

NIGER

Niger



key figures

• Land area, thousands of km ²	1 267
• Population, thousands (2007)	14 226
• GDP per capita, USD at constant 2000 prices (2007)	167
• Life expectancy (2007)	35.5
• Illiteracy rate (2007)	80.0

Niger



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NIGER'S ECONOMY GREW AT AN AVERAGE rate of 3.6 per cent during the last four years, barely above the estimated population growth rate of 3.3 per cent. Despite a recession in 2004, Niger still turned in two years of relatively high growth, with 7.2 per cent in 2005 and 4.8 per cent in 2006. Noteworthy developments in 2007 were a good agricultural growing season, a pick-up in investment, particularly in the mining sector, and the continued implementation of the economic and financial programme supported by the international financial institutions.

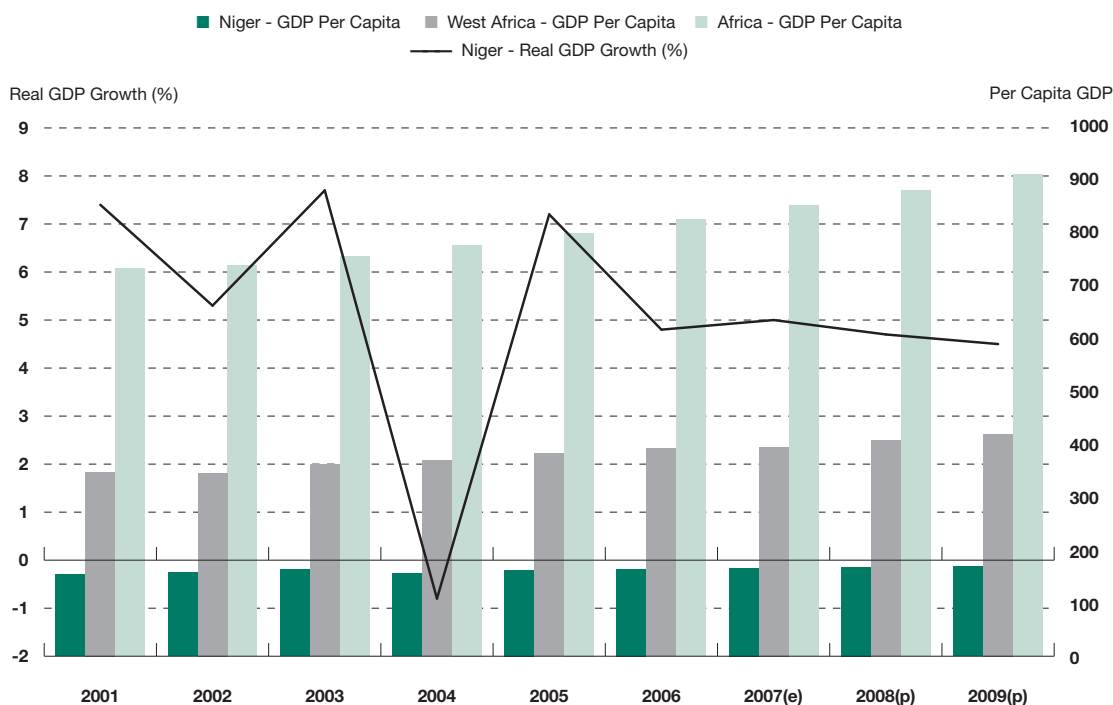
Assuming that the forecasts for the growing season prove to be sound, the real growth rate for the economy is estimated at 5 per cent in 2007. In nominal terms,

GDP grew by about 8.5 per cent, from XOF 1 859.4 billion (CFA francs BCEAO) in 2006 to XOF 2 018.4 billion in 2007. This should raise GDP per capita by 5.1 per cent, from XOF 142 537 in 2006 to XOF 149 776 in 2007. In real terms, this would amount to an increase of 2.3 per cent in 2007.

New dynamism in agriculture and mining has not overcome the fragility of the economy.

Real GDP growth in 2008 and 2009 should not exceed 5 per cent, despite the recovery in the agricultural and mining sub-sectors. Niger's economy will nevertheless remain very vulnerable to external shocks, particularly from climate conditions.

Figure 1 - Real GDP Growth and Per Capita GDP
(USD at constant 2000 prices)



Source: IMF and local authorities' data; estimates (e) and projections (p) based on authors' calculations.

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Recent Economic Developments

The primary sector, which accounts for 46.8 per cent of GDP, grew by an estimated 6.9 per cent in 2007 (7.7 per cent in 2006). This was linked to the performance of agriculture, which is estimated to have risen by 9.1 per cent in 2007 (12.4 per cent in 2006). In the agricultural sector, the hypothesis adopted is that of a normal rainy season followed by a relatively good crop year, which could have a positive impact on the sector's performance. The National Meteorology Department's forecasts for the 2007 growing season predicted that rainfall from July to September would be normal compared with the 1961-90 period, if not better. As a result, production of cereals (millet, sorghum, rice and niébé beans), which accounted for 61.6 per cent of farm output in 2007, will increase by 12.2 per cent, as against 13.6 per cent in 2006.

