# NIGER

| Table 1 | 2023 |
|---|---|
| Population, million | 27.2 |
| GDP, current US$ billion | 16.6 |
| GDP per capita, current US$ | 611.3 |
| International poverty rate ($2.15)[a] | 50.6 |
| Lower middle-income poverty rate ($3.65)[a] | 83.1 |
| Upper middle-income poverty rate ($6.85)[a] | 96.3 |
| Gini index[a] | 32.9 |
| School enrollment, primary (% gross)[b] | 64.8 |
| Life expectancy at birth, years[b] | 61.6 |
| Total GHG emissions (mtCO2e) | 52.5 |

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2021), 2017 PPPs.
b/ Most recent WDI value (2021).

*The political crisis: the coup d'état, followed by sanctions and a severe reduction in financing, together with weak agriculture production, is estimated to have lowered GDP growth in 2023 to 1.2 percent (-2.7 percent per capita) and increased the extreme poverty rate to 52 percent. With sanctions lifted, growth could rebound to 6.9 percent, boosted by large-scale oil exports. Significant downside risks are the announced ECOWAS withdrawal, financing conditions and climatic shocks.*

## Key conditions and challenges

Niger's economy is agriculture dependent and highly vulnerable to climate shocks, leading to volatile growth. With limited improvements in productivity and high population growth, over half the population lives in extreme poverty, aggravated by gender disparities, with some of the weakest human capital development indicators globally. With the completion of the Niger-Benin pipeline, oil production is expected to rise from 20,000 to 110,000 barrels per day by 2025, increasing the importance of the oil sector in exports, revenues, and GDP.

Since 2011, Niger had been a source of political stability in the Sahel, benefiting from a significant increase in international development assistance and investment in recent years. This changed with the military coup on July 26, 2023, which led to heavy ECOWAS and WAEMU commercial and financial sanctions and border closures lasting nearly 7 months, and a pause in development assistance. In September 2023, Burkina Faso, Mali, and Niger formed the "Alliance of Sahel States" (AES) - a security and military pact with political and economic aims. On January 28, 2024, in a joint communiqué, the three countries announced their 'immediate' withdrawal from ECOWAS. According to the revised ECOWAS Treaty, a notification period of one year is required to leave ECOWAS. These developments have further increased political and policy uncertainty.

## Recent developments

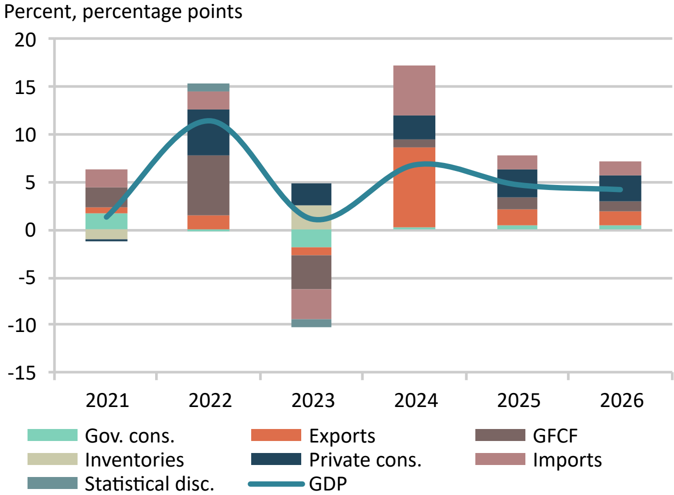
Prior to the crisis, GDP growth had been projected at 6.9 percent in 2023 and to rise to 12 percent in 2024, on the back of large-scale oil exports through the pipeline starting by end 2023. However, the sanctions and border closures delayed this start. Government spending fell due to the freezing of government assets, the loss of access to the WAEMU regional bond market, and a significant reduction in external financing. Private investment also fell sharply due to the uncertainty and a liquidity crisis in the banking sector, brought on by the financial sanctions. Formal trade volumes fell - exports by 8.1 percent and imports by 12 percent.

