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NIGER

JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

Approved by:

Abebe Adugna and Manuela Francisco (IDA) Annalisa Fedelino and Fabian Valencia (IMF).

Prepared by the staff of the International Development Association (IDA) and the International Monetary Fund (IMF).

NIGER: JOINT BANK-FUND DEBT SUSTAINABILITY ANALYSIS	
Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Limited space to absorb shocks
Application of judgment	No

Niger's risk of external and overall public debt distress is assessed "moderate"—unchanged from the previous DSA published in December 2022.[1] A series of shocks, including intensified conflict in the Sahel region and severe climate-related events, required higher borrowing, increasing debt vulnerabilities. Debt indicators remain below their thresholds under the baseline scenario due to the reliance on concessional and semi-concessional financing and prospective robust growth, except for one single year breach in the external debt service-to-revenue ratio, which is discounted from the analysis. The remaining space to absorb shocks is limited. The urgency of fiscal consolidation, including the implementation of revenue mobilization measures, has increased due to the risk of further tightening of financial conditions in the regional market. Sustainability should be buttressed by the envisaged implementation of the government's reform program, including efforts to boost domestic revenue mobilization, the onset of crude oil exports via a new pipeline, and the adequate management of oil revenues, as well as prudent public debt management. In the medium and long run, mitigating fiscal risks from SOEs, prioritizing concessional and semi-concessional borrowing, and strengthening private-sector development to support economic diversification would be key to strengthening Niger's debt sustainability. Given Niger's vulnerabilities to climate change, it is crucial to build resilience through adaptation investments and policies, while maintaining fiscal prudence.

[1]Niger's debt-carrying capacity remains rated "medium" with a composite indicator value of 2.90 based on the April 2023 IMF's World Economic Outlook (WEO) and the 2021 World Bank's Country Policy and Institutional Assessment (CPIA).

PUBLIC DEBT COVERAGE

1. **The coverage of the public sector in the DSA is in line with the fiscal accounts and the previous DSA** (Text Table 1). It covers the central government but excludes local governments and the social security fund. There are no extra budgetary funds. State guarantees extended to the private and public sectors for external borrowing are included. Publicly-guaranteed private debt is limited to the guarantee issued to the China National Petroleum Company (CNPC) for a loan to finance the refinery SORAZ to cover the government's minority stake.[2] SOEs do not directly borrow abroad, benefitting instead from on-lending by the central government, which is captured in the debt statistics at the stage where the central government borrows the funds. This includes the electricity (NIGELEC), water (SPEN), and telecom (Niger Telecom) companies, and the ABK, a public administrative entity set up for implementing the Kandadji dam project. Given the lack of reliable data, the DSA cannot explicitly account for domestic SOE debt. The authorities are working with the World Bank in the context of the Sustainable Development Finance Policy (SDFP) to improve the availability and quality of financial information for SOEs.[3] The authorities have published the certified financial statements for 2019 and 2020 of the ten largest SOEs on the official website of the Ministry of Finance. They, with the World Bank's support, will regularly prepare from 2023 onwards—and publish online—an annual portfolio report covering the largest SOEs that would present financial and operational performance information (including procurement activities, implementation of investment projects, debt, guarantees, human resources). Most of external debt is defined on a currency basis.[4]

Text Table 1. Niger: Coverage of Public-Sector Debt and Design of Contingent Liability Stress Test

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	X
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

1	The country's coverage of public debt	The central government plus extra budgetary funds, central bank, government-guaranteed debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	2.0	
4	PPP	35	percent of PPP stock	0.0	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			7.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

[2] CNPC extended a US$880 million (7.0 percent of GDP) loan for the construction of SORAZ refinery in 2008, of which US$352 million (2.8 percent of GDP) is guaranteed by the government. The outstanding stock of US$43.7 million (0.3 percent of GDP) at end-2022 with repayments continuing until 2024 is included in the baseline stock of debt.

[3] In the context of the SDFP, the authorities have been implementing the Performance and Policy Actions (PPAs) in broad areas of debt transparency, debt management and fiscal sustainability. In addition to the certified financial statements and annual portfolio reports for SOEs described above, they include adherence to a non-concessional debt ceiling (NCB) on external borrowing, contributing to containing borrowing costs in line with the country's medium-term debt strategy.

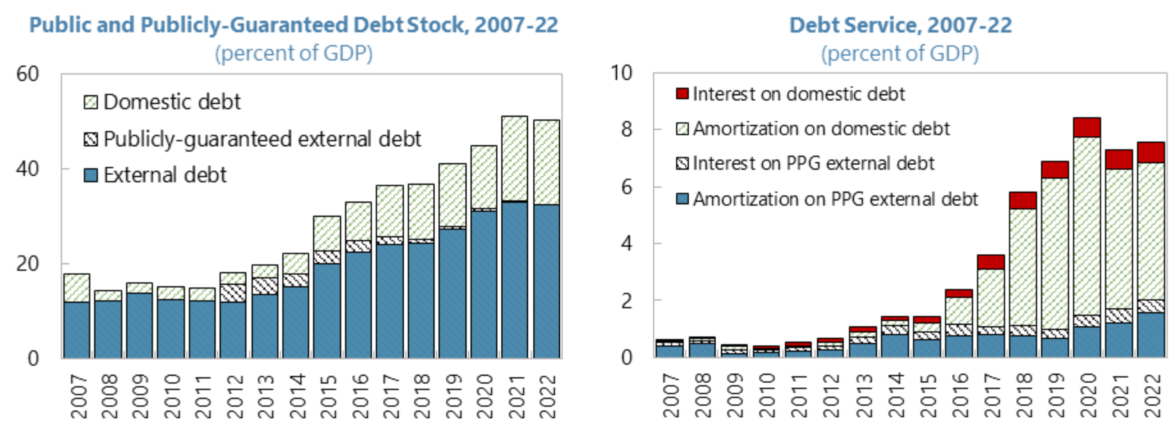
[4] With the exception of creditors whose residency can be tracked, for which debt is defined on residency basis. As an example, West African Development Bank (BOAD) debt is classified as external debt.

2. The contingent liability tailored stress test is calibrated to account for debt coverage gaps (Text Table 1). First, the coverage shock is kept at 0 percent of GDP for other elements of the general government not captured in the baseline stock of debt since: (i) the authorities indicated that the strong financial position of the social security fund (CNSS) removes material fiscal risks; (ii) the authorities confirmed the absence of extra-budgetary funds; and (iii) local governments solely contract short-term debt with the domestic banking sector, which is small in size. Second, the contingent liabilities shock from SOE debt is set at the default value of 2 percent of GDP to reflect risks associated with their domestic borrowing. Third, public-private partnerships (PPPs) signed under the current PPP law do not involve government financing. A contingent liability stress test for PPPs is hence not incorporated at this time. Taking into account the relatively low levels of credit to the economy, the default value of 5 percent of GDP for financial market contingent liability risks appears adequate.

BACKGROUND ON DEBT

3. Niger's public and publicly guaranteed (PPG) debt is estimated at 50.3 percent of GDP at end-2022 (Text Figure 1). It has risen as Niger developed natural resource projects and other large-scale public investments. Moreover, since the onset of the COVID-19 pandemic, outstanding PPG debt has increased at a faster pace than in previous years as fiscal deficit widened and fiscal pressures were exacerbated by increased security spending and sluggish revenue growth. Wider deficits were mainly financed by external donor support. Debt service follows a similar pattern, with a large share of the amortization on domestic debt reflecting refinancing of T-bills. Since the onset of the pandemic, Niger has benefited from the G20 Debt Service Suspension Initiative (DSSI), the IMF's Catastrophe Containment and Relief Trust (CCRT), and the SDR allocation.[5]

Text Figure 1. Niger: Public and Publicly-Guaranteed Debt, 2007–22



Sources: Nigerien authorities, and IMF staff estimates.

[5] The DSSI amounted to 0.4 percent of GDP in 2020-21, whereas the CCRT to 0.3 percent of GDP through 2020-22. In 2021, the SDR allocation (US$180 million, equivalent to 1.2 percent of GDP) was on lent in CFAF from the regional central bank (BCEAO) to WAEMU member countries, which is recorded as domestic debt for the purpose of the DSA.

4. **PPG external debt makes up 64.9 percent of Niger's total debt stock in 2022**. Multilateral creditors represent the lion's share (around four fifths) of external debt, with Niger borrowing most from the World Bank (IDA) followed by the BOAD and African Development Bank (AfDB). Official bilateral debt represents around one fifth of external debt. External debt exposed to exchange rate risk is relatively low (around one third of external debt) given the CFAF's peg to the euro. External debt is generally on concessional terms, with an average effective interest rate of 0.8 percent in 2022 and remaining maturity of 19.6 years at end-2022.

5. **Domestic debt consists mostly of short- and medium-term Treasury securities**, predominantly held by banks domiciled in Niger or in the rest of the West African Economic and Monetary Union (WAEMU). The average remaining maturity of Niger's domestic debt is 6.1 years while the average weighted interest rate stood at 5.3 percent at end-2022.

6. **The estimation and analysis of private external debt is complicated by data limitations and requires further follow-up**. The regional central bank (BCEAO) faces challenges in the compilation of private external debt stock statistics. Efforts to gather information on the coverage and composition of private external debt will continue, with technical support from the IMF's Statistics Department.

UNDERLYING ASSUMPTIONS

7. **The baseline scenario is predicated on macroeconomic assumptions reflecting recent economic developments, as well as assumptions related to the effects of climate change and policies to mitigate them (Text Table 2).** Growth in 2022 is revised up from 7.1 percent in the previous DSA to 11.9 percent mainly due to a stronger-than-expected recovery in agricultural production. Growth is expected to remain favorable in 2023 at 7.0 percent and peak at 13.0 percent in 2024 driven by the ramp up of crude oil production and spillover effects on the economy. Accordingly, the export-to-GDP ratio is expected to be ramped-up. Growth in the long run is projected at 6.0 percent in line with the previous DSA assumption and pre-pandemic average (5.9 percent over 2011-19) and takes into account historical patterns of climate-related shocks on growth. Long-run growth is supported by still high projected population growth and is in part explained by the catch-up process given the country's low level of development. The baseline scenario also includes climate-related investments planned by the authorities. Risks to the outlook include intensification of climate-related shocks, deterioration of security situation, delays in large-scale projects including the onset of crude oil exports through the new pipeline, currently assumed in the last quarter of 2023. External shocks, such as increased volatility in commodity prices, tightening of global financing conditions, and their spillovers to the WAEMU regional market, could also weigh on Niger's economy.

