

RECENT MACROECONOMIC DEVELOPMENTS IN NIGER:  
COUNTRY SITUATION, POLICY, AND OUTLOOK

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## I. OVERALL ECONOMIC PERFORMANCE

Niger's overall economic performance since the Sahelian drought of early 1970's is characterized by a rapid growth period of 1976-1980. The extraordinarily favorable economic performance came to an end in 1981.

### A. Growth Period, 1976-1980

The rapid growth period was stimulated by the buoyant world demand for uranium and favorable rainfall. The increased world demand for uranium raised Niger's export price substantially. It almost doubled (from 14,000 CFA francs per kg. in 1976 to 24,500 CFA francs per kg. in 1980). The value added of the mining sector, which was almost entirely uranium mining, more than tripled with an average growth rate of 39 percent. The favorable weather conditions together with the herd reconstitution program contributed to the rapid growth in the rural sector. The value added of the rural sector, 90 percent of which is accounted by agriculture and livestock, doubled. Its average growth rate was more than 18 percent. Food crops production grew at an average rate of 7.2 percent and livestock production increased at an average of 5.4 percent per year in real terms.

The increased uranium exports provided budgetary resources and foreign exchange earnings for the Government of Niger to implement an ambitious investment program under the five-year development plan (1979-1983). At the peak of this rapid growth period (1978-1980), uranium earnings financed about one-third of the government budget and all the (budgetary) capital spending (the National Investment Fund--FNI). The investment program under the 1979-1983 development plan also contributed to the growth in the construction and industry sectors as well as the tertiary sector. The value added of the construction sector more than quadrupled. Its average growth rate was 46 percent. The value added of the industry sector, which comprises manufacturing, handicrafts, and energy, more than doubled during this period with an average annual growth rate of 18 percent. Most of the growth took place in handicrafts which account for more than 70 percent of the sector. The commerce, transport, and services sector also benefited from the uranium boom. The value added of the sector more than doubled with an average growth rate of 19 percent. The fastest area of growth in this sector was in transport. However, commerce accounted for more than 50 percent of the value added with the remaining divided almost equally between transport and services.

During this period, the annual growth rate of Gross Domestic Product, adjusted for inflation, averaged 7.6 percent, reaching the peak in 1979 with a 13 percent growth rate. With population growing at 2.77 percent per year, this implies an average per capita Gross Domestic Product growth of 4.8 percent per year. Overall employment in the modern sector rose by 42.9 percent with the largest increase respectively in mining (94 percent), commerce (73 percent), and government (25 percent). Minimum hourly wages increased by 127 percent from 48 CFA francs in 1976 to 109.02 CFA francs in 1980. The expansionary fiscal and monetary policies caused a relatively large increase in the price level, particularly in 1981 when the increase was 22 percent. The average annual increase in the price level during the period was 12 percent. The increase by imports associated with the public investment program contributed to a rising current account deficit in the balance of payments. It reached a record high of 66 billion CFA francs (or \$313 million) in 1980 with increasing external debt servicing payments. There were also large private capital inflows associated with direct investment particularly in mining activities. These large capital inflows, which in 1980 amounted to almost 58 billion CFA francs (or \$273 million), were significantly large enough to offset most of the current account deficits so that balance of payments adjustments did not appear to be necessary.

#### B. Stagnation Period, 1981-1983

The extraordinarily favorable economic performance from 1976 to 1980 ended abruptly in 1981 as a result of a dramatic fall in the demand for uranium and its price. The negotiated price of Niger's uranium exports fell by 18 percent, from 24,500 CFA francs per kg. in 1980 to 20,000 CFA francs per kg. in 1981. Although the prices for 1982 and 1983 were raised to 24,000 and 27,500 CFA francs respectively, the depreciation of the CFA franc in terms of the U.S. dollar kept the 1982 and 1983 dollar prices relatively unchanged at \$73-74 per kilogram. Nonetheless, these prices were higher than the spot market prices which were \$43-48 per kilogram.

The depressed demand for uranium reduced Niger's mining activity and its backward linkage sectors like construction and transport. The value added from uranium declined by 17 percent in 1981. In 1982, the government was able to negotiate an increase in uranium price; consequently, the value added decreased by only 6 percent. In 1983, the contract price increased by 14.6 percent above the 1982 price. However, this was partially offset by a 20 percent cut in uranium production. The 1983 uranium mining value added declined by 16 percent from the 1982 level. The rapid growth of the construction and transport sectors which was fueled by the uranium boom came to an end.

The value added in the construction sector fell by 8, 11, and 15 percent from 1981 to 1983. The growth of the transport sector slowed down in 1981 and experienced a negative growth rate of 13 percent in 1982. In 1983, it recovered to a growth rate of 8 percent in nominal terms.

The performance of the rural sector during this period was below the earlier period. Agricultural production, both food and cash crops, stagnated because of relatively poor rainfall. Most of the increase in the value of output was attributed to increases in official prices. The official producer price of millet doubled between 1980-1981 and 1982-1983. It increased by 75 and 55 percent respectively for sorghum and rice over the same period. During this same period the producer prices for cowpeas, shelled groundnuts, and cotton increased by 89, 33 and 100 percent respectively. In terms of quantity, food crop production (millet, sorghum, and rice) fell by approximately 3 percent during this period. With the exception of cowpeas, whose output increased at an average annual growth rate of 4 percent during this period, the outputs of other cash crops fell by approximately 30 percent. The growth of the livestock sector had also leveled off since 1981.

The sectors which showed some modest real growth during this period were manufacturing, handicrafts, and energy. Because of the small size of these sectors, their growth was not enough to compensate for the depressed mining and construction sectors and the stagnated rural sector. Consequently, real Gross Domestic Product grew by only 1.1 percent in 1981. It declined by an average rate of 2 percent over the period 1982-1983.

The decline in the uranium price in 1981, together with the depreciation of the CFA francs, contributed to an average of 29 percent reduction in the export price index during the 1981-1983 period over the 1979-1980 average export price index. Import price index practically remained unchanged between these two periods. The terms of trade deteriorated by 40 percent between the two periods.

Investment activities, both public and private, slowed down considerably and urban unemployment rose with industry capacity utilization, such as agro-based processing activities like groundnut oil, textile, rice processing, and flour, averaging less than 30 percent. Gross fixed capital formation fell at an average annual rate of almost 14 percent during this period. Resource gap deficit increased from 58.2 billion CFA francs (\$275 million) in 1980 to 76.6 billion CFA francs (\$233 million)

in 1982. The decrease in imports and a modest increase in exports reduced the resource gap deficit to 52.8 billion CFA francs (\$129 million) in 1983. The resource gap deficit in dollars also reflected the effect of the dollar appreciation in terms of CFA francs. If the exchange rate were neutralized at the 1980 exchange rate, the resource gap deficit averaged \$300 million during this period.

## II. ECONOMIC STRUCTURE

The economy of Niger is predominately subsistence agriculture. The traditional sector dominates the economy, accounting for 62-72 percent of the value added of Niger's Gross Domestic Product. Agriculture, livestock, and to a lesser extent fishing and forestry, represent 71 percent of the traditional sector. The remaining is accounted largely by commerce, services, and handicrafts. The modern sector comprises mining, construction, and transport; it accounts for 28-38 percent of Gross Domestic Product. The uranium-led growth of 1976-1980 altered the structure of the economy. One basic structural change was the increased dominance of uranium in the economy reaching the peak of almost 14 percent of the Gross Domestic Product in 1979 from a share of less than 1 percent in the late 1960's. Another structural change was the decline in the relative share of the rural sector. It reflected a much faster growth in mining and construction rather than the stagnation of agriculture and livestock. During the 1981-1983 period, the structure had gone through changes again. It appears that it has reversed to the period before the rapid growth with a higher level of Gross Domestic Product share in mining.

### A. Agriculture

The important role of agriculture in the Nigerien economy is highlighted by the fact that it supports the livelihood of nearly 90 percent of the population. Agriculture, livestock, and fisheries contributed 50 percent of the value added in Niger's Gross Domestic Product in 1983. During the rapid growth of 1976-1980, its relative share of domestic output had declined to as low as 43 percent in 1980. Its level of 48-50 percent is expected to continue as the economy adjusts to a slower and more normal growth path in the near future. Food crops (millet, sorghum, and rice) account for more than 75 percent of crop production and they are produced mainly for subsistence; less than 20 percent of production is marketed. Cash crops include groundnuts, cotton, cowpeas, and vegetables (mainly onions and string beans). In recent years groundnuts and cotton have declined in importance; they have been substituted by cowpeas as a main cash crop. Cowpeas have become a

major source of export earnings behind uranium and livestock since 1980. Niger is not an agricultural produce exporting country. Crop exports represent only 7 percent of export earnings. Most of the crop exports takes place through border trade with Nigeria.

Next to crop production, raising livestock is the other main economic activity in the traditional sector. Animal husbandry accounts for 17 percent of Gross Domestic Product and 36 percent of the value added of the rural sector. Niger's livestock has increased steadily in all animal categories since the drought. The cattle population grew from 2.2 million in 1973, the year in which the livestock was hard hit by the drought, to 3.5 million in 1983. This represents roughly 80 percent of the pre-drought cattle population. For other species of animals, of which 90 percent are sheep and goats, the population increased from 7.9 million in 1973 to 12.1 million in 1983. It had already exceeded the pre-drought population of 10.1 million. Next to uranium, livestock is the most important source of foreign exchange earnings. Livestock, meat, and hides accounted for 15.8 percent of recorded total commodity export earnings and averaged 14.8 percent over the period 1978-1983. While its share in commodity export earnings had remained in the range of 13-16 percent, exports of livestock and its related products had risen consistently both in volume and in value, although its rate of growth had leveled off during 1981-1983. The official statistics of livestock exports, however, underestimate the actual exports of livestock because a large portion of this trade involves exports of livestock on the hoof across the border to Nigeria. A significant part of this trade has not been recorded in the official statistics. Such trade has been estimated to be as high as 30-50 percent of the recorded trade.

#### B. Mining

Uranium mining was the growth locomotive during 1976-1980. It had transformed Niger's economic structure significantly during the period. However, its relative share in Gross Domestic Product declined from 14 percent in 1979 to 6 percent in 1983 following the depressed demand and a large decrease in prices in 1981. Despite its poor performance in the 1980's, uranium will remain the most important source of foreign exchange earnings in the foreseeable future. Its share of commodity export earnings remained in the range of 76-78 percent similar to that of the rapid growth period of 1976-1980. This reflected the dominant position of uranium and a very close association between uranium exports and the overall export performance. On the other hand, the importance of uranium as a source for government revenues has been reduced from providing a third of the government revenue in late 1970's to slightly below 10 percent in 1983.

Other mining activities include cassiterite production, coal production in the northern region of the country, and possible future production of phosphate in the western region of the country. Presently, cassiterite production is at the level of 100 tons per year and is expected to stabilize at this level. Although its price almost doubled in 1981 and increased by 13 percent in 1982, its value added represented less than 1 percent of the mining sector in 1983.

#### C. Industry and Construction

The industry sector in Niger is small. It accounted for only seven percent of Gross Domestic Product. It comprises handicrafts, energy, and manufacturing. Manufacturing activities range from oil refining to cement and brickmaking, tannery, textile, and a number of agro-processing manufacturing, such as flour mills, rice processing mills, groundnut oil mills, and cotton ginning. Handicrafts accounted for 60 percent of the value added in this sector while manufacturing and energy each represented 20 percent in 1983. The sector employed eight percent of the labor force in the modern sector.

The sector that benefited directly from the 1976-1980 uranium prosperity was construction. Uranium revenues financed a number of public works and infrastructure projects many of which were linked to mining activities. The Gross Domestic Product share of the construction sector rose rapidly from less than four percent in 1976 to seven percent in 1980. It employed more than 25 percent of the labor force in the modern sector during 1978-1980. The sector is the biggest employer of the labor force in the modern non-governmental sector. It was also directly affected by the stagnant mining sector during 1981-1983. Its share dropped to 3.8 percent in 1983. The unemployment rate in the sector rose by 21.5 percent in 1981.

#### D. Other Sectors

The relative Gross Domestic Product share of the tertiary sector (commerce, transport, and services) remained relatively unchanged at approximately 20 percent while commerce accounted for more than 50 percent of the value added in the sector followed by services and transport which each respectively accounted for 29 and 17 percent in 1983. The economic stagnation seemed to slow down the growth of commerce and transport whose shares in the sector showed a falling trend. The share of commerce fell from 59 percent in 1976 to 54 percent in 1983; and the share of transport fell from 22 percent in 1979 to 17 percent in 1983. Their falling shares were more than compensated by the services sub-sector resulting in a slight increase of the tertiary sector share in Gross Domestic Product from 20 to 21 percent in 1983. In terms of employment, the sector did not seem to be much affected by the economic recession. As recent as 1981, employment in the sector grew by 10.6 percent. Its share of modern sector employment was 18 percent in 1981.

The share of the government sector in Gross Domestic Product grew from 7.3 percent in 1980 to eight percent in 1983. Its share during the earlier period, however, fell from 7.8 percent in 1976 to 6.9 percent in 1979. This indicated that the government sector did not grow as fast as the overall growth of the economy during the extraordinarily rapid growth period, and it did not slow down as much as the overall economic slow down during the stagnation period. The government grew at an average annual rate of 19 percent during 1976-1980. Its growth rate dropped to an average of 12 percent during 1981-1983; this implied a real growth rate in the sector of approximately two percent. The average annual growth rate of employment in the sector was seven percent during 1977-1981. It has declined moderately since 1981. Its share of employment ranged from 40 to 43 percent. The share of indirect taxes in the Gross Domestic Product declined from 5.5 percent in 1980 to 3.7 percent in 1983. It reflected the slow down in the economy particularly the reduction in imports.

### III. DEVELOPMENT PLANNING, 1979-1983

In 1979 the Government of Niger launched a Five-Year Development Plan. Its major goals are: self-sufficiency in food production, development of basic infrastructure, provision of social services (especially in health, education, and human resources development), diversification of the economy's productive base, further expansion of the mining sector, and development of a participatory economy through the establishment of a "Development Society" institution.

The financial requirement for the Plan, in 1979 prices, was 975 billion CFA francs (\$4.6 billion at 1979 average exchange rate). Of the total financial requirement, 75 percent was allocated for investment spending and the remaining was for recurrent expenditures; approximately 47 percent of the planned investment outlays was expected to be financed by the public sector. Table A-6 in the Statistical Appendix shows the allocation of planned public investment spending in the 1979-1983 Plan.

Almost two-thirds of the private investment were targeted at the expansion of the productive capacity in the mining sector; the remaining was for manufacturing industry (nine percent), energy (15 percent), and roads and transport (nine percent). In the mining sector, emphasis was placed on further expansion of uranium mining, and to a lesser extent, on coal mining and exploration of other mineral resources and oil. A substantial part of the investment in the manufacturing sector was targeted at food processing industries (including slaughterhouses), chemical plants, and a sugar refinery. In the energy

sector, the major planned investment was for the construction of a coal-generated electricity power station for the electricity requirement of increased mining operations.

For public investment, the Plan targeted 24 percent of the total investment for rural development, mainly in agriculture and livestock, and 18 percent for mining, industry, and energy, with 56 percent of the sector's targeted investment going to mining. The Plan allocated almost 30 percent of the total investment for social services with education and training expected to receive 57 percent of the sector's targeted investment. A major investment effort was also planned for infrastructure. The Plan allocated 24 percent of the total public investment program for infrastructure, mainly in roads and transport (58 percent of the sector's planned public investment), telecommunications (14 percent), and a series of new buildings for government agencies (28 percent).

Table A-7 in the Statistical Appendix provides a comparison between planned and actual public investment spending during the Plan period. The aggregate ratio of actual to planned investment is 0.91. This indicates that 91 percent of the planned spending is realized. An examination of the sectoral composition, however, reveals that this high ratio is due to overallocation of spending in the infrastructure sector, particularly in telecommunications. Its ratio of actual to planned spending during the Plan period is 1.61 with the telecommunications ratio at 2.07. This means that actual investment spending in the infrastructure sector is 61 percent higher than the planned level and about twice of planned spending in telecommunications. In the directly productive sector (agriculture and rural sector, mining, industry, energy, and commerce) the ratio is 0.72. The ratio in agriculture and rural sector is even lower, 0.53; it is 0.88 and 0.84 in mining and commerce, respectively. In the social services sector the ratio is 0.67, with the lowest ratio in health followed by water supply and education; in housing and urbanization it is above the sectoral average.

In addition to the over-allocation of investment fund to the infrastructure sector, there are several explanations for the low ratio of actual to planned investment spending in the directly productive sector. In the agriculture and rural development, it is due to the inability of several agricultural projects to absorb the investment because they were still in the preparatory phase; whereas the Plan had already programmed significant amounts of investment in these projects. In manufacturing, there was delay in investment in the textile industry and delay in the construction of the sugar refinery

and in the development of the third uranium mine. Investment in the services sector, especially in commerce, fell short of targets because investment plans for a para-public enterprise for commercialization of groundnuts and cowpeas (SONARA) have to be revised due to unfavorable developments in the market for groundnuts. In social services, there were delays in obtaining the necessary financing, especially in the water supply program. The low realization ratio is also due to the over-ambitious objective in the Plan in relationship to the country's absorptive capacity.

Some of the factors limiting the ability of the directly productive and social services sectors to absorb the planned investment effectively are external, such as the unfavorable market shift in uranium and the lack of private investment to complement public investment. Other factors are associated with the country's level of development and its resource endowments, specifically its human resource constraint, the difficulties in applying and delivering appropriate technology in agriculture and livestock, and the poor and fragile agricultural resource base. But there are also factors that are attributable directly or indirectly to government policies and interventions. For example, government subsidy policy to money-losing public and para-public enterprises which divert funds that could otherwise be made available for directly productive investment.

#### IV. PUBLIC FINANCE

##### A. Niger's Budgetary System

Public financial operations in Niger comprise the central government budget and the local community budget. The local community budget is small, representing less than five percent of government financial operations. It derives its revenue from earmarked taxes (property taxes and license fees) and some local taxes and service charges.

The central government budget is divided into the general operating budget (Budget General de Fonctionnement), the National Investment Fund Budget (Fonds National d'Investissement--FNI), and the annexed budget for public works agencies (Budget Annexe d'Exploitation du Matériel de Travaux Publics--BAEMTP). The FNI is intended for capital spending which generally provides local counterparts for foreign-financed projects. In addition to the FNI budget, capital outlays are also financed from extrabudgetary expenditure.<sup>1/</sup> The

<sup>1/</sup> Not all the expenditure outlays in the FNI and extrabudgetary categories are capital spending and certainly not investment in the strict economic sense. For example, they include subsidies and transfers to public enterprises

annexed budget is executed by the Treasury. The Treasury has various special accounts, including accounts of local authorities, and parapublic enterprises. Most of the Treasury's liquid assets are deposited with the central bank, the Niger Development Bank (Banque de Developpement de Republique du Niger--BDRN), and the National Agricultural Credit Fund (Caisse National de Credit Agricole--CNCA). The Treasury also receives credit from the Central Bank through the West African Monetary Union arrangements. Such credit is limited to 20 percent of Niger's actual tax revenue in the previous year. In recent years, they have been given as medium-term loans and are used to finance various investment projects. At present no consolidated budget exists.

### B. Overall Fiscal Developments, 1979-1983

With the growth of uranium revenue and the implementation of the ambitious five-year development plan (1979-1983), total government spending increased substantially, by 25 and 45 percent in 1979 and 1980, respectively. Total revenue, on the other hand, increased by 31 to 25 percent over the same period. Consequently, the budget deficit more than doubled from 14.2 billion CFA francs (\$65.8 million) in 1979 to 32.5 billion CFA francs in 1980 (\$153.7 million). With stagnant revenue in 1981 (an increase of only 2.6 percent) and the continued increase of expenditure outlays (31 percent), the 1981 budget reached a record high of 64 billion CFA francs (\$236 million). In 1982, with total revenue falling by 2 percent, the government began to pursue a contractionary fiscal policy. Total spending declined by almost 14 percent and the budget deficit was reduced to 46.1 billion CFA francs (\$140 million). The contractionary fiscal policy continued in 1983, spending was reduced further by five percent, but revenue also fell by another four percent and the budget deficit was 50 billion CFA francs (\$113 million). All the expenditure reduction during fiscal 1982-1983 took place in capital spending. The FNI spending was cut by more than 56 percent and 46 percent per year. Extrabudgetary capital outlays were reduced by 18 percent and 15 percent in 1982 and 1983, respectively. The growth of the current expenditure spending had been held down to 8-13 percent during 1981-1983. It was about the same as the average annual rate of inflation during this period.

Since 1981, 61-71 percent of deficit financing has been through foreign borrowing, the remainder was financed by domestic sources. During this period, there were also increased in arrears. They rose from less than 2 billion CFA francs (\$9.4 million) in 1979 to 14.6 billion CFA francs (\$44.5 million) in 1982. The accumulated arrears by the end of fiscal

1982 were 22.1 billion CFA francs (\$67.2 million at the 1982 average exchange rate). These arrears were entirely to banks and local enterprises. There was a reduction of 1.8 billion CFA francs in 1983. They are expected to reduce further in 1984-1985. Table A-11 in the Statistical Appendix shows the central government budgetary operations from fiscal 1979-1983 and projections for 1984-1985.

The local community budget represents approximately five percent of the total governmental financial operations. Its revenue had more than doubled during the period 1979-1982 from less than 2 billion CFA francs (\$9 million) in 1979 to 4.2 billion CFA francs (\$20 million at 1979 exchange rate) in 1982. The sources of local revenues are different city and community taxes, license fees, and transfers from the central government budget. Arrondissement tax together with license fees and business taxes accounted for 58 percent of local government revenue in 1979. In 1982, the share of the arrondissement tax in local government revenue fell to 24.8 percent; it was, however, compensated by a substantial increase in license fees from the share of 12 percent in 1979 to 25 percent in 1982. The share of transfers from the general budget also declined significantly from almost eleven percent in 1979 to less than five percent in 1982. This reflected the fiscal difficulties the government encountered since 1981. Nevertheless, total local government revenue grew by 19 percent in 1982 indicating increasing reliance of local government authorities on local taxes and fees to finance their operations.

On the expenditure side, total spending rose from 2 billion CFA francs (\$9.4 million) in 1979 to 4.3 billion CFA francs (\$20.2 million at 1979 exchange rate) in 1982, an average annual rate of increase of approximately 25 percent. Most of the increase was in 1980 when the total expenditure grew to 3.4 billion CFA francs. The share of current expenditure varies from 64 percent to 73 percent. The biggest share in the capital spending was in infrastructure, averaging 55 percent followed by administration (20 percent), social services (15 percent), and agriculture, livestock, forestry, and water supply (ten percent). Except in 1979, the deficit of the local government budget was small; in 1982 it was 122 million CFA francs (\$0.4 million). Table A-16 in the Statistical Appendix shows the local community budget from fiscal 1979 to 1982.<sup>1</sup>

<sup>1</sup>/ The estimates for 1983 are not available at this time.

C. Fiscal Projections, 1984-1985

According to the Nigerien authorities, government revenue is expected to reverse its declining trend beginning with 1984. It is expected to rise by seven percent in 1984 and another five percent increase in 1985. These increases are to be realized from a number of revenue increasing measures (to be discussed below) which were initiated in fiscal 1983 and to be more fully implemented in fiscal 1984. The anticipated impact of the revenue-increasing measures is estimated at 4.5 billion CFA francs (\$10.8 million) by the end of 1984.

On the expenditure side, there is an anticipated spending cut of eleven percent (14 billion CFA francs or \$34 million) in 1984. The entire cut will come from capital and extra-budgetary expenditure. In the current expenditure, public debt service will decline by four percent; other expenditure categories (wages and salaries, materials, and subsidies, and transfers) will increase by approximately five percent.

In 1985, total spending is expected to be slightly below the 1983 level, with a 15 percent increase in capital expenditure and an eight percent increase in current expenditure. The 1985 capital expenditure level will still be 78 percent of the 1983 level and less than half of the 1981 level. All categories of current expenditure are expected to rise by approximately eight percent with the exception of subsidies and transfers which are expected to rise by less than six percent.

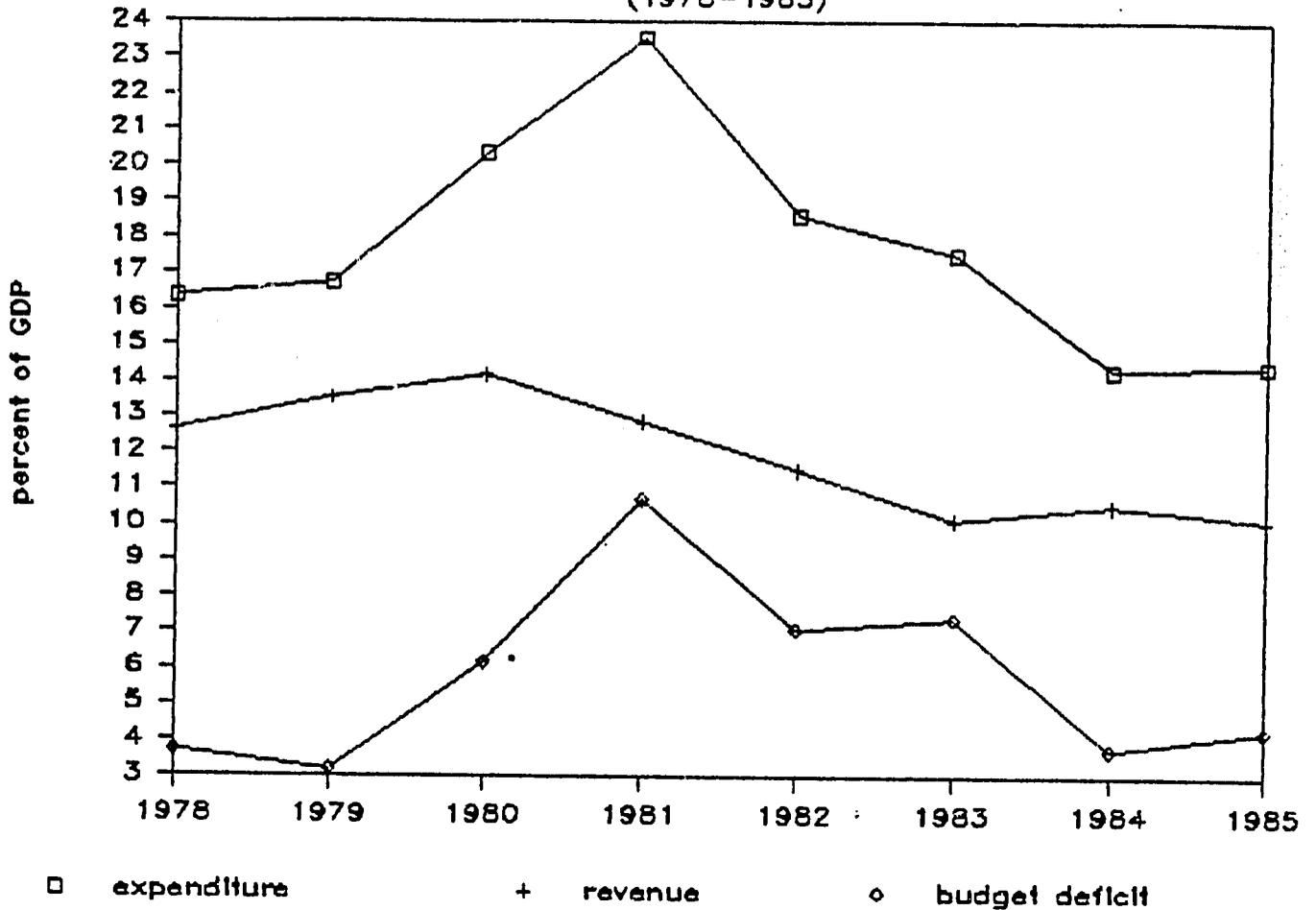
The projected budget deficits for fiscal 1984 and 1985 are respectively 29 and 34 billion CFA francs on a commitment basis. However, because of the anticipated substantial reductions in arrears accumulated during 1979-1982, the budget deficits are expected to be in the neighborhood of 40 billion CFA francs (\$96 million) on a cash basis. The projected deficits amount to approximately 4.3 percent of the country's GDP. It represents more than 50 percent cut from the 1981 deficit which was 10.7 percent of the GDP. Figures 1 and 2 provide some indicators of fiscal aggregates.

The projections are based on the following assumptions: (a) the nominal growth rates of GDP for 1984 and 1985 are respectively 8.2 and 9.7 percent; (b) the shares of government revenue in GDP for the next two years will be approximately ten percent, and (c) the impact of the tax reforms will amount to an annual increase of approximately 4.5 billion CFA francs. The revenue share in GDP appears to be reasonable and consistent with the most recent trend (1982-1983). However, the assumption that the full impact of the new tax measures will be

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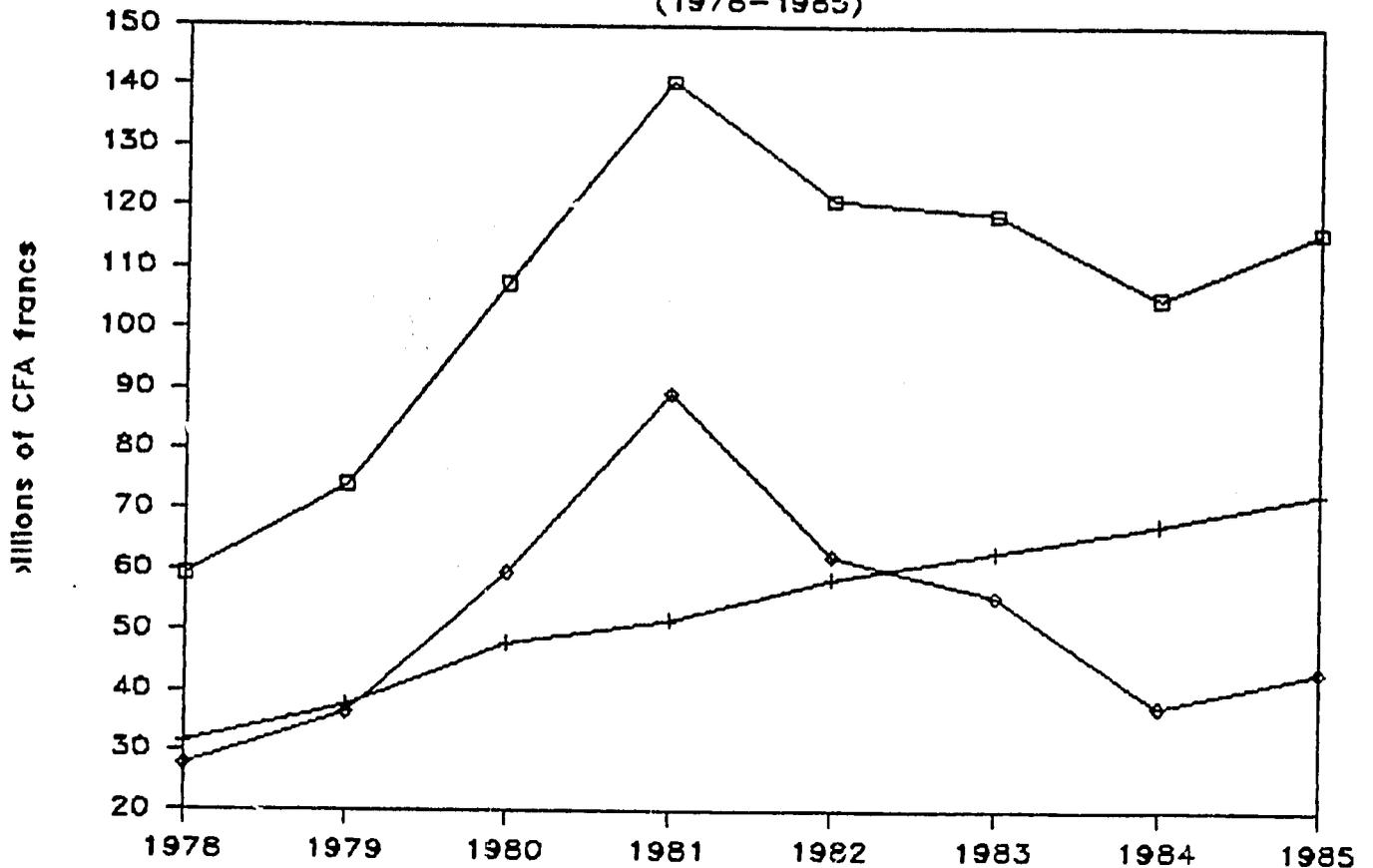
# INDICATORS OF FISCAL AGGREGATES

(1978-1985)



# GOVERNMENT SPENDING

(1978-1985)



realized in 1984 and resulting in an added revenue of 4.5 billion CFA francs may be too optimistic. Preliminary estimates indicate that the FY 1983 actual revenue fell short of the anticipated revenue by approximately 3 billion CFA francs (\$7.3 million). Furthermore, the GDP forecast upon which the revenue share is based seems to be on the high side. If the shortfall in the 1983 revenue is taken into account and 50 percent of the anticipated revenue impact from the new tax measures is realized in 1984 and 80 percent in 1985, the government revenue would be approximately 74.00 billion CFA francs (\$178 million) in 1984; and 79.6 billion CFA francs (\$191 million) in 1985. The budget deficit for 1984-1985 would be in the neighborhood of 43 billion CFA francs (\$105 million). The adjustment in the forecast revenue means an increase in the budget deficit of about \$10 million. Table 1 below summarizes the fiscal projections of the Ministry of Finance fiscal projections for 1984 and 1985 and the revised government revenue and budget deficit projections.

#### D. Government Revenue Structure

During the rapid growth period of 1976-1980, government revenue almost doubled (from 37.7 billion CFA francs in 1977 to 74.9 billion CFA francs in 1980). There were large increases of 25-30 percent in 1979 and 1980. Its rapid growth ended abruptly in 1981 with an annual growth rate of 2.6 percent. It fell by 2.3 percent and 4.2 percent in 1982 and 1983 respectively. As a percentage of GDP, government revenue has shown a declining trend since 1980, from 14 percent in 1980 to about ten percent in 1983. It is projected to remain at this level in 1984 and 1985.

The major sources of government revenue are taxes on international trade, turnover taxes on goods and services, and taxes on income and profits. International trade taxes contributed about one third of government revenue in 1979; it remains the principal source of government revenue, approximately 43 percent in 1982. Next to international trade taxes are turnover of goods and services taxes. They accounted for 22 percent of government revenue in 1979 and 25 percent in 1982. Another major source of government revenue is taxes on income and profits. They represented 29 percent of government revenue in 1979 but reduced to 20 percent in 1982. The revenue contribution from the uranium sector, in the form of income tax, royalties, export duty, and property transfer duties, declined from approximately 22 percent in 1979 to ten percent in 1982. As a percentage of GDP all revenue sources, except international

Table 1

Fiscal Projections, 1984-1985  
(in billions of CFA francs)

	1983	MOF*		Revised	
		1984	1985	1984	1985
I. TOTAL REVENUE	68.69	77.30	81.65	74.00	79.60
Tax revenue	62.58	67.47	71.45	66.00	70.60
Non-tax revenue	6.11	9.83	10.20	8.00	9.00
II. TOTAL EXPENDITURE	118.79	104.89	115.97	104.89	115.97
Current expenditure	63.05	67.49	72.68	67.49	72.68
Public debt service	15.00	14.38	15.50	14.38	15.50
Wages and salaries	24.56	25.80	28.02	25.80	28.02
Materials and supplies	11.05	14.26	15.35	14.26	15.35
Subsidies and transfers	12.44	13.05	13.81	13.05	13.81
Capital expenditure	55.74	37.40	43.29	37.40	43.29
FNI-Natl Investment Fund	6.40	7.00	7.49	7.00	7.49
Other	49.34	30.40	35.80	30.40	35.80
III. BUDGET DEFICIT (I-II) (commitment basis)	-50.10	-27.59	-34.32	-30.89	-36.37
IV. CHANGE IN ARREARS (decrease -)	-1.72	-11.45	-7.40	-11.45	-7.40
V. BUDGET DEFICIT (III+IV) (cash basis)	-51.82	-39.04	-41.72	-42.34	-43.77
MEMORANDUM ITEMS:					
Financing	51.82	23.10	23.30	23.10	23.30
External financing	36.62	16.60	20.80	16.60	20.80
Drawings	44.80	30.40	35.80	30.40	35.80
Amortization	-8.18	-13.80	-15.00	-13.80	-15.00
Domestic financing	15.20	6.50	2.50	6.50	2.50
BCEAO	5.70	6.70	2.90	6.70	2.90
Commercial Banks	2.50	-2.40	-2.40	-2.40	-2.40
Other--nonbanking system	7.00	2.20	2.00	2.20	2.00
Financing gap		15.94	18.42	19.24	20.47

\*Projections given by Ministry of Finance; revised projections are based on less than full realization of the impact from the fiscal reform and lower than anticipated revenue in fiscal 1983.

Sources: Ministry of Finance and the IMF.

trade taxes declined during the 1979-1982 period.<sup>1/</sup> Tables A-12 and A-13 in the Statistical Appendix compare the contributions of different taxes between 1979 and 1982.

The stagnant revenue performance reflects the slowdown in general economic activities, Niger's narrow tax base, and a relatively inefficient tax administration in terms of the effectiveness of tax collection and enforcement. In view of this poor revenue performance, the Nigerien government requested an IMF mission to study its tax system and administration with the purpose of improving its revenue performance. The study was completed in August 1982; it provided a set of recommendations, some of which had already been adopted by the government. They involved: (1) administrative changes in tax administration ranging from changes in custom valuation, more control of tax assessment and collection, particularly in income, profit, business and property taxes to the reorganization of the tax department and the establishment of a customs headquarters to keep abreast with trade flows; (2) reduction of tax exemptions to wage earners and property owners; (3) increase in excise taxes on products like petroleum, alcoholic beverages, tobacco, soft drinks, public utilities services (electricity, telephone, and telegraph); and (4) improvements in the international trade system by (a) abolishing the use of administratively set values as taxable bases and in calculating transport costs and substituting in its place actual values of products, (b) reduction in the number of exemptions from import taxes granted to investment projects and individual enterprises.

According to the IMF estimates the different tax reform measures should contribute to an average annual increase of tax revenue by approximately 4.5 billion CFA francs (\$10.8 million) over a three year period. Table 2 shows the impact of these different tax reform measures. Most of the increase will come from higher tax rates on petroleum products, on production of goods and services and from customs duties. They will account for almost 50 percent of the anticipated additional revenue from the tax reform effort. Although the Nigerien Government began to implement these tax reform measures in fiscal 1983 and 1984, most of the expected revenue increase did not materialize in 1983 because of the lags in implementation of these measures. A major portion of the potential benefit from this tax reform effort would probably not be realized until fiscal 1985. Because the full potential of the tax reform effort is not likely to be realized by 1985, the Ministry of Finance revenue projections as shown in Table 1 are probably too high and should be revised downward.

<sup>1/</sup> Although the buoyancy and elasticity of Niger's tax system in relationship to the GDP for the period 1978-1981 are estimated at 1.10 and 1.05 respectively according to a recent IMF study,

Table 2

NIGER

Estimated Cumulative Effect of New Tax Measures, FY 1983-85  
(in billions of CFA francs)

<u>Tax Measures and Their Effective Date</u>	<u>Fiscal</u>		
	<u>1983</u>	<u>1984</u>	<u>1985</u>
I. GENERAL MEASURES	0.36	0.36	0.36
Prior approval by Minister of Finance required for granting tax exemptions (October 1, 1983)			
Increases in penalties and strengthening of administrative control (October 1, 1983)	0.36	0.36	0.36
II. TAXES ON INCOME AND PROFITS		2.10	3.95
Standardization of BIC and BNC using computerized files and application of IFB (October 1, 1983)		0.40	0.60
Introduction of semi-annual installments for BIC; transitionally 25% semi-annually for FY-84 and 50% for FY-85 (October 1, 1983)		1.00	1.80
Introduction of tax on business overhead expenses (October 1, 1983)		0.10	0.15
Reduction of proportion of head office operating costs deductible (October 1, 1983)			
Expanding scope of standard minimum tax to individuals and enterprises (October 1, 1983)		0.10	0.10
Administrative reforms to enforce the ICTS and IGR more rigorously; expansion of tax bases to include payments in kind (October 1, 1983)		0.30	0.70
Use of property registry for tax purposes-- tax on rental value (TVL) and IGR in particular (October 1, 1983)		0.20	0.60
III. TAXES ON GOODS AND SERVICES	2.00	3.10	4.40
Increases in tax rates on production (TP) from 18 to 20% and taxes on goods and services (TPS) from 13.5 to 15% (October 1, 1983)	0.80	0.80	0.80
Double excise taxes on alcoholic beverages and tobacco (October 1, 1983)	0.20	0.20	0.20
Increases taxes on petroleum products (October 1, 1983)	1.00	1.50	1.50

	Introduction 10% tax (TPS) on telecommunication services (October 1, 1983)	0.60	0.70	
	Reforms on turnover taxes (October 1, 1984)			1.20
IV.	REGISTRATION FEES AND PROPERTY INCOME	0.50	0.50	
	Increase tax rates on income from securities (IRVM) and elimination of preferential arrangements for new companies (October 1, 1983)	0.10	0.10	
	Increase in TDVM rate (October 1, 1983)	0.10	0.10	
	Increase in tax rate on insurance contracts (October 1, 1983)	0.10	0.10	
	Increase in stamp duties (October 1, 1983)	0.10	0.10	
	Inclusion of buildings in the base for inheritance and gift taxes (October 1, 1983)	0.10	0.10	
V.	CUSTOMS DUTIES	1.70	2.84	4.09
	Increase in rates, carrying charges, and administrative values (Fiscal 1983 and 1984)	1.70	2.09	2.09
	Harmonizing calculation of tax on production --TP (October 1, 1983)	0.75	0.75	
	Reform of turnover taxes (October 1, 1984)			1.25
	TOTAL CUMULATIVE EFFECT	4.06	8.90	13.30
	TOTAL ANNUAL EFFECT	4.06	4.84	4.40

Source: IMF

BIC:	Bénéfices industriels et commerciaux (Tax on business income)
BNC:	Bénéfices noncommerciaux (Tax on professional income)
ICTS:	Impôt cedulaire sur les traitements et salaires (Scheduled tax on wages and salaries)
IFB:	Impôt forfaitaire sur les bénéfices (Standard tax on business income)
IGR:	Impôt général sur le revenue (General income tax)
IRVM:	Impôt sur les revenus des valeurs mobilières (Tax on capital income)
TDVM:	Taxe sur vehicules à moteur (Motor vehicle tax)
TP:	Taxe à la production (Production tax)
TPS:	Taxe sur les prestations de service (Tax on services)
TVL:	Taxe sur la valeur locative des immeubles (Tax on rental income of buildings)

### E. Government Expenditure Trends

Total central government expenditure is grouped into three categories: current, capital, and extrabudgetary expenditure. Current expenditure budget includes outlays on wages and salaries, materials and supplies, subsidies and transfers, and public debt service payments. Capital expenditure budget is the National Investment Fund (Fonds National d'Investissement - FNI). The FNI is earmarked mainly for investment or development activities. It has been financed, largely by revenue from different taxes on earnings from uranium. The FNI constitutes only a part of Niger's development expenditures; in addition to the FNI there are extrabudgetary outlays. Extrabudgetary outlays also involve mostly capital spending. A large portion of these outlays represents local counterpart contributions to foreign financed projects. The remaining is known as the "dette occulte", which is incurred in prefinancing spending of projects. According to available data, the "dette occulte" incurred during the period 1979-1982 was estimated at approximately 27-33 billion CFA francs. It resulted in a large accumulation of arrears to various suppliers and enterprises and to domestic banks which in turn borrowed substantial amounts from abroad.

