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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

THE ECONOMY
OF
NIGER

July 8, 1968

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This report was prepared by a mission which
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BASIC DATA

Area: 490,000 sq. miles; 1,300,000 sq. kms.
Population (1966): 3,350,000
rate of growth: 2.5% to 2.8% p.a.
school attendance - 1957: 4%
1967: 10.5%

Political Status: Independent since 1960

Gross Domestic Product: (billion CFA francs, current prices)

	<u>1956</u>	<u>1960</u>	<u>1966 (est.)</u>
Total	45.9	50.1	77.0

Estimated real growth: 0 32%

GDP per head (1964): approximately CFAF 20,000; \$80

Structure of GDP (1964):

<u>Origin %</u>		<u>Uses %</u>	
Agriculture	62.0	Private consumption	73.0
Secondary sector	11.0	Public consumption	13.0
Tertiary sector	20.0	Gross investment	14.0
Government	7.0	Exports	15.5
		Imports	-15.5
	<u>100.0</u>		<u>100.0</u>

Savings and Investment (billion CFA francs)

	<u>1960</u>	<u>1964</u>
1. Domestic savings	4.7	9.1
2. Public transfers (net)	4.0	4.3
3. Private "transfers" (net)	-3.7	-4.5
4. Available savings	<u>5.0</u>	<u>8.9</u>
5. Adjustment (+)	-0.4	-0.1
6. Gross investment	<u>4.6</u>	<u>9.0</u>
7. Investment rate as % of GDP	<u>9.2</u>	<u>14.0</u>

Central Government Budget (billion CFA francs)

	<u>1960</u>	<u>1965/66</u>	<u>1966/67</u>
1. Current revenue	3.9	8.4	8.5
2. Current expenditure	<u>5.1</u>	<u>7.8</u>	<u>8.5</u>
3. Balance	-1.2	+0.6	-
4. Investment expenditure	<u>-0.5</u>	<u>-1.9</u>	<u>-1.0</u>
5. Total excess expenditure	-1.7	-0.6	-1.0
6. External contributions	1.4	0.25	0.15
7. Of which: French	(1.0)	(0.25)	(0.15)
8. Internal financing	0.4	0.35	0.85

Money and Credit: Niger is a member of the West African Monetary Union (UMOA) within the Franc area.

	<u>billion CFA francs</u> (end of year)		
	<u>1962</u>	<u>1966</u>	<u>1967</u>
Money supply	4.9	7.3	7.9
Credit to economy	4.6	9.8	9.0
Credit to government	-0.9	-1.1	-0.9
Net external assets (within UMOA)	1.6	-0.5	-0.3

External Trade (Goods):

	<u>billion CFA francs</u>		
	<u>1964</u>	<u>1965</u>	<u>1966</u>
Estimated exports f.o.b.	10.3	8.53	11.91
Estimated imports c.i.f.	<u>10.2</u>	<u>10.23</u>	<u>11.56</u>
	0.1	-1.70	+0.35

(Note: estimates of exports and imports vary considerably)

Commodity concentration of exports (1964-66):

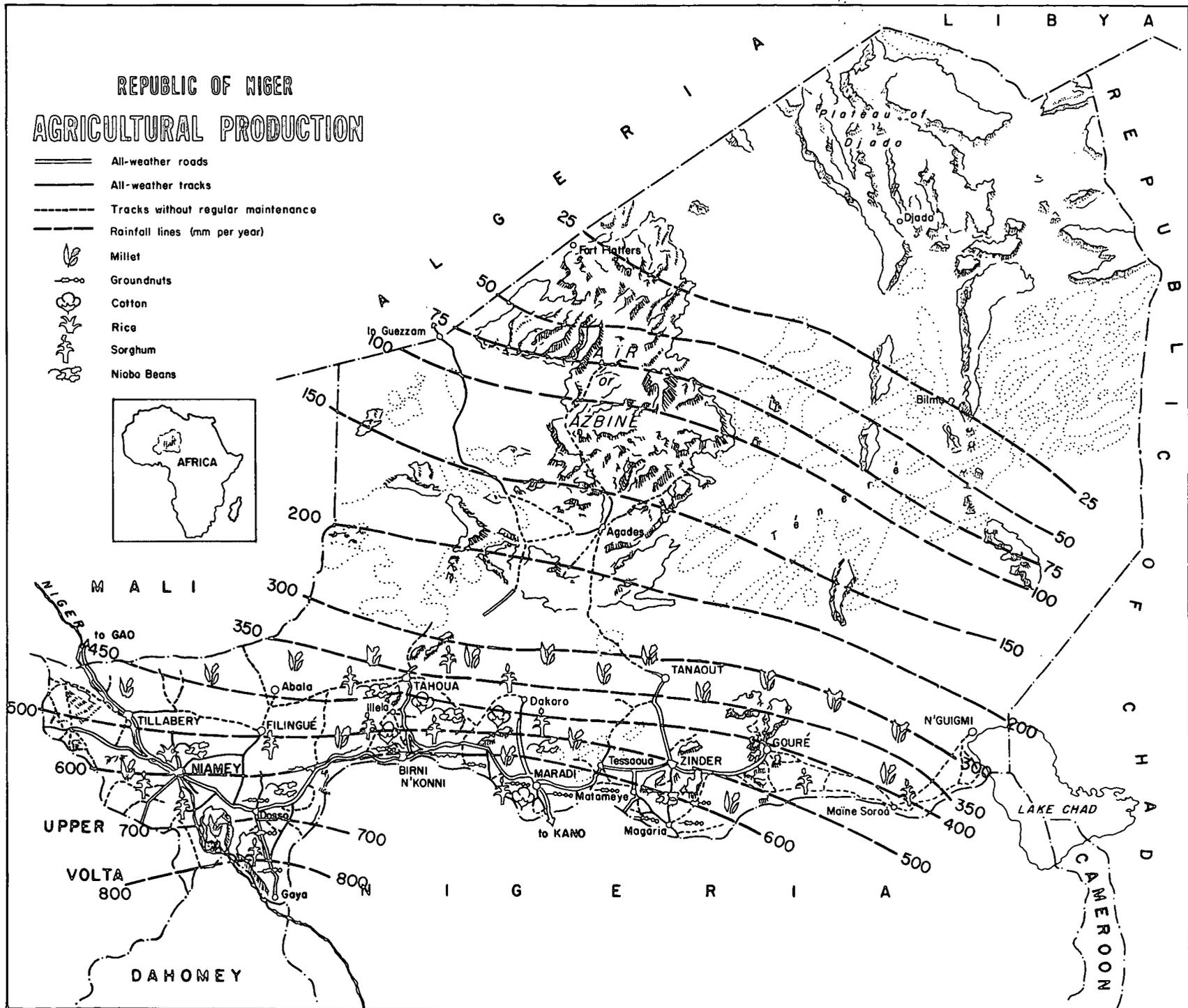
one product (shelled groundnuts):	41%
two products (groundnuts and livestock):	75%

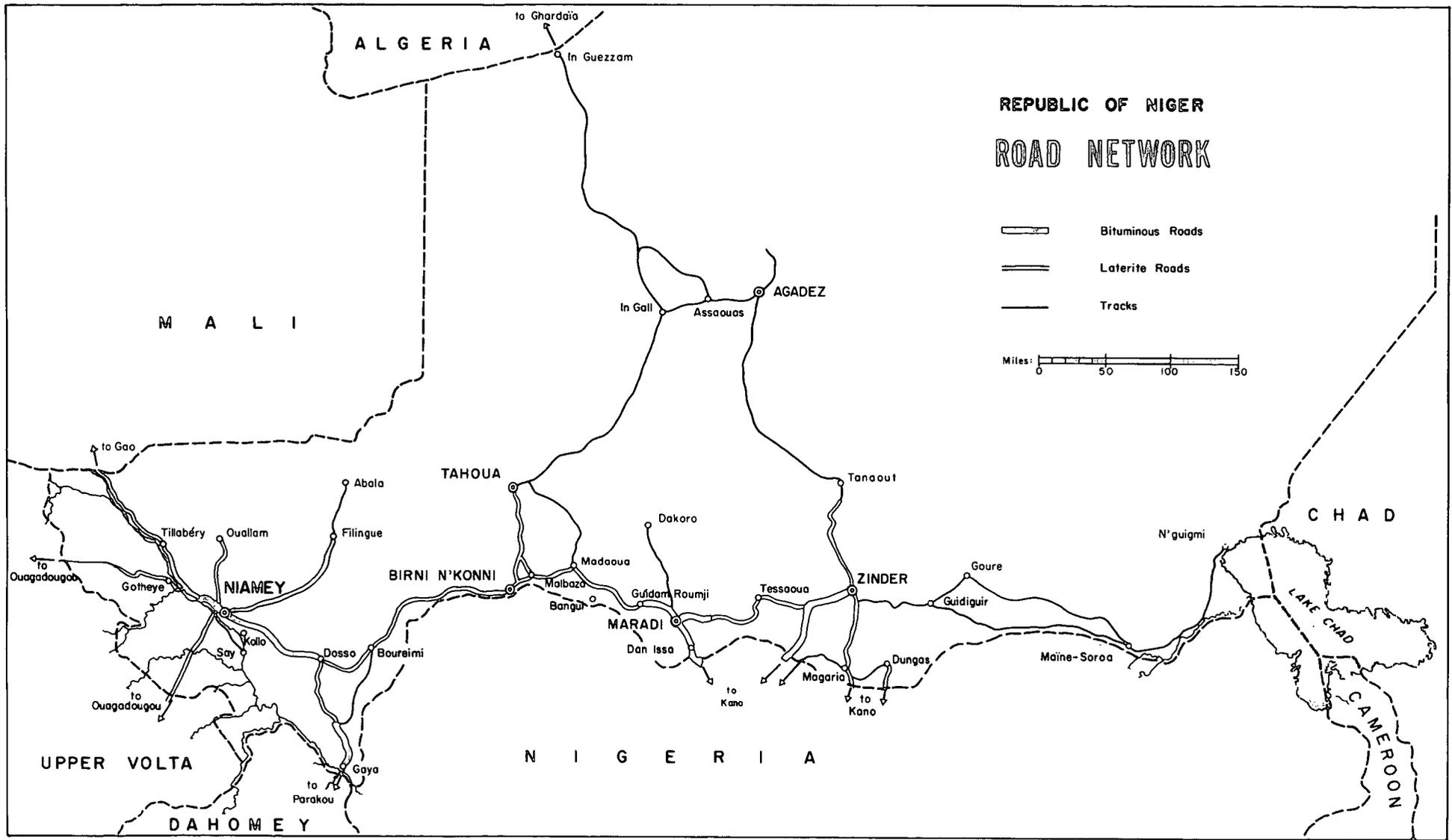
Balance of Payments (rough estimates)

	<u>billion CFA francs</u> <u>1964</u>
balance on goods and services	0.1
factor payments (identified)	-0.6
private "transfers"	-4.5
public transfers	<u>-4.8</u>
BALANCE	-0.2
change in reserves (decrease)	+1.0
errors and omissions	-0.8

<u>External Aid (1960-1966):</u>	<u>Commitments</u> billion CFA	<u>Disbursed</u> francs
Total	30.4	17.8
Of which: French	15.0	10.5
EEC	10.7	3.6

<u>External Debt (billion CFA francs)</u> (awaiting processing of Report sent by Government for the period up to December 31, 1967):	Outstanding as of June 30, 1967 (including undisbursed)	
	<u>('000 \$)</u>	<u>(million CFAF)</u>
	18,844	4,616





SUMMARY AND CONCLUSIONS

A. General

1. Niger's natural conditions are difficult. Nine-tenths of its half million square miles is desertic; in the "useful Niger", lack of water is a problem almost everywhere; the Niger River has only 300 of its 2,500 miles course in the country and its valley cannot be economically developed without costly investments. Population is growing rapidly, at 2.5 percent per annum or more, and it is concentrated in the southern belt, to the North of the Voltaic, Dahomean and Nigerian borders. However, its small size (3.5 million) and wide dispersion only add to the difficulty of expanding the home market as internal distances are enormous and transport costs very high. At the same time, imported goods have to cover 800 miles of land routes, through Dahomey or Nigeria, before reaching consumption centers.

2. The existence of a difficult environment makes the achievement of economic and political goals appear the more remarkable. Since independence, Government stability and national unity have been strengthened under the leadership of President Hamani Diori, very much in contrast to what has happened in all neighboring countries. President Diori has become one of the prominent figures of the whole group of French-speaking African countries, together with Presidents Senghor of Senegal, and Houphouet Boigny of Ivory Coast. He is currently the elected president, for the second consecutive term, of both the common organization of African and Malagasy States (OCAM 1/) and of the Conseil de l'Entente. 2/

B. Past Development

3. Taking a long-term view of Niger's development, it would appear, on the basis of uncertain figures, that after a period of stagnation in the years preceding independence, GDP has grown in real terms by around 32 percent from 1960 to 1966, or an average of 4.75 percent per year. The annual rate of growth has in fact been very irregular, depending partly on weather conditions. The level of income per head remains very low, at around \$80, or about one-third of the Ivory Coast's. Over the ten-year period 1956-66, some structural change has taken place along a classical pattern of a slowly-declining share of agriculture and a corresponding relative increase of industry, construction, and services, including Government. With over 60 percent of GDP, the primary sector remains dominant, while the small share of industry (11 percent in 1964) can

1/ OCAM: Organisation Commune Africaine et Malgache, grouping 14 French-speaking African states and Malagasy.

2/ Conseil de l'Entente: Loose political grouping of Dahomey, Ivory Coast, Niger, Upper Volta and Togo.

easily be explained in terms of market limitation and high cost of the necessary imported inputs. The relatively high contribution of the tertiary services in turn is not so much the result of the development of the more modern section of the economy as the reflection of the importance of import and export trade and the cost of transportation.

4. Higher levels of both investment and exports have played a major role in the mechanism of growth on top of the basic upward trend of growing population and the parallel increase of food crops which has taken place, thanks, mainly, to the expansion of the area under cultivation.

5. The rate of gross investment, in the most recent years, averaged 15 percent of GDP and that of fixed investment is around 10 percent, or roughly twice the pre-independence level. In total investment, "traditional" investment, i.e. house building by farmers, growth of livestock (and also the creation, extension and improvement of agricultural holdings which is not accounted for in the national accounts) represents about half the total and its role has been decisive, together with that of the increase of labor and other current inputs such as improved seeds, in the growth of agricultural production, especially cash crops. At the same time, the greater part of modern investment has gone into transport infrastructure and, more recently, to a lesser extent, in water supplies.

6. Modern investment has been financed by external aid in a very high proportion, normally 80 percent or more. This results from the fact that private investment in the secondary and tertiary sectors has been limited by the lack of attractive opportunities, and from the absence of sizeable local public savings. In fact, the remarkable increase in the taxation effort, with an overall rate going up from 5 percent of GDP in 1956 to 10.5 percent in 1966, has only permitted to meet Government's increased current expenditure twice since independence. At the same time, the Government cannot easily mobilize private resources, despite an apparently relatively high rate of domestic savings of the order of 15 percent, because, while a high proportion of private money savings flow out of the country, half of these "savings", in the subsistence sector, never take a monetary form. It is expected that the French "investment" subsidy to the public budget will not have to be renewed in 1968 and that the Government will finance those public investments, administrative buildings and the like which external sources of aid do not normally consider.

7. The composition of exports has not changed much. Two products, shelled groundnuts (40-50 percent) and livestock (35 percent), represent three-fourths of the total, while a variety of secondary products, such as groundnuts oil and cakes, hides and skins, cotton and foodstuffs, constitute the balance. Exports have more than doubled since the immediate independence period. Between 1960 and 1965, quantities of groundnuts exported have nearly doubled, and in 1966 and 1967 have reached 130,000 tons or 2.5 times the 1960 level. This rapid growth is the result of three sets of factors. One is the system of guaranteed stable export

price and export quota maintained by France until the 1966/67 campaign. The other is the expansion of the marketing network since the creation in 1962 of the official marketing board (SONARA 1/). The third one is the increase in yields achieved thanks to the introduction of improved methods, notably improved seeds. Cattle is exported on the hoof, mainly to Nigeria, through traditional channels, and except for the construction of wells and the provision of veterinarian services, the livestock sector has remained entirely traditional. Among secondary exports, cotton, where CFDT 2/, a French public development agency, is active, has shown the greatest progress in recent years.

8. The balance of payments is known very imperfectly, and comparisons through time are almost impossible because the coverage of official statistics has changed widely. The best estimates show that imports - official and those smuggled in from Nigeria and other countries - have grown much faster than GDP and slightly faster than exports over the 1956-66 decade as a whole. Their growth has been slower in the 1961-64 period. The trade balance is generally slightly negative but the figures are very uncertain. One important feature of Niger's external balance is the large size of "private transfers" abroad, an item which covers, in unknown proportions, capital movements, factor payments and some unaccounted trade transactions. Varying between CFAF 3.5 and 6.5 billion a year, these movements basically originate in the money incomes generated in the modern sections of the economy by the flow of externally-financed public expenditures and in the import-export trade. Given the rules governing the West African Monetary Union of which Niger is a member, these movements cannot be limited in any way. Whenever this outflow of funds exceeds the inflow of public transfers in the other direction, this adds to the trade deficit and external reserves go down. Since 1964, net external assets have decreased by nearly CFAF 2 billion and have been negative for the greater part of 1966 and 1967. This has induced the monetary authorities into somewhat stricter credit policies but has not otherwise affected Niger's monetary situation, whose basic strength rests on the overall position of the Monetary Union and the unlimited convertibility of the CFA franc as guaranteed by the French Treasury.

C. Development Policies and Prospects

9. After having prepared various plans or programs, which have hardly been implemented at all because they were unduly over-ambitious, the Government has taken a more practical view of development policy. Serious, and as far as can be judged at this stage, largely successful efforts have been put in three key areas. First, the size of public investment program has been lowered so as to be consistent with both financial resources and absorptive capacity; second, it has been ensured

1/ Société Nigérienne de Commercialisation de l'Arachide.

2/ Compagnie Française pour le Développement des Fibres Textiles.

that the technical departments did participate in the preparation and agree with the investment targets; third, it has been ensured, as far as possible, that the public budget can both participate in the financing of investment and bear the recurrent costs of the social sector and those - such as road maintenance - attached to economic investments. At the same time, long-term forecasts of revenue have been made consistent with the general development of the economy.

10. The efforts towards coordinating the various actions which together constitute development policy have gone further. Thus a major reorganization of the fifteen or so odd public and semi-public enterprises is now underway with the aim of exerting better control over them without hindering their autonomy. In the recent years, some of the public firms which were hastily set up in the period following independence, when a "socialistic" mood was very much in evidence, have been discarded in order to end their being subsidized by the budget.

11. The current program for 1967-71^{1/} foresees total public investments of CFAF 23 billion. Given the existing pipe line of foreign aid commitments on previous programs which amounted to some CFAF 9 billion by the end of 1966, and the outlook for aid from France and EEC, there should not be serious difficulties for the financing of the program. The only point in this respect is that local participation, which the Plan puts at around CFAF 2 billion, should be somewhat increased, a real possibility given the budget forecast when account is taken of the income to accrue to the Government as a result of the forthcoming exploitation of a uranium mine.

12. The sectoral strategy of the program strongly reflects the well-felt need to consolidate and expand infrastructure in the two basic fields of transportation and water resources. Investments in roads is thus put at CFAF 6.3 billion, or 30 percent of the total, and development of water resources at CFAF 6.7 billion, or 31 percent of the total. There exists a long-term sectoral plan for transportation, and the problem is mainly a technical one of allocating the precise priorities in time on the basis of further feasibility studies. The development of water resources, however, raises much more intricate problems because the economics of this sector in Niger's conditions are not well known. The case for irrigation schemes, which would be favored by some in the Government, is far from clear. Recognizing this, the main effort is being put on a large program of wells and other small constructions for the satisfaction of both human and animal requirements, whereas only one large scheme implying irrigation is being implemented. The plan rightly stresses the need for more studies in this field before embarking on further programs. Certainly, the results achieved so far in a few projects undertaken in the past justify a cautious approach.

^{1/} In fact, under the system of "rolling" four-year programs, one such plan covers the period 1967-70 and the current one is for 1968-71.

13. Although raising the rate of school attendance from its present 10 percent is an obvious objective, the Government is well aware of the budgetary difficulties involved in too rapid a progress. In the light of these, as well as by taking account of pedagogic and political considerations, the Government is presently trying to assess the relative merits of extending the classical school system against a generalization of educational television, which is now at an experimental stage in the Niamey area.

14. In industry and mining, the program foresees little public investment as the policy is now to attract private capital under the investment code which grants various tax privileges and long-term guarantees. A number of important projects have been agreed upon and are to start production in the next two or three years, notably a cotton textile mill and a brewery.

15. The largest single project to be undertaken in 1968 is the exploitation of an important uranium deposit in the Sahara desert (Arlit). A joint French-Nigerien company has been formed in which the Government has a 20 percent participation, other French private interests a total of 40 percent, and the French official Atomic Authority 40 percent. The latter will be sole buyer of the ore. In a first stage, the equivalent of 200 tons of metal uranium will be produced, a level to reach 1,000 tons in 1973-74. Total investment in the mine and related facilities will be of the order of CFAF 11 billion (not included in the above figures of the development program) to be entirely financed by the shareholders and French public sources. It is expected that the Government will receive annually some CFAF 200 million a year, going up to CFAF 600 million in the subsequent stage in the form of dividends, "royalties" and taxes. Though the latter sum is a mere 8 percent of present public revenue, it will significantly ease the budgetary problem and contribute about 40 percent to the level of public savings of around CFAF 1.5 billion foreseen for the mid-seventies.

16. The overall prospects are that growth of GDP will be between 4 and 4.5 percent per annum up to 1974 or so. This is based on the assumption, among others, that external aid will finance the bulk of public investment. Whether the proportion be as high as 90 percent as foreseen in the original development programs for 1967-71 or only 80 percent, as seems feasible, does not really change the nature of the problem: in any case, as in the past, an annual inflow of investment aid of CFAF 4 billion or so (\$16 million) will be required. One of the reasons for this state of affairs is that the outlook for exports of groundnuts will no longer benefit from the French support system, starting this year. It can thus be expected, at best, that the decline in price will be 10 percent only, as compared to the present level, assuming that some compensatory financing will be provided under the 1969-74 agreement of association with EEC. In the possible case where such a scheme would not be forthcoming, the decline in price for Niger's major export will probably be of the order of 15 or 20 percent. Already, producers' prices have been reduced, and in the absence of the incentive of high and stable

prices, it is difficult to expect more than a 20 to 25 percent increase in groundnuts production as a result of increased productivity. As for other exports, price prospects are not very bright either (groundnut oil, cotton, hides and skins), or limitations will appear on the supply side (livestock). With a continued and unavoidable outflow of private "transfers" and much higher factor payments (on account of the uranium mine operations), it would be unreasonable to hope for a reduced overall "gap" in the balance of payments in the early mid-seventies.

17. As in the past, aid will have to be mainly in very soft terms with grants from France and EEC playing the major role. Niger external borrowing has been small until 1967 with a debt service of around CFAF 250/300 million representing some 4 to 4.5% of both export proceeds and Government revenue. However, indebtedness has increased sharply in the second half of 1967 with total debt, including undischarged, going up from CFAF 4.7 billion (\$18.8 million) as of June 30, 1967 to CFAF 7.4 billion (\$29.7 million) as of December 31. Because the proportion of suppliers' credit and other privately placed debt has now become 40% of the total, debt service in the early seventies will become very high relative to past levels, assuming that disbursements take place normally with service of between CFAF 500 to 1,000 million per year. Such levels would still represent a modest proportion of export proceeds (about 6% in 1973) and Government revenue (about 8% in 1973). However, the debt service burden must be weighed in the light of the Government's capacity to secure public savings. These were projected at CFAF 1.1 billion in 1971 going up to CFAF 1.5 billion by 1974 assuming debt service at around CFAF 250/300 million. But service on the new borrowing would now absorb between one fourth and one third of these public savings thus reducing the already modest projected Government contribution to the public investment program. Nevertheless, if the bulk of aid is on a grant basis or on soft terms, there would be a small margin for some conventional borrowing.

