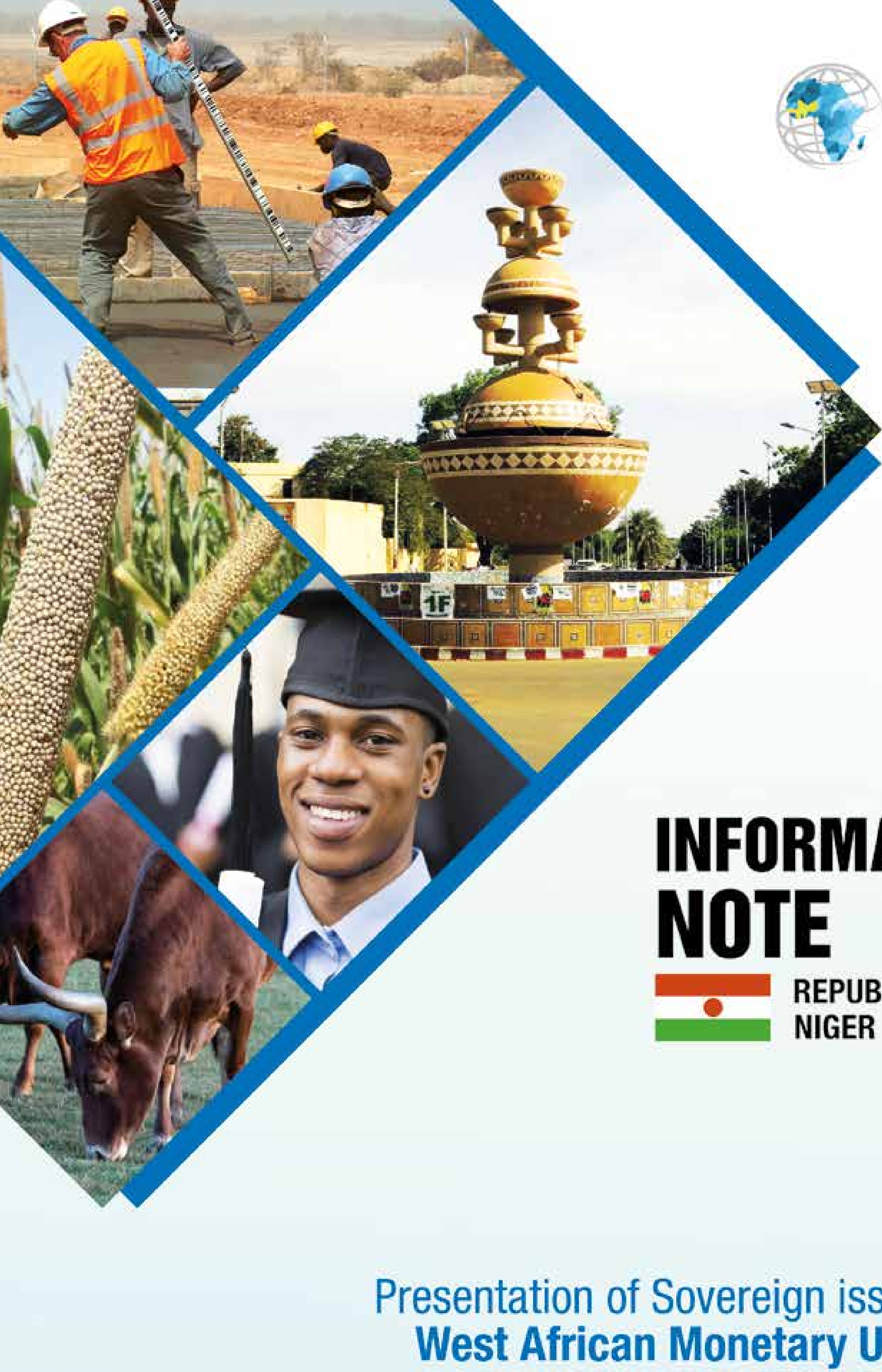

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INFORMATION NOTE

REPUBLIC OF NIGER

Presentation of Sovereign issuers of
West African Monetary Union

September 2020

Quality review by **Deloitte.**

Summary

ACRONYMS

AFD	: French Development Agency
BCEAO	: Central Bank of West African States
EIB	: European Investment Bank
IsDB	: Islamic Development Bank.
BIDC	: ECOWAS Bank for Investment and Development.
BOAD	: West African Development Bank
BOOT	: Build-Own-Operate-Transfer
ECA	: Economic Commission for Africa
DTS/XDR	: Special Drawing Rights
ADF	: African Development Fund
CFAF	: Franc of the African Financial Cooperation (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 Nigerien nourish the Nigerien
IDA	: International Development Association
FDI	: Foreign Direct Investment
NSO	: National Statistical Office
ESDP	: Economic and Social Development Plan
HIPC	: Heavily Indebted Poor Country
GDP	: Gross Domestic Product
WAEMU	: West African Economic and Monetary Union
WAMU	: West African Monetary Union

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'État du Niger, atteste que les données et informations contenues dans la présente Note d'Information sont conformes à la réalité et n'ai connaissance d'aucune information 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'État 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 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 quelques changements intervenus.

DIRECTION GÉNÉRALE DU TRÉSOR ET DE LA COMPTABILITÉ PUBLIQUE
Le Directeur Général

ISSA DJIBO

With a poverty rate of 38% and an average per capita income of US$419, Niger is one of the poorest nations in the world, according to estimates by the National Statistical Institute in 2017. In 2018, Niger is ranked 189th out of 189 countries in the global HDI ranking with a score of 0.375. Furthermore, Niger's Gini index was estimated at around 34.3 in 2014 compared to 31.5 in 2011, suggesting that income inequality has increased slightly among the population. In addition, Niger faces significant risks related to climatic and environmental shocks, oil price shocks, security tensions and population growth.

Economic activity grew by 5.1% in 2019, mainly driven by agriculture, under the combined effect of favourable weather conditions and investments to improve agricultural productivity, despite security challenges and unfavourable uranium prices. However, growth is expected to slow to 1.0% in 2020 as a result of the adverse effects of the Covid-19 pandemic on the national economy according to the IMF. In order to mitigate the socio-economic effects of the health crisis, the government of Niger has adopted a national response plan of about CFA francs 1.4 trillion to support businesses, economic operators and vulnerable households.

In 2019, the basic budget deficit improved to 2.9 % of GDP (up from 3.0 % in 2018), putting Niger firmly on track to meet the WAEMU convergence criteria for the overall budget deficit of 3 % of GDP by 2021, while creating sufficient space for the absorption of the increased external financial assistance promised for the 2017-2021 HEDP.

The balance of payments analysis reveals a deterioration in the current account deficit between 2018 and 2019. This deterioration is largely the result of the deterioration in the trade balance related to the decline in the value of uranium exports, among others. In perspective, this deficit should see a reversal of trend due to the start of crude oil exports via the pipeline currently under construction between Niger and Benin from 2022 onwards.

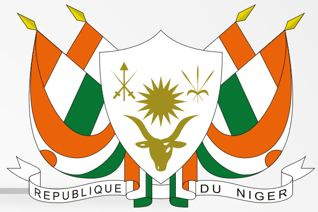
As regards the 2019 fiscal year, total revenue (including grants), represented 17.7% of GDP against 17.3% in 2018, an increase of 10.3%, mainly driven by grants which increased by CFA francs 122.0 billion (+31.1). Domestic resources are only up by CFA francs 5.7 billion (+0.7%). As for public expenditure, it recorded an increase of CFA francs 168.9 billion (11.5%) to represent 21.2% of GDP against 20.5% in 2018. This increase in expenditure is mainly attributable to those related to investments (+18.8%) and current expenditure (+2.5%) inherent to security measures and social and humanitarian crises.

Niger has made substantial progress in terms of the business climate. According to the World Bank's Doing Business 2020 report, the country is ranked 131st out of 190 countries, compared to 143rd last year, an increase of eleven (11) places compared to 2019. Niger thus occupies the 22nd place in Africa and the 4th place within the WAEMU space. This progression is explained by the efforts observed in terms of structural investments and especially the reforms relating to the improvement of the business climate undertaken since 2010. These reforms have focused mainly on improving conditions of access to electricity, building permits, ease of tax payment, access to credit and protection of minority investors in companies.

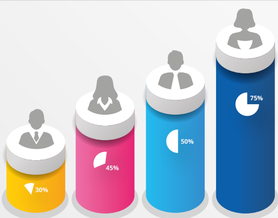
Niger's outstanding public debt was estimated at CFA francs 2 978.2 billion (39.3% of GDP) at 31 December 2019, compared with CFA francs 2 523.4 billion at the same period in 2018 35.4% of GDP. It is made up of CFA francs 1,974.4 billion of external debt and CFA francs 1,003.7 billion of domestic debt.

The service of the public debt effectively paid in 2019 amounts to CFA francs 553.6 billion, distributed at a rate of CFA francs 63.5 billion for the external debt and CFA francs 490.1 billion for the internal debt, including CFA francs 293.7 billion of treasury bills. In 2019, debt sustainability analysis indicates that Niger faces a moderate risk of debt overhang and has not recorded any external arrears. The state's financing policy will remain mainly based on the use of prudent debt based on concessional resources and public-private partnerships of the BOOT type.

Republic of Niger



Area	Population in 2019	Capital	Political System	Currency	Official Language
1 267 000 km^2	23 310 715 (Source World Bank)	Niamey	Presidential	CFAF	French



Nominal GDP in 2019

7 434.4 billions of CFAF

(Source :BCEAO and national services)

- 51.6% of the population is under 15 years old (RGPH 2009)
- Economy based on agriculture, industry and trade
- Growth rate of real GDP in 2019 : 5.1%
- Fiscal deficit in 2019 : 2.9 % of GDP
- Indebtness rate in 2019 : 39.3 % of GDP

1.1 Political system

Niger became a Republic on 18 December 1958 and gained independence on 3 August 1960. The country's current Constitution was adopted by referendum on 31 October 2010 and promulgated on 25 November 2010. This Constitution heralds the advent of the 7th Republic. It marks the return to a normal democratic situation, after a transition 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 is the Head of Government. The political regime is multi-party.

1.1.1 Executive power

The government holds the executive power. The President of the Republic is elected by direct universal suffrage for a term of five (5) years, renewable only once. General regulatory power lies with the President of the Republic and the Head of Government who may issue regulations valid throughout the national territory.

In the event of vacancy of the Presidency of the Republic by death, resignation, forfeiture or absolute impediment, the functions of President of the Republic shall be provisionally exercised by the President of the National Assembly.

Niger has had nine (9) 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 Mahama¬dou Issoufou (since 2011).

1.1.2 Legislative power

The National Assembly represents the legislative branch. It passes laws, 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 is composed 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), Groupement MNRD-Hankuri 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 Judicial power

The judiciary is independent of the other two branches. 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 reviewing the conformity of laws with the constitution. The High Court of Justice is a court competent to judge the President of the Republic only for acts qualified as high treason and members of the government for acts qualified as crimes or misdemeanours committed in the exercise of their duties. The Council of State is the highest jurisdiction in administrative matters. It is the judge of the excess of power of the administrative authorities in first and last resort as well as the appeals for interpretation and assessment of the legality of administrative acts. The Court of Audit is the highest court of public finance control. It has a jurisdictional competence, a supervisory competence as well as an advisory competence. Finally, Niger has new ordinary and specialised courts including the National Legal Assistance Agency, the Economic and Financial Pole and the High Authority against Corruption and Related Offences (HALCIA).

1.2 Administrative organization

Niger is currently subdivided into eight (8) administrative regions: Agadez, Diffa, Dosso, Maradi, Niamey, Tahoua, Tillabéry, Zinder. The regions are divided into 63 departments and 266 communes, of which 52 are urban and 214 rural. The regions and departments are named after their capital city. The regions are headed by regional governors, while the departments are administered by prefects and the communes by mayors. The regions of Maradi, Tahoua and Zinder are set up as urban communities and are administered by the presidents of the city councils. The capital, Niamey, is erected as an urban community composed of five (5) communal districts. The urban communities correspond to the capitals of regions and departments. The rural communes include about 12,700 villages. The territorial authorities (regions, communes) are autonomous entities with legal personality, competences and resources of their own. They are managed by bodies elected in accordance with Law 2008-42 of 31 July 2008, which lays down 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 area of the country is 1,267,000 km2. Niger's climate is tropical of the sudden type which alternates between two (2) 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 drop below 10°C.

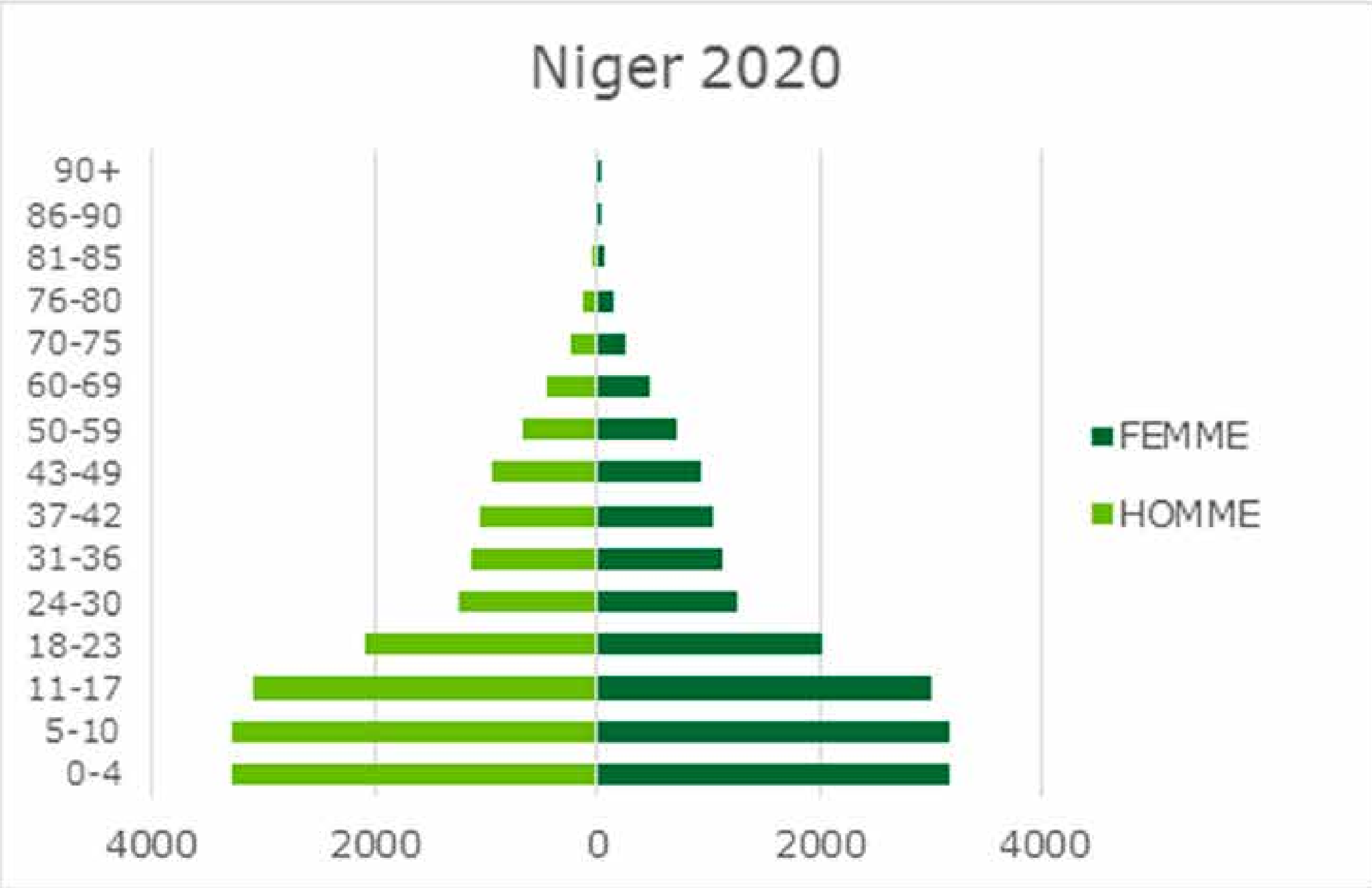
Niger has only one permanent river, the Niger River, which crosses the country over a length of about 500 km in its western part. There are also a few permanent lakes, the main one, Lake Chad, being located at the south-eastern tip of the country, and several semi-permanent rivers including the tributaries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

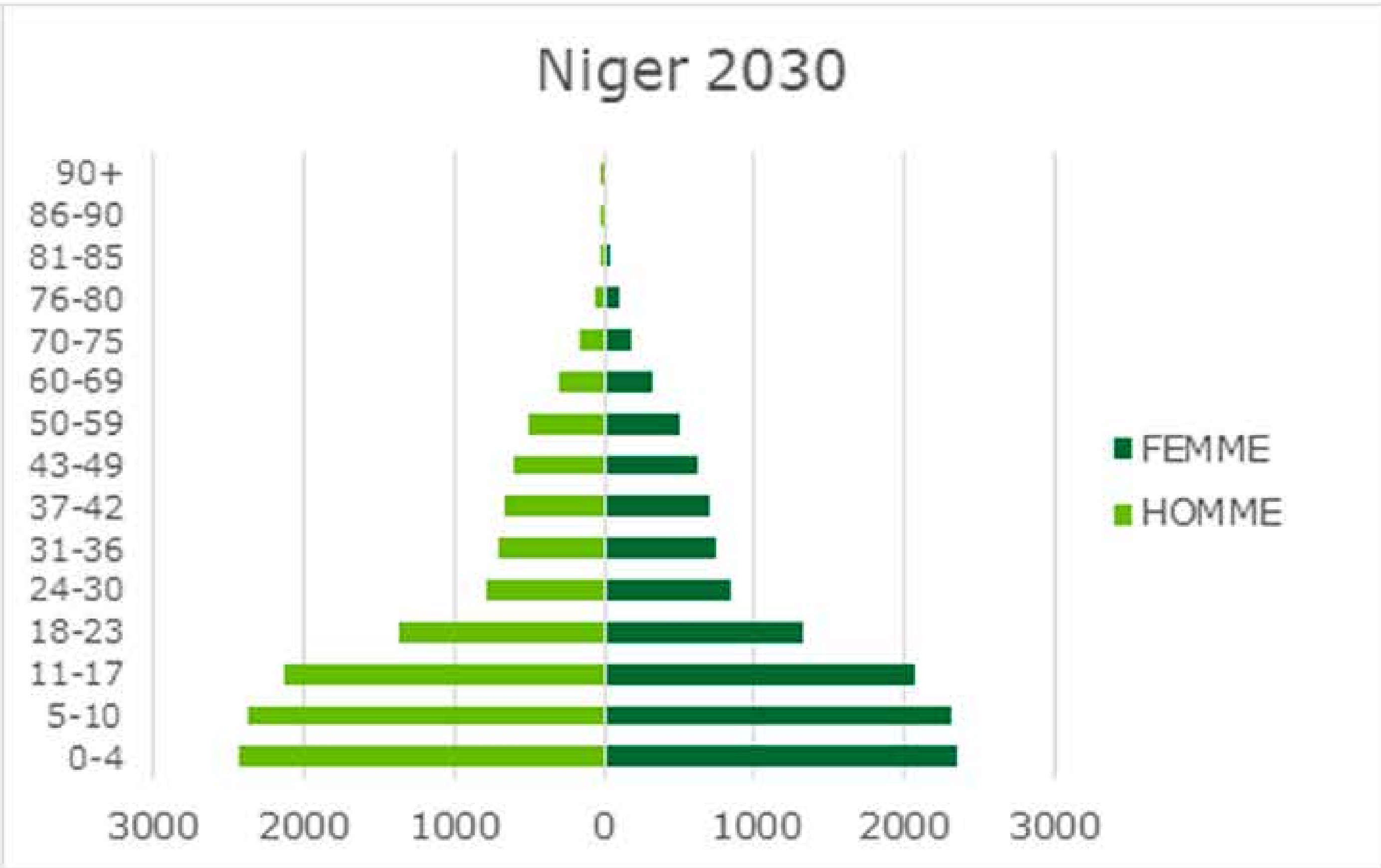
1.4 Population

At the last general population and housing survey (RGPH) in 2012, Niger had a population of 17.1 million inhabitants. According to World Bank estimates, Niger had about 22.4 million inhabitants in 2018 and one of the highest population growth rates in the world (3.9% per year). At this rate, Niger's population is expected to reach 29 million in 2025 (United Nations, 2016). The high population growth is explained by a very high fertility rate. In 2015, the total fertility rate was 7.6 children per woman. Projections of the age structure of the population by 2030 indicate a decline in fertility with an average of 6.7 children per woman.

Projections to 2030 show a slight contraction at the base of the age pyramid, representing a lower fertility rate and the beginning of the change in the age structure of the population that could favour the demographic dividend. To achieve this, the Government needs to continue its efforts to invest heavily in reproductive health, family planning and girls' education.

Figure 1. Ages pyramids in 2020 and 2030





Source : United Nations

The age pyramid shows that Niger's population is very young. According to the latest population survey, 51.6% of the population is under 15 years of age (RGHP, 2012). The population density is estimated at 16.38 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 % per year, mainly due to rural-urban migration and/or expansion from rural to urban areas, the rate of urbanisation will remain low, around 20.1 % in 2020 according to World Bank data. The male/female ratio was 1.01 in 2016. This ratio will be maintained over the next few years. The dominant religion in Niger is Islam, which is practiced by 90% of Nigeriens. Among Muslims, 95% are Sunni and 5% Shi'a. Christianity, practised by 5% of the population, today concerns mainly members of the intellectual elite living in the cities.

1.5 Education

Organisation of school cycles

Niger's education system is composed of two (2) sectors: (i) formal education which is composed of pre-school education, elementary education, general secondary and middle education, technical education and vocational training and higher education; (ii) non-formal education which includes literacy, bridging classes and second-chance schools.

According to data from the Sectoral Transition Plan for Education and Training (STPET), the gross enrolment rate in primary and basic cycle 2 was 70.6% and 33.4% respectively in 2018. Retention in the education cycles was low in Niger. Indeed, the primary completion rate was 62% and the lower secondary completion rate was 49.5% in 2018. The net enrolment rate in tertiary education was even lower. It was about 3% for boys and 1% for girls. Finally, the literacy rate was 28.40% in 2017.

Table 1. Statistics by cycle

Change in gross enrolment ratio, primary (%)	2012	2013	2014	2015	2016	2017
Together	68.6	71.2	71.8	74.2	76.2	77.8
Girls	62.3	64.7	65.8	68.0	70.2	72.1
Boys	74.7	77.4	77.6	80.2	82.1	83.3
Change in the gross enrolment rate, lower secondary school (%)						
Together	-	-	26.3	29.6	34.2	36.4
Girls	-	-	21.5	24.3	28.8	31.0
Boys	-	-	31.1	34.9	39.6	41.9
Evolution of the gross enrolment rate, high school (%)						
Together	-	5.5	6.7	7.0	8.6	8.1
Girls	-	3.5	4.2	4.6	5.7	5.3
Boys	-	7.3	9.2	9.5	11.6	11.1

Source : NSO, National services

The education sector faces various challenges that affect some of the progress made. Coverage of universal primary education and completion of primary education is hampered by high population growth, low enrolment and high dropout rates. Access and completion rates are even lower among vulnerable groups, including girls in rural areas, nomadic children and children with disabilities.

1.6 Health

Health system architecture

Niger's health care system consists of three levels: (i) at the peripheral level: the health district; (ii) at the regional level: the Regional Public Health Directorates (RPHDs) and (iii) at the national level: the Ministry of Health. The public health infrastructure consists of 1,057 integrated health centres, 2,466 health huts, 7 regional hospital centres, 7 mother and child health centres and 4 hospitals, as well as a national reference maternity hospital and two reference hospitals in Niamey and Maradi. The health system is also made up of a set of para-public establishments (8 medico-social centres, 48 popular pharmacies, 32 garrison infirmaries) and 387 private establishments (346 doctors' surgeries and treatment rooms, 36 clinics, 2 non-profit hospitals, 2 private centres specialising in ophthalmology and traumatology and one private faith-based hospital), 120 private pharmacies, 11 laboratories and 19 private health schools).

Table 2. General statistics indicating the health status of the population

Evolution of life expectancy at birth (years)	2000	2010	2015	2016	2017	2018
Together	49.9	56.8	59.7	60.1	60.4	61.0
Man	49.9	56.1	58.7	59.1	59.4	60.9
Woman	50.5	57.7	60.7	61.1	61.5	61.3
Infant mortality (per 1000 live births)						
Neonatal	43.1	31.6	27.4	26.6	26.0	260
Less than 5years	223.7	123.6	93.5	88.7	84.5	83L0
Maternal mortality (per 100,000 births)	794.0	657.0	553.0	530	509	501

Sources : NSO, WHO, World Bank

Health indicators have developed favourably. We note that the infant mortality rate (children under 5 years of age) has significantly decreased between 2010 (124 ‰) and 2018 (83 ‰), thus enabling Niger to achieve Millennium Development Goal (MDG) number 4. The maternal mortality rate has fallen by more than 30 points, from 657 in 2010 to 501 deaths per 100,000 live births in 2018, with a marked improvement in deliveries assisted by a qualified health worker. The policy of free care for pregnant mothers and children under 5 years of age has thus made it possible to improve 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. According to the 2018 annual review of the Ministry of Public Health, a total of 2,710,907 cases of malaria were recorded with 4,106 deaths, a case-fatality rate of 0.14%. The incidence of the disease increased from 115 cases per 1,000 in 2017 to 128 cases per 1,000 in 2018. The case-fatality rate increased from 1.94% in 2017 to 1.89% in 2018. HIV prevalence remains at a low level. The trend in seroprevalence is declining, from 0.87% in 2006 among adults aged 15-45 to 0.4% in 2012 and 0.3% in 2018. Moreover, with an estimated incidence rate of 95 new cases per 100,000 inhabitants, Niger ranks among the countries with high tuberculosis endemicity. According to the WHO, the detection rate of the disease is still low, around 53.4% in 2018.

Malnutrition in all its forms is also a major factor in maternal and child morbidity and premature mortality. According to the results of the nutritional survey carried out in 2016 by the National Institute of Statistics, 42.2% of children under 5 years of age were stunted and emaciation in children is estimated at 10.3%. Moreover, among pregnant and nursing women, the prevalence of anaemia is around 48%. Low birth weight is estimated at 12%. The rate of exclusive breastfeeding during the first six months of life was 23%.

Concerning the health situation related to COVID-19, according to the WHO as of 7 June 2020, Niger has a cumulative total of 973 confirmed cases. The first case was declared on 19 March 2020. 5,015 tests have been carried out. 77% of confirmed cases are in Niamey. The case-fatality rate is high (6.7%), higher than the African average (2.8%). It is particularly high in the regions of Maradi (36.4%) and Zinder (14.1%). The regions of Tillabéry, Dosso and Diffa are more than 14 days away from reporting positive cases. These results should be qualified, however, insofar as the number of validated alerts remains below one alert per 1,000 inhabitants and the rate of tests carried out is 2 per 10,000 inhabitants. Containment measures have been lifted one by one since 13 May, including the reopening of schools since 1 June.

1.1 Employment

Labour force

The working population is made up of the 15 to 64 age group. It is estimated at 44.9% of the total population of Niger (RGHP, 2012). In 2019, it represented 8,423,151 people according to the World Bank. However, according to the Integrated Regional Survey on Employment and the Informal Sector (IRS-EIS) carried out by the NSO in 2017, the employed labour force was only 2,182,207.

The Integrated Regional Survey on Employment and the Informal Sector (IRS-EIS) classifies the employed labour force between the non-agricultural institutional sector and the agricultural institutional sector and shows that most of the labour force works in the informal sector. In the non-agricultural institutional sector, formal jobs accounted for 92.8% of the jobs provided by the public sector compared to 7.2% of informal jobs in 2017. In contrast, the private sector has the highest share of informal employment at 99.3% compared to 0.7% of formal employment. Overall, formal employment accounted for 11.1% compared to 88.9% for informal employment.

At the level of the agricultural institutional sector, the public sector accounts for 50.6% of formal employment, compared with 49.4% for informal employment. The private sector accounted for 99.4% of informal employment, while the public sector accounted for 91.1% of formal employment. Ultimately, formal employment accounted for 8.1% and informal employment for 91.9%.

Table 3. Employment situation in 2017					
Characteristics of the job		**Main activity**			
		Formal employment	**Informal employment**	**Total**	**Employees**
Non-agricultural institutional sector	Public sector	92.8	7.2	100.0	175340
	Private sector	0.7	99.3	100.0	1350519
	Households	0.8	99.2	100.0	29263
	Total	11.1	88.9	100.0	1555122
Agricultural institutional sector	Public sector	50.6	49.4	100.0	7370
	Private sector	0.0	100.0	100.0	619715
	Households	0.0	0.0	0.0	
	Total	0.6	99.4	100.0	627085
Total	Public sector	91.1	8.9	100.0	182709
	Private sector	0.5	99.5	100.0	1970235
	Households	0.8	99.2	100.0	29263
	Total	8.1	91.9	100.0	2182207

Source : Survey IRS-EIS (NSO, 2017)

Unemployment rate

In 2017, the ILO unemployment rate was 7.9 % in Niger according to the results of the IRS-EIS survey. This unemployment rate is relatively identical for women (7.7 per cent) and men (8.0 %). By age group, unemployment is much higher among young people aged 15-24 years at 17.3 %, followed by the 15-34 age group (12.2 %). According to the National Study for the Evaluation of Socio-economic and Demographic Indicators (NSESDI, 2016), there was a disparity between men and women. The activity rate for women was only 40.7 per cent (compared to 90.8 % for men), while more than 20 % of women were unemployed.

Taking into account the level of unemployment as defined by the ILO (the definition of which refers to a reference period of one week) does not give a true picture of labour underutilization. For this reason, the NSO (2017) has included other indicators: the combined rate of time-related underemployment and unemployment, the combined rate of unemployment and potential labour force and the rate of labour underutilization. Thus, the combined rate of time-related underemployment and unemployment in Niger was estimated at 29.8 % in 2017. It was 35.7 % for women and 27.2 % for men.

The combined rate of unemployment and potential labour force was estimated at 47.8 %, with disparities between 60.7 % for women and 39.2 % for men. It was even higher among young people aged 15-24 (67.0%) compared to those aged 15-34 (59.1%). Finally, the labour underutilization rate was 60.2 per cent, indicating that labour is being used below its productive capacity. This indicator was 72.6 per cent for women compared to 51.9 per cent for men. Young people aged 15-24 years were most affected by under-utilisation (74.6 %) compared to 69.2 % for those aged 15-34 years.

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

According to ILOSTAT estimates, the unemployment rate for the population over 15 years of age was 0.5%

nationally in 2019 (0.6% for men and 0.4% for women), 0.1% in rural areas and 2.1% in urban areas.

Employment policy

With a rapidly growing population, the provision of social services, job creation and the fight against gender inequality remain a major challenge for Niger. With the aim of creating much-needed jobs for more than 350,000 young people who are expected to enter the labour force each year, the government of Niger is committed to continuing to improve the business environment, to supporting the modernisation of agriculture through the 3N (" Nigerien nourish the Nigerien ") initiative and to exploit revenues from natural resources to promote economic diversification.

In order to combat unemployment, Niger has developed and implemented a national employment policy since 2008. This policy reflects the will of the Government of the Republic of Niger to place job creation at the centre of economic and social policy objectives for the sustainable reduction of poverty and the improvement of the socio-economic conditions of the population.

Similarly, the SDDCI Niger 2035 aims to develop a dynamic private sector that creates and provides jobs. In order to strengthen the promotion of youth employment, the Government has created a Ministry of Youth Entrepreneurship. A National Strategy for the Promotion of Youth Entrepreneurship is being put in place for the period 2020-2029. It will be based on guiding principles, including job creation as part of macroeconomic policy, developing the employability of human resources through the acquisition of basic training and the strengthening of qualifications, boosting an entrepreneurial dynamic at youth level and developing strategies for the reception, vocational guidance and internships of job seekers.

The State of Niger has also set up a support mechanism for business creation and professional integration. With regard to business creation, public structures offer technical and financial support, as well as work and service spaces. These include the Incubator Centre for Small and Medium Enterprises of Niger (ICSMEN), the Incubator Centre of Abdou Moumouni University (ICAMU), the Agency for the Promotion of Enterprises and Cultural Industries (APECI) and the Business Centre. Other private or para-public organisations, such as PRODEC, the International Organisation of the French-speaking world, UNDP, the YALI Programme, Tony Elumelu Foundation, also support young people in their business creation process.

Employment dynamics

To promote employment, Niger created a National Agency for the Promotion of Employment (NAPE) in 1996. It is responsible for registering declarations relating to the employment of workers and for drawing up work cards. It contributes to the development and implementation of national employment policy, in particular through the implementation of programmes for the integration and reintegration of job seekers, their orientation and actions to promote employment. The NAPE estimated the number of job seekers at 31,633 in 2017, while the job offer was estimated at only 10,670 positions for a total employment need estimated at 300,000. It should certainly be noted that in 2017, the total job offer increased by 35.2% compared to 2016, while the number of job seekers was up by 13% over the same year.

Table 4. Job offers and requests at the NAPE by category between 2013 and 2017						
		2013	**2014**	**2015**	**2016**	**2017**
Request	**Total**	**23 383**	**26 930**	**27 295**	**27 522**	**31 643**
	Apprentices	111	167	2895	103	233
	Maneuvers	5980	5476	5072	4370	4448
	Specialized workers	3554	3972	3504	4052	4231
	Qualified workers	4757	6424	3894	5458	6349
	Office workers	3180	4378	4753	6396	8104
	Supervisors	3492	3371	4001	3379	4604
	Engineers and senior managers	2309	3142	3176	3764	3674
Offres	**Total**	**8 604**	**8 040**	**8 151**	**6910**	**10 670**
Offers received by the NAPE	Apprentices	34	189	27	798	13
	Maneuvers	853	891	569	304	2866
	Specialized workers	987	954	1632	609	1045
	Qualified workers	2213	1466	1748	738	2496
	Office workers	1373	1972	1848	1088	1873
	Supervisors	2094	1395	1389	2253	1325
	Engineers and senior managers	1050	1173	938	1120	1052

Source : National Agency for the Promotion of Employment (NAPE)

1.8 Reminder of the main aggregates

1.8.1 Level of development

With a poverty rate of 45.4% in 2014 and an average per capita income of $419 in 2017, Niger is one of the poorest nations in the world. Since 2015, its Human Development Index stands at 0.370. In 2019, Niger is ranked 189th out of 189 countries in the world HDI ranking with a score of 0.375. Furthermore, Niger's Gini index was estimated at 34.3 in 2014, compared to 44.4 in 2005, suggesting that income inequality has been reduced among the population, a level below the African (38) and global (43) averages.

Table 5. Evolution of GDP per capita in Niger						
Indicator ofrevenue	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 (Estimations)**
GDP per capita (in $ 2005)	430	363	364	378	417	419
GDP per capita (in PPA 2011)	900	903	912	921	932	944

Source : World Bank, 2019

1.8.2 Summary table

The following table presents the main economic aggregates observed over the last five years. It is expressed in billions of CFA francs, unless otherwise indicated.

Table 6. Evolution of macroeconomic indicators in Niger in CFAF billion						
	2014	**2015**	**2016**	**2017**	**2018**	**2019 (Estimations)**
PIB Nominal	5 377.8	5 715.0	6 096.4	6 486.0	7 121.4	7 434.4
Real GDP growth (%)	7.3	4.7	5.7	5.0	7.0	5.1
Investment rate (% of GDP)	30.6	32.2	27.7	27.3	27.5	30.0
Inflation rate (in %)	-0.9	1.0	0.2	0.2	2.8	-2.5
Balance of payments						
Exports FOB	715.1	643.2	611.7	701.8	668.2	751.5
CIF Imports	- 1 364.9	1 47.7	1 281.9	1 431.6	1 597.6	1766.1
Balance	-649.8	-132.6	-20.2	-135.0	-113.9	-40.8
Current account balance	-645.3	-878.7	-700.3	-740.0	-902.6	-1027.1
Government finances						
Revenue and grants	933.4	999.7	913.9	999.9	1 291.2	1 383.0
Expenditures	1263.7	1 384.5	1 187.7	1 266.9	1 505.4	1 608.9
Balance	-330.3	-384.8	-273.8	-267.0	-214.2	-225.9
Public debt (outstanding)						
Domestic debt	224.3	411.7	500.7	678.6	785.5	1003.7
External debt	778.6	1 138.7	1 366.8	1 569.8	1 737.9	1 974.4
Domestic debt as % of nominal GDP	4.2	7.2	8.2	9.0	11.0	12.0
Budget deficit						
In value	-327.4	-384.8	-273.8	-267.0	-214.2	-225.9
As a percentage of nominal GDP (%)	-8.0%	-6.7	-4.5	-4.1	-3.0	-2.9

Source : INSO, BCEAO, NATIONAL SERVICES

2.1 Estimation of gross domestic product

2.1.1 Level of GDP (expressed in CFA francs)

In 2019, the National Statisticals Office proceeded with the revaluation of Niger's GDP, with 2015 as the new base, as well as the migration from the 1993 System of National Accounts (SNA) to the 2008 SNA. As a result, the GDP in 2015 was revalued to CFA francs 5,715 billion, a revaluation of 33.3% compared to the 2006 base. As a result, Niger's economic activity in 2018, in spite of an unfavourable international and national environment, continued to progress with a nominal GDP per capita of CFA francs 330.5 thousand. This increase in per capita income was made possible by economic growth, which was a good 7% in 2018. GDP is estimated at CFA francs 7,133.2 billion in 2019.

Table 7. Evolution of Niger's constant GDP at market prices (billion CFA francs)

	2014	2015	2016	2017	2018	2019 (Estimations)	2020 (Projections)
Total GDP	5 460.7	5 715.0	6 040.1	6 342.1	6 786.3	7 133.2	7 206.5

Source : NSO

Economic activity also benefited from the revival of extractive production and the continued implementation of the second phase of the Economic and Social Development Plan (ESDP 2017-2021). In perspective, however, this should slow down due to the anticipated drop in the prices of raw materials on which the country depends, and the consequences of Covid-19 on the economy. According to IMF and NSO projections, the country's economic growth is expected to reach only 1% of GDP in 2020, after reaching a sustained level of 5.1% in 2019. It would amount to CFA francs 7,206.5 billion in 2020.

According to the Ministry of Finance, the risks of a sharp contraction of activity are real if the effects of the Covid-19 pandemic persist. Indeed, in Niger, the crisis is spreading through several channels. Trade in goods is concerned, notably imports of daily consumer goods (rice, pasta, vegetable oils, pharmaceuticals, sugar) from Asia and Europe, purchases of capital and intermediate goods, entering the production process, particularly in the mining and oil sectors, and the construction of economic infrastructure, due to the economic recession in partner countries.

2.1.2 Real GDP growth (expressed in %)

In 2018, Niger's economic situation has generally held up well, given the economic context. Indeed, at the global level it was marked by a mixed evolution of the main international prices of the country's export products (uranium and oil) and at the national level by the persistence of security threats with the resurgence of terrorist attacks. Growth was driven by the primary and tertiary sectors which contributed 2.6 points and 3.2 points respectively. Economic activities were able to benefit from the good performance of the agricultural campaign supported by the investments and actions of the Initiative Nigerien nourish the Nigerien (i3N) programme and the continuation and completion of worksites within the framework of the organisation of the African Union (AU) Summit (renovation of the Niamey international airport, hotels, conference room, etc.).

Table 8. Trends in Niger's real GDP growth by sector, in per cent								
	2014	2015	2016	2017	2018	2019 (Estimations)	2020 (Projections)	2021 (Projections)
Total GDP	7.3	4.7	5.7	5.0	7.0	5.1	1.0	3.6
Primary sector	8.5%	2.4	17.4	5.4	7.1	4.9	1.5	5.7
Secondary sector	0.8	0.8	-2.2	6.8	6.0	8.8	0.6	3.4
Tertiary sector	9.3	7.2	3.6	4.1	5.8	6.6	0.3	5.9
Non-market GDP	17.4	8.5	6.4	5.4	7.0	6.5	1.0	5.5
Net income taxes	9.1	16.0	-13.9	2.3	19.5	5.7	10.7	9.9

Source : NSO

In 2019, growth is estimated at a rate of 5.1%, driven by the secondary and tertiary sectors in connection, among other things, with the organisation of the AU Summit. However, this growth remains fragile as it is still dependent on irregular agricultural production, extractive activities, whose international prices are unstable, the persistence of security threats and the health crisis linked to Covid-19.

As part of the fight against the effects of Covid-19, the government of Niger has adopted a national response plan worth about CFA francs 1,400 billion . It has obtained a disbursement of 83.66 million Special Drawing Rights (SDRs) from the IMF, equivalent to about US$114.49 million under the Rapid Credit Facility. These funds will help meet Niger's urgent balance of payments needs by filling important financing gaps in Niger's fiscal and external accounts caused by Covid-19.

The Government has already taken measures to support businesses and economic operators. These measures include exemption from VAT for the entire duration of the suspension of activities for interurban land transport of persons, suspension of on-site tax inspections during the months of April and May 2020, application of a reduced rate of 10% for VAT and exemption from the flat-rate minimum tax for the 2019 financial year in the hotel sector.

In addition, as part of the response measures against the Covid-19 pandemic and the mitigation of the adverse socio-economic consequences of the health crisis, the Government has initiated a bill to amend the 2020 Finance Act for the first time, the revenue and expenditure of which was initially set at 2,266.15 billion. Thus, the general State budget for the year 2020, after this first rectification, rises from an amount of 2,266.15 billion to 2,405.53 billion, i.e. an increase of 139.38 billion, corresponding to 6.15%.

2.1.3 Breakdown of GDP in structure (expressed in %)

The primary sector, composed essentially of agriculture, livestock farming, forestry, hunting and fishing, is the main engine of growth in the Nigerien economy. It recorded an increase of 7.1% and accounted for 38.4% of GDP in 2018. This sector, which is predominantly rain-fed, shows an unstable trend characterised by a production deficit one year out of two. However, the investments made within the framework of the I3N Programme (Initiative Nigerien nourish the Nigerien) since 2011 are gradually reducing the dependence of agriculture 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 evolution contrary to previous years. However, the share of the primary sector in the GDP has decreased to 38% of GDP in 2019, and is expected to decrease further to 37.8% in 2020 and 37.9% in 2021.

The secondary sector is dominated by extractive activities, notably mining production with gold and uranium and oil production, which started at the end of 2011. It grew by 6.0% and accounted for 18.1% of GDP in 2018. This strengthening in sector growth is attributable to extractive industries and manufacturing and construction activities in preparation for the 2019 AU Summit. While its share increased in 2019 to 18.5% of GDP, it is expected to decline in 2020 and 2021 to 18.3% and 18% of GDP, respectively.

The share of the tertiary sector is expected to increase from 25.5% to 28.5% of GDP between 2019 and 2020, and to remain at this level in 2021.

Table 9. Evolution of the breakdown of Niger's GDP in structure (%)

	2014	2015	2016	2017	2018	2019 (Estimations)	2020 (Projections)	2021 (Projections)
Total GDP	100	100	100	100	100	100	100	100
Primary sector	36.7	32.6	35.9	36.0	38.4	38.0	37.8	37.9
Secondary sector	19.4	21.6	19.9	20.2	18.1	18.5	18.3	18.0
Tertiary sector	36.9	26.1	26.3	26.3	25.4	25.5	25.8	25.8
Non-market GDP	13.7	13.1	12.7	12.3	12.5	12.3	12.2	12.2
Duties and taxes	7.0	6.5	5.3	5.2	5.7	5.7	5.9	6.1

Source : NSO, National Economic Accounts, 2019

2.2 Gross domestic product details

2.2.1 GDP by value, sector detail

The primary sector represents the largest component of Niger's GDP, estimated at CFA francs 2,836 billion in 2019, and its value is projected at CFA francs 3,096.7 billion for 2020 taking into account the impact of COVID-19. This sector has been expanding since 2014, and projections predict a continuation of this trend. The primary sector is mainly composed of agriculture and livestock. The forestry, fishing and hunting branch is weakly represented in the primary sector with an added value that did not exceed CFA francs 74 billion in 2019.

The secondary sector represents only a minority share of Niger's GDP. Its added value is estimated at CFA Francs 1,416.0 billion in 2019 (i.e. around 18%) against CFA Francs 1,233.9 billion in 2015. It is forecast at CFA francs 1,456.4 billion in 2020, taking into account the impact of COVID-19 on the economy. This sector is dominated by mining and oil extraction activities with CFA francs 555.4 billion of wealth created in 2019 against CFA francs 516.7 billion in 2018. Construction and the manufacturing industry occupy the second and third position respectively in this sector of activities with CFA francs 345.9 and 296.7 billion respectively in 2019.

The tertiary sector is an important component of the Nigerien economy. The added value of the tertiary sector increased by CFA francs 215.5 billion, rising from CFA francs 2,694.4 billion in 2018 to CFA francs 2,909.7 billion in 2019. It is expected to reach nearly CFA francs 3,171.4 billion in 2020 according to projections taking into account the impact of COVID-19 on the economy. The tertiary sector is driven by non-market services whose added value was estimated at CFA francs 1016.7 billion in 2019, against CFA francs 945.9 billion in 2018. Trade and other services represent the majority of this sector. Their values should reach, according to projections, respectively CFA francs 1,257.7 and 396.8 billion in 2020.

Table 10. Evolution of Niger's GDP in value, detail by sector (CFAF billion)

	2014	2015	2016	2017	2018	2019 (Estimations)	2020 (Projections)
Primary sector	**1 493.5**	**1 863.5**	**2 187.4**	**2 335.4**	**2 737.2**	**2 836.0**	**3 096.7**
Agriculture and breeding	1 340.6	1 684.9	1 993.9	2 136.0	2 533.3	2 705.0	2 928.4
Forests	77.3	120.2	127.6	132.3	134.3	141.1	148.8
Fishing	75.6	58.4	65.9	67.1	69,.6	74.3	79.5
Secondary sector	**1 224.5**	**1 233.9**	**1 213.8**	**1 313.4**	**1 286.9**	**1 416.0**	**1 456.4**
Mining extraction and petroleum	364.5	567.8	506.6	553.7	461.2	516.7	555.4
Agri-food	110.8	146.5	161.6	175.8	182.2	193.6	205.2
Energy	49.8	93.9	99.3	103.7	112.1	119.9	128.8
Construction	117.8	188.9	203.6	225.0	268.0	313.5	345.9
Industry and manufacturing	145.5	242.7	255.2	263.4	280.0	296.7	315.5
Tertiary sector	**2 341.1**	**2 244.7**	**2 373.6**	**2 500.9**	**2 694.4**	**2 909.7**	**3 171.4**
Transport	151.5	143.1	151.0	165.2	175.9	190.7	205.4
Telecommunications	107.2	152.1	165.8	181.3	197.8	216.7	236.3
Trade	473.4	860.7	915.6	960.1	1 056.7	1171.6	1257.7
Other services	770.1	279.6	300.1	321.5	341.0	367.0	396.8
Non-market GDP	**558.6**	**771.5**	**794.7**	**888.0**	**945.9**	**1016.7**	**1095.8**
Market GDP	**4758.4**	**4 964.6**	**5 324.9**	**5 691.3**	**6 233.4**	**6 743.3**	**7 337.5**
Public administration	**485.5**	**396.4**	**424.3**	**501.3**	**541.9**	**585.9**	**639.5**

Duties and taxes	**284.8**	**321.6**	**336.2**	**402.8**	**435.4**	**494.1**	**550.9**
Total GDP	**5 377.8**	**5 715.0**	**6 096.4**	**6 486.0**	**7 121.4**	**7 434.4**	**7 761.4**

Source : NSO, National Economic Accounts, 2019

2.2.2 GDP in composition

The increase in the primary sector in 2018 is mainly due to favourable weather conditions and the expansion of irrigated crops (28.8%). However, rain-fed agricultural production, especially cereals, recorded a small increase (8.4%). Fishing production increased only slightly. Its growth was 2.7% due to a slight return to calm in the Lake Chad area, stronghold of the Boko Haram attacks. As for livestock farming, the sector maintained its vigour (4.7% in 2018 against 4.2% in 2017), benefiting from the satisfactory performance of the 2017-2018 agricultural season, which increased the availability of fodder for livestock. The primary sector is estimated at 38% of GDP in 2019 and is projected at 37.8% of GDP in 2020.

Table 11. Evolution of GDP by sectoral component (%)

	2014	2015	2016	2017	2018	2019 (Estimations)	2020 (Projections)
Primary sector	**36.7**	**32.6**	**35.9**	**36.0**	**38.4**	**38.0**	**37.8**
Agriculture and breeding	32.9	29.5	32.7	32.9	35.6	35.2	35.1
Forests	1.9	2.1	2.1	2.0	1.9	1.8	1.8
Fishing	1.9	1.0	1.1	1.0	1.0	1.0	1.0
Secondary sector	**19.4**	**21.6**	**19.9**	**20.2**	**18.1**	**18.5**	**18.3**
Mining extraction and petroleum	9.0	9.9	8.3	8.5	6.5	6.7	6.6
Agro-food	2.7		2.6	2.7	2.7	2.6	2.5
Energy	1.2	1.6	1.6	1.6	1.6	1.6	1.5
Construction	2.9	3.3	3.3	3.5	3.8	4.1	4.1
Industry and manufacturing	3.6	3.0	2.9	2.8	2.7	2.6	2.6

Tertiary sector	**36.9**	**39.3**	**38.9**	**38.6**	**37.8**	**37.8**	**40.8**
Transport	3.7	2.3	2.3	2.3	2.3	2.3	2.3
Telecommunications	2.6	2.3	2.5	2.6	2.5	2.6	2.6
Trade	11.6	12.8	12.9	13.0	12.4	12.6	12.9
Other services	18.9	4.7	4.6	4.6	4.5	4.4	4.4
Non-market GDP	13.7	13.1	12.7	12.3	12.5	12.3	12.2
Market GDP	**86.3**	**86.9**	**87.3**	**87.7**	**87.5**	**87.7**	**87.8**
Public Administration	11.9	7.0	6.5	6.5	7.0	7.0	7.0
Duties and taxes	7.0	6.5	5.3	5.2	5.7	5.7	5.9
Total GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source : NSO, National Economic Accounts, 2019

The share of mining activity in GDP declines from 8.5% in 2017 to 6.5% of GDP in 2018, in part due to reduced uranium production and falling commodity prices. The share of this branch in GDP has gradually declined, while those of the other branches of the sector have stagnated, reflecting a weak structural transformation of the economy, particularly in the industrial sector. The share of the secondary sector in GDP was 18.1% in 2018. It increased in 2019 to reach 18.5%. It is expected to decrease in 2020 to 18.3% of GDP, in particular due to the slowdown in uranium activities.

The tertiary sector (market and non-market) contributed 2.2 points to real GDP growth in 2018, an increase of 5.8%. The consolidation of growth in the service sector is attributable to the branches of transport, hotels/restaurants, communications and business services and non-market services of public administration (8.3%), education services (1.1%) and health (5.3%). In 2019, the tertiary sector accounted for 37.8% of GDP. In perspective, the tertiary sector should continue to grow in 2020, thanks in particular to trade activities, to reach 40.8% of GDP.

2.2.3 GDP by component

In terms of employment, final consumption remains the largest component of GDP. In 2018, final consumption contributed 5.3 points to real GDP growth and investment contributed 3.3 points compared to 4.9 points and 2.2 points, respectively, in 2017. The investment dynamics are the result of work undertaken as part of the organization of AU 2019. In perspective, the continued implementation of the Economic and Social Development Plan (ESDP 2017-2021) with, among other things, road, energy and oil infrastructures should enable an increase in domestic demand in 2020.

As regards external demand, exports in real terms grew less quickly than imports (2.2% against 7.3%) in 2018, thus further increasing the trade deficit compared with 2017. The deficit widened further in 2019 and is expected to widen further in 2020 due to falling commodity prices and a slowdown in the exportable quantities of uranium.

Table 12. Evolution of GDP by component of demand from 2014 to 2021 (CFA francs billion)								
	2014	**2015**	**2016**	**2017**	**2018**	**2019 (estimations)**	**2020 (projections)**	**2021 (projections)**
1. Internal demand	4 811.8	6 642.0	6 810.8	7 360.0	8 097.0	8 817.9	9 708.8	10 244.2
Total consumption	3 288.8	4802.9	5121.0	5525.8	6 08.6	6 468.9	7 040.8	7 431.2
Private	2 660.8	3 797.0	4 140.9	4 468.4	4 848.3	5 208.4	5 654.7	5 949.7
Public	628.0	1 005.9	980.1	1 057.4	1 160.3	1 260.5	1 386.1	1 481.5
Total Investments	**1 523.0**	**1853.4**	**1 58.4**	**1822.7**	**2062.9**	**2 349.0**	**2 668.0**	**2 813.0**
Private	1 036.6	1 244.8	1 096.9	1 217.3	1 331.2	1 567.5	1 798.8	1 983.2
Public	468.9	608.6	561.5	605.4	731.8	781.5	869.2	829.9
2. Total external demand	742.9	927.0	714.4	874.0	975.6	1 128.7	1 354.5	1 242.8
3. Change in stocks	17.5	-14.3	31.4	11.4	25.5	0.0	0.0	0.0

Source : NSO, BCEAO

3.1 Recent Achievements and Completions

3.1.1 Presentation of the national development plan

In order to accelerate economic and social progress and consolidate the gains made, the government of Niger approved an ambitious five-year economic and social development plan (ESDP 2017-2021) in September 2017. The plan aims to overcome the obstacles that have long hindered the country's development by transforming its economic structure to ensure strong, sustainable, resilient and inclusive growth that will raise the population's living standards. The ESDP is structured around five (5) major strategic axes that address the structural reforms needed to diversify the economy and strengthen the private sector, and to address high population growth and gender inequality. These are :

- The cultural renaissance ;
- Social development and demographic transition;
- The acceleration of economic growth;
- Improving governance, peace and security;
- Sustainable management of the environment.

The ESDP aims to achieve several critical objectives by 2021, including the following:

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

Financing the national development plan

The Nigerien authorities estimate the total cost of the implementation of the ESDP 2016-2021 at CFA francs 12,000 billion. The financing of the ESDP will be based on external support from development partners, mobilisation of domestic revenue to increase the budgetary space needed for investment, and domestic borrowing. In December 2017, Niger organised a donors' round table and a private investors' forum in Paris, which resulted in the mobilisation of more than USD 23 billion in financing intentions for a need of USD 17 billion. The country has received strong support and commitments from its development partners and has generated real interest among investors, particularly in the energy, commodities and telecommunications sectors.

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

In 2018 and 2019, the construction of the pipeline for the transport of oil and the implementation of projects for the renovation of Niamey international airport, hotel complexes (such as the Radisson Blu Noom, Bravia, etc.) in the framework of the organisation of the AU 2019 conference have strongly contributed to the growth of the transport, hotel and trade branches and contributed to job creation. The renovation of the airport cost about CFA francs 101 billion, or 154 million euros.

3.1.2 Recent structural reforms linked to the development plan

The challenge of food security is one of the main objectives of ESDP. To this end, Niger has set up the Initiative " Nigerien nourish the Nigerien " (I3N), which helps to protect the people of Niger from immediate and lasting famine. This initiative is accompanied by better management of natural and environmental resources. In 2017, the country adopted a national policy for the environment and sustainable development that updates previous frameworks for sustainable land and biodiversity management, integrated water resource management (IWRM), climate change adaptation and mitigation, and the promotion of renewable energy. In addition, important infrastructures for mobilising water resources, such as the Kandadji Dam, are being built to develop agricultural activity through irrigation, as well as to develop electricity production.

Niger has finally committed itself to reforms relating to the improvement of the business climate. In 2018, the country is 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, since 2016, measures relating to the development of the action plan for the reform of import-export procedures, the establishment of the business house, the adoption of an action plan to improve the indicators of the Doing Business ranking, the implementation of the national policy "Justice and Human Rights" and its Ten-Year Action Plan 2016-2025.

3.2 Future Achievements

Many infrastructure projects have been taken into account in the ESDP 2017-2021, notably the construction of the Cotonou-Niamey-Ouagadougou-Abidjan railway loop, the construction of a 2,000 km pipeline by the China National Petroleum Corporation to transport crude oil to the port of Seme Terminal in Benin, the Salkadamna energy project and the continuation of construction work on the Kandadji hydro-agricultural dam at a total cost of CFA francs 155 billion (3% of GDP), which will take place over three years. By 2022, oil would be a driving force for investment and would enable Niger to increase from 20,000 to 110,000 barrels/day, representing 24% of GDP.

In 2020, the prospects are well oriented by the implementation of major projects in the oil sector, the realisation of economic infrastructures (Kandadji hydro-agricultural dam, roads, the construction of the internal pipeline, the construction of the oil tower, the construction of the Tahoua reference hospital, the construction of the finance building, the construction of the Garadawa cement factory, etc.), the construction of the Tahoua reference hospital, the construction of the Tahoua reference hospital, the construction of the finance building, the construction of the Garadawa cement factory, etc.) and the construction of the Tahoua reference hospital, the construction of the Tahoua reference hospital.) and the continuation of investments in the agricultural sector with the continuation of structuring investments within the framework of the 3N Initiative and the Millennium Challenge Corporation (MCC).

4.1 Structural elements

4.1.1 Description of the Franc zone

The Franc zone is characterised by four (4) founding principles. These principles were set out in the monetary cooperation agreement between the Member States of the Bank of Central African States' issuing zone 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 guarantee from the French Treasury for the unlimited convertibility of the Central Bank currency:** currencies issued by issuing institutions in the Franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-areas, an operations 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 foreign currency reserves;

- **A fixed parity with the Euro of 1 Euro for 655.957 CFAF:** the parity of the zone's currency with the Euro is fixed and defined for each subzone. The currencies of the zone are convertible between them, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at an equivalent parity, i.e. 655.957 CFAF = 1 euro (the parity being identical for the West and Central African sub-areas)

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

- **Centralisation of reserves:** the States centralise their foreign exchange reserves in their Central Banks, while in return for the unlimited convertibility guaranteed by France, the Central Banks of the franc zone are required to deposit a share of their net foreign assets (foreign exchange reserves) with the French Treasury in the operations account opened in the name of each of them. Since the reform of September 2005, BCEAO has been required to deposit 50% of its foreign assets on its operations account.

A new monetary agreement was signed in December 2019 by WAEMU member states and France to reform the CFAF. It lays the foundations for the accession of member countries to the ECO, the single currency project of ECOWAS. In order to enable WAEMU economies to prepare for the ECO, the monetary cooperation agreements linking member states of the zone to France have been profoundly revised. Three decisions were taken:

- The change of the name of the currency from CFA Franc to ECO, when the WAEMU countries join the new ECOWAS ECO zone;

- The end of the centralisation of foreign exchange reserves at the French Treasury, the closure of the operations account and the transfer to BCEAO of the resources available in the account;

- The withdrawal of all French representatives in the decision-making and management organs of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key elements of monetary stability have been retained:

- Maintaining the fixed exchange rate against the euro (which ensures the current parity).

- The guarantee of unlimited convertibility of the currency by France.

In May 2020, the bill ratifying the end of the CFA franc was adopted by France in the Council of Ministers. It validates the transformation of the CFA franc, which will become the ECO, by maintaining a fixed parity with the Euro and the end of the centralisation of foreign exchange reserves of West African states with the French Treasury.

4.1.2 Description of BCEAO

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

Members

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

Organes

The organs of the Central Bank are : the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, the National Credit Councils, with one Council in each of the WAMU Member States

Fonctioning

The Central Bank, its organs, any member of its organs or its staff may not seek or receive instructions or directives from Community institutions or organs, from the governments of WAEMU Member States, from any other body or from any other person. Community institutions and bodies and the governments of WAEMU member states undertake to respect 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) with a view to achieving sound and sustainable growth.

Roles

The Central Bank is entrusted with the following fundamental tasks :

- Defining and implementing monetary policy within WAEMU ;
- Ensure the stability of the WAEMU banking and financial system ;
- Promote the smooth functioning and ensure the supervision and security of payment systems in WAMU ;
- Implement WAEMU's exchange rate 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 carry out, while respecting the monetary balance, specific missions or projects that contribute to improving the monetary policy environment, diversifying and strengthening 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. To this end, it defines the monetary policy that makes it possible to maintain the external coverage rate of the currency at a satisfactory level and to support the economic activity of the member countries without inflationary pressure[1].

BCEAO oversees the monetary policy of each member country through the elaboration of money supply and credit targets set on an annual basis. Statutory advances to the national treasuries of member states were suspended in 2001 and abolished as from 2010.

For the management of the common monetary policy, BCEAO relies on market mechanisms and indirect instruments for regulating liquidity, in particular the steering of interest rates and the system of compulsory reserves.

1 The Monetary Policy Committee of BCEAO, 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 within a margin of ± one percentage point (1%) around 2%, with a horizon of twenty-four (24) months.

4.1.3 Monetary policy

BCEAO benefits from the exclusive privilege to issue money in all member states of the West African Monetary Union. It issues monetary signs, banknotes and coins, which are legal tender and have the power of discharge in all member states of the Union. The creation, issue 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 of adjusting the overall liquidity of the economy in accordance with the evolution of the economic situation in order to ensure price stability on the one hand and to promote economic growth on the other.

The current money and credit management system relies 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 : seven-day and twenty-eight-day refinancing (respectively every week and every month for banks subject to compulsory reserves) allocated at variable rates ; the minimum bid rate considered by BCEAO as its key rate (currently[2] 2.0%). Planned auctions are generally calibrated according to BCEAO's forecasts of liquidity needs over the maturity of the operations ;
- Permanent lending windows : refinancing for 1 to 7 days or 90 to 360 days against government securities and credit applications with maturities ranging from 5 to 20 years, at the request of banks (marginal lending window). The rates of these windows are above the key rate of 200 basis points. As of June 2017, recourse to the lending window has been capped at twice the counterparty's own funds.

The minimum interest rate for bidding in open market operations (tenders) and the interest rate applicable on the marginal lending window (repo rate), the levels of which are set by the Monetary Policy Committee, are 2.00% and 4.00% respectively, and constitute the two main key rates of BCEAO.

Money supply

The money supply increased from CFA francs 1,065 billion to CFA francs 1,296 billion between 2014 and 2019. Foreign assets decreased between 2014 and 2018 from 707 to CFA francs 324 billion, but increased again in 2019 to reach CFA francs 641 billion. Domestic assets had, on the contrary, increased between 2014 and 2018 from CFA francs 595 to 1126 billion, but decreased slightly in 2019 to 988 billion.

2 BCEAO cut its main key rates by 50 basis points. Thus, the minimum interest rate for bidding in liquidity injection tender operations was reduced from 2.50% to 2.00% and the interest rate for the marginal lending window was reduced from 4.50% to 4.00%. This decision came into force on 24 June 2020.

Table 13. Money supply (money stock)						
In billions of CFA francs	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Foreign assets	706.818	592.021	572.078	437.153	323.643	641.315
Central Bank	567.045	483.978	460.679	353.018	262.709	466.894
In banks	139.773	108.043	111.399	84.135	60.934	174.421
Domestic assets	595.199	794.375	906.745	1009.996	1125.61	987.985
To the credit of the State	- 87.303	9.901	79.444	118.983	274.588	26.263
Central Bank	- 41.092	27.895	55.371	1.94	72.618	-14.072
Bank	- 46.21	-17.994	24.073	117.043	201.97	40.335
To the credit of the economy	682.502	784.474	827.301	891.014	851.022	961.721
Non-monetary liabilities	176.948	185.908	219.576	237.385	249.72	269.081
Money supply (M2)	1064.598	1113.412	1209.95	1150.408	1126.204	1295.777
Currencies in circulation	504.316	535.307	595.908	487.318	477.618	524.459
Deposit	560.281	578.105	614.042	663.09	648.585	771.318

Source : BCEAO

4.2 Banking system and financial markets

4.2.1 The Banking environment

In 2019, Niger's banking system consisted of 14 credit institutions with a total of about 160 branches and offices. The banking system is very inefficient and remains one of the least developed in the WAMU zone. Credit accounts for only 18% of GDP (compared with an average of 28% in WAEMU and 46% in sub-Saharan Africa). Financial inclusion is particularly low, with only 16% of the adult population over 15 years of age having an account, although this proportion has doubled since 2014, compared with 43% in sub-Saharan Africa (Global Findex Database 2017). Lending to individuals is low because of the relatively high cost of credit. The weighted average of lending rates varied between 9.35 and 10.87 % in 2018 and 2019, one of the highest rates in the WAEMU zone. Financing to the economy is also low. Indeed, the amount of credit allocated to the private sector represented 699.5 billion in 2018, or 9.1% of GDP.

Table 14. Simplified situation of Niger's banking system (in billions of current CFA francs)

Asset	2016	2017	2018	Liabilities	2016	2017	2018
Treasury and interbank transactions	211	257	261	**Treasury and interbank transactions**	346	456	457
Operation on customers	858	860	878	**Operation on customers**	904	871	943
Transactions on securities and others	253	385	457	**Transactions on securities and others**	31	55	77
Fixed assets	142	76	88	**Provisions, shareholders' equity and similar**	184	195	211
Total	1466	1578	1687	**Total**	1466	1578	1687
Net operating ratio (overhead costs/GNP)	57.4	66.2	65.7	**Net margin rate**	10.4	21.6	26.5
Profitability coefficient (net income/equity)	6.7	11.1	13.4	**Net rate of overdue receivables**	6.1	4.5	7.9

Source : WAMU Banking Commission

In 2018, Niger's banking sector recorded a 6.9% year-on-year increase in the aggregate balance sheet total to CFA francs 1,687 billion. This increase in the balance sheet total resulted both from an increase in securities and other transactions (+15.75%) and fixed assets (+13.6%). Loans to customers are mainly granted on a short-term (51.3%) and medium-term (44.1%) basis. In 2017, loans to the economy amounted to CFA francs 802 billion CFA francs compared with 800 billion in 2016.

Niger's banking sector recorded an increase in earnings. Indeed, net banking income grew by 5.5% and the net margin rate was up 4.9 points in 2018. The profitability ratio (net income/equity) also increased from 11.1% to 13.4% between 2017 and 2018. However, these results should be put into perspective in view of the deterioration in the banking sector's solidity in 2018. The quality of credit portfolios will deteriorate again in 2018, with the gross delinquency rate as a proportion of total gross loans to credit institutions standing at 17.2%, after 16.8% in 2017 and 11.5% in 2016, although for this indicator Niger is well above the WAEMU average (12.3% in 2018).

In addition, several risks threaten Niger's banking sector. Most of the credit granted is intended to finance a small number of sectors of activity (trade, services, construction, extractive industries), which makes it vulnerable in the event of a shock affecting one of these sectors. Niger's banking sector is also heavily exposed to the public sector through investments in government bonds. The economy is not financed up to its needs, particularly the agricultural sector, which is the driving force behind activity. Finally, the capital market is underdeveloped and dominated by banks and the state.

Microfinance

In 2018, the microfinance sector in Niger had 40 Decentralized Financial Systems (DFS), including 3 public limited companies and 37 mutual and cooperative savings and credit institutions (MCSCI), with a total of 166 branches or counters for 312,087 direct beneficiaries. Among the 37 MCSCIs are two networks (Niger Mutual Credit NMC and Caisse Populaire d'Epargne et de Crédit MCPEC) with a total of 21 grassroots banks. The level of outstandings rose from CFA francs 21.769 billion at end-March 2017 to 24.155 billion at end-June 2017, an increase of 10%. Loans granted by microfinance institutions represented only a small share of total credit. The outstanding amount of decentralised financial systems (DFS) represented only 0.3% of GDP in 2017.

Like the banking system, Niger's decentralised financial system also lacks dynamism. Indeed, the number of DFSs has been in constant decline in recent years, with, for example, more than ten structures in only four years, between 2013 and 2017. As for the difficulties of the DFS, two microfinance institutions in Niger are under provisional administration at the end of December 2019.

Faced with very low financial inclusion, the absence of large viable banking networks and the inability of microfinance structures to respond effectively to the needs of the population, the authorities have taken several initiatives: (i) they have strengthened the Credit Information Offices with the law of March 2018 in order to reduce the asymmetry of information between lenders and borrowers and encourage the granting of credit; (ii) they have adopted a law allowing the granting of credit according to the principles of Islamic finance; (iii) they have launched a National Strategy for the Development of the Financial Sector (NSDFS) and a National Strategy for Inclusive Finance (NSIF) aimed at granting a total amount of credit of 35 billion CFA francs by 2021, with the support of international donors.

4.2.2 Financial markets

The WAEMU financial market is structured around the debt securities market (public and private bonds) and the equity market. The regional public securities market has two (2) components : the auction market and the syndication market.

The public securities auction market is organised and regulated by BCEAO through Agence UMOA-Titres ; while the public securities syndication market, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organised by the Regional Stock Exchange (BRVM) and the Central Custodian/ Settlement Bank (CC/BS).

REGIONAL SECURITIES EXCHANGE: Presentation and roles

The Regional Stock Exchange (BRVM) is a specialised financial institution created on 18 December 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. It is common to the 8 countries of West Africa. BRVM/CC/SB started its activities on 16 September 1998 in Abidjan. Its main missions are the following :

- The organisation of the stock market ;
- The publication of stock exchange transactions ;
- Dissemination of information on the stock exchange ;
- The promotion and development of the market.

Evolution of BRVM bond and equity market

Since 2016, the WAEMU stock market (BRVM) has been experiencing successive declines that accelerate until 2018 and then slow down in 2019. It fell from -3.8% in 2016 to -16.81% in 2017 and -29.14% in 2018. However, the decline slows to -3.4% in 2019.

This underperformance shows that the WAEMU market did not fully withstand the general downward trend that gripped the world's financial markets. BRVM's decline in 2018 is particularly marked. The stocks preferred in 2015, oriented towards the food and beverage as well as agribusiness, consumer, automobile and equipment and banking sectors, have experienced a decline.

The fall in BRVM prices 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 drop also comes from the readjustment (rectification) after four (4) years of intensive market increases (2012 to 2015) and, on the other hand, from the misunderstanding of the different splits made on the market. New investors are speculating and most listed companies have not reacted to the fall in their capitalization.

During the 2019 financial year, BRVM Composite Index rose from 172.2 on 31/12/2018 to 159.2 on 31/12/2019. The market capitalisation of the stock market fell from CFAF 4.845 billion at the end of 2018 to CFAF 4.741 billion at the end of 2019, a drop of 2%.

BRVM also reached the CFAF 236 billion mark in transactions in 2018 and 117.303.543 shares were exchanged for a value of CFAF 174.449.217.023.

Concerning the bond compartment, 6.359.442 bonds were traded for a value of CFAF 61.767.647.783 in 2018. The market capitalisation of bonds amounted to CFAF 4.233 billion as at 31 December 2019 against CFAF 3.444 billion the previous year, an increase of 23%. This improvement was driven by the appetite of WAEMU member states to use the regional financial market to support their respective economies.

Table 15. Evolution of BRVM financial market

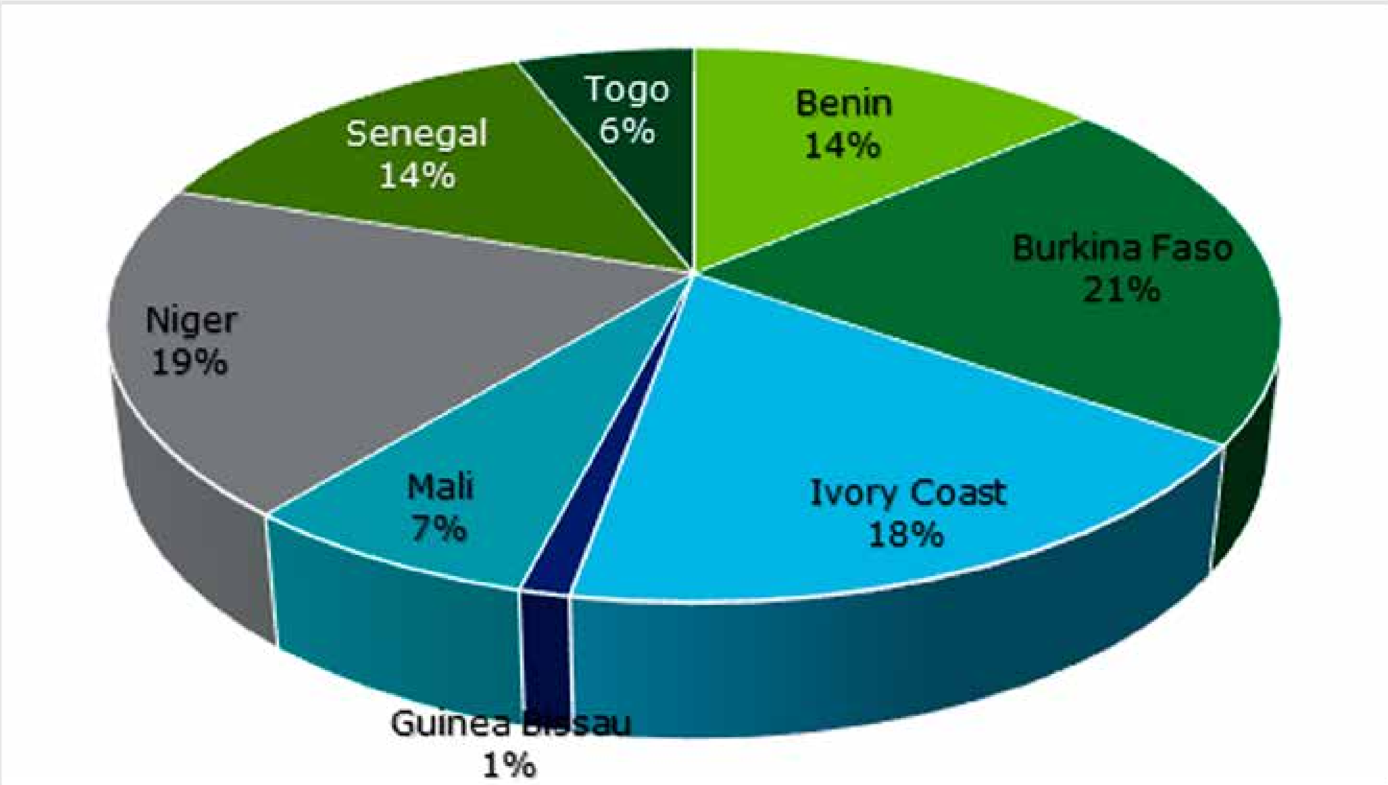
	2013	2014	2015	2016	2017	2018	2019
BRVM 10 index	246	268	290	262	220	154	149
BRVM composite index	232	258	304	292	243	172	159
Composite market capitalisation (shares and bonds) in billions of CFA francs	6 706	7 459	9 079	10 216	9 806	8 289	8 973
Equity Market	5 634	6 320	7 500	7 706	6 836	4 845	4 741
Bond Market	1 073	1 139	1 579	2 509	2 970	3 444	4 233
Number of listed companies	37	38	39	43	45	45	46

Source : BRVM

Bond market

At the end of December 2018, outstanding government bonds amounted to CFA francs 476.8 billion. Local banks have subscribed (including on behalf of third parties) up to CFA francs 194.7 billion. In addition, the Treasury has subscribed to transactions for the issuance of assimilated Treasury bills for an outstanding amount of CFA francs 202.5 billion at 31 December 2018, of which CFA francs 38.9 billion were subscribed by local banks. In 2019, the breakdown of security holders is given in the graph below.

Figure 2: Geographical distribution of public security holders in Niger



Source : WAMU-Securities

Shares market

Only the subsidiary of Bank Of Africa in Niger has been listed on the RSE since 2003. Its market capitalisation was CFA francs 50.7 billion in 2018.

4.2.3 Debt underwriting mechanisms

Any investor based in or outside the WAEMU may invest in public securities issued by auction or syndication. Orders are placed through authorised market participants: an underwriting syndicate or any MIC operating in the Union in the case of issues by syndication, and credit institutions based in the Union or MICs having an account in the books of the Central Bank in the case of issues by auction. Transactions on BRVM share market are carried out through stock exchange intermediaries, in particular MIC.

Organisation of market by auction and amount of subscriptions

The auction market is a segment of the public securities market, on which WAEMU member states issue Treasury bills and bonds following an auction procedure in order to finance their budgets.
Unlike the syndication market, the auction market is led by the following players:

- The Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it enacts the applicable provisions, intervenes in the organization of auctions of public securities, acts as Central Custodian /

Settlement Bank, clearing, settlement and delivery of transactions between participants with an account in its books, through its electronic platform SAGETIL-UMOA[3] ;

- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance;

- Agence UMOA-Titres, a regional structure in charge of issuing and managing public debt securities, materially organises issues and, in this capacity, provides assistance to Member States in mobilising resources on the capital markets and managing their debt ;

- Investors which are credit institutions, IMS and regional financial bodies with a settlement account in the books of the Central Bank[4] ;

- Specialists in Treasury Securities (STSs) which are credit institutions and IMSs that have obtained the approval of the Ministers in charge of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more Treasuries of Member States on transactions on public debt securities issued on the regional market.[5]

Securities issued by auction are traded on the secondary market, following an over-the-counter procedure.

Organisation of the markets by syndication and amount of subscriptions

The WAEMU regional financial market is characterised by a mixed organisation. Indeed, it is composed of a public sector consisting of the Regional Council for Public Savings and Financial Markets (**CREPMF**) and a private sector which includes the central structures of the Regional Stock Exchange (BRVM) and the Central Custodian/Bank of Settlement (CC/BS) on the one hand, and the commercial players on the other.

CREPMF is the WAEMU's regional financial market regulator (FMR). Its missions are, among others, to :

- To ensure the authorisation and control of public offering procedures ;
- Authorise market management structures and approve commercial operators ;
- Approve the tariffs of commercial operators ;
- Regulating the operation of the market ;
- Ensure the supervision of the regularity of stock exchange operations.

BRVM is organised at a central site based in Abidjan (Côte d'Ivoire) and represented in each member state by a National Stock Exchange Antenna (NSEA). The main responsibilities of BRVM are :

- Authorisation of the scholarship holders to carry out their activity ;
- The management of the market, in particular ensuring the centralization of buy or sell orders, the management of the coast, the dissemination of market information, as well as the promotion and popularization of financial culture within the WAEMU;
- The management of unsettled transactions.

The Central Custodian/Settlement Bank (CC/BS) is a financial institution whose role is to :

- To clear applicants for the position of account keeper ;
- Ensuring the settlement of negotiations and the management of the financial service of securities ;
- Ensure the maintenance of current accounts for securities opened by Management and Intermediation Companies (MIC) in its books ;
- To ensure the safekeeping and the scriptural circulation of securities ;
- Proceed to the paiment in cash, in its capacity as settlement bank, of the balances of stock exchange transactions.

When organising issues by syndication, the States entrust the process of placing the securities to an underwriting syndicate, whose members are MICs approved by CREPMF. In addition, the issuer chooses a

3 Automated Securities and Liquidity Management System of the West African Monetary Union.
4 All other investors wishing to participate will have to go through the approved participants.
5 The operationalisation of primary dealers in the WAEMU started on 1 March 2016.

lead manager from among the syndicate's members to carry out specific tasks in the issuance process.

Since its creation, the main products present on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitisation (Sukuk Debt Securitisation Fund) have been introduced. Securities issued by syndication are traded on the secondary market on BRVM's electronic trading platform.

4.3 Inflation rate

The inflation rate was 2.7% in 2018 compared with 2.4% in 2017, below the EU ceiling of 3%. The rise in prices was induced, among other things, by new measures taken by the public authorities, in particular with the application of taxes on certain sectors such as transport and the anticipation by the public authorities of the purchase of food stocks intended for sales at moderate prices during the lean season. In 2019, consumer prices would have fallen back with a negative inflation rate of -2.7% in line with the good performance of the agricultural campaign and the targeted sales of moderately priced cereals by the public authorities during the lean season. For 2020 and 2021, on the other hand, BCEAO forecasts a return to positive inflation (2.5% in 2020 and 2.1% in 2021).

Table 16. Evolution of the inflation rate in Niger and WAEMU (%)

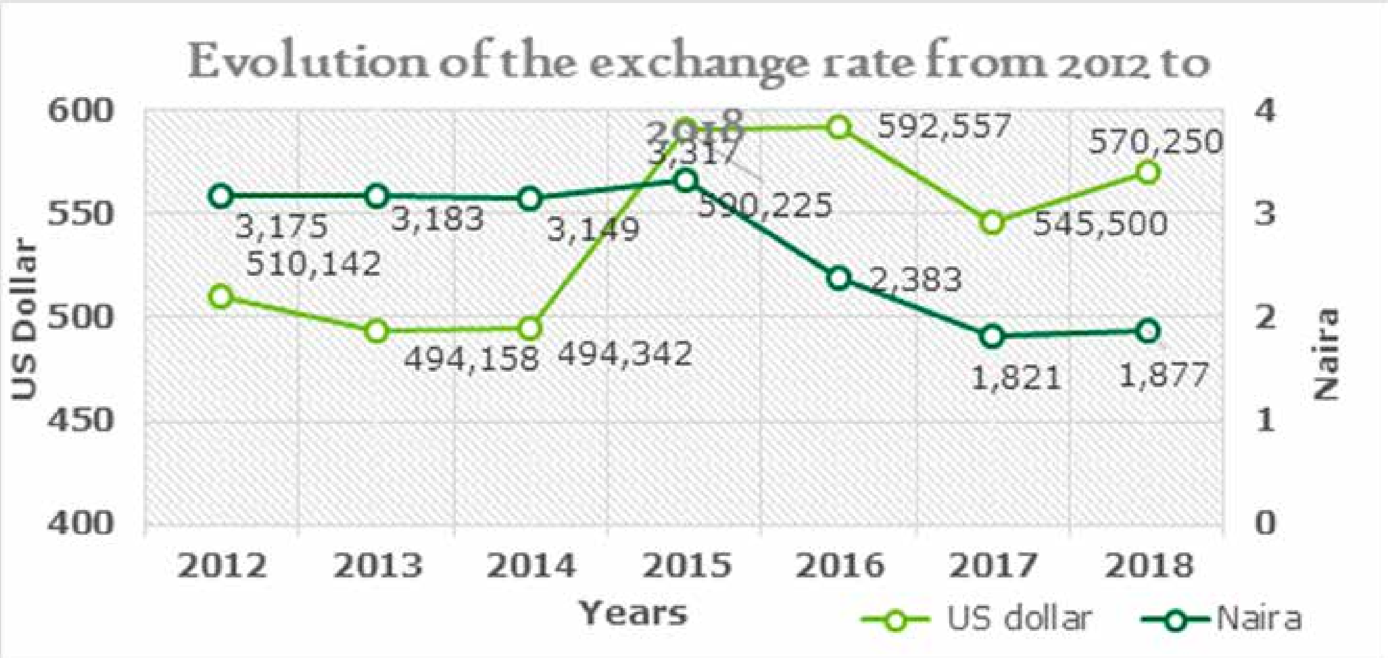
Inflation rate	2014	2015	2016	2017	2018	2019 (Estimations)	2020 (Projections)	2021 (Projections)
Niger	- 0.9	1.0	0.2	2.4	2.7	- 2.7	2.5	2.1
WAEMU	- 0.2	1.0	0.3	0.8	0.6	- 0.7	1.1	1.2

Source : BCEAO

4.4 Exchange rate

Nigeria is one of Niger's main trading partners. In 2016, it devalued its currency (the Naira) in order to redress its external balance. But this decision has had the effect of increasing the cost of exports from Niger to Nigeria, particularly the re-export of second-hand cars, oil and rice. The figure below shows that the CFA franc appreciated by nearly 40% against the Naira between 2015 and 2018, even if the foreign exchange market gradually recovered. However, Nigeria's emergence from economic recession and the rise of the Naira between 2017 and 2018 has boosted Nigerian exports, particularly livestock exports. The CFA depreciated by almost 20% against the dollar between 2014 and 2016, raising the price of imports of goods usually denominated in US dollars. The fall in the dollar rate against the CFA franc between 2016 and 2018 has improved the situation.

Figure 3: Evolution of the US Dollar - Naira exchange rate from 2012 to 2018



Source : BCEAO, statistical yearbook

4.5 Foreign reserves

The table below shows the evolution of official assets and liabilities since 2014. The net external assets (difference between claims on non-residents and liabilities towards non-residents) of the Central Bank increased from CFA francs 353 billion in 2017 to CFA francs 262.7 billion in 2018, a decrease of CFA francs 90.3 billion, but increased again in 2019 to reach CFA francs 920 billion. The decline in net official assets between 2017 and 2018, and the return to growth in 2019, came mainly from other external assets, up by CFA francs 279 billion in 2019.

Table 17. Evolution of Niger's official assets and commitments in CFA francs billion, 2013-2018

	2014	2015	2016	2017	2018	2019	Ecart 2018/19
Claims on non-residents	733.7	673.0	740.5	714.2	621.9	920.4	+298.5
Official reserve assets	54.7	48.4	46.4	54.6	79.6	99.1	+22.2
Foreign currencies	2.7	0.693	1.4	1.2	0.7	2.1	+1.4
IMF reserve position	9.5	7.9	23.2	14.8	21.6	18.6	-3
DTS détenus	42.5	39.6	21.8	38.5	57.3	78.4	+21.1
Other external assets	679.0	624.7	694.0	659.6	542.3	821.3	+279

Source : BCEAO

5.1 Balance of paiements

After a relative improvement in 2016, the current account balance deteriorated in 2017 and 2018. It deteriorated further in 2019 according to BCEAO estimations. This deterioration results from the deterioration in the trade balance and the primary revenue balance. In perspective, this deficit is expected to widen further in 2020, in particular due to the expected increase in imports of capital goods. The trade balance was strongly impacted between 2014 and 2019 by the decline in uranium exports, 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 ageing of the sites. Indeed, uranium production fell from 9,495.0 tonnes in 2016 to 3,447.8 tonnes in 2017 and 2,910.8 tonnes in 2018.

Table 18. Changes in Niger's balance of paiements, 2014-2020

Billion CFA francs	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 (Estimations)**	**2020 (Projections)**
Current account balance	-645.3	-878.7	-700.3	-740.0	-792.5	-1027.1	-1124.9
Balance of trade in goods and services	-742.8	-963.8	-768.5	-874.0	-1065.7	-1187.9	-1308.9
Exports FOB	715.1	643.2	611.7	701.8	668.2	751.5	776.7
Of which Uranium	240.5	240.8	177.7	169.6	117.2	106.2	106.2
CIF Imports	1364.9	1472.7	1281.9	1431.6	1597.6	1766.1	1885.5
Of which capital goods	414.0	424.8	352.9	370.4	374.0	515.3	592.2
FOB Imports	1083.0	1168.6	1017.2	1136.0	1267.7	1401.4	1496.1
Net primary income balance	-75.0	-90.5	-96.7	-105.5	-106.6	-104.4	-100.6
Net secondary income balance	172.5	175.6	164.9	239.5	270.1	265.2	284.6
Capital account	184.1	173.9	229.6	234.4	304.1	315.2	331.4
Of which acquisitions/disposals of non-produced non-financial assets	16.0	-1.1	-0.3	2.9	2.5	0.0	0.0
Of which Capital Transfer	168.1	175.0	230.0	234.1	344.1	315.2	331.4

Financial account	-648.3	-577.3	-454.5	-373.0	-446.3	-671.1	-778.4
Of which Foreign Direct Investments	-362.6	-292.9	-154.7	-179.8	-237.4	-411.7	-493.0
Errors and omissions	-5.7	-5.2	-4.1	-4.9	-4.2	0.0	0.0
Overall balance	181.4	-132.6	-20.2	-135.0	-113.9	-40.8	-15.1

Source : BCEAO

Overall, there is a decline in the volume of exports of goods and services (-5%). This lower dynamism in exports is explained, among other things, by the slowdown in uranium exports (-44.7% in 2018 and -10.4% in 2019) resulting from the collapse of world prices following the freezing of nuclear programmes in many countries. This resulted in a stagnation in the export/GDP ratio (15.0% of GDP in 2018 against 14.1% of GDP in 2017). On the other hand, the import/GDP ratio remained relatively stable compared with 2016 despite the increase in imports resulting in particular from the implementation of the public investment programme. As a result, the current account deficit relative to GDP was 13.8% in 2019. It widened slightly from 12.7% in 2018. In terms of the outlook for 2020, the decline in oil prices related to the COVID-19 crisis could have a negative impact on the real sector, public finances and the balance of paiements.

The evolution of the financial account is mainly explained by Foreign Direct Investment (FDI) which has improved to CFA francs 237.4 billion in 2018 against 179.8 in 2017. They were supported by the renovation work of the Niamey airport carried out by the Turkish company SUMMA, the construction of a presidential hotel by the same company and other luxury hotels (Radisson Blue, Noom, BRAVIA, etc.) in the context of the organisation of the AU Conference in July 2019. They were also supported with the continuation of oil exploration and drilling on the Agadem fields, despite the reversal of oil prices. In sum, the overall balance of paiements showed a deficit for the fourth consecutive year in 2018, estimated at CFA francs 113.9 billion, a decrease of CFA francs 21.1 billion compared to 2017. On the other hand, the deficit fell sharply in 2019 according to BCEAO estimations, reaching only CFA francs 40.8 billion.

5.2 Regional trade

5.2.1 Regional trade policy

West African countries are engaged in numerous trade negotiations at the regional (integration process), bilateral (Interim Economic Partnership Agreement - IEPAi) and multilateral (World Trade Organisation - WTO and regional EPAs) levels.

Good articulation between the various negotiations at regional and international level (CET; EPAs; WTO, AGOA, etc.) is essential to achieve the trade performance objectives of WAEMU member states.

National and regional trade policies in West Africa depend on different spaces. Indeed, the regional negotiating space is articulated around the following elements :

- The finalisation of the Common External Tariff (CET) at ECOWAS level, and thus the constitution of a Customs Union ;
- A space for bilateral negotiations, particularly between the West African region and the union, on the EPA ;
- A multilateral negotiating space, which refers to the rules of the WTO, of which all West African states are members (with the exception of Liberia, which has observer status). It should be noted that each country negotiates individually and that WAEMU and ECOWAS have only ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to the WAEMU, it has a common commercial policy based in particular on :

- A common market was established on 1 July 1996 for local and unprocessed products (animal, mineral and plant products of the Union) and traditional crafts, and until 1 January 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004 ;

- A customs union set up on 1 January 2000, based on a CET applicable to all WAEMU member countries, comprising four categories of products, taxed from 0 to 20%, in force until 1 january 2015, the date on which the WAEMU CET was replaced by the ECOWAS CET, which enshrines the enlargement of the customs union to the 15 ECOWAS countries.

- Common rules of origin and competition, harmonisation of VAT and excise duties, harmonisation and mutual recognition of standards, common safeguards and protection measures (degressive protection tax (DPT), cyclical export tax (CET), reference values and anti-dumping duty)

WAEMU also has a regional trade promotion programme, a "Regional Strategy for the Implementation of the WAEMU Aid for Trade Programme" and a "Logical Framework for the Implementation of the WAEMU Aid for Trade Programme".

The overall objective of the Aid for Trade strategy is to help Member States increase their exports of goods. The logical framework provides the basis for a programme that involves international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of Aid for Trade :

- Ensuring ownership and control of trade policies and regulations by experts from Member States and the Commission ;

- To develop intra-regional and international trade of the Member States ;

- Strengthen trade-related infrastructure in the sub-region ;

- Diversify and increase the production capacities of Member States ;

- Make necessary adjustments and take into account other trade-related needs.

The needs and priorities were identified on the basis of the Regional Economic Programme (REP) which constitutes the reference framework for the WAEMU integration process, as well as existing capacity building programmes in the States.

- **The Common External Tariff**

The rules in force at ECOWAS borders in terms of customs policy are those laid down in the ECOWAS Common External Tariff (CET). The applicable rules of origin are defined by the Trade Liberalisation Scheme (TLS).

The CET aims to harmonise customs duties and taxes with a view to deepening economic integration through the establishment of a Customs Union, providing a platform for building the common trade policy and regional trade negotiations such as the EPA ; boosting regional production and investment capacity, and consolidating the regional market.

The CET is organised around an architecture including :

(i) A Tariff and Statistical Nomenclature (TNS), i.e. a common customs nomenclature based on the Harmonised System for the Description and Coding of Goods (HS) of the World Customs Organisation (WCO) adopted by the Community ;

(ii) A schedule of duties and taxes applicable to imported products and which includes : customs duty (CD), statistical fee (SF) and the ECOWAS Community Levy (ECOWAS CL) ;

(iii) Trade defence measures or additional protective measures, where appropriate, which may generate duties which may affect the final price of products imported into the Community from third countries ;

(iv) The statistical royalty rate set at 1% applicable equally to all imported products, whether exempt or not ;

(v) The tax base for the application of the Common External Tariff is ad valorem.

The tariff structure of the CET is presented in the following table :

Category	Description	Rate
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific goods for economic development	35 %

The CET has been established in accordance with the requirements of the World Customs Organisation's (WCO) Harmonised System and those of the World Trade Organisation (WTO) relating to Regional Trade Agreements (Article 24 of the GATT).

- **Specific rules applicable to external trade in goods of ECOWAS countries**

Several trade regimes are in force within ECOWAS. The following table presents the existing regimes according to trading partners.

PARTNERS	SPECIFIC REGIMES
European Union (EU)	IEPA, GSP, GSP +, TSA
ECOWAS	CET, TLS
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialised countries	Generalised System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

Pending the implementation of the EPA, different tariff regimes apply depending on the status of the countries in the framework of trade between ECOWAS and the union :

- **Côte d'Ivoire and Ghana** ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been in provisional application since 4 September 2016 and Ghana's EPA applies since 15 December 2016. These IEPAs guarantee both countries full access to the European market and provide for the eventual liberalisation of 80% of tariff lines by Côte d'Ivoire and Ghana over a period of 15 years.[6];

- Under the GSP, **Nigeria** benefits from a reduction of the union customs duties on about 1/3 of tariff lines and total exemption from customs duties on an additional 1/3 of tariff lines.

- **Cape Verde** benefits from the GSP+ which grants exemption from European customs duties on about 2/3 of the tariff lines ;

- **The other 12** countries (including the seven WAEMU countries outside Côte d'Ivoire), because of their LDC status, benefit from the Everything But Arms GSP, which gives them access to the European market for all their exports to the union without duties or quotas.

5.2.2 Regional exchanges in value

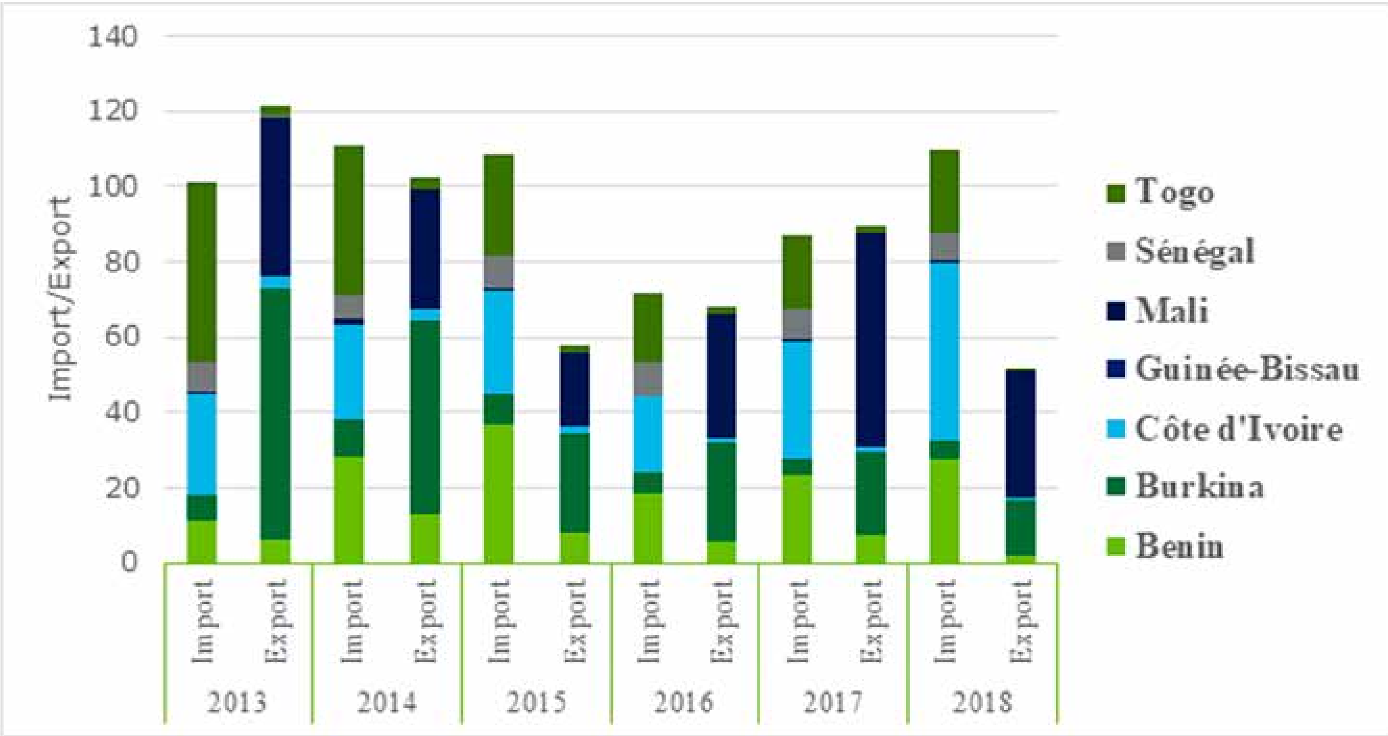
The evolution of Niger's regional trade with the rest of the seven (7) WAEMU countries between 2013 and 2018 shows an overall deficit in the intra-zone trade balance, except in 2017. While imports followed a downward trend between 2014 and 2016, they increased slightly in 2017 and 2018. In 2018, the total value of imports from the WAEMU zone amounted to CFA francs 109.5 billion . Niger's first import partner in 2018 was Ivory Coast with an estimated trade volume of CFA francs 47.2 billion, followed by Benin with CFA francs 27.9 billion and Togo with CFA francs 21.7 billion.

Over the last five years, Niger's exports have varied greatly. They increased between 2012 and 2014, then fell in 2015 and 2016. From 2017 onwards, exports started to rise again, driven mainly by petroleum products purchased by Mali. In 2018, the total value of exports to the WAEMU zone amounted to only CFA francs 57.1 billion. From 2016 to 2018, Niger's leading export partner was Mali, followed by Burkina Faso with estimated trade volumes of 28.3, 25.0 and 15.0 billion CFA francs in 2016, 2017 and 2018 respectively.

Niger's intra-WAEMU trade balance was in surplus by about CFA francs 12 billion in 2017, indicating an improvement in Niger's ability to export to the rest of the region. But in 2018, it returned to a deficit of about CFA francs 58 billion due to the reduction in export volumes of petroleum products following the major maintenance work at the Zinder refinery. Moreover, the degree of openness of the Niger economy towards other WAEMU countries remains low. In 2018, it stood at around 2.1% against 1.9% in 2017.

6 Over 11 years (2019-2029) currently for Côte d'Ivoire.

Figure 4. Value of Niger's imports and exports (CFA francs billion)



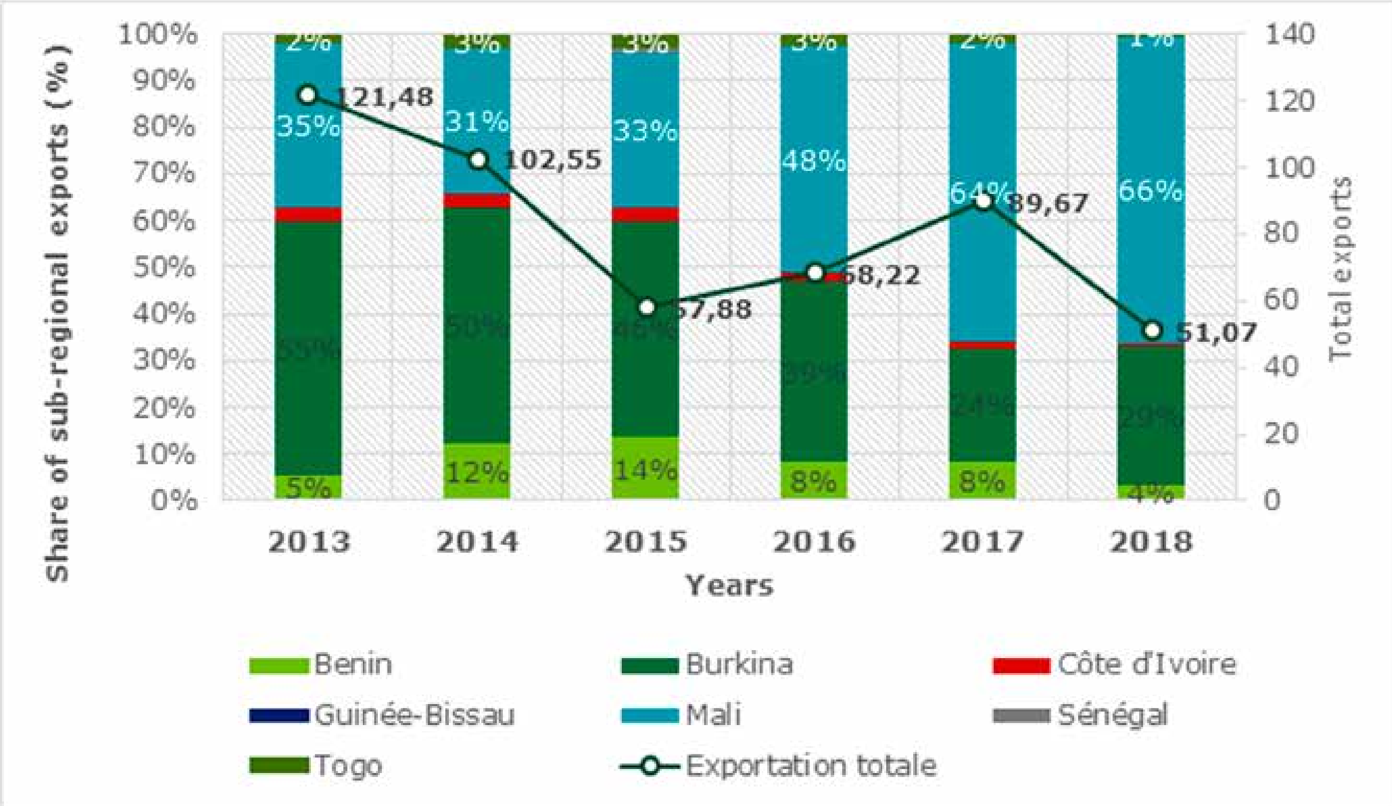
Source : BCEAO

5.2.3 Regional exchanges by partner

Although membership of WAEMU offers opportunities in terms of foreign trade, Niger does not seem to take advantage of its comparative advantages to enhance the value of its export products. Indeed, Niger's trade with the countries of the Union has slowed down. In 2018, Niger's exports of goods to the WAEMU zone amounted to CFA francs 51.1 billion against 102.4 billion in 2017. This decline was partly due to the decline in exports of petroleum products to WAEMU countries such as Mali and Burkina Faso.

Thus, exports to WAEMU countries accounted for only 12.4% of the total value of exports. Mali and Burkina Faso are Niger's largest customers, accounting for 95.1 % of exports to WAEMU countries. Ivory Coast, with 43.1% of imports in 2018, is Niger's first supplier, followed by Benin (25.5% of imports) and Togo (19.8% of imports).

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

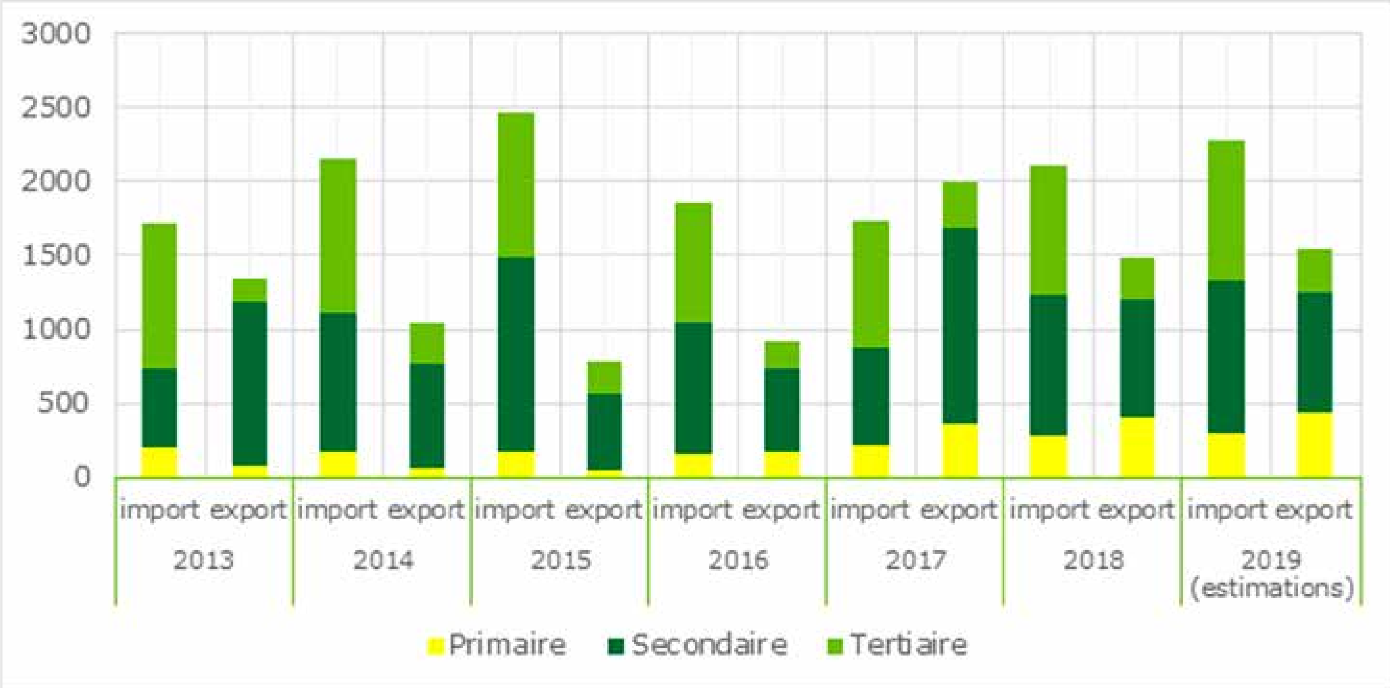


Source : BCEAO

5.2.4 Regional exchanges by type

In general, products from the secondary sector dominate Niger's exports and imports. In 2018, the secondary sector accounted for 45.1% and 53.7% of the country's imports and exports respectively. In the case of imports, Niger mainly imports machinery, electrical and mechanised equipment, cement, iron and 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). Minerals and mineral fuels, meat, leather and hides and skins are the products most exported by Niger.

Figure 6. Evolution of regional trade by sector



Source : BCEAO

5.3 International Trade

5.3.1 Trade policy

Niger's trade policy is based on its membership of ECOWAS and WAEMU. It aims at conquering international markets, especially those of ECOWAS countries, the country's main partner being Nigeria. To this end, the government wishes to :

- Support young graduates for the creation of commercial 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 generalise the quality approach, in particular through the accreditation of analysis, 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 Agreement on Trade Facilitation, aware of the important role of trade in the fight against poverty. Niger also aims to reduce its dependence on taxes, which currently account for more than a third of total government revenue. For trade to play this role fully, 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, leather and skins, agricultural (onions, cowpeas, souchet, dates, groundnuts, cotton) and mining sectors, including small-scale mining. The government's objectives with regard to imports, which provide the bulk of the country's domestic consumption, are to give the population access to quality goods at the best possible price, so as not to burden household budgets.

Niger has been a member of the WTO since 13 December 1996. According to the WTO, Niger had not signed any plurilateral agreement and none of the protocols and agreements concluded under the WTO except the Trade Facilitation Agreement, thus 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 WTO dispute. In addition, Niger continues to be eligible for tariff preferences under the Generalised System of Preferences (GSP) of several countries (Australia, Belarus, Canada, the European Union, Iceland, Japan, Kazakhstan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey, the United States of America and the European Union). The EU's GSP incorporates the Everything But Arms Initiative, under which the EU has granted duty-free access without quantitative restrictions to products originating (except arms and ammunition) from LDCs, including Niger, since 2001. The US GSP incorporates AGOA, for which Niger is also eligible.

5.3.2 International trade by value and by destination

Niger's main trading partners are France, China, Nigeria, Burkina Faso, Mali and the United States. Niger exported around CFA francs 668 billion in 2018 to its main partners (Table 18). There are essentially three groups of partners in terms of export value. Africa is the first partner with nearly 32% of Niger's exports in 2018. Europe and Asia are respectively second and third and constitute the second group with respectively 18.2% and 10.7%. Finally, America is a second rank export partner with only 3.1% of exports in value in 2018.

In terms of imports, Asia remains Niger's first supplier with CFA francs 569 billion in 2018, i.e. 44.8% of the country's total imports. Products from Asia consist mainly of electronic equipment, capital goods, cereals, office equipment, textiles, second-hand goods and tea. Europe and Africa come respectively in second and third position with CFA francs 422 billion and CFA francs 379 billion in 2018, representing 33.3% and 29.8% of Niger's total imports.

Products from Europe are essentially composed of pharmaceutical and dairy products, cigarettes, telecommunications equipment, precision appliances, new and second-hand vehicles. Most of the products imported from Africa come from the WAEMU zone, i.e. 53.6 % of total supplies from Africa. These imports are mainly made up of cement, cooking oils, cereals, fruit and vegetables and manufactured products.

America is the country's fourth largest supplier with a total value of imports of CFA francs 134 billion in 2018, i.e. about 10.6%. The rate of coverage of FOB imports by exports stood at 52.7% in 2018 against 61.8% a year earlier.

Table 19. Evolution of international trade by value and by destination

Country Export (Billion CFA francs)	2014	2015	2016	2017	2018	Country Import (Billion cfa francs)	2014	2015	2016	2017	2018
Europe	**209.9**	**185.5**	**195.1**	**188.1**	**121.8**	**Europe**	**286.9**	**224.3**	**209.4**	**250.6**	**422.3**
France	195.8	153.4	169.9	157.4	106.5	**France**	159.4	110.1	103.1	120.2	256.5
Africa	**288.1**	**235.3**	**289.0**	**384.7**	**213.3**	**Africa**	**281.9**	**328.5**	**291.0**	**310.0**	**378.6**
Nigeria	146.2	137.1	158.7	199.2	115.8	**Nigeria**	45.4	54.1	68.7	66.4	92.5
WAEMU	**144.6**	**75.2**	**91.5**	**147.6**	**93.0**	**WAEMU**	**181.0**	**209.6**	**164.7**	**176.2**	**202.8**
Burkina Faso	99.1	18.5	19.3	28.2	15.6	**Benin**	59.2	63.7	46.3	31.9	56.5
Mali	28.4	27.5	45.3	69.2	43.5	**Ivory Coast**	36.5	54.8	26.2	44.9	59.6

America	36.4	53.4	18.8	22.2	21.1	America	94.4	97.7	88.5	162.4	134.4
United States	36.4	52.9	18.4	21.9	20.3	United States	57.2	67.7	72.5	141.5	108.6
Asia	55.8	42.3	0.724	5.5	71.9	Asia	481.7	530.7	397.4	376.1	568.5
China	55.3	0.62	0.142	2.1	26.3	China	243.5	335.2	182.9	132.6	293.2
Overall total	715	643	611	701	668	Overall total	1083	1168	1017	1136	1268

Source : BCEAO

5.3.3 International trade by value and by product

The country mainly exports uranium, petroleum products, livestock, onions and cowpeas. In 2018, it should be noted that exports fell by 4.8% compared with 2017, mainly due to the drop in oil and uranium shipments, despite the increase in sales of agro-pastoral products. Indeed, this underperformance is due to lower export volumes of uranium and refined petroleum, down -14.6% and -30.9%, respectively, compared with 2017. If for refined oil, the decline is due to technical imperatives, the decline for uranium is due to the reduction in the conventional price and quantities exported between the two years.

Niger mainly imports food, capital goods and raw materials and intermediate goods. Capital goods, including machinery and equipment (electrical and mechanical), transport and precision equipment as well as movable goods, constitute the predominant group, with 28.3% of total external purchases in 2018 against 25.9% in 2017. They are followed by food products (cereals, pasta, vegetable oils, etc.) with 24.9% after a share of 23.1% a year earlier. Next come intermediate goods (with 22.6% in 2018 against 21.3% the previous year) consisting of cement, iron, steel and chemicals, consumer goods (14.2%) and other goods (5.1%).

The increase in imports of capital and intermediate goods in 2018 is linked to the construction of public and private infrastructure, including the renovation of Niamey airport, the construction of numerous hotels, roads and bridges over the Niger River as well as investments by mining and oil exploration and exploitation companies. The increase in the purchase of food products is explained by the increase in imports of rice, pasta and vegetable oils.

Table 20. Evolution of the main products traded in value

Country Export (billion of cfa francs)	2014	2015	2016	2017	2018	Country Import (billion of cfa francs)	2014	2015	2016	2017	2018
Uranium	240.5	240.7	177.7	169.5	117.2	Food products	239.1	279.3	261.6	331.3	397.5
Livestock	75.6	67.7	59.2	65.4	74.7	Other daily consumer goods	220.7	232.2	211.9	225.2	227.5
Onions	65.2	88.7	72.6	78.1	86.4	Petroleum and energy products	52.8	76.5	72.8	93.3	73.8

Refined petroleum	143.2	88.7	91.3	151.4	129.3	**Raw materials and intermediate goods**	338.9	355.8	291.9	305.5	360.7
Niébé	33.3	37.6	54.7	64.9	77.4	**Capital goods**	413.9	424.7	352.9	370.4	456.1
Non-monetary gold	21.7	24.8	24.5	26.1	25.4	**Various products**	99.2	103.9	90.6	105.9	81.7
Other general goods	135.5	122.7	131.7	146.3	157.7	-	-	-	-	-	-
Of which re-export	105.3	97.9	96.4	104.4	108.5	-	-	-	-	-	-
TOTAL	**715**	**643**	**611**	**702**	**668**	**TOTAL**	**1083**	**1168**	**1017**	**1136**	**1268**

Source : BCEAO

5.4 Foreign direct investment

5.4.1 Evolution of FDI in the country

FDI flows to Niger are mainly oriented 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, the trend in these flows is downwards between 2013 and 2016. However, they started to rise again in 2017 and remained relatively significant throughout the period due to investments in the telecommunications sector, the construction of hotels, the recapitalisation of national banks by Maghreb banks, the drilling of wells at the Agadem oil site and the continuation of oil and mining prospecting works.

Table 21. Evolution of FDI from 2013 to 2019 (in billions of CFA francs)

	2014	2015	2016	2017	2018	2019 (Estimation)
FDI	**362.6**	**292.9**	**157.7**	**179.8**	**223.4**	**231.1**

Source : BCEAO

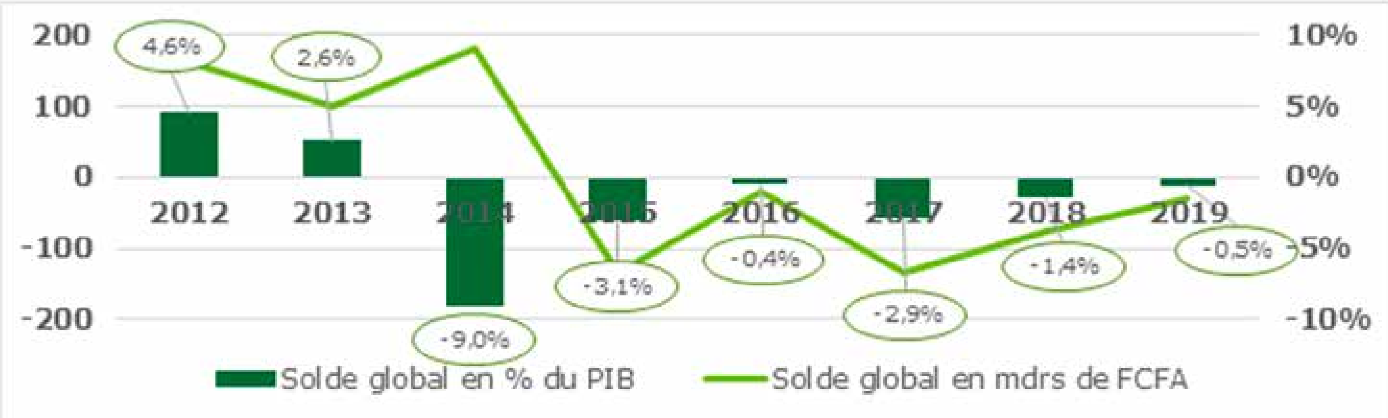
The balance of the financial account, which tracks net acquisitions of assets and net increases in financial liabilities, went from CFA francs -373 billion in 2017 to CFA francs -446 billion in 2018. This increase is mainly attributable to foreign direct investments and portfolio investments. Portfolio investments increased from CFA francs -31 billion in 2017 to CFA francs -79 billion in 2018. This is related to subscriptions of Nigerien public securities of banks of other States of the Union and other equity investments. In 2018 and 2019, the construction of the pipeline between Niger and Benin, the realisation of public-private partnership projects relating to the renovation of the Niamey international airport and the construction of hotel complexes have also contributed to increasing the level of foreign direct investment (FDI). The balance of the financial account is estimated at CFA francs -627 billion in 2019. The evolution of the financial account is presented in the table below.

Table 22. Evolution of the Financial Account (in billions of CFA francs)						
	2014	**2015**	**2016**	**2017**	**2018**	**2019 (estimation)**
Direct Investments	-362.6	-292.9	-154.7	-179.8	-237.4	-330.5
Portfolio Investments	-61.8	-84.0	-99.1	-31.0	-79.2	-7.1
Other Investments	-223.9	-200.5	-200.6	162.2	-129.6	-289.7
Financial Account	-648.3	-577.3	-454.5	-373.0	-446.3	-627.3

Source : BCEAO

The mixed evolution of the different accounts showed a global deficit balance from 2015 to 2019. The evolution of the overall balance as a percentage 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

As a result GDP revaluation work, Niger now meets all the WAEMU's first and second rank criteria, with the exception of the rate of fiscal pressure, which is not reached. Expenditure control has enabled the country to meet the wage bill standard. However, the criterion relating to the outstanding debt, although below the 70% ceiling, is accelerating sharply, increasing by 4.8 points in 2018. However, it remained stable in 2019, keeping the same level as in 2018 (35.4%). Similarly, despite the efforts to mobilise domestic resources, the tax burden rate is well below the WAEMU average of 15.7%. It stood at 10.2% in Niger in 2019.

Table 23. Evolution of WAEMU convergence indicators for Niger						
	Norm	2015	2016	2017	2018	2019
Top rank						
Overall fiscal balance (including grants) / nominal GDP	-3 %	-6.7	-4.5	-4.1	-3.0	-3.5
Average annual inflation rate	3 %	1.0	0.2	0.2	2.7	-2.4
Outstanding domestic and external public debt /nominal GDP	70 %	27.1	30.6	34.7	35.4	39.3
Second rank						
Payroll/Tax revenue	35 %	36.5	43.7	43.5	34.7	36.0
Rate of tax pressure	20 %	12.0	10.0	9.6	11.1	10.2

Source : NSO, WAEMU

5.5.2 State of affairs of regional integration

Niger is a member of the West African Economic and Monetary Union (WAEMU), whose treaty it signed on 11 January 1994. The institutional framework of WAEMU includes: the Conference of Heads of State and Government, which takes additional acts 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 taken in several sectors of economic activity, including agriculture, fisheries, energy, mining, air transport, telecommunications, financial services and professional services. Progress has been made since 2010 in transposing national provisions into EU law, but implementation remains a challenge.

However, since the adoption in 2013 of an Additional Act creating an annual review of Community reforms, policies, programmes and projects, the Commission has observed a sharp increase in the transposition and application of Community acts by Member States. In 2018, the WAEMU estimated that Niger had a satisfactory implementation rate of 64.8% of community policies, projects and programmes, compared to 58% in 2017, an increase of 7 points.

Niger is also a member of the Economic Community of West African States (ECOWAS), the Community of Sahel-Saharan States (CEN-SAD) and the Council of the Arrangement - alongside Benin, Burkina Faso, Ivory Coast and Togo. ECOWAS was established on 28 May 1975 with the objective of promoting cooperation and integration in the perspective of an Economic Union of West Africa. According to the Revised Treaty of July 1993, ECOWAS will eventually be the sole economic community in the region for the purposes of economic integration and the attainment of the objectives of the Economic Community for Africa (ECA).

The 1979 ECOWAS Protocol on Free Movement, Right of Residence and Right of Establishment resulted with the abolition of visa requirements between Member States for Community citizens. In this wake, ECOWAS introduced the ECOWAS passport, then adopted in December 2014 the biometric identity card which led to the abolition of the residence card. In addition, ECOWAS has put in place a regional motor third party liability insurance scheme known as the "Brown Card" and launched a Monetary Cooperation Programme which aims at the creation of a single currency in 2020.

In 2016, the African Development Bank 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. The index summarises 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 ranked 4th among ECOWAS countries. In other words, Niger performs well in the dimensions of free movement of persons and financial integration and convergence of macroeconomic policies. On the other hand, its performance on the other dimensions of the index remains rather weak compared to the best performing ECOWAS countries.

6.1 Business climate

Niger has made substantial progress in improving the business climate. According to the World Bank's Doing Business 2020 report, Niger is ranked 131st out of 190 countries, compared to 143rd last year, an increase of eleven (11) places compared to 2019. Niger thus occupies the 22nd place in Africa and the 4th place within the WAEMU space. This progression is explained by the efforts observed in terms of structural investments and especially reforms relating to the improvement of the business climate initiated since 2010. These reforms have focused mainly on improving conditions of access to electricity, building permits, ease of tax payment, access to credit and protection of minority investors in companies.

Table 24. Indicators of business climate

Indicator	Regulation	Metric (indicate those available)
Set up a company	Establishment of the business house; adoption of an action plan to improve the indicators of the Doing Business ranking; adoption of decree N°2017-284 abolishing the minimum capital and the use of notaries for the creation of a limited liability company (SARL); simplification of procedures and reduction of delays in creating or setting up a business in accordance with the Organisation for the Harmonisation of Business Law in Africa (OHBLA).	The total number of days required to set up 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 create a business, i.e. approximately 17500 F.
Building licence	Decree 2018-225 of 30 March 2018 reducing to 7 days the deadline for obtaining planning permission through the holding of weekly sessions of the building permit commission. Halving the cost of obtaining a building permit. Drafting of a Construction and Housing Code.	The total number of procedures required for the construction of a warehouse is 11 for a period of 91 days. The construction quality control index is 6.0 (the highest score is 15 in the world according to Doing business).

Access to electricity	The creation and operationalisation of a one-stop shop dedicated to the electricity connection of SMEs; the creation and operationalisation of an Energy Sector Regulatory Authority (ESRA) which, among other things, makes it possible to 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 of the processing time for a land title transfer file from 30 days to 7 days. Abolition of fees for the registration of company articles of association.	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 Offices (Cios). Adoption of the 2015-2019 national strategy for inclusive finance which aims to guide and serve as a benchmark for players involved in the provision of financial services, financial infrastructure and the institutional environment.	Niger's score on the collateral 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 private centralised information register over the last 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 simplified procedures for granting prospecting, research and exploitation permits, and include specific tax provisions granting special advantages to minority and foreign investors.	Niger is ranked 149th in terms of protection of minority investors, with a score of 40.0, compared to an average of 44.55 in sub-Saharan Africa. Moreover, the index measuring managerial accountability does not exceed 1 on a scale of up to 10.

Facility to pay taxes	Measures for the online declaration and payment of taxes, through the adoption of Order n°0042MF 19 January 2018 relating to the creation of additional counters at the General Tax Department. Adoption of Order N°0151 on the modalities of land title transfer. Circular n°0090/DGD/PSW of 6 April 2016 on the implementation of electronic payment of duties and taxes liquidated in customs. Total exemption from customs duties and taxes, value added tax, on imported materials, equipment and tools directly contributing to the implementation of the approved investment programme.	Niger has an index of 54.49 and is ranked 161st in terms of ease of tax payment. The index for post-tax filing processes is 38.0 compared to an average of 54.6 in sub-Saharan Africa.
Facility to export	Elaboration of the action plan for the reform of import-export procedures. Order No. 088/MC/PSP/MT/MF of 17 December 2014 on the documents required for the import and export of goods. Order N°0090 of 22 December 2014 relating to the public transport of goods, types of road checks at checkpoints and appeal mechanisms to minimise 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 with an average of 53.59 in sub-Saharan Africa. The cost of complying with export procedures is $391 for a 48-hour delay and the cost of complying with import procedures is $460 for a 78-hour delay.
Enforcing contract law	Creation of the Niamey Mediation and Arbitration Centre by Decision N°0014/CCIAN/PDT/2014 of 5 December 2014. This centre enables, among other things, to speed up the process of settling commercial disputes through mediation and arbitration. Law n°2015-08 of 10 April 2015 fixing the organisation, competence, procedure to be followed and the 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 legal proceedings is 7.5 on a scale of up to 18. Furthermore, the time needed to settle a dispute is 380 days at a cost of about CFA francs 2,858,067.

Insolvency resolution	Adoption of Law N°2018-08 of 30 March 2018 relating to procedures for settling small disputes 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 n°2015-08 of 10 April 2015 fixing the organisation, competence, procedure to be followed and the functioning of commercial courts in the Republic of Niger.	See the dispositions of law n°2015-08 of 10 April 2015 fixing the organisation, competence, procedure to be followed and the functioning of the commercial courts in the Republic of Niger.
Rules for hiring and firing	Law N°2012-45 of 25 September 2012 on the Labour Code of the Republic of Niger. This is a code that governs relations between employers and workers in Niger.	See provision of the interprofessional collective agreement, in application of article 75 of Law No. 62-12 of 13 July 1962 instituting a labour code of the Republic of Niger.

Source : Doing business, Niamey Company House

However, in terms of governance indicators, Niger has low scores. Thus, in 2019, Niger fell from 101st place in 2016 to 120th place in Transparency International's Corruption Perception Index, down 11 places. According to Transparency International, despite the commitments of the country's high authorities, corruption is gaining ground in Niger "in view of the various scandals revealed not only by the press but also and quite often by the judiciary".

To fight against corruption, the authorities have launched several initiatives, including the establishment of an anti-corruption body, the High Authority against Corruption and Related Offences (HACRO), the establishment of an Information and Complaints Office, the fight against corruption and influence peddling in the judicial sector. The President of the Republic launched in 2017 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 financial management system (PFMS) for more than a decade to make it more efficient. Progress has been made:

- The transparency of the rules on budget allocations for decentralised administrations;
- Information accessible to the public;
- Approval of the budget by the National Assembly;
- The quality of debt reporting.

In the same way, the country has transposed the WAEMU directives on public finance into national legislation and adopted the implementing legislation in 2016. In addition, in March 2017, the government adopted its fourth public finance management reform programme (PFMRP-2020) to, among other things, strengthen the PFMS. This programme aims to :

- Maintain macroeconomic stability ;
- Improving public finance management;

- Increase fiscal space by increasing tax revenues, notably by broadening their base and strengthening their administration, better controlling public expenditure and strengthening cash management ;
- Improving debt management ;
- Increase transparency in the management of the mining and oil sectors;
- Promote the development of the private sector and the financial sector with a view to diversifying the economy.

Thus, in terms of mobilising financial resources, reforms on the modernisation of tax administration have been taken. These include the one-stop shop for customs clearance of used vehicles (GUAN), and the computerisation of the general tax and customs directorates. These reforms aim to broaden the tax base, reduce exemptions and strengthen the territorial tax network. In terms of public spending, the reforms aim to improve the efficiency of spending, debt management and budget management by programming.

6.3 Financial rating

In 2019, Niger was rated by the financial rating agency Moody's, which gives the government an initial B3 rating with a stable outlook. According to Moody's, this B3 rating is based primarily on the following socio-economic and institutional factors:

- Very weak" economic strength reflected by fragile economic fundamentals such as the country's very low level of wealth, irregular growth and low level of competitiveness, exacerbated by socio-demographic challenges, despite sustained growth rates. Moody's estimated that the modest size of the economy, which represents nearly $10 billion in 2019, the very low level of GDP per capita ($1,217 in purchasing power parity in 2018) and volatile growth due to high exposure to climate shocks and very limited capacity to absorb them, in particular the problems of drought, but also, more occasionally, floods, as well as the exposure of the economy to shocks affecting trade prices in the mining sector, are evidence of weak economic strength.

- A "very weak" institutional solidity attested by the fragility of governance indicators, despite an improvement in the management of public finances, within the framework of the IMF's three-year plan. Niger's "very weak" institutional solidity is in line with the weak governance indicators published by the World Bank. The country is in the bottom quartile of countries rated by Moody's on the index of government effectiveness, rule of law and control of corruption. The country's poor performance in terms of budget execution over the past decade highlights the government's limited fiscal policy capacity to deal with shocks. In addition, priorities for security spending involve trade-offs with spending allocations for social programmes, particularly in the areas of health and education. While Niger's membership of the WAEMU and the CFA franc zone exchange rate arrangement contributes to price stability, Moody's finds, however, that the overall effectiveness of macroeconomic policies is much more limited. Nevertheless, Moody's believes that the public financial management reforms implemented since January 2017 under the three-year Extended Credit Facility (ECF) mechanism with the IMF are consistent with improved budget execution by the government in line with programme objectives. The government should, according to Moody's, continue its long-standing cooperation with the IMF in line with its commitment to pursue reforms.

- Weak" fiscal strength is reflected in a relatively high debt-to-GDP ratio (53.8% of GDP in 2018) for an economy of this size and in relation to its income levels. Indeed, the debt burden has risen rapidly - by more than 20 percentage points of GDP since 2014 - under the combined effect of a deepening security crisis that required a sharp increase in spending, falling export prices, mainly for uranium, which weighed on revenues, and weather-related events that led to larger deficits and weaker growth.

- The government's "moderate" liquidity risk exposure takes into account the increased need in 2019 and 2020 for refinancing at less favourable market conditions in local currency that prompted the country to seek somewhat greater than expected financial support from the IMF. Moody's estimates that the government's gross financing needs over the next two years will amount to 10-13% of GDP.

- A "moderate" exposure to event risk related to geopolitical tensions in the Sahel region as well as to the government's liquidity risk while the country has significant local currency refinancing needs. Indeed, the assessment of geopolitical risk - perceived as "moderate (+)" in Niger - takes into consideration the existence of increased security risk in almost all neighbouring countries - notably Burkina Faso, Mali, Algeria, Libya, Chad, Nigeria - which exposes Niger to incursions of violent extremist movements in the region. The relatively high proportion of the budget devoted to security, to the detriment of social spending or productive investment, is indicative of the country's exposure to security risk.

- Furthermore, Moody's justifies Niger's stable outlook by the existence of a relationship between upside and downside risks that Moody's perceives as balanced for a credit profile of the country at the B3 rating level. The stable outlook is also based on the fact that Moody's believes that the Government should be able to access new sources of concessional financing to refinance higher-cost domestic debt maturing in the coming years.

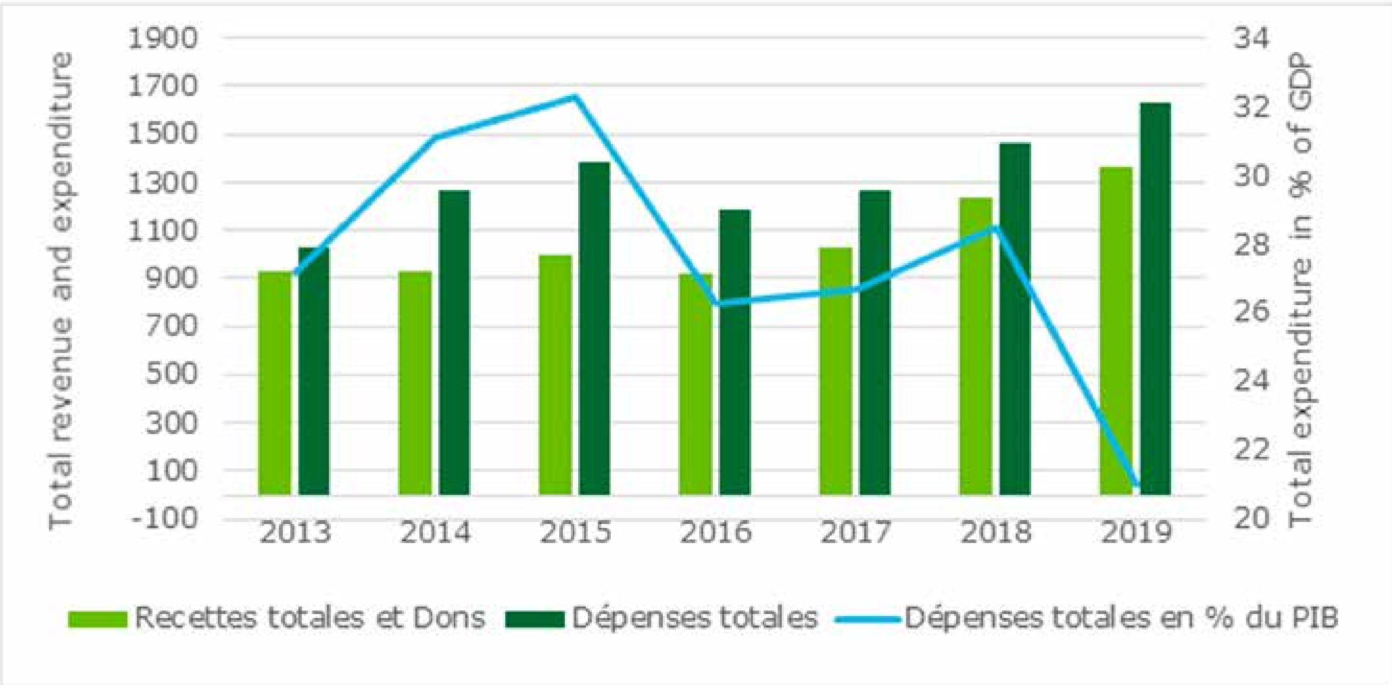
However, Moody's cautions that there are factors that may cause the rating of Niger to go up or down. Among the favourable factors are the country's ability to pursue reforms in public financial governance and its improved capacity to absorb economic shocks through the implementation of major infrastructure projects that would put the debt-to-GDP ratio on a decidedly downward trajectory, with a marked increase in resilience to economic, security or climatic shocks. Unfavourable factors include a noticeable weakening of the Government's commitment to fiscal reform, calling into question the continuation of public or private financing and exacerbating tensions on liquidity. A significant deterioration in the security climate would also weigh on the country's growth and development prospects.

7.1 Budget

7.1.1 Expenditure and revenues

The gap between government 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 is taking measures to control expenditure (recruitment only in priority sectors, control of state contract staff, etc.). In 2019, public revenue, excluding grants, recorded a slight annual increase of CFA francs 5.7 billion (+0.7%). The closure, in the last quarter of 2019, of Nigeria's land borders to trade with neighbouring countries has led to a significant loss of revenue for the financial authorities.

Figure 8. Evolution of government expenditure and revenue in Niger, 2013-2019



Source : Ministry of Finances

7.1.2 Detailed presentation of expenditure and revenues

In fiscal year 2019, total revenue (including grants), which represented 17.7% of GDP against 17.3% in 2018, progressed by 10.3% driven mainly by grants which increased by CFA francs 122.0 billion (+31.1) while domestic resources only increased by CFA francs 5.7 billion (+0.7%).

As for public expenditure, it progressed faster than revenue. In fact, total public expenditure recorded an increase of CFA francs 168.9 billion (11.5%) to represent 21.2% of GDP in 2019 against 20.5% in 2018. This increase in expenditure is mainly attributable to those related to investments (+18.8%) and current expenditure (+2.5%) inherent to security measures and social and humanitarian crises.

Table 25. Detailed presentation of public expenditure and revenue in Niger, in billions of CFA francs in 2019				
Revenues and grants				**1362.5**
	Total Revenues			848.5
		Revenues and taxes		834.6
			Direct taxes	189.2
			88.2	Of which oil taxes
			Indirect taxes	525.5
		Non-tax revenues		50.9
			Social Security Contributions	
			Others	
				Of which dividends from public companies
	Grants			**514.0**
		Projects		320.9
		Programs		193.1
Total expenditures				**1 631.8**
	Current expenditure			**723.4**
		Wages and compensation		282.3
		Social Security		
		Transfers and others		225.4
	Exceptional expenses			
	Interests due			74.7
		On domestic debt		52.5
		On external debt		22.2
	Investment expenditure			**908.4**

		On domestic resources		**392.6**
		On external resources		294.4
	Net lending			0.00
Primary balance [7]				**-231.9**

Source : Ministry of Finances

The evolution of these main government finance aggregates leads to a deterioration in the overall fiscal balance (including grants) from -3.0% of GDP in 2018 to -3.5% in 2019. In view of the increase in grants, the overall deficit, excluding grants, widened further to 10.2% compared with 8.7% a year earlier.

7.1.3 General presentation of the budget

For the year 2020, the budget of the State of Niger amounts to an amount of CFA francs 2,266.2 billion against CFA francs 2,157.3 billion in 2019, an increase of CFA francs 108.9 billion in absolute terms, corresponding to 5.1% in relative terms. This increase in the budget is due to the increase in internal and external revenue, respectively by CFA francs 98.73 billion (8.72%) and 14.5 billion (1.72%).

Internal revenue forecast for 2020 amounts to CFA francs 1,231.6 billion , an increase of 8.8%. They are broken down into tax revenue (income tax, value added tax, tax on financial activities, registration and stamp duties, special tax on re-export, customs duties on imports, mining and oil royalties) expected to amount to 1 174, CFAF 2 billion, in non-tax revenue (income from the domain, various fines and convictions, financial products, sales of products and services) estimated at CFA francs 36.6 billion and in exceptional revenue (HIPC resources) for a projected amount of CFA francs 20.8 billion.

The external revenue forecast amounts to an amount of 859.61 billion in 2020 against 845.1 billion in 2019, an increase of 14.56 billion corresponding to 1.7%. They represent 38% of the total budget forecasts. They are divided between two major components: external support for the financing of development projects and programmes in the form of project grants (ANR) for an amount of CFA francs 630.97 billion and direct budgetary support, in the form of grants and budgetary loans for an amount of CFA francs 228.64 billion.

In 2020, the forecasts of total state budget expenditure amount to CFA francs 2,266.2 billion against CFA francs 2,157.31 billion in 2019, an increase of CFA francs 108.84 billion in absolute terms, corresponding to 5.1% in relative terms. They are broken down into public debt for an amount of CFA francs 330 billion, staff expenditure for an amount of CFA francs 295.76 billion, expenditure on the acquisition of goods and services for an estimated amount of CFA francs 142.25 billion, expenditure on subsidies and transfers estimated at CFA francs 285.5 billion and investment expenditure for an estimated amount of CFA francs 1 212.6 billion.

7.1.4 Detailed presentation of the budget by expenditure item

In 2019, social spending (education, health, rural development, infrastructure) was among the priorities of the Government of Niger because of the essential role it plays in economic and social development. Education is the sector most funded by state resources. With an amount of CFA francs 277 billion in 2019, the budget allocated to the education sector represented 20.5% of the overall budget of the State of Niger (5% of GDP), an increase of 2 points com-

7 Revenues (without grants) less expenses (without interest and future investments).

pared to 2018. Health, although an important dimension of development, received 10.6% of the total state budget, representing an increase of 14.1 billion in one year. Despite the low level of resources allocated to the health sector, health indicators have improved significantly. Life expectancy is estimated at 61 years, and health coverage has improved slightly. After education, rural development (including food security) and infrastructure were the two largest sectors in terms of funding, accounting for 17% of the total budget in 2019.

Table 26. Presentation of the total budget by item of expenditure, in billions of CFA francs and as a percentage

A. SECTORAL EXPENDITURE	2017		2018		2019	
SECTORS	Real._2017	Weight 2017	PLF2018	Weight 2018	PLF2019	Weight 2019
Education	229.11	22%	254.39	18.75%	277.20	20.49%
Security	183.07	18%	236.36	17.43%	194.67	14.39%
Rural Development & Food Security	177.76	17%	262.17	19.33%	228.38	16.88%
Financial management	82.28	8%	74.41	5.48%	49.00	3.62%
Consolidation of Democratic Institutions	106.09	10%	106.53	7.85%	103.76	7.67%
Energy. & Infrastructure.	100.54	10%	173.72	12.81%	243.15	17.98%
Health	78.27	8%	123.33	9.09%	137.43	10.16%
Rural & urban hydraulics	40.52	4%	49.38	3.64%	61.98	4.58%
Others	42.63	4%	75.79	5.59%	56.95	4.21%
TOTAL A	1040.27	100%	1 356.09	100%	1 352.59	100%
B. ORDER EXPENSES AND COMMON CHARGES						
Tax expenditures	246.54	61%	213.28	39.15%	310.61	44.49%
Government debt	114.77	29%	228.94	42.25%	291.76	41.79%
Common charges	40.78	10%	102.56	18.82%	95.80	13.72%
TOTAL B	402.09	100%	544.77	100%	698.16	100%
TOTAL GENERAL BUDGET (A+B)	**1442.36**	**100%**	**1 900.86**	**100%**	**2 050.76**	**100%**

Source : Ministry of Finances

7.2 Tax policy

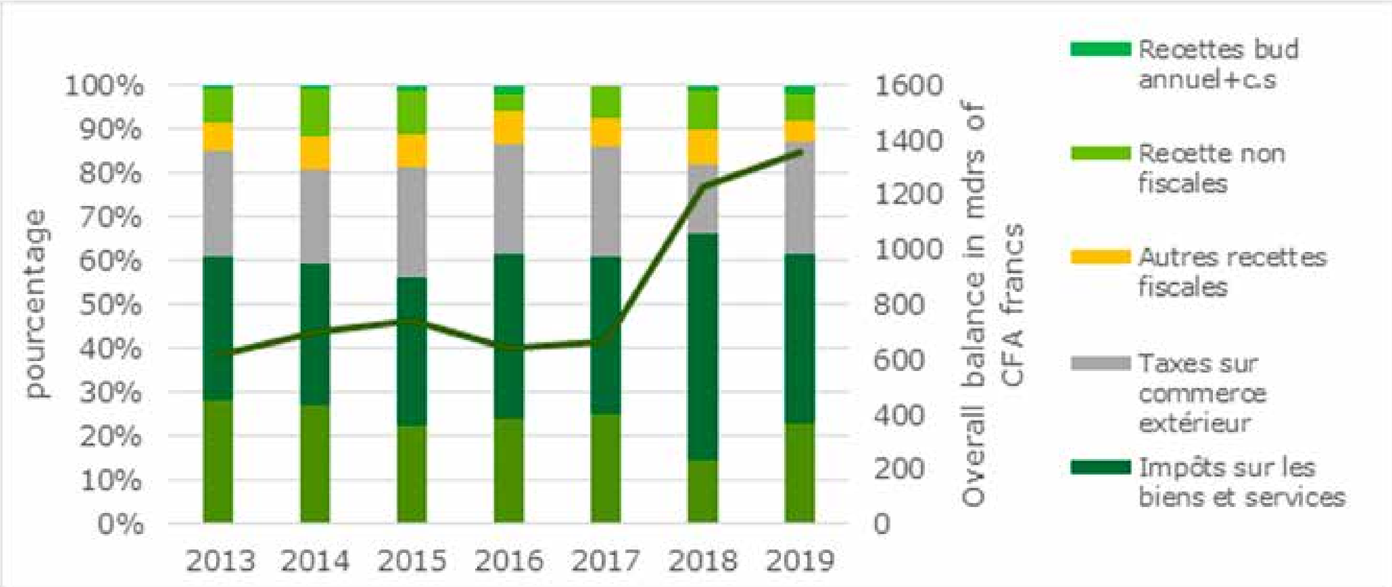
7.2.1 General budget revenue broken down by source

As part of the 2019 finance law, the government of Niger has taken fiscal measures that improve tax revenue collection by at least 0.6% of GDP. These include :

- Applying the reduced VAT rate (5%) to goods previously exempted in accordance with WAEMU standards;
- Applying the standard rate of VAT (19%) to industrial inputs and packaging previously exempted under the investment code and to transport services;
- Introduce a progressive housing tax.

In order to achieve these objectives, the Nigerien authorities have put in place a plan to modernise the tax administration. This involves the introduction of the one-stop shop for customs clearance of used vehicles (GUAN), and the computerisation of the General Tax Directorate, with in particular the installation of the SYDONIA World software. These reforms should result in tangible revenue gains. New tax measures have been introduced relating to income tax (IT), synthetic tax (ST), value added tax (VAT), tax on financial activities (TFA), tax on the termination of incoming international traffic (TATIIT) and the inclusion of fixed oil duties in the finance law.

Figure 9. General budget revenue broken down by source



Source : BCEAO

In 2019, tax revenue amounted to CFA francs 1,078.2 billion against CFA francs 983.4 billion in 2018, an increase of 9.6%. Tax on goods and services (VAT and turnover tax) is the most important source of tax revenue. It accounted for 38.6% of tax revenue in 2019. Taxes on foreign trade are Niger's second largest source of tax revenue. Its share represented 27% in 2019.

7.2.2 Public administration revenues such as health, unemployment and pensions

Niger's social security scheme for salaried workers is managed by the National Social Security Fund (NSSF) for salaried workers and the National Retirement Fund (NRF). The NSSF system covers three branches of social activities:

- Family benefits (in charge of maternity benefits) ;
- Accidents at work and work-related illnesses;
- Pensions (invalidity, old age and death).

Self-employed persons are not covered by the social security system but can voluntarily join the occupational accident scheme. The NRF manages the compulsory social security scheme for the public sector. Managed by the State, under the financial supervision of the Ministry of Finance, it pays benefits mainly for the retirement, invalidity and sick-leave and survivors' branches. In 2018, the NRF's revenue is estimated at CFA francs 8.5 billion.

7.2.3 Presentation of new tax measures recently voted on or under discussion and about to be voted on

As part of the 2019 budget law, a number of fiscal measures have been approved by Parliament. These new tax measures relate to the access of taxpayers subject to the synthetic tax to public procurement by reference to the new thresholds of the tax regimes; the improvement of the business climate by authorising the correction of irregularities and errors in the declarations made by taxpayers and the institution of controls on the destination of goods and services exempt from VAT.

As regards the synthetic tax, it is proposed that an intermediate tranche be introduced in order to correct certain distortions linked to turnover from one tranche to another. In addition, the 2019 Finance Act proposes that taxpayers subject to the synthetic tax be allowed to purchase public goods and services. Indeed, following the increase in the synthetic tax threshold, which led to the downgrading of the simplified real regime, it became apparent that many taxpayers who bid for public contracts do not have access to it. In order to correct this anomaly, it is proposed the creation of an article that authorizes the access of this category of taxpayers to public orders for amounts including tax of less than fifty million CFA francs.

With regard to taxes on wages and salaries, it is proposed to introduce an obligation to declare SITs at the expense of employers even when they do not have permanent employees. The new system aims to improve the monitoring of taxpayers subject to this tax.

As far as value added tax is concerned, it is proposed the introduction of a system for invoicing the tax by setting up automatic invoicing machines linked to the Tax Administration's servers in order to improve VAT efficiency.

As regards property taxes, it is proposed to introduce an additional condition for access to the benefit of the temporary exemption provided for in Article 158 of the General Tax Code. The owner of the building applying for the temporary exemption must produce, in his file, in addition to the documents previously required, a copy of the title deed or deed of transfer of the building duly registered. In addition to the tax reductions granted by the legislation on specific taxation, public institutions are also granted a 50% reduction.

As regards business tax, it is proposed that the rate applied to the rental value of buildings used for the practice of the profession be reduced by half for the purpose of determining the proportional tax. This rate is thus reduced from 3% to 1.5% for public establishments eligible for specific taxation.

With regard to the re-export tax, a measure is proposed to revise the rates of the TSR from 5% and 10% to 5%, 20% and 45% depending on the re-exported product and to apply the real value instead of the so-called administrative values as the taxable base.

With regard to authorising the regularisation of declarations prescribed by the General Tax Code, the new provision, which is part of the improvement of the business climate in Niger, gives taxpayers the possibility to regularise irregularities, errors or inconsistencies noted when filing their declarations.

The new 2019 finance law proposes to set up a system to control the destination of goods and services acquired in exemption from Value Added Tax. Indeed, in order to stimulate investment and promote the development of socio-economic activities, Niger grants certain exemptions, the amounts of which increase from year to year. It therefore appeared necessary to monitor the measures underlying these exemptions.

With regard to the reduction of the ECOWAS community levy rate, the 2019 finance law provides for an increase in this rate from 1 to 0.5% in accordance with the request of the ECOWAS Commission.

7.3 Finance bill

The finance bill for the year 2020 provides for an overall annual budget of CFA francs 2,266.2 billion against CFA francs 2,157.3 in 2019, an increase of 5.5%. The budget framework for the year 2020 is based on the following scenarios: (i) GDP growth of 6%; (ii) a projected inflation rate of 2.0%; (iii) an oil barrel price of 57.4 dollars with a production of 20,000 barrels/day[8]; (iv) an overall budget balance including grants of -2.6% of GDP; (v) a current external deficit (including grants) of about 16.5% of GDP. However, the price of oil fell in 2020 well below the assumptions underlying the budget framework, the decline being partly linked to the COVID-19 crisis.

In the framework of the 2020 finance law, the expected resources of the general budget amount to CFA francs 1,231.54 billion, up 8.7%. They represent 54.3% of the total budget forecasts. As for external resources, they rise to an amount of CFA francs 859.61 billion against CFA francs 845.05 billion in

8 However, oil prices are currently falling. Indeed, oil prices in May 2020 are about $25 per barrel, a decline of just over 100% from their forecast value.

2019, an increase of CFA francs 14.56 billion corresponding to 1.7%. They represent 37.9% of the total budget forecasts. Finally, the issuance of Treasury bonds on the regional financial market is planned for an amount of CFA francs 175 billion in 2020 against CFA francs 179.45 billion in 2019, i.e. a decrease of CFA francs 4.45 billion, in line with the government's prudent debt policy.

Several hypotheses underlie the 2020 budget forecasts. At the international level, for example, the hypotheses are for world economic growth of 3.5% in 2020, an average crude oil price of around USD 57.4 per barrel over the projection period, an average uranium price of USD 33.3 per pound, an average price of gold projected at USD 1,352.9 per ounce, and an average USD/CFA exchange rate of 540.6. At the regional level, economic activity would take place in a context marked by the consolidation of economic growth, particularly in Nigeria. The current health context could call into question this year's budget forecasts.

Economic integration would make major progress thanks to the concretisation of the African Continental Free Trade Area (ACFTAA). On the security aspect, the situation would improve thanks to the coordinated actions of States through the various multinational forces engaged in the fight against terrorism, particularly those of the G5-SAHEL.

At the national level, economic activity would be marked by the strengthening of socio-political stability and the security situation, the acceleration of the implementation of the PDES 2017-2021, and the implementation of the Government's flagship projects relating to the construction of infrastructure,the construction of the pipeline between Niger and Benin for the export of crude oil from the year 2022, the construction of the internal pipeline, the construction of the oil tower, the construction of the reference hospital in Tahoua, the construction of the finance building, the construction of the Garadawa cement plant, the continued implementation of the investments of the 3N Initiative and the Millennium Chalenge Corporation (MCC) Programme, as well as the work on the Kandadji dam and the consolidation of economic and financial reforms.

8.1 Political and security risks

Since the 2016 general elections, the domestic political situation has normalised and calmed. The opposition, despite the irregularities denounced during the electoral process, participates in political life. However, the situation is still very fragile due to recurrent terrorist attacks in Boko Haram, on the south-eastern border with Niger, and jihadist and drug trafficking groups in the regions of Tillabéry and North Tahoua. This situation is leading to social and humanitarian crises with the reception of refugees, currently estimated at 246,000 refugees and 186,000 displaced persons, mainly in Diffa and Tillabéry, and more recently in Maradi, further weakening the country.

As a result, the government has extended the state of emergency in these regions, increased the resources of the defence and security forces and set up a new military operation as part of the G5 Sahel joint intervention force. It is estimated that the increase in defence spending and the reception of refugees in the context of military interventions would cost CFA francs 220 billion annually, or about 5% of GDP. This will further reduce the resources available to finance investments in economic development.

8.2 Social risks

On the social level, the situation has been marked by social demands over the last two years, including social tensions around the 2018 finance law, which a coalition of trade union and civil society organisations considers "anti-social". The measures denounced are, among others, the creation of a housing tax, an increase in the rate of the synthetic tax (ST) from 2% to 5% for commercial activities and from 3% to 7% for the provision of services, the extension of the basis of assessment of the Value Added Tax (VAT) in the road transport sector for goods and passengers, the revaluation of the base price for the transfer of land belonging to the private domain of the State as well as the institution of a stamp duty of CFA francs 200 on any legalized document under penalty of nullity.

8.3 Macroeconomic risks

At the macroeconomic plan, Niger has certainly recorded good performances, under the effect of the increase in demand and investments in the domains of road, energy and airport infrastructures. Economic growth has been consolidated, after the revaluation GDP (base 2015) at around 6.7 % in 2019 thanks to the good performance of the agricultural sector (due to favourable weather conditions and the expansion of irrigated crops), the improvement in the supply of electric power and its positive impact on the industrial sector and the investments made in the organisation of the African Union Summit (renovation of the Niamey international airport, hotels, conference rooms, etc.).

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

With regard to the COVID19 pandemic in Niger, the Government believes that the health crisis will have negative economic impacts on key sectors of economic life, particularly in relation to trade in goods, imports of daily consumer goods, capital goods and intermediaries that enter into the production process of mining and oil activities and the construction of economic infrastructure. The sectors of tourism, hotels and air and land transport will also be strongly affected by the health crisis.

Overall, a loss of 2.8 points of growth rate in 2020 is expected (i.e. from 6.9% to 4.1%), after evaluation of the economic impact of the crisis. The government has estimated the financial needs at CFA francs 597 billion, i.e. 7.4% of GDP, including CFA francs 159 billion for health support measures and the fight against the pandemic.

8.4 Risks concerning the mobilisation of public and private financial resources

Niger recorded an overall budget deficit (including grants) estimated at -4.1% of GDP in 2019 due to the fall in the prices of uranium and oil, the main export revenues of its economy. The deficit is also due to increased spending (over 21% on average) on security measures and social and humanitarian crises. Convergence of the budget balance towards the target of 3% of GDP set by the WAEMU is not envisaged before 2021.

The narrowness of the state budget and its instability are a serious handicap to development policies at a time when the country is facing considerable socio-economic challenges, particularly due to its population growth, which is among the highest in the world. Most of the reforms affecting public finance are aimed at improving the mobilisation of national resources. These include streamlining tax and duty exemptions that burden the budget, preventing fraud in the marketing of petroleum products, improving the collection of tax arrears and conducting controls on the payment of income tax and VAT.

Finally, the IMF notes that moderate fiscal and external financing deficits are likely to emerge due to adverse shocks that would be difficult to offset with additional fiscal consolidation measures or for which it would be difficult to obtain financing in the re-emerging regional bond markets. However, public financial management reforms implemented since January 2017 under the three-year Extended Fund Facility (EFF) arrangement with the IMF are consistent with improved budget execution in line with programme objectives. The programme also aims to eliminate the balance of arrears to domestic suppliers (0.8% of GDP) in 2019.

8.5 Health risk

Niger often faces meningitis, measles and cholera epidemics which are managed by the Ministry of Public Health through the national epidemic management committee. In 2016, Niger experienced an epidemic of Rift Valley Fever which resulted in high mortality and a large number of abortions among cattle, small ruminants and camels in the district of Tassara, in the Maya Valley (Department of Tchintabaraden, Tahoua Region) as well as deaths related to fever with haemorrhage and jaundice.

According to the Ministry of Public Health (2016) major weaknesses penalise the Nigerien health system. These include the emergence of harmful practices such as the illicit sale of medicines and the anarchic creation of private health structures due to the insufficient application of legislative and regulatory texts, the poor development of medical and laboratory biology and the low rate of health coverage of the population, which is only
48.5 %.

Like the rest of the world, the covid-19 coronavirus pandemic is a major health risk in Niger. The first case of coronavirus infection was detected on 19 March 2020, while a state of health emergency was declared on 27 March 2020. As of 7 May 2020, Niger has recorded 781 confirmed positive cases of COVID-19 out of a total of 3,245 tests performed, including 42 deaths, 586 cured and 153 under treatment. These statistics show that Niger is one of the West African countries most affected by the pandemic. WHO is concerned about the current rate of disease progression, particularly in Niger, Ivory Coast and Guinea, and the fragility of health systems in these countries and is working closely with the World Food Programme (WFP), the African Union, national governments and the Jack Ma Foundation to ensure that life-saving supplies reach health workers.

In order to limit the spread of the virus, the Government of Niger has initiated awareness-raising and hygiene measures (hand washing kit with soap, distribution of hydro-alcoholic gel and solutions, restriction of movements, wearing of masks, etc.) throughout the country.

8.6 Environmental risks

Risks related to climatic and environmental shocks (pockets of drought, floods, early cessation of rains, etc.) can jeopardise good economic prospects, which depend mainly on increased agricultural harvests, and exacerbate situations of food insecurity. Domestic production is largely derived from subsistence agriculture, where frequent droughts, floods and lack of inputs, as well as a large infrastructure deficit, hamper productivity growth.

Moreover, with 80% of its territory made up of the Sahara and the Sahel, and the progression of the desert by 200,000 hectares per year, Niger is repeatedly affected by the effects of climate change, the most visible manifestations of which are : (i) pronounced land degradation; (ii) poor preservation of biodiversity; and (iii) difficulties in establishing sustainable land and water management with serious impact on agriculture. For example, the Niger River, as well as Lake Chad, are under serious threat of silting up or even disappearing. In response, Niger adopted a national environment and sustainable development policy in 2017, which focuses on sustainable land and biodiversity management, integrated water resource management (IWRM), climate change adaptation and mitigation, and the promotion of renewable energy.

9.1 General description of the public debt

9.1.1 Overall picture

Niger's outstanding public debt was estimated at CFA francs 2,978.2 billion (39.3% of GDP) as at 31 December 2019, compared with CFA francs 2,523.4 billion at the same period in 2018, or 35.4% of GDP. It is made up of CFA francs 1,974.4 billion of external debt and CFA francs 1,003.7 billion of domestic debt.

Table 27. Evolution of the Nigerien debt

	2015	2016	2017	2018	2019
Total debt (% of GDP)	27.1	30.6	34.7	35.4	39.3
Total debt (in value, CFA francs)	1550.4	1 867.5	2 248.4	2 523.4	2 978.2
Remaining due	1 545.1	1 862.2	2 242.6	2 519.1	2974.9
Arrears	5.3	5.3	5.8	4.3	3.3
Due	105.2	269.9	296.7	550.3	556.9
Paid	99.9	264.6	290.9	546.0	553.6
Total external debt	1 138.7	1 366.8	1 569.8	1 737.9	1 974.4
Remaining due	1 138.7	1 366.8	1 569.8	1 737.9	1 974.4
Arrears	0	0	0	0	0
Due	38.3	46.4	42.8	57.8	63.5
Paid	38.3	46.4	42.8	57.8	63.5
Total domestic deb	411.7	500.7	678.6	785.5	1 003.7
Remaining due	406.4	495.4	672.8	781.2	1 000.4
Arrears	5.3	5.3	5.8	4.3	3.3
Due	66.9	223.5	253.9	492.5	493.4
Paid	61.6	218.2	248.1	488.2	490.1
Nominal GDP (current prices)	5715.0	6096.4	6486.0	7121.4	7574

Source : Ministry of finance

At 31 December 2019, the outstanding public debt portfolio was thus composed of 66.3% external debt and 33.7% domestic debt. The weighted average interest rate of the portfolio is 2.9%, of which 1.6% for external debt compared with 5.7% for domestic debt. The proportion of public debt maturing in one year is 19.0%, of which 3.7% is external debt and 49.1% is domestic debt.

Figure 10: Changes in the composition of Niger's debt and share of GDP

Source : BCEAO

9.1.2 Time profile of the debt to be repaid

In total, 19.0% of the debt matures in one year (short term), 29.1% in 1 to 5 years (medium term), and 51.9% of the debt is to be repaid in more than 5 years (long term). It should also be noted that as the portfolio consists mainly of fixed interest rate loans, it is not exposed to interest rate risk.

The public debt service effectively paid during the four (4) quarters of the year 2019 amounts to CFA francs 553.6 billion, distributed as follows: CFA francs 63.5 billion for the external debt and CFA francs 490.1 billion for the domestic debt, including CFA francs 293.7 billion of Treasury Bills.

Table 28. Time profile of the debt to be repaid

Express in %	Allocation initially planned	2014 Allocation	2019 Allocation (estimations)
Short terme (< 1 year)	nd	3.2%	19.0%
Medium term (1 to 5 years)	nd	24.2%	29.1%
Long term (> 5 years)	nd	72.7%	51.9%
Total	nd	100%	100%

Source : Source : Ministry of finance

9.1.3 Amount of debt to be repaid in the short term

During the year 2019, the total amount of effective repayments of public debt amounted to CFA francs 553.6 billion, including CFA francs 63.5 billion for external debt and CFA francs 490.1 billion for domestic debt, including CFA francs 293.7 billion of Treasury bonds. The Autonomous Centre for the Amortisation of the State's Domestic Debt (ACASDD) has undertaken to proceed with the repayment of the domestic debt to enable the economy to increase private sector financing. In 2020, the amount of domestic debt to be repaid would be CFA francs 527.6 billion, an increase of 7.7% compared to 2019.

Table 29. Evolution of the amounts of debt to be repaid in the short term

Niger] CFA francs billion	2014	2015	2016	2017	2018	2019 (estimations)	2020 (projections)	2021 (projections)
Amount of external debt to be paid in the year	30.5	38.3	46.4	42.8	57.8	63.5	108.9	137.6
Amount of domestic debt to be paid in the year	52.7	61.6	218.2	248.1	488.2	490.0	542.0	504.4
Total	83.2	99.9	264.6	290.9	546.0	553.6	651.0	642.0

Source : Ministry of finance

9.2 Debt strategy and debt sustainability

9.2.1 Description of the strategy

Niger has adopted a medium-term debt strategy (2019-2021) oriented towards reducing the cost of debt, prioritising the use of concessional loans, and cautious recourse to non-traditional lenders to finance highly profitable projects. This strategy enables the State to meet the financing needs of all commitments by integrating constraints and potential risks in order to avoid decisions taken solely on the basis of cost or short-term opportunities.

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

For 2020, the debt strategy aims to limit the deterioration of the cost and risk indicators of the external debt portfolio. On the basis of the net financing requirement, the overall debt ceiling in 2020 amounts to CFA francs 455.3 billion, including CFA francs 268.9 billion for external financing (212.7 billion in project loans and 56.3 billion in programme loans) and CFA francs 186.4 billion for domestic financing, including CFA francs 175.1 billion in Treasury bonds, with a maturity ranging from 3 to 7 years, depending on the depth of the market. This strategy is based on a diversification of financing sources with a debt structure 59.1% of which is made up of external resources, including 34.9% concessional debt, 24.2%

semi-concessional debt and 40.9% domestic financing through recourse to the domestic market. As a reminder, the projected borrowing ceiling would be set at an annual average of 8% of GDP over the period 2017-2020.

Finally, debt management is handled by an interministerial committee created in 2015. It ensures that regular meetings are held, that the technical support committee is fully staffed and that the Ministry of Finance co-signs 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 debt distress was moderate, largely due to the public debts contracted to support the development of the natural resource sector and to finance large 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 public external debt has increased relatively since 2010, due to investment programmes provided for in economic and social development plans. Indeed, the ratio of external debt as a percentage of GDP increased from 23% in 2010 to 33% of GDP in 2019 (but to 25.1% if the 2015 base GDP is taken into account).

An analysis of public debt sustainability (ADS) conducted by the IMF in August 2019 indicates that all indicators remain well below the thresholds applicable in the baseline scenario, but the debt-to-exports ratio would exceed the limit in the event of a commodity price shock. As a result, Niger's risk of external and overall debt distress is "moderate" according to this new debt sustainability framework.

In 2020, the ratios of external public debt/exports and total public debt/GDP are 144.8% and 41.2% respectively in present value terms, well below the established thresholds (see table below). A limit of CFA francs 280.3 billion (US$ 510 million or 3.8% of GDP) in present value has been set for 2020. The IMF also considers Niger's risk of external and global debt distress to be "moderate" in 2020. However, the risk of resorting to external debt to mitigate the adverse effects of Covid-19 requires some caution with regard to external indebtedness. The IMF recommends intensifying efforts to diversify exports and taking measures to mitigate the fiscal risks associated with public-private partnerships and public enterprises. According to the IMF, shock tests and alternative scenarios continue to demonstrate Niger's vulnerability to commodity prices and export shocks.

Finally, Niger's debt strategy also takes into account the uncertainty about the availability of concessional resources in view of the gradual depletion of the main funds (IDA and ADF), which were Niger's preferred windows. However, it should be stressed that, in its implementation, the Government will continue to give priority to the use of concessional resources.

Table 30. DSF debt thresholds and benchmarks					
	PV of debt (percentage)		**Debt service (percentage)**		**PV of total public debt (percentage)**
	GDP	Exports	Exports	Revenues	GDP
Mediocre policy	30	140	10	14	35
Average policy	40	180	15	18	55
Solid policy	55	240	21	23	70

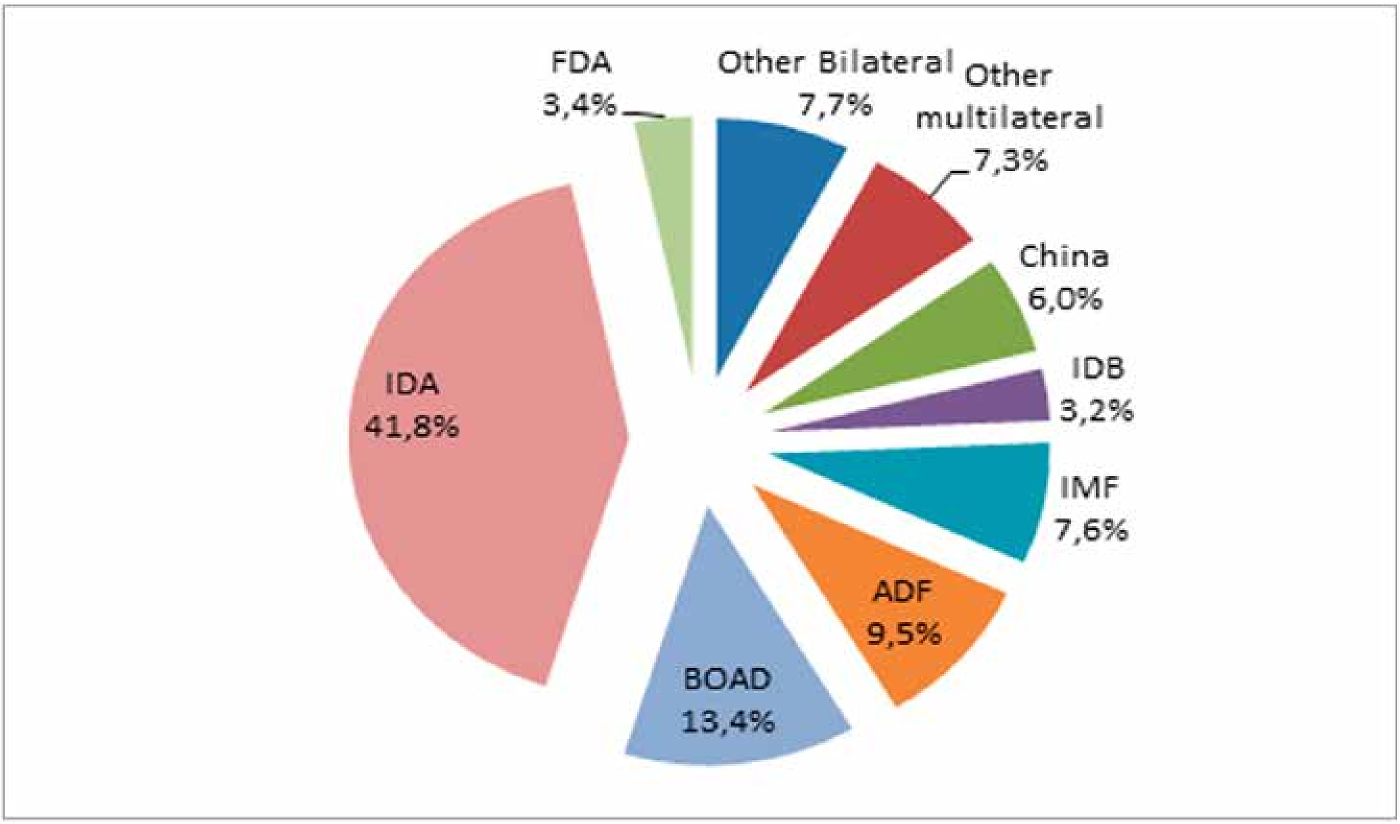
Source : IMF

9.3 External debt

9.3.1 Holders

The graph below shows the composition of the external debt portfolio by creditor and creditor group (multilateral and bilateral) as at end-December 2019. Among multilateral creditors, IDA with CFA francs 825.7 billion (50.5% of multilateral debt) remains the largest multilateral creditor, accounting for 41.8% of total external debt. It is followed by BOAD with CFA francs 264.7 billion (representing 16.2% of the debt of the multilaterals), or 13.4% of the total external debt, the ADF with CFA francs 188.5 billion (11.5% of the debt of the multilaterals), or 9.5% of the total external debt; and finally the IMF with CFA francs 149.1 billion (9.1% of the debt of the multilaterals), or 7.6% of the total external debt.

Figure 11. Composition of the external debt portfolio, per creditor and group of creditors at the end of December 2019



Source : Ministry of finance, DDP.

Bilateral debt concerns 11 creditors, grouped into two categories. Non-Paris Club creditors, whose debt represents CFA francs 260.2 billion, i.e. 77.7% of bilateral debt and 13.2% of total external debt. Paris Club creditors, with a debt of CFA francs 77.7 billion, account for 23.0% of bilateral debt and 4.0% of total external debt. This debt mainly concerns the French Development Agency (FDA) and Belgium.

Table 31. Composition of the external debt portfolio by creditor and creditor group (estimated for 2019)

[Niger] 2019 (estimations)	Total debt (expressed in value, CFA francs billion)	Expressed as a % of total external debt	Expressed as a % of nominal GDP
Total external debt	1 974.4	100%	26.0%
Trade debt			
… list the issues or buyers holding a significant shar			
Bilateral	337.9	17.1%	4.5%
Of which France (FDA)	66.2	3.4%	0.9%
Of which Saudi Arabia (FSD)	38.8	2.0%	0.5%
Of which India	36.7	1.9%	0.5%
Of which China	119.2	6.0%	1.6%
Other Bilateral	76.9	3.9%	1.0%
Multilateral	1 636.6	82.9%	21.6%
Of which IMF	149.1	7.6%	2.0%
Of which World Bank – IDA	825.7	41.8	10.9%
Of which ADB/ADF	188.5	9.5	2.5%
Of which IFAD	53.0	2.7	0.7%
Of which IDB	63.6	3.2	8.8%
Of which BOAD	264.7	13.4	3.5%
Other Multilaterals	91.9	4.7	1.2%

Source : Ministry of finance

9.3.2 External debt payment situation

The following table gives a complete view of the debt due and debt paid during the year 2019. In 2019, the Government of Niger paid CFA francs 54.4 billion in multilateral debt, compared to CFA francs 9.1 billion in bilateral debt. The total amount paid under the total external debt amounted to CFA francs 63.5 billion in 2019. It should be noted that the total amount of actual disbursements recorded by the Public Debt Department during the year 2019, amounted to CFA francs 254.5 billion, distributed as follows: CFA francs 247.2 billion for multilateral creditors and CFA francs 7.3 billion for bilateral creditors.

Table 32. Details of debt owed and debt paid (December 2019)

Situation at December 2019	**Multilateral**			**Bilateral**			**Trade**			**Total**		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
Due at 31 December 2018	0	0	0	0	0	0	0	0	0	0	0	0
New printing (2019 disbursement)			247.2			7.3						254.5
Service due (2019)	36.3	20.1	54.4	6.3	2.9	9.1	0	0	0	40.5	23.0	63.5
Total	36.3	20.1	54.4	6.3	2.9	9.1	0	0	0	40.5	23.0	63.5
To maturity 2018												
Arrears												
paid service	36.3	20.1	54.4	6.3	2.9	9.1	0	0	0	40.5	23.0	63.5
	36.3	20.1	54.4	6.3	2.9	9.1	0	0	0	40.5	23.0	63.5
To maturity N-2												
Arrears												
Due at 31 December 2019		0	0	0	0	0	0	0	0	0	0	0

Source : Ministry of finance

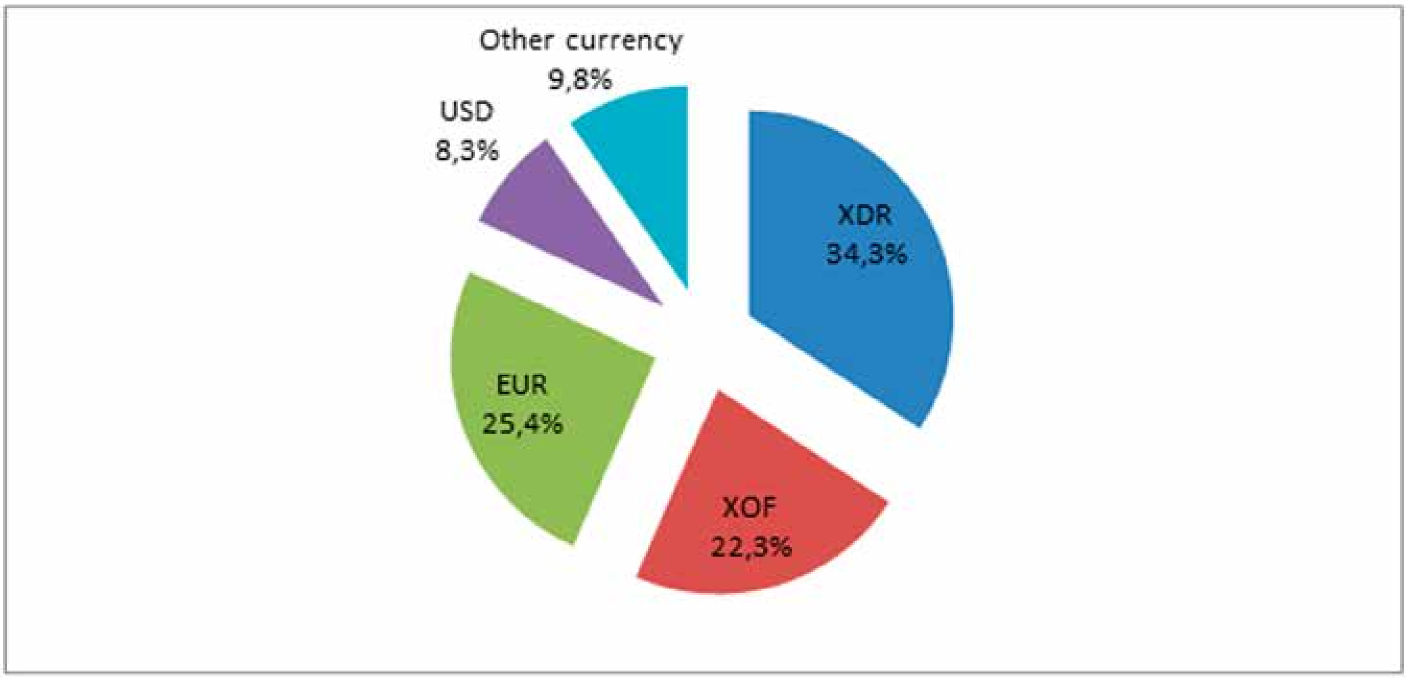
9.3.3 Debt currency

The table gives a detailed view of the foreign currency debt at December 31, 2019. As a result, SDRs constitute the most important currency in the external debt portfolio with 34.3% or CFA francs 677.2 billion. They are followed by the Euro with 25.4%, i.e. CFA francs 500.5 billion; and the CFA franc with 22.3%, i.e. CFA francs 439.8 billion.

Table 33. Detail of the debt in foreign currency						
Currency	**Total debt originally denominated in this currency**	**Exchange rate CFA francs as at 31 December 2019**	**Total debt expressed in billions of CFA francs**	**Exchange rate in EUR as at 31 December 2019**	**Total debt expressed in billions of EUR**	**Debt distribution by currency**
CFA francs	439.8	1	439.8	655.95	0.670	22.3 %
EUR	0.763	655.95	500.5	1	0.763	25.4 %
USD	0.281	583.9	164.3	1.123	0.250	8.3 %
SDR/DTS[9]	0.836	810.2	677.2	0.810	1.032	34.3 %
CNY	1.42	83.9	119.2	0.128	0.182	6.0 %

Source : Ministry of finance ; DDP

Figure 12. Distribution of external debt by currency (2019)



Source : Ministry of finance, DDP

With regard to exchange rate risk, it appears that it relates mainly to external debt. Taking into account the fixed parity between the euro and the CFAF, the actual proportion of public debt exposed to exchange rate risk was 41.7% at December 31, 2019.

9.4 Domestic debt

9.4.1 Presentation of the situation as at 31 December 2019

At December 31, 2019, Niger's outstanding domestic debt represented 33.7% of total public debt. It amounted to CFA francs 1,003.7 billion, or 13.3% of GDP. Domestic debt is essentially made up of term bonds, i.e. 57.0% of the total, and treasury bonds representing 33.4% of the domestic debt portfolio.

9 Special Drawing Right: IMF reference currency, in which the dollar accounts for 41.73%; the euro 30.93%; GBP 8.09%; CNY 10.92% and JPY 8.33%.

Niger] situation at 31 December 2019	Domestic debt expressed in value (CFAF billion)	Domestic debt expressed as % of total domestic debt	Domestic debt expressed as % of nominal GDP in 2019
Total domestic debt	1003.7	100%	13.3 %
Securities			
BCEAO Competition	4.6	0.5%	0.1%
Treasury Bonds	335.0	33.4%	4.4%
OAT	571.9	57.0%	7.6%
Securitisation	20.0	2.0%	0.3%
Treasury advances	10.1	0.1%	0.1%
Arrears	3.3	0.3%	0.0%
CPPP	58.8	5.9%	0.8%

Table 34. Presentation of the situation at December 31, 2019

Source : Ministry of finance, DDP

9.4.2 Change in the composition of domestic debt over the last 5 years

The domestic debt portfolio is made up of bonds and treasury bonds, central bank lending (consolidated money market loans and SDR allocations), securitisation products, arrears due to suppliers, and advances to local banks and public-private partnership contracts. In 2019, treasury bonds accounted for 57.0% of the domestic debt portfolio, followed by treasury bonds (33.4%) and CPPPs (5.9%).

Table 35. Evolution of the composition of the domestic debt (CFA francs billion)

Sections	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
External debt	**682.6**	**798.6**	**1 138.7**	**1 366.84**	**1 569.79**	**1 737.92**	**1 974.43**
Multilateral	518.6	577.2	905.4	1 071.45	1 271.13	1 402.67	1 636.56
Bilateral	163.9	221.5	233.3	295.39	298.66	335.25	337.87
Domestic debt	**137.3**	**224.3**	**411.7**	**500.65**	**678.64**	**785.48**	**1 003.72**
BCEAO Competitions	52.9	45.4	37.5	29.29	20.87	12.18	4.62
Treasury bonds	35.0	124.9	235.2	344.05	396.99	476.76	571.90

Treasure bonds	34.5	39.0	78.5	78.11	121.57	202.54	335.04
Treasury advances	-	-	13.5	2.10	49.90	18.75	10.13
Securitisation	-	-	39.0	39.00	83.50	38.05	19.98
CPPP	-	-	2.8	2.80	-	32.89	58.75
Liabilities (CAADIE)	14.9	14.9	5.3	5.30	5.81	4.31	3.30
Public debt	**819.8**	**1 022.9**	**1 550.4**	**1 867.49**	**2 248.43**	**2 523.40**	**2 978.16**

Source : Ministry of finance, DDP

9.4.3 Domestic debt payment situation

The debt service due at the end of December 2019 was CFA francs 493.4 billion, all of which was owed to the non-bank sector. Interest represented CFA francs 54.16 billion. It should be noted that no operation of accumulation of arrears is planned, all external commitments of the portfolio of structured domestic debt at the end of December 2019 would be cleared 2029.

Table 36. Situation of domestic debt payments (CFA francs billion)

	Banking sector			Non banking sector			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
(1) Debt service due at the end of December 2019	0	0	0	451.64	54.16	505.8	439.2	54.2	493.4
Of which maturing in 2019	0	0	0	451.64	54.16	505.8	435.9	54.2	490.1
Of which arrears dating from N-2 included	0	0	0	0	0	0	3.3	0	3.3
(2) Debt service paid during the year 2019	0	0	0	451.64	54.16	505.8	435.9	54.2	490.1
For the 2019 maturities	0	0	0	451.64	54.16	505.8	435.9	54.2	490.1
For the arrears dating from 2018 included	0	0	0	0	0	0	0	0	0

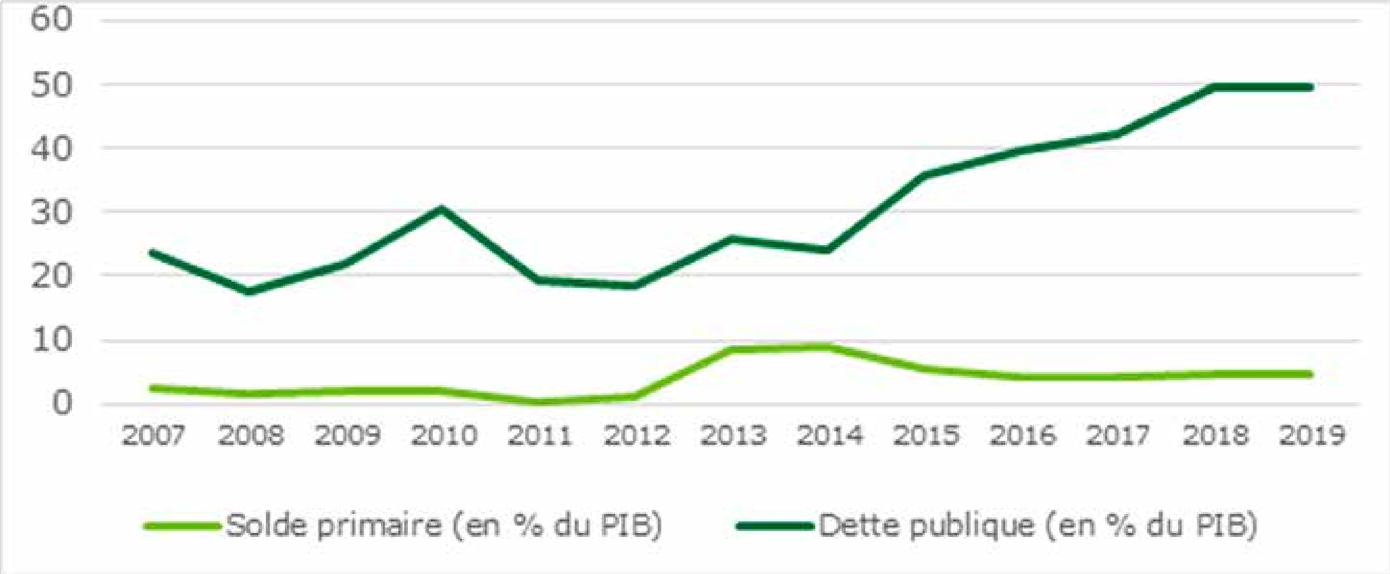
(3) Restructured debt service	0	0	0	0	0	0	0	0	0
For the 2019 maturities	0	0	0	0	0	0	0	0	0
For the arrears dating from 2018, included	0	0	0	0	0	0	0	0	0
(4) Payment arrears as at Dec. 31, 2019 (1)-(2)-(3)	0	0	0	1	0	1	3.3	0	3.3
Of which arrears dating from N included	0	0	0	0	0	0	3.3	0	3.3
Of which new arrears of N-1	0	0	0	0	0	0	0	0	0
(5) Remaining due at the end of Dec. 2019	0	0	0	0	0	0	0	0	0
(6) Total debt due Dec. 31, 2019 (4)+(5)	0	0	0	1	0	1	3.3	0	3.3

Source : Ministy of finance, DDP

9.5 Viability et sustainability

Niger reached the completion point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative in April 2004 and since 2006 has benefited from the Multilateral Debt Relief Initiative (MDRI) of the African Development Fund, the International Development Association (IDA) and the International Monetary Fund (IMF). In 2019, the debt sustainability analysis indicates that Niger faces a moderate risk of debt distress and has no external payment arrears.

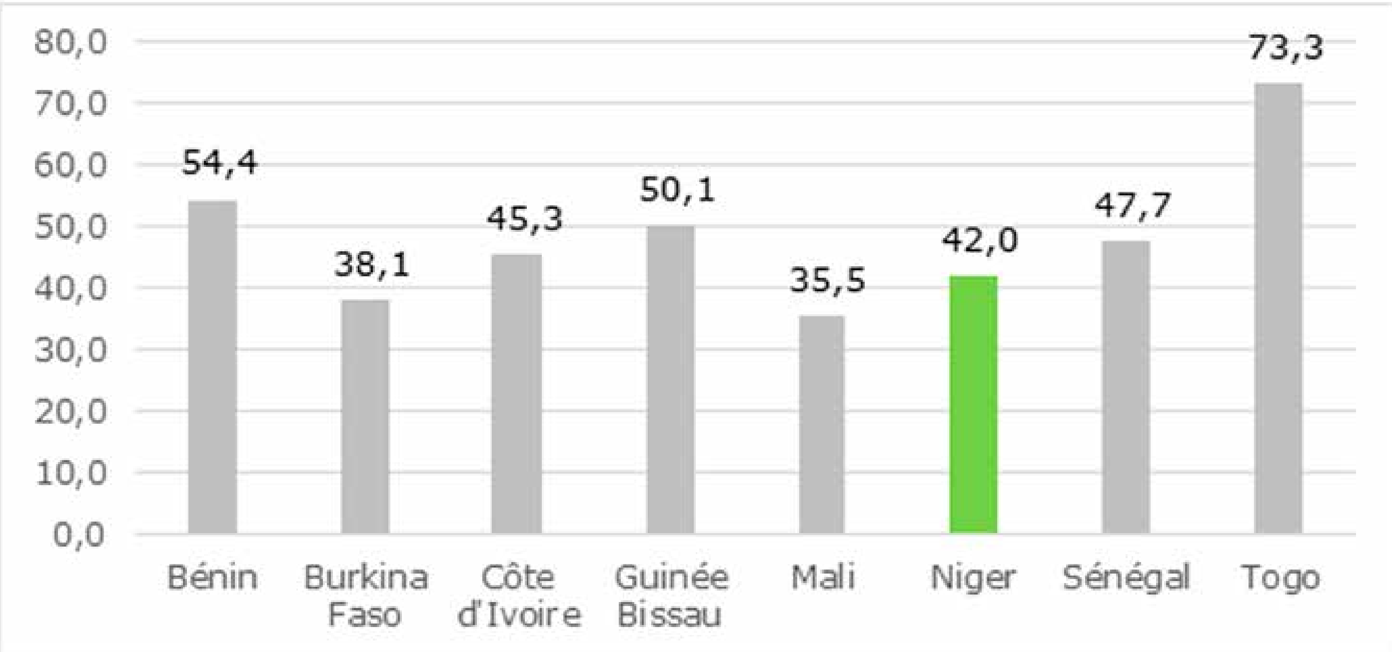
Figure 13. Primary balance and public debt (% of GDP)



Source : WAEMU, datas (basis 2006)

Development financing policy will remain mainly based on the use of prudent debt based on concessional resources and public-private partnerships of the BOOT type. The portfolio is mainly made up of loans with fixed interest rates of between 0% and 1%. The weighted average interest rate of the external debt portfolio is 1.6%, mainly due to the large volume of concessional loans contracted under the ADF, IDA and IFAD windows.

Figure 14. General government debt level (% of GDP)



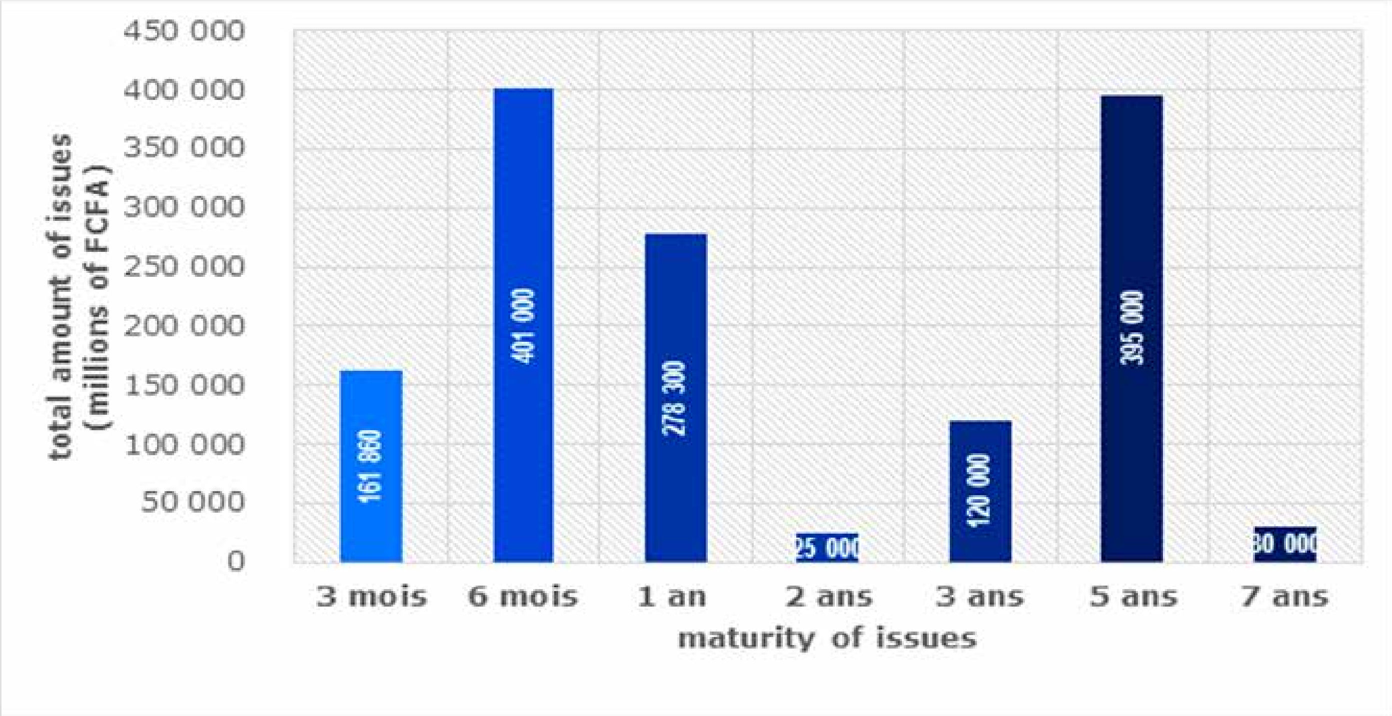
Source : WAEMU, datas (basis 2006)

Niger continues to pursue its prudent debt policy. Solvency and liquidity ratios are below the reference thresholds of the IMF debt sustainability framework and the WAEMU convergence criteria. Thus, the ratios of external debt to GDP and debt service to exports were 24.3 % and 13.2 % respectively in 2019. As for the ratios of external debt/exports and debt service/revenue, they were 160.6% and 12.4% respectively in 2019.

In perspective, the likely increase in revenues from crude oil exports would be used to further reduce the deficit to around 2% of GDP, to replace donor financing of expenditures and to finance priority expenditures. This would keep public finances on a sustainable path. Public debt would fall to 23% in 2024 and Niger would preserve its rating of "moderate risk" of public debt distress.

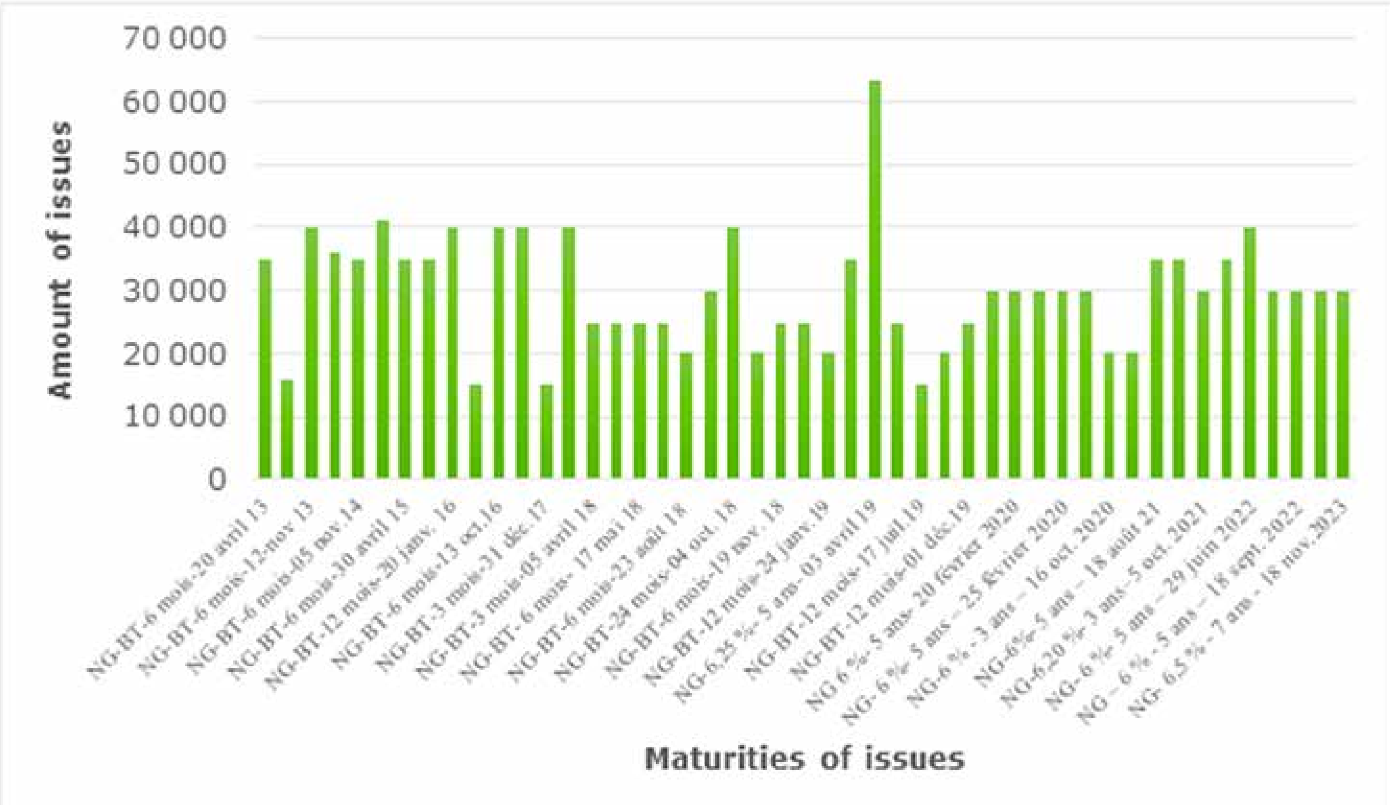
10.1 Details of the country's public securities issues

Figure 15. Amounts mobilized by Niger according to the maturities



Source : WAMU-Securities

Figure 16. Amounts mobilized by Niger and characteristics of the securities issued



Source : WAMU-Securities

Table 37. Details of Niger's securities issues from 2014 to 2019							
Issuer	**Titles**	**ISIN**	**Path**	**Maturity (years)**	**Date of issue**	**Amount issued (CFA francs million)**	**TMP**
Niger	NG-BT-12 mois-29 janv15	NE0000000189	Adjudication	1.00	30/01/14	41 000	4.79
Niger	NG-6.25 %- 5 ans- 03 avril 19	NE0000000197	Adjudication	5.00	02/04/14	63 300	6.34
Niger	NG-BT-6 mois-05 nov.14	NE0000000205	Adjudication	0.50	06/05/14	35 000	4.85
Niger	NG-6.25 %- 5 ans- 25 février 2020	NE0000000213	Adjudication	5.00	21/08/14	30 000	6.32
Niger	NG-BT-6 mois-30 avril 15	NE0000000221	Adjudication	0.50	30/10/14	35 000	4.97
Niger	NG-BT-12 mois-20 janv. 16	NE0000000239	Adjudication	1.00	21/01/15	40 000	5.36
Niger	NG 6 %- 5 ans- 20 février 2020	NE0000000247	Adjudication	5.00	24/02/15	30 000	6.16
Niger	NG-BT-6 mois-22 oct. 15	NE0000000254	Adjudication	0.50	23/04/15	35 000	4.62
Niger	NG- 6 %- 5 ans – 25 février 2020	NE0000000247	Adjudication	5.00	09/06/15	30 000	5.98
Niger	NG-BT- 5.5 % - 3 ans- 20 avril 2018	NE0000000262	Adjudication	3.00	28/07/15	25 000	5.37
Niger	NG-6 % - 5 ans – 25 février 2020	NE0000000247	Adjudication	5.00	08/09/15	30 000	5.67
Niger	NG-BT-6 mois-20 avril 13	NE0000000270	Adjudication	0.50	21/10/15	35 000	4.84
Niger	NG-BT-12 mois-12 janv.17	NE0000000288	Adjudication	1.00	14/01/16	40 000	5.14
Niger	NG-5.5 %- 3 ans – 01 avril 2019	NE0000000296	Adjudication	3.00	31/03/16	35 000	6.02
Niger	NG-BT-6 mois-13 oct.16	NE0000000304	Adjudication	0.50	14/04/16	40 000	5.08
Niger	NG-BT-3 mois-30 août 16	NE0000000312	Adjudication	0.25	31/05/16	15 000	4.05
Niger	NG-6%- 5 ans – 18 août 21	NE0000000320	Adjudication	5.00	17/08/16	35 000	6.50
Niger	Etat du Niger 6.5% 2016-2021 (5 ans)	NE0000000353	Adjudication	5.00	22/08/16	35 000	6.50
Niger	NG- 6 % - 5 ans – 18 août 2021	NE0000000320	Adjudication	5.00	15/09/16	35 000	6.67
Niger	NG-BT-24 mois-04 oct. 18	NE0000000338	Adjudication	2.00	06/10/16	40 000	6.03
Niger	NG- 6.5 % - 7 ans - 18 nov.2023	NE0000000346	Adjudication	7.00	17/11/16	30 000	7.29
Niger	NG-BT-12 mois- 9 janv. 18	NE0000000361	Adjudication	1.00	11/01/17	40 000	4.43
Niger	NG-BT-3 mois-25 mai 18	NE0000000379	Adjudication	0.25	23/02/17	25 000	4.50
Niger	NG-BT-6 mois-28 sept.18	NE0000000395	Adjudication	0.50	30/03/17	30 000	4.50
Niger	NG-BT-6 mois-19 nov. 18	NE0000000148	Adjudication	0.50	19/05/17	25 000	5.74

Niger	NG- 6 %- 5 ans – 29 juin 2022	NE0000000429	Adjudication	5.00	28/06/17	40 000	6.67
Niger	NG-6.25 % - 5 ans – 18 août 2022	NE0000000437	Adjudication	5.00	17/08/17	30 000	6.82
Niger	**NG – 6 % - 5 ans – 18 sept. 2022**	**NE0000000447**	**Adjudication**	**5.00**	**15/09/17**	**30 000**	**6.02**
Niger	NG-BT-3 mois-31 déc.17	NE0000000452	Adjudication	0.25	29/09/17	15 000	6.28
Niger	NG-6 % - 3 ans – 16 oct. 2020	NE0000000460	Adjudication	3.00	13/10/17	20 000	6.93
Niger	NG-BT- 6 mois- 17 mai 18	NE0000000478	Adjudication	0.50	16/11/17	25 000	4.50
Niger	NG-BT-3 mois-05 avril 18	NE0000000502	Adjudication	0.25	15/01/18	25 000	5.31
Niger	NG-BT-12 mois-24 janv.19	NE0000000510	Adjudication	1.00	08/02/18	20 000	6.50
Niger	NG-6 % - 3 ans – 16 oct.20	NE0000000460	Adjudication	3.00	22/02/18	20 000	7.25
Niger	NG-BT-6 mois-23 août 18	NE0000000514	Adjudication	0.50	26/03/18	20 000	6.43
Niger	NG-BT-6 mois-28 oct. 18	NE0000000521	Adjudication	0.50	27/04/18	20 000	5.98
Niger	NG-BT-12 mois-17 juil.19	NE0000000643	Adjudication	1.00	19/07/18	15 000	6.34
Niger	NG-BT-12 mois-29 août 19	NE0000000684	Adjudication	1.00	30/08/18	20 000	6.15
Niger	NG-BT-3 mois-13 déc.19	NE0000000692	Adjudication	0.25	13/09/18	30 000	5.80
Niger	NG-6.25 %- 5 ans – 31 oct. 2023	NE0000000XXX	Adjudication	5.00	30/10/18	30 000	6.96
Niger	NG-BT-6 mois-14 mai 19	NE0000000759	Adjudication	0.50	13/11/18	25 000	6.07
Niger	NG-6.20 %- 3 ans–5 oct. 2021	NE0000000718	Adjudication	3.00	22/11/18	30 000	7.41
Niger	NG-BT-12 mois-01 déc.19	NE0000000769	Adjudication	1.00	30/11/18	25 000	6.14
Niger	NG-BT- 12 mois-16 janv.20	NE0000000775	1.00	17/01/19	6.23	21 920	Niger
Niger	NG-BT-12 mois-13 fév.20	NE0000000817	1.00	14/02/19	6.16	27 070	Niger
Niger	NG-6.25 %-5 ans–15 mars 24	NE0000000791	5.00	14/03/19	6.25	33 000	Niger
Niger	NG-6.5 %-5 ans–26 mars 26	NE0000000445	7.00	26/03/19	6.50	71 500	Niger
Niger	NG-6.15 %-5 ans–29 mars 22	NE0000000809	3.00	28/03/19	6.25	22 000	Niger
Niger	NG-BT-12 mois-11 avr.20	NE0000000833	1.00	09/04/19	6.00	22 000	Niger
Niger	NG-6.15 %-5 ans–10 mai 22	NE0000000825	3.00	09/05/19	6.25	22 000	Niger

Niger	NG-BT- 12 mois-26 mai 20	NE0000000841	1.00	26/05/19	5.61	22 000	Niger
Niger	NG-BT-12 mois-25 juin 20	NE0000000858	1.00	27/06/19	5.87	22 000	Niger
Niger	NG-BT- 12 mois-02 juil.20	NE0000000866	1.00	04/07/19	5.85	22 000	Niger
Niger	NG-BT-12 mois-28 juil.20	NE0000000882	1.00	30/07/19	5.44	22 000	Niger
Niger		NE0000000890	1.00	08/08/19	5.82	22 000	Niger
Niger	NG-BT- 12 mois-20 août.20	NE0000000908	1.00	22/08/19	5.11	22 000	Niger
Niger	NG-BT-12 mois-10 sep.20	NE0000000916	1.00	12/09/19	5.37	22 000	Niger
Niger	NG-BT-12 mois-30 sep.20	NE0000000932	1.00	02/10/19	5.42	16 550	Niger
Niger	NG-BT-12 mois-22 oct.20	NE0000000957	1.00	24/10/19	5.26	22 000	Niger
Niger	NG-BT-12 mois-05 nov.20	NE0000000965	1.00	07/11/19	5.08	22 000	Niger
Niger	NG-BT- 12 mois-29 nov.20	NE0000000973	1.00	29/11/19	4.96	22 000	Niger
Niger	NG-BT-6 mois-04 juin 19	NE0000000981	0.50	05/12/19	4.90	27 500	Niger

Source : WAMU Securities

10.2 Details of securities held at the end of 2019

Issuer	Titles	ISIN	Maturity (year)	Date of emission	TMP	Outstandings 2019 (millions of CFA francs)
Niger	NG-BT- 12 months-16 jan.20	NE0000000775	1.00	17/01/19	6.23	21 920
Niger	NG-BT-12 months-13 feb.20	NE0000000817	1.00	14/02/19	6.16	27 070
Niger	NG-6.25 %-5 years–15 march 24	NE0000000791	5.00	14/03/19	6.25	33 000
Niger	NG-6.5 %-5 years–26 march 26	NE0000000445	7.00	26/03/19	6.50	71 500
Niger	NG-6.15 %-5 years–29 march 22	NE0000000809	3.00	28/03/19	6.25	22 000

Niger	NG-BT-12 months-11 apr.20	NE0000000833	1.00	09/04/19	6.00	22 000
Niger	NG-6.15 %-5 years–10 may 22	NE0000000825	3.00	09/05/19	6.25	22 000
Niger	NG-BT- 12 months-26 may 20	NE0000000841	1.00	26/05/19	5.61	22 000
Niger	NG-BT-12 months-25 june 20	NE0000000858	1.00	27/06/19	5.87	22 000
Niger	NG-BT- 12 months-02 jul.20	NE0000000866	1.00	04/07/19	5.85	22 000
Niger	NG-BT-12 months-28 jul.20	NE0000000882	1.00	30/07/19	5.44	22 000
Niger	NG-BT-12 months-06 august.20	NE0000000890	1.00	08/08/19	5.82	22 000
Niger	NG-BT- 12 months-20 august.20	NE0000000908	1.00	22/08/19	5.11	22 000
Niger	NG-BT-12 months-10 sep.20	NE0000000916	1.00	12/09/19	5.37	22 000
Niger	NG-BT-12 months-30 sep.20	NE0000000932	1.00	02/10/19	5.42	16 550
Niger	NG-BT-12 months-22 oct.20	NE0000000957	1.00	24/10/19	5.26	22 000
Niger	NG-BT-12 months-05 nov.20	NE0000000965	1.00	07/11/19	5.08	22 000
Niger	NG-BT- 12 months-29 nov.20	NE0000000973	1.00	29/11/19	4.96	22 000
Niger	NG-BT-6 months-04 june 19	NE0000000981	0.50	05/12/19	4.90	27 500
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 aug 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% -5years–22 aug.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 aug 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 aug 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 jul.23	NE0000000619	5.00	08/07/18	6.46	32 000
Niger	NG-6.4 %-5 years- 13 jul.23	NE0000000627	5.00	12/07/18	6.50	4 000
Niger	NG-6.5 %-5 years– 18	NE0000000346	5.00	17/11/18	6.29	30 000

Source : WAMU Securities

Auction (for public securities): auction of securities admitted by the central government. In the WAEMU zone, it is organised by BCEAO and only banks and other regional financial institutions with accounts with BCEAO can participate. Other entities can only subscribe to the auctions through WAEMU banks.

Amortization or maturity: period between the disbursement of a loan and its final repayment, composed of the grace period and the repayment period.

Public offering: competitive bidding on the financial market of public securities through an SGI. It is open to any saver.

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

State financing requirement: overall amount needed to cover the primary budget deficit and the interest and amortisation charges linked to the debt.

Treasury bills: short-term public 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) that meets in Paris to negotiate debt restructuring agreements with debtor countries experiencing debt service problems.

Bilateral creditors: governments, central banks, agencies and export credit agencies that 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, World Bank and regional development banks.

Credits to the economy (CE): all loans granted to the economy by banks (refinanced or not), financial institutions (part refinanced by the Central Bank) and the Treasury (through (acceptance of customs drafts).

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

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

Budget deficit: Difference between total revenue and total expenditure and net lending.

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

Primary deficit: Negative difference between revenue and expenditure, excluding interest payments.

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

Domestic public debt: central government borrowing from residents.

Non-concessional debt: debt contracted at market conditions.

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

Grant element: difference between the nominal value (NV) and the present value (PV) of debt service expressed as a percentage of the nominal value of the loan ((NV-VA)/VN).

Concessional borrowing: loans and credits that have a long amortization period and/or below-market interest rates such that they comprise a grant element of at least 35%.

Eurobond: dollar-denominated bond on the London financial market.

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

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

HIPC Initiative: a framework adopted by the World Bank and the IMF in 1996 to address the external debt problems of the Heavily Indebted Poor Countries (HIPC), which aims to provide comprehensive debt relief sufficient to achieve debt sustainability.

Money supply (MO): all claims held by the rest of the economy on monetary institutions. It includes cash in hand (fiduciary circulation + sight deposits) and quasi-monetary assets (savings accounts and time deposits).

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

Contingent liabilities: debts contracted by other public entities with the exception of central government (local authorities and para¬public sector).

Net Government Position (NGP): net claims or net liabilities of the Treasury towards the rest of the economy. The government's net position is made up of the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies. By convention, a crediting NGP is preceded by a (-) sign while a debtor NGP is preceded by a (+) sign.

Tax pressure: the ratio of tax revenue to GDP.

Refinancing risk: risk linked to the renewal of maturing debt. It may relate to the cost of refinancing or the impossibility of obtaining 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 to high market interest rates, to the point where maturing fixed-rate debt and floating-rate debt are revalued.

Currency risks: risks associated with fluctuations in exchange rates.

Debt service: any payment to be made for the principal, interest and fees of a loan.

Primary balance: (see primary deficit).

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

Stock of public debt: amount at a given date of disbursements of debts not yet repayable.

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

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, enterprises, households) expressed as a percentage of GDP. For a country, GFCF is the sum of hardware and software investments made during one year in that country.

Poverty rate: number of poor people in the total population. It is generally calculated on the basis of a poverty line equivalent to $1.25 set by the World Bank.

Terms of trade: express for a country the ratio between the price of exports and the price of imports. They are generally calculated on the basis of price indices 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 a smaller quantity of goods to purchase the same quantity of imported goods (in other words, the same quantities exported buy more imported goods): export earnings improve in this case. In the opposite case, the terms of trade deteriorate (T<100). This price ratio thus translates the evolution of the purchasing power of exports into imports, for a given volume of trade (the structure of trade is fixed): it reflects the price-competitiveness of a country (independently of the quantity effect).

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