

NIGER

Table 1

	2021
Population, million	25.1
GDP, current US\$ billion	14.9
GDP per capita, current US\$	593.5
International poverty rate (\$2.15) ^a	50.6
Lower middle-income poverty rate (\$3.65) ^a	81.1
Upper middle-income poverty rate (\$6.85) ^a	95.0
Gini index ^a	37.3
School enrollment, primary (% gross) ^b	66.4
Life expectancy at birth, years ^b	62.8
Total GHG emissions (mtCO ₂ e)	47.5

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2017 PPPs.
 b/ WDI for School enrollment (2019); Life expectancy (2020).

Due to climate-related shocks and worsening insecurity, real GDP growth decelerated to 1.4 percent in 2021 (2.3 percent contraction in GDP per capita) and the extreme poverty rate reached 51.1 percent. The economy is expected to grow by 5 percent in 2022 as agricultural production normalizes, and to accelerate as large oil revenues come onstream in 2024. Growth and the rate of poverty reduction are subject to significant downside risks and strengthening of targeted programs.

Key conditions and challenges

Niger's economy is highly dependent on agriculture and remains vulnerable to external shocks, especially climate-related shocks. This is reflected in a robust but volatile growth trajectory that ranged between 2.4 percent and 10.5 percent from 2011 to 2019. As growth has been associated with limited improvements in productivity and with high population growth (averaging 3.9 percent over 2010-19) per capita GDP remains at US\$593.5 in 2021, towards the bottom of the world's income distribution. Over 50 percent of the population lives in extreme poverty, aggravated by gender disparities.

After the 2020 COVID-19 pandemic and global economic downturn, the country has continued to be shaken by natural disasters, a worsening security situation, and indirectly by the war in Ukraine. Deteriorating regional security has been affecting important agricultural areas, and addressing insecurity is key to improving economic performance, public finances, service delivery and access to markets.

Comprehensive institutional and economic reforms, to increase overall productivity especially in agriculture, are needed to support a more resilient and inclusive development trajectory. Reforms should strengthen economic governance, including ensuring that the rents from the petroleum sector are invested to support inclusive growth, promoting

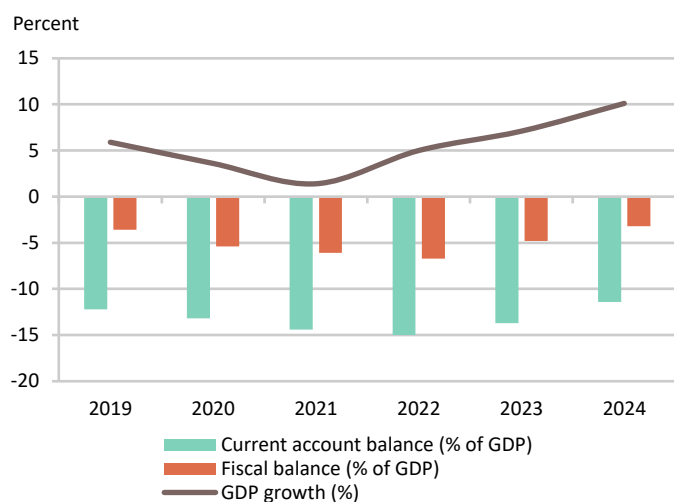
financial inclusion, adopting digital technologies, and broadening access to education and training to support job creation. Accelerating crisis preparedness through climate adaptation investments, along with strengthening the disaster risk management framework and social safety nets, are also key to increase resilience to climate change as 75 percent of the workforce is still in subsistence agriculture.

Recent developments

As a result of poor rainfall and an increase in security incidents in rural areas, agricultural production declined in 2021 (-5 percent) leading to 1.4 percent GDP growth (-2.3 percent in per capita terms). Private consumption's contribution to growth declined from 3.1 percentage points (pp) in 2020 to -1.2 pp in 2021, while gross fixed investments contribution turned positive in 2021 to 2.8 pp. The share of Nigeriens living below the international poverty line (US\$2.15/day per capita, 2017 PPP), is expected to have increased by 1.2 percentage points to 51.1 percent in 2021, an increase of 0.8 million in the number of extreme poor, reaching 12.8 million people.

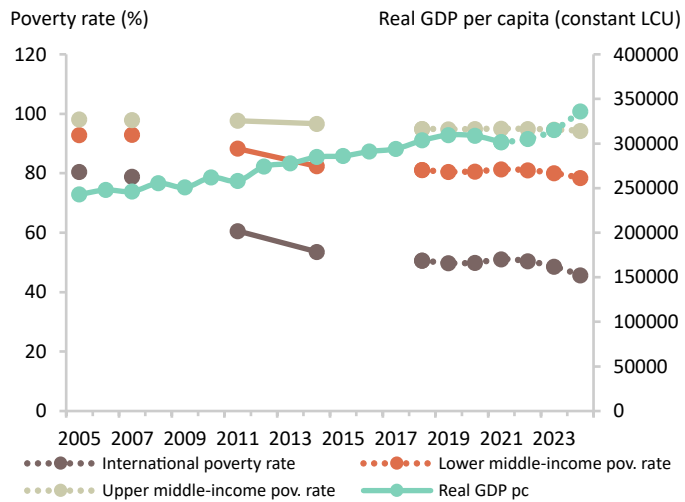
Growth is projected to recover to 5 percent of GDP (1.2 percent in per capita terms) in 2022, as agriculture production normalizes following an average rainy season. On the demand side, public and private investment will benefit from large-scale infrastructure projects, while higher food prices may weigh on private consumption. The current account deficit is projected to

FIGURE 1 Niger / GDP growth, current account and fiscal balances



Sources: INSN and World Bank staff estimates.