I. GENERAL BACKGROUND

Natural

1. There is some irony in having named this immense territory of nearly 1.3 million square kilometers by the name of a river which is over 4,000 km long but has only some 500 km of its course in the country. It is a fact that the country owes only a minor part of its natural assets to the presence of the Niger River. As a means of transportation it has been of limited value until now; the use of its waters for irrigation purposes raises very difficult technical and economic problems; fish resources are infinitely more important in Mali where the Niger has its "internal delta"; its hydropower potential certainly is enormous but it does not lend itself to be used on the reduced economic scale which would be appropriate.

2. What is called the "useful Niger" ("le Niger utile") is a stretch of land, 250 km wide at most, parallel to the southern borders of the country and where 90 percent of the 3.5 million inhabitants live. Roughly, the northern limit of this area corresponds to the 350 mm rainfall line. Further north, permanent cultivation of the land is practically impossible. The "useful" region presents an inherent difficulty because of the long distances involved: over 1,000 km from east to west. Thus, population is dispersed, transportation and communications in general time-consuming and costly, and this is, of course, a permanent obstacle towards the expansion of the internal market.

3. This, and the other general economic factors which account for the limited home market, in turn prevent the long distances to the sea (Cotonou is at 1,000 km from Niamey, Lagos at 1,300 km from Zinder) from constituting a "natural" protection for home-produced goods. High transport costs of imported goods have a direct impact on real incomes: the price of a ton of cement trebles between Cotonou and Niamey; they directly reduce the price paid to producers of export goods: typically, the Nigerien groundnut grower gets 20 percent less than the Senegalese grower when the c.i.f. price is the same (see Appendix Table 26).

4. Knowledge of the nature of soils is not sufficient, at present, to permit determining the most economic pattern of cultivation. However, it is the lack of accessible water which constitutes the main direct obstacle for agriculture. With rudimentary techniques, the population makes the most of existing resources: the permanent rivers (Niger, Kamadougou), permanent ponds ("gueltas"), of which about ten large ones constitute privileged areas for cultivation, and the various ways in which water appears temporarily in ancient river valleys, ponds, or "bas-fonds". There is only one rainy season of varying length between May and September.

5. The Saharian part of Niger - perhaps four-fifths of the total area - is a world of its own. It is not unpopulated. The Touareg and some Arabs who inhabit it, mostly as nomads, constitute two strong social groups. Until now, research for petroleum has not been rewarding,

although discoveries in the Algerian Sahara in the Fifties once gave rise to great hopes in Niger. The desert has, however, revealed at least one important wealth recently, in the form of a large uranium deposit (Arlit) discovered by the French official atomic authority and soon to be exploited.

Social

6. The fast population growth, estimated at around 2.7 percent per year now, may be a promise for the future. For the present, it means that nearly half the people are under 15 years old, and thus constitute consumers with little earning power rather than producers. It means very serious health problems as these lie mainly with childhood. It means also a tremendous pressure for more education in a country which still has the lowest literacy rate and school attendance rate (10 percent) of all the former French colonies.

7. A few large ethnic groups form the bulk of the population: Hausas (about half), mainly in the center and East; Djerma-Songai (about one-fifth), along the Niger valley; semi-nomadic Peuls, Touareg, Arabs, etc. The mosaic of different origins is perhaps simpler than in other African countries and thus gives less way to tribalistic tendencies. The danger is, however, that fewer but larger groups are more powerful centrifugal forces, which the political organization of a country cannot always contain effectively. It certainly is a major achievement of the people and Government of Niger, therefore, that the national unity has been maintained, and indeed strengthened, over the years. Religion plays a unifying role as the great majority of Nigeriens are Moslems.

8. Non-ethnic contrasts, if not oppositions, exist in Niger, as in all the African countries having undergone similar developments. Here also, urbanization is a notable trend, as is the difference in living standards and in ways of living between urban wage earners, public and private, and the traditional farmers who form over nine-tenths of the population. However, this country has not known the kind of social unrest often connected with these movements.

Government and Policies

9. Stability of power and national unity are two already mentioned achievements which count high in the Government's performance. President Hamani Diori, leader of the country for the last 8 years, is for a large part the personal artisan of this situation. In addition to having consolidated Niger as a nation, President Hamani Diori has acceded to a prominent position in Africa. Its geographical and economic position makes it really vital for the country to maintain good relations with the rest of the world. In this also, the Government has done well. President Diori is for the second consecutive term the elected acting-president of OCAM 1/ and of the Conseil de l'Entente 2/;

1/ OCAM - Organisation de Coopération Africaine et Malgache.

2/ Conseil de l'Entente - a body for mutual consultation, comprising Dahomey, Ivory Coast, Niger, Togo and Upper Volta.

as such, he has become also the most forceful spokesman of the African countries associated with the European Economic Community, and more actively so in the present period of preparation for the renewal of the association agreement due in 1969.

10. Adapting the Administration to the requirements of an efficient economic policy is a laborious task, and one not yet satisfactorily achieved in Niger. The creation of an administrative machinery in a country where only a few hundred people have any secondary education is a formidable enterprise. Still now, most of the higher and intermediate posts are filled by expatriates. The making of economic policy appears at times as a compromise between political aims, as broadly defined at the highest level by the Presidency, and the views of such or such fraction of the body of foreign technical assistants. At the same time, for lack of a well-stratified administration and the resulting difficulty in delegating power, practical details and minute actions are decided by the President himself.

11. Economic policy has been determined by successive "moods" as regards the "right" doctrine to follow. In brief, there has been first a period, immediately before and after full independence was obtained in 1960, when the first attempts at some kind of planning were made. This was done mostly by foreign experts and practically outside the Government and the Administration. These exercises helped achieve a better knowledge of the resources and needs of Niger but had little influence over the direction of the economy. This phase was promptly followed until 1965/66 by one of enthusiastic and somewhat romantic "socialism" largely inspired by foreign advisers, mainly French. This was the time when comprehensive, detailed and over-ambitious development programs, especially the "Perspectives Décennales" 1965-74 and the first four-year plan for 1966-70 were prepared. More practically, during this period a number of public or semi-public institutions were created in a proclaimed effort to socialize the economy and make it truly independent from the "exterior", especially the former colonial power. The role and fate of these enterprises, which have affected practically every sector of the economy, has been very diverse. No overall appraisal would be meaningful. It has been recognized by the Government itself, however, that several of them were too hastily mounted, with too little own capital, and were poorly staffed. Thus, it has been part of the present-accepted approach, an essentially pragmatic one, to economic problems, to discard some of the enterprises of the public or semi-public sector and to exert a much stricter control on the others. At the same time, planning has become a much more practical exercise. Targets are more realistic, and the means to fulfill them more precisely spelled out. Annual revisions of the four-year public investment programs have become current practice. Also, and this is to be strongly credited to the present administrative organization, cooperation between the planning unit (Commissariat Général au Développement), which is itself attached to the Presidency, and the various Government departments, especially the Finance Ministry, is being actually implemented.

12. The Government has taken the sensible view that regional planning can yet imply only a very limited decentralization of economic decisions and of the financial organization. However, as a first step towards an improved development policy at the local level, the seven provinces ("départements") were defined in 1962, taking account of local economic realities, and to a certain extent the same considerations apply to the thirty-two "arrondissements".

13. Nothing will prevent the general natural surroundings from being predominantly unfavorable in Niger. As will appear presently, some external elements of foreign assistance which in the past have had positive effects are now turning adverse with the cessation of any French support for Niger's principal exports (groundnuts), thus adding to existing difficulties. Bilateral aid is not any longer to be taken for granted. These are the costs of political independence to which the Government and the people of Niger endeavor to adjust themselves in a spirit of determination and realism.

II. OVERALL ECONOMIC STRUCTURE AND DEVELOPMENTS

14. In spite of grave deficiencies, enough statistical information exists now to warrant a general presentation of economic developments which have taken place in Niger over the last 10 years or so. In so doing, no attempt is made at explaining conjunctural changes. Following an overall view of the period 1956-66, the mechanisms of growth are briefly explored under the broad heading of "Use of Resources", and finally, it is tentatively explained how the financial equilibria of the economy have been achieved.

A. Overall View: 1956-1966

15. Overall, the past decade has been one of slow structural changes in the economic set-up of Niger, of moderate growth of the country's output of goods and services, and one in which the "take-off into self-sustained growth" has not been achieved in the sense that external public aid has remained essential to keep the economic machine working. Although some fundamental difficulties are being progressively solved - particularly in the field of public finance - others have occurred - particularly in the field of exports. The fact that the country has remained fundamentally an agricultural economy, with something like 90 percent of the population engaged in rural activities and over 60 percent of GDP originating in agriculture, is not to be taken, as such, as a sign of economic retardation. It is progress, or the lack of it, within the primary sector which is a meaningful test. This will have to be examined.

16. The overall growth of GDP over the years 1956-66 is roughly indicated in the figures of the following table:

	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
1. GDP at market prices (billion CFAF)	45.9	48.1	50.1	54.1	60.9	64.1	64.9	(69.0)	(77.0)
2. Percentage change	-	+5	+4	+8	+13	+5	+1.5	(+6.5)	(+12)
3. Estimated percentage change in real terms a/)	-	0	0	+9	+15	+3.5	-1.5	(+2.5)	(+4.25)
4. Official estimate				(+9)	(+12.5)	(+5.3)	(+1.3)		

a/ Deflator for 1961 to 1966 is the arithmetic average of the variation of the price indexes for "African" and for "European" consumption in Niamey. For 1956 to 1960, the wholesale price index in France has been used. Official estimates exist in official "Comptes Economiques" for 1961, 1962, 1963 and 1964 but they do not appear to be based on adequate calculation of price changes. For the period when some price indexes exist (1961-66), the official estimates of "real" growth and those based on those price indexes differ. It is reasonable to think that the consumer price indexes used in line 3 show higher increases in price than have affected the "traditional" goods outside Niamey. To that extent, estimates of line 3 would be on the low side. However, over the period as a whole, the official estimates and those of the table, line 3 above, give very slightly different results.

Source: See Appendix, Tables 2A, 2B, 2C.

Rather than comment on the annual changes, it is more meaningful to assess the broad evolution which emerges from the very uncertain figures in "real" terms. It would thus appear that during the period preceding independence, the real growth of GDP at market prices has been practically nil, whereas it has been of the order of 32 percent between 1960 and 1966. Given an annual population increase of about 2.5 percent p.a., this would mean little increase in product per head. National income at factor cost has increased even less, because indirect taxation net of subsidies has increased more than GDP.

17. Movements, however, have been very different from one period to the other. It can be concluded with a fair degree of certitude that the immediate pre-independence years have been, at best, a period of stagnating incomes per head. All the available indications on prices (in neighboring countries and in France) point to great increases which in all probability have annihilated the apparent growth of GDP. In contrast, the early years following independence, until 1963, have witnessed very significant real progress overall and per capita. Finally, on the basis of the very tentative estimates made by the Mission, the most recent years would show a slower progress than in the previous period, with an improvement as time goes by. The least uncertain conclusions to be drawn from the general picture just outlined seem to be threefold: the overall real growth of the

Nigerien economy has been modest, it has been marked by very unequal phases of acceleration and deceleration, and income per head has not significantly exceeded the \$80 mark. This level is very low by any standards. However, about the only meaningful comparison of per capita incomes is with other former French colonies of Africa: in this context Niger would rank ninth out of fourteen, slightly before Chad, Congo (B) or Dahomey, well above Upper-Volta, but at one-third of the Ivory Coast's level.

18. Changes in sectoral and socio-economic distribution of product and income have followed what can be regarded as a very classical pattern in Africa.^{1/} Some features, however, are more particular to Niger. Thus, though the share of the primary sector has declined from 72 percent of GDP in 1956 to around 62 percent in 1966, the trend appears to be practically stabilized since 1961, as if there were some factors resisting further decline. Since this is a relative decline, of course, one simple partial explanation for this state of affairs is that the industrial sector finds so many obstacles to its development. Its share (including construction) in 1956 was a little under 9 percent and in 1964 a little over 11 percent. It is unlikely that it has increased at all in the subsequent years. In fact, since 1960, with the exception of 1959 (when probably some "secondary" activity has been included under the "primary" sector), the absolute value of industry has fluctuated without growing markedly. This is attributable, for a large part, to variations in construction activity.

19. Government "product" as conventionally measured by salaries distributed has grown comparatively little. This general impression conceals the structural change which took place in the period as the Nigeriens progressively took over governmental functions from the French, including most of the armed forces.

20. It is the sector of services, including transportation, which has shown the highest absolute and relative growth. However, the largest increases occurred only in 1961, and probably again in 1966 according to the Mission's guess. The increase in 1961 may well in fact be only "statistical". That of 1966, and more generally the growth of this sector throughout the period, is to be linked to the progressive "monetization" of the economy. It is estimated that in 1956 the non-marketed production was well over 50 percent of GDP, whereas in 1964, it was around 42 percent, and all the indications are that this trend has accentuated in the most recent years. The development of services is more particularly dependent upon the growth of external trade, both exports and imports, which has been a major characteristic of the period. Thus, exports were about 10 percent of GDP uses in pre-independence years as against over 15 percent in the following period, while the share of imports went up from around 8 percent to a share similar to that of exports.

^{1/} See Appendix Tables 2A, 2B, 2C.

21. The pattern of income distribution follows closely that of the product by sectors, with some overlapping to the extent that part of the secondary and tertiary sectors are not wage distributors but are within the realm of traditional activities. Thus, the share of wages remains necessarily small, with 9 percent of GDP at factor cost in 1956, 14.5 percent in 1964, and probably a slightly higher figure in more recent years. About half the regular wage earners (excluding army), which total around 24,000, or only 1.5 percent of working age population, in 1966, as against 15,000 ten years earlier, are in the public sector and half in the private sector, including public and semi-public enterprises of an economic character. The wage bill is also distributed in similar proportions between public and private sector.

22. Obviously, the average nominal income of the wage earner is, and increasingly so, much higher than that of the rest of the population. For a number of reasons, familiar in the African context, the difference in real terms is not so great as would appear from the statistics. One reason is that the cost of living in urban centers is much higher and has increased more than in the "bush". Another is that the wage of one employee, be it private or public, in fact helps maintain a much larger number of people than does the income of, say, the typical peasant. Also, the wage earner pays higher taxes than the rest of the population. It is nevertheless the case that wage earners are a privileged group in the nation. The Government is aware of this and has tried to keep wage increases within strict limits. The minimum legal wage rate has remained the same since June 1962. Average actual wages and salaries have increased, however, by about 40 percent between 1956 and 1966, while consumer prices have risen by about 16 percent between 1961 and 1966 only, and by an unknown but probably higher percentage in the earlier, 1956-61, period. The increase in real wages has therefore been a definitely modest one.

23. Income of households (other than wages) closely follows the evolution of primary output since, for the greater part, it simply represents the income side of it. Thus, though increasing absolutely, its share diminishes from 79 percent in 1956 to 71 percent in 1964. Corporate income of public and private enterprises is the most fluctuating category. This is consistent with the fact that profits are by nature more unstable than other incomes. It is linked also to the already-mentioned influence of construction activity, which is very unequal from one year to the other. It can be seen in fact (compare Appendix Tables 2B and 2C) that corporate income rises when gross investment rises (1956-62) and declines when gross investment levels off. Other factors such as price controls and the varying degree of competition in the commercial and transportation sectors, have certainly played a role, but not one easy to quantify. It is likely, but impossible to prove, that the decline by some 50 percent between 1962 and 1964 has been made good, at least partially, in the subsequent year, in correlation with the rise in the output of services resulting from the rapidly-expanding external trade.

B. The Use of Resources and Growth

General: the "primary" generation of income

24. Fundamentally, the mechanism of an economy like that of Niger's is simple. There are three main sources of national resources or income which basically are fairly autonomous in the sense of not being predominantly and directly determined by other national economic activities: subsistence agricultural production, agricultural exports and the inflow of public funds.

25. The greatest part of agricultural output is produced to satisfy the basic needs of the farmers themselves. There are no large plantations. Agricultural production comes about as a result of current inputs of non-wage labor plus investment in the form of land clearance, and it increases with population as more labor is done and more land put into cultivation and livestock grows. Fluctuations of production depend heavily on weather conditions. Specialization in the agricultural sector is limited if one excludes export products, and the bulk of production is auto-consumed. Money income generated in this sector as a result of internal exchange is small.

26. Agricultural exports are of various kinds. Some are mere surpluses, i.e. what happens to be left after consumption by the producer, and their magnitude depends mainly on climatic conditions. This is the case of food crops such as millet or niebe beans, of which Niger is normally an exporter. Other products, on the contrary, are produced in order to be exported, although part of the consumption is retained for local consumption. This, of course, is the case of Niger's main exports, namely, groundnuts, but also of such produce as onions, tomatoes and other vegetables, of which neighboring countries and even Europe are buyers. Finally, livestock has its own genus. Although it is repeatedly said - as part of the socio-economic folklore on Africa - that herders grow cattle for prestige reasons, that they are not interested in mercantile intercourse and that they sterilize capital, the fact is that increasing quantities of cattle are sold abroad and also on local markets. Indeed, from what scanty factual information exists, it would appear that the return on the capital value of livestock, in the way of sales of animals, meat, skins and dairy products, is of the order of 20-25 percent, of which three-fourths is in money income, a level which one would wish to be more common in the "modern" sectors of the economy!

27. The third "autonomous" origin of national resources is the inflow of external public resources. These, in fact, have been by far the main source of financing of modern (monetary) investment. Private modern investment has been very small in the past. However, in addition to the external inflow of investment funds, a feature of the Nigerien economy over the last decade is the importance of non-investment public transfers from abroad to cover current expenditure, for example Niger's Government budget, but mainly of French military forces, French technical assistance or to cover inter-African agencies (e.g. the aerial navigation

security agency, etc.).^{1/} Thus, the total inflow of public funds has at all times represented a major resource for Niger, not only from the balance of payments point-of-view, but from that of the income generation process in the country.

Factors of Growth

28. The three main origins of national income - agricultural production for the home market, agricultural exports, public transfers from abroad - raise two sets of inter-related questions regarding what relationships may exist between themselves and regarding the manner in which they contribute to the economic growth of the country. The first question concerns mainly the possible competition between production for the home market and production for exports, and the other one concerns mainly the role of investment and other factors in the process of growth.

29. The period 1956-67 has not witnessed a clear substitution of export crops for food crops in terms of area. The part dedicated to groundnuts has increased slightly from 12 percent to 13 percent, and again more significantly in 1967, according to information given to the Mission. The areas under millet, sorghum, and niebes (beans), the three main staple crops, remain a massive proportion of the total. ^{2/} What has happened, however, is a definite shift towards more intercropping practices (millet-sorghum, millet-niebe, sorghum-groundnuts, etc.), and a relatively important growth of more sophisticated products such as rice, onions, tomatoes, wheat, and also cotton. The area used for these products, however, does not yet exceed 2 percent of the total. It seems that the trend towards more intercropping and the response to practices yielding higher returns per hectare in the cultivation of export crops has resulted largely from the increasing difficulty in finding new good land. This, in turn, points to the possibility of harder competition for land in the immediate future between export crops and other crops. Competing claims on labor, on the other hand, have been real, since that factor has been applied in proportionately greater amounts to the production and marketing of export crops, mainly groundnuts and also cotton. This has been parallel to, and made necessary by, the application of better techniques in these crops such as use of fertilizers, pesticides and insecticides and utilization of draught animals, transportation of larger quantities to markets, etc.

^{1/} For example, in 1964, the gross inflow of public transfers of CFAF 4.3 billion was composed of: CFAF 2.2 billion of project aid from FAC and FED and, secondarily, USAID; CFAF 1 billion of French civil expenditure (technical assistance, French Embassy, French education and research institutions, etc.); CFAF 0.6 billion of French military expenditures; CFAF 166 million on account of the aerial navigation security agency; and around CFAF 300 million of other non-French (USAID, etc.) aids and expenditures in Niger.

^{2/} See Appendix Table 4.

30. As regards the role of investment and other factors, it must be noted first that "modern" (money) investment,^{1/} a part of investment which is mainly financed by external public resources, is only a fraction of total investment. Further, investment in construction, modern and traditional, represents by far the largest single item in the total, as is shown for the years for which information is available (and there is no reason to think that this has significantly changed in the more recent period):

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
1. Proportion of "modern" investment in total investment	43	65	53	51
2. Proportion of construction in total investment	70	49	49	48

Investment involved in clearing and preparing new land for cultivation is not included in the figures available from national accounts, although it is argued below that this was the most important factor accounting for the overall growth of agricultural output. Modern investment of direct impact upon agriculture has practically been confined to irrigation projects, most of them small, for a total area of some 4,000 ha., i.e., an insignificant proportion of the total area under cultivation and one which until now has contributed very little to total physical production and, it would seem, with very low economic returns, if any.

31. Modern investment has had two major roles in the growth process in the past. One has been to provide the basic infrastructure facilities, mainly in roads and secondarily in power, water supplies, etc. Basically, however, the road network existed already in 1956 and subsequent gross investment has been mainly in maintenance and improvements. Capital formation of this sort has had its most beneficial effects in permitting the transportation of increased amounts of marketed products and more, concretely, of the 200,000 tons of unshelled groundnuts now carried annually, as against less than half that amount 10 years ago. The second role has been through the generation and subsequent multiplication of money

^{1/} "Modern" investment comprises: housing and other buildings outside those built by farmers for their own purposes, public works, transportation equipment, other machinery and equipment (excluding small implements used by the peasant economy). Total investment includes growth of livestock and other stock formation.

incomes in successive years and, through foreign financing, the purchase of imports. In other words, the contribution of non-traditional investment to directly productive capacity has been very small. It has concerned mainly a few oil mills, other small factories and workshops, commercial buildings and transport vehicles. Actually, according to estimates of the existing stock of capital in 1964, it would appear that the largest item by far is livestock (48 percent), then buildings (35 percent), then transport infrastructure (10 percent), while machinery and other equipments represent a mere 7 percent of the estimated total of some CFAF 135 billion.

32. Other decisive factors in promoting growth have been what may be called "traditional" investment and the use of modern current inputs. It can roughly but realistically be said that what results in larger areas being cultivated is traditional investment and additional labor, whereas higher yields and product per worker come about, at least in part, as a result of more modern techniques being applied (and, of course, favorable weather). Over the 1956-66 period, rural population (total and active), total area under cultivation (see Appendix Tables 4 and 5), and primary production (in value, considering that unit prices have not very much increased this sector) have all equally increased by some 30 percent. The figures are only approximations but they nevertheless point to the fact that increased productivity has played a small role overall, and that it is increased traditional inputs which explain the increase in production of the main staple products (millet, sorghum, niebe beans, cassava, etc.). Modernization of agriculture has taken place, however, in the sense that a growing proportion of output is marketed and exported, thus enlarging the monetary section of the economy: in 1956-59, about 15 percent of total primary production was exported, as against over 25 percent in more recent years.^{1/} At the same time, yields in groundnuts have significantly increased between 1960 and 1966 as a result of improved techniques, but good weather conditions in 1965 and 1966 also account for a great part of the progress. Another reason for higher production of groundnuts is simply the expansion of the official marketing network, which has covered new areas where this product was not previously cultivated for the market.

33. Exports and investment have become an increasing proportion in the use of (real) resources, and consequently, in the sources of (money) income. As a total, their share has increased in two steps: in 1960, by 40 percent as compared to pre-independence years, and by another 40 percent in 1962. Although complete figures for 1965, 1966 and 1967 are not available, some increase must have taken place again, since exports of goods went up considerably and the rate of public investment was stepped up. Not surprisingly so, these stages of increase correspond to those

^{1/} As exports are valued f.o.b., whereas agricultural production is valued at the producer price, only the comparison between the two numerical proportions mentioned is meaningful.

of accelerated overall growth. As shown in national accounts, the sum of investment plus exports went up from around 10 percent of total gross use of resources in 1956-59 to 22 percent in 1960-61, and over 26 percent in 1962-64; a proportion probably of the same order holds good in the more recent years. These proportions are considerably higher when only the monetized section of the economy is considered.