The average GDP share of the livestock sector between 2002 and 2006 was 13.9 per cent. The national herd consists of cattle, goats, camels, sheep, donkeys, horses and fowl. There is significant production potential both quantitatively and qualitatively, particularly for small ruminants. The growth rate for livestock in 2007 is estimated to be the same as in 2006, 3.4 per cent, reflecting expectations of ample rainfall, which should favour normal growth of the grass cover. Livestock products rank third among exports, with about 18.6 per cent of exports during the first half of 2007.

Forestry operations, which have benefited from forestry management plans, recorded growth of 3.4 per cent, the same level as in 2006. Fishing posted real growth of 2.6 per cent in 2007, after having fallen by 21.7 per cent following the reduction in output from Lake Chad.

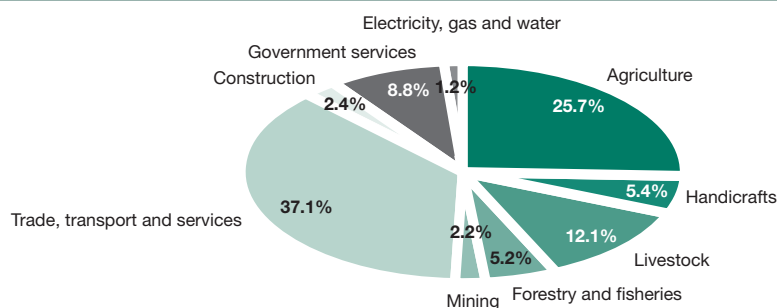
The secondary sector accounted for 13.5 per cent of GDP in 2006. It racked up growth of 5.5 per cent in 2007, based on strong activity in mining, manufacturing, energy production and construction. Niger is one of the world's top five producers of uranium (together with Canada, Australia, Russia and Kazakhstan). The uranium is extracted by two public-private partnerships: Compagnie minière d'Akouta

(Cominak, in which Niger holds 31 per cent, the French firm Areva 34 per cent, the Japanese firm Ourd 25 per cent, and the Spanish firm Enusa 10 per cent) and Société minière de l'Air (Somair, in which Niger holds 37 per cent and Areva 63 per cent). After renegotiation of the agreement between the Niger government and Areva, the price of a kilogram of uranium rose by 58.7 per cent, from XOF 25 200 in 2006 to XOF 40 000 in 2007. The total value of uranium sales in the second half of 2007 was estimated at XOF 39.2 billion, against only XOF 20.4 billion in the first half of the same year. It should be noted that these terms of purchase are valid only for 2007 (the price of uranium on the world market is XOF 122 000). China's entry on the market with its rapidly growing population of nuclear power plants could lead to higher uranium ore prices.

In a high-growth scenario that projects average annual growth of 5.5 per cent over the 2008-10 period, the drivers will be the mining and agricultural sectors, which will post average growth rates of 7.5 per cent and 6.8 per cent respectively. The mining sector will be boosted by the continuing increase in demand and by higher uranium prices, the start-up and operation of new mines (Imouraren site), the roll-out of the Tahoua phosphate project and the Sakadam coal project, and the discovery and operation of new gold mines. A more cautious growth estimate based on current trends indicates that the GDP growth rate cannot rise higher than 5 per cent in 2008, despite the forecast of favourable rainfall.

The industrial sector remains poorly developed and is concentrated in a few sub-sectors, manufacturing and construction in particular, and especially areas belonging to the modern sector. In 2006, the industrial production index of the Central Bank of the West African States (BCEAO) for Niger rose by 13 per cent, reflecting the recovery in uranium production and dynamic growth in agribusiness. The growth of 35 per cent in retail sales resulted from, first, higher sales of clothing due to strong domestic demand for locally printed fabrics, and, second, the need for oil products. In 2007, the industrial production index was up 13.7 per cent.

Figure 2 - GDP by Sector in 2006 (percentage)



Source: Authors' estimates based on National Statistics Institute data.

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The tertiary sector accounted for 37.1 per cent of GDP in 2006 and turned in growth of 4.6 per cent in 2007, compared with a rate of 4.3 per cent in 2006. Its performance in 2007 was attributable to the expected growth in telecommunications (9.5 per cent) and public services (6.5 per cent). The tourist industry in Niger has great potential, but the recurring problems in the north of the country make it difficult to implement a real long-term strategy.

The respective contributions of the primary, secondary and tertiary sectors to growth in 2007 are estimated at 2.7 percentage points, 0.8 point, and 2.2 points.

With respect to demand, household private consumption amounted to 70.7 per cent of GDP in 2007. Final consumption rose by 6.8 per cent due to the increase in current expenditure and capital expenditure. It will account for 87.2 per cent of GDP in 2007 and 87.4 per cent in 2008.

Where investment is concerned, expectations are for positive growth in 2007, following a decline in 2006, due to higher public investment spending and continued investment in the fields of research, energy and communications. Investment is thus estimated to have risen from 21.8 per cent of GDP in 2006 to 22.3 per cent in 2007. This increase reflects a rise in

Table 1 - Demand Composition

	Percentage of GDP (current prices)		Percentage changes, volume			Contribution to real GDP growth		
	1999	2006	2007(e)	2008(p)	2009(p)	2007(e)	2008(p)	2009(p)
Gross capital formation	13.1	21.8	11.8	13.7	6.3	2.6	3.3	1.6
Public	4.4	5.8	25.0	6.0	7.0	1.5	0.4	0.5
Private	8.7	16.1	7.0	17.0	6.0	1.1	2.8	1.1
Consumption	94.9	89.6	6.8	4.8	4.9	6.1	4.4	4.5
Public	20.2	15.4	14.0	3.3	4.9	2.1	0.5	0.8
Private	74.7	74.1	5.3	5.1	4.9	4.0	3.9	3.7
External demand	-8.1	-11.4				-3.8	-3.0	-1.6
Exports	16.8	18.7	0.7	1.2	2.2	0.1	0.2	0.4
Imports	-24.8	-30.1	12.5	9.6	5.7	-3.9	-3.2	-2.0
Real GDP growth						5.0	4.7	4.5

Source: IMF data; estimates (e) and projections (p) based on authors' calculations.