Table A-11 in the Statistical Appendix shows the expenditure pattern during the 1978-1983 period. Total current expenditure represented slightly more than a half of government spending in 1978; the remainder was accounted by capital expenditure outlays. The share of current expenditure in total spending declined steadily to only 37 percent of total spending in 1981. The declining share reflected a much faster increase in capital spending rather than the fall in current expenditure. Capital spending rose by an average annual rate of 48 percent during 1978-1981, while current expenditure increased by an average annual rate of 18 percent during the same period. With almost 30 percent reduction in capital spending in 1982 and another 21 percent cut in 1983, while current expenditure continues to increase by an annual average of 12 percent during 1982-1983; the share of current expenditure in total spending rose to 57 percent in 1983.

On the economic classification basis, public debt service expenditure had taken a bigger share of government current spending from 13 percent in 1978 to 23 percent in 1983. Wages and salaries expenditure had increased from 34 percent of current expenditure to 37 percent in 1983. There was a drop in the share of expenditure going to materials and supplies, particularly since 1981. Absolute expenditure outlays actually

fell in 1981 and 1982. The 1983 level was about the same as the 1980 level in nominal terms. This implies at least a 20-25 percent reduction in real terms because of inflation. The share of subsidies and transfers fluctuated between 23-25 percent of total current expenditure. It declined by seven percent in 1983.

Table A-14 in the Statistical Appendix presents the trends of current expenditure spending by functional classification. The share of current expenditure spending in agriculture and rural development decreased steadily from almost six percent in 1979 to about three percent in 1983. Spending on roads had also shown a declining trend from three percent in 1981 to two percent in 1983. Education and training accounted for an average share of 20 percent during 1979-1983. Its share remained at about 19 percent during the last two years. Health spending remained at about six percent during this period. General public services spending remained relatively constant in absolute terms, but declined as a share of total current expenditure. Of noticeable increases are public debt service payments which have increased from seven percent of current expenditure spending in 1979 to almost 23 percent in 1983.

Capital expenditures under the FNI grew by 54 percent during the period 1979-1981. The sharp increase reflected the exceptional growth of uranium revenues and the government's vigorous effort to implement the 1979-1983 development plan. As the uranium situation changed in 1981, the FNI spending was cut by more than half, from 27 billion CFA francs in 1981 to less than 12 billion CFA francs in 1982. It was much below the planned level of 26 billion CFA francs. It is expected to fall to about seven billion CFA francs in 1983. Table A-15 in the Statistical Appendix shows the capital outlays in the FNI budget by functional classification. Expenditures in all categories of the FNI budget were reduced in 1982 with the biggest cut in education (almost six billion CFA francs). Other severe reductions included roads and infrastructure, mining and industries, and agriculture and rural development. The 1983 FNI budget will remain at seven billion CFA francs. There are further spending cuts in education, agriculture and rural development, health, and other economic services.

Associated with the rapid increase in the FNI spending from 1979-1981 and a sizeable fall in uranium revenues in 1982 were growing capital outlays under the extrabudgetary expenditure category. Extrabudgetary spending tripled during 1979-1981; it declined from 62 billion CFA francs in 1981 to 50 billion CFA francs in 1982. For 1983 the extrabudgetary spending is expected to be lower than the 1982 level; it is estimated at about 41 billion CFA francs.

The 1984 budget shows a further reduction of 1.1 percent in current expenditure (from 81.3 billion CFA francs to 80.2 billion CFA francs or about \$200 million). The current expenditure reduction reflects lower debt service payments due to debt rescheduling. Other major spending cuts include reduction in food and boarding subsidies to students and scholarships for secondary education and teacher hiring, reduction in the number of governmentally owned vehicles, no increase in salaries for civil servants and strict control on new hiring, and reduction of public enterprise activities. Three public enterprises were directly affected: the grain marketing agency (OPVN), the import trading agency (COPRO-NIGER), and the public utilities company (NIGELEC). The number of OPVN sales centers will be reduced from 220 to 79. The operations of COPRO-NIGER will be reduced; it will only be the monopolist for the imports and sales of salt, tea, jute bags, and cigarettes, leaving other commodities to be imported or exported by private traders.<sup>1/</sup> The NIGELEC will impose surcharges of about 20 percent on electricity and water consumption in order to cover cost. The policy of allowing free usage of electricity and water for NIGELEC personnel and members of the board of directors will be discontinued.

## V. TRADE AND BALANCE OF PAYMENTS

### A. Overall Balance of Payments Developments, 1979-1983

Prior to 1979, Niger had experienced overall balance of payments surpluses, ranging from 1.2 to 7.9 billion CFA francs (\$5-35 million). It was followed by relatively small deficits in 1979 and 1980 and a surplus in 1981. In 1982 with a substantial decline in capital inflows together with a decrease in exports, even though imports also fell by 13 percent, the overall balance of payments deficit reached a record high of 43 billion CFA francs (\$131 million).

In the current account, the deficit grew steadily from less than two billion CFA francs in 1975 to 11 billion CFA francs in 1977. Following rapid increases in capital spending under the 1979-1983 plan, imports almost quadrupled between 1977-1981 (from 58 billion CFA francs in 1977 to 191 billion CFA francs in 1981). Imports of invisible items (i.e. nonfactor services, interest, and dividend payments) also rose by more than six-fold (from six billion CFA francs in 1977 to approximately 40 billion CFA francs in 1983). The rising deficit in the services account which was due largely to increase in external debt service payments, and slower growth of unilateral transfers (mostly official grants) resulted in a current account deficit of 71 billion CFA francs in 1981.

<sup>1/</sup> Traders are still required to obtain licenses from the Chamber of Commerce and commodity prices are fixed by the Ministry of Finance.

Until 1982, the current account deficits were adequately financed by surpluses in the capital account reflecting mainly foreign direct investment, borrowing, and project related capital inflows associated with the expansion in the mining sector and in public investment activities under the five-year development plan. These net capital inflows were large enough to offset the current account deficits so that the balance of payments remained relatively in equilibrium. In 1982, there was a drastic fall in net capital inflows from 79.6 billion CFA francs (\$195 million) in 1981 to 15.2 billion CFA francs (\$37 million) in 1982. Most of the reduction was attributed to a large decrease in long-term capital inflows due to unanticipated drop in project related capital and a large increase in short-term capital outflows. Consequently, the capital account fell far short of the level capable of financing the current account deficit, resulting in a large overall balance of payments deficit.

The reduced long-term capital inflows and increased short-term capital outflows, together with a very high debt service ratio in 1982 (36 percent of exports and private transfers, according to the IMF, with public debt accounting for 24 percent), created a serious balance of payments liquidity problem<sup>1/</sup> and confidence in the country's economic management weakened. It drastically reduced Niger's foreign exchange reserves. Niger's foreign assets, which consist of SDR holdings, reserve position in the IMF, and foreign exchange (largely held in French francs in the operations account of the BCEAO with the French Treasury), declined steadily since 1979. Foreign exchange reserves fell by 43 percent from \$117 million in 1979 to \$14.6 million at the end of 1982. They were equivalent to four weeks of imports at the end of 1982.

The liquidity and incipient confidence crises forced the Nigerien Government to seek assistance from the IMF and to initiate an adjustment process. With a general slowdown in investment activity and cutbacks in spending, total imports declined by 8.5 percent in 1983 and exports recovered to almost the 1981 level (from 121 billion CFA francs to 128 billion CFA francs). Most of the fall in imports will be mainly in petroleum products, raw materials and intermediate goods, and capital goods.

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<sup>1/</sup>The liquidity problem is probably less serious in the private sector than in the public sector because Niger's exchange system remains relatively free of restrictions and because of the free convertibility of the CFA franc. As a result of free currency convertibility, there may be a tendency to overlook the balance of payments problem. This would be true only when the current account is not in deep and persistent deficit and there is no confidence problem. The extent and duration of the current account deficit determine the likelihood that the deficit can be financed by the capital account. The degree of confidence determines the level of foreign direct investment and the ability of a country to obtain credit.

(construction materials, metal products, machinery, and road transports equipment). Consumer goods and food products are expected to decline slightly. The increase in exports will come mostly from the higher contract price for uranium and from livestock and its products, and agriculture exports, particularly exports of cowpeas. The current account deficit was cut by more than half from the 1981 peak level and by 36 percent from the 1982 level. Net capital inflows increased by 35 percent of the 1982 level; but they were still only 30 percent of the 1981 level. The overall balance of payments deficit was estimated at 7.3 billion CFA francs (\$19 million) in 1983. This represents a substantial reduction in the balance of payments deficit.

B. Balance of Payments Projections, 1984-1985

Table 3 presents two sets of balance of payments projections for 1984 and 1985, one is prepared by the Ministry of Finance (MOF) the other by the IMF. The MOF projects the current account deficit to remain in the neighborhood of 30 billion CFA francs (\$75 million) for the next two years with exports increase by 1 and 4.8 percent in 1984 and 1985 respectively, while imports fall by 7.3 percent in 1984 and increase again by 10.6 percent in 1985. The deficit in the services account is expected to fall substantially in 1984 (68 percent) and increase again in 1985. The projected overall balance of payments of deficits are 23 billion CFA francs (\$55 million) in 1984 and 18 billion CFA francs (\$43 million) in 1985.

The IMF projections are generally more optimistic. The IMF projects the current account deficits to decline to 23.5 billion CFA francs (\$56 million) in 1984 and 5 billion CFA francs (\$12 million) in 1985. Exports are expected to rise by 6.4 and 4.5 percent in 1984 and 1985 respectively, while imports are projected to fall in both years by approximately eight percent during 1984-1986. The deficit in the services account is anticipated to increase slightly in 1984 and fall by eight percent in 1985. The IMF projects a higher level of net capital inflows in 1984 (\$22.5 million instead of \$17.7 million forecast by the MOF) but net capital outflows of 5 billion CFA francs (\$12 million) in 1985 whereas the MOF projects continuing capital inflows of 14.5 billion CFA francs (\$35 million) in 1985. The IMF projects lower overall balance of payments deficits in 1984 and 1985 (\$34 and 26 million respectively as compared with the MOF projections of \$55 and \$45 million).

Figures 3 and 4 provide indicators of some key aggregate indicators for trade and balance of payments based on the MOF projections. The trade gap is anticipated to be approximately one-two percent of GDP; the IMF actually projects trade surpluses

Table 3

Balance of Payments Projections  
(in billions of CFA francs)

	1983	MOF Projections		IMF Projections		
		1984	1985	1984	1985	1986
I. CURRENT ACCOUNT, NET	-31.10	-30.80	-32.50	-23.50	-5.10	14.60
Trade balance	-23.30	-6.80	-15.30	-13.30	-1.90	11.30
Exports, f.o.b.	128.50	135.00	141.60	136.7	143.5	150.2
(of which: uranium)	(94.3)	(99.6)	(104.6)	(99.6)	(104.6)	(109.3)
Imports, c.i.f.	-151.70	-141.80	-156.90	-150.0	-145.4	-138.9
Net services	-40.00	-38.50	-36.20	-41.7	-38.4	-33.4
Goods and services, net	-63.30	-45.30	-51.50	-55.00	-40.30	-22.10
Net transfers	32.20	14.50	19.00	31.50	35.20	36.70
Private	-13.30	-15.50	-13.00	-11.5	-9.5	-8.7
Public	45.50	30.00	32.00	43.00	44.7	45.4
II. CAPITAL ACCOUNT, NET	23.30	7.40	14.50	9.40	-5.70	-22.30
Public, nonmonetary (net)	26.10	16.40	23.10	19.5	4.1	-14.4
Private, nonmonetary (net)	-10.80	-9.00	-8.60	-10.1	-9.8	-7.9
Monetary capital	8.00					
III. ERRORS AND OMISSIONS	0.50					
IV. OVERALL BALANCE	-7.30	-23.40	-18.00	-14.10	-10.80	-7.70
FINANCING:						
Change in foreign assets, net	13.00	6.80		0.00		
Commercial Banks	-2.20	-2.10		-4.8		
Central Bank (BCEAO)	15.20	8.90		4.8		
SDR Allocations						
MEMORANDUM ITEMS						
Exchange rate (annual average)						
CFA francs per U.S. dollar	378.50	409.00	409.00			
CFA francs per SDR	405.00	421.27	421.27			

Sources:

IMF and Ministry of Finance

23A

# INDICATORS BALANCE OF PAYMENTS

AGGREGATES (1978-1985)

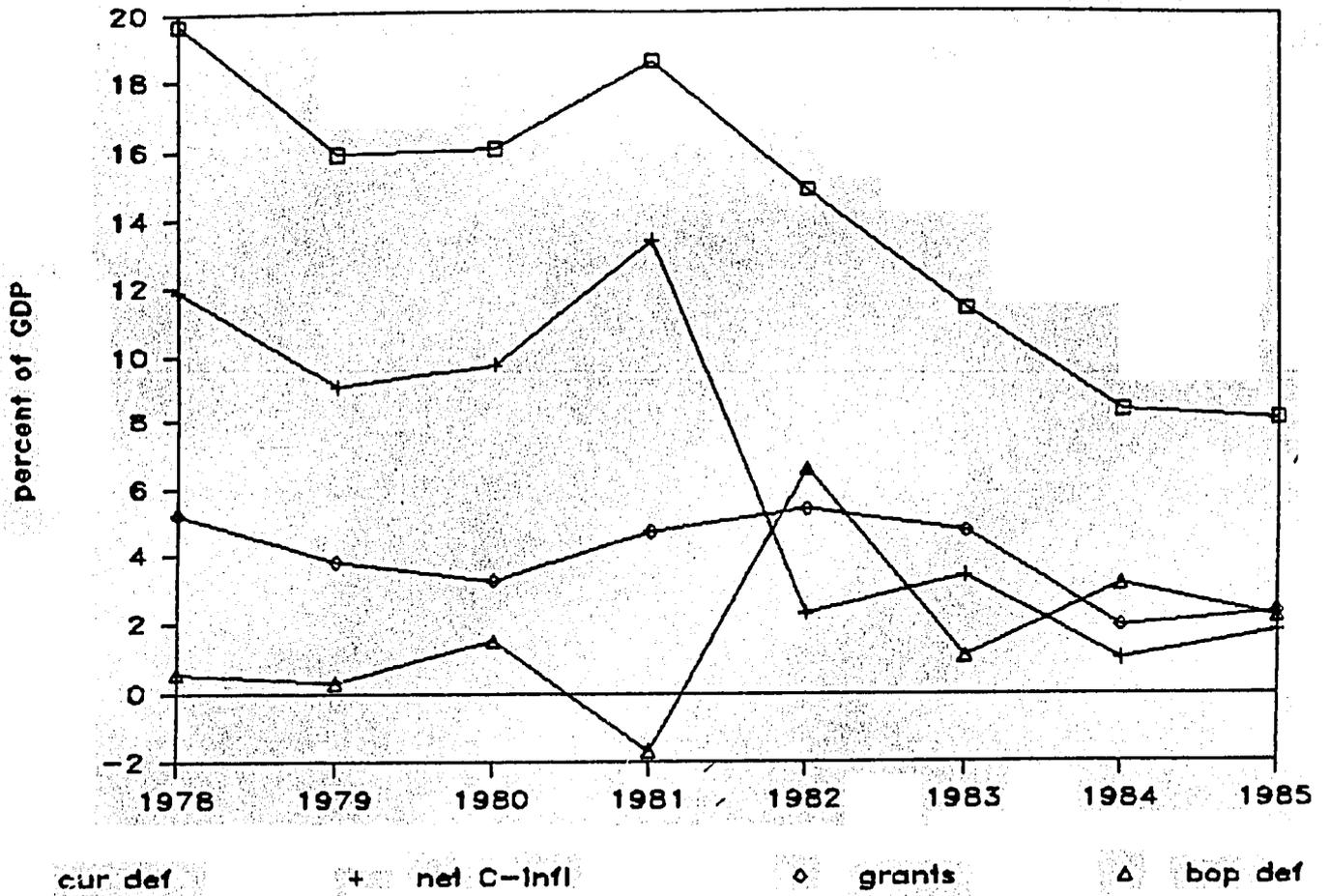


Figure 3

# INDICATORS OF EXTERNAL TRADE

(1978-1985)

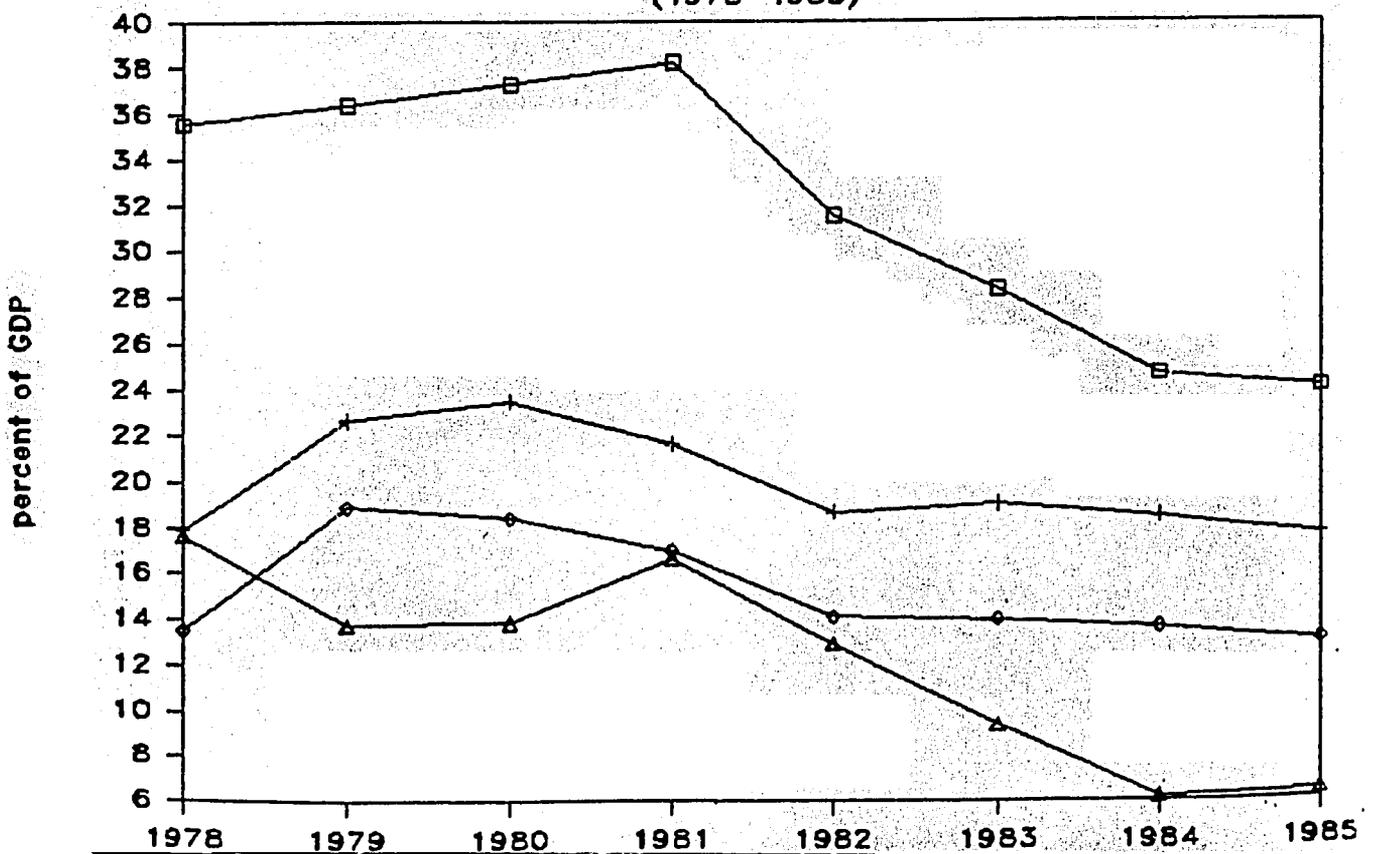


Figure 4

beginning with 1986. The net capital inflows are expected to stabilize at approximately two percent of GDP. The official grants are expected to remain at about two percent of GDP. The projected balance of payments deficits for 1984 and 1985 are approximately two-three percent of GDP.

### C. Trade Pattern

Niger's merchandise exports are dominated by uranium exports which accounted for 75-79 percent of Niger's total recorded exports during 1978-1983. Next to uranium exports are livestock and livestock products. Their share was 16 percent in 1984 of which more than 90 percent was accounted by exports of live cattle to neighboring country, particularly Nigeria.<sup>1/</sup> The remainder was exports of hides and skins, mostly to France. The third major Niger exports since 1980 have been cowpeas. They have replaced groundnuts as major agricultural exports. In 1983, they accounted for 2.5 percent of the total recorded exports. Groundnuts and cotton which were major exports in the 1960's and early 1970's have not contributed to Niger's export earnings significantly since 1980. Other Niger exports include vegetables such as onions and string beans. The vegetable exports together with re-exports of goods passing through Niger accounted for almost four percent of Niger's total recorded exports in 1983.

The significance of the uranium sector in the balance of payments is summarized in Table A-26 in the Statistical Appendix. Following a 69 percent increase in uranium exports, the sector's overall balance of payments surplus almost doubled in 1979 from 28 billion CFA francs in 1978 to 50 billion CFA francs. The surplus reached the peak of 61 billion CFA francs in 1981. It fell by 26 percent in 1982. The reduction in the sector's balance of payments surplus in 1982 was the outcome of a fall in uranium exports, unaccompanied by adequate decrease in sector's imports,<sup>2/</sup> together with an increase in long term capital outflows in the form of principal repayments for the loans incurred in the sector.

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<sup>1/</sup> The data are from the most recent IMF documents which in turn are based on estimates prepared by the West African Central Bank (Banque Centrale des Etats de l'Afrique de l'Ouest - BCEAO). These estimates are not complete because of unrecorded border trade. This is especially true with regard to agricultural commodity exports for which the BCEAO data cover mainly only exports by official and parastatal enterprises. For imports, the BCEAO data are relatively more complete. Since a significant part of the livestock border trade escaped customs record, the trade statistics may have underestimated the true value of livestock exports.

<sup>2/</sup> Imports in the sector actually increased by 9.5 percent.

Niger's pattern of imports is typical of non-oil low income mineral export countries. It is characterized by high concentration of imports of capital goods and raw materials (46 percent) and imports of fuels (26 percent); while imports of food, beverages, and tobacco account for approximately 11 percent of Niger's imports and other consumer goods (such as clothing, pharmaceuticals, plastic products, rubber products, and paper products) represent 17 percent of its imports. With the economic stagnation and the cuts in investment spending, the share of imports of capital goods and raw materials are expected to decline in 1984 and 1985.

#### D. Direction of Trade

According to the most recent trade statistics with breakdown of Niger's trade by countries, Niger's important trading partners are France, Spain, Italy, West Germany, Libya, Japan, Nigeria, and Algeria. Almost 50 percent of Niger's trade is with European countries, approximately one-third is with African countries, and the remainder is with Asian countries; a small quantity of trade is with the United States.

France alone accounted for 35 percent of Niger's exports and imports in 1981. Uranium exports alone represented 95 percent of Niger's exports to France; another major export category to France was animal skins and hides (two percent). Other exports to France of significant value were tin and other minerals and green beans. Niger's major imports from France consisted of electrical and electronic equipment (20.2 percent of total imports from France), boilers, machinery, and engines (17.2 percent), vehicles and transport equipment (12.9 percent). Other imports from France included iron and steel products, pharmaceutical products, chemical products, fresh and prepared food products and beverages. After France, Nigeria is the most important trading partner of Niger. Niger's trade with Nigeria amounted to 17 percent of its total exports and 13 percent of its imports in 1981. Because of the long border between the two countries and a relatively good transportation network, a significant portion of Niger's trade escapes official statistics, particularly trade in agricultural products and livestock. Estimates of this unrecorded trade range from 15 to 30 percent of total trade with Nigeria. Consequently, the official statistics underestimate the actual value of trade. Niger's exports to Nigeria consist principally of livestock on the hoof. Other exports include onions, salt in blocks, and synthetic fabrics. Niger's main imports from Nigeria are diesel fuel and petroleum products (31 percent of imports from Nigeria), cement (19 percent), tobacco (14 percent), unrefined sugar (eight percent), vegetable oils (five percent), sorghum (five percent), and used clothing (ten percent).

The next important trading partners on the export side are Japan and Libya. Their trade consisted almost exclusively of uranium exports from Niger. On the import side, Algeria was the third major trading partner in 1981. It was made up almost entirely of petroleum products (95 percent of imports from Algeria). The next trading partner after Algeria is Ivory Coast. It accounted for 4.6 percent of Niger's total imports. They consist mainly of cotton fabrics (22 percent), fuel and lubricants (eight percent), cigarettes (seven percent), palm oil (seven percent), batteries (six percent), matches (two percent), coffee (two percent), and other light consumable goods and food products. There are small quantities of trade, particularly in vegetables, livestock, and other agricultural products with other neighboring countries, such as Togo, Benin, Mali, Upper Volta, and Ghana. Benin and Togo also serve as major transit routes for transporting goods to Niger.

Other trading partners on the import side are West Germany, Italy, the Netherlands, United Kingdom, Japan, and the United States. Each represented two-four percent of Niger's total imports in 1981. They consisted mainly of industrial and durable consumable goods. Niger's imports from the United States in 1981 amounted to approximately \$19 million (3.7 percent of total imports). The major imports include auto parts (29 percent of total imports from the United States), road construction vehicles (14 percent), and other durable consumable goods like air conditioners, typewriters, calculators, and generators.

#### E. Terms of Trade

Because uranium exports represent more than 75 percent of Niger's total exports, the export price index is closely associated with uranium price. Since the large increases in 1976-1978, Niger's uranium export prices leveled off and fell by 35 percent in 1981. Although the CFAF price recovered to almost the 1980 level in 1982 and 12 percent higher than the 1980 price in 1983, the depreciation of the CFA franc has kept the dollar price at 62-65 percent of the 1980 price since 1981. In 1977 constant prices, the declining uranium export price began in 1979. On the other hand, the import price index increased by an annual average of 20 percent during 1979-1980; it declined modestly in 1981-1982 and a slight increase in 1983. Consequently, Niger's terms of trade has deteriorated since 1979 with a fall of 17 and 30 percent in 1980 and 1981 respectively. It did not change in 1982 but declined by another two percent in 1983.

#### F. External Debt

During the period 1979-1982, Niger's outstanding and disbursed public debt grew by 133 percent, from \$257 million in 1979 to \$600 million (31 percent of GDP) in 1982. If private debt was included, the total outstanding and disbursed debt would be \$747

million or approximately 38 percent of GDP in 1982. The ratio of debt service payments to export earnings and private transfers increased from 14 percent in 1979 to 36 percent in 1982. The rise in the debt service ratio reflected largely a more than five-fold increase in public debt. Public debt service ratio grew from 2.4 percent in 1979 to 24 percent in 1982. At the end of 1983, the total outstanding and disbursed debt is estimated at \$762 million, with private debt declined from \$146 million in 1982 to \$98 million in 1983; however, public debt increased from \$600 million to \$664 million. The debt service ratio fell slightly to 32 percent. A large portion of the debt is denominated in U.S. dollars (51 percent of the direct government debt and 16 of the government-guaranteed debt). With the depreciation of the CFA franc vis-a-vis the dollar, the cost of servicing the debt increases.

Table A-23 in the Statistical Appendix shows Niger's debt situation from 1979 to 1990. The debt situation is not expected to improve significantly until 1988. The public debt service payments are forecast to decline slowly to approximately 21 percent of export earnings and private transfers in 1984 and 1985, and to average about 19 percent during 1986-1990. The private debt service payments are forecast to decline more quickly from 11-12 percent in 1982-1983 to approximately six percent in 1985 and to remain at less than five percent during 1986-1990.

A number of factors contributed to the debt problem. It is partly due to Niger's economic and social structural rigidities, and partly to external factors which weakened its export growth; but it also arises from the fiscal and debt management as well as limited access to medium- and long-term capital.

Structural rigidities in the composition and level of the public sector investment program limit the ability of the country to take necessary measures in response to balance of payments and fiscal imbalances in a timely manner. Niger launched its ambitious five-year development plan in 1979 with the expectation of continuing and rising uranium export earnings. In the plan, 53 percent of the total investment is anticipated to come from the public sector. About two-thirds of the private sector investment are in mining, and 24 percent in manufacturing and energy. Investment projects implemented were aimed at providing basic infrastructure and social services. They amounted to 65 percent of the public sector investment, with infrastructure alone accounting for 45 percent. Approximately 60 percent of these investments were financed through external resources, two-thirds of which were in the form of loans.

A characteristic of investments in basic infrastructure and social services is in their lumpiness--they are very costly and require a long gestation period and their benefits are far in the future. They do not contribute quickly to government revenue in terms of increased tax base. With the aid of hindsight, it could be argued that the debt burden might have been lightened had more investments gone into more directly productive activities, for example, in raising agricultural and livestock productivity.

The debt problem is also due to external factors that are beyond Niger's control and to the high export concentration in one commodity. The fall in world uranium demand and its negotiated price had lowered Niger's export earnings and reduced its debt-servicing capacity. The effect on debt-servicing capacity would have been lessened if Niger's exports were more diversified and had it not committed in the previous years a substantial amount of investment in increasing mining productive capacity and in energy intended for the expanded mining capacity. Investment in the third uranium mine (Societe Miniere de Tassa N'Taghalgue - SMTT) had already taken place a few years earlier, although the opening of this mine had been postponed. The Nigerien Government also formed a coal mining company (Societe Nigerienne du Charbon d'Anon Araren - SONICHAR) in 1975 to exploit a coal deposit to be used to produce electricity for the three mines and their localities. As the opening of the third uranium mine has been postponed, SONICHAR is operating well below its productive capacity. The total construction cost for SONICHAR is estimated at 55 billion CFA francs, of which 37 billion CFA francs (or 67 percent) is financed by government and government-guaranteed debts from external sources. Most of this debt is on non-concessional terms. Its debt servicing will be especially high in future years. The Nigerien Government has negotiated some direct bilateral debt relief to reduce its additional debt service payments arising from SONICHAR.

The debt problem is further aggravated by miscalculations on certain policies related to fiscal and debt management. In particular, the over-acceleration of investment beyond the level that can be supported by domestic savings and budgetary resources together with the practice of prefinancing projects in anticipation of exceptional foreign assistance, which finally could not be mobilized, had contributed significantly to the rising extrabudgetary capital expenditure and growing budget deficits during 1979-1982. Because of the rigidities involved in lowering capital expenditure and the government's reluctance to cut current expenditure spending, no attempt was made prior to 1983 to bring spending in line with revenues; instead, the budget deficit problem was postponed by resorting to foreign

borrowing and domestic credit expansion. The debt situation deteriorated; and as medium- and long-term loans on concessional terms became more difficult to obtain, debts of short maturity on non-concessional terms were incurred because they were easier to obtain and were quickly disburseable. When the export situation did not improve at a rate compatible with increasing debts, foreign reserves were drawn down to meet debt service payments and a liquidity crisis was set in motion.

## VI. MONEY AND BANKING

### A. Niger's Monetary System

Niger is a member of the West African Monetary Union (Union Monetaire Ouest Africaine-UMOA) along with five other countries (Benin, Ivory Coast, Senegal, Togo, and Upper Volta). It shares a common currency, the CFA franc, and the same Central Bank (Banque Centrale de l'Afrique de l'Ouest-BCEAO), with other member countries. The currency is pegged to the French franc at a fixed rate of 50 CFA franc to one French franc and the French Treasury guarantees its free convertibility. The French Treasury also provides automatic overdraft through the UMOA's operations account. The BCEAO in turn is required to maintain at least 65 percent of its foreign exchange reserves (excluding SDR's, IMF reserve tranches, and IBRD bonds) in the OMAU's operations account.

Niger's monetary system comprises: (1) a branch of the West African Central Bank (BCEAO); (2) one Development Bank (Banque pour le Developpement de la Republique du Niger--BDRN); (3) two governmentally owned banks with limited operation: Credit du Niger (CN) and Caisse Nationale de Credit Agricole (CNCA); (4) six commercial banks: Banque Internationale pour l'Afrique de l'Ouest (BIAO), Banque Arabe Libyenne-Nigerrienne pour le Commerce Exterieur et le Developpement (Balinex), Banque Internationale pour le Commerce et l'Industrie du Niger (BICIN), Bank of Credit and Commerce (BCCN), Citibank, and an Arab Bank (Dar Al-Maal Al-Islami Niger); (5) other financial intermediaries which include some banking operations -- the Post Office, the National Savings (Caisse Nationale d'Epargne -- CNE), Societe Nigerrienne de Credit Automobile (SONICA), and Caisse de Prês aux Collectivites Territoriales (CPCT). In the monetary sector, the government accounts comprise the Treasury account, extra-budgetary government operations, the Post Office account, the Social Security Fund, and the Stabilization Fund.

As a member of the monetary union, Niger does not have complete autonomy in its monetary policy. The monetary policy is determined by the BCEAO jointly with the UMOA's policies for other member countries to ensure policy harmonization for the union. Niger's main monetary policy instruments are the credit and rediscount facilities with the BCEAO. Each year a national credit committee of each member country submits its monetary target to the BCEAO headquarters in Dakar. On the basis of each individual member country's proposals and the member discussion, the BCEAO establishes both a global target of credit and money supply for the monetary union, as well as the maximum amount of credit it would give to each member government. According to the union's statute, the maximum credit for the government is limited to 20 percent of the government's previous year of officially recorded fiscal revenue. Credit ceilings to the private sector, however, are imposed on each bank on a monthly basis. The BCEAO also plays an important role in determining the allocation of credit through the requirement of its prior approval of loans in excess of 30 million CFA francs.

As another monetary policy instrument, the BCEAO also provides rediscount facilities. Refinancing of commercial banks through the BECAO's discount window is limited to the maximum of 35 percent of each bank's loans, and the BCEAO determines the ceiling for annual refinancing of ordinary credits. Crop credits are automatically eligible for refinancing outside the ceiling. In the allocation of credit, the BCEAO implements sectoral priorities established by the government. In the case of Niger, the order of priority is: agriculture, Nigerien enterprises, industry and mining, construction, transport, and commerce.

#### B. Developments in the Monetary Sector, 1978-1983

Table A-27 in the Statistical Appendix shows the changes in the money supply over the period 1978-1983 and projections of the growth of money supply in 1984. During the period 1978-1981, money supply grew by an annual average of 22 percent. With the exception of 1981, the growth of money supply is in line with the growth of nominal GDP which also averaged about 22 percent per year during 1978-1980. However, the growth of money supply in 1981 (20.7 percent) was higher than the growth of nominal GDP (13 percent). In 1982 and 1983, the money supply declined respectively by 13 and nine percent coinciding with the slowdown in the economy begun in 1981.

A major factor contributing to the growth of money supply between 1978-1981 was credit expansion. Domestic credit expanded at an average annual rate of 62 percent, with an exceptional rate

of increase in 1978 when the rate was 149 percent; the average was 33 percent if 1978 was excluded. The Central Bank contributes to domestic credit directly by lending to the government and indirectly through its rediscount facilities to commercial banks and its intervention in interbank transactions. Between 1978-1979 the expansion of domestic credit resulted entirely from increases in credit to the private sector. During the same period, the government improved its net creditor position vis-a-vis the banking system (from 12 billion CFA francs to 18 billion CFA francs). In 1980, the rapid growth of credit (43 percent) was accompanied by a substantial decline in the government's credit position vis-a-vis the banking system and a lower rate of growth of credit to the private sector. In 1981, the government's credit position deteriorated further and the growth of credit to the private sector also declined. In 1982, the monetary situation for the government changed from a creditor position to a debtor position (from a creditor position of 3 billion CFA francs to a debtor position of almost 19 billion CFA francs), and a lower rate of growth of credit to the private sector. In 1983, there was a decline in the domestic credit (a decrease of approximately three percent) accompanied largely by a reduction of government borrowing and practically no change in the level of credit to the private sector.

There were two major reasons for the reversal of the government's financial position from a creditor position to a debtor position in 1981-1982, and a concurrent rising of liquidity difficulties in the banking system. First, it reflected record high trade deficits in the balance of payments in 1980 and 1981, increasing debt servicing, and decline in non-monetary capital inflows in 1982. Second, it reflected the stagnation of government revenue and sharply increased extrabudgetary and capital spending under the five-year development plan. Prior to 1981, the government maintained substantial deposits with the banking system. Treasury deposits with the CNCA and the BDRN provided an important part of the bank's resource base. This had allowed banks to limit their recourse to the Central Bank and foreign borrowing for financing need. With the withdrawal of deposits by public enterprises (estimated at 12 billion CFA francs) in 1981-1982, the banks had to rely on the Central Bank rediscount facilities and foreign borrowing to finance increasing demand for credit from the government. Most government's growing demand for credit stems from financial difficulties of public enterprises, particularly the official marketing agencies, and from prefinancing of government extrabudgetary investment projects (mainly in the construction sector). During the period 1981-1983, banks used fully their lines of credit with the Central Bank and engaged in short-term borrowing with increase of 17 billion CFA francs between September 1981 and September 1982. It increased by another 7 billion CFA francs between September 1982 and September 1983.

The large balance of payments deficit in 1982 was financed partly by increase in banks' short-term foreign liabilities (about 22 billion CFA francs) and by drawdown of official foreign assets. The change in the government's financial position from a creditor to a debtor in the banking system and the increasing foreign borrowing led to a large negative net foreign assets (49 billion CFA francs in 1982). The negative net foreign assets were estimated at 52 billion CFA francs at the end of September 1983.

The contractionary monetary policy which began at the end of 1982 is expected to continue in 1984 under the IMF standby arrangement. According to the IMF program, the monetary authorities will tighten their credit policy and restrict the money supply growth to approximately five percent between December 1983 and December 1984. The ceiling on net domestic credit will be allowed to increase from 140 billion CFA francs in December 1983 to no more than 150 billion CFA francs in September 1984. Ceiling on net credit to government is set at 24 billion CFA francs by end of September 1984. Ceiling on net foreign short-term liabilities of commercial banks is set at 26 billion CFA francs. Domestic government arrears are programmed to decline by approximately 6 billion CFA francs between December 1983 and September 1984. Finally, no new non-concessional external loans will be contracted either directly by the government or guaranteed by the government except for debt rescheduling or refinancing. The IMF monetary and credit targets are basically formulated with the objective of achieving external current account balance.

### C. Distribution of Credit and the Structure of Interest Rates

The government sets priorities in the allocation of credit. The order of sector priority is agriculture, industry and mining, construction and public works, transport, and commerce. Available statistics indicate that the sector which received the largest share of the credit distributed during 1978-1982 was commerce (34-39 percent). It was followed by the construction sector, the industry sector, the mining sector, the transport sector, and the agriculture sector. Approximately one-third of the total credit distributed went to public and parapublic enterprises. The sectoral allocation of credit to the non-government sector showed a shift from the mining sector since 1980 and an increasing share toward industry and construction. However, there are indications that the share for the construction sector declined after 1982. Agriculture received a relatively unchanged share of six-eight percent. To monitor the credit allocation to priority sectors, all loans in excess of 30 million CFA francs are subject to prior approval by the Central Bank. Table A-28 in the Statistical Appendix shows the credit allocation by economic sector during the 1978-1982 period.

During 1975-1981 the Central Bank's normal discount rate (taux d'escompte normal--TEN) remained unchanged at eight percent and the preferential discount rate (taux d'escompte preferentiel--TEP) was 5.5 percent. In April 1980, the TEN was raised to 10.5 percent and the TEP was eight percent. In April 1982 these rates were increased to 12.5 and ten percent respectively. The preferential rate is limited to crop financing, financing for government authorities (central and local), housing loans to UMOA's citizens, and loans to small- and medium-sized enterprises with at least 51 percent of the capital held by citizens or institutions of the UMOA with the credit outstanding less than 30 million CFA francs.

The other set of interest rates is those in the UMOA's money market. The UMOA's money market was created in 1975 with the objective of providing the BCEAO authorities with an additional monetary instrument for the control of the total UMOA's money supply. The existence of the money market is expected to increase incentive for banks to keep their excess liquidity within the monetary union and thereby reducing capital outflows from the union. In order for the market to work effectively, the rates of interest must be adjusted frequently and they should reflect demand and supply in the financial market. This generally is not the case. Interest rates are set by the BCEAO with the BCEAO absorbing any excess supply or demand of funds at the administrative set rates.

There are three types of deposits and advances in the UMOA's money market: overnight, one-month, and three-month. Prior to October 1979, the rates on both deposits and advances varied in general less than 0.3 percent for a three-month period with the spread between deposits and advances of approximately 0.25 percent. Between October 1979 and March 1980, there were increases of one-two percent in the rates. In March 1981, there were sharp increases across the board. The overnight deposit rate increased from 10.75 percent in March 1980 to 14.75 percent in March 1981 and the rate for advances increased from 11 percent to 15.06 percent. During the same period the one-month deposit and advances rates were raised from 10.87 and 11.12 percent to respectively 14.87 and 15.12 percent; and the three-month rates were raised from 11.12 and 11.37 percent to 15.12 and 15.37 percent respectively. Table A-29 in the Statistical Appendix shows the changes in the structure of interest rates in the UMOA's money market during 1975-1982. The rates in 1983 were considerably lower. Since July 1982, the rates have declined considerably to the range of 11-11.62 percent except the rate for one-month advances which was 13.37 percent in March 1983. Prior to April 1982 (when the Central Bank's normal discount rate was raised to 12.5 percent), the market rates exceeded the normal discount rate by approximately 4.5 percent. Since 1982 the margin between the two rates was within approximately one percentage point. Consequently, banks tend to borrow first in the money market before using the Central Bank's discount window.