"Induced" Effects

34. The incomes generated by agricultural production for the home market, agricultural exports and public inflows of funds, in turn generate or permit other flows of income and expenditure to take place. Some investments additional to those of the "traditional" kind and to those directly financed by foreign aid may then be induced. But contrary to more complex economies, this is not an important factor in Niger, as a result of the limited diversification and internal specialization of the economy.

35. Two major economic activities, on the contrary, directly depend upon the three major "original" flows of income, namely, Government revenue and imports. The latter represents also the greater part of the taxation base. In addition, important outflows of private funds are closely connected to the "primary" generation of income through exports and the public inflow of funds. What is to be emphasized as part of the essential working of Niger's economy is precisely the quasi-automatic connection between "primary" income and other induced flows of income or expenditure.

36. This is true mainly for the relationships between the flows of the balance of payments. Money incomes generated by exports are promptly used to buy imports, and this is true for the groundnuts producer as well as for the herders who always return from Nigeria, after having sold their cattle, with a variety of consumer goods of local or foreign origin, from kerosene lamps to sugar, from transistor radios to cosmetics. Foreign-financed investment always has a high import content; wages distributed as a result of investments go to buy similar imported consumer goods, because wage-earners very rapidly acquire "European" consumption patterns. As for profits earned by trading firms and contractors and salaries of expatriates, they are readily transferred abroad (France), since there has never been any limitation to such movement within the franc area and investment opportunities in Niger are scarce. Thus, in broad terms, but quite effectively, the income from exports and capital inflows creates imports and capital outflows with the number of "rounds" of expenditures taking place in Niger being small. One such "round", at least, is obvious, however, and is represented by the taxes collected by the Government. But immediately afterwards, wages and salaries paid through the budget and purchases of goods and services by the Government mean more imports. It is no surprise therefore that exports plus investment represent a high and increasing proportion of monetary GDP, as noted earlier. The following sections consider the specific problems of internal and external financial equilibrium during the past decade, together

with the relationships between savings and investment, and how the monetary framework affects them.

C. The Achievement of Financial Equilibrium

37. Some of the general conditions of equilibrium in the fields of public finance, money, external payments and the financing of investment have changed in the course of the 10 years 1956 to 1966. Yet, the changes have not been drastic as might have been expected in a period when the passage from the colonial status to one of "internal autonomy" in 1958, and of full independence in 1960, have taken place. The main modifications have concerned, quite naturally, the nature and importance of the former colonial power's role.

38. Thus, the amount of expenditures incurred by the French Republic in Niger has considerably diminished, subsidizing of the Nigerien public budget has progressively come to an end, the origin of development aid has been diversified with the growing role of the "Fonds Européen de Développement" (FED), and trade with partners other than France has developed. Also, institutional arrangements with other African countries - former French West Africa as a whole or the more close neighbors of the Entente - have undergone successive adaptations in efforts to promote more efficient regional cooperation and to replace some of the links which existed between countries under the colonial regime and which have been considerably weakened as a result of independence.

39. At the same time, other major aspects which form the general context of the Nigerien economy have remained fundamentally unchanged. Among these, the most decisive ones relate to the monetary framework and to external aid. The monetary arrangements are characterized, today as earlier, by their regional nature and by the existence of close links with France. As for external aid, if its composition has changed, its role has remained equally vital throughout the period.

Public Finance^{1/}

40. Until 1958-59, under the colonial system of the former Federation of West Africa (AOF), many public current expenditures were financed by the budget established in Dakar for the federation, and by France. These - army, police forces, education, agricultural research, etc. - are now almost exclusively the responsibility of the Nigerien central and local governments. Further, the Nigerien budget received

^{1/} The following section refers to the public finances of the Government of Niger only, because it is intended to appraise the role and performance of the Government in this respect. Other "public" operations, i.e. of the French Government, and the investments financed directly by foreign sources are considered later (in the savings-investment account).

current subsidies from Dakar, from Paris, and also from Abidjan through the mechanism of the Solidarity fund of the Entente. The amount of current expenditures covered either directly by France and by the budget of the federation, or by subsidies to the local budget, varied around CFAF 2.5 to 3 billion per year between 1956 to 1959, representing half or more of total public current expenditure. In 1960, the last year before independence, external contributions were still near CFAF 3 billion out of a total expenditure on current account of CFAF 7 billion. These figures only reflect the fact that until the full financial implications of independence started being felt, the problem of balancing expenditure and revenue was not really a concern for Niger.

41. The serious problems arose in 1959-60 when the automatic federal contribution disappeared and the French support became more and more questioned, or rather was intended to be a contribution to the Government budget rather than a balancing item of the current budget. The difference is that the "contribution to the investment budget" is determined when the budget is voted, whereas a support to the current deficit is a function of the deficit itself as the budgetary outcome shows it. The second major external contribution came, until 1964, from the Solidarity Fund of the Conseil de l'Entente. 1/ Also, until 1966, some proceeds from the liquidation of the former AOF accrued to Niger.

42. During the period since independence, the financing of the Government investment budget and other public investments not normally financed by external development aid has assumed increasing importance as compared to that of covering the current deficit. This is shown in the following table, expressed in billions of CFA francs:

1/ The Entente then comprised the Ivory Coast, Dahomey, Niger and Upper Volta. Each country contributed a fixed percentage of its public revenue. After an allocation to a reserve fund, the proceeds were re-distributed, 1/16 to the Ivory Coast and 5/16 to each of the other three. Thus, the Ivory Coast was a net contributor to the budgets of the others. In 1965, the Solidarity fund was transformed into a Guarantee fund to insure private (or public) foreign investment in any one of the participating countries (including Togo since 1966) against any losses due to default, whatever the cause, political or otherwise.

	<u>1960</u>	<u>1962/63^{a/}</u>	<u>1963/64</u>	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u> (Provisional)
1. Current revenue	3.9	5.4	6.4	6.9	8.4	8.5
2. Current expenditure ^{b/}	<u>5.1</u>	<u>6.1</u>	<u>6.2</u>	<u>7.1</u>	<u>7.8</u>	<u>8.5</u>
3. Balance	-1.2	-.7	+.2	-.2	+.6	0
4. Investment expenditures ^{c/}	<u>-.5</u>	<u>-.8</u>	<u>-.7</u>	<u>-.9</u>	<u>-1.2</u>	<u>-1.0</u>
5. Total excess expenditures (3) + (4)	-1.7	-1.5	-.5	-1.1	-.6	-1.0
6. External contributions to the budget	1.4	.9	.7	.4	.25	.15
7. Of which: French	(1.0)	(.5)	(.6)	(.4)	(.25)	(.15)
8. Internal financing	.4	.6	-.2	.7	.35	.85

a/ Since 1962, the fiscal year is from October 1 to September 30.

b/ Including debt servicing, which is very small until 1966/67.

c/ Investment of the Government budget and road fund: excludes investment financed through project aid.

Source: See Appendix Tables 11, 12, and accompanying notes.

That part of excess expenditure not financed by external contributions (line 8) has been met by non-current revenue of various kinds (proceeds of national lottery, past reserve funds, contribution from retirement fund, and from the agricultural price stabilization fund, etc.) and/or by changes in the Trésor's liquidity position in one direction or the other (see Appendix Table 13). 1/

43. Current surpluses have been exceptional. It can be said, however, that from 1963/64 the situation has been improving in this respect, as a result of both an increase in the taxation effort and a tightening of expenditure control, which has come to be particularly efficient in Niger. Tax proceeds consistently constitute around 95 percent of total

1/ The Nigerien Trésor is not separated from the French Trésor (contrary to what has happened in all other former French colonies). Whatever excess liquid funds the Nigerien section of the local Trésor has are deposited with the French section in Niger and do not necessarily go to France through the Central Bank, as is the normal case in other countries.

revenue. Taxes and duties on external trade, imports for the greater part, have varied little, around 50 percent of tax revenue. This relatively low figure, in the African context, is to be explained by the fact that the poll tax ("impot du minimum fiscal") on heads of people and on livestock has not seen its role diminished. It represented 11 percent of tax revenue in 1960 and 19 percent in 1966/67. Rates of this tax are roughly differentiated according to the estimated wealth of each area (e.g. a little under CFAF 1,000 in Niamey and CFAF 250 in Agadez). Collection of this tax is efficient, contrary to that of taxes on wages, salaries and profits, though real efforts are made to correct this. Taxes on external trade have increased parallel to total revenue. The Government has found it difficult to increase rates of these taxes, as this necessarily means lower producer prices when applied to exports (because the c.i.f. price for groundnuts is fixed), or higher prices for imported goods which, because of the country's location, are already high.

44. The overall taxation rate has considerably increased during the period, from around 5 percent of GDP in 1956 to 8 percent in 1960, 9.5 percent in 1964, and an estimated 10.5 percent in 1966. Although even the latter proportions may seem moderately low by international standards, they must be appraised in the light of the very low average income per head and of the fact that in 1964 non-monetary income was still something like 40 percent of total GDP. Taxes on money incomes represent over 15 percent, on the average.

45. The decade under consideration has been one of great progress towards the achievement of equilibrium in Government finance. This has been done in a period of unavoidable, and indeed necessary, increases of current expenditure resulting from the attainment of independence, and one of rapidly declining external assistance to the budget. However, current surpluses have been difficult to obtain and have remained the exception rather than the rule. Therefore, the financing of excess expenditure comprising the current deficit, the Government investment budget and other investments (i.e. roads fund), has been achieved by using other internal means. These are necessarily limited to the extent that they consist, for a great part, of liquid funds available to the Trésor. In fact, the liquidity position of the Trésor has become increasingly difficult on account of budgetary operations and also because funds of public institutions (e.g. postal checking accounts), normally deposited at the Trésor under the French financial system, have been transferred to the development bank (BDRN 1/) in 1963 and in successive years. Advances from the Central Bank have not been necessary until now but, but this possibility is not excluded for the immediate future. In any case, such advances are by statute very strictly limited.

46. As is to be expected in a period of transition from colonial status to full independence, all items of public current expenditure have increased. National defense and police, which were almost entirely

1/ Banque de Developpement de la Republique du Niger.

the responsibility of France, have grown most. However, they have been stabilized at around CFAF 1.4 billion since 1964, and represent a little over 15 percent of total expenditure in 1966/67. Social expenditures are lower, as a proportion, than in most similar African countries. This, of course, is a mere reflection of the still low rate of primary school attendance. Thus, education does not claim more than 10 percent of the total, a proportion which has changed little since independence, whereas health accounts for less than 8 percent. On the other hand, economic services, i.e. the departments of rural economy and of public works, do not account for more than 13 percent, a modest proportion still, considering the overwhelming importance of these two sectors in the economy and in the investment programs. Transfer outlays have always remained at low levels, though subsidies - mainly to non-profit institutions - have greatly increased until 1966; their share is, however, less than 5 percent in 1966/67. Quite naturally, the bulk of current expenditure is for general administration, which absorbed around 40 percent of the total. It is worth noting that, contrary to almost every other former French African colony, the proportion of expenditure on personnel is low, at around 45 percent, as a result of both low nominal salaries and a cautious policy in recruiting new staff, and also because expatriate technical assistants are paid only nominally by Niger. As in other countries having achieved independence in 1960, it can be said that Niger has now reached the end of the transitory period. This means that in the future, expenditures linked to the new political status, i.e., on defense, police and general administration, should be prevented from growing faster than those on which the achievement of economic and social objectives depend.

47. Outside the Government budget, the Nigerien public sector comprises mainly local authorities whose consolidated budgets represent between 10 percent and 13 percent of the central government budget volume (see Appendix Table 13) and a number of public and semi-public autonomous agencies and enterprises. These are of a very diverse kind and no global account of their operations is meaningful. 1/ Some, like the Office of Posts and Telecommunications, are simple offsprings of Government departments. In the trade sector, the SONARA 2/ actually supervises the marketing operations of groundnuts in Niger and directs its export with the help of its Paris branch, while the price stabilization board (CSPPN 3/) is simply a fund which receives profits on the export of groundnuts and cotton above a determined level, or pays out a compensation when a loss is incurred in world markets (as for cotton, for example), and may in turn receive certain subsidies from EEC. As a

1/ A list of the enterprises in operation by the end of 1967 is in Appendix Table 10A; Appendix Table 10B gives a picture of the accounts of 14 such enterprises and other public institutions.

2/ SONARA: Société Nigérienne de Commercialisation de l'Arachide.

3/ CSPPN: Caisse de Stabilisation des Prix des Produits du Niger.

whole, the CSPPN has had sufficient funds in excess of those necessary for its operation, largely as a result of profits made by SONARA. The contrast is easy between these agencies and the State enterprise in charge of imports (Copro-Niger), whose financial position is difficult and which has a sizeable debt towards the local banks and the development bank. The reasons for this situation are varied: insufficient equity capital at the start, management mistakes, high cost of the many small branches outside Niamey, etc. Copro-Niger, however, certainly plays a useful role as a competitor to the private trading firms whose pricing policies are sometimes of a monopolistic character, to put things mildly. In other sectors, the situation, from a purely financial point-of-view, varies from good (e.g. SNTU 1/ Niamey's bus company), to mediocre (e.g. the two state-owned hotels), to bad (e.g. the Malbaza cement plant which, because of the limited market, works well below capacity 2/), while others are at an experimental stage (e.g. SOTRAMIL 3/, a millet-sorghum flour mill in Zinder which has made an encouraging start).

48. In connection with public enterprises the most remarkable development, perhaps, is the fact that the Government has recognized their limits and effectively tried to improve their performance, as has been mentioned earlier. Action has been in two directions. First, 4 or 5 of the most deficient and hopeless enterprises - such as the "national contractors society" - have been discarded altogether and their debts have been paid by the Government in the course of 1966. Second, a supervisory committee has been instituted within the Ministry of Economic Affairs in 1967, with the aim of imposing accounting rigor and financial control, and with the overall task of both appraising performance of the firms concerned and giving advice when necessary. Changes in the top management personnel of some firms are also being effected. If anything, the supervisory committee is perhaps too much inclined to seek perfection (for example, by demanding quarterly balance sheets, etc.), but it seems to be aware, however, of the necessity of not impairing the autonomy and operational flexibility of each enterprise.

External Finance

49. The nature and quality of the information precludes any detailed analysis of changes in external trade and payments over the period. No official statistics of the balance of payments exist, and trade figures themselves are subject to wide margins of error. Some important trends emerge, however, and for some years more details are available which will help spotlight the most relevant structure of the external balance of Niger.

1/ SNTU - Société Nigérienne des Transports Urbains.

2/ The technical management of the firm, however, appears to be excellent.

3/ SOTRAMIL - Société de Transformation du Mil.

50. As noted in paragraph 33, trade in goods and non-factor services has assumed an ever-increasing role in the economy. The estimates are as follows (in billion of CFA francs):

	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u> ^{a/}	<u>1966</u> ^{a/}
Exports f.o.b.	5.0	5.0	7.8	8.5	9.7	9.9	10.3	(8.5)	(11.9)
Imports c.i.f.	<u>3.6</u>	<u>6.7</u>	<u>7.7</u>	<u>8.6</u>	<u>10.7</u>	<u>10.0</u>	<u>10.2</u>	(10.2)	(11.6)
Balance	1.4	-1.7	.1	-.1	-1.0	-.1	.1	-1.7	+3

a/ Goods only.

Source: See Tables 20 and 21.

Changes in the composition of exports are impossible to measure because the accuracy of estimates is not the same throughout the period. What appears to be certain is that no drastic change has taken place, and shelled groundnuts, groundnuts products and livestock on the hoof together consistently constitute around 80 percent of exports of goods and non-factor services. The latter do not exceed 5 percent of the total. The balance is composed mainly of products such as cotton, niebe beans, onions and other vegetables, whose share has grown during the period, and of other more traditional ones such as hides and skins, fish, sorghum and millet, which do not show any clear upward trend. The only mineral now exported is tin ore (cassiterite) for amounts not exceeding 100 tons.

51. Apparently, the exports of cattle on the hoof have increased moderately during the period, probably a little faster than the growth of livestock itself as the demand in Nigeria tended to increase faster and outlets were not difficult to find. Thus, the rate of exploitation of livestock has been somewhat stepped up to reach around 10/12 percent, still a low level by the standards of modern husbandry.

52. The growth of exports has come mainly from that of groundnuts, whereas groundnuts products, oil and cakes, have grown little:

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1963</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Groundnuts (shelled) '000 tons	87.0	52.4	50.5	91.4	86.4	130	140
Crude oil '000 tons	1.1	5.2	4.6	3.1	4.8	4.5	n.a.
Cakes '000 tons	2.3	5.4	5.9	4.0	6.8	6.5	n.a.

Throughout the period, the French system of guaranteed price and quota (for shelled groundnuts) has been in force. This has permitted Niger to sell from around 60 percent (when the crop is high as in 1966) to 90 percent of its exportable crop at a price consistently above the world market level by something like 10 to 20 percent, with the exception of some very brief periods of world booming prices. The guaranteed price, however, has been decreased from a level of CFAF 52.50 (c.i.f.) per kilo, which prevailed until the 1964/65 campaign, to CFAF 49.13 in 1966/67, in an effort to narrow the gap between the previous level and the EEC target cost price of CFAF 45.25 (in 1966/67) and thereby the market price. There is little doubt that the stability of the export price, and hence of the producer price (see Appendix Table 7), combined with the assurance that most of the quantities produced would be actually bought at that price, has been a powerful incentive to the producer. Also, the increased efficiency of marketing operations, in the first instance the collection of the crop in the "primary" markets by the official marketing board's agents (SONARA 1/), has been a strong factor in that direction.

53. Cotton production and exports have significantly grown only in the last few years and were a negligible item until 1962. The 2,000 tons (fiber) level has been reached in 1966. Until the 1966/67 campaign, the producer price was subsidized (see Appendix Table 7). This was done, first, by a West African stabilization fund, which itself received French support; then, since 1964 by EEC, at a lower level. The price was again lowered in 1966/67. The cotton is sold on the French market, or otherwise, at the market level. Under the efforts of CFDT 2/, productivity in both production and ginning has so increased that the lowering of prices has not been seriously felt by the producer.

54. Other notable exports are hides and skins (goats), which are exported to Europe and USA, vegetables for which markets in neighboring countries exist, and, from time to time, sorghum and millet.

55. The direction of trade has been at all times almost entirely determined by the very existence of the French guaranteed market for groundnuts on one side, and by the fact that Nigeria is by far the main market for livestock on the other. Exports to other countries have taken some importance only in 1966, when perhaps 30 percent of the groundnuts could not find place in France (see Appendix Table 29).

56. The rapid development of imports is simple to explain in a case where internal production is little diversified, import substitution limited, where money incomes grow, and where limitation to imports are

1/ Société Nigérienne de Commercialisation de l'Arachide (see Appendix Table 9).

2/ Compagnie Française pour le Développement des Fibres Textiles, a French semi-public, non-profit, crop development agency.

practically nil (since before liberalization of the franc zone, imports from France were not subject to any restrictions). Thus, imports increased much more than GDP.

57. The composition of imports (see Appendix Tables 20, 21) shows three main features. One is the moderate increase of food and beverages and their declining share in the import bill: 25 percent in 1960 ^{1/}, 13 percent in 1964, 14 percent in 1966. In value terms, Niger is probably a net exporter of food. The role of imports of this category is not to match any overall quantitative deficiency in internal food supply but, quite naturally, to provide particular products whose production at home would be uneconomical or is still little developed (e.g. rice). A second feature is the surprisingly moderate growth of manufactured consumption goods, and indeed the decrease observed, for example, in 1966 as compared to 1961. This would tend to show that money purchasing power in private hands has not increased very much and is not high enough to permit the acquisition of imported goods because of their very high prices, especially in the small population centers outside Niamey. Also, increases in personal taxation have curtailed the growth of disposable income.

58. The biggest increases concern petroleum products and manufactured goods for industry. The latter group became important in 1962, and grew steadily after that to the point of constituting over 50 percent of total imports in 1966 as against 20 percent in 1962. The reason for this growth appears to have been the construction of a few industrial units during the period (oil mills, a cement factory being the most important ones). As the economy is small and all the investment goods imported, a few such projects being undertaken results in proportionately very large changes in total imports and in their composition.

59. The actual balance of trade is almost impossible to ascertain. The unknown margin of error does not permit the drawing of any firm conclusion. However, as deficits are apparently both more frequent and more important than surpluses, a "normal tendency" towards an excess of imports is more likely the case than the other way round. At the same time, Niger has not shown any evidence of being a "structural" deficit country nor one where the situation in this respect has been deteriorating.

60. It is repeatedly and officially claimed in Niger that the terms of trade, for which no statistics exist, have been deteriorating in the long run. In fact, the groundnuts c.i.f. guarantee price has been very stable until 1965-66, while the prices of imported goods have risen more or less rapidly according to degrees of inflation in supplying

^{1/} Figures prior to 1960 too unreliable. Figures based on recorded imports and including tobacco. Actual figures should be slightly higher all over the period as unrecorded imports fall mostly in this category.

countries, mainly France. The outcome, however, would depend on the evolution of prices of livestock, Niger's second largest export. These appear to have risen for cattle by around 50 percent from 1955 to 1960 ^{1/} and in a lower, but unknown, proportion in the following years. It can be concluded, finally, with a fair degree of confidence, that (i) on the average, the terms of trade have deteriorated somewhat, and (ii) the terms of trade to the groundnuts producer have deteriorated more than the average.

61. The balance of payments and its evolution are known very imperfectly. The only reliable statistics concern transactions with non-franc area countries (other than Nigeria, with which unrecorded trade is important), which is only a minor part of the total. The main qualitative features of the balance, however, are known and some of its "sensitive" points also. These are not different from those of the other poor countries of former French Africa, i.e. (i) as already stated, a moderate trade deficit aggravated by the services account, (ii) important "private transfers" outflows, which are normally more than compensated by (iii) an inflow of public transfers. Net factor payments apparently vary in direction because of the important inflow of remittances by migrant labor to Niger. However, item (ii) above, as defined in official statistics includes factor payments in addition to those officially identified, and it is more than likely, therefore, that net factor payments are normally a big "minus" in the country's external balance. Available figures are summarized in the following table:

^{1/} BDRN, 1966 Report, p. 55.

ESTIMATED MAIN NET ITEMS OF BALANCE OF PAYMENTS
(billion of CFA francs)

	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
1. Goods and non-factor services	1.4	-1.7	-0.1	-0.1	-1.0	-0.1	0.1	-1.7	0.3
2. Factor payments a/	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>0.4</u>	<u>0.4</u>	<u>-0.6</u>	<u>-0.6</u>	<u>n.a.</u>	<u>n.a.</u>
3. Balance (1) - (2)	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>0.3</u>	<u>-0.6</u>	<u>-0.7</u>	<u>-0.5</u>	<u>n.a.</u>	<u>n.a.</u>
4. Public transfers b/	3.7	5.0	4.0	5.9	6.5	6.0	4.8	2.7*	2.8*
5. Private "transfers" c/	<u>-5.1</u>	<u>-3.3</u>	<u>-3.7</u>	<u>-6.4</u>	<u>-5.8</u>	<u>-5.3</u>	<u>-4.5</u>	<u>-3.1</u>	<u>-2.6</u>
6. Balance (4) - (5)	<u>-1.5</u>	<u>1.7</u>	<u>0.3</u>	<u>-0.5</u>	<u>0.7</u>	<u>0.7</u>	<u>-0.2</u>	<u>-0.4</u>	<u>0.2</u>
7. Errors and omissions				)	)	0.1	0.8	-0.9	-0.3
				)	0.2)				
8. Change in reserves d/				)	)	-0.1	+1.0	+1.3	-0.1
(+ = decrease; - = increase)									

a/ Factor income payments as identified in national accounts. Positive figures for 1961 and 1962 result mainly from migrant remittances by Nigerien workers abroad. This item disappears in 1963 and 1964 accounts for reasons not explained. See note (c).

b/ In 1965 and 1966, includes French (FAC) and EEC operations only. Figures for other years include sometimes a small amount of public loans.

c/ "Private transfers" is in fact a residual item after taking account of all transactions in the balance, including public transfers. Since it includes - in unknown proportions - income factor payments (notably gross profits of firms) private current transfers, private capital and possibly some trade transactions, this item blurs the very concept of "the balance on current account". There is little doubt, however, that its existence means a larger deficit of the current balance than figures of line 3 of the table would suggest.

d/ Reserves of particular countries of the West African Monetary Union not identified before 1962.

