key figures

- Land area, thousands of km²: 1,267
- Population, thousands (2005): 13,957
- GDP per capita, $ PPP valuation (2005): 770
- Life expectancy (2000-2005): 44.3
- Illiteracy rate (2005): 81.3

Niger

All tables and graphs in this section are available in Excel format at:
http://dx.doi.org/10.1787/081240420485
With the influx of external aid and the cancelling of its foreign debt, the economy of Niger was set for prosperity. Unfortunately, a migratory locust invasion that devastated the harvest, and the drought that followed, had catastrophic economic and social effects. According to estimates, GDP fell -0.6 per cent in 2004, compared with nearly a 4 per cent increase in 2003. It appears that 2005 was a recovery year, furthered by the synergy created between large-scale international humanitarian efforts, debt relief and the organisation of cultural events such as FIMA (International Festival of African Fashion) and the 5th Francophone Games. After confronting the disturbances caused by the famine and the reduction of subsidies on certain products, the government of Niger is making great efforts to pursue structural reform. In 2005, GDP is expected to grow by 4 per cent. The prospects of growth linked to the production of oil and gold exports should enable the country to preserve the same rate of growth in 2006.

Recent Economic Developments

The economy of Niger is traditionally led by the primary sector (74 per cent of GDP in 2004), which is dominated by agriculture (38 per cent of GDP in 2004) and livestock. Despite the predominant role of agriculture in the economy, less than 12 per cent of the country is arable. Farming is predominantly manual and non-intensive, and takes place in small family holdings. With two-thirds of total agricultural production, millet is the most cultivated grain. In 2004, the drought and the invasion of migratory locusts caused huge damage to the Nigerien economy. Over the last five years, national cereal production was 11 per cent below average. The cereal shortfall, estimated at 223 448 tonnes since the last harvest, affected 22 of the country’s 36 regions, or around 31 per cent of the population. Food crop production fell by 23.7 per cent during the 2004-05 season, partly due to a 4.6 million metric tonne shortfall in pasture. Services, trade and manufacturing also shrank by 0.2 per cent in 2004. The foreshortened 2004 rainy season (June to September)
Niger

harmed farming yields and gave way to a dry season that lasted until the relatively early resumption of the rains, in May and June 2005.

The agricultural sector could rebound in 2005. The rainy season began well and farmers were able to plant relatively early. The Food and Agriculture Organization of the United Nations (FAO) confirmed that locust reproduction zones had been identified at the beginning of July in the centre of the country (Tamout and North Zinder). In the belief that acridian invasions are not systematic, the vegetation protection department (Direction de la protection des végétaux) of Niger did not take any specific measures. Prior to the invasion of 2004, the last major invasion was in 1988. However, locusts are not the only granivorous species to strike Niger (grasshoppers, caterpillars, etc.). According to the agricultural ministry (Ministère du développement agricole), 92 per cent of arable land had been planted by 15 June 2005, against a usual rate of 65 per cent for this period of the year. The government provided seeds to farmers in the areas worst hit by the drought.

The agricultural sector is expected to grow by 5.6 per cent in 2005, leading to a 4.3 per cent increase in the primary sector. The quality and availability of seeds remain a crucial problem for the agricultural sector. Too often, non-enhanced and poor-quality seed unsuited to the climatic and agricultural conditions of Niger are planted. Seeds are generally purchased on the market, lent by relatives, or given in payment for labour. This year, the market prices of millet and sorghum in the north of the country did not decrease as much as usual after the harvest; then they rose continually from January to July 2005. During this period, millet was also 84 per cent higher than its average annual price in 2004, while sorghum was higher by 75 per cent. In addition to the locusts and the drought, other factors attest to the rise in prices in agricultural regions (where purchasing power is weakest), such as the exceptionally high prices of millet and sorghum over the past months in the neighbouring markets of Benin, Côte d’Ivoire, Ghana and Nigeria that have drawn cereals from the Sahel to the south. Niger imports grain from neighbouring countries which have a production surplus (Burkina Faso, Mali and Nigeria). This year, however, despite treaties banning such practices, each of these three countries imposed export restrictions on cereals, fearing famine and shortages. To these factors must also be added the high cost of transporting cereals arising from limited and fragile infrastructure.

After uranium, livestock is the second largest export sector. Due to nomadism, this traditional activity is practised extensively, though it suffers from a lack of professionalism and from a near total lack of animal health monitoring, with no access to veterinary products. Because of inadequate infrastructure (transport vehicles, abattoirs equipped with cold rooms, etc.), processing activities remain in their infancy. Favourable rainfall in 2005 somewhat improved pastures, without however having either an immediate or lasting effect on the condition of the livestock. Since last year, 40 per cent of Niger’s herd has died. In October 2004, the government estimated that there was a record shortfall in fodder, 154 per cent greater than that recorded in 2000. Livestock prices collapsed as households in pastoral and agricultural regions sold off their animals to meet their grain needs: in July 2005 prices had fallen by 50 per cent compared with July 2004. Given the dependence of agro-pastoral households on livestock, this price collapse reduced their purchasing power and increased their vulnerability.