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gross fixed capital formation by both the private sector (7.0 per cent) and the public sector (25 per cent). The upward trend should continue in 2008 and 2009.

Final consumption, investment, exports and imports made the following contributions to growth, respectively: 6.1 percentage points, 2.6 points, 0.1 point and -3.9 points. The trade deficit came to XOF 140.2 billion in 2007, as against a deficit of XOF 136.1 billion in 2006. This deterioration reflected an increase in imports, which came to XOF 453.4 billion in 2007 (XOF 408.4 billion a year earlier), and growth of XOF 40.9 billion in exports.

Macroeconomic Policy

Fiscal Policy

The first half of 2007 saw the continued implementation of macroeconomic reforms that are vital to stronger growth and poverty reduction. During this period, the basic fiscal deficit, which excludes externally financed investment expenditure, was limited to XOF 11.7 billion, significantly below the projection of XOF 42.6 billion, as revenue exceeded expectations and expenditure execution lagged.

The basic deficit for 2007 is projected to be XOF 74.8 billion, whereas it was initially slated to be

XOF 83.2 billion. Given the planned reduction of domestic arrears by XOF 15.1 billion, the fiscal deficit on a "cash" basis should come to XOF 89.9 billion. Bank financing will be higher than expected (XOF 17.2 billion, against the projection of XOF 7.4 billion), due primarily to the reduction in external budget support.

With respect to revenue, collection of the industrial and commercial profits tax and value added tax (VAT) exceeded projections. Nevertheless, tax revenue should still be slightly below budget plans (XOF 222 billion instead of the expected 224 billion), because taxed imports should fall due to the increase in trade with the countries of the Economic Community of West African States (ECOWAS), which benefit from exemptions on gate fees. Despite the loss in revenue from the fees, the revenue on domestic taxation could exceed initial projections, due to the performance of VAT and higher mining royalties. Non-tax revenue will significantly exceed initial projections due to revenue related to mining permits, in particular the grant of a new mining concession (XOF 9.8 billion), and to the exceptional dividends expected from the mining companies.


With respect to expenditure, payment authorisations for goods and services as well as transfers and subsidies all remained well below projections. Nevertheless, current expenditure is expected to be in line with

Table 2 - Public Finances (percentage of GDP)

	1999	2004	2005	2006	2007(e)	2008(p)	2009(p)
Total revenue and grants^a	13.4	17.2	18.4	60.8	21.1	20.7	19.7
Tax revenue	8.5	11.0	10.3	11.0	10.8	10.9	11.0
Grants	4.1	5.8	7.6	47.5	8.0	7.4	6.4
Total expenditure and net lending^a	18.8	20.3	20.5	19.3	21.9	22.3	22.8
Current expenditure	13.1	10.8	9.5	9.4	10.6	10.9	11.1
<i>Excluding interest</i>	<i>11.4</i>	<i>10.3</i>	<i>8.9</i>	<i>9.2</i>	<i>10.3</i>	<i>10.6</i>	<i>10.6</i>
Wages and salaries	4.3	3.9	3.6	3.7	3.5	3.4	3.3
Interest	1.7	0.5	0.6	0.3	0.3	0.3	0.4
Capital expenditure	5.9	9.4	11.0	9.9	11.3	11.4	11.7
Primary balance	-3.8	-2.5	-1.5	41.8	-0.5	-1.3	-2.7
Overall balance	-5.5	-3.1	-2.1	41.6	-0.8	-1.7	-3.1

a. Only major items are reported.

Source: IMF and National Statistics Institute data; estimates (e) and projections (p) based on authors' calculations.

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projections, and domestically financed investment (excluding the Priority Investment Fund, or FIP) slightly below projections. In addition, FIP spending, mostly for security, could reach XOF 25 billion, based on disbursements. Overall, expenditure in 2007, excluding externally financed investment, will come to XOF 333.4 billion, compared with the initial projection of XOF 319.4 billion.

As for the mechanism for setting the prices of oil products, the tax differential introduced in April 2007 was reduced in July and eliminated on 1 November 2007.

Monetary Policy

As Niger is a member of the West African Economic and Monetary Union (WAEMU), its monetary policy is handled at the regional level by the BCEAO, whose main missions are to maintain parity between the CFA franc and the euro and to control inflation. The monetary situation at the end of June 2007 in comparison with December 2006 was marked by the strengthening of net external assets, an increase in domestic credit and an expansion of the money supply. On a yearly basis, there was a consolidation of net external assets (27.6 per cent), an 8.1 per cent expansion of the money supply and a 6.2 per cent reduction of domestic credit. This last item stems from the XOF 44.5 billion improvement in the government's net position, which was mitigated by a 23.6 per cent increase in credit to the economy.

