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Niger's External Debt:
Legacy of Uranium-Led Growth Strategy

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I. INTRODUCTION

As was the case with many sub-Saharan African countries in the 1980s, Niger's economic crisis in 1982/83 was accompanied by a debt crisis. Although the absolute size of the debt is small by international standards, the impact associated with servicing such debt has become a critical financial constraint. Three Paris Club debt reschedulings and one London Club debt renegotiation have already been obtained since 1983, and it appears that the debt problem will remain with Niger at least for the next three to five years.

This paper discusses various aspects of Niger's external debt: the evolution and causes of Niger's debt accumulation and debt servicing difficulty; and the magnitude of the debt problem relative to the country's debt servicing capacity. The next section provides a background summary of Niger's macroeconomic developments leading to the debt crisis. Sections III and IV analyze the causes, magnitude, structure, and terms of Niger's external debt. Section V attempts to sketch Niger's future debt service profile and its debt servicing capacity. The paper concludes by suggesting implications for policy and action.

II. A SUMMARY OF RECENT MACROECONOMIC DEVELOPMENTS[1/]

Niger's macroeconomic developments since the Sahelian drought of the early 1970s have been volatile. The country's growth performance fluctuated from an annual average rate of 9 percent during the second half of the 1970s to a negative growth rate of 1 percent during the 1981-83 period. In 1984, the severe drought reduced real Gross Domestic Product (GDP) by approximately 16 percent. Preliminary estimates of GDP for 1985 show a growth rate of almost 7 percent as agricultural production recovered from the 1984 drought.[2/] Table 1 below summarizes the recent macroeconomic changes in Niger since the late 1970s.

The extraordinarily strong economic performance of the 1976-80 period ended abruptly in 1981 following the fall in the world demand for uranium, Niger's main source of foreign exchange earnings. The decline in the uranium price together with the depreciation of the CFA franc contributed to a deterioration of Niger's terms of trade by more than 25 percent between 1980 and 1982.

Uranium production decreased from more than 4,300 tons in 1981 to 3,400 tons in 1983. Uranium export earnings were reduced by almost \$200 million from \$477 million in 1980 to \$278 million in 1982. The depressed demand for uranium also affected other economic activity which had a backward linkage with mining such as construction and transport. The value added of the construction sector declined by an average of 20 percent in real terms during this period.

While unanticipated changes in the uranium situation were a major factor leading to the poor economic performance, past government policies and activities

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1/ For more detailed analyses and discussions of Niger's macroeconomic developments, see K. Toh: Niger: Current Macroeconomic Situation and Constraints (1986); and An Analysis of Niger's Interim Plan, 1984-85 (1984).

2/ All growth rates are expressed in real terms--i.e., after adjusted for inflation. The implicit GDP deflator is used as a proxy for the rate of inflation.

also contributed to the 1982/83 economic crisis. The latter included, in particular, the policy of over-acceleration of public capital spending (in anticipation of continuing increased uranium revenue) beyond the level which could be sustained by available resources and the practice of prefinancing projects through borrowing. These resulted in large extrabudgetary capital expenditures and deficits. During the 1981/83 period, the deficits amounted to 7-11 percent of GDP.

Total government spending went up rapidly from less than 15 percent of GDP in the mid-1970s to almost 24 percent in 1981, with development expenditures accounting for more than half of the total expenditure. There were also significant increases in imports, from $628 million in 1979 to more than $750 million during 1980/81. The resulting larger current account deficits, however, were accompanied by declining net capital inflows. Consequently, the overall balance of payments deficits reached almost 10 percent of GDP during 1980/81.

Prior to 1983, the problems of budget and balance of payments deficits were considered essentially to be of a short-term nature which could be overcome by temporary financing through external borrowing. When the export situation di not improve at a rate compatible with the debt servicing need and external ca ital flows also declined, the liquidity and debt crisis was set in motion.

The Nigerien authorities were compelled to initiate an adjustment process. Three IMF stand-by arrangements have been adopted since 1983 together with four debt reliefs. Following the austerity measures adopted, total spending declined to less than 15 percent of GDP at the end of 1985. The biggest cut came from development expenditures which represented one-third of total expenditure (or 4.7 percent of GDP). There were also significant reductions in imports. Imports were reduced by more than half from about $750 million in 1980/81 to $340 million in 1984 and approximately $412 million in 1985. In addition to an immediate IMF stabilization requirement, the Nigerien authorities recognized the need for structural changes in the economy and more foreign capital flows in the form of grants or highly concessional loans. It obtained a three-year, $60 million Structural Adjustment Credit (SAC) from the World Bank. The SAC will be a major source of capital flows during the next three years.

Niger's adjustment and recovery efforts comprise, on the one hand, an economic reform program in the areas of fiscal, monetary, balance of payments, and external debt policies aimed at addressing the internal and external financial imbalances; on the other hand, they also incorporate measures which attempt to bring about structural changes in the economy as well as improved economic management. The latter includes four major reform areas: improving public resource allocation and management; improving the operations of state-owned enterprises and privatization effort; agricultural policy changes; and pricing and marketing policies.

III. CAUSES OF NIGER'S EXTERNAL DEBT PROBLEM

A number of factors are responsible for Niger's excessive debt accumulation relative to its debt servicing capacity. Some are external factors over which Niger has no control; others are due to the adopted development strategy in the mid-1970s and delay in macroeconomic adjustment. During the second half of the 1970s, two external factors--the uranium boom fueled by the

1973 oil crisis and expanded access to lending sources--accounted for large increases in the debt accumulation. The uranium boom, together with access to easy credit, contributed to the adoption of an ambitious debt-financed development strategy with rapid expansion of public expenditure programs and investments. These expenditure programs and investments were directed primarily by availability of external financing rather than by economic criteria. Finally, the problem was further aggravated by the inability of the public sector to modify its development strategy and adjust its spending in response to changed economic and financial situation. Instead, additional borrowing was incurred to delay the needed adjustment and the payments imbalances widened. As early as mid-1980, there were indicators of a deteriorating economic and financial situation. The adjustment effort, however, was not implemented until late 1983 when it became clear that a liquidity crisis was under way.

A. Uranium

Like many primary commodity exporters, Niger's debt problem is related to the international commodity boom and bust in the 1970s. The price of Niger's main export commodity (uranium) increased substantially. Between 1974 and 1979, uranium prices increased more than four-fold. Niger's uranium exports grew from $55 million in 1975 to $477 million in 1980. The country's terms of trade improved by more than 10 percent during 1978/79.

The uranium boom was accompanied by additional government revenues, derived from export taxes, royalties, and other tax and non-tax measures. Niger's direct uranium receipts quadrupled between 1975 and 1979 while total revenue almost doubled. These higher revenues made it difficult to resist increases in public spending, both for consumption and investment. An ambitious five-year development program (1979-83) was launched with emphases on infrastructure, telecommunications, and expansion of the country's mining capacity--including construction of a third uranium mine and a coal-based electric power plant (SONICHAR) mainly to supply the energy need of the uranium mines.

Expectations of continuing favorable uranium export performance and further revenue led to external borrowing to complement domestic revenue in order to finance larger public expenditure programs and investments. When the favorable uranium export performance ended in 1981, additional external borrowing was incurred to compensate for the sudden change. Between the end of 1980 when uranium price dropped drastically and the end of 1982 when the debt crisis became evident, total debt outstanding and disbursed more than doubled (from $262 million in 1980 to $604 million at the end of 1982).

B. Additional Sources of Lending

The new role of the international banking system in recycling the large OPEC surpluses following the 1973 oil shock expanded the access for easy credit. The Euromarket became an additional important source of financing for Niger, primarily for mining companies and state-owned enterprises.1/ The Financial market credits grew by almost ten-fold between 1976 and 1981.

1/ Three parastatals (SONICHAR--coal mining and power supply; NIGELEC--electric and water distribution; and BDRN--development bank) accounted for 75 percent of Niger's publicly guaranteed debt.

relative share of Niger's outstanding and disbursed public debt accounted by this lending source increased from less than 4 percent to more than 25 percent during this period. By the end of 1982, financial market credits represented almost one-third of Niger's public debt.

This source of easy credits is characterized by harder terms, both with shorter grace periods, maturities, and higher interest rates. By the end of 1983 the average rate of interest for this type of credit was slightly higher than 11 percent per annum with a maturity period of less than seven years and an average of 1.7 years grace period.1/ In addition, many of these Eurocredits carry floating instead of fixed interest rates. The availability of this additional lending source lowered the incentive for implementing timely adjustment measures and contributed to higher future debt service burden.

C. Debt-Financed Development Strategy

With expanded access to easy credit and improvements in terms of trade and export earnings, Niger increased public spending rapidly under the 1979-83 development plan. In the plan, approximately 53 percent of the total expenditure was anticipated to come from the public sector. About two-thirds of the private sector investment was in mining, and 24 percent in manufacturing and energy. Investment projects implemented were aimed at providing basic infrastructure (including telecommunications) and social services. They amounted to almost 60 percent of actual spending under the plan for the public sector, with infrastructure alone accounting for more than 37 percent. Approximately 60 percent of these investments was financed through external sources, two-thirds of the financing was in the form of loans. Tables 2 and 3 below show public investment allocation spending during the 1979-83 plan and the 1984-85 Interim Program of Consolidation.

A characteristic of investments in basic infrastructure and social services is their lumpiness--they are very costly and require a long gestation period and their benefits are far in the future. They do not increase the country's debt servicing capacity directly nor do they contribute quickly to government revenue in terms of a larger tax base. There were also expenditure programs which supported money-losing state-owned enterprises during this period. It was estimated that government transfers and subsidies to these enterprises over the plan period amounted to more than 42 billion CFA francs (or 9 percent of actual spending under the five-year plan).

Niger's high export concentration in one commodity together with the short-lived uranium boom added another dimension to its debt problem. The temporarily favorable uranium situation provided a stimulus for committing substantial amount of investment (largely financed by external borrowing) in increasing mining productive capacity and in energy intended to support expanded mining capacity. Investment in the third uranium mine (Société Minière de Tassa N'Taghalgue--SMTT) had already taken place a few years earlier, although the opening of this mine has now been postponed. The Nigerien Government also formed a coal mining and power supply company (Société Nigérienne 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. Because the opening of

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1/ For the changes in the terms of debt from major categories of lending sources, see Table 9 in the Statistical Appendix.

the third uranium mine has been postponed, SONICHAR is operating well below its productive capacity. The total construction cost for SONICHAR was estimated at more than 55 billion CFA francs, of which more than 40 billion CFA francs (70 percent) is financed by external borrowing on non-concessional terms. This represented 18 percent of the outstanding and disbursed public debt at the end of 1982.