With mediocre harvests, non-agricultural activities were the principal source of growth in 2004; this trend is likely to be reversed in 2005, in the light of favourable climatic conditions.

Mining activities are dominated by uranium extraction, with two mines operating (Akouta and Aïr). In 2004, uranium accounted for 30 per cent of the formal economy, with 3 282 tonnes extracted. The world annual demand for uranium is 66 000 tonnes, 55 per cent of which is supplied by mining activities, while the remainder comes from stocks and weapons recycling. The demand for uranium could well increase in coming years, as a number of countries are planning to develop their nuclear energy (for example, China is expecting to construct 27 new power stations; India, 31; and the Russian Federation, 25). As a result, demand
could exceed supply by 11 per cent in the coming ten years, bringing about a rise in international prices. Uranium prices increased by 44 per cent in 2004, going from an average of $12.6/lb in 2003 to $18.2/lb in 2004. Price increases are expected to be even greater in 2005.

Niger began producing gold in 2004, but its contribution to the economy remains modest (0.6 per cent of GDP), and this should remain the case in 2005.

The country also has oil resources, though these are only likely to be exploited in the medium term. In June 2005, Niger and Algeria signed a 12-year oil exploration contract for the Kafra site, near Agadez, in the north of the country. The Algerian oil and gas company Sonatrach (Société nationale pour la recherche, la production, le transport, la transformation et la commercialisation des hydrocarbures) plans to invest $29.5 million in the project. If results are conclusive,
the agreement also provides for the transport and trade of oil between the two countries. Under the “Tenere Permit” (held jointly by the China National Petroleum Corporation and the Canadian company, TG World Energy), exploration was to be resumed in 2005. In 2004, seeking to promote mining, the government awarded new licences to Canadian and Chinese companies permitting the exploitation of gold (reserves: 93 tonnes) and coal (reserves: 50 million tonnes).

The downturn in the agricultural sector brought with it a strong contraction in domestic consumption in 2004, and this continued in 2005. Ongoing investments in water management and production diversification are expected to contribute to reinvigorating agricultural production in 2006 and 2007. Non-agricultural sectors – such as mining and tourism – could benefit from new investments through FDI (foreign direct investment).

If growth of more than the current 4 per cent goal is to be achieved, in addition to the policies and reforms envisaged for the coming years, it is essential that coherent sectoral strategies be implemented, particularly in the rural sector, tourism and mines. The government should concentrate more on developing irrigation infrastructure (in accordance with the recommendations of the poverty reduction strategy) and on promoting the use of modern inputs to increase productivity in agriculture and livestock and to reduce rural sector vulnerability to droughts. Current efforts to diversify exports require to be reinforced by the effective inclusion of oil and mineral operations. Increased emphasis on promoting tourism ought to contribute to strengthening external viability and reinvigorating economic growth.

The share of investments in GDP has dropped since 2003, going from 16.9 per cent in 2003 to 14.3 per cent in 2005, but it ought to recover lost ground in the coming two years (2006 and 2007). Private investment remained weak in 2005 and even fell compared with 2003; it is expected to rebound slightly in 2006. Despite the hosting of the 5th Francophone Games, public investment was stagnant in 2005, at 5.5 per cent of GDP, compared with 5.6 per cent in 2004. It should, however, continue its upward trend in 2006 and maintain this in 2007. This situation reflects the limited investment opportunities in the country. In the short term, unless a discovery of oil reserves brings about an increase in foreign direct investment, investment will be led by donor funding.

Neither the fiscal balance nor the trade balance varied significantly in 2004, and so the effects on growth were negligible. In 2005, the fiscal balance stagnated around 11 per cent of GDP, while the deterioration of the balance of trade weighed down the growth rate of GDP.

### Macroeconomic Policies

#### Fiscal Policy

In 2005, fiscal policy focused mainly on reducing poverty in parallel with reducing the budget deficit.
Thus, fiscal consolidation proved essential to increasing the government’s contribution to domestic savings and investment.