With respect to inflation, the general price level rose during the second quarter, after falling 0.3 per cent

during the first quarter. The consumer price index rose to 119.9 points in April 2007 and then to 123.2 points in June 2007. Prices remained relatively low in comparison with the second quarter of 2006, when they rose from 120.1 points in April to 127.7 points in June. The average inflation rate over the previous 12 months came to -1.4 per cent in June 2007, well below the community ceiling of 3 per cent set by the WAEMU Commission as part of its monitoring of convergence criteria.

External Position


The trade deficit in 2006 had shrunk to -7.5 per cent of GDP. This improvement reflected 8 per cent growth in exports, while imports remained stable. The most valuable export product was uranium, with exports of XOF 80 billion. The rise in exports was also related to the good performance of agricultural and livestock exports; the data for 2006 show encouraging results for the latter. In 2006, the capital and financial transactions account improved significantly due to the debt cancellations undertaken as part of the Multilateral Debt Relief Initiative (MDRI). The overall balance of payments showed a surplus for the second year in a row (XOF 83.9 billion).

Projections concerning the balance of payments in 2007 envisaged a surplus of XOF 15 billion. The trade balance should come to XOF -188.7 billion, compared with a previous figure of XOF -136.1 billion. According to the provisional trade data, however, the value of Niger's exports in the second quarter of 2007 rose by about 39 per cent over the previous quarter, from XOF 37.4 billion to XOF 57.5 billion, due to strong

Table 3 - **Current Account** (percentage of GDP)

	1999	2004	2005	2006	2007(e)	2008(p)	2009(p)
Trade balance	-2.2	-5.1	-8.8	-7.5	-5.1	-6.8	-7.0
Exports of goods (f.o.b.)	15.0	14.7	13.7	14.0	16.1	15.2	15.1
Imports of goods (f.o.b.)	17.2	19.8	22.5	21.5	21.2	22.0	22.1
Services	-5.5	-5.8	-5.8	-5.4	-5.8	-5.6	-6.3
Factor income	-1.0	-0.4	-0.3	-0.1	-0.9	-0.9	-0.9
Current transfers	1.9	3.6	5.5	4.3	4.8	4.0	4.0
Current account balance	-6.9	-7.8	-9.4	-8.7	-7.0	-9.2	-10.3

Source: IMF and Central Bank data; estimates (e) and projections (p) based on authors' calculations.

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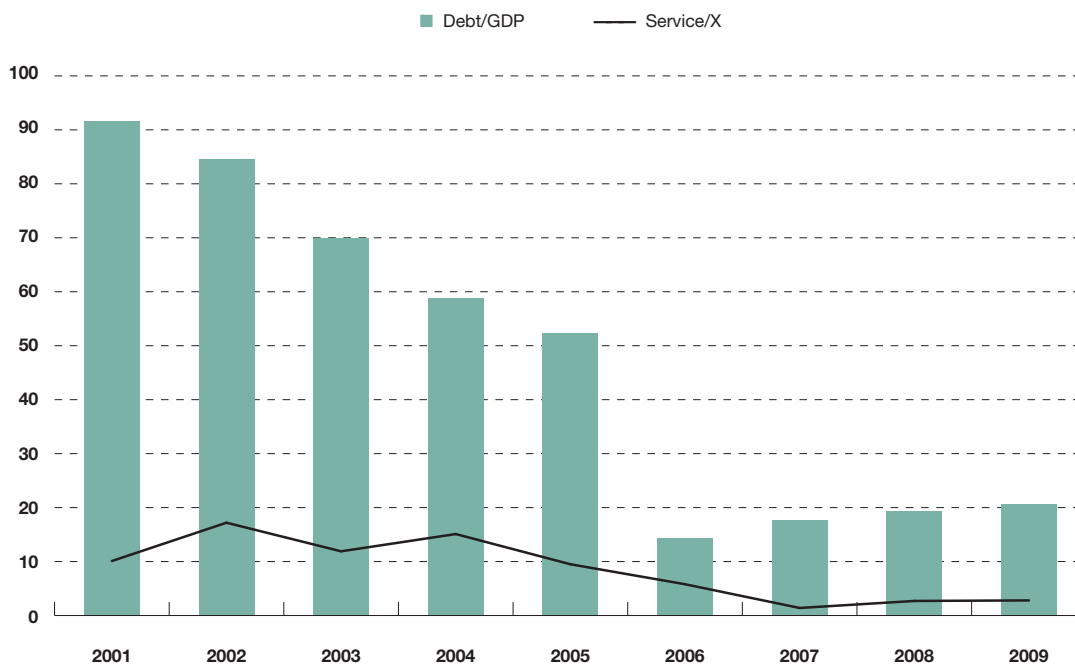
growth in the amount of uranium exported. Imports were up moderately during the second quarter of 2007, from XOF 89.8 billion in the first quarter of the year to XOF 121.6 billion, an increase of 35 per cent. This was to a great extent attributable to the massive volume of pharmaceutical products imported during the second quarter. Despite this rise, imports in 2007 should fall slightly below the 2006 level. The trade balance is expected to show a deficit in 2007, though a smaller one than in 2006.

The balance of services will deteriorate in 2007 by XOF 17.1 billion to XOF -117.3 billion, due to the impact of an increase in freight caused by the rise in imports. Notwithstanding the reduction in charges on the public debt, net factor income will come to XOF -3.2 billion in 2007, as against XOF -1.8 billion in 2006, in line with an increase in foreign investment income. Current transfers increased to XOF 111.5 billion due to the impact of private transfers.