8. **The framework assumes a fiscal consolidation path that would reach the WAEMU deficit convergence criterion by 2025**. Reigniting fiscal consolidation is essential to maintain fiscal sustainability. Emphasis is placed on revenue-enhancing measures, based on three main pillars: i) enhancements in revenue administration, in particular through increased digitalization; ii) limits to tax exemptions that have plagued the tax system; iii) a revision of the tax code to increase efficiency and broaden the tax base. Consolidation is underpinned by enhancements in the efficiency of the tax system, and by unwinding of

emergency spending, while protecting priority social and infrastructure spending given the large development needs. The onset of exports through the new pipeline is expected to boost revenue through the government's minority stake to the project and ramp up the natural resource revenue from 1.9 percent of GDP in 2022 to 4.0 percent of GDP in 2025, supporting convergence to the WAEMU norm of three percent of GDP deficit target by 2025. Compared to the previous DSA, primary fiscal balance projections have remained broadly stable, reflecting a gradual trajectory towards the WAEMU ceiling of 3 percent of GDP by 2025.

Text Table 2. Niger: Key Macroeconomic Assumptions, 2021–43

	2021	2022	2023	2024	2025	2026	2027	2028	2029-43
Real GDP growth (percent)									
Current DSA	1.4	11.9	7.0	13.0	7.0	6.2	6.0	6.0	6.0
Previous DSA	1.4	7.1	7.0	13.0	7.9	6.1	6.0	6.0	6.0
Inflation (CPI)									
Current DSA	3.8	4.2	2.7	2.5	2.0	2.0	2.0	2.0	2.0
Previous DSA	3.8	4.5	3.0	2.5	2.0	2.0	2.0	2.0	2.0
Primary fiscal balance (percent of GDP)									
Current DSA	-3.8	-2.0	-1.3	-1.3	-1.3	-1.3	-1.2	-1.2	-1.1
Previous DSA	-3.8	-2.1	-1.4	-1.4	-1.3	-1.3	-1.3	-1.3	-1.2
Total revenue excluding grants (percent of GDP)									
Current DSA	10.8	10.1	11.2	13.5	14.1	14.6	14.7	14.8	15.7
Previous DSA	10.8	11.7	12.8	14.8	14.9	15.0	15.2	15.2	16.1
Exports of goods and services (percent of GDP)									
Current DSA	15.5	11.9	15.7	22.6	21.8	21.5	20.3	20.5	20.9
Previous DSA	15.5	15.2	16.5	26.6	25.2	24.5	24.9	24.0	20.6
Oil export price (US dollars per barrel)									
Current DSA	65.8	91.5	69.5	65.5	63.6	62.1	60.8	59.6	68.7
Previous DSA	65.9	93.3	81.2	76.2	72.4	69.6	67.4	68.8	79.3
Uranium price (Thousands of CFAF per kg)									
Current DSA	46.9	49.7	76.2	68.3	71.2	75.7	76.1	76.9	76.9
Previous DSA	46.9	70.6	80.4	80.2	79.7	79.2	78.7	78.7	78.7

Source: IMF staff calculations.

9. The authorities aim to maintain limited reliance on domestic financing for years to come. The tightening of financing conditions worldwide and within the regional market could lead to rising borrowing costs, as well as an increase in roll-over risk. In that context, the authorities are considering conducting a debt reprofiling operation, which will consist in obtaining a long-term loan from international commercial banks to repay shorter-maturity domestic debt (see paragraph 20). Other than that, concessional and semi-concessional financing from external donors should remain the main sources of financing.[6]

[6] Concessional financing is defined as the one with grant element (GE) exceeding 35 percent of the face value.

10. The terms of foreign and domestic borrowing are assumed to shift gradually to lower concessionality and longer maturities, while the near-term financial conditions in the regional debt market are affected by the tightening of global financial conditions. For external debt, new disbursements are expected to be covered by external funding sources based on historical financing patterns. In the longer run, external borrowing moves, albeit very gradually, toward less concessional financing and toward commercial loans (Table 5). For domestic borrowing, debt instruments are assumed to gradually shift from T-bills to medium- and long-term bonds. The current DSA takes into account a spillover of tighter global financing conditions to the regional market. The average interest rate on government bonds in 2023 is assumed at 7.2, 7.4, and 7.7 percent for bonds maturing in 1 to 3, 4 to 7 years and over 7 years, respectively, reflecting the recent government security issuances. The interest rate on T-bills is set to 7.0 percent.

11. The DSA also takes into account a request for a 23-month Resilience and Sustainability Facility (RSF) with the access level of 75 percent of quota. This facility will be an opportunity for the country to build resilience against climate change and safeguard people's livelihoods by accelerating reforms implementation and ensuring quality of investment in climate-friendly projects. Crucially, resources available from the proposed RSF would serve as a cost-effective alternative to domestic financing, allowing to create and sustain more fiscal space. As Niger is classified as a Group A country, it benefits from the interest rate cap of 2.25 percent.[7]

12. The DSA's toolkit to assess the realism of the macroeconomic forecast does not raise red flags in light of historical experience and comparisons with peers.

a. **Drivers of debt dynamics** (Figure 3). The evolution of total public debt is dominated by developments of the primary fiscal deficit and real GDP growth. In contrast to the past five years, the contribution of growth projections to debt dynamics dominates the unfavorable contribution of the primary deficit. The rise of the public debt ratio is consequently arrested, and it is projected at 44.3 percent of GDP in 2043. External public debt peaked at 33.5 percent of GDP in 2021, and will decline to 23.5 percent in 2043, entailing a similar pattern to total public debt. Compared to the previous DSA, higher-than-expected GDP growth in 2022 has lowered the debt level relative to GDP. As shown in the lower right chart of Figure 3, unexpected changes in primary deficits were chiefly responsible for past forecast errors for total public debt, whereas the current account, FDI, and residuals drove the errors in external debt.

b. **Realism of planned fiscal adjustment** (Figure 4). The projected three-year fiscal adjustment in the primary balance (3.8 percentage points of GDP) lies in the top quartile of the distribution of past adjustments to the primary fiscal deficit for a sample of LICs. The expected adjustment is justified in light of the recovery from the current multiple shocks, the improvements in non-oil revenue mobilization through expanding tax base and reducing tax expenditure, and the revenue boost from the start of crude-oil exports, as well as the unwinding of emergency support measures.

[7] The interest rate cap was approved by the Executive Board on a lapse of time basis on May 18, 2023: "Resilience and Sustainability Trust—Introduction of Interest Rate Cap (SM/23/120)."

c. **Consistency between fiscal adjustment and growth** (Figure 4). The projected growth path for 2023 to 2024 is driven by the implementation of large projects, including the onset of the oil export through a new pipeline. In 2023, the onset of the oil exports through a new pipeline contributes to higher growth and higher oil-related revenues, and therefore the impact of fiscal consolidation on growth is likely to be muted.

d. **Consistency between public investment and growth** (Figure 4). The tool shows a similar share of public and private investment in GDP in the previous and the current DSAs, while the ratio in 2022 is somewhat lower than in the previous DSA reflecting the stronger-than-expected GDP due to agricultural production.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

13. Niger's debt-carrying capacity remains rated "medium". The methodology relies on a composite indicator (CI) combining the CPIA score,[8] external conditions as captured by global growth, and country-specific factors. Based on data from the October 2022 WEO vintage, the calculations give a CI value of 2.90, reflecting positive contributions from the CPIA (45 percent) but also international reserves (62 percent), and country and global real growth rates (6 and 14 percent, respectively) (Text Table 3). This score falls within the medium debt-carrying capacity thresholds defined as 2.69 < CI ≤ 3.05.

14. Besides the six standardized stress tests, there are two tailored stress tests applied:

- One tailored stress test combines contingent liabilities of a one-time debt shock (equivalent to 7 percent of GDP) to capture a scenario reflecting both contingent liabilities from SOEs (equal to the indicated standard level of 2 percent of GDP) and a need for bank recapitalization (equal to the indicated standard level of 5 percent of GDP).
- The second tailored stress test is a commodity price shock.[9] The scenario captures the impact of a sudden one standard deviation decline in the price of the commodities the country exports.

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

15. External debt is projected to fall gradually, with public and private debt both declining in the long run (Table 1). Under the baseline scenario, the PPG external debt-to-GDP ratio is expected to remain almost flat at 32.6 percent in 2023 as significant growth offsets external borrowing to finance Niger's economic and social development agenda. It will follow a downward trajectory to settle at 23.5 percent at the end of the projection period in 2043 as higher growth materializes and fiscal adjustment is implemented. Total external debt displays a similar pattern—steadily declining to 30.6 percent of GDP in 2043. The non-

[8] The CPIA score is 3.4 in 2021.

[9] Under the debt sustainability framework, countries with commodity exports accounting for at least 50 percent of total exports of goods and services over the previous three-year period are subject to the stress test. Commodities accounted for 75.0 percent of Niger exports of goods and services over the period 2018-20.

interest current account deficit remains the main driver of these dynamics. The goods and services deficit will be reduced thanks to the oil exports through the new pipeline. Output from these projects is expected to improve the current account sharply in subsequent years when they come on stream. Once the non-interest current account deficit, net FDI, and endogenous debt dynamics are accounted for, remaining drivers of external debt dynamics, such as other components of the capital account, reserve accumulation, valuation adjustments, as well as price and exchange rate changes, are subsumed into the residual.

Text Table 3. Niger: Composite Indicator and Thresholds

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.393	1.30	45%
Real growth rate (in percent)	2.719	6.384	0.17	6%
Import coverage of reserves (in percent)	4.052	44.277	1.79	62%
Import coverage of reserves^2 (in percent)	-3.990	19.604	-0.78	-27%
Remittances (in percent)	2.022	0.904	0.02	1%
World economic growth (in percent)	13.520	2.898	0.39	14%
CI Score			2.90	100%
CI rating			Medium	

Debt Carrying Capacity	Medium

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Medium 2.900	Medium 2.945	Medium 2.960

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	55

Source: IMF staff calculations. The CI cutoff for medium debt-carrying capacity is 2.69 < CI ≤ 3.05.