Since the start of 2005, the government has been widening the tax base via several measures: extending the 19 per cent VAT to processed food products (milk, sugar, flour and wheat); reducing VAT exemptions on water and electricity consumption; and imposing an indirect tax on soft drinks. These VAT increases on processed food products and water and electricity consumption – requested by the IMF (International Monetary Fund) to increase tax revenue, as a PRGF (Poverty Reduction and Growth Facility) condition – resulted in mass protests and a series of strikes. The government was forced to withdraw the measures, losing 2.86 billion CFA francs in potential revenue from milk and flour and 849 million CFA francs from water and electricity. This loss in terms of receipts was offset by increases in company profit tax in both the formal and informal sectors, and in property tax. This budgetary revision and these new fiscal measures ought to generate 4.37 billion CFA francs, which is more than was expected from the VAT increases. It was planned to implement several additional measures to strengthen the efficiency of tax and customs collection with, notably: the creation on 1 March 2005 of a procedure for weekly exchanges of data on taxpayers between the tax authorities, Customs, and Treasury departments; the evaluation of tax exemptions; and, at the end of March 2005, the completion of a credible tax exemption reduction plan. Overall, tax revenue fell in Niger in 2005, and this is expected to continue in 2006 and 2007.

The national authorities observed a very prudent public spending policy in 2005, particularly in terms of salaries, which fell in comparison with 2004. This reduction is expected to continue in 2006 and 2007. The Nigerien government directed spending towards the social sectors identified by multilateral institutions (IMF and World Bank) as priorities for the HIPC (Heavily Indebted Poor Countries) Initiative. In 2005, total expenditure is expected to be held at 21.9 per cent of GDP, and 22.2 per cent in 2006. Current expenditure is expected to be limited to 12.4 per cent of GDP in 2005 and 12.6 per cent in 2006. The wage bill is estimated to be around 3.7 per cent of GDP against a background of outright freezing of public-service salaries, as in previous years. The government has made sure that budgetary allocations to priority sectors have been effective. Total expenditure in health and education is expected to grow from 4.6 per cent of GDP in 2004 to 5.5 per cent of GDP in 2005, reflecting the greater resources linked to the HIPC Initiative and increased budgetary assistance. Expenditure financed by HIPC Initiative resources is expected to reach a total of 40.9 billion CFA francs (2.3 per cent of GDP) in 2005, 36 billion CFA francs of which is for investment expenditure. Capital expenditure financed by this Initiative is expected, according to forecasts, to increase from 1.5 per cent of GDP in 2004 to 2.1 per cent in 2005.

### Table 2 - Public Finances (percentage of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total revenue and grantsa</th>
<th>Total expenditure and net lendinga</th>
<th>Primary balance</th>
<th>Overall balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>13.9</td>
<td>17.0</td>
<td>-1.5</td>
<td>-3.2</td>
</tr>
<tr>
<td>2002</td>
<td>16.4</td>
<td>19.3</td>
<td>-1.4</td>
<td>-3.0</td>
</tr>
<tr>
<td>2003</td>
<td>15.9</td>
<td>18.7</td>
<td>-1.7</td>
<td>-2.9</td>
</tr>
<tr>
<td>2004</td>
<td>17.8</td>
<td>21.4</td>
<td>-3.0</td>
<td>-3.5</td>
</tr>
<tr>
<td>2005(e)</td>
<td>17.7</td>
<td>21.9</td>
<td>-3.7</td>
<td>-4.2</td>
</tr>
<tr>
<td>2006(p)</td>
<td>17.6</td>
<td>22.2</td>
<td>-4.3</td>
<td>-4.6</td>
</tr>
<tr>
<td>2007(p)</td>
<td>17.4</td>
<td>21.8</td>
<td>-4.2</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

a. Only major items are included.

Source: Ministère des finances et de l’économie and Ministère de la privatisation et de la restructuration des entreprises publiques data; estimates (e) and projections (p) based on authors’ calculations.
The more rapid growth in capital expenditure (particularly in health and education) has been offset by more sluggish rises in recurrent expenditure, thanks to a prudent public-sector wages policy and the implementation of an early retirement scheme for public servants. The government's fiscal performance is impressive, given the narrow tax base and the unpopularity caused by the increases in indirect taxes.

As the 2005 harvest was satisfactory, the State should not have to compensate for food shortages. Tax revenue is therefore expected to increase by 11.6 per cent of GDP in 2006, against an anticipated 22.2 per cent increase in spending. The Nigerien government is in the process of developing a series of operational strategies to improve public revenue mobilisation after 2005. Measures envisaged include the application of VAT to domestic sales of non-essential goods, the introduction of a special environmental tax, and the reduction of property tax. Tax incentives will thus be fewer in 2006 than in 2005.

**Monetary Policy**

Monetary and credit policies are directed at regional level by the BCEAO (Central Bank of West African States) and are essentially aimed at preserving CFA franc-euro parity and controlling inflation. Strict monetary policies are thus observed in the CFA franc zone, mirroring those of the ECB (European Central Bank), with an appropriate level of international reserves. The only difference is that the BCEAO takes the economic situation of its member countries into account in its monetary policy.