The debt problem is further aggravated by miscalculations on certain policies related to fiscal and debt management, in particular, the practice of prefinancing projects in anticipation of exceptional foreign assistance, which in the end could not be mobilized. This prefinancing practice contributed significantly to rising extrabudgetary capital expenditure and growing budget deficits.

Because of the rigidities involved in lowering capital expenditure and the government's reluctance to cut current spending, no attempt was made prior to 1983 to bring spending in line with revenues. Instead, the budget and payments deficits were 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, debt on short maturities on non-concessional terms was incurred because such loans were easier to obtain and were quickly disbursable. When export earnings did not improve at a rate compatible with increasing debt, foreign reserves were drawn down. By the end of 1982, official reserves were down to the equivalent of less than three weeks of imports. There were also significant increases in arrears. The debt-financed development strategy of the mid-1970s has evolved into a debt crisis in the 1980s.

D. Interest Rates and Currency Depreciation

Two developments in the international economy since the early 1980s contributed to Niger's debt servicing difficulty despite the adjustment effort adopted in 1983: the rising international interest rates and the depreciation of the CFA franc against major currencies, particularly the U.S. dollar. International real rates of interest grew from low and sometime even negative in the 1970s to an average of more than 10 percent in the 1980s. The CFA franc depreciated by more than 60 percent between 1981 and 1984. They have contributed to higher debt service payments since a sizeable portion of Niger's debt (almost 50 percent) is denominated in U.S. dollars. The high interest impact is felt immediately on loans carrying variable interest rates, primarily international bank lending and short-term loans which accounted for 25-30 percent of Niger's debt. Together with the worsening terms of trade in the 1980s, they made it difficult to reduce the current account deficit and to service the debt.[1]

IV. STRUCTURE AND TERMS OF NIGER'S EXTERNAL DEBT

This section attempts to define the magnitude of Niger's external debt problem. Until 1983 information on the country's debt situation was very sparse and not well documented. There was also lack of coordination in debt management

1/ The trend of falling value of the dollar in late 1985 (and is expected to continue in 1986), should help lighten the debt-service burden during fiscal 1986.

among different government agencies and state-owned enterprises. Following the 1982/83 economic and financial crisis and the implementation of economic stabilization and financial programs, the Nigerien authorities, with technical assistance from the IMF and the World Bank, undertook a survey and a consolidation of all public and publicly guaranteed debt. A computerized system for monitoring the debt situation was installed at the Ministry of Finance in 1984. A first comprehensive inventory of Niger's public debt was completed and published in October, 1985.1/

A. Level and Structure

Niger's outstanding and disbursed external public debt grew from less than $100 million at the end of 1975 (less than 12 percent of GDP) to almost $800 million at the end of 1985 (approximately 47 percent of GDP). Most of the growth in public debt took place between 1979 and 1982 following the adoption of a debt-financed development strategy. The strategy called for significant increases of public expenditure spending. External debt tripled from $200 million to $600 million during the 1979-82 period.

As shown in Table 4, net flows of public debt2/ grew from 2 percent of GDP during 1975-77 to almost 12 percent of GDP in 1981. They accounted for more than half of the 1981 gross fixed capital formation and 50 percent of government expenditure. Since 1982, net flows of external debt have declined to 2-6 percent of GDP and represented between 13 to 36 percent of government expenditure. The trend reflects larger amortization and smaller disbursements as well as the policy of refraining from short-term commercial borrowing adopted since late 1983. Given the present schedule of disbursements, and in the absence of future debt renegotiation, net flows are expected to be negative beginning with 1989. The negative net flows are likely to be avoided because of the near certainty that Niger will request debt rescheduling arrangements during the next three years together with a second SAC program from the World Bank.

In addition to the rapid accumulation of external debt, the structure of the public debt has also changed significantly in the 1980s. As shown in Table 5, bilateral loans accounted for almost 71 percent of total oustanding and disbursed public debt in 1976 followed by multilateral loans (about 20 percent). Loans from financial markets and suppliers' credits accounted for 3 and 6 percent respectively. The share of bilateral loans in Niger's debt picture has declined to 30-36 percent during 1980-84; it went back to almost 45 percent in 1985. Almost 50 percent of bilateral debt outstanding at the end of 1983 was considered non-concessional. The share of multilateral loans increased to the peak of 41 percent in 1980 and remained in the neighborhood of 34-40 percent since 1982.

1/ This official document is entitled: Dette Publique Extérieur au 31 Décembre 1984. In this report, all data and information of Niger's external public debt since 1984 came from this official document, unless otherwise specified. Historical data prior to 1984 are based on the most recently available country report as contained in the World Bank's Debt Reporting System. Information on private debt, however, has not been reported in the official debt survey and consolidation. The data used here are based on IMF's estimates.

2/ Net flows are defined as disbursements less amortization.

The most significant change in Niger's public debt composition is the role played by international financial markets. The share of debt contracted with financial markets went from less than 4 percent of total public debt in 1976 to almost 32 percent in 1982. This mainly reflected the access to easy credit after the Euromarket became an important source of financing in the mid-1970s. France has been the major source of this easy but highly non-concessional credit. Approximately 60 percent of the debt outstanding and disbursed by the end of 1985 was contracted with French financial institutions or guaranteed by France. About 72 percent of the debt owed to the London Club (mainly private financial institutions) at the end of 1985 was contracted with French financial institutions. (Table 9)

To have a complete picture of the country's external debt, it is necessary to include in the debt picture private and short-term debt as well as non-monetary liabilities such as those owed to the IMF. According to the IMF estimates, Niger's private debt increased rapidly during 1978/79. Private debt in the late 1970s was larger than public debt; in 1978 and 1979 it was respectively 40 and 80 percent larger. While the ratio of private to public debt remained high, 0.5 to 0.8 during 1980/81, private debt began to decline in 1980 (from $471 million in 1980 to $220 million in 1983). The outstanding and disbursed private debt at the end of 1984 was estimated at $177 million. If the 1980-84 trend is assumed for 1985, total debt outstanding and disbursed (both public and private debt) would be about 54 percent of GDP in 1985.

The falling trend of private debt (owed mainly by uranium mining firms) was due to rapid amortization, which has exceeded disbursements since 1981, and substantial increases in public debt. The declining private debt, however, has been accompanied by rising proportion of short-term credits. Their share in private debt has risen from 16 percent in 1979 to about 31 percent at the end of 1984. This short-term debt is owed mainly to foreign commercial banks at non-concessional terms. At the peak, this short-term debt outstanding to commercial banks was estimated at $99 million in 1980. It had fallen to about $55 million in 1984. (See Table 7)

Niger's external debt picture also includes "non-monetary liabilities" such as those owed to the IMF. With falling uranium export earnings due largely to the unfavorable external market developments beyond Niger's control, Niger requested the use of Compensatory Financing Facility (CFF) from the IMF. It received a total of 24 million SDRs (about $25 million) under the CFF in 1983. A first IMF stand-by arrangement of 18 million SDRs ($18.8 million) was also approved in October 1983. This was followed by a second IMF stand-by arrangement of 16 million SDRs (about $16 million) in December, 1984. A third IMF stand-by arrangement of 13.48 million SDRs ($13.6 million) was approved in November 1985. There were also disbursements estimated at $13.2 million from the IMF Trust Fund. The total use of IMF credit to date is estimated at $73 million.

B. Monetary Union Arrangement

Because of its membership in the West African Monetary Union (the CFA franc zone), Niger has a close economic relationship with other member countries in the Union and France, particularly when it comes to monetary, fiscal, and balance of payments matters. The debt problem, especially the debt servicing aspect, is also affected by the debt situation in other member countries. The foreign exchange to service external debt is drawn from a common pool.

Consequently, it is not constrained by any individual's member's exports, although individual member countries as a group do affect the size of the foreign exchange pool. However, to service its debt, each individual government has to generate sufficient revenue in the common currency and can rely, only to a limited extent, on money creation and advances from the union's central bank. The latter is limited statutorally to 20 percent of tax revenue; and sometimes it is less when member countries call for restrictive credit policies.

In order to have a comparative perspective with respect to the debt structure in general and to the relative importance of the Euro-financial markets in particular, Tables 6 and 7 below provide some indication of debt structure of all the member countries in the union as of the end of 1983.

Financial market credits largely originated from France represented sizeable shares of external debt in Niger, Ivory Coast, Benin, Senegal, and Togo. They account for more than one-fourth of Niger's external public debt, 60 percent in Ivory Coast, and almost 50 percent in Benin. Short-term credit from foreign commercial banks also played a relatively more important role in Niger and Ivory Coast than in other countries, although it was modestly significant in Senegal and Togo. Suppliers' credits were relatively unimportant. Multilateral loans represented from one-fifth to one-third of public debt except in Burkina where it accounted for almost two-thirds of its public debt. Bilateral loans remained important in most countries except Ivory Coast and perhaps Benin. However, the non-concessional portion of bilateral loans were very high in the cases of Niger, Senegal, and Togo (50 percent or more). Like Niger, Ivory Coast, Senegal, and Togo have also been facing the debt crisis since the early 1980s.

Finally, the monetary union arrangement makes the relationships among external borrowing, balance of payments, and fiscal affairs even more interdependent than otherwise. A crucial debt service variable is government revenue in addition to export earnings, although the two have been highly correlated in the case of Niger.

C. Terms of Debt

Since the early 1980s, the terms of debt have become harder as a result of the change in the structure of debt toward a larger share of credits from financial institutions with shorter maturities . A larger portion of the debt is non-concessional. The average level of the grant element of public and publicly-guaranteed debt declined from almost 80 percent in 1975 to 22 percent in 1982; it went back to 40 percent at the end of 1983.

The rate of interest on external debt from all sources averaged less than 1 percent in 1975.[1/] It increased to 7-8 percent during the 1978-81 period and has remained at approximately 6-7 percent since 1983. The debt maturity and its grace period were also shortened significantly. During 1975-81, they were reduced by more than half from 43 and 9.6 years to 17 and 4.5 years for maturity and grace periods respectively. The grant element of loans decreased from 78 percent in 1975 to 22 percent in 1981. Since 1983 the average terms for loan maturities and grace periods have remained approximately 30 and 7 years respectively with a grant element of less than 50 percent.