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



Source: World Bank. Notes: see Table 2.

further widen to 14.9 percent of GDP, amid extractive projects-related imports and higher food imports.

Inflation reached 5.2 percent in the first half of the 2022. Monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO). Its reserves declined to 5.2 months of imports in June 2022, from 5.5 months in 2021, due to higher energy prices and food imports caused by the Ukraine crisis. To counter inflation pressures, the BCEAO raised rates for liquidity calls (2 percent to 2.5 percent) and the marginal lending window (4 percent to 4.5 percent) in June and September 2022.

The fiscal deficit will increase to 6.7 percent of GDP in 2022, above the budgeted level of 5.4 percent of GDP, to accommodate additional spending to address food scarcity, implement an emergency plan to support agriculture and livestock, and to start construction of new schools. As a result of the widening fiscal deficit and the CFAF depreciation vis-à-vis the US dollar, public and publicly-guaranteed debt will increase to 54.8 percent of GDP by the end

of 2022 - an increase of 15 percentage points since 2019.

The extreme poverty rate is expected to decline to 50.4 percent in 2022 as growth, particularly in agriculture, recovers. However, export bans on some staple foods from neighboring countries, agricultural production deficits recorded in several areas (Tahoua and Tilaberi) and ongoing insecurity is negatively impacting the supply of cereals, putting 4.4 million people (18 percent of the population) at risk of food insecurity in 2022.

Outlook

Growth is expected to gain traction in 2023 (7.1 percent, equivalent to 3.2 percent in per capita terms) and surpass 10 percent in 2024 on the back of the start of large-scale oil production and exports. Inflation will moderate to 4 percent and 3 respectively in 2023 and 2024 as food prices normalize. An ambitious fiscal adjustment supported by an IMF program aims to bring the fiscal

deficit down to around 3 percent in 2024 through a series of measures to improve the structurally low level of domestic revenues. This would put the debt-to-GDP ratio onto a declining path.

The poverty headcount rate is projected to decline in line with higher non-oil growth and lower inflation in 2023 and 2024. However, despite projected GDP growth being above Niger's population growth rate of 3.8 percent, the absolute number of poor will remain roughly constant between 2021 and 2024 and progress will depend on progress with the aforementioned reforms. This outlook is subject to a high degree of uncertainty and multiple downside risks including intensified climate change-related shocks, security risks, tighter global financial conditions, food security challenges, delays in oil production expansion and social discontent from high inflation. The war in Ukraine, and additional monetary tightening in the eurozone represent additional risks through elevated food and energy prices, and debt refinancing costs on the regional market.

TABLE 2 Niger / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021	2022e	2023f	2024f
Real GDP growth, at constant market prices	5.9	3.6	1.4	5.0	7.1	10.1
Private Consumption	4.3	7.7	-0.2	3.0	5.3	5.8
Government Consumption	7.0	5.0	9.8	2.1	10.0	12.5
Gross Fixed Capital Investment	12.5	-3.4	7.7	9.5	4.5	2.5
Exports, Goods and Services	1.1	-6.3	6.7	2.0	29.1	40.8
Imports, Goods and Services	6.2	2.7	6.9	5.0	9.8	7.0
Real GDP growth, at constant factor prices	6.1	4.2	1.0	5.1	7.1	10.1
Agriculture	3.4	7.7	-5.1	5.0	6.5	7.0
Industry	9.0	1.9	4.1	6.4	12.0	26.0
Services	7.0	2.1	5.4	4.4	4.8	3.0
Inflation (Consumer Price Index)	-2.5	2.8	2.9	5.3	4.0	3.0
Current Account Balance (% of GDP)	-12.2	-13.2	-14.4	-15.0	-13.7	-11.4
Net Foreign Direct Investment Inflow (% of GDP)	5.3	2.5	3.3	4.3	4.3	4.3
Fiscal Balance (% of GDP)	-3.6	-5.4	-6.1	-6.7	-4.8	-3.2
Debt (% of GDP)	39.8	45.0	51.3	54.8	54.9	52.7
Primary Balance (% of GDP)	-2.6	-4.4	-5.0	-5.6	-3.4	-1.7
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	49.8	49.9	51.1	50.4	48.6	45.7
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	80.5	80.6	81.3	81.1	80.0	78.4
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	94.8	94.9	95.0	94.9	94.7	94.3
GHG emissions growth (mtCO₂e)	4.5	4.0	3.9	3.6	4.2	4.4
Energy related GHG emissions (% of total)	6.8	6.8	6.8	6.5	6.6	6.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.