



NIGER

July 2019

LETTER OF INTENT, MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES, AND TECHNICAL MEMORANDUM OF UNDERSTANDING

The following item is a Letter of Intent of the government of Niger, which describes the policies that Niger intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Niger, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

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International Monetary Fund
Washington, D.C.

Letter of Intent

Niamey, June 13, 2019

Madame Christine Lagarde
Managing Director
International Monetary Fund
Washington DC, 20431

Madame Managing Director,

1. Niger continues to make notable economic progress in the context of its reform program supported by the ECF arrangement. Real GDP growth picked up to an estimated 6.5 percent in 2018 and should average at least 7 percent annually over the next five years with the economy developing new dynamism, catalyzed by several large private and public investment projects, notably the development of a pipeline for crude oil exports, and the hosting of the African Union summit this July. Inflation has fallen well below the 3 percent WAEMU norm. Fiscal consolidation in 2018 outperformed the program with the fiscal deficit declining to 4.2 percent of GDP. This progress was achieved despite a tense security situation, low prices for uranium exports, and daunting development challenges.

2. Implementation of our ECF-supported reform program is broadly on track. All performance criteria and indicative targets for end-December 2018 and end-March 2019 were met, except the clearance of domestic payment arrears owing to intermittently tight conditions in regional financial markets and pressing security spending needs. However, a substantial paydown is a prior action for the completion of this review. Structural reforms also advanced. All but one structural benchmark through end-March 2019 have been met. Achieving this objective is also a prior action. Progress toward the end-June 2019 structural benchmarks is well advanced.

3. The Government of Niger remains fully committed to the objectives of the program. Sound public finances for macroeconomic stability is a top priority. No efforts will be spared to meet the WAEMU convergence criterion for a fiscal deficit of at most 3 percent of GDP in 2020, to ensure debt sustainability, and to preserve Niger's moderate risk rating for public debt distress. The critical drive to mobilize more revenues will continue, flanked by steps to improve spending quality and debt management. The government also recognizes the importance of developing a stronger local private sector, of further improving governance, and of advancing girls' education.

4. The government's program for the remainder of 2019 and the medium-term is detailed in the attached Memorandum of Economic and Financial Policies (MEFP). The government believes that the measures and policies set forth therein will serve to achieve the established objectives. It stands ready to take any additional measures that may prove necessary and will consult with the IMF on the adoption of such measures and before making changes to the

policies set out in the MEFP in accordance with the IMF's policies on consultations. Timely information needed to monitor the economic situation and implementation of policies relevant to the program will be provided, as agreed under the attached Technical Memorandum of Understanding (TMU), or at the IMF's request.

5. The Government of Niger requests a 3-month extension of the ECF arrangement to April 2020. This way the semi-annual spacing of program targets can be retained for the sixth and final program review, providing a more realistic timeframe for completing the implementation of envisaged reforms.

6. Considering the prior actions—reducing domestic payment arrears together with reassurances on the government's commitment and adopting performance plans for tax and customs administrations—and the resolve to implement the program, the Government of Niger requests (i) a waiver for the non-observance of the end-December 2018 performance criterion on domestic payment arrears clearance, (ii) a waiver for the non-observance of the continuous performance criterion on keeping domestic arrears below the CFAF 5 billion ceiling in 2019; (iii) the modification of the continuous performance criterion on the stock of domestic arrears from the date of completion of the fourth review onward and modification of the arrears adjuster to the domestic financing performance criterion at end-June 2019; (iv) the completion of the fourth program review; (v) the disbursement of the fifth tranche of SDR 33.84 million under the ECF arrangement; and (vi) a 3-month extension of the ECF arrangement through April 22, 2020 and the rephrasing of disbursements as detailed in Table 7 of the MEFP. Performance criteria, indicative targets, and structural benchmarks for 2019 are set out in Tables 2, 4, and 6 of the MEFP.

7. In keeping with our longstanding commitment to transparency, we agree to the publication of the staff report, this letter of intent, the MEFP, and the TMU on the IMF's website.

Sincerely yours,

/s/

Mamadou Diop
Minister of Finance

Attachments: I. Memorandum of Economic and Financial Policies.
II. Technical Memorandum of Understanding.

Attachment I. Memorandum of Economic and Financial Policies of the Government of Niger

INTRODUCTION

1. This memorandum of economic and financial policies (MEFP) supplements and updates the MEFPs signed on December 21, 2016, November 30, 2017, May 15, 2018, and November 21, 2018. It describes recent economic developments, the macroeconomic outlook, progress with program implementation, and policies for the remainder of 2019, and the medium-term. The program supported by the Extended Credit Facility (ECF) arrangement is in line with the government's Economic and Social Development Plan 2017-21 (PDES 2017-2021). Program priorities are focused on: (i) maintaining macroeconomic stability; (ii) creating fiscal space through better revenue mobilization and higher efficiency in public spending; (iii) improving public financial management, including cash and debt management; (iv) supporting private sector and financial development; (v) increasing transparency and governance, including in the mining and oil sectors; (vi) poverty alleviation; and (vii) managing demographic challenges, including by increasing school attendance of girls.

RECENT ECONOMIC AND FINANCIAL DEVELOPMENTS

2. Recent economic developments are broadly in line with projections established at the time of the previous program review. Real GDP growth rose to an estimated 6.5 percent in 2018, driven by agriculture, construction and service sector. Inflation started to recede quickly late in the year, bringing the 2018 annual average to 2.7 percent. The external current account deficit widened further, mainly on account of weak natural resource exports and increasing imports of capital and intermediate goods. It is mostly financed by donors and foreign investors, but an overall deficit of 2.3 percent of GDP remains. As a WAEMU member, Niger has recourse to the union's pooled reserves currently standing at 4.3 months of union imports. Financial deepening remains weak, with private sector credit expanding by only 6.9 percent for the year on average and hence less than the 9.2 percent increase in nominal GDP.

3. Fiscal consolidation is progressing. The overall fiscal balance declined somewhat more than programmed from 5.7 percent of GDP in 2017 to 4.1 percent of GDP in 2018, reflecting restraint in current expenditure and domestically-cash-financed investment, as well as a shift from loans to grants in foreign-financed investment. Revenue mobilization efforts began to bear fruit thanks to new measures, such as performance plans for revenue administrations, the gradual rollout of transaction valuation for imports in customs, the removal of some tax exemptions, and efforts to strengthen the taxation of the informal sector. However, weak contributions from the resource sector and the abolition of a telecom tax weighed on this performance. The clearance of domestic payment arrears stalled in the face of intermittently tight conditions in the regional financial markets and demands from security-related events.