1/ This implies a real rate of interest of negative 3-4 percent.

In addition to the change in composition of sources of debt, there are also changes in the terms of debt within each lending source. They have generally become harder with the exception of suppliers' credit which has not changed significantly; its grant elements hovered around 6-7 percent with grace periods of two years or less; loan maturities of 6-8 years and interest rate of approximately 8 percent. A major change between the mid-1970s and 1980s came from financial institutions. Their terms have been much harder: interest rates went from 8 percent to 11-12 percent (more than 16 percent in 1979/80); grace periods of less than two years; and maturities of less than seven years. Because of the unusually high rate of interest in the late 1970s and early 1980s as compared with expected future rate, the grant element of debt from this source have been estimated at between negative 6 to negative 15 percent.

The terms of debt from multilateral sources remain highly concessional with a grant element average of almost 70 percent and a maturity of 41 years. The grace period has fallen slightly from 10 to 9 years. With the exception of 1981, the rate of interest remains low at 2-3 percent. A major portion of multilateral loans came from IDA which is a highly concessional lending source. Its terms have remained essentially unchanged with a grant element average more than 80 percent, an interest rate of 0.75 percent, a maturity 50 years, and a grace period of 10 years.

Bilateral loans, on the other hand, have become less concessional. Their average grant element declined from 78 percent in 1975 to 40 percent at the end of 1983 with the average rate of interest increased from less than 1 percent to more than 5 percent. They also have a shorter maturity and grace period: declining from 43 and 10 years to 27 and 7 years repsectively.

France is the most important lending source and accounted for most of the rapid increases in Niger's external debt during the late 1970s and early 1980s. By the end of 1985, debt contracted with France or guaranteed by France represented 85 percent of Niger's bilateral debt. This debt is not concessional and its terms are close to commercial terms.1/ The terms of debt have become harder since 1979. The average grant element decreased from 33 percent in 1979 to 10 percent at the end of 1982; they went back to 19 percent at the end of 1983. The rate of interest increased from 5 percent to 8-9 percent with loan maturities averaging less than 20 years and grace periods less than seven years. Figures 1A and 1B summarize the changes in the key components of Niger's terms of trade during 1975-83. (See also Table 8.)

V. DEBT SERVICE PROFILE AND TREND: PROBLEM AND PROSPECTS

While the above analysis--by identifying the level and structure of debt--helps define the magnitude of the debt problem, a country's debt service profile in relationship to its debt servicing capacity provides indication of whether a country will face a debt crisis. The debt service payments determine the degree of liquidity squeeze in the external sector and the ability of the government to withstand such a squeeze and avoid a debt crisis. Niger has experienced sizeable arrears and debt servicing difficulties since 1983; it has

1/ If one uses a grant element level of 25 percent or more to distinguish between concessional and non-concessional loans, all loans contracted with France or guaranteed by France are non-concessional.

had four debt reschedulings since then. This section discusses Niger's debt servicing problem and examines its profile of future debt service.

A. Debt Servicing Problem, 1982-86

Table 4 presents the most recently available data on Niger's debt service profile for public and publicly guaranteed debt. Data on debt service payments for 1975 to 1985 are actual principal and interest payments. For 1983-85 they reflect the debt relief obtained in 1983 and 1984. The projections of debt service payments from 1986 onward are estimates of scheduled payments on existing debt reported as of the end of 1984 with estimates of disbursements for 1985. The 1986 debt service payments do not take into account the effect of the debt relief obtained in November 1985.

Prior to 1979, debt service payments remained relatively low, between $8-13 million (or 3-6 percent of export earnings and less than 8 percent of government revenue). Between 1980 and 1982, they almost tripled from $39 million to $111 million. Export earnings, on the other hand, had already peaked in 1980 and began to fall in 1981 and 1982 by more than 30 percent. Government revenue declined by 2 percent in nominal terms. Scheduled debt service payments represented 30 percent of 1982 export earnings and almost 50 percent of government revenue; Niger began to accumulate significant arrears, estimated at $43 million, by the end of 1982. Debt service obligations were clearly beyond Niger's debt servicing capacity by the end of fiscal 1982.

The liquidity crisis forced the Nigerien authorities to seek debt relief through the Paris Club following the agreement on the IMF stand-by arrangement. A debt rescheduling was concluded in November 1983. The agreement applies to loans which have maturities of more than one year and contracted before July 1, 1983. The debt rescheduling applies to 90 percent of the principal payments and 60 percent of interest and charges fallen due from October 1, 1983 through September 30, 1984. Participating creditor countries included France, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom, the United States, and West Germany. Following the Paris Club agreement, Niger also obtained debt relief from private foreign commercial banks through the London Club in March 1984. The London Club debt relief agreement is for a two-year period. The next renegotiation will take place early 1986.

The Paris Club debt reschedulings were repeated in November 1984 and 1985. The terms of the 1984 agreement were identical to those of 1983 except for the period of consolidated debt which covered October 1, 1984 through November 30, 1985. The terms of the 1985 agreement were different from those of 1983 and 1984. The 1985 rescheduling applies to 90 percent of principal payments and 50 percent (instead of 60 percent) of interest and charges for payments falling due December 1, 1985 to December 4, 1986. Participating creditor countries included France, Spain, the United Kingdom, and the United States.

The total effect of the 1983 and 1984 debt reschedulings (both the Paris and London Clubs) on debt service is estimated at between $104-109 million during 1983-85. They lowered debt service payments by $52 million and more than

$40 million in 1984 and 1985 respectively. These reduced the public debt service burden on government revenue to about one-third instead of an average of 50 percent. The debt relief lowered the debt service ratio (to export earnings) by an average of 10 percentage points. Figures 2A and 2B compare debt service payments before and after debt rescheduling.

The effect of the 1985 Paris Club agreement is preliminarily estimated at about $30-35 million. This does not include the anticipated London Club debt renegotiation which is likely to take place in early 1986. The debt relief from the London Club, assuming the Paris Club terms are adopted, is estimated at $12-15 million. The total debt relief effect for 1986 is $42-50 million. This would keep the debt service payments at about one-third of projected government revenue or 19 percent of export earnings. Since 50 percent of the debt is denominated in U.S. dollars, the anticipated recovery of the value of the CFA franc, particularly vis-à-vis the U.S. dollar, and lower international interest rates (which affect loans with flexible rates) would also help lighten somewhat the debt servicing burden in 1986.

B. Prospects

Table 9 shows the levels of future external public debt outstanding and disbursed by major categories of creditors. The level of debt will continue to increase in 1986 and 1987 but at much slower rates. It is projected to decline to the 1982 level by 1991. Multilateral loans represent 45 percent of total debt in 1986 and are expected to increase to approximately two-thirds by 1994. Bilateral loans account for 47 percent of total debt in 1986 but are expected to decline to one-third by 1994. France accounts for more than 70 percent of bilateral loans in 1986; its share is expected to decline to 55 percent in 1994. Arab countries alone account for 75 percent of the other bilateral debt in 1986 and 20 percent of total bilateral debt; their share is expected to go up to 27 percent in 1994. Debt originated from London Club creditors represents 7 percent of total debt in 1986 and will be slightly more than 1 percent in 1991. France alone accounts for 75 percent of this category of debt in 1986; it will account for practically all of this debt by 1990. Figures 3A and 3B summarize the shares of debt and its servicing obligations by major categories of creditors.

The increasing proportion of debt owed to multilateral lenders and the declining share of loans from bilateral sources reflect an increasing use of a more concessional source. As discussed in Section IV.C. above, multilateral loans (particularly those from IDA) have a high degree of grant element whereas bilateral loans (especially those from the biggest lender, France) have much harder terms. Loans from France or France-guaranteed have an average interest rate of more than 7 percent, a grace period of less than seven years, a maturity of 18 years, and a grant element of less than 20 percent. These are much less concessional than multilateral loans which average 2 percent of interest, a grace period of almost 9 years, a maturity of 41 years, and a grant element of almost 70 percent.

Table 10 provides a profile of future debt service based on outstanding and disbursed public debt as of the end of 1985 and the assumption of continuing scheduled drawdowns of debt already contracted. The levels of future debt service remain as high as the 1982 crisis level for the next three years (above $100 million and as high as $122 million in 1987). Debt service levels are projected to fall in 1990; the debt service is expected to fall to the 1985 level in 1993. Between one-fourth to one-third of debt service payments from 1989 onward is accounted by debt previously rescheduled.

Repurchases and charges for the use of the IMF resources will represent sizeable portions (11-22 percent) of the debt service payments during 1987-89. If the use of the IMF resources continue in the near future at the average of previous stand-by levels ($16 million), the net resource flows from the IMF will be negative for 1987 and 1988 at the present repurchase schedule.

Debt service payments due to Paris Club creditors will account for about 40 percent of total debt service during 1987-89. Its share will go up to more than 50 percent from 1990 onward as the previously rescheduled debt became due. The share of debt service payments to other bilateral creditors not participating in the Paris Club (mostly Arab countries) will increase in the future, from 7 percent in 1987 to 17 percent in 1992, and continue to rise to more than 20 percent by 1994.

Debt service payments to multilateral lending sources which are not eligible for debt renegotiation under the present international arrangement will account for approximately one-third of total debt service payments during 1987-89. In the 1990s they are expected to fall to 25-30 percent. The recently concluded agreement with the World Bank for a SAC program will raise Niger's debt level. However, because of its highly concessional terms, which include a long grace period and low rate of interest, it will not affect the profile of future debt service until the late 1990s.

Because of the policy of refraining from short-term non-concessional loans adopted by the Nigerien authorities since 1983 under the IMF stand-by arrangements, the debt service payments due to London Club creditors (foreign commercial banks) will decline from 23 percent of total debt service payments in 1986 to 15 percent in 1988; and from 1989 onward, the projections show a continuing falling trend; and by 1992, it will account for less than 5 percent. Because the 1986 and 1987 debt service levels to London Club creditors remain high, the Nigerien authorities plan to request debt renegotiation in early 1986. Figure 4 shows the proportion of future debt service going to four major lending sources, multilateral, bilateral, London Club, and the IMF.

In assessing the prospects of whether a country will be able to meet its debt service obligations, the profile of future debt service must be viewed in relation to the country's debt servicing capacity. A number of economic variables are chosen as indicators of a country's debt servicing capacity. Among them are: debt service to export earnings ratio; debt service to government revenue; and the net flows of debt. These economic variables are meant to indicate the extent of the liquidity problem caused by debt service obligations.