## VII. MACRO-ECONOMIC ADJUSTMENT

Prior to fiscal 1983, the economic and financial difficulties, were considered essentially of a short-term nature which could be overcome through temporary financing from abroad without the necessary adjustment in the country's spending pattern and economic policies. When uranium exports did not improve at a rate compatible with increasing debts and as medium- and long-term loans on concessional terms became more difficult to obtain short-term loans on commercial terms were incurred. The liquidity crisis developed as the debts were due. The unmanageable debt and liquidity problems compelled the Government of Niger to adopt an adjustment program aimed at stabilizing the financial situation and adjust the economy to a slower growth path consistent with available resources. The recovery efforts include an IMF austerity program, a debt relief through the Paris Club, measures to reform the operations of public and semi-public enterprises, and a program to restructure public investment spending through investment consolidation under the 1984-1985 Interim Plan (Programme Interimaire de Consolidation, 1984-1985).

### A. IMF Austerity Program

At the end of fiscal 1983 the Government of Niger concluded an IMF standby agreement and also obtained a compensatory financing facility (CFF) during the last quarter of fiscal 1983. The standby agreement is for the amount of 18 million SDR's (approximately \$19 million), scheduled for disbursement between October 1983 and December 1984. The CFF program amounted to 24 million SDR's (approximately \$25.2 million) which was disbursed between July 1983 and December 1983. The IMF program is mainly aimed at achieving financial stability. The program is accompanied by a set of fiscal measures, monetary and credit policies, and balance of payments policies.

The fiscal program is intended to reduce the size of the budget deficit. The actions taken to achieve this are: (a) comprehensive tax reform,<sup>1/</sup> (b) restraint on the growth of government current expenditure outlays, and (c) substantial cut in capital and extrabudgetary spending. The program also calls for efforts to eliminate all payments in arrears to domestic banks and local enterprises within a period of three-four years. The fiscal measures are expected to lower the budget deficit to about 40 billion CFA francs in 1984 (\$98 million) on the cash basis--i.e., including reduction in arrears. However, even with the IMF assistance and the projected lower budget deficits, the financing shortfalls for 1984 and 1985 are expected to be between 15 to 20 billion CFA francs (\$37-48 million) each year. Approximately one-third of these is likely to be covered by debt relief; the other part will require concessional loans or grants if the IMF borrowing condition is to be met.<sup>2/</sup>

<sup>1/</sup>See Section IV, particularly Table 2 for a more detailed description of the tax reform package.

<sup>2/</sup>As one of the conditions under the standby agreement, Niger is to abstain from all non-concessional foreign borrowing with maturity of less than 12 years.

The monetary and credit policies are aimed at releasing the balance of payments pressure, avoid further deterioration of the country's debt situation and confidence crisis through a large reduction in the external current account deficit. The program requires a slowdown in the growth of money supply and credit expansion. As one of the program conditions the Nigerien Government is required to adhere to a number of quantitative performance criteria. They include:

(a) Restrict total domestic credit growth to less than 12 percent between September 1983 and September 1984 with the total money supply increasing by five percent or less during this period.

(b) Limit the ceiling on net credit to the government by the banking system to less than 24 billion CFA francs (\$58.6 million) by the end of September 1984; this represents an increase of 4.3 billion CFA francs (or 22 percent) from the level in September 1983;

(c) Reduce payments in arrears to domestic banks and enterprises to no more than 13.3 billion CFA francs (\$32.5 million) by the end of September 1984 from the estimated 22.3 billion CFA francs (\$54.5 million) at the end of December 1983.

(d) During the period from October 1, 1983 to September 30, 1984, domestic banks will not be authorized to allow their net short-term foreign asset position to deteriorate further; it was estimated at a negative 26 billion CFA francs (\$64.5 million) in September 1983.

(e) During the period October 1983 to September 1984, the government will abstain from all non-concessional foreign borrowing, directly or through its guarantee, with maturity of less than twelve years except for the refinancing or rescheduling of existing loans.

For external policies, they are intended for reducing the current account deficit in the balance of payments through reduction in imports which primarily affects imports of consumable goods in 1983 and capital goods in 1984. The policies which will contribute to the reduction in the current account deficit are the fiscal and monetary policies described above and the anticipated modest increase in uranium export earnings. Niger is required under the program to maintain a free trade and exchange regime without imposing payments and transfers or trade restrictions for balance of payments reasons.

## B. Debt Relief

The unmanageable debt situation forced the Nigerien Government to seek debt relief through the Paris Club following the agreement on the IMF financial program. The debt rescheduling agreement was concluded in November 1983. The agreement applies to loans, which have maturity of more than one year and concluded before July 1, 1983 from the participating creditor countries<sup>1/</sup> and commercial credits guaranteed or insured by them. The terms of the debt relief are 90 percent of the amounts in principal and 60 percent of the amounts in interest due from October 1, 1983 through September 30, 1984. The rescheduling arrangement will result in payments being made over a nine-year period with a grace period of four years. The first payment will be made on April 1, 1989 (end of grace period) and the final payment on April 1, 1993. The unrescheduled debt service payments (ten percent of the principal and 40 percent of interest) will be paid according to the following schedule: one-third on due date, one-third on June 30, 1985, and one-third on June 30, 1986. The detailed arrangements for the rescheduling or refinancing of the debts will be determined bilaterally between creditor governments or their appropriate institutions and the Government of Niger.

The effect of the debt rescheduling is estimated to be a reduction of debt service obligations by approximately \$56 million. The public external debt service payments for fiscal 1984 will be reduced to about \$20-24 million. The internal debt service payments are estimated to be \$12 million. The Government has also sought debt rescheduling or refinancing on similar terms with private external creditors as well as public external creditors not participating in the Paris Club agreement. It is also expected to continue seeking debt relief for the next few years.

## C. Parastatal Reform

During fiscal 1983 the Nigerien Government with technical assistance from the IBRD undertook a comprehensive study to assess the problems associated with public and parapublic enterprises. The study covered more than 50 enterprises and intended to provide policy recommendations for upgrading the financial management and overall efficiency of these enterprises in order to reduce their operating losses which have been a

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<sup>1/</sup> Creditor countries participated in the debt rescheduling include France, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom, the United States and West Germany.

financial burden on the government budget. The study was completed early 1984. A general reform of four enterprises was initiated in fiscal 1984. These enterprises are grain marketing agency (OPVN), imports marketing agency (COPRO-NIGER), public utilities company (NIGELEC), and a coal-fired thermal power station (SONICHAR).

For the grain marketing agency, the government reduced the OPVN's overextended network of buying and distribution by closing down 121 distribution centers late 1983. This should lower its transportation and personnel costs. However, the major source of OPVN's losses--its storage cost of large holdings of stocks--has yet to be resolved. Although the study recommends a reduction of its stocks, the government has not fully implemented the policy recommendation.

For the other marketing agency (COPRO-NIGER), the government has reduced the scope of its operation. The range of products for which it monopolizes has been cut to four: salt, tea, jute bags, and cigarettes. Private traders are allowed to play an increasing role in the marketing of other products which previously COPRO-NIGER alone had the marketing right. Furthermore, COPRO-NIGER operations will be restricted to wholesale distribution.

For the public utilities company, the government reduced the subsidy on the water and electricity consumption by revising upward the tariff rates of water and electricity. An average increase of about 20 percent was put in effect in October 1983. The policy of allowing free usage of water and electricity to NIGELEC employees and its board of directors was discontinued. The company is encouraged to keep its rate structure flexible to allow periodic tariff adjustments compatible with increases in costs. In addition, the government has agreed to the need to improve its management and administrative practices as well as to install an appropriate accounting system to monitor its financial situation.

Following a preliminary study of SONICHAR's operations, the government has agreed to strengthen the financial and technical management of the plant. A French agency (The Charbonnage de France) will provide SONICHAR technical assistance for two years. In addition to the technical and financial management problems, SONICHAR has also incurred substantial debts. To alleviate the debt problem, the government sought and obtained debt relief from major foreign creditors early 1984. There were also tariff increases for electricity supplied by SONICHAR to its major consumers (uranium mining companies) in 1984.

D. Consolidation of Public Investment

Another major effort of the adjustment process is in the restructuring of public investment program during the next two years. The program for investment consolidation is outlined in the 1984-1985 Interim Plan (Programme Interimaire de Consolidation--PIC). The investment program for the most part comprises ongoing projects or extension of projects or programs undertaken during the previous plan. There are four areas of emphasis in the PIC.

First, there is an increased emphasis on the reorientation of public investment more toward the directly productive sector, especially in agriculture and livestock, rural employment, and export promotion. The effort to achieve self-sufficiency in food production and to conserve Niger's fragile environment is still the overriding concern.

Second, the Plan explicitly recognizes the need to take inventory of all the installed capacity achieved during the previous Five-Year Plan in the infrastructure and social services sectors. This will be undertaken with the objective of making the full use of the already installed facilities as well as ensuring their continuing operation. It is certainly a significant departure from Niger's previous planning efforts and it is probably influenced by the overall financial constraint resulting from the worsening economic conditions.

Third, the Plan calls for an acceleration of the development of a participatory economy through the "Development Society" institution which comprises cooperatives and youth groups (Samarias) at different administrative levels. The promotion of a participatory economy is not new; it was one of the goals in the 1979-1983 Plan. However, the concept has not been adequately transformed into activities during the previous plan. The departure point, from the previous plan's attempt which provides a basis for believing that the "Development Society" idea will become an important instrument in the Interim Plan, is the Government's recognition of its limited resources relative to the need. The declining public sector resources increases the importance of mobilizing resources and energy from the private sector. The "Development Society," through the cooperatives and youth groups, is a vehicle for mobilizing such resources. Activities for which they can play an important role include the maintenance and participation in the building of infrastructure, especially those aimed at providing goods or services having public-good characteristics, such as schools, village water supply, and rural roads. Participation from beneficiaries should help lower the recurrent

costs which would otherwise be absorbed by the Government. It should also provide incentives for better maintenance of the installed capacity. The "Development Society" concept, if properly implemented, could contribute to the achievement of decentralization, increasing private sector involvement in development activities, and relieving some of the budgetary pressure from the Government.

Fourth, there is an added emphasis on economic policy in the Interim Plan. This is the most distinctive departure from the previous plan. The previous Five-Year Plan is very weak when it comes to specific policy measures both at the macro and sectoral levels. It made no serious attempt to link the Plan to budgetary resources at the macro level, although it provided macro-economic projections. At the sectoral level, no specific policies were proposed to deal with the recurrent costs of activities generated from the investment program in order to ensure their sustainability. There was no attempt to develop an incentive structure which would contribute to increase productivity or to attract private sector participation to complement public investment programs. The previous planning effort also ignored the absorptive capacity, both at the macro and sectoral levels, in relationship to proposed investment activities. Because it did not contribute to economic policy formulation, it was not a "plan" in the sense of an instrument of control on the allocation of resources; it was more of a list of programs or projects intended to solicit financing from donor agencies. This missing essential element of a plan has been recognized and the 1984-1985 Interim Plan seems to be formulated within a certain set of policy measures consistent with declining public sector resources. The level of planned investment spending has been scaled down significantly.

The targeted public investment in the Interim Plan totals 128.3 billion CFA francs (\$313 million). The directly productive sector (agriculture, livestock, forestry, fishing, mining, industry, and energy) will receive the largest share of the total planned public investment spending (35.4 percent) with agriculture and livestock accounting for 84 percent of the planned expenditure in the sector; the remainder will go to forestry (8.8 percent of the investment in the sector), fishing (0.8 percent), energy (2.3 percent), mining (1.6 percent), industry (0.6 percent), and research (1.9 percent). Next to the productive sector is the infrastructure sector. The Plan allocates 33.4 percent of the total investment to this sector. The largest sub-sector which accounts for 61.7 percent of the planned investment spending in the sector is roads, followed

by telecommunications (17.3 percent) and sanitation (14.9 percent). Housing, postal services, airport maintenance, and public building account for the rest of the planned expenditure in the sector. The planned expenditure in government buildings, which accounted for 12.8 percent of 1982 actual public investment spending (or \$37 million), has been reduced to 60 million CFA francs (\$1.4 million) or 0.1 percent of the planned spending in the sector. Social services (education, vocational training, health, and rural water supply) will receive 30 percent of the total planned investment with education receiving 17.6 percent of the planned expenditure in the sector, vocational training 10.6 percent, health services 14.8 percent, and water supply 60 percent. The remainder of the total investment in the Plan (1.2 percent) is allocated to information, youth, sports, and culture and tourism.<sup>1/</sup>

External sources will provide more than 84.6 percent of the financing requirements in the Plan. Government budgetary revenues are anticipated to provide 7.6 percent of the total financing requirements of the Plan. The financing gap for the planned investment is estimated at 10 billion CFA francs (\$35 million) and it reflects entirely the part of the Plan for which external financing has not yet been acquired. It amounts to approximately 7.8 percent of the total planned investment in the Plan. Table A-8 in the Statistical Appendix shows the financing of the Interim Plan.

#### VIII. EXTERNAL ASSISTANCE

The adjustment measures discussed in the previous section should help prevent any further deterioration in the financial situation now. But the IMF and debt relief efforts alone will not be adequate to sustain the recovery. Other external resource inflows to support the productive sector of the economy will also be required. During the next few years (two-five years), Niger will be almost completely dependent on foreign donors to continue its development effort. With foreign assistance and a strict adherence to the planned adjustment, a moderate recovery could be achieved.

In view of the high level of public investment spending under the 1979-1983 plan and the need for financial and economic stabilization and recurrent cost support, external assistance in the form of non-project tied assistance could play a useful role at this time. Non-project assistance may, however, be

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<sup>1/</sup> For a more detailed discussion of Niger's Interim Plan, see K. Toh, An Analysis of Niger's Interim Plan, 1984-1985, USAID, Niamey, March 1984.

more risky in terms of being able to attribute its direct impact; consequently, the conditionality requirement is unavoidable. The risk of non-project assistance in the case of Niger is mitigated by its generally good economic policy performance historically and by the existence of the IMF program already in place. The counterpart funds generated through non-project assistance mechanism will assist the Nigerien Government in reducing the need to resort to commercial borrowing or excessive domestic credit expansion both of which are conditions imposed by the IMF. The counterpart funds could be earmarked for financing shortfalls in local counterpart contributions and recurrent costs of development projects. As indicated in the Public Finance section (Section IV of this paper), the overall annual budgetary resource gap is expected to be in the neighborhood of 20 billion CFA francs (approximately \$50 million) for 1984 and 1985 after taking into account anticipated financing including the IMF program.

Table A-17 in the Statistical Appendix provides estimates of recurrent costs by major sectors as prepared by the Nigerien authorities for the Niamey Recurrent Cost Workshop in June, 1983 under the auspices of USAID and CILSS/Club du Sahel. Although they were based on a few specific project studies in various sector, these estimates were very crude. The 1983 figures are estimates of recurrent outlays which actually took place during the year. These outlays are below planned levels and therefore could be considered as sub-optimal. The 1984 and 1985 estimates reflect the 1983 level plus the minimum additional requirement without taking into consideration inflation. These estimates should be considered as the minimum requirements to sustain project operations.

Because the sectoral estimates, particularly in the agriculture and livestock sector, are not comprehensive but only based on broad budgetary expenditure patterns, there are reasons to believe that these estimates understate substantially the ex ante recurrent cost requirements which are better derived on a project-by-project basis. Table A-18 in the Statistical Appendix provides some of these estimates in agriculture and livestock projects. They are divided into two groups: projects which are financed by USAID and those financed by other donors. Not every project in the sector is included; the selected projects, however, account for approximately two-thirds of the 1984-1985 public investment program in the sector. The criterion used to select the projects is the data availability at the project level, with the exception of the animal health program which is based on the planned spending for the vaccination, feed and campaign against animal diseases components. For the project group financed by other

donors, the recurrent cost estimates beyond 1982-1983 are not available. Consequently, projections from the available data either in 1982 or 1983 with a rate of increase of eight percent per year were made for 1984 and 1985. For 1986 and 1987, the 1985 level was assumed to continue.<sup>1/</sup>

For the USAID-financed project group, the estimates were from the work prepared for the recurrent cost workshop.<sup>2/</sup> They are ex ante estimates except for the Rural Sector Human Resources Development project whose estimates are based on actual project disbursements. The estimated total recurrent cost requirements are \$13 and \$17 million for 1984 and 1985 respectively. This is about three times the present Ministry of Rural Development budget. For the USAID-financed projects in the sector, the recurrent cost requirements for 1984 and 1985 would be approximately \$5 million.

## IX. NEAR-TERM ECONOMIC OUTLOOK

### A. Macroeconomic Projections, 1984-1985

Table <sup>4</sup><sub>3</sub> summarizes the macroeconomic projections for 1984 and 1985.<sup>3/</sup> The GDP in nominal terms is projected to recover from a growth rate of four percent in 1983 to 9.4 and 8.3 percent in 1984 and 1985 respectively. This represents approximately 0.2 percent real growth in 1984 and 2.8 percent in 1985. Most of the growth is anticipated to come from the informal sector. The rural sector is expected to contribute about half of the growth for the next two years. The mining sector is forecast to recover from a negative growth rate of 16 percent to a growth rate of eight percent. The construction sector is expected to decline by another seven percent in 1984, but with a big increase in value added in 1985. The value added of import taxes and duties are not expected to recover until 1985. The industry and commerce and services sectors are forecast to increase faster than 1983.

In order to compare the projected growth rates with the recent growth performance, trend rates of growth during the period 1976-1983 were calculated. They were obtained by regressing the value added of each sector on time using a log-linear functional form.

<sup>1/</sup> This is intended for offsetting any policy changes which would lower the recurrent cost burden. This is especially relevant for the Maradi and Dosso projects whose recurrent costs account for more than 60 of the total in the group; and there are indications of the need to lower their recurrent costs.

<sup>2/</sup> Ministry of Planning, Les Depenses Recurrentes des Investissements Publics au Niger, Vol. II, Annex B.3 (pp.61-70)

<sup>3/</sup> They are provided by the Nigerien authorities.

With the exception of construction and manufacturing, the projected growth rates are lower than the trend rates but are higher than those in 1983. They appear to be reasonable except for mining and construction which seem to be on the high side. The three-percent real growth rate projected for 1985 depends significantly on the sustained growth performance in the rural sector, further increase in uranium earnings, the rapid recovery of the construction sector, and the continued improvement in the industry and tertiary sectors. Table 5 provides comparison of actual value added of different sectors with its respective predicted value based on the trend rate of growth.

The trend analysis indicates that the rural sector had been growing more or less along the trend line. The divergence between the actual value added and the regression predicted value added is between plus or minus six percent.<sup>1/</sup> Not surprisingly, the mining sector and its linkage activities (particularly, backward and tax linkages) had fluctuated widely during the period. If one uses a divergence range of 12 percent (i.e. allowing errors to be committed on either side by six percent) to identify stable growth from unstable growth sectors for the period, only the informal sector of the economy (agriculture, livestock, fishing and forestry, handicraft) could be characterized as growing along trends. The modern sector seems to fluctuate widely and shows a high degree of instability during the period 1976-1983.

#### B. Uranium Exports

Uranium export-led growth is, to a large extent, beyond Niger's control. The prospects for uranium hinge on the developments in the nuclear energy industry. Due to the recent problem in the nuclear energy industry, world uranium consumption declined by 17 percent during the period 1980-1982, from 26,300 tons to 21,700 tons. During the same period, production decreased by only six percent; consequently, uranium stockpiles reached 120,000 tons at the beginning of 1983. The excess supply situation caused the spot market price to fall from the peak of \$113 per kg. to about \$53 per kg. in 1982. The contract price for Niger's uranium declined from \$107 per kg. in 1978 to \$62 in 1981 and went up to \$73 and \$75 in 1982 and 1983 respectively. Although the price for Niger uranium is administratively set, the contract price has followed closely the trend of market prices. The spot market price appears to have already reached its floor in 1982; the average 1983 price as of the end of April has increased by eight percent.

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<sup>1/</sup> That is, the error committed by using the value predicted by the trend equation is within six percent of the actual value.

While the uranium price has recovered slightly, the consumption, according to a report by the Nuclear Exchange Corporation (NUEXCO), is estimated to increase only marginally at less than four percent annually from 1984-1990. Furthermore, uranium stockpiles will not be reduced significantly until 1988-1989 when they would have fallen from the 1980 level of about 120,000 tons to approximately 60,000 tons. However, in view of the technical uncertainties associated with the nuclear energy industry, the new level of uranium stockpiles demand may be adjusted downward so that the demand may be lower than the 1980 level. Consequently, Niger cannot depend on uranium as the growth locomotive to the same degree that it had been in the late 1970's; even though it will undeniably still be the most important source of foreign exchange earnings in the foreseeable future.

### C. Non-Uranium Exports

Although uranium exports will continue to be the most important source of export earnings for Niger, the need to diversify its exports is evident. Next to uranium, livestock exports are the major source of foreign exchange earnings; they accounted for approximately 17 percent of Niger's exports in 1982. Other exports, consisting mostly of agricultural products (mainly cowpeas, onions, string beans, and to a lesser extent, groundnuts) accounted for seven percent of exports in 1982. Most of these exports go to Nigeria. According to a 1981 survey conducted by the Ministry of Rural Development about 94 percent of livestock exports, consisting almost entirely of cattle on the hoof, went to Nigeria. Groundnuts and groundnut products which used to account for nearly half of Niger's exports prior to the early 1970's drought and insect-borne disease, have practically disappeared as a source of export earnings since 1980.

As a longer term strategy to achieve external balance and to lower the country's dependence on uranium as a source for development finance, it would be necessary to promote export growth in agriculture and livestock. A reorientation of public investment towards the development of agriculture and livestock, to bring about export diversification and viable import substitution in foodstuffs, is desirable. Niger's potential export crops, particularly groundnuts and cotton, could also play an important role as industrial crops for the agro-based processing plants which currently operate much below capacity level. Barring any natural catastrophe like the early 1970's drought and investment in cash crops such as irrigated agricultural, agriculture and livestock exports can be expected to contribute to a moderate recovery.

Table 4

## Macro-economic Projections, 1984-1985

	Projections			Projections			Trend Rate of Growth (percentage)
	1983 (in billions of CFA francs)	1984	1985	82-83 (in percentage)	83-84	84-85	
Rural Sector	338.6	370.3	401.2	7.8	9.4	8.3	15.2
Agriculture	182.2	200.4	218.4	7.8	10.0	9.0	15.2
Livestock	124.2	134.9	145.1	7.7	8.6	7.6	15.6
Forestry and Fishing	32.2	35.0	37.7	8.1	8.7	7.7	13.6
Mining	42.9	46.5	50.5	-16.0	8.4	8.6	13.2
Industry, Energy, and Handicrafts	47.8	54.4	60.8	10.6	13.8	11.8	17.1
Manufacturing	9.4	10.7	12.6	10.6	13.8	17.8	15.3
Electricity and Water	10.0	12.2	13.2	19.0	20.0	10.0	35.0
Handicrafts	28.4	31.7	35.0	8.0	11.6	10.4	14.4
Construction and Public Works	25.8	24.0	29.5	-14.9	-7.0	22.9	17.5
Commerce, Transport, and Services	14.28	159.6	176.6	8.0	11.8	10.7	15.7
Commerce	76.7	85.3	94.0	8.0	11.2	10.2	14.2
Transport	24.0	27.0	30.0	8.1	12.5	11.1	16.3
Services	42.1	47.3	52.6	7.9	12.4	11.2	18.6
Government	54.1	56.6	61.7	5.0	4.6	9.0	16.5
Import Taxes and Duties	24.8	21.0	23.3	-11.4	-15.3	11.0	14.5
GDP at current market prices	676.8	732.4	803.6	4.1	8.2	9.7	17.2
GDP at constant 1976 prices	310.7	311.3	320.0	-4.4	0.2	2.8	4.4
Implicit GDP deflator index	217.8	235.3	251.1	8.8	8.0	6.7	11.0
Modern Sector	205.8	211.3	231.4				
Traditional Sector	471.0	521.1	572.2				

SOURCE: Ministry of Planning

Table 5

COMPARISON OF TRENDS:  
ACTUAL AND PREDICTED VALUE ADDED AT CURRENT MARKET PRICES  
(in billions of CFA francs)

Year	GROSS DOMESTIC PRODUCT			RURAL SECTOR			AGRICULTURE			LIVESTOCK			FORESTRY & FISHING		
	Actual	Predicted	Prediction	Actual	Predicted	Prediction	Actual	Predicted	Prediction	Actual	Predicted	Prediction	Actual	Predicted	Prediction
			Error			Error			Error			Error			Error
1976	241.20	259.36	-7.53	119.40	124.16	-3.99	64.50	66.77	-3.52	42.40	44.32	-4.53	12.50	13.09	-4.75
1977	288.00	302.69	-5.10	143.10	144.57	-1.02	76.10	77.74	-2.16	51.90	51.83	0.13	15.10	15.00	0.68
1978	362.10	353.25	2.44	174.50	168.32	3.54	95.70	90.52	5.41	61.40	60.62	1.27	17.40	17.18	1.28
1979	442.60	412.26	6.86	197.60	195.98	0.82	105.40	105.40	.00	72.20	70.90	1.81	20.20	19.68	2.60
1980	528.50	481.12	8.96	229.00	228.18	0.36	120.80	122.72	-1.59	85.20	82.91	2.69	23.00	22.54	2.02
1981	597.60	561.49	6.04	278.70	265.68	4.67	152.00	142.89	5.99	100.30	96.96	3.33	26.40	25.81	2.22
1982	650.40	655.29	-0.75	314.10	309.33	1.52	169.00	166.38	1.55	115.30	113.40	1.65	29.80	29.57	0.79
1983	676.80	764.75	-12.99	338.60	360.16	-6.37	182.20	193.73	-6.33	124.20	132.62	-6.78	32.20	33.86	-5.17

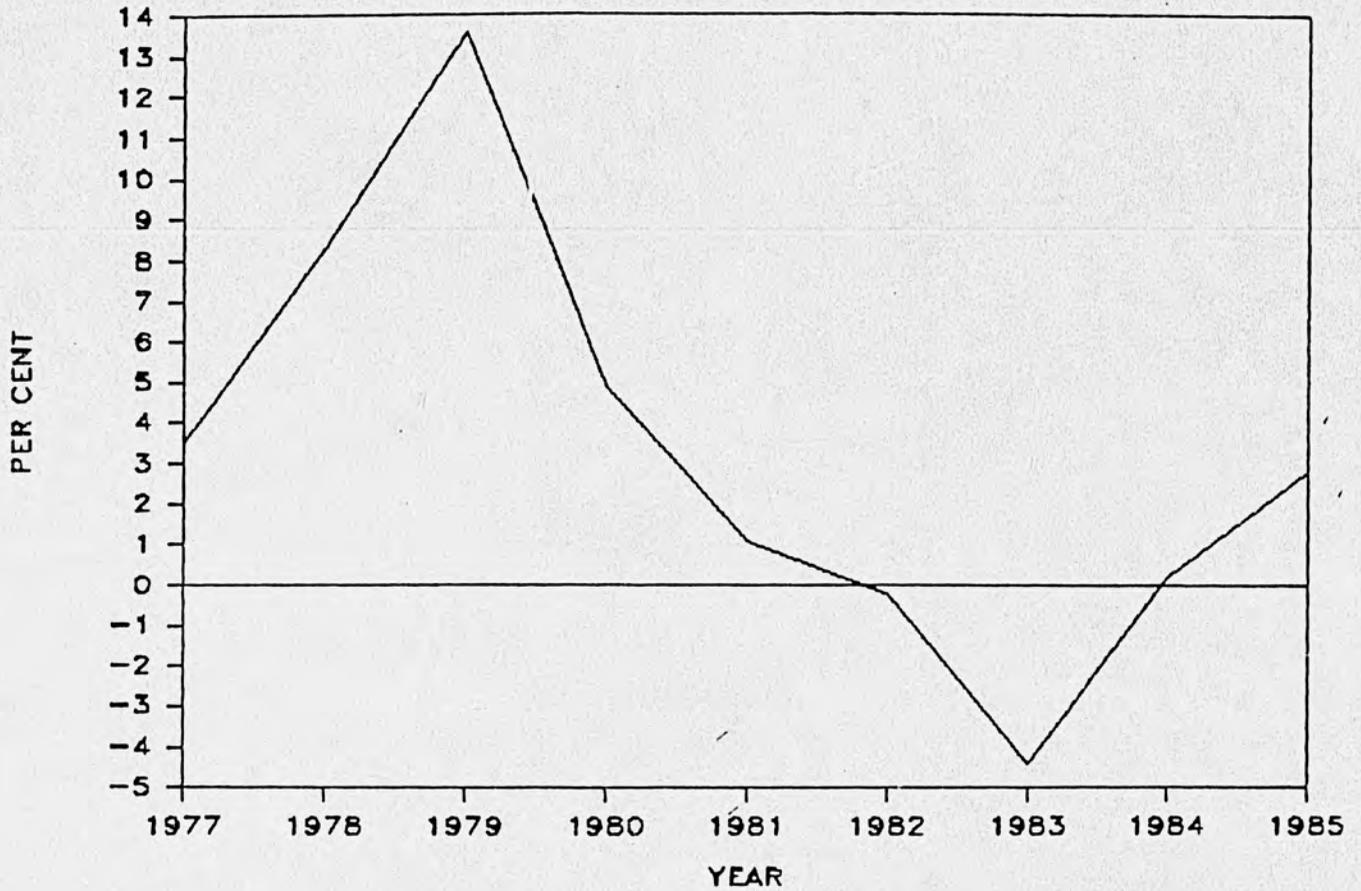
Year	MINING			INDUSTRY, ENERGY, & HANDICRAFTS			MANUFACTURING			ENERGY			HANDICRAFTS		
	Actual	Predicted	Prediction	Actual	Predicted	Prediction	Actual	Predicted	Prediction	Actual	Predicted	Prediction	Actual	Predicted	Prediction
			Error			Error			Error			Error			Error
1976	18.70	25.67	-37.26	15.40	14.70	4.52	3.60	3.35	7.03	1.10	0.68	38.24	10.70	10.99	-2.73
1977	23.20	29.28	-26.20	17.70	17.45	1.44	3.70	3.90	-5.43	1.50	0.96	35.74	12.50	12.69	-1.56
1978	36.00	33.40	7.23	19.80	20.70	-4.53	4.00	4.55	-13.66	1.20	1.37	-13.96	14.60	14.66	-0.42
1979	61.60	38.10	38.15	23.40	24.56	-4.94	5.70	5.30	7.04	0.60	1.94	-223.39	17.60	16.93	3.80
1980	65.60	43.46	33.76	27.90	29.13	-4.42	6.30	6.18	1.98	1.60	2.75	-72.07	20.00	19.55	2.23
1981	54.30	49.57	8.71	36.00	34.56	3.99	7.50	7.20	4.03	5.10	3.91	23.41	23.40	22.58	3.50
1982	51.10	56.54	-10.65	43.20	41.01	5.07	8.50	8.39	1.31	8.40	5.54	34.02	26.30	26.08	0.84
1983	42.90	64.50	-50.35	47.80	48.65	-1.79	9.40	9.78	-4.01	10.00	7.86	21.37	28.40	30.12	-6.05

Year	CONSTRUCTION			COMMERCE, TRANSPORT, & SERVICES			COMMERCE			TRANSPORT		
	Actual	Prediction		Actual	Prediction		Actual	Prediction		Actual	Prediction	
		Predicted	Error		Predicted	Error		Predicted	Error		Predicted	Error
1976	8.20	11.94	-45.59	50.50	51.20	-1.38	29.70	30.03	-1.13	7.70	9.36	-21.55
1977	11.70	14.22	-21.51	58.70	59.91	-2.06	34.40	34.60	-0.59	10.40	11.02	-5.96
1978	19.50	16.93	13.17	70.30	70.10	0.28	39.60	39.87	-0.67	14.10	12.98	7.94
1979	29.70	20.16	32.11	79.90	82.03	-2.66	46.10	45.93	0.37	17.40	15.29	12.14
1980	37.20	24.01	35.45	101.10	95.98	5.06	52.70	52.92	-0.41	21.50	18.00	16.28
1981	34.00	28.59	15.90	120.90	112.31	7.10	65.20	60.97	6.49	25.50	21.20	16.86
1982	30.30	34.05	-12.39	132.20	131.42	0.59	71.00	70.24	1.07	22.20	24.97	-12.48
1983	25.80	40.55	-57.18	142.80	153.78	-7.69	76.70	80.93	-5.51	24.00	29.41	-22.53

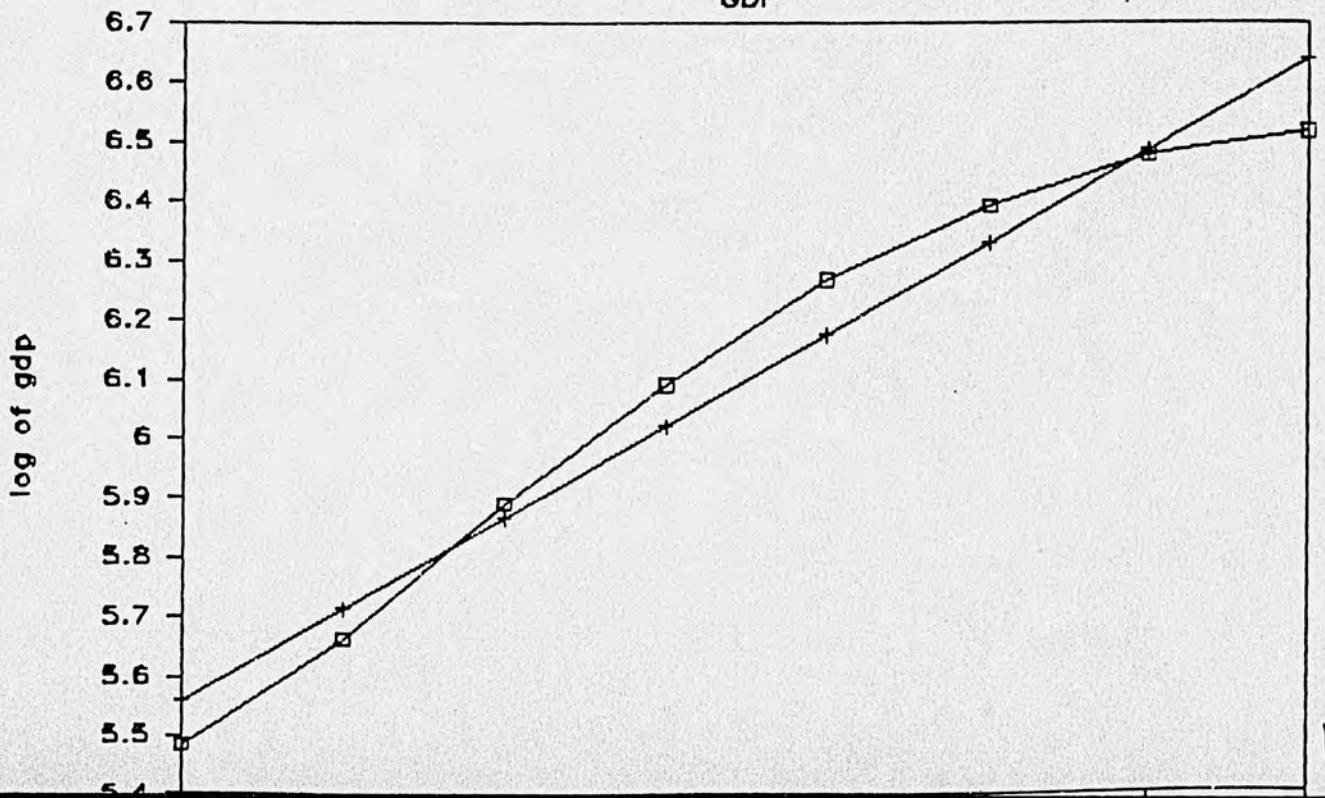
Year	SERVICES			GOVERNMENT			IMPORT TAXES & DUTIES		
	Actual	Prediction		Actual	Prediction		Actual	Prediction	
		Predicted	Error		Predicted	Error		Predicted	Error
1976	13.10	11.74	10.38	18.80	18.65	0.80	10.20	11.96	-17.25
1977	13.90	14.14	-1.73	21.00	21.99	-4.71	12.60	13.83	-9.76
1978	16.60	17.04	-2.65	25.40	25.94	-2.13	16.60	15.99	3.67
1979	16.40	20.52	-25.12	30.40	30.60	-0.66	20.00	18.49	7.55
1980	26.90	24.71	8.14	38.60	36.09	6.50	29.10	21.37	26.56
1981	30.20	29.76	1.46	45.40	42.57	6.23	28.30	24.71	12.69
1982	39.00	35.84	8.10	51.50	50.21	2.50	28.00	28.57	-2.04
1983	42.10	43.17	-2.54	54.10	59.22	-9.46	24.80	33.03	-33.19

Note: The predicted value is calculated by applying the trend rate of growth obtained from regression equation:  $Y = a + bT$  where Y is the natural log of actual value added and T is time. The coefficient b is trend rate of growth.