Overall, there was a slide of about XOF 38.7 billion in the current account, which came to XOF -197.7 billion in 2007. This means that the current account balance, excluding grants, came to -14.8 per cent of GDP, as against -11 per cent in 2006. The surplus in the capital and financial transactions account came to XOF 212.7 billion, a fall of 30.2 billion from 2006.

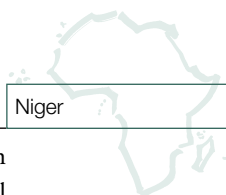
In January 2005 the International Monetary Fund (IMF) approved a three-year programme covering the 2005-07 period, which will provide USD 40.4 million under a new Poverty Reduction and Growth Facility (PRGF). At end-July 2007, total disbursements amounted to USD 37.7 million. On 8 June 2007, the IMF Executive Board approved the fourth review of the PRGF programme. For the fifth review supported by the PRGF, Niger has sought completion towards the end of 2007. The World Bank has nine projects under way, which as of March 2007 represented a financial commitment of about USD 285.3 million. Under the

Figure 3 - **Stock of Total External Debt** (percentage of GDP) and **Debt Service** (percentage of exports of goods and services)



Source: IMF.

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9th European Development Fund (EDF) 2000-07, Niger received EUR 211 million, compared with EUR 136 million for the 8th EDF 1995-2000.

Niger's debt burden has been substantially eased by the Heavily Indebted Poor Countries (HIPC) Initiative and the MDRI. In 2006, the application of cancellation provisions provided for under the MDRI cancelled XOF 784.3 billion of Niger's debt, bringing its external debt/GDP ratio down to 13.4 per cent. Negotiations are under way between the country's authorities and its creditors that are not members of the Paris Club (Algeria, Iraq and Libya) to give Niger the benefit of comparable conditions for the cancellation of its bilateral debts. Nevertheless, a recent debt viability analysis of low-income countries shows that, in light of Niger's vulnerability to certain exogenous shocks, in particular climate conditions, the country faces a moderate risk of overindebtedness. Projections indicate that the debt burden will increase over the years, but by 2025 will still be at a level significantly below the benchmarks based on the quality of the country's economic policies. This means that it will be necessary to finance a great deal of new investment through grants. If grants do not come up to the required level, the country should not contract new loans except on highly concessional terms and even then only to finance highly productive projects.

Structural Issues

Recent Developments

In the course of its review of public spending and financial accountability, Niger's government undertook a number of reforms. With respect to managing expenditures, it reorganised the Treasury and separated its normative and accounting functions. It strengthened the control system by reorganising financial controls and redefining their tasks. It prepared a manual of procedures for audits, transformed the Supreme Court's chamber of accounts and budgetary discipline (*Chambre des comptes*) into an independent Audit Office (*Cour des comptes*), which is receiving technical assistance to define its procedures and train its officers. The government has also launched a new department to

control public procurement expenditure as part of an effort to strengthen its internal auditing and control systems on public spending.

Nevertheless, significant efforts are still needed to ensure that the control bodies are fully effective. With respect to balancing the Treasury accounts, the entry balances for 1997-2005 transactions have been integrated into the accounts of the general balance. The balances for 2006 were still being drawn up at the time of writing. For transactions prior to 1996, a draft law to discharge the accounts of the operations involved is being prepared. A budget review law for 2006 with the nominal accounts were to be presented to the Audit Office and to the National Assembly before the end of 2007.

The tax and customs departments are also being strengthened. With respect to customs, the fraud prevention unit is strengthening its controls on exempt products and storage warehouses. The units that conduct *ex post* controls on the value of imports and exemptions in the main customs offices are being strengthened as well. In addition, the links between the border offices at Torodi and Gaya and the Niamey office now make it possible to monitor clearance operations much more rigorously. The next step is to network the main border offices with the full-service offices in the interior. Assistance from the European Union was requested to this end. With respect to the general tax office (DGI), priority has been given to reducing the number of non-payers, simplifying the claims procedures, improving tax controls based on more and better-trained officers, improving tax collection and drawing up manuals of procedures.

In the field of agriculture, the authorities have decided to emphasise control of the water supply. This involves building hydraulics works to promote irrigated cultivation, diversifying agricultural production and creating the conditions needed to achieve food security.

With respect to mining, more than a hundred new exploration permits have been issued since the adoption of the new code in August 2006. The National Office for Mining Exploration (Onarem), which is to conduct

exploration as one of its responsibilities, was replaced by two recently created bodies: the Centre for Geological and Mining Exploration (CRGM), and Sopamin, which oversees Niger's mining assets. The state's holdings in existing uranium companies, which previously were held by Onarem, have been transferred to these new entities. Sopamin is responsible for conducting commercial transactions such as the sale of uranium. Furthermore, with respect to mining taxes, the procedures for settling mining fees will be strengthened, with customs playing a greater role. To allow more accurate assessment of the taxable profits of mining companies, the DGI's internal departments will be consolidated.

A new oil code was adopted in March 2007 and the implementing decrees and standard contracts in May 2007. The code provides for two types of licensing and production-sharing regimes. At the time of writing, no new permits had been issued under the new code.

