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INFORMATION NOTE

REPUBLIC OF NIGER

Presentation of Sovereign issuers of West African Monetary Union

December 2019

Quality review by Deloitte.

SUMMARY

REPUBLIQUE DU NIGER
Fraternité-Travail-Progrès

MINISTERE DES FINANCES

DGTCP
DIRECTION GENERALE DU TRESOR ET DE LA COMPTABILITE PUBLIQUE

Attestation de l'émetteur

Je soussigné, Issa DJIBO, Directeur Général du Trésor et de la Comptabilité Publique, agissant au nom et pour le compte de l'Etat du Niger, atteste que les données et informations contenues dans la présente Note d'Information sont conformes à la réalité et qu'elles ne comportent pas d'omissions de nature à en altérer la portée.

L'objectif visé à travers cette note d'information est de porter à l'attention des investisseurs sur les titres publics émis par l'Etat du Niger toutes les informations utiles à la prise de décisions d'investissement.

Toutefois, je rappelle que les informations et analyses prospectives présentées dans ce document, sont basées sur des projections établies à partir d'hypothèses qui sont entachées d'incertitudes pouvant entraîner des différences entre les réalisations effectives et les performances économiques attendues.

Cette note d'information, publiée en début de chaque année, sera mise à jour chaque fois que nécessaire, afin de rendre compte :

- de l'évolution de la situation économique du Niger ;
- de la disponibilité ou de la mise à jour des données économiques ;
- de changements majeurs intervenus.

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ACRONYMS

AFD	:	Agence Française de Développement/French Development Agency
BCEAO	;	Central Bank of West African States
EIB	:	European Investment Bank
IDB	:	Islamic Development Bank
EBID	:	ECOWAS Bank for Investment and Development
BOAD	:	West African Development Bank
ECA	:	Economic Commission for Africa
SDR/XDR	:	Special Drawing Rights
ADF	:	African Development Fund
CFAF	:	Franc of the African Financial Community (XOF)
ECF	:	Extended Credit Facility
IFAD	:	International Fund for Agricultural Development
IMF	:	International Monetary Fund
SDF	:	Saudi Development Fund
MDRI	:	Multilateral Debt Relief Initiative
I3N	:	Initiative 'Nigeriens feed Nigeriens'
IDA	:	International Development Association
FDI	:	Foreign Direct Investment
INS	:	National Institute of Statistics
PDES	:	Economic and Social Development Plan
GDP	:	Gross Domestic Product
WAEMU	:	West African Economic and Monetary Union
WAMU	:	West African Monetary Union

EXECUTIVE SUMMARY

With a poverty rate of 44.1 percent and an average per capita income of $ 396in 2017, Niger is one of the poorest nations in the world. Since 2015, its Human Development Index has stood at 0.35. In 2017, Niger ranked 189th out of 189 countries in the world in terms of HDI. In addition, the Niger Gini index is estimated at 31.5 in 2011, compared to 44.4 in 2005, suggesting that income inequalities are decreasing among the population. In addition, Niger faces significant risks related to climate and environmental shocks, oil price shocks, security tensions and population growth.

Economic activity grew by 4.9% in 2017, with growth of 5.2% expected in 2018, despite security challenges, unfavorable uranium prices and a weaker than expected agricultural season. This real GDP growth is supported by the rebound in oil production and strong activity in the construction (construction activity linked to the preparations for the 2019 African Union Summit) and telecommunications sectors.

In 2018, the basic budgetary balance is expected to improve to 4% of GDP, putting Niger on track to meet the WAEMU convergence criterion for the overall fiscal deficit of 3% of GDP by 2021, while creating sufficient space for the absorption of the increased external financial aid promised for the 2017-2021 PDES.

The balance of payments analysis shows a deterioration in the current account deficit from 2015-2017 onwards. This deterioration is the result of the deterioration in the trade balance and the primary income balance. Looking ahead, this deficit is expected to widen further in 2018 and 2019, partly due to the expected increase in imports of capital goods.

Regarding the fiscal year 2017, total revenues (including grants) increased by 12% (21.6% of GDP), reflecting an acceleration in both grants (+25.9%) and non-tax revenues (+74.2%). Total public expenditures increased by 6.9% in 2017 (26.9% of GDP), due to the variation in capital expenditures (+7.3%) and current expenditures (+5.9%), partly due to security measures and social and humanitarian crises. Expenditures on security and the food program represented 2.6% and 2.4% of GDP respectively between 2011 and 2017.

Niger has made significant progress in improving the business climate. According to the World Bank's 2018 Doing Business report, Niger is ranked 144th out of 190 countries, up from 150th the previous year, an increase of six (06) places. This increase is due to the efforts made in the area of investment and, above all, to the reforms undertaken since 2010 to improve the business climate.

Niger's outstanding public debt is estimated at CFAF 1.969.4 billion (41.3% of GDP) at 31 December 2017. It is composed of CFAF 1.404.9 billion in external debt (representing 71.3% of the public debt) and CFAF 564.5 billion in domestic debt (representing 28.7% of the public debt).

The public debt servicing paid in 2017 amounted to 303.37 billion FAFC, divided between 42.84 billion FAFC for external debt and 260.53 billion FAFC for internal debt.

In 2017, the debt sustainability analysis indicates that Niger faces a moderate risk of over-indebtedness, largely due to public debt incurred to support the development of the natural resources sector and to finance major infrastructure projects.

BRIEF OVERVIEW OF THE COUNTRY

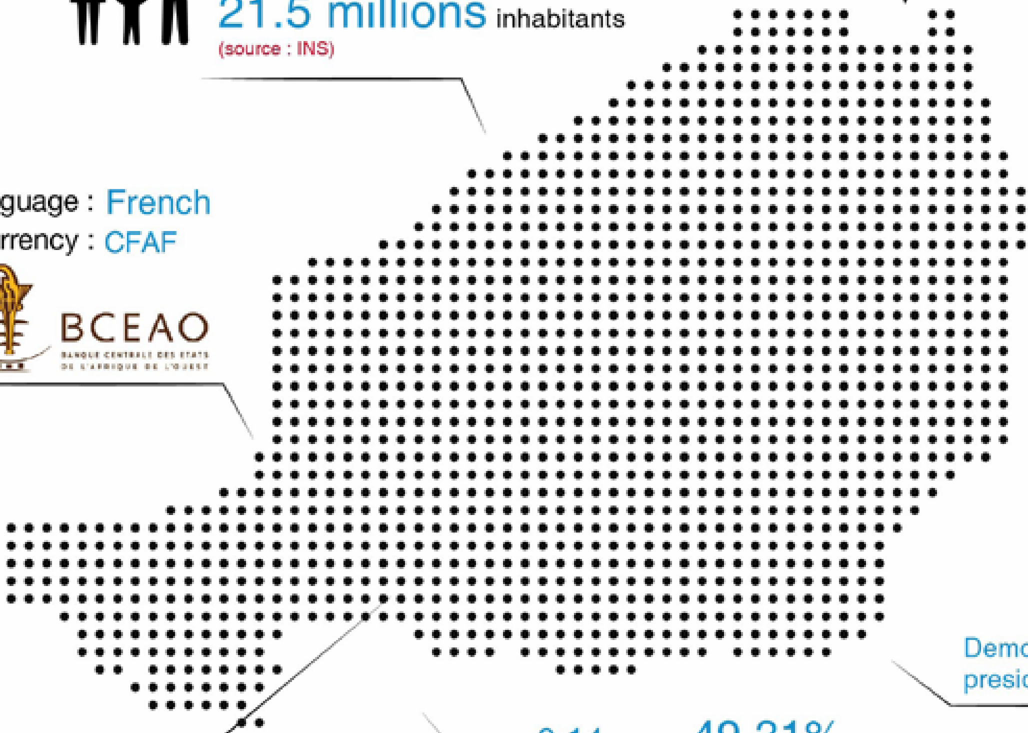
NIGER

Population : 21.5 millions inhabitants

(source : INS)

Area

1 267 000 km²



Official Language : French

Currency : CFAF

Capital : Niamey

Democratic presidential system

0-14 years: 49.31% of the population

15-24 years: 18.85% of the population

(2017)

Nominal GDP in 2018 : 5 135.1 billion CFAF

(source : BCEAO, Ministry of Finance)

- Economy based on agriculture
- Main export product Uranium
- Debt ratio in 2018 : 49.4% of GDP
- Budget deficit in 2018 : 4.4% of GDP

1- GENERAL PRESENTATION OF THE COUNTRY

1.1 Political system

Niger became a Republic on 18 December 1958 and became independent on 3 August 1960. The country's current Constitution was adopted by the referendum of 31 October 2010 and promulgated on 25 November 2010. This Constitution announces the advent of the 7th Republic. It marks the return to a normal democratic situation, after a transitional period following the coup d'état of February 2010. The Republic of Niger is a semi-presidential democratic republic. The President of the Republic is the Head of State and the Prime Minister the Head of Government. The political system is multi-party.

1.1.1 The executive power

The government is the Executive Branch. The President of the Republic is elected by direct universal suffrage for a term of five (05) years, renewable only once. The general regulatory authority rests with the President of the Republic and the Head of Government, who may issue regulations valid throughout the national territory.

In the event of a vacancy in the office of President of the Republic due to death, resignation, forfeiture or absolute impediment, the functions of President of the Republic shall be temporarily exercised by the President of the National Assembly.

Niger has had nine (09) Presidents since its independence. They are Hamani Diori (1960 - 1974); Seyni Kountché (1974-1987); Ali Saïbou (1987-1993); Mahamane Ousmane (1993-1996); Ibrahim Baré Maïnassara (1996-1999); Daouda Mallam Wanké (1999); Mamadou Tandja (1999-2010); Salou Djibo (2010 - 2011) and Mahamadou Issoufou (since 2011).

1.1.2 The legislative power

The National Assembly represents the legislative power. It passes the law, approves taxes and controls government action. Bills are sent by the government to the Assembly, which votes on them after discussion and amendment.

The National Assembly has of one hundred and seventy-one (171) deputies, elected by direct universal suffrage for a term of five (5) years. The distribution of seats among political parties is as follows: PNDS-Tarraya (75), MODEN/FA-Lumana (25), MNSD-Nassara (20), MPR-Jamhuriya (13), MNRD-Hankuri Group and PSDN-Alheri (6), MPN-Kiishin Kassa (5), ANDP-Zaman Lahiya (4), RDS-Gaskiya (4), RDP-Jama'a (3), CDS-Rahama (3), AMEN-Amin (3), CPR-Inganci (3), UDR-Tabbat (2), PSD-Bassira (2), ARD Adalchi Mutuntchi (2), ADN-Fusaha (1).

1.1.3 The judiciary power

The judiciary is independent of the other two powers. It is mainly exercised by the Constitutional Court, the Supreme Court, the Court of Auditors, the High Court of Justice, the Council of State and the courts and tribunals. The Constitutional Court is the court responsible for monitoring the conformity of laws with the Constitution. The High Court of Justice is a competent court to try the President of the Republic solely on the grounds of acts qualified as high treason and members of the government on the grounds of acts qualified as crimes or offenses committed in the performance of their duties.

1.2 Administrative Organization

Niger is currently subdivided into eight (08) administrative regions: Agadez, Diffa, Dosso, Maradi, Niamey, Tahoua, Tillabéry, Zinder. The regions are divided into 63 departments and 266 municipalities, 52 of which are urban and 214 rural. The regions and departments are named after their chief town. The regions are headed by regional governors, while the departments are administered by prefects and the municipalities by mayors. The regions of Maradi, Tahoua, Zinder are built as urban communities and are administered by the City Council Presidents. The capital, Niamey, is an urban community composed of five (05) municipal districts.

Urban municipalities are the capitals of regions and departments. The rural municipalities include about 12,700 villages. Local authorities (region, municipality) are autonomous entities with their own legal personality, powers, and resources. They are managed by bodies elected under Act 2008-42 of 31 July 2008, which sets out the fundamental principles of free administration.

1.3 Geographical location

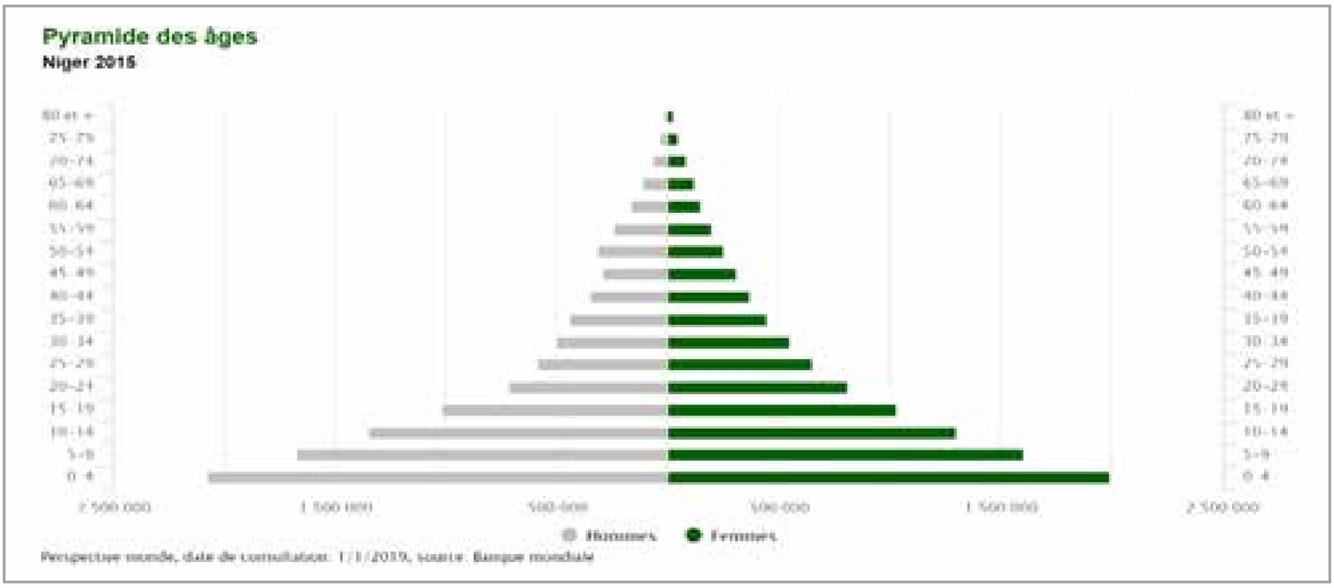
Niger is a landlocked country in the heart of West Africa. It is bordered by Algeria and Libya to the north, Mali to the west, Burkina Faso and Benin to the southwest, Nigeria to the south and Chad to the east. The total surface area of the country is 1,267,000 km2. Niger's climate is tropical and
Sudanese, alternating between two (02) main seasons: a long dry season from October to May and a short rainy season from May to September. The highest average temperatures are recorded between March and April when they exceed 40°C, while the lowest are recorded from December to February when they can fall below 10°C.

Niger has only one permanent river, the Niger River, which flows through the country for about 500 km in its western part. There are also a few permanent lakes, the main one, Lake Chad, being located at the south-eastern tip of the country, and several semi-permanent rivers, including the tributaries of the right bank of Niger to the west and the Komadougou Yobe to the southeast.

1.4 Population

According to the World Bank, Niger had a population of nearly 21.5 million inhabitants in 2017 and one of the highest population growth rates in the world (3.9% per year). At this rate, the Nigerian population will reach 29 million in 2025 (United Nations, 2016). The high population growth is due to a very high fertility rate (7.6 children per woman on average).

Figure 1.Age pyramid in Niger (2015)



Source : World Bank

Niger is a country with a young population. According to the latest population census, 51.6% of the population is under 15 years of age (RGHP, 2012). The population density is estimated at 16.4 inhabitants per km2. In 2015, the urban population in Niger represented about 18.7% of the total population. Although this urban population is growing by 5.4 percent per year, mainly due to rural exodus and/or the expansion of rural areas into cities, the rate of urbanization will remain low, at around 20.1 percent in 2020 according to World Bank data. The male/female ratio is 1.01 in 2016. This proportion will continue in the coming years. The dominant religion in Niger is Islam, practiced by 90% of Nigeriens. Among Muslims, 95% are Sunni and 5% Shia. Christianity, practiced by 5% of the population, nowadays concerns mainly members of the intellectual elite living in cities.

1.5 Education

Organization of school cycles

The Nigerien education system is composed of two (02) sectors: (i) formal education, which is composed of pre-school education, elementary education, general middle and secondary education, technical education and vocational training, and higher education; (ii) non-formal education, which includes literacy, bridging classes and second-chance schools.

According to INS data, the gross primary school enrolment rate was 76.2 percent, the primary school completion rate was 87.4 percent and the lower secondary completion rate was 18.8 percent in 2016. In contrast, the net enrolment rate in higher education was lower, at about 3% for boys and 1% for girls. In 2017, the literacy rate is 28.40%.

Table 1. Statistics by educational cycle

Evolution of the gross enrolment rate, primary school (%)	2012	2013	2014	2015	2016
All together	68.6	71.2	71.8	74.2	76.2
Girls	62.3	64.7	65.8	68.0	70.2
Boys	74.7	77.4	77.6	80.2	82.1
Evolution of the gross enrolment rate, secondary school (%)					
All together	-	-	26.3	29.6	34.2
Girls	-	-	21.5	24.3	28.8
Boys	-	-	31.1	34.9	39.6
Evolution of the gross enrolment rate, high school (%)					
All together	-	5.5	6.7	7.0	8.6
Girls	-	3.5	4.2	4.6	5.7
Boys	-	7.3	9.2	9.5	11.6

Source : INS, National services

The education sector faces different challenges that affect some of the progress made. The achievement of universal primary education and primary completion is hampered by high population growth, low school enrolment and high drop-out rates. Access and completion rates are even lower among vulnerable groups, including girls in rural areas, children of nomads and children with disabilities.

1.6 Health

Health system architecture

Niger's health system consists of three (03) levels: local (district), regional (intermediate) and national (central). Niger has 72 health districts, 26 of which have functional district hospitals, 913 integrated health centers (IHCs) and 2,516 dispensaries. Niger has two operational reference hospitals. They are located respectively in Niamey and Maradi.

This basic architecture is completed by a set of parapublic institutions (eight medico-social centers, 45 popular pharmacies, 32 garrison infirmaries) and private institutions (56 medical practices, 45 clinics, 196 treatment rooms, 120 pharmacies, 11 laboratories, and 19 health schools). Most private infrastructure, including medical practices, clinics, pharmacies and laboratories, is concentrated in Niamey.

Table 2. General statistics indicating the health status of populations

Evolution of life expectancy at birth (years)	2000	2010	2015	2016	2017
All together	49.9	56.8	59.7	60.1	-
Man	49.9	56.1	58.7	59.1	-
Woman	50.5	57.7	60.7	61.1	-
Infant mortality (per 1000 live births)					
neonatal	43.1	31.6	27.4	26.6	26.0
under 5	223.7	123.6	93.5	88.7	84.5
Maternal mortality (per 100,000 births)	794.0	657.0	553.0	-	-

Source : INS, World Bank

Health indicators have developed favorably. It is noted that the infant mortality rate (children under 5 years of age) fell significantly between 2010 (124 ‰) and 2017 (85 ‰), enabling Niger to achieve Millennium Development Goal (MDG) number 4. The maternal mortality ratio fell by more than 30 points, from 657 in 2010 to 553 deaths per 100.000 live births in 2017, with a significant improvement in deliveries attended by skilled health personnel. The policy of free healthcare for pregnant mothers and children under 5 years of age has therefore improved the level of health coverage for the most vulnerable, even if persistent challenges remain.

Prevalence of diseases

In Niger, malaria is the leading cause of morbidity and mortality in the country. In 2016, a total of 2.710.907 cases of malaria were recorded, including 72,431 cases among pregnant women, with 3,098 deaths, for a fatality rate of 0.1%. A downward trend in malaria incidence is observed in Niger from 2014 to 2016. HIV prevalence remains low. The trend in seroprevalence is downward, from 0.87% in 2006 among adults aged 15-45 to 0.4% in 2012. In addition, with an estimated incidence rate of 95 new cases per 100.000 population, Niger ranks among the countries with high tuberculosis endemicity. The disease detection rate (54% in 2016) remains low.

Malnutrition in all its forms is also an important factor in maternal and child morbidity and premature mortality. According to the results of the 2016 nutritional survey conducted by the National Statistics Institute, 42.2 percent of children under five years of age are stunted and wasting in children is estimated at 10.3 percent. In addition, among pregnant and breastfeeding women, the prevalence of anemia is around 48%. Low birth weight is estimated at 12%. The rate of exclusive breastfeeding during the first six months of life is 23 percent.

1.7 Employment

Active population

The active population is composed of the 15-64 age group. It is estimated at 44.9% of the total Nigerien population (RGHP, 2012). The employed labor force stood at 5.9 million in 2016, compared to 5 million in 2012, an increase of 19 percent. Most of the workforce works in the informal sector. Indeed, more than 90% of the workforce is employed in the informal sector, which represents 64.8% of the economy (INS, 2015). Job creation is highly concentrated in the public sector.

Unemployment rate

In 2014, the participation rate (ratio between the number of active and potentially active people) is estimated at 64.7% and the unemployment rate at 17.4%, with a high gender gap according to the National Assessment Study of Socio-economic and Demographic Indicators (ENISED, 2016). The participation rate for women is only 40.7% (compared to 90.8% for men), while more than 20% of women are unemployed.

Underemployment affects 68.4% of the working population (ECVMA, 2014). It was mainly found in rural areas, affecting 70.4% of the working population. In addition, a large number of workers, 34.6%, are underemployed. This rate reaches 83.6% in rural areas, due to the seasonal nature of work. Furthermore, urban areas suffer more from unemployment, which is estimated at 24.5%, compared to 15.6% in rural areas. Unemployment is highest among young people, with an unemployment rate of 23.7% for the 15-29 age group.