In this context, money supply in Niger is expected to increase by 10.6 per cent in 2005, which represents a growth rate just over that of nominal GDP. While the government's banking credit is expected to remain unchanged, credit to the economy is expected to increase by approximately 7 per cent. Niger is due to begin repaying the BCEAO-Niger statutory advances, and to this effect has planned to issue Treasury bonds on the regional financial market.

In terms of inflation, the rise in prices observed at the end of 2004 continued in the first half of 2005. At the end of June 2005, the inflation rate was at an annual average of 7.4 per cent, which is higher than the 3 per cent community ceiling set by WAEMU (West African Economic and Monetary Union). Over 12 months (June 2005-June 2004), the inflation rate was 10 per cent. This massive increase in prices in the first half of 2005, particularly of unprocessed cereals, can be largely explained by weak supply due to poor agricultural production in 2004-05. In July 2005, this inflationary pressure persisted, with a year-on-year rate of 11.2 per cent.

**External Position**

Niger has a structural deficit in its balance of trade. Exports are essentially focused on uranium and livestock. Uranium exports, which accounted for 30 per cent of all exports in 2004, are expected to increase in 2005 due to the rise in international prices, helping mining companies to clear their stocks and production surpluses. Livestock, which is the second largest export, is primarily exported on the hoof, particularly to Nigeria (a large, easy market) and to Maghreb countries (especially Libya). Given the impact of the drought, the outlook for the sector in 2005 is uncertain. This activity remains less profitable than meat exports. Since 2004, Niger has been exporting gold, which has slightly boosted export revenue, estimated at 242 billion CFA francs in 2005.

Imports are rising, due to the growing demand for food products and intermediary and capital goods for infrastructure projects (including the preparations for the 5th Francophone Games in 2005). The rising cost of petroleum imports resulted in a 9 per cent increase in import expenditure between 2004 and 2005.

The trade deficit is expected to widen, from 76.4 billion CFA francs in 2004 to 80.4 billion CFA francs in 2005. This is also likely to be the case for the services deficit, with an increase in imports causing it to grow from 80.6 billion CFA francs in 2004 to 87.1 billion CFA francs in 2005. The situation will probably remain unstable until the crisis in Côte d'Ivoire is resolved and transport costs fall. The revenue balance continued to benefit from the debt relief granted under the HIPC Initiative, and so the revenue deficit should...
be gradually cleared. The steady flow of foreign aid will continue to contribute to the surplus in the current transfers account. All of these trends are expected to lead to a deterioration in the current account deficit (including budget aid), from 98 billion CFA francs in 2004 to 124.3 billion CFA francs in 2005.

In 2006, exports are expected to increase and reach 14.5 per cent of GDP, primarily under the pressure of the forecasted rise in international uranium prices, the increase in gold and onion exports and increased demand for livestock in Nigeria. Imports are also expected to increase, to reach 21.7 per cent of GDP. The current account deficit is also expected to widen and to reach 127.3 billion CFA francs.

Niger’s foreign reserves continued to decline, to $34.3 million in March 2005, or about one quarter of their 2002 level. This rise in imports is explained by the cereal shortages resulting from the poor 2004 harvest, and by the rise in international oil prices. Added to foreign debt servicing payments, this increase led to foreign currency payments that exceeded exports, bank loans and payments, thus negatively affecting reserves. However, as Niger is a WAEMU member, the liquidity risk is low, given that members pool their exchange reserves at the BCEAO and the French Treasury guarantees the full convertibility of the CFA franc to the euro. As a result, the adoption of corrective measures to compensate for the fall in reserves has not proved restrictive.

The opening up of the country is evident in its pursuit of economic, trade and military co-operation with neighbouring countries. Relations with Nigeria – Niger’s chief trade partner – remain sound. The country has committed to regional integration with WAEMU and is striving to meet the convergence criteria. According to WAEMU, Niger should be able to comply with three first-level criteria in 2005 (inflation rate below or equal to 3 per cent; no debt servicing arrears; and public debt less than 70 per cent of GDP) as well as two second-level criteria (public-sector salaries and investment). An extension of economic and military agreements with neighbouring countries – such as Benin, Mali and Chad – is also scheduled, under the aegis of the Community of Sahelo-Saharan States. Niger’s relations with the United States are increasingly concerned with military co-operation, as the United States is troubled by the supposed existence of terrorist training camps and hideouts in the Sahel. Relations with France (the leading colonial power of the country and the largest bilateral donor and trade partner) remain strong.

The country’s economic and financial performance in recent years enabled it to reach the completion point of the HIPC Initiative on 8 April 2004. All of Niger’s debt towards the Paris Club ($197 million) was cancelled on 12 May 2004. These performances have brought the country’s foreign debt down to a manageable level until 2012. Between 2001 and 2004, debt servicing as a percentage of exports grew from 8.5 per cent to 10.5 per cent. The country’s total debt is now nearly $3 billion. Foreign debt fell considerably following the decision at the G8 Summit (July 2005) to cancel the debt of the 18 poorest countries in the world (which includes Niger). Like the HIPC Initiative, the G8 agreement in Scotland will be “compensated for” by an egalitarian decrease in aid to each country once the IMF and ADB (African Development Bank) ratify the debt relief plan.