With respect to improving the business climate, progress has been made in simplifying the administrative procedures and reducing the costs involved in setting up new companies. Since end-2006, the procedures for registering with the social security office and the job-seekers bureau have been unified. The lump-sum business licence tax (*patente synthétique*) has now been deferred, the registration fee has been reduced by 5 percentage points for certain deeds of sale, and the mandatory payment for registration with the chamber of commerce has been eliminated. Despite this, the composite overall economic indicator (*indicateur synthétique conjoncturel global* – ISCG) shows a decline in activity in the business sector. The ISCG was at a level of 14.1 per cent in the first quarter of 2007 but fell to 6.3 per cent in the second quarter, a drop of 55.3 per cent.

With respect to economic governance, in 2006 the government agreed to incorporate all HIPC funds into the budgets of the ministries responsible for the sectors concerned, based on their results in management and budget reform. This was done for the health care and education sectors (which absorbed about 60 per cent of HIPC funds for 2006). The government drew up a

list of factors involved in reducing poverty for 2005 and 2006, which was included in the 2006 budget bill. The senior ministries take part in a system of cash flow management to ensure that their most important investments are protected.

In 2005, the slow progress of the privatisation of both Nigélec, Niger's electricity utility, which provides for the transfer of 51 per cent of the capital under a single 25-year concession, and Sonidep, an oil products company, has prompted Niger's authorities to review the privatisation strategy for the two companies, with help from the World Bank. Accelerating the restructuring of Nigélec and Sonidep should give these public enterprises the technical and financial resources needed to develop their activities and to make a greater contribution to growth.

In the financial sector, reform must still deal with the state's withdrawal from the capital of Crédit du Niger (CDN). The process of privatising CDN is well under way, and the public offering is to be presented at the end of 2007. The national postal services and savings institution, the Office national de la Poste et de l'épargne, has been split into two entities: Niger Poste, which is in charge of postal services, and Finaposte, which handles financial services. In order to enable Finaposte to meet capital requirements and obtain a licence from the BCEAO, the government has supplied capital of XOF 1 billion. To give Finaposte a zero opening balance, the state is planning to issue non-negotiable shares to cover the difference between assets and liabilities. It is also planning to set up a deposit in an associated current account in order to give Finaposte stable resources and enable it to meet certain prudential ratios. The method of settling the deposit accounts at the former Caisse nationale d'épargne savings bank will be defined after authorisation has been obtained.

The restructuring of the two leading micro-finance institutions, Taimako and the Mouvement des caisses populaires d'épargne et crédit, should soon be under way. A micro-finance regulatory authority was set up in April 2007, but it does not yet have the material and human resources needed to carry out its mission. In the fight against money laundering, the national unit

in charge of processing financial information, set up in 2004, has begun operations.

Development of Technical and Vocational Skills

For more than a decade, the technical and vocational education and training (TVET) sector has been the subject of many forums and studies conducted with the support of various partners (International Labour Organisation, World Bank, Coopération française, etc.). These have included the Zinder declaration on education (1982), the general education conference (1992), the Kollo seminar on technical and vocational education (1992), the workshop on restructuring and improving the technical and vocational education system (1997), the seminar on continuing education (2001), the national meetings on continuing vocational education (2001), and the workshop on restructuring the conditions and mechanisms for access to the *École normale supérieure*, a higher education institution (2003). However, the basic principles that govern and guide the education system are set out in Law 98-12 of June 1998. Article 25 of this law defines three core missions for technical and vocational education: to train personnel capable of using their technical and vocational skills to develop agriculture, livestock, crafts, industry, commerce and the economy; to provide continuing education for those in work; and to prepare young people for working life.

Other legislation concerning TVET includes the law on apprenticeships adopted by decree 96-039 of 29 June 1996, which focuses on the age for admission to an apprenticeship and on the rights and duties of the parties involved, namely the master and the apprentice. There is also the law on crafts work adopted by decree 92-026 of 7 July 1992, which sets out the national policy guidelines for the crafts sector. All of these laws have been incorporated into the ten-year educational development programme, which deals with TVET.

The TVET sector is effective but very heterogeneous, having adapted in various ways. The institutional component of the education system

reproduces an imported educational model and offers standardised training in relatively inappropriate fields. Within this configuration, it is relatively effective in terms of training, questionable insofar as integration into the workforce is concerned and in any case costly, inflexible and impossible to roll out in an identical form for everyone needing training. As a result, it is ill-suited to the actual socio-economic conditions of the country.

TVET falls into the remit of numerous ministries: the Ministry of Basic Education I and Literacy; the Ministry of Secondary and Higher Education, Research and Technology; the Ministry of Social Development, Women's Rights and Child Protection; the Ministry of Public Health and the Fight against Endemics; the Ministry of Regional Development and Investment; the Ministry of Sports, Culture and the Francophonie Games; the Ministry of Youth and Youth Employment; the Ministry of Agricultural Development; the Ministry of Hydraulics, the Environment and the Fight against Desertification; the Ministry of Livestock Resources; the Ministry of Transport and Tourism; the Ministry of Mines and Energy; the Ministry of Communications; the Ministry of Economy and Finance; the Ministry of Commerce, Crafts and Private Sector Development; the Primature, etc. With so many ministries in charge, technical and vocational education suffers from a lack of co-ordination, of synergies and of an integrated vision of how the sector can develop to meet the challenges facing it. Large-scale institutional reform will be needed to define and delimit the remit of an independent or autonomous supervisory authority.