PERFORMANCE UNDER THE ECF-SUPPORTED PROGRAM

4. Program implementation has progressed well, despite some implementation delays.

5. All performance criteria (PCs) and all indicative targets (ITs) through end-March 2019 were met, except the clearance of domestic payment arrears, a substantial paydown of which has been set as a *prior action* for this review. Most importantly, the domestic financing PC was respected, as were the ITs on revenues, basic fiscal balances, social spending, and exceptional spending. But the plan to eliminate domestic payment arrears by end-2018 and keep them below a minimal technical threshold thereafter run into implementation challenges in the face of intermittently tight financing conditions. Arrears clearance was thus delayed into June 2019 when market tightness had eased.

6. Implementation of the structural agenda covered by structural benchmarks (SBs) also progressed well, despite some slippages in the timetable due to the breadth of Niger's reform program and limited capacity. The phasing-out of cash payments in the public sector went beyond program commitments to do so in the main tax and custom offices and prepare a plan for further bankification. Salary payments of contractual civil servants have been bankarized since January 2019 and the salaries of other civil servants, hitherto paid in cash, since March 2019. Almost all bank accounts of pertinent public entities were transferred to the Treasury Single Account (TSA) as envisaged. The electronic interconnection between tax and customs administration was established within the March 2019 deadline. However, finalization of the 2019 performance plans for customs and tax administration are addressed only as a *prior action* for this review. Preparation for the structural reforms covered by end-June 2019 SBs is on track, except for delays in the preparation of legislation to reduce tax exemptions.

7. The government complied with all but one recurrent SB in the fourth quarter of 2018 and the first quarter of 2019. Quarterly spending allocations are released within the first month, based on the decisions of the Inter-Ministerial Budget Regulation Committee. Quarterly commitment plans with corresponding cash and debt management plans were prepared. The Inter-Ministerial Debt Management Committee met quarterly. However, establishing the status of newly granted discretionary tax exemptions since the beginning of 2018 also took longer than expected but is now completed and has been shared with IMF staff.

THE MACROECONOMIC FRAMEWORK FOR THE REMAINDER OF 2019 AND THE MEDIUM TERM

8. The economic outlook for 2019 and the medium-term remains favorable. As explained in the context of the preview program review, GDP growth should receive a jolt in 2019 from hosting the African Union summit and the launch of many large projects by private investors, donors, the government, and public-private partnerships (PPPs). For the most part, projects will be executed over several years, spurring economic activity in their construction phase and contributing to Niger's productive capacity thereafter. Most importantly, the construction of a pipeline for crude oil exports

through Benin is set to boost GDP, exports, and fiscal revenues when it becomes operational in 2022. Against this backdrop, real GDP growth should average at least 7 percent annually over the next five years, but will diminish slightly to 6.3 percent in 2019 as agricultural production normalizes after the surge in 2018. Inflation is likely to remain moderate, below the WAEMU norm. Niger's external position is bound to move further into deficit as execution of the large projects pushes up imports, but it should improve over the medium term, especially when crude oil exports commence. Private sector credit and broad money growth are projected to outpace nominal GDP growth as the financial sector starts to deepen.

9. Regarding public finances, the goal is to comply with the WAEMU deficit criterion by 2020. Following the consolidation efforts in 2019, the overall fiscal deficit will be brought in line with the 3 percent of GDP threshold in 2020 and gradually decline over the medium term to 2 percent of GDP. Consolidation relies primarily on revenue mobilization, but expenditure restraint remains a second line of defense in case revenue performance were not satisfactory. Throughout, the government will make efforts to raise the quality of spending with a view to making the most of limited resources. The likely revenue boost from crude oil exports will be used to reduce the deficit further to some 2 percent of GDP, replace donor-funded spending, and finance priority spending. This will keep public finances on a sustainable path, with public debt gradually declining from 54 percent of GDP currently to 43 percent of GDP by 2024 and Niger preserving its "moderate" rating for public debt distress risk.

FISCAL POLICIES AND REFORMS FOR 2019 AND 2020

10. The government remains committed to implement fiscal policies for 2019 as agreed in the previous program review. This means following the budget adopted by the National Assembly in December 2018, except for holding back CFAF 17.1 billion (0.3 percent of GDP) in appropriations unless revenues overperform program targets and except for some largely deficit-neutral reshuffling in the June 2019 supplementary budget to account for higher foreign aid and military spending needs. Unused budget allocations from 2018 have been cancelled. More generally and in line with the corresponding recurrent *SB*, spending allocations will be released as appropriate in the first month of each quarter, after consideration by the Inter-Ministerial Budget Regulation Committee. The 2019 budget is backed by a variety of strong measures:

- The partial reinstatement of the tax on incoming international calls, **TATTIE**, with a discount for companies that purchase a 4G license, strikes a balance between revenue needs and sector development. It is expected to yield CFAF 23.4 billion (0.4 percent of GDP).
- Substituting a dedicated financial sector tax, **TAFI**, for the VAT on banking services should generate CFAF 5 billion (0.1 percent of GDP) in additional revenues. This reform also implements a WAEMU directive.
- Revenue gains of at least CFAF 5.8 billion (0.1 percent of GDP) are expected from better taxing the informal sector. Raising the **VAT threshold** and subjecting more small businesses to **lump**

sum taxation makes better use of scarce tax administration resources. In addition, lump sum taxes are raised, and VAT under-reporters will be subjected to a **turnover tax**.

- Integrating the receipts of the telecommunication regulator, **ARCEP**, into the general budget is expected to yield another CFAF 5.2 billion (0.1 percent of GDP).

11. The government will redouble its efforts to strengthen tax administration reforms to help underpin revenue mobilization in 2019 and beyond. The focus will be on expanding the tax base and combatting fraud, while avoiding putting further pressure on compliant firms in the small formal private sector.

- The drive to **collect tax arrears** will be stepped up and the names of the major delinquents will be published on the DGI's website. A reduction of the stock of arrears deemed collectable by 40 percent, equivalent to CFAF 30 billion or 0.6 percent of GDP, is envisaged for 2019.
- **Molecular marking of petroleum products** has fallen behind the scheduled launch date of January 2019, but an international firm is being identified and implementation is likely to start before end-2019. It should generate at least CFAF 3 billion (0.05 percent of GDP).
- Formal communication by the Minister of Finance of the **2019 performance plans for DGI and DGD**, as described in the previous program review and based on the lessons from the 2018 performance plans, is a *prior action* for this review, including in particular indicators tracking the breadth of DGI's tax base. The plans should help systematically build administrative capacities over time, thereby complementing high-frequency quantitative revenue targets.
- Revenue performance should also benefit from **better cooperation between DGD and DGI**. The link between the administrations' IT systems, ASYCUDA and SISIC, is established, which will facilitate cross-checks to detect tax evasion and fraud. While it is being made fully made operational, the DGI will post a live database of fiscally active tax identification numbers on its website, allowing DGD to quickly identify delinquents and block their imports.
- The streamlining of the **tax exemption regime** holds important revenue potential. The government will provide IMF staff with concrete proposals for reductions with substantial revenue impact for discussion (*SB proposed to be reset* for end-June 2019). Legislation to this effect will be submitted to the National Assembly as part of the 2020 draft budget law (*SB proposed to be reset* for end-September 2019). In addition, the administration of exemptions will be strengthened by upgrading the functionality of IT systems and concentrating control efforts in a dedicated unit.
- The implementation of **transaction valuation of imports** will be stepped up with the help of a newly established working group. The immediate goal is to codify more goods for inclusion in the valuation database and adjust the IT system so that processing cannot proceed without valuation checks. The gradual shift to a more risk-based inspection regime at DGD with heightened emphasis on post-clearance audits is continuing.