In the case of Niger, the liquidity crisis occurred in 1982 as evidenced by large arrears accumulated. If one uses the 1982 values of the economic indicators mentioned above as <u>ex-ante</u> indicators for predicting the likelihood of Niger facing future debt servicing difficulties, it is clear that during the next three to five years Niger will have difficulties meeting its scheduled debt service obligations. As shown in Table 4, all these indicators remain at least as high as they were in 1982. A more manageable situation would be for the debt service ratio to be lower than 15 percent of export earnings and not more than 20 percent of government revenue.

To increase debt servicing capacity, Niger's uranium export earnings would have to increase at a rate compatible with increasing debt service payments and government revenue must also rise. The prospects of a quick uranium recovery are dim. Any significant increases in government revenue are not likely to take place in the near future even with the fiscal reform already adopted in 1984 and 1985 and the institution of a value-added tax in January 1986. Net flows of debt will become negative beginning with 1989 unless additional loans are incurred. Negative net flows would have occurred as early as 1986 or 1987 if it were not for the recently concluded agreement with the World Bank for a $60 million SAC. The disbursements of the World Bank credit are incorporated in the net flows projections in Table 4.1/

Figures 5, and 6 summarize Niger's future debt service profile and some key economic indicators. These indicators are based on projected GDP, export earnings, and government revenue for the next five years.2/

VI. CONCLUSION AND IMPLICATIONS

For Niger, one of the legacies of the uranium boom and bust in the 1970s and early 1980s is the external debt problem. The impact associated with the servicing of such debt has become critical since 1982/83. The debt problem also complicates the ongoing process of longer term development financing. While the magnitude of the debt and the absolute size of debt service payments are relatively small by international standards, the problem is serious nonetheless because of the country's limited scope for foreign exchange earnings and expansion of government revenue and hence its debt servicing capacity.

Despite its debt servicing difficulties in recent years, it should be noted that Niger's external debt problem still remains at the stage of what might be called "illiquidity" (cannot pay now) as opposed to "insolvency" (cannot pay ever).3/ The distinction has implications on the choice of viable policy options or action which attempt to address the problem. Three implications for future measures follow.

First, one of the most important policy implications from the decade of the 1970s should be to contain the problem by avoiding similar mistakes of the past. As identified in this paper, the major ones to avoid are: (1) excessive public spending in respose to temporary commodity boom (in this case uranium); (2) public expenditure programs and investments which are directed primarily by the availability of easy credits (though at high costs) instead of economic criteria and realistic project appraisal; and (3) delays in macroeconomic adjustment which is facilitated by the availability of non-concessional financing.

1/ Negative net flows of debt mean amortizations are greater than disbursements.

2/ See K. Toh (1986): Niger: Current Macroeconomic Situation and Constraints for a more detailed discussion of these macro-projections.

3/ Examples of sub-Saharan African countries in the insolvency group appear to include Sudan and Liberia. Sudan, for example, has had debt re-reschedulings. Both countries have had prolonged access to the IMF resources: Sudan has six IMF programs while Liberia has five. Both have very high IMF charges. Sudan's scheduled charges to the IMF alone exceeded one-third of its export earnings in 1982. Insolvency also relates to factors which influence the debtor country's willingness to pay.

The link between economic growth and external indebtedness is not new and has been essential for economic development as evidenced by the economic history of many developed and developing countries. But to be sustainable, a debt-financed development strategy must be accompanied by a reasonable assessment of how foreign-borrowed capital will be used and how the debt will be serviced. Theoretically, the servicing of the debt would come from the returns to the investment for which the financing is intended. The experience of the 1979-83 public investment planning and spending was far from optimal. A number of major investment projects on a micro level were not economically viable, and the unexpectedly abrupt change of the macro environment together with delays in macroeconomic adjustment compounded the problem.

Second, avoiding past mistakes will clearly not be adequate for the immediate problem at hand. Given the country's limited debt servicing capacity, debt renegotiations would remain an important policy instrument at least for the next two to three years. There are, however, limitations to this. Not all debt service payments are eligible for debt rescheduling. Payments due to preferred creditors (multilateral lenders and the IMF), interest on commercial and short-term creditors, and previously rescheduled payments cannot be restructured.1/ This means that about half of Niger's future debt service payments are ineligible for debt rescheduling under present institutional arrangements. Both in financial terms and in terms of human resources devoted to its preparation, debt restructuring is not costless, particularly under the present Paris Club and London Club arrangements. For Niger, Paris Club terms allow for a debt consolidation period of only one year each time with a five-year grace period for the rescheduled payments. This means annual debt reschedulings are necessary. For the London Club, Niger was able to obtain a two-year period of debt consolidation. Finally, there are charges associated with debt restructuring. In the case of the London Club, it includes up-front fees and down payments.

There is another difficulty associated with debt restructuring as a policy option. Bilateral and most other debt reschedulings through the Paris Club or the London Club require, as a precondition, an arrangement with the IMF on an upper credit tranche facility. The basic reason for this is the uncertainty regarding public policies of the country requesting debt rescheduling. The IMF policy program for the use of the upper credit tranche facility is generally formulated for one year at a time; consequently, the issue of confidence in the continuity of appropriate public policies arises. In addition to the uncertainty associated with government policies, there are also uncertainties related to exogenous factors, such as the uranium demand condition and interest rates (which affect especially loans with flexible rates). Creditors, particularly private lenders (commercial banks), are also concerned with making gains should the country recover. This explains the short leash approach to debt rescheduling.

The above discussion suggests that debt rescheduling as a means for addressing Niger's debt problem must be used with care. It is necessary to monitor closely future debt service obligations arising from debt rescheduling, particularly toward the early 1990s. Debt rescheduling can improve the debt

1/ There are exceptions to the last category of debt service. Debt re-reschedulings have taken place for Zaire (1979 and 1983), Sudan (1983 and 1984), Togo (1983), Sierra Leone (1984), and Madagascar (1984).

service profile in the immediate future, but its effect on future debt service payments after the grace period will determine the viability of this policy option. Steps must be taken to prevent the bunching of debt service if the liquidity problem is to be avoided.

Third, from the above analysis it is clear that Niger's debt structure has a relatively high proportion of loans from financial institutions and bilateral loans from France which are hardly concessional. Consequently, its terms of debt have become harder since the early 1980s. A change in the level of loan concessionality would help its future debt service profile. A policy of refraining from short-term non-concessional borrowing (less than 12 years) which has already been adopted by the Nigerien authorities since 1983 explains the relatively low debt service payments due to the London Club creditors beginning with 1989/90 (see Figure 4). There is a need for Niger to continue this policy and explore the possibility of increasing the level of concessionality in its debt structure. One way to accomplish this is by increasing use of multilateral sources, particularly the World Bank which offers highly concessional loans to Niger. It should also seek additional concessionality from the biggest bilateral lender--France.

Niger could succeed in overcoming the debt crisis if its debt profile was adjusted. The economic reform initiated since 1983 and the increased effort to bring about key structural changes in the economy under the World Bank SAC program are encouraging.1/ There will, nevertheless, be a drop in sustainable levels of consumption as investments are adjusted downward to a compatible level with available external financing. Donors (both in their grant assistance or lending policies) could assist the government in minimizing the uncertainty and the related confidence issue with regard to public policies, particularly in the macroeconomic policy and stabilization arena. This implies the use of more non-project assistance to support policy dialogue effort with the government, improved management of public resources, and better development and budget planning and choice of projects. There is also a need for donor coordination in the area of policy at the sectoral level to ensure that sectoral policies and activities are consistent with the policy environment at the macro level. It appears that the World Bank SAC program, together with the IMF stabilization effort, will provide the policy direction for Niger at the macro level for the next three to five years.

1/ For detailed discussion of Niger's macroeconomic policies and reform measures, see K. Toh (1986).