# RATE OF GROWTH OF REAL GDP



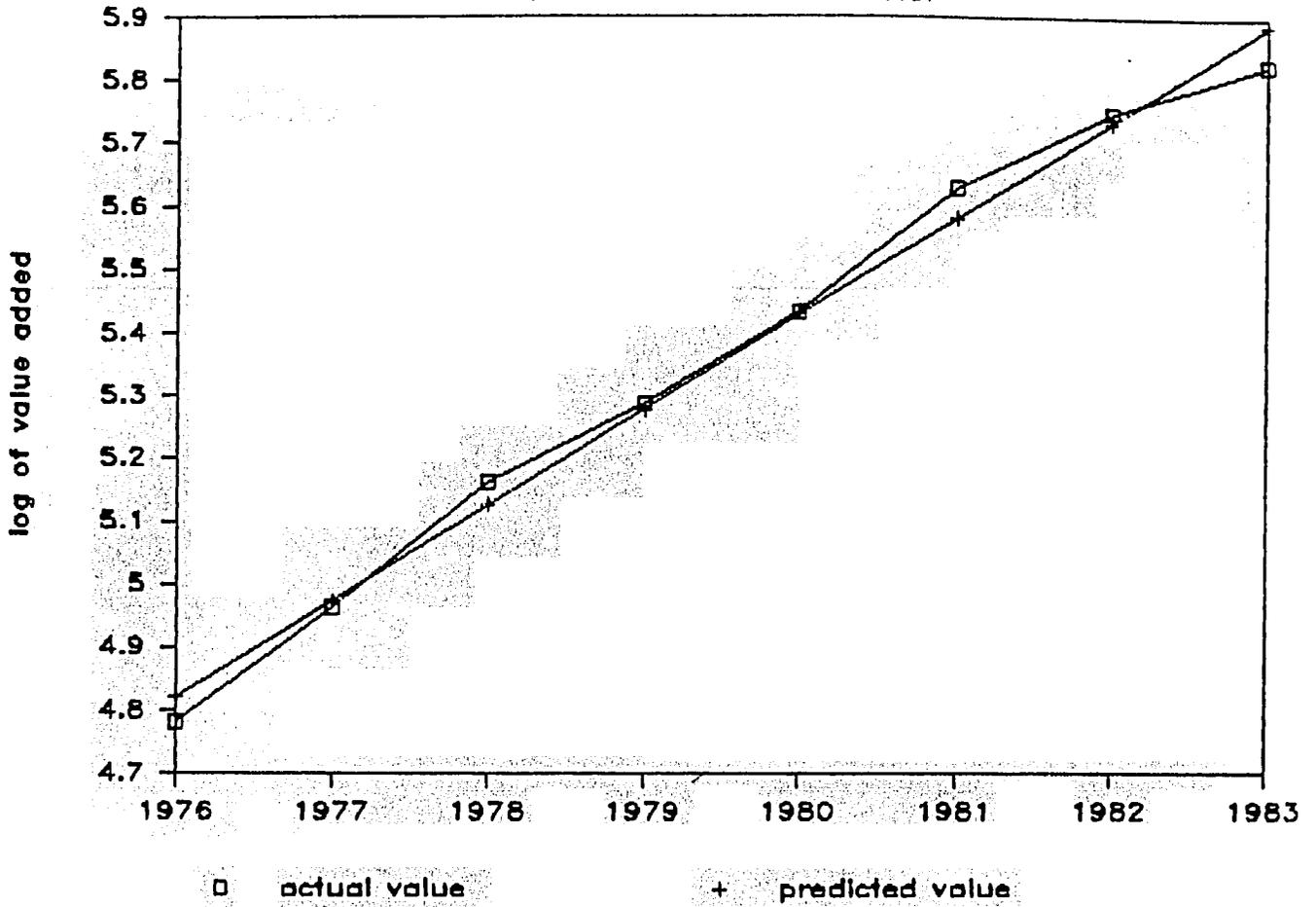
# TREND AND ACTUAL VALUE: GDP



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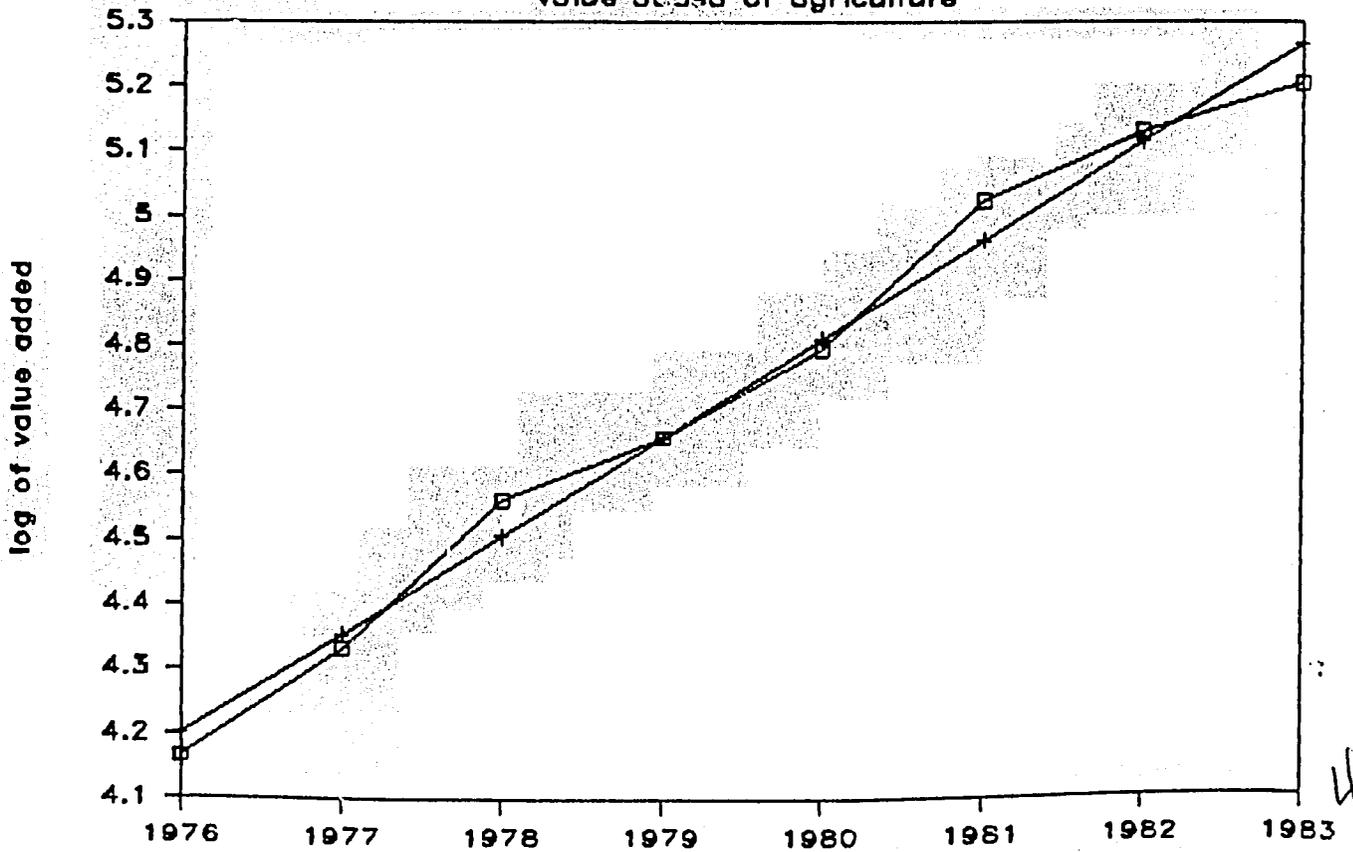
# TREND AND ACTUAL VALUE:

value added of rural sector



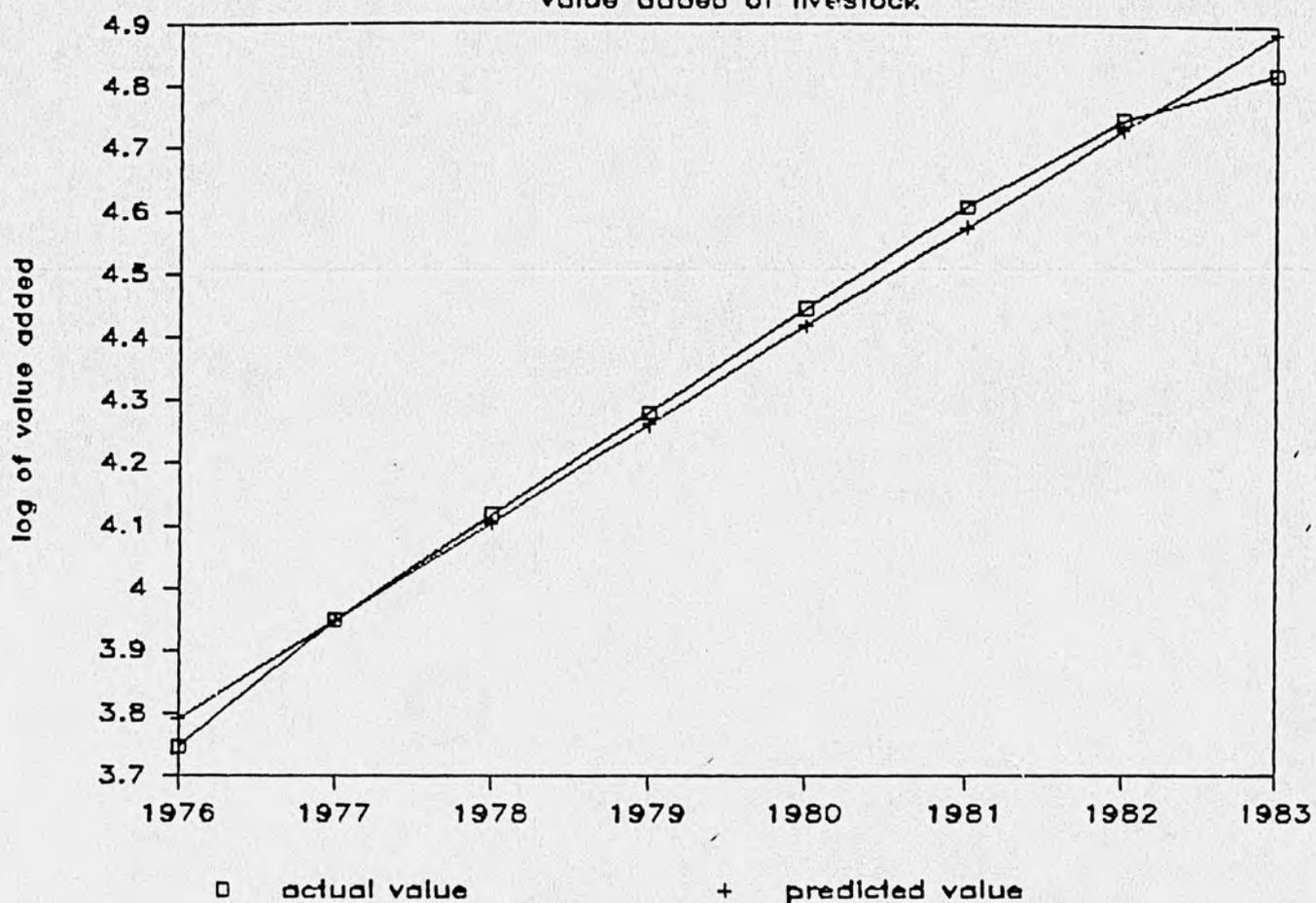
# TREND AND ACTUAL VALUE:

value added of agriculture



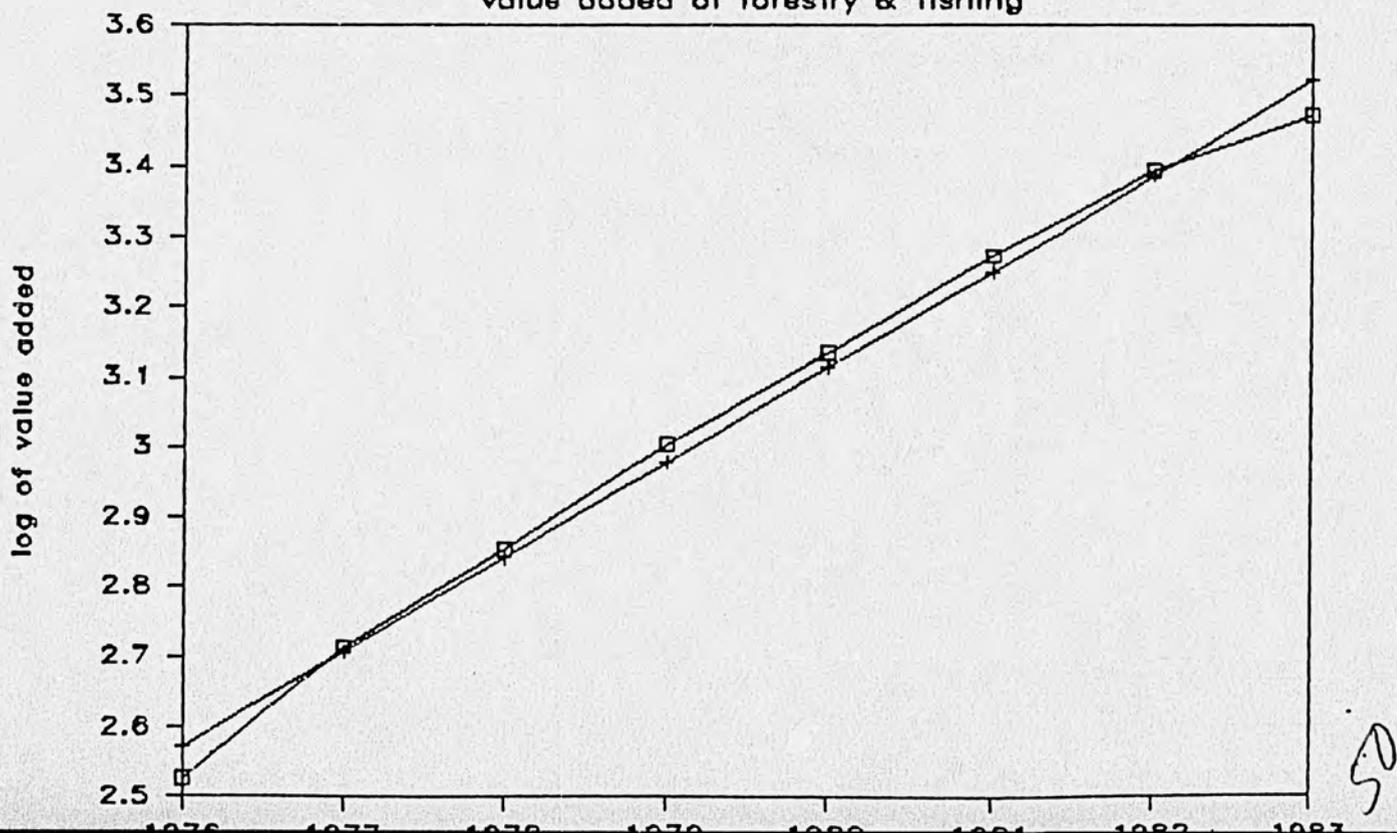
# TREND AND ACTUAL VALUE:

value added of livestock



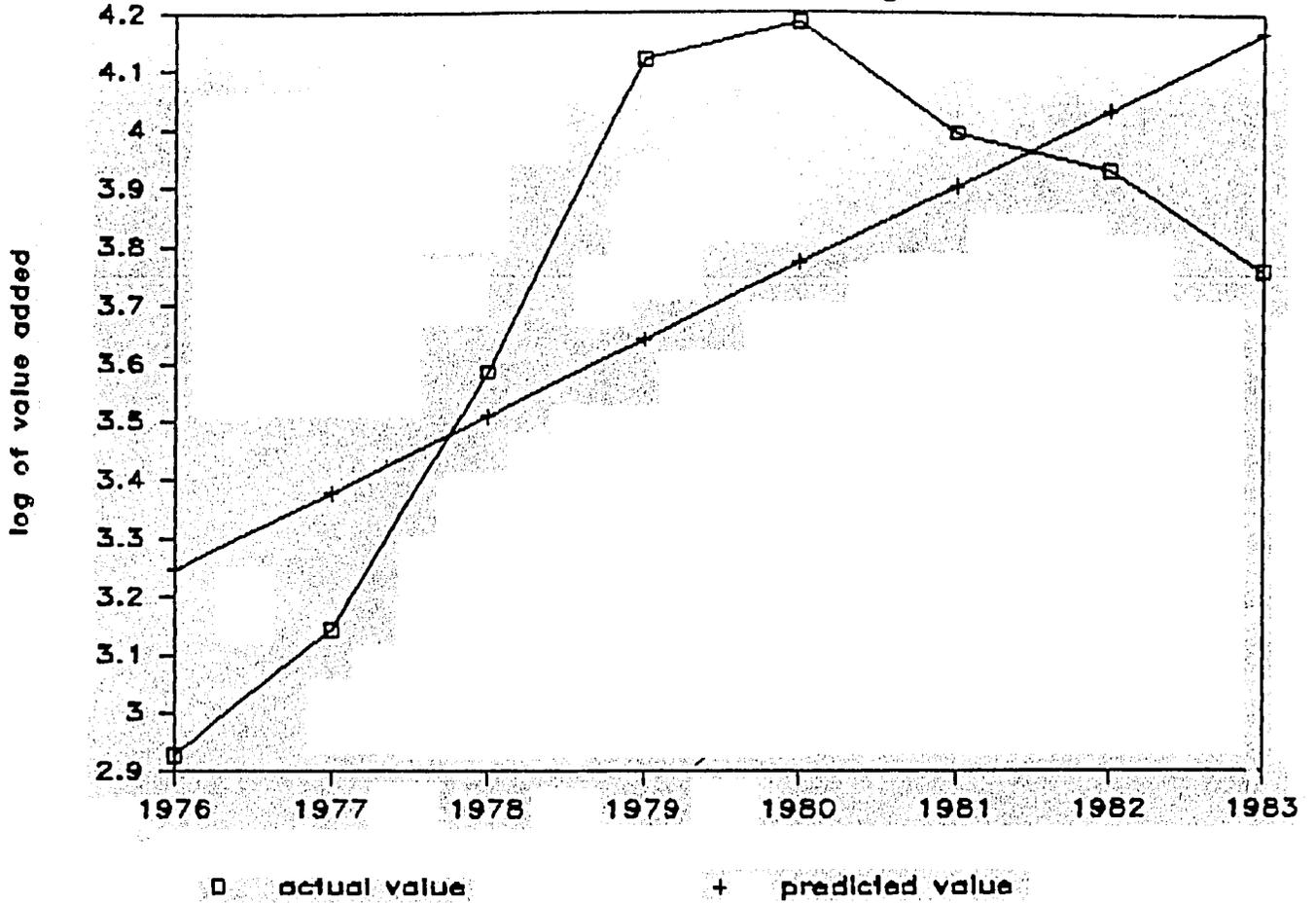
# TREND AND ACTUAL VALUE:

value added of forestry & fishing



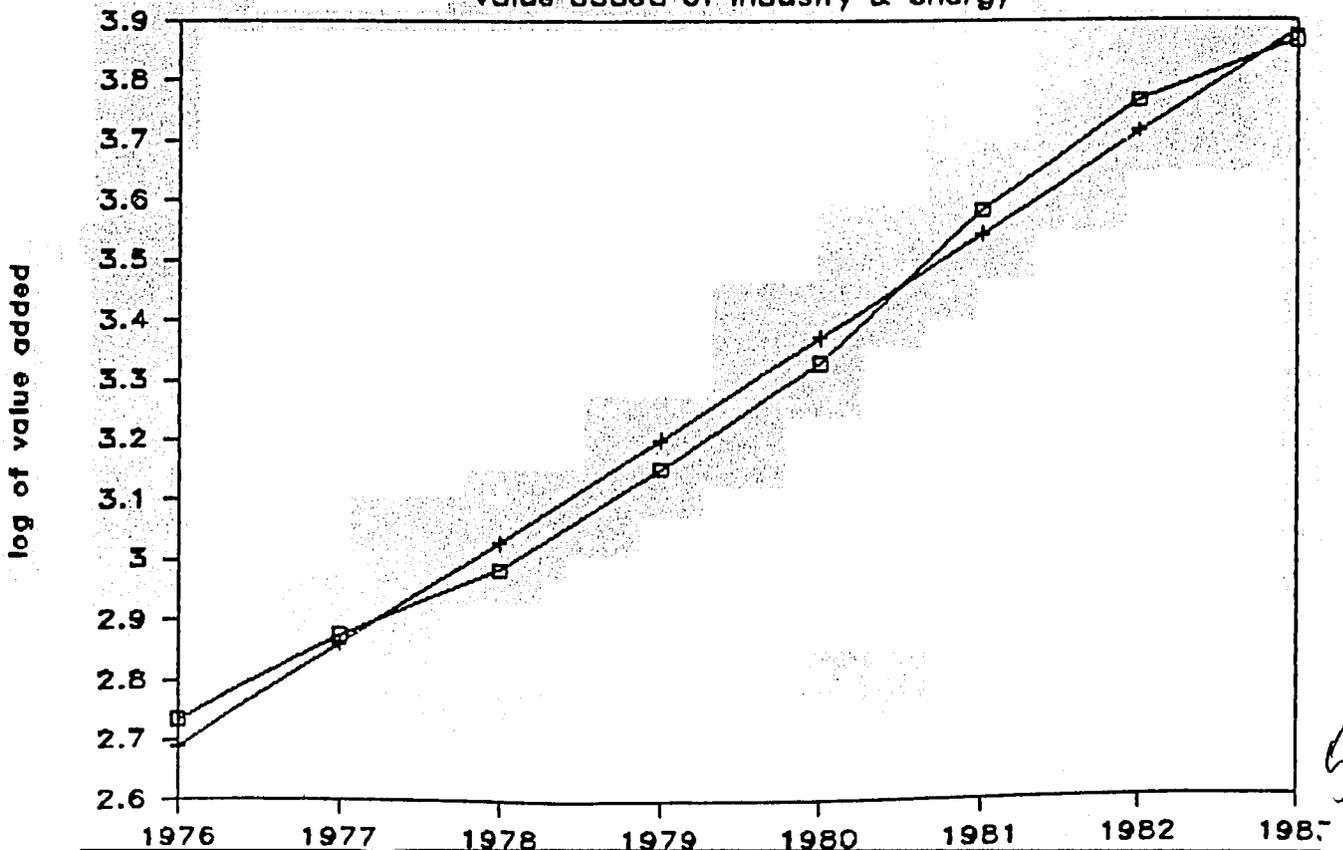
# TREND AND ACTUAL VALUE:

value added of mining



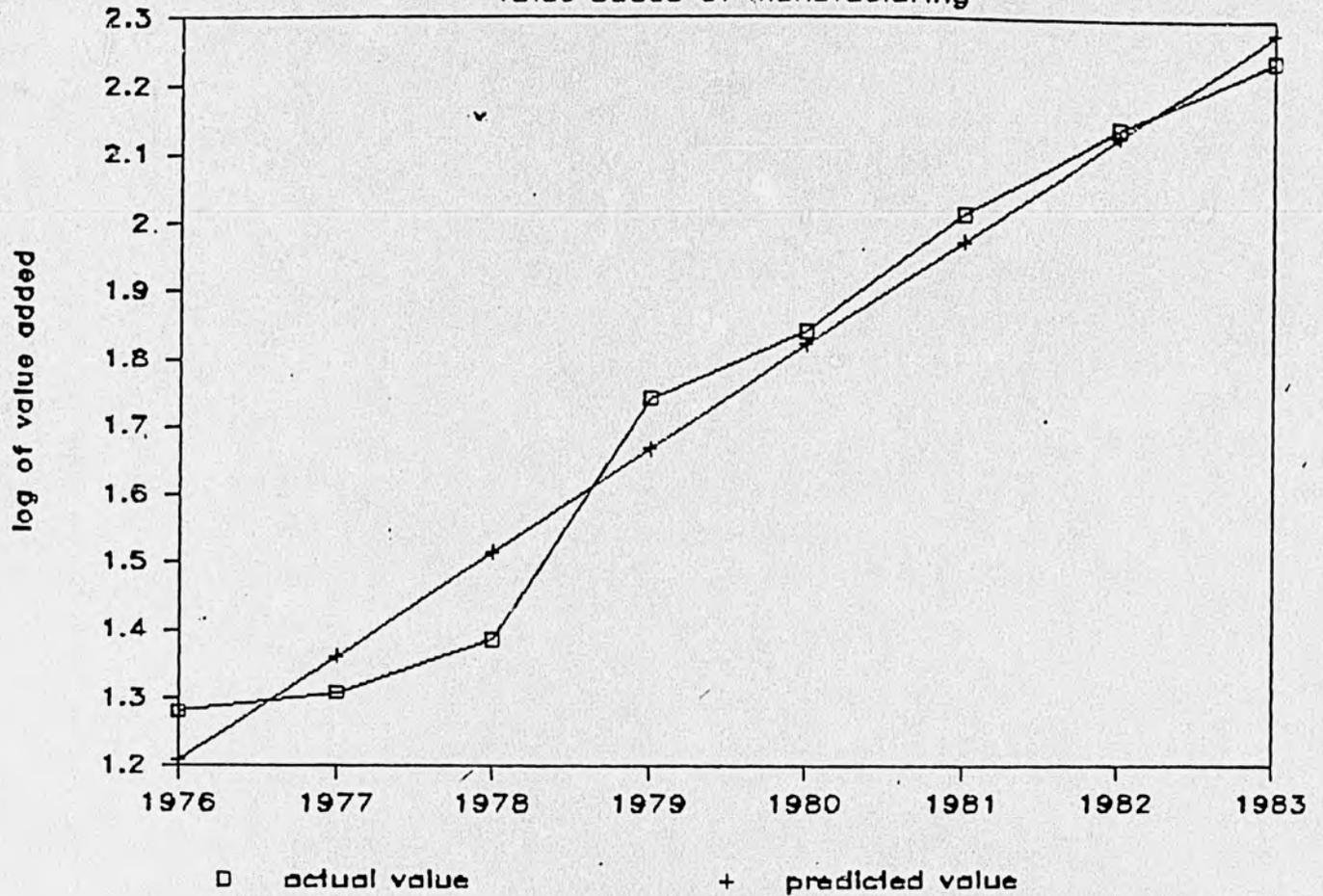
# TREND AND ACTUAL VALUE:

value added of Industry & energy

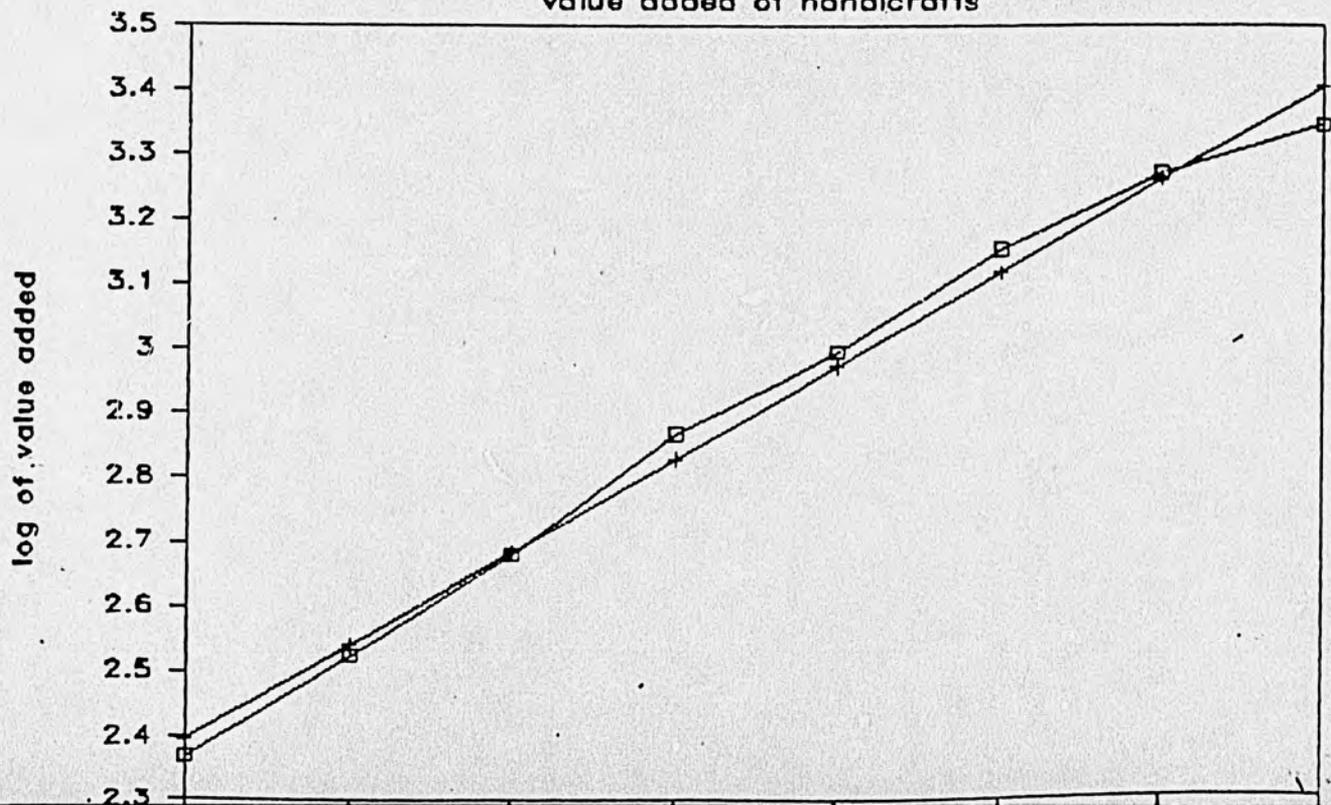


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## TREND AND ACTUAL VALUE: value added of manufacturing

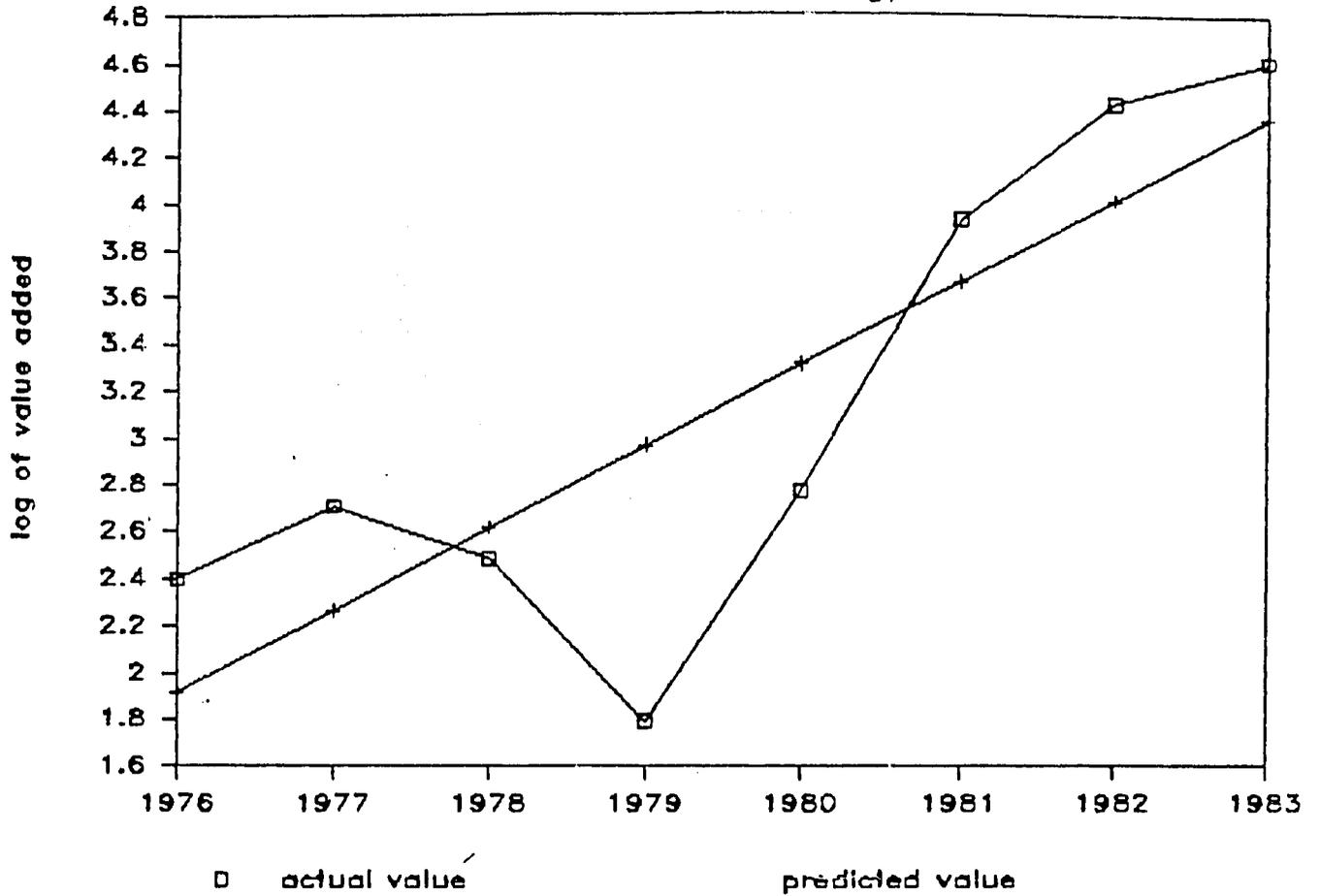


## TREND AND ACTUAL VALUE: value added of handicrafts



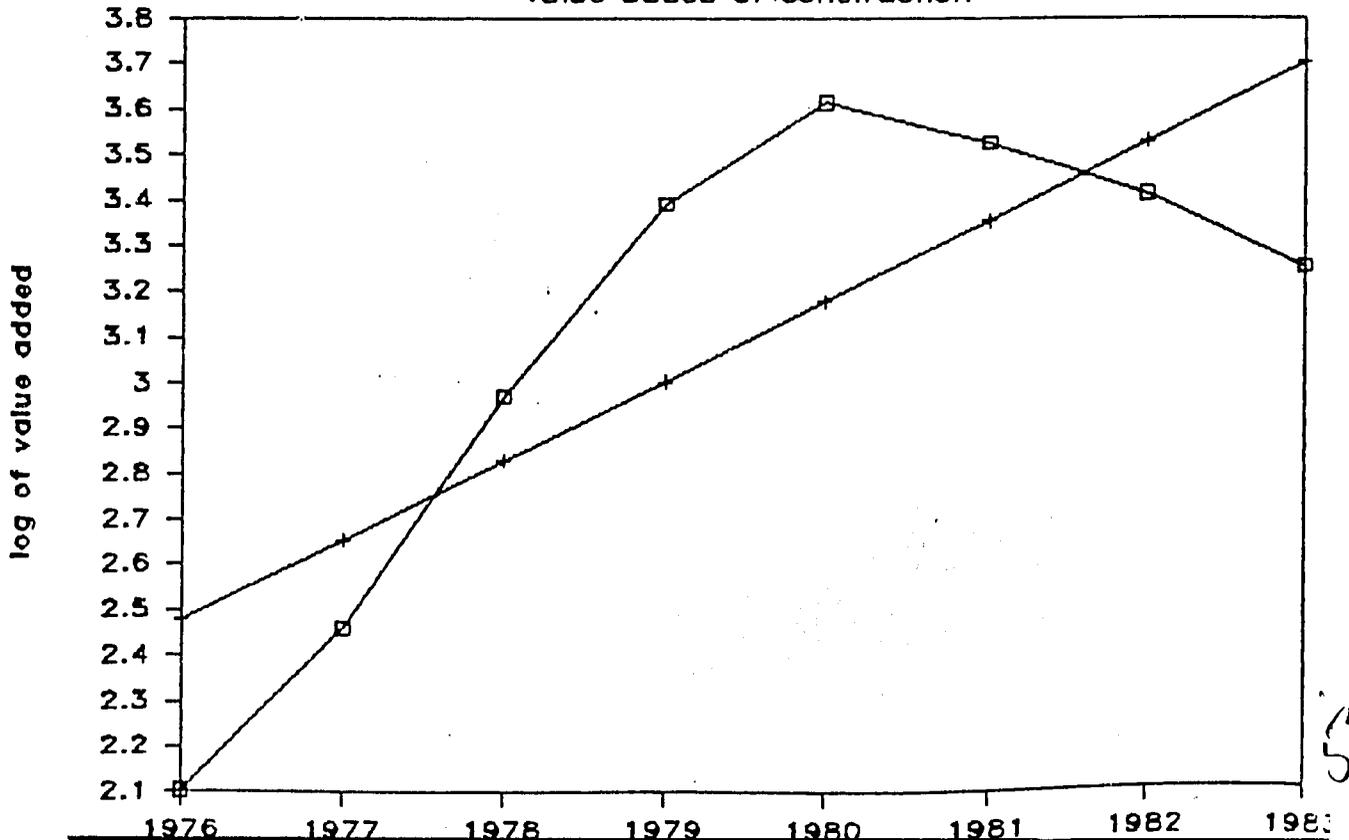
# TREND AND ACTUAL VALUE:

value added of energy



# TREND AND ACTUAL VALUE:

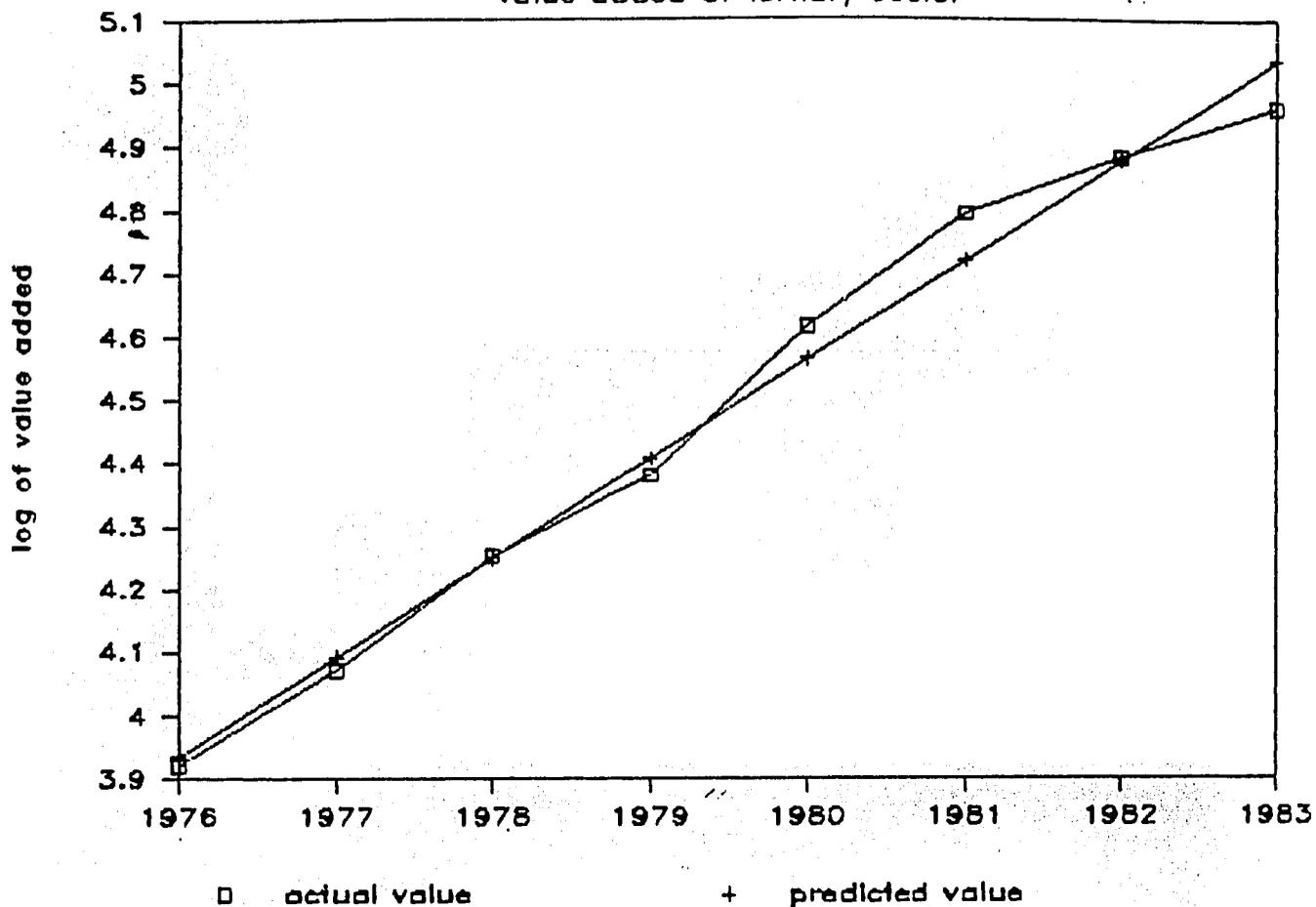
value added of construction



53

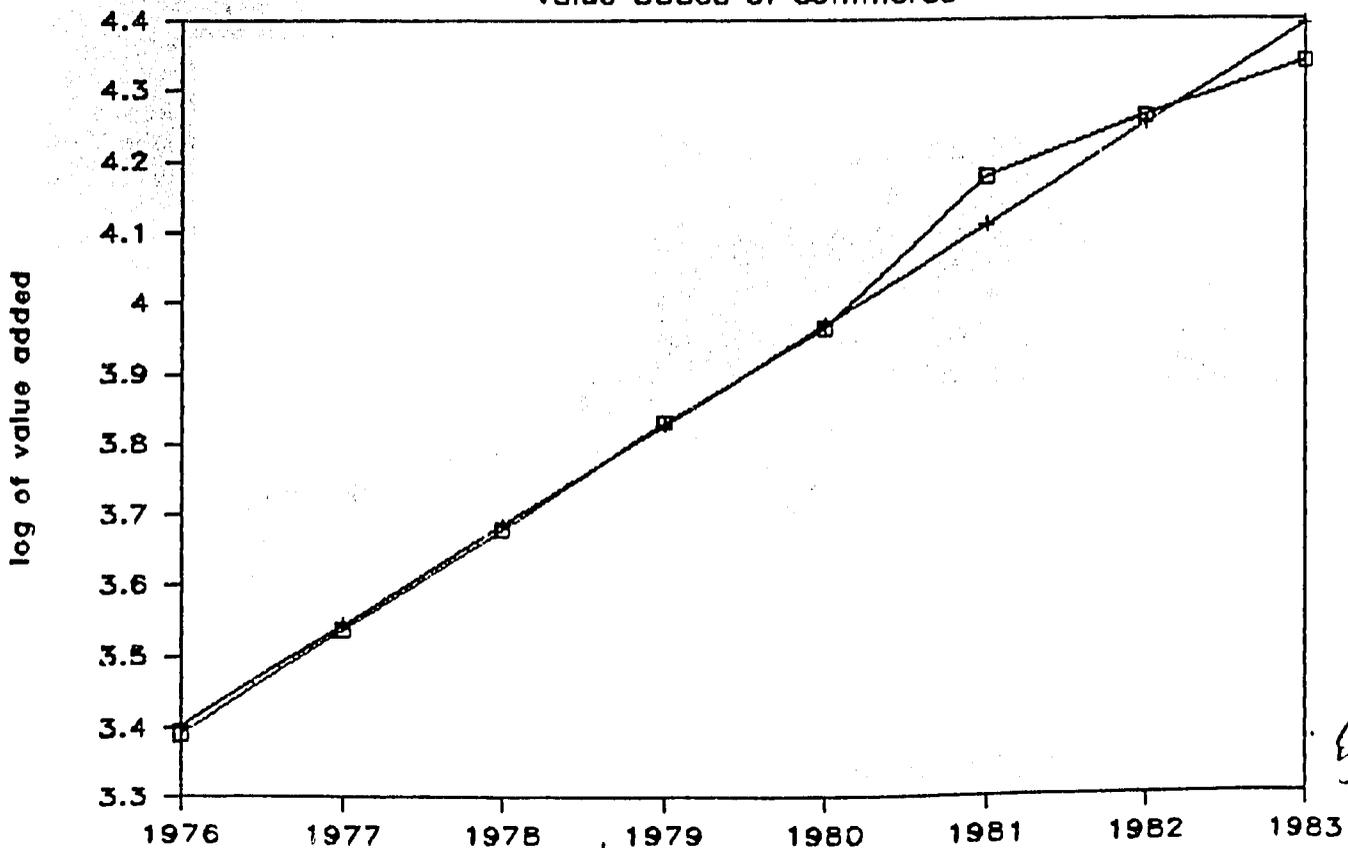
# TREND AND ACTUAL VALUE:

value added of tertiary sector



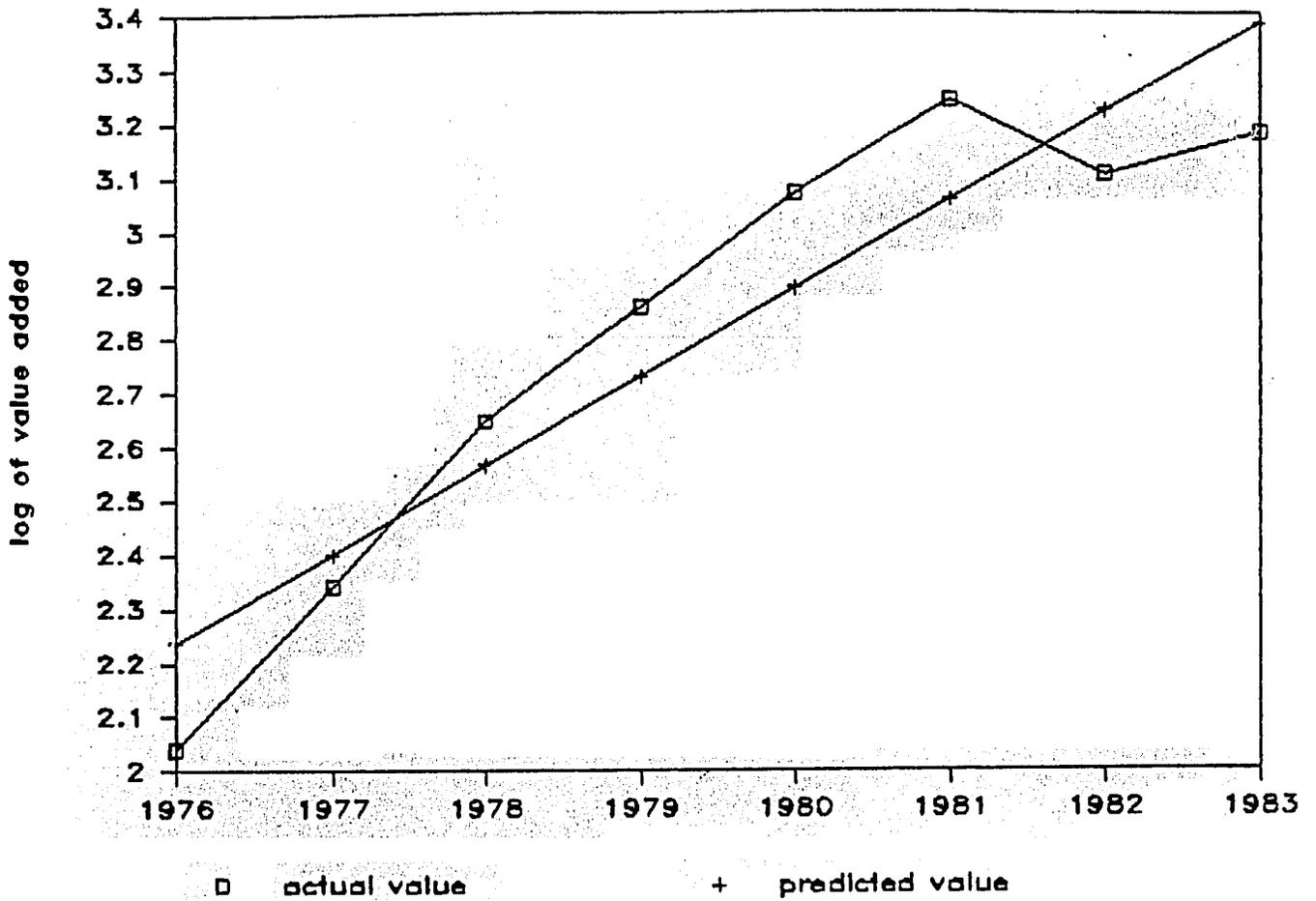
# TREND AND ACTUAL VALUE:

value added of commerce



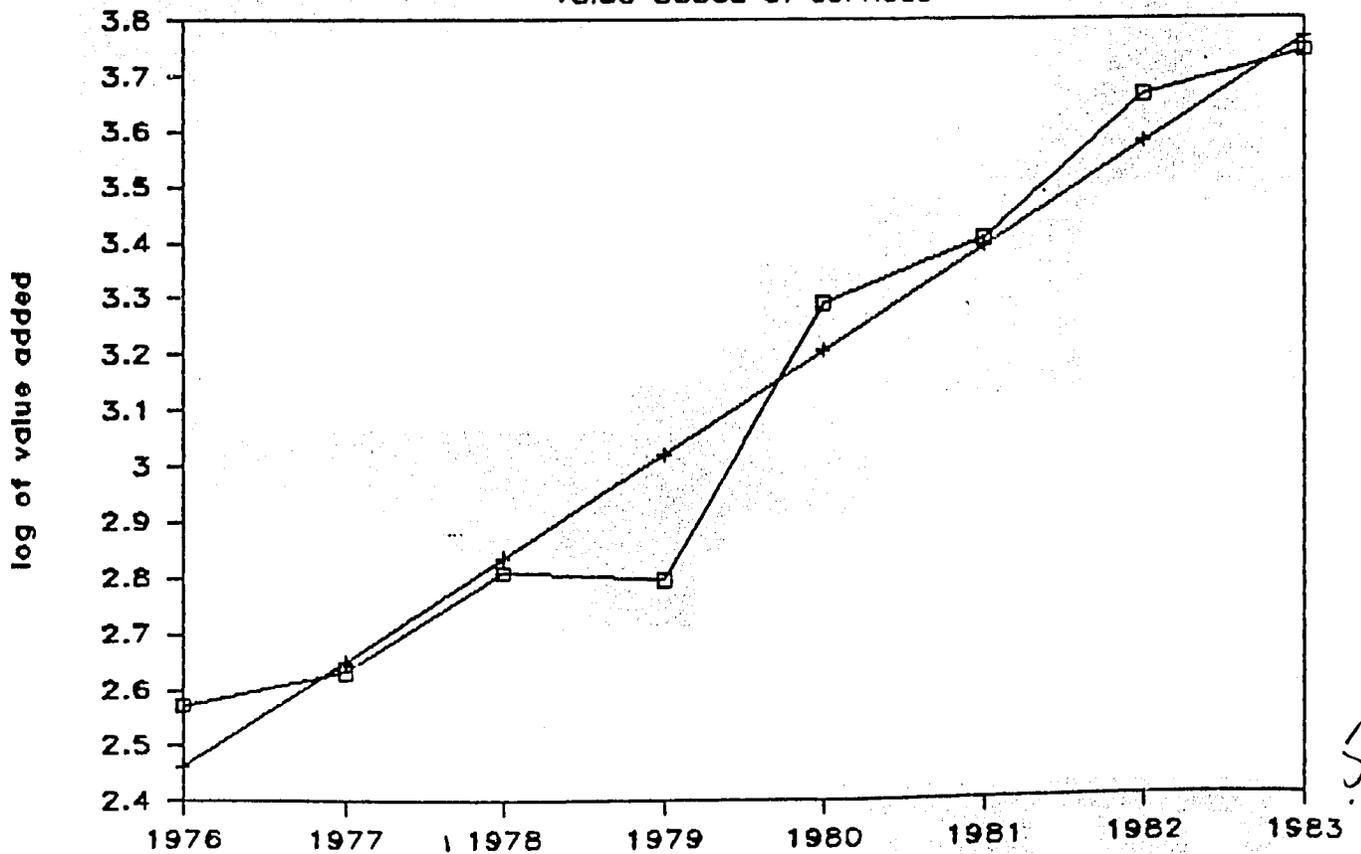
# TREND AND ACTUAL VALUE:

value added of transport



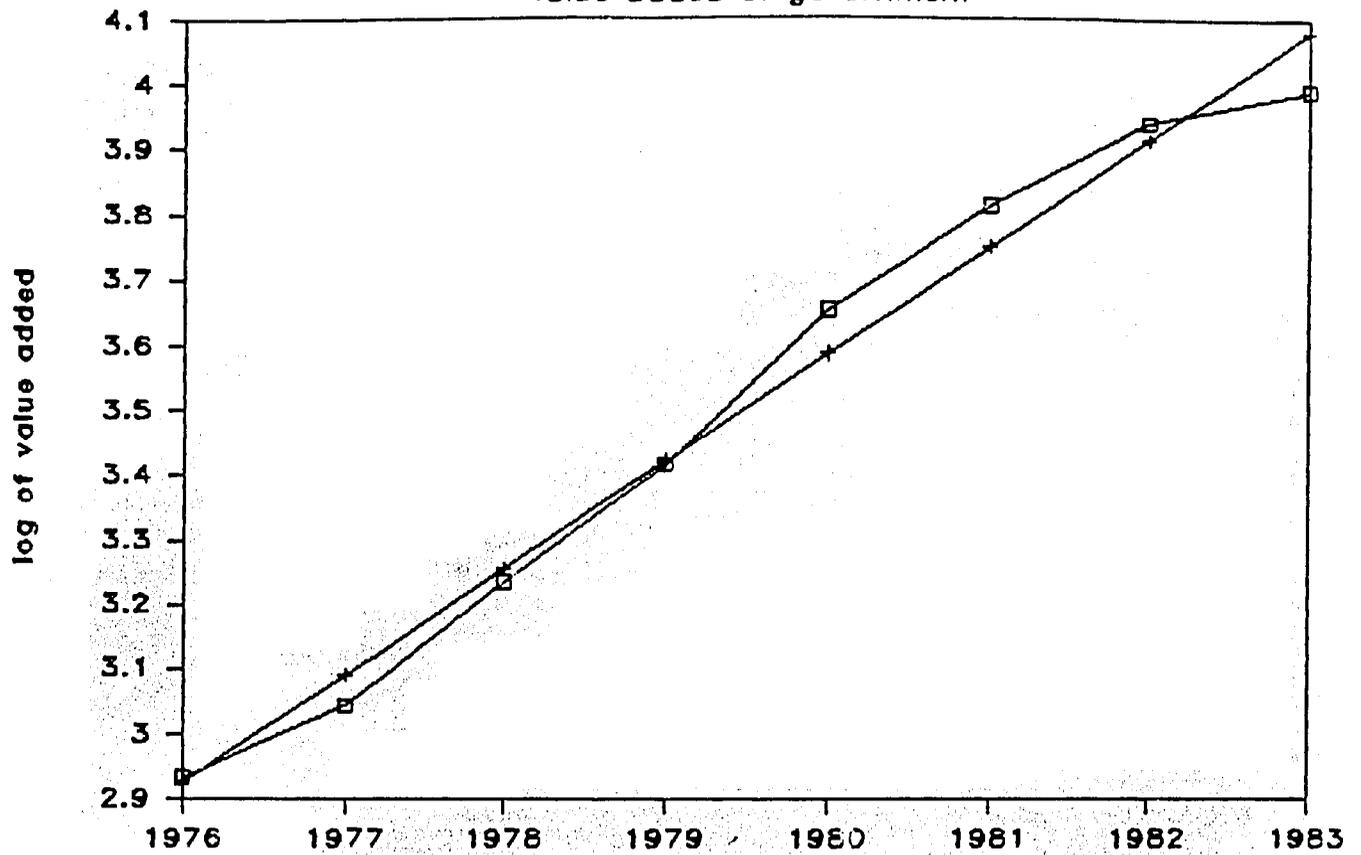
# TREND AND ACTUAL VALUE:

value added of services

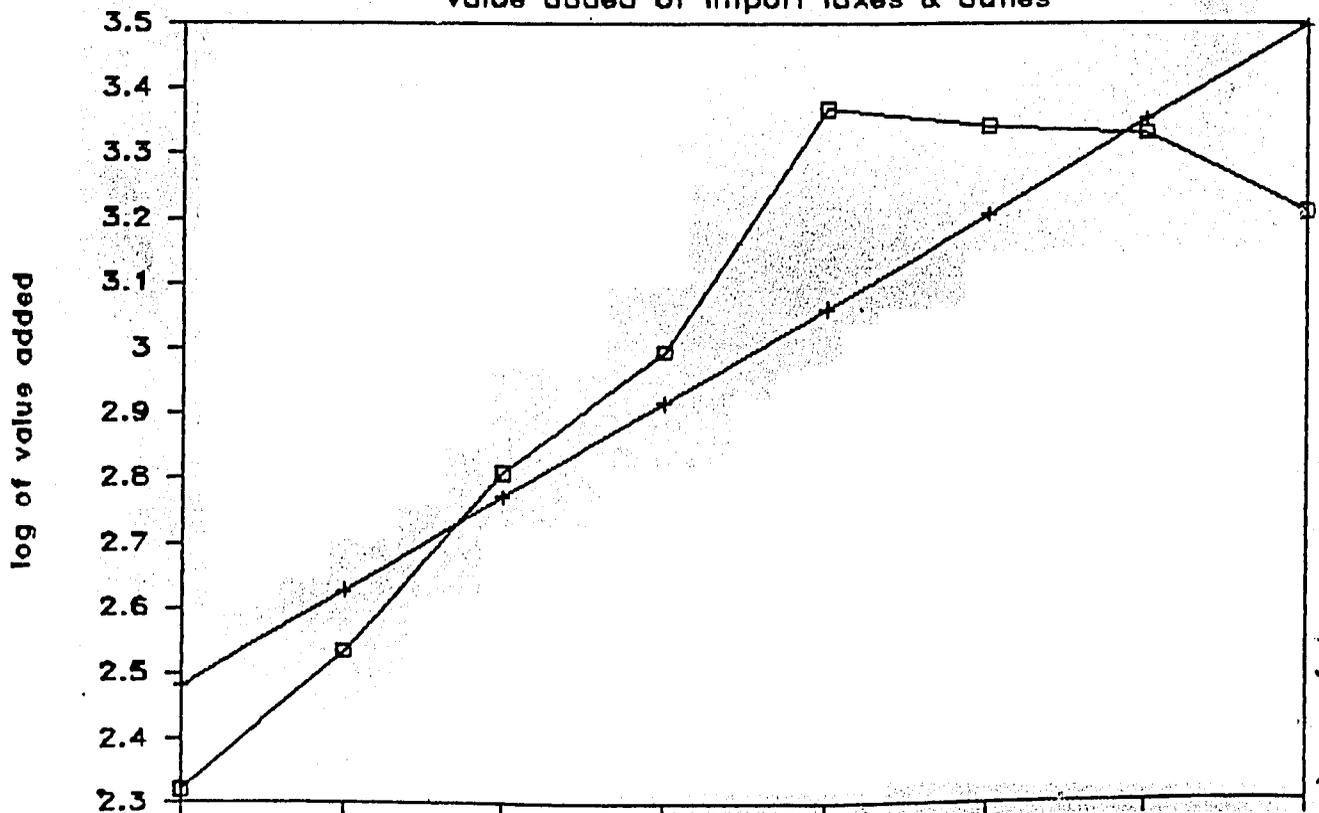


# TREND AND ACTUAL VALUE:

value added of government



value added of Import taxes & duties



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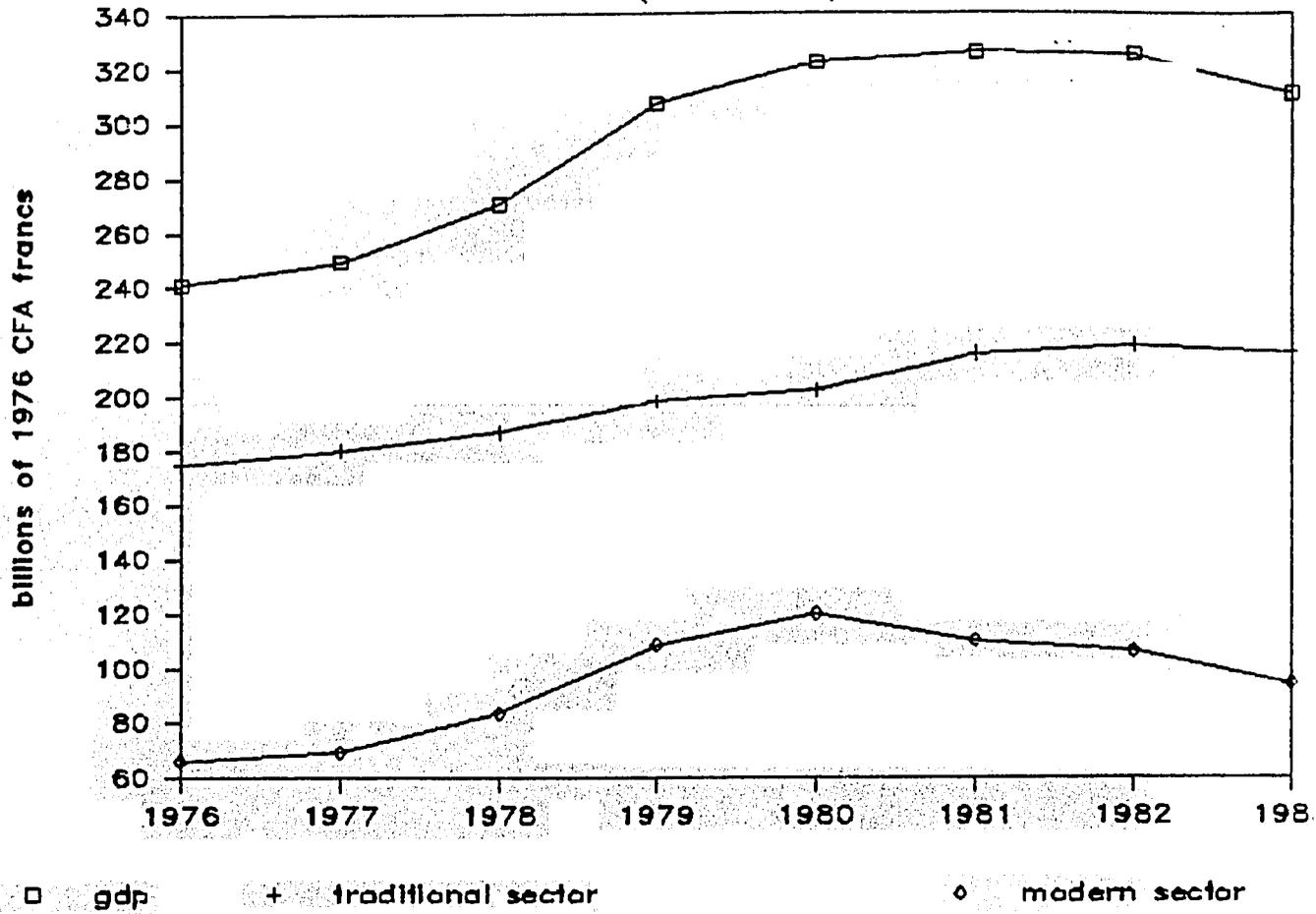
USAID/Niger, FY 1985 Country Development Strategy Statement, January 1983

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STATISTICAL APPENDIX

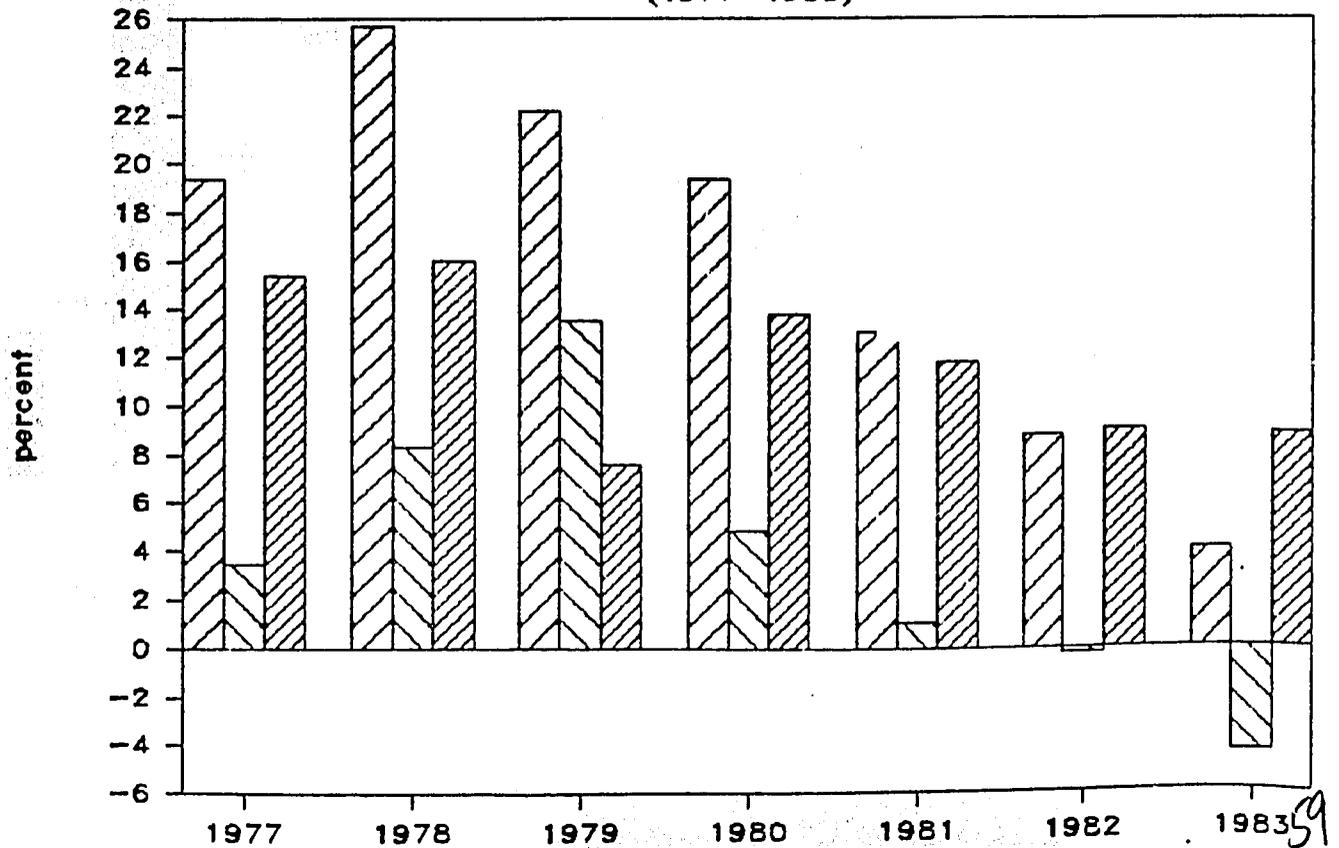
# GROSS DOMESTIC PRODUCT

(1976-1983)

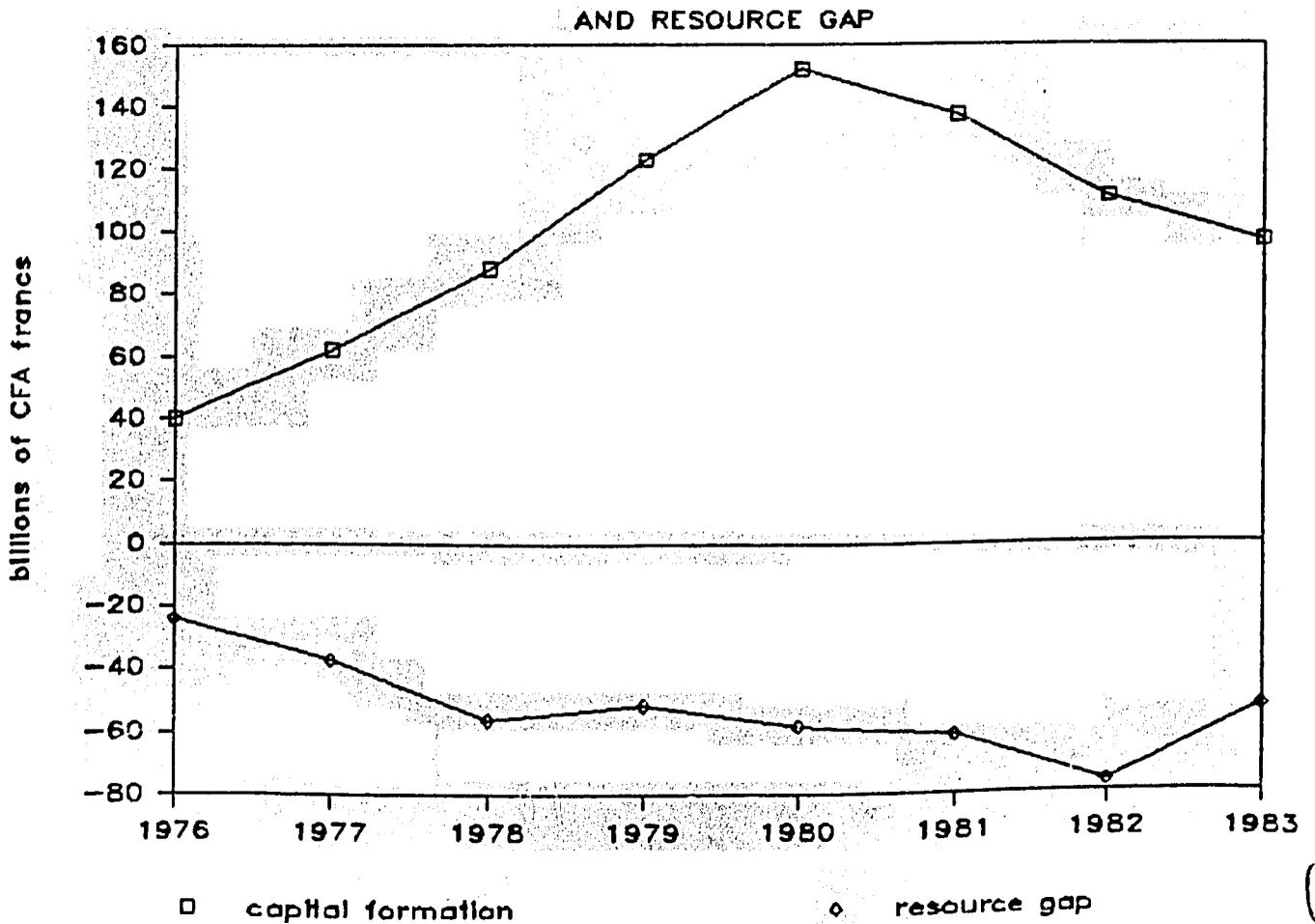
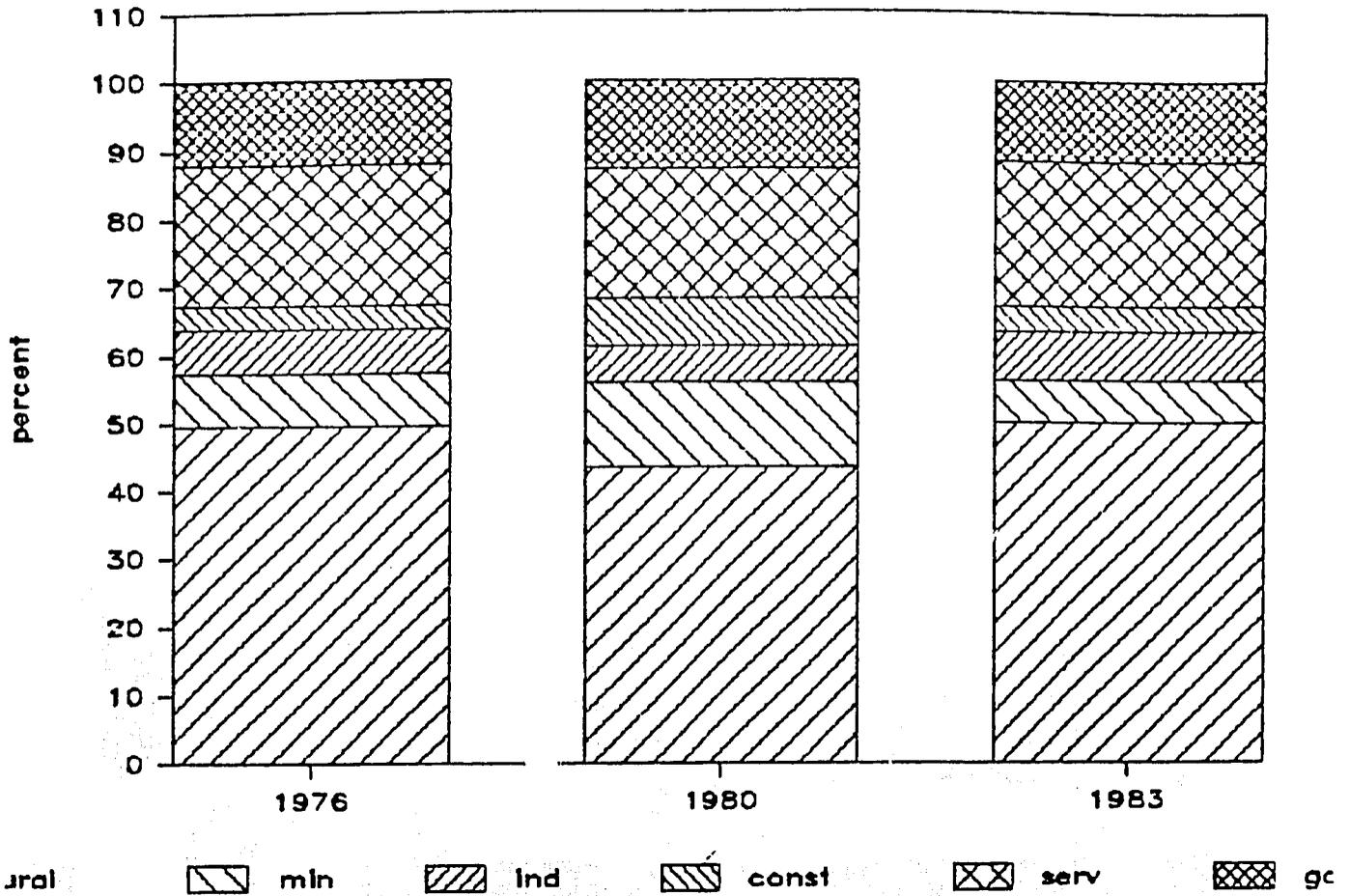


# CHANGES IN GROSS DOMESTIC PRODUCT

(1977-1983)

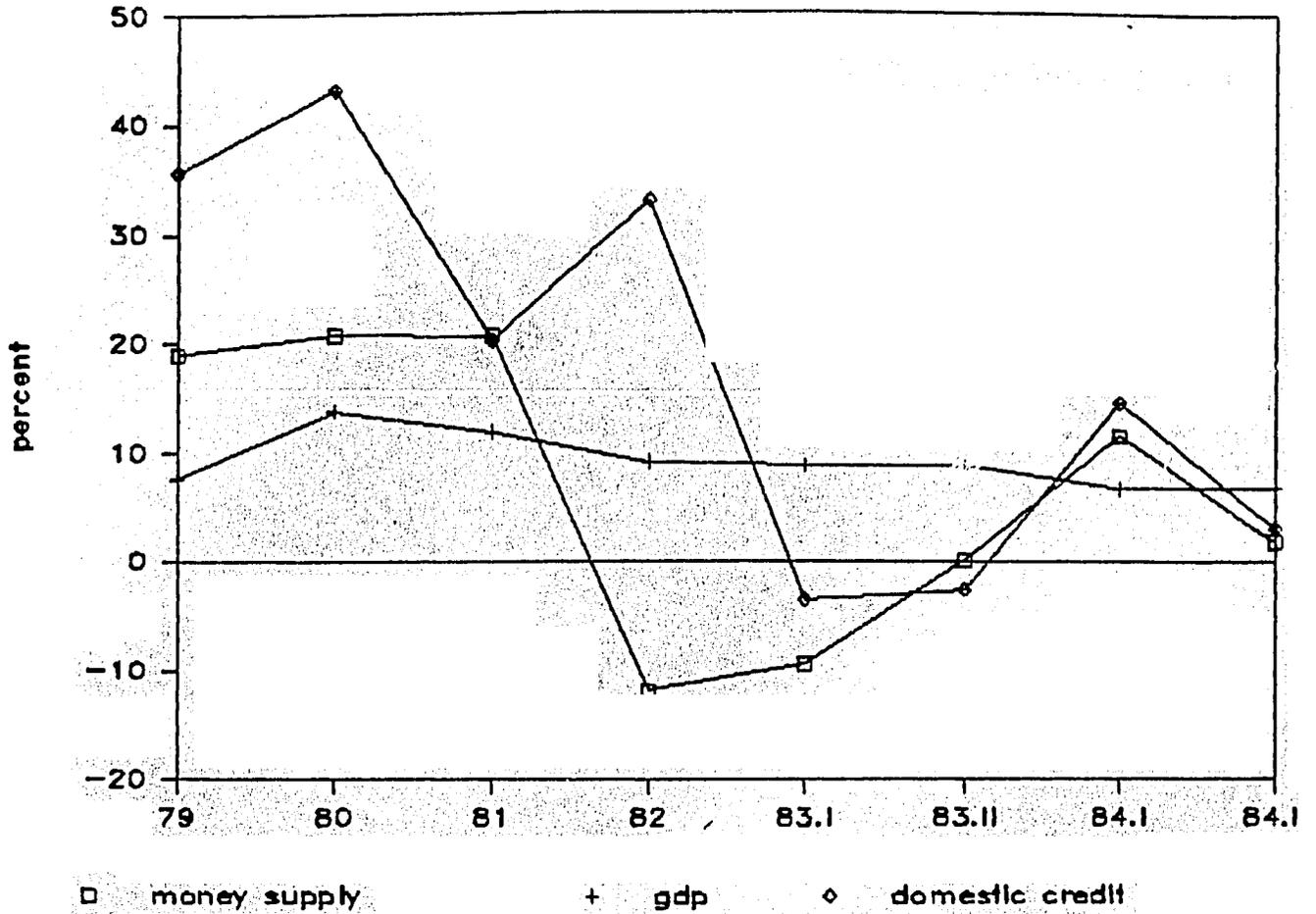


# CHANGES IN ECONOMIC STRUCTURE (1976-1983)

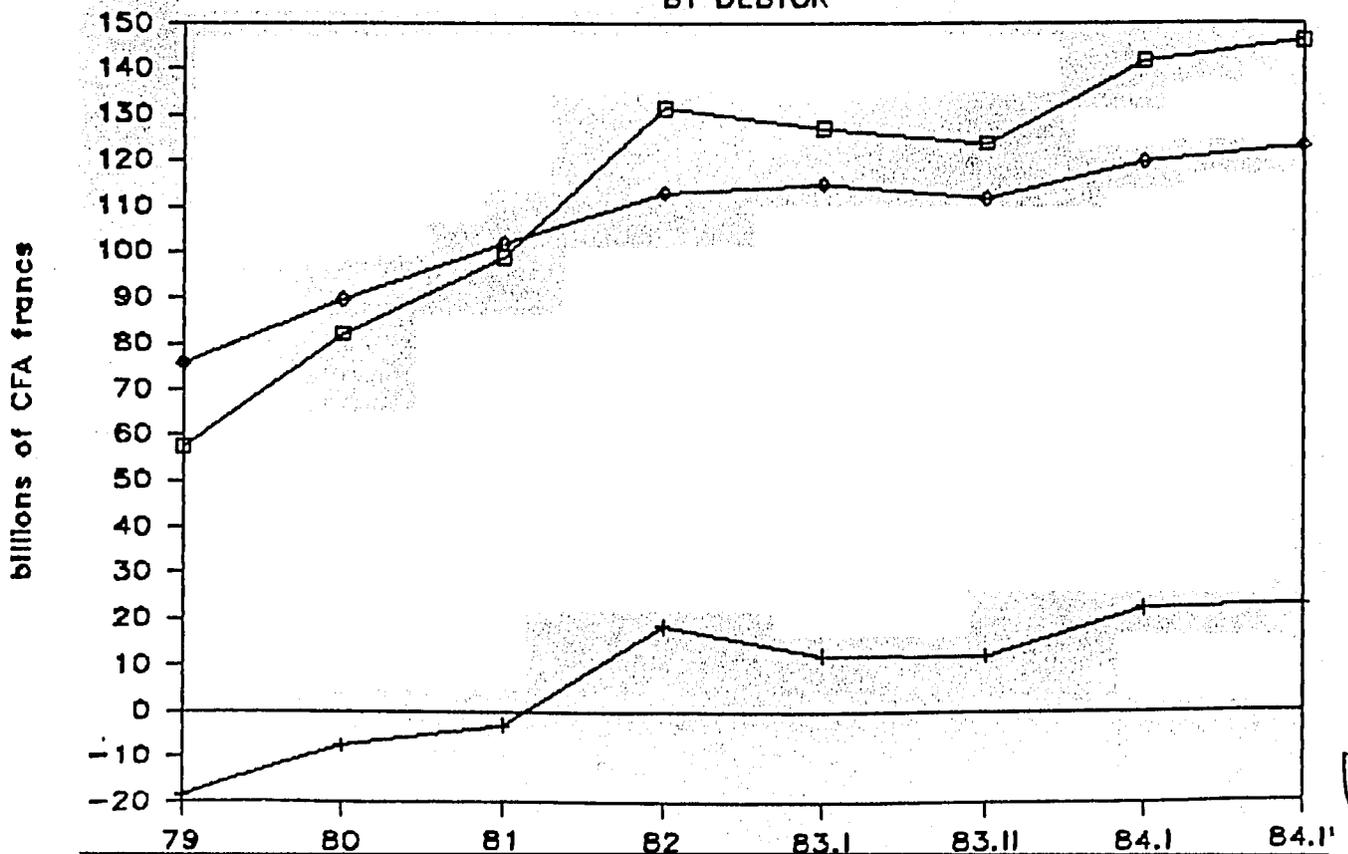


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# CHANGES IN MONEY SUPPLY AND GDP



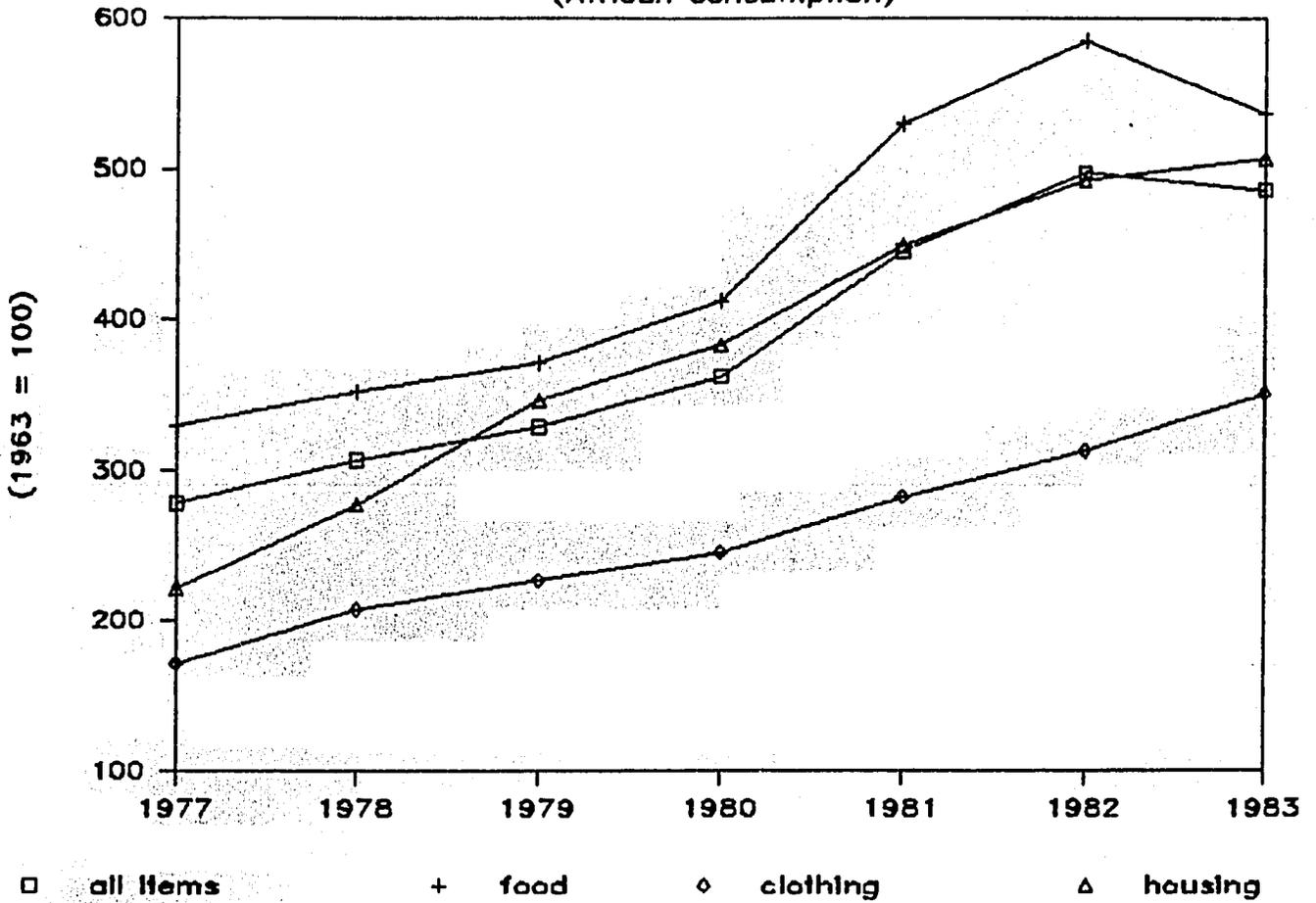
# DISTRIBUTION OF DOMESTIC CREDIT BY DEBTOR



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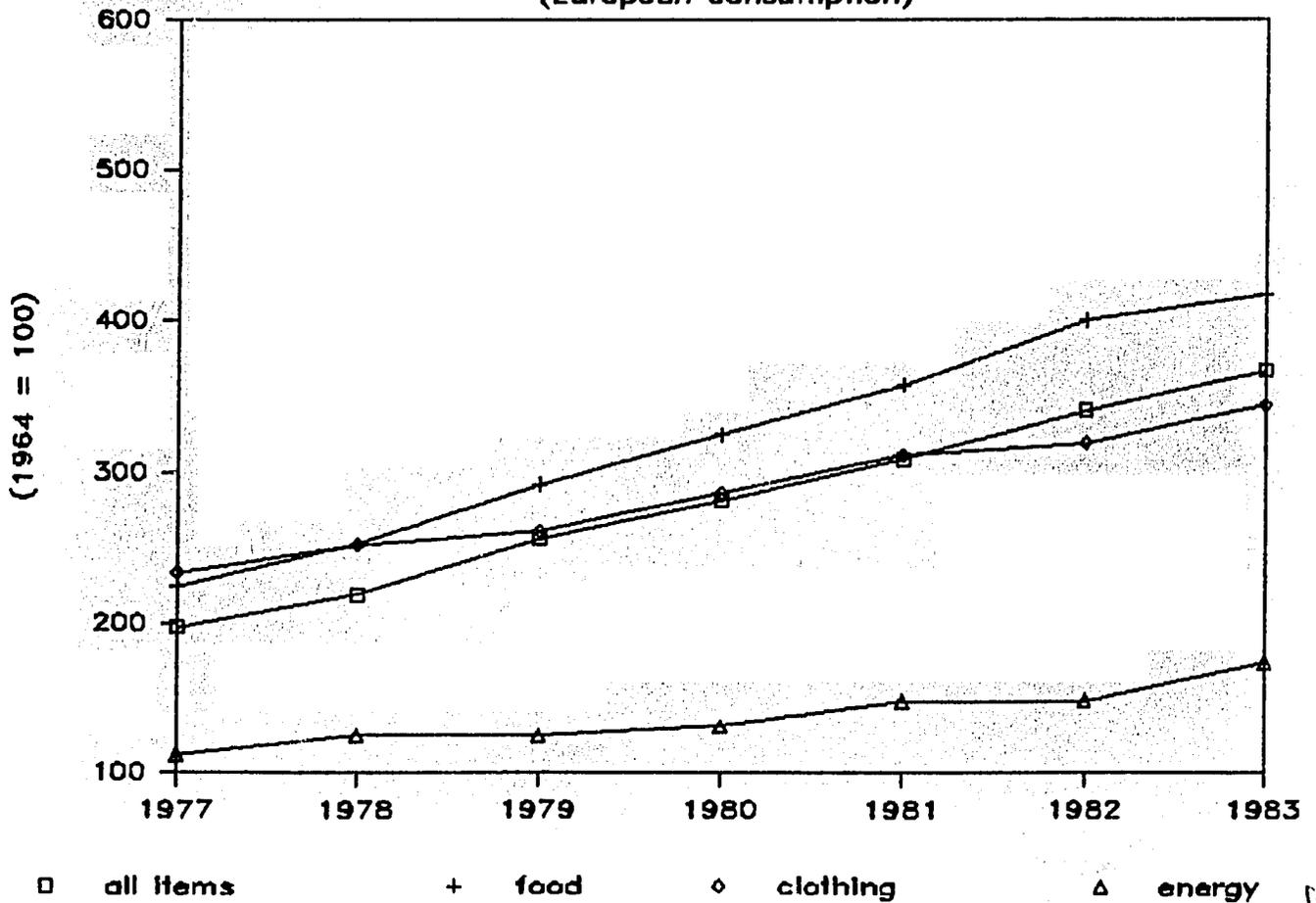
# CONSUMER PRICE INDICES IN NIAMEY

(African consumption)