16. **While the PPG external debt indicators remain below their thresholds and follow declining trajectories throughout the projection period under the baseline scenario (except for a single-year breach of the external debt service-to-revenue ratio) and thus the risk of external debt distress is assessed as moderate, buffers for some indicators are small (Figure 1).** The present value (PV) of debt-to-GDP is projected to follow a gradual downward trend over the projection period. The PV-to-exports and debt service-to-exports ratios are projected to decline as exports strengthen due to the prospective oil exports via a new pipeline. Debt service-to-revenue ratio exceeds the thresholds in 2023, reflecting continuous challenges on the security front, trade disruptions at the Nigerian border, and lower-than-expected revenue yields of new tax policies and revenue administration reforms, and is discounted from

the analysis. However, it is expected to decline steadily in the medium- and long-run as oil revenue associated with the new pipeline comes on the stream and domestic revenue mobilization efforts materialize. Liquidity risk is somewhat contained as Niger benefits from stable support from donors in the form of grants and concessional loans, as well as the government's spending control in the case of revenue shortfall. Moreover, as a member of the WAEMU, Niger can draw on the currency union's pooled external reserves. The single-year breach of the debt service-to-revenue ratio was not present in the previous DSA and emerged due to the revision of debt service and revenue projections.

17. Stress tests indicate that two export-related indicators (the PV of PPG external debt-to-exports ratio and debt service-to-exports ratio) exceed their thresholds under the export shock (Figure 1). Reflecting a relatively small export base relative to its external financing, the PV of debt- and debt service-to-exports ratios are vulnerable to export shocks. The shock fed in the analysis amounts to 20.7 percent declines in nominal export values consecutively in 2024 and 2025, calibrated based on its historical average (4.2 percent) minus one standard deviation (24.9 percent). In line with the LIC-DSF guidance, the standard deviation is subtracted from the lower value in the historical average and baseline projection, and thus the stress scenario does not take into account the projected high growth in exports under the baseline scenario thanks to the crude oil exports (64.5 percent increase in 2024).

18. Given the country's vulnerabilities, one alternative scenario was calibrated to assess the effects of climate change and adaptation policies on debt sustainability over the long term. The alternative scenario incorporates the dynamics of key macroeconomic variables in the next two decades taking into account the effects of climate change and adaptation policies and was informed by the World Bank's G5 Sahel Country Climate and Development Report (CCDR). It is important to note that there is considerable uncertainty on the global emissions trajectory as well as long-term climate and macroeconomic modeling. Specifically, the scenario is based on the simulations of the effects of climate change on macroeconomic variables,[10] while factoring adaptation[11] policies to address the vulnerability to climate change (including the investment spending associated with these policies and their effects). The analysis is based on the pessimistic (higher temperature increases and larger precipitation changes) and dry (smallest (or decrease) precipitation changes) scenario examined in the CCDR. Under this scenario, the cumulative GDP loss compared to the baseline case of no climate change amounts to 8.9 percent by 2045.

19. Under the climate alternative scenario, external and domestic debt indicators are considerably higher than in the baseline scenario, while remaining below the respective thresholds (Figure 6 and 7). The scenario includes lower GDP growth, mainly driven by a decrease in agricultural production compared to the baseline and resulting in negative effects on exports and government revenue. It also takes into account additional fiscal expenditure for investment projects to implement adaption

[10] The CCDR models the economic and poverty impact of climate change through six channels (1. rainfed crop yields, 2. heat stress and labor productivity, 3. heat-related human health shock, 4. livestock yields, 5. inland flooding, and 6. roads and bridges). The modeling of the channels is based on country-specific climate scenarios and biophysical effects models to estimate economic damages. Subsequently these estimated damages are introduced as shocks into a macro-structural model developed for each country to estimate the effect on GDP and other macroeconomic aggregates.

[11] The effects are shown with partial adaption to three of the six impact channels (rainfed crop yields, livestock yields and roads and bridges) under a dry/pessimistic climate scenario.

policies with the fiscal deficit being larger than in the baseline scenario by 4.1 percent of GDP at the maximum, while the positive effect of these policies will materialize in later years and the adverse consequences of climate change are assumed to be only partially mitigated. The resulting higher fiscal deficit will lead to an accumulation of external and domestic debt, leading to higher debt indicators. The present value of the total public debt-to-GDP ratio approaches the threshold around 2033, when investment for adaptation policies is expected to peak.

20. In light of the tightening of financial conditions in the regional market, the authorities plan to conduct a liability management operation to mitigate roll-over risk via the issuance of longer-dated commercial external debt. The precise details of the operation are still to be determined, but it would essentially consist of obtaining a long-term loan from international commercial banks, with a guarantee provided by the African Trade Insurance Agency (ATI), to repay shorter-maturity domestic debt (T-bills and T-bonds) falling due in the second half of this year. The operation is expected to substantially lengthen maturities, reducing the roll-over risk of short-term government securities, and also lower the risk of an even higher government's interest bill in case of further tightening of financial conditions in the regional market.[12] However, the substitution of foreign debt for domestic debt —while keeping overall debt unchanged in nominal terms—will increase the share of external debt in total debt, worsening indicators of external debt sustainability. This underscores the need to carefully assess the associated benefits, costs, risks, and viability of the operation in close consultation with all stakeholders to ensure that it is compatible with maintaining Niger's "moderate" rating for external debt distress. Although the precise financing terms will be pinned down later in 2023, currently available information regarding the authorities' plan (including a total refinanced amount of CFAF 300 billion equivalent in Euros at a 10-year maturity at an assumed 8 percent interest rate) indicates that external debt indicators would remain below the respective thresholds in an alternative scenario including the debt reprofiling operation (Figure 8).

21. The granularity assessment suggests that the space to absorb shocks is limited while the situation may become less tight in the medium- and long-run (Figure 5). Under tests to qualify the moderate risk of external debt distress assessment, the debt-service to exports and debt service-to-revenue ratios currently indicate limited space in 2023 with particularly reduced space relative to the thresholds for the latter indicator. The limited policy space implies urgency in the implementation of policy measures to buttress debt sustainability. Over the medium-term, policy space is expected to open-up as exports pick up and revenue mobilization reforms bear fruit. The downward trajectory of the PV of debt- and debt service-to-exports ratios hinge on the new pipeline project, whereas the debt service-to-revenue ratio is driven by revenue mobilization reforms.

PUBLIC DEBT SUSTAINABILITY ANALYSIS

22. Public sector debt is projected to decline gradually in the medium- and long-run (Table 2). After a sizable increase compared to pre-pandemic levels, public debt is projected to decline to and stabilize at around 44.3 percent of GDP in the long run mainly because of the resumption of economic

[12] The authorities carried out a similar debt reprofiling operation in January 2020, in which they borrowed CFAF 148 billion (1.9 percent of GDP) commercially from abroad to repay domestic debt. The loan was contracted in January 2020 with Deutsche Bank for a total amount of euro 225 million. It was used to repay a set of five Treasury bills and one Treasury bond.

growth and fiscal consolidation, aided by higher oil revenues. In the medium and long run, improved domestic revenue mobilization, higher spending efficiency, and better expenditure control, coupled with export diversification fostered by private sector growth, are expected to contribute to stabilizing the primary deficit. Gradual shifts toward lower concessionality and longer maturities over the medium- and long-run would marginally increase interest costs, while the benefit of the extension of maturities lies in reducing roll over risks.

23. The PV of the public debt-to-GDP ratio remains below the benchmark in the baseline, though not in the event of an adverse commodity price shock (Figure 2). The PV of public debt-to-GDP ratio is well below the benchmark of 55 percent of GDP in 2023 and is projected to gradually decline over the projection period under the baseline scenario. A commodity price shock would set the PV of debt and debt-service ratios on a diverging path in the absence of compensating fiscal and other policy measures.

RISK RATING AND VULNERABILITIES

24. Niger's risk of external and overall debt is rated "moderate", and debt is deemed sustainable. The moderate debt distress rating arises from the fact that no indicator for PPG external or public debt breaches its threshold under the baseline scenario (except for one single year breach in the external debt service-to-revenue ratio). Debt remains sustainable as: (i) debt indicators remain on steady downward trajectories and overall public debt sustainability remains solid; (ii) medium- and long-term growth outlooks are favorable, supported by the recovery from the multiple shocks, strengthening of the export base due to the onset of crude oil exports in the last quarter of 2023, and implementation of revenue mobilization measures in the medium run; (iii) liquidity risk remains low since, as a member of the WAEMU, Niger can draw on the currency union's pooled external reserves, delinking the ability to service foreign debt from exports at the national level; and (iv) Niger is expected to continue to benefit from significant financial assistance from donors over the next years to address development and security challenges it faces. In line with the Fund Debt Limits Policy (DLP), a debt limit on the new PPG external borrowing is embedded in program conditionality and is calibrated to build an adequate buffer to avoid a downgrade of the risk of debt distress.

25. The authorities' sustained commitment to sound macroeconomic policies and economic reforms, as well as further progress on debt management, will be all the more important given the currently limited space to absorb shocks, thereby buttressing debt sustainability amid the current multiple shocks. Progress in the following areas will be key:

- **Domestic revenue mobilization.** Niger's public debt relative to domestic revenues compares unfavorably to other WAEMU countries or Sub-Saharan Africa reflecting its limited revenue base. In this context, revenue mobilization by enhancing revenue administration, reducing tax exemptions, and broadening the tax base, is of fundamental importance. Although additional oil revenues are expected in coming years, they should not be fully spent, thereby contributing to fiscal consolidation under appropriate legal and fiscal framework for oil revenue management. Limited space to absorb shocks, along with the risk of further spillover of global financial conditions to the regional market, increase the urgency of the prompt implementation of revenue mobilization measures.

- **Fiscal risks and spending quality**. Possible mismanagement of large investments by SOEs have the potential to eventually add to government debt. While Niger is in dire need to build up its infrastructure, adequate project evaluation and attention to good governance practices should not fall by the wayside. More generally, authorities should try to make the most of limited resources by increasing the efficiency of public spending, which remains low in Niger.

- **Economic diversification**. A narrow economic base and a low level of economic development generally are at the root of difficulties with mobilizing revenues and securing strong sustainable growth. Horizontal policies to foster diversification, including developing the local private sector, tackling informality, accumulating human capital through education, are of paramount importance.

- **External borrowing**. Until export prospects are more certain, Niger should continue to prioritize external financing in the form of concessional and semi-concessional loans and grants. Favoring euro-denominated debt, given the CFAF's peg to the currency, can also help reduce the exchange rate risk.

- **Domestic borrowing.** Dedicated market communication will be needed to increase the average tenor of issuances and thereby reduce refinancing vulnerabilities. These efforts should be complemented by the implementation of a structural program of swaps of securities close to their maturity with securities of longer maturities.