<table>
<thead>
<tr>
<th>Table 3 - Current Account (percentage of GDP)</th>
</tr>
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<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>Trade balance</td>
</tr>
<tr>
<td>Exports of goods (f.o.b.)</td>
</tr>
<tr>
<td>Imports of goods (f.o.b.)</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>Factor income</td>
</tr>
<tr>
<td>Current transfers</td>
</tr>
<tr>
<td>Current account balance</td>
</tr>
</tbody>
</table>

Source: Central Bank data; estimates (e) and projections (p) based on authors’ calculations.
Following the end of the PRGF agreement (signed in 2000) in June 2004, on 31 January 2005 the Executive Board of the IMF approved a three-year programme covering the 2005-07 period. This awards 6.58 million SDRs (Special Drawing Rights) under a new PRGF.

**Structural Issues**

**Recent Developments**

In its poverty reduction strategy, the government has placed considerable importance on the improvement of economic infrastructure. In order to reduce its great vulnerability to climatic hazards, Niger has put in place an action plan on climate change and climatic variability, which includes 50 precipitation-gauge stations as well as measures for staff retraining in climatology, seasonal forecasting, and agro-meteorology.

The communications system of Niger is modern, with several Internet cafés and a few long-distance calling centres in the capital Niamey. Mobile phone services are operational and coverage exists in the country’s main towns. In 2003, the number of subscribers increased by almost 80 per cent. Celtel Niger, which launched operations in October 2001, had 65 000 subscribers at the beginning of 2004. Another company (Telecel) is also present on the market. Through the definition and adoption of a national plan for communications and information infrastructure, the Nigerien government is supplying technical assistance to optimise the use of new information and communication technologies.

The privatisation programme has been delayed, despite the creation of a national public procurement commission in 2004. The complete privatisation of the Nigerien oil products company Sonidep (Société nigérienne des produits pétroliers) and of the electricity provider Nigelec (Société nigérienne d’électricité) encountered several difficulties (rehabilitation funds, withdrawal strategies, lack of interest from regional and international investors, etc.). The government adopted a plan to privatise Nigelec based on selling 51 per cent of its capital under a 25-year concession. An initial call for tenders for Sonidep in 2003 was unsuccessful and, by April 2004, only 6.9 per cent of its capital had been sold to members of a consortium of local
distributors of petroleum products, GNDPP (Groupement nigérien des distributeurs des produits pétroliers). Technical discussions aimed at completing these privatisations are ongoing between the government of Niger and the World Bank. In 2004, the World Bank approved a disbursement of $5.5 million to bring the Sonidep and Nigelec transactions to completion. The public investment withdrawal strategies for these two companies have been reconsidered and the Nigerien authorities have reassessed the privatisation programme with the technical support of the World Bank.

In terms of public-sector reforms, the Nigerien government has decided to focus on improving management and on transparency in public administration. The priority areas are, maintaining control over the public service and auditing the national pension fund (Fonds national de retraite). Five Treasury offices in the provinces were computerised and the Budget and Public Treasury departments are now linked by computer. Several other reforms were also carried out, including an improvement of the legal and regulatory business environment, which entailed an overhaul of the judicial system.

Financial reforms have focused on the banking sector, microfinance, postal banking services and social security. Several advances have been made. Two commercial banks – BCN (Banque commerciale du Niger) and BINCI (Banque islamique du Niger pour le commerce et l’investissement) – were restructured. The Nigerien authorities intend to appoint new members to the governing board of BCN in compliance with a restructuring plan approved by the BCEAO which is to be followed by the sale of the government’s minority share in the bank. Audits of all major microfinance institutions have been carried out. They were scheduled for restructuring in 2005 on the basis of the audit results, along with the strengthening of the watchdog body of the Ministry of Finance and the Economy. The liquidation of CDN (Crédit du Niger) was scheduled to take place in 2005, and the CPCT (Caisse de prêts aux collectivités territoriales) was to be restructured. The postal sector was to be divided into two entities, La Poste du Niger, responsible for postal services, and its subsidiary, La Poste de Fina, for financial services. In recognition of the importance of an efficient insurance sector for private-sector development, the government decided to authorise training in Nigerien insurance companies in order to help them reinforce their management systems. Finally, an actuarial audit of the CNSS (Caisse nationale de sécurité sociale) was carried out.

