NIGER

Table 1	**2022**
Population, million	26.2
GDP, current US$ billion	17.1
GDP per capita, current US$	654.3
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]	64.8
Life expectancy at birth, years[b]	61.5
Total GHG emissions (mtCO2e)	49.4

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ WDI for School enrollment (2021); Life expectancy (2020).

After a slowdown in 2021 GDP growth accelerated to 11.5 percent in 2022 (7.6 percent in per capita terms) as agricultural production increased, while the extreme poverty rate declined to 46.9 percent. Growth is expected to remain robust at 6.9 percent in 2023 and then accelerate as oil revenues come onstream. Growth and poverty reduction are subject to significant downside risks including delays in oil production, climate-related shocks, and insecurity.

Key conditions and challenges

Niger's economy is agriculture-dependent and remains vulnerable to climate-related shocks. This is reflected in a robust but volatile growth trajectory that ranged between 2.4 and 10.5 percent from 2011 to 2019. As growth has been associated with limited improvements in productivity and high population growth (averaging 3.9 percent over 2010-19) per capita GDP remains at US$640 in 2022, towards the bottom of the world's income distribution. Around 50 percent of the population lives in extreme poverty, aggravated by gender disparities.

After the COVID-19 pandemic and the global economic downturn, the country has continued to be shaken by natural disasters, worsening regional and domestic insecurity, and to a more limited extent by Russia's invasion of Ukraine. Deteriorating regional security affects important agricultural areas, and addressing insecurity is key to improving economic performance, public finances, service delivery, and access to markets.

Recent developments

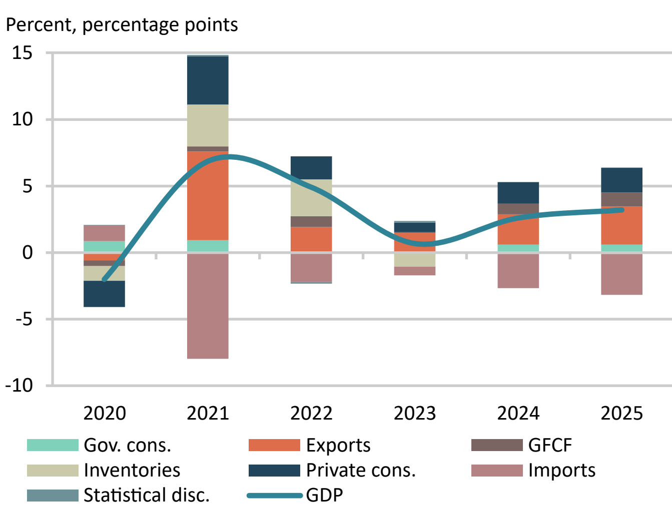
After the lackluster GDP growth in 2021 (1.4 percent) with a decline of 2.3 percent in per capita terms, economic growth is estimated to have jumped to 11.5 percent in 2022 (7.6 percent in per capita terms) as agriculture production increased by 73 percent following a better-than-average rainy season and the expansion of irrigated land, more than offsetting the decline in the extractive and manufacturing activity. The service sector benefited from the expansionary fiscal policy and the construction of the pipeline boosting market services and transportation.

Average annual inflation reached a 10-year high of 4.2 percent in 2022, up from 3.8 percent in 2021, resulting from continued pressures on the domestic food market and global commodity prices. Nevertheless, Niger had the lowest inflation rate in the WAEMU region.

The extreme poverty rate (less than $2.15 a day per capita in PPP) is expected to have declined to 46.9 percent in 2022 from 53.3 percent in 2021, as growth, particularly in agriculture, recovers. The number of extreme poor is projected at 12.3 million in 2022, with important regional differences. High food inflation coupled with insecurity disrupted livelihoods and markets in some regions (Tillabéry, Diffa, Tahoua, and Maradi) and negatively affected household food security. This situation was exacerbated by flooding, dry spells, and limited access to inputs, which are expected to have affected 15 percent of farming villages and led to declines in their agricultural production.

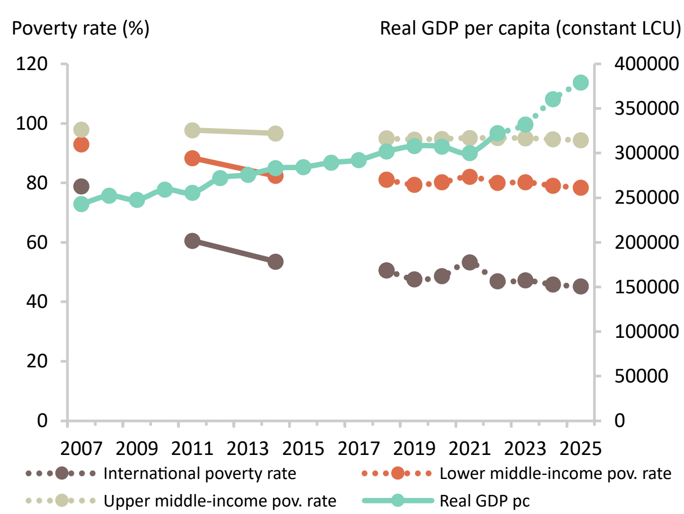
To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 75 basis points in 2022 (to 2.75 percent for liquidity calls and 4.75 percent for the marginal lending facility). BCEAO will likely

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



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.

need to continue tightening in 2023 in line with other major central banks, as foreign exchange reserves have declined, and inflation remains well above the target range of 1-3 percent. Furthermore, delaying fiscal adjustments towards the regional fiscal deficit target of below 3 percent of GDP by 2025 could exacerbate debt sustainability risks in some countries, while increasing regional financing needs, reducing FX reserve buffers, and elevating inflationary risks.