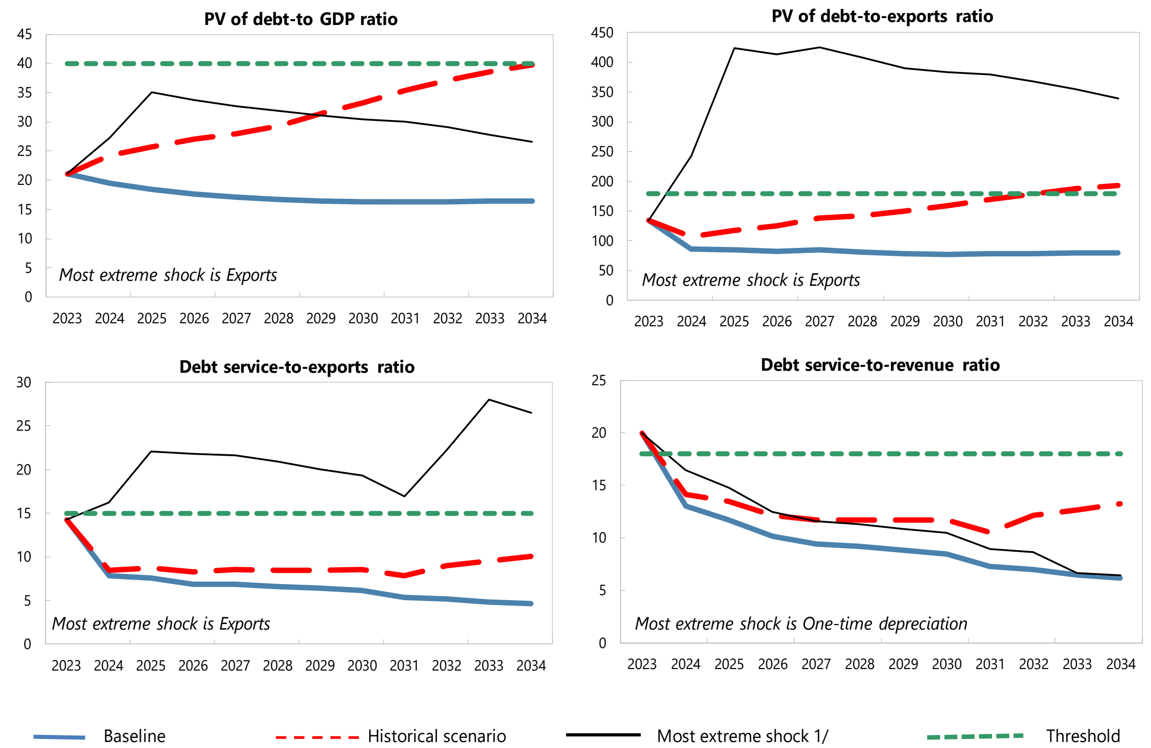
- **Financing plan**. To avoid liquidity shortfalls and minimize the associated financing costs, the overall volumes of debt to be issued, should be executed consistently with the annual and quarterly borrowing plan. Integration with the cash flow plan would be essential.

AUTHORITIES' VIEWS

26. The authorities agreed with the staff assessment of the moderate overall and external debt distress risk. They welcomed the downward trajectories of debt indicators in coming years and reiterated their commitment to conduct prudent fiscal policies to ensure debt sustainability. In addition, they updated the progress in debt management reforms, including the development of an IT system to record and analyze debt data in a coherent manner and the preparation of a manual to standardize the process of signing and ratifying external loans. Authorities also broadly concurred with analysis presented in the alternative scenario including the effects of climate change and reiterated their strong commitment to implement adaptation policies.

27. The authorities committed to carefully calibrate the debt reprofiling operation to ensure that the moderate risk of debt distress rating is maintained. They noted that the parameters of reprofiling, including the interest rate, maturity, and currency denominated, should be carefully calibrated. They assured staff that they would tailor the operation so that Niger's risk rating for external debt distress would remain at "moderate."

Figure 1. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2023–34



Customization of Default Settings		
	Size	Interactions
Tailored Tests		
Combined CLs	No	
Natural Disasters	n.a.	n.a.
Commodity Prices 2/	No	No
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

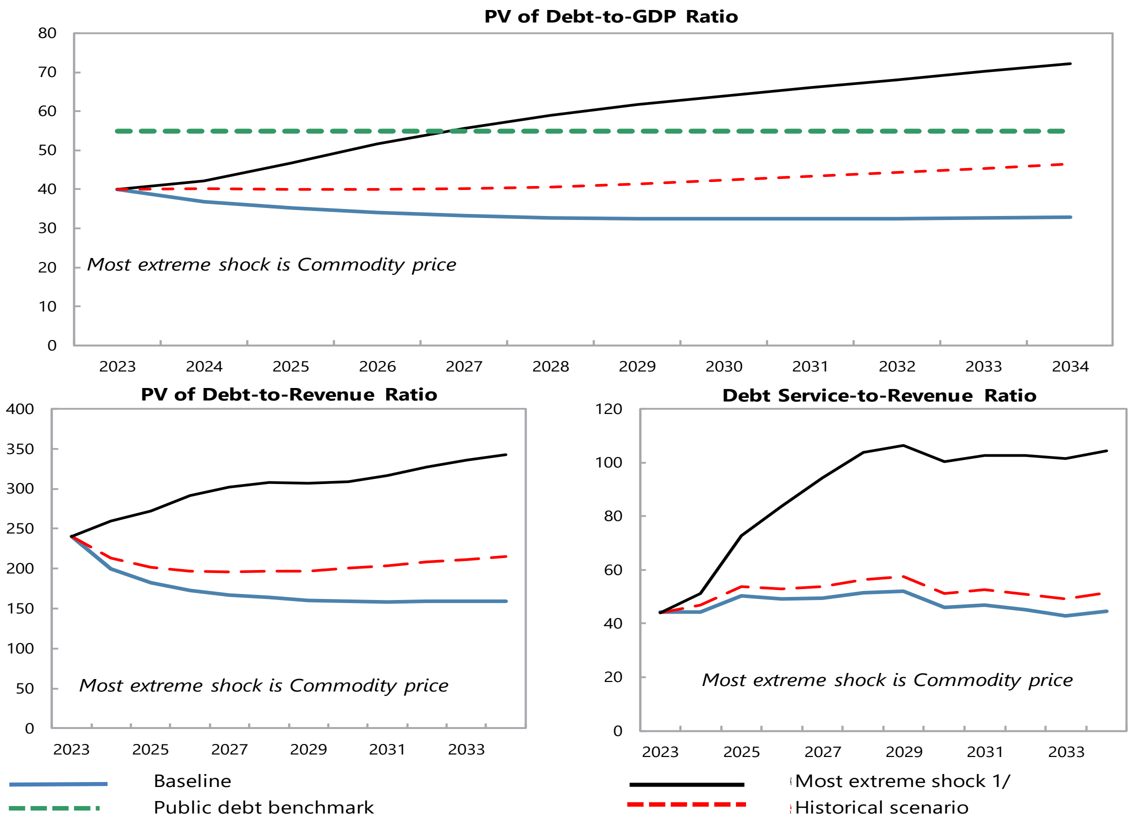
Borrowing Assumptions for Stress Tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.0%	1.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	35	21
Avg. grace period	7	7

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.
department.

Figure 2. Niger: Indicators of Public Debt Under Alternative Scenarios, 2023–34



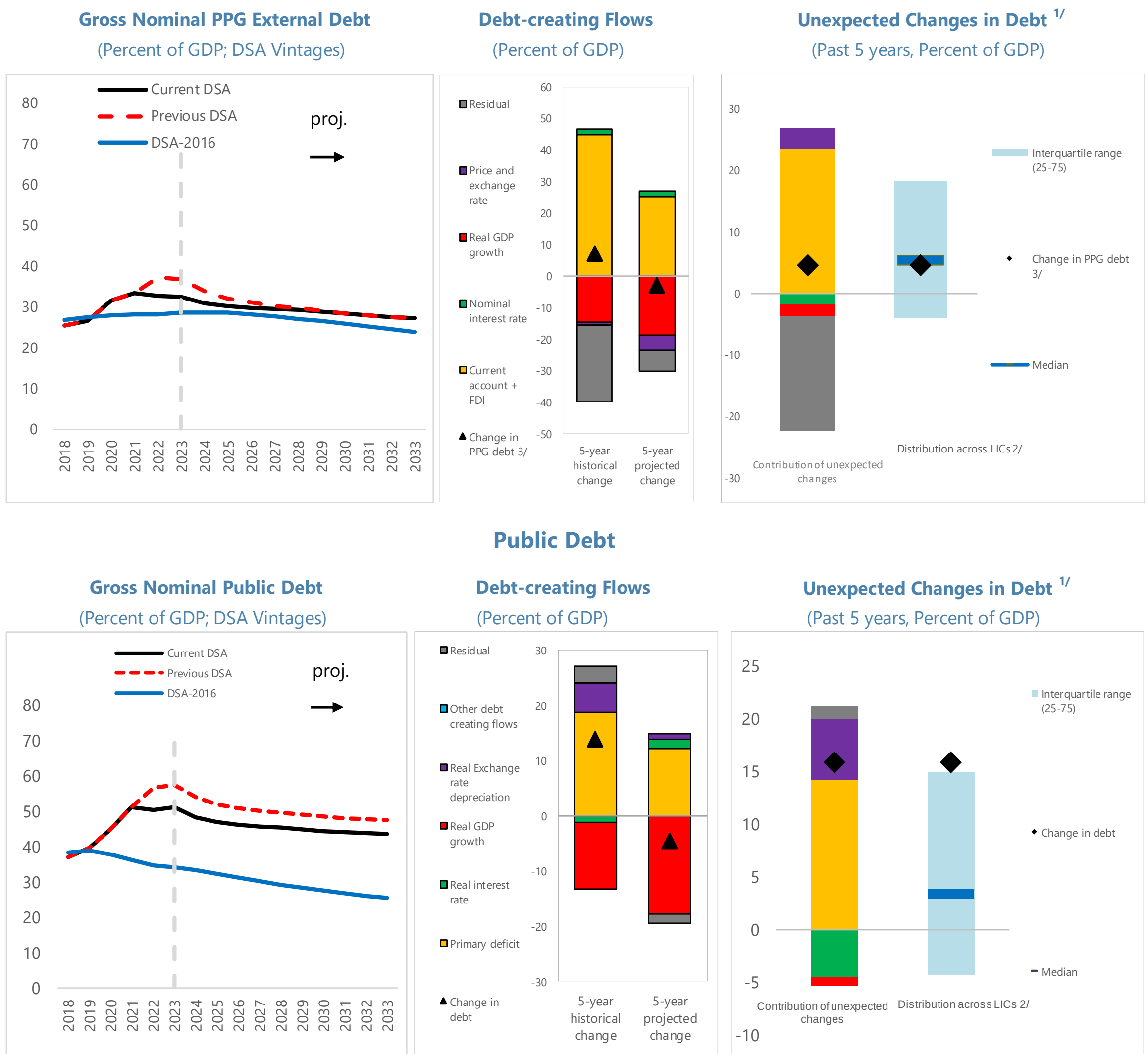
Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	27%	27%
Domestic medium and long-term	27%	27%
Domestic short-term	46%	46%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.0%	1.0%
Avg. maturity (incl. grace period)	35	35
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.6%	4.6%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	4%	4.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Niger: Drivers of Debt Dynamics—Baseline Scenario



