NIGER

Table 1	2023
Population, million	27.2
GDP, current US$ billion	16.7
GDP per capita, current US$	613.9
International poverty rate ($2.15)[a]	50.6
Lower middle-income poverty rate ($3.65)[a]	83.1
Upper middle-income poverty rate ($6.85)[a]	96.3
Gini index[a]	32.9
School enrollment, primary (% gross)[b]	65.0
Life expectancy at birth, years[b]	62.1
Total GHG emissions (mtCO2e)	52.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2021), 2017 PPPs.
b/ Most recent WDI value (2022).

Growth in 2024 is expected to recover to 5.7 percent (1.8 percent per capita) with the sanctions lifted in February 2024 and resumption of financing. However, the expected boost from oil exports has been dampened by the trade dispute with Benin, which has also pushed up food prices. The outlook is subject to downside risks, including a prolonged trade dispute, impacts of the Economic Community of West African States (ECOWAS) withdrawal, climate shocks, and worsening insecurity.

Key conditions and challenges

Niger's economy is agriculture dependent and vulnerable to climate shocks. With low productivity and high population growth, around half of the population lives in extreme poverty, aggravated by gender disparities and weak human capital development.

Niger's relative stability in the Sahel had led to a significant increase in international development assistance and investment. This changed with the military coup on July 26, 2023, which led to ECOWAS and WAEMU economic sanctions, border closures lasting nearly 7 months, and a pause in development assistance. On January 28, 2024, in a joint communiqué, Burkina Faso, Mali and Niger announced their 'immediate' withdrawal from ECOWAS. The three countries remain members of WAEMU. Subsequently, on July 6, 2024, the three countries signed the Treaty establishing the Confederation of Sahel States. These events have heightened political and policy uncertainty.

With the completion of the Niger-Benin pipeline, oil production was expected to rise from 15,000 to 107,000 barrels/day by 2024, increasing the importance of oil in exports, revenues, and GDP, and providing revenues to Benin. The land border with Benin remains closed as of mid-September, with Nigerien authorities citing security concerns. The Beninese authorities allowed two shipments of oil to be loaded and exported to China before preventing additional shipments. In response, Nigerien authorities have shut down the pipeline and stopped oil production for exports since mid-June.

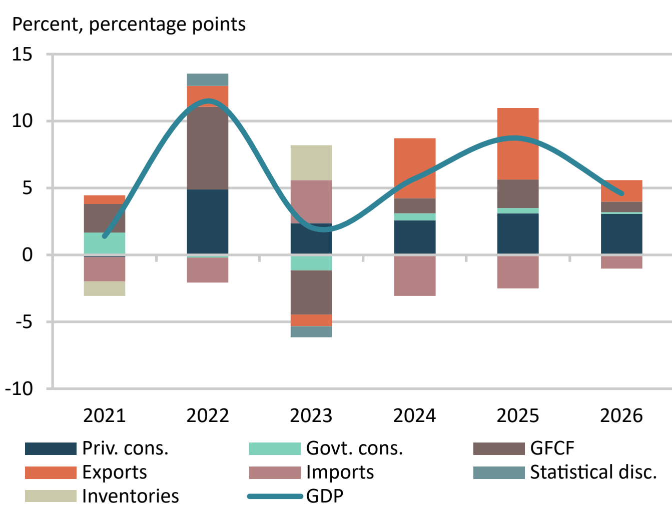
Recent developments

The political crisis in 2023 is estimated to have reduced GDP growth to 2.0 percent in 2023 (-1.7 percent per capita). Growth in 2024 is expected to recover with the sanctions lifted in February 2024 and the resumption of financing. However, the expected boost from large-scale oil exports has been dampened. Growth in 2024 is projected at 5.7 percent (1.8 percent per capita), based on an expected total oil production of 11.2 million barrels, compared to 9.1 percent growth if oil production had reached 16.6 million barrels. On the supply side, in addition to industry (oil), agriculture is expected to contribute 2.6 percentage points (pps) to growth. Exports, driven by oil, is expected to be the main driver on the demand side (+4.5 pps), followed by private consumption (+2.6 pps).

Trade disruptions due to the border closure with Benin have fueled an increase in food prices, leading the year-on-year inflation rate to rise from 1.7 percent in June 2023 to 15.5 percent in June 2024. The annual average inflation rate is expected to reach 8.5 percent.

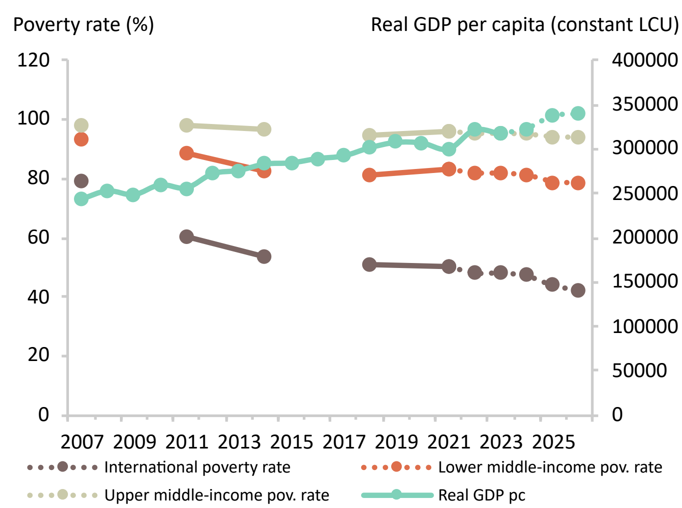
Despite higher inflation, the extreme poverty rate is projected to decrease to 47.5 percent

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



Source: World Bank estimates.