**Transport Infrastructure**

Under a road network development plan, the Nigerien government has continued to implement a wide range of programmes to construct roads and, in production areas, to improve rural tracks leading to trunk roads and urban centres. Between 2003 and 2004, approximately 20 billion CFA francs were raised and invested directly in roads. This enabled 851 km of critical points to be dealt with and 130 km of works in progress to be completed. Road infrastructure works continued to accelerate in 2005, due to the works associated with the 5th Francophone Games scheduled for the end of 2005. By facilitating the access of the poor to socio-economic infrastructure, road improvement could contribute to strengthening food security. It could also further trade in agricultural surpluses as well as increase rural productivity and production.

The transport sector is essentially composed of road and air transport. Despite the country’s immense size, the road network counts 3 677 km of asphalted roads, 4 107 km of modern and rudimentary earth roads, 6 781 km of rural roads and 60 000 km of tracks. Only 10 per cent of the network functions all year round. Air transport is primarily international and regional. The country has six airports, including Niamey’s international airport. Though it jointly owns the 438 km Cotonou-Parakou line with Benin, Niger does not have a rail transport system. Nor, lacking a coastline, does it have a maritime fleet. Lastly, with the difficulty of navigating the River Niger, water transport is poorly developed and is largely restricted to certain sections of the river. Transport is a poverty reduction priority sector and is characterised by an
inefficient regulatory framework arising from the weak organisation of the transport system and an uncompetitive environment.

Within the transport sector, the roads sub-sector is the most predominant, handling nearly all movements of people, goods and external trade. This sub-sector is characterised by: i) unequal geographic distribution of infrastructure; ii) increased costs due to the dilapidated state of the network, inadequate equipment and the high average age of rolling stock, all of which lead to increasing delays in clearing goods to foreign markets and in channelling imports; and iii) persistent insecurity on certain routes that the State is attempting to curb. This sub-sector thus forms a major obstacle to improving the competitiveness of Nigerien exports and a barrier to the country’s economic and social development. The state of severe deterioration of the roads in fact impedes the circulation of goods, puts a strain on costs, and disrupts production programmes. Yet, in this landlocked country, without a coastline or railway lines, the roads sub-sector will long continue to play a key role in domestic trade, in regional trade with ECOWAS (Economic Community of West African States) countries, and in the promotion of foreign trade. Hence the fight against poverty requires the construction of a modern, all-season transport infrastructure.

Political and Social Context

In the socio-political area, Niger is currently developing a market system characterised by democratisation and the freedom of expression, opinion and movement. The country’s relative political and social stability has enabled it to strengthen its relations with partners such as the Bretton Woods institutions. The victory of the incumbent MNSD (Mouvement national pour la société de développement) party in the December 2004 presidential and legislative elections gave President Mamadou Tandja’s government a solid mandate. In its opposition role, the PNDS (Parti nigérien pour la démocratie et le socialisme), which won 34 per cent of votes in the presidential election, occasionally provokes social stirs in an effort to boost its popularity. On the whole, however, it respects the greater interest of social cohesion in one of the poorest countries in the world.

Introducing good governance is a major focus of the Nigerien government and is a central element in the poverty reduction strategy. Several measures have been taken in this regard. To strengthen the law, the government has adopted legislation and regulations pertaining to the criminal code, the code of military justice, military courts, anti-corruption measures, and the national independent electoral commission, CENI. The clarity of the reports of the national commission for human rights and liberties CNDHLF (National Commission on Human Rights and Fundamental Freedoms) has strongly contributed to strengthening civil liberties. Political initiatives include: creating a national dialogue body, the CNDP (National Political Dialogue Council); performing an organisational audit of the national armed forces; and holding transparent general elections in December 2004.

The government has supported local development and institutional and political stability through the measures which it has adopted to strengthen the decentralisation process. Its commitment is also demonstrated by the fact that it has signed 15 agreements relating to co-operation in the decentralisation process.