# CONSUMER PRICE INDICES IN NIAMEY

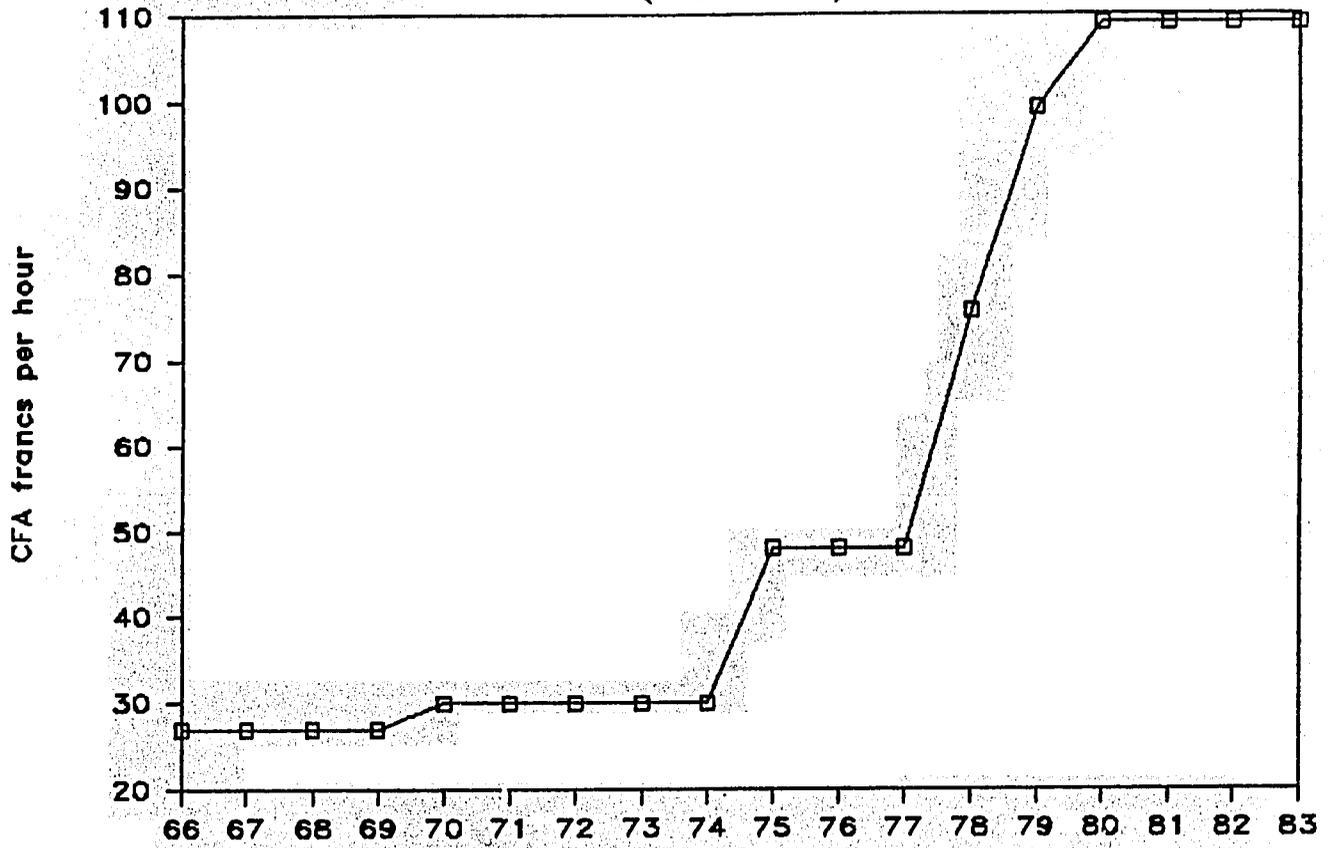
(European consumption)



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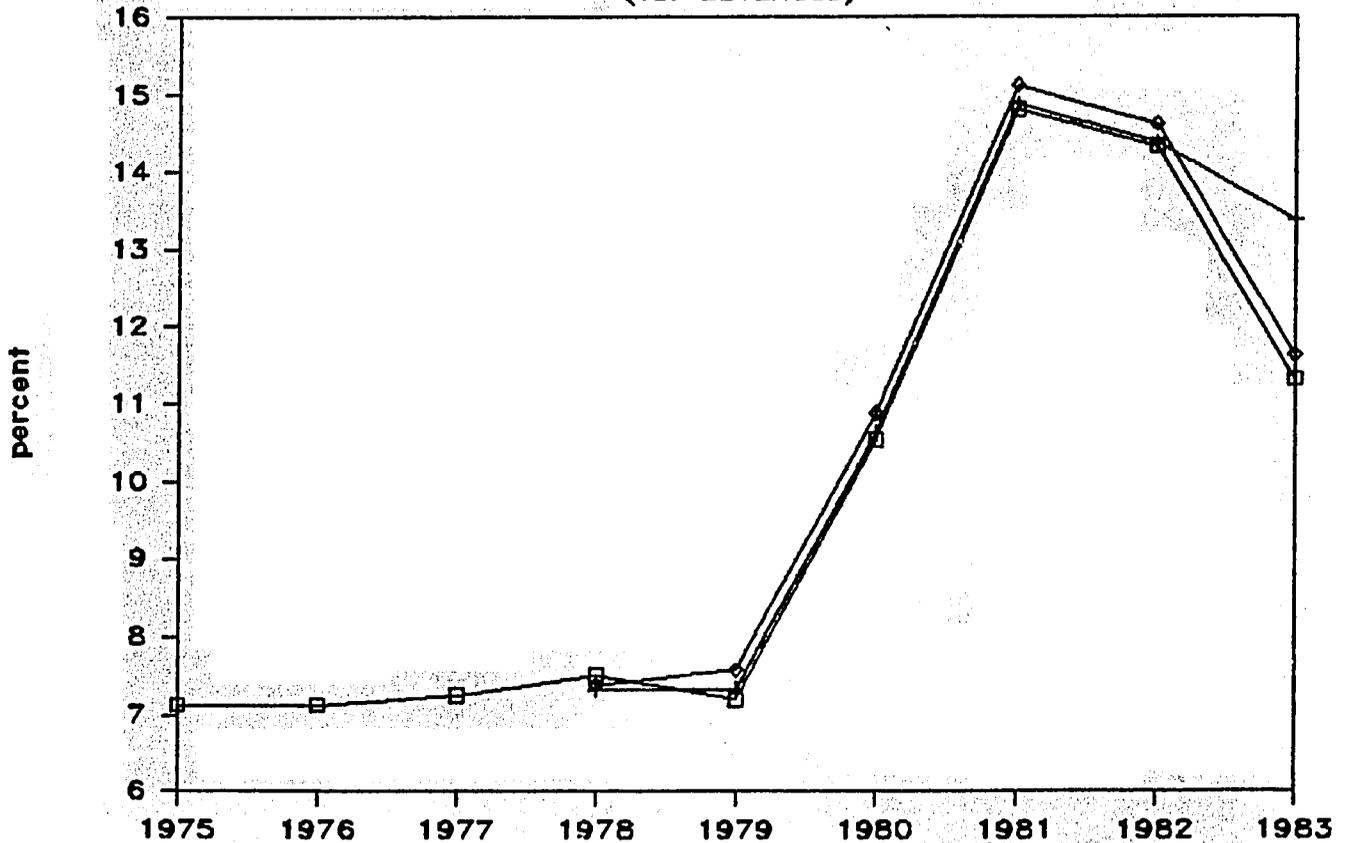
# MINIMUM WAGES

(1966-1983)



# INTEREST RATES: UMOA'S MONEY MARKET

(for advances)

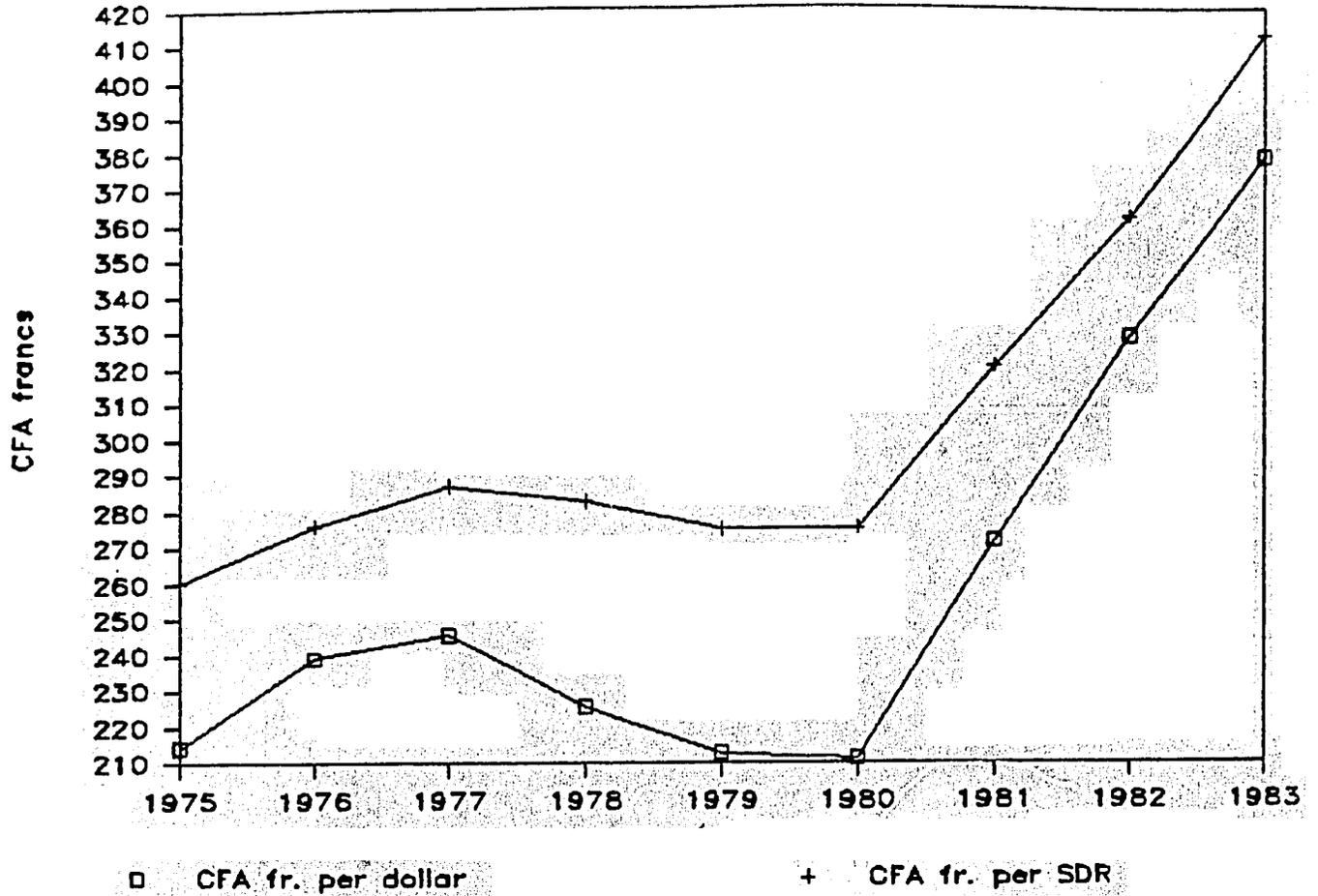


□ overnight      + one-month      ◊ three-month

63

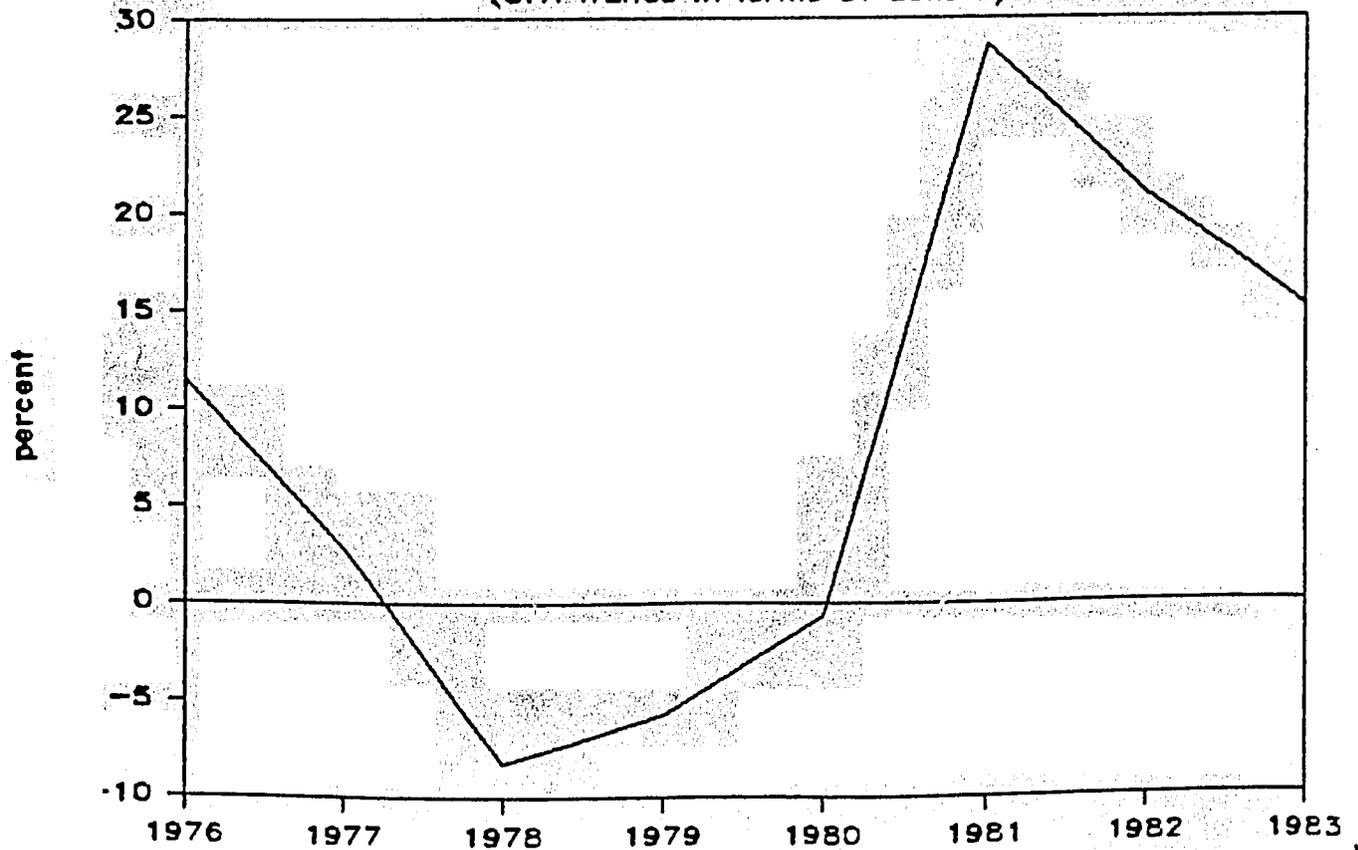
# EXCHANGE RATE

(CFA fr. per unit of foreign currency)



# CURRENCY DEPRECIATION

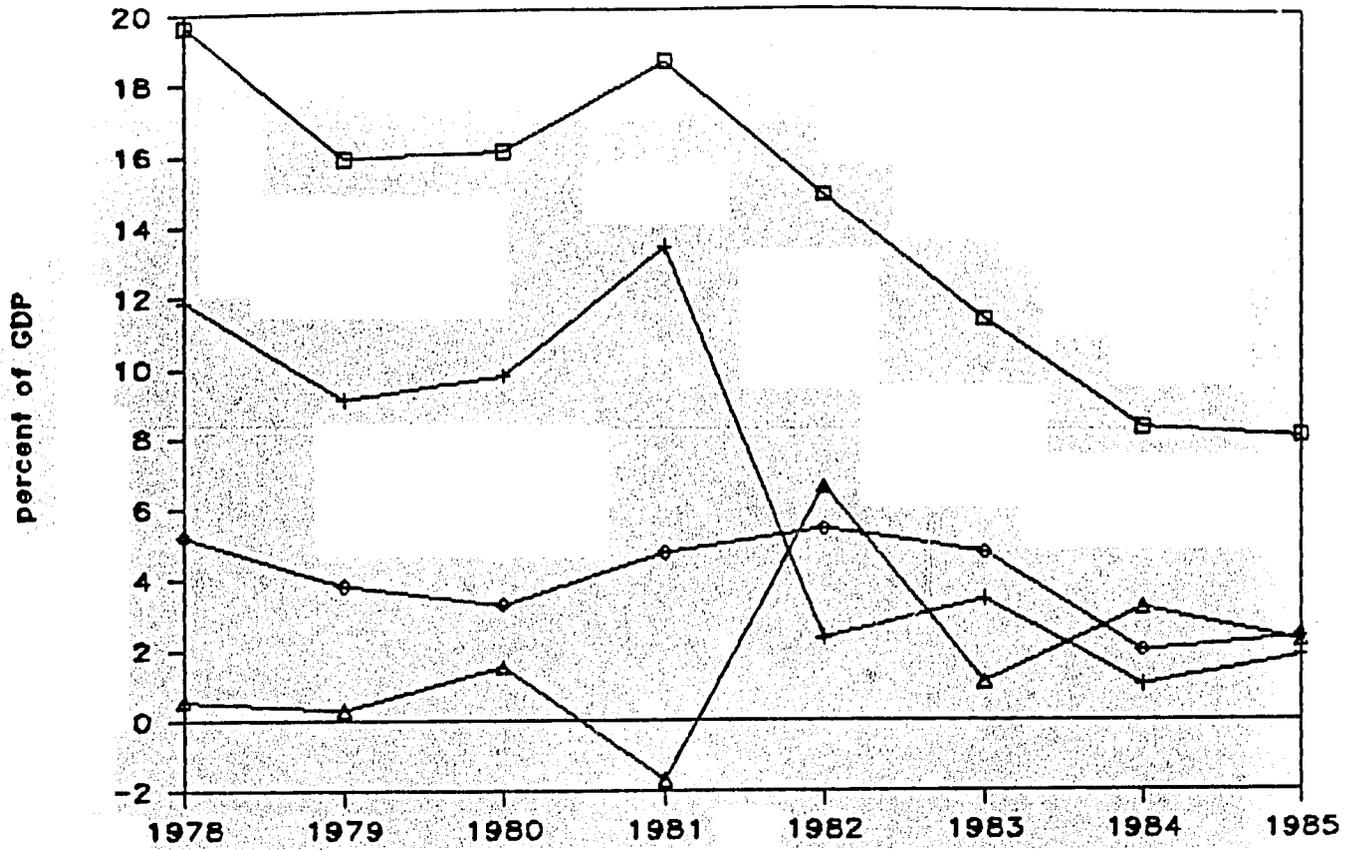
(CFA francs in terms of dollars)



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# INDICATORS BALANCE OF PAYMENTS

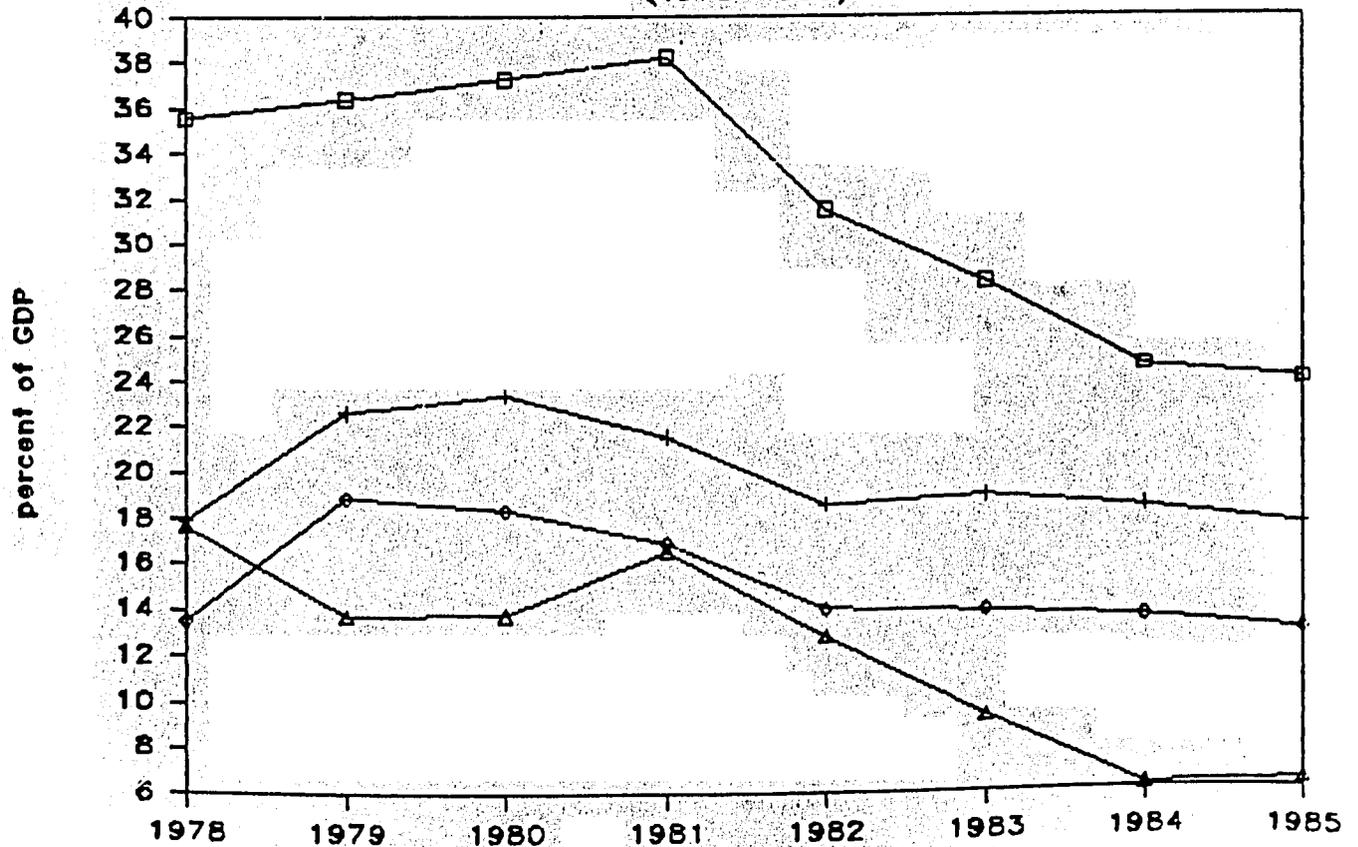
AGGREGATES (1978-1985)



□ cur def      + net C-Infl      ◇ grants      △ bop def

# INDICATORS OF EXTERNAL TRADE

(1978-1985)

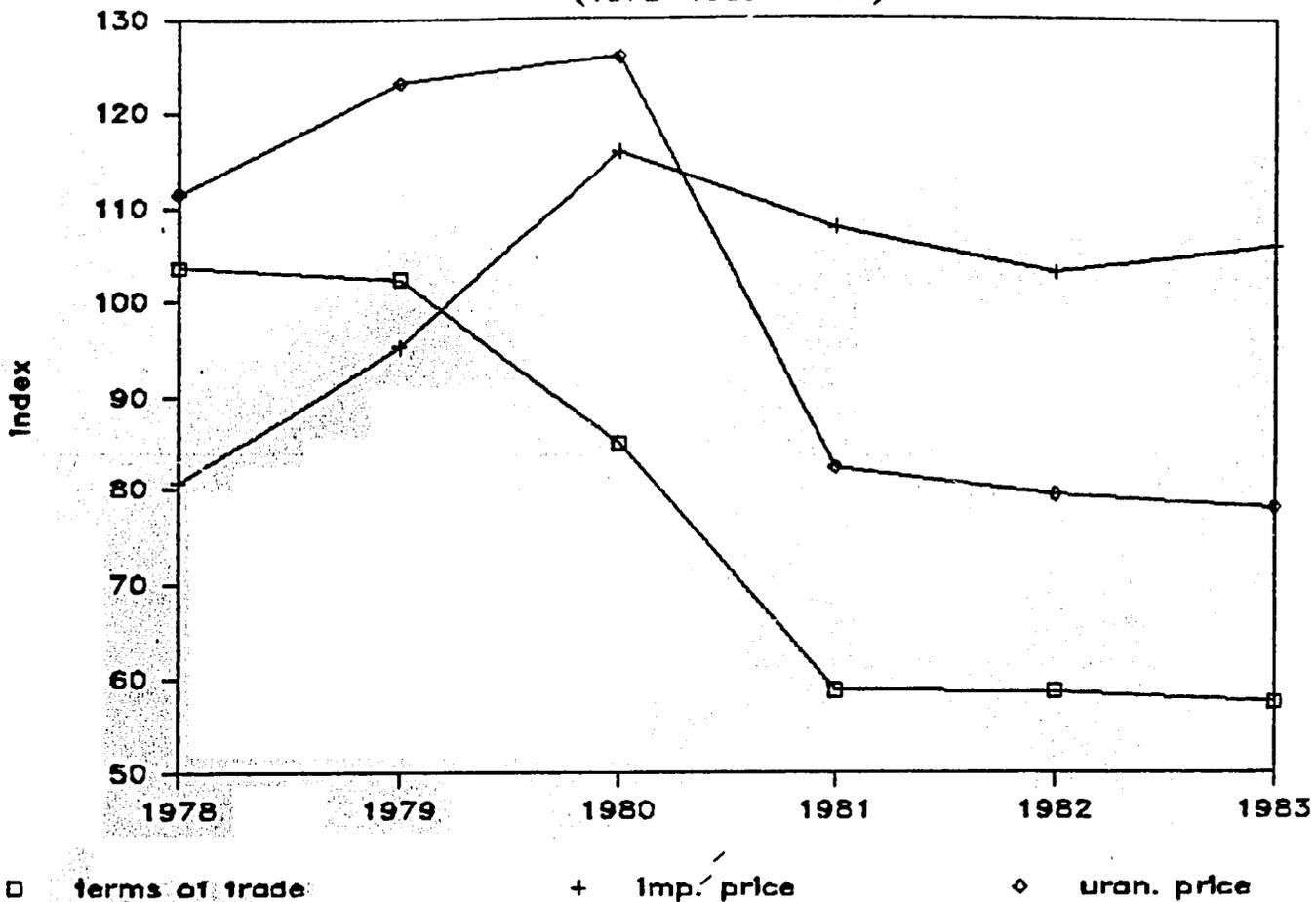


□ Imp.      + exp.      ◇ uran. exp.      △ trade gap

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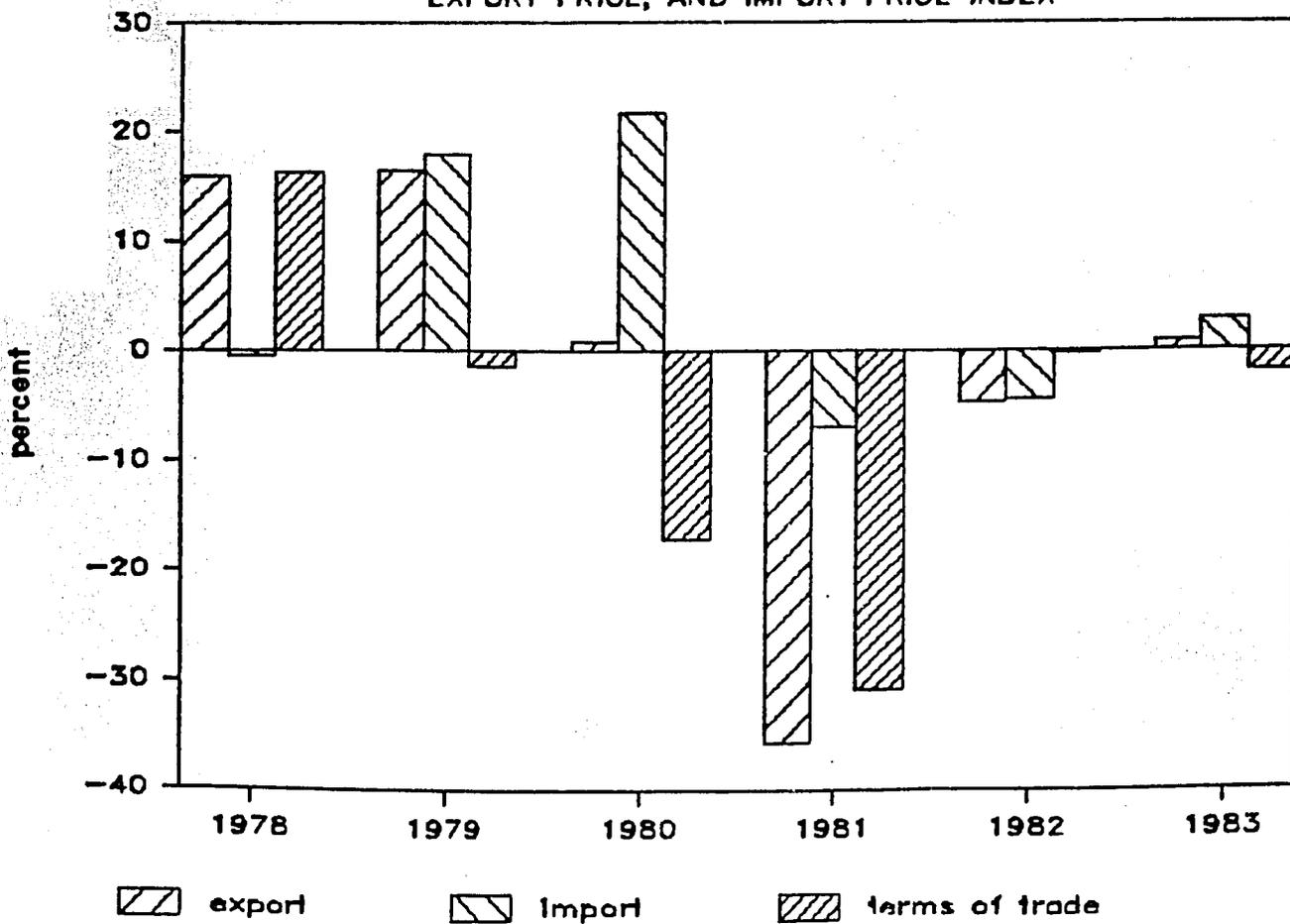
# TERMS OF TRADE

(1978-1983 = 100)



# CHANGES IN TERMS OF TRADE,

EXPORT PRICE, AND IMPORT PRICE INDEX

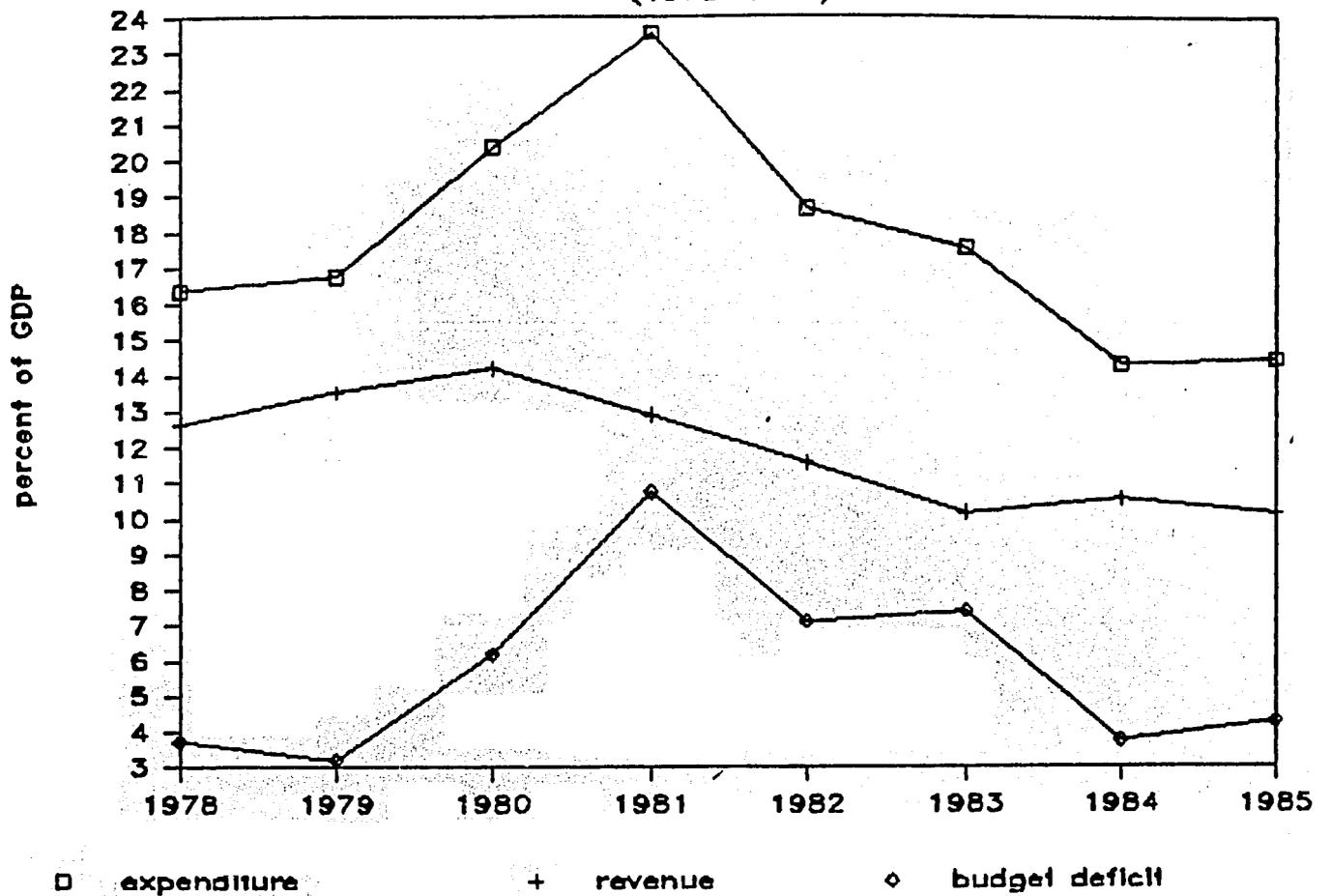


66



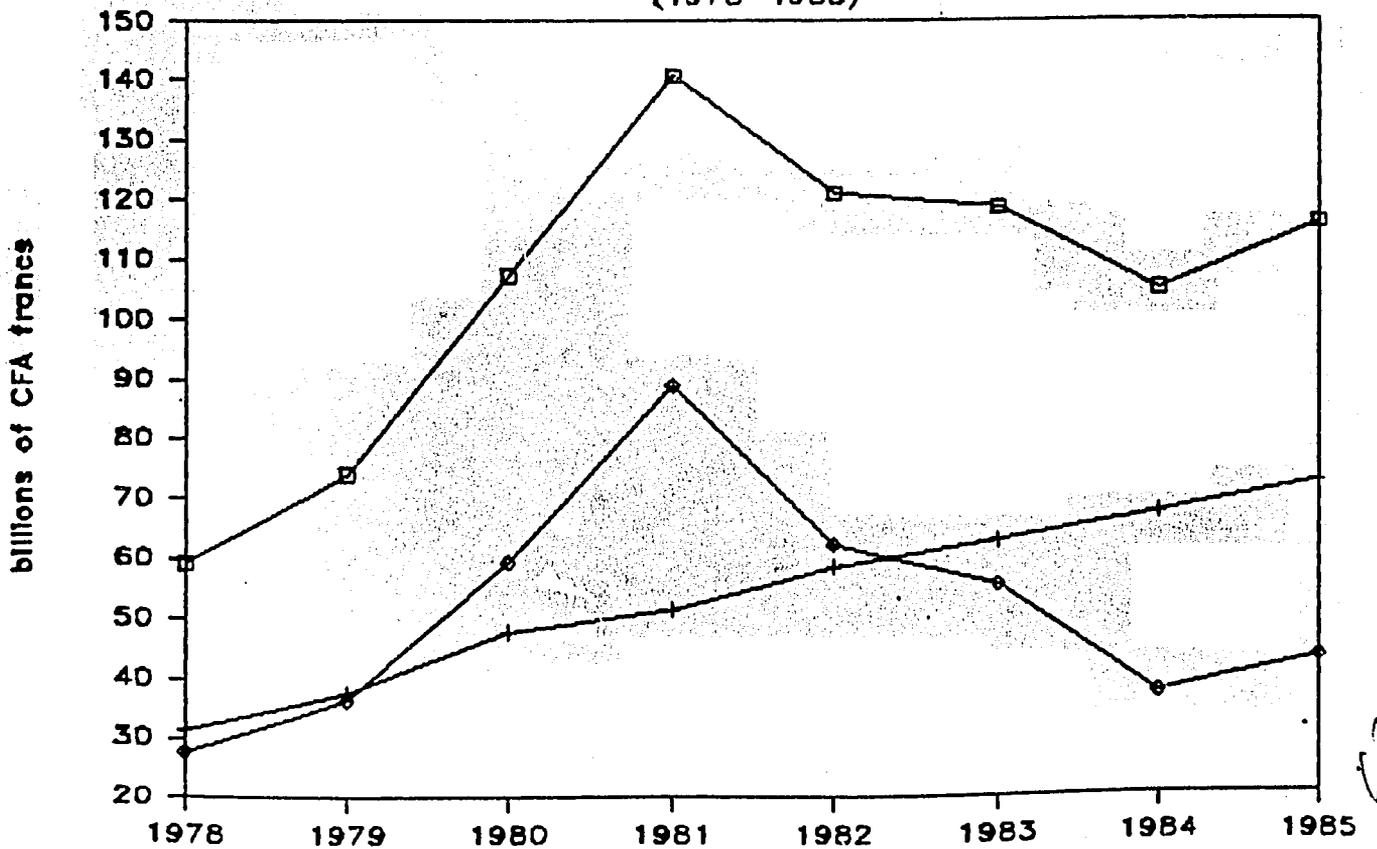
# INDICATORS OF FISCAL AGGREGATES

(1978-1985)



# GOVERNMENT SPENDING

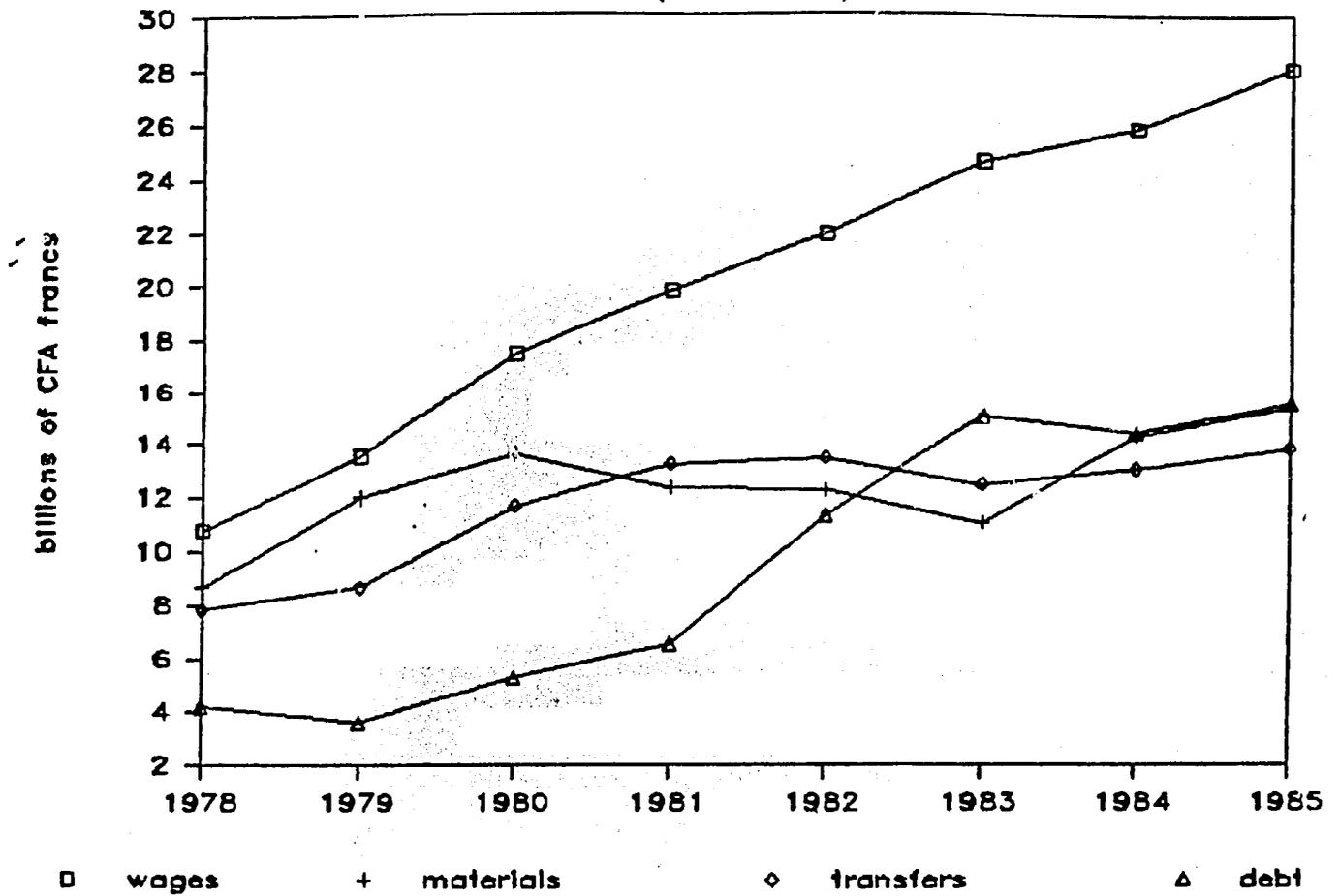
(1978-1985)