On the supply side, manufacturing, construction, and trade-related services were heavily impacted and total agricultural production fell due to inadequate rainfall, pests, and insecurity. That GDP growth remained positive demonstrates resilience, for example, the continuation of public-sector salary payments and the ramping up of local electricity production in response to the cut-off of electricity imports from Nigeria.

The annual average inflation remained stable at 3.7 percent in 2023, after being subdued in H1-2023 (average 1.2 percent), then rising sharply in H2-2023 (average 6.3 percent) due to food inflation caused by import disruptions.

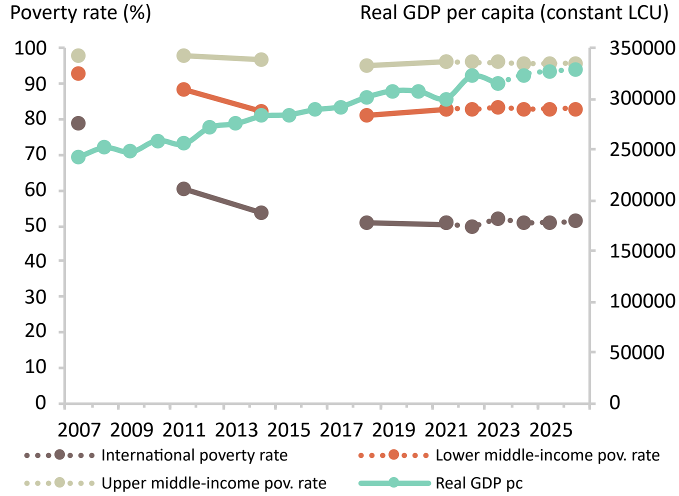
The 2023 budget was revised, cutting capital expenditures, and reducing the deficit to 3.9 percent of GDP (compared

**FIGURE 1 Niger** / Real GDP growth and contributions to real GDP growth




Source: World Bank estimates.

**FIGURE 2 Niger** / Actual and projected poverty rates and real GDP per capita




Source: World Bank. Notes: see Table 2.

to 6.8 percent in 2022). Due to the financial sanctions, Niger missed several debt repayments to government bond holders and international financial institutions. According to UEMOA-Titres, CFAF 314 billion (USD$512 million or 3.1 percent of GDP) is owed to bondholders as of February 19, 2024. Moody's has downgraded Niger's credit rating from B3 to Caa3. Public debt is expected to reach 54.5 percent of GDP, including arrears.

The decline in overall and agriculture GDP per capita and rise in food prices is expected to increase the poverty rate by 2 percentage points to 52.0 percent in 2023. 2.3 million (8.9 percent of the population) were estimated to be food insecure in Q4-2023, 13 percent higher than Q4 2022, due to food inflation and pockets of food deficits. There are also estimated around 300,000 internally displaced persons due to insecurity and an equal number of refugees from Nigeria, Mali, and Burkina Faso. The crisis and border closures have led to severe disruptions in the delivery of humanitarian aid.

## Outlook

With sanctions lifted in February 2024, growth could rebound to 6.9 percent (2.9 percent per capita) in 2024 and average 4.5 percent over 2025-26, boosted by large-scale oil exports, while the non-oil industry and service sectors face a challenging recovery. Growth prospects are weakened by the expected impacts of an orderly ECOWAS withdrawal: lower non-WAEMU ECOWAS trade, namely with Nigeria, higher investors' risk premia, and increased regional financing costs. The fiscal sector will remain constrained by financing, as its resumption depends on the clearance of arrears and reestablishing engagements. Inflation is expected to stay above 3 percent 2024-26 as the resumption of large-scale imports from the region is counterbalanced by higher import costs from exiting the ECOWAS free trade area. With the onset of oil exports, the current account deficit is projected to narrow to 8.4 percent of GDP.