The reasons for unemployment and job insecurity are linked in particular to the lack of a good articulation between the labor market, vocational training and entrepreneurship support policy. In addition, the poor quality of the business climate, the dispersion of employment support structures and the structure of the national economy characterized by the large weight of the informal sector and the weakness of the secondary sector.

Employment policy

Faced with a rapidly growing population, the provision of social services, job creation and the fight against gender inequality remain a major challenge for Niger. To create essential jobs for the more than 250,000 young people who are expected to enter the labor force each year, the Government of Niger is committed to further improving the business environment, supporting the modernization of agriculture through the 3N Initiative (Nigeriens Feeding the Nigeriens) and harnessing revenues from natural resources to promote economic diversification.

Employment dynamic

To promote employment, Niger created a National Agency for the Promotion of Employment (ANPE) in 1996. It is responsible for recording declarations relating to the employment of workers and the drawing up of work cards. It contributes to the development and implementation of national employment policy, in particular through the implementation of programs for the integration and reintegration of jobseekers, their supervision and actions to promote employment. The ANPE estimates the number of job seekers at 27.500 in 2016, while the employment offer is estimated at only 6.900 jobs for a total employment need of 278.000. From 2012 to 2016, the total employment offer decreased by 32% while employment seekers increased by 22% over the same period.

Table 3. Employment offers and applications at the ANPE by category between 2012 and 2016

		2012	2013	2014	2015	2016
Offres reçues par l'ANPE	**Total**	**10 145**	**8 604**	**8 040**	**8 151**	**6 910**
	Apprentis	3	34	189	27	798
	Manoeuvres	518	853	891	569	304
	Ouvriers spécialisés	1301	987	954	1632	609
	Ouvriers qualifiés	2117	2213	1466	1748	738
	Employés de bureau	3070	1373	1972	1848	1088
	Agents de maîtrise	1249	2094	1395	1389	2253
	Ingénieurs et cadres supérieurs	1887	1050	1173	938	1120
		2012	**2013**	**2014**	**2015**	**2016**
Demandes	**Total**	**22 519**	**23 383**	**26 930**	**27 295**	**27 522**
	Apprentis	49	111	167	2895	103
	Manoeuvres	3754	5980	5476	5072	4370
	Ouvriers spécialisés	4114	3554	3972	3504	4052
	Ouvriers qualifiés	4615	4757	6424	3894	5458
	Employés de bureau	3392	3180	4378	4753	6396
	Agents de maîtrise	2907	3492	3371	4001	3379
	Ingénieurs et cadres supérieurs	3688	2309	3142	3176	3764

Source : Agence Nationale pour la Promotion de l'Emploi (ANPE)

1.8 Reminder of the main aggregates

1.8.1 Level of development

With a poverty rate of 38% and an average per capita income of USD 396 in 2017, Niger is one of the poorest nations in the world. Since 2015, its Human Development Index has stood at 0.35. In 2017, Niger ranked 189th out of 189 countries in the world in terms of HDI. In addition, Niger's Gini Index is estimated at 31.5 in 2011, compared to 44.4 in 2005, suggesting that income inequalities are decreasing among the population, which is lower than the African (38) and global (43) average.

Table 4. Evolution of Niger's GDP per capita

Income indicator	2013	2014	2015	2016	2017	2018 (est)
GDP per capita (in $, 2005)	374	387	388	392	396	403
GDP Per capita (in 2011 PPP)	874	904	908	917	926	944

Source : World bank

1.8.2 Summary table

The following table presents the main economic aggregates observed over the past five years. It is expressed in billions of CFAF unless otherwise indicated.

Table 5. Evolution of macroeconomic indicators in Niger

Billions of CFAF	2013	2014	2015	2016	2017	2018 (est)
National economy						
Nominal GDP	3 788.3	4 068.9	4 288.8	4 510.9	4 726.4	5 135.1
Real GDP growth (%)	5.3	7.5	4.3	4.9	4.9	5.2
Investment rate (as a % of GDP)	36.2	37.4	40.0	33.9	33.7	35.2
Inflation rate (in %)	2.3	-0.9	1.0	0.2	2.4	2.6
Balance of payments						
FOB Exports	784.6	715.1	643.2	611.7	663.3	623.6
CIF Imports	-1 253.9	-1 364.9	-1 472.7	-1 281.9	-1 431.0	-1 411.3
Balance	-469.3	-649.8	-829.5	-670.2	-767.7	-787.7
Current account balance	-568.0	-645.3	-878.7	-700.3	-749.7	-870.0
Public finances						
Revenues and grants	933.5	933.4	999.7	913.8	1021.0	1234.8
Expenditures	1030.3	1263.7	1391.1	1187.9	1267.9	1462.9
Balance	-96.8	-330.3	-391.4	-273.9	-246.9	-228.1
Public debt						
Domestic debt	137.3	224.3	411.8	500.7	581.0	621.9
Foreign debt	682.5	756.6	1124.1	1292.4	1404.8	1727.0
Domestic debt as a % of the nominal GDP	3.6	4.2	9.6	11.1	12.3	12.1
Budget deficit						
In value terms	-97.0	-327.4	-384.8	-273.9	-267.4	-228.1
As a percentage of the nominal GDP (%)	-2.6%	-8.0%	-9.0	-6.1	-5.7	-4.4

Source : NIS, BCEAO, National Services

2.1 Assessment of gross domestic product

2.1.1 Level of GDP (expressed in CFA francs)

In 2017, the Nigerian economy maintained its dynamism despite macroeconomic shocks related to security threats at its borders with Mali, Libya and Nigeria and low commodity prices. Indeed, growth came out at 4.9% as in 2016, thus breaking with its erratic cycle of evolution (acceleration-deceleration) observed over the past ten years. Economic activity benefited from the revival of extractive production and the start of the implementation of the second phase of the Economic and Social Development Plan (2017-2021 PDES). However, economic growth remains fragile with regard to the supply-side fundamentals, namely agriculture and extractive activities that are highly sensitive to climatic variations and international commodity prices.

Table 6. Evolution of Niger's GDP (billions of CFAF)

	2013	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
Total GDP	3 788.3	4 068.9	4 288.8	4 510.9	4 726.4	5 135.1	5 601.1	6 051.1

Source : BCEAO

2.1.2 Real GDP growth (expressed as a %)

As in 2016, the real GDP growth rate stood at 4.9% in 2017 thanks to a satisfactory agricultural season and the strengthening of the hydrocarbon and services sectors, despite the persistence of security threats and low international uranium prices. Over the 2013-2017 period, the economic growth rate stood at 5.4%, at an annual rate, which is higher than the population growth rate (3.9%), but below the minimum level required (7.0%) to effectively combat poverty.

Table 7. Evolution of Niger's real GDP growth by sector, in percentage

	2013	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
Total GDP	5.3	7.5	4.3	4.9	4.9	5.2	6.5	6.0
Primary Sector	-0.5	8.5	1.9	11.0	5.7	5.0	5.1	6.6
Secondary Sector	12.9	0.8	0.8	-0.8	3.7	5.6	3.7	12.2
Tertiary Sector	6.7	9.3	7.2	2.7	4.4	5.8	6.4	5.0
Non-market GDP	9.2	17.4	8.5	4.5	3.7	5.9	3.1	5.3
Duties and taxes	19.6	9.1	16.0	-14.8	1.0	7,6	3.7	11.7

Source : INS

2.1.3 Breakdown of GDP into structures (expressed as a %)

The primary sector is the main driver of growth in the Nigerian economy. It increased by 5.6% and accounted for 43.4% of GDP in 2017. This predominantly rain-dominated branch has an unstable evolution characterized by a production deficit every other year. However, since 2011, investments made under the I3N Program (Nigerien Feed the Nigerians Initiative) have gradually reduced agriculture's dependence on rainfall by strengthening the structure of irrigated production. This is why, since 2014, agricultural production has not experienced a significant decline, showing an almost positive trend unlike in previous years.

The secondary sector grew by 3.7% and accounted for 15.9% of GDP in 2017. This growth in the sector is attributable to extractive industries, manufacturing and construction activities. The tertiary sector represented 35.7% of GDP in 2017. It recorded a growth rate of 4.4%, compared with 2.7% in 2016.

Table 8. Evolution of the breakdown of Niger's GDP in structures (%)

	2013	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
Total GDP								
Primary sector	35.8	36.7	36.0	39.0	39.7	39.	38.9	39.0
Secondary sector	21.6	19.4	18.0	16.7	15.9	15.8	16.7	16.6
Tertiary sector	35.7	36.9	38.2	37.9	38.3	37.7	37.6	37.3
Non-market GDP	12.2	13.7	14.3	14.3	14.3	14,0	13.6	13.5
Duties and taxes	6.9	7.0	7.8	6.4	6.2	7.0	6.8	7.2

Source : INS

2.2 Details of gross domestic product

2.2.1 GDP in value, details by sectors

The primary sector represents the largest component of Niger's GDP, estimated at over CFAF 2.029 billion in 2018, and its value is projected at CFAF 2.181 billion for 2019. This sector has been expanding since 2013, and projections predict that this trend will continue. The primary sector is mainly composed of agriculture and livestock farming.

While the secondary sector represents only a minority share of Niger's GDP (CFAF 933 billion in 2019 according to projections, or less than 17%), the tertiary sector is an important component of the Nigerian economy. The value of the tertiary sector is projected to reach nearly CFAF 2.107 billion in 2019. Trade and other services represent the majority of this sector. Their values are projected to reach CFAF 692 billion and CFAF 1.073 billion respectively in 2019.

Table 9. Evolution of Niger's GDP in value terms, by sector

Billions of CFAF	2013	2014	2015	2016	2017	2018 (est.)	2019 (proj.)
Primary sector	1 356.2	1 493.5	1 542.6	1 760.2	1 874.1	2 028.8	2 180.9
Agriculture and Livestock farming	1 209.6	1 340.6	1 392.4	1 612.0	1 718.5	1 861.1	2 000.4
Forests	74.8	77.3	81.0	84.8	88.4	95.5	102.4
Fishing	71.8	75.6	69.2	63.4	673	72.2	78.1
Secondary sector	819.3	788.4	772.5	751.5	749.7	811.4	932.9
Mining and oil extractions	410.5	364.5	347.8	318.4	293.0	288.5	320.5
Agribusiness	104.7	110.8	106.6	111.2	118.8	136.6	146.9
Energy	46.7	49.8	53.8	56.4	54.5	60.7	66.5
Construction	109.9	117.8	128.3	123.4	132.3	151.8	212.2
Manufacturing industry	147.5	145.5	136.0	142.1	151.1	173.8	186.8
Tertiary sector	1 352.4	1 502.2	1 637.3	1 711.2	1 810.7	1 934.5	2 106.7
Transport	144.0	151.5	158.8	168.7	176.0	184.5	200.6
Telecommunications	93.2	107.2	110.4	105.6	116.1	128.5	140.7
Trade	453.1	473.4	514.5	532.7	564.7	621.1	692.0
Other services	662.1	770.1	853.5	904.2	953.9	1 000.3	1 073.4
non-market GDP	463.4	558.6	613.1	646.1	676.3	717.9	763.8
market GDP	3 324.9	3 510.3	3 675.7	3 864.7	4 050.2	4 417.2	4 837.3
Public administration	392.9	485.5	535.3	565.0	590.4	630.7	674.7
Duties and taxes	260.4	284.8	336.4	287.9	291.9	360.4	380.7
Total GDP	3 788.3	4 068.9	4 288.8	4 510.9	4 726.4	5 135.1	5 601.1

Source : INS

2.2.2 GDP in composition

The primary sector growth is mainly due to favorable weather conditions and the expansion of irrigated crops (25.7%). In contrast, rainfed agricultural production, particularly cereals, recorded a slight increase (1.3%). Fishing production recorded a timid recovery in 2017 (4.1% compared to -10% in 2016) due to the slight return to calm in the Lake Chad area, the stronghold of the Boko Haram attacks. As for livestock farming, the sector maintained its strength (4.5% compared to 4.8% in 2016), benefiting from the satisfactory performance of the 2016-2017 agricultural season, which increased the availability of fodder for livestock.

Extraction activities recorded a 7.3% increase, in line with the good performance of gross oil production, which rose by 10.8%. Uranium production recovered slightly (1.3%) in 2017, following successive decreases of 1.0% and 15.5% in 2015 and 2016, respectively. The consolidation of the tertiary sector's growth is attributable to almost all the branches making up this sector (trade, transport, hotels/restaurants, communications and business services) with the exception of non-market services of general government (3.6%), education (1.8%) and health (2.1%), which experienced small increases. The communication and hotel industries were the most dynamic during 2017 thanks, among other things, to investments in optical fiber and the organization of major events organized by Niger.

Table 10. Evolution of the composition of Niger's GDP, in percentage

%	2013	2014	2015	2016	2017	2018 (estimates)	2019 (projections)
Primary sector	35.8	36.7	36.0	39.0	39.7	39.5	38.9
Agriculture and Livestock farming	31.9	32.9	32.5	35.7	36.4	36.2	35.7
Forests	2.0	1.9	1.9	1.9	1.9	1.9	1.8
Fishing	1.9	1.9	1.6	1.4	1.4	1.4	1.4
Secondary sector	21.6	19.4	18.0	16.7	15.9	15.8	16.7
Mining and oil Extraction	10.8	9.0	8.1	7.1	6.2	5.6	5.7
Agribusiness	2.8	2.7	2.5	2.5	2.5	2.7	2.6
Energy	1.2	1.2	1.3	1.3	1.2	1.2	1.2
Construction	2.9	2.9	3.0	2.7	2.8	3.0	3.8
Manufacturing industry	3.9	3.6	3.2	3.2	3.2	3.4	3.3
Tertiary sector	35.7	36.9	38.2	37.9	38.3	37.7	37.6
Transport	3.8	3.7	3.7	3.7	3.7	3.6	3.6
Telecommunications	2.5	2.6	2.6	2.3	2.5	2.5	2.5
Trade	12.0	11.6	12.0	11.8	11.9	12.1	12.4
Other services	17.5	18.9	19.9	20.0	20.2	19.5	19.2
non-market GDP	12.2	13.7	14.3	14.3	14.3	14.0	13.6
market GDP	87.8	86.3	85.7	85.7	85.7	86.0	86.4
Public administration	10.4	11.9	12.5	12.5	12.5	12.3	12.0
Duties and taxes	6.9	7.0	7.8	6.4	6.2	7.0	6.8
Total GDP	100	100	100	100	100	100	100

Source : INS

2.2.3 GDP by component

With a 33.7% share of GDP, investment recorded real growth of 2.4% thanks to final consumption (+4.1%), particularly private consumption; while gross fixed capital formation picked up again (+4.0% against -12.9% in 2016), due to significant ongoing investments in the public sector (+9.7%). This change in demand is explained by the start of major projects in 2018 and 2019, both in the context of the organization of the 2019 AU summit and the implementation of 2017-2021 PDES and in the areas of road, energy, airport and pipeline infrastructure, etc. The investment rate (ratio of GFCF to nominal GDP) would therefore average from 37.7% of GDP in 2018 to 39.7% of GDP in 2019.

Table 11. Evolution of Niger's GDP by component, in billions of CFA francs

Billions of CFA francs	2013	2014	2015	2016	2017	2018 (estimates)	2019 (projections)	2020 (projections)
1. Domestic demand	4 411.1	4 811.8	5 252.6	5 279.3	5 492.6	6 214.9	6 905.4	7 590.0
Total consumption	3 041.7	3 288.8	3 535.0	3 751.8	3 878.8	4 295.2	4 670.6	5 042.6
Private	2 543.8	2 660.8	2 872.2	3 050.9	3 171.6	3 553.3	3 863.5	4 181.4
Public	497.9	628.0	662.8	700.9	707.2	741.9	807.1	861.2
Total investments	1 369.4	1 523.0	1 717.6	1 527.5	1 613.8	1 919.8	2 234.8	2 547.4
Private	933.4	1 036.6	1 091.4	1 069.6	1 123.1	1 297.4	1 554.5	1 812.7
Public	430.1	468.9	624.7	443.9	489.3	622.4	680.3	734.7
2. Total external demand	623.0	742.9	963.8	768.5	766.1	1 079.9	1 304.3	1 538.9
3. Change in inventories	5.9	17.5	1.5	14.0	1.4	-	-	-

Source : INS

3- ANALYSIS OF THE NATIONAL DEVELOPMENT PLAN

3.1 Recent Achievements and realizations

3.1.1 Presentation of the national development plan

To accelerate economic and social progress and consolidate its achievements, the Government of Niger approved, in September 2017, an ambitious five-year economic and social development plan (2017-2021 PDES). It aims to overcome long-standing obstacles to the country's development by transforming its economic structure to ensure strong, sustainable, resilient and inclusive growth that will raise living standards. The PDES is structured around five (05) main strategic priorities that tackle the structural reforms needed to diversify the economy and strengthen the private sector, address high population growth and gender inequality. There are::

- The cultural renaissance,
- Social development and demographic transition,
- Accelerating economic growth,
- Improving governance, peace and security,
- Sustainable environmental management.

The PDES aims to achieve several key objectives by 2021, including:

- Reduce the poverty rate from 39.8% in 2016 to 31.3%,
- Continue structural reforms to raise the economic growth rate to 7% in the optimistic scenario,
- Continue to mobilize domestic revenue to raise the revenue-to-GDP ratio to 20%, in line with the WAEMU convergence criterion,
- Reduce the population growth rate from 3.9% in 2015 to 3.06%.

Financing of the national development plan

The Nigerian authorities estimate the total cost of implementing the 2017-2021 PDES -2021 at CFAF 12,000 billion. Financing for the PDES will be based on external support from development partners, domestic revenue mobilization to increase fiscal space for investment, and domestic borrowing. In December 2017, Niger organized a donor round table and a private investors' forum in Paris, which mobilized more than USD 23 billion in financing intentions for a need of USD 17 billion USD. The country has received strong support and commitments from its development partners and has generated real interest among investors, particularly in energy, commodities and the telecommunications sector.

One of the most significant achievements under the National Development Plan was the inauguration in 2017 of the 100-megawatt Goroubanda power plant. This structuring project worth CFAF 75 billion (116 million euros) is intended to increase companies' production capacities and reduce power cuts in the capital.

3.1.2 Recent structural reforms related to the development plan

The challenge of food security is one of the main objectives of PDES. To this end, Niger has set up the "Nigerians Feed the Nigerians" Initiative (I3N), which helps to protect Nigerien populations from famine in the immediate and sustainable future. This initiative is accompanied by better management of natural and environmental resources. In 2017, the country adopted a national policy on environment and sustainable development that updates previous frameworks for sustainable land and biodiversity management, integrated water resources management (GIRE), climate change adaptation and mitigation, and renewable energy development. In addition, important infrastructure for mobilizing water resources, such as the Kandadji dam under construction to develop agricultural activity through irrigation, as well as to develop electricity production.

Niger has finally embarked on reforms to improve the business climate. In 2018, the country was ranked among the top ten reformers in the World Bank's Doing Business report on the business climate. In order to facilitate business, Niger has taken measures since 2016 to develop the action plan to reform import-export procedures; to set up the ‘Maison de l'Entreprise'; to adopt an action plan to improve Doing Business ranking indicators; and to implement the national "Justice and Human Rights" policy and its 10-year action plan for 2016-2025.

3.2 Upcoming achievements

Many structural infrastructure projects were taken into account in the 2017-2021 PDES, including the construction of the Cotonou-Niamey-Ouagadougou-Abidjan railway loop, the construction of the pipeline for crude oil export, the Salkadamna energy project and the continuation of the construction work on the Kandadji hydro-agricultural dam at a total cost of CFAF 155 billion (3% of GDP), which will take place over three years.

In 2018 and 2019, the construction of the pipeline for the transport of refined oil and the implementation of projects for the renovation of Niamey International Airport, hotel complexes as part of the organization of the 2019 AU Summit should boost the growth of the transport, hotel and trade sectors and contribute to job creation. The renovation of the airport will cost about CFAF 101 billion, or € 154 million.

4- MONETARY SYSTEM AND FINANCIAL MARKETS

4.1 Structural elements

4.1.1 Description of the Franc zone

The Franc zone is characterized by four (4) founding principles. These principles were enunciated in the Convention on Monetary Cooperation between the Member States of the Bank of Central African states Issuing Area and France of 23 November 1972, as well as in the Cooperation Agreement between the member states of the West African Monetary Union and France of 4 December 1973.

The 4 main principles of the Franc zone are:

• A French Treasury guarantee for the unlimited convertibility of the Central Bank currency: the currencies issued by issuing institutions of the franc zone have a unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-zones, a transaction account is opened with the French Treasury by each Central Bank of the zone and on which the central banks have an unlimited drawing right in case of exhaustion of their reserves in foreign currency;

• A fixed parity with the Euro of 1 Euro for 655.957 FCFAFCFA: the parity of the currency of the zone with the euro is fixed and defined for each sub-zone. The currencies of the zone are interconvertible, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of anchoring to the French franc by an anchoring to the euro, at equivalent parity, i.e., CFAF 655.957 = EUR 1 (the parity being identical for the sub-zones of West and Central Africa).

• Free and unlimited transfer of reserves: transfers are, in principle, free within the Zone.

• The centralization of reserves: the states centralize their foreign exchange reserves in their central banks whereas in return for the unlimited convertibility guaranteed by France, the central banks of the franc zone are required to deposit with the French Treasury on their own bank transaction account , a share of their net foreign assets (foreign exchange reserves). For BCEAO, since the September 2005 reform, it must deposit 50% of its external assets in its transaction account.

4.1.2 Description of BCEAO

Article 41 of the WAEMU Treaty designates the Central Bank of West African States (BCEAO) as an autonomous specialized agency of the Union. In complete independence, BCEAO contributes to the achievement of the objectives of the Treaty.