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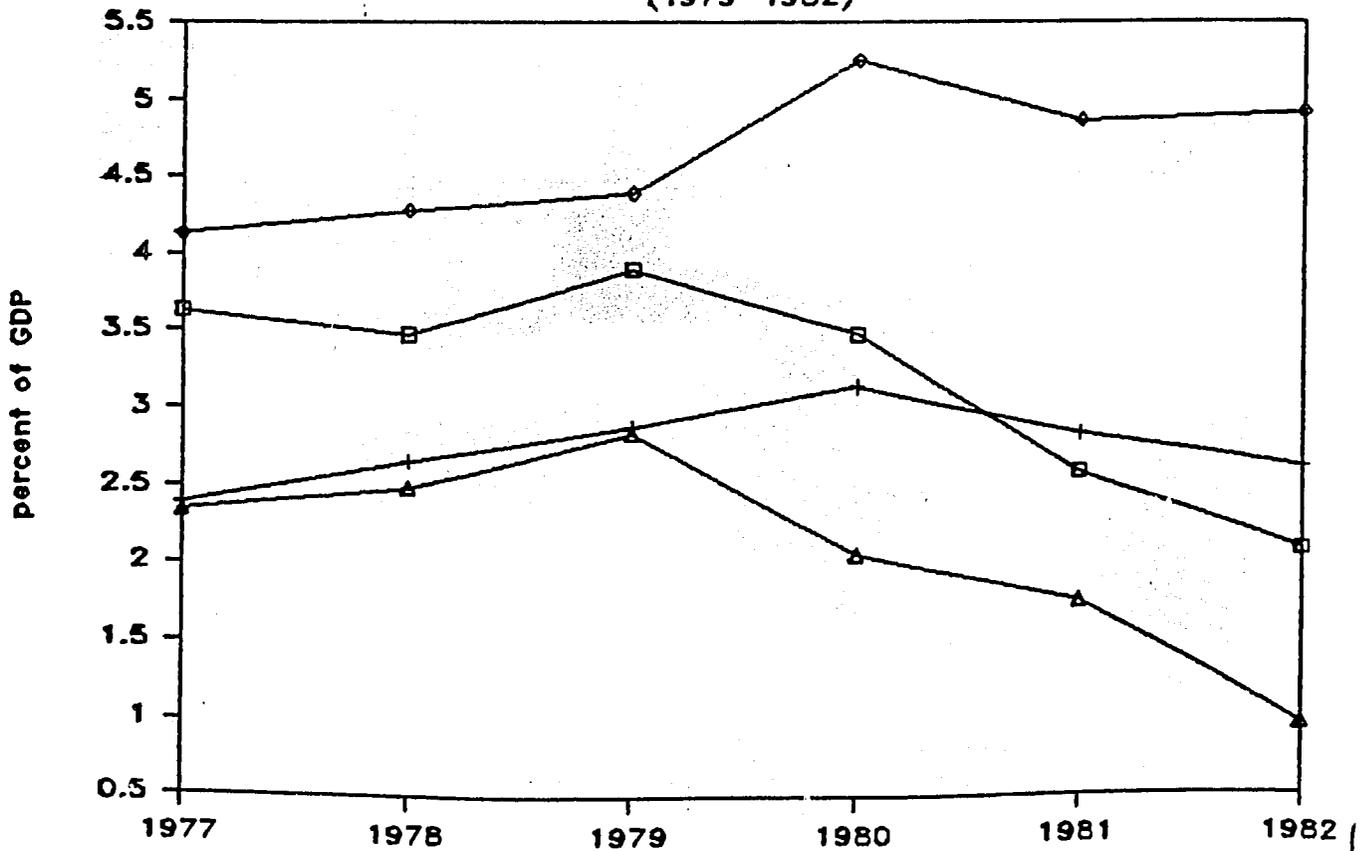
# GOVERNMENT EXPENDITURE TREND

(1978-1985)

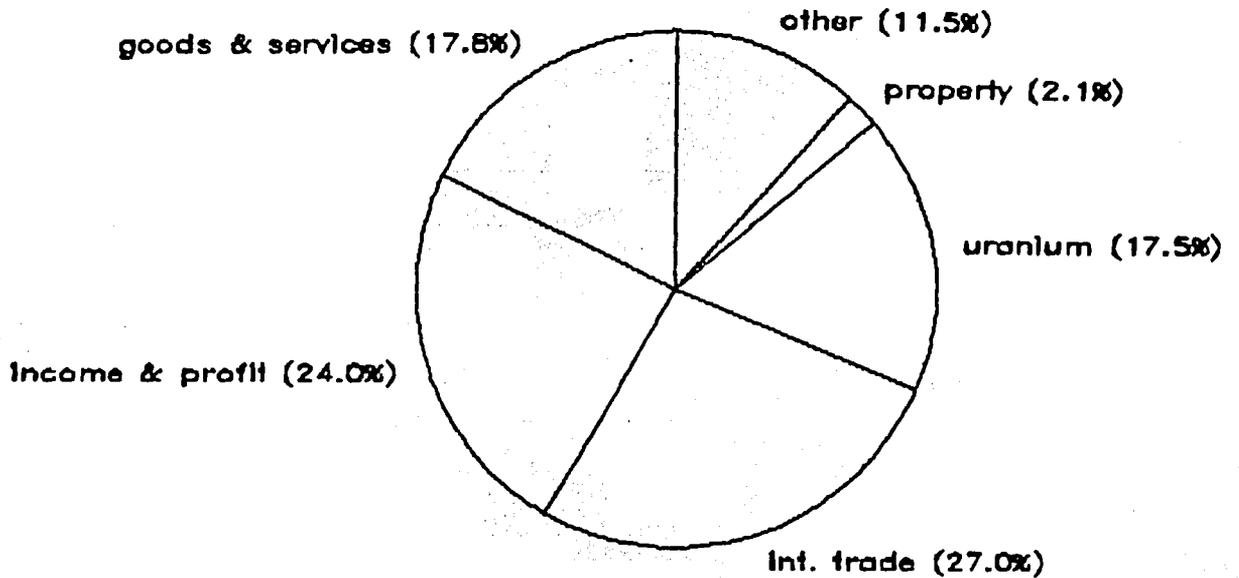


# GOVERNMENT TAX REVENUE TREND

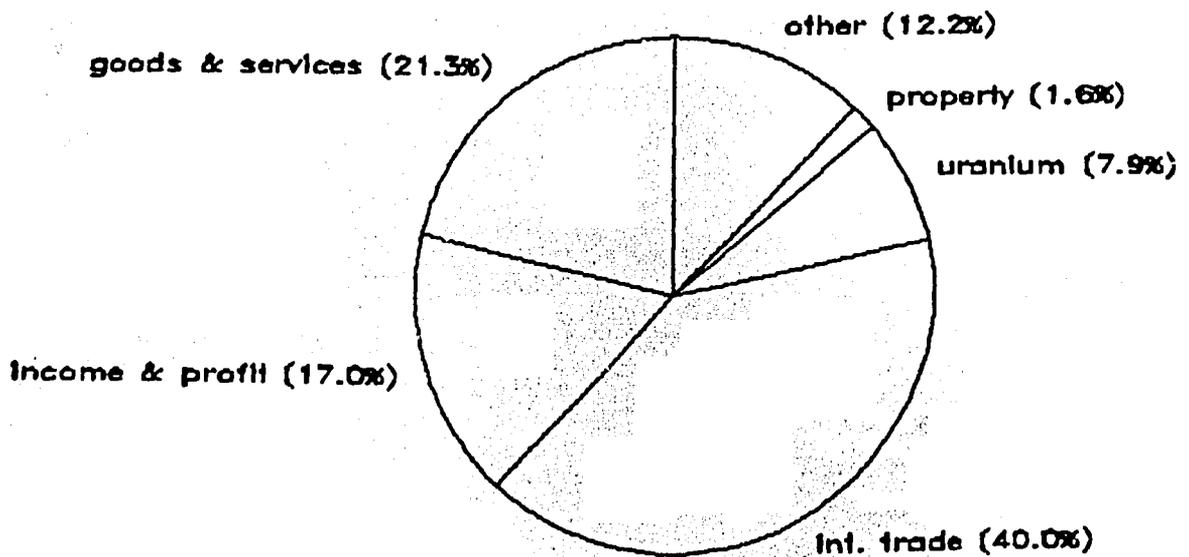
(1979-1982)



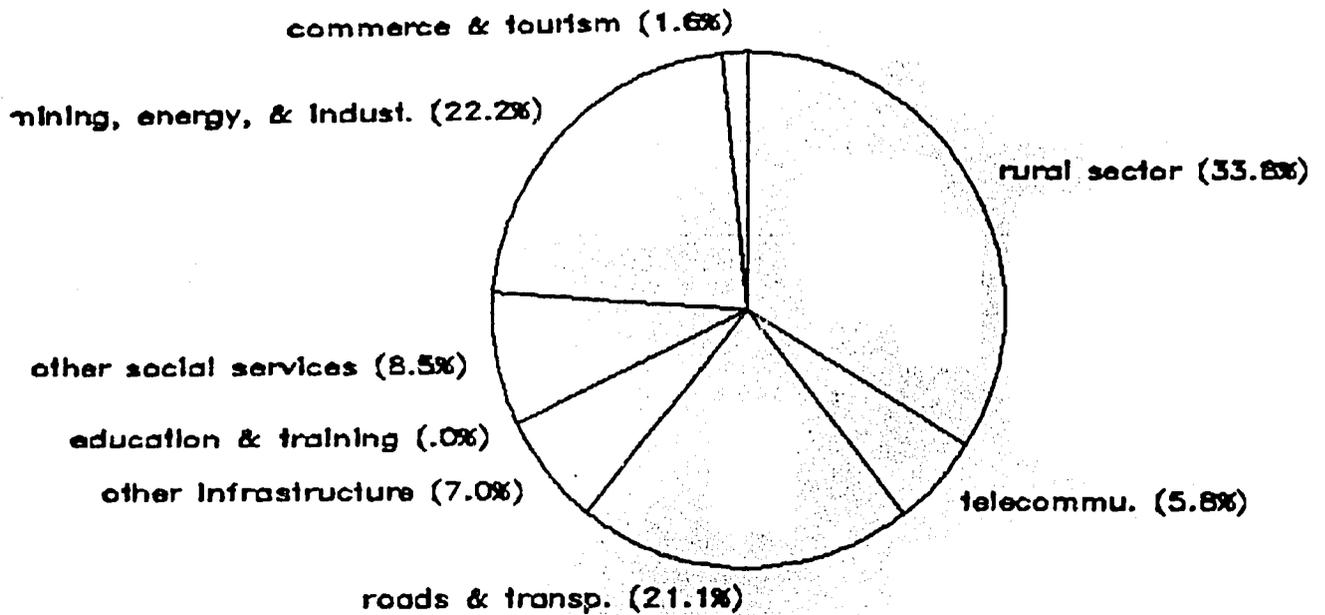
# COMPOSITION OF GOVERNMENT REVENUE (FY-1979)



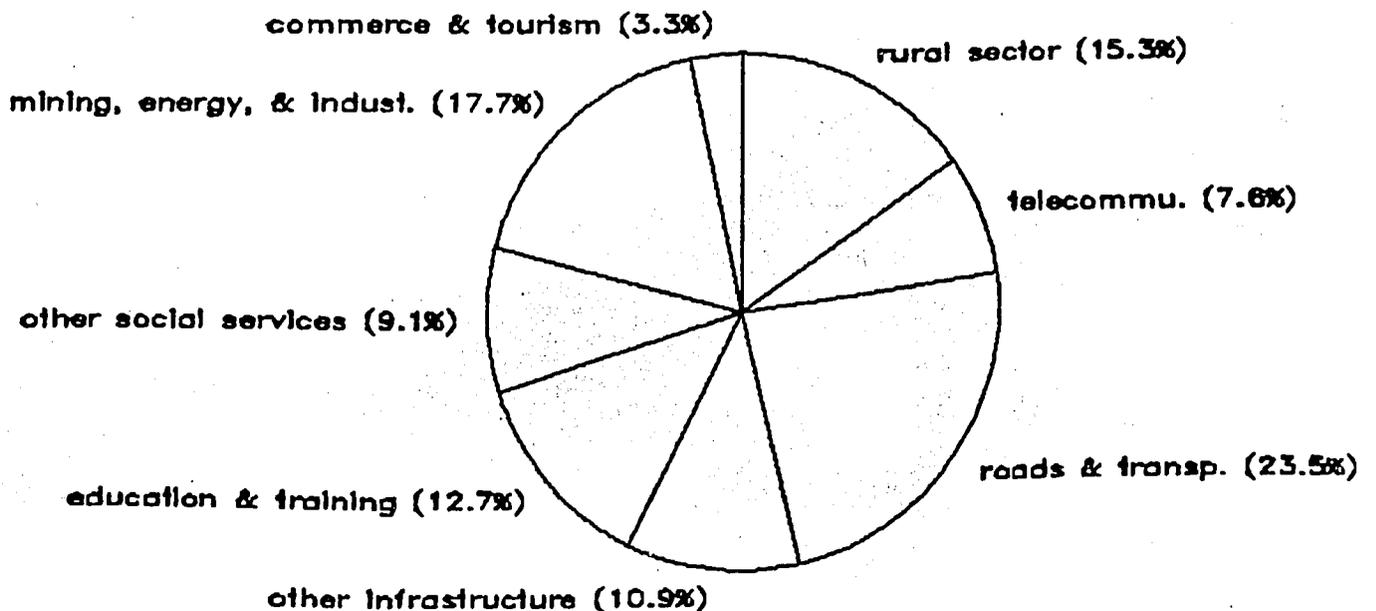
# COMPOSITION OF GOVERNMENT REVENUE (FY-1982)



# PLANNED PUBLIC INVESTMENT ALLOCATION IN INTERIM PLAN (1984-1985)

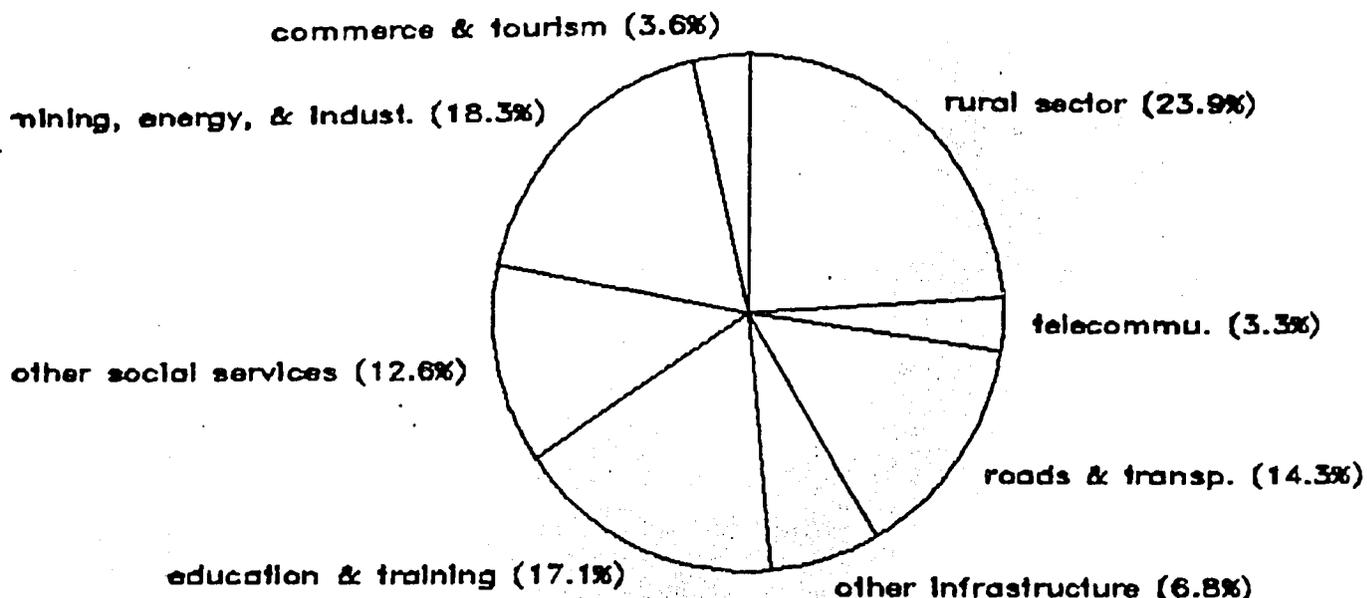


# ACTUAL PUBLIC INVESTMENT SPENDING DURING 1979-1983

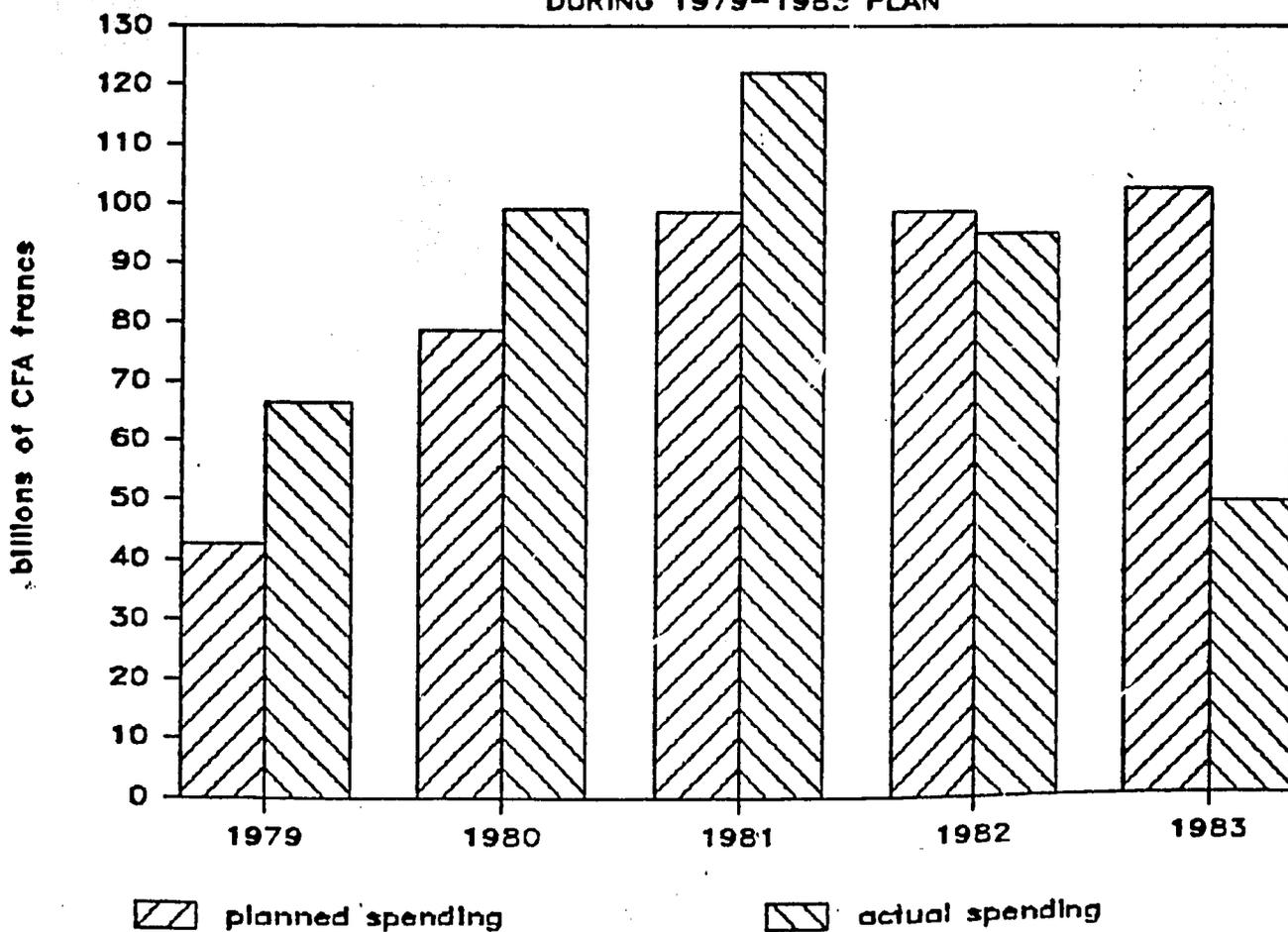


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# PLANNED PUBLIC INVESTMENT IN THE FIVE-YEAR PLAN (1979-83)



## PLANNED AND ACTUAL SPENDING DURING 1979-1983 PLAN



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TABLE A.1

NIGER: GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES, 1976-1985  
(in billions of CFA francs)

	1976	1977	1978	1979	1980	1981	1982	1983	Projection	
									1984	1985
Rural Sector	119.4	43.1	174.5	197.6	229.0	278.7	314.1	338.6	370.3	401.2
Agriculture	64.5	76.1	95.7	105.4	120.8	152.0	169.0	182.2	200.4	218.4
Livestock	42.4	51.9	61.4	72.2	85.2	100.3	115.3	124.2	134.9	145.1
Forestry & Fishing	12.5	15.1	17.4	20.0	23.0	26.4	29.8	32.2	35.0	37.7
Mining	18.7	23.2	36.0	61.6	65.6	54.3	51.1	42.9	46.5	50.5
Industry, Energy, & Handicrafts	15.4	17.7	19.8	23.4	27.9	36.0	43.2	47.8	54.4	60.8
Manufacturing	3.6	3.7	4.0	5.7	6.3	7.5	8.5	9.4	10.7	12.6
Electricity & Water	1.1	1.5	1.2	0.6	1.6	5.1	8.4	10.0	12.0	13.2
Handicrafts	10.7	12.5	14.6	17.6	20.0	23.4	26.3	28.4	31.7	35.0
Construction & Public Works	8.2	11.7	19.5	29.7	37.2	34.0	30.3	25.8	24.0	29.5
Commerce, Transport, & Services	50.5	58.7	70.3	79.9	101.1	120.9	132.2	142.8	159.6	176.6
Commerce	29.7	34.4	39.6	46.1	52.7	65.2	71.0	76.7	85.3	94.0
Transport	7.7	10.4	14.1	17.4	21.5	25.5	22.2	24.0	27.0	30.0
Services	13.1	13.9	16.6	16.4	26.9	30.2	39.0	42.1	47.3	52.6
Government	18.8	21.0	25.4	30.4	38.6	45.4	51.5	54.1	56.6	61.7
GDP at factor cost	231.0	275.4	345.5	422.6	499.4	569.3	622.4	652.0	711.4	780.3
Import Taxes & Duties	10.2	12.6	16.6	20.0	29.1	28.3	28.0	24.8	21.0	23.3
GDP at current market prices	241.2	288.0	362.1	442.6	528.5	597.6	650.4	676.8	732.4	803.6
Annual rate of growth		19.4	25.7	22.2	19.4	13.1	8.8	4.1	8.2	9.7
GDP at constant 1976 prices	241.2	249.6	270.4	307.1	322.2	325.7	325.0	310.7	311.3	320.0
Annual rate of growth		3.5	8.3	13.6	4.9	1.1	-0.2	-4.4	0.2	2.8
Implicit GDP deflator index	100.0	115.4	133.9	144.1	164.0	183.5	200.1	217.8	235.3	251.1
Annual % change		15.4	16.1	7.6	13.8	11.9	9.1	8.8	8.0	6.7
Modern sector	66.3	80.2	112.0	156.6	196.6	202.1	212.5	205.8	211.3	231.4
Traditional sector	174.9	207.8	250.1	286.0	331.9	395.5	437.9	471.0	521.1	572.2

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TABLE A.2

NIGER: GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES, 1976-1985  
(ANNUAL PERCENTAGE CHANGE)

	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	Trend rate of growth
Rural Sector	19.8	21.9	13.2	15.9	21.7	12.7	7.8	9.4	8.3	15.2
Agriculture	18.0	25.8	10.1	14.6	25.8	11.2	7.8	10.0	9.0	15.2
Livestock	22.4	18.3	17.6	18.0	17.7	15.0	7.7	8.6	7.6	15.6
Forestry & Fishing	20.8	15.2	14.9	15.0	14.8	12.9	8.1	8.7	7.7	13.6
Mining	24.1	55.2	71.1	6.5	-17.2	-5.9	-16.0	8.4	8.6	13.2
Industry, Energy, & Handicrafts	14.9	11.9	18.2	19.2	29.0	20.0	10.6	13.8	11.8	17.1
Manufacturing	2.8	8.1	42.5	10.5	19.0	13.3	10.6	13.8	17.8	15.3
Electricity & Water	36.4	-20.0	-50.0	166.7	218.8	64.7	19.0	20.0	10.0	35.0
Handicrafts	16.8	16.8	20.5	13.6	17.0	12.4	8.0	11.6	10.4	14.4
Construction & Public Works	42.7	66.7	52.3	25.3	-8.6	-10.9	-14.9	-7.0	22.9	17.5
Commerce, Transport, & Services	16.2	19.8	13.7	26.5	19.6	9.3	8.0	11.8	10.7	15.7
Commerce	15.8	15.1	16.4	14.3	23.7	8.9	8.0	11.2	10.2	14.2
Transport	35.1	35.6	23.4	23.6	18.6	12.9	8.1	12.5	11.1	16.3
Services	6.1	19.4	-1.2	64.0	12.3	29.1	7.9	12.4	11.2	18.6
Government	11.7	21.0	19.7	27.0	17.6	13.4	5.0	4.6	9.0	16.5
Import Taxes & Duties	23.5	31.7	20.5	45.5	-2.7	-1.1	-11.4	-15.3	11.0	14.5
GDP at current market prices	19.4	25.7	22.2	19.4	13.1	8.8	4.1	8.2	9.7	17.2
GDP at constant 1976 prices	3.5	8.3	13.6	4.9	1.1	-0.2	-4.4	0.2	2.8	4.4
Implicit GDP deflator	15.4	16.1	7.6	13.8	11.9	9.1	8.8	8.0	6.7	11.0

TABLE A.3

NIEER: SUPPLY AND USE OF RESOURCES AT CURRENT MARKET PRICES, 1976-1985  
(in billions of CFA francs)

	1976	1977	1978	1979	1980	1981	1982	1983	Projection	
									1984	1985
<b>SUPPLY OF RESOURCES:</b>	309.8	379.8	494.0	603.7	725.6	808.8	867.4	883.3	930.3	1021.1
Gross domestic product	241.2	288.0	362.1	442.6	528.5	597.6	650.4	676.8	732.4	803.6
Imports of goods and nonfactor services	68.6	91.8	131.9	161.1	197.1	211.2	217.0	206.5	197.9	217.5
<b>USE OF RESOURCES:</b>	309.8	379.8	494.0	603.7	725.6	808.8	867.4	883.3	930.3	1021.1
Consumption	215.1	250.4	317.7	350.8	415.7	527.1	790.3	631.6	682.1	744.8
Private	188.9	219.7	281.2	307.0	360.5	462.6	.....	.....	.....	.....
Public	26.2	30.7	36.5	43.8	55.2	64.5	.....	.....	.....	.....
Gross fixed capital formation	40.0	62.0	88.0	123.2	152.0	137.6	110.9	96.7	92.9	95.0
Changes in stocks	10.0	13.0	12.5	20.0	19.0	-6.0	25.8	1.3	-1.7	15.9
Exports of goods and nonfactor services	44.7	54.4	75.8	109.7	138.9	150.1	140.4	153.7	157.0	165.4
<b>RESOURCE GAP (deficit -)*</b>	-23.9	-37.4	-56.1	-51.4	-58.2	-61.1	-76.6	-52.8	-40.9	-52.1
(resource gap as % of GDP)	-9.9	-13.0	-15.5	-11.6	-11.0	-10.2	-11.8	-7.8	-5.6	-6.5

\*Resource gap is the difference between exports and imports of goods and nonfactor services.

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TABLE A.4

## NIGER: ESTIMATED EMPLOYMENT IN MODERN SECTOR, 1977-1981

	1977	1978	1979	1980	1981
PRIVATE AND PUBLIC ENTERPRISES	26,716	31,004	36,389	38,199	37,020
Mining	2,213	2,650	3,658	4,301	4,265
Industry	3,360	3,400	3,517	3,788	4,136
Energy	605	712	817	954	1,015
Construction	10,716	14,020	17,214	16,664	13,068
Commerce	2,320	2,450	3,754	4,023	4,314
Hotels & Restaurants	606	620	636	786	1,051
Transport	1,598	2,000	2,647	2,758	2,874
Services	2,489	2,415	1,396	1,519	1,654
Banking & Insurance	1,126	1,230	1,465	1,757	2,109
Agriculture	1,682	1,507	1,285	1,649	2,534
II. GOVERNMENT ADMINISTRATION	20,645	22,200	24,900	25,955	27,055
TOTAL	47,361	53,204	61,289	64,154	64,075

NIGER: ESTIMATED EMPLOYMENT IN MODERN SECTOR, 1977-1981  
(as percentage of total employment)

	1977	1978	1979	1980	1981
I. PRIVATE AND PUBLIC ENTERPRISES	56.41	58.27	59.37	59.54	57.78
Mining	4.67	4.98	5.97	6.70	6.66
Industry	7.09	6.39	5.74	5.90	6.45
Energy	1.28	1.34	1.33	1.49	1.58
Construction	22.63	26.55	28.09	25.97	20.39
Commerce	4.90	4.60	6.13	6.27	6.73
Hotels & Restaurants	1.28	1.17	1.04	1.23	1.64
Transport	3.38	3.76	4.32	4.30	4.49
Services	5.26	4.54	2.28	2.37	2.58
Banking & Insurance	2.38	2.31	2.39	2.74	3.29
Agriculture	3.55	2.83	2.10	2.57	3.95
II. GOVERNMENT ADMINISTRATION	43.59	41.73	40.63	40.46	42.22
TOTAL	100.00	100.00	100.00	100.00	100.00

TABLE A.5

## NIGER: INDICES OF CONSUMER PRICES IN NIAMEY

	Weights	1977	1978	1979	1980	1981	1982	1983
<b>African consumption</b>								
Food	0.45	329.3	352.1	371.5	412.4	529.9	584.8	536.0
Clothing	0.10	171.5	207.1	226.7	245.2	282.1	312.5	350.2
Housing	0.18	221.5	276.8	346.1	383.1	448.9	492.0	506.5
Other	0.27	221.8	244.3	251.4	271.7	311.1	347.0	405.0
<b>INDEX FOR AFRICAN CONSUMPTION</b> (1963 = 100)		278.1	306.1	328.4	362.2	445.2	497.1	485.0
<b>European consumption</b>								
Food	0.46	224.3	251.8	291.9	324.6	357.5	400.5	417.7
Clothing	0.06	233.5	251.5	260.8	285.9	311.1	318.8	343.7
Energy	0.11	111.9	124.9	124.9	131.6	147.8	147.9	173.1
Household help	0.08	146.6	157.5	218.1	239.5	239.5	239.5	239.5
Household items	0.03	239.4	310.6	323.2	343.4	368.7	312.8	449.75
Other	0.26	190.5	202.0	251.7	272.8	305.3	344.5	395.8
<b>INDEX FOR EUROPEAN CONSUMPTION</b> (1964 = 100)		197.5	218.4	255.8	281.1	308.3	340.5	366.6
(annual percentage change)								
<b>African consumption</b>								
Food	0.45		6.9	5.5	11.0	28.5	10.4	-8.3
Clothing	0.10		20.8	9.5	8.2	15.0	10.8	12.1
Housing	0.18		25.0	25.0	10.7	17.2	9.6	2.9
Other	0.27		10.1	2.9	8.1	14.5	11.5	16.7
<b>INDEX FOR AFRICAN CONSUMPTION</b>			10.1	7.3	10.3	22.9	11.7	-2.4
<b>European consumption</b>								
Food	0.46		12.3	15.9	11.2	10.1	12.0	4.3
Clothing	0.06		7.7	3.7	9.6	8.8	2.5	7.8
Energy	0.11		11.6	0.0	5.4	12.3	0.1	17.0
Household help	0.08		7.4	38.5	9.8	0.0	0.0	0.0
Household items	0.03		29.7	4.1	6.2	7.4	12.0	9.0
Other	0.26		6.0	24.6	8.4	11.9	12.8	14.9
<b>INDEX FOR EUROPEAN CONSUMPTION</b>			10.6	17.1	9.9	9.7	10.4	7.7

TABLE A.6

NIGER: INVESTMENT FOR THE 5-YEAR PLAN, 1979-83  
(in millions of CFA francs, at constant 1979 prices)

Sector	Plan targets	Plan targets	Plan targets for public investment				
	for private investment	for public investment	1979	1980	1981	1982	1983
	1979-83	1979-83					
AGRICULTURE, LIVESTOCK, AND RURAL INFRASTRUCTURE		92032	13189	17575	19869	20029	21370
Agriculture		64871	8712	11345	13088	14674	17052
Livestock		18469	3258	4023	4602	3591	2995
Water, forestry, & fisheries		4439	625	1000	876	990	948
Rural engineering		4253	594	1207	1303	774	375
INDUSTRY AND MINING	305482	70206	4384	9816	13833	17715	24458
Manufacturing	31334	13733	1526	2543	2396	3068	4200
Mining	221995	39543	87	3478	8754	12831	14393
Energy	52153	16930	2771	3795	2683	1816	5865
SOCIAL SERVICES & INFRASTRUCTURE	31706	208482	22048	38573	50688	51245	45928
Health and nutrition		18968	1531	4016	4566	4858	3997
Education		44429	3442	9358	11834	11200	8595
Vocational training	1003	5543	612	530	1143	1645	1613
Information		10179	2626	2329	2433	1795	996
Youth and sports		5729	530	1533	2251	1124	291
Telecommunications		12774	626	2644	3654	3350	2500
Roads and bridges	14600	45747	3214	5859	9339	12480	14855
Transport	16103	2804	442	261	645	690	766
Air transport		6437	747	1036	1518	1595	1541
Administrative infrastructure		26266	4817	5933	5746	5544	4226
Urban development		5188	617	1714	1128	1039	690
Water supply		24418	2844	3360	6431	5925	5858
SERVICES	5742	13774	2974	3108	3745	1504	2443
Commerce	5742	5282	2046	1601	735	500	400
Tourism		8492	928	1507	3010	1004	2043
TOTAL	342930	384494	42595	69072	88135	90493	94199

TABLE A.7

NIGER: COMPARISON OF ACTUAL AND PLANNED INVESTMENT EXPENDITURE  
DURING THE FIVE-YEAR PLAN, 1979-1983  
(in billions of CFA francs)

Sector	Plan targets for public investment 1979-83	Actual Spending in current prices					Total spending in constant 1979 prices 1979-1983	Ratio of actual to planned spending 1979-1983	Actual spending allocations (in percent) 1979-1983	Planned investment allocations (in percent) 1979-1983
		1979	1980	1981	1982	1983				
I. DIRECTLY PRODUCTIVE SECTOR	75.98	26.61	35.64	37.25	30.96	26.28	126.85	0.72	36.21	45.78
Rural sector	92.04	9.85	13.48	16.74	15.54	11.18	53.42	0.58	15.25	23.94
Mining, industry & energy	70.21	12.88	19.68	17.14	11.45	15.10	61.86	0.88	17.66	18.26
Commerce & tourism	13.73	3.88	2.48	3.37	3.97		11.56	0.84	3.30	3.58
II. ECONOMIC INFRASTRUCTURE	67.76	19.82	31.84	44.02	26.14	11.83	109.01	1.61	31.11	17.62
Roads & transport	48.55	14.29	24.95	20.00	20.36	10.65	73.62	1.52	21.01	12.63
Air transport	6.44	1.07	2.00	6.70	1.14		8.91	1.38	2.54	1.67
Telecommunications	12.77	4.46	4.89	17.32	4.64	1.18	26.48	2.07	7.56	3.32
III. SOCIAL SERVICES	14.44	11.69	24.68	26.74	25.70	5.20	76.31	0.67	21.78	29.77
Education	65.86	7.68	14.30	14.64	15.67	2.28	44.53	0.68	12.71	17.14
Health	18.97	1.51	1.66	3.73	3.20		8.20	0.43	2.34	4.93
Water supply	24.42	1.58	3.41	4.41	5.63	2.72	13.89	0.57	3.97	6.35
Housing & urbanization	5.19	0.92	5.31	3.96	1.20	0.20	9.69	1.87	2.77	1.35
IV. ADMINISTRATIVE INFRASTRUCTURE	26.27	8.28	7.08	13.93	12.20	5.98	38.18	1.45	10.90	6.83
TOTAL	384.45	66.40	99.24	121.94	95.00	49.29	350.35	0.91	100.00	100.00

Annual percentage changes in GDP deflator are used to convert 1980-1983 spending to 1979 constant dollars and vice versa. The annual percentage changes are as follows: 1980, 13.8%; 1981, 11.9%; 1982, 9.1%; and 1983, 8.8%.

TABLE A.8

NIGER: PLANNED PUBLIC INVESTMENT EXPENDITURE IN INTERIM PLAN, 1984-1985  
(in millions of CFA francs)

SECTOR	TOTAL	1984	1985	FINANCING SECURED	FINANCING SOUGHT
<b>I. DIRECTLY PRODUCTIVE SECTOR</b>	<b>45409</b>	<b>22826</b>	<b>22583</b>	<b>44287</b>	<b>1122</b>
<b>A. Rural Development</b>	<b>43368</b>	<b>21656</b>	<b>21712</b>	<b>42358</b>	<b>1010</b>
Agriculture	28577	14118	14459	28414	163
Livestock	9503	4760	4743	8844	659
Forestry	4016	1946	2070	4016	0
Fishing	394	357	37	394	0
Research	878	475	403	690	188
<b>B. Mining, Industry &amp; Energy</b>	<b>2041</b>	<b>1170</b>	<b>871</b>	<b>1929</b>	<b>112</b>
Mining	741	250	491	629	112
Industry	260	260	---	260	0
Energy	1040	660	380	1040	0
<b>II. SOCIAL SECTOR</b>	<b>38466</b>	<b>18614</b>	<b>19852</b>	<b>31256</b>	<b>7210</b>
Education	6791	2517	4274	2290	4501
Vocational Training	4066	1635	2431	3227	839
Health	5693	2551	3142	3823	1870
Water Supply	21916	11911	10005	21916	0
<b>III. INFRASTRUCTURE</b>	<b>42857</b>	<b>20040</b>	<b>22817</b>	<b>42173</b>	<b>684</b>
Roads and Bridges	26435	13262	13173	26435	0
Urban Development	471	50	421	118	353
Housing	1070	355	715	950	120
Sanitation	6388	2739	3649	6203	185
Telecommunications	7408	3216	4192	7408	0
Postal Services	999	362	637	999	0
Airport Maintenance	26	26	--	--	26
Government Building	60	30	30	60	0
<b>IV. OTHER SECTORS</b>	<b>1586</b>	<b>662</b>	<b>924</b>	<b>550</b>	<b>1036</b>
Transport	656	35	621	--	656
Tourism (Hotel)	50	25	25	--	50
"Animation au developpement"	35	17	18	--	35
Youth, Sports, & Culture	145	55	90	50	95
Information	700	530	170	500	200
Scientific Research					
<b>TOTAL</b>	<b>128318</b>	<b>62142</b>	<b>66176</b>	<b>118266</b>	<b>10052</b>

TABLE A.9

NIGER: PUBLIC INVESTMENT FOR THE INTERIM PLAN, 1984-85  
(in percent of total)

SECTOR	TOTAL	1984	1985	FINANCING SECURED	FINANCING SOUGHT	in % of total 1984	in % of total 1985
I. DIRECTLY PRODUCTIVE SECTOR	35.39	17.79	17.60	34.51	0.87	36.73	34.13
A. Rural Development	33.80	16.82	16.92	33.01	0.79	34.85	32.81
Agriculture	22.27	11.00	11.27	22.14	0.13	22.72	21.85
Livestock	7.41	3.71	3.70	6.89	0.51	7.66	7.17
Forestry	3.13	1.52	1.61	3.13	0.00	3.13	3.13
Fishing	0.31	0.28	0.03	0.31	0.00	0.57	0.06
Research	0.68	0.37	0.31	0.54	0.15	0.76	0.61
B. Mining, Industry & Energy	1.59	0.91	0.68	1.50	0.09	1.88	1.32
Mining	0.58	0.19	0.38	0.49	0.09	0.40	0.74
Industry	0.20	0.20	0.00	0.20	0.00	0.42	0.00
Energy	0.81	0.51	0.30	0.81	0.00	1.06	0.57
II. SOCIAL SECTOR	29.98	13.44	14.33	22.56	5.20	29.95	30.00
Education	5.29	1.96	3.33	1.78	3.51	4.05	6.46
Vocational Training	3.17	1.27	1.89	2.51	0.65	2.63	3.67
Health	4.44	1.99	2.45	2.98	1.46	4.11	4.75
Water Supply	17.08	9.28	7.80	17.08	0.00	19.17	15.12
III. INFRASTRUCTURE	33.40	15.62	17.78	32.87	0.53	32.25	34.48
Roads and Bridges	20.60	10.34	10.27	20.60	0.00	21.34	19.91
Urban Development	0.37	0.04	0.33	0.09	0.28	0.08	0.64
Housing	0.83	0.28	0.56	0.74	0.09	0.57	1.08
Sanitation	4.98	2.13	2.84	4.83	0.14	4.41	5.51
Telecommunications	5.77	2.51	3.27	5.77	0.00	5.18	6.33
Postal Services	0.78	0.28	0.50	0.78	0.00	0.58	0.96
Navigation & Meteorology	0.02	0.02	0.00	0.00	0.02	0.04	0.00
Government Building	0.05	0.02	0.02	0.05	0.00	0.05	0.05
IV. OTHER SECTORS	1.24	0.52	0.72	0.43	0.81	1.07	1.40
Transport	0.51	0.03	0.48	0.00	0.51	0.06	0.94
Tourism (Hotel)	0.04	0.02	0.02	0.00	0.04	0.04	0.04
"Animation au developpement"	0.03	0.01	0.01	0.00	0.03	0.03	0.03
Youth, Sports, & Culture	0.11	0.04	0.07	0.04	0.07	0.09	0.14
Information	0.55	0.41	0.13	0.39	0.16	0.85	0.26
Scientific Research							
TOTAL	100.00	47.36	50.43	92.17	7.83	100.00	100.00

TABLE A.10

NIGER: FINANCING OF PUBLIC INVESTMENT IN INTERIM PLAN, 1984-1985  
(in millions of CFA francs)

SECTOR	External source			Total ext. financing	Total internal financing	Total secured financing	Total unsecured financing
	grants	Concessional loans	Non-concess. loans				
I. DIRECTLY PRODUCTIVE SECTOR	24372	15930	1217	41519	2768	44287	1122
A. Rural Development	24031	15450	1217	40698	1660	42358	1010
Agriculture	15487	11117	592	27196	1218	28414	163
Livestock	5209	2718	625	8552	292	8844	659
Forestry	2421	1485	....	3906	110	4016	....
Fishing	224	130	....	354	40	394	....
Agronomic Research	690	....	....	690	....	690	188
B. Mining, Industry & Energy	341	480	....	821	1108	1929	112
Mining	281	....	....	281	348	629	112
Industry	....	....	....	....	260	260	....
Energy	60	480	....	540	500	1040	....
II. SOCIAL SECTOR	16889	11544	845	29278	1978	31256	7210
Education	....	1490	....	1490	800	2290	4501
Vocational Training	584	2370	....	2954	273	3227	839
Health	3623	....	....	3623	200	3823	1870
Water Supply	12682	7684	845	21211	705	21916	....
III. INFRASTRUCTURE	12668	20689	3872	37229	4944	42173	684
Roads and Bridges	8195	13203	1200	22598	3837	26435	....
Urban Development	118	....	....	118	....	118	353
Housing	950	....	....	950	....	950	120
Sanitation	3205	2718	....	5923	280	6203	185
Telecommunications	....	4468	2672	7140	268	7408	....
Postal Services	200	300	....	500	499	999	....
Government Building	....	....	....	....	60	60	....
Airport Maintenance	....	....	....	....	....	....	26
IV. OTHER SECTORS	500	....	....	500	50	550	1036
Youth and Sport	....	....	....	....	50	50	95
Information	500	....	....	500	....	500	200
Transport	....	....	....	....	....	....	656
Tourism (Hotel)	....	....	....	....	....	....	50
"Animation au developpement"	....	....	....	....	....	....	35
<b>Total</b>	<b>54429</b>	<b>48163</b>	<b>5934</b>	<b>108526</b>	<b>9740</b>	<b>118266</b>	<b>10052</b>

TABLE A.11

NIGER: CENTRAL GOVERNMENT BUDGETARY OPERATIONS  
(in billions of CFA francs)

	1978	1979	1980	1981	1982	1983	MOF# Projections		Revised Projections	
							1984	1985	1984	1985
<b>I. TOTAL REVENUE</b>	45.75	59.87	74.89	76.84	75.05	68.69	77.30	81.65	74.00	79.60
Tax revenue	38.81	51.07	65.23	64.13	66.56	62.58	67.47	71.45	66.00	70.60
Nontax revenue	6.94	8.80	9.66	12.71	8.49	6.11	9.83	10.20	8.00	9.00
<b>II. TOTAL EXPENDITURE</b>	59.24	74.11	107.43	140.82	121.16	118.79	104.89	115.97	104.89	115.97
Current expenditure	31.52	37.70	47.88	51.68	58.71	63.05	67.49	72.68	67.49	72.68
Public debt service	4.22	3.60	5.27	6.50	11.27	15.00	14.38	15.50	14.38	15.50
Wages and salaries	10.80	13.48	17.42	19.71	21.82	24.56	25.80	28.02	25.80	28.02
Materials and supplies	8.65	11.98	13.55	12.31	12.21	11.05	14.26	15.35	14.26	15.35
Subsidies and transfers	7.85	8.64	11.64	13.16	13.41	12.44	13.05	13.81	13.05	13.81
Capital expenditure	27.72	36.41	59.55	89.14	62.45	55.74	37.40	43.29	37.40	43.29
FNI--National Investment Fund	14.10	17.60	23.91	26.95	11.82	6.40	7.00	7.49	7.00	7.49
Other	13.62	18.81	35.64	62.19	50.63	49.34	30.40	35.80	30.40	35.80
<b>III. BUDGET DEFICIT (I-II)</b> (commitment basis)	-13.49	-14.24	-32.54	-63.98	-46.11	-50.10	-27.59	-34.32	-30.89	-36.37
<b>IV. CHANGE IN ARREARS</b> (decrease -)		1.89	2.73	2.82	14.65	-1.72	-11.45	-7.40	-11.45	-7.40
<b>V. BUDGET DEFICIT (III+IV)</b> (cash basis)		-12.35	-29.81	-61.16	-31.46	-51.82	-39.04	-41.72	-42.34	-43.77
<b>MEMORANDUM ITEMS:</b>										
Financing		12.35	29.81	61.16	31.46	51.82	23.10	23.30	23.10	23.30
External financing		13.76	18.17	40.37	20.10	36.62	16.60	20.80	16.60	20.80
Drawings		14.29	22.08	43.26	26.20	44.80	30.40	35.80	30.40	35.80
Amortization		-0.53	-3.91	-2.89	-6.10	-8.18	-13.80	-15.00	-13.80	-15.00
Domestic financing		-1.41	11.64	20.79	11.36	15.20	6.50	2.50	6.50	2.50
BCEAO		-2.66	0.39	3.56	6.79	5.70	6.70	2.90	6.70	2.90
Commercial Banks		0.68	4.75	7.75	3.32	2.50	-2.40	-2.40	-2.40	-2.40
Other--nonbanking system		0.57	6.50	9.48	1.25	7.00	2.20	2.00	2.20	2.00
Financing gap							15.94	18.42	19.24	20.47

\*Projections given by Ministry of Finance; revised projections are based on less than full realization of the impact from the fiscal reform and lower than anticipated revenue in fiscal 1983.