Most of the population acquires vocational skills through on-the-job training, almost the sole channel for access to skilled craft trades. This kind of apprenticeship is based on imitation with no theoretical component.

Technical and vocational education and training are provided in 11 public institutions (one technical high school, one vocational training high school, nine vocational and technical training centres) and 41 private establishments. Until recently, opportunities for public training were concentrated in Niamey, but eight regions

around the country now have at least one public vocational and technical training centre. The public institutions are relatively well endowed in terms of facilities, but they do not always operate at full capacity due to the shortage of resources and the inadequacy of the instruction provided. As for private establishments, their facilities are overused and poorly suited to instruction.

In 2004, the TVET sector took in 2.5 per cent of all secondary pupils, or a total enrolment of 4 608 pupils, more than half of them (2 534) in private establishments. In the public sector, the number of pupils fell considerably, from 3 995 in 1999 to 2 074 in 2004/05. Girls are under-represented in vocational and technical education. The proportion of girls during this same period was estimated at 39 per cent (of these girls, 72 per cent were in private establishments), compared with 44 per cent for boys. Despite a low repetition rate (5 per cent in 2004/05), the quality of instruction in TVET is not the highest. The completion rate in public TVET schools, which was generally above 80 per cent up to the end of 1990, has fallen significantly, leading to more repetitions in the final years.

The cost per pupil rose from XOF 720 295 in 1998 to XOF 1 232 197 in 2002, due in particular to the decline in school enrolment. Technical and vocational training is basically oriented towards the tertiary sector and is based on job descriptions that rarely exist in rural areas. In fact, there is no technical and vocational training aimed at rural workers. This means that skilled labour is scarce and poorly suited to the needs of the country's economy.

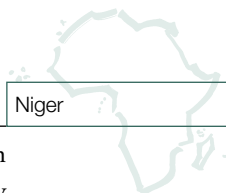
Generally speaking, the output of the technical and vocational educational system is sharply undermined by demographic growth (3.3 per cent per year), the population's youthfulness (49.4 per cent under the age of 15), the scarcity of resources, which limits investment opportunities (infrastructure, acquisition of textbooks and equipment), disproportionate costs relative to the state's resources and their inequitable distribution between different levels of schooling, and the imbalance between the training offered and the needs of the job market.

In the absence of an effective system of financing, the implementation of Niger's TVET policy may well fail to hit the desired target. Funding for TVET comes from five identified sources: the government, through budget allocations; local authorities, which can devote a percentage of their budget to vocational training; donors (international institutions and bilateral partners); parents; and non-governmental organisations (NGOs).

In order to promote employment, the government is seeking to develop technical and vocational training that meets the needs of the economy. To this end, it has taken the following actions: refocusing technical and vocational training on skills for the rural sector, the country's engine of growth, and related skills; rehabilitating and co-ordinating the national training system, as well as strengthening higher technical training institutes; strengthening and modernising the capacities of the informal sector for the purpose of creating decent jobs; developing initial vocational training and/or apprenticeship-study programmes; and putting financing for technical and vocational education on a sustainable basis.

The government also wishes to reorient TVET programmes by diversifying provision and adapting it to the needs of the economy. This will require it to ensure that the new technical and vocational centres are up and operating. Seven new centres were set up in 2005 outside the Niamey urban area in regional capitals. The aim is to provide them with facilities and equipment based on specialisation in an activity determined by their socio-economic environment. The government also must continue to set up training centres in community development so as to have one centre per territorial department by 2015. This step is important in order to offer people without schooling basic vocational training so as to enable them to find jobs more easily.

Funding for the national vocational training office also must be ensured so that the decentralised system of vocational training set up under the Nigentech II project is put on a sustainable basis and in order to develop apprenticeship programmes. Other important goals have been identified, such as ensuring the viability of the Niger Centre for Leather Crafts and identifying



the sectors that might use it so as to offer craftsmen the opportunity to enhance their professionalism. Efforts are also needed to promote girls' access to technical and vocational training, particularly in agriculture and industry, and to develop a system of continuing certification-oriented vocational training for pupils who have dropped out of school, which would also be suitable for upgrading the skills of people who are already working but whose skills no longer correspond to the requirements of today's technologies. It is also necessary to support the growth of the private sector by overhauling existing regulations with respect to opening training establishments and by developing incentives to encourage this. Finally, it is necessary to rationalise the geographical distribution of training centres with a view to implementing a TVET master plan that involves the heads of trade associations.

Political Context

Two key events marked the political scene in Niger in 2007. March saw the reorganisation of the government, which was dominated by a four-party coalition: the National Movement for a Society of Development (MNSD), the Democratic and Social Convention (CDS), the Social Democratic Rally (RSD) and the Rally for Democracy and Progress (RDP). This was followed in June by parliamentary elections, which led to the removal of the government due to its corruption and poor management of public affairs. The new prime minister, a member of the ruling MNSD, formed a government that included eight women, compared with six in the preceding government, despite the opposition of the Niger Party for Democracy and Socialism (PNDS), the main opposition party.