62. The most important of the "sensitive" features referred to above concerns the relationship between private and public flows of funds. It is clear from the figures, however imprecise they may be, that the net outflow of private funds (very similar to the gross outflow) matches almost entirely the net (very similar to the gross) inflow of public funds. Adding factors payments abroad to the former would, in certain years, totally annihilate any excess of the latter. This state of affairs has been the subject of grave dissatisfaction in official circles, especially so in the "socialist" mood of the early Sixties.

63. The inflow of public funds include, of course, aid from the main sources (FIDES, FAC, OCRS, FED) 1/ and also other public

1/ FIDES - French Fonds d'Investissement et de Développement Economiques et Social. FAC - Fonds d'Aide et de Cooperation (which replaced FIDES in 1960). OCRS - Organisation Commune des Régions Sahariennes, French public agency in charge of development in the Sahara portion of the former French territories and departments concerned. FED - Fonds Européen de Développement of the European Economic Community.

expenditures, current and capital, civil and military, which until the very last years of the period under consideration were very important, actually exceeding development aid. Thus, the departure of some French forces in 1964 and 1965 explains for the greater part the decrease in this item of the balance of payments. (Statistics of aid proper will be found in Table 13A).

64. The nature and content of the item called "private transfers" outflow is not precisely known. There is little doubt that it includes profits and savings out of personal income, as well as capital proper. In fact, for lack of confidence and/or investment opportunities in the country, the greatest part of business and personal savings are transferred abroad (and the more so that the CFA franc parity encourages such movements). Since external aid and other foreign public expenditures are one of the major determinants of money incomes, Niger would be a typical case of "feedback" effect of foreign aid whereby the public sources of external aid simply, in the end, finance the private and expatriate sector of the receiving country. There has been concern also as to whether "transfers" outflows did not at times reflect some disinvestment by private firms and at the insufficient inflow of external capital in the case of the creation of new firms, the lack of long-term capital being compensated. Finally, the banks themselves tend to invest abroad their idle funds, with a view to earning higher interest.

65. This general interpretation of the facts is at the core of the motives which prompted Niger to create a large State trading firm (Copro-Niger) and other State enterprises, in the hope of retaining funds which would then become available for internal use. The advisability of remaining within the West African Monetary Union was also questioned in the early Sixties. However, Niger has remained a member of the Union, and it is the role and the very existence of the State enterprises which have been increasingly criticized.

66. External equilibrium - or rather disequilibrium - has been achieved by a sharp decrease in the external net reserves imputed to Niger within the monetary union, to the point that these have become negative during the fourth quarter of 1965 and have remained so until the end of 1967, with short intervals in 1967 when they became slightly positive. From CFAF 1,579 million by the end of 1962, the net reserves have declined to minus CFAF 600 million by the end of 1965, minus 472 by the end of 1966 and minus 305 by the end of 1967. This situation, as such, is not one which called for corrective measures, as would have been the case in a country monetarily independent, because the overall reserves of the union have remained high at all times. The monetary authorities, however, have been as much preoccupied as the Government by the existence of the underlying factors.

Monetary Developments

67. The fundamental features of the monetary union of the countries of West Africa to which Niger belongs have remained unchanged throughout the decade 1956-66. Full and unlimited convertibility of the CFA franc

into French franc at a fixed rate by virtue of the cooperation agreements with France is the backbone of the system. Credit control by means of rediscount ceilings is the main policy instrument, variations of interest rates playing no role. What the treaty of 1962, instituting the West African Monetary Union between the newly independent states, and subsequent texts have added to these basic characteristics is (i) identification of banknotes, with the result that the external assets imputable to each country became possible; (ii) new measures of monetary policy to complement rediscount ceilings in the form of liquidity ratios imposed to the banks; (iii) a certain autonomy of decisions in each country through the creation of national monetary committees, and (iv) uniform rules for the banking profession and operations. Before 1962, advances by the central bank to the Government were not possible. Facilities of this kind were granted, when necessary, by the French Trésor. Since 1962, advances by the central bank are possible within strict limits (240 days extendable to 360 days, and up to 10 percent of previous year tax revenue). Advances by the French Trésor remain possible, however, in addition to those by the BCEAO. 1/

68. Within this general framework, Niger's banks have found it possible to increase credits to the economy by over 100 percent between 1956 and 1962 and again by almost 100 percent between 1962 and 1967. The increase has been fastest between 1963 and 1965 when CFAF 3.1 billion additional credits were extended in two years. One reason was that several recently-created public enterprises had to rely on large credits because of lack of long-term funds of their own. Later, in 1966 and 1967, following the reorganization of the public sector and the discarding of some of the enterprises and the implementation of new stricter banking rules, this movement was slowed down. The large increase of CFAF 1.2 billion in 1966 was primarily the result of a groundnut crop 50 percent larger than in preceding years, while the decrease observed in 1967 is in part attributable to the fact that the credit to public and semi-public firms was kept tight and the groundnuts campaign took a late start. (However, the financing of the campaign has gained momentum in early 1968, and total credits have reached the unprecedented level of CFAF 10.2 billion in February.) Credit to the Government has fluctuated but has at all times remained negative as a result of Government deposits at the central bank and Trésor's own credit operations (discounting of customs bills) being always more than credits received (in the form of custom bills rediscounted at the central bank).

1/ Banque Centrale des Etats de l'Afrique de l'Ouest.

FACTORS AFFECTING CHANGES IN MONEY SUPPLY
(million CFA francs)
changes as between December 31 of each year)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
1. Credits to economy	+344	+1430	+838	+1017	+2119	+1217	-821 ^{1/}
2. Credits to Gov't	...	...	+123	-635	+460	-40	+697
3. External assets	<u>...</u>	<u>...</u>	<u>+174</u>	<u>-1032</u>	<u>-1271</u>	<u>+128</u>	<u>-777</u>
4. Total	...	...	+1135	-650	+1308	+1305	-901

1/ See paragraph 68.
Source: See Appendix Table 18.

The sharp increase in credits observed during the period has not resulted, as such, in any price inflation because of the economy's "openness" and the high marginal propensity to import and to transfer funds abroad. The adverse effect has been on (net) external assets as indicated in paragraph 62. Whatever rise in prices has taken place has been the result of either one or two main factors, namely, higher import prices and bad crops (as, for example, in 1966). In other words, the long-run growth of Niger has not suffered in any serious way from monetary and price inflation, neither has it been interrupted by foreign exchange difficulties since within the Monetary Union, a country - especially a small one - can "enjoy" negative reserves for prolonged periods.

69. From the organizational point-of-view, the salient feature of the period has been the creation in 1966 of the public development bank - Banque de Développement de la République du Niger (BDRN). The role and importance of BDRN has been growing steadily. By the end of 1966, short-term loans by this institution constituted over one-fourth of the total granted by the banking system, whereas medium and long-term loans represented 70 percent of the total. The Bank is especially active in lending for the groundnuts campaign and in lending to public and semi-public enterprises. As noted earlier, BDRN has progressively become the exclusive collector of all public funds outside those directly linked to the Government budgetary operations, in addition to private deposits, since BDRN is at the same time a commercial and a development bank. It is estimated that out of CFAF 1.5 billion of deposits at BDRN, or 60 percent of total deposits in Niger (September 1966), one-half were of public origin.

70. Short-term credits linked to the groundnuts campaign and to the import trade have been predominant throughout the period. The participation of the central bank in the financing of such credit, especially the former category, is extremely important with rediscountings representing from two-thirds to three-fourths of the total, as necessitated by the

volume and pace of sales of the groundnut crop. Medium and long-term credits by banks and CCCE ^{1/} have always remained small and the central bank's contribution to their financing negligible. During the period under review, housing has been the main sector of activity with industry being represented mainly by a loan of CFAF 200 million for the construction of the cement plant at Malbaza.

Savings and Investment

71. The nature of the available information makes it very difficult to present the full picture of relations between savings and investments along traditional lines. This is due mainly, but not only, to the uncertainties surrounding the statistics of the balance of payments and, in particular, the very imprecise recording of services and factor payments together with that of private capital movements, as already noted. A meaningful picture for the 1956-64 period is attempted hereafter, based on figures from national accounts of Niger, after some adjustments and corrections, while the more recent period will have to be considered in more qualitative terms since no national accounts exist after 1964.

^{1/} CCCE - Caisse Centrale de Coopération Economique, a French public development bank operating in the former French colonies and in the overseas departments.

SAVINGS AND INVESTMENT

	<u>1956</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
"Domestic Savings" <u>a/</u>						
1. Private	6.0	4.4	10.1	11.8	11.8	9.1
2. Public <u>b/</u>	<u>-2.9</u>	<u>-2.7</u>	<u>-4.1</u>	<u>-4.0</u>	<u>-2.9</u>	<u>-1.0</u>
3. Total	<u>3.1</u>	<u>1.7</u>	<u>5.9</u>	<u>7.8</u>	<u>8.9</u>	<u>8.1</u>
Transfers as recorded (net) <u>c/</u>						
4. Private	-0.7	0.4	-0.5	-0.2	-0.4	-0.4
5. Public	<u>3.7</u>	<u>4.0</u>	<u>5.9</u>	<u>6.6</u>	<u>6.0</u>	<u>4.8</u>
6. Total transfers	<u>3.0</u>	<u>4.4</u>	<u>5.5</u>	<u>6.4</u>	<u>5.6</u>	<u>4.4</u>
7. Available Savings (6) + (3)	6.1	6.1	11.4	14.2	14.5	12.5
8. Gross domestic investment <u>d/</u>						
Total	1.7	4.6	5.1	9.2	9.9	9.0
Public (fixed)	<u>0.8</u>	<u>1.9</u>	<u>1.5</u>	<u>2.5</u>	<u>2.8</u>	<u>2.5</u>
9. Excess available savings over domestic investment (7) - (8)	<u>4.4</u>	<u>1.5</u>	<u>6.3</u>	<u>5.0</u>	<u>4.6</u>	<u>3.5</u>
10. "Financial (private) trans- fers" in external balance <u>e/</u>	-5.1	-3.7	-6.4	-5.8	-5.3	-4.5

a/ As in income appropriation accounts of firms, households and Governments shown in national accounts.

b/ Includes Niger's Government operations, rest of Nigerian public sector and French operations as well. See note to para 27.

c/ Identified current "transfers" in income-appropriations account.

d/ As in capital account. For 1956 only fixed capital formation.

e/ As in external balance of national accounts. See table paragraph 61 note 3.

General note: Figures for 1956 and 1960 not directly comparable to other years and probably more inaccurate.

72. The above figures show that, overall (i) domestic savings have not been, in most years, very different from gross domestic investment, being slightly more (1956, 1961) or slightly less (1952, 1963, 1964). This could suggest that the level of domestic savings is almost sufficient as compared to domestic investment, and that the inflow of external (public) resources is therefore necessary only because the mobilization of domestic savings is not properly achieved, and part of domestic (private) savings flow out and have to be "replaced" by an inflow of external (public) savings. This is an ex-post view of the phenomenon already mentioned in the context of the balance of payments. However, this is true in an accounting sense but it would certainly be wrong if it were taken to mean that during the period under review the Government failed to mobilize all domestic savings in a way which could have made possible a reduction of external aid. What happens, in fact, as noted earlier, is that a certain proportion of total investment, around half the total, takes place in the traditional sector where the process of saving and the process of investment are one and the same thing (the growth of livestock, traditional house building, etc.). In that case, there is no problem of equilibrium between the two but, at the same time, there is obviously no question of transferring "savings" from one section of the economy to the other. Thus, the public sector has been in deficit all the time with either not enough savings or negative savings and external resources have filled the gap. Why "free" private savings have not been mobilized by the public sector and have been let to flow out of the country is to be explained, in fact, in terms of the financial and monetary arrangements of the monetary union to which Niger belongs: the borrowing capacity of the Government is limited and it could not service a sizeable internal debt at a rate of interest which would be attractive for the private sector. Private savers obviously have had better and unlimited opportunities abroad. And the Government and public agencies could rely on external public grants and, if necessary, borrow modestly on soft terms from French public institutions (Caisse Centrale de Coopération Economique). Finally, it is important to note that the public sector, as defined in the above table, includes operations of French agencies and military forces in Niger and this tends to increase negative savings. When the Nigerien public sector is isolated, it appears, when this is feasible, that public savings although negative are not so heavily negative, with 1964 showing positive savings of, apparently, CFAF 1.1 billion 1/ (see Appendix Table 17).

73. What has happened since 1964 regarding the savings-investment picture can only be roughly inferred from scanty data. The essential features certainly have remained the same in two important respects. First, Government savings on account of the budget appear to have been small (CFAF 600 million in 1965/66) or practically nil (1966/67) or slightly negative (in 1964/65), and practically all public investment,

1/ This figure emerges from the national accounts, but it seems rather large, in view of the fact that the Government budget surplus was only in the vicinity of CFAF 250 million.

which has increased as indicated later (para 80), has been financed by foreign aid. Second, although private transfers have apparently diminished according to central bank statistics (see table, para 61), they have remained heavily negative. Thus, private national savings have been certainly much lower than private domestic savings. The latter, however, are not known after 1964, and it cannot be said whether the apparent decrease in private transfers abroad is due to lower domestic savings or to the fact that more of these have remained in the country.

74. As has been noted earlier, there is no evidence of the Nigerian public sector having increased its current expenditures so as to wipe out any potential savings in a manner which would seem unwarranted. It is true that public and semi-public enterprises have necessitated some budget support and have found themselves in a difficult financial situation for having relied too much on bank credit for financing their current operations. But as already noted, the Government has started an effective re-organization program in this sector and the situation had markedly improved by the end of the period under consideration.

75. Since the difficulty of finding good investment opportunities for private capital outside certain sectors such as trade and construction is evident and the Government cannot easily retain private savings with the present institutional framework, the case for external public aid is clear. External aid has been not so much a supplementary item permitting the financing of gross investment as the essential piece of the savings-investment equilibrium mechanism. What best use for aid and how to increase the contribution of local public and private savings are nonetheless very real questions for the future.

III. DEVELOPMENT PROBLEMS AND PROSPECTS

76. It has been pointed out already that the current planning policy represents an effort towards realism and practicability. This is reflected in three important and related fields: planning, sectoral strategies, and budgetary policy. The following paragraphs discuss these together with the implication for the external balance and the external aid requirements for the period up to 1974. 1/

A. Overall Review of Planning

77. The present 1968-71 program is the result of successive adjustments of past plans and programs which were systematically over-ambitious, superficially overdetailed in their objectives, had little relation with existing possibilities and sought, with more faith than competence, to introduce "structural changes".

78. The "Perspective Décennales" 1965-74, prepared in the years immediately following independence have never been translated into practical terms although they have not been formally discarded. The first plan proper was an interim three-year program for 1961-63. This program proved reasonably realistic after its period of application was extended by one year, and by the end of 1964 nearly 80 percent of the original public expenditures target had been realized. The 1965-68 plan was supposed to represent the means to realize the first half of the ten-year "Perspectives". Investment targets were put at CFAF 43.2 billion of which CFAF 33.4 billion public (of which 4.9 billion local and 28.5 billion external). Disbursements during the first year were nearly 72 percent of forecast. However, it was soon realized that the plan was far too ambitious and would not be implemented. The flow of foreign aid was not at the expected level and at the same time the rate of spending on aid committed was low: insufficient absorptive capacity appeared as the major obstacle, especially in the agricultural and construction sectors. Difficulties were encountered also in the public and semi-public sector enterprises. In short, the need for reforms in the development policy then appeared more urgent and decisive than any attempt at sticking to the plan investment targets.

79. Change has been sought in three directions: adjust the plan's objectives to the means available, financial as well as human, reorganize the public sector enterprises as explained earlier, implement real coordination between government departments and between these and the planning unit. Niger has adopted now a rolling program system: every year a four-year investment program is prepared almost exclusively for the public sector, while the plan proper, embodying a new set of objectives and

1/ The terminal date is taken as defining a conveniently long perspective corresponding to the end year of the forthcoming second convention of association between EEC and African countries.

reforms if necessary, is to be prepared every four years. A first sketchy public investment program was defined for 1967-70. The program now applicable is for 1968-71 and preparation of the 1969-72 plan is to start in 1968. The 1968-71 program, after a number of revisions, is as follows:

INVESTMENT PROGRAM OF PUBLIC SECTOR
(billion of CFA francs)

	<u>1967</u>	<u>1968-1971</u>	<u>%</u>
1. Surveys, studies, etc.	...	...	0.1
2. Infrastructure	1.2	5.7	36.0
3. (Roads)	(0.8)	(5.5)	(34.6)
4. Social	0.8	2.9	18.2
5. Administrative training	0.2	0.9	5.8
6. Production	3.0	6.3	39.9
7. Water resources	(1.9)	(4.8)	(30.0)
8. Agriculture	(1.0)	(1.4)	(8.5)
9. Industry	(-)	(0.2)	(1.4)
10. Total <u>net</u> investment	<u>5.2</u>	<u>15.9</u>	<u>100.0</u>
11. Renewal and maintenance <u>1/</u>		1.0	
12. Local authorities	<u>0.06</u>	<u>0.6</u>	
13. Total estimated gross investment	<u>5.26</u>	<u>17.5</u>	
14. Other <u>2/</u>		13.0	

80. Average gross investment of CFAF 4.4 billion per year over 1967-71--excluding the exceptional items contained under the item "Other" of the above table--does not represent an unduly optimistic estimate on the basis of both financing and absorptive possibilities. As concerns the former the program figures take account of the fact that at the beginning of 1967 there were some CFAF 8 billion of foreign aid, mainly from FED 3/, committed on past projects but not yet spent. To this must be added CFAF 1.7 billion obtained by the middle of 1967, or a total of CFAF 9.7 billion representing over 40% of expected total funds to be spent or committed over the five years 1967-71. Out of the CFAF 13 billion, or so, yet to be obtained, a modest CFAF 1.2 billion are expected to come from local public sources, and nearly CFAF 12 billion from external sources. It is expected that FED and FAC will contribute about half of the total each, other sources

1/ Partial figure concerning road maintenance only.

2/ This covers mainly estimated investment by public and private foreign sources in the uranium mining company (around CFAF 11 billion over 6 years) and a few major enterprises (textile, sugar mill, etc.). Excludes investment by autonomous public and semi-public enterprises in the commercial and industrial sector.

3/ FED = Fonds Européen de Développement, the European Economic Community development fund for the overseas associated countries. See Appendix - Table 15.

playing only a marginal role. Absorptive capacity, on the other hand, has increased in recent years permitting stepping up in the use of funds from below CFAF 2 billion per year in 1959-61 to around 3 billion in 1962-65, nearly 3.4 in 1966 and an estimated 5 billion in 1967.

81. In the task of programming investment for 1967-71 the effort has properly been put on the definition of all the particular operations and projects to be undertaken by each government department and public agency, in the adaptation of rates of spending to actual financial and administrative possibilities and in devising a system for the control of operations through time. As a result, however, the forecast of the effects of the investment program on production of goods and services has been neglected or rather left as a task to be undertaken as part of the 1969-72 plan. Sectoral programs, however, have been prepared especially in agriculture and transport. The rate of growth of GDP was put at 5% per year in the 1965-68 plan. The generally accepted estimate thought to be consistent with the current, more modest program is a figure of $4\frac{1}{2}\%$, or slightly over, per annum. No precise forecast is attempted: the planning unit realizes that the relation between the rate of investment and the rate of growth is far from direct in Niger's circumstances: weather and the terms of trade to mention only two are important and unpredictable factors.

B. The Sectoral Development Strategy

82. It can readily be seen from the composition of the investment program that two subsectors--roads and water resources--absorb nearly 2/3 of the total. Consistently with this choice, the Government intends to continue to increase the current budget allocations for the maintenance of roads (through the roads fund and through the road maintenance project currently under consideration by IDA) and of hydraulic works (wells, dams, etc.) by channelling more funds to OFEDES ^{1/}. This choice reflects the desire to deal with the two major development pre-requisites given Niger's natural conditions. The size of the current program in these fields is also intended to compensate for past neglect of maintenance of the transport infrastructure, although transport has long received priority in past investments, while the program for developing water resources is the continuance of a "big push" action initiated a few years ago with aid from FAC and FED.

83. Following the current program some large road projects will be pursued--particularly the paving of the main West-East axis Niamey-Zinder--and new emphasis will be put on secondary roads in order to permit and consolidate the expansion of cultivated area and the progress in the marketing of production. A general plan for the transportation sector up to the late seventies has been prepared based on a general survey of the sector in 1966 and the main problem is only one of determining on economic grounds, the time pattern of the investment operations.

^{1/} OFEDES: Office des eaux du sous-sol, a semi-autonomous agency under the Ministries of Rural Economy and of Public Works, in charge of maintaining hydraulic works financed with public funds.

84. The economics of developing water resources is much more intricate and the choice of a policy much more difficult and the results, so far, also more dubious than in the case of transportation. This is so because of the dual character of water works as being consumer goods and producer goods at the same time (in varying degree, of course, as a village well and an irrigation dam are different goods). As a result though the "need for water" is obvious, which aspect - the consumer's or producer's - has to be emphasized is not always clear. Second, the choice of technique is never obvious as between "modern" construction--be it for wells or for dams--which are more costly in terms of investment or "traditional" ones which require greater maintenance effort. Third, the conditions for making the use of water economically justified in the agricultural production are seldom all met: the obstacles are technical (e.g., insufficient knowledge of water requirements of different soils), institutional (organization of land tenure), human (lack of irrigation experience), and economic (choice of crop pattern) and none of them has been solved. The plan recognizes this, which is a great step in itself and may permit the savings of billions of francs which some circles in the Government would all too readily be prepared to spend in irrigation projects. The results of the few such projects completed in the recent past will thus be carefully examined. Cautious advance and concentration of efforts on one area (mainly with FAC financing) at a time are more generally favored now as against the undertaking of too large individual operations all at a time. Also the not so "glamorous" programs of village wells construction to serve human and livestock needs are more readily accepted and carried out on a large scale (mainly with FED financing).

85. Whatever the long-term future of irrigation the more pressing problems in the agricultural sector concern the main and secondary cash crops, groundnuts and cotton. Niger has reached a point where extensive growth of these two crops is not going to be remunerative to producers in the face of declining prices. This is well understood and productivity gains obtained in the recent past, in contrast to area expansion, is a very encouraging fact. Higher yields per hectare are necessary in order to prevent groundnuts and to a lesser extent cotton--encroach upon the area necessary for food crops, while higher productivity per man is the logical "response" to compensate for lower prices. Thanks to more widespread extension work ("animation" and "vulgarisation"), improved seeds, flexible agricultural credit, further use of draft animals, and in some areas more heavy investments, including water works, it is hoped that in the course of the next four or five years the average yields in groundnuts will be raised by 25% or so and still more in cotton production. 1/

86. The second largest export production, livestock, has benefitted in the past from improvements in veterinarian services and supply of water. The long-term policy for the future will be in two complementary directions: (i) further improvements in these two fields, especially the second one, and (ii) investments in more directly commodity producing projects such as ranches or meat processing units. These, however, are difficult not only

1/ See Report of the FAO/IBRD Agricultural Credit Mission, n° 2/68 NIGER I, of January 31, 1968.

to implement but even to conceive of because the secular habits of herders in that part of the world are not easy to modify and, although not very productive by modern standards, are far from "unproductive" (see para 26) and are well adapted to ecological conditions.

A cautious approach is being followed. A first ranching scheme ("Nord Sanam" ranch), north-west of Niamey has been started in 1967 to supply high quality animals to the Niamey slaughterhouse with the objective of exporting meat to the coastal countries. Marketing arrangements with the Ivory Coast are being negotiated. A UNDP-financed survey of ranching possibilities in a vast area north of Zinder is being carried out. Other project-oriented studies concerning the Entente group of countries are also underway.