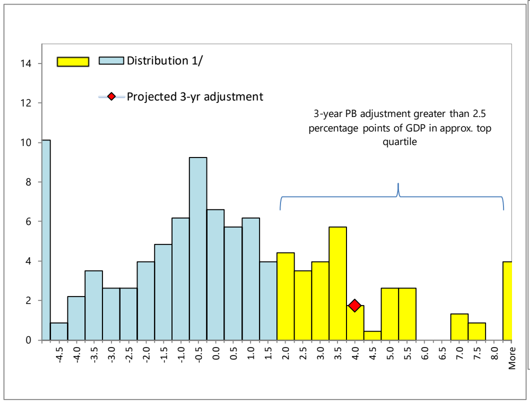
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

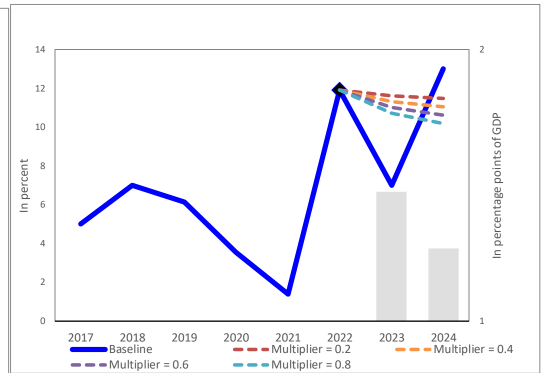
Figure 4. Niger: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



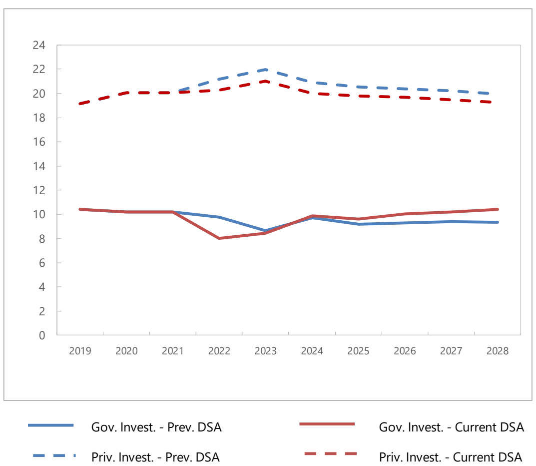
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(% of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

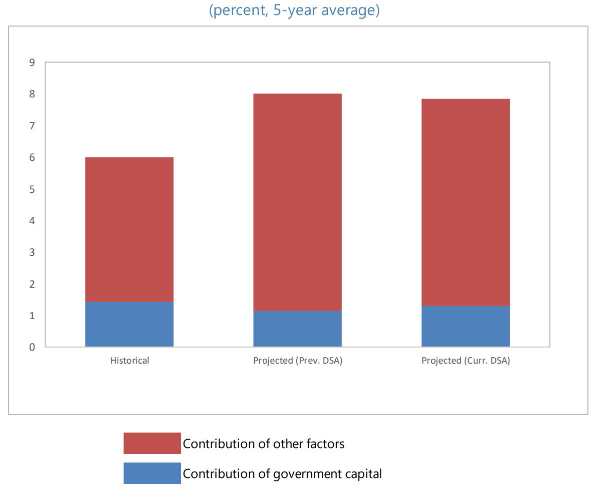
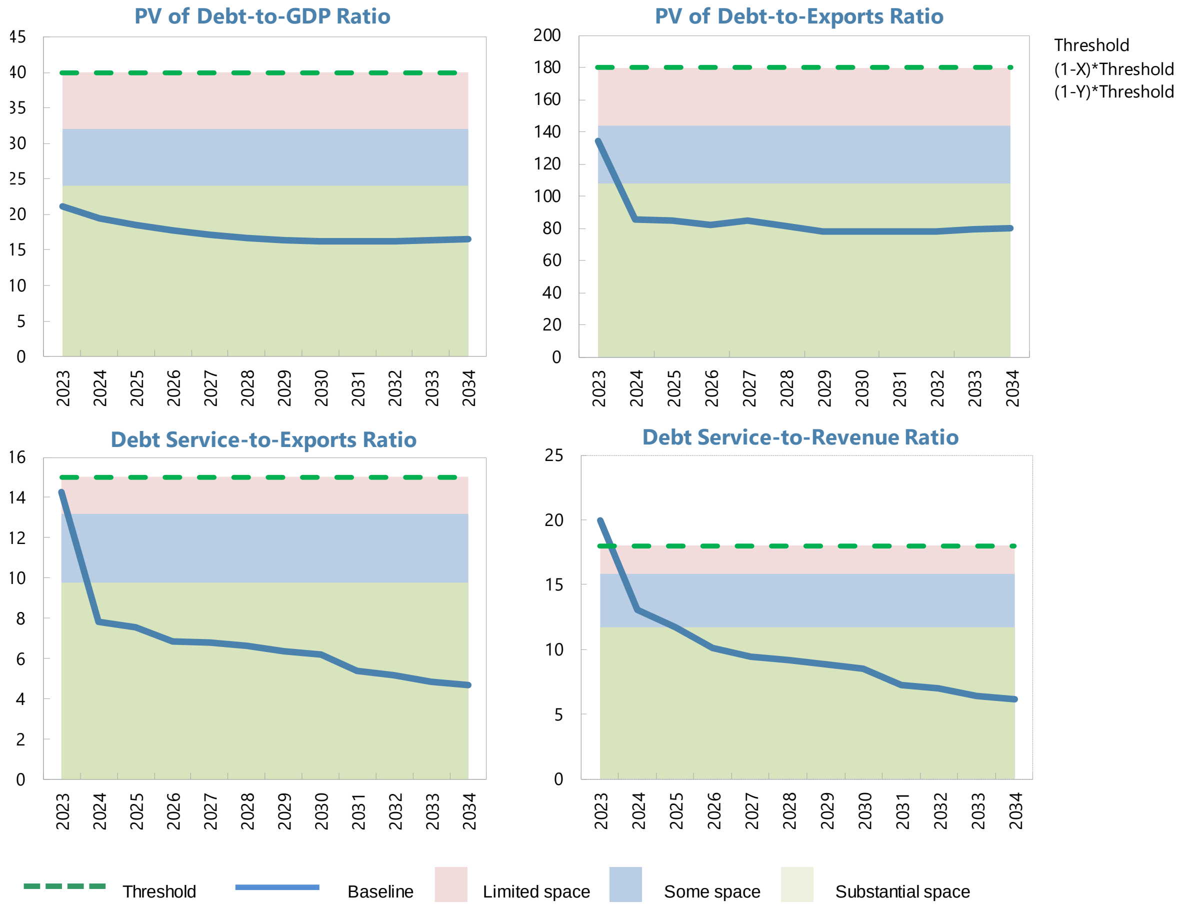


Figure 5. Niger: Qualification of the Moderate Category, 2023–34[1/]



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Climate Change Scenarios, 2023–43

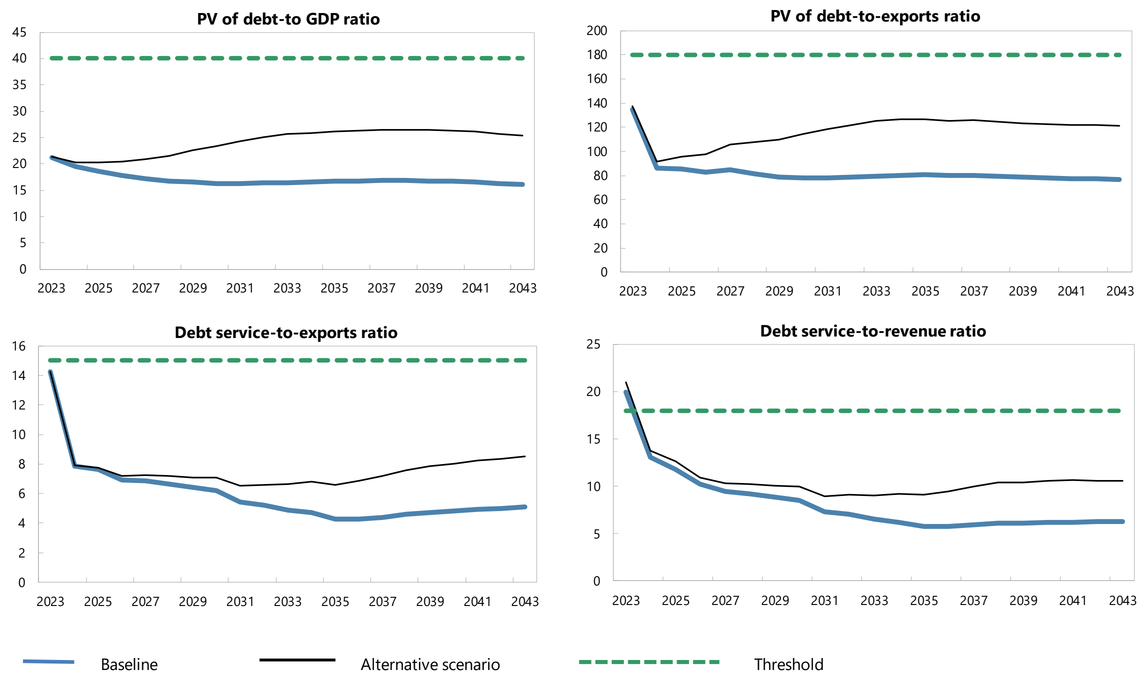


Figure 7. Niger: Indicators of Public Debt Under Climate Change Scenarios, 2023–43

