Board Meeting of November 11, 1997  
Statement by Luc-Abdi Aden, Alternate Executive Director

**Niger: Country Assistance Strategy**

On behalf of our Nigerien authorities, we would like to extend our appreciation to the Management and Staff of the Bank for their continued support for Niger’s development efforts. In particular, the Nigerien authorities appreciate the dialogue and the collaborative spirit that have guided the preparation of the CAS. The participatory nature of the process of preparation of the CAS and the lessons learned from the implementation of the previous CAS are very helpful in the understanding of the current situation and the rationale for the proposed assistance strategy.

Niger is a huge, landlocked Sahelian country with a population of about 9.3 million, over half of whom live in a crippling poverty, with inadequate food and virtually no access to medical care, education and other social services. Niger’s per capita income (US $280) and development indicators are among the lowest in the world. Real GDP grew in 1996 only by 3.3%, implying no growth in per capita income. Poverty is widespread and worse in rural areas. About 80% of the population rely on agriculture for a living and people have been getting steadily poorer due to a negative economic growth during the last few years. Population growth is 3.3% and shows no sign of slowing down, illiteracy and mortality rates are high. One-third of Nigeriens are food-insecure and malnutrition is rife.

Despite a difficult domestic and external environment, Niger has shown its determination to pursue the implementation of strong policy measures and structural reforms. As a result, most quantitative criteria and structural benchmarks were observed through 1996 and the first half of 1997, leading to a conclusion of a PFP and second year ESAF program which is being carried out with a great deal of attention and determination. Economic development undertakings have been broadly encouraging.

Overall economic and financial performance has improved somewhat with an increase of the real GDP growth, and an important reduction of inflation and external current account deficit. The Government pressed ahead with its structural reform, developing a privatization strategy for public enterprises and establishing a privatization agency. Civil service reform is also underway upon completion of a census. The Government is also taking steps to streamline
the regulatory framework and reduce its involvement in those areas of interest to the private sector. The authorities’ medium-term strategy seeks to further reduce financial imbalances, establish conditions conducive to sustainable growth, and significantly reduce poverty. The macroeconomic objectives for 1997/99 are to raise real GDP growth to 4.5% a year, thereby allowing real per capita income to increase by at least 1% a year; reduce inflation to 3% by the end of 1997; and contain the external current account deficit at 11.1% of GDP in 1997, and lowering it to 10.5% of GDP in 1998. To these ends, the Government is determined to improve its financial position by reducing the overall budget deficit through enhanced revenue mobilization and appropriate expenditure policy, limiting the wage bill to below 40% starting in 1998.

The Government is fully aware of the country’s poor performance, increasing and daunting development challenges. The Government’s awareness is clearly indicated in the President of Niger’s preface to the economic recovery program, approved by the Parliament in July 1997. The economic and social development objectives of the Government’s program are explicitly defined mainly as:

- Stabilization of the macroeconomic framework.
- Improvement and reinforcement of economic management.
- Liberalization of public enterprises and promotion of the private sector.
- Reduction of poverty and creation of job opportunities.
- Improvement of the living standards of the population.

The Government’s strategy to achieve these objectives focuses on the following elements: strengthening the tax system, increasing the efficiency of public expenditures, including public enterprise and civil service reforms, fostering the private sector, sustaining rural development and national resource management, and strengthening education, health and infrastructure sectors.

In brief, the Government’s medium-term strategy seeks to further reduce financial imbalances, establish conditions conducive to sustainable economic growth, and significantly reduce poverty.

Because of the unstable political and economic environment which hampered economic management and attention to development issues, only limited progress has been achieved in the objectives set by the previous CAS discussed by the Executive Directors in 1994. Nonetheless, that strategy had more success on the macro front and in project implementation.

This Bank strategy has benefited a lot from CAS workshops in Niger to refine its main elements and contribute to a consensus building on key development issues. Thus, it is fundamentally focused on an improvement of living standards of the population. The key lessons from the 1994 CAS are the need for realistic objectives, simplicity, and greater attention.
to implementation issues. Given what is said above and the Government’s own development strategy, and also bearing in mind Niger’s poverty assessment in 1996, the Bank’s assistance would address the CAS objectives in the long run and focus on three core areas: human capital development with substantial budget allocation to the education and health sectors, improved management of Niger’s scarcest resource, notably drinking water, and promotion of open economic policies and regional linkages to take advantage of external growth opportunities. Due to the extensive national consultations during the CAS preparation process, the Bank strategy is in line with the economic and social development objectives of the Government’s program.

In terms of portfolio management and performance, the authorities are aware of the major generic problems (procurement delays, interministerial coordination, project management) which are affecting the portfolio, and are committed to give high attention to the issues for an improvement.

There is no existing IFC portfolio for Niger. However, IFC is interested in examining investment opportunities in privatized enterprises. Therefore, given the high priority granted to this sector, we would like to encourage IFC to contemplate the possibility for an involvement in the private sector development. Niger has yet to complete its MIGA membership requirements. The authorities are aware of the necessity of completing the remaining requirements.

Finally, as the Executive Directors’ report on their trip to West Africa noted, the Government of Niger has clearly demonstrated its willingness to address fundamental economic reforms. The authorities have implemented a good economic and financial program throughout 1996-1997, and the present situation, albeit fragile, offers the best prospects since the early 1990s for addressing fundamental economic reforms and development issues. Also, our Nigerien authorities would like to reiterate their commitment to the reform agenda during the years ahead. In that context, it is important to say that Niger’s success will critically depend on the availability of external concessional assistance, including debt rescheduling and debt relief. It should be emphasized that Niger has a heavy debt burden which is partly constraining its medium-term economic growth prospects. The situation requires quick actions from its external creditors, including the Bank, and we hope that partners will help Niger to ease the debt and debt services burden, and to achieve the medium-term objectives of sustained economic growth, poverty alleviation and financial viability.