12. Regarding public expenditure, the government will strive to improve spending quality.

In the context of the 2019 draft, several spending items were reviewed and streamlined, but more far-reaching reforms are envisaged:

- To improve the **efficiency of public investment**, the inter-ministerial selection committee in charge of the public investment plan will henceforth consider proposals only if they have been properly vetted.
- The successful introduction of **program budgeting** in 2018 has provided a solid basis to sharpen program targets and to apportion the wage bill across programs and actions. This is a critical tool to better assess and improve the effectiveness of government spending.
- The **double authorization framework** (AE/CP) for budget allocations will be piloted in selected ministries starting with the 2020 budget to improve long-term planning and guard against disruptions of ongoing programs and investment projects.
- **Public procurement** will be overhauled: the share of competitive purchases will be targeted to gradually rise from around two-thirds to the WAEMU norm of 95 percent and the backlog of procurement audits will be addressed. Procurement audits will also cover key **public administrative entities** that receive large government subsidies and transfers, such as CAIMA and OPVN.
- The government will strive to consolidate and streamline **administrative entities** following a functional review.
- **PPPs** will be strictly controlled to contain fiscal risks and ensure value for money. In this framework, new projects will be considered outside the public investment plan only on an exceptional basis. Going forward, the mandate of the Inter-Ministerial Committee on Public Debt and Budget Support will cover PPPs. The government will furnish copies of all conventions to IMF staff on a timely basis.
- The drive for spending efficiency will not impede the government's **anti-poverty and social protection** drive. As per the end-June 2019 *SB*, a tracking system for the major social spending programs has been set up. Together with the ongoing review of social spending, it should help raise efficiency and scale up promising programs, such as the school lunch program or the cash transfer program.

13. The government remains committed to improving debt and cash management.

- The clearance and prevention of **domestic payment arrears** will be underpinned by strong measures. As a *prior action* for this review the government: (i) schedules an additional emission of government paper in the amount of at least CFAF 30 billion to finance arrears clearance; (ii) requests the national assembly to authorize funding of some CFAF 56 billion for arrears clearance in the context of a cabinet-approved supplementary budget for 2019; (iii) provides IMF staff with proof of arrears payments of at least CFAF 30 billion; and (iv) prepares and shares

with IMF staff an updated treasury plan consistent with the PC on arrears reduction in the second half of 2019. To keep better track of arrears and float, the treasury will compile data on a monthly basis with a one-month lag and share them with IMF staff. The government is also committed to keeping the stock of arrears below CFAF 25 billion throughout the third quarter of 2019 (*adjusted ceiling for the continuous PC* on domestic arrears) and below CFAF 5 billion throughout the fourth quarter of 2019.

- **TSA implementation** is entering its final stretch. The accounts of public administrative entities that have received a derogation, notably ARCEP, will have their accounts transferred from commercial banks to the TSA before end-September 2019. Those of CAIMA and OPVN will be transferred before end-2019. The banking functions of the Treasury will be further strengthened. The government is analyzing the large gap of some CFAF 60 billion (1.2 percent of GDP) between the initial balances of the transferred accounts and the amounts received by the TSA. A copy of the final report will be shared with IMF staff by end-September 2019.
- The government remains committed to preserving the upgraded functionality of the **Inter-Ministerial Committee on Public Debt and Budgetary Support**. Quarterly meetings will continue to be held to assess and pronounce on public debt and guarantees. It will also validate compliance with established selection procedures for debt-financed projects. Its remit will be widened from mid-2019 to also cover PPPs, debt of major SOEs and public administrative entities, and local governments. In line with the *recurrent SB*, quarterly debt management reports will be prepared and shared with IMF staff. They report on the decisions taken by the committee and describe and analyze the evolution of public debt and guarantees within its remit and PPPs.
- To further improve debt and cash management, institutional arrangements will be strengthened by **consolidating the management of all public debt** in a dedicated unit at the Treasury with a front-middle-back office structure. All legal and organizational arrangements will be in place for the unit to start operating by year end (*proposed SB for end-December 2019*). The unit will also serve as the secretariat for the Technical Committee on Public Debt and Budget Support.

14. Additional reforms to improve public sector efficiency are also being pursued. This notably includes civil service reform and governance reform of state-owned enterprises and public administrative entities. A review of the government's human resource management processes, a functional review of ministries, and preparation of a biometric database for civil servants and government employees are underway. Following performance audits of five large SOEs and public administrative entities, an action plan to improve the governance framework, including financial oversight, board member section, auditing, and processing of financial information, is being developed.

15. Reaching the fiscal objective for 2020 will make budget preparation challenging. Every effort will be made to start a broad consultative process early on with a view to building consensus around the difficult measures that will be required to reduce the budget deficit to at most 3 percent of GDP as per WAEMU requirements.

STRUCTURAL REFORMS

16. Developing a strong private sector is indispensable for a lasting increase in living standards and job creation. Beyond its existing efforts to improve the business environment, the government plans to kick off later this year a concerted effort on one of the existing consultation platforms to develop a stronger private sector in partnership with the private sector and donors, with a view to set a self-sustaining dynamism into motion, while respecting fiscal constraints. It will take the first step by putting a critical mass of concrete, measurable, and time-bound reforms on the table, challenging the private sector and donors to do the same. Implementation will be monitored, and subsequent consultation rounds will correct course as needed and extend the agenda. The government will also strive to strengthen incentives for the local private sector to formalize.

17. Financial deepening and financial inclusion are key ingredients to private sector development. The government will push ahead with developing to full potential new financing vehicles, such as leasing, warrantage, the regional financing scheme under the BCEAO, and lending co-financed through the Maison de l'Entreprise. The framework for mobile banking and payments is in place, but the new possibilities need to be popularized further, interconnectivity improved, and infrastructure gaps addressed. Reducing domestic financing for the budget would give banks more space to lend to the private sector. The government is determined to revive microfinance. The new microfinance strategy is an important step in this context. It will be swiftly implemented once the donor round table has been held. Legacy issues in the microfinance sector will be addressed.