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STATISTICAL APPENDIX

Figure 1A

NIGER: TERMS OF EXTERNAL PUBLIC DEBT

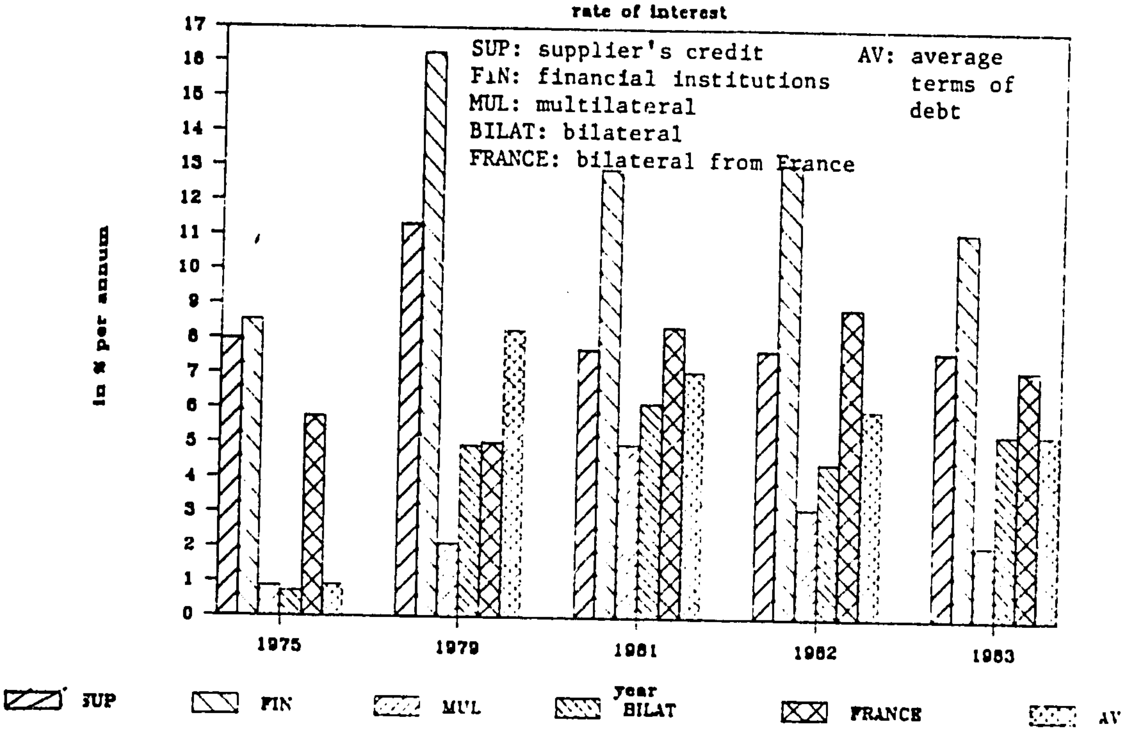

Figure 1B

NIGER: TERMS OF EXTERNAL PUBLIC DEBT

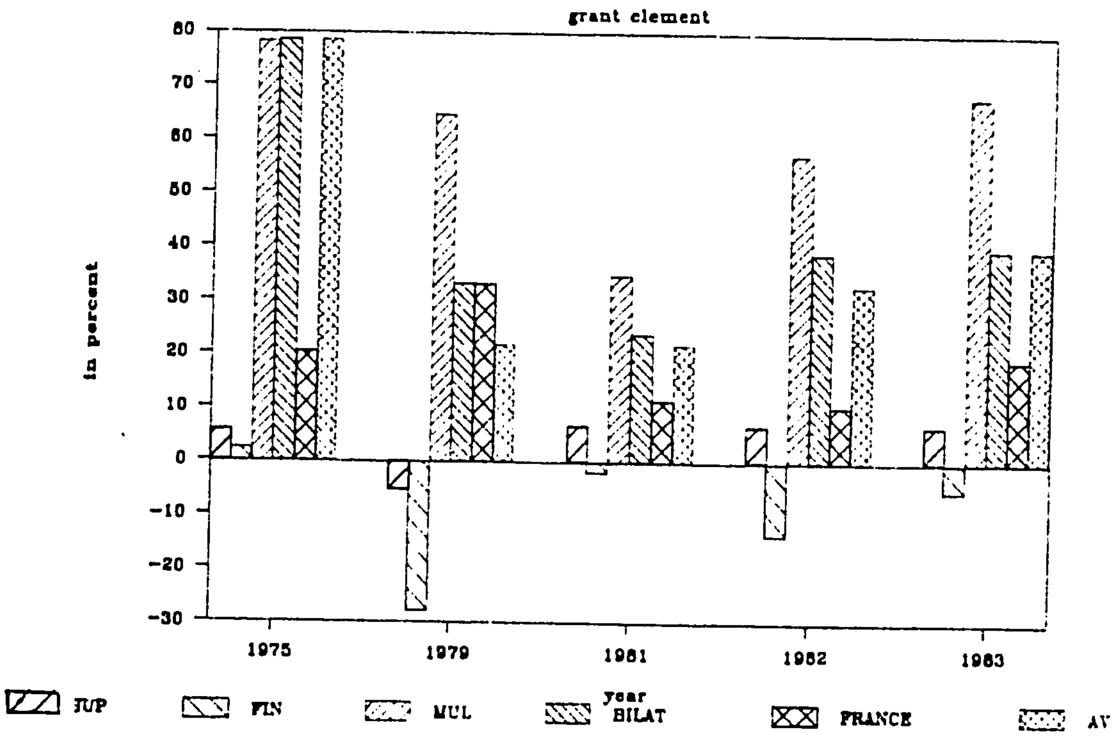

Figure 2A

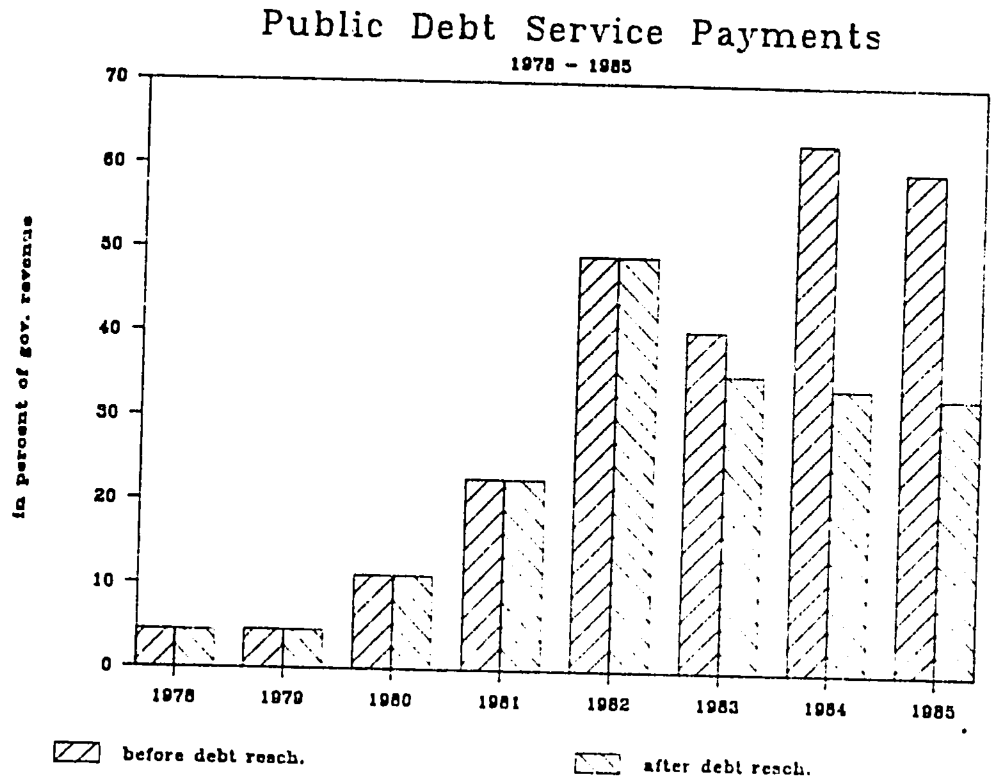

Figure 2B

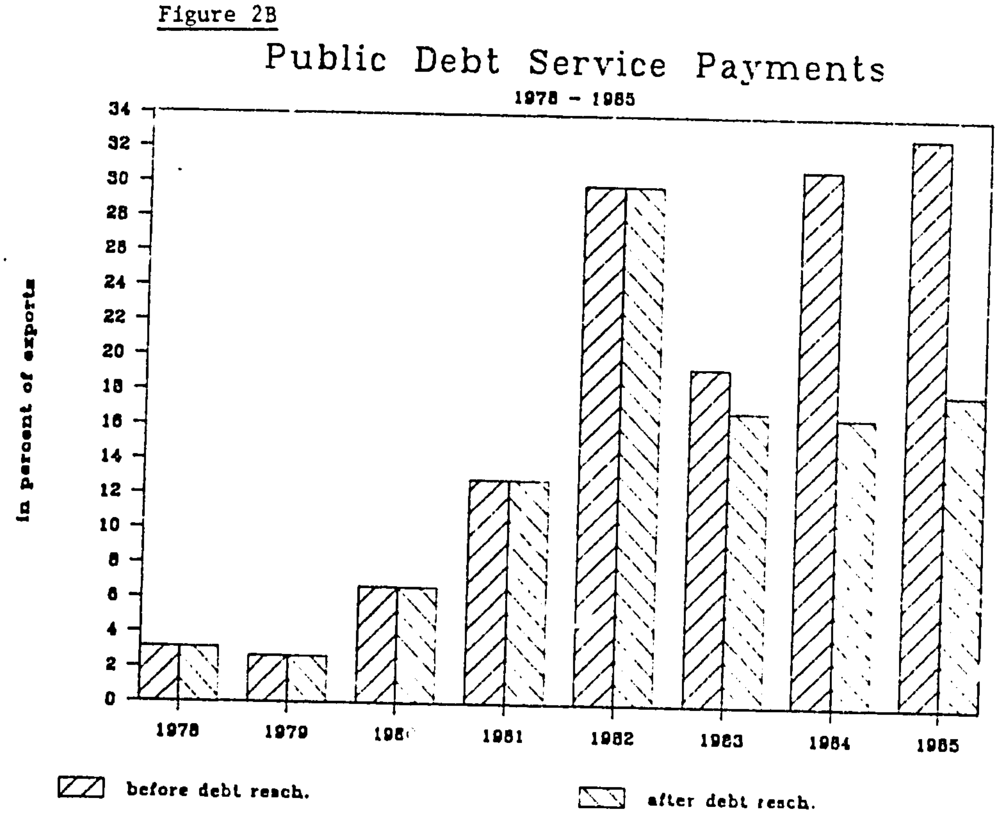

Figure 3A

Total Debt Outstanding and Disbursed

by Creditors, as of Sept. 30, 1985

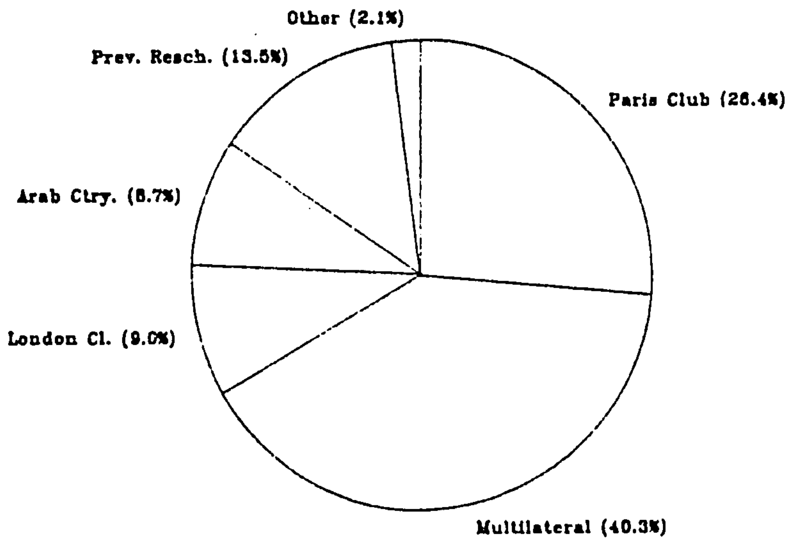

