

Niger

Economic growth remains dependent on a good harvest, which means that there is great uncertainty about short-term trends and a lack of visibility in the medium term.

The development and poverty reduction strategy is being speeded up with the aim of reducing dependence on climatic factors and creating conditions for sustainable development based on private sector growth.

Niger has very dynamic bilateral cooperation arrangements, notably with China, which can bring clear dividends in the mining and oil sectors provided that Niger strengthens its negotiating capacities

Real gross domestic product (GDP) growth in 2010 was estimated at 5.5%, essentially driven by the agricultural sector which achieved good results throughout the country. This situation contrasts with that of 2009 when, as a result of low rainfall, GDP dropped -1.2% after growth of 9.5% in 2008, which was an exceptional year. Growth should return to 4.9% in 2011 and then recover to 11.5% in 2012 as production starts at the Imouraren uranium mine, the biggest in Africa.

Niger's trade balance remains in deficit. The poor 2009 harvest only served to aggravate the situation. To deal with the acute food crisis which resulted, Niger had to import 60% of its food needs, particularly rice, the principal food staple.

The general level of prices, as measured by the harmonised index of consumer prices which uses 2008 as its 100% base year, came out at 98.6% in April 2010, compared to 100.1% in January and February and 98.2% in March. On a month to month basis, prices rose 0.4% in March 2010 and this trend was maintained in April when it is estimated that there was a 0.3% increase following a 0.9% increase in the prices of food and non-alcoholic drinks. Overall, the inflation rate in 2010 was 3.4%, quite close to the 3% convergence level set by the West African Economic and Monetary Union (WAEMU). Inflation, therefore, has been kept under control in Niger.

At the current level of mobilisation of fiscal revenue, the fiscal pressure level in 2010 is estimated at 14.1% of GDP compared to 13.6% in 2009. Grants represented 7.2% of GDP up to the end of September, compared to 4.5% in 2009 and 8.6% in 2008. The downward trend in grant revenue began in 2009 when certain development partners suspended their co-operation after the president announced that he intended to prolong his mandate beyond its constitutional term.

The monetary position was affected by policy softening by the Central Bank of West African States (BCEAO) on 16 June 2009 when it reduced base rates by 0.5%. The discount rate was reduced from 6.75% to 6.25% and repurchase rates from 4.75% to 4.25%. These changes stimulated lending to the economy in 2009 and 2010 and should have the same effect in 2011, mainly as a result of the recovery expected in the mining and oil sectors.

The business environment in Niger is not generally favourable to private sector development. There is no shortage of obstacles, including corruption, uncertainty about regulations and their application, institutional weaknesses and difficulty of access to credit and land ownership. According to the 2011 edition of the World Bank report *Doing Business*, Niger is in 173rd position among 183 countries. The prospects of the private sector in Niger are, nevertheless, fairly good, taking into account the measures envisaged under the Accelerated Development and Poverty Reduction Strategy (ADPRS). It provides for concerted action based on the four following principles: *i*) stronger support for the private sector; *ii*) improvement of the microeconomic business environment; *iii*) improvement of financing of the economy; and *iv*) better integration in regional and global trade.

Table 1: Macroeconomic indicators

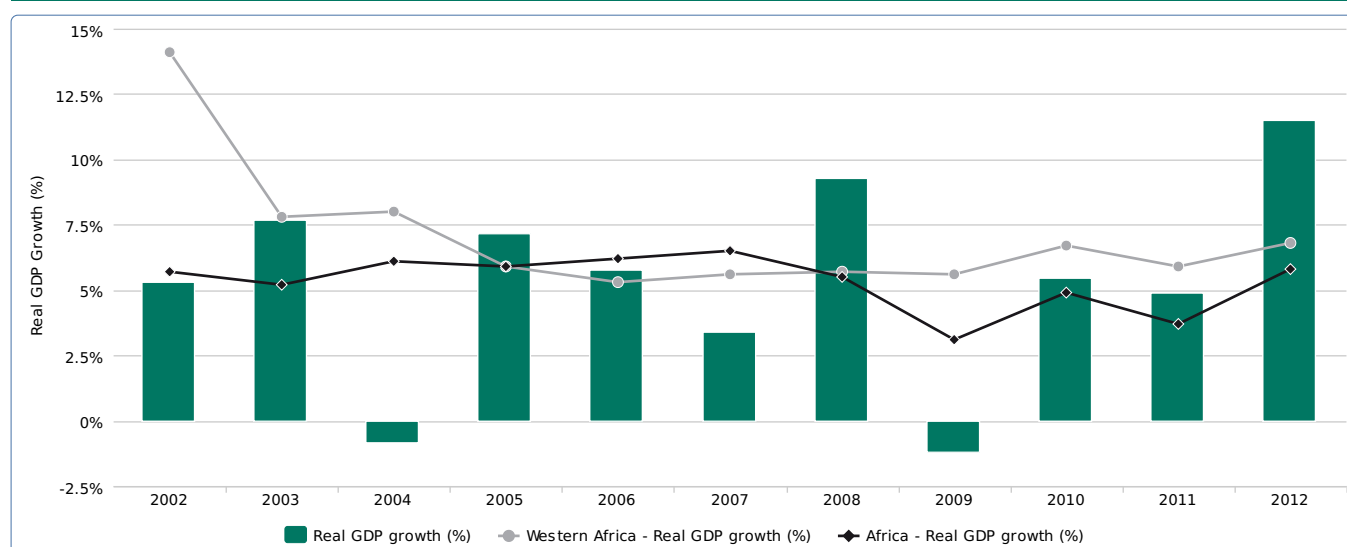
	2009	2010	2011	2012
Real GDP growth	-1.2	5.5	4.9	11.5
CPI inflation	4.9	3.4	3.1	3.3
Budget balance % GDP	-6.6	-3.2	-3.6	-1.8
Current account % GDP	-23.4	-18.1	-21	-17.6

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

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Figure 1: Real GDP growth (W)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

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