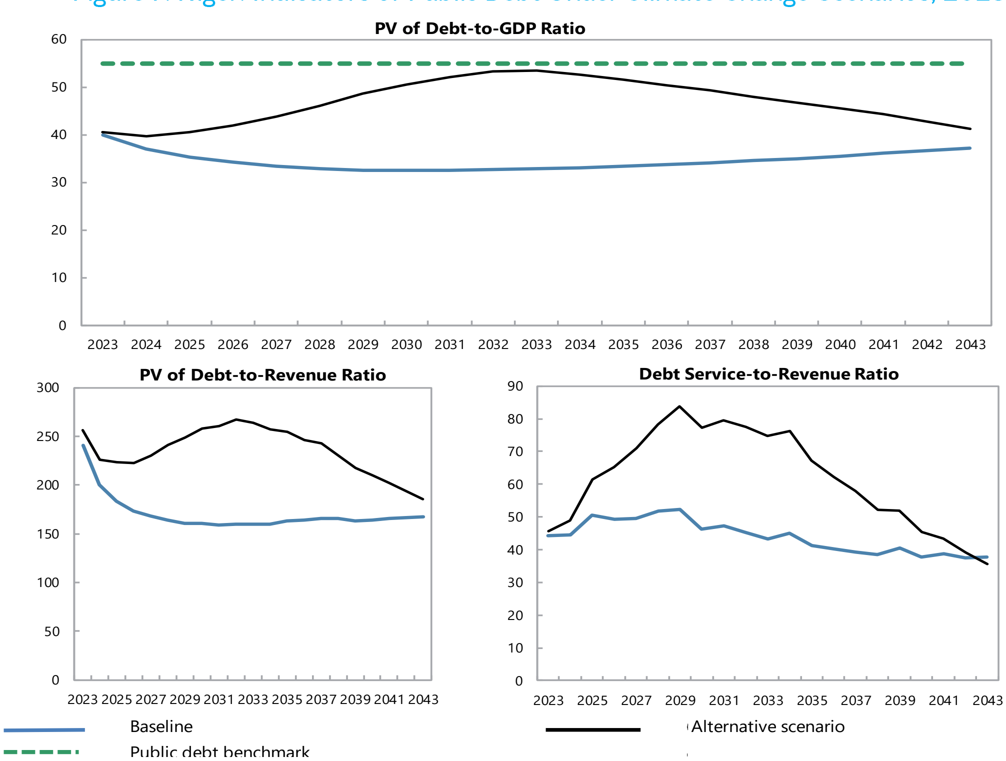
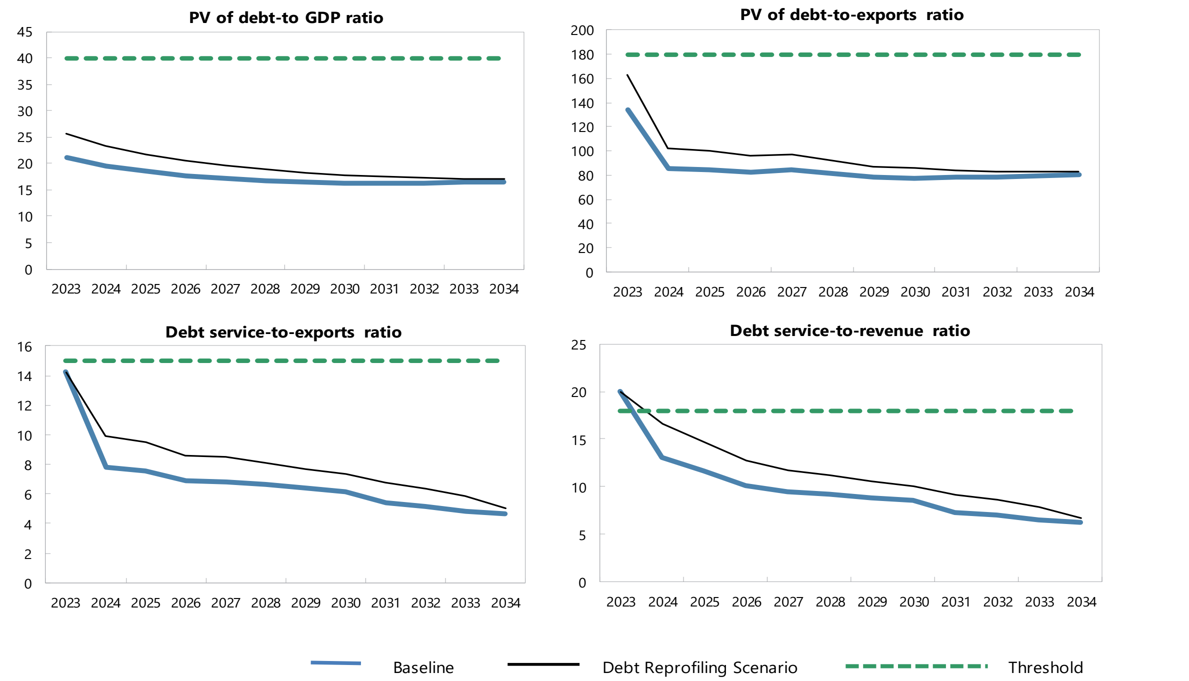


Figure 8. Niger: Indicators of Public and Publicly Guaranteed External Debt Under Debt Reprofiling Scenario, 2023–34

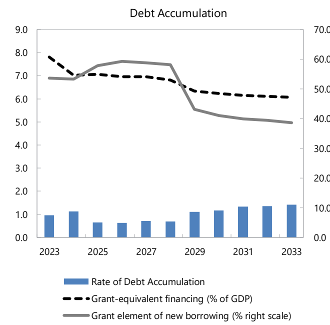


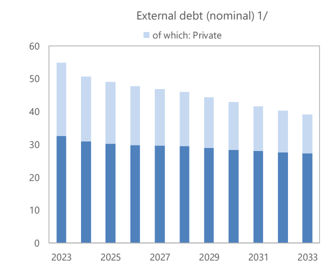
Sources: Country authorities; and staff estimates and projections.

Table 1. Niger: External Debt Sustainability Framework, Baseline Scenario, 2020–43
(In percent of GDP, unless otherwise indicated)

	Actual			Projections												Average 9/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2043	Historical	Projections
External debt (nominal) 1/	52.3	56.7	56.6	54.8	50.6	48.9	47.7	46.7	45.9	44.3	42.8	41.5	40.3	39.1	30.6	47.6	45.7
of which: public and publicly guaranteed (PPG)	31.6	33.5	32.7	32.6	30.9	30.2	29.8	29.6	29.4	28.8	28.3	28.0	27.6	27.3	23.5	25.7	29.3
Change in external debt	3.8	4.5	-0.1	-1.8	-4.2	-1.7	-1.2	-1.0	-0.8	-1.6	-1.5	-1.3	-1.3	-1.1	-0.7		
Identified net debt-creating flows	7.7	6.3	7.5	3.0	-2.8	2.0	2.7	3.6	2.9	2.5	3.0	2.9	3.3	3.7	4.1	6.5	2.4
Non-interest current account deficit	12.8	13.7	15.3	11.8	4.8	6.4	6.6	7.3	6.5	6.0	6.5	6.2	6.6	6.9	6.8	12.8	6.9
Deficit in balance of goods and services	16.0	17.0	17.7	14.9	7.1	7.9	7.7	8.2	7.2	6.5	6.9	6.6	6.8	7.1	6.7	15.1	7.9
Exports	16.6	15.5	11.9	15.7	22.6	21.8	21.5	20.3	20.5	21.0	20.9	20.8	20.8	20.6	20.9		
Imports	32.6	32.5	29.6	30.6	29.7	29.7	29.2	28.4	27.7	27.5	27.8	27.4	27.6	27.7	27.6		
Net current transfers (negative = inflow)	-4.3	-4.5	-3.6	-3.9	-3.4	-3.0	-2.7	-2.7	-2.6	-2.6	-2.5	-2.4	-2.3	-2.3	-1.9	-3.5	-2.8
of which: official	-2.4	-2.4	-1.3	-1.9	-1.5	-1.5	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-1.3	-1.3	-1.2		
Other current account flows (negative = net inflow)	1.2	1.2	1.1	0.8	1.1	1.5	1.6	1.8	2.0	2.1	2.1	2.1	2.1	2.1	2.0	1.2	1.7
Net FDI (negative = inflow)	-2.5	-3.7	-6.2	-5.6	-1.7	-1.4	-1.4	-1.3	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-4.4	-1.7
Endogenous debt dynamics 2/	-2.6	-3.7	-1.6	-3.1	-5.8	-2.9	-2.5	-2.4	-2.4	-2.3	-2.2	-2.1	-2.1	-2.0	-1.4		
Contribution from nominal interest rate	0.4	0.3	0.3	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3		
Contribution from real GDP growth	-1.6	-0.7	-6.5	-3.6	-6.2	-3.3	-2.8	-2.7	-2.6	-2.6	-2.5	-2.4	-2.3	-2.2	-1.7		
Contribution from price and exchange rate changes	-1.4	-3.4	4.6	...	...	...	...	...	...	...	...	...	...	...	...		
Residual 3/	-3.9	-1.8	-7.6	-4.8	-1.4	-3.7	-3.9	-4.6	-3.7	-4.1	-4.5	-4.2	-4.6	-4.8	-4.9	-4.5	-4.0
of which: exceptional financing 4/	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators																	
PV of PPG external debt-to-GDP ratio	...	...	22.4	21.1	19.4	18.4	17.7	17.1	16.6	16.4	16.2	16.2	16.3	16.4	16.1		
PV of PPG external debt-to-exports ratio	...	...	188.4	134.0	85.8	84.7	82.2	84.5	81.0	78.1	77.8	78.0	78.2	79.3	76.9		
PPG debt service-to-exports ratio	6.8	8.6	14.1	14.2	7.8	7.6	6.9	6.8	6.6	6.4	6.2	5.4	5.2	4.8	5.1		
PPG debt service-to-revenue ratio	10.4	12.3	16.5	20.0	13.0	11.7	10.1	9.4	9.2	8.8	8.5	7.3	7.0	6.4	6.2		
Gross external financing need (Million of U.S. dollars)	1621.9	1721.5	1695.9	1472.9	949.1	1401.0	1532.5	1822.7	1754.7	1756.7	2030.2	2045.8	2321.8	2590.9	5647.8		
Key macroeconomic assumptions																	
Real GDP growth (in percent)	3.5	1.4	11.9	7.0	13.0	7.0	6.2	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.7	6.8
GDP deflator in US dollar terms (change in percent)	2.9	6.9	-7.5	3.3	1.2	1.7	1.6	1.5	0.9	2.0	2.0	2.0	2.0	2.0	2.0	-0.4	1.8
Effective interest rate (percent) 5/	0.8	0.7	0.5	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.7	1.0	0.8	0.7
Growth of exports of G&S (US dollar terms, in percent)	65.2	1.2	-20.8	46.7	64.5	4.7	6.5	1.3	8.4	10.5	7.6	7.8	8.0	7.2	7.1	4.2	15.7
Growth of imports of G&S (US dollar terms, in percent)	32.0	8.1	-5.8	14.3	11.1	8.8	6.1	4.6	4.2	7.3	9.3	6.6	9.0	8.4	6.3	6.1	8.2
Grant element of new public sector borrowing (in percent)	...	...	...	53.6	53.3	57.8	59.3	58.7	58.1	43.1	41.1	39.9	39.4	38.6	34.6	...	49.4
Government revenues (excluding grants, in percent of GDP)	10.8	10.8	10.1	11.2	13.5	14.1	14.6	14.7	14.8	15.2	15.2	15.4	15.4	15.5	17.1	11.5	14.5
Aid flows (in Million of US dollars) 6/	1672.6	1576.6	1435.0	1535.5	1611.3	1716.6	1832.4	1965.1	2014.3	2126.7	2250.8	2402.7	2566.9	2749.5	5545.5		
Grant-equivalent financing (in percent of GDP) 7/	...	...	...	7.8	7.0	7.1	6.9	7.0	6.8	6.3	6.2	6.1	6.1	6.1	5.7	...	6.7
Grant-equivalent financing (in percent of external financing) 7/	...	...	...	78.8	79.4	83.9	85.1	85.1	85.1	80.0	79.5	79.4	79.5	79.6	81.3	...	81.4
Nominal GDP (Million of US dollars)	13,764	14,923	15,448	17,070	19,518	21,234	22,912	24,644	26,363	28,504	30,818	33,321	36,027	38,952	85,033		
Nominal dollar GDP growth	6.6	8.4	3.5	10.5	14.3	8.8	7.9	7.6	7.0	8.1	8.1	8.1	8.1	8.1	8.1	5.3	8.8
Memorandum items:																	
PV of external debt 8/	...	...	46.3	43.3	39.2	37.2	35.6	34.2	33.2	31.9	30.7	29.8	28.9	28.2	23.2		
In percent of exports	...	...	390.3	275.3	173.1	170.5	165.5	169.0	161.5	151.9	147.2	143.2	139.0	136.5	110.9		
Total external debt service-to-exports ratio	8.8	9.9	15.8	15.9	8.0	7.8	7.1	7.0	6.8	6.5	6.3	5.5	5.2	4.9	5.1		
PV of PPG external debt (in Million of US dollars)			3452.7	3600.2	3791.0	3917.5	4052.9	4217.0	4385.6	4674.3	5004.1	5412.8	5864.0	6376.1	13680.9		
(PVt-PVt-1)/GDPt-1 (in percent)				1.0	1.1	0.6	0.6	0.7	0.7	1.1	1.2	1.3	1.4	1.4	1.1		
Non-interest current account deficit that stabilizes debt ratio	9.0	9.3	15.4	13.6	9.0	8.0	7.8	8.3	7.3	7.6	8.0	7.5	7.8	8.0	7.5		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ The CCRT debt relief is reflected in the exceptional financing.