Members

The eight (8) WAEMU member states are members of BCEAO. They are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Bodies

The bodies of the Central Bank are: the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, the National Credit Councils, one Council in each WAEMU Member State.

Operating mode

The Central Bank, its bodies, any member of its bodies or its staff may not request or receive instructions from Community institutions, governments of WAEMU member states, any other body, organization or any other person. Institutions and community bodies as well as the governments of WAEMU member are committed to respecting this principle.

The main objective of the Central Bank's monetary policy is to ensure price stability. Without prejudice to this objective, the Central Bank supports the economic policies of the West African Economic and Monetary Union (WAEMU) w for a good and sustainable growth.

Roles

The Central Bank has the following core missions:

• define and implement the monetary policy within UEMOA,

• ensure the stability of the WAEMU banking and financial system,

• promote the smooth operation and ensure the supervision and security of payment systems in the

WAEMU region,
• implement the WAEMU exchange policy in accordance with the conditions laid down by the Council of Ministers,
• manage the official foreign exchange reserves of WAEMU member states.

The Central Bank may conduct, with due regard to the monetary balance, specific missions or projects that contribute to improving the monetary policy environment, the diversification and strengthening of the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The main objective of the Central Bank's monetary policy is to ensure price stability. As such, it defines the monetary policy that allows the external coverage rate of the currency to be kept at a satisfactory level, and supports the economic activity of the member countries without inflationary pressure[1].

BCEAO regulates the monetary policy of each member country through the development of annual money stock and credit targets. Statutory advances to the National Treasuries of the Member States were suspended in 2001 and cancelled as from 2010.
For the conduct of the common monetary policy, BCEAO relies on market mechanisms and indirect instruments to regulate liquidity, notably the management of interest rates and the reserve requirement system.

4.1.3 Monetary policy

BCEAO enjoys the exclusive privilege of issuing money in all member states of the West African Monetary Union. It issues monetary signs, notes and coins, which have legal tender status and discharge power in all Member States of the Union. The creation, issuance and cancellation of monetary signs are decided by the Council of Ministers.

The management of the monetary policy of the Member States of the Union by the Central Bank consists in adjusting the overall liquidity in the economy according to the evolution of the economic situation, in order to ensure price stability, on the one hand; and promote economic growth, on the other hand.
The current money and credit management system is based on market mechanisms and indirect instruments to regulate liquidity, including interest rates and the reserve requirement system.
The functioning of BCEAO is based on:

• Open market operations: refinancing at seven days and twenty-eight days (respectively weekly and monthly for banks subject to reserve requirements) allocated at variable rates; the minimum bid rate considered by BCEAO as its prime rate (currently 2.5%). The planned auctions are generally calibrated according to BCEAO's forecasts of liquidity requirements for the maturity of the transactions;
• Permanent loan windows: 1 to 7 days or 90 to 360 days refinancing for government securities and credit applications with maturities ranging from 5 to 20 years at the banks' request (marginal loan window). The rates of these windows are higher than the prime rate of 200 basis points. As of June 2017, the use of the loan window has been capped at twice the counterpart equity.
The minimum bid interest rate to open market operations (tenders) and the interest rate applicable on the marginal loan window (pension rate), the levels of which are set by the Monetary Policy Committee, are respectively 2.50% and 4.50%, and constitute the two main prime rates of BCEAO.

Money supply
The money supplies in Niger going from 852.3 billion in 2013 to CFAF 1,150.4 billion in 2017. In 2017, Niger's money supply was made up of CFAF 437.2 billion of net foreign assets CFAF 1,010.0 billion in domestic assets.

4.2 Banking system and financial markets

4.2.1 The banking environment

In 2017, Niger's banking system had 13 credit institutions, with a total of 148 branches and offices. The banking system is not very efficient. About 6.3% of the adult population has an account in a finan-

[1] BCEAO Monetary Policy Committee, at its first meeting held on 14 September 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union around 2% within a margin of more than a percentage point (1%) over twenty- four month

cial institution, compared to an average of 29% in sub-Saharan Africa. Credits represent only 14% of GDP (compared to an average of 28% in WAEMU and 46% in sub-Saharan Africa). Loans to individuals are low due to the relatively high cost of credit (maximum lending rates varied between 12.5% and 15% in 2015). Financing to the economy is also low. Indeed, credits to the private sector (16.5% of GDP in 2015) were mainly used to finance trade activities (32% of credits) and transport and communications activities (16.9%). The agricultural sector, which is the driving force of the Nigerian economy, received only 1.1% of bank loans.

Table 12. Simplified situation of Niger's banking system (in billions of current CFAF)

Assets	2014	2015	2016	liabilities	2014	2015	2016
Treasury and interbank transactions	246.1	199.3	205.2	**Treasury and interbank transactions**	251.8	283.9	259.2
Customer operations	621.5	709.4	806.5	**Customer operations**	740.3	781.5	933.5
Securities and miscellaneous transactions	195.7	254.0	270.3	**Securities and miscellaneous transactions**	26.9	356	27.9
Fixed assets	92.7	91.9	101.6	**Provisions, shareholders' equity and similar items**	137.0	154.5	171.0
Total	1156.0	1254.5	1391.6	**Total**	1156.0	1255.5	1391.6
Net operating ratio (general expenses/GNP)	56.8	59.5	62.1	**Net margin rate**	12.5	21.8	26.5
Profitability ratio (net income/equity)	9.7	14.4	15.7				

Source: WAMU, Banking Commission

Source: WAMU, Banking Commission

In 2016, the Nigerian banking sector recorded a 10.8% year-on-year increase in the aggregated balance sheet total, CFAF1391.6 billion. Credit to the economy increased by 13.6%. The very strong increase in treasury operations (+26.5%) reflects the banking system's increased use of central bank loans, while customer deposits increased by only 6.7%.

Microfinance

In 2016, Niger's microfinance sector had 42 Decentralized Financial Systems (DFS), including 3 public limited companies and 39 mutual and credit union institutions (IMEC), with a total of 189 branches or counters for 423.209 direct beneficiaries. Among the 39 IMEC are two networks (Crédit Mutuel du Niger-CMN and Caisse Populaire d'Epargne et de Crédit-MCPEC) totaling 21 basic banks. The total amount outstanding increased from CFAF 29.913 billion at the end of March 2016 to CFAF 32.640 billion at the end of June 2016. Like the banking system, the Nigerian decentralized financial system also lacks dynamism. Indeed, the number of DFS has been constantly declining in recent years, with, for example, the closure of more than ten structures in just two years, between 2013 and 2015.

4.2.2 Financial markets

BRVM

The Regional Stock Exchange (BRVM) is a specialized financial institution created on December 18, 1996, in accordance with a decision of the Council of Ministers of the West African Economic and Monetary Union (WAEMU), taken in December 1993.

BRVM is a public limited company with a community public service mission. This stock exchange is common to the 8 West African countries. The RSE / CC / SB started its activities on 16 September 1998 in Abidjan. Its main missions are:

o the organization of the stock market;
o the publication of stock market transactions;

o dissemination of information on the stock market;
o the promotion and development of the market.

From 2016 to 2018, the UEMOA stock market (RSE) experienced successive decreases of -3.87% in 2016, -16.81% in 2017 and -29.14% in 2018. This underperformance shows that the WAEMU market has not fully resisted the general downward movement that has gripped the world's financial markets. The decline in BRVM in 2018 is particularly marked. The preferred values in 2015, focused on the Food and Beverage sectors as well as the agribusiness, Consumer, Automotive and Equipment industries and Banks, declined.

The fall in prices on BRVM in 2018 could be explained on the one hand, by the profit taking of several large investors who had made significant capital gains on their investment, the decline also comes from readjustment (rectification) after four (4) years of intensive growth experienced by the market (2012 to 2015) and secondly, by the poor understanding of the different segments made on the market. New investors are speculating and most prestigious companies have not reacted to the decrease in their capitalization.

During the financial year 2018, BRVM Composite Index rose from 243.06 on 29/12/2017 to 172.24 on 31/12/2018. Market capitalization of the stock market increased from CFAF 6,836.23 billion at the end of 2017 to CFAF 4,844.51 billion at the end of 2018. BRVM also reached the CFAF 236 billion transaction mark (CFAF 236.22 billion)in 2018. 117,303,543 shares were traded for a value of FCFA 174,449,217,023. The market capitalization of shares amounted to CFAF 4,844.51 billion in December 2018 compared to CFAF 6,836.23 billion in December 2017, a decrease of 29.14%.

Regarding the bond segment, 6,359,442 bonds were traded for a value of CFAF 61,767,647,783 in 2018. The market capitalization of bonds amounted to CFAF 3,444.22 billion as of December 31, 2018, compared to CFAF 2,969. 53 billion the previous year, an increase of 15.5%. This upturn was driven by the desire of WAEMU member states to use the regional financial market to support their respective economies.

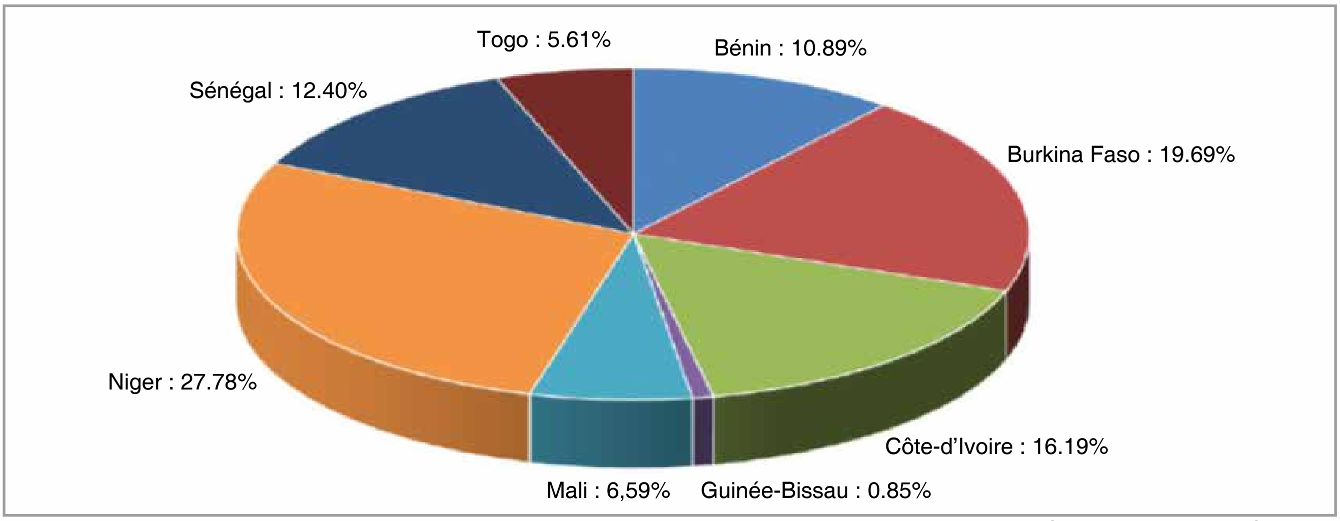
Table 13: Evolution of BRVM financial market

	2012	2013	2014	2015	2016	2017	2018
BRVM 10 Index	184.0	246.3	267.5	290.4	262.0	219.7	154.4
BRVM composite Index	166.6	232.0	258.1	303.9	292.2	243.06	172.2
Composite market Capitalization (shares et bonds) in billions of CFAF	4 863.2	6 706.2	7 458.7	9 078.9	10 215.5	9 805.76	8 288.73
Shares Market Actions	4 031.4	5 633.5	6 319.7	7 499.7	7 706.3	6 836.2	4 844.5
Bonds Market	831.8	1 072.8	1 139.0	1 579.2	2 509.3	2 969.5	3 444.2
Number of listed companies	38	37	38	39	43	45	45

Source: BRVM

In total, the State of Niger subscribed to four bond issues in 2017 for an outstanding amount of CFAF 397 billion. Local banks have subscribed (including on behalf of third parties) for CFAF 147 billion. In addition, the Treasury subscribed to six issues of assimilable Treasury bills for an outstanding amount of CFAF122 billion as of 31 December 2017, including CFAF 37 billion subscribed by local banks. The distribution of security holders in 2018 is shown in the graph below.

Figure 2. Geographical distribution of Niger's government security holders



Source : Agence UMOA-Titres

Equity market
In 2017, only the Bank of Africa subsidiary in Niger is listed on BRVM for a market capitalization of CFAF 99.759.500.000 as of 30 June 2016.

4.2.3 Debt subscription mechanisms

Organization of auction markets and amount of subscriptions
The auction market is a segment of the government securities market, on which the WAEMU member states issue Treasury bills and bonds following an auction procedure for the financing of their budgets.

Unlike the syndication market, the auction market is driven by the following actors:
- The Central Bank of West African States (BCEAO), which regulates this market. In this respect, it issues the applicable provisions, intervenes in the organization of auctions of public securities, acts as Central Depository / Settlement Bank, compensates, settles and delivers transactions between the parties with an account in its account's books, throughout its electronic platform SAGETIL-UMOA;[2]
- States which are issuers of public debt securities on the Union money market, under the responsibility of the Minister in charge of Finance;
- The Agence UMOA-Titres, the regional structure in charge of the issuance and management of public debt securities, organizes material issues and, as such, provides assistance to Member States in the mobilization of resources on the capital markets and debt management;
- investors who are credit institutions, SGIs and regional financial institutions with a settlement account in the books of the Central Bank;[3]
- Treasury Securities Specialists (TSS), which are credit institutions and SGIs approved by the Finance Ministers of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more treasuries of the WAEMU Member States on public debt securities operations issued on the regional market[4].

The securities issued by auction exchange on the secondary market, following the OTC procedure.

organization of syndication markets and amount of subscriptions
As part of the organization of issues by syndication, the States entrust the process of investment securities to an investment syndicate, whose members consist of SGI approved by the CREPMF. In addition, the issuer chooses a leader among the members of the investment syndicate, in charge of specific missions in the issuance process.

Since its creation, the main products on the regional financial market are shares and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk Debt Securitization Fund) have been introduced.
Syndicated securities are traded on the secondary market on BRVM electronic trading platform.

[2] Securities and Liquidity Management Automated System of the West African Monetary Union
[3] All other investors whishing to participate will have to go through the accredited stakeholders
[4] Operationalization of TSS in WAEMU started on March 1, 2016.

4.3 Inflation rate

The inflation rate stood at 2.4% in 2017, compared to 0.2% in 2015, although the increase is below the Community ceiling of 3%. This price change is largely due to higher food prices, supported by government purchases of cereals to increase strategic food stocks.

Table 14. Evolution of the inflation rate in Niger and WAEMU (%)

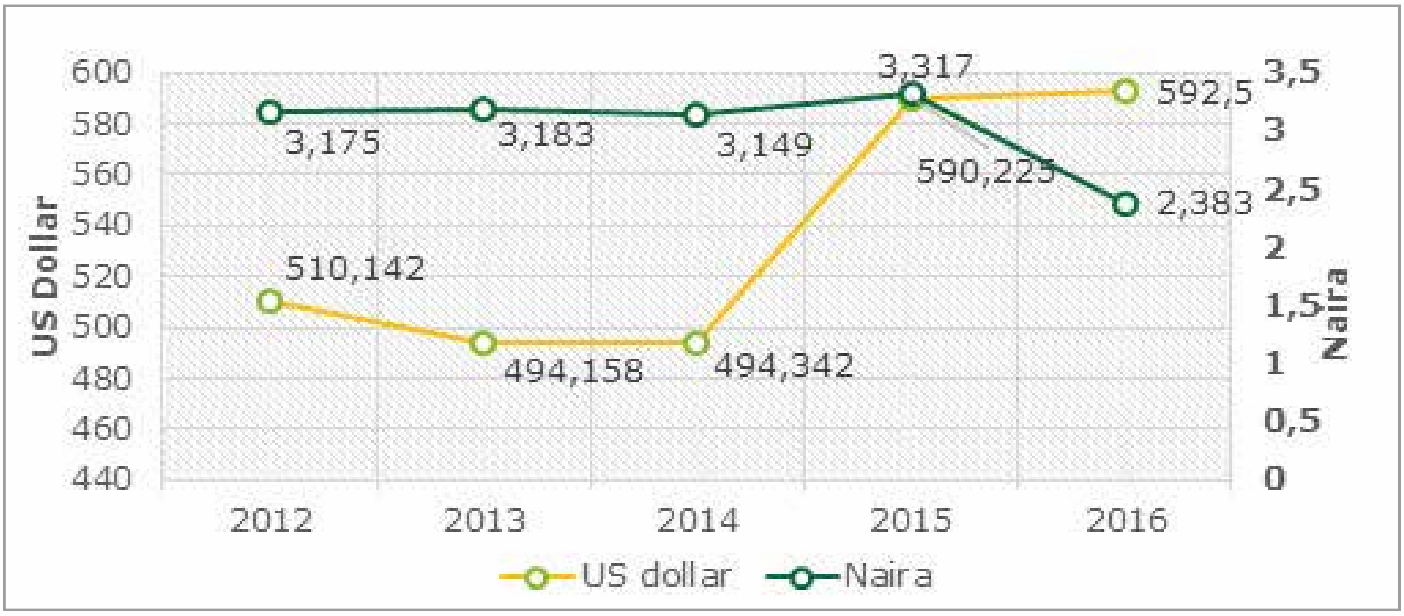
Inflation rate	2013	2014	2015	2016	2017	2018 (estimations)	2019 (projections)	2020 (projections)
Niger	2.3	-0.9	1.0	0.2	2.4	2.6	2.4	1.9
WAEMU	1.5	-0.2	1.0	0.3	0.8	0.6	1.1	1.2

Source : BCEAO

4.4 Exchange rates

Nigeria is one of Niger's main trading partners. In 2016, it devalued its currency (the Naira) to restore its external balance. This decision has increased the cost of Niger's exports to Nigeria, including re-exports of second-hand cars, oil and rice. The figure below shows that the CFA Franc lost nearly 40% of its value against the Naira, even though the foreign exchange market gradually recovered. Similarly, the CFA Franc also lost nearly 20% of its value against the US Dollar, raising the price of imports of goods generally denominated in US currency.

Figure 3. Evolution of the US Dollar-Naira exchange rate from 2012 to 2016



Source : BCEAO

4.5 Foreign reserves

The Central Bank's net external assets increased from CFAF 460 billion in 2016 to CFAF 353 billion in 2017, a decrease of CFAF 107 billion. The table below shows the evolution of official assets and liabilities since 2013. The decrease in net official assets in 2017 is mainly due to the decrease in other external assets (-34 billion of CFAF). Similarly, Niger's external position would remain comfortable with a coverage of 4.3 months for the imports of goods and services.

Table 15. Evolution of Niger's official assets and liabilities in billions of CFAF, 2013-2018

	2013	2014	2015	2016	2017	2017/18 variation
Credit from non-residents	563.7	733.7	673.0	740.5	714.2	-26.2
Official reserve assets	67.6	54.7	48.4	46.4	54.6	8.1
Foreign currencies	22.9	2.7	0.693	1.4	1.2	-0.167
IMF reserve position	4.9	9.5	7.9	23.2	14.8	-8.4
SDRs held	39.7	42.5	39.6	21.8	38.5	16.7
Other external assets	496.1	679.0	624.7	694.0	659.6	-34.4

Source : BCEAO

5- FOREIGN TRADE AND BALANCE OF PAYMENTS

5.1 Balance of payments

The balance of payments analysis shows deterioration in the current account deficit from 2015-2017 onwards. This deterioration is the result of the worsening of the trade balance and the primary income balance. Looking ahead, this deficit is expected to widen further in 2018 and 2019, partly due to the expected increase in imports of capital goods. The trade balance has been strongly impacted between 2014 and 2017 by the decline in uranium exports, which is Niger's main export product. The decline in uranium exports is linked to the decline in its production following the collapse of international prices and the aging of the sites. Uranium production decreased from 4.277 tons in 2013 to 3.478 tons in 2016 and 3.523 tons in 2017.

More generally, there has been an increase in the volume of exports of goods and services, driven by the sharp increase in oil production and, to a lesser extent, uranium production. This has led to an improvement in the export-to-GDP ratio (14.1% of GDP in 2017 compared to 13.5% of GDP in 2016). In addition, the import/GDP ratio remained relatively stable compared to 2016, despite the increase in imports resulting in particular from the implementation of the public investment program. As a result, the current account deficit as a percentage of GDP is 14.4% in 2017, an improvement from 15.5% in 2016. The evolution of the financial account is mainly explained by the FDI trend, which fell in 2015-2017 and is expected to improve in 2018-2019 with new investment projects.

