenditure, the payment of domestic and external arrears, and a breakdown of customs, DGI, and Treasury revenue.

- The Table of Government Financial Operations with comprehensive monthly data on domestic and external financing of the budget, and changes in arrears and Treasury balances outstanding. These data are to be provided monthly, within six weeks after the end of each month.

- Comprehensive monthly data on net nonbank domestic financing: (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of various deposit accounts at the Treasury; (iii) the change in the stock of claims on the government forgiven by the private sector.

- Quarterly data on expenditure for UPL lines (statement of appropriations approved, disbursed, and used).

- Quarterly reports on budget execution, including the rate of execution of poverty-reducing expenditure and, in particular, the use of appropriations by the line ministries concerned (National Education, Public Health, Equipment, Agriculture, Livestock).

- Monthly data on Treasury balances outstanding, by reference fiscal year, with a breakdown of maturities of more than and less than 90 days.

- Monthly data on effective debt service (principal and interest) compared with the programmed maturities provided within four weeks after the end of each month; and

- List of external loans contracted in process of negotiation and projected borrowing in the next six months, including the financial terms and conditions.

B. Monetary Sector

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

- Consolidated balance sheet of monetary institutions and, where applicable, the consolidated balance sheets of individual banks;

- Monetary survey, within eight weeks following the end of each month, for provisional data;

- Borrowing and lending interest rates; and

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

C. Balance of Payments

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

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

D. Real Sector

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

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

E. Structural Reforms and Other Data

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

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

Summary of Data to be Reported

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

Type of Data	Table	Frequency	Reporting Deadline
	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