There was also a surge in attacks by Touareg rebels from the banned Niger Movement for Justice (MNJ) against the army in the desert region in the country's north, where the uranium mines are located. Following these armed attacks, Niger's authorities decided to expel the local director-general of Areva, the French nuclear firm, whom they suspected of having relations with the MNJ. This came on the heels of the expulsion

of a security expert who worked for Areva on a uranium prospecting site in Imouraren, which was attacked by the MNJ. Some members of Niger's news media criticise Areva for supporting the rebels. Protests took place in Niamey to denounce the French firm and Libya for supporting the Touareg rebellion, "with the aim of stirring up trouble in the north in order to prevent any mining and oil exploration and operations".

The social situation remained tense in 2007. Niger's NGOs have also expressed their discontent and threatened protests to demand the audit of the funds stemming from debt cancellation (the HIPC Initiative). The tense situation led President Mamadou Tandja to extend for three months the "state of alert" which has given added powers to the army and police in the north of the country since August 2007.

Social Context and Human Resources Development

There was progress in education between 2004 and 2006, but Niger is still a long way from universal primary education. The gross enrolment rate in primary school rose to 45.4 per cent in 2004 and 50.6 per cent in 2005. The school completion rate rose from 25.6 per cent to 36.4 per cent in the 2001-05 period, but the results are still below the target of 44 per cent set for 2005 in the 2002 poverty reduction strategy paper. The establishment of a post-primary education programme, which is being prepared, will help to define a strategic framework for ensuring that secondary education and other components of the education system will be able to deal on a sustainable basis with the rising demand from pupils finishing primary school. Following an audit in June 2006 which revealed that funds for programmes financed by donors in the education sector are being poorly managed, the government recently took corrective steps, including the removal of two ministers.

In February 2005 the government adopted a five-year plan (2006-10) to develop the health sector. The programme is being funded by a loan of USD 35 million approved by the International

Development Agency in January 2006. Recent years have seen some progress: the infant mortality rate in 2007 was 110.8 per thousand (against 123 per thousand in 1998), and the mortality rate for children under five was 188 per thousand, down from 262 per thousand in 1998. If the current trend towards lower mortality rates for children under five continues, the indicator will fall well below Millennium Development Goal 4, which is a rate of 107 in 2015. Local sources also report that the national child vaccination rate rose from 60 per cent in 1998 to 83.5 per cent in 2006. In 2002, the government adopted a strategic anti-HIV/AIDS plan that has been implemented with support from development partners. Eight regional units to co-ordinate the campaign were created, along with 24 sector committees. It has been possible to obtain antiretrovirals in Niger since 2004, but broader access is needed. The HIV/AIDS prevalence rate is low compared with averages in the region. It fell from 0.87 per cent in 2002 to 0.7 per cent in 2006.

For Niger, the only quantitative data available for making a direct assessment of poverty trends are those from the QUIBB (questionnaire using basic indicators of well-being) survey conducted in 2005, which estimates that 62.1 per cent of Niger's population is poor, and the results of the 1993 survey on household budgets and consumption, which put the poverty rate at 63 per cent in 1992.

In the absence of any intermediate data making it possible to analyse poverty trends directly, an indirect evaluation method based on backwards projection of consumer spending was used. Using this method, and assuming constant inequality, the results indicate that the poverty rate remained stable between 1992 and 2005. The higher economic growth observed between 2002 and 2005 merely offset the poor economic performance seen in the 1990s. Nevertheless, with the rise in GDP per capita between 2002 and 2005 (an annual average of 0.4 per cent over the four years), a slight decrease in poverty in Niger can be expected. In this respect, adopting the dual hypothesis of an elasticity

of poverty¹ relative to per capita income of -0.93 (average level used by the WAEMU regional economic programme) and constant inequality of income, it is possible to estimate the fall in poverty between 2002 and 2005 at 1.5 percentage points. The poverty rate in 2002 was therefore 63.6 per cent.

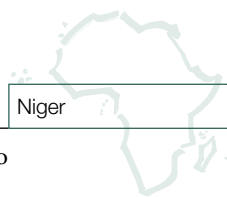
The results of the QUIBB survey do, however, provide one qualitative clarification: about 66 per cent of households believe that their living conditions have improved somewhat between 2000 and 2005. At the national level, the main factors behind any change have been, in order of importance: an increase in the number of household economic activities (28 per cent), the availability of a job (16 per cent), the creation of an enterprise or a new activity (15 per cent) and migration (15 per cent).

The official unemployment rate rose to about 16 per cent in 2005. It is higher in urban areas (19.4 per cent) than in the countryside (15.2 per cent). Women, with a rate of 25 per cent, are hit harder than men, who face a rate of 12 per cent. With respect to age, the highest unemployment rate is for those aged 15 to 29 (24 per cent). Those who generally are most vulnerable to unemployment are those with relatively less education. In addition, child labourers represent more than 15 per cent of the working population. This situation is due in part to the poverty that pushes households to hold their children out of school, which results in a less-skilled workforce and engenders a vicious circle of poverty. For instance, 57.6 per cent of children who have no education are economically active.

The rate of underemployment is also very high: 34.6 per cent in 2005, which breaks down to 38.3 per cent for women and 32.9 per cent for men. Underemployment mainly affects the rural population (86.3 per cent), due to the seasonal nature of farm work.

The continuing imbalance between labour supply and demand is attributable to two factors: strong demographic growth and the structural inadequacy of

1. The elasticity of poverty measures the impact of a change in GDP per capita on the poverty rate.



supply. The latter is due, among other things, to obsolete production techniques, particularly in the rural sector,

to the embryonic state of the secondary sector and to the disorganisation of the informal sector.