Table 16. Niger's balance of payments evolution, 2013-2019

Billions of CFA francs	2013	2014	2015	2016	2017	2018 (est)	2019 (proj)
Current account balance	-568.3	-645.3	-878.7	-700.3	-743.6	-792.5	-776.7
balance of trade in goods and services	-623.0	-742.8	-963.8	-768.5	-900.4	-920.3	-926.2
FOB Exports	784.6	715.1	643.2	611.7	663.3	623.6	659.3
Including Uranium....	302.8	240.5	240.8	177.7	142.5	99.9	99.9
CIF Imports	-1 253.9	-1 364.9	-1 472.7	-1 281.9	-1 431.0	-1 411.3	-1 458.8
Of which Capital goods...	-318.4	-414.0	-424.8	-352.9	-370.4	-374.0	-400.2
Primary income balance	-91.3	-75.0	-90.5	-96.7	-103.4	-106.6	-102.2
Secondary income balance (transfer)	146.0	172.5	175.6	164.9	260.2	234.5	251.6
Capital account	282.1	184.1	173.9	229.6	234.4	304.1	370.3
Acquisition and sale of non-financial assets	15.6	16.0	-1.1	-0.3		0.0	0.0
Of which direct investments	-305.5	-362.6	-292.8	-154.7		-175.6	-209.3
Of which Other	11.1	-83.6	11.0	-29.7		-14.6	-67.2
Capital Transfer	266.5	168.1	175.0	230.0		234.4	304.1
Statistical errors and omissions	-7.4	-5.7	-5.2	-4.1		0.0	0.0
Overall balance	99.0	181.4	-132.7	-20.2		-134.9	-14.4

Source : BCEAO

5.2 Regional trade

5.2.1 Regional trade policy

The regional trade policy under construction followed the provisions implemented by ECOWAS, which for the most part includes those of WAEMU to extend them to all ECOWAS member states by making adjustments.
This policy aims to promote the harmonious integration of the region into the global economy, taking into account the political choices and priorities of States as part of their efforts to achieve sustainable development and to reduce poverty.
The process of developing this common commercial policy consists first and foremost in defining the constituent elements: free trade area, CET, accompanying measures (rules of origin, investment and competition legislation, safeguard measures, harmonization of customs procedures), as well as the various actions aimed at developing ECOWAS trade relations with the rest of the world.
Although there is no such thing as a common commercial policy for ECOWAS today, in the sense of a Community text adopted by the Heads of State and Government, a certain number of measures have already been implemented, which will serve as a base for the common commercial policy:
- the trade liberalization scheme (TLS);
- setting up a Community levy (CL) of 0.5%;
- the convention on the TRIE;
- the harmonization of the rules of origin with those of WAEMU;
- harmonization of standards with WAEMU;
- the adoption of a law on competition;
- the harmonization of domestic indirect tax legislation;
- the adoption of the ECOWAS CET.

The ECOWAS Trade Liberalization Scheme (ETLS) is the main operational tool to promote the West African region as a Free Trade Area. ETLS pursues the Community objective of creating a common market with the "liberalization of trade through the removal of customs duties levied on imports and exports and the removal of non-tariff barriers among Member States" (Article 3 of the ECOWAS Treaty).
The ECOWAS Trade Liberalization Scheme concerns three (3) product groups: unprocessed products, handicrafts and industrial products.
With the inclusion of industrial products, it is essential to define the products "originating" in the TLS region:

(i) fully processed goods; products whose total raw materials come from the region;

(ii) goods that are not fully processed but whose production requires the use of materials that will be classified under a tariff sub-section other than that of the product;

(iii) goods that are not fully processed but whose production requires the use of materials that have an added value of at least 30% of the ex-factory price of the finished products.

It should be noted, however, that goods processed in the free zones or under special economic regimes resulting in the suspension or the partial or total exemption from import duties, cannot benefit from the quality of originating product.
In order to facilitate trade and the promotion of the private sector, ECOWAS is implementing actions aimed at strengthening the information systems and promoting regional trade (ECOBIZ information system on the world market; West African investment promotion agency(APIAO), e-commerce through the ECOBIZ platform, Community Computer Center (CCC), ALISA system (computerization of transit and interconnection of ECOWAS customs IT systems).
These results mark significant developments towards the implementation of a Community commercial policy.

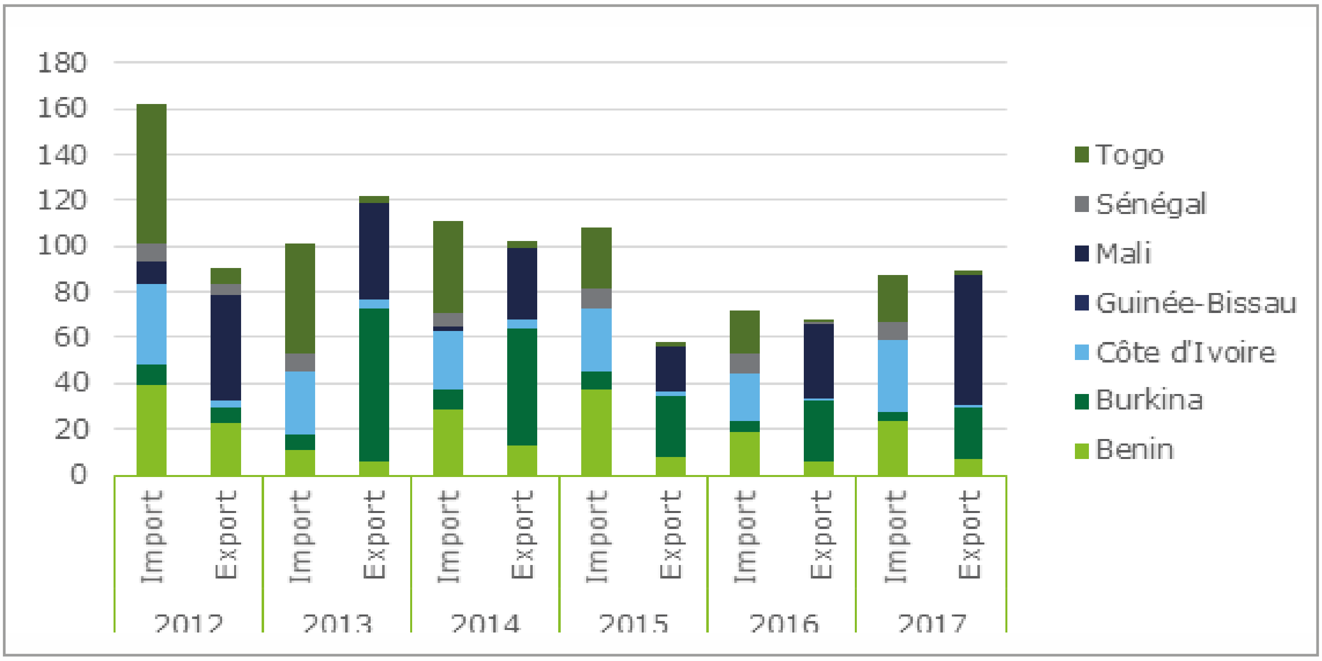
5.2.2 Regional trade in value terms

Imports followed a downward trend between 2012 and 2016 but increased slightly in 2017. The first import partner in 2017 is Côte d'Ivoire, as it was in in 2016. In 2015, on the other hand, its main import partner was Benin, and Togo between 2012 and 2014.

Exports increased between 2012 and 2013, then declined in 2014 and 2015. From 2016 onwards, exports picked up again, driven by exports to Mali. In

2017, Niger's first export partner was Mali. It was also Mali in 2012 and 2016, but in 2013, 2014 and 2015, Niger's main export partner was Burkina Faso.

Figure 4.Value of Nigerien imports and exports (CFAF billion)

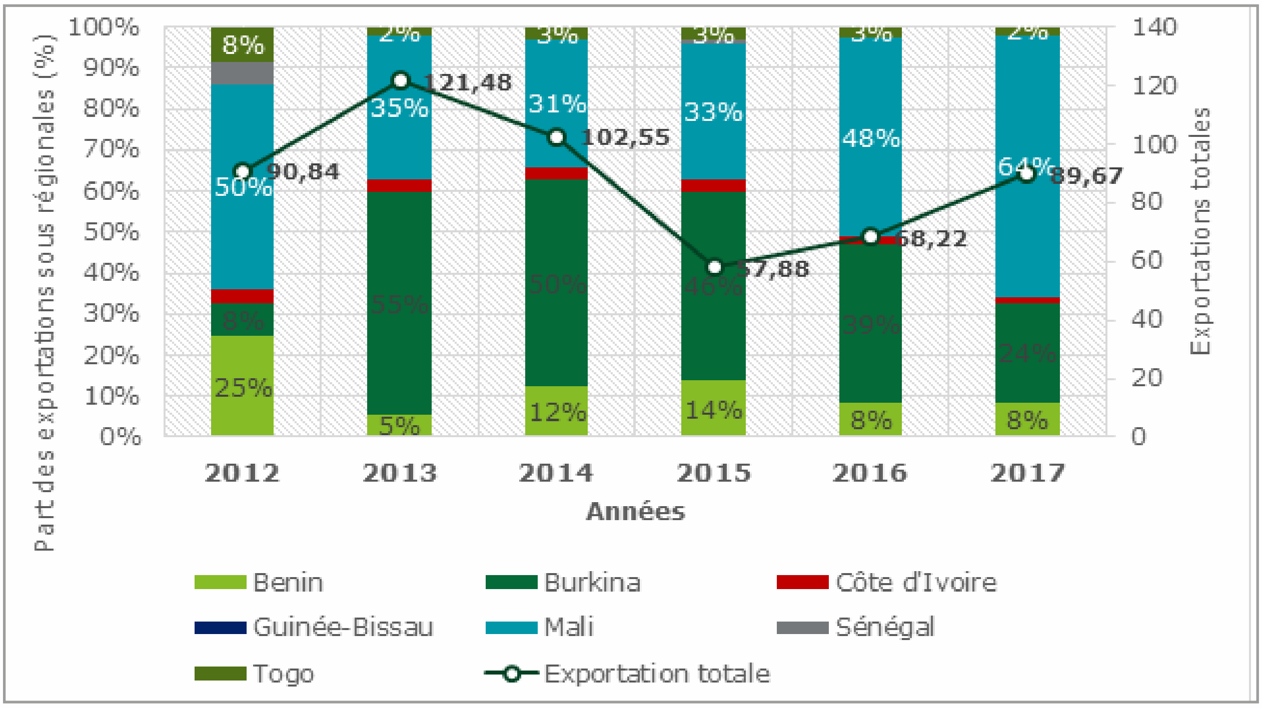


Source : BCEAO

5.2.3 Regional trade by partner

Membership of WAEMU offers opportunities in terms of foreign trade. Indeed, Niger is experiencing a significant increase in its trade within the Union. In 2017, Niger's exports of goods to the WAEMU zone amounted to CFAF 89.7 billion compared to CFAF 68.2 billion the previous year, an increase of 31.5%. Exports thus represent 23.9% of the total value of exports. Mali and Burkina Faso are Niger's main customers, accounting for 88.1% of its exports. Côte d'Ivoire, with 36% of imports within WAEMU in 2017, is Niger's largest supplier, followed by Benin (26.7% of imports) and Togo (23.0% of imports).

Figure 5.Share of each WAEMU country in trade with Niger

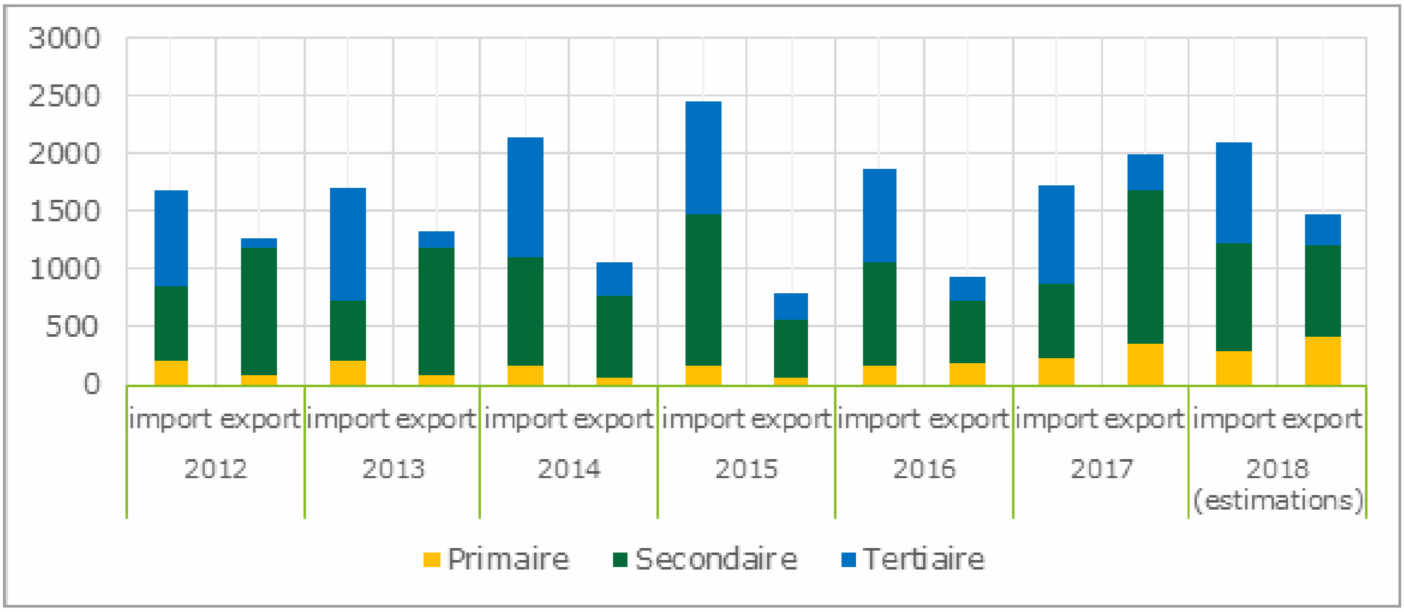


Source : BCEAO

5.2.4 Regional exchanges by type

In general, products from the secondary sector dominate Niger's exports and imports. In 2017, the secondary sector accounted for respectively 37.5% and 66.2% of the country's imports and exports. In the case of imports, Niger mainly imports machinery, electrical and mechanized equipment, cement and irons, cars. The composition of imports and exports reflects the importance of the services sector in trade. Indeed, Niger mainly imports commercial services (transport and business services in particular). As for exports, they also reflect the predominance of the modern sector. Ores and fuels are Niger's most exported products.

Figure 6.Evolution of regional trade by sector



Source : Trade Map

5.3 International trade

5.3.1 Commercial policy

Niger's trade policy is based on its membership in ECOWAS and WAEMU. It aims to conquer international markets, especially that of ECOWAS, the country's main partner being Nigeria. To do this, the government wishes to:

- Support young graduates in the creation of business enterprises;
- Diversify and increase agricultural, pastoral, artisanal and industrial production in which Niger has a comparative advantage;
- Introduce standards for the production of goods and services and generalize the quality approach, in particular through the accreditation of analytical, test and trial laboratories and the certification of companies and products;
- Create free zones; and improve the business climate.

The government has ratified the WTO Trade Facilitation Agreement, recognizing the important role of trade in poverty reduction. Niger also aims to reduce its dependence on taxes, which currently account for more than a third of total government revenue. But for trade to fully play this role, in addition to the actions described above, it is necessary to reduce import and export taxes.

In terms of export promotion, the government has decided to focus its efforts on a few sectors considered to be the most promising in terms of wealth and job creation, especially for the poorest people. These are the livestock farming, hides and skins, agricultural (onion, cowpea, tigernut, dates, groundnuts, cotton) and mining sectors, including small-scale mining. The government's objectives regarding imports, which provide the bulk of the country's domestic consumption, are to provide people with access to quality goods at the best possible price, so as not to burden the households' budget.

Niger has been a member of the WTO since 13 December 1996. According to the WTO, Niger had not signed any plurilateral agreements and none of the protocols and agreements concluded under the WTO except the Trade Facilitation Agreement, becoming the twelfth WTO Member and the first least developed country (LDC) to ratify the new Trade Facilitation Agreement (TFA). Niger has never been involved in a dispute at the WTO.

In addition, Niger continues to be eligible for tariff preferences under the Generalized System of Preferences (GSP) of several countries (Australia, Belarus, Canada, Iceland, Japan, Kazakhstan, New Zealand, Norway, Russian Federation, Switzerland, Turkey, United States of America and European Union). The EU GSP incorporates the Everything but Arms Initiative, under which the EU has granted duty-free, quantitatively unrestricted access since 2001 to products originating (except arms and ammunition) from LDCs, including Niger. The US GSP incorporates AGOA, for which Niger is also eligible.

5.3.2 International trade in value and destination

Niger's main trading partners are France, China, Nigeria, Burkina Faso, Togo and the United States.

Table 17. Evolution of international trade in value and by destination

countries Export (Millions of €)	2013	2014	2015	2016	2017	countries Import (Millions of €)	2013	2014	2015	2016	2017
France	398.8	288.8	273.4	262.3	302.4	France	130.4	230.2	702.6	627.3	523.1
Nigeria	155.1	100.4	89.0	79.6	106.7	Nigeria	65.8	61.6	82.0	97.5	104.9
Burkina Faso	164.1	124.2	39.1	28.5	34.9	Togo	81.3	61.6	42.1	30.3	34.4
United States	92.6	58.5	128.2	32.7	39.7	United States	76.1	85.9	119.7	131.2	139.4
China	62.4	42.7	7.1	44.4	58.6	China	305.9	366.4	509.8	272.5	335.6

Source : Comtrade

5.3.3 International trade in value and by product

The country mainly exports uranium, oil products, livestock, food products and palm oil. The main imported products are rice, cement, vehicles, electrical appliances and spare parts.

Table 18. Evolution of international trade in value and by product

countries Export (millions of €)	2013	2014	2015	2016	2017	Countries Import (millions of €)	2013	2014	2015	2016	2017
Food products	79.5	90.9	110.4	312.6	255.1	**Food products**	424.7	402.1	465.5	422.2	464.1
Palm oil	80.5	71.2	25.6	117.3	103.9	**Rice**	140.7	116.7	130.8	126.1	165.1
Uranium	493.5	360.8	362.4	269.9	345.6	**Machinery and transport equipment**	345.9	603.1	1083.9	761.9	825.2
Petroleum	304.1	213.6	133.9	138.3	166.5	**Products of the automotive industry**	114.9	139.4	150.7	141.2	159.6
Textile	13.1	11.8	9.9	25.9	33.1	**Spare parts**	15.5	98.9	243.8	333.1	298.1

Source : Comtrade

5.4 Foreign direct investment

5.4.1 Evolution of FDI in the country

FDI flows to Niger are mainly directed towards the mining and oil sectors from Europe and Asia. With the start of oil production activities at the end of 2011 and the cessation of work at the Imouraren uranium site, there has been a downward trend in these flows since 2013. However, they have remained fairly high over the past five years due to investments in the telecommunications sector, hotel construction, construction and public works, the recapitalization of national banks by Maghreb banks, the drilling of wells at the Agadem oil site and the continuation of oil and mining exploration work.

Table 19. Evolution of FDI from 2013 to 2017 (in billions of CFAF)

2013	2014	2015	2016	2017	2018 (estimation)
305.5	362.6	292.9	157.7	179.8	209.3

Source : BCEAO

The financial account, which declined from 2015 to 2017, is expected to improve in 2018 and 2019. This change in the financial account is explained by the foreign direct investment (FDI) trend, the 2010-2014 dynamics faded between 2015 and 2017 following the effective implementation of oil projects and the cessation of work on the Imouraren uranium site. In 2018 and 2019, the construction of the pipeline and the implementation of public-private partnership projects for the renovation of Niamey International Airport and the construction of hotel complexes should help to raise their level. The evolution of the financial account is presented in the table below.

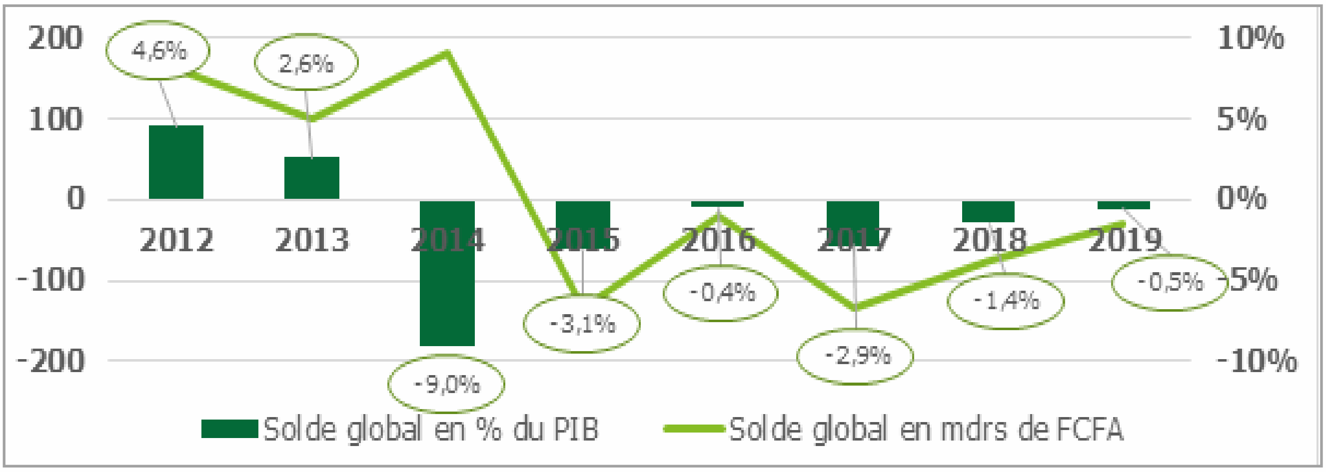
Table 20. Evolution of the Financial Account (in billions of CFAF)

	2012	2013	2014	2015	2016	2017	2018	2019
Direct Investments	428.4	305.5	362.6	292.9	154.7	175.6	226.5	330.5
Investments Portfolio	4.9	-9.4	61.8	84.0	-99.1	-31.0	-12.5	-7.1
Other Investments	116.9	9.4	223.9	200.5	200.5	169.5	252.6	289.7
Financial Account	550.2	392.7	648.3	577.3	455.3	380.4	491.7	627.3

Source : BCEAO

The mixed evolution of the various accounts showed an overall surplus from 2012 to 2014 and a deficit from 2015 to 2017. For the years 2018 and 2019, the balance would continue to be in deficit. The evolution of the overall balance at level (as a % of GDP) is presented in the figure below.