Figure 3B

Debt Service Payments by Creditors

FY-1986

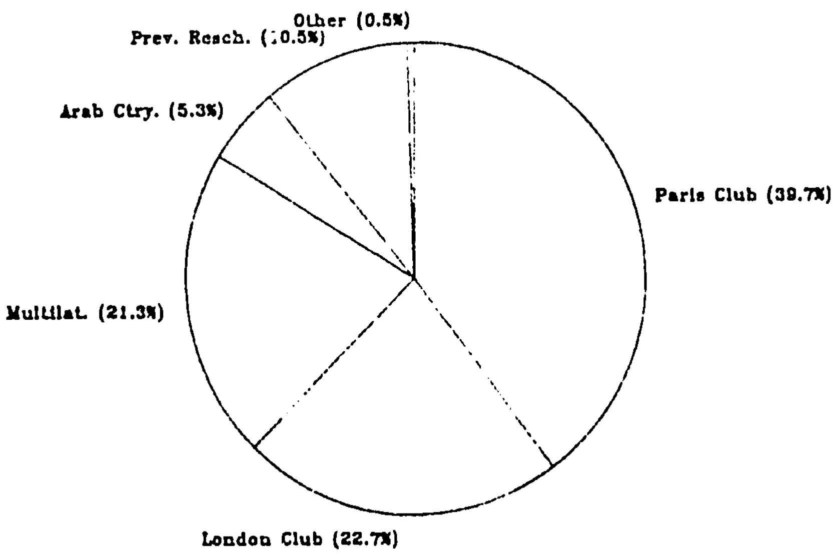

Figure 4

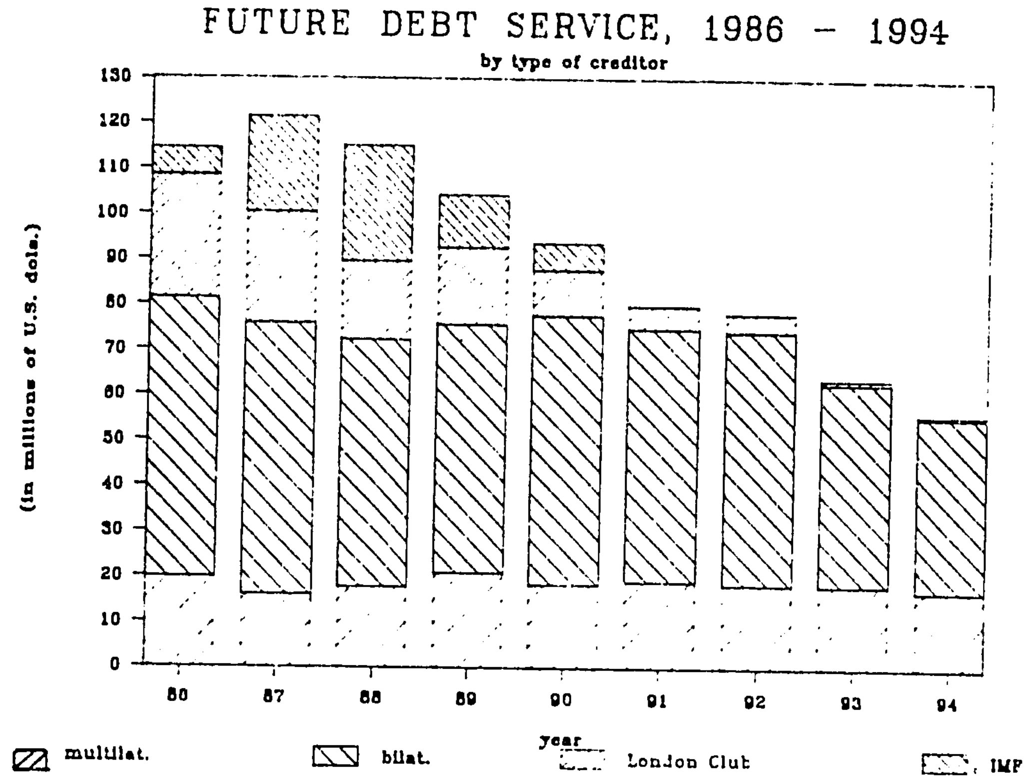

Figure 5

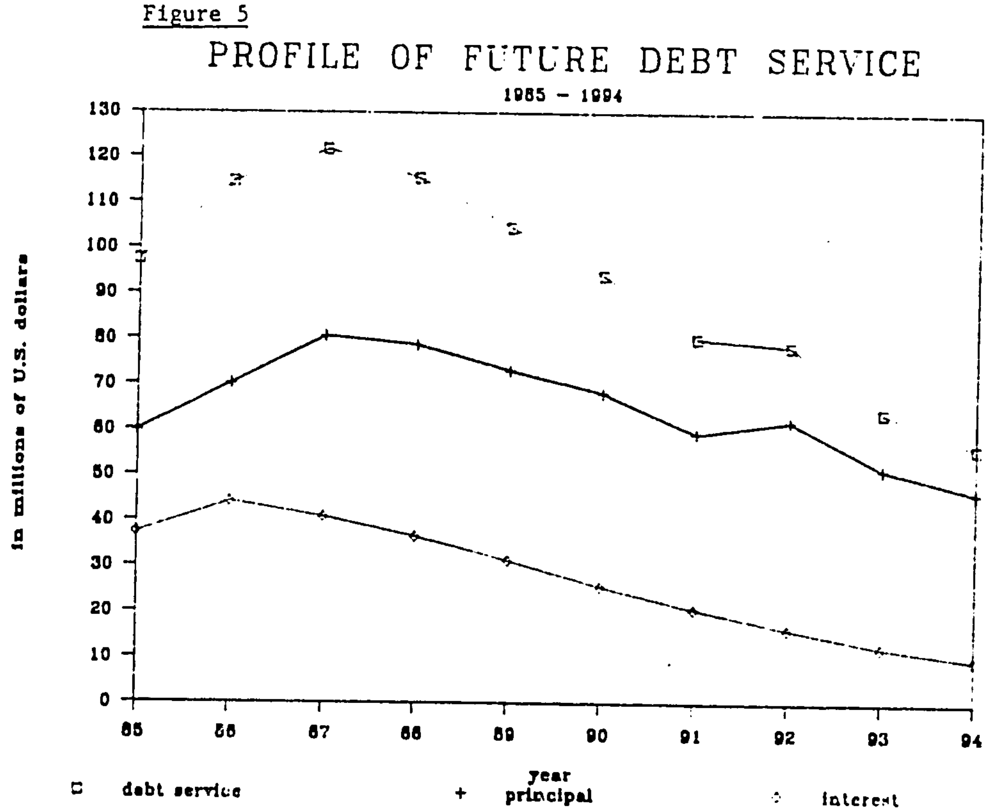

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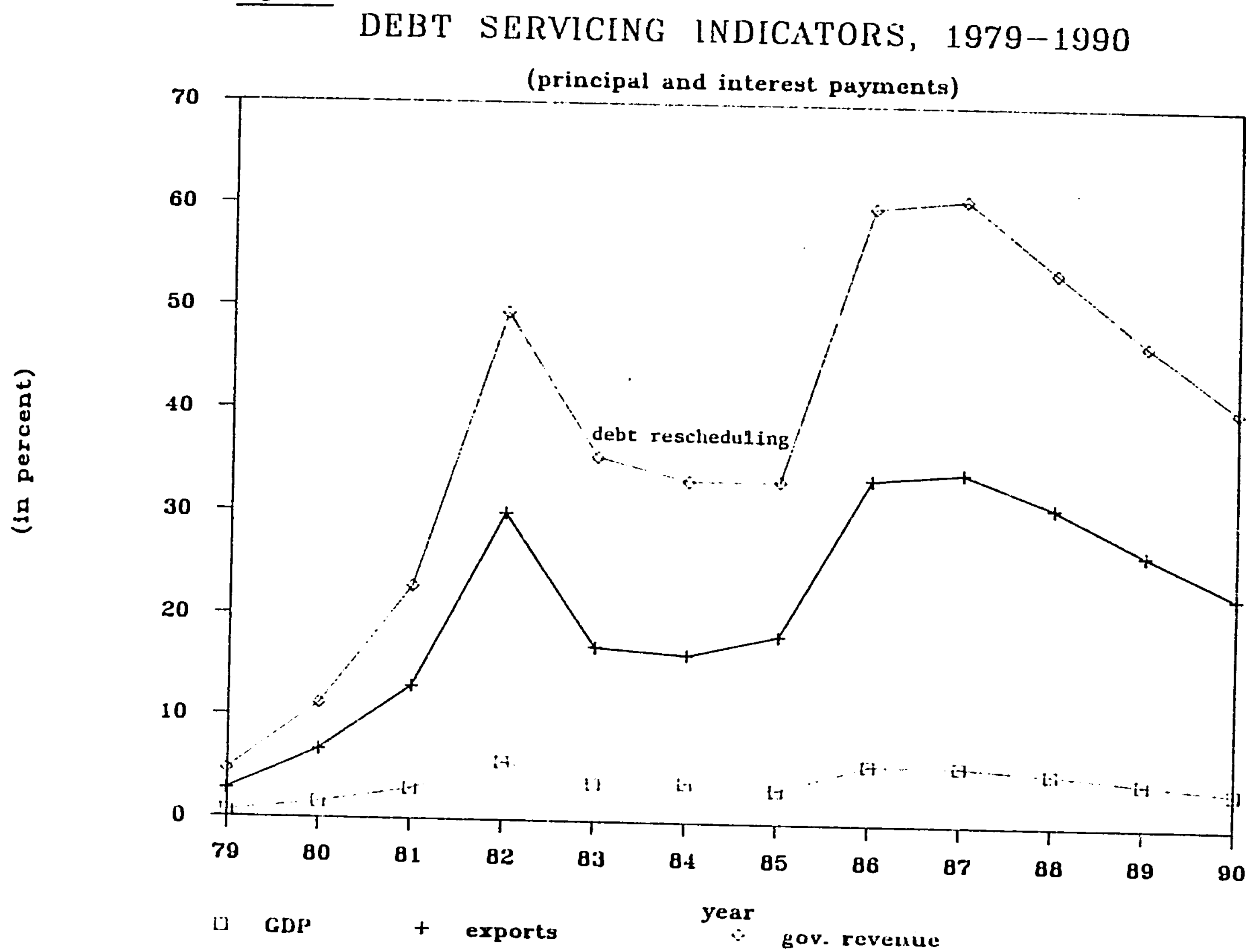
Figure 6


DEBT SERVICING INDICATORS, 1979–1990
(principal and interest payments)
(in percent)
70
60
50
40
30
20
10
0
debt rescheduling
79
80
81
82
83
84
85
86
87
88
89
90
year
GDP
exports
gov. revenue