Three months after its formation, the Nigerien government encountered a wave of disturbances. Thousands took to the streets in the capital to protest against price increases in essential goods. After several weeks of strikes and demonstrations, the government was forced to withdraw the new fiscal measures and to reach an agreement with the demonstrators on a number of alternative measures. Protestors who had been imprisoned following the strikes were freed. In June 2005, almost 2 000 people again demonstrated in Niamey over the food shortages that followed the poor 2004 harvest, damaged by locust invasions and drought. Led by the CDSC (Democratic Co-ordination of Civil Society), the protestors demanded the free distribution of food to all those affected by the shortages.
The combined effects of drought and locust invasion in 2004 adversely affected Nigerien pasture and cereal production, provoking a food security crisis. In March 2005, a joint assessment by the Nigerien government, the WFP (World Food Programme), FEWS NET (Famine Early Warning Systems Network of the United States Agency for International Development), and CILSS (Permanent Inter-State Committee for Drought Control in the Sahel) concluded that 2.5 million people (or around 20 per cent of Niger’s population) suffered from food insecurity and required food aid until August 2005. The lack of pasturage and animal feed and the rarity of veterinary services damaged livestock, which is the rural food base in agro-pastoral zones. This severe food security crisis hit pastoral and agro-pastoral zones north of the Maradi, Tillabery, Zinder and Tahoua regions. A survey carried out by MSF (Doctors Without Borders) in April-May 2005 in certain areas of Tahoua and Maradi revealed Global Acute Malnutrition (GAM) rates of respectively 19.5 per cent and 19.3 per cent, while the rates of Severe Acute Malnutrition (SAM) were found to be respectively 2.9 and 2.4 per cent. Another survey carried out in January 2005 by Helen Keller International and the WFP in the Maradi and Zinder regions estimated the GAM rates at around 13 per cent and the SAM rates at respectively 2.2 and 2.7 per cent. In these areas, high malnutrition rates – some of which are indicative of serious local problems – are invariably accompanied by further rises in already high infant mortality rates. According to MSF, at the start of 2005, infant mortality for children under 5 was 2.2 and 2.4 deaths per 10 000 per day in Maradi and Tahoua, respectively. The emergency threshold is 2 deaths per 10 000 individuals per day. Other factors which explain this nutritional situation, particularly in Maradi, are: widespread diarrhoeal illnesses; high infant and child mortality (above 350 per 1 000); early age of first pregnancy; and above all, infant feeding practices such as delaying breast-feeding for 4-5 days after birth, and in the interim, feeding newly-born infants with water, herbal teas and cow’s milk. Besides food shortages, other factors contribute to the increase in malnutrition rates, such as: water shortages (and water of very poor quality); the inability to pay for medical services in government clinics; the inadequacy of infant care; and poor sanitation habits and conditions. All of these are aggravated by the structural poverty which is rife in a good proportion of the country.

The Nigerien government reacted to the food security crisis to the best of its ability, in collaboration with other partners (while following and continuously assessing the situation), by subsidising the sale of cereals from reserve stocks and by “lending” cereals to the most vulnerable regions. This programme of credit to agricultural production, implemented for the first time in this vast desert country, enabled destitute groups to obtain cereals without destroying development mechanisms. In practice, 100 kg of millet and sorghum were supplied to each family during three months in 2005 to bridge the gap before the harvesting season. According to government estimates, this required the release of 18 800 tonnes of grain.

This food crisis is not just a temporary emergency. It results from the poverty which is rife in the country — Niger is the second poorest country in the world, and more than 60 per cent of its 11 million inhabitants live on less than one dollar a day — and this poverty is inadequately addressed. The goodwill that much of the international community has demonstrated in reacting to situations of “famine” in Niger is welcome. But what is required is a similar commitment and sustained attention to remediying the chronic problems at the heart of the current localised crises. Without that, the same causes will again produce the same effects.

The May 2004 adoption of the rural development strategy reaffirmed the Nigerien government’s intention to make the rural sector the driving force behind economic growth. The main goal of this strategy is to reduce rural poverty from 66 to 52 per cent by 2015, by creating an environment conducive to sustained economic and social development in which food security and sustainable management of natural resources are guaranteed. The various strategies for attaining this goal are: i) promoting access to economic opportunities; ii) reducing risk, improving food security, and managing natural resources with the aim of protecting living
conditions; and iii) improving the capacity of public institutions and rural organisations to make management of the rural sector effective. Several efforts have been successfully undertaken to protect the environment and to prevent the desertification of Niger, including: substitution of wood energy by promoting new sources of renewable energy; dune fixation; rehabilitation of degraded land; reforestation, etc. Reforestation and soil erosion efforts have enabled 360 000 hectares of land to be planted with species of some economic value (such as eucalyptus). A new forestry law was adopted in June 2004. In April 2004, partners in a programme to combat the degradation of the Niger River Basin met in a summit in Paris with a view to accelerating implementation. Periodic meetings take place to implement sub-regional action plans aimed at regenerating the Niger River and Lake Chad drainage basins and to accelerate the fight against desertification.

Access to drinking water and hygiene remain problematic in rural areas, despite efforts to improve the supply of drinking water, the management of hydraulic resources and the provision of health and sanitation services. Several projects were launched, and during 2003-04, 245 wells and 90 mini-systems for freshwater provision were installed, and 145 existing wells were improved. During the same period, the 978 CGPE (Water Supply Point Management Committees) were created. In urban areas, the privatisation of the national water company brought about several changes, including the formation of two bodies charged with water management at national level (SEEN – Société d’exploitation des eaux du Niger – and SPEN – Société de patrimoine des eaux du Niger), as well as the creation of a department of water within ARM (Multisectoral Regulation Authority).