5/ Current-year interest payments divided by previous period debt stock.

6/ Defined as grants, concessional loans, and debt relief.

7/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

8/ Assumes that PV of private sector debt is equivalent to its face value.

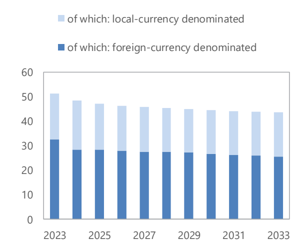
9/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 2. Niger: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–43
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 7/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections
Public sector debt 1/	45.0	51.3	50.3	51.3	48.3	47.0	46.2	45.7	45.4	43.6	44.3	36.4	45.9
of which: external debt	31.6	33.5	32.7	32.6	30.9	30.2	29.8	29.6	29.4	27.3	23.5	25.7	29.3
Change in public sector debt	5.2	6.4	-1.0	0.9	-3.0	-1.3	-0.8	-0.5	-0.3	-0.2	0.2		
Identified debt-creating flows	0.8	6.1	1.3	1.0	-2.5	-0.8	-0.4	-0.1	0.0	-0.1	0.2	2.9	-0.3
Primary deficit	3.8	4.8	5.5	4.1	2.8	1.7	1.8	1.9	1.9	1.9	1.8	4.0	2.2
Revenue incl. grants	17.5	18.4	14.8	16.6	18.5	19.3	19.8	19.9	20.0	20.6	22.2	17.1	19.7
of which: grants	6.8	7.5	4.7	5.4	4.9	5.2	5.2	5.2	5.2	5.1	5.0		
Primary (noninterest) expenditure	21.3	23.1	20.3	20.7	21.3	21.0	21.6	21.8	21.9	22.5	24.0	21.0	21.8
Automatic debt dynamics	-3.0	1.3	-4.3	-3.1	-5.3	-2.5	-2.2	-2.0	-1.9	-2.0	-1.7		
Contribution from interest rate/growth differential	-0.8	-1.4	-7.1	-3.5	-5.5	-2.6	-2.2	-2.1	-2.2	-2.0	-1.6		
of which: contribution from average real interest rate	0.5	-0.8	-1.6	-0.2	0.4	0.6	0.5	0.5	0.4	0.5	0.8		
of which: contribution from real GDP growth	-1.4	-0.6	-5.5	-3.3	-5.9	-3.2	-2.7	-2.6	-2.6	-2.5	-2.5		
Contribution from real exchange rate depreciation	-2.1	2.7	2.8	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	4.4	0.3	-2.3	0.4	-0.3	-0.4	-0.3	-0.2	-0.1	-0.2	0.0	0.3	-0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 3/	...	...	39.9	39.9	36.9	35.2	34.1	33.3	32.7	32.7	37.0		
PV of public debt-to-revenue and grants ratio	...	...	269.4	240.3	199.5	182.3	172.4	167.2	163.6	159.1	167.0		
Debt service-to-revenue and grants ratio 4/	45.9	37.8	48.5	44.2	44.4	50.4	49.1	49.5	51.5	43.0	37.5		
Gross financing need 5/	10.9	10.7	12.7	11.4	11.0	11.5	11.5	11.7	12.2	10.7	10.1		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.5	1.4	11.9	7.0	13.0	7.0	6.2	6.0	6.0	6.0	6.0	5.7	6.8
Average nominal interest rate on external debt (in percent)	1.2	0.9	0.8	1.4	1.2	1.1	1.0	0.9	0.8	0.9	1.4	1.4	1.0
Average real interest rate on domestic debt (in percent)	4.2	2.2	0.8	2.9	4.1	4.2	4.2	4.1	4.1	4.4	4.7	3.9	4.1
Real exchange rate depreciation (in percent, + indicates depreciation)	-8.4	9.1	10.0	...	...	...	...	...	...	...	...	3.5	...
Inflation rate (GDP deflator, in percent)	0.9	3.1	3.9	2.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.4	2.0
Growth of real primary spending (deflated by GDP deflator, in percent)	7.3	10.0	-1.5	8.7	16.3	5.8	8.9	6.9	6.6	6.5	6.6	8.7	7.8
Primary deficit that stabilizes the debt-to-GDP ratio 6/	-1.4	-1.6	6.5	3.1	5.8	3.0	2.6	2.3	2.2	2.1	1.7	1.2	2.8
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/



Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus extra budgetary funds, central bank, government-guaranteed debt. Definition of external debt is Currency-based.

2/ The CCRT debt relief is included in the primary deficit.

3/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

5/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

6/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

7/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Niger: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2023–34

	Projections 1/											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
PV of debt-to GDP ratio												
Baseline	21	19	18	18	17	17	16	16	16	16	16	16
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2023-2043 2/	21	24	26	27	28	29	31	33	35	37	39	40
B. Bound Tests												
B1. Real GDP growth	21	23	23	22	21	21	20	20	20	20	20	20
B2. Primary balance	21	20	20	19	19	18	18	18	18	18	18	19
B3. Exports	21	27	35	34	33	32	31	30	30	29	28	27
B4. Other flows 3/	21	21	22	21	20	19	19	19	19	19	18	18
B6. One-time 30 percent nominal depreciation	21	25	20	19	19	18	18	18	18	18	19	19
B6. Combination of B1-B5	21	32	30	29	28	28	27	27	26	26	25	25
C. Tailored Tests												
C1. Combined contingent liabilities	21	20	20	19	19	19	18	18	18	18	19	19
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	21	21	21	21	20	19	19	18	18	18	17	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio												
Baseline	134	86	85	82	84	81	78	78	78	78	79	80
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2023-2043 2/	134	107	118	126	138	143	150	159	170	179	187	193
B. Bound Tests												
B1. Real GDP growth	134	86	85	82	84	81	78	78	78	78	79	80
B2. Primary balance	134	87	90	89	92	90	87	87	88	88	89	90
B3. Exports	134	**243**	**424**	**413**	**425**	**408**	**390**	**384**	**379**	**368**	**355**	**340**
B4. Other flows 3/	134	93	99	96	99	95	91	90	90	90	89	89
B6. One-time 30 percent nominal depreciation	134	86	74	71	73	70	68	68	68	69	71	73
B6. Combination of B1-B5	134	**211**	112	**224**	**230**	**221**	**212**	**209**	**208**	**203**	**200**	**197**
C. Tailored Tests												
C1. Combined contingent liabilities	134	90	91	89	93	91	88	88	89	89	90	91
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	134	99	105	101	102	96	90	88	87	86	84	83
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio												
Baseline	14	8	8	7	7	7	6	6	5	5	5	5
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2023-2043 2/	14	8	9	8	8	8	8	9	8	9	9	10
B. Bound Tests												
B1. Real GDP growth	14	8	8	7	7	7	6	6	5	5	5	5
B2. Primary balance	14	8	8	7	7	7	7	6	6	5	5	5
B3. Exports	14	**16**	**22**	**22**	**22**	**21**	**20**	**19**	**17**	**22**	**28**	**27**
B4. Other flows 3/	14	8	8	7	7	7	7	6	6	6	6	6
B6. One-time 30 percent nominal depreciation	14	8	8	7	7	6	6	6	5	5	4	4
B6. Combination of B1-B5	14	14	**17**	15	15	14	14	13	12	**16**	14	13
C. Tailored Tests												
C1. Combined contingent liabilities	14	8	8	7	7	7	7	6	6	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	14	9	8	8	8	7	7	7	6	6	6	6
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio												
Baseline	20	13	12	10	9	9	9	8	7	7	6	6
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2023-2043 2/	**20**	14	13	12	12	12	12	12	11	12	13	13
B. Bound Tests												
B1. Real GDP growth	**20**	15	14	13	12	11	11	11	9	9	8	8
B2. Primary balance	**20**	13	12	10	10	9	9	9	7	7	7	7
B3. Exports	**20**	13	13	12	11	11	10	10	9	11	14	13
B4. Other flows 3/	**20**	13	12	10	10	9	9	9	7	8	8	8
B6. One-time 30 percent nominal depreciation	**20**	16	15	12	12	11	11	10	9	9	7	6
B6. Combination of B1-B5	**20**	16	16	13	12	12	12	11	10	13	11	11
C. Tailored Tests												
C1. Combined contingent liabilities	**20**	13	12	10	10	9	9	9	7	7	7	6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**20**	16	15	13	12	11	10	9	8	8	8	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Niger: Sensitivity Analysis for Key Indicators of Public Debt, 2023–34