22

Table 1

NIGER: Selected Indicators of Macroeconomic Developments, 1978-1985

	1978	1979	1980	1981	1982	1983	1984	1985
National income and prices:								
GDP growth rate (annual % change)	7.2	14.7	6.3	-0.9	-0.8	-2.6	-16.1	6.6
GDP deflator (annual % change)	16.0	7.6	13.8	11.0	9.8	7.8	8.7	7.5
Gross fixed investment (% of GDP)	25.3	25.5	25.5	22.0	18.7	13.5	13.3	14.9
Resource gap (% of GDP)	-14.8	-11.3	-12.8	-12.9	-11.7	-6.3	-5.7	-10.2
Trade and payments:								
Exports (millions of U.S. dollars)	290.7	487.1	573.2	486.7	370.5	376.8	326.1	294.7
Imports (millions of U.S. dollars)	410.0	629.5	794.1	662.8	520.4	424.3	340.5	411.9
Terms of Trade (1980 = 100)	88.2	97.5	100.0	75.2	73.3	76.1	72.8	....
Uranium export price index								
(1980 = 100, on dollar basis)	89.9	99.1	100.0	63.5	63.0	62.3	57.7	60.6
Current account deficit								
(millions of U.S. dollars)	206.8	189.0	289.2	181.8	163.7	71.6	47.6	80.0
(percent of GDP)	12.6	9.1	11.4	8.4	8.4	4.0	3.4	4.8
Overall balance (- deficit)								
(percent of GDP)	-0.7	-0.7	-2.8	0.3	-7.2	-1.1	-0.6	-3.7
Gross official foreign reserves								
(weeks of imports)	13.7	8.5	6.7	6.6	2.2	5.2	10.9	....
Nominal exchange rate (CFAF/$)	225.6	212.7	211.3	271.7	328.6	381.1	437.0	420.0
Effective exchange rate index (1980	96.3	99.0	100.0	104.8	103.2	89.7	86.9	....
Public Finance:								
Domestic revenue (% of GDP)	12.8	13.5	13.7	12.7	11.5	10.2	11.4	9.6
Expenditure (% of GDP)	16.5	16.7	19.7	23.6	18.5	17.4	16.4	14.4
Current (% of GDP)	8.8	8.5	8.5	8.6	8.9	8.2	10.6	10.0
Development (% of GDP)	7.7	8.2	8.6	11.9	5.9	8.7	5.3	4.3
Budget deficit (% of GDP)	3.8	3.2	6.1	10.8	7.0	7.2	5.1	4.7
Money and credit:								
Money (M2) supply growth		19.0	20.8	20.6	-11.7	-1.1	22.5	9.5
Domestic credit growth		35.6	43.3	20.2	28.0	-1.1		
Interest rate (end of period)								
(central bank discount, overnig	7.25	8.00	10.06	14.56	13.31	12.31	11.00	10.87
Public and Publicly-guranteed Debt:								
Outstanding & disbursed (% of GDP)	7.4	9.5	10.4	18.4	30.9	35.5	45.3	47.1
Debt service (% of exports)								
before debt relief	3.2	2.7	6.7	13.0	30.0	22.2	31.0	32.9
after debt relief	3.2	2.7	6.7	13.0	30.0	17.0	16.3	18.3
Debt service (% of gov. revenue)								
before debt relief	4.6	4.7	11.2	22.8	49.5	45.3	63.1	59.9
after debt relief	4.6	4.7	11.2	22.8	49.5	35.5	37.3	33.4
Interest payments (% of exports)								
before debt relief	1.3	1.4	2.8	6.9	12.0	10.9	18.9	13.9
after debt relief	1.3	1.4	2.8	6.9	12.0	10.8	11.8	12.1
Interest payments (% of gov. revenue)								
before debt relief	1.9	2.4	4.6	12.2	19.8	22.8	38.5	25.4
after debt relief	1.9	2.4	4.6	12.2	19.8	22.5	24.0	22.0

Table 2

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 1979	1980	1981	1982	1983	Total spending in constant 1979 CFAF 1979-1983	Ratio of actual to planned spending 1979-1983	Actual spending allocations (in %) 1979-1983	Planned investment allocation (in %) 1979-1983
I. DIRECTLY PRODUCTIVE SECTOR	175.98	27.64	36.65	42.55	31.50	35.40	140.09	0.80	36.49	45.78
Rural sector	92.04	9.81	13.32	16.74	15.54	18.31	56.22	0.63	15.99	23.94
Mining, energy, and industry	70.21	12.88	19.70	17.10	11.50	15.10	62.12	0.88	17.07	18.26
Commerce & tourism	13.73	4.95	3.63	8.71	4.46	1.99	19.76	1.44	5.43	3.58
II. ECONOMIC INFRASTRUCTURE	67.76	17.98	28.37	32.34	23.50	18.42	97.77	1.44	26.66	17.62
Roads & transport	48.55	13.65	24.25	15.61	20.16	16.68	73.14	1.51	20.09	12.63
Telecommunications	12.77	4.33	4.12	16.73	3.34	1.54	24.63	1.93	6.77	3.32
III. SOCIAL SERVICES	114.44	11.44	24.18	25.99	25.25	14.49	81.16	0.71	22.30	29.7[illegible]
Education	65.86	7.58	14.20	14.49	15.47	6.64	47.26	0.72	12.98	17.14
Health	18.97	1.36	1.26	3.13	2.95	1.04	7.77	0.41	2.13	4.9[illegible]
Water supply	24.42	1.58	3.41	4.41	5.63	3.19	14.26	0.58	3.92	6.35
Housing & urbanization	5.19	0.92	5.31	3.96	1.20	3.42	11.67	2.29	3.26	1.35
IV. ADMINISTRATIVE INFRASTRUCTURE	26.27	8.28	7.08	13.93	13.09	4.50	37.98	1.45	10.43	6.83
V. OTHER EXPENDITURE		0.59	1.03	0.81	0.67	6.3[illegible]	7.00	....	1.92	
TOTAL	384.45	65.93	97.51	115.62	94.21	79.14	364.00	0.95	100.00	100.00

Annual percentage changes in GDP deflator are used to convert 1980-1983 spending to constant 1979 CFA francs. The annual percentage changes are as follows: 1980, 13.8%; 1981, 11.0%; 1982, 9.8%; and 1983, 7.6%.

Source: MINISTRY OF PLANNING AND MINISTRY OF FINANCE

Dec. 27, 1985

Table 3

NIGER: PUBLIC INVESTMENT EXPENDITURE IN PROGRAM OF CONSOLIDATION, 1984-1985
(in millions CFA francs)

SECTOR	Planned Expenditure (in constant 1984 CFAF) TOTAL	1984	1985	Actual Expenditure (at current prices) TOTAL	1984	1985	Ratio of actual to planned spending (const. 1984 CFAF) 1984-1985	Allocation of spending (in %)	Allocation planned expenditure (in %)
DIRECTLY PRODUCTIVE SECTORS	59268	27556	31712	44510	21410	23100	0.72	38.0	40.3
Agriculture and rural dev.	43368	21656	21712	32100	16800	15300	0.72	27.4	29.5
Mining, industry & energy*	15900	5900	10000	12410	4610	7800	0.75	10.6	10.8
SOCIAL SERVICES	46391	21754	24637	24560	12870	11710	0.51	21.0	31.5
Education and training	10857	4152	6705	6200	4100	2100	0.56	5.3	7.4
Health	5693	2551	3142	2300	1440	860	0.39	2.0	3.9
Housing and urban dev.	7925	3140	4785	1460	1460	...	0.19	1.3	5.4
Water Supply	21916	11911	10005	14600	5850	8750	0.64	12.5	14.9
INFRASTRUCTURE	39507	14878	24929	36600	15180	21420	0.88	31.3	27.1
Transport	28900	10300	18600	28900	12820	16080	0.96	24.7	[illegible]
Telecommunications	8407	3578	4829	5200	1560	3640	0.59	4.4	5.7
Government building	2500	1000	1500	2500	800	1700	0.95	2.1	1.7
OTHER EXPENDITURE	1586	662	924	11400	2230	9170	6.78	9.7	1.1
TOTAL	147052	64850	82202	117090	51690	65400	0.77	100.0	100.0

*including private investment

Source: MINISTRY OF PLANNING. PROGRAMME INTERIMAIRE DE CONSOLIDATION, 1984 - 1985 and MINISTRY OF FINANCE.

Dec. 12, 1985

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Table 4

NIGER: Flows of External Public Debt, 1976-1985
(in millions of U.S. dollars)

Year	Debt Out-standing and Disbursed	Net Flows	Debt Service: Prin-cipal	Debt Service: Inte-rest	Net flows of public debt as % of: GDP	Fixed In-vestment	Gov. Ex-penditure	Budget Deficit	Debt service as % of: Export Earnings	Gov. Revenue	GDP	Interest payments as % of: Export Earnings	Gov. Revenue	GDP
1975	91.8	23.2	5.8	2.3	2.8	13.5	25.4	....	5.8	7.7	1.0	1.6	2.2	0.3
1976	111.6	20.2	6.7	2.4	2.0	11.1	18.6	....	5.2	7.9	0.9	1.4	2.1	0.2
1977	129.8	22.9	6.1	3.1	1.9	8.6	16.4	....	4.6	6.0	0.8	1.6	2.0	0.3
1978	118.2	65.6	5.5	3.8	4.1	16.3	25.0	107.2	3.2	4.6	0.6	1.3	1.9	0.2
1979	197.2	102.1	6.4	6.8	4.9	19.3	29.3	152.9	2.7	4.7	0.6	1.4	2.4	0.3
1980	262.8	153.9	22.8	16.1	6.1	23.8	30.7	100.1	6.7	11.2	1.5	2.8	4.6	0.6
1981	398.8	254.9	29.3	33.8	11.7	53.3	49.8	108.2	13.0	22.8	2.9	6.9	12.2	1.6
1982	604.7	48.0	66.6	44.5	2.5	13.1	13.3	35.1	30.0	49.5	5.7	12.0	19.8	2.3
1983	629.2	90.6	23.5	40.6	5.1	37.7	29.4	71.0	17.0	35.5	3.6	10.8	22.5	2.7
1984	694.7	84.9	14.8	38.5	6.0	45.5	36.7	118.9	16.3	33.3	3.8	11.8	24.0	2.7
1985	790.3	30.8	18.4	35.6	1.8	12.3	12.8	38.7	18.3	33.4	3.2	12.1	22.0	2.1
						(P R O J E C T I O N S)								
1986	824.4	38.7	70.4	44.3	2.0	....	13.9	44.1	33.6	60.0	5.8	13.0	23.2	[illegible]
1987	841.9	49.2	80.8	41.0	2.3	....	16.8	53.1	34.3	60.9	5.7	11.6	20.5	[illegible]
1988	830.1	59.7	78.9	36.6	2.6	....	19.2	64.1	31.0	53.9	5.1	9.8	17.1	1.8
1989	756.8	-30.2	73.2	31.4	-1.2	....	....	....	26.6	46.9	4.3	8.0	14.1	[illegible]
1990	683.5	-28.4	68.4	25.7	-1.1	....	....	....	22.6	40.6	3.5	6.2	11.1	1.0
1991	629.0	....	59.5	20.7	....	....	....	....	....	....		....	....	....
1992	566.9	....	62.2	16.4	....	....	....	....	....	....		....	....	....
1993	515.3	....	51.6	12.4	....	....	....	....	....	....		....	....	....
1994	468.9	....	45.5	9.7	....	....	....	....	....	....		....	....	....