87. Outside the agricultural sector the Government development policy is also one of cautious progress: rather than seek to create an industrial sector at whatever cost, i.e., under heavy tariff protection, the emphasis is put now on (i) systematic exploration of market possibilities, (ii) minority Government participation in private firms, (iii) attraction of foreign capital and know-how by tax incentives (38 firms have been admitted to benefit from the "Investment Code" between 1963 and 1967), (iv) improving the quality of secondary level education in its technical and vocational aspects, and finally (v) a policy of regional cooperation in the sense of trying to agree with neighboring countries on avoiding competition, a limited but politically very difficult task.

88. As for the social sectors the Government is well aware of the budgetary constraints and at the same time politically strong enough to resist demagogic pressures. The long term "model" for the development of primary education is currently a much debated subject which turns around the relative merits and costs of classical methods versus the extension of a television system now at an experimental stage. 1/

89. The above comments are not intended to mean that, in all fields, a clear long run strategy has been devised and all the obstacles removed. It is however the case that in its most important aspects such a strategy is presently viewed by the Government with a sense of realism both as regards the objectives and the means. It is the case also that policies for the long term are not on paper only and that the program of public investment reflects a genuine desire to serve as a guide for day to day action.

C. The Budget and Development Policy

90. The budgetary prospects have been worked out by the Government with the assistance of French advisers in an effort to make them consistent with the development program. The basic assumption is that revenue will at best rise by 4.5% to 5% per annum between 1967 and 1971, or by a little over 20% over the period (at constant prices). This is

1/ The experiment concerns 20 schools in the region of Niamey. It is financed by the French Government.

much less than the observed increase of 58% (at current prices) between 1963 and 1967 and it is a reasonable target. It implies a slightly higher overall taxation rate only, in contrast also with the trend observed over the last ten years (see para. 44). In fact, the yield on a number of taxes, the rates of which have been considerably increased in recent years, has not increased at all. New taxes (on meat sales) imposed in 1966 have proved extremely difficult to collect. Taxes on imports weigh heavily on the cost of consumption and investment inputs and, on the average, represent already 35% of the c.i.f. value of (recorded) imports. Taxes on exports (of groundnuts and cotton) are being reduced because of the falling export prices. Personal taxes on the peasant population are high also and if their yield is good it is justly felt that farmers would be strongly resistant to further increases, especially at a time when producer prices for the main cash crops are being lowered. As in most African countries of similar structure a better collection of taxes on wages, salaries and profits is possible but this will not provide more than a once for all addition of one or two hundred million CFA francs. Finally, the revenue out of new or higher taxes is expected to be around CFAF 200 million per year only.

91. However, a welcome addition to government income will result from the arrangements concluded, late in 1967, with the French Government regarding the uranium mine of the Air ^{1/}. The full benefits will not accrue before the mid-seventies when the production reaches full capacity. The government might then receive up to CFAF 600 million yearly in taxes and "royalties" while perhaps CFAF 200 million will be obtained each year between 1971 and 1974. On the other side, the so-called "investment" subsidy from France to the budget (CFAF 150 million in 1967) is not expected to be renewed in 1968 or for the subsequent years.

92. Expenditures on current account have increased rapidly since 1960 as a result of independence and their "normal" level may be said to have been reached now. It is expected therefore that increases in expenditures will result (i) from an in-built overall growth of 2% per annum due for example to past commitments or wage increases; (ii) from the necessity to strengthen the services mostly concerned with development (Ministry of Rural Economy: +6%, transfer to UNCC ^{2/} +12%, DFW + 4%); (iii) from increased social charges connected with the corresponding development targets (education +5%, health +2%), and (iv) from the recurrent charges linked with investments in the economic sectors or necessary to compensate for backlogs of deferred maintenance (e.g., the 15% yearly increase agreed upon with IDA for roads maintenance). The resulting overall growth of current expenditure between 1967 (fiscal year 1966/67) and 1971, including service on debt contracted by mid-1967, which will be around CFAF 200/250 million, would then be a little under 20%, or 4.5% per annum.

93. The budget forecast is then as follows, making the further assumption that, with the exception of the income from the uranium mine, the trends of revenue and expenditure will hold good until 1974:

^{1/} See Annex I.

^{2/} Union Nigérienne de Coopération et de Crédit, a public semi-autonomous body responsible for some extension work, organization and supervision of cooperatives and other types of community development.

GOVERNMENT BUDGET PROJECTION^{1/}
(in billion of CFA francs)

	<u>1967</u> ^{2/} (prov.)	<u>1968</u> (est.)	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
1. Revenue	8.5	9.6	9.9	10.4	10.9	11.4	12.0	12.6
2. Expenditure	<u>8.4</u>	<u>8.8</u>	<u>9.0</u>	<u>9.5</u>	<u>10.0</u>	<u>10.5</u>	<u>11.1</u>	<u>11.7</u>
3. Balance	0.1	0.8	0.9	0.9	0.9	0.9	0.9	0.9
4. Income from Uranium	-	-	-	-	0.2	0.2	0.2	0.6
5. Government saving <u>3/</u>	0.1	0.8	0.9	0.9	1.1	1.1	1.1	1.5

94. It might seem that the above projections do not sufficiently stress the effort needed to increase the Government's participation in the development program since the surplus does not increase overtime except for the income from the uranium mine. Thus, total savings over 1968-71 will amount to some CFAF 3.5 billion or hardly 20% of the public investment targets, but this is also more than the original expectation of the Plan (see para. 80) and as the forecast for revenue is rather optimistic it has to be considered as a maximum.^{4/} Two important qualifications must be made in this connection. First, the projected level of savings is high as compared with the past when a sizable surplus (CFAF 600 million) was achieved only in 1966. Some doubts may be cast indeed on the budgeted CFAF 890 million for 1968 in view of the provisional results of 1967 when it would be surprising if even a mere hundred million surplus will appear from the final outcome.

95. Second, the achievement of a budget surplus is not the only or most important test for appraising the Government's budgetary performance. The structure of current expenditures and the manner in which they are oriented towards development is as important. It is difficult, without a detailed analysis, to appraise the "usefulness" of public current outlays. At least it may be noted that (i) military and police expenditure is kept at a reasonable level considering the size of the country, attempts at internal subversion in recent years and the small absolute size of the budget; the share of such expenditures is kept at around 17% of the total; (ii) the growth of social expenditures is kept within modest limits and reflects a real austerity policy in education; (iii) the emphasis is clearly put on development sectors: rural economy and related agencies

^{1/} Official forecast up to 1971, trend continued up to 1974.

^{2/} Provisional outcome as at September 1967; actual outcome may be around 8.8 billion for both income and expenditure.

^{3/} After debt service assumed to remain in the vicinity of CFAF 250/300 million, as in the past, on the basis of debt outstanding as of June 30, 1967. See, however, paragraph 105 and 106.

^{4/} See note (3) above.

(UNCC, OFEDES), public works, notably roads. These are three features of the budgetary policy which strongly reflect the Government's awareness of the links between the budget and policies for development.

D. External Finance and the Problem of Exports

96. Prospects for traditional exports appear less brilliant than past trends might suggest. The reasons for pessimism are unquestionably very real. One is the total cessation, starting with the 1967/68 campaign, of the French support to groundnuts-exports which consisted of a subsidized price and a guaranteed outlet for the greater part of the crop. Another is the forecast of falling prices for cotton and for other secondary produce such as hides and skins. Prospects for livestock exports, on the other hand, are good to the extent that the African market, i.e., Nigeria, Ghana, Ivory Coast, will be in a position to absorb increasing quantities, but it is difficult, however, to envisage great increases in supply in a relatively short period of time as livestock production is notoriously difficult to "modernize".

97. Favorable elements exist, however. It is reasonable to assume that the EEC will still provide some form of compensatory finance to a few exports from the overseas associated countries under the forthcoming association agreement for the 1969-74 period. No one knows, as yet, under what guise, or on what amounts. It is generally believed, however, that oils and fats, notably groundnuts, and probably also cotton, will be the main beneficiaries of whatever measures are finally agreed upon. Above all, starting in 1971, and with its full impact being felt in 1974, exports of uranium will represent a large item in the trade balance. Exports will be 200 tons of contained metal uranium in the initial stage 1971-73 and 1000 tons starting in 1974. The terms of the contract between the mining company and the French atomic energy agency, which is both an important shareholder and the purchaser of the ore, are not known. On the basis of scattered information, it will be assumed that the f.o.b. price will be CFAF 4000 per kilo of contained ore (around \$8 per pound) which would mean gross exports of CFAF 800 and 4,000 million by 1971 and 1974, respectively. But, of course, the mine will have most of the characteristics of an "enclave" operation with the result that the greater part of the inputs will be imported, about half of net profits and all amortization funds will be transferred abroad together with a share of the wages and salaries earned by expatriate personnel. What will be left in Niger is taxes and net profit accruing to Niger plus wage and salaries paid to local personnel (about 1,000 persons) and purchase of some local inputs.

98. The level of traditional exports by 1974 is forecast at around 20% above the 1966 level and 33% above the average of 1965-66. This results from the assumptions made which in summary are that: (i) quantities of groundnuts and groundnut products will increase by 25% over 1966 whereas prices will decrease by 5% to 15% according to whether EEC support will be forthcoming or not; (ii) quantities of cotton will increase 2.4 times according to CFDT objectives, whereas prices will go down by 5% to 12%

on assumptions parallel to the above; (iii) livestock and meat exports will increase by 17% in price whereas quantities will change little ^{1/}; and (iv) that some secondary exports (vegetables and other foodstuffs) will increase by some 25% whereas others will show little change as a result of declining prices (hides and skin) or higher internal consumption (fish). Detailed assumptions are spelled out in the annexed note on projections.

99. The relative growth of imports in total gross available resources has been noted as being an important feature of past development. Leaving aside the additional imports which will be necessary for the investments in and the operations of the uranium mine, there appears to be no reason why the past trend should not continue unless import substitution assumes momentum. The prospects for a movement in that direction are necessarily limited for reasons already noted but they appear better than the past might suggest. Substitution for food imports can only concern "superior" types of foodstuffs since Niger is otherwise self-sufficient. One import item would be sugar, an increasingly important item considering both recorded and smuggled imports. Other items of the superior type would be beer and non-alcoholic drinks--a brewery is expected to be operating by 1969--rice, whose production is slowly increasing, dairy products for urban population and perhaps wheat flour, both of which have made a start on a semi-experimental level, and canned vegetables. Among other consumer goods, cotton textiles will be first to come from local industries (early in 1970), although the greater part of the cotton will be imported during the next few years and subsequently the requirements of the local mill will necessarily absorb otherwise exportable raw cotton. Other projects for import substitutes with fairly serious prospects concern matches, soap (extension), assembly of wireless sets. Cement is already produced locally and the capacity of the existing plant (Malbaza) is 50,000 tons per year or twice the present level of production. No production of other capital goods is foreseen.

100. The remarks of the preceding paragraph point to a real possibility of a sizable import substitution movement in the future which could slow down the past trend of imports representing an increasing share of total gross supply of resources. As an indication of prospects for the period up to 1974, it can be said only that it is safer to assume two alternative trends. One would simply be a continuation of the past trend, meaning that imports would increase by some 60% over the period 1965/66 to 1974, and reach CFAF 16 billion, based on a rough estimate of income elasticity of imports of 1.5 and a growth of GDP of $4\frac{1}{4}\%$ per annum. The other would be based on a possible net effect of import substitution of a group of 8 products representing over 1/3 of 1965-66 imports, taking only half their value (to account--very roughly--for the fact that most inputs necessary for home production of the relevant products will have to be imported in any case). This would mean general imports growing by 25% only over the period and reaching CFAF 13.5 million by 1974.

^{1/} Based on a study discussed at the recent meeting of OCAM Chiefs of State in Niamey, January 1968.

101. The other elements of the balance of payments have been defined in the same manner as in the estimates presented earlier (para. 61). As a consequence, there is a large item--"private transfers"--which includes unidentified factor payments, private capital and, probably also, some unaccounted imports. The magnitude of this item has been assumed to increase only slightly as the result of mutually offsetting factors (see note on projections). Two corrections have been made however: on the credit side a small item of private capital inflow based on an estimate of industrial projects to be undertaken; on the debit side an estimate of factor income on account of the uranium mine operations.

102. The final balance leaves a gap varying from CFAF 5.9 to 7.7 billion in 1971, and from CFAF 4.1 to 6.3 billion in 1974 according to the outcome of exports. The "financing" of this gap will result from the addition of the following main flows of funds: (i) public grants-in-aid, essentially from France and the EEC, at an annual rate of CFAF 2.5 to 3 billion over the period, little increase being expected in this category of aid; (ii) foreign (French) current and other expenditure (including military, mineral research in the Sahara, etc.), a very volatile element which might be of CFAF 1 billion per annum; (iii) capital inflows on account of the investment in the uranium mine and related facilities of CFAF 11 billion over 1968-73, or a yearly average of CFAF 1.8 billion. The sum of items (i)-(iii) would leave an uncovered amount of between CFAF 0.6 to 1.9 billion in 1971 and 0.6 to 2.3 billion in 1974, meaning, possibly, an average of CFAF 750 million yearly over 1968-71 and about twice as much over the years 1972-74. Loan capital, in the past, has been provided mainly by CCCE to the Government, local authorities and development institutions. It may be expected that this institution will continue to provide some CFAF 100/200 million per year.

PROJECTION OF BALANCE OF PAYMENTS

(billion of CFA francs)

	<u>1964</u>	<u>1971^{1/}</u>	<u>1974^{1/}</u>
1. Exports: total ^{2/}	10.3	14.10	18.35
2. Uranium Exports	-	(0.80)	(4.00)
3. Imports: total ^{2/}	-10.2	-17.28	-18.30
4. Imports: for uranium	-	<u>(-1.48)</u>	<u>(-0.60)</u>
5. Balance	0.1	-3.18	0.05
6. Private "transfers" and capital ^{3/}	-5.1	-4.85	-6.70
7. Transfers on account of uranium	-	(-0.35)	(-1.70)
8. Debt service	.	<u>-0.25</u>	<u>-0.22</u>
9. Overall balance (5)+(6)+(8)	-5.0	-8.28	-6.87
10. Public "transfers" and capital ^{4/}	4.8	7.98	6.57
11. Private capital inflow	.	<u>0.30</u>	<u>0.30</u>
12. Balance	-0.2	0.0	0.0
13. Errors and omissions	0.8		

Source: See Annex II, Notes on projections, table P.5.

^{1/} Projection of maximum hypothesis for both inflows and outflows.
(See alternative projections in Note)

^{2/} Goods and non-factor services. Note that projection for 1971 and 1974 are based on increases relative to 1965-66 base period.

^{3/} Including factor income payments.

^{4/} For 1964 public capital negligible.
For 1971 and 1974 total of public transfers and public capital.

The balance, representing a yearly average of some CFAF 600 million (\$2.1 million) and CFAF 1,250 million (\$5 million) for the two periods 1968-71 and 1972-74, respectively, would represent the contribution of other sources of soft capital.

103. The significance of the overall gap must be viewed in the particular context of Niger as a member of the West African Monetary Union. First, it would be wrong to see the "gap" as a residual, otherwise than in a purely accounting sense. In fact, as earlier explained, the inflow of public funds which nominally "fills" the overall gap is directly and indirectly a major determinant of the level of imports and is itself an autonomous factor, especially the grants-in-aid from France and the EEC. This means that if the level of external aid is less than foreseen, imports will also be diminished and, indirectly, private outflows of funds will also be less, other things equal, and equilibrium will be reached at a lower level. In the same guise public foreign expenditures in Niger (e.g., French military expenditures) increase both domestic public consumption and imports and therefore tend to offset each other. In other words, the overall external gap is largely self financing. To the extent that it is not and that, for example, the outflow of private funds (factors income and capital) increases what happens is-- as in the recent period--a decrease in external assets imputed to Niger in the books of the central bank of the Monetary Union. However, this, although certainly not a welcome occurrence, does not have any of the implications normally associated with such movements. It does not necessarily entail corrective deflationary policies, nor does it create any foreign exchange crisis.

104. As is known, the financial constraints of the Monetary Union countries lie first in the public budget and investment may be limited by the fact that sources of external aid will be reluctant to finance certain types of capital expenditures which must then be met by local public savings. These will always be difficult to increase substantially as already noted, although a significant improvement is expected. At the same time the mobilization of private savings, though an objective not to be overlooked in any manner, will remain extremely problematic given the non-monetary nature of traditional "savings", the pressure already put on farmers' money incomes by taxation and by decreasing producer prices of cash crops, by strong sociological and political obstacles, particularly in the case of livestock herders, by the full convertibility and transferability of the currency and consequent easiness of transferring monetary savings abroad, and finally by the scarcity of investment opportunities capable to appeal to private investors. The continuance of external aid at a level of the order of magnitude indicated in para. 102 is therefore necessary within the present institutional framework. At the same time, it is as much important that the providers of such aid accept an increasing degree of flexibility in the kind of expenditures to be financed, for example local costs, current inputs and in the types of activity in a country where projects of the "classical" capital intensive and with a high foreign cost component are less than obvious or would not be the most productive ones.

105. The capacity of the Government to borrow cannot go beyond modest limits and in all likelihood the bulk of foreign aid will continue to be in the form of grants. The servicing of public debt has been small in the past (table 11) not exceeding 4 to 4.5% of either export proceeds or Government revenue. However, public external indebtedness ^{1/} has increased substantially in the very recent past. Total debt (including undisbursed) was CFAF 4.7 billion (\$18.8 million) as of June 30, 1967, and grew to CFAF 7.4 billion (\$29.7 million) by the end of 1967 as a result of a sharp increase in suppliers' credits and other privately-placed debt which previously was only a small fraction of the total but now represents nearly 40% of the outstanding debt (tables 16A and 16B). Debt service will consequently increase significantly and, because of the new debt structure, the peak period of repayments will be in the early seventies. Thus, as a proportion of gross export proceeds, including uranium, service on existing external public debt will slightly exceed 6% in 1973. As a proportion of Government revenue, debt service will progressively increase to 8%, also in 1973. However, it is possible that disbursements of suppliers' credits and contractors' finance (especially on the most recent contracts) will be slower than expected. In such a case the repayment period would move forward through time so that repayments would not be so heavily concentrated in the 1971-74 period.

106. The working of the West African Monetary Union, for all practical purposes, relieves the member countries of short-term foreign exchange transfer problem. In this context the debt service burden must be weighed in the light of the Government's capacity to secure public savings. In the past, budget surpluses on current account have been very small or negative, while debt service has been modest. Now, however, a large part of the projected current budget surpluses (see table paragraph 93) will be absorbed by the new level of debt service of between CFAF 500 and 1,000 million during the period 1971 to 1974. Before the recent borrowing, debt service in the early '70's was projected at CFAF 250-300 million; and public savings after debt service (i.e. fiscal resources available for new public investment) at CFAF 1.1 to 1.5 billion. But service on the new borrowing would now absorb between one fourth and one third of these resources. Service on any further increase in conventional public debt would again reduce the already modest projected Government contribution to the public investment program. Nevertheless, if the bulk of aid is on a grant basis or on soft terms, there would be a small margin for some conventional borrowing.

1/ Internal public debt is practically nil.

ANNEXES

ANNEX I: NOTE ON THE URANIUM MINE COMPANY

ANNEX II: NOTES ON PROJECTIONS

APPENDIX-TABLES: STATISTICS

ANNEX I

NOTE ON THE
URANIUM MINING COMPANY

The Arlit deposit is located 250 km. northwest of Agadez, or about 800 km. northeast of Niamey. The reserves are estimated at 15 to 20,000 tons of metal content, which is considerably more than the deposits in Gabon (4,000 tons metal content). The Nigerien ore grades 2.5 percent against 4 percent for the Gabonese ore. Two smaller deposits (Azelik and Madaowela) have also been discovered by the Commissariat à l'Energie Atomique but their exploitation is not envisaged because of technical problems.

A company (Société des Mines de l'Air) with a capital of 3 billion CFAF has been created at the end of 1967 in view of the exploitation of the Arlit deposit. The shareholder's distribution is as follows:

Commissariat à l'Energie Atomique:	40%
Nigerien Government:	20%
Mokta (French private group):	20%
Compagnie Francaise des Minerais d'uranium (French private company, related to the Rothschild group):	20%

The total investment will be of the order 10.5 billion CFAF. In addition to the equity, shareholders will advance 1.5 billion and the balance will be financed by loans. The Caisse Centrale de Coopération Economique will grant Niger a CFAF 112 million loan to allow the Government's participation in the company. The balance of the Government's participation will be "financed" in the form of tax exemptions granted to the company.

In the framework of franco-Nigerien agreements relating to strategic materials signed in 1961, France will be the sole buyer of the production.

The financial benefits of the operations for the Nigerian budget are not clear as yet. Under the agreement finally reached in December 1967, Niger will probably receive in the way of dividends, "royalties" and taxes something like CFAF 200 million a year until 1973 and at 600 million CFAF thereafter.

Exploitation will take place in two stages. A pilot plant with a capacity of 300 tons a year of concentrates at 65 percent purity, or 200 tons on uranium content, is to be put in service in 1970. In 1973/74, a second plant will increase the capacity to 1,000 tons of uranium content. Mining will be open cast. Niger will, of course, indirectly benefit from the infrastructure which will, among other things, comprise a city for the 1,000 Nigeriens and 150 Europeans who will be employed and their families; a road for an annual incoming traffic of about 30,000 tons (of which 10,000 tons of fuel and 15,000 tons of chemicals) between Tahoua and Arlit. These materials will come by rail over 400 km. from the Port of Cotonou to Parakou (Dahomey) and then be transported by truck over 1,600-km. to Tahoua using existing roads.

ANNEX II

NOTES ON PROJECTIONS

NOTES ON PROJECTIONS

1. Projection of GDP 1971 and 1974

Table P.1

ORIGIN
(billions of CFAF)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1971</u>	<u>1974</u>
1. Agriculture	40.0	n.a.	47.6		50.0
2. Manufacturing and construction)	7.3	n.a.	n.a.		10.0
3. Mining )						3.0
4. Services	13.6	n.a.	n.a.		20.0
5. Government	4.0	n.a.	n.a.		8.0
6. Total (current prices)	<u>64.9</u>	<u>69.0</u>	<u>77.0</u>	<u>86.0</u>	<u>97.0</u>
7. Total (1964 prices)		67.0		86.0	97.0

General Note: The overall assumption is one of growth of GDP at 4-1/4 per cent in real terms over the period from 1964/66 (base period), based on the current 1968-71 development program. The overall hypothesis appears consistent with whatever (rough) sectoral projections can be made.

Line 1/: see table P.2 - Projections for Agricultural Production.

Line 2/: based on the probability of a number of industrial projects just completed or to be undertaken: 1967, slaughterhouse with refrigerating equipment (capacity 4,000 tons of meat, cost CFAF 157 million), millet flour mill (semi experimental, cost 112 million) soap factory (capacity 1,200 then 2,400 tons, cost 60 millions), other smaller plants representing investments of 100 million. Starting in 1968: a cotton textile mill, to start production early in 1970, (capacity 1,520 tons cotton cloth, cost CFAF 1.8 billion), textile printing mill complementary to the former (cost CFAF 600 million). Brewery (capacity 25,000 bottles, cost 250 million CFAF), soft drinks factory (capacity 9,000 bottles/day, cost CFAF 36 million); various food industries (cost CFAF 300 million), etc. Possibly a sugar mill costing CFAF 2.8 billion with a capacity of 18,000 tons of raw sugar could start operating in the mid-seventies.

Line 3/: Mining will consist almost exclusively of the uranium mine (the cost/price assumption with Table P.4 - Exports Projection).

Line 4/: Services, including trading services and transportation, assumed to grow parallel to volume of external trade, by far the most important determinant.

Line 5/: Government: salaries paid by Government (and local authorities) as projected (see text of main report Part III-C).