18. Improving governance and fighting corruption remains high on the reform agenda. The effort proceeds along several tracks:

- Follow the strengthening of the legal and institutional framework, **better implementation** is now key. The government will review the funding of key institutions, such as the audit court, encourage better follow-through by tracking cases. It will also better publicize the work of anti-corruption agencies by, for example, posting HALCIA's annual reports on its website.
- The **asset declaration regime for high-level government officials** will be improved by strengthening legal obligations and improving compliance. The government is working with IMF staff to better align it with good international practice, regarding the appropriate remit of government officials subject to the regime; a suitable list of assets to be declared; the plugging of loopholes; clear deadlines for the submission of declaration and sanctions in case of non-compliance; and publication of declarations. The associated necessary legal changes will be submitted to National Assembly or issued by decree by end-September 2019 in line with the *SB*.
- The government will also redouble its effort to rejoin the **Extractive Industry Transparency Initiative (EITI)**, with a target date of end-2019.
- Regarding **AML/CFT**, Niger will adopt the just completed National Risk Assessment Report required by the 2012 FATF standard and act upon the its recommendations.

- The government recognizes that a number of its broader reforms have **positive side effects** on governance by reducing vulnerabilities to corruption. This includes competitive procurement, scaling-back of discretionary exemptions, bankification of fiscal payments, establishing a TSA, risk-based inspection regimes at customs, and simplification of administrative procedures more generally.

19. To improve accountability and communication with the public, the government will prepare a fiscal transparency package. The publication of the 2019 budget as submitted to the National Assembly was a first step. The government will continue to respect legal requirements for publication of key documents, such as budget outturns on a regular and timely basis, draft and approved budgets, including supplementary ones, a citizen budget, major conventions with foreign investors, PPP contracts, and tender awards. The Government Gazette will be made available online and free of charge.

20. The government is committed to addressing Niger’s demographic challenges to attain the objectives laid out in the PDES 2017-2021. Leveraging the updated National Gender Policy and the decree on the Education of Girls, awareness campaigns, geared toward religious leaders and the public at large, will be stepped up. The donor community will be invited to expand various projects in the areas of gender and demographics. There are also important synergies between social protection spending on the one hand and demographic and gender issues on the other. For example, an expanded school lunch program would help keep girls in school longer, thereby discouraging early marriage and child bearing.

PROGRAM MONITORING

21. In view of the progress made in implementing the ECF-supported program and the policies envisaged under the MEFP, the government requests a waiver for non-observance of the end-December 2018 target on the clearance of domestic payment arrears, as well as on the continuous performance criterion on keeping arrears below the CFAF 5 billion ceiling in 2019; the modification of the continuous performance criterion on the stock of domestic arrears from the date of the completion of the fourth review onward and the arrears adjuster to the domestic financing performance criterion at end-June 2019; the approval of the fourth review under the arrangement; the disbursement of SDR 33.84 million; and an extension of the ECF arrangement through April 22, 2020 to retain the semi-annual spacing of program targets between the final program reviews and give more time for reform implementation.

22. Program monitoring will be based on performance criteria (Tables 2) and structural benchmarks (Tables 4 and 6). The authorities will provide IMF staff with the statistical data and information identified in the attached Technical Memorandum of Understanding, and any other information they deem necessary or that IMF staff may request for monitoring purposes.

23. The program will be monitored through semiannual reviews. The fifth and sixth program reviews are expected to take place at or after end-October 2019 and April 8, 2020, respectively.

Table 1. Niger: Quantitative Performance Criteria and Indicative Targets (March – December 2018)
(Billions CFA Francs)

	End-Mar. 2018			End-Jun. 2018			End-Sept. 2018			End-Dec. 2018		
	Indicative Targets			Performance Criteria			Indicative Targets			Performance Criteria		
	Prog.	Actual	Status	Prog.	Actual	Status	Prog.	Actual	Status	Prog.	Actual	Status
A. Quantitative performance criteria and indicative targets ¹												
(Ceiling on the cumulative from beginning of year)												
Net domestic financing of the government, without IMF net financing	46.1			70.6			140.4			123.8		
Adjustment for shortfall in external budget support	...	0.0		...	0.0		...	8.3		...	0.0	
Adjustment for shortfall/excess of arrears clearance in 2018	...	-3.3		...	-7.4		...	-9.5		...	-43.7	
Adjusted net domestic financing criteria ²	42.8	-1.3	Met	63.2	27.0	Met	139.2	114.8	Met	80.1	69.0	Met
Change in domestic payment arrears of government obligations ³	-15.0			-30.0			-45.0			-64.7		
Adjustment for overperformance in 2017	...	10.3		...	10.3		...	10.3		...	10.3	
Adjusted domestic payment arrears of government obligations	-4.7	-1.4	Not met	-19.7	-12.3	Not met	-34.7	-25.2	Not met	-54.4	-10.7	Not met
Memorandum items:												
External budget support ⁴	0.0	23.2		23.0	26.7		68.4	60.1		146.9	156.8	
B. Continuous quantitative performance criteria ¹												
(Ceiling)												
Accumulation of external payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
New external debt contracted or guaranteed by the government with maturities of less than 1 year ⁵	0.0	0.0	Met	0.0	0.0	Met						
New non concessional external debt contracted or guaranteed by the government and public enterprises with maturities of 1 year or more ⁶	0.0	0.0	Met	0.0	0.0	Met						
Present Value (PV) of new public and publicly-guaranteed external debt contracted from January 1, 2018		...			75.4		225.0	122.0	Met	225.0	203.8	Met
C. Indicative Targets												
(cumulative for each fiscal year)												
Basic budget balance (commitment basis, excl. grants), floor	-61.2	12.4	Met	-123.5	-6.3	Met	-169.7	-101.9	Met	-210.0	-204.4	Met
Basic budget balance (commitment basis, incl. budget grants), floor	-61.2	35.6	Met	-100.5	20.4	Met	-132.4	-41.8	Met	-100.3	-78.8	Met
Total fiscal revenue, floor	172.7	192.2	Met	369.5	440.0	Met	567.0	657.8	Met	803.3	862.4	Met
Spending on poverty reduction, floor	108.0	115.3	Met	237.9	300.1	Met	345.9	368.9	Met	538.4	557.7	Met
Ratio of exceptional expenditures on authorized spending (percent), ceiling ⁷	5.0	4.4	Met	5.0	2.8	Met	5.0	2.5	Met	5.0	1.5	Met

Sources: Nigerien authorities; and IMF staff estimates and projections.

Note: The terms in this table are defined in the TMU.

¹ Program indicators under A and B are performance criteria at end-June and end-December; indicative targets otherwise.

² The ceiling on domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 4 falls short of program forecasts, the quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion. Net domestic financing of the government will also be adjusted up (down) for any excess (shortfall) in domestic payment arrears clearance. The upward adjustment is capped at CFAF 30 billion.

³ Minimum; for the PC/IT on the reduction in domestic payments arrears, negative sign means a reduction and positive sign means an accumulation. Targets will be adjusted for over- and underperformance in 2017, subject to a cap of zero. Updated adjustment amount to account for revisions to 2017 data after the second review of the ECF arrangement.

⁴ External budgetary assistance (excluding net financing from the IMF).

⁵ Excluding ordinary credit for imports or debt relief.