Figure 7. Evolution of the overall balance at level, as a percentage of GDP



Source : BCEAO

5.5 Regional integration

5.5.1 WAEMU convergence criteria

Niger's compliance with the WAEMU convergence criteria has focused mainly on the inflation rate and outstanding debt over the past five (05) years. Indeed, with the exception of 2013, Niger does not respect the key criterion which is the overall balance of grants included as a % of GDP. As a result, the payroll has grown faster than tax revenues since 2015 and their ratio has exceeded the norm. This situation is explained, among other things, by the increasing weight of security expenditures in the State budget, the increase in the payroll linked to the Government's recruitment program, despite the poor performance in mobilizing internal resources.

Table 21. Evolution of WAEMU convergence criteria

	Standard	2013	2014	2015	2016	2017
Primary						
Overall budget balance (including grants)/Nominal GDP	-3%	-2.6%	-8.1%	-9.0%	-6.1%	-5.2%
Average annual inflation rate	3%	-0.9%	1.0%	0.2%	2.4%	2.3%
Outstanding domestic and foreign public debt/nominal GDP	70%	21.6	24.1	35.8	39.8	42.0
Secondary						
Payroll/tax revenues	35%	32.6%	33.9%	36.5%	43.7%	43.5%
Tax burden rate	20%	15.2%	15.6%	16.0%	13.5%	13.1%

Source : INS

5.5.2 Review of regional integration

Niger is a member of the West African Economic and Monetary Union (WAEMU) and signed its treaty on 11 January 1994. The WAEMU institutional framework includes in particular: the Conference of Heads of State and Government, which takes additional measures to the Treaty of the Union; the Council of Ministers, the decision-making body of WAEMU; and the WAEMU Commission, which is the monitoring and implementation body. WAEMU has harmonized customs cordon taxation regimes and is also developing a regional approach to standardization, accreditation and certification. Community directives have been adopted in several sectors of economic activity, including agriculture, fisheries, energy, mining, air transport, telecommunications, financial services and professional services. The transposition of Community provisions at the national level has progressed since 2010, but their application nevertheless remains a challenge.

However, since the adoption in 2013 of an Additional Act creating an annual review of Community reforms, policies, programs and projects, the Commission has seen a significant increase in the transposition and application of Community acts by the Member States. In 2018, the West African Economic and Monetary Union (WAEMU) estimates that Niger has a satisfactory implementation rate of 64.79% for policy reforms, projects and community programs, compared to 57.9% in 2017, an increase of 7 points.

Niger is also a member of the Economic Community of West African States (ECOWAS), the Community of Sahelo-Saharan States (CEN-SAD) and the Conseil de l'Entente - alongside Benin, Burkina Faso, Côte d'Ivoire and Togo. ECOWAS was established on 28 May 1975 to promote cooperation and integration to achieve a West African Economic Union. According to the revised Treaty of July 1993, ECOWAS will eventually be the only economic community in the region for economic integration and the achievement of the objectives of the Economic Community for Africa (ECA).

The 1979 ECOWAS Protocol on freedom of movement, residence and establishment led, inter alia, to the abolition of the visa requirement between Member States for Community citizens. In this context, ECOWAS introduced the ECOWAS passport and adopted in December 2014 the Biometric Identity Card, which led to the abolition of the resident card. In addition, ECOWAS has established a regional motor liability insurance scheme called the "Brown Card"; and launched a Monetary Cooperation Program aimed at creating a single currency in 2020.

In 2016, the African Development Bank, the African

Union Commission and the Economic Commission for Africa created a Regional Integration Index to measure the extent to which each African country is meeting its commitments under the various pan-African regional integration instruments such as Agenda 2063 and the Abuja Treaty. This index summarizes the following dimensions: free movement of people, trade integration, productive integration, regional linkages and infrastructure, and macroeconomic policy convergence. With a score of 0.56, Niger ranks 4th in ECOWAS. In other words, Niger has performed well in the dimensions of free movement of people, financial integration and macroeconomic policy convergence. However, its performance in relation to the other dimensions of the index remains rather low compared to the best performing ECOWAS countries.

6- CREDIT QUALITY

6.1 Business climate

Niger has made significant progress in improving the business climate. According to the World Bank's Doing Business 2018 report, Niger is ranked 144th out of 190 countries, compared to 150th last year, an increase of six (06) places. This increase is due to the efforts made in structural investments and, above all, to the reforms undertaken since 2010 to improve the business climate. Over the previous three years, the country had moved up 14 places in the business climate quality ranking; 164th in 2015 and 150th in 2017 with 49.57 DTF (distance to frontier).

Table 22. Texts in force regarding the business climate in Niger

Indicator	Existing texts	Indicators
Starting a business	Establishment of the *'Maison de l'Entreprise'*; adoption of an action plan to improve the Doing Business ranking indicators; adoption of Decree No. 2017-284 abolishing the minimum capital and the use of notaries for the creation of a limited liability company (LLC); simplification of procedures and reduction of delays when creating or setting up a company in accordance with the Organization for the Harmonization in Africa of Business Law (OHADA).	The total number of days required to start a business is 3 days. The number of procedures is 3 and 7 days respectively for men and women at an average cost of 8.1% of per capita income ($ 360). A minimum capital of 11.8% of per capita income is required to start a business, i.e., about CFAF 17500.
Building permits	Decree 2018-225 of 30 March reducing to 7 days the time required to obtain a building permit through the weekly holding of sessions of the building permit commission. Halving the cost of obtaining a building permit. Elaboration of a Construction and Housing Code.	The total number of procedures required to build a warehouse is 11 for a period of 91 days. The construction quality control index of 6.0 (the highest score in the world is 15 according to Doing business).
Access to electricity	the creation and operation of the Single Window dedicated to connecting SMEs to electricity; the creation and operation of an Energy Sector Regulatory Authority (ARSE) which, among other things, monitor the performance of the energy distribution company.	The total number of procedures required to obtain an electrical connection is 4 for a period of 68 days.
Property registration	Reduction in the processing time of a title transfer file from 30 days to 7 days. Removal of registration fees from the company's statutes.	The total number of procedures required by law for the registration of property is 4 and the cost of registration is 7.6% of the property. With a score of 58.06 (52.6 on average for sub-Saharan Africa), Niger is ranked 111th in terms of property transfer according to Doing business.
Access to credit	Law n°2014-79 of 31 December 2014 regulating Credit Information Bureaus (CIB). Adoption of the 2015-2019 national strategy for inclusive finance, which aims to guide and serve as a benchmark for actors involved in the provision of financial services, financial infrastructure and the institutional environment.	Niger's score on the guarantee reliability index is 53.72, compared to an average of 51.61 in sub-Saharan Africa. On the other hand, only 0.3% of individuals and companies have been registered in a centralized private information register over the past 5 years, compared to an average of 7.0% in sub-Saharan Africa.
Protection of minority investors	A mining code and a petroleum code define the simplified procedures for granting exploration, research and exploitation permits, which include specific tax provisions granting special advantages to minority and foreign investors.	Niger is ranked 149th in terms of minority investor protection with a score of 40.0, compared to an average of 44.55 in sub-Saharan Africa. In addition, the index measuring directors' liability does not exceed 1 on a scale of up to 10.

Ease of paying taxes	Measures for the online declaration and payment of taxes and duties, through the adoption of Order No. 0042MF of 19 January 2018 on the creation of additional windows at the General Directorate of Taxes. Adoption of Order No. 0151 on the terms and conditions for the transfer of land titles. Circular n°0090/DGD/PSW of 6 April 2016 on the implementation of electronic payment of duties and taxes paid in customs. Total exemption from customs duties and taxes, value added tax, on imported machinery, materials, equipment and tools directly contributing to the implementation of the approved investment program.	Niger has an index of 54.49 and is ranked 161st in terms of ease of paying taxes. The post-tax return process index is 38.0 compared to an average of 54.6 in sub-Saharan Africa.
Ease of export	Elaboration of the action plan for the reform of import-export procedures. Order No. 088/MC/PSP/MT/MF of 17 July 2008 December 2014 on the documents required for the import and export of goods. Order No. 0090 of 22 December 2014 on public transport of goods, types of roadside checks at checkpoints and recourse mechanisms to minimize abnormal practices on the transport of goods in Niger.	Niger has an index of 65.40 in terms of ease of cross-border trade, compared to an average of 53.59 in sub-Saharan Africa. The cost of complying with export procedures is $391 for a 48-hour period and the cost of complying with import procedures is 460$ for a 78-hour period.
Enforcing contract law	Creation of the Niamey Mediation and Arbitration Centre by Decision N°0014/CCIAN/PDT/2014 of 5 December 2014. Among other things, this center speeds up the process of settling commercial disputes through mediation and arbitration. Law n°2015-08 of 10 April 2015 establishing the organization, competence, procedure to be followed and functioning of the commercial courts in the Republic of Niger.	Niger's score in terms of ease of contract execution is 53.77 (119th country). The quality indicator for judicial proceedings is 7.5 on a scale of up to 18. In addition, the time required to settle a dispute is 380 days at a cost of approximately CFAF 2.858.067.
Insolvency resolution	Adoption of Act No. 2018-08 of 30 March 2018 on small dispute procedures in commercial and civil matters.	The number of years of insolvency recovery is 5 years, compared to an average of 2.9 years in sub-Saharan Africa. The cost of recovery is 18% of the value of the assets. The recovery rate is 21%.
Bankruptcy resolution	Law No. 2015-08 of 10 April 2015 establishing the organization, competence, procedure to be followed and functioning of the commercial courts in the Republic of Niger.	See the provisions of Act No. 2015-08 of 10 April 2015 establishing the organization, jurisdiction, procedure to be followed and the functioning of the commercial courts in the Republic of Niger
Rules for hiring and firing	Law No. 2012-45 of 25 September 2012 on the Labor Code of the Republic of Niger. This is a code that governs the relationship between employers and workers in Niger.	See provision of the interprofessional collective agreement, pursuant to article 75 of Act No. 62-12 of 13 July 1962 establishing a Labor Code of the Republic of Niger.

Source: Doing business, Niamey Maison de l'Entreprise

However, in terms of governance indicators, Niger scores low. In 2017, Niger moved from the 101st place in 2016 to the 112th place in Transparency International's Corruption Perception Index, dropping eleven places. According to Transparency International, despite the commitments of the country's high authorities, corruption is gaining ground in Niger "given the various scandals revealed not only by the press but also and quite often by the courts".

To fight corruption, the authorities have launched several initiatives, including the establishment of an anti-corruption body, the High Authority against Corruption and Related Offences (HALCIA), the establishment of an Information and Complaints Office, the fight against corruption and influence-peddling in the judicial sector. In 2017, the President of the Republic launched an anti-corruption campaign "Mai Boulala" to improve governance and strengthen accountability in Niger. Finally, in January 2018, the government adopted a national anti-corruption strategy, followed by a three-year action plan to strengthen prevention, repression and coordination in the fight against corruption.

6.2 Financial governance

In terms of financial governance, Niger has been reforming its public finance management system (PFMS) for more than a decade to make it more efficient. Some progress has been made:

- Transparency of rules on budget allocation for decentralized administrations;
- information available to the public,
- The approval of the budget by the National Assembly;
- The quality of debt reporting.

In the same vein, in 2016, the country transposed the WAEMU public finance directives into national legislation and adopted the implementing regulations. In addition, in March 2017, the government adopted its fourth public financial management reform program (2017-2020 PRGFP) to strengthen the PFMS. This program aims to:

- Maintain macroeconomic stability;
- Improve public finance management;
- Increase fiscal space by increasing tax revenues, including by broadening their tax base and strengthening their administration, better controlling public expenditures and strengthening cash management;
- Improve debt management;
- Increase transparency in the management of the mining and oil sectors
- Promote the development of the private sector and the financial sector to diversify the economy.

Thus, with regard to the mobilization of financial resources, reforms on the modernization of tax administration have been taken. These are the one-stop-shop for customs clearance of used vehicles (GUAN), and the computerization of the tax and customs directorates-general. These reforms aim to broaden the tax base, reduce exemptions and strengthen the territorial tax network. In terms of public expenditures, the reforms aim to improve expenditure efficiency, debt management and program-based budget management.

6.3 Financial ratings

Niger is not yet rated by financial rating agencies such as Moody's, Standard and Poor's or Fitch. However, the country has been engaged in a process with Moody's since April 2019 to be rated and this process is currently in its final phase.

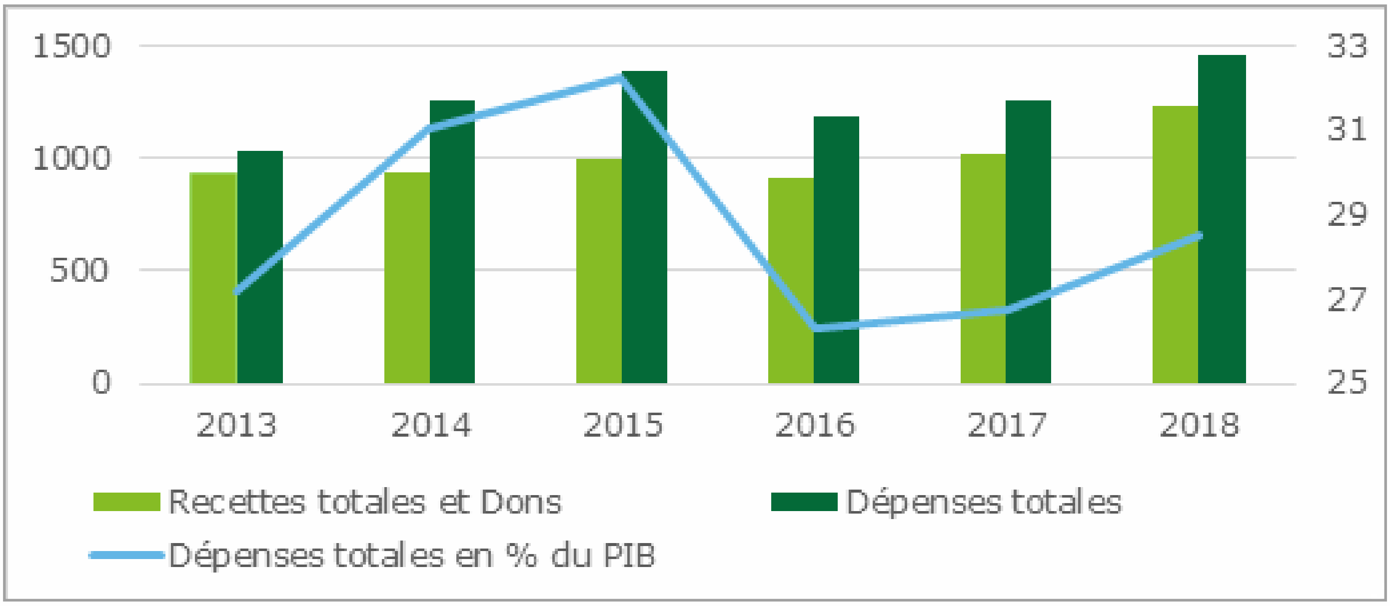
7- PUBLIC FINANCE

7.1 Budget

7.1.1 Expenditure and revenue

The gap between public revenue and expenditure has been narrowing in Niger since 2016 after widening from 2013 to 2015. Since 2017, the performance of the financial authorities has improved and the Government has taken measures to control expenditure (recruitment only in priority sectors, control of government contract agents, etc.).

Figure 8. Evolution of public expenditure and revenue in Niger, 2013-2018



Source : Ministry of finance

7.1.2 Detailed presentation of expenditure and revenue

For the fiscal year 2017, total revenues (including grants), which represented 21.6% of GDP, increased by 12% and reflected an acceleration in both grants (+25.9) and non-tax revenues (+74.2%). Public expenditure has grown less than public revenue. Indeed, total public expenditure increased by 6.9% in 2017 to represent 26.9% of GDP. This slight increase in expenditure is attributable to the variation in capital expenditure (+7.3%) and current expenditure (+5.9%), partly due to security measures and social and humanitarian crises. Expenditure on security and the food program increased by 2.6% and 2.4% of GDP respectively between 2011 and 2017.

This public finance situation shows an improvement in the overall budget balance (including grants) from -6.1% of GDP in 2016 to -5.2% in 2017. However, the overall deficit excluding grants was 12.5% in 2017, compared with 12.1% in 2016, although the budget balance deficit is projected to be reduced to 5.9% in 2018 given the increase in tax revenues resulting from the various reforms aimed at broadening the tax base, reducing exemptions and strengthening the territorial tax network.

Table 23. Detailed presentation of public expenditure and revenue in Niger, in billions of CFA francs

Revenue and grants	1010.70
Total revenue	668.50
Tax revenues	619.90
Direct taxes	
Of which oil taxes	
Indirect taxes	
Non-tax revenues	48.60
Social Security Contributions	
Others	
Of which dividends from public companies	
Grants	342.20
Projects	201.10
Programs	141.10
Total expenditures	1263.60
Current expenditures	663.50
Salaries and compensations	269.70
Social Security	
Transfers and others	327.30
Exceptional expenditures	
Interest due	49.90
On domestic debt	33.5
On external debt	16.4
Capital expenditure	600.00
From domestic resources	249.60
From external resources	350.6
Net loans	0.00
Primary balance [5]	-194.70

Source : Ministry of finance

7.1.3 Presentation of the budget by expenditure item

Social spending (education, health, rural development, infrastructure) is one of the priorities of the Government of Niger because of the essential role it plays in economic and social development. Education is the sector most financed by government resources. With an amount of CFAF 254.39 billion in 2018, the budget allocated to Education represents 13% of the overall budget of the State of Niger. Health, although an important dimension of development, received 6.5% of the total state budget (2018). However, despite the limited resources allocated to the health sector, health indicators have improved significantly. Life expectancy is estimated at 58 years, and health coverage has improved slightly. Rural development benefited exceptionally from 13.8% of the total budget in 2018.

[5] *Income (excluding grants) minus expenses (excluding interest and future investments).*

Table 24. Presentation of the total budget by expenditure item, in billions of CFA francs and in %.

A. SECTORAL EXPENDITURES						
SECTORS	2017 Real.	2017 share	PLF2018	2018 share	PLF2019	2019 share
Education	229.11	22%	254.39	24%	279.48	27%
Security	183.07	18%	236.36	23%	194.67	19%
Rural Development. & Food security.	177.76	17%	262.17	25%	227.38	22%
Financial governance	82.28	8%	74.41	7%	50.10	5%
Consolidation of democratic institutions	106.09	10%	106.53	10%	105.11	10%
Energy & Infrastructure.	100.54	10%	173.72	17%	239.85	23%
Health	78.27	8%	123.33	12%	137.43	13%
rural & urban Hydr.	40.52	4%	49.38	5%	54.14	5%
Others	42.63	4%	75.79	7%	65.53	6%
TOTAL A	1040.27	100%	1 356.09	130%	1 353.69	130%
B. ORDER AND COMMON EXPENDITURES						
Tax Expenditures	246.54	61%	213.28	53%	310.61	77%
Public debt	114.77	29%	228.94	57%	290.76	72%
Common expenditures	40.78	10%	102.56	26%	95.70	24%
TOTAL B	402.09	100%	544.77	135%	697.06	173%
TOTAL GENERAL BUDGET (A+B)	1442.36	100%	1 900.86	100%	2 050.76	100%

Source: Ministry of Finance

7.2 Tax policy

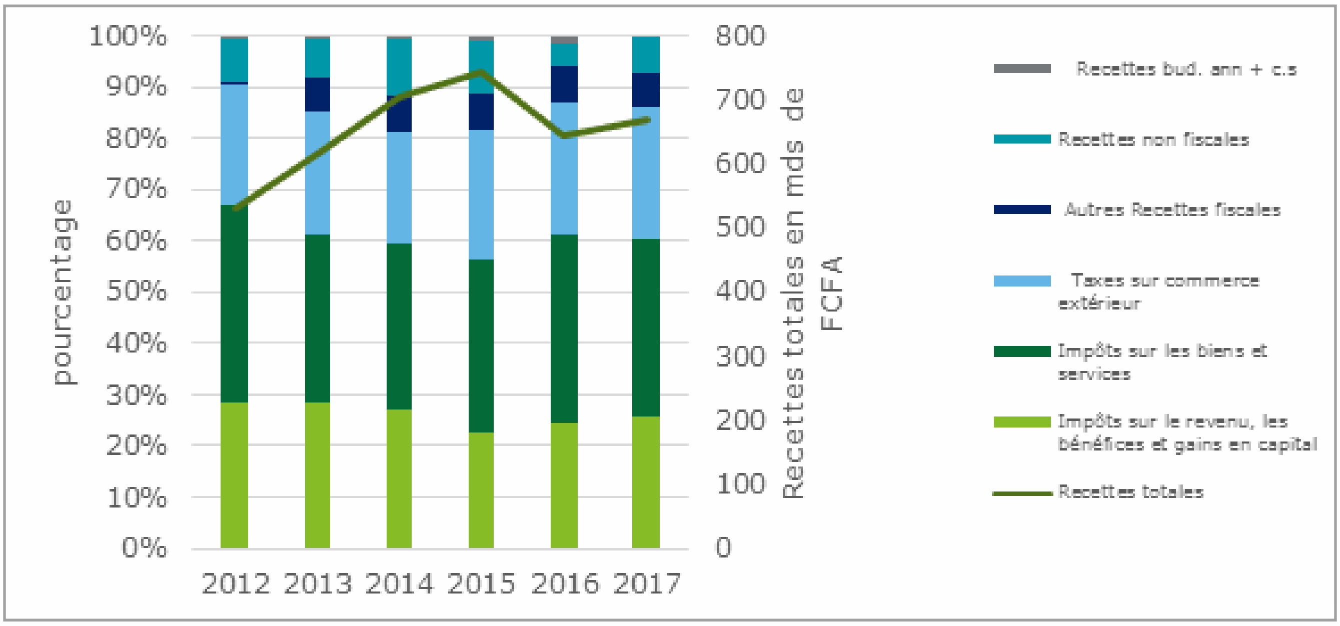
7.2.1 General budget revenue broken down by source

Under the 2018 Finance Act, the Government of Niger has taken tax measures to improve tax revenue collection to at least 0.6% of GDP. These include, in particular:

- the application of the reduced VAT rate (5%) to goods previously exempted per WAEMU standards;
- the application of the standard VAT rate (19%) to industrial inputs and packaging previously exempted under the Investment Code, and to transport services;
- the implementation of a progressive housing tax.

To achieve these objectives, the Nigerien authorities have put in place a plan to modernize the tax administration. These are the introduction of a one-stop-shop for customs clearance of used vehicles (GUAN), and the computerization of the Directorate General of Taxes, including the installation of the global SISIC software. These reforms will have to result in tangible revenue gains. The 2018 Finance Act provides for consolidation of public finances with a reduction in the basic budget deficit to 3.9% of GDP (from 4.6% in 2017), an increase in tax revenues of 0.5% of GDP supported by concrete measures (such as reduced VAT exemptions, tighter control of investment incentives and minimum taxes) and expenditure limits.

Figure 9. General budget revenue broken down by source



Source: Ministry of Finance

7.2.2 Government revenues such as Health, Unemployment and Retirement

The Nigerien social security scheme for salaried workers managed by the National Social Security Fund (CNSS) for salaried workers and the National Pension Fund (FNR). The CNSS covers three branches of social activities, namely:

- Family benefits (in charge of maternity benefits);
- Work accidents and occupational diseases;
- Pensions (invalidity, old age, death).

Self-employed workers are not covered by the social security system but can voluntarily join the risk of accidents at work. The FNR manages the compulsory social security scheme in the public sector. Managed by the State, under the financial supervision of the Ministry of Finance, it provides benefits mainly for the Retirement, Invalidity and sick leave, and Survivors branches. In 2018, the FNR's revenues were estimated at CFAF 8.5 billion.

7.2.3 Presentation of tax innovations recently voted or under discussion and in the process of being voted on

As part of the 2018 Finance Act, a number of tax measures have been approved by Parliament. These new tax measures concern income tax (IT), synthetic tax (ST), value-added tax (VAT), tax on financial activities (TFA), incoming international traffic termination tax (IITTT), and the registration of fixed oil duties in the Finance Act. In addition, the derogating tax provisions contained in various sectoral texts are repatriated.

In the area of income tax (IT), the proposed measures aim to establish the tax framework for leasing in tax legislation and to limit the deductibility of head office expenses incurred by parent companies for the benefit of their subsidiaries or branches.

With regard to synthetic taxes, the 2018 Finance Act proposes to raise the tax thresholds for the various regimes in the tax system. This will bring taxpayers who were previously subject to the simplified real system and who are in chronic VAT credit situations within the synthetic tax system.

As regards Value Added Tax, the proposed tax measures relate to the liability for VAT on leasing, the repeal of the provisions on the application of VAT to the banking sector, the reduction of the VAT rate applicable to the inland transport of persons and goods and the introduction of a minimum payment for companies in the trade-distribution sector.

As regards the tax on financial activities, the Finance Act provides for the introduction of a tax on financial activities instead of VAT for the banking sector. This proposal stems from the transposition of the provisions of Directive N°02/98/CM/WAEMU on the harmonization of the legislation of the Member States relating to value added tax.

The reinstatement of the incoming international traffic termination tax, repealed by Act No. 2017-82 of 28 November 2017, is proposed for the 2018 financial year.

As regards derogations, it is proposed to repatriate the derogations contained in the various sectoral schemes. The consolidation of all tax provisions in a single document is the guarantee of better performance of the tax system and more rational and efficient management of derogations.

With regard to oil taxation, the measure provides for the registration of fixed oil charges in the Finance Act.

7.3 Finance bill

The Finance Act for 2019 provides for an overall annual budget of CFAF 2.050.76 billion. It shows an increase of CFAF 78.79 billion and 4% in relative value compared to the current figure of CFAF 1.971.97 billion. This balanced finance law in terms of revenue and expenditure is broadly distributed as follows: 20.49% for national education, 16.92% for rural development and food security, 14.39% for security and 10.16% for health.

The 2019 Finance Bill provides for the adjustment of existing taxes and duties but also the introduction of new taxes. In total, one hundred and ten (110) new measures are introduced and they would bring in CFAF 14 billion francs. Among the measures mentioned in this project, there is the broadening of the tax base to "any natural or legal entity who carries out an activity falling within the scope of income tax and makes an annual turnover, including all taxes, of less than CFAF 100 million (150 thousand euros)". This means that the "synthetic tax" will apply to SMEs. Scales are therefore established and will be applied from January 2019.

The 2019 Finance Act also plans to introduce a new financial transaction tax. This tax concerns "banks and financial institutions, natural or legal persons who carry out financial intermediation operations, stockbrokers, money changers, discounters and remitters".

Finally, the draft finance law also provides for a tax on incoming international calls of CFAF 88 (0.13 euros) per minute, except for 4G users, whose tax remains unchanged at CFAF 50 (0.075 euros).

8- RISK FACTORS

8.1 Political and security risks

Since the 2016 general elections, the domestic political situation has normalized and calmed down. The opposition, despite the irregularities reported during the electoral process, participates in political life. However, the situation remains very fragile due to recurrent terrorist attacks by Boko Haram, on the south-eastern border with Niger, and jihadist and drug trafficking groups in the Tillabéry and North Tahoua regions. This leads to social and humanitarian crises with an estimated 300.000 refugees hosted.

As a result, the government has extended the state of emergency in these areas, increased the capacity of the defense and security forces, and set up a new military operation as part of the G5 Sahel Joint Task Force. It is estimated that the increase in defense and refugee reception expenditures as part of military interventions would cost CFAF 220 billion per year, or about 5% of GDP. It will further reduce the resources available to finance investments for economic development.

8.2 Social risks

On the social level, the situation has been marked by social demands over the past two years, including social tensions over the 2018 Finance Act, which a coalition of trade union and civil society organizations consider "anti-social". The measures denounced include the creation of a housing tax, the increase in the rate of the synthetic tax (ST) from 2 to 5% for commercial activities and from 3 to 7% for services, the extension of the base of the Value Added Tax (VAT) on the road transport sector for goods and passengers, the revaluation of the basic price for the transfer of land in the private domain of the State and the introduction of a stamp duty of CFAF 200 on any legalized document under penalty of invalidity.

8.3 Macroeconomic risks

At the macroeconomic level, Niger has certainly performed well, driven by increased demand and investment in road, energy and airport infrastructure. Economic growth consolidated at 4.9% in 2017 thanks to the strong performance of the agricultural sector (due to favorable weather conditions and the expansion of irrigated crops) and the improvement in the supply of electrical energy and its positive impact on the industrial sector.

However, commodity prices and the security situation in the region are negative risk factors. Security threats and low world oil and uranium prices are affecting the economic environment. Indeed, the State's heavy dependence on revenues from the extractive sector makes it more vulnerable to changes in prices and the production of raw materials.

8.4 Risks relating to the mobilization of public and private financial resources

In 2017, the public finance situation has been often characterized by losses in revenue (particularly tax revenue) and overspending for defense and security purposes. This could influence the dynamics of the ongoing reforms and the implementation of important actions planned in the 2017-2021 Economic and Social Development Program (PDES). As a result of the evolution of public expenditures, Niger recorded an overall budget deficit (including grants) estimated at -5.7% of GDP in 2017 due to the fall in uranium and oil prices, the main export revenues of its economy, but also to the increase in expenditure inherent to security measures and social and humanitarian crises (over 23% on average).

The narrowness of the State's budget and its instability severely penalize development policies at a time when the country faces considerable socio-economic challenges, particularly because of its population growth, which is among the highest in the world. Most of the reforms affecting public finances focus on better mobilization of domestic resources. These include streamlining tax and customs duty exemptions on the budget, preventing fraud on the marketing of oil products, improving the collection of tax arrears and carrying out controls on the payment of income tax and VAT. In the short term, despite a rationalization of current expenditure, the program projects the budget deficit to increase to 7.4% of GDP in 2017 to allow for a recovery in investment expenditure. The convergence of the fiscal balance towards the WAEMU target of 3% of GDP is not expected before 2020.

Finally, the IMF warns that moderate fiscal and external financing deficits may emerge as a result of negative shocks that would be difficult to offset by additional fiscal consolidation measures or for which it would be difficult to finance in the regional bond markets that are tightening again.

8.5 Health risks

Niger often faces epidemics of meningitis, measles and cholera, which are managed by the Ministry of Public Health through the national epidemic management committee. In 2016, Niger experienced the outbreak of Rift Valley fever, which resulted in high mortality and abortions among cattle, small ruminants and camels in the Tassara district, Maya Valley (Chad Tchintabaraden Department, Tahoua Region) and deaths in the community in a picture of fever with hemorrhage and jaundice.

According to the Ministry of Public Health (2016), major weaknesses are penalizing the Niger health system. These include the emergence of harmful practices such as the illegal sale of drugs and the uncontrolled creation of private health structures due to insufficient enforcement of laws and regulations; the low development of medical biology and laboratory; and the low health coverage rate of the population, which is only 48.5%.

8.6 Environmental risks

Risks related to climatic and environmental shocks (pockets of drought, floods, an early end to rainfall, etc.) can compromise good economic prospects, which are mainly based on increased agricultural harvests, and exacerbate food insecurity. Domestic production comes largely from subsistence agriculture, where frequent droughts, floods and lack of inputs, as well as a significant infrastructure deficit, hamper productivity growth.

Moreover, with 80% of its territory made up of the Sahara and the Sahel, and the 200.000 hectares of desert's progression each year, Niger is repeatedly affected by the effects of climate change, the most visible manifestations of which are: (i) severe land degradation; (ii) low biodiversity conservation; and (iii) difficulties in achieving sustainable land and water management with a serious impact on agriculture. For example, the Niger River and Lake Chad are at high risk of silting up or even disappearing. To address these challenges, Niger adopted in 2017 a national environment and sustainable development policy that focuses on sustainable land and biodiversity management, integrated water resources management (GIRE), adaptation and mitigation of the effects of climate change and promotion of renewable energy.

9- DEBT SITUATION

9.1 General description of the public debt

9.1.1 Overall picture

Niger's outstanding public debt is estimated at CFAF 1.969.4 billion (41.7% of GDP) as of 31 December 2017, compared with CFAF 1.793.0 billion at the end of September 2017 (39.7% of GDP). It is composed of CFAF 1.404.9 billion in external debt and CFAF 564.5 billion in domestic debt.

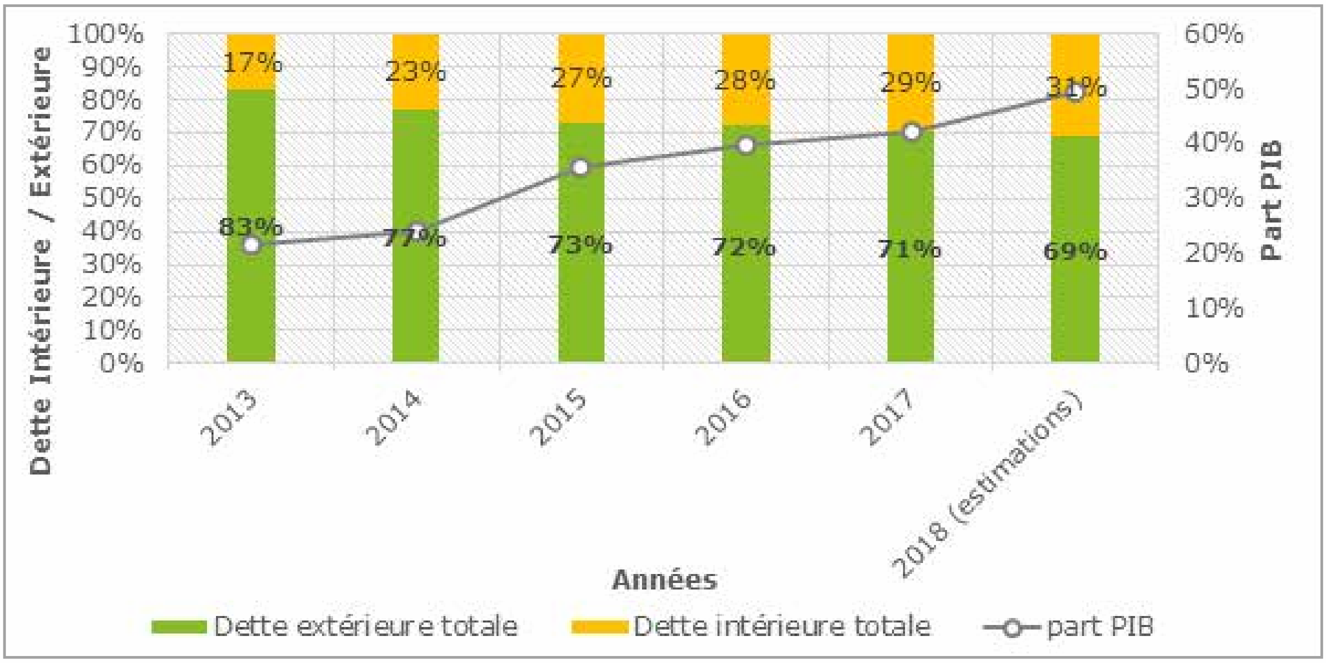
Table 25. Evolution of Niger's debt

	2013	2014	2015	2016	2017	2018 (estimates)
Total debt (% of GDP)	21.6	24.1	35.8	39.7	41.7	49.4
Total debt (in value, CFAF)	819.8	980.9	1535.9	1 793.0	1 969.4	2 537.8
Remaining due	804.9	965.9	1 530.6	1 787.7	1 986.2	2 533.4
Arrears	14.9	14.9	5.3	5.3	5.8	4.3
Due	93.0	98.1	108.2	269.9	296.7	548.2
Settled	78.1	83.2	102.9	264.6	290.9	543.9
Total domestic debt	682.6	756.6	1 124.1	1 292.4	1 404.9	1 744.9
Remaining due	682.6	756.6	1 124.1	1 292.4	1 404.9	1 744.9
Arrears	0	0	0	0	0	0
Due	23.2	30.5	38.3	46.4	42.8	57.8
Settled	23.2	30.5	38.3	46.4	42.8	57.8
Total domestic debt	137.3	224.3	411.7	500.7	564.5	792.8
Remaining due	122.4	209.4	406.4	495.4	581.3	788.5
Arrears	14.9	14.9	5.3	5.3	5.8	4.3
Due	69.8	67.6	69.9	223.5	253.9	490.4
Settled	54.9	52.7	64.6	218.2	248.1	486.1
Nominal GDP (current prices)	3 788.3	4 068.9	4 288.8	4 510.9	4 726.4	5 135.1

Source: BCEAO, Ministry of finance

In 2017, the public debt portfolio outstanding was composed of 71.3% external debt and 28.7% domestic debt. The weighted average interest rate of the portfolio was 2.9%, 1.7% for external debt and 6% for domestic debt.

Figure 10. Evolution of the composition of Niger's debt and share of GDP



Source : Ministry of finance

9.1.2 Time profile of the debt to be settled

The proportion of public debt maturing in one year is 5.5%, of which 2.5% for external debt and 13.0% for domestic debt. In total, 6.6% of the debt matures in one year (short-term), 20.7% in 1 to 5 years (medium-term), and 72.7% of the debt is repayable in more than 5 years (long-term). It should also be noted that the portfolio is mainly composed of fixed interest rate loans and is therefore not exposed to interest rate risk.

The public debt servicing paid during the four (4) quarters of 2017 amounted to CFAF 303.37 billion, divided into CFAF 42.84 billion for external debt and CFAF 260.53 billion for domestic debt.

Table 26. Time profile of the debt to be settled

Expressed in %	Allocation initially planned	2013 Allocation	2018 Allocation (est)
Short term (< 1 year)	nd	7.6%	6.6%
Medium term (1 to 5 years)	nd	1.9%	20.7%
Long term (> 5 years)	nd	90.5%	72.7%
Total	Nd	100%	100%

Source : Ministry of finance

9.1.3 Amount of short-term debt to be settled

The following table shows the amounts of debt that must be settled in the short term. For each year, the amount indicated is the level of debt to be settled the following year.

Table 27. Evolution of the amounts of debt to be settled in the short term

Billions of CFA francs	2013	2014	2015	2016	2017	2018 (est.)	2019 (proj.)	2020 (proj.)
Amount of external debt to be settled in the year	0.5	38.3	46.4	42.8	57.8	90.5	95.3	120.3
Amount of domestic debt to be settled in the year	52.7	64.6	218.2	248.1	486.1	195.1	247.1	244.3
Total	83.2	102.9	264.6	290.9	543.9	285.6	342.4	364.6

Source : IMF

In 2017, the total amount of effective public debt repayments amounted to CFAF543 billion, including CFAF 57.8 billion for external debt and CFAF 486.1 billion for domestic debt. The Centre for the Amortization of the State's Domestic Debt (CAADIE) has committed to settling the domestic debt to enable the economy to increase private sector financing. In 2018, the amount of domestic debt to be repaid will fall to $ 195 billion, a 60 percent decrease from 2017.

9.2 Debt strategy and debt sustainability

9.2.1 Description of the strategy

Niger has adopted a 2017-2020 debt strategy that mainly aims to mitigate refinancing risks and stabilize or even reduce the cost of borrowing. This strategy allows the State to meet the financing needs of all commitments by integrating potential constraints and risks to avoid decisions taken solely based on cost or short-term opportunities.

This strategy is in line with the new policy proposed by the IMF and also takes into account the uncertainty about the availability of concessional resources given the gradual depletion of the main funds (IDA and ADF) that constitute Niger's preferred creditors. The main objective of this reform is to enable countries to effectively manage their debt, preserve debt sustainability guarantees and incentives for concessional borrowing.

Niger's debt strategy aims to diversify its sources of financing with a debt structure consisting of 40% of concessional debt, 20% of semi-concessional debt, 5% foreign trade debt and 35% domestic market financing, including BOAD resources. The projected borrowing ceiling would average 8% of GDP per year over the 2017-2020 period. Indeed, it is expected to decline by 10% of GDP in 2017 to remain around 5.7% of GDP in 2020.

Debt management is carried out by an inter-ministerial committee created in 2015. It ensures regular meetings, provides a full complement of staff to the Technical Support Committee and obtains co-signature from the Ministry of Finance to ensure the validity of all loan agreements.

9.2.2 Debt sustainability (according to the World Bank and IMF)

The debt sustainability analysis indicates that Niger's risk of over-indebtedness was moderate, largely due to public debt incurred to support the development of the natural resources sector and to finance major infrastructure projects. Niger reached the completion point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative in April 2004 and benefited in 2006 from the Multilateral Debt Relief Initiative (MDRI) of the African Development Fund, the International Development Association (IDA) and the International Monetary Fund (IMF).

However, Niger's external public debt has increased relatively since 2010, due to the investment programs provided for in the economic and social development plans. Indeed, the external debt ratio as a percentage of GDP increased from 23% in 2010 to 30% of GDP in 2017.

Niger's risk of external and global over-indebtedness is "moderate", according to the new debt sustainability framework. The ratios of external public debt to exports and total public debt to GDP are respectively 135 % and 39.5 % in present value, well below the established thresholds (see table below). To make Niger's debt more sustainable, it is proposed to modify the conditions imposed in the program for the accumulation of external debt, in line with the IMF's policy on public debt limits: the ceiling limiting the subscription and guarantee of non-concessional external public loans should be replaced by a performance criterion limiting the present value of the external debt guaranteed and contracted by the State, as from this review.

The Nigerien authorities have agreed, with IMF staff, to remain focused on absorbing concessional donor financing, which should not be crowded out by new borrowing. A ceiling of CFAF 225 billion ($ 420 million or 4.3% of GDP) in present value has been set for 2018.

Table 28. Debt Sustainability Framework (DSF)- debt thresholds and benchmarks

	PV of the debt (percentage)		Debt servicing (percentage)		PV of total public debt (percentage)
	GDP	Exports	Exports	Revenues	GDP
Poor policy	30	140	10	14	35
Average policy	40	180	15	18	55
Strong Polity	55	240	21	23	70

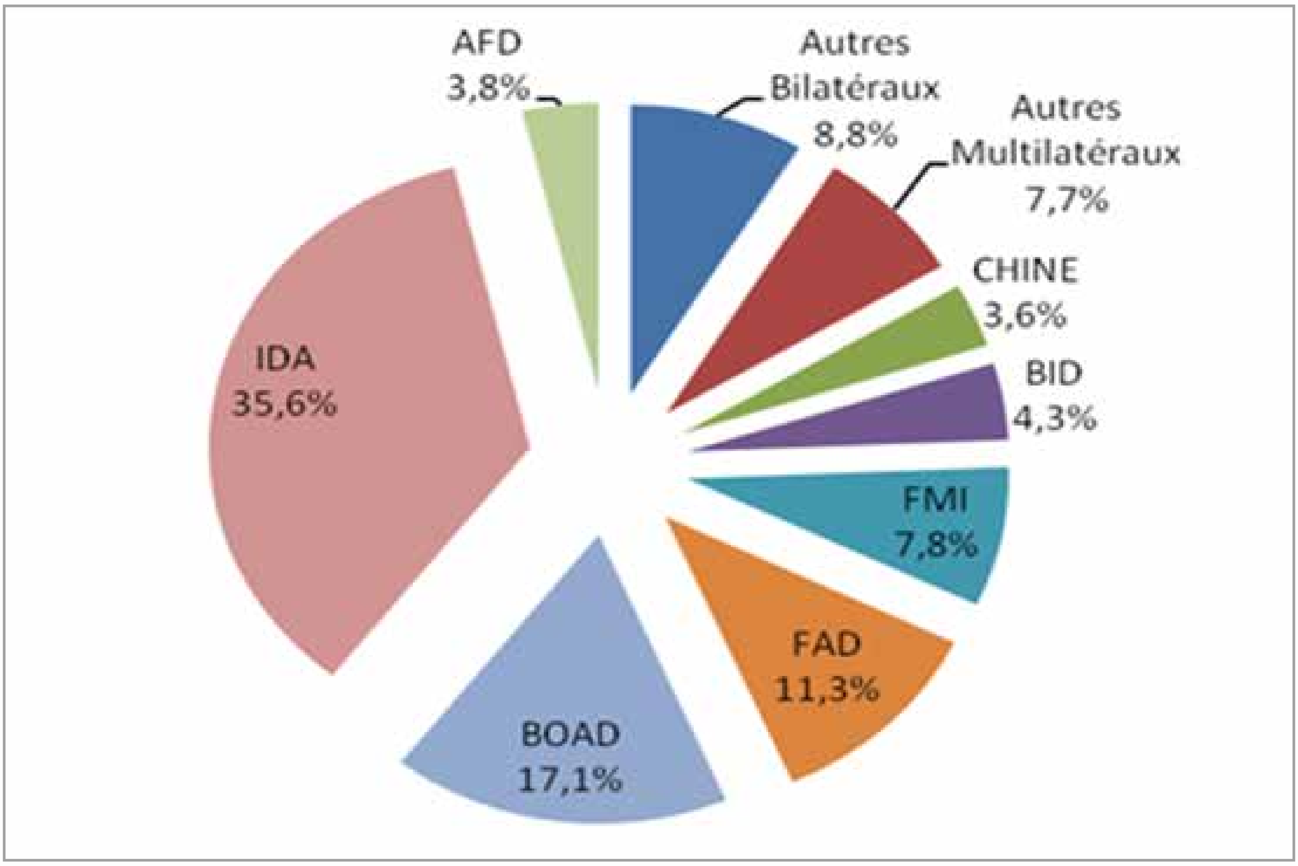
Source : IMF

9.3 Foreign debt

9.3.1 Holders

The graph below shows the composition of the external debt portfolio, by creditor and a group of creditors at the end of December 2017. BOAD and ADF are Niger's main creditors, holding 17.1% and 11.3% of Niger's external debt respectively, with a debt portfolio of CFAF 240 billion and CFAF 159.240 billion, respectively.

Figure 11. Composition of the external debt portfolio, by creditor and group of creditors at the end of December 2017 (%)



Source : Ministry of finance

Table 29. Composition of the external debt portfolio, by creditor and creditor group (estimates for 2018)

	Total debt (expressed in value, CFAF billion)	Expressed as a % of total external debt	Expressed as a % of the nominal GDP
Total external debt	1 744.9	100%	34.0%
Commercial debt			
Bilateral	328.6	18.8%	6.4%
Of which France (AFD)	62.1	3.6%	1.2%
Including Saudi Arabia (SDF)	37.5	2.1%	0.7%
Of which India	39.0	2.2%	0.8%
Of which China	124.7	7.1%	2.4%
Other Bilateral Agreements	65.3	3.7%	1.3%
Multilateral	1 416.3	81.2%	27.6%
Of which IMF	116.6	6.7%	2.3%
Of which World Bank – IDA	691.2	39.6	13.5%
Of which AfDB/ADF	177.4	10.2	3.5%
Of which IFAD	53.7	3.1	1.0%
Of which IDB	58.5	3.4	1.1%
Of which BOAD	245.0	14.0	4.8%
Other Multilateral	73.9	4.2	1.4%

Source : Ministry of finance

9.3.2 External debt payment situation

The following table provides a complete overview of the debt due and the debt paid during 2017.

Table 30. Details of debt due and debt paid (December 2017)

	Multilateral			Bilateral			Commercial			Total		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
Outstanding as of 31 December 2016	0	0	0	0	0	0	0	0	0	0	0	0
New Drawings (disbursement 2017)			149.09			13.08						162.17
Service due (2017)	22.7	13.6	36.3	3.5	3.0	6.5				26.2	16.6	42.8
Total	22.7	13.6	36.3	3.5	3.0	6.5				26.2	16.6	42.8
Matured in 2016												
Arrears												
Paid service	22.7	13.6	36.3	3.5	3.0	6.5				26.2	16.6	42.8
Total	22.7	13.6	36.3	3.5	3.0	6.5				26.2	16.6	42.8
Matured N-2												
Arrears												
Outstanding as of 31 December 2017		0	0	0	0	0	0	0	0	0	0	0

Source : Ministry of finance

In 2017, the Government of Niger paid CFAF 36.3 billion in multilateral debt, compared to CFAF 6.5 billion in bilateral debt. The total amount paid in respect of the total external debt amounts to CFAF 42.8 billion in 2017. It should be noted that the total amount of actual disbursements, recorded by the Public Debt Directorate, during 2017 amounted to CFAF 162.17 billion, distributed as follows: CFAF 149.09 billion for multilateral creditors and CFAF 13.08 billion for bilateral creditors.

9.3.3 Debt currencies

The table provides a detailed overview of foreign currency debt

Table 31. Details of foreign currency debt

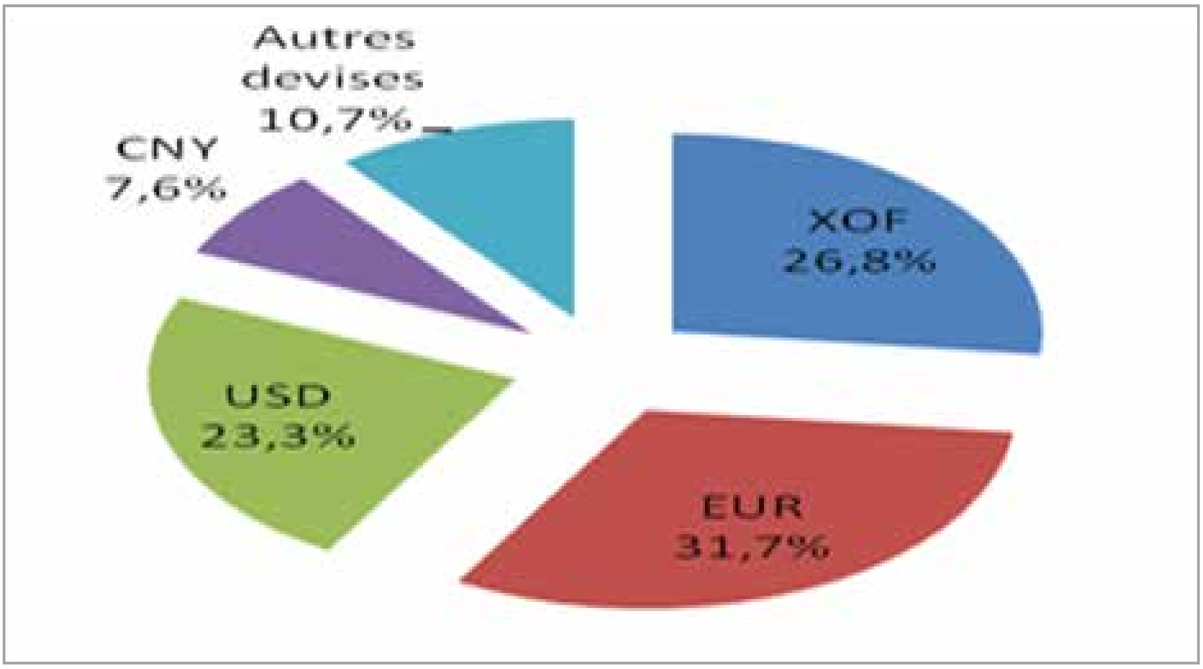
Currency	Total debt originally denominated in this currency	CFAF Exchange rate as of 31 December 2017	Total debt expressed in CFAF billion	Exchange rates in EUR's of 31 December 2017	Total debt expressed in billion EUR	Distribution of debt by currency
CFAF	963.741	1	963.7	655.95	1.469	48.4%
EUR	0.438	655.95	287.5	1	0.438	14.4%
USD	0.209	546.9	114.2	0.833	0.174	5.7%
SDR[1]	0.654	778.9	509.8	0.842	0.777	25.6%
CNY	0.602	84.1	0.6	0.128	0.077	2.5%
Other	2.209		66.1	655.95	0.101	3.3%

Source : Ministry of finance

As a result, the euro is the most important currency in the external debt portfolio with 31.7%, or CFAF 445.2 billion, followed by the CFAF with 26.8%, or CFAF 376.6 billion, and the dollar with 23.3%, or CFAF 327.0 billion. Taking into account the fixed parity CFAF -Euro, it can be noted that 41.5% of the external debt portfolio is exposed to exchange rate fluctuations, in the absence of a change in parity.

With regard to exchange rate risk, it appears that it mainly concerns external debt. Taking into account the fixed parity between the euro and the CFAF, the real proportion of public debt exposed to exchange rate risk is 41.5% s of 31 December 2017, assuming that the fixed parity between the euro and the CFAF is maintained.

Figure 12. Breakdown of external debt by currency



Source : Ministry of finance

[6] *Special Drawing Right : monnaie de référence du FMI*

9.4 Domestic Debt

9.4.1 Presentation of the situation as of 31 December 2017

As of 31 December 2017, Niger's outstanding domestic debt represented 28.7% of the total public debt. It amounts to CFAF 564.5 billion, or 11.8% of GDP. Domestic debt is mainly composed of term bonds, representing 67.6% of the total, and treasury bills representing 20.7% of the portfolio.

Table 32. Presentation of the situation as of 31 December 2017

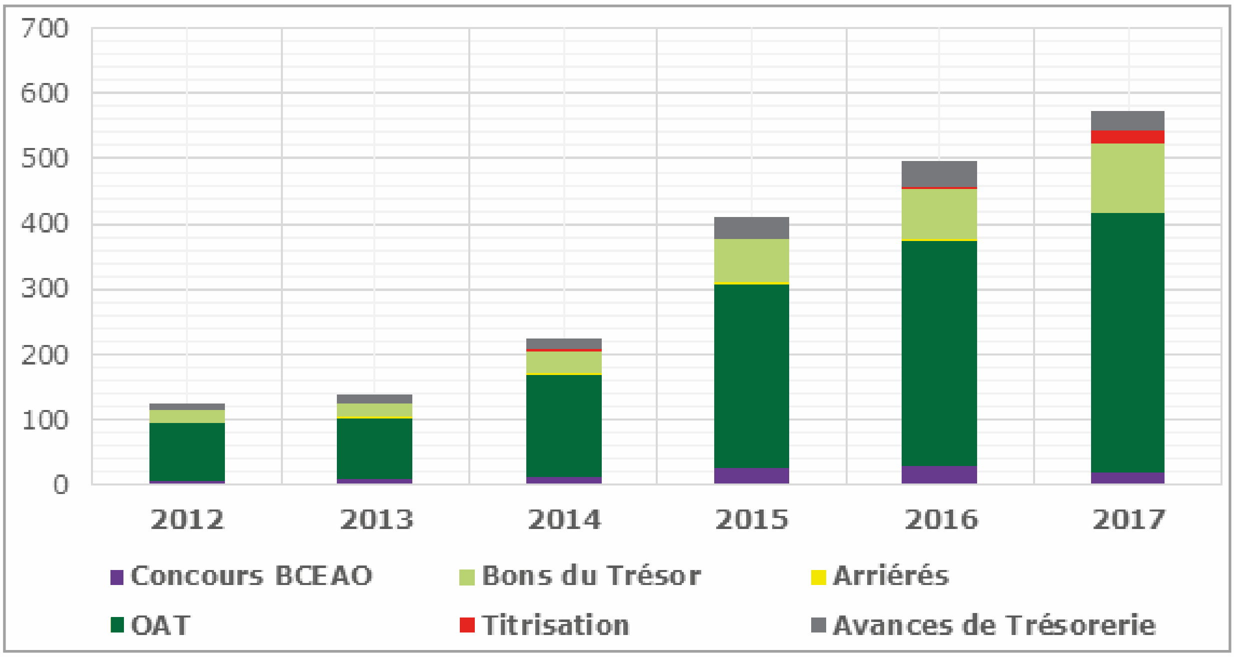
[Niger] situation as of 31 December 2017	Domestic debt expressed in value (CFAF billion)	Domestic debt as a % of the total domestic debt	Domestic debt as a % of the nominal GDP in 2017
Total domestic debt	564.5	100%	11.8 %
Security features			
BCEAO loans	20.9	3.6%	0.4%
Treasury Bills	195.1	20.7%	2.6%
OAT	397.0	67.6%	8.4%
Securitization	36.9	6.3%	0.8%
Cash advances	5.0	0.9%	0.1%
Arrears	5.8	1.0%	0.1%

Source : Ministry of finance

9.4.2 Evolution in the composition of domestic debt over the past 5 years

The domestic debt portfolio consists of bonds and Treasury bills, Central Bank financing (consolidated monetary loans and SDR allocations), securitization products, arrears due to suppliers, and advances to local banks. In 2017, treasury bills accounted for 68.3% of the domestic debt portfolio, followed by treasury bonds (20.9%) and BCEAO loans (3.6%).

Figure 13. Evolution of the composition of domestic debt (CFAF billion



Source : Ministry of finance

9.4.3 Domestic debt payment situation

The debt servicing due at the end of December 2017 was CFAF 252.47 billion, all of which was for the non-bank sector. Of this debt servicing, interest represented CFAF 30.59 billion. CFAF 246.67 billion matured in 2017, and 5.8 billion were arrears from N-2 taken over.

Debt service paid during 2017 amounted to CFAF 248.06 billion, and the total debt due on 31 December 2017 was CFAF 5.8 billion (arrears, including arrears taken over from 2015 - 5.3 - and new arrears from 2016 - 0.5).

Table 33. Domestic debt payment situation (CFAF billion)

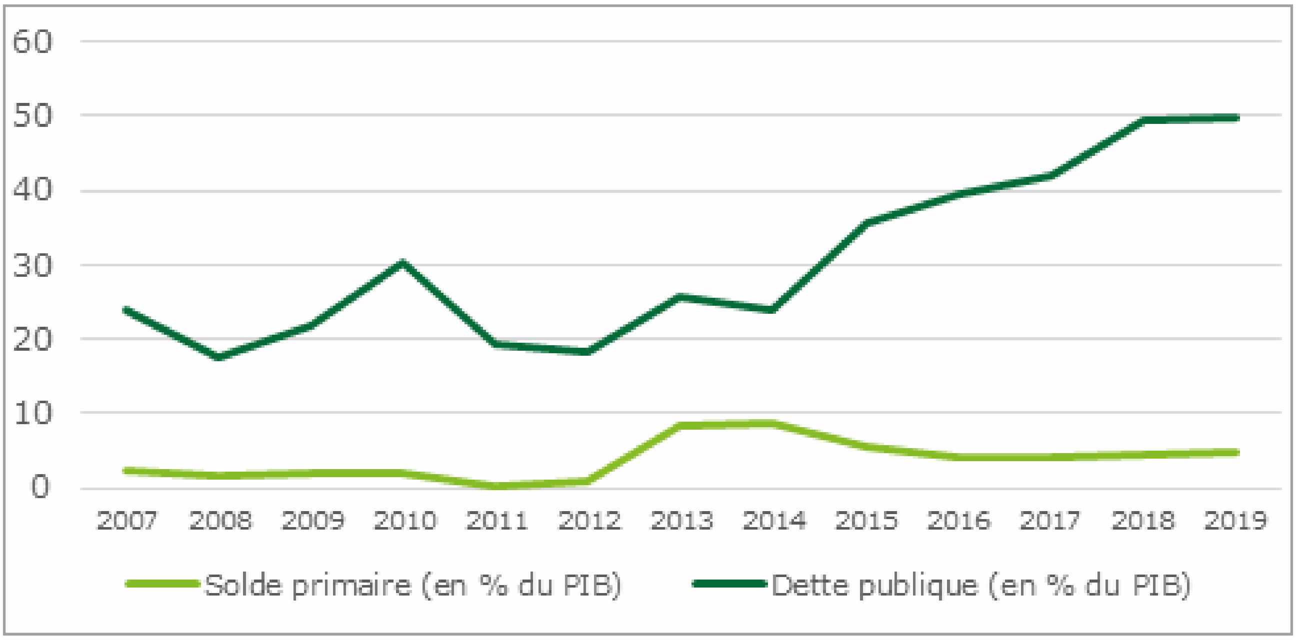
	Banking sector			Non-bank sector			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
(1) Debt servicing due at the end of December 2017	0	0	0	221.88	30.59	252.47	221.88	30.59	252.47
Of which maturing in 2017	0	0	0	216.08	30.59	246.67	216.08	30.59	246.67
Of which arrears from N-2 taken over	0	0	0	5.8	0	5.8	5.8	0	5.8
(2) Debt service paid during 2017	0	0	0	217.47	30.59	248.06	217,47	30.59	248.06
For the 2017 maturities	0	0	0	216.08	30.59	246.67	216,08	30.59	246.67
For arrears taken over from 2016 resumed	0	0	0	1.39	0	1.39	1.39	0	1.39
(3) Service of restructured debt	0	0	0	0	0	0	0	0	0
For the 2017 maturities	0	0	0	0	0	0	0	0	0
For arrears taken over from 2016 resumed	0	0	0	0	0	0	0	0	0
(4) Payment arrears at 31 Dec. 2017 (1)-(2)-(3)	0	0	0	5.8	0	5.8	5.8	0	5.8
Of which arrears taken over from N-2	0	0	0	5.3	0	5.3	5.3	0	5.3
Of which new arrears of N-1	0	0	0	0.5	0	0.5	0.5	0	0.5
(5) Outstanding at the end of Dec. 2017	0	0	0	0	0	0	0	0	0
(6) Total debt due Dec. 31. 2017 (4) +(5)	0	0	0	5.8	0	5.8	5.8	0	5.8

Source : Ministry of finance

9.5 Viability and sustainability

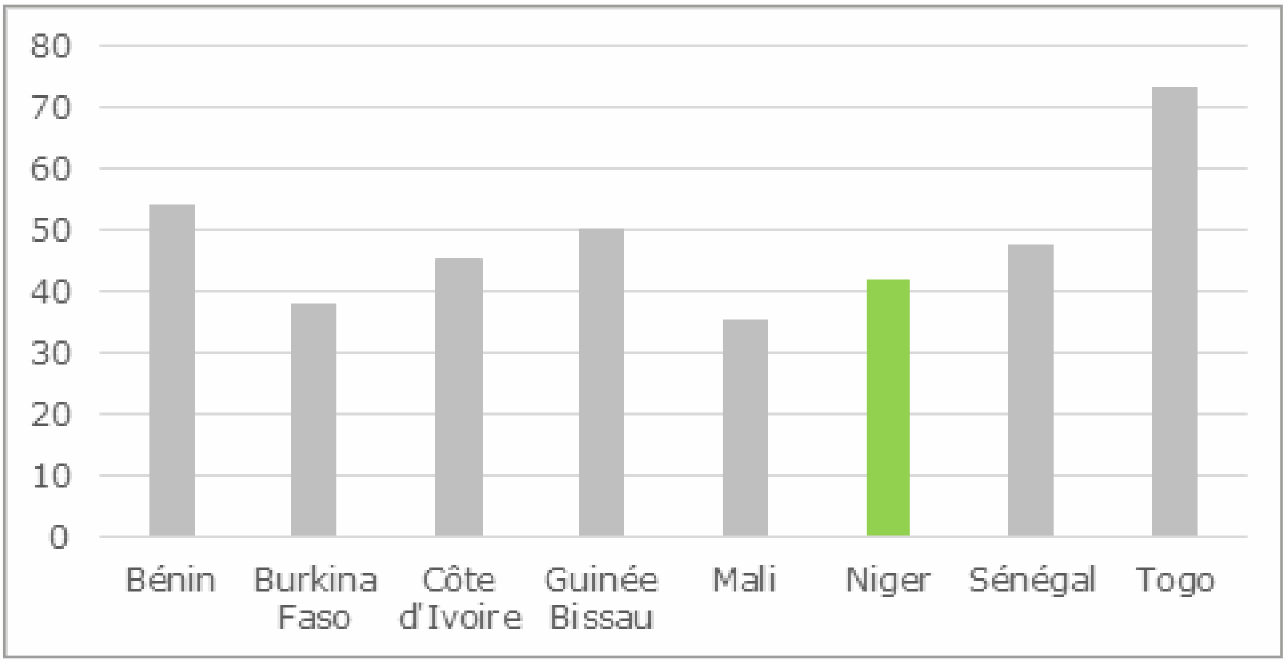
Niger reached the completion point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative in April 2004 and benefited in 2006 from the Multilateral Debt Relief Initiative (MDRI) of the African Development Fund, the International Development Association (IDA) and the International Monetary Fund (IMF). In 2017, the debt sustainability analysis conducted indicated that Niger faces a moderate risk of over-indebtedness, largely due to public debt incurred to support the development of the natural resources sector and to finance major infrastructure projects.

Figure 14. Primary balance and public debt (% of GDP)



Source : WAEMU

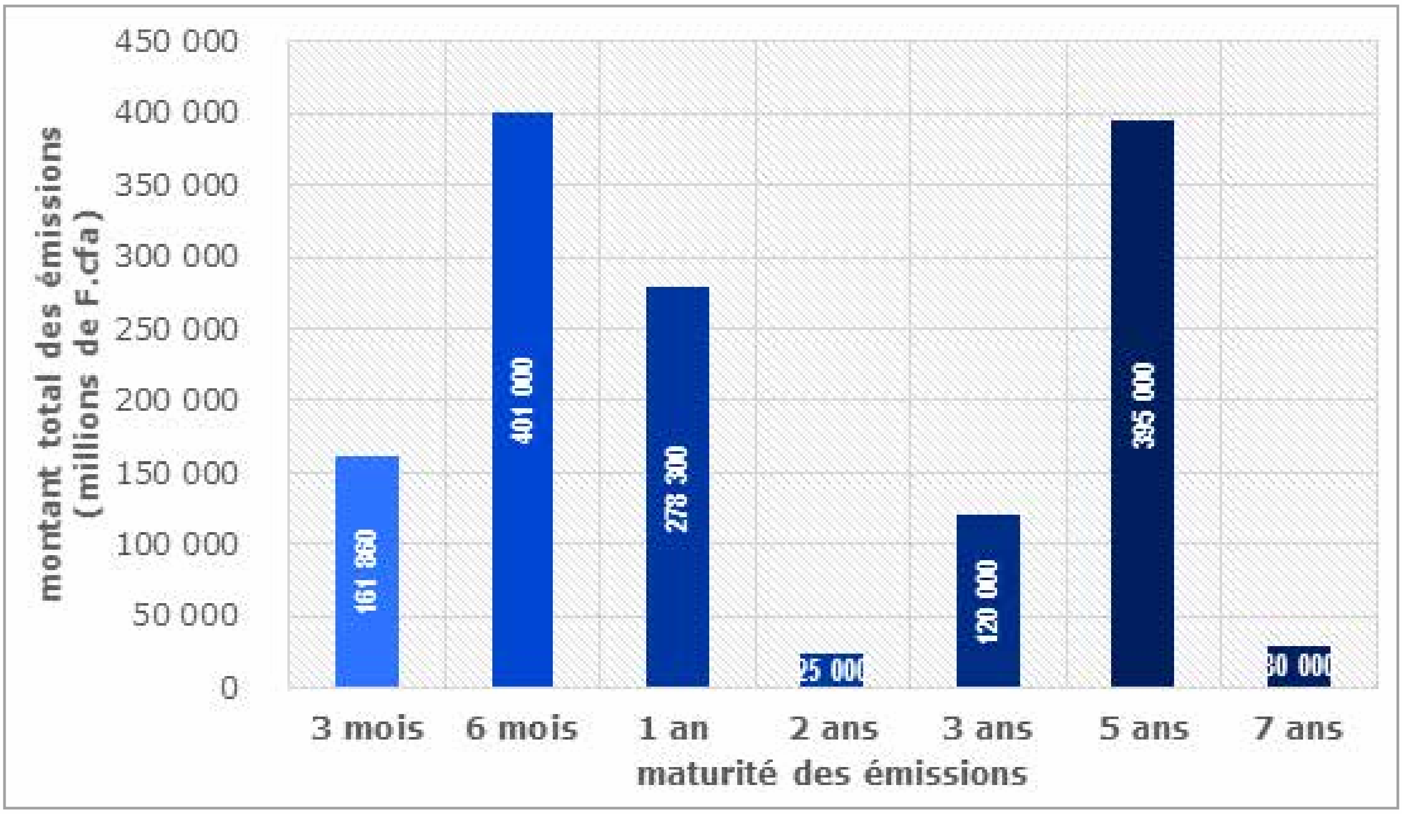
Figure 15. General government debt level (as a % of GDP)

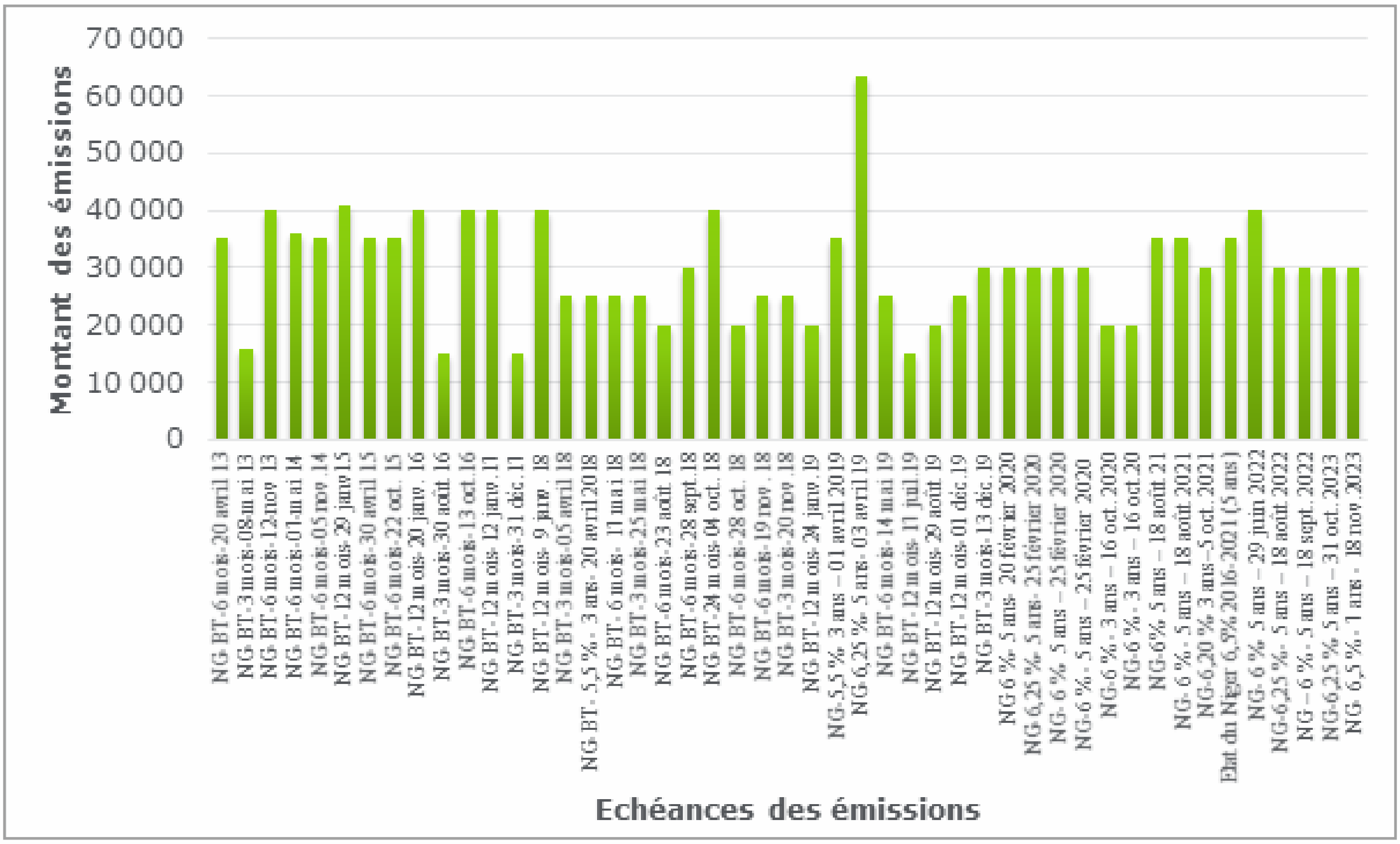


Source : WAEMU

Despite their concessional nature, the loans contracted increased the level of public debt, from 39.7% of GDP in 2016 to 42.1% of GDP in 2017, mainly due to public investment in infrastructure and the securitization of domestic arrears. The World Bank believes that this increase in debt is linked to the large deficits resulting from the fall in oil prices, which have increased the pressure on public debt. Indeed, in the absence of sufficient budgetary reserves, Niger's primary deficit has averaged over 5% of GDP over the past four years, and this deficit has considerably increased borrowing needs and the accumulation of public debt.

10.1 Details of the country's issues from 2013 to 2018





Annex III. Details of Niger's issues from 2013 to 2018

ISSUER	Heading	ISIN	Process	Maturity (years)	Date of issue	Amount issued (millions CFAF)	Weighted average rate
Niger	NG-BT-3 month-08-May 13	NE0000000148	Auction	0.25	06/02/13	15 710	4.66
Niger	NG-BT-6 month-12-nov 13	NE0000000155	Auction	0.50	14/05/13	40 000	4.41
Niger	NG-BT-6 month-07-May 14	NE0000000163	Auction	0.50	06/11/13	36 150	4.70
Niger	NG-BT-3 month-20 nov.18	NE0000000171	Auction	5.00	20/11/13	25 000	6.29
Niger	NG-BT-12 month-29 jan15	NE0000000189	Auction	1.00	30/01/14	41 000	4.79
Niger	NG-6,25 %- 5 years- 03 apr 19	NE0000000197	Auction	5.00	02/04/14	63 300	6.34
Niger	NG-BT-6 month-05 nov.14	NE0000000205	Auction	0.50	06/05/14	35 000	4.85
Niger	NG-6,25 %- 5 years- 25 feb. 2020	NE0000000213	Auction	5.00	21/08/14	30 000	6.32
Niger	NG-BT-6 month-30 April 15	NE0000000221	Auction	0.50	30/10/14	35 000	4.97
Niger	NG-BT-12 month-20 jan. 16	NE0000000239	Auction	1.00	21/01/15	40 000	5.36
Niger	NG 6 %- 5 years- 20 feb. 2020	NE0000000247	Auction	5.00	24/02/15	30 000	6.16
Niger	NG-BT-6 month-22 oct. 15	NE0000000254	Auction	0.50	23/04/15	35 000	4.62
Niger	NG- 6 %- 5 years– 25 feb. 2020	NE0000000247	Auction	5.00	09/06/15	30 000	5.98
Niger	NG-BT- 5,5 % - 3 years- 20 April 2018	NE0000000262	Auction	3.00	28/07/15	25 000	5.37
Niger	NG-6 % - 5 years– 25 feb. 2020	NE0000000247	Auction	5.00	08/09/15	30 000	5.67
Niger	NG-BT-6 month-20 April 13	NE0000000270	Auction	0.50	21/10/15	35 000	4.84
Niger	NG-BT-12 month-12 jan.17	NE0000000288	Auction	1.00	14/01/16	40 000	5.14
Niger	NG-5,5 %- 3 years– 01 April 2019	NE0000000296	Auction	3.00	31/03/16	35 000	6.02
Niger	NG-BT-6 month-13 oct.16	NE0000000304	Auction	0.50	14/04/16	40 000	5.08
Niger	NG-BT-3 month-30 August 16	NE0000000312	Auction	0.25	31/05/16	15 000	4.05
Niger	NG-6%- 5 years– 18 August 21	NE0000000320	Auction	5.00	17/08/16	35 000	6.50
Niger	Niger's Gov 6,5% 2016-2021 (5 years)	NE0000000353	Auction	5.00	22/08/16	35 000	6.50
Niger	NG- 6 % - 5 years– 18 August 2021	NE0000000320	Auction	5.00	15/09/16	35 000	6.67
Niger	NG-BT-24 month-04 oct. 18	NE0000000338	Auction	2.00	06/10/16	40 000	6.03
Niger	NG- 6,5 % - 7 years- 18 nov.2023	NE0000000346	Auction	7.00	17/11/16	30 000	7.29
Niger	NG-BT-12 month- 9 jan. 18	NE0000000361	Auction	1.00	11/01/17	40 000	4.43
Niger	NG-BT-3 month-25 May 18	NE0000000379	Auction	0.25	23/02/17	25 000	4.50
Niger	NG-BT-6 month-28 sept.18	NE0000000395	Auction	0.50	30/03/17	30 000	4.50
Niger	NG-BT-6 month-19 nov. 18	NE0000000148	Auction	0.50	19/05/17	25 000	5.74
Niger	NG- 6 %- 5 years – 29 June 202	NE0000000429	Auction	5.00	28/06/17	40 000	6.67
Niger	NG-6.25 % - 5 years– 18 August 2022	NE0000000437	Auction	5,00	17/08/17	30 000	6.82
Niger	NG – 6 % - 5 years– 18 sept. 2022	NE0000000447	Auction	5.00	15/09/17	30 000	6.02
Niger	NG-BT-3 month-31 dec.17	NE0000000452	Auction	0.25	29/09/17	15 000	6.28
Niger	NG-6 % - 3 years– 16 oct. 2020	NE0000000460	Auction	3.00	13/10/17	20 000	6.93
Niger	NG-BT- 6 month- 17 May 18	NE0000000478	Auction	0.50	16/11/17	25 000	4.50
Niger	NG-BT-3 month-05 April 18	NE0000000502	Auction	0.25	15/01/18	25 000	5.31
Niger	NG-BT-12 month-24 jan.19	NE0000000510	Auction	1.00	08/02/18	20 000	6.50
Niger	NG-6 % - 3 years– 16 oct.20	NE0000000460	Auction	3.00	22/02/18	20 000	7.25
Niger	NG-BT-6 month-23 August 18	NE0000000514	Auction	0.50	26/03/18	20 000	6.43
Niger	NG-BT-6 month-28 oct. 18	NE0000000521	Auction	0.50	27/04/18	20 000	5.98
Niger	NG-BT-12 month-17 july.19	NE0000000643	Auction	1.00	19/07/18	15 000	6.34
Niger	NG-BT-12 month-29 August 19	NE0000000684	Auction	1.00	30/08/18	20 000	6.15
Niger	NG-BT-3 month-13 dec.19	NE0000000692	Auction	0.25	13/09/18	30 000	5.80
Niger	NG-6.25 %- 5 years– 31 oct. 2023	NE0000000XXX	Auction	5.00	30/10/18	30 000	6.96
Niger	NG-BT-6 month-14 May 19	NE0000000759	Auction	0.50	13/11/18	25 000	6.07
Niger	NG-6.20 %- 3 years–5 oct. 2021	NE0000000718	Auction	3.00	22/11/18	30 000	7.41
Niger	NG-BT-12 month-01 déc.19	NE0000000769	Auction	1.00	30/11/18	25 000	6.14

Source : Agence UMOA Titres

10.2 Details of outstanding securities outstanding at the end of the year N

Issuer	Heading	ISIN	Maturity (year)	Date of Issue	TMP	2018 Outstanding (millions of CFAF)
Niger	NG-BT-3 month-13 dec.18	NE0000000692	0.25	13/09/18	5.80	33 000
Niger	NG-BT-6 month-28 oct.18	NE0000000569	0.50	26/04/18	5.80	22 000
Niger	NG-BT-6 month-15 nov.18	NE0000000585	0.50	15/05/18	5.15	20 000
Niger	NG-BT-6 month-06 dec.18	NE0000000593	0.50	06/06/18	6.35	18 000
Niger	NG-BT-12 month-24 jan.19	NE0000000510	1.00	08/12/18	6.50	20 000
Niger	NG-BT-12 month-11 july.19	NE0000000635	1.00	09/06/18	6.50	18 000
Niger	NG-BT-12 month-18 july.19	NE0000000643	1.00	19/07/18	6.34	17 000
Niger	NG-BT-12 month-31 juyl.19	NE0000000650	1.00	01/08/18	6.48	18 000
Niger	NG-BT-12 month-14 august 19	NE0000000676	1.00	15/08/18	6.40	17 000
Niger	NG-BT-12 month- 29 august 19	NE0000000684	1.00	30/08/18	6.15	22 000
Niger	NG-BT-12 month – 26 sep.19	NE0000000700	1.00	25/09/18	6.15	23 000
Niger	NG-BT-24 month-4 oct.19	NE0000000338	2.00	06/10/17	6.03	34 000
Niger	NG-5.5 %-3 years–01 April 19	NE0000000296	3.00	31/03/17	6.02	39 000
Niger	NG-6 %-3 years–18 sept.20	NE0000000445	3.00	19/09/17	6.03	3 000
Niger	NG-6 %-3 years–16 oct.20	NE0000000460	3.00	17/10/18	7.25	15 000
Niger	NG-6.15 %-3 years–2 August 21	NE0000000668	3.00	01/08/19	6.50	19 000
Niger	NG-6.25 %-5 years–20 nov.18	NE0000000171	5.00	20/11/13	6.29	6 000
Niger	NG-6.25 %-5 years–3 april.19	NE0000000197	5.00	02/04/14	6.34	16 000
Niger	NG-6.25 %-5 years–22 august.19	NE0000000213	5.00	21/08/14	6.32	8 000
Niger	NG-6 %-5 years–25 feb. 20	NE0000000247	5.00	24/02/15	6.16	47 000
Niger	NG-6 %-5 years–18 August 21	NE0000000320	5.00	17/08/16	6.50	73 000
Niger	NG-6 %-5 years–29 June 22	NE0000000429	5.00	28/06/17	6.67	37 000
Niger	NG-6.25 %-5 years–18 August 22	NE0000000437	5.00	17/08/17	6.82	26 000
Niger	NG-6.25 %-5 years–23 March 23	NE0000000544	5.00	22/03/18	6.23	7 000
Niger	NG-6.25 %-5 years–9 july.23	NE0000000619	5.00	08/07/18	6.46	32 000
Niger	NG-6.4 %-5 years- 13 july.23	NE0000000627	5.00	12/07/18	6.50	4 000

Source : Agence UMOA Titres

11- GLOSSARY

Auction (for government securities): auction of securities accepted by the central government. In the WAEMU region, it is organized by BCEAO and only banks and other regional financial institutions that have accounts with BCEAO can participate. Other entities may only subscribe to auctions through WAEMU banks.

Depreciation or maturity: period between the disbursement of a loan and its last repayment, consisting of the grace period and the repayment period.

Public offering: competitive offering on the financial market of government securities through an SGI. It is open to all investors.

Net external assets (NEA): net external claims or liabilities of monetary institutions (Central Bank and banks) on the outside world. This item corresponds to all the items in the balance sheet of the Central Bank's and banks' relating to their external operations. It is calculated by deducting from gross external assets all external liabilities, including medium and long-term liabilities.

State financing requirement: the total amount needed to cover the primary budget deficit and the interest and amortization charges related to debt.

Treasury bills: short-term government securities with a maturity of between 7 days and 2 years issued by a WAEMU Member State.

Paris Club: an informal group of creditor countries (usually OECD countries), which meet in Paris to negotiate debt restructuring agreements with debtor countries with debt-servicing problems.

Bilateral creditors: governments, central banks, export credit agencies, and agencies, which lend to a debtor government on an intergovernmental basis.

Multilateral creditors: international institutions that lend funds on concessional and/or non-concessional terms, such as the IMF, the World Bank and regional development banks.

Credit to the economy (CE): all loans granted to the economy by banks (refinanced or not), financial institutions (partly refinanced by the Central Bank) and the Treasury (through ('acceptance of customs bills).

Domestic credit = Credit to the economy + Net Position of the Government (see NPG).

Disbursement: payment of all or part of the amount contracted under a loan.

Budget deficit: difference between total revenue , total expenditure and net lending.

Current account deficit: current account deficit balance of the balance of payments.

Primary deficit: negative difference between revenues and expenditures, excluding interest payments.

External public debt: central government loans from non-residents.

Domestic public debt: central government loans from residents

Non-concessional debt: debt contracted at market conditions.

Public debt: sum of all central government debts (external and internal).

Donation component: difference between the nominal value (NV) and the present value (VV) of the debt servicing expressed as a percentage of the nominal value of the loan (NV-PV)/NV).

Concessional loan: loans and credits that have a long depreciation period and/or below-market interest rates such that they constitute a donation component of at least 35%.

Euro-bond: dollar bond at the London financial market level.

Inflation: generalized increase in consumer prices. This results in a loss of the purchasing power of the currency.

Multilateral Debt Relief Initiative (MDRI): an initiative launched in June 2005 to accelerate progress towards the Millennium Development Goals (MDGs).

HIPC Initiative: a framework adopted by the World Bank and IMF in 1996 to address the external debt problems of heavily indebted poor countries, to provide sufficient overall debt relief to achieve debt sustainability.

Money supply (MS): all claims held by the rest of the economy on monetary institutions. It covers both available monetary (cash in circulation + sight deposits) and quasi-monetary (savings accounts and term deposits) resources.

Treasury bonds: medium- or long-term government securities issued through auctions or public offerings.

Conditional liabilities: debts contracted by other public entities except for central government (local authorities and the para-public sector).

Government net position (GNP): net claims on or net liabilities of the Treasury to the rest of the economy. The Government's net position is the difference between the Treasury's debts and its claims on the Central Bank, banks? individuals and companies. By convention, a creditor GNP is preceded by the sign (-) while a debtor GNP is preceded by the sign (+).

Tax burden: the ratio of tax revenues to GDP.

Refinancing risk: risk associated to the renewal of maturing debt. It may relate to the cost of refinancing or the inability to obtain the desired amounts.

Interest rate risk: Interest rate risk refers to the vulnerability of the debt portfolio and the cost of the government's debt at high market interest rates, to the extent that maturing fixed-rate and variable-rate debt is revalued.

Foreign exchange risks: risks related to exchange rate fluctuations.

Debt servicing: any payment to be made on account of the principal, interest, and commissions of a loan.

Primary balance: (see primary deficit).

Basic primary balance: total revenue excluding grants - current expenditures + interest on public debt - capital expenditures on own resources.

Public debt stock: the amount of outstanding debt disbursements at a given date.

Exchange rate: the price of one currency in terms of another.

Debt ratio: ratio of the stock of public debt to GDP.

Investment rate of a country's economy: a ratio that indicates the gross fixed capital formation of all economic agents (government, companies, households) expressed as a percentage of GDP. For a country, GFCF is the sum of the hardware and software investments made during one year in that country.

Poverty rate: number of poor people among the total population. It is generally calculated based on an equivalent poverty line of 1.25$ set by the World Bank.

The terms of trade: express for a country the link between the price of exports and the price of imports. They are generally calculated based on price indexes and indicate a change in relation to a reference year (T= [export price index/import price index] x 100). The terms of trade improve over time (T>100) if an economy exports less goods to obtain the same quantity of imported goods (in other words, the same quantities exported buy more imported goods): export revenues improve in this case. In the opposite case, the terms of trade deteriorate (T<100). This price ratio thus reflects the evolution of the purchasing power of exports into imports, at a given trade volume (the trade pattern is fixed): it reflects a country's price competitiveness (regardless of the quantity effect).