Table P.2

Projections for Agricultural Production
(billions of CFA francs)

	1966		1974
	(At Current Prices)	(1965 Prices)	(At 1966 Prices)
1. <u>Agriculture</u>	32.6	28.2	39.6
2. millet	12.6		15.5
3. sorghum	4.2		5.1
4. cassava	3.6		4.4
5. mete beans	1.9		2.3
6. rice	1.2		1.4
7. onions	1.1		1.3
8. voandzou	0.7		0.9
9. sugar cane	0.05		0.1
10. potatoes	0.05		0.06
11. groundnuts	6.5		8.1
12. cotton	0.2		0.5
13. others	0.5		0.6
14. <u>Livestock</u>	15.0	15.0	16.5
15. <u>Total</u>	47.6	43.2	56.1

General Note: On the assumption made for each group of product, agricultural production excluding livestock would be CFAF billion 56.1 at 1966 prices. However, 1966 prices were about 15 percent higher than 1965 prices. Based on the latter - 1965 being the mid-year of the base period 1964-66 - agricultural product for 1965 would be CFAF 28.2 billion and 34.1 billion for 1974. Prices of livestock products varied little and therefore total product for agriculture in 1974 at 1965 prices should be in the vicinity of 34.1 + 16.5 or 51 billion.

Line 1 through 10, and line 13: food crops: assumed to grow as population or around 2.5 percent p.a., on the observation that there should not appear any shortage of land provided (i) area under groundnuts grows little (see below) and (ii) area mainly dedicated to cattle raising does not encroach upon food crops, which is consistent with the modest growth foreseen for livestock products (see line 14).

Line 11: Groundnuts: growth of 25 percent over the period based exclusively on productivity gains (see main report, part III, B).

Line 12: Cotton: based on forecast of production by CFI, the French crop development agency specializing in cotton and which is largely responsible for this crop in Niger (Production 1966: 6,300 tons of raw cotton, projected for 1974: 16,000 tons).

Line 14: Livestock: based on a recent study made by the economic secretariat of OCAM (Organisation Commerce Africaine et Malgache) and presented at the recent conference of Chiefs of State of the Organization, in January 1968 at Niamey, as the basis for a "common meat policy" of the member states.

Table P.3

GDP by Uses
(billions of CFA francs)

	<u>1964</u>	<u>1965</u> (Estimates)	<u>1966</u>	<u>1971</u>	<u>1974(1)</u>	<u>1974(2)</u>
Private consumption	47.5	n.a.	n.a.		68.2	70.2
Government consumption	8.4	9.0	9.5		13.0	13.0
Gross investment	8.9	n.a.	n.a.		13.7	13.7
Fixed Private	(3.7)	n.a.	n.a.		(5.5)	(5.5)
Fixed Public	(2.5)	(3.0)	(3.4)		(4.5)	(4.5)
Inventories	(2.7)	n.a.	n.a.		(2.7)	(2.7)
Uranium	-	-	-		(1.0)	(1.0)
Exports	10.0	(8.5)	(11.9)		17.9	18.4
Imports	-9.9	(-10.2)	(-11.6)		-15.8	-18.3
Total	64.9	69.0	77.0		86	97.0
		<u>67.0</u>			<u>97.0</u>	<u>97.0</u>

General Note: In variants (1) and (2) all items except private consumption (line 1) are the result of independent assumptions. Private consumption is different in each variant as the result of different assumptions for exports and imports and of total GDP being however assumed the same. Would an independent forecast have been made also for private consumption, total GDP would have had to be different. Also, in all strictness, different assumptions as regard exports and imports should be made consistent with other items of GDP by use and possibly result in different levels of GDP. The nature of the information as well as the basis for forecasting eight years ahead would have made such refinements rather vain.

Line 2: Government consumption: based on budget projection (see text of main report, Part III, C).

Lines 3 through 7: Gross investment: fixed private investment based on past levels as regards "traditional" investment increased by "modern" investment as predictable on the basis of likely industrial projects for the period (see Table P.1, line 2). Fixed public investment based on plan's forecast up to 1971 extended up to 1974 on the basis of assumptions discussed with planning unit. Inventories consist partly of growth of livestock and stocks of agricultural products assumed constant for lack of any indication to the contrary. Uranium mine: for 1971: based on official figures of forecast investment in the mine and related infrastructure of CFAF 11 billion over the 1968-73 period; for 1974: depreciation assumed to be 10 percent of total investment on the average.

Lines 8 and 9: Exports-Imports: see notes to Table P.4 and P.5.

Table P.4

Projection of Exports
(billions of CFA francs)

	<u>1965</u>	<u>1966</u>	<u>1967</u> (estimate)	<u>1971</u>	<u>1974</u> (1)	<u>1974</u> (2)
1. Groundnuts	3.06	5.33	(5.00)		5.66	6.00
2. Groundnuts oil	0.28	0.66	(0.60)		0.61	0.71
3. Groundnuts cakes	0.09	0.21	(0.20)		0.23	0.24
4. Cotton	0.26	0.50	n.a.		1.07	1.16
5. Livestock	3.30	3.30	n.a.		3.90	3.90
6. Others	1.54	1.91	n.a.		2.14	2.14
7. Sub-total	8.53	11.91	n.a.	13.10	13.67	14.15
8. Uranium	-	-	-	.80	4.00	4.00
9. Total	<u>8.53</u>	<u>11.91</u>	<u>n.a.</u>	<u>13.30</u>	<u>17.67</u>	<u>18.15</u>

General Note: Projections are specifically for 1974; figures for 1971 are interpolated on the basis of the average result for 1974.

Notes: Line 1: Groundnuts (shelled): quantities: assumed to increase by 25 percent as compared to 1966 (quantities in 1967 of same order) as explained in text of main report.

Prices: The average sale price (c.i.f.) in 1966 is very close to CFAF 48,600 per ton as a result of the French guaranteed price of CFAF 49,130 per ton (whereas the world price was \$190 per ton IBRD) or CFAF 46,500. Assumption (1) is that the world price will apply in 1974: this is (IBRD) \$169 per ton on CFAF 42,000, or a decrease of 14.5 percent. Assumption (2) is that EEC will compensate for 80 percent of the difference between the present (1968/69) target cost price of CFAF 44,000 per ton and the world price - as it theoretically will do until 1969; under this assumption the sale price would be 42,000 + 0.8 (44,000 - 42,000) = CFAF 43,600 per ton, or a decline of 10 percent. Thus under assumption (1) value of exports would increase by 7 percent to CFAF 5.66 billion and under assumption (2) by 12.5 percent to CFAF 6.00 billion.

Line 2 and 3: Groundnut oil and cakes: assumed to grow little, i.e. less than groundnuts in view of the fact that no system of support of any kind is foreseen in their case. Quantities produced will probably increase but local consumption will absorb an increasing share of production.

Line 4: cotton: quantities expected to increase according to CFDT's forecast (1966 = 6,000 tons; 1974: 16,000 tons or 2.4 times more).

Prices: Export price in 1966 very slightly above world price (f.o.b. CFAF 141,38 per kilo against 139,00); assumption (1) is that price will decline by 12 percent according to IBRD projection (American middling, c.i.f.

Liverpool from \$25.4 cents per pound to 22.5 cents); assumption (2) is that EEC will compensate for 80 percent of the difference between the world price and the present "target cost price" of CFAF 137,000 f.o.b. meaning a decline in export price of about 5 percent. Thus value exported will increase 2.11 times or from CFAF 0.5 to 1.07 billion in assumption (1) and 2.38 times or up to 1.16 billion in assumption (2).

Line 5: Livestock: quantities: assumed to increase by 10 percent as foreseen in study by OCAM mentioned in text of main report; prices assumed arbitrarily to increase by 2 percent per year in view of the increasing tendency of demand (local and in coastal countries, mainly Nigeria) to exceed supply.

Line 6: Others: includes mainly hides and skins (approximately CFAF 150 million in 1966 and previous years) assumed to remain stagnant as result of possible slight increase in quantities but declining prices; fish whose value varies between CFAF 10 and 130 million, in decline as result of higher level of local consumption, beans, sorghum, millet varying greatly between a few million and 230 million officially recorded in 1962, etc. In view of the near impossibility of making meaningful predictions for such items it has been assumed that the group of secondary products under "others" would grow moderately, by 25 percent or so, mainly to take account of the fact that (i) Niger is normally a net exporter of foodstuffs to neighboring countries (ii) that some new products such as fresh vegetables have made a promising start in European markets and there are projects to increase this current with European firms involved, (iii) barring inimical policies from neighboring countries some industrial exports will become possible (e.g. cement to Northern Nigeria and Dahomey, etc.).

Line 8: Uranium: terms of the contract for the purchase of uranium by the French Commissariat à l'Energie Atomique are not known (and apparently not yet decided). From the information available (on Gabon's terms, prices applied by US Authorities, etc.) a f.o.b. price of CFAF 4,000 per kilo of metal uranium - or roughly \$16 per pound - seems likely and has been retained.

Table P.5
Balance of Payments Projection

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1971</u> (1)	<u>1971</u> (2)	<u>1974</u> (1)	<u>1974</u> (2)
1. General exports		8.5	11.9	13.10	13.10	13.67	14.15
2. Uranium	-	-	-	.80	.80	4.00	4.00
3. Trade services		n.a.	n.a.	.20	.20	.20	.20
4. Total Exports	<u>10.00</u>	<u>n.a.</u>	<u>n.a.</u>	<u>14.10</u>	<u>14.10</u>	<u>17.87</u>	<u>18.35</u>
5. General imports		10.2	11.6	12.65	14.30	13.50	16.00
6. Uranium imports	-	-	-	1.48	1.48	.80	.80
7. Trade services		n.a.	n.a.	1.50	1.50	1.50	1.50
8. Total Imports	<u>9.90</u>	<u>n.a.</u>	<u>n.a.</u>	<u>15.63</u>	<u>17.28</u>	<u>15.80</u>	<u>18.30</u>
9. Balance (4) - (8)	<u>.10</u>			<u>-1.53</u>	<u>-3.18</u>	<u>+2.07</u>	<u>+0.05</u>
10. Private transfers abroad (gross)	-4.50			-4.50	-4.50	-5.00	-5.00
11. Uranium transfers (net)	-			-.35	-.35	-1.70	-1.70
12. Total private transfers (net)	<u>-4.50</u>			<u>-4.85</u>	<u>-4.85</u>	<u>-6.70</u>	<u>-6.70</u>
13. Debt service				.25	.25	.22	.22
14. Overall balance (9)+(12)+(13)	<u>-4.40</u>			<u>-6.63</u>	<u>-8.28</u>	<u>-4.65</u>	<u>-6.87</u>
15. Private capital inflow	-			.30	.30	.30	.30
16. Balance = public transfers = other	4.80 - .40			} 6.33	} 7.98	} 4.35	} 6.57

Notes: Lines 1 and 2: General exports: See table P.4.

Line 3: Trade services: freight, insurance, tourism, etc.: notional amount similar to very rough estimates for recent period.

Line 5: Assumption (2) is based on a continuation of past trend with income-elasticity of imports to GDP of around 1.5. Assumption (1) is based on a movement of import substitution whose impact, for lack of more precise information, is estimated thus: it is assumed that substitution can affect the following group of products:

Average value 1965/66
(as recorded: million CFAF)

- dairy products	70	
- rice	35	
- sugar	300	
- beer	110	
- various foodstuffs (cereals, etc.)	60	
- cement	45	
- soaps	60	
- cotton textiles	2,500	
- wireless sets	75	
	<hr/>	
	3,195	32%
- total recorded	10,000	100%

On the basis of likely projects it is expected that beer and cement will be entirely produced at home before 1971 (this is the case for cement since mid-1966) that about 1/3 to 1/2 of cotton textiles will, by 1970; that progressively home produced dairy products, rice, other foodstuffs (cereal products), soaps will replace imports but to what extent is not known. Finally, there are vague prospects for sugar for the mid-seventies (to produce around 15,000 tons) to mount wireless sets, etc. Lacking more detailed information on these projects and others it has been assumed that local production could replace half the imports of the group of products listed. This is to take account of the fact (i) that current projects are not intended to replace all imports of the list and (ii) that the production of some of the products listed will require additional imported inputs (fuel, certain kinds of cotton, parts, etc.). It has been assumed finally that the share of this group of products would be the same in the future as now. Therefore from the higher projection of imports based on assumption (2), 16 percent has been subtracted.

Line 6: Imports needed for the investment of the uranium mine and for its operation. For the investment period (up to 1973) it has been assumed that 70 percent of the investment program of CFAF 11 billion (or 1.83 billion per year) would be spent on imports: $1.83 \times 0.70 = 1.28$. During the investment period operations will start in 1970 or 1971 requiring an estimated imports of CFAF 200 million. Hence total imports = CFAF 1.48 billion. For the period starting in 1978 only current import requirements corresponding to full capacity level approximately four times the previous one, hence imports of CFAF 800 million per year (current imports roughly estimated on the basis of actual figures for Gabon's uranium mine).

Line 7: Trade services: Assumed to grow like imports or from CFAF 1 billion in 1964 to approximately CFAF 1.5 both for 1971 and 1974 (and for the higher and the lower assumption).

Line 10: Private "transfers" abroad: as explained in main text this is a semi-residual item which probably includes factor payments and some trade transactions. It has been assumed to remain at roughly the same level as in the past in spite of the projected growth of GDP on the supposition that more investment opportunities in the country combined with a slight increase in taxation will retain a higher proportion of private savings.

Line 11: Uranium transfers: based on the assumption of transfer abroad of net profits not accruing to Niger (CFAF 500 million? by 1974); of depreciation allowances (1/10 of total investment or CFAF 1 billion per year) and of CFAF 200 billion of private savings on wages and salaries paid.

Line 15: Private capital inflow: The amount of CFAF 300 million is nominally to represent external contributions in industrial projects. The amount will vary greatly, of course, and, for example, will be much more on account of the textile mill in 1968 and 1969.

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Table 1A: AGE AND SEX DISTRIBUTION OF POPULATION (1964)

(thousands)

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>%</u>	<u>Cumulative %</u>
0-4	299	299	598	18.8	
5-9	225	229	454	14.3	33.1
10-14	193	197	390	12.3	45.4
15-19	166	168	334	10.5	55.9
20-29	259	259	519	16.4	72.3
30-39	179	179	357	11.2	83.5
40-49	121	121	242	7.6	91.1
50-59	75	78	153	4.8	95.9
60-69	40	43	83	2.6	98.5
70-79	13	19	32	1.1	99.6
80 and over	6	7	13	0.4	100.0
	<hr/>	<hr/>	<hr/>	<hr/>	
	1,576	1,598	3,174	100.0	

Source: Comptes Economiques de la République du Niger 1964, Niamey 1966

Table 1B: PERCENTAGE DISTRIBUTION OF POPULATION BETWEEN URBAN AND RURAL AREAS IN 1964

1. Urban	6.0
Agglomerations with 20,000 inhabitants or more <u>1/</u>	3.3
Other urban agglomeration	2.7
2. Sedentary	75.0
3. Nomadic and semi-nomadic	19.0
	<hr/>
	100.0

1/ Niamey, Maradi, Zinder, Tahoua. Estimates for Niamey vary widely, from 50,000 to 100,000

Source: Comptes Nationaux de la République du Niger 1964, Niamey 1966

Table 1C: ACTIVE POPULATION

(Demographic Survey 1960)

	<u>Males</u>	<u>Females</u>	<u>Total</u>	<u>% Males</u>	<u>% Females</u>
Primary Sector	666,630	77,220	743,850	94.1	9.7
Secondary Sector	4,480	30	4,510	0.6	
Tertiary Sector	13,230	1,880	15,110	1.9	0.2
Housewives and others	24,430	7 8,590	743,020	3.4	90.1
	—————	—————	—————	—————	—————
	708,770	797,720	1,506,490	100.0	100.0
Total population:	1,434,350	1,441,417	2,875,767		
Percentage of active population	49.4	55.3	52.4		

Source: Perspectives décennales

Table 2: NATIONAL ACCOUNTS

	A. SUPPLY OF RESOURCES (billion of CFA francs)								
	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
<u>Primary Sector</u>	32.8	36.9	32.8	33.1	36.7	39.3	40.0		
Non marketed production	..	..	..	22.8	24.2	23.7	23.3		
Marketed Production	..	..	..	10.3	12.5	15.6	16.7		
<u>Secondary Sector</u>	4.0	1.2	8.3	5.8	6.8	7.1	7.3		
Non Marketed production	..	..	..	2.5	2.5	2.6	2.7		
Marketed production	..	..	..	3.3	4.3	4.5	4.6		
<u>Tertiary Sector</u>	5.8	5.9	4.8	10.6	12.3	13.0	13.4		
Non marketed production	..	..	..	1.5	1.7	1.6	1.6		
Marketed production	..	..	..	9.1	10.6	11.4	11.8		
<u>Government</u>	3.3	4.1	4.0	4.4	4.9	4.5	4.0		
<u>Households</u>	..	..	0.2	0.2	0.2	0.2	0.2		
<u>GDP at Market Prices</u>	<u>45.9</u>	<u>48.1</u>	<u>50.1</u>	<u>54.1</u>	<u>60.9</u>	<u>64.1</u>	<u>64.9</u>	<u>69.0</u>	<u>77.0</u>
Imports of Goods and Services	<u>3.6</u>	<u>6.7</u>	<u>8.1</u>	<u>8.4</u>	<u>10.7</u>	<u>9.8</u>	<u>9.9</u>	<u>10.2</u> ^{1/}	<u>11.6</u> ^{1/}
Total Gross Available Resources	<u>49.5</u> ====	<u>54.8</u> ====	<u>58.2</u> ====	<u>62.5</u> ====	<u>71.6</u> ====	<u>73.9</u> ====	<u>74.8</u> ====	<u>79.2</u> ====	<u>88.6</u> ====

1/ Goods only

Source: Data for 1962, 1963, 1964: Comptes Economiques; Data for 1960 and 1961: Annuaire Statistique 1962
Data for 1956 and 1959: H. Leroux, Planification en Afrique, Ministère de la Coopération, Paris;
Data for 1965 and 1966: Mission's estimate.

Table 2: NATIONAL ACCOUNTS (CONT.)

B. USE OF RESOURCES
(in billions of CFA francs)

	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
<u>Consumption</u>	42.8	47.1	45.4	49.2	52.9	54.4	55.9		
Private	37.5	41.1	38.4	40.3	44.2	45.8	47.5		
Public	5.3	6.0	7.0	8.9	8.7	8.6	8.4		
<u>Gross Investment</u>	1.7	2.7	4.6	5.1	9.3	9.9	8.9		
<u>Fixed</u>	1.7	2.7	2.4	2.2	5.2	7.1	6.2		
Private	0.9	0.8	0.5	0.7	2.7	4.3	3.7		
Public	0.8	1.9	1.9	1.5	2.5	2.8	2.5	3.0	3.4
<u>Changes in stocks</u>	-	-	2.2	2.9	4.1	2.8	2.7		
Exports of goods and services	5.0	5.0	7.8	8.2	9.4	9.6	10.0	8.5 1/	11.9 1/
<u>Total use of resources</u>	<u>49.5</u>	<u>54.8</u>	<u>57.8</u>	<u>62.5</u>	<u>71.6</u>	<u>73.9</u>	<u>74.8</u>	<u>79.6 1/</u>	<u>88.6 1/</u>
Imports of goods and services	-3.6	-6.7	-7.7	-8.4	-10.7	-9.8	-9.9	-10.2	-11.6
<u>GDP at market prices</u>	<u>45.9</u>	<u>48.1</u>	<u>50.1</u>	<u>54.1</u>	<u>60.9</u>	<u>64.1</u>	<u>64.9</u>	<u>69.0</u>	<u>77.0</u>

1/ Goods only

Source: Data for 1962, 1963, 1964: Comptes Economiques; Data for 1960 and 1961: Annuaire Statistique 1962
Data for 1956 and 1959: H. Leroux, Planification in Afrique, Ministère de la Coopération, Paris;
Data for 1965 and 1966: Mission's estimate.

Table 2: NATIONAL ACCOUNTS (CONT.)

B. USE OF RESOURCES
(in billions of CFA francs)

	<u>1956</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
<u>Consumption</u>	42.8	47.1	45.4	49.2	52.9	54.4	55.9		
Private	37.5	41.1	38.4	40.3	44.2	45.8	47.5		
Public	5.3	6.0	7.0	8.9	8.7	8.6	8.4		
<u>Gross Investment</u>	1.7	2.7	4.6	5.1	9.3	9.9	8.9		
<u>Fixed</u>	1.7	2.7	2.4	2.2	5.2	7.1	6.2		
Private	0.9	0.8	0.5	0.7	2.7	4.3	3.7		
Public	0.8	1.9	1.9	1.5	2.5	2.8	2.5	3.0	3.4
<u>Changes in stocks</u>	-	-	2.2	2.9	4.1	2.8	2.7		
Exports of goods and services	5.0	5.0	7.8	8.2	9.4	9.6	10.0	8.5 1/	11.9 1/
<u>Total use of resources</u>	<u>49.5</u>	<u>54.8</u>	<u>57.8</u>	<u>62.5</u>	<u>71.6</u>	<u>73.9</u>	<u>74.8</u>	<u>79.6 1/</u>	<u>88.6 1/</u>
Imports of goods and services	-3.6	-6.7	-7.7	-8.4	-10.7	-9.8	-9.9	-10.2	-11.6
<u>GDP at market prices</u>	<u>45.9</u>	<u>48.1</u>	<u>50.1</u>	<u>54.1</u>	<u>60.9</u>	<u>64.1</u>	<u>64.9</u>	<u>69.0</u>	<u>77.0</u>

1/ Goods only

Source: Data for 1962, 1963, 1964: Comptes Economiques; Data for 1960 and 1961: Annuaire Statistique 1962
Data for 1956 and 1959: H. Leroux, Planification in Afrique, Ministère de la Coopération, Paris;
Data for 1965 and 1966: Mission's estimate.

Table 3: PRICES AND WAGES

A. African Consumer Price Index
(July 1962 - June 1963 = 100)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u> (first quarter)
Foodstuffs and beverages	103.2	102.0	101.0	99.7	104.0	119.8	113.5
Clothing	102.0	98.9	100.3	97.9	99.7	103.6	112.4
Housing and household	103.0	101.4	92.4	94.2	105.9	108.6	109.4
Miscellaneous	97.0	94.5	102.2	103.5	111.7	113.5	121.6
General	101.7	100.7	97.8	99.8	104.9	116.0	114.4

B. European Consumer Price Index
(Nov. 15 - Dec. 15, 1964 = 100)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u> (first quarter)
Foodstuffs	88	86	92	95	102	105	108
Utilities	94	90	92	101	102	107	107
Clothing and household	92	89	93	96	105	106	112
Servants	89	89	97	100	100	100	100
Miscellaneous	99	102	101	103	100	107	118
General	91	88	93	97	101	105	110

Source: Annual Reports of EDRN

C. Wages

Since June 1962, the SMIG (salaire minimum inter professionnel garanti) computed on the basis of 48 mainly locally produced articles, remained unchanged at the level of CFAF 24 per hour for agricultural workers and CFAF 28 per hour for non-agricultural workers.