The extreme poverty rate is projected to slightly decrease by 0.8 ppt to 51.2 percent by 2026 assuming solid growth in service and agriculture sectors and policies that uses oil revenues for the population. The number of absolute poor is projected to reach nearly 15.6 million people by 2026.

The outlook remains subject to significant downside risks, including a deterioration in the security situation, terms of trade shocks, climatic shocks, difficult financing conditions, and the withdrawal from ECOWAS. An unnegotiated ECOWAS withdrawal with disruptions to transport, transit and free movement of goods, services, capital, and labor could exacerbate negative impacts due to spillovers onto WAEMU trade. The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of increased risks from the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS. A further increase in the cost of financing on the regional market could lead to Niger cutting investment expenditure to reduce its borrowing needs.

**TABLE 2 Niger** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

| | 2021 | 2022 | 2023e | 2024f | 2025f | 2026f |
|---|---|---|---|---|---|---|
| **Real GDP growth, at constant market prices** | 1.4 | 11.5 | 1.2 | 6.9 | 4.8 | 4.3 |
| Private consumption | -0.2 | 7.0 | 3.5 | 3.8 | 4.4 | 4.1 |
| Government consumption | 9.8 | -1.2 | -11.1 | 2.2 | 4.1 | 3.3 |
| Gross fixed capital investment | 7.7 | 21.1 | -10.9 | 3.1 | 4.0 | 3.7 |
| Exports, goods and services | 6.7 | 14.4 | -8.1 | 82.5 | 9.8 | 8.7 |
| Imports, goods and services | 6.9 | 6.5 | -12.0 | 22.5 | 5.5 | 5.5 |
| **Real GDP growth, at constant factor prices** | 1.0 | 11.6 | 1.2 | 6.9 | 4.7 | 4.3 |
| Agriculture | -5.1 | 27.0 | -1.2 | 6.5 | 5.5 | 5.5 |
| Industry | 4.1 | -0.9 | 3.9 | 14.9 | 5.6 | 3.4 |
| Services | 5.4 | 4.9 | 2.5 | 2.8 | 3.3 | 3.4 |
| **Inflation (consumer price index)** | 2.9 | 3.9 | 3.7 | 3.5 | 3.7 | 3.5 |
| **Current account balance (% of GDP)** | -7.8 | -9.8 | -9.4 | -8.4 | -6.3 | -4.5 |
| **Net foreign direct investment inflow (% of GDP)** | 2.1 | 3.9 | 3.2 | 1.7 | 2.0 | -2.1 |
| **Fiscal balance (% of GDP)** | -3.4 | -6.8 | -3.9 | -2.4 | -2.6 | -2.7 |
| **Revenues (% of GDP)** | 18.2 | 14.9 | 10.0 | 11.0 | 11.8 | 12.0 |
| **Debt (% of GDP)** | 51.3 | 51.7 | 54.5 | 52.6 | 50.9 | 49.3 |
| **Primary balance (% of GDP)** | -2.2 | -5.6 | -2.9 | -1.8 | -2.1 | -2.3 |
| **International poverty rate ($2.15 in 2017 PPP)**[a,b] | 50.6 | 49.9 | 52.0 | 50.9 | 51.1 | 51.2 |
| **Lower middle-income poverty rate ($3.65 in 2017 PPP)**[a,b] | 83.1 | 82.6 | 83.1 | 82.7 | 82.8 | 82.9 |
| **Upper middle-income poverty rate ($6.85 in 2017 PPP)**[a,b] | 96.3 | 96.0 | 96.0 | 95.7 | 95.7 | 95.8 |
| **GHG emissions growth (mtCO2e)** | 4.7 | 4.8 | 3.9 | 4.7 | 4.8 | 4.6 |
| **Energy related GHG emissions (% of total)** | 7.1 | 7.5 | 7.3 | 7.7 | 8.0 | 8.0 |

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.