The fiscal deficit increased to 6.9 percent of GDP in 2022 to accommodate additional social spending to address food insecurity, an emergency plan to support agriculture and livestock, and additional security spending. The fiscal deficit has been largely financed by external loans (3.8 percent of GDP) and debt issuance on the regional market (3 percent of GDP). The current account deficit widened to 14.6 percent of GDP amid food and extractive projects-related imports.

As a result of the widening fiscal deficit and the CFAF depreciation vis-à-vis the US dollar, public debt increased to 56 percent of GDP – an increase of 16 percentage points since 2019.

Outlook

Real GDP growth is expected to be in line with the potential, at 6.9 percent (3 percent per capita)\ in 2023, and to further rise in 2024 (12.5 percent) due to the start of large-scale oil production and exports, continued donors' support and an economic reform program designed to increase overall productivity and strengthen economic governance (including investment of rents from the petroleum sector and the sustained flow of international aid to improve access to basic services, infrastructure, and financial inclusion) bringing GDP per capita to a level 15 percent higher than in 2021. Inflation is expected to fall to 3.2 percent in 2023, and to 2.8 percent in 2024 as food inflation moderates, before picking up slightly in 2025 driven by additional demand fueled by oil revenues.

The poverty headcount rate is projected to decline by almost 1.7 percentage points by 2025, in line with higher non-oil growth, moderate agricultural growth and lower inflation in 2023 and 2024. Despite projected GDP growth being above Niger's population growth rate of 3.8 percent, the absolute number of poor will remain roughly constant at 13 million between 2021 and 2024.

An ambitious fiscal adjustment aims to bring the fiscal deficit down to 5.3 percent in 2023, supported by an IMF program, and to 3 percent by 2025 through measures to improve the structurally low level of domestic non-oil revenues. This would facilitate putting the debt-to-GDP ratio back onto a declining trajectory from 2024. With higher food imports, the current account deficit will grow to 16.2 percent before narrowing to 10.7 percent with the onset of oil exports.

This outlook is subject to a high degree of uncertainty and multiple downside risks, including intensified climate change-related shocks (which require improvements in disaster risk management and resilience through adaptation investments), deterioration of the security situation which can drain additional resources, dampening global oil prices and/or delays in oil production expansion, and delays to key structural economic reforms and complementary investments.

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

	2020	2021	2022e	2023f	2024f	2025f
Real GDP growth, at constant market prices	3.6	1.4	11.5	6.9	12.5	9.1
Private Consumption	7.7	-0.2	3.2	4.2	5.0	5.6
Government Consumption	5.0	9.8	0.6	1.9	19.0	15.0
Gross Fixed Capital Investment	-3.4	7.7	33.0	18.5	1.3	7.7
Exports, Goods and Services	-6.3	6.7	0.0	19.4	90.6	17.5
Imports, Goods and Services	2.7	6.9	5.1	17.1	13.7	9.1
Real GDP growth, at constant factor prices	4.2	1.0	11.5	6.9	12.5	9.1
Agriculture	7.7	-5.1	27.0	5.1	5.2	5.2
Industry	1.9	4.1	-0.7	7.5	27.7	9.6
Services	2.1	5.4	4.5	8.5	12.1	12.6
Inflation (Consumer Price Index)	2.8	3.8	4.2	3.2	2.8	3.4
Current Account Balance (% of GDP)	-13.2	-14.4	-14.6	-16.2	-10.7	-7.5
Net Foreign Direct Investment Inflow (% of GDP)	2.5	3.3	4.1	4.1	4.1	3.8
Fiscal Balance (% of GDP)	-5.4	-6.1	-6.9	-5.3	-4.0	-3.0
Revenues (% of GDP)	17.4	18.2	15.0	17.4	19.6	19.2
Debt (% of GDP)	45.0	51.3	56.0	57.5	54.0	48.8
Primary Balance (% of GDP)	-4.4	-5.0	-5.5	-3.9	-2.7	-1.8
International poverty rate ($2.15 in 2017 PPP)[a,b]	48.6	53.3	46.9	47.2	45.9	45.2
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	80.2	82.1	80.1	80.3	79.0	78.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	94.8	95.1	95.1	95.0	94.6	94.4
GHG emissions growth (mtCO2e)	4.2	3.8	4.0	4.2	4.6	4.4
Energy related GHG emissions (% of total)	6.9	6.8	6.8	7.0	7.4	7.6

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 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2022. Forecasts are from 2023 to 2025.
b/ Projection based on microsimulation model that accounts for differences in sectoral growth, food and nonfood inflation.