Table 4: AGRICULTURE

CULTIVATED AREAS, PRODUCTION, YIELDS

	1956	1960	1964	1965	1966
<u>Food crops</u>					
<u>Millet</u> - Area - 1000 ha	1,211	1,692	1,777	1,810	1,743
Production - 1000 T	485	718	1,012	789	841
Yields - kg/ha	400	424	571	436	480
<u>Sorghum</u> - Area - 1000 ha	570	440	453	465	546
Production - 1000 T	364	222	315	266	277
Yields - kg/ha	640	505	695	570	507
<u>Niebe beans</u> - Area - 1000 ha	349	375	519	468	652
Production - 1000 T	24	46	86	76	103
Yields - kg/ha	68	123	166	168	158
<u>Cassava</u> - Area - ha	16,420	14,110	17,270	19,070	21,340
Production - 1000 T	87	100	149	150	148
Yields - T/ha	5.3	7.1	8.6	7.9	6.9
<u>Sweet potatoes</u> - Area - ha	(	1,995	1,635	1,471	949
Production - T	) n.a.	16,600	23,500	19,713	6,633
Yields - T/ha	(	8.3	14.4	13.4	7.0
<u>Maize</u> - Area - ha	4,420	3,120	5,105	4,435	3,475
Production - T	3,270	2,780	4,115	2,711	2,203
Yields - kg/ha	780	891	806	611	634
<u>Wheat</u> - Area - ha	1,360	715	795	592	557
Production - T	900	1,080	930	507	681
Yields - kg/ha	660	1,510	1,109	856	1,222
<u>Rice</u> - Area - ha	5,450	8,155	9,360	8,734	9,222
(paddy) Production - T	3,920	7,395	11,970	11,704	20,459
Yields - kg/ha	719	907	1,279	1,340	2,218
<u>Onions</u> - Area - ha	(	935	1,150	1,972	1,689
Production - T	) n.a.	19,400	23,500	42,290	35,941
Yields - kg/ha	(	20,748	20,435	21,445	21,279
<u>Pimentos</u> - Area - ha	(	140	885	1,056	720
Production - T	) n.a.	210	720	766	574
Yields - kg/ha	(	1,500	813	725	797
<u>Sugar Cane</u> - Area - ha	(	2,160	1,860	2,064	694
Production - T	) n.a.	32,280	43,085	41,105	12,445
Yields - kg/ha	(	14,944	23,163	19,915	17,932
<u>Tomatoes</u> - Area - ha	(				424
Production - T	) n.a.	n.a.	n.a.	n.a.	4,428
Yields - kg/ha	(				10,443
<u>Cash crops</u>					
<u>Groundnuts</u> - Area - 1000 ha	5259	321	293	341	355
Production - 1000 T	131	150	184	277	312
Yields - kg/ha	505	465	630	810	877
<u>Cotton</u> - Area - ha	2,700	4,500	14,645	16,260	14,390
Production - T	440	1,300	6,285	6,980	5,466
Yields - kg/ha	6162	288	430	430	
<u>Tobacco</u> - Area - ha	(	710	630	736	653
Production - T	) n.a.	230	290	337	289
Yields - kg/ha	(	323	460	457	442

Source: Ministère de l'Economie Rurale.

Table 5: EVOLUTION OF CULTIVATED AREA

	<u>1956</u>	<u>1960</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
<u>Total in 000 ha</u>	2,070	2,490	2,577	2,674	2,751
% Distribution among crops: ^{1/}					
Millet	44.1	59.0	57.3	57.6	63.3
Sorghum	33.1	15.3	14.6	14.8	19.8
Niebe beans	2.2	13.0	16.7	14.9	23.7
Groundnuts	11.9	11.2	9.4	10.8	12.9
Cassava	7.9	0.5	0.5	0.6	0.7
Other crops	0.8	1.5	2.0	1.9	1.7

1/ Percentages do not add up to 100 due to intercropping.

Source: Ministère de l'Economie Rurale.

Table 6: LIVESTOCK
RECORDED POPULATION 1/
(000 heads)

	1959	%	1960	%	1963	%	1964	%	1965	%	1966	%	1966	%
													(Estimated)	
Cattle	1,922	28.9	1,850	28.5	2,066	29.2	2,155	29.8	2,272	30.5	2,122	30.1	(4,000)	31.8
Sheep and Goats	4,232	63.4	4,104	63.2	4,419	62.4	4,463	61.8	4,635	62.2	4,319	61.2	(7,950)	63.1
Horses	90	1.3	95	1.5	116	1.6	120	1.7	132	1.8	135	1.9	(160)	1.3
Asses	212	3.2	220	3.4	239	3.4	228	3.2	227	3.0	260	3.7	(315)	2.5
Camels	<u>213</u>	<u>3.2</u>	<u>221</u>	<u>3.4</u>	<u>243</u>	<u>3.4</u>	<u>257</u>	<u>3.5</u>	<u>260</u>	<u>3.5</u>	<u>217</u>	<u>3.1</u>	<u>(160)</u>	<u>1.3</u>
TOTAL	6,669		6,490		7,083		7,223		7,526		7,053		(12,595)	

1/ The recorded population only represents part of the total population.

Source: Service de l'Élevage.

Table 7: GROUNDNUTS; EXPORT PRICE STRUCTURE MARKETING AND PRICE SUBSIDIES

	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69
I. Export price structure (in CFA francs per kg of shelled nuts)						
A. Cost price, c.i.f. ^{a/}						
Producer's price	22.00	22.50	22.81	22.15	18.00	
Taxes b/	8.61	5.56	3.75	3.00	2.75	
Other costs ^{c/}	18.39	19.60	20.92	21.46	20.70	
Total cost price, c.i.f.	49.00	47.66	47.48	46.61	41.45	
B. Exporter's profit or loss (-)	3.58	4.84	1.65	2.50	...	
C. French guaranteed export price, c.i.f.	52.58	52.50	49.13 ^{d/}	49.13		
D. EEC target cost price, c.i.f.						
Producer's price	-	22.15	21.25	21.25	21.25	21.25
Taxes	-	4.75	3.75	3.00	2.75	2.25
Other costs	-	23.15	21.50	21.00	21.00	20.50
Total target cost price, c.i.f.	-	50.05	46.50	45.25 ^{e/}	45.00	44.00
II. Marketing (in thousands metric tons of shelled nuts)						
A. Marketed production ^{f/}	114.2	106.4	156.1	193.0	(195)	
B. French guaranteed quota ^{g/}	100.0	90.0	110.0	160.0	..	
C. Exports of groundnuts						
at French guaranteed prices	88.1	77.9	100.2	152.0	...	
at world market prices	9.0	8.8	33.0	19.4	...	
Total exports of groundnuts	97.1	86.7	133.2	171.4	...	
D. Sales of groundnuts to local refineries	16.4	20.3	23.3	20.6	...	
of which: exports of crude oil h/	(15.2)	(16.1)	(23.3)	(16.6)	(...)	
III. Prices subsidies disbursed by EEC (in million of CFA francs)						
A. EEC program estimates ^{i/}	-	163.5	232.5	120.0	-	
B. Actual disbursements						
on account of exports to France	(-)	(-)	(-)	(...)	(...)	
on account of other exports	(-)	(2.2)	(0.6)	(...)	(...)	

a/ 1963/64-1966/67: official price scales (barèmes) fixed at the outset of each crop season, estimates for 1967/68.

b/ Includes export taxes and levies accruing to CSPPN (until 1963/64) and to FDAPR (until 1964/65).

c/ Includes various internal costs (e.g. handling, storage, packing, commissions paid to intermediaries, financial costs of SONARA) and external costs (e.g. overland and overseas transportation, insurance, unloading, selling).

d/ The French guaranteed price was CFAF 49.13 per kg for the first 90,000 tons of the quota and CFAF 48.50 for the remainder.

e/ EEC is expected to revise the 1966/67 target cost price and set it at CFAF 48.00 per kg.

f/ Does not match exactly the total of exports and sales to local refineries in the same year because some stock-piling takes place.

g/ Includes groundnut oil exports, computed by the equivalent tonnage of shelled groundnuts.

h/ Computed by the equivalent tonnage of shelled groundnuts.

i/ Original estimates in the EEC 5-year program of aid to agricultural production (1964/65-1965/66).

Source: Data provided by the Niger authorities and SONARA.

Table 8: COTTON; EXPORT PRICE STRUCTURE, MARKETING AND PRICE SUBSIDIES

	<u>1963/64</u>	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u>	<u>1968/69</u>
<u>I. Export price structure</u>					
A. Actual cost price, f.o.b.					
<u>Producer's price (in CFAF per kg of seed cotton)</u>	32.60	32.60	32.60	30.00	...
<u>Yield in ginned cotton per unit of seed cotton (in percentage)</u>	33.56	34.00	34.05	34.89	...
<u>Cost price, f.o.b. (in CFAF per kg of ginned cotton)</u>					
Cost of seed cotton	97.13	95.88	95.74	85.80	...
Taxes	3.37	1.75	1.10	1.10	...
Other costs	<u>51.62</u>	<u>50.44</u>	<u>52.21</u>	<u>54.48</u>	<u>...</u>
Total cost price, f.o.b.	152.12	148.07	149.05	141.38	...
B. Exporters' profit or loss (-) <u>(in CFAF per kg of ginned cotton)</u>	-11.70	-4.67	-19.01	-2.38	...
C. Average export price, f.o.b. <u>(in CFAF per kg of ginned cotton)</u>	140.42	143.40	130.04	139.00	...
D. EEC target cost price, f.o.b.	148.50	145.00	144.28	141.40	137.00
<u>II. Marketed production</u> <u>(in metric tons of ginned cotton)</u>	1,802	2,422	1,162	2,329	...
<u>III. Subsidies to the exporter</u> <u>(in millions of CFAF)</u>					
A. Price subsidies:					
Disbursed by EEC	14.3	3.9	31.4	33.8 ^{2/}	....
(EEC program estimates) ^{1/}	(40.9)		(19.8)	(12.2) ^{3/}	-
Disbursed by GSPPN	<u>1.7</u>	-	<u>7.7</u>	-	<u>...</u>
B. Transport subsidies disbursed by GSPPN	8.7	12.0	- ^{4/}	...	...

^{1/} For cotton, the first tranche of the program covered the 1963/64 and 1964/65 crops.

^{2/} Revised estimate.

^{3/} Original estimate.

^{4/} In 1965/66, exporting at lower cost through Nigeria permitted discontinuing subsidies to cotton transportation.

Source: Date provided by the Niger authorities and Notes d'information et Statistiques BCEAO, No. 143, August-September 1967. For data on EEC Price Subsidies: Afrique Service, July 19, 1967.

Table 9: SONARA - FINANCIAL STATEMENTS FOR THE YEARS ENDING SEPTEMBER 30, 1964, 1965, 1966

(million CFA francs)

I. Balance Sheet

	<u>A s s e t s</u>				<u>L i a b i l i t i e s</u>		
	<u>Sept. 1964</u>	<u>Sept. 1965</u>	<u>Sept. 1966</u>		<u>Sept. 1964</u>	<u>Sept. 1965</u>	<u>Sept. 1966</u>
<u>Current Assets</u>	<u>904.8</u>	<u>796.0</u>	<u>747.9</u>	<u>Current Liabilities</u>	<u>623.3</u>	<u>508.3</u>	<u>472.6</u>
Cash and receivables	770.8	635.4	605.1	Accounts payable	354.1	426.9	282.0
Inventories	134.0	160.6	142.8	Short-term bank credit	269.2	81.4	190.6
<u>Fixed Assets</u>	<u>78.9</u>	<u>122.0</u>	<u>152.5</u>	<u>Long & medium-term debt</u>	-	-	<u>56.9</u>
Organization and pre-operation expenses (net)	3.3	6.2	-	<u>Shareholders' equity</u>	<u>360.4</u>	<u>409.8</u>	<u>370.8</u>
Property and equipment (net)	72.2	108.7	145.6	Capital	300.0	300.0	300.0
Participation, deposits and guarantees	3.4	7.1	6.9	Reserves	4.7	4.7	9.9
				Non-imputed profits	-	55.8	-
				Net income after taxes	<u>55.8</u>	<u>49.3</u>	<u>60.9</u>
<u>Total Assets</u>	<u>983.7</u>	<u>918.0</u>	<u>900.4</u>	<u>Total Liabilities</u>	<u>983.7</u>	<u>918.0</u>	<u>900.4</u>

Source: SONARA

Table 10A: LIST OF THE SEMI-PUBLIC ENTERPRISES (SOCIÉTÉS d'ÉCONOMIE MIXTE)
UNDER THE SUPERVISING COMMITTEE (COMITÉ DE TUTELLE) 1/

Supervising Ministry

Finance

- Banque de Développement de la République du Niger (BDRN)
- Crédit du Niger
- Société Nigérienne d'Urbanisme et de Construction Immobilière (SONUCI)

Economic Affairs

- Société Nationale de Cimenterie (SNC)
- Société Nigérienne de Commercialisation de l'Arachide (SONARA)
- Société Nationale de Commerce et de Production)COPRO-NIGER)
- Société Nigérienne de Céramiques (SONICERAM)
- Société Hotelière "Le Sahel"
- Société Nigérienne de Fabrication Métalliques (SONIFAME)
- Société de Transformation du Mil (SOTRAMIL)
- Office National de Produits Pharmaceutiques et Chimiques (ONPPC)

Public Works

- Société Nationale des Grands Travaux du Niger (SNGTN)
- Société Nationale des Transports Nigériens (SNTN)
- Société des Mines du Niger (SMN)
- Société Nationale des Transports Urbains (SNTU)
- Air Niger

1/ Two "Sociétés d'Economie Mixte", the Société Nationale d'Etudes et de Travaux Hydrauliques et Agricoles du Niger (SNETHA) and, Bâtisseurs Nigériens, have been liquidated in 1967.

Table 10B: SUMMARIZED BALANCE SHEETS OF MAIN ENTERPRISES IN THE PUBLIC AND SEMI-PUBLIC SECTOR

(in millions CFA francs)

	SONARA	COPRO-NIGER	SONTN	SONUCI	SONICERAM	Soc. Hoteliers "Le Sahel" ^{e/}	SNTN	SNTU	SONIFAME ^{d/}	SMDN ^{h/}	ONPPC ^{l/}	UNCC	CSPPN	Credit du Niger
A s s e t s														
Current assets														
1964	904.8	285.1	38.7	83.8	-	-	101.8	2.4	-	26.3	-	155.6	-	311.7
1965	796.0	418.0	125.0	71.5	-	-	113.0	3.2	-	27.0	-	187.3	-	366.2
1966	747.9	472.0	130.8	26.2	3.7	11.3	137.9	6.8	26.8	17.0	53.4	290.4	885.7	488.2
Fixed assets														
1964	78.9	712.3	37.7	519.3	-	-	203.7	7.7	-	7.4	-	43.9	-	54.8
1965	122.0	1,061.1	92.6	448.4	-	-	311.2	10.2	-	21.4	-	84.1	-	40.7
1966	152.5	1,038.1	107.5	631.5	80.3	133.9	268.1	5.3	64.0	30.1	354.9	117.3	366.4	63.9
Miscellaneous assets														
1964	-	67.2	-	67.3	-	-	(14.9) ^{d/}	-	-	-	-	-	-	-
1965	-	33.5	-	145.4	-	-	-	-	-	-	-	-	-	-
1966	-	0.4	-	242.3	-	-	43.3	0.3	-	-	-	-	-	3.0
Results b/														
1964	-	-	9.5	30.1	-	-	29.2	-	-	16.8	-	3.9	-	-
1965	-	2.8	9.5	59.3	-	-	-	-	-	-	-	-	-	-
1966	-	-	1.2	61.8	4.9	26.3	-	-	12.9	-	-	26.0	-	-
Total Assets a/														
1964	983.7	1,064.8	86.1	700.4	-	-	334.6	10.2	-	50.5	-	203.4	-	366.6
1965	918.0	1,515.4	227.0	724.7	-	-	476.3 ^{e/}	13.4	-	48.0	-	271.4	-	416.0
1966	900.4	1,510.5	239.6	961.8	88.9	171.7	481.5 ^{g/}	12.4	103.8	47.2	408.3	433.7	1,252.1	555.0
L i a b i l i t i e s														
Current liabilities														
1964	623.3	812.0	37.2	155.1	-	-	203.7	3.6	-	0.7	-	28.5	-	71.6
1965	508.3	1,262.5	127.3	203.8	-	-	268.7	4.9	-	3.8	-	64.3	-	97.6
1966	472.6	1,288.9	45.4	392.2	12.9	30.4	250.0	1.8	68.8	-	199.5	226.0	2.2	22.1
Long and medium-term debt														
1964	-	58.8	-	457.5	-	-	-	-	-	-	-	-	-	-
1965	-	54.8	14.9	428.6	-	-	69.8	2.2	-	-	-	4.5	-	-
1966	56.9	50.8	93.4	436.2	59.0	63.7	117.1	2.2	20.0	-	90.0	14.0	-	280.4
Shareholders' equity														
1964	360.4	158.2	48.9	87.7	-	-	120.3	2.5	-	25.3	-	172.4	-	295.0
1965	409.8	157.1	74.7	92.4	-	-	120.3	2.3	-	28.1	-	192.5	-	309.4
1966	370.8	157.2	100.8	133.4	17.0	77.7	121.0	6.6	15.0	34.5	118.8	178.7	-	241.6
Miscellaneous														
1964	-	22.6	-	-	-	-	10.6	3.6	-	4.2	-	2.5	-	-
1965	-	40.9	-	-	-	-	16.3	3.9	-	12.3	-	8.0	-	9.0
1966	-	2.7	-	-	-	-	36.4	1.6	-	7.9	-	15.0	-	10.5
Results b/														
1964	55.8	13.3	-	-	-	-	-	0.5	-	20.3	-	-	-	-
1965	49.3	-	10.8	-	-	-	1.4	0.05	-	7.5	-	2.1	-	-
1966	60.9	16.3	-	-	-	-	0.6	0.2	-	4.7	-	-	1,249.9	-
Total Liabilities a/														
1964	983.7	1,064.8	86.1	700.4	-	-	334.6	10.2	-	50.5	-	203.4	-	366.6
1965	918.0	1,515.4	227.0	724.7	-	-	476.3 ^{e/}	13.4	-	48.0	-	271.4	-	416.0
1966	900.4	1,510.5 ^{e/}	239.6	961.8	88.9	171.7	481.5 ^{g/}	12.4	103.8	47.2	408.3	433.7	1,252.1	555.0

Source: Data submitted by Nigerian authorities. Balance sheets as of September 30 unless otherwise indicated.

a/ Components may not add up to total figures due to rounding.

b/ May include carry over from previous years.

c/ Total liabilities amount to 1,515.9 by adding up the figures provided.

d/ Assets and liabilities balanced if omitted.

e/ Sum of components 424.2.

f/ Sum of components 449.3.

g/ Sum of components 525.1.

h/ As of December 31.

i/ Total of components 51.7.

j/ As of March 31, 1967.

k/ As of June 30, 1967.

l/ As of September 30, 1967.

Table 11: GOVERNMENT CURRENT BUDGET
(million CFA francs)

<u>Revenue</u>	<u>1960</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967^{b/}</u>	<u>1968</u> (estimates)
1. Direct taxes	1,418	2,010	2,337	2,550	2,883	2,923	3,723
2. Internal indirect taxes	458	555	555	651	971	1,007	1,123
3. Import-Export taxes	1,591	2,343	3,064	2,997	3,843	3,731	4,071
4. Other taxes	<u>239</u>	<u>199</u>	<u>223</u>	<u>390</u>	<u>299</u>	<u>225</u>	<u>307</u>
5. Total taxes	3,706	5,107	6,179	6,588	7,996	7,886	9,224
6. Other current revenue ^{a/}	244	280	265	276	423	598	346
7. Total	3,950	5,387	6,444	6,864	8,419	8,484	9,570
<u>Expenditure</u>							
8. Public debt	42	81	200	299	263	260	240
9. General administration	1,543	1,519	2,247	2,622	2,883	3,068	3,323
10. Defense and police	700	900	971	1,238	1,472	1,450	1,436
11. Economic	578	575	520	522	545	613	727
12. Social (Education and Health)	976	1,042	1,168	1,156	1,217	1,541	1,595
13. Transfers and subsidies	}	}	<u>721</u>	<u>787</u>	<u>1,033</u>	<u>1,167</u>	<u>1,339</u>
14. Unallocated							
15. Subtotal	}	}	5,791	5,893	6,870	7,547	8,271
16. Maintenance and big repairs ^{c/}							
	1,261	315	343	238	269	203	348
17. Total	5,100	6,106	6,236	7,108	7,816	8,474	8,749
Current Balance (7) - (17)	<u>-1,150</u>	<u>-719</u>	<u>+208</u>	<u>-243</u>	<u>+603</u>	<u>+10</u>	<u>+821^{d/}</u>

^{a/} Sale of assets, assets of ex AOF accruing to Niger, etc. (Fonds de reserve de Tresorerie).

^{b/} Provisional results

^{c/} Not homogeneous coverage through time, as road fund has taken part of this type of expenditure

^{d/} Of which 580 allocated to investments budget, 140 to road fund and 93 for new capital participation.

Source: From official budgets, Tresor's accounts and National accounts

Note: Starting in 1962, fiscal year is from October 1 to September 30.

Table 12: FINANCING OF GOVERNMENT EXCESS EXPENDITURE

(million CFA francs)

	1960	62/1963	63/1964	64/1965	65/1966	56/1967	1968 (estimates)
<u>Main sources of excess expenditure:</u>							
Current budget balance (+ = deficit, - = surplus)	1,150	719	- 208	243	- 603	- 10	- 681
Investment budget expenditure	486*	653 <u>1/</u>	526	814	1,071 <u>2/</u>	892	859
Roads fund	n.a.	129 <u>6/</u>	163	136	(130)	97	415
Total excess expenditure	(1,636)	1,501	481	1,193	(598)	979	593
<u>Main sources of financing:</u>							
a. Internal							
Resources earmarked for RF (transferred from current budget)		(100)	100	120	110	127	140
Non current receipts - <u>3/</u>	254		32	-	233	73	115
Reserve fund "current" "investment"	131	68 <u>5/</u>	67	(446 (33	(88 (140	(228 (67	60
b. External							
French contribution	1,025	534	620	416	250	150	(210 (160
Entente Solidarity Fund (net)	340	348 <u>4/</u>	125 <u>4/</u>	-	-	-	-
Subtotal	1,750	(1,050)	944	1,015	821	645	685
Change in Tresor's liquidity position on account of Govt. operations	(-114)	(+451)	-463	+ 178	(-223)	+ 334	+ 92

(+ = decrease, - = increase)

* IMF

1/ IMF = 5.34

2/ May include "credits reportés".

3/ In 1966: value of assets of former AOF accruing to Niger for CFAF 187 million and contribution from Retirement Fund 46 million. In 1964 contribution from local authorities. In 1967: includes CFAF 50 million proceeds of National Lottery.

4/ From BCEAO, in Bulletin No. 134, Nov. 1966 (fig. for RF subsidy is 486).

5/ IMF p. II. 97.

6/ From National Accounts for 1963, table No. 66, page 84 - The figure which include only capital outlays on account of the roads fund is probably less than total expenditures by the fund, by the amount of such expenditures as those related to engineering studies etc.

7/ Of which CFAF 526 million, aid ("mandatés") and 321 committed and carried forward for payment.

General note: Operations of the Nigerien Tresor outside the Government budget are small and have been gradually reduced over the period. As a result the liabilities to external agents other than Government agencies and even to these, are very small. This mean that the Tresor liquid funds are more or less net assets.

The only significant operation outside budget concern certain movement of funds in connection with French external aid (FAC, OCRS) which, since 1963 or 1964, have been entirely transferred to CCCE; the roads fund which is directly administered by the Public Works Department and gets its resources from the budget; the resources belonging to local authorities which in 1966 were transferred to the BDRN; the National Retirement Fund whose variations hardly exceed CFAF 100 million from one year to another; finally the holding of Customs promissory bills. Extra budgetary resources of the Tresor are, for all practical purposes, limited now to the latter mentioned sources.

Table 13: TRESOR'S LIQUIDITY POSITION

(million CFA francs)

	Sept. 30 1962	Sept. 30 1963	Sept. 30 1964	Sept. 30 1965	Sept. 30 1966	June 30 1967
1. Deposits at French Tresor Variation	749	903 +154	857 -46	317 -540	437 +130	157 -285
2. Funds at district agencies	<u>425</u>	<u>343</u>	<u>443</u>	<u>389</u>	<u>332</u>	<u>293</u>
3. Sub-total	1,174	1,246	1,300	706	769	445
4. Customs bills held	<u>175</u>	<u>169</u>	<u>255</u>	<u>329</u>	<u>374</u>	<u>292</u>
5. Total	1,349	1,415	1,555	1,035	1,143	737
6. Variation (+ = increase - = decrease)	-	+66	+140	-520	+108	-406
7. Variation on account of main Government operations	-	-451	+463	-178	+223	-
8. Balance = variation on account of other public operations	-	+517	-323	-342	-115	-

General note: Expenditures of budget (incl. investment and roads fund) are "mandatements" i.e. last procedure before actual payment by Tresor. This is one reason it is not possible to reconcile the "variation of Tresor's position on account of Government operation" with Tresor's liquid position as given in the Tresor's accounts.

Source: From Tresor's accounts.