TABLE A.12

NIEER: CENTRAL GOVERNMENT REVENUE  
(in millions of CFA francs)

	1975	1976	1977	1978	1979	1980	1981	1982
<b>I. TAX REVENUE</b>			30307	38810	51070	65230	64134	64075
1. Income and Profit Taxes	5195	8033	10458	12592	17267	18402	15478	13601
Industrial & commercial	1730	4039	6266	8358	12722	12758	10009	8681
(of which: mining)			(4900)	(7422)	(8311)	(3959)	(1813)	(230)
Professional income			6	13	16	20	24	22
Wages & salaries	1068	1078	1305	1538	2109	2687	3044	2628
Property income	135	759	1397	1614	1734	1313	1036	814
General income*			1484	1069	686	1624	1365	1456
2. Payroll Tax (Employers)	28	48	50	88	72	119	141	125
3. Property Taxes	75	131	1025	993	1506	2326	2491	1313
4. Taxes on Goods and Services	6666	9367	6885	9638	12719	16615	16954	17046
Turnover taxes	4989	6415	3384	5900	7198	9405	9892	10031
Excise taxes	1172	1445	3145	3279	5107	6748	6517	6467
(of which: mining)			(1511)	(1259)	(3165)	(4477)	(4130)	(4094)
Other	505	1507	356	459	474	462	545	548
5. International Trade Taxes			11889	15499	19446	27768	29070	31990
Import duties			9972	13325	16900	24360	24881	27399
Export duties			1680	1945	2299	3148	3920	4364
(of which: mining)			(283)	(288)	(611)	(996)	(1186)	(741)
Stamp duty			237	229	247	260	269	227
								2336
<b>II. NONTAX REVENUE</b>			7410	6940	8800	9660	12706	10975
1. Transfers and Other			7358	6890	8300	8160	9306	9729
2. Mining			52	50	500	1500	3400	1246
<b>TOTAL REVENUE</b>			37717	45750	59870	74890	76840	75050
<b>MEMORANDUM ITEMS:</b>								
Uranium revenue			6746	9019	12587	10932	10529	6311
Non-uranium revenue			30971	36731	47283	63958	66311	68739

\*including poll tax which was abolished effective October 1, 1977.

TABLE A.13

## NIGER: COMPOSITION OF GOVERNMENT REVENUE

	1977	1978	1979	1980	1981	1982
	(as percentage of GDP)					
Taxes on income and profit	3.63	3.48	3.90	3.48	2.59	2.09
Taxes on goods and services	2.39	2.66	2.89	3.14	2.84	2.62
Taxes on international trade	4.13	4.28	4.39	5.25	4.86	4.92
Taxes on property	0.36	0.27	0.34	0.44	0.42	0.20
Revenue from uranium	2.34	2.49	2.84	2.07	1.76	0.97
Other receipts	2.55	1.90	1.88	1.54	1.56	1.50

	(as percentage of total revenue)					
Taxes on income and profit	27.73	27.52	28.84	24.57	20.14	18.12
Taxes on goods and services	18.25	21.07	21.34	22.19	22.06	22.71
Taxes on international trade	31.52	33.88	32.48	37.08	37.83	42.62
Taxes on property	2.72	2.17	2.52	3.11	3.24	1.75
Revenue from uranium	17.89	19.71	21.02	14.60	13.70	8.41
Other receipts	19.51	15.06	13.86	10.90	12.11	12.96

TABLE A.14

NIGER: CENTRAL GOVERNMENT CURRENT EXPENDITURE BY  
FUNCTIONAL CLASSIFICATION, FISCAL 1979-1983

	1979	1980	1981	1982	1983
(in billions of CFA francs)					
Agriculture and Rural Development	2.19	2.65	2.67	2.97	2.16
Mining	0.59	0.66	0.71	0.49	0.23
Roads	0.94	1.25	1.64	1.51	1.39
Transport and Communication	0.34	0.37	0.27	0.27	0.33
Education and Training	8.21	11.41	11.65	11.06	12.66
Health	2.67	3.14	3.39	3.61	4.36
Social and Community Services	0.66	0.55	0.57	0.59	0.97
National Defense	2.60	3.22	3.63	3.77	4.44
General Public Services	9.38	13.09	13.02	13.02	13.60
Other	10.12	11.54	14.13	21.42	22.91
of which: public debt servicing	3.60	5.27	6.50	11.27	15.00
<b>Total Current Expenditure</b>	<b>37.70</b>	<b>47.88</b>	<b>51.68</b>	<b>58.71</b>	<b>63.05</b>
(as percentage of total current expenditure)					
Agriculture and Rural Development	5.81	5.53	5.17	5.06	3.43
Mining	1.56	1.38	1.37	0.83	0.36
Roads	2.49	2.61	3.17	2.57	2.20
Transport and Communication	0.90	0.77	0.52	0.46	0.52
Education and Training	21.78	23.83	22.54	18.84	20.08
Health	7.08	6.56	6.56	6.15	6.92
Social and Community Services	1.75	1.15	1.10	1.00	1.54
National Defense	6.90	6.73	7.02	6.42	7.04
General Public Services	24.88	27.34	25.19	22.18	21.57
Other	26.84	24.10	27.34	36.48	36.34
of which: public debt servicing	9.55	11.01	12.58	19.20	23.79
(in millions of dollars)					
Agriculture and Rural Development	10.30	12.54	9.83	9.04	5.71
Mining	2.77	3.12	2.61	1.49	0.61
Roads	4.42	5.92	6.04	4.59	3.57
Transport and Communication	1.60	1.75	0.99	0.82	0.87
Education and Training	38.60	54.00	42.87	33.66	33.45
Health	12.55	14.86	12.48	10.99	11.52
Social and Community Services	3.10	2.60	2.10	1.80	2.56
National Defense	12.22	15.24	13.36	11.47	11.73
General Public Services	44.10	61.95	47.92	39.62	35.93
Other	47.57	54.61	52.00	65.18	60.53
of which: public debt servicing	16.92	24.94	23.92	34.29	39.63
<b>Total current expenditure</b>	<b>177.23</b>	<b>226.60</b>	<b>190.19</b>	<b>178.66</b>	<b>166.58</b>

Source: Ministry of Finance and Ministry of Planning

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TABLE A.15

NIGER: CENTRAL GOVERNMENT CAPITAL EXPENDITURE (FNI) BY  
FUNCTIONAL CLASSIFICATION, FISCAL 1979-1983

	1979	1980	1981	1982	1983
(in billions of CFA francs)					
Agriculture and Rural Development	1.86	2.71	2.55	1.75	1.23
General Public Services	3.01	3.35	2.43	2.19	1.29
Education	3.94	6.36	8.05	2.26	1.13
Health	0.66	0.84	1.56	1.33	
Social and Community Services	1.16	1.49	2.12	0.89	0.74
Roads and Infrastructure	1.76	1.24	1.93	0.52	1.97
Minining and Industry	1.29	2.50	2.01	0.23	0.07
Energy (water & electricity)	0.87	1.40	1.69	0.82	0.12
Other Economic Services	2.67	3.38	3.97	1.15	0.45
Unallocable	0.38	0.64	0.78	0.68	
<b>Total FNI</b>	<b>17.60</b>	<b>23.91</b>	<b>27.09</b>	<b>11.82</b>	<b>7.00</b>
(as percentage of total FNI expenditure)					
Agriculture and Rural Development	10.57	11.33	9.41	14.81	17.57
General Public Services	17.10	14.01	8.97	18.53	18.43
Education	22.39	26.60	29.72	19.12	16.14
Health	3.75	3.51	5.76	11.25	0.00
Social and Community Services	6.59	6.23	7.83	7.53	10.57
Roads and Infrastructure	10.00	5.19	7.12	4.40	28.14
Minining and Industry	7.33	10.46	7.42	1.95	1.00
Energy (water & electricity)	4.94	5.86	6.24	6.94	1.71
Other Economic Services	15.17	14.14	14.65	9.73	6.43
Unallocable	2.16	2.68	2.88	5.75	0.00
(in millions of dollars)					
Agriculture and Rural Development	8.74	12.83	9.38	5.33	3.25
General Public Services	14.15	15.85	8.94	6.66	3.41
Education	18.52	30.10	29.62	6.88	2.99
Health	3.10	3.98	5.74	4.05	
Social and Community Services	5.45	7.05	7.80	2.71	1.96
Roads and Infrastructure	8.27	5.87	7.10	1.58	5.20
Minining and Industry	6.06	11.83	7.40	0.70	0.18
Energy (water & electricity)	4.09	6.63	6.22	2.50	0.32
Other Economic Services	12.55	16.00	14.61	3.50	1.19
Unallocable	1.79	3.03	2.87	2.07	
<b>Total FNI</b>	<b>82.74</b>	<b>113.16</b>	<b>99.69</b>	<b>35.97</b>	<b>18.49</b>

Sources: Ministry of Planning and Ministry of Finance

TABLE A.16

LOCAL COMMUNITY BUDGET, FY1979-1983  
(in millions of CFA francs)

	1979	1980	1981	1982
<b>I. TOTAL REVENUE</b>	<b>1923</b>	<b>3349</b>	<b>3529</b>	<b>4216</b>
Taxes and transfers	1833	2391	2949	3505
Arrondissement tax	784	813	975	1047
Land tax	98	214	264	338
Licence fees	235	544	702	1073
Market tax (taxe de marches)	114	130	254	190
Road user fees	104	147	175	193
Other taxes and charges	290	349	437	464
Transfers from general budget	208	194	142	200
Other receipts	90	958	580	711
<b>II. TOTAL EXPENDITURE</b>	<b>2425</b>	<b>3405</b>	<b>3807</b>	<b>4338</b>
Current expenditure	1788	2212	2804	3171
Arrondissements	1027	1122	1495	1608
Communes	761	1090	1309	1563
Capital expenditure	622	1156	972	1167
Infrastructure	376	778	377	644
Agriculture, livestock, forestry & water	66	79	74	119
Social services	81	75	261	178
Administration	99	224	260	226
Other*	15	37	31	
<b>III. BUDGET DEFICIT</b>	<b>-502</b>	<b>-56</b>	<b>-278</b>	<b>-122</b>

\*including "remboursement emprunts Edilite et operations financieres."

TABLE A.17

## NIGER: RECURRENT COST ESTIMATES BY SECTOR, 1983-1985

Sector	1983	Not adjusted for inflation		Adjusted for inflation	
		1984	1985	1984	1985
(in millions of CFA francs)					
Agriculture and Livestock:	2058	2378	2742	2568	3198
Dryland agriculture	1052	1150	1257	1242	1466
Irrigated agriculture	580	778	1010	840	1178
Livestock	426	450	475	486	554
Forestry and Fishing	54	59	65	64	76
Water Supply	499	554	614	598	716
Roads	1400	1600	1877	1728	2189
Education	16310	17990	19840	19429	23141
Health	4362	4923	5309	5317	6192
(in thousands of U.S. dollars)					
Agriculture and Livestock:	5444	5814	6704	6279	7820
Dryland agriculture	2783	2812	3073	3037	3585
Irrigated agriculture	1534	1902	2469	2054	2880
Livestock	1127	1100	1161	1188	1355
Forestry and Fishing	143	144	159	156	185
Water Supply	1320	1355	1501	1463	1751
Roads	3704	3912	4589	4225	5353
Education	43148	43985	48509	47504	56580
Health	11540	12037	12980	13000	15140

Source: Ministry of Planning, LES DEPENSES RECURRENTES DES INVESTISSEMENTS PUBLICS AU NIGER,  
VOLUME I: RAPPORT DE SYNTHÈSE, Chapter 2.

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TABLE A.18

## NIGER: RECURRENT COST ESTIMATES OF SELECTED PROJECTS IN AGRICULTURE AND LIVESTOCK

Projects	Estimated Recurrent Costs					Est. Contribution from FNI*	
	1983	1984	1985	1986	1987	1984	1985
(in millions of CFA francs)							
USAID:	1493	2172	2356	2613	3057		
Niamey Productivity Project	177	408	386	417	450	30	20
National Cereals Research	578	729	821	887	958		
Agricultural Production Support	354	475	517	574	618		
Integrated Livestock		103	130	182	223	101	125
Rural Sector Human Resources Development	384	457	503	553	608		
OTHER DONORS:	3517	4809	5395	5395	5345		
Dosso Productivity Project	1402	1874	2045	2045	2045	100	
Paradi Productivity Project	1121	1211	1308	1308	1308	100	
Zinder Productivity Project	293	316	341	341	341	25	
Badebuichiri Rural Development						25	
Plant Protection	121	131	141	141	141	100	
Irrigated Agriculture	580	778	1010	1010	1010	800	
Animal Health Program		500	550	550	500	187	206
Total	5010	6982	7751	8008	8402	1468	351
(in thousands of dollars)							
USAID:	3942	5300	5749	6375	7460	320	354
Niamey Productivity Project	467	996	942	1017	1099	73	49
National Cereals Research	1526	1779	2003	2163	2337		
Agricultural Production Support	935	1160	1261	1401	1996		
Integrated Livestock		251	316	444	545	246	305
Rural Sector Human Resources Development	1014	1115	1226	1349	1484		
OTHER DONORS:	9284	11735	13164	13164	13042		
Dosso Productivity Project	3701	4573	4990	4990	4990	244	
Paradi Productivity Project	2959	2954	3190	3192	3192	244	
Zinder Productivity Project	773	771	833	832	832	61	
Badebuichiri Rural Development						61	
Plant Protection	319	319	344	344	344	244	
Irrigated Agriculture	1531	1898	2464	2464	2464	1952	
Animal Health Program		1220	1342	1342	1220	456	503
Total	13226	17035	18913	19539	20502	3582	856

TABLE A.19

NIGER: BALANCE OF PAYMENTS, 1978-1985  
(in billions of CFA francs)

	1978	1979	1980	1981	1982	1983	MOF Projections		IMF Projections		
							1984	1985	1984	1985	1986
<b>I. CURRENT ACCOUNT, NET</b>	-45.00	-44.00	-55.80	-70.90	-48.70	-31.10	-30.80	-32.50	-23.50	-5.10	14.60
Trade balance	-19.80	-14.70	-16.70	-62.30	-44.80	-23.30	-6.80	-15.30	-13.30	-1.90	11.30
Exports, f.o.b.	64.90	100.20	124.00	129.20	121.10	128.40	135.00	141.60	136.70	143.50	150.20
(of which: uranium)	(48.9)	(83.6)	(97.2)	(101.5)	(91.5)	(94.3)	(99.6)	(104.6)	(99.6)	(104.6)	(109.3)
Imports, c.i.f.	-84.70	-114.90	-140.70	-191.50	-165.90	-151.70	-141.80	-156.90	-150.00	-145.40	-138.90
Net Services	-44.10	-46.20	-56.40	-36.90	-39.00	-40.00	-38.50	-36.20	-41.70	-38.40	-33.40
Goods and services, net	-63.90	-60.90	-73.10	-99.20	-83.80	-63.30	-45.30	-51.50	-55.00	-40.30	-22.10
Net Transfers	18.90	16.90	17.30	28.30	35.10	32.20	14.50	19.00	31.50	35.20	36.70
Private	-7.30	-9.40	-11.70	-11.70	-12.40	-13.30	-15.50	-13.00	-11.50	-9.50	-8.70
Public	26.20	26.30	29.00	40.00	47.50	45.50	30.00	32.00	43.00	44.70	45.40
<b>II. CAPITAL ACCOUNT, NET</b>	43.00	40.20	51.40	79.60	15.20	23.30	7.40	14.50	9.40	-5.70	-22.30
Public, nonmonetary (net)	13.70	20.50	34.80	50.20	23.80	26.10	16.40	23.10	-19.50	4.10	-14.40
Private, nonmonetary (net)	27.30	17.20	8.20	21.50	-12.10	-10.80	-9.00	-8.60	-10.10	-9.80	-7.90
Monetary capital	2.00	2.50	8.40	7.90	3.50	8.00					
<b>III. ERRORS AND OMISSIONS</b>		2.50	-3.60	1.30	-9.30	0.50					
<b>IV. OVERALL BALANCE</b>	-2.00	-1.30	-8.00	10.00	-42.80	-7.30	-23.40	-18.00	-14.10	-10.80	-7.70
<b>FINANCING:</b>											
Change in foreign assets, net	2.60	2.50	8.10	-2.80	43.00	13.00	6.80		0.00		
Commercial Banks	5.90	2.00	9.60	-0.50	22.00	-2.20	-2.10		-4.80		
Central Bank (BCEAO)	-3.30	0.50	-1.50	-2.30	21.00	15.20	8.90		4.80		
SDR allocations		0.40	0.40	0.90							

## MEMORANDUM ITEMS

## Exchange rate (annual average)

CFA francs per U.S. dollar	225.60	212.72	211.30	271.73	328.62	378.50	409.00	409.00
CFA francs per SDR	282.50	274.84	275.01	320.41	361.95	405.00	421.27	421.27

TABLE A.20

NIGER: BALANCE OF PAYMENTS, 1978-1985  
(in millions of U.S. dollars)

	1978	1979	1980	1981	1982	1983	MDF Projections		IMF Projections		
							1984	1985	1984	1985	1986
I. CURRENT ACCOUNT, NET	-199.47	-206.84	-264.08	-260.92	-148.20	-82.17	-75.31	-79.45	-57.46	-12.47	35.70
Trade balance	-87.77	-69.10	-79.03	-229.27	-136.33	-61.56	-16.63	-37.41	-32.52	-4.65	27.63
Exports, f.o.b.	287.68	471.04	586.84	475.47	368.51	339.23	330.07	346.21	334.23	350.86	367.24
(of which: uranium)	216.76	393.00	460.01	373.53	278.44	249.14	243.52	255.75	243.52	255.75	267.97
Imports, c.i.f.	-375.44	-540.15	-665.88	-704.74	-504.84	-400.79	-346.70	-383.62	-366.75	-355.50	-339.61
Net Services	-195.48	-217.19	-266.92	-135.80	-118.68	-105.68	-94.13	-88.51	-101.96	-93.89	-81.66
Goods and services, net	-283.24	-286.29	-345.95	-365.07	-255.01	-167.24	-110.76	-125.92	-134.47	-98.53	-54.03
Net Transfers	83.78	79.45	81.87	104.15	106.81	85.07	35.45	46.45	77.02	86.06	89.73
Private	-32.36	-44.19	-55.37	-43.06	-37.73	-35.14	-37.90	-31.78	-28.12	-23.23	-21.27
Public	116.13	123.64	137.25	147.20	144.54	120.21	73.35	78.24	105.13	109.29	111.00
II. CAPITAL ACCOUNT, NET	190.60	188.98	243.26	292.94	46.25	61.56	18.09	35.45	22.98	-13.94	-54.52
Public, nonmonetary (net)	60.73	96.37	164.69	184.74	72.42	68.96	40.10	56.48	47.68	10.02	-35.21
Private, nonmonetary (net)	121.01	80.86	38.81	79.12	-36.82	-28.53	-22.00	-21.03	-24.69	-23.96	-19.32
III. ERRORS AND OMISSIONS	0.00	11.75	-17.04	4.78	-28.30	1.32					
IV. OVERALL BALANCE	-8.87	-6.11	-37.86	36.80	-130.24	-19.29	-57.21	-44.01	-34.47	-26.41	-18.83
FINANCING:											
Change in foreign assets, net	11.52	11.75	38.33	-10.30	130.85	34.35	16.63				
Commercial Banks	26.15	9.40	45.43	-1.84	66.95	-5.81	-5.13			-11.74	
Central Bank (DCEAD)	-14.63	2.35	-7.10	-8.46	63.90	40.16	21.76			11.74	
SDR allocations	0.00	1.88	1.89	3.31	0.00	0.00	0.00				
Exchange rate (annual average)											
CFA francs per U.S. dollar	225.6	212.72	211.30	271.73	328.62	378.50	409.00	409.00			
CFA francs per SDR	282.50	274.84	275.01	320.41	361.95	403.00	421.27	421.27			

TABLE A.21

## NIGER: TERMS OF TRADE, 1977-1983

	1977	1978	1979	1980	1981	1982	1983
<b>EXPORT PRICES</b>							
Uranium contract price							
in CFA francs	20000	23500	24500	24500	20000	24000	27500
(annual percentage change)		17.5	4.3	0.0	-18.4	20.0	14.6
in U.S. dollars	81.41	104.16	115.17	115.95	73.60	73.03	72.66
(annual percentage change)		27.9	10.6	0.7	-36.5	-0.8	-0.5
Uranium Unit Export Price							
in CFA francs	21566	23099	23971	24343	20418	23878	27045
(annual percentage change)		7.1	3.8	1.6	-16.1	16.9	13.3
in U.S. dollars	87.8	101.99	112.69	115.20	75.14	72.66	71.45
(annual percentage change)		16.2	10.5	2.2	-34.9	-3.3	-1.7
Uranium Export Price Index							
(1978-83 = 100 on U.S. dollar basis)	96.0	111.5	123.2	125.9	82.1	79.4	78.1
(annual percentage change)		16.1	10.5	2.2	-34.8	-3.3	-1.7
Other Commodity Export Price Index							
(1978-83 = 100 on U.S. dollar basis)		86.00	103.77	121.06	98.66	99.90	96.64
(annual percentage change)			20.7	16.7	-18.5	-1.3	-3.3
Weighted Average Export Price Index							
(annual percentage change)		83.6	97.3	98.2	63.2	60.4	60.9
		15.8	16.4	0.9	-35.6	-4.6	0.9
<b>IMPORT PRICES</b>							
Import Price Index							
(1978-83 = 100 on U.S. dollar basis)		80.68	95.14	115.75	107.77	103.05	106.00
(annual percentage change)		-0.4	17.9	21.7	-6.9	-4.4	2.9
<b>TERMS OF TRADE</b>							
(annual percentage change)		103.6	102.3	84.8	58.7	58.6	57.5
		16.3	-1.3	-17.0	-30.8	-0.2	-1.9
<b>MEMORANDUM ITEMS:</b>							
Exchange rate (CFAF/U.S. dollar)	245.7	225.6	212.7	211.3	271.7	328.6	378.5
Trade weights							
Uranium	0.63	0.75	0.79	0.78	0.77	0.76	0.78
Other commodities	0.37	0.25	0.21	0.22	0.23	0.24	0.22

Source: Based on IMF data

TABLE A.22

NIGER: DIRECTION OF TRADE  
(in percent of total)

Country	Exports	Imports
Europe	46.7	49.4
France	35.6	35.9
Spain	5.1	
Italy	3.8	2.1
West Germany	2.0	3.6
Netherlands		2.8
United Kingdom		2.0
Others	0.2	3.0
Africa	32.8	29.3
Nigeria	17.2	13.3
Libya	14.9	
Algeria		7.2
Ivory Coast		1.6
Others*	0.7	4.2
Other Countries	20.5	21.3
Japan	17.7	2.5
Republic of China		1.3
Taiwan		1.3
United States		3.7
Unspecified countries	2.8	12.5
Total	100.0	100.0

\*including Ivory Coast (exports only), Mali, Senegal, Upper Volta, Togo, Benin, Cameroon, Congo, Ghana, Sierra Leone, Guinea, Burundi, and Zaire.

Source: Ministry of Planning, based on most recent

TABLE A.23

NIGER: EXTERNAL DEBT  
(in millions of SDR's)

	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>PUBLIC SECTOR</b>									
Total outstanding (disbursed, end of period)	546.3	645.0	690.0	741.7	795.1	852.0	....	....	....
Debt service payments	99.80	83.10	95.50	94.10	97.70	114.50	113.00	84.20	76.00
Principal	59.5	47.8	58.3	57.8	62.2	79.6	78.8	49.1	38.5
(of which: IMF repurchases)					(1.5)	(17.5)	(19.5)	(3.5)	
Interest and charges	40.3	35.3	37.2	36.3	35.5	34.9	34.2	35.1	37.5
(of which: IMF charges)		(0.7)	(2.4)	(2.8)	(2.7)	(2.0)	(0.8)	(0.1)	
Estimates of debt service payments eligible for Paris Club rescheduling		34.2	44.5	45.7	....	....	....	....	....
<b>PRIVATE SECTOR</b>									
Total outstanding (disbursed, end of period)	133.4	95.2	78.1	61.0	43.9	26.8	9.6	....	....
Debt service payments	47.3	42.8	28.7	25.8	23.9	21.7	12.3	....	....
Principal	27.5	25.4	16.9	16.9	16.9	16.9	9.5	....	....
Interest	19.8	17.4	11.8	8.9	7.0	4.8	2.8	....	....
<b>EXPORTS OF GOODS AND SERVICES AND PRIVATE TRANSFERS</b>									
	408.9	396.2	424.8	446.0	468.3	491.3	516.2	542.0	569.0
<b>DEBT SERVICE RATIOS</b>									
Public sector	0.36	0.32	0.29	0.27	0.26	0.28	0.24	0.16	0.13
Principal	0.24	0.21	0.22	0.21	0.21	0.23	0.22	0.16	0.13
Interest	0.15	0.12	0.14	0.13	0.13	0.16	0.15	0.09	0.07
Private sector	0.10	0.09	0.09	0.08	0.08	0.07	0.07	0.06	0.07
Principal	0.12	0.11	0.07	0.06	0.05	0.04	0.02	....	....
Interest	0.07	0.06	0.04	0.04	0.04	0.03	0.02	....	....
Interest	0.05	0.04	0.03	0.02	0.01	0.01	0.01	....	....

Source: Based on IMF data

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TABLE A.24

NIGER: EXTERNAL DEBT  
(in millions of U.S. dollars)

	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>PUBLIC SECTOR</b>									
Total outstanding (disbursed, end of period)	600.9	664.4	724.5	778.8	834.9	894.6	....	....	....
Debt service payments	109.8	85.6	100.3	98.8	102.6	120.2	118.7	88.4	79.8
Principal	65.5	49.2	61.2	60.7	65.3	83.6	82.7	51.6	40.4
(of which: IMF repurchases)	....	....	....	....	1.6	18.4	20.5	3.7	....
Interest and charges	44.3	36.4	39.1	38.1	37.3	36.6	35.9	36.9	39.4
(of which: IMF charges)	....	0.7	2.5	2.9	....	....	....	....	....
Estimates of debt service payments eligible for Paris Club rescheduling	....	35.2	46.7	48.0	....	....	....	....	....
<b>PRIVATE SECTOR</b>									
Total outstanding (disbursed, end of period)	146.7	98.1	82.0	64.1	46.1	28.1	10.1	....	....
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	....	....
Debt service payments	52.0	44.1	30.1	27.1	25.1	22.8	12.9	....	....
Principal	30.3	26.2	17.7	17.7	17.7	17.7	10.0	....	....
Interest	21.8	17.9	12.4	9.3	7.4	5.0	2.9	....	....
<b>EXPORTS OF GOODS AND SERVICES AND PRIVATE TRANSFERS</b>									
	449.8	408.1	446.0	468.3	491.7	515.9	542.0	569.1	597.5
<b>DEBT SERVICE RATIOS</b>									
Public sector	0.40	0.33	0.31	0.28	0.27	0.29	0.25	0.16	0.14
Principal	0.27	0.22	0.24	0.22	0.22	0.24	0.23	0.16	0.14
Interest	0.16	0.12	0.14	0.14	0.14	0.17	0.16	0.10	0.07
Private sector	0.11	0.09	0.09	0.09	0.08	0.07	0.07	0.07	0.07
Principal	0.13	0.11	0.07	0.06	0.05	0.05	0.03	....	....
Interest	0.07	0.07	0.04	0.04	0.04	0.04	0.02	....	....
Interest	0.05	0.05	0.03	0.02	0.02	0.01	0.01	....	....

TABLE A.25

NIGER: BALANCE OF PAYMENTS OF THE URANIUM SECTOR  
(in billions of CFA francs)

	1978	1979	1980	1981	1982	1983
Balance on Goods and services	10.9	42.8	56.8	68.4	57.3	69.2
Exports of uranium, f.o.b.	46.8	79.2	96.3	101.5	91.5	99.4
Exports of nonfactor services	0.2	0.3	0.6	0.6	0.5	0.6
Imports of goods, f.o.b.	-18.4	-16.4	-18.7	-12.0	-13.6	-11.0
Imports of nonfactor services	-9.9	-10.6	-11.3	-9.2	-9.9	-9.0
Factor services, credit	---	---	---	---	---	---
Factor services, debit	-7.8	-9.7	-10.1	-12.5	-11.2	-10.8
of which: interest payments	-3.6	-4.9	-5.7	-7.4	-7.2	-7.2
dividend payments & misc.	-4.2	-4.8	-4.4	-5.1	-4.0	-3.6
Transfers, net	-2.1	-2.6	-2.7	-2.9	-3.0	-3.0
Balance on current account	8.8	40.2	54.1	65.5	54.3	66.2
Nonmonetary capital	19.6	10.1	3.9	-4.6	-9.3	0.0
Direct investment	8.9	0.7	---	---	---	---
Long-term loans	10.7	9.4	-3.9	-4.6	-9.3	0.0
of which: Disbursements	13.1	14.7	10.5	5.4	---	---
Principal repayments	-2.4	-5.3	-6.6	-10.0	-9.3	---
Overall balance	28.4	50.3	58.0	60.9	45.0	66.2

## MEMORANDUM ITEMS:

(as percentage of GDP)

Exports of goods and nonfactor services	13.0	18.0	18.3	17.1	14.0	13.9
Current account balance	-2.4	9.1	10.2	11.0	8.2	9.2
Overall balance	7.8	11.4	11.0	10.2	8.8	9.8

TABLE A.26

NIGER: BALANCE OF PAYMENTS OF THE URANIUM SECTOR  
(in millions of dollars)

	1978	1979	1980	1981	1982	1983
Balance on Goods and services	40.32	201.20	268.81	251.72	174.37	182.83
Exports of uranium, f.o.b.	207.45	372.32	455.75	373.53	278.44	262.62
Exports of nonfactor services	0.89	1.41	2.84	2.21	1.52	1.59
Imports of goods, f.o.b.	-81.56	-77.10	-88.50	-44.16	-41.39	-29.06
Imports of nonfactor services	-43.88	-49.83	-53.48	-33.86	-30.13	-23.78
Factor services, credit	---	---	---	---	---	---
Factor services, debit	-34.57	-45.60	-47.80	-46.00	-34.08	-28.53
of which: interest payments	-15.96	-23.03	-26.98	-27.23	-21.91	-19.02
dividend payments & misc.	-18.62	-22.56	-20.82	-18.77	-12.17	-9.51
Transfers, net	-9.31	-12.22	-12.78	-10.67	-9.13	-7.93
Balance on current account	39.01	188.98	256.03	241.05	165.24	174.90
Nonmonetary capital	86.88	47.48	18.46	-16.93	-28.30	0.00
Direct investment	39.45	3.29	0.00	0.00	0.00	0.00
Long-term loans	47.43	44.19	18.46	-16.93	-28.30	0.00
of which: Disbursements	58.07	69.10	49.69	19.87	0.00	0.00
Principal repayments	-10.64	-24.92	-31.24	-36.80	-28.30	0.00
Overall balance	125.89	236.46	274.49	224.12	136.94	174.90

Source: TABLE A.25

TABLE A.27

NIGER: MONETARY SURVEY, 1978-1984  
(in billions of CFA francs)

	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983		Projections*			
						June	Sept.	Mar.	1984		
								June	Sept.	Dec.	
MONEY SUPPLY	54.20	64.51	77.93	94.06	82.94	75.16	75.27	84.00	85.50	87.00	88.00
Currency outside banks	19.74	27.28	31.05	34.84	35.08	26.86	27.22	....	....	....	....
Demand deposits	26.66	29.99	33.54	39.91	32.86	33.85	31.35	....	....	....	....
Quasi-money	7.80	7.24	13.34	19.31	15.00	14.45	16.70	....	....	....	....
NET FOREIGN ASSETS	17.36	13.49	-2.85	-1.14	-48.90	-57.93	-52.67	-34.00	-35.70	-37.60	-38.10
Central bank	23.27	22.28	21.77	22.97	1.70	-7.68	-4.26	-9.20	-12.10	-14.90	-15.30
Commercial banks	-5.91	-8.79	-24.62	-24.11	-50.60	-50.25	-48.41	-24.80	-23.60	-22.70	-22.80
DOMESTIC CREDIT	42.36	57.46	82.25	98.97	131.68	127.10	123.83	141.90	146.30	150.00	151.00
Net credit to government	-11.88	-18.36	-7.49	-2.98	18.59	12.16	12.01	22.20	23.10	24.00	24.90
Credit to private sector	54.24	75.82	89.74	101.95	113.09	114.94	111.82	119.70	123.20	126.00	126.10
OTHER ITEMS	-5.52	-6.44	-1.47	-3.76	0.17	-5.99	-4.12	2.40	3.10	2.90	2.40
						(percentage changes)					
MONEY SUPPLY		19.02	20.80	20.70	-11.82	-9.38	0.15	11.60	1.79	1.75	1.15
Currency outside banks		38.20	13.82	12.21	0.69	-23.43	1.34	....	....	....	....
Demand deposits		12.49	11.84	18.99	-17.66	3.01	-7.39	....	....	....	....
Quasi-money		-7.18	84.25	44.75	-22.32	-3.67	15.57	....	....	....	....
NET FOREIGN ASSETS		-22.29	121.13	-60.00	4189.47	18.47	-9.08	-35.45	5.00	5.32	-1.33
Central bank		-4.25	-2.29	5.51	-92.60	-551.76	-44.53	115.96	31.52	23.14	2.68
Commercial banks		48.73	180.09	-2.07	109.87	-0.69	-3.66	-48.77	-4.84	-3.81	0.44
DOMESTIC CREDIT		35.65	43.14	20.33	33.05	-3.48	-2.57	14.59	3.10	2.53	0.67
Net credit to government		54.55	-59.20	-60.21	-723.83	-34.59	-1.23	84.85	4.05	3.90	3.75
Credit to private sector		39.79	38.36	13.61	10.93	1.64	-2.71	7.05	2.92	2.27	0.08
OTHER ITEMS		16.67	-77.17	155.78	-104.52	-3623.53	-31.22	-158.25	29.17	-6.45	17.24

\*IMF projections

TABLE A.28

NIGER: DISTRIBUTION OF CREDIT TO NON-GOVERNMENT SECTORS  
(in millions of CFA francs, end of period)

	1978	1979	1980	1981	1982*
<b>Short-term</b>					
Agriculture	2327	3244	3084	3488	4880
Mining	2780	3947	4101	1565	1615
Industry	3001	4636	8733	8094	10541
Construction	4027	4560	8445	12603	12639
Transport	2501	3690	5498	6491	6494
Commerce	16335	24418	25910	28856	28972
Services	204	1502	1959	1234	1165
Financial institutions	399	---	---	---	---
Other	2588	10	---	---	---
<b>Total short-term</b>	<b>34162</b>	<b>46007</b>	<b>57730</b>	<b>62331</b>	<b>66306</b>
(of which: public & semi-public enterprises)	8099	13779	18560	22259	21513
<b>Medium-term</b>					
Agriculture	734	1010	1392	2299	2241
Mining	6649	8470	5251	6572	5669
Industry	1156	4305	5469	5627	5925
Construction	1607	2750	3034	3390	3812
Transport	910	1723	1772	1482	1528
Commerce	789	852	1636	2142	2553
Services	241	678	730	917	1029
Financial institutions	15	---	---	---	---
Other	724	---	---	---	---
<b>Total medium-term</b>	<b>12825</b>	<b>19788</b>	<b>19284</b>	<b>22429</b>	<b>22757</b>
(of which: public & semi-public enterprises)	2451	5719	7019	7223	7249
<b>Long-term</b>					
Agriculture	---	---	---	---	---
Mining	---	---	---	---	---
Industry	56	47	---	---	---
Construction	25	---	---	---	---
Transport	173	---	1058	1487	1414
Commerce	---	783	25	25	20
Services	29	155	310	274	1117
Financial institutions	---	---	---	---	---
Other	---	---	---	---	---
<b>Total long-term</b>	<b>283</b>	<b>985</b>	<b>1393</b>	<b>1786</b>	<b>2551</b>
(of which: public & semi-public enterprises)	222	817	1090	1506	1419
<b>TOTAL CREDIT</b>	<b>47270</b>	<b>66780</b>	<b>78407</b>	<b>86546</b>	<b>91614</b>
(of which: public & semi-public enterprises)	10772	20315	26669	30988	30181

(\*as of August 1982)

TABLE A.29

NIGER: INTEREST RATES IN THE MONEY MARKET  
(in percent per annum)

Date	Overnight		One-month		Three-month	
	Deposits	Advances	Deposits	Advances	Deposits	Advances
July 1975	7.000	7.125	....	....	....	....
February 1976	6.500	6.750	....	....	....	....
August 1976	7.250	7.500	....	....	....	....
August 1977	7.000	7.250	....	....	....	....
February 1978	7.500	7.750	....	....	....	....
August 1978	7.000	7.250	7.063	7.313	7.125	7.375
March 1979	6.125	6.375	6.250	6.500	6.500	6.750
August 1979	7.750	8.000	7.875	8.125	8.125	8.375
March 1980	10.750	11.000	10.875	11.125	11.125	11.375
April 1980	9.750	10.063	9.875	10.125	10.125	10.375
May 1981	14.750	15.063	14.875	15.125	15.125	15.375
December 1981	14.250	14.563	14.375	14.625	14.625	14.875
February 1982	13.750	14.063	13.875	14.125	14.125	14.375
March 1982	15.250	15.625	15.375	15.625	15.625	15.875
December 1982	13.000	13.313	13.125	13.375	13.375	13.625
March 1983	11.000	11.313	11.125	11.375	11.375	11.625

TABLE A.30

## NIGER: MINING SECTOR

	1977	1978	1979	1980	1981	1982	1983	1984*
<b>Uranium production:</b>								
Quantity (in tons)	1441	2061	3615	4132	4360	4250	3450	3400
Quantity sold	1466	2202	3422	3864	4805	3421	3600	
<b>Uranium price:</b>								
Contract price								
(f.o.b. Cotonou, CFAF/kg.)	20000	23500	24500	24500	20000	24000	27500	29250
(in U.S. dollars/kg.)	81.41	104.17	115.16	115.95	73.60	73.03	72.66	137.49
Spot market price								
(in dollars/kg.)		96.13	93.74	69.00	55.15	44.98	48.55	
<b>Uranium exports:</b>								
Quantity (in tons)	1466	2206	3422	3956	4971	3832	3600	
Value (in billions of CFAF)	28.4	48.9	83.6	97.2	101.5	91.5	94.3	99.6
Value (as % of total exports)	72.3	74.5	79.0	78.3	76.8	76.4	77.9	
<b>World consumption of uranium</b>								
(in thousands of tons)		17.9	21.07	26.3	25.0	21.7	29.0	31.2
<b>Cassiterite production:</b>								
Quantity (in tons)	105	90	78	78	70	100	100	
Quantity sold (in tons)	79	77	79	61	54	100	100	
Price (in CFAF/kg.)	880	1870	780	1900	3430	3900	3900	
Value (in billions of CFAF)	0.88	1.87	0.78	1.9	3.43	3.9	3.9	

\*The 1984 figures are based on Ministry of Finance's projections.

Sources: Ministry of Mines and Industries, Ministry of Planning, and NUEXCO report.