	Projections											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
						PV of Debt-to-GDP Ratio						
Baseline	**40**	**37**	**35**	**34**	**33**	**33**	**32**	**32**	**32**	**33**	**33**	**33**
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	40	40	40	40	40	41	41	42	43	44	45	47
B. Bound Tests												
B1. Real GDP growth	40	45	48	50	51	52	54	56	58	60	62	64
B2. Primary balance	40	39	41	39	38	37	36	36	36	35	35	35
B3. Exports	40	44	50	49	48	47	46	45	45	44	43	42
B4. Other flows 2/	40	38	38	37	36	36	35	35	35	35	35	35
B6. One-time 30 percent nominal depreciation	40	40	37	34	32	30	29	28	27	27	26	26
B6. Combination of B1-B5	40	40	40	39	38	38	38	38	38	38	39	39
C. Tailored Tests												
C1. Combined contingent liabilities	40	43	41	39	38	37	36	36	36	35	35	35
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	40	42	47	52	56	59	62	64	66	68	70	72
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**
						PV of Debt-to-Revenue Ratio						
Baseline	240	199	182	172	167	164	160	160	158	159	159	159
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	240	213	202	197	196	197	197	201	203	209	212	215
B. Bound Tests												
B1. Real GDP growth	240	233	235	236	241	247	252	261	268	278	285	292
B2. Primary balance	240	212	210	197	190	184	178	176	173	173	172	171
B3. Exports	240	238	261	247	239	234	226	224	220	217	210	203
B4. Other flows 2/	240	208	198	188	182	178	173	173	171	171	169	168
B6. One-time 30 percent nominal depreciation	240	222	193	176	165	155	146	141	135	133	129	126
B6. Combination of B1-B5	240	215	205	194	190	188	184	184	183	185	185	185
C. Tailored Tests												
C1. Combined contingent liabilities	240	232	210	197	190	184	178	176	173	173	172	171
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	240	260	273	292	302	308	307	309	316	328	335	343
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
						Debt Service-to-Revenue Ratio						
Baseline	44	44	50	49	49	52	52	46	47	45	43	45
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2018-2038 1/	44	47	54	53	54	56	58	51	53	51	49	52
B. Bound Tests												
B1. Real GDP growth	44	50	64	68	73	81	85	81	85	85	85	88
B2. Primary balance	44	44	57	62	59	62	60	52	52	50	47	48
B3. Exports	44	44	51	50	51	53	53	47	48	48	48	50
B4. Other flows 2/	44	44	51	49	50	52	52	46	47	46	44	46
B6. One-time 30 percent nominal depreciation	44	44	51	48	49	50	51	46	46	44	42	43
B6. Combination of B1-B5	44	46	53	58	57	62	63	57	58	57	55	57
C. Tailored Tests												
C1. Combined contingent liabilities	44	44	67	57	62	61	59	52	52	49	47	48
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	44	51	73	84	94	104	107	100	103	103	101	104
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
2/ Includes official and private transfers and FDI.

Table 5. Niger: External Debt Decomposition, 2022–45

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	Estimated											Projections												
USD million																								
External	**5,071**	**5,525**	**5,988**	**6,367**	**6,758**	**7,176**	**7,592**	**8,062**	**8,588**	**9,172**	**9,803**	**10,497**	**11,243**	**12,070**	**12,935**	**13,833**	**14,749**	**15,685**	**16,655**	**17,658**	**18,695**	**19,766**	**20,885**	**####**
Multilateral creditors	4,218	4,801	5,355	5,798	6,237	6,699	7,116	7,567	8,038	8,551	9,095	9,681	10,290	10,964	11,664	12,378	13,099	13,826	14,571	15,333	16,111	16,906	17,730	18,579
IMF	478	566	608	583	526	472	401	329	258	208	167	146	128	113	100	87	74	61	48	34	21	8	2	0
World Bank	2,284	2,849	3,346	3,859	4,377	4,915	5,475	5,797	6,071	6,303	6,530	6,734	6,917	7,123	7,304	7,463	7,599	7,712	7,814	7,908	7,993	8,068	8,143	8,215
Other Multilaterals	1,455	1,403	1,416	1,389	1,368	1,345	1,273	1,475	1,750	2,098	2,473	2,891	3,345	3,833	4,360	4,916	5,500	6,114	6,757	7,425	8,118	8,838	9,586	10,364
Bilateral Creditors	650	566	520	479	450	422	432	457	492	538	595	670	768	877	995	1,126	1,265	1,411	1,567	1,734	1,912	2,099	2,297	2,507
Paris Club	211	203	194	185	179	171	183	202	226	257	294	342	392	448	506	567	630	694	761	832	905	979	1,056	1,133
Non-Paris Club	439	363	326	294	271	250	249	255	266	281	301	328	376	429	489	559	635	717	806	902	1,007	1,119	1,241	1,374
Commercial creditors	203	158	113	90	71	55	44	38	58	83	113	147	186	229	276	328	385	448	516	591	672	762	859	964
% of external debt																								
External	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Multilateral creditors	83.2%	86.9%	89.4%	91.1%	92.3%	93.4%	93.7%	93.9%	93.6%	93.2%	92.8%	92.2%	91.5%	90.8%	90.2%	89.5%	88.8%	88.1%	87.5%	86.8%	86.2%	85.5%	84.9%	84.3%
IMF	9.4%	10.2%	10.2%	9.2%	7.8%	6.6%	5.3%	4.1%	3.0%	2.3%	1.7%	1.4%	1.1%	0.9%	0.8%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.0%
World Bank	45.1%	51.6%	55.9%	60.6%	64.8%	68.5%	72.1%	71.9%	70.7%	68.7%	66.6%	64.2%	61.5%	59.0%	56.5%	54.0%	51.5%	49.2%	46.9%	44.8%	42.8%	40.8%	39.0%	37.3%
Other Multilaterals	28.7%	25.4%	23.6%	21.8%	20.2%	18.7%	16.8%	18.3%	20.4%	22.9%	25.2%	27.5%	29.7%	31.8%	33.7%	35.5%	37.3%	39.0%	40.6%	42.0%	43.4%	44.7%	45.9%	47.0%
Bilateral Creditors	12.8%	10.2%	8.7%	7.5%	6.7%	5.9%	5.7%	5.7%	5.7%	5.9%	6.1%	6.4%	6.8%	7.3%	7.7%	8.1%	8.6%	9.0%	9.4%	9.8%	10.2%	10.6%	11.0%	11.4%
Paris Club	4.2%	3.7%	3.2%	2.9%	2.6%	2.4%	2.4%	2.5%	2.6%	2.8%	3.0%	3.3%	3.5%	3.7%	3.9%	4.1%	4.3%	4.4%	4.6%	4.7%	4.8%	5.0%	5.1%	5.1%
Non-Paris Club	8.7%	6.6%	5.4%	4.6%	4.0%	3.5%	3.3%	3.2%	3.1%	3.1%	3.1%	3.1%	3.3%	3.6%	3.8%	4.0%	4.3%	4.6%	4.8%	5.1%	5.4%	5.7%	5.9%	6.2%
Commercial creditors	4.0%	2.9%	1.9%	1.4%	1.0%	0.8%	0.6%	0.5%	0.7%	0.9%	1.2%	1.4%	1.7%	1.9%	2.1%	2.4%	2.6%	2.9%	3.1%	3.3%	3.6%	3.9%	4.1%	4.4%
% of GDP																								
External	32.7%	32.5%	30.7%	30.0%	29.5%	29.3%	28.9%	28.4%	28.0%	27.7%	27.3%	27.1%	26.8%	26.6%	26.4%	26.1%	25.7%	25.3%	24.9%	24.4%	23.9%	23.4%	22.8%	22.3%
Multilateral creditors	27.2%	28.3%	27.5%	27.4%	27.3%	27.3%	27.1%	26.7%	26.2%	25.8%	25.4%	25.0%	24.5%	24.2%	23.8%	23.4%	22.9%	22.3%	21.8%	21.2%	20.6%	20.0%	19.4%	18.8%
IMF	3.1%	3.3%	3.1%	2.7%	2.3%	1.9%	1.5%	1.2%	0.8%	0.6%	0.5%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
World Bank	14.7%	16.8%	17.2%	18.2%	19.1%	20.0%	20.9%	20.4%	19.8%	19.0%	18.2%	17.4%	16.5%	15.7%	14.9%	14.1%	13.3%	12.5%	11.7%	10.9%	10.2%	9.5%	8.9%	8.3%
Other Multilaterals	9.4%	8.3%	7.3%	6.6%	6.0%	5.5%	4.9%	5.2%	5.7%	6.3%	6.9%	7.5%	8.0%	8.5%	8.9%	9.3%	9.6%	9.9%	10.1%	10.3%	10.4%	10.4%	10.5%	10.5%
Bilateral Creditors	4.2%	3.3%	2.7%	2.3%	2.0%	1.7%	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%	2.5%
Paris Club	1.4%	1.2%	1.0%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.9%	0.9%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.1%
Non-Paris Club	2.8%	2.1%	1.7%	1.4%	1.2%	1.0%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.9%	0.9%	1.0%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%	1.4%	1.4%
Commercial creditors	1.3%	0.9%	0.6%	0.4%	0.3%	0.2%	0.2%	0.1%	0.2%	0.3%	0.3%	0.4%	0.4%	0.5%	0.6%	0.6%	0.7%	0.7%	0.8%	0.8%	0.9%	0.9%	0.9%	1.0%