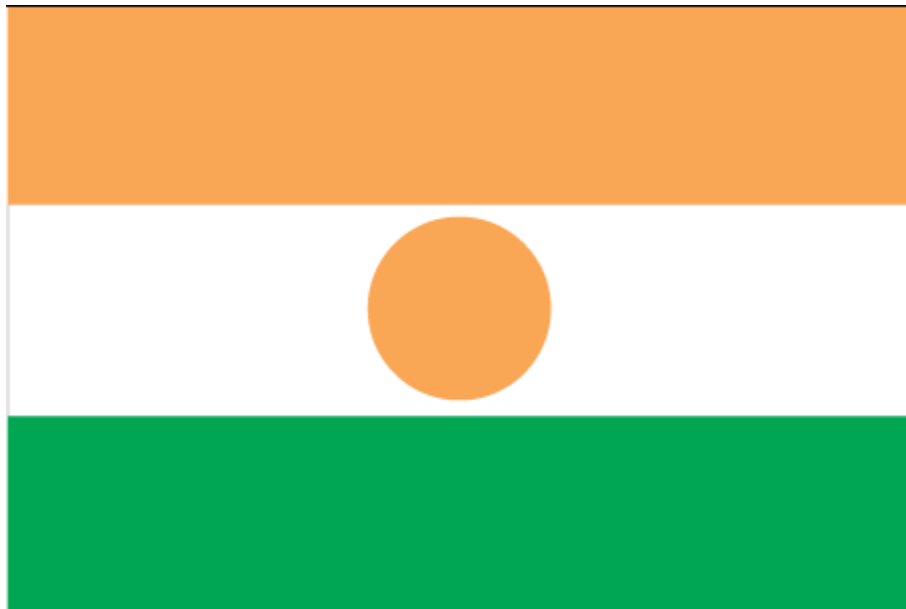


Niger



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INTRODUCTION

Niger is a difficult place to invest; it has a small and fragile economy with an underdeveloped infrastructure for business and finance. That being said, the newly democratic government realizes that foreign investment is central to economic growth, revisions to the investment code since 1997 which have made petroleum and mining investment more attractive to foreigners are evidence of this. Privatization and liberalization are the basis of Nigerien government strategy to improve conditions in their country; however they are still struggling to do this effectively.

History of the country:

In the 19th century European explorers made contact with the ethnic groups that inhabited what is now Niger. Those territories became a French colony in 1922; Niger achieved its independence from France in 1960. The influence of 18th century French colonization still affects the language, legal systems and cultural norms within Niger. Nigerien culture is very traditional, and most people are practicing Muslims. Rushing matters in business is seen as unseemly, and much time is spent haggling in markets for deals

Niger was governed through a single-party system until 1991, when Gen. Ali Aibou was pressured to allow multiparty elections that resulted in a democratized government in 1993. Political turmoil led to a military coup led by Colonel Ibrahim Bare in 1996. In 1999, democratic rule was restored when Colonel Bare's government was overtaken and Mamadou Tandja was elected president. Five years later, ¹Tandja was reelected to a second term. In December 2008 protesters, who objected to Mamadou Tandja's effort to amend the constitution and extend his rule, organized in the capital of Niamey.²

In addition to its tumultuous political history, Niger faces internal terrorism and significant poverty. In 2003, the UNDP Human Development Index ranked Niger the second poorest country in the world³. At the time, two-thirds of the population lived below the poverty line while the other third lived in extreme poverty.

Niger's population is also comprised of many different ethnic groups; including Hausa, Djerma-Songhai, Gourmantche, Fulani, Tuareg, Kanuri, Arabs, and Toubou. The largest of these groups are the Hausa. In February 2007, a group of Tuareg reactionaries calling themselves

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/ng.html#Intro>

² <http://www.niger1.com>

³ Moreira, E. "A macroeconomic framework for quantifying growth and poverty reduction strategies in Niger. The World Bank, February 2005.

Mouvement des Nigériens pour la Justice (MNJ) began issuing demands related to the development in the north of the country. The Taureg's claim that the government issued rights to foreigners on land's that belong to them without their approval and without compensating them. Subsequent attacks on Niger's military and private facilities resulted in the loss of tourism and the deterrence of investment from foreign companies in the mining of natural resources.⁴

According to 2008 estimates, there are 13.3 million people in Niger who support \$9.7 billion of GDP (or approximately \$700 of GDP per capita). Overall, Niger's human development indicators are still very poor. Access to basic social services is extremely limited. Future growth is critically reliant on structured improvements to the country's health and education systems. Niