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# STAFF APPRAISAL REPORT

# INDUSTRIAL DEVELOPMENT PROJECT

NIGER

February 26, 1982

Western Africa Projects Department
Industrial Development and Finance Division

## Currency Equivalents

US$1 = CFAF 270

The CFA (Communaute Financiere d'Afrique) Franc is fixed with respect to the French Franc (1FF = CFAF 50) and floats with respect to the US dollar. In this report the following conversion has been used:

US$1 = CFAF 270
CFAF 1 million = US$3,704

## ABBREVIATIONS

| | |
|---|---|
| AfDB | African Development Bank |
| BCEAO | Banque Centrale des Etats de l'Afrique de l'Ouest |
| BDRN | Banque de Developpement de la Republique du Niger |
| BIAO | Banque Internationale de l'Afrique de l'Ouest |
| BFCE | Banque Francaise du Commerce Exterieur |
| CCCE | Caisse Centrale de Cooperation Economique |
| CND | Conseil National de Developpement |
| COFIFA | Compagnie Financiere France Afrique |
| CPCT | Caisse de Prets aux Collectivites Territoriales |
| CEAO | Communaute Economique de l'Afrique de l'Ouest |
| DEG | Deutsche Entwicklungs Gesellschaft |
| ECOWAS | Economic Community of West African States |
| KfW | Kreditanstalt fur Wiederaufbau |
| OPEN | Office de Promotion de l'Entreprise Nigerienne |
| SONICA | Societe Nigerienne de Credit Automobile |
| SYNAPEMEIN | Syndicat National des Petites et Moyennes Entreprises et Industries du Niger |
| STB | Societe Tunisienne de Banque |
| UMOA | Union Monetaire Ouest Africaine |
| UNDP | United Nations Development Program |
| UNIDO | United Nations International Development Organization |

## Fiscal Year

October 1 - September 30

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NIGER

INDUSTRIAL DEVELOPMENT PROJECT

STAFF APPRAISAL REPORT

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This report is based on the findings of missions to Niger by Patrice J. Dufour, Manga Kuoh and Cherif Azi in February and July 1981.

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# I. The Setting

1.01 Niger's economy continues to develop along dualistic lines, with slow but steady progress in the traditional rural sector and dramatic but fragile growth in uranium production and earnings. Uranium production, begun in 1971 in Niger's remote Air region, totaled 3,615 tons in 1979. It has firmly established itself as the engine of Niger's economy, which has grown at an average rate of 8.6% per annum in real terms between 1975 and 1980. Uranium revenues have, until recently, provided Niger with considerable foreign exchange earnings--CFAF 85 billion in 1979--and an important source of Government revenues, some CFAF 26 billion in 1979 alone.

1.02 Despite this rapid growth, landlocked Niger remains one of the World's poorest countries, with 90% of its work force employed in agriculture or herding. After the 1975 Sahel drought, the Government gave top priority to improving food production (1.6 million tons of millet and Sorgho; 300,000 tons of cowpea in 1979) and upgrading animal herds (13 million heads) which had been severly hit by the drought. Cash crops have suffered from the premium on edible grain: peanuts (89,000 T in 1979) do not even satisfy the local market; cotton production (4,500 tons in 1979) supplies less than one third of installed ginning capacity. Irrigated agriculture along the Niger river is being developed but requires substantial investments.

1.03 Two developments may threaten Niger's dualistic economy and jeopardize the Government's basic stategy of improving the country's physical and social infrastructure; the first one is, of course, the uncertainty regarding the marketability of Niger's uranium resources, given the projected availability of more easily exploitable ore bodies in Australia and Canada and the slowing down of nuclear power investments in many industrial countries. Marketing arrangements with France--which has recently agreed to buy Niger's production at a price higher than the world market--and continued interest by the Japanese in developing Niger's deposits should not hide the fact that Niger's mines might soon be operating at a loss. The Government is therefore reconsidering its public investment program as foreign debt service obligations are putting an increasing burden on its resources. The second weakness is the agriculture's dependence on uncertain rainfall. During the last two years, Niger has been able to attain self-sufficiency in basic food crops; this achievement would be questioned if Niger were to face another year of drought. In any case, neither mining nor agriculture would be in a position to generate employment and income for Niger's population of 5.5 million. This justifies the emphasis of Niger's Development Plan (1979-1983) on the development of "secteurs d'accompagnements," that is the sectors which support, and benefit from, the growth in agriculture and uranium mining. These activities, which include manufacturing, construction, transport, and services, would be the beneficiaries of the proposed project.

## A. The Support Sectors

1.04 In 1979, support sectors accounted for one-third of Niger's GDP of CFAF 454 billion. 1/ Among them, modern manufacturing and traditional crafts represented 1.1 and 5.2% respectively, construction and civil works 5.9%, commerce and hotels 11.1%, transport 3.6% and non-government services 3.8%.

### Manufacturing

1.05 The industrial sector in Niger is still embryonic. In 1979, only 43 modern enterprises were in operations with total sales of CFAF 16.3 billion. Their structure is given below:

Table 1: STRUCTURE OF THE INDUSTRIAL SECTOR (1979)

| Branch | Number of Firms | | Employment (1977) 2/ | | Sales | | Value Added | |
|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | CFA billion | % | CFA Billion | % |
| Food & Drinks | 8 | 18 | 781 | 22 | 4.3 | 26.6 | 1.5 | 29.3 |
| Textiles & Leather | 6 | 13 | 1,231 | 35 | 5.4 | 33.4 | 1.4 | 26.0 |
| Paper/Printing | 4 | 10 | 247 | 7 | 0.7 | 4.1 | 0.3 | 6.4 |
| Chemical Products | 6 | 13 | 311 | 9 | 2.1 | 12.6 | 0.7 | 13.9 |
| Shoes and Plastic | 4 | 10 | | | 0.6 | 3.5 | 0.2 | 4.1 |
| Construction Material | 8 | 21 | 496 | 14 | 1.8 | 11.0 | 0.5 | 9.5 |
| Metal & Wood Products | 7 | 15 | 458 | 13 | 1.4 | 8.8 | 0.6 | 10.8 |
| | 43 | 100 | 3,524 | 100 | 16.3 | 100.0 | 5.2 | 100.0 |

This table clearly indicates the extent to which Nigerien industry is geared toward import substitution and basic agro-processing. The construction-related subsector (material + wood and metal work) is also important. Of the 43 existing firms, 23 are fully privately-owned, 13 are mixed enterprises and 7 are state-owned. Many of them are either operating at a loss or facing severe

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1/ Source: Ministry of Plan.

2/ Total industrial employment is now estimated at 5,400.

difficulties. This malaise can be partly explained by natural conditions (input shortages, high transport costs, lack of middle management and skilled labor, limited market, etc.), but it is certainly worsened by competing unreported imports from Nigeria 1/ and, most important, by stringent price controls (para. 1.21). Despite its limitations, industry is growing and new investments have recently been made, including a dry-battery plant, a shoe factory and several bakeries. Most new projects include Nigerien capital, thus reflecting the growing interest of Niger's business community for industry. In the 1979-83 Plan, several large projects (including a sugar refinery, a cement plant and a flour mill) are listed for a total investment of CFAF 47 billion. Some of them are being postponed owing to recent resource constraints.

Artisans

1.06 The artisan subsector represents, according to Plan estimates, a population of 35,000 of which 10,000 operate in the towns. Their contribution to GDP has been estimated at CFAF 23.4 billion (5.2%) in 1979. Artistic artisans (weaving, leather, silver and gold jewelery) work mainly for the tourism market. The National Museum sponsors about 150 artistic artisans and sells their products in its gift shop (annual sales of CFAF 40 million a year). Centre des Metiers d'Art du Niger (CMAN), established under IDA's first Employment Creation Project currently employs 60 leather artisans in Niamey. It is also developing a workshop in Maradi and an artisan cooperative in Zinder. The proposed project would continue IDA's assistance to the leather subsector, a promising traditional activity with export potential.

1.07 Nothing has yet been done to assist production artisans (kitchen ustensils, tools and agricultural implements, pottery, food). In Niamey, several hundreds of these live and work as squatters in the "Boukoki" area where they process salvaged and stolen materials into cheap consumer goods and implements. Previous attempts to assist this group have revealed the sensitive nature of the problem and an initial survey would be carried out under the proposed project to determine how best to assist this group (para. 3.06(b)).

Construction

1.08 A survey of the construction industry recently carried out for IDA has highlighted the importance of the construction sector in the Nigerien economy: sales have increased 21% each year over the last three years, from CFAF 34 billion in 1977 to CFAF 73 billion in 1980; between 1977 and 1983, its share of GDP is expected to increase from 4.4% to 8.9%. In terms of production, value added and employment, the construction sector therefore appears three times as large as the modern manufacturing sector. Although the market share of Nigerien entreprises has tripled between 1978 and 1980, it

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1/ There is a difference of 20 to 30% between the official and parallel CFAF/Naira exchange rates.

remains less than 30% and, among them, two firms with sales above CFAF 1 billion account for the bulk of the Nigerien share, leaving only 6% of the total market (roughly CFAF 3 billion) to 30 indigenous firms with individual sales below CFAF 1 billion (para. 1.17). 1/

1.09 The development potential of the indigenous construction industry warrants assistance to the sector: (a) its improved efficiency would dramatically lower the cost of indispensable infrastructures; (b) its improved competitiveness would reduce the dependence on foreign firms; (c) employment could be generated at a cost substantially lower than that of manufacturing (US$4,000 for modern sector construction and US$1,000 for intermediate sector construction); and (d) Nigerien entrepreneurship could be developed more readily than in industry. The bottlenecks to the development of the indigenous construction industry include: (i) the inadequacy of bidding procedures which too often rely on negotiated contracts (marches de gre a gre) and are of a size inaccessible to smaller firms; (ii) the acute shortage of technical and managerial personnel and of skilled labor; (iii) the lack of machinery and equipment; and (iv) the inadequate financial structure and reporting systems of most firms. The indigenous construction component of the proposed project will attempt to alleviate some of these constraints through the revision of bidding procedures and the provision of technical assistance and training to indigenous construction firms within Office de Promotion de l'Entreprise Nigerienne (para. 3.07).

Services

1.10 In 1979, the services sector, which includes transport, commerce, hotels and non-government services, accounted for 18.5% of GDP. Their development has been rapid, owing to the needs of the growing uranium industry in northern Niger, the communication requirements related to Niger's landlocked position and the buoyant border trade with northern Nigeria.

1.11 Transport. Most of transport in Niger is done by road, and there are more than 12,000 utility vehicles in service. Many of these belong to organized transportation companies, the most important of which being Societe Nationale des Transports Nigeriens (SNTN), a joint venture between the Government and a private foreign investor. With a staff of 1,400 and more than 800 vehicles, this well-managed company plays an important role in Niger's transport industry. There are, nonetheless, about 1,000 "taxi-brousse" and 400 independent truck operators. This truck fleet requires servicing, and repair facilities are developing rapidly.

1.12 Trade. Apart from a small number of foreign trading companies and two Nigerien mixed enterprises--Office des Produits Vivriers du Niger (OPVN), which collects and markets cereals, and Societe Nationale de Commerce et de Production du Niger (COPRO-NIGER), which has a monopoly on the essential

1/ One of these two firms, Societe Nationale des Grands Trevaux du Niger (SNGTN) was liquidated in June 1981.

imports--most domestic trade is handled by indigenous traders. Some of them have acquired substantial capital which they are increasingly investing in construction and manufacturing ventures. A large part of their wealth originates in the extensive border trade with Nigeria, which has an ambivalent impact on the productive sectors of Niger. On one hand, shortages and bottlenecks in the markets of northern Nigeria have provided an outlet for some Nigerien commodities, mostly food and meat products as well as construction materials. These shortages, however, result in speculative commercial operations but would not be sufficient to maintain a reliable market for the steady output of industrial firms. On the other hand, there is an important inflow of manufactured goods into Niger which compete with locally produced merchandise and can be readily found in most market places. A 1978 survey of transport flows, although incomplete, confirms these findings. But it is not precise enough to help select which products could be locally manufactured without undue competition from unreported imports, which are twice as important as official trade. Only goods which are competitive locally and possibly on the Nigerian market have a chance to be manufactured profitably in Niger. To determine the list of products eligible for local manufacturing, a trade survey, based on market place samplings, businessmen interviews and border counts, would be carried out under the auspices of Office de Promotion de l´Entreprise Nigerienne (OPEN) in the proposed project (para. 3.06(b)).

## B. Government Policies and Instruments

### Development Policies

1.13 Niger´s Five Year Development Plan 1979-83 emphasize that country desire to reach self-sufficiency in food and to develop a base toward economic independence. The strategy followed by Niger to achieve these goals relies on the Government´s leadership in key sectors like mining, energy, training, health and communications. The State does not, however, plan to substitute for private sector action. Rather, it would like to coordinate and harmonize the contribution of all economic, social and cultural operators to achieve its objectives.

1.14 Mining and agriculture are the key instruments in this strategy; the first one because it generates the resources needed for development; the second because it is the key to self-sufficiency in food, an objective constantly emphasized since the Sahel drought of 1975. The Government is nevertheless anxious to develop the support sectors, as its long-term goal is to gradually create a sound and diversified industrial base which would maintain economic growth when uranium deposits have been fully exploited. This policy is characterized by the following objectives:

(1) to strengthen existing enterprises, by removing internal and external bottlenecks to their operations, by facilitating their rehabilitation and by giving priority to extension and modernization projects of existing firms;

(2) to increase the contribution of Nigerien nationals in the development of industries and to assist small and artisan enterprises through the provision of training and credit;

(3) to give priority to industries which process agricultural/livestock and mining products and to create an industrial base ensuring the country's economic independence in years to come;

(4) to pursue the promotion of import-substitution and export-oriented industries to improve the balance of trade and develop commerce with neighboring countries.

Policy Instruments

1.15 These objectives are ambitious, given the constraints faced by the Nigerien economy: high transport costs, insufficient infrastructure, high energy and construction costs, shortage of management talent and scarcity of skilled labor. To compensate for these constraints, it is therefore essential for the Government to use constructively all the policy instruments at its disposal. Among those, several influence the growth potential of the support sectors. First, the government has a substantial purchasing power through its operating and investment expenditures. Second, it has set up an incentive system, the purpose of which is to promote industrial investments. Thirdly, the Government has also intervened in the industrial sector through a number of state or mixed enterprises, thus substituting itself for insufficient private entrepreneurship. Fourthly, all investment projects are reviewed and approved by the Government's Conseil National de Developpement to ensure their compatibility with national development policies. Finally, through its Ministries of Education and Civil Service, the Government keeps very tight reins on the educational system, designing curriculum, selecting students and allocating graduates according to its development priorities. Unfortunately, the design and implementation of these various policy instruments are deficient and have sometimes resulted in perverse effects which undermine the goals they were supposed to pursue.

Public Expenditures

1.16 In 1979, the Government had CFAF 111 billion available for public expenditures, the equivalent of one fourth of Niger's GDP for the same year. Half of the Government's resources (CFAF 55.6 billion) were used for investment expenditures, of which 76% were spent directly by the State.

Table 2: PUBLIC INVESTMENTS BY BENEFICIARY SECTORS

| Beneficiary Sector | Investment CFAF billion | % | of which Financed on External Resources |
|---|---|---|---|
| Productive Sectors | 21.5 | 38.7 | 17.0 |
| of which | | | |
| - rural development | (6.9) | (12.4) | (5.8) |
| - energy | (8.4) | (15.1) | (7.6) |
| Social Infrastructure | 13.0 | 23.4 | 5.7 |
| of which | | | |
| - education | (6.7) | (12.1) | (2.7) |
| Economic Infrastructure | 12.5 | 22.4 | 8.6 |
| Administrative Infrastructure | 8.6 | 15.5 | 3.2 |
| Total Investments | 55.6 | 100.0 | 34.5 |

Source: Ministry of Plan, Indicative Program for the Development of Niger, March 1981.

The above table reflects Government's priorities. Most expenditures are nevertheless "translated" in civil works and construction activities: rural development projects need irrigation infrastructure; mining implies road, workers housing, earth moving equipment and plant construction; education programs require facilities; economic infrastructure is synonimous with utilities, power, roads and transport; finally, administrative infrastructure suggests construction of office buildings, whether ministries in Niamey or regional offices in other towns. Thus, public investment is, for a large part, the engine behind the construction boom of the last three years.

1.17 Better use could be made of this demand to maximize the development potential of the construction sector (para. 114). On one hand, a number of indigenous enterprises have recently emerged, which now account for roughly 30% of the construction sector turnover--against 10% four years ago. The construction sector has thus played a key role in the development of Nigerien entrepreneurship. On the other hand, existing regulations and practices are often an obstacle to local firms and discourage smaller contractors from access to public jobs. First, bidding prequalifications exclude the large majority of small enterprises from Government bids. Their only recourse is to subcontract these jobs at a substantial discount (50 to 70%) from their few colleagues whose enterprises qualify under Government regulations. Second, Government services usually prepare large bids which are not subdivided in lots small enough for SMEs. Third, the bidding documents are usually not precise enough for enterprises without their own quantity surveyors to respond correctly. Either their offer is underestimated and they are unable to complete the work, or it is overestimated and they are underbid by better staffed, larger companies. Fourth, there has been a tendency to by-pass bidding and use "marches de gre a gre" (negotiated contracts) in favor of a few established local and foreign firms. (Whereas in 1977, 60% of all Government orders were awarded through bidding, 20% through limited consultation, and only 20% privately, the figures for 1980 show that more than 90% were awarded privately. This trend might prevent promising indigenous firms from obtaining Government contracts. Similar bottlenecks exist for payments of Government contracts, especially those financed under Fonds National d'Investissement which require up to one year for actual payment. Finally, shortages of skilled labor and qualified middle managers are crucial to most entreprises: they cannot afford expatriate labor while all trained Nigeriens have an obligation to serve the Government for ten years. It is therefore not surprising to see many Government technicians work overtime for private clients.

1.18 To address this situation, the Government has recently established, under the Presidency, an interministerial group to review existing bidding and contracting procedures as well as payment mechanisms. Its findings and recommendations would be communicated to IDA for review and comments. In addition, the proposed project would support the establishment within OPEN, of a Technical Assistance Unit for indigenous contractors (para. 3.07).

## Incentive System

1.19 Investment Code. The second instrument available to the Government for supporting the diversification of Niger's economic base is the 1974 Investment Code. Under the Code, three regimes are granted: the common law regime, with very limited incentives, the convention regime, which applies to investments of CFAF 500 million and more, and the agreement regime for smaller enterprises serving the country's development objectives. Special provisions apply to private Nigerien enterprises (defined as enterprises with at least 80% Nigerien equity ownership). For them, benefits last longer and the minimum investment is reduced to CFAF 10 million. Authorized concessions include tax holidays, duty-free import of equipments and raw materials and trade protection (import ban or quotas). Export tax exemptions are sometimes granted, but the statistical tax--2.5% of all imports and exports--is never waived. The Investment Code shows the following weaknesses: (i) it does not provide for a gradual transition out of the Code: when benefits expire, the enterprise must suddenly pay all taxes and face open competition; (ii) benefits granted do not respond to a well-defined industrial development strategy and subsector priorities; (iii) there are no standard guidelines and methodology to determine which benefits a project deserves.

1.20 Review and Approval. All investment projects requesting Investment Code benefits must await Government review and approval by the Conseil National de Developpement (CND), a process often involving delays of 8 to 24 months. CND, the main governmental body responsible for carrying-out development policies, is composed of the Ministers responsible for the productive sectors (Mines and Industry, Commerce, Public Works, Rural Development) and chaired by the Minister of Plan. Before their submission to CND, projects are reviewed by the Ministry concerned--Mines and Industry for industrial investments. To qualify for CND approval, enterprises must: (i) give priority to the use of local materials, (ii) train Nigerien managers and supervisors, (iii) open their capital to local investors and (iv) obtain Government approval of prices prior to sales.

1.21 Price Control. Anxious to maintain reasonable consumer prices, the Government relies on a system of price controls ("homologation des prix") on both ex factory prices and trade margins. As a result of a slow price adjustment and registration process, entrepeneurs were not able to reflect cost increases in a timely fashion and many manufacturing enterprises ended up running at a loss. In addition, authorized prices were based on a cost plus formula providing little incentive to improve plant efficiency and responding poorly to changes in fixed production costs and overheads. The limitation of trade margins (which aimed at consumer protection) also had negative side effects as traders became reluctant to carry locally manufactured goods. In a recent effort to improve the condition of industry and introduce a realistic price policy, the Government has made an effort to expedite dossiers and respond quickly to price adjustment requests. Owing to these improvements, the price control system does no longer affect the viability of Niger's few manufacturing enterprises. Under the proposed project, IDA would nevertheless continue its policy dialogue with the Government to further streamline and standardize price regulation procedures (para 1.22 and 3.06).

1.22 Necessary Reforms. Despite recent efforts to expedite dossiers, the present incentive system may discourage dynamic management, ignore small and artisan enterprises and paralyze export-oriented manufacturing. It is therefore essential to revive the dormant Government Commission responsible for reviewing the structure of incentives. In its dialogue with the Ministry of Mines and Industry, IDA will emphasize the following points:

(a) in the long term, price controls might reduce the positive impact of Investment Code benefits and adversely affect existing enterprises. If, as officially stated, one of Government's objectives is to strengthen existing enterprises (para 1.14), price control mechanisms should be made more responsive to cost changes. A standard methodology should also be adopted to avoid differential treatment of various industries. Ultimately, the possibility of relying on competition rather than controls to maintain adequate prices should be explored.

(b) the Investment Code itself does not need to be changed, provided that: (i) administrative procedures be simplified, processing delays be reduced and controls be less stringent; (ii) import-duty exemptions be granted to artisan and individual enterprises, without a minimum investment being required, as this is the only incentive to which they can respond; (iii) extension and modernization investments, undertaken during the period of benefits eligibility, be exempted of import duties; (iv) the lack of transitory period be compensated by gradually phasing out various tax holidays and other benefits;

(c) export taxation should be abolished except for merchandise with limited value-added and world prices favorable enough to support it (minerals, leathers, etc.).

During negotiations, IDA obtained the assurance from the Government that it would revive the Investment Code commission. It would also offer short term advisory services to the Ministry of Mines and Industry (through OPEN for administrative convenience) to help revise price control and Investment Code procedures. Proposed changes in procedures would be discussed with IDA in the course of Project Supervision and a timetable for their implementation would then be agreed, such implementation to take place before June 1984 (para 3.06).

Public and Mixed Enterprises

1.23 The third instrument used by the Government to intervene in the economy has been the establishment of public and mixed enterprises which control a large segment of the Nigerien economy. The general principles of Government intervention in the mixed enterprises sector have been laid out in 1966: under this legislation, the Government may decide to create mixed enterprises in two cases: (i) when a given sector is important enough for the country to warrant state control; and (ii) when, in a priority sector, private entrepreneurs are reluctant or unable to intervene either because short-term prospects are not sufficiently attractive or because they fear competition. In such cases, the Government may choose to establish a mixed enterprise, either to compensate for the absence of private businesses, or to keep the prices of basic commodities under control. The Government has made extensive use of mixed and public enterprises; outside the mining and banking sectors 1/ there are currently 30 mixed and public entities. Ten operate in the commercial sector, eight are services companies, eleven are industrial firms and one is a construction company. Their total turnover has increased from CFAF 36 billion in FY 1978 to CFAF 50 billion in 1979-80. A list of Nigerien mixed and public enterprises is available in the project file.

1.24 Difficulties. Several mixed enterprises are plagued with operating difficulties. The most obvious of these is financial: despite CFAF 9 billion of Government subsidies over the three years FY77-80, the mixed enterprises sector as a whole shows a working capital need of roughly CFAF 8 billion. Initial undercapitalization may explain part of the problem, but management and organizational problems are also severe: the lack of qualified managers and technicians force the directors to overlook detailed operations. Management and accounting systems are still insufficient. The respective role of Management, Board, and Tutelle Ministries is not clearly specified. Furthermore, the objectives of mixed enterprises are not clearly spelled out, resulting in conflicting results. Office des Produits Vivriers du Niger (OPVN), for example, has partially achieved its objective of distributing basic food stuffs; however, it has done so at a loss each year, despite heavy Government

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1/ Most mines are exploited as joint ventures between the Government and foreign partners; the Banking sector will be described in para. 1.33.

subsidies. Finally, environmental constraints weight heavily on mixed enterprises, which are also subject to rigid price controls, raw material shortages and competition from unreported imports.

1.25 Government's efforts to improve management of mixed and public entreprises are currently assisted by an UNDP/ILO project which will enter a third phase in early 1982. Whereas the first two phases have focused on training managers, this third phase will continue efforts (i) to organize supervisory functions within Tutelle Ministries (Commerce and Mines/Industry), (ii) to provide direct managerial assistance to mixed entreprises, and (iii) to rationalize the legal framework under which mixed entreprises operate. In addition to this assistance, some mixed enterprises eligible for rehabilitation could receive loans or equity investments by BDRN under the proposed line of credit (para. 3.03), while a public sector strategy study would be carried out under a proposed Technical Assistance Project being prepared by IDA.

1.26 The fourth instrument that the Government may use to foster the development of productive sectors is its complete control over the educational and vocational training system in Niger. Several institutions provide training of interest to the Support Sectors described in Section A: Ecole Nationale d'Administration (ENA) is expected to train professionals for Government, and parastatal and private enterprises. It organizes business and accounting courses which are open to non-Government entities, provided they pay for tuition and scholarships. Centre de Formation et de Perfectionnement Professionnel provides 3-year vocational training (in mechanics, electricity, car repair, metal works, etc...) to sixty graduates. It also has short-term sessions (9 months) for masons, metal workers and wood workers. Centre de Formation des Agents Techniques des Travaux Publics trains 15 students per year in equipment maintenance (mechanical and electrical). Lycee Technique de Maradi and College d'Enseignement Technique (Issa Beri) offer vocational and clerical (typing, accounting, mecanography) training. Finally, a recently established boarding school (Centre Kahlamaro) trains specialized workers for construction- and industry-related jobs.

1.27 OPEN has been invited to collaborate closely with these vocational training institutions to help solve the skilled labor bottleneck faced by its clients. After it has identified their training needs, OPEN would sponsor curriculum development with these institutions and finance tuition and scholarship of attendees from its clients. Funds have been earmarked in the proposed project for that purpose (para. 3.06(c)).

## C. The Financial Sector

### Monetary Union

1.28 As a member of the West African Monetary Union (UMOA), Niger shares a common currency (CFA franc) and Central Bank--Banque Centrale des Etats de l'Afrique de l'Ouest--with five other Western African countries. 1/ Although

1/ Benin, Ivory Coast, Senegal, Togo and Upper Volta.

each country has its own national credit committee which forms the link between BCEAO's National Branch and national political authorities, the overall credit and monetary policies are designed by BCEAO's Board of Directors. Since the reform of 1975, BCEAO has aimed at (i) reducing the banks' overwhelming dependence on the Central Bank for liquidity; (ii) tightening control over their lending activities; (iii) directing funds towards productive sectors.

## Policy Instrument

1.29 To carry out its policy, BCEAO uses the following instruments. First, each country is given an annual indicative target for credit expansion and an absolute ceiling for Central Bank refinancing. Within those limits, banks are expected to mop-up liquidities on the union-wide interbank call money market before gaining access to Central Bank rediscounts of up to ten years - which are no longer automatically granted. To control credit expansion, all bank loan applications above CFAF 30 million require Central Bank prior approval, whether the credit will be later rediscounted or not. Finally, BCEAO has decided to apply a sectoral policy in favor of "priority" productive sectors, which has yet to be implemented in the case of Niger.

## Credit Distribution

1.30 As of September 1979, registered loans (excluding foreign borrowings) represented 95% of total credit outstanding in the economy (CFAF 59.6 billion) as follows:

Table 3: CREDIT STRUCTURE (September 1979)

| Loans | Short Term | | Medium Term | | Long Term | | Total | |
|---|---|---|---|---|---|---|---|---|
| | CFAF Bil. | % | CFAF Bil. | % | CFAF Bil. | % | CFAF Bil. | % |
| Agriculture | 2.2 | 5.5 | 1.0 | 6.3 | - | | 3.2 | 5.7 |
| Mining | 3.0 | 7.5 | 7.6 | 48.1 | - | | 10.6 | 18.8 |
| Industry | 5.6 | 14.0 | 1.2 | 7.6 | - | | 6.8 | 12.0 |
| Construction | 4.6 | 11.5 | 2.2 | 13.9 | 0.1 | 12.5 | 6.9 | 12.2 |
| Transport | 2.7 | 6.8 | 1.2 | 7.6 | 0.5 | 62.5 | 4.4 | 7.8 |
| Commerce | 18.1 | 45.4 | 0.9 | 5.7 | - | | 19.0 | 33.6 |
| Services | 0.9 | 2.3 | 0.3 | 1.9 | - | | 1.2 | 2.1 |
| Others | 2.8 | 7.0 | 1.4 | 8.9 | 0.2 | 25.0 | 4.4 | 7.8 |
| Total | 39.9 | 100.0 | 15.8 | 100.0 | 0.8 | 100.0 | 56.5 | 100.0 |

Commerce and services accounted for 48% of short-term credit; mining represented 48% of term credit, while industry was using 14% of short-term credit but received only 8% of all medium-term loans. At the same time, Central Bank refinancing amounted only to 21% of total loans, thus confirming that most bank loans are financed by local deposits, mostly public.

## Interest Rates

1.31 Interest rates in the Union are controlled by BCEAO. A preferential interest rate applies on loans to Government, small-scale enterprises, 1/ short-term crop financing, and private housing. All other loans are charged a "normal" rate. On April 14, 1980, the interest rate structure was adjusted upwards by 2.5 points to reflect international market conditions, and the following rates are now in effect:

Table 4: INTEREST RATES

| Type of Borrower | Discount Rate | Allowable Spread | Allowable Final Rate |
|---|---|---|---|
| | | % | |
| Preferential | | | |
| Agriculture | 8.0 | 1.0 to 2.0 | 9.0 to 10.0 |
| SSE | 8.0 | 1.0 to 3.0 | 9.0 to 11.0 |
| Housing | 8.0 | 1.0 to 3.0 | 9.0 to 11.0 |
| Normal | 10.5 | 0.0 to 5.0 | 10.5 to 15.5 |

Final rates of interest apply whether the credit has been rediscounted at the BCEAO or is financed from other sources. While preferential rates may stimulate SSE demand for funds, as intended, they at the same time restrain the supply of funds available for this purpose by discouraging financial intermediaries: a spread of one to three points is not adequate to motivate the banks which face increased risks and administrative costs when lending to SSE. This problem will be brought up again in region-wide discussions with BCEAO.

1.32 Inflation. The actual rate of inflation in Niger is difficult to seize, given Government's efforts to maintain prices of necessities at a low level. On average, consumer prices have gone up 13.1% p.a. over the period 1975-79. Production costs (energy, construction, salaries and materials) have, however, increased much faster, and the actual trend for these items has probably been about 15% p.a. over the period. Inflation, as measured by the

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1/ Small-scale enterprises are defined by BCEAO to be locally-owned enterprises with credit outstanding of CFAF 30 million or less.

implicit GDP deflator has been about 12% over the past three years. Future price trends are dependent on agricultural output, but they are expected to remain at that level over the next three years as the uranium-generated boom slows down. Existing interest rates are therefore likely to stay marginally positive.

The Banking System

1.33 Eight institutions comprise the Nigerien banking system. The Caisse de Prets aux Collectivites Territoriales (CPCT) finances regional infrastructure projects. Societe Nigerienne de Credit Automobile (SONICA) offers car loans. Caisse Nationale de Credit Agricole (CNCA) serves the agricultural sector exclusively. Credit du Niger provides housing and consumer loans. Niger has four commercial banks: the Banque Internationale pour le Niger (BIPN) is the oldest commercial bank operating in Niger. Banque Arabe Libyenne Nigerienne pour le Commerce Exterieur et le Developpement (BALINEX) plays a marginal role. Banque Internationale pour le Commerce et l'Industrie du Niger (BICINI) recently opened, while CITIBANK maintains an office exclusively for international banking. Banque de Developpement de la Republique du Niger (BDRN) is a multipurpose bank which provides both commercial services and development loans. As of 1980, BDRN provided 56% of all credits in the economy and 65% of term loans and equity participations. BDRN is therefore the key financial intermediary for the development of Niger's economy.

## II. Institutions

2.01 In carrying out its policies towards the construction, industry and services sectors, the Government relies on several key institutions, the most significant of which are Banque de Developpement de la Republique du Niger (BDRN), Office de Promotion de l'Entreprise Nigerienne (OPEN) and Centre des Metiers d'Art du Niger (CMAN). These institutions would be primary intermediaries for this project. They are described below.

### A. Banque de Developpement de la Republique du Niger

BDRN - The Institution

2.02 BDRN was created in 1961 by the Government of Niger with the assistance of Societe Tunisienne de Banque (STB), which is still providing seconded staff. BDRN has, since inception, been both a commercial and a development bank. Ten branch offices are presently in operation and three additional branches will be opened through 1984. No other financial institution in Niger has such a widespread regional coverage.

2.03 Ownership. BDRN's initial share capital of CFAF 450 million has recently been increased to CFAF 2.5 billion. The distribution of shares, as described in Table 5 below, has changed little since 1962. Government and parastatal entities control the majority of BDRN's shares.

Table 5: BDRN OWNERSHIP

| Shareholders | Amount (CFAF million) | % |
|---|---|---|
| Government | 925.8 | 37.03 |
| Nigerien Public & Parastatal Organizations | 549.2 | 21.97 |
| Subtotal | 1,475.0 | 59.00 |
| Nigerien Private Investors | 104.3 | 4.17 |
| BCEAO | 307.5 | 12.30 |
| Foreign Shareholders 1/ | 613.2 | 24.53 |
| Total | 2,500.0 | 100.00 |

1/ CCCE (8.2% of capital), DEG (5.7%), STB (5.3%), Credit Lyonnais (2.6%), BFCE (1%), COFIFA (0.5%), Foreign private shareholders (1.2%).

2.04 Board of Directors. BDRN's Board of Directors consists of twelve members. The Minister of Finance is the Chairman of the Board. Five other seats are reserved for Government representatives and BCEAO, one is reserved for Nigerien private shareholders and the remainder allocated to foreign interests. Since July 1976, the Board has delegated all powers to authorize credits to a Credit Committee composed of the Board Chairman, two government representatives, the National Manager of BCEAO and BDRN's General Manager. The General Manager has the authority to approve short-term credits below CFAF 100 million and medium-term credits below CFAF 15 million. The Credit Committee must approve all loans above these ceilings and all loans with maturities beyond 10 years.

2.05 Organization and Management. The present manager, a former official in the Ministry of Finance and the Office of the President, was appointed in early 1976. Although lacking prior banking experience, he has shown an impressive grasp of BDRN's problems and is acting effectively to resolve them. In July 1976, the organization was restructured into six new Departments: Commitments (responsible for overall exposure control); Development; Administration and Personnel; International Relations; Finance and Accounting; and Operations. Many improvements have been made over the last three years and BDRN's organization has been recently strengthened. A new Department, "Organisation et Methodes" has been established and a two-year plan adopted in 1980 to review and improve the organization chart, job descriptions, banking procedures and delegation of authority.

2.06 Staffing and Training. Out of a total staff of 555, only 75 may be considered professionals (of which 25 are managers). BDRN therefore still uses 5 expatriates in the areas of accounting, inspection, data processing and project evaluation. Two of these were financed under the first IDA credit and their term will be extended. In addition, BDRN is recruiting an expatriate engineer to be financed under a 2nd AfDB line of credit. BDRN is also trying to improve its own staff through in-house and foreign training programs. Staff training is however still arranged in a case-by-case basis with a special emphasis on programs designed for professional staff. Thus, BDRN has successfully upgraded the appraisal and credit management capabilities of its senior officers. Meanwhile, the progress made at lower levels (clerks, accountants and tellers) has been insufficient. A comprehensive training program designed for support staff and middle management has become an urgent necessity and IDA has recommended the establishment of an in-house training unit, the establishment of which would be assisted in the proposed project (para. 3.04).

2.07 Accounting System and Data Processing. BDRN's accounting system, although generally adequate, is overburdened as its data processing capability has not been able to cope with the growth in operation. BDRN's Data Processing Department is therefore considering a new system which would reduce processing delays and generate adequate management information. Despite the good caliber of its computer specialists BDRN needs some assistance to review alternative proposals prepared by consulting firms. The proposed project would finance the services of a high-caliber systems engineer to review such proposals (para. 3.04). BDRN's accounts are audited annually by an independent firm acceptable to IDA.

2.08 Policies and Guidelines. BDRN's most recent policy statement limits equity investments in a company to 25% of the company's share capital or 15% of BDRN's net worth, whichever is smaller. 1/ BDRN's total equity portfolio is limited, by statute, to 100% of its available equity after allowing for fixed assets. These limits are satisfactory. BDRN's financial exposure in favor of a single firm is limited to 25% of net worth and its commitment to an individual project to 70% of total project cost, with an exception allowed for SME. Regarding the exchange risk, BDRN has assumed this risk on only one occasion, a 1967 KfW loan of DM 2 million. IDA would nevertheless ask that BDRN protects itself against exchange risk on its future borrowings. Finally, BDRN's interest rate structure ranges from 9% to 15.5%, in line with BCEAO regulations (para. 1.31).

## BDRN - Its Operations

2.09 Commercial Banking. Commercial operations still represent 70% of BDRN's business and its primary source of profits. BDRN executes all commercial transactions, including agricultural trade credits, documentary credits,

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1/ These limits do not apply to equity investments for which BDRN has received special, earmarked resources.

overdrafts, and international transactions. Through its commercial business, BDRN has developed a large commercial clientele which has proved its most important asset in building its development financing and promotion activities. BDRN's commercial operations are expected to continue to support and complement its development activities.

2.10 Development Department. The Development Department is responsible for all medium- and long-term financing activity for public and private sectors, all economic research, project studies and statistical analysis, and for the management of BDRN's equity portfolio. To supervise a portfolio of more than CFAF 12 billion, this Department presently has a staff of 6 professionals, including two IDA-financed foreign advisors. For the last two years, these advisors have helped improve the department's work and an ADB financed engineer is expected to be recruited shortly. The Department has been remarkably active in project promotion; most projects approved in recent years were promoted and packaged by BDRN for the Government and local investors. BDRN provided the major share of financing for these projects through combined credits and equity investments. With the creation of OPEN in 1978, BDRN now has a technical assistance partner to assist the projects it finances. It can, therefore, more readily focus on the credit aspect of projects. Finally, the Development Department carries out appraisals for term credits and equity investments. The quality of these studies is satisfactory but portfolio supervision should be strengthened to deal with a number of rehabilitation efforts currently underway with BDRN's active participation.

2.11 Development Resources. BDRN's major resources for its development banking operations are equity, term deposits, a fixed small percentage of sight deposits and BCEAO rediscounts. In addition, BDRN is increasingly relying on foreign lines of credits from bilateral (CCCE, KfW, USAID) and multilateral sources (IDA, AfDB, BOAD).

2.12 Development Portfolio. A summary and analysis of BDRN's outstanding development portfolio is presented below. BDRN provides term financing for all economic activities except personal automobile purchases and housing. Its portfolio, which includes medium-term loans (2 to 10 years), long-term loans (more than 10 years), and equity investments has almost doubled between 1978 and 1980, rising from CFAF 6.7 billion to CFAF 12.2 billion; development operations now accounts for 29% of its total loan portfolio (compared to 23% in 1978).

Table 6: SECTORAL DISTRIBUTION OF BDRN'S DEVELOPMENT PORTFOLIO
(as of September 30, 1980)

| Sector | Term Loans | | Equity Participation | |
|---|---|---|---|---|
| | CFAF Million | % | CFAF Million | % |
| Mines and Energy | 4,990 | 41.2 | 214 | 21.0 |
| Construction | 2,036 | 16.8 | 30 | 3.0 |
| Transport | 2,054 | 17.0 | 30 | 3.0 |
| Building Material | 209 | 1.7 | 87 | 8.8 |
| Textile and Leather | 574 | 4.7 | 37 | 3.7 |
| Metal and Woodwork | 165 | 1.4 | 150 | 15.2 |
| Agro Industries | 328 | 2.7 | 85 | 8.6 |
| Tourism | 995 | 8.2 | 166 | 16.5 |
| Other 1/ | 764 | 6.3 | 188 | 19.1 |
| Total | 12,115 | 100.0 | 987 | 100.0 |

1/ Mainly trade and services.

Mining and energy have been the main beneficiaries of BDRN's interventions, which reflect the importance of these sectors in the economy. Term financing of construction firms is proportionately less important as these companies usually rely on short-term advances on contracts. With 17%, transport is the second largest beneficiary and SNTN, the Government-owned trucking company, accounts for almost all credits. Industry uses only 10.5% of all term loans, but BDRN's promotion efforts is nevertheless reflected in the larger percentage of industry in its equity portfolio (36%).

2.13 State Operations. In addition to its regular commercial and development banking operations, BDRN has financed several projects on behalf of the Nigerien Government. As of September 30, 1980, these commitments amounted to CFAF 20.2 billion, of which half were disbursed (Annex 2). BDRN intervenes for the state in three ways. First, it may prefinance a Government project to be funded in the next budget. In this case, the advance is repaid as soon as the next budget is effective. Second, BDRN may grant medium-term loans to the Government to finance development projects. For such loans, debt service obligations are paid annually from budgetary allocations. Finally, BDRN may borrow on the international market on behalf, and with the guarantee of, the Niger Republic. Since 1977, the volume of outstanding state operations has increased by 60%. BDRN's board of directors has therefore invited management to discuss ways to limit this growth with the Government. BDRN's relationship with the Government is highly profitable: in addition to the spread earned on outstanding loans, undisbursed balances and state deposits (CFAF 24.6 billion) improve BDRN's liquidity and Government suppliers are often required to bank with BDRN. Although the ultimate risk on state credits is borne by the Government, the amounts involved require adoption of adequate guidelines. Several provisions are under consideration, and have been confirmed at negotiations, whereby (i) the level of public deposits with BDRN would remain greater than the volume of direct loans to the State, (ii) any debt-service obligation on international borrowings done on account of the State would be immediately processed by the treasury, (iii) the level of international borrowings contracted by BDRN on behalf of the State would be maintained at levels compatible with Government's ability to service such borrowings.

2.14 Portfolio quality and arrears. As of September 30, 1980, BDRN's arrears amounted to CFAF 2.8 billion (5% of total portfolio). Among these arrears, only CFAF 1.9 billions (3% of total portfolio) were actually doubtful. Thanks to its profitability, BDRN has always been able to provision its portfolio adequately; as of September 1980, provision stood at CFAF 5.9 billion (10% of total portfolio).

2.15 Financial Position. As seen in the financial statements (Annex 3), BDRN's total assets have once again doubled in the 1977-1980 period from CFAF 32.2 billion in 1977 to 58.6 billion in 1980. In volume, most of this growth represents expanded commercial operations, but the development and state portfolios have increased at a faster pace. Total net worth has also doubled over the same period, from CFAF 3.2 billion in 1977 to CFAF 7.3 billion in 1980. BDRN's ratio of long-term to equity of 2.4:1 as of September 30, 1980 meets IDA's requirement that BDRN's term indebtedness be limited to four times its unimpaired capital and reserves; its ratio of total debt to equity of 6.6:1 is well below the 12:1 ratio required by BCEAO. Despite increasing administrative expenses and sizable provisions, BDRN's profits before taxes have continued to increase rapidly, from CFAF 724 million (16.5% of net worth) in 1977 to CFAF 2.0 billion (25.8% of net worth) in 1980.

Prospects

2.16 BDRN is one of the strongest development institutions in the Region. It is highly profitable and has a sound financial base. In the coming years, it will, nevertheless have to adjust to a changing and less favorable environment characterized by:

(a) declining uranium revenues and increasing national debt service obligations;

(b) reduced Government revenues leading to substantial withdrawals of public deposits with BDRN; and

(c) keener competition from newly established commercial banks.

BDRN's management is fully aware of these changing circumstances. It has adopted a coherent medium-term strategy which aims at reinforcing BDRN's development operations. Simultaneously, BDRN plans to reduce its dependence on public deposits by relying increasingly on foreign lines of credit to finance its term operations. The proposed Credit would support this objective. Finally, BDRN would also upgrade its administrative capabilities (premises, staff, procedures, data processing) and further strengthen its Development Department with IDA's assistance (para 2.07 and 2.10).

2.17 Projections. The financial projections in Annex 4 take into account this changing environment and BDRN's strategy. They assume an annual increase of 15% of commercial operations compared to an average increase of 25% during the last three years. Despite the growth of term loans to the private sector, the development portfolio will roughly show the same global figure owing to substantial repayment on previous loans for civil works and mines. On the liabilities side, the most significant assumption is the projected decrease in treasury deposits to the level of State credits. Under these conditions and despite the proposed IDA line of credit of US$12 million, BDRN would show a financing gap increasing to 7 billion (US$26 million) in 1985, to be easily covered by Central Bank rediscounts, borrowings on the Union's money market and additional foreign borrowings.

## B. Office de Promotion de l'Entreprise Nigerienne (OPEN)

### OPEN - The Institution

2.18 Background. OPEN was incorporated in November 1978, to provide technical assistance to Nigerien small enterprises. To help generate employment and exploit the country's natural resources, OPEN was to:

(i) promote new enterprises and investments through project identification, entrepreneur development and project packaging;

(ii) provide technical assistance to both new and on-going enterprises;

(iii) study and prepare projects for bank financing;

(iv) provide or sponsor training in management, basic business skills and technical expertise.

In addition, OPEN was to be responsible for administering a guarantee and participation fund and eventually a program of common services to small enterprises. Most of the technical and financial assistance required to launch OPEN has been provided by a UNDP/UNIDO project of US$1.5 million (including five expatriate advisors). In addition, IDA's contribution of US$0.5 million has financed one senior advisor and some installation and operating costs. Finally, OPEN operates with a Government subsidy of CFAF 50 million per annum.

2.19 Organization. OPEN is managed by a General Manager responsible to a 14 member board comprising representatives of various ministries and professional organizations, and chaired by the Minister of Mines and Industry. There are four departments: (1) studies, promotion and implementation; (2) extension service; (3) information and documentation; and (4) training. The responsibilities of the various departments are outlined in an organization manual issued in May 1980. Given the small size of the institution, the existing structure is adequate. Finally, OPEN maintains proper accounts. Its balance sheet and income statement are shown at Annex 5.

2.20 Staffing. As of September 30, 1980, OPEN had 26 Nigerien employees, including 8 professionals. Staff turnover is high among professionals and their overall number is clearly insufficient for OPEN to carry out its activities. OPEN's staff shortage is somewhat alleviated by the technical assistance personnel mentioned above. OPEN staff needs to be strengthened both in number and in quality and the Government would agree to second three additional professionals to OPEN before December 1983.

OPEN - Operations

2.21 Achievements. In less than two years of operations, OPEN can be credited with a number of positive achievements. Following an information campaign throughout Niger in 1979, OPEN received more than 250 requests for assistance. During the same period, the Studies and Promotion Department prepared 20 project dossiers, which, if implemented, would result in 419 jobs and investments of CFAF 3 billion; of these, four projects have already been financed. The extension service has assisted 107 small firms, mostly in the fields of mechanics, metal and woodworking. It has also issued several brochures such as baker's and mechanic's guides. Finally, several training sessions have taken place for bookkeepers and bakers, while seminars on bank credit have been conducted throughout the country in national languages.

2.22 Issues. OPEN's management has demonstrated a strong commitment to the Institution which is still at an early stage of development. Among outstanding issues, the following need particular attention:

(a) the guarantee and participation funds are still not incorporated although they have informally given pro-forma guarantees and equity contributions. As these funds could contribute to OPEN's promotional role, final agreement on their statutes would be obtained before June 30, 1983;

(b) OPEN's project pipeline shows a definite bias in favor of larger industrial projects with cost per job ranging up to US$63,000. Most projects have difficulties in completing their financing plan;

(c) OPEN's extension service is thinly spread (three nigeriens, two NGO volunteers and one UNIDO engineer) and follow-up is difficult. Entrepreneurs seem somewhat disappointed as their expectations have been raised by the initial information campaign; and

(d) OPEN's training activities have only recently begun and it is too early to assess their effectiveness. Our first impression is, however, that OPEN has not developed a coherent training strategy based on a thorough assessment of training needs and a complete review of training possibilities. Rather, OPEN's courses have been decided on an ad-hoc basis.

OPEN - Prospects

2.23 The establishment of OPEN fills a gap in the Nigerien business environment; the institution has demonstrated a real commitment to its objective of promoting Nigerien enterprises. To overcome its initial weaknesses, OPEN needs to (a) develop a well thought-out strategy and (b) improve its administration and staffing. In terms of OPEN's overall strategy, there is a clear need to take into account:

(i) the overall business environment including the overwhelming presence of the Nigerian market--a key factor in determining which industrial branche are worth promoting;

(ii) a subsectoral approach, resulting from (i) above, rather than ad-hoc project-by-project promotional policy, which has resulted in a pipeline of sometimes questionable projects; subsectors likely to be developed include garages, indigenous construction firms, metal and wood works; and

(iii) the need for OPEN to act as a coordinator and not necessarily as a "doer". Rather than being overstaffed and over-equipped and trying to perform all assistance functions itself, OPEN should refer its clients to the right source of specialized expertise (engineering, training and financing).

In terms of administration and staffing, OPEN is suffering from inadequate quarters (crowded offices, no training facilities) and is considering the construction of new facilities on a site in Niamey's industrial zone. Its premises would be built by small contractors supervised by OPEN's construction assistance unit to be established under the project (para. 3.07). OPEN's staff is still very weak and its training is poorly organized: professionals are often away on seminars and "voyages d'etudes" which are sometimes of questionable benefit. In relation to its proposed project, IDA would therefore invite OPEN to develop an efficient staff training program compatible with operational constraints and requirements.

## C. Centre des Metiers d'Art du Niger

CMAN - Background

2.24 In 1967, the Artisan Workshop of the National Museum in Niamey was established as a permanent, living exhibition of Nigerien crafts. The more than 160 craftsmen affiliated with the museum have been, since 1977, organized as a self-governing cooperative, which sells its products through the museum's boutique. One hundred of them work on the Museum grounds and the others in Maradi, Zinder and Agadez. Through its Artisan Workshop, the museum sought to promote quality craftsmanship and artisan employment while preserving traditional techniques. The lack of adequate facilities and the poor quality of raw materials nevertheless inhibited productivity and diminished the value of the artisans work. The leather artisan subsector was identified as the most promising segment of the traditional sector by IDA, during appraisal of the first employment creation project. Centre des Metiers d'Art du Niger was therefore established under the first IDA project to improve product design and production techniques and develop exports of leather artisan products.

CMAN - Its Operations

2.25 Opened officially in February 1980, CMAN, which now employs roughly 80 people, operates a workshop in Niamey and a boutique 1/ which sells about CFAF 10 millions worth of leather craft each month. In November 1980, regional operations started in Maradi, in a facility transferred from the existing SONITAN tannery. At the same time, a new cooperative was established in Zinder. In its two regional outfits, CMAN provides raw materials and technical assistance in production. It also markets artisan products through the Niamey boutique. CMAN has faced serious start up difficulties: it has not yet reached its employment targets nor its objectives, i.e. commercial exports and financial self-sufficiency. There have also been serious operational problems such as management weaknesses, inadequate reporting and lack of statutes.

CMAN - Prospects

2.26 Satisfactory solutions are being implemented, including an audit of CMAN's accounts, appointment of a new technical assistance team, design of a commercial accounting system and establishment of an interim management committee. Export sales have recently begun and production standard have greatly improved. Disbursement of this project's CMAN component would nevertheless be subject to the satisfactory implementation of the corrective actions required by IDA including adoption of a satisfactory legal status. CMAN has also been required to prepare a three-year action plan and budget (1982-85), insisting on its "raison d'etre" which is to strengthen a traditional subsector rather than to develop its in-house production capacity. The proposed project would therefore focus on training, support services (raw materials and marketing) and assistance to independent artisans, now that CMAN's core workshops are in operation (para 3.09 and 3.10).

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1/ A second boutique is being established in the newly opened Hotel Gaweye.

# III. The Project

## A. Origin and Objective

3.01 Past Operations. IDA's "industrial and artisan sector employment creation project" of US$5 million was approved in May 1978 and became effective in February 1979. Its primary purpose was to promote employment creation in Niger's industrial and artisan sector while strengthening institutions through the provision of technical and financial assistance. The project is well underway and, as of September 17, 1981, disbursements had reached 74% of the credit. As a whole, the project's institution building impact has been positive on BDRN and OPEN while employment creation has been less successful than anticipated, although it is too early to measure the full impact of the project especially vis-a-vis the leather artisan population. Moreover, by focussing exclusively on the manufacturing sector, the first project might have overlooked the employment potential of other non-agricultural sectors which play an important role in the Nigerien economy.

3.02 Objectives of the second project. Whereas the Nigerien economy is essentially based on agriculture and mines, the manufacturing, construction and service sectors play an increasing role. The second IDF project would support the Government's effort to diversify the economy and increase the contribution of these sectors. To this end, the project would specifically:

(a) enable BDRN to continue its term financing operations, including lending to SME and strengthening of existing enterprises;

(b) ease SME access to investment resources and technical assistance;

(c) upgrade artisans' products through a stable institution in the promising leather subsector; and

(d) strengthen indigenous construction firms through the provisions of technical assistance.

The proposed project is a follow-up operation. Its only innovation regards the proposed assistance to indigenous construction firms. The project would be supported by a Credit of US$16 million.

## B. Project Description

### Line of Credit to BDRN

3.03 US$12 million would be on-lent to BDRN by the Government of Niger to provide medium-, long-term or equity financing for new and existing productive entreprises, with the following conditions:

(a) Beneficiaries: subloans (and equity investments) would be made for fixed investment and permanent working capital to economically and financially viable subprojects in support sectors including SME, industrial rehabilitation, agro-processing, manufacturing, repair facilities, etc... US$2.5 million would be earmarked as a minimum share for small scale enterprises (fixed assets of CFAF 50 million or less) and labor-intensive projects (cost per job of CFAF 4.5 million or less). For these, BDRN would be authorized to finance up to 90% of subproject costs, including some local costs (para. 3.13). For other projects, BDRN would finance up to 70% of subproject costs, which represent the estimated direct and indirect foreign exchange costs for such projects.

(b) On-lending terms, Government to BDRN: The line of credit would be on-lent for 18 years including 3 years of grace with a fixed amortization schedule (for administrative convenience and additional sector support). The on-lending would be a Central Bank conditions prevailing at the time of negotiations, i.e. 10.5% for most loans, including a foreign exchange fee of 0.5% (para. 1.31). The portion of the line of credit earmarked for SSE and labor-intensive subloans would be passed on to BDRN at BCEAO's preferential rate of 8% including a foreign exchange fee of 0.5%. IDA's standard commitment fee of 1/2 of 1% would also apply to BDRN.

(c) Terms and conditions, final borrowers: The terms of BDRN's subloans would range from three to 15 years with an average of nine years for larger projects and six years for smaller projects. The grace period would range from one to three years. While complying with BCEAO's interest rate structure (which imposes final rates of 9-11% for SSE and 10.5-15.5% for other borrowers), BDRN would agree to charge a minimum of 3 percentage points above the relevant discount rate, that is not less than 11% and 13.5%, including a foreign exchange fee of 0.5%. Subborrowers would also be charged a commitment fee of 0.50%. The individual free limit would be set at US$200,000 and the aggregate free limit at US$4.0 million. Subproject appraisals would emphasize economic justification including capital-labor balance, technology choices, value added and foreign exchange savings or gains. BDRN would calculate an economic rate of return--to be above 10% unless IDA otherwise agrees--for all subprojects above the free limit. For subprojects below the free limit, it would calculate the ERR for the first subproject in each branch (i.e., woodworking, garages, icemaking, etc....) and thereafter only when there is significant change in the conditions affecting this particular branch.

Technical Assistance to BDRN

3.04 US$0.8 million would be passed on to BDRN as a grant to finance:

(a) four man-years of advisors to the Development Department to consolidate earlier progress and complete training of the newly appointed development manager and his staff.

(b) the organization and equipment of the Bank's in-house training unit, including three man-years of a training and staff development specialist, twelve man-months of short-term consultants, and procurement of teaching material and equipment. BDRN would submit tentative terms of reference for the Staff Development Specialist and the proposed training unit for IDA's prior review.

(c) twelve man-months of a financial systems specialist to advise BDRN on new procedures and computerized data processing. The advisor would help BDRN's in-house staff review proposals received from software firms and monitor the introduction of a new data processing system.

Support to OPEN

3.05 US$1.88 million would be passed on to OPEN as a grant to address some operating constraints, help establish a Technical Assistance Unit for indigenous contractors and contribute to the construction of OPEN's premises.

3.06 General support. OPEN would receive US$600,000 to support its operations. Typical areas already identified for IDA support include:

(a) two man years of a senior advisor: He would assist OPEN's management in the critical areas of strategy, organization and assistance to artisans.

(b) Strategy Related Studies: to help OPEN establish a coherent industrial promotion strategy and influence the Government's own efforts, the project would finance several strategy-related studies, among which:

- a survey of Niger's reported and unreported imports, with a view to identify viable subsectors, import substitution opportunities and export-oriented investments. For that purpose, goods available on Nigerien market places and transport flows with neighboring countries would be surveyed. The study would also determine the level and nature of incentives required to promote the viable subsectors thus identified;

- a survey of Niger's artisan clusters in Niamey, Maradi, Zinder and Agadez, to determine their importance, the type of products manufactured, the production methods, the social and cultural organizational patterns, sources of raw materials and marketing channels. The study should help determine the type of products to be made and the form of assistance best suited to the informal sector (para. 1.07).

- short term advisory services to the Ministry of Mines and Industry (through OPEN for administrative convenience) to follow-up on the Investment Code Commission's work and help revise price control and Investment Code procedures (para. 1.22).

(c) Training Programs: Whereas OPEN's in-house training capabilities are still embryonic, a number of local training institutions would be willing to develop OPEN-sponsored training programs and accept OPEN-selected candidates for training in bookkeeping, metal working, woodworking, electricity, plumbing, etc. OPEN's cooperation with other local training institutions would be preferable to either the excessive development of its own training facilities or the present practice of sending skilled workers abroad. The project would finance the development of OPEN-sponsored seminars and courses and the tuition and subsistence course of OPEN-nominated attendants. OPEN would thus be able to sponsor training of students in local vocational schools such as lycee technique, Kalhamaro, CFPP and ENA moyenne (para. 1.27). Disbursements would be subject to IDA's approval of individual agreements reached by OPEN with training institutions on training programs to be jointly carried out.

(d) Budget Support. The project would provide limited funds (US$100,000) for the procurement of goods and services required to enhance OPEN's operational efficiency. The lists of equipment and goods to be purchased by OPEN would be approved by IDA during yearly reviews, when OPEN's provisional budget is submitted to its board. Spread over a three years period, IDA's budgetary support would represent an increment of 15% over OPEN's annual budgetary allocation of CFAF 55 million. All disbursements would be made against invoices.

3.07 Technical Assistance to Small Indigenous Contractors. Societe Nationale des Grands Travaux du Niger (SNGTN), a Government-owned construction firm, used to provide some assistance to small indigenous contractors (tacherons) under subcontracting arrangements. 1/ Its liquidation, effective June 16, 1981, has left these firms without support. The proposed project would help establish a specialized Technical Assistance Unit, within OPEN, to help small contractors upgrade their operations and gain access to markets (para. 1.18). This unit would work closely with SYNAPEMEIN, the professional organization representing the interests of national contractors. OPEN has entered into an agreement with a local construction specialist to design the organization and procedures of the proposed unit.

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1/ Contracts for a total value of up to 2 billion were subcontracted annually by SNGTN to small indigenous contractors. SNGTN also provided useful services such as supplies management, accounting, quantity surveying and equipment rental, etc.

(a) Organization. It would operate as a separate department within OPEN and comprize four sections: a marketing section to be informed of proposed jobs and assist enterprises in submitting bids; an extension service to prepare plans, quantity surveys and assist enterprises in carrying out their work; a training section and an equipment rental section for cranes, mixers, vibrating machines, framing, etc. In addition, the unit would initiate a supplies cooperative where members could purchase construction materials. The Unit's design and budget would be submitted to IDA for review and approval prior to disbursement on this component.

(b) Staffing. Initial staffing requirements includes: (i) an experienced technician to prepare estimates and quantity surveys, break down larger contracts, supervise construction sites and control quality; (ii) a specialized accountant to help contractors keep their books and manage construction sites; and (iii) three experienced skilled workers in the field of masonry, carpentry and wood working, electrical and air conditioning installation. Personnel would preferably be recruited locally if available. Otherwise, OPEN would monitor international recruitment.

(c) Financing. The project would support: (i) professional staffing needs during the start up period (3 years); (ii) basic furnishings and supplies and (iii) the stock of small equipment to be rented. 1/ For that purpose US$750,000 have been earmarked.

3.08 Construction of OPEN's Building. The project would finance the construction of OPEN's office building 2/ on a plot already purchased in the Industrial Zone of Niamey (para. 2.23). Drawings and estimates, which are being prepared by OPEN's consultant, would be reviewed and approved by IDA prior to disbursement on this component. A simple structure, the building would be constructed by small contractors under the supervision of the Unit's staff. Preliminary estimates indicate a cost of CFAF 180 million including contingencies (US$670,000) at substantial savings over current local standards. This assignment would give the Unit an early start and have a beneficial demonstration impact over both contractors and potential clients. IDA would finance 70% of the building's costs.

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3.09 Component Objectives. The proposed project would consolidate CMAN's experience, improve its production and marketing activities and strengthen its management. Consistent with the objectives discussed in para. 2.28, a total of US$1.2 million would be passed on to CMAN as a grant to finance:

(a) the establishment of separate training facilities;

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1/ The list of equipment is in the Project File.

2/ OPEN has to vacate its present premises at the end of 1982.

(b) the development of support services for all leather artisans, including those working independently;

(c) continued technical assistance over the period October 1982 to October 1984.

A three year action plan and budget including these inputs has been presented discussed at negotiations and its approval by IDA would be a condition of disbursement for this component.

3.10 Training Facilities. The IDA credit would finance the establishment of separate training facilities, their equipment and necessary supplies as well as a monthly scholarship for trainees, up to a total of US$240,000. The training center would be expected to train 120 artisans over a four year period. Detailed drawings and lists of equipment required are available in the project file.

3.11 Common Services. The credit would also finance: (a) the initial working capital needed by CMAN's in-house production department as well as by independent artisans (skins, hides and materials); (b) the establishment of CMAN's marketing department and its promotional actions; and (c) the establishment of a revolving fund to provide credit-in-kind loans for tools and raw materials to help trained artisans set up their own workshops.

3.12 Technical Assistance. The first project finances technical assistance until October 1982. US$660,000 will be allocated to cover the period October 1982-October 1984 (7 man-years). The team would include a senior advisor to CMAN's management, two leather technicians/trainers, and, at a later stage, short-term consultant services for commercial and marketing operations.

## C. Project Costs and Financing

3.13 Total project costs are estimated at US$21.3 million, including taxes of US$1.8 million (8%). Foreign exchange costs would be US$15.5 million (73% of total project costs). The proposed IDA credit of US$16 million would therefore represent 75% of total project costs. It would finance all foreign expenditures. Some local costs (US$0.5 million) related to technical assistance and SSE subprojects would also be financed out of credit proceeds. Project costs and the proposed financing plan are summarized in the following table (see p.30).

## D. Project Implementation

3.14 The project would be carried out by BDRN, OPEN and CMAN for their respective components. However, to ease project administration, BDRN would coordinate the overall project implementation and centralize withdrawal applications for submission to IDA, as it did under the first project.

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## INDUSTRIAL DEVELOPMENT PROJECT

## SUMMARY PROJECT COSTS AND FINANCING PLAN

| Project Costs | | | | | | Project Component | Financing Plan (US$ 000) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Local | Foreign | Total | Local | Foreign | Total | | IDA | BDRN | Entrepreneurs | Government | Total |
| (CFAF million) | | | (US$ '000) | | | | | | | | |
| | | | | | | 1. BDRN: line of credit | | | | | |
| 216 | 567 | 783 | 800 | 2,100 | 2,900 | a) small scale | 2,500 | - | 400 | - | 2,900 |
| 1,107 | 2,565 | 3,672 | 4,100 | 9,500 | 13,600 | b) other enterprises | 9,500 | - | 4,100 | - | 13,600 |
| 1,323 | 3,132 | 4,455 | 4,900 | 11,600 | 16,500 | Total Line of Credit | 12,000 | - | 4,500 | - | 16,500 |
| | | | | | | 3. BDRN: technical assistance | | | | | |
| 76 | 216 | 292 | 280 | 800 | 1,080 | Total Technical Assistance | 800 | 280 | - | - | 1,080 |
| | | | | | | 4. OPEN: | | | | | |
| 20 | 162 | 182 | 75 | 600 | 675 | a) general support | 600 | - | - | 75 | 675 |
| 24 | 203 | 227 | 90 | 750 | 840 | b) construction unit | 750 | - | - | 90 | 840 |
| 37 | 143 | 180 | 140 | 530 | 670 | c) building | 530 | - | - | 140 | 670 |
| 81 | 508 | 589 | 305 | 1,880 | 2,185 | Total OPEN | 1,880 | - | - | 305 | 2,185 |
| | | | | | | 4. CMAN | | | | | |
| 16 | 81 | 97 | 60 | 300 | 360 | a) common services | 300 | - | - | 60 | 360 |
| 49 | 65 | 114 | 180 | 240 | 420 | b) training | 240 | - | - | 180 | 420 |
| 36 | 142 | 178 | 135 | 525 | 660 | c) technical assistance | 660 | - | - | - | 660 |
| 101 | 288 | 389 | 375 | 1,065 | 1,440 | Total CMAN | 1,200 | - | - | 240 | 1,440 |
| - | 32 | 32 | - | 120 | 120 | Unallocated | 120 | - | - | - | 120 |
| 1,581 | 4,176 | 5,757 | 5,360 | 15,465 | 21,325 | Total Costs with Taxes | 16,000 | 280 | 4,500 | 525 | 21,305 |
| (493) | - | (493) | (1,827) | - | (1,827) | Taxes * | - | (42) | (1,650) | (135) | (1,827) |
| 1,088 | 4,176 | 5,264 | 4,033 | 15,465 | 19,498 | Total Cost Net of Taxes | 16,000 | 238 | 2,850 | 410 | 19,498 |

* Based on an average tax rate of 10% for investments and 15% on locally purchased goods and local T.A. expenditures

3.15 Monitoring. In addition to its audited statements, BDRN would submit standard semi-annual progress reports to IDA, including information on the financial and economic merits of approved subprojects and on the implementation of the staff development program. Each year, OPEN would submit its accounts, annual report and budget. In addition, it would prepare a semiannual progress report on project implementation. For the studies described in para. 3.06, OPEN would submit to IDA for approval the terms of reference, consultant resumes and proposals. Conclusions would be discussed with IDA and agreed recommendations would be implemented by the Government in consultation with IDA. The construction specialist's report on the Technical Assistance Unit for small contractors would be reviewed and approved by IDA prior to disbursements on that component. IDA would also approve the drawings and estimates for OPEN's office building prior to disbursement on that component. CMAN would submit its annual accounts audited by an independent auditor acceptable to IDA and quarterly progress reports on project implementation.

3.16 Consultants. The qualifications, experience and terms and conditions of employment for all advisors and short-term consultants financed under the project would be satisfactory to the Association. Provision has been made to finance 19 man-years of advisors and 34 man-months of short-term consultants estimated at an average foreign exchange cost of US$6,900 per man-month, plus local expenditures and subsistence of US$2,500 per man-month in the case of short-term consultants. Housing costs for residential technical assistance to CMAN will be covered by the project because of Government restrictions regarding these expenditures.

3.17 Procurement. BDRN would follow its usual procurement procedures for development loans. Its development department checks that several quotations are obtained, it verifies the value and quality of goods purchased and controls that prices are constantly compared with those offered by other suppliers to ensure that the lowest competitive price is obtained. For most projects BDRN disburses to the suppliers directly and in the case of civil works, on-site verification, often assisted by public work staff, proceeds disbursements. The purchase of equipment and goods under the OPEN and CMAN's components is not suitable for international competitive bidding, given the small size and the nature of most goods to be purchased. OPEN and CMAN are however expected to follow local procurement procedures acceptable to IDA, and to ensure that goods and services are suitable and reasonably priced.

3.18 Disbursement. Disbursement of the entire credit will be managed by BDRN. Disbursements would be fully documented and would be made on the following basis:

(a) subloans: 100% of foreign expenditures and 85% of local expenditures up to the amount of BDRN's subloan, as authorized by IDA;

(b) experts and training program in BDRN: 100% of foreign exchange costs;

(c) goods and services to OPEN and CMAN: 100% of total costs, net of taxes;

(d) OPEN's building: 70% of total costs; and

(e) training programs: 100% of total costs, net of taxes.

Annex 7 gives the estimated disbursement schedule.

## E. Benefits and Risks

3.19 The project is expected to generate the following benefits to Niger:

(a) the financing of viable investments would help broaden and diversify the country's economic base. Technical and financial assistance made available to small entrepreneurs would generate interest among traders for industrial and other productive investments. Specific rehabilitation of ailing public investments would help reduce inefficiencies, increase productivity and alleviate the burden on public finances. BDRN's appraisal capabilities and OPEN's promotional role would help select and monitor these investments.

(b) In these tasks, BDRN and OPEN would be assisted by the institution-building components of the project which continue the efforts initiated under the Employment Creation Project, and broaden their scope to deal with the entire institutions. This institutional rather than project orientation gives a greater impact to IDA's efforts, although it requires a more regular supervision effort.

(c) IDA's continued commitment to the Artisan Center despite start-up difficulties and mitigated performance is expected to yield positive results, as the Artisan Center upgrades the skills of artisans and provides them with stable employment as a result of the marketing, training and administrative services it delivers to them.

(d) Finally, the project's attempt to promote the indigenous construction industry through a technical assistance unit in OPEN would contribute to lowering the costs and improving the quality of construction, and would provide employment opportunities for many semi-skilled laborers, and develop viable indigenous enterprises in a sector where foreign enterprises are still dominant.

3.20 Macro-economic developments, such as another drought year or the reduction of the public investment program triggered by the drop in uranium prices might adversely affect the project by reducing the number of productive investments to be financed. Increasing foreign aid flows to Niger would however help maintain an adequate level of economic activity. In addition, public finance difficulties could affect BDRN, if it were not adequately protected in its dealings with the State (para. 2.13). Project-specific risks are mostly of a managerial nature, especially for CMAN and OPEN. For that reason, particular attention is to be paid to institutional strategy (OPEN), management capabilities (CMAN) and adequate monitoring. Being a follow-up operation, the project would benefit from the experience acquired and the rapport built up during the last project.

## IV. RECOMMENDATIONS

4.01 The report recommends an IDA credit of US$16 million to the Republic of Niger. The Government of Niger would pass on US$12 million of this amount to BDRN as a line of credit to finance productive investments. The remaining portion would be passed on as a grant to BDRN (US$0.8 million), OPEN (US$1.88 million) and CMAN (US$1.2 million) for their respective institutional components.

4.02 During negotiations, agreement has been reached on the following major points:

(a) from the Government, that:

(i) it will communicate the findings and recommendations on the working group on bidding procedures to IDA for its review (para. 1.18);

(ii) it will revive the commission in charge of reviewing the Investment Code with a view to introduce changes in procedures before June 1984 (para. 1.22);

(iii) it will adopt adequate measures to protect BDRN from risks on its operations with the State (para. 2.13); and

(iv) it will adopt the statutes of the Equity Participation and Guarantee Funds managed by OPEN before June 30, 1983 (para. 2.22(a)).

(b) from BDRN, that:

it agrees to the on-lending term and conditions to subborrowers and to economic and financial criteria for eligible subprojects including a 10% Economic Rate of Return (para. 3.03).

(c) from OPEN, that:

(i) it will recruit three additional professionals (two financial analysts and one technician) by December 31, 1983 to strengthen its national staff (para. 2.20);

(ii) it will recruit an advisor to the general manager and carry-out the studies and program presented in para. 3.06; and

(iii) it will submit to IDA on an annual basis its annual report, next year's budget and proposed use of the IDA allocation for review and approval (para. 3.06(d) and 3.15).

(d) from CMAN, that it:

(i) submitted evidence that IDA's recommendations conveyed in aide-memoires of November 80, February 81 and July 81 were carried out (para. 2.26);

(ii) submitted a three years action plan, work program and draft budget for IDA's review and approval (para. 3.09); and

(iii) will submit quarterly operational reports (para. 3.15).

4.03 The signing of a financing agreement between the Borrower and BDRN would be a condition of effectiveness.

4.04 Disbursements on several project component would be subject to the following conditions:

a. OPEN

Technical Assistance Unit for small contractors: IDA's approval of the Unit's design and budget (para 3.07(a));

b. CMAN

(i) Satisfactory implementation of corrective measures required by IDA (para 2.26); and

(ii) adoption of statutes and reglement interieur acceptable to IDA (para 2.25).

4.05 With the above conditions fulfilled, the proposed project would be suitable for an IDA Credit of SDR 14 million (US$16 million).

# N I G E R

## INDUSTRIAL DEVELOPMENT PROJECT

## B.D.R.N.: PORTFOLIO ANALYSIS

### Sector Distribution of Approvals, 1977-1980

(CFAF million)

| | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|
| Small Scale Enterprises (SSE) 1/ | 38 | 76 | 161 | 167 |
| Medium Scale Enterprises (MSE) 2/ | 50 | 581 | 641 | 761 |
| Civil-Works construction (C.W.C.) | - | 3,100 | 1,870 | 150 |
| Mines | - | 1,375 | 2,400 | 415 |
| Other Industries | 454 | 558 | 576 | 580 |
| TOTAL | 542 | 5,690 | 5,648 | 2,073 |

1/ For each enterprise, total loans outstanding: less than CFAF 50 million

2/ For each enterprise, total outstanding loans between CFAF 50 million and CFAF 400 million.

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## INDUSTRIAL DEVELOPMENT PROJECT

## BDRN: Portfolio Analysis

Medium- and Long-Term Loans Outstanding

Distribution by Sector and Source of Funds as of September 30, 1980

(CFAF million)

| | % of Total | BDRN | USAID | BAD | IDA | Long Term and CCCE | TOTAL |
|---|---|---|---|---|---|---|---|
| Mines and Energy | 41.0 | 4,991 | - | - | - | - | 4,991 |
| Civil Works and Construction | 16.6 | 1,999 | 37 | - | - | - | 2,036 |
| Transport | 16.8 | 1,037 | 24 | - | - | 994 | 2,055 |
| Construction Materials | 1.7 | 120 | 90 | - | - | - | 210 |
| Textiles and Leather | 4.7 | 219 | - | - | - | 355 | 574 |
| Mechanical Industries | 1.1 | 131 | 9 | - | - | - | 140 |
| Agriculture and Agro-Industries | 2.6 | 255 | 20 | 32 | 22 | - | 329 |
| Hotels and Tourism | 8.2 | 527 | 148 | 218 | 103 | - | 996 |
| Miscellaneous | 7.3 | 325 | 18 | 245 | 281 | 27 | 896 |
| | 100.0 | 9,604 | 346 | 495 | 406 | 1,376 | 12,227 |
| | % | 78.5 | 2.8 | 4.1 | 3.3 | 11.3 | 100.0 |

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## INDUSTRIAL DEVELOPMENT PROJECT

## BDRN: PORTFOLIO ANALYSIS

Long Term Loans Outstanding as of September 30,1980

(CFAF million)

| | | | Total Project Investment | B.D.R.N. Loan | Duration (grace period) |
|---|---|---|---|---|---|
| ASECNA | Transport | Public | NA | 80 | 10 (5) |
| SORENTENTE | Tourism | Public/private | 90 | 25 | 14 (3) |
| O.P.T | Telecommunications | Public | 140 | 625 | 12 (6) |
| S.N.T.N.I | Transport | Public/private | NA | 1, 200 | 13 (3) |
| S.N.T.N.I. | Transport | Public/private | NA | 230 | 12 (2) |
| | | | | 1, 597.5 | |

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INDUSTRIAL DEVELOPMENT PROJECT

BDRN: PORTFOLIO ANALYSIS

Equity Portfolio Sector Distribution
as of September 30, 1980

| | (CFAF million) | (%) |
|---|---|---|
| Mines and Energy | 214 | 21.7 |
| Building construction and civil works | 30 | 3. |
| Transport | 30 | 3. |
| Cement | 87 | 8.8 |
| Textile | 37 | 3.7 |
| Other light industries | 150 | 15.2 |
| Agriculture | 71 | 7.2 |
| Agro-Industry | 14 | 1.4 |
| Hotels, leisure,tourism | 166 | 16.9 |
| Financial institutions | 46 | 4.7 |
| Trade and services | 142 | 14.4 |
| | 987 | 100. |

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## INDUSTRIAL DEVELOPMENT PROJECT

### BDRN: State Credit Portfolio as of September 30,1980

(CFAF million)

| | Balance Outstanding | Committed and not disbursed | Total committed | |
|---|---|---|---|---|
| Prefinancings | | | | |
| Sonichar (capital) | 1,000 | - | 1,000 | |
| Goundel (telecomm) | 757 | - | 757 | |
| Airplane | 305 | - | 305 | |
| Miscellaneous | 261 | 47 | 308 | |
| Subtotal | 2,323 | 47 | 2,370 | |
| Term Credits | | | | |
| Sonichar | 1,012 | - | 1,012 | |
| M.D.N. | 736 | - | 736 | |
| Agadez airport | 668 | 59 | 727 | |
| Maradi airport | - | 645 | 645 | |
| Diffa airport | - | 500 | 500 | |
| Miscellaneous | 1,362 | 414 | 1,776 | |
| Subtotal | 3,778 | 1,618 | 5,396 | |
| State Borrowings 1/ | | | | |
| Midland Bank | 4,000 | 2,000 | 6,000 | (Tahoua road) |
| BNP | - | 1,700 | 1,700 | (Congress Palace) |
| BFCE | - | 1,500 | 1,500 | (FORACO) |
| Interunion Bank | - | 3,250 | 3,250 | (Goure Road) |
| Subtotal | 4,000 | 8,450 | 12,450 | |
| Total | 10,101 | 10,115 | 20,216 | |

1/ Borrowing on behalf and with the guarantee of the Niger Republic. Not included in financial statements.

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INDUSTRIAL DEVELOPMENT PROJECT

BDRN: Income Statements 1976-1980

(CFAF million)

| INCOME | 1976 | % | 1977 | % | 1978 | % | 1979 | % | 1980 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Interest from loans | 2,188 | 78.6 | 2,759 | 76.9 | 3,178 | 76.3 | 4,549 | 79.8 | 6,666 | 79.9 |
| Fees and commissions | 453 | 16.3 | 678 | 19 | 535 | 12.8 | 902 | 15.8 | 1,348 | 16.2 |
| Other Income | 142 | 5.0 | 119 | 3.3 | 198 | 4.8 | 247 | 4.4 | 238 | 2.9 |
| Etraordinary profits and profits from previous years | 2 | 0.1 | 30 | 0.8 | 252 | 6.1 | (21) | - | 95 | 1.0 |
| Total Income: | 2,785 | 100. | 3,586 | 100. | 4,163 | 100. | 5,677 | 100. | 8,347 | 100. |
| **EXPENDITURES** | | | | | | | | | | |
| Personnel expenses | 202 | 9.2 | 240 | 8.5 | 338 | 10.3 | 419 | 9.5 | 609 | 9.6 |
| Other administrative expenses | 128 | 5.8 | 168 | 5.8 | 239 | 7.3 | 289 | 6.6 | 423 | 6.6 |
| Total administrative expenses: | 330 | (15.0) | 408 | (14.3) | 577 | (17.6) | 708 | (16.1) | 1,032 | (16.2) |
| Financial charges | 942 | 42.8 | 1,052 | 36.7 | 1,255 | 38.2 | 1,530 | 34.8 | 2,769 | 43.5 |
| Depreciation | 26 | 1.2 | 46 | 1.6 | 85 | 2.6 | 77 | 1.7 | 83 | 1.3 |
| Taxes and duties | 9 | 0.4 | 12 | 0.4 | 14 | 0.4 | 35 | 0.8 | 27 | 0.4 |
| Provisions | 892 | 40.6 | 1,344 | 47.0 | 1,351 | 41.2 | 2,052 | 46.6 | 2,457 | 38.6 |
| Total expenditures: | 2,199 | 100. | 2,862 | 100. | 3,282 | 100. | 4,402 | 100. | 6,368 | 100. |
| Net Profit before taxes | 586 | | 724 | | 881 | | 1,275 | | 1,979 | |
| Taxes | 234 | | 290 | | 352 | | 511 | | 993 | |
| Net Profit after taxes | 352 | | 434 | | 529 | | 764 | | 986 | |

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INDUSTRIAL DEVELOPMENT PROJECT

BDRN:Balance Sheet - 1976-1980

(CFAF million)

| Assets | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| Cash, banks and correspondents | 4,245 | 2,695 | 2,071 | 2,770 | 4,286 |
| Discount | 2,090 | 3,754 | 5,921 | 5,976 | 7,427 |
| Current Accounts | 11,368 | 12,625 | 17,928 | 17,983 | 24,564 |
| Miscellaneous debtors | 2,322 | 3,165 | 3,064 | 5,118 | 7,234 |
| (Short-Term provisions) | (2,083) | (1,969) | (3,933) | (3,961) | (5,651) |
| Total Current Assets Net | 17,942 | 20,270 | 25,051 | 27,886 | 37,860 |
| State Credits | 3,447 | 6,339 | 4,863 | 5,856 | 6,102 |
| Medium & Long-Term | 3,043 | 4,221 | 6,142 | 9,281 | 12,373 |
| (Provisions) | | (19) | (103) | | (147) |
| Equity | 744 | 858 | 773 | 843 | 1,088 |
| (Provisions) | (173) | (212) | (22) | (22) | (58) |
| Net Portfolio | 3,614 | 4,848 | 6,790 | 10,102 | 13,256 |
| Net fixed assets | 399 | 764 | 902 | 994 | 1,336 |
| Total Assets | 25,402 | 32,221 | 37,606 | 44,838 | 58,554 |
| **Liabilities** | | | | | |
| Current Accounts | 9,781 | 12,077 | 16,404 | 16,304 | 20,914 |
| Miscellaneous Short-Term Liabilities | 3,213 | 5,933 | 5,988 | 9,964 | 11,377 |
| Treasury Deposits | 6,000 | 6,800 | 8,500 | 9,000 | 12,925 |
| Term Deposits | 2,997 | 2,857 | 2,627 | 1,003 | 2,780 |
| Savings Deposits | 48 | 79 | 107 | 139 | 246 |
| Term Borrowings | 1,336 | 1,233 | 1,189 | 1,815 | 2,678 |
| Total Liabilities | 23,375 | 28,979 | 34,814 | 38,225 | 50,920 |
| **Equity** | | | | | |
| Share Capital | 1,150 | 1,150 | 1,150 | 2,500 | 2,500 |
| Reserves and Retained Earnings | 877 | 2,092 | 1,642 | 4,113 | 5,134 |
| Total Net Worth | 2,027 | 3,242 | 2,792 | 6,613 | 7,634 |
| Total Liabilities and Equity 1/ | 25,402 | 32,221 | 37,606 | 44,839 | 58,554 |

1/ This total does not include the following:

| | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| Bills for Collection | 956 | 1,221 | 1,868 | 1,902 | 3,461 |
| Documentary Credits | 1,009 | 2,040 | 2,843 | 5,808 | 2,556 |
| Guarantees | 3,453 | 4,051 | 6,850 | 10,101 | 15,337 |
| | 5,418 | 7,312 | 11,561 | 17,811 | 21,354 |

## INDUSTRIAL DEVELOPMENT PROJECT

### B.D.R.N. Financial Forecasts: Assumptions

1. EQUITY PARTICIPATIONS

- Commitments: 100% in year of approval
- Disbursements: 40% in year of approval and 60% in following year

| | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|
| Disbursement on Equity | 174 | 210 | 222 | 240 | 240 |

- Dividends: 2% of outstanding portfolio.

2. LOAN COMMITMENTS AND DISBURSEMENTS

- Commitments of development loan are expected as follows:
  (in percentage of approved amounts)

. S & M S.E. 80% in year of approval and 20% in following year
. Civil works 90% in year of approval and 10% in following year
. Mines 100% in year of approval
. Other L.S.E. 75% in year of approval and 25% in following year

- Disbursements of commitments are expected as follows:
  (in percentage of committed amounts)

. S&M S.E. 90% in year committed and 10% in following year
. Civil works 70% in year committed and 30% in following year
. New Mines 40% in year committed 40% following year and 20% year after
. Other L.S.E. 75% in year committed and 25% following year

3. TERM

- Loans to SMEs and civil works enterprises are expected to average six years term with one year grace.

- Loans to mining corporations are expected to average five years term with one year grace.

- Loans to L.S.Es are expected to average nine years term with two year grace.

4. STATE CREDITS

- State credits are assumed to increase by 5% in 1981, 10% in 1982, and remain constant thereafter.

5. PROVISIONS FOR LOSSES

- Equity Portfolio: 5% of gross equity portfolio
- State Credit: nil
- Term loans: 2% of gross term loans
- Discount and current accounts: 15% of gross figures.

6. GENERAL PROVISIONS AND INCOME TAX

- Annual general provisions for risks on portfolio are assumed to equal 5% of profit before tax. Therefore, income tax rate of 50% is reduced to 47.5%.

7. REVENUES

- BDRN is assumed to charge the following annual rates to its customers: bill discounted 13%; current accounts 15%; medium-term credit S.S.E. 9%; other medium and long-term credits 13%; state credits 13%; miscellaneous debtors 10%.
- BDRN will also earn other revenues from reinvested cash (annual rate 10% of the reinvested amount) and off balance sheet (8% of average annual figure).
- Other income, including rents, are assumed to grow by 5% per year.

8. ADMINISTRATIVE EXPENSES

- Administrative expenses including personnel are expected to grow by 20% per annum, reflecting setting up of a new computerized system, increased staff, additional technical assistance and training expenses.

9. FIXED ASSETS

- CFAF 1090 million increase in 1981, 750 million in 1982 and 150 million thereafter. All figures include annual replacement investment.

10. DEPRECIATION EXPENSES

- The cost of building construction is depreciated over twenty years, equipment and furniture over five years.

11. DIVIDENDS

- Dividend payouts expected to be 5% of profit after tax after deduction of 15% for special reserves (i.e. 4.25% of profit after tax).

12. SHORT TERM

- Short term assets including discount, current accounts, and miscellaneous debtors are assumed to grow by 15% per annum.

13. ANNUAL INCREASE IN OFF BALANCE SHEET

- Total off balance sheet operations are expected to increase by 3% per annum reflecting both the decrease of guarantees for civil works and the increase of guarantees for importation of petroleum.

14. TREASURY DEPOSITS

- Treasury deposits are assumed to remain constant in 1981, to be reduced by the annual repayment of state credits in 1982 and 1983, and to equal state credits outstanding thereafter.

15. CURRENT LIABILITIES

- Current accounts are assumed to grow at 10% per annum. Other current liabilities are assumed to grow at 15% per annum.

16. SAVINGS DEPOSITS

- Savings deposits are assumed to increase by 3% per annum.

17. "OTHER TERM DEPOSITS"

- Other term deposits are assumed to remain constant.

18. COSTS OF BORROWINGS

| Borrowing | annual rate % |
|---|---|
| USAID | 3.5 |
| BAD I | 7.5 |
| CCCE | 8.5 |
| IDA I | 7.5 |
| BAD II | 9 |
| IDA II | 9.5 |
| BOAD | 10. |

| Borrowing | Annual rate % |
|---|---|
| Current liabilities | 6 |
| Savings deposits | 7 |
| Treasury deposits | 8 |
| Other term deposits | 8 |

19. IDA II

- The second IDA credit is assumed to be repaid over fifteen years with three years grace.

NIGER

INDUSTRIAL DEVELOPMENT PROJECT

BDRN: Projected Balance Sheet 1981-1985

(CFAF million)

| Assets | % | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | % |
|---|---|---|---|---|---|---|---|---|
| Cash,banks and correspondents | 7.3 | 4,286 | 3,162 | 3,482 | 3,805 | 4,112 | 4,440 | 4.4 |
| Discount | | 7,427 | 8,423 | 9,574 | 10,905 | 12,442 | 14,216 | |
| Current Accounts | 57.3 | 24,564 | 29,204 | 32,763 | 36,862 | 41,582 | 47,017 | 64.2 |
| Miscellaneous debtors | | 7,234 | 6,580 | 7,612 | 8,800 | 10,166 | 11,736 | |
| (short-term provisions) | | (5,651) | (5,973) | (6,392) | (6,919) | (7,567) | (8,357) | |
| Total current assets net | | 37,860 | 41,396 | 47,039 | 53,453 | 60,735 | 69,052 | |
| State Credits | 10.4 | 6,102 | 6,407 | 7,048 | 7,048 | 7,048 | 7,048 | 7.0 |
| Medium and Long-term | 20.9 | 12,373 | 15,051 | 17,938 | 19,356 | 20,205 | 20,597 | 20.1 |
| (Provisions) | | (147) | (192) | (238) | (254) | (262) | (266) | |
| Equity | 1.8 | 1,088 | 1,242 | 1,432 | 1,643 | 1,854 | 2,074 | 1.9 |
| (Provisions) | | (58) | (73) | (92) | (112) | (134) | (151) | |
| Net Portfolio | | 13,256 | 16,028 | 19,040 | 20,624 | 21,663 | 22,254 | |
| Net Fixed Assets | 2.3 | 1,336 | 2,292 | 2,813 | 2,682 | 2,564 | 2,457 | 2.4 |
| Total Assets | 100. | 58,554 | 66,123 | 75,940 | 83,807 | 92,010 | 100,811 | 100. |
| **Liabilities** | | | | | | | | |
| Short-term liabilities | 55.1 | 32,291 | 35,390 | 40,561 | 45,491 | 51,024 | 57,247 | 56.9 |
| Other borrowings | | | 2,013 | 4,922 | 5,753 | 7,993 | 7,719 | 7.6 |
| Treasury Deposits | 22.1 | 12,925 | 12,925 | 11,535 | 9,968 | 7,048 | 7,048 | 6.9 |
| Term deposits | 4.7 | 2,780 | 2,780 | 2,780 | 2,780 | 2,780 | 2,780 | 2.8 |
| Savings deposits | 0.4 | 246 | 253 | 261 | 268 | 276 | 285 | 0.3 |
| Tèrm Borrowings | 4.6 | 2,678 | 2,783 | 3,434 | 4,439 | 4,916 | 4,686 | 4.6 |
| Total Liabilities | | 50,920 | 56,144 | 63,493 | 68,699 | 74,037 | 79,765 | |
| **Equity** | | | | | | | | |
| Share Capital | 4.3 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2.5 |
| Reserves and Returned Earnings | 8.8 | 5,134 | 7,479 | 9,947 | 12,608 | 15,473 | 18,546 | 18.4 |
| Total Net Worth | (13.1) | 7,634 | 9,979 | 12,447 | 15,108 | 17,973 | 21,046 | (20.9) |
| Total Liabilities and Equity | 100. | 58,554 | 66,123 | 75,940 | 83,807 | 92,010 | 100,811 | 100. |
| Total off balance sheet | | 21,354 | 21,990 | 22,650 | 23,329 | 24,029 | 24,749 | |

NIGER

INDUSTRIAL DEVELOPMENT PROJECT

BDRN: Projected Income Statement 1981-1985

(CFAF million)

| | % | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | % |
|---|---|---|---|---|---|---|---|---|
| INCOME FROM | | | | | | | | |
| - Invested cash | 2.5 | 210 | 488 | 454 | 496 | 538 | 580 | 3.8 |
| - Current Assets | 56.7 | 4,735 | 5,452 | 6,158 | 6,980 | 7,930 | 9,029 | 59.4 |
| - State Credits | 9.4 | 786 | 813 | 875 | 916 | 916 | 916 | 6.0 |
| - Term Loans | 13.5 | 1,126 | 1,782 | 2,159 | 2,454 | 2,617 | 2,710 | 17.8 |
| - Equity | 0.2 | 19 | 23 | 27 | 31 | 35 | 39 | 0.2 |
| - Off balance sheet and other income | 17.7 | 1,471 | 1,735 | 1,786 | 1,840 | 1,895 | 1,952 | 12.8 |
| Total Income | 100. | 8,347 | 10,293 | 11,459 | 12,717 | 13,931 | 15,226 | 100. |
| EXPENSES | | | | | | | | |
| - Administrative Expenses | 16.2 | 1,032 | 1,203 | 1,444 | 1,732 | 2,079 | 2,495 | 27.4 |
| - Financial Charges | 43.9 | 2,796 * | 3,607 | 4,092 | 4,549 | 4,904 | 5,251 | 57.6 |
| - Depreciation | 1.3 | 83 | 134 | 229 | 281 | 268 | 256 | 2.8 |
| - Provisions | 38.6 | 2,457 | 682 | 784 | 863 | 978 | 1,111 | 12.2 |
| Total Expenses | 100. | 6,368 | 5,626 | 6,549 | 7,425 | 8,229 | 9,113 | 100. |
| Net Profit before Tax | | 1,979 | 4,667 | 4,910 | 5,292 | 5,702 | 6,113 | |
| Income Tax | | 993 | 2,217 | 2,332 | 2,514 | 2,709 | 2,903 | |
| Net Profit after Tax | | 986 | 2,450 | 2,578 | 2,778 | 2,993 | 3,209 | |
| Dividends | | | 104 | 110 | 118 | 127 | 136 | |
| Reserves and Retained Earnings | | | 2,346 | 2,468 | 2,660 | 2,866 | 3,076 | |

* Taxes and duties included ( CFA 27 million )

NIGER

INDUSTRIAL DEVELOPMENT PROJECT

BDRN: Projected Cash Flow Statement 1981-1985

(CFAF million)

| SOURCES | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|
| Beginning Balance | 4,286 | 3,162 | 3,481 | 3,805 | 4,112 |
| Cash from Operations | 3,266 | 3,591 | 3,923 | 4,239 | 4,576 |
| Repayment of Loans | 2,288 | 2,831 | 3,953 | 4,537 | 5,097 |
| New current liabilities | 3,098 | 5,171 | 4,930 | 5,533 | 6,223 |
| New Long Term Borrowings | 251 | 941 | 1,340 | 891 | 449 |
| New other Borrowings | 2,013 | 4,922 | 5,753 | 7,922 | 7,719 |
| Total Sources | 15,202 | 20,618 | 23,380 | 26,997 | 28,176 |
| USES | | | | | |
| Disbursement of Loans | 10,553 | 12,402 | 12,289 | 13,309 | 14,567 |
| Increase Equity Portfolio | 154 | 190 | 202 | 220 | 220 |
| Increase Fixed Assets | 1,090 | 750 | 150 | 150 | 150 |
| Mature Short Term Borrowings | - | 2,013 | 4,922 | 5,753 | 7,993 |
| Mature Long Term Borrowings | 139 | 1,672 | 1,894 | 3,326 | 670 |
| Dividend | 104 | 110 | 118 | 127 | 136 |
| Total Uses | 12,040 | 17,137 | 19,575 | 22,885 | 23,736 |
| Accumulated Cash | 3,162 | 3,481 | 3,805 | 4,112 | 4,440 |

NIGER

INDUSTRIAL DEVELOPMENT PROJECT

BDRN: Actual and Projected Financial Ratios

| | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|---|---|---|---|---|
| Income and Expenses as % of Average Assets | | | | | | | | | | |
| - Gross Income | 10.9 | 11.2 | 11.1 | 12.7 | 14.2 | 15.5 | 15.1 | 15.2 | 15.1 | 15.1 |
| - Financial Expenses | 3.7 | 3.2 | 3.3 | 3.4 | 4.7 | 5.5 | 5.3 | 5.4 | 5.3 | 5.2 |
| - Administrative Expenses | 1.3 | 1.3 | 1.5 | 1.6 | 1.8 | 1.8 | 1.9 | 2.1 | 2.3 | 2.5 |
| - Provisions | 3.5 | 4.2 | 3.6 | 4.6 | 4.1 | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 |
| - Taxes | 0.9 | 0.9 | 0.9 | 1.1 | 1.7 | 3.3 | 3.1 | 3.0 | 2.9 | 2.9 |
| Profit as % of Average Total Assets | 1.4 | 1.3 | 1.4 | 1.7 | 1.7 | 3.7 | 3.4 | 3.3 | 3.3 | 3.2 |
| Profit as % of Share Capital | 30.6 | 37.7 | 46. | 30.6 | 39.4 | 98. | 103.1 | 111.1 | 119.7 | 128.3 |
| Profit as % of Average Equity | 17.3 | 16.5 | 32.6 | 23.1 | 25.8 | 27.8 | 23.0 | 20.1 | 18.1 | 16.4 |
| Debt/Equity Ratio | | | | | | | | | | |
| - Term debt/Equity | 5.1 | 3.3 | 4.4 | 1.8 | 2.4 | 1.9 | 1.4 | 1.2 | 0.8 | 0.7 |
| - Total debt/Equity | 11.5 | 8.9 | 12.5 | 5.8 | 6.6 | 5.6 | 5.1 | 4.5 | 4.1 | 3.8 |

NIGER

INDUSTRIAL DEVELOPMENT PROJECT

OPEN: Balance Sheet

SITUATION PATRIMONIALE (BILAN DU 1/10/79 AU 30/9/80)
(CFAF)

| ACTIF | Montant brut | Amortissement | Montant Net | PASSIF | | |
|---|---|---|---|---|---|---|
| IMMOBILISATIONS CORPORELLES | | | | Subvention d'équipement | | |
| Terrain | 9.191.250 | | 9.191.250 | Etat | 39.129.305 | |
| Matériel roulant | 36.014.395 | 23.052.033 | 12.962.362 | Banque Mondiale | 15.011.362 | 54.140.667 |
| Mobilier, Matériel de bureau | 14.864.656 | 2.845.224 | 12.019.432 | | | |
| Mobilier Matériel de logement | 2.845.705 | 405.568 | 2.440.137 | Report à nouveau | | -1.307.628 |
| | 62.916.006 | 26.302.825 | 36.613.181 | | | |
| AUTRES VALEURS IMMOBILISEES | | | | | | |
| Dépôts et cautionnement | 118.125 | | 118.125 | | | |
| | | | | DETTES A COURT TERME | | |
| VALEURS REALISABLES ET DISPONIBLES | | | | | | |
| Autres débiteurs | 5.402.763 | | | Fournisseurs | 200.000 | |
| BDRN Cpte No. 4 002 157 | 14.112.000 | | | Autres créanciers | 492.202 | |
| BDRN Cpte No. 00.01.19637 | 5.732.783 | | | Charges à payer | 289.070 | |
| Caisse | 65.965 | | 25.313.511 | Cpte d'attente à régul. | 14.112.000 | 15.093.272 |
| | | | | RESULTAT EXPLOITATION (Perte) | | -5.881.494 |
| | | | 62.044.817 | | | 62.044.817 |

# NIGER

## INDUSTRIAL DEVELOPMENT PROJECT

## OPEN: Income Statement

## SOLDE CARACTERISTIQUE DE GESTION AU 30 SEPTEMBRE 1980

(CFAF)

| No. Cptes | | DEBIT | No. Cptes | | CREDIT |
|---|---|---|---|---|---|
| | 80 DETERMINATION MARGE BRUTE (PM) | | | 80 DETERMINATION MARGE BRUTE (PM) | |
| | 81 DETERMINATION VALEUR AJOUTEE | | | 81 DETERMINATION VALEUR AJOUTEE | |
| 61 | Matières et fournitures consommées | 9.149.647 | | | |
| 62 | Transports consommés | 3.025.000 | | | |
| 63 | Autres services consommés | 15.759.586 | | Valeur ajoutée (solde débiteur) | 27.934.233 |
| | | 27.934.233 | | | 27.934.233 |
| | 82 DETERMINATION RESULT. EXPLOITATION | | | 82 DETERMINAT. RESULT. EXPLOITATION | |
| | Valeur ajoutée (virement solde débiteur) | 27.934.233 | | | |
| 64 | Charges et pertes diverses | 1.304.255 | 74 | Produits et profits divers | 532.482 |
| 65 | Frais de personnel | 30.786.031 | 76 | Subvention d'exploitation | 65.213.265 |
| 66 | Impôts et taxes | 158.000 | 77 | Produits financiers | 1.965.796 |
| 67 | Frais financiers | 24.020 | | | |
| | Dotations aux amortissements | 13.386.498 | | Résultats d'exploitation (perte) | 5.881.494 |
| | | 73.593.037 | | | 73.593.037 |

# NIGER

## INDUSTRIAL DEVELOPMENT PROJECT

### CMAN: Financial Highlights

1. **Sales**

| | Sales (in CFAF'000) | |
|---|---|---|
| Period 10-1-75 to 30-9-80 | 19,393 | |
| Period 10-1-80 to 09-30-81 | 87,508 | + 351% |
| Period 10-1-81 to 09-30-82 (forecast) | 155,200 | + 77% |

2. **Balance Sheet** (as of September 30, 1980) (CFAF'000)

| | | |
|---|---|---|
| Assets: Fixed Assets | 68,326 | |
| Inventories | 15,500 | |
| Short-term assets | 2,955 | |
| | | 86,781 |
| Liabilities: Grant and subsidy received | 72,632 | |
| Short-term debts | 15,529 | |
| | | 86,781 |

3. **Income Statement** (Tentative)

| | Actual 10-1-80 to 04-30-81 | | Forecast 10-1-81 to 09-30-81 | |
|---|---|---|---|---|
| Income | (CFAF m.) | % | (CFAF m.) | % |
| Sales | 52.1 | 69% | 133.9 | 86% |
| Grants & subsidies | 23.4 | 31% | 21.3 | 14% |
| Total Income | 75.5 | 100% | 155.2 | 100% |
| Expenditures | | | | |
| Raw materials | 44.2 | 59% | 61.1 | 39% |
| Personnel | 8.4 | 11% | 56.1 | 37% |
| Others | 8.2 | 11% | 38.0 | 24% |
| Surplus | 14.7 | 19% | - | - |
| | 75.5 | 100% | 155.2 | 100% |

# NIGER

## INDUSTRIAL DEVELOPMENT PROJECT

### Estimated Disbursement Schedule

(US$ '000)

| Fiscal Year | | Cumulative |
|---|---|---|
| 1983 | | |
| 1st quarter | 100 | 100 |
| 2nd quarter | 400 | 500 |
| 3rd quarter | 600 | 1100 |
| 4th quarter | 1000 | 2100 |
| 1984 | | |
| 1st quarter | 800 | 2900 |
| 2nd quarter | 1200 | 4100 |
| 3rd quarter | 1000 | 5100 |
| 4th quarter | 1300 | 6400 |
| 1985 | | |
| 1st quarter | 900 | 7300 |
| 2nd quarter | 1200 | 8500 |
| 3rd quarter | 1200 | 9700 |
| 4th quarter | 800 | 10500 |
| 1986 | | |
| 1st quarter | 1000 | 11500 |
| 2nd quarter | 1000 | 12500 |
| 3rd quarter | 1000 | 13500 |
| 4th quarter | 800 | 14300 |

(US$ '000)

| Fiscal Year | | Cumulative |
|---|---|---|
| 1987 | | |
| 1st quarter | 800 | 15100 |
| 2nd quarter | 600 | 15700 |
| 3rd quarter | 200 | 15900 |
| 4th quarter | 100 | 16000 |

# NIGER

## INDUSTRIAL DEVELOPMENT PROJECT

## SELECTED DOCUMENTS IN PROJECT FILE

### I. COUNTRY GENERAL

- Plan Quinquennal de Développement Economique et Social, 1979-1983
- Annuaire Statistique 1978-79
- Niger, Le Pays et son Marché. Marchés Nouveaux, April 1979
- Programme Indicatif pour le Développement du Niger, 1981-90
- Niger 1980, Marchés Tropicaux et Méditerranéens, June 1, 1978
- BCEAO, Bulletins Statistiques
- Mémorandum Economique, IBRD, May 1979
- BIT: Dynamique de l'Emploi dans son Système Sahélien, le Niger, 1980

### II. SECTOR STUDIES

- Paul Saada: Impact de la Politique Industrielle sur les Secteurs des Petites et Moyennes Entreprises, IBRD, 1979
- Paul Saada: Les Petites et Moyennes Entreprises du Secteur Bâtiment et Travaux Publics, IBRD, June 1981
- The Investment Code

### III. BDRN

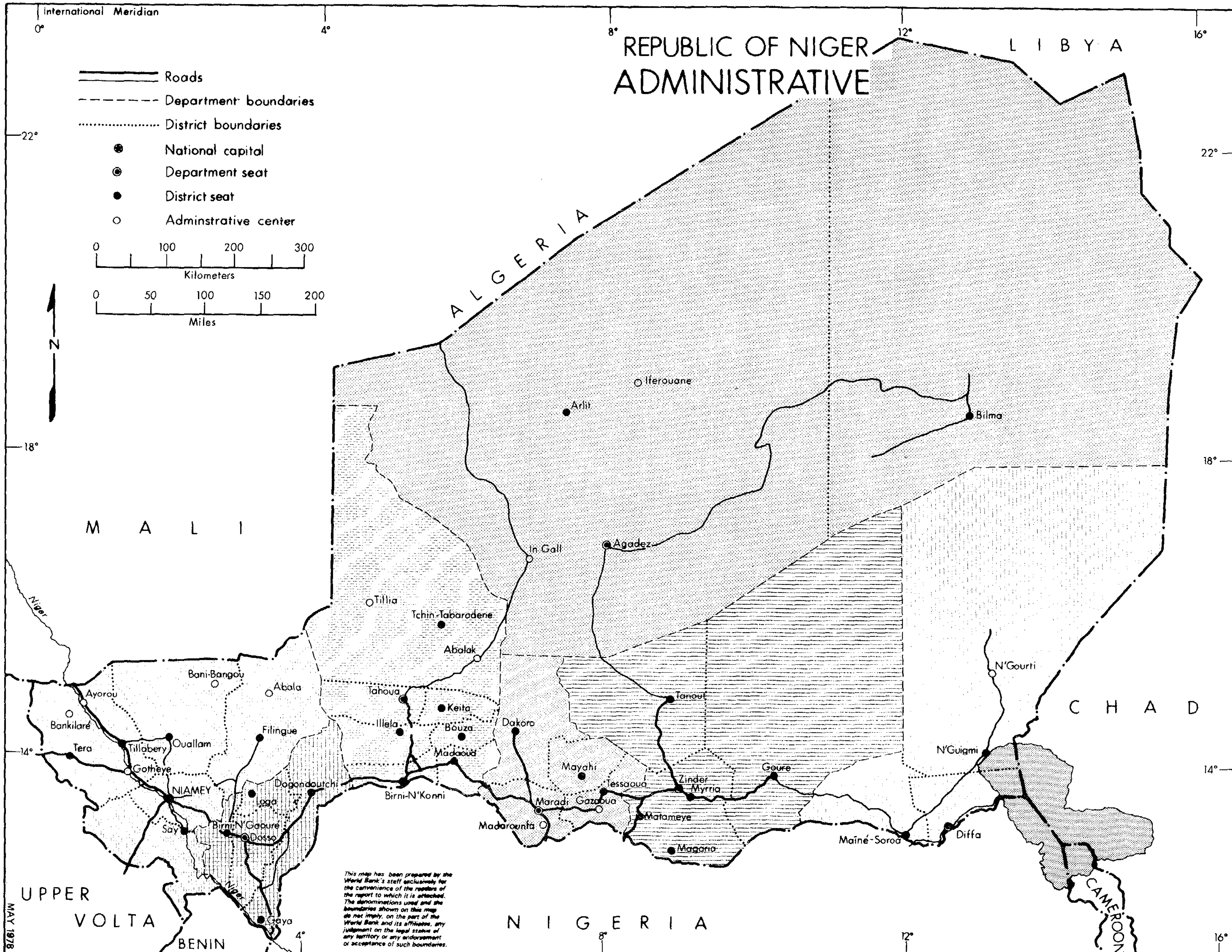
- Audited Accounts and Annual Reports 1975-1980

### IV. OPEN

- Annual Reports and Accounts 1979-1980
- Procès Verbaux des Conseils D'Administration
- Manuel d'Organisation des Services et Tâches

### V. CMAN

- Rapport d'Activité 1979-1980
- Objectifs et Moyens CMAN, 1981 and 1982
- Programme d'Investissement, 1981-1982
- Recapitulatif des Objectifs CMAN, Juillet 1981



REPUBLIC OF NIGER
ADMINISTRATIVE
International Meridian
0°
4°
8°
12°
16°
22°
18°
14°
Roads
Department boundaries
District boundaries
National capital
Department seat
District seat
Adminstrative center
0 100 200 300
Kilometers
0 50 100 150 200
Miles
N
L I B Y A
A L G E R I A
M A L I
C H A D
N I G E R I A
UPPER VOLTA
BENIN
CAMEROON
Niger
Iferouane
Arlit
Bilma
Agadez
In Gall
Tillia
Tchin-Tabaradene
Abalak
Bani-Bangou
Abala
Ayorou
Bankilaré
Tera
Tillabery
Ouallam
Filingue
Gotheye
NIAMEY
Say
Loga
Dogondoutchi
Birni-N'Gaoure
Dosso
Gaya
Tahoua
Keita
Illela
Bouza
Madaoua
Birni-N'Konni
Dakoro
Mayahi
Tessaoua
Maradi
Gazaoua
Madarounfa
Tanout
Zinder
Myrria
Matameye
Magaria
Goure
N'Gourti
N'Guigmi
Maïné-Soroa
Diffa
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MAY 1978
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