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



Source: World Bank. Notes: see Table 2.

in 2024 due to positive agriculture growth. However, 13.1 percent of the population is facing severe food insecurity, around 300,000 people are internally displaced due to insecurity, and floods in August destroyed thousands of homes and led to hundreds of deaths.

The Central Bank of West African States (BCEAO) has kept its policy interest rates unchanged since December 2023 at 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. The WAEMU inflation rate has been on a downward trend since peaking in 2022 but remains above the 1 to 3 percent WAEMU target, at 4.4 percent y/y in July 2024, and regional foreign exchange reserves remain low, covering only 3.5 months of import in 2024Q1.

Given lower than expected oil revenues, the fiscal deficit in 2024 is expected to remain above the WAEMU target at 4.4 percent of GDP. At the end of April 2024, the government had accumulated CFAF 701.8 billion in external and domestic/regional debt arrears. However, by the end of June, Niger had cleared CFAF 533.8 billion and resumed bond issuances on the regional market, albeit at higher rates, exceeding 9 percent for 12-month bills. The clearance was assisted by a US$400 million loan from China secured by oil exports; the pause in oil exports complicates the repayment.

Outlook

GDP growth is expected to average 6.5 percent over 2025-2026, supported by oil production and exports (scaling up in 2025) and improvements in agricultural output due to an expansion in irrigated land. This assumes the security situation doesn't deteriorate and an orderly ECOWAS withdrawal that limits negative impacts to lower trade with non-WAEMU ECOWAS states. As domestic financing is expected to remain costly, the fiscal deficit is expected to narrow and average 3.6 percent over 2025-2026, with public debt declining to 50.6 percent by 2026. The current account deficit is projected to narrow and average 4.1 percent over 2025-26 on the back of oil exports.

Inflation is projected to remain high at an average of 5.4 percent over 2025-26, partly due to higher import costs. The regional inflation rate is expected to align with WAEMU target by 2025, while regional reserves are expected to rise gradually, supported by the resumption of international bond issuances, recovering exports and monetary policy easing in the Euro Area.

Despite projected higher inflation in 2025-26, the extreme poverty rate is projected to decrease significantly to 42.5 percent by 2026, driven by the strong GDP and agriculture output growth projections.

The outlook remains subject to significant downside risks, including a deterioration of the security situation, commodity price volatility and climatic shocks. An ECOWAS withdrawal that has gaps in agreements could lead to larger disruptions in the free movement of goods, services, capital, and labor and could have spillover effects onto trade in the WAEMU zone. However, if new trade opportunities are realized, these negative impacts could be mitigated. Sustained or escalated tensions between Benin and Niger could lead to higher trade costs and delay oil exports.

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

	2021	2022	2023	2024e	2025f	2026f
Real GDP growth, at constant market prices	1.4	11.5	2.0	5.7	8.5	4.6
Private consumption	-0.2	7.0	3.5	3.8	4.6	4.7
Government consumption	9.8	-1.2	-7.0	3.5	2.9	1.2
Gross fixed capital investment	7.7	21.1	-10.4	4.0	7.6	2.8
Exports, goods and services	6.7	14.4	-8.1	45.2	39.1	9.2
Imports, goods and services	6.9	6.5	-12.0	13.3	10.1	4.1
Real GDP growth, at constant factor prices	1.0	11.6	2.1	5.7	8.5	4.6
Agriculture	-5.1	27.0	3.1	6.5	6.8	5.2
Industry	4.1	-0.9	3.9	12.1	5.6	3.4
Services	5.4	4.9	0.1	1.1	12.2	4.5
Inflation (consumer price index)	2.9	3.9	3.7	8.5	6.7	4.2
Current account balance (% of GDP)	-7.8	-9.8	-9.3	-8.3	-3.8	-2.9
Net foreign direct investment inflow (% of GDP)	2.1	3.9	3.2	1.6	1.7	1.7
Fiscal balance (% of GDP)	-3.4	-6.8	-5.4	-4.4	-3.9	-3.2
Revenues (% of GDP)	18.2	14.9	10.5	10.9	11.4	11.1
Debt (% of GDP)	51.3	51.7	54.7	53.3	51.3	50.6
Primary balance (% of GDP)	-2.2	-5.6	-4.5	-3.8	-3.5	-2.8
International poverty rate ($2.15 in 2017 PPP)[a,b]	50.6	48.4	48.4	47.5	44.2	42.5
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	83.1	81.8	81.7	81.0	78.8	78.2
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	96.3	95.5	95.5	95.2	94.2	93.9
GHG emissions growth (mtCO2e)	5.0	5.0	4.0	4.7	5.0	4.7
Energy related GHG emissions (% of total)	7.4	8.1	7.8	8.0	8.4	8.5

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