Table 11: LOCAL BUDGETS

(million CFA francs)

1. Budgets of the Districts^{1/}

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Receipts</u>					
Current Revenue	<u>451.0</u>	<u>456.0</u>	<u>714.7</u>	<u>867.0</u>	<u>995.4</u>
Central Government subsidies	<u>5.0</u>	<u>4.2</u>	<u>9.0</u>	<u>15.0</u>	<u>13.1</u>
Loans ^{2/} and drawings from reserve and investment funds	<u>-</u>	<u>86.3</u>	<u>104.9</u>	<u>93.0</u>	<u>139.3</u>
	<u>456.0</u>	<u>546.5</u>	<u>828.6</u>	<u>975.0</u>	<u>1148.4</u>
<u>Expenditures</u>					
A. <u>Current</u>					
Administrative expenses	300.0	272.3	309.6	392.2	431.8
Expenditures for economic development	90.0	93.0	37.9	49.1	66.5
Expenditures for education	30.0	38.8	124.7	145.2	155.6
Health and social affairs	29.0	11.3	116.6	143.3	181.2
Debt servicing and contribu- tions to UNCC and CPCL	-	86.3	105.0	147.9	67.3
Other expenditures	<u>-</u>	<u>30.6</u>	<u>99.4</u>	<u>88.4</u>	<u>127.8</u>
	<u>449.0</u>	<u>532.3</u>	<u>793.2</u>	<u>966.1</u>	<u>1030.2</u>
B. <u>Investment</u>	<u>7.0</u>	<u>14.1</u>	<u>35.3</u>	<u>8.9(?)</u>	<u>131.2</u>
Total	<u>456.0</u>	<u>546.5</u>	<u>828.6</u>	<u>975.0</u>	<u>1148.4</u>

2. Budgets of the Municipalities^{3/} (total expenditures)

1963:	263.6
1964:	328.9
1965:	364.6
1966:	392.8
1967:	335.0

^{1/} Presently there are 32 districts ("arrondissements") grouped in 7 provinces ("departements")

^{2/} From UNCC and CPCL (Caisses de Prêts aux Collectivités locales.)

^{3/} There are 4 communes: Niamey, Maradi, Zinder and Tahoua (which only recently acquired the municipality status.)

Sources: Part 1: Ministère de l'Intérieur, Etat Comparatif Des Budgets des circonscriptions, and data provided by the Niger authorities.

Part 2: E.F. Hentgen & R. Brusselle, Les Budgets des arrondissements pour l'exercice 1967.

Table 15: MAIN SOURCES OF AID - PROJECT AID AND AID TO THE GOVERNMENT BUDGET **
(million CFA francs)

C = Commitments
D = Disbursements

	1960		1961		1962		1963		1964		1965		1966		Total 1960-1966	
	C	D	C	D	C	D	C	D	C	D	C	D	C	D	C	D
France																
FAC	1390	n.a.	204	749	1705	457	1936	859	1967	1149	1220	1318	1390	1074	9812	(5606) 1/
CCCE(soft loan)	60	-	-	30	104	103	329	296	200	44	40	60	132	175	865	708 2/
Aid to budget(grants)	775	1025	943	575	902	714	600	534	560	620	416	416	160	250	4356	4134
Total France	2225	(1025)	1147	1324	2711	1274	2865	1689	2727	1813	1676	1794	1682	1499	15033	10448
EEC(FED)	-	-	-	272	-	744	-	672	-	611	-	910	-	349	10717 3/	3559
Solidarity Fund of the Entente(aid to the budget:net) 4/	-	340	-	180	-	-	-	348	-	125	-	-	-	-	993	993
USA 5/	-	-	172	-	509	-	333	-	600 6/	-	337	-	315	-	2266	(1226) 7/
UN Agencies(UNDP etc)	-	-	137	-	32	-	156	-	222	-	452	-	-	-	999	(999) 8/
IDA 9/	-	-	-	-	-	-	-	-	368	-	-	-	-	-	368	-
TOTAL															30376	(17825) 8/

1/ 1961-1966 only.

2/ Loans by CCCE before 1960 amount to CFAF 1,357 million of which 1,182 million represent the consolidation of the equivalent of Niger's participation to FIDES from 1946 to 1959 (FIDES was the French development fund before FAC).

3/ Of which first FED (1960-1964): CFAF 7,349 and second FED(1964-69): CFAF 3,368 million.

4/ See main report, page 23.

5/ US fiscal year.

6/ Of which CFAF 440 million soft loan for Niger river bridge at Niamey.

7/ Total committed assumed disbursed except loan for bridge at Niamey on which works started late in 1967.

8/ Estimate.

9/ Road project: disbursements have started in 1967 only.

Sources: French Mission d'Aide et de Cooperation in Niamey; CCCE.

** General Notes: (a) in addition to the above other donors have provided aid in various forms: West Germany has committed about CFAF 700 million, China(Taiwan) is conducting a few irrigation projects with Chinese technicians; Israel also provides some technical assistance, etc.

(b) technical assistance is provided mainly by France, to all sectors of the economy, notably education, general administration, agriculture, etc. (500 persone by May 1967). The financial equivalent of French technical assistance is of the order of CFAF 1 billion per year.

(c) Inflows of public funds other than aid (e.g. French military expenditure) are not included in the table.

Table 16A: NIGER - EXTERNAL MEDIUM- AND LONG-TERM ^{/1} PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1967

Debt Repayable in Foreign Currency ^{/1}

(In thousands of U.S. dollars)

Item	Debt outstanding December 31, 1967	
	Disbursed only	Including undisbursed
TOTAL EXTERNAL PUBLIC DEBT	<u>12,580</u>	<u>29,706</u>
Publicly-issued bonds	<u>27</u>	<u>27</u>
Privately-placed debt - suppliers' credits	<u>792</u>	<u>11,421</u>
IDA credits	<u>468</u>	<u>1,500</u>
U.S. Government loans - AID	<u>356</u>	<u>3,200</u>
Loans from governments of other IBRD members	<u>10,938</u>	<u>13,558</u>
France	8,907	9,542
Germany	1,015	3,000
Ivory Coast	911	911
Tunisia	105	105

^{/1} Debt with an original or extended maturity of one year or more.

^{/2} Includes the CFA franc which is freely convertible into the French franc.

Source: Statistical Services Division, Economics Department, June 21, 1968

**Table 16B: ESTIMATED CONTRACTUAL SERVICE PAYMENTS DUE IN FUTURE
ON EXTERNAL MEDIUM- AND LONG-TERM PUBLIC DEBT OUTSTANDING
INCLUDING UNDISBURSED AS OF DECEMBER 31, 1967 /1**

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

<u>Year</u>	<u>Debt Outstanding (Beginning of period) Including undisbursed</u>	<u>Payments During Period</u>		
		<u>Amortization</u>	<u>Interest</u>	<u>Total</u>
1968	29,601	1,447	251	1,699
1969	28,154	1,377	353	1,730
1970	26,777	830	462	1,292
1971	25,946	2,571	498	3,069
1972	23,375	2,605	530	3,135
1973	20,770	3,347	580	3,927
1974	17,422	1,575	429	2,005
1975	15,847	1,533	362	1,895
1976	14,314	1,581	327	1,907
1977	12,734	1,469	257	1,726
1978	11,264	1,372	190	1,562
1979	9,892	498	140	637
1980	9,394	463	130	594
1981	8,931	445	123	568
1982	8,486	448	115	563

Source: as table 16A.

Table 17: SAVINGS GAP OF THE PUBLIC SECTOR

(billions of CFA francs)

	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
1. Total income <u>1/</u>	4.0	5.7	6.6	6.0	6.8	7.8
2. Current expenditures	<u>4.8*</u>	<u>6.7*</u>	<u>6.8</u>	<u>6.7</u>	<u>7.1</u>	<u>6.7</u>
3. Savings	-0.8*	-1.0*	-0.2	-0.7	-0.3	+1.1
4. Debt servicing	-	-	-	-	-0.2	-0.2
5. Investment in public budgets	0.5*	0.5*	0.5	0.7	0.6	0.6
6. Investment outside public budgets <u>2/</u>	<u>1.4</u>	<u>1.4</u>	<u>0.9</u>	<u>1.9</u>	<u>2.2</u>	<u>1.9</u>
7. Total to finance ("gap") (3)+(4)+(5)+(6)	<u>2.7</u>	<u>2.9</u>	<u>1.6</u>	<u>3.3</u>	<u>3.3</u>	<u>1.7</u>
8. Total public transfers	<u>5.5</u>	<u>4.2</u>	<u>6.3</u>	<u>7.1</u>	<u>6.2</u>	<u>4.9</u>
9. Balance (8)-(7) <u>3/</u>	<u>2.8*</u>	<u>1.3*</u>	<u>4.7</u>	<u>3.8</u>	<u>2.9</u>	<u>3.2</u>

Source: Adapted from national accounts

* Estimates: in 1959 and 1960 the negative savings have been taken equal to the French and other subsidies to the Government current budget: the resulting figure is probably on the high side.

1/ Tax revenue and other current revenue of Niger Government, local and other public autonomous budgets, including profits of public agencies (GPO, etc.) but not state enterprises of the commercial sector.

2/ Investment financed on external project aid (FAC, FED, etc.).

3/ This is practically equivalent to foreign public current expenditures in Niger, the greater part being military. But it includes also some cash surplus of the public sector (which go to the Tresor and are transferred to France most of the time).

Table 18: MONETARY SURVEY

Factors affecting the money supply

December 31 of each year: Millions of CFAF 1/

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
1. Bank notes and coins	..	..	2767.0	3231.0	2994.0	4131.0	4562.0	5215.0
2. Demand deposits	1879.1	2287.2	2095.7	2519.5	2683.8	2572.1	2390.5	2573.0
3. Time deposits	90.1	21.5	7.6	42.8	2.0	2.3	381.8	541.0
4. Total money supply	..	..	4870.3	5793.3	5679.8	6705.4	7334.3	8329.0
5. Other net items of the balance sheet	..	..	317.6	529.6	- 6.6	275.4	951.7	541.0
6. Total assets and liabilities			5187.9	6322.9	5673.2	6980.8	8286.0	8329.0
7. Credits to the Economy	287.8	322.2	4651.6	5490.0	6507.0	8626.5	9843.0	9022.0
8. Credits to the Government	..	..	- 993.0	- 870.0	- 1504.9	- 1045.5	- 1085.1	- 388.0
9. External Assets (net)	..	..	1529.3	1702.9	671.1	- 600.2	- 471.9	- 305.0

1/ December, which is in the middle of the groundnut campaign, constitutes a peak for credits to the economy.

Source: BCEAO: Notes d'Information et Statistiques.

Table 19: DISTRIBUTION OF SHORT-TERM CREDITS BY MAIN SECTORS

(million CFA francs)

	1962		1963		1964		1965		1966		1967
	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	June
1. By economic sectors <u>1/</u>	2,041	3,801	2,709	4,513	3,837	5,280	4,407	7,263	5,308	8,404	6,696
Agriculture and fishing <u>2/</u>	..	..	..	..	10	..	509	3,385	553	3,569	2,782
Industry	140	..	84	..	102	..	134	154	372	..	..
Construction and public works	273	..	347	..	511	..	646	660	589	641	635
Import-export <u>3/</u>	1,057	..	1,283	..	1,173	..	1,258	1,253	1,621	1,568	1,072
Transportation and utilities	247	..	225	..	283	..	277	289	337	366	310
Other	324	..	770	..	1,803	..	1,583	1,522	1,836	..	..
2. By public and private sectors	2,041	3,801	2,709	4,513	3,837	5,280	4,407	7,263	5,308	8,404	6,696
Public and semi-public sector	..	..	..	..	1,632	..	2,148	5,045	2,316	..	..
Private sector	..	..	..	..	2,205	..	2,259	2,218	2,992	..	..

1/ Breakdown not available for December prior to 1965.

2/ Including exports of agricultural products from 1965 onwards.

3/ Excluding exports of agricultural products.

Source: BCEAO.

Table 20: FOREIGN TRADE - COMMODITY DISTRIBUTION

(billion CFA francs)

	1960	1961	1962	1963	1964		1965		1966	
	Recorded	Recorded	Recorded	Recorded	Recorded	Estimated	Recorded	Estimated	Recorded	Estimated
I. <u>Exports, f.o.b.</u>	<u>3.11</u>	<u>3.82</u>	<u>4.83</u>	<u>5.34</u>	<u>5.26</u>	<u>7.77</u>	<u>6.25</u>	<u>8.53</u>	<u>8.57</u>	<u>11.91</u>
1. Groundnuts, shelled	1.81	2.58	2.76	3.38	3.29	3.29	3.06	3.06	5.33	5.33
2. Groundnut oil	0.36	0.30	0.12	0.21	0.41	0.41	0.28	0.28	0.66	0.66
3. Groundnut cakes	0.07	0.08	0.06	0.04	0.12	0.12	0.09	0.09	0.21	0.21
4. Cotton	.. a/	.. a/	.. a/	0.14	0.27	0.27	0.26	0.26	0.50	0.50
5. Livestock on the hoof	0.42	0.39	1.09	0.99	0.60	3.00	1.02	3.30	0.94	3.30*
6. Hides and skins	0.15	0.09	0.11	0.09	0.12	)	0.15	)	0.12)
7. Dried and salted fish	0.03	0.07	0.13	0.07	0.03	) 0.68	0.01)	-)
8. Beans, sorghum, millet	0.02	0.11	0.23	0.14	0.03	)	0.31	) 1.54	0.13	) 1.91
9. Tin ore	0.02	0.01	0.01	.. a/	.. a/	)	.. a/	)	.. a/)
10. Others	0.23	0.19	0.32	0.28	0.39	)	1.07	)	0.68)
II. <u>Imports, c.i.f.</u>	<u>3.21</u>	<u>4.65</u>	<u>6.78</u>	<u>5.97</u>	<u>8.28</u>	<u>9.11</u>	<u>9.30</u>	<u>10.23</u>	<u>11.11</u>	<u>11.56</u>
1. Food, beverages, tobacco	0.83	1.07	1.53	0.99	1.04		1.21		1.43	
2. Petroleum products	0.17	0.24	0.23	0.64	0.60		0.52		0.86	
3. Raw materials	0.28	0.23	0.09	0.09	0.15		0.13		0.25	
4. Semi-processed products <u>b/</u>	0.03	0.05	0.27	0.25	0.44	(n.a.)	0.36	(n.a.)	0.43	(n.a.)
5. Manufactured goods	1.90	3.06	4.58	3.88	5.94		7.04		8.14	
- for private consumption	(1.30)	(2.25)	(1.49)	(1.15)	(1.48)		(1.52)		(1.60)	
- for industry	(0.60)	(0.81)	(3.03)	(2.67)	(4.34)		(5.31)		(6.35)	
- for agriculture	(-)	(-)	(0.06)	(0.06)	(0.12)		(0.21)		(0.19)	
6. Others	-	-	0.08	0.12	0.11		0.04		-	

General Note: Estimates of total exports and imports vary; the above estimate for exports in 1964 is lower than that of the national accounts (CFAF 10.0 billion). The inclusion of trading services in the latter cannot account alone for the difference.

a/ Included in "Others".

b/ Includes textiles.

Source B.C.E.A.O.

* Reports EDRN

Table 21: FOREIGN TRADE - QUANTITIES OFFICIALLY RECORDED

	<u>Units</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	
<u>I. Exports (principal commodities)</u>									
1.	Groundnuts shelled	tons	50,525	67,281	72,140	91,400	75,169	86,400	163,567
2.	Groundnut oil	tons	4,673	4,974	1,911	3,141	5,491	4,811	8,789
3.	Groundnut cakes	tons	5,864	6,196	5,528	4,004	17,548	6,755	16,307
4.	Cotton	tons	..	..	2	1,064	1,947	1,905	2,039
5.	Livestock on the hoof	heads	134,000	157,000	272,990	182,089	163,215	111,325	163,588
6.	Hides and skins	tons	1,338	384	492	326	389	629	440
7.	Dried and salted fish	tons	363	499	1,858	1,200	484	71	-
8.	Sorghum and millet	tons	110	3,115	3,459	2,909	749	13,263	-
9.	Tin ore	tons	77	71	62	87	72	78	86
10.	Niebe beans and vegetables	tons	1,313	907	19,837	9,057	3,697	18,445	7,670
<u>II. Imports (selected items)</u>									
1.	Rice	tons	930	1,398	1,329	2,087	883	2,126 ^{a/}	-
2.	Wheat flour	tons	717	1,923	3,050	1,461	1,437	1,453	3,596
3.	Concentrated milk	tons	51	153	241	157	229	..	-
4.	Salt	tons	1,588	4,454	7,641	5,567	6,705	5,042	8,282
5.	Sugar	tons	4,263	4,202	6,774	6,299	6,209	6,455	8,415
6.	Beer	tons	..	2,300	4,655	2,134	1,933	2,364	1,912
7.	Cement	tons	10,722	11,736	17,107	9,784	13,469	12,998	6,216
8.	Petroleum & products	tons	8,426	17,361	23,418	34,621	34,501	30,954	42,918
9.	Cotton cloth ^{b/}	tons	907	2,072	2,425	1,510	5,237	5,400	4,858
10.	New jute sacks	tons	455	551	698	817	754	..	-
11.	Iron and steel semi-fabrics	tons	2,033	8,896	3,722	3,953	6,029	4,980	8,537
12.	Motor vehicles and parts	tons	676	1,227	1,651	871	1,684	1,884	1,783

a/ Nine months.

b/ Including blankets.

Source: Direction des Douanes, Service de la Statistique et de la Mécanographie.

Table 22A: GEOGRAPHICAL DISTRIBUTION OF RECORDED EXPORTS

(million CFA francs)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
France	3,613	3,334	3,513	4,705
%	67.7	63.4	56.2	54.9
Other EEC	20	80	129	1,065
%	0.4	1.5	2.1	12.4
Nigeria	1,036	1,264	1,586	1,497
%	19.4	24.0	25.4	17.5
West African Monetary Union	273	284	318	472
%	5.1	5.4	5.1	5.5
Other	397	298	704	858
%	7.4	5.7	11.3	10.0
Total	<u>5,339</u>	<u>5,260</u>	<u>6,250</u>	<u>8,574</u>
%	100	100	100	100

Source: Indicateurs Nigériens, BCEAO

Table 22 B: GEOGRAPHICAL DISTRIBUTION OF RECORDED IMPORTS

(million CFA francs)

	1963	1964	1965	1966
France	3,061	4,624	4,944	5,730
%	51.2	57.0	53.2	57.6
Other EEC	345	789	1,040	1,096
%	5.8	9.7	11.2	9.9
United Kingdom	129	168	279	377
%	2.2	2.1	3.0	3.4
USA	219	287	324	424
%	3.7	3.5	3.5	3.8
China	69	128	451	609
%	1.2	1.6	4.8	5.5
Japan	2	25	64	399
%	0.03	0.3	0.7	3.6
Nigeria	438	260	162	164
%	7.3	3.2	1.7	1.5
West African Monetary Union	768	882	848	979
%	12.9	10.9	9.1	8.8
Others	943	951	1,188	1,337
%	15.8	11.7	12.8	12.0
Total	<u>5,974</u>	<u>8,114</u>	<u>9,300</u>	<u>11,115</u>
%	100	100	100	100

Source: Indicateurs Nigériens, BCEAO.

Table 23: BALANCE OF PAYMENTS WITH NON-FRANC AREA

(in million FF)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
1. Imports	15.3	21.5	22.0	29.2	39.9	75.2
2. Exports	3.6	3.9	5.4	8.4	4.7	2.6
3. Trade balance	-11.7	-17.6	-16.6	-20.8	-35.2	-76.6
4. Services (net)	-9.7	-20.3	-24.9	-27.5	-20.7	-30.1
5. Transfers (net)	6.3	13.5	13.7	11.2	15.5	43.1
6. Capital (net)	<u>..</u>	<u>0.1</u>	<u>-6.9</u>	<u>+0.3</u>	<u>+0.8</u>	<u>..</u>
7. Overall balance	-15.1	-24.3	-34.7	-36.8	-39.6	-63.6

Source: La Zone Franc, annual reports by the Comité Monétaire de la zone Franc; and, for 1966, Bulletin de l'Afrique Noire, No. 435, Feb. 7, 1968.

Table 24: ENERGY

Consumption of fuel (m³)

	1961	1962	1963	1964	1965	1966	1967 (6 months)
Jet	2,959	2,960	4,560	5,397	4,833	5,262	(3,607)
Airplane fuel	6,359	5,620	3,271	3,552	3,570	2,380	(1,071)
Gasoline	14,979	15,511	15,831	15,224	15,305	16,682	(8,740)
of which in Niamey	6,019	6,895	7,158	7,854	7,896	9,094	..
Gas-Oil	8,014	10,680	11,853	12,386	14,335	20,452	(14,603)
of which in Niamey	3,970	6,108	6,610	6,898	7,803	10,578	..
Petroleum	3,476	4,103	4,686	4,587	4,282	4,039	(1,885)
General total	<u>35,787</u>	<u>38,874</u>	<u>40,201</u>	<u>41,066</u>	<u>42,325</u>	<u>48,815</u>	<u>(29,906)</u>
Index	100	108	112	114	118	136	..

Source: Annual reports BDRN and Indicateurs Nigériens, BCEAO.

Table 25: CONSUMPTION OF ELECTRICITY (1000 kwh) 1/

	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967 (6 mos.)
Intermediate consumption (2)	730	1,000	1,049	1,876	2,430	2,854	3,493	4,485	5,066	5,966	7,268	(4,174)
Final consumption	1,192	1,730	2,491	3,150	4,259	5,177	7,390	9,288	9,838	10,443	13,367	(7,145)
Total consumption	1,922	2,730	3,900	5,026	6,689	8,031	10,883	13,773	14,904	16,409	19,635	(11,319)
(Index 1960=100)	28	40	58	75	100	120	163	206	223	245	294	

(1) Electrified are: Niamey, Zinder, Maradi, Agadez (part-time)

(2) Includes air-conditioning in hotel and cafés

Source: Annual Reports BDRN

Table 26: TRANSPORTATION COST BETWEEN COTONOU AND NIAMEY
FOR SELECTED COMMODITIES 1/

(CFA francs per ton)

	<u>For loads of up to 5 tons</u>	<u>For loads of over 5 tons</u>
Cement	9,000	8,500
Semi-fabricated metal parts	13,200	12,700
Metal sheets	13,700	13,200
Salt	8,500	8,000
Rice and flour	12,500	12,000
Sugar	12,000	11,500
Soap	14,000	13,500
Wine (not bottled)	14,500	14,000
Beer	12,500	12,000
Textiles	15,650	15,150

1/ As of mid-1966. Distance Cotonou-Niamey is 950 km (600 miles).

Source: Guide de l'investisseur, Niamey December 1966.

Table 27: INDUSTRY

GROSS SALES OF INDUSTRIAL ENTERPRISES AND NUMBER OF ENTERPRISES IN 1966 1/
(million CFA francs)

<u>Sector</u>	<u>Number of enterprises</u>	<u>-5</u>	<u>5-10</u>	<u>10-20</u>	<u>20-50</u>	<u>50-100</u>	<u>100-200</u>	<u>200-500</u>	<u>500-1000</u>	<u>1000 and over</u>	<u>Total</u>
- Agro-industries and food processing	7	-	-	-	31.6(1)	236.8(3)	139.9(1)	-	592.0(1)	1,180.4(1)	2,180.7
- Mechanical and electrical industries	3	-	-	12.4(1)	56.6(2)	-	-	-	-	-	69.0
- Chemical industries	3	2.2(1)	-	-	-	88.3(1)	136.3(1)	-	-	-	226.8
- Printing	4	3.6(2)	-	14.2(1)	33.9(1)	-	-	-	-	-	51.7
- Miscellaneous industries	6	2.9(2)	16.2(2)	-	26.8(1)	-	-	494.4(1)	-	-	544.3
- Construction, public works and related activities	<u>16</u>	<u>-</u>	<u>9.6(1)</u>	<u>40.9(3)</u>	<u>95.2(3)</u>	<u>267.9(4)</u>	<u>367.1(3)</u>	<u>514.5(2)</u>	<u>-</u>	<u>-</u>	<u>1,295.2</u>
Total	39	8.7(5)	25.8(3)	67.5(5)	244.1(8)	593.0(8)	647.3(5)	1,012.9(3)	592.0(1)	1,180.4(1)	4,367.7

1/ Number of enterprises indicated between brackets.

Source: Annual Report 1967 BDRN