Export earnings include exports of goods and nonfactor services.

Source: USAID/Niger's calculations based on data from Ministry of Finance, the World Bank, and the IMF.

Table 5

External Debt Outstanding and Disbursed, Public and Publicly Guaranteed

As of December 31,	Total Debt	Suppliers Credits	Financial Markets	Multi-lateral	Bilateral
	(in millions of dols.)	(as percentage of total debt)			
1976	111.6	6.2	3.3	19.7	70.8
1980	262.8	9.6	14.4	41.4	34.6
1981	398.8	5.2	25.5	40.5	28.8
1982	604.7	5.3	31.7	33.6	29.5
1983	629.2	4.1	26.4	36.0	33.5
1984	694.7	1.5	22.7	39.8	36.1
1985	790.3	1.3	12.4	41.5	44.8

Source: USAID/Niger's calculations based on data from Ministry of Finance and the World Bank

Table 6

Structure of External Public Debt in CFA-zone Countries,
Outstanding and Disbursed as of December 31, 1983

	Total	Suppliers Credits	Financial Markets	Multi-lateral	Bilateral Concess.	Bilateral Nonconc.
	(in millions of dols)	(as percentage of total public debt)				
Niger	629.2	4.1	26.4	36.0	16.8	16.6
Senegal	1496.0	1.0	19.9	30.8	24.6	23.7
Mali	860.8	0.5	1.0	37.2	59.3	2.0
Burkina	396.4	1.8	9.0	63.3	14.6	11.5
Benin	614.8	3.7	47.2	30.9	15.0	3.1
Togo	805.3	1.3	18.4	24.9	17.2	38.1
Ivory Coast	4769.1	6.3	59.7	20.9	5.6	7.5

MEMORANDUM ITEMS:

	(in millions of U.S. dollars)
Niger: Total Use of IMF Credit as of December 1985	73.0
of which:	-----
Compensatory Financing	25.0
Credit Tranche	34.8
Trust Fund	13.2

Source: The World Bank and the IMF

Dec. 31. 1985

Table 7

Short-term Debt Outstanding to Commercial Banks
(in millions of U.S. dollars)

	1977	1978	1979	1980	1981	1982	1983	1984
				(end of year)				
Niger	22	207	45	99	54	74	62	55
Senegal	58	85	134	145	171	132	130	....
Mali	.3	2	10	6	58	4	8	....
Burkina	10	55	14	5	5	7	5	....
Benin	5	2	16	14	13	7	43	....
Togo	18	52	61	65	61	56	29	....
Ivory Coast	141	319	599	776	744	780	651	....
MEMORANDUM ITEMS:								
Niger's Total Private Debt	....	....	274.5	471.5	322.1	305.5	219.8	177.2
Ratio of Private to Public Debt	....	....	1.39	1.79	0.81	0.51	0.35	0.25
Ratio of short-term private to total private debt	....	....	0.16	0.21	0.17	0.24	0.26	0.31

Source: USAID/Niger's estimates based on data from Ministry of Finance, the World Bank, and the IMF.

Table 8

NIGER: Terms of External Public Debt

Terms of Debt	Average Terms of Debt	Suppliers Credits	Financial Institution	Multilateral Total	Multilateral IDA	Bilateral Total	Bilateral France
Period ending 1975:							
Interest (in % p.a.)	0.94	8.00	8.56	0.91	0.75	0.74	5.79
Maturity (in years)	43.0	6.3	2.9	40.9	49.7	43.0	11.5
Grace period (in years)	9.6	1.9	0.9	10.1	10.2	9.6	5.2
Grant element (in %)	78.5	5.7	2.4	78.3	83.1	78.5	20.5
Period ending 1979:							
Interest (in % p.a.)	8.30	11.34	16.29	2.16	0.75	4.97	5.07
Maturity (in years)	21.4	7.6	9.2	35.3	49.6	18.5	19.0
Grace period (in years)	5.6	2.6	2.5	8.6	10.1	6.2	6.3
Grant element (in %)	21.9	-5.4	-27.9	64.8	83.1	33.3	33.2
Period ending 1981:							
Interest (in % p.a.)	7.14	7.75	12.95	5.04	0.75	6.21	8.41
Maturity (in years)	16.9	8.2	4.4	25.9	50.5	16.2	17.6
Grace period (in years)	4.5	0.7	1.4	5.6	10.0	5.5	6.6
Grant element (in %)	21.9	6.6	-2.0	34.9	83.2	27.9	11.5
Period ending 1982:							
Interest (in % p.a.)	6.06	7.75	13.13	3.23	0.75	4.51	8.93
Maturity (in years)	22.2	8.2	8.5	35.4	49.8	19.8	18.4
Grace period (in years)	5.3	0.7	2.1	7.4	10.3	5.4	6.2
Grant element (in %)	32.9	6.8	-13.6	57.4	83.2	38.9	10.4
Period ending 1983:							
Interest (in % p.a.)	5.77	...	11.20	2.19	0.75	5.37	7.22
Maturity (in years)	27.4	...	6.9	41.1	49.3	27.4	16.3
Grace period (in years)	6.6	...	1.7	8.6	9.8	6.6	6.6
Grant element (in %)	39.9	...	-5.4	68.3	82.8	39.9	19.2

Source: The World Bank Debt Reporting System

Table 9

NIGER: External Debt--Outstanding and Disbursed, 1985-1994
(in millions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
TOTAL OUTSTANDING AND DISBURSED DEBT	790.3	824.4	841.9	830.1	756.8	688.5	627.0	566.9	515.3	468.9
MULTILATERAL	328.3	375.5	409.1	415.5	390.6	372.3	358.7	345.1	331.0	317.5
BILATERAL	383.6	388.6	390.0	384.1	349.5	307.5	265.8	220.7	184.0	151.3
Paris Club Bilateral	289.8	279.9	266.6	255.0	228.7	195.5	162.6	125.9	105.1	84.1
of which: France	(196.2)	(202.7)	(206.7)	(206.5)	(191.5)	(166.5)	(140.5)	(114.6)	(92.4)	(73.2)
Financial Institutions:	70.2	54.9	40.7	26.1	18.0	11.7	6.5	1.5	0.5	0.0
of which: France-guaranteed	(63.3)	(48.7)	(35.2)	(23.1)	(14.2)	(9.0)	(4.7)	(0.5)	0.0	0.0
Other Bilateral	93.8	108.6	121 4	129.1	120.8	112.0	103.2	90.8	76.8	67.3
of which Arab Countries	(71.0)	(81.0)	(88.4)	(91.3)	(83.4)	(74.9)	(66.5)	(57.8)	(49.5)	(41.6)
LONDON CLUB	78.4	60.4	42.8	30.5	16.6	6.6	4.5	1.1	0.4	0.0
of which: France	(56.3)	(45.8)	(35.8)	(25.9)	(14.9)	(8.1)	(4.4)	(1.1)	(0.4)	0.0
DEBT PREVIOUSLY RESCHEDULED	(105.2)	(103.8)	(100.9)	(99.2)	(66.3)	(64.1)	(42.3)	(20.7)	(6.8)	(0.9)

Source: MINISTRY OF FINANCE

Dec. 21, 1985

Table 10

NIGER: Projections of Debt Service Payments:
(in millions of U.S. dollars)

	1986	1987	1988	1989	1990	1991	1992	1993	1994
MULTILATERAL	26.0	37.3	43.5	32.6	24.5	19.2	18.6	18.4	17.2
Principal	16.1	27.3	34.2	24.9	18.2	13.6	13.6	14.1	13.5
Interest	9.9	10.0	9.3	7.7	6.3	5.6	5.0	4.4	3.8
BILATERAL--Paris Club	51.4	50.6	45.4	44.8	49.1	45.7	42.5	31.8	26.2
Principal	27.7	28.4	25.0	26.3	33.2	33.8	32.7	24.8	21.1
Interest	23.8	22.1	20.4	18.5	15.9	11.9	9.8	7.0	5.1
OTHER BILATERAL	10.2	9.4	9.2	10.1	10.5	11.2	13.6	12.9	12.3
Principal	8.5	7.4	7.2	8.3	8.8	6.8	12.4	12.0	11.6
Interest	1.7	2.1	2.0	1.9	1.6	1.4	1.2	1.0	0.8
LONDON CLUB	27.2	24.6	17.3	17.0	10.0	5.0	3.9	0.8	0.4
Principal	18.3	17.7	12.5	13.7	8.1	4.1	3.5	0.7	0.4
Interest	9.0	6.8	4.9	3.3	1.8	0.9	0.5	0.1	.0
TOTAL PUBLIC DEBT SERVICE PAYMENTS	114.8	121.8	115.5	104.6	94.1	90.2	78.5	64.0	56.1
Principal	70.4	80.9	78.9	73.2	68.4	59.5	62.2	51.5	46.5
Interest	44.3	41.0	36.6	31.4	25.7	30.7	16.4	12.4	9.7
DEBT PREVIOUSLY RESCHEDULED	(3.9)	(3.9)	(11.8)	(22.6)	(30.2)	(27.5)	(25.1)	(13.5)	(8.6)
Principal	(0.8)	(0.8)	(1.8)	(13.0)	(22.2)	(21.8)	(21.6)	(11.9)	(7.9)
Interest	(3.1)	(3.1)	(10.1)	(9.6)	(8.0)	(5.8)	(3.5)	(1.6)	(0.7)
IMF	(6.0)	(21.1)	(25.6)	(11.7)	(6.0)	0.0	0.0	0.0	0.0

Source: Ministry of Finance

Dec. 21, 1985