⁶ Excluding debt relief obtained in the form of rescheduling or refinancing.

⁷ Exceptional expenditures refer to payment made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

Table 2. Niger: Quantitative Performance Criteria and Indicative Targets (March – December 2019)
(Billions CFA Francs)

	End-Mar. 2019 Indicative Targets			End-Jun. 2019 Performance Criteria			End-Sept. 2019 Indicative Targets			End-Dec. 2019 Performance Criteria		
	Prog.	Actual	Status	Prog.	Actual	Status	Prog.	Actual	Status	Prog.	Actual	Status
A. Quantitative performance criteria and indicative targets ¹												
(Ceiling on the cumulative from beginning of year)												
Net domestic financing of the government, without IMF net financing	69.7			74.0			113.1			21.9		
Adjustment for shortfall in external budget support ²	...	0.0			
Adjustment for the reduction of stock of unpaid payment obligations below the level at end-2018 ³												
Adjustment for borrowing under PGB operation ⁴												
Adjusted net domestic financing of the government, without IMF net financing	69.7	29.0	Met		
Memorandum items:												
External budget support ⁵	0.0	16.0		28.2			28.2			160.1		
B. Continuous quantitative performance criteria ¹												
(Ceiling)												
Accumulation of external payments arrears	0.0	0.0	Met	0.0			0.0			0.0		
Stock of outstanding domestic payment arrears on government obligations ⁶	5.0	43.0	Not met	5.0			25.0			5.0		
Present Value (PV) of new public and publicly-guaranteed (PPG) external debt contracted from January 1, 2019	225.0	11.9	Met	225.0			225.0			225.0		
Adjustment for borrowing under PGB operation ⁷												
Adjusted criteria on the PV of new external PPG debt contracted from Jan. 1, 2019												
C. Indicative Targets												
(Cumulative from beginning of year)												
Basic budget balance (commitment basis, excl. grants), floor	-56.1	-51.0	Met	-99.0			-124.7			-157.9		
Basic budget balance (commitment basis, incl. budget grants), floor	-56.1	-43.0	Met	-70.8			-96.5			-39.4		
Total fiscal revenue, floor	195.2	205.6	Met	417.6			652.1			889.8		
Spending on poverty reduction, floor	150.7	152.2	Met	301.4			452.2			602.9		
Ratio of exceptional expenditures on authorized spending (percent), ceiling ⁸	5.0	3.2	Met	5.0			5.0			5.0		

Sources: Nigerien authorities; and IMF staff estimates and projections.

Note: The terms in this table are defined in the TMU.

¹ Program indicators under A are performance criteria at end-June and end-December, and indicative targets for end-March and for end-September.

² The ceiling on domestic financing of the budget will be adjusted if the amount of disbursements of external budgetary assistance as defined in footnote 5 falls short of program forecasts, the quarterly ceiling will be raised pro tanto, up to a maximum of CFAF 30 billion.

³ From end-June 2019, the ceiling on domestic financing of the budget will be increased/reduced by the reduction/increase in the stock of outstanding domestic payment obligations since end-2018, excluding the supplementary period adjustment. Domestic payment obligations comprise arrears and float and stood at CFAF 95.8 billion at end-2018. This adjuster will be reduced by the amount of any external budget support in excess of the program amount as quantified in the memorandum item of this table and will be capped at CFAF 50 billion.

⁴ From October 1, 2019 onward, the ceiling on net domestic financing will be lowered by the amount of borrowing under the PBG operation.

⁵ External budgetary assistance (excluding net financing from the IMF).

⁶ The stock increases to CFAF 25 billion effective on the date of completion of the fourth review and remains continuously at this level until September 30, 2019. On October 1, 2019 the continuous PC stock is reduced to CFAF 5 billion until the end of the arrangement.

⁷ From October 1, 2019 onward, the ceiling on the PV of newly-contracted external PPG debt will be raised by the amount of borrowing under the PBG operation up to an amount of CFAF140 billion.

⁸ Exceptional expenditures refer to payments made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions.

Table 3. Niger: Recurrent Structural Benchmarks for the Program, December 2018–March 2019

Measure	Timetable		Macroeconomic Rationale
Release the quarterly budget allocation in the first month of each quarter based on the proposal of the regulation committee.	Quarterly	Met for 2018Q4 and 2019Q1	Improve budget and cash flow management.
Prepare a quarterly commitment plan consistent with the corresponding cash plan.	Quarterly	Met for 2018Q4 and 2019Q1	Improve budget and cash flow management.
Prepare quarterly debt management reports to be validated by the National Public Debt Management Committee.	Quarterly	Met for 2018Q4	Improve debt management.
Hold at least quarterly meetings of the Inter-Ministerial Debt Management Committee. Publish its decisions, a list of newly approved loans, and the view taken by the Ministry of Finance in the quarterly debt management reports.	Quarterly	Met for 2018Q4	Safeguard control over the contracting of new public debt.
Provide Fund staff with a tally of newly granted tax exemptions.	Quarterly	Not met for 2019Q1	Protect revenue base.

Table 4. Niger: Recurrent Structural Benchmarks for the Program June–December 2019

Measure	Timetable	Macroeconomic Rationale
Release the quarterly budget allocation in the first month of each quarter based on the proposal of the regulation committee.	Quarterly	Improve budget and cash flow management.
Prepare a quarterly commitment plan consistent with the corresponding cash plan.	Quarterly	Improve budget and cash flow management.
Prepare quarterly debt management reports to be validated by the National Public Debt Management Committee.	Quarterly	Improve debt management.
Hold quarterly meetings of the Inter-Ministerial Debt Management Committee. Publish its decisions, the list of newly approved loans, and the view taken by the Ministry of Finance in the quarterly debt management reports.	Quarterly	Safeguard control over the contracting of new public debt.
Provide Fund staff with a tally of newly granted tax exemptions.	Quarterly	Protect revenue base.
Prepare a revised borrowing plan.	At end-June 2019	Improve debt management.

Table 5. Niger: Structural Benchmarks, December 2018–March 2019

Measure	Timetable	Progress	Macroeconomic Rationale
Fiscal Policy and Revenue Administration			
Assess compliance with 2018 performance plans of DGD and DGI, take corrective actions as needed, and establish 2019 performance plans for DGD and DGI. New plans should feature at least five indicators covering administrations' key functions, set ambitious numerical quarterly targets for the indicators, and assign responsibility within the administrations at the functional level.	End-January 2019	Not met	Support revenue generation through systematic strengthening of tax and customs administrations.
Link the IT systems of DGI and DGD and make the access to pertinent information operational.	End-March 2019	Met	Support revenue generation.
Public Financial Management			
Regarding TSA implementation, reduce still-to-be-transferred balances of public administration and public entities to less than 10 percent of the level established in the BCEAO study; digitalize Treasury's banking services.	End-December 2018	Met	Improve liquidity management and expenditure control.
Other Structural Reforms			
Provide IMF staff with a whitepaper on the bankification of fiscal payments, including action plan for next steps.	End-December 2018	Met	Improve governance in public administration and promote financial deepening.
Discontinue tax and customs duty payments to the DME and the twenty largest customs offices in cash by issuing a circular.	End-December 2018	Met	Improve governance in public administration and promote financial deepening.

Table 6. Niger: Prior Actions and Structural Benchmarks, June–December 2019

Measure	Timetable	Progress	Macroeconomic Rationale
Prior Actions			
<p>Reduce domestic payment arrears and strengthen the framework. Concretely: (i) schedule an additional emission of government paper in the amount of at least CFAF 30 billion to finance arrears clearance; (ii) request the National Assembly to authorize funding of some CFAF 56 billion for arrears clearance in the context a cabinet-approved supplementary budget for 2019; (iii) provide IMF staff with a tally of arrears payments of at least CFAF 30 billion; and (iv) prepare and share with IMF staff an updated treasury plan consistent with the PC on arrears reduction in the second half of 2019.</p> <p>Assess compliance with 2018 performance plans of DGD and DGI, take corrective actions as needed, and establish 2019 performance plans for DGD and DGI. New plans should feature at least five indicators covering administrations' key functions, set ambitious numerical quarterly targets for the indicators, and assign responsibility within the administrations at the functional level.</p>			<p>Maintain sound public financial management.</p> <p>Support revenue generation through systematic strengthening of tax and customs administrations.</p>
Fiscal Policy and Revenue Administration			
<u>Proposed to be reset:</u> Provide IMF staff with concrete proposals for reductions of tax exemptions with substantial revenue impact for discussion	End-June 2019		Support revenue generation.
<u>Proposed to be reset:</u> Submit legislation on reducing tax exemptions with substantial revenue impact to the National Assembly.	End-September 2019		Support revenue generation.
Public Financial Management			
<u>Newly proposed:</u> Put all required legal and organizational arrangements in place for a debt management unit, inside the Treasury, in charge of all public debt, and with a front-middle-back office structure to start operating by the end-2019.	End-December 2019		Improve the management of public debt.

Table 6. Niger: Prior Actions and Structural Benchmarks, June–December 2019 (concluded)

Other Structural Reforms			
Establish tracking system for major social programs, including spending and progress toward meeting objectives.	End-June 2019		Improve effectiveness of social protection.
Publish new strategy on financial inclusion and hold donor round table.	End-June 2019		Improve access to financing and the business environment.
Submit to the National Assembly draft legislation in consultation with IMF staff on asset declaration requirements for high-ranking government officials and introduce sanctioning non-compliance with asset-declaration requirements.	End-September 2019		Improve governance and transparency.

Table 7. Niger: Proposed Disbursements Scheduled Under the ECF Arrangement, 2017–20

Amount (Millions)	Conditions Necessary for Disbursement	Date Available^{1/}
SDR 14.1	Executive Board Approval of the ECF Arrangement	January 23, 2017
SDR 14.1	Observance of continuous and end-June 2017 performance criteria, and completion of the first review under the arrangement	December 15, 2017
SDR 14.1	Observance of continuous and end-December 2017 performance criteria, and completion of the second review under the arrangement	June 1, 2018
SDR 14.1	Observance of continuous and end-June 2018 performance criteria, and completion of the third review under the arrangement	December 10, 2018
SDR 33.84	Observance of continuous and end-December 2018 performance criteria, and completion of the fourth review under the arrangement	April 30, 2019
SDR 14.1	Observance of continuous and end-June 2019 performance criteria, and completion of the fifth review under the arrangement	October 31, 2019
SDR 14.1	Observance of continuous and end-December 2019 performance criteria, and completion of the sixth and last review under the arrangement	April 8, 2020
SDR 118.44	Total	

^{1/} With respect to previously completed reviews, the date indicated refers to the date of the Executive Board meeting.

Source: International Monetary Fund.

Attachment II. Technical Memorandum of Understanding

Niamey, June 13, 2018

1. This technical memorandum of understanding defines the performance criteria and indicative targets of Niger’s program under the Extended Credit Facility (ECF) arrangement for the period Q2-2018 to Q1-2020. The performance criteria and indicative targets for 2018 and for 2019 are set out in Tables 1 and 2 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent of November 21, 2018. Structural benchmarks appear in Tables 3 to 6. This technical memorandum of understanding also sets out data-reporting requirements for program monitoring.

DEFINITIONS

2. For the purposes of this technical memorandum, the following definitions of “government,” “debt,” “payment arrears,” and “government obligations” will be used:

- a) **Government** refers to the central government of the Republic of Niger; it does not include any political subdivision, public entity, or central bank with separate legal personality.
- b) As specified in paragraph 8 of the Guidelines on Public Debt Conditionality in Fund Arrangements, adopted by the Decision No. 15688-(14/107) of the Executive Board of the IMF of December 5, 2014, **debt** will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers’ credits) and temporary exchanges of assets, that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers’ credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments

necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

- c) Present value (PV) of new public and publicly-guaranteed external debt contracted discounts at a five percent annual rate the future payment stream, except for loans with a negative grant element, in which case the PV is set equal to the value of the loan. The calculation of the PV is based on the loan amount contracted in a given year, independent on when disbursements take place.
- d) **Domestic payment arrears** are domestic payments owed by the government but not paid. They include committed and authorized fiscal year expenditures that are not paid within 90 days. **External payment arrears** are external payments due but not paid.
- e) Government **obligation** is any financial obligation of the government accepted as such by the government (including any government debt).

A. Quantitative Performance Criteria

Net Domestic Financing of the Government

Definition

3. **Net domestic financing of the government** is defined as the sum of (i) **net bank credit to the government**; (ii) **net nonbank domestic financing of the government**, including government securities issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks, proceeds from the sale of government assets, and privatization receipts.

4. **Net bank credit to the government is equal to the balance of government claims and debts vis-à-vis national banking institutions.** Government claims include cash holdings of the Nigerien Treasury, secured obligations, deposits with the central bank, and deposits of the Treasury (including regional offices) with commercial banks. Government deposits with commercial banks are excluded from government claims insofar as they are used solely to finance externally financed capital expenditure.

5. **Government debt to the banking system includes assistance from the central bank (excluding net IMF financing under the ECF),** the CFAF counterpart of the 2009 General SDR Allocation, assistance from commercial banks (including government securities held by the central bank and commercial banks) and deposits with the CCP (postal checking system).

6. **The scope of net bank credit to the government, as defined by the BCEAO, includes all central government administrations.** Net bank credit to the government and the amount of

Treasury bills and bonds issued in CFAF on the WAEMU regional financial market are calculated by the BCEAO.

7. Net nonbank domestic financing includes: (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of Treasury correspondents' deposit accounts; (iii) the change in the balance of various deposit accounts at the Treasury; and (iv) the change in the stock of claims on the government forgiven by the private sector. Net nonbank financing of the government is calculated by the Nigerien Treasury.

8. The 2018 and 2019 quarterly targets are based on the change between the end-December 2017 and end-December 2018 levels, respectively, and the date selected for the performance criterion or indicative target.

Adjustments

9. The ceiling on net domestic financing of the government will be subject to adjustment if disbursements of external budgetary support net of external debt service and external arrears payments, including disbursements under the ECF, fall short of program projections.

10. If disbursements of external budgetary support fall short of the projected amounts at the end of each quarter, the corresponding quarterly ceilings will be raised pro tanto, up to a maximum of CFAF 30 billion. From October 1, 2019 onward, the ceiling on domestic financing will be reduced by the amount of borrowing under the World Bank's Policy Based Guarantee operation.

11. For 2018, but not 2019, the ceiling on net domestic financing will also be adjusted for deviations from programmed domestic payment arrears clearance. Specifically, the ceiling on domestic financing will be adjusted up (down) one-for-one for arrears clearance in excess (in deficit) of programmed levels. The upward adjustment is capped at CFAF 30 billion. From end-June 2019, the ceiling on domestic financing of the budget will be increased/reduced by the reduction/increase in the stock of outstanding domestic payment obligations since end-2018, excluding the supplementary period adjustment. Domestic payment obligations comprise arrears and float and stood at CFAF 95.8 at end-2018. This adjuster will be reduced by the amount of any external budget support in excess of the program amount as quantified in the memorandum item of the PC table and will be capped at a maximum of CFAF 50 billion.

Reporting Requirement

12. Detailed data on domestic financing of the government will be provided monthly, within six weeks after the end of each month.

Stock of Domestic Payment Arrears**Definition**

13. For 2018, the reduction of domestic payment arrears is equal to the difference between the stock of arrears at end-2017 and the stock of arrears on the reference date. For 2019, there is a continuous ceiling on the stock of outstanding domestic payment arrears. The ceiling is set at CFAF 25 billion from the date of the completion of the fourth review to September, 30 2019, inclusive, and starting on October 1, 2019 is reduced to CFAF 5 billion through the end of the arrangement period.

14. The Centre d'amortissement de la dette intérieure de l'Etat (CAADIE) and the Treasury are responsible for calculating the stock of domestic payment arrears on government obligations and recording their repayment.

15. Data on the stock, accumulation (including the change in Treasury balances outstanding), and repayment of domestic arrears on government obligations will be provided monthly, within six weeks after the end of each month.

Adjustments

16. Programmed arrears clearance in 2018 will be adjusted up (down) one-for-one for any shortfall (excess) relative to programmed arrears clearance programmed for end-2017. The adjusted target on domestic payment arrears clearance shall not be negative.

17. For the purpose of evaluating performance against the end-December 2018 target, domestic payment arrears clearance includes arrears' reduction during the supplementary budget period.¹

18. For the purpose of evaluating performance against the targets in 2019, the stock of outstanding domestic arrears will be assessed excluding the arrears' reduction during the supplementary period.

¹ The fiscal accounts for the current year are revised to incorporate transactions for expenditure engagements made in the current fiscal year but not finalized until the supplementary period (January and February) in the subsequent fiscal year.

External Payment Arrears

Definition

19. Government debt is outstanding debt owed or guaranteed by the government. For the program, the government undertakes not to accumulate external payment arrears on its debt (including Treasury bills and bonds issued in CFAF on the WAEMU regional financial market), with the exception of external payment arrears arising from debt being renegotiated with external creditors, including Paris Club creditors.

Reporting Requirement

20. Data on the stock, accumulation, and repayment of external payment arrears will be provided monthly, within six weeks after the end of each month.

Short-Term External Debt of the Central Government

Definition

21. The government will not accumulate or guarantee new external debt with an original maturity of less than one year. This performance criterion applies not only to debt as defined in paragraph 8 of the Guidelines Public Debt Conditionality in Fund Arrangements, adopted by the Decision No. 15688-(14/107) of the Executive Board of the IMF of December 5, 2014, but also to any obligation contracted or guaranteed for which no value has been received. Short-term loans related to imports are excluded from this performance criterion, as are short-term securities issued in CFAF on the regional financial market.

Reporting Requirement

22. Details on all external government debt will be provided monthly, within six weeks after the end of each month. The same requirement applies to guarantees granted by the government.

Present Value of Public and Publicly-Guaranteed External Debt

Definition

23. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to IMF Executive Board Decision No. 15688-(14/107), adopted on December 5, 2014.

(<http://www.imf.org/external/pp/longres.aspx?id=4927>)

- (a) For the purpose of these guidelines, the term “debt” will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future

point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

- (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);
- (ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and
- (iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

- (b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

24. For the purposes of the relevant performance criteria, the guarantee of a debt arises from any explicit legal obligation of the government to service a debt in the event of nonpayment by the debtor (involving payments in cash or kind).

25. For the purposes of the relevant performance criterion, external debt is defined as debt denominated, or requiring repayment, in a currency other than the CFA franc. This definition also applies to debt contracted among WAEMU member countries and with WAEMU financial institutions.

26. For the purpose of this performance criterion, the public sector includes the government, as defined in paragraph 2 above, and the following public enterprises:

- (i) *Société Nigérienne d'Electricité (Nigelec)*; (ii) *Société de Construction et de Gestion des Marchés (Socogem)*; (iii) *Société Nigérienne des Produits Pétroliers (Sonidep)*; (iv) *Société Nigérienne des Télécommunications (Sonitel)*; (v) *Société de Patrimoine des Mines du Niger (Sopamin)*; and (vi) *Société propriétaire et exploitante de l'Hotel Gaweye (SPEG)*.

27. External debt is defined as debt contracted or serviced in a currency other than the franc of the Financial Community of Africa (CFAF).

28. The performance criterion (PC) is a ceiling and applies to the present value of all new external debt (concessional or non-concessional) contracted or guaranteed by the central government, including commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- (a) Short-term supplier or trade-related credit with a maturity of up to three months;
- (b) rescheduling agreements; and
- (c) IMF disbursements.

29. Applicable contractual date. For program monitoring purposes, external debt is deemed to be contracted or guaranteed at the date of effectiveness of the contract, including its approval, where required, by the member(s) of the government of Niger with authority to do so.

30. Currency Denomination. For program purposes, the value in CFAF of new external debt of 2018 is calculated using the average exchange rate for January 2018 in the IMF's International Financial Statistics (IFS) database.

31. PV Calculation. Present Value of new external debt is calculated by discounting all projected disbursements and debt service payments (principal and interest) on the basis of a program discount rate of 5 percent and taking account of all loan conditions, including projected disbursements, the maturity, grace period, payment schedule, front-end fees and management fees. The PV is calculated using the IMF "DSA template," which is based on the amount of the loan and the above parameters. In the case of loans for which the grant element is zero or less than zero, the PV is set at an amount equal to the face value.

Adjustment

32. The ceiling on the PV of new PPG external debt will be raised by the amount of borrowing under the World Bank's Policy Based Guarantee operation up to an amount of CFAF140 billion from October 1, 2019 onward.

Reporting Requirement

33. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government and will consult with staff on any potential debt management operations.

B. Quantitative Targets

Definitions

34. Total revenue is an indicative target for the program. It includes tax, nontax, and special accounts revenue, but excludes proceeds from the settlement of reciprocal debts between the government and enterprises.

35. The basic fiscal deficit is defined as the difference between (i) total tax revenue, as defined in paragraph 36; and (ii) total fiscal expenditure excluding externally financed investment expenditure but including HIPC-financed expenditure.

36. According to the WAEMU definition, the basic fiscal deficit is defined as the basic balance described under paragraph 37 plus budgetary grants.

37. The floor on poverty-reducing expenditure is an indicative target for the program. This expenditure comprises all budget lines included in the Unified Priority List (UPL) of poverty-reducing and HIPC-financed expenditures.

38. A limit is set on the amount of expenditures paid through exceptional procedures (without prior commitment) excluding debt service payments and expenditures linked to tax exemptions. The limit is 5 percent of total authorized expenditures during the quarter for which the target is assessed.

Reporting Requirement

39. Information on basic budget revenue and expenditures will be provided to the IMF monthly, within six weeks after the end of each month.

40. Information on UPL expenditures will be provided to the IMF quarterly, within six weeks after the end of each quarter.

41. Information on exceptional expenditure will be provided to the IMF quarterly after six weeks after the end of the quarter.

ADDITIONAL INFORMATION FOR PROGRAM MONITORING

A. Government Finance

42. The authorities will forward the following to IMF staff:

- Detailed monthly estimates of revenue and expenditure, including priority expenditure, the payment of domestic and external arrears, and a breakdown of customs, DGI, and Treasury revenue.

- The Table of Government Financial Operations with comprehensive monthly data on domestic and external financing of the budget, and changes in arrears and Treasury balances outstanding. These data are to be provided monthly, within six weeks after the end of each month.
- Comprehensive monthly data on net nonbank domestic financing: (i) the change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) the change in the balance of various deposit accounts at the Treasury; (iii) the change in the stock of claims on the government forgiven by the private sector.
- Quarterly data on expenditure for UPL lines (statement of appropriations approved, disbursed, and used).
- Quarterly reports on budget execution, including the rate of execution of poverty-reducing expenditure and, in particular, the use of appropriations by the line ministries concerned (National Education, Public Health, Equipment, Agriculture, Livestock).
- Monthly data on Treasury balances outstanding, by reference fiscal year, with a breakdown of maturities of more than and less than 90 days.
- Monthly data on effective debt service (principal and interest) compared with the programmed maturities provided within four weeks after the end of each month; and
- List of external loans contracted in process of negotiation and projected borrowing in the next six months, including the financial terms and conditions.

B. Monetary Sector

43. The authorities will provide the following information each month, within eight weeks following the end of each month:

- Consolidated balance sheet of monetary institutions and, where applicable, the consolidated balance sheets of individual banks;
- Monetary survey, within eight weeks following the end of each month, for provisional data;
- Borrowing and lending interest rates; and
- Customary banking supervision indicators for banks and nonbank financial institutions (where applicable, these same indicators for individual institutions may also be provided).

C. Balance of Payments

44. The authorities will provide IMF staff with the following information:

- Any revision of balance of payments data (including services, private transfers, official transfers, and capital transactions) whenever they occur;

- Preliminary annual balance of payments data, within six months after the end of the reference year.

D. Real Sector

45. The authorities will provide IMF staff with the following information:

- Disaggregated monthly consumer price indexes, within two weeks following the end of each month;
- The national accounts, within six months after the end of the year; and
- Any revision of the national accounts.

E. Structural Reforms and Other Data

46. The authorities will provide IMF staff with the following information:

- Any study or official report on Niger's economy, within two weeks after its publication;
- Any decision, order, law, decree, ordinance, or circular with economic or financial implications, upon its publication or, at the latest, when it enters into force.
- Any draft contract in the mining and petroleum sectors, including production and sales volumes, prices, and foreign investment; and
- Any agreement with private sector stakeholders having economic or financial repercussions for the government, including in the natural resources sector.

Summary of Data to be Reported

Type of Data	Table	Frequency	Reporting Deadline
Real sector	National accounts.	Annual	End-year + 6 months
	Revisions of the national accounts.	Variable	8 weeks after the revision
	Disaggregated consumer price indexes.	Monthly	End-month + 2 weeks
Government finance	Net government position vis-à-vis the banking system.	Monthly	End-month + 6 weeks
	Complete monthly data on net nonbank domestic financing: (i) change in the stock of government securities (Treasury bills and bonds) issued in CFAF on the WAEMU regional financial market and not held by resident commercial banks; (ii) change in the balance of various deposit accounts at the Treasury; (iii) change in the stock of claims on the government forgiven by the private sector.	Monthly	End-month + 6 weeks
	Provisional TOFE, including a breakdown of revenue (DGI, DGD and DGTCP) and expenditure, including the repayment of domestic wage and nonwage arrears, as at end-1999, and the change in Treasury balances outstanding.	Monthly	End-month + 6 weeks
	Data on Treasury balances outstanding (RAP), by reference fiscal year (total and RAP at more than 90 days).	Monthly	End-month + 6 weeks
	Monthly statement of Treasury correspondents' deposit accounts.	Monthly	End-month + 6 weeks
	Execution of the investment budget.	Quarterly	End-quarter + 6 weeks

Summary of Data to be Reported (concluded)

Type of Data	Table	Frequency	Reporting Deadline
	Table of fiscal expenditure execution, unified list expenditure, and HIPC-financed expenditure. Treasury accounts trial balance.	Monthly	End-month + 6 weeks
	Monthly statement of the balances of accounts of the Treasury and of other public accounts at the BCEAO.	Monthly	End-month + 6 weeks (provisional) End-month + 10 weeks (final)
	Petroleum products pricing formula, petroleum products tax receipts, and pricing differentials. Monetary survey	Monthly	End-month + 6 weeks
Monetary and financial data	Consolidated balance sheet of monetary institutions and, where applicable, consolidated balance sheets of individual banks.	Monthly	End-month + 8 weeks
	Borrowing and lending interest rates.	Monthly	End-month + 8 weeks
	Banking supervision prudential indicators.	Quarterly	End-quarter + 8 weeks
Balance of payments	Balance of payments	Annual	End-year + 6 months
	Balance of payments revisions	Variable	At the time of the revision.
External debt	Stock and repayment of external arrears.	Monthly	End-month + 6 weeks
	Breakdown of all new external loans signed and projected borrowing, including the financial terms and conditions.		End-month + 6 weeks
	Table on the monthly effective service of external debt (principal and interests), compared with the programmed maturities.	Monthly	End-month + 4 weeks