The illiteracy rate in Niger is more than 80 per cent. Education policy has multiple goals. In terms of basic education, the State is striving to widen access to formal and informal education, particularly for children in rural areas, girls, and the most vulnerable members of society. It is also working to improve the quality of schools. A ten-year programme for educational development (2003-13) has already made some noteworthy advances: 1 695 classrooms were built and equipped and 2 702 teachers were recruited. Between 2003 and 2004, primary school enrolment rates in rural areas went up from 46 to 48.4 per cent. Niger also launched literacy programmes, including PADENF (Projet d’appui au développement de l’éducation non formelle), financed by CIDA (Canadian International Development Agency). Thanks to this programme, between 2001 and 2005, 45 000 people in three of the country’s administrative regions learned to read. The approach was so successful that it has already been reapplied in a new programme, PRODENF (Programme de développement de l’éducation non formelle), financed this time by the World Bank. This programme will extend to four administrative regions, with the goal of teaching 65 000 people to read by 2008. Building on the observation that the majority of young people excluded from education attend Koranic schools, CECI (Centre d’étude et de cooperation internationale) of Canada carried out a pilot project with the assistance of these schools. Several imams agreed to allow literacy classes to take place in Koranic schools. This project currently only involves eight schools, but there are plans to extend it to the country’s some 5 000 Koranic schools.

With regard to technical and professional training, several institutional and material reforms have taken place, particularly the construction of technical and professional centres and the introduction of a BTS (advanced vocational training certificate) into this branch of the educational system. The policy of socio-professional integration includes youth training and job placement in several fields (health, entrepreneurship, etc.).

However, profound divisions are becoming ever more apparent in the population, particularly in education. As a result of the clauses enforced by donor countries and international financial institutions, 75 per cent of the teaching body has left on early retirement. This could reach 90 per cent by 2010. Though 92 per cent of women and 72 per cent of men are illiterate, teachers are being replaced by “education volunteers”: untrained and unqualified young people earning a quarter of a teacher’s salary and barred from unionising.
The locusts and drought of 2004 are the root of rising malnutrition rates, to which much be added the scarcity of drinking water and insufficient sanitation: 41 per cent of the population of Niger does not have stable access to an improved water supply, which increases the risk of outbreaks of transmittable diseases. It is estimated that more than 50 per cent of the population does not have access to primary health care. In 2005, a cholera epidemic hit the country: between 13 July and 19 September a total of 431 cases were recorded. In September, as part of its humanitarian activities, the World Health Organization (WHO) sent 100 000 malaria treatment packs to the country, where under normal conditions, 50 per cent of deaths of children under 5 years are due to malaria. WHO launched an appeal for $1.3 million to finance four projects: i) illness and nutrition monitoring and intervention in epidemics; ii) taking nutritional cases in hand; iii) supporting the development of a health policy aimed at improving access to essential health care and making care more reliable and more affordable; and, iv) strengthening health-sector co-ordination and information management. More than 3 500 women die in childbirth in Niger annually, though given that this figure reflects only hospital deaths, it is an under-estimation. This is essentially due to a high rate of home births (almost 81 per cent and, in 8 per cent of cases, without any assistance). In addition, infant and child mortality is one of the highest in the world, with a rate of 274 per 1 000.

In the light of its relatively rapid spread in some southern border regions, HIV/AIDS is a huge concern for the government. The infection rate in the 15-49 age group was estimated at 1.5 per cent in 2005, compared to 0.87 per cent in 2002. In 2002, significant differences between urban and rural areas were however noted, with rates of 2.08 and 0.64 per cent respectively. A national survey carried out in 2002 registered the following infection rates: teachers (1.4 per cent); truck drivers (1.7 per cent); prison inmates (2.8 per cent); soldiers (3.8 per cent); and, sex workers (25.4 per cent). The rapid spread of the AIDS virus in the country is linked to unprotected sex practices, but also to sizeable seasonal migrations, which are often accelerated during droughts, to the high level of illiteracy, to socio-cultural factors (polygamy, premature marriage, excision, sororate, and levirate), to the inadequacy of medical supervision, to the absence of ARV (anti-retroviral) therapy, to a lack of information in those infected, and to the slight consideration given to the socio-economic impact of HIV/AIDS, particularly in rural areas. All of these factors combine to reduce the impact of government and NGO initiatives to combat the disease with the support of external partners, including the World Bank Group (health-care improvement project). If energetic measures are not taken quickly to step up prevention and the fight against the epidemic, the accelerated spread of the virus since 2002 could deprive several sectors of necessary qualified manpower. To lead the fight against HIV/AIDS, the government is implementing a national strategic framework over the 2002-06 period. Finally, to fight against malaria, which is also a public health issue (with around 850 000 cases recorded annually), the government is pursuing its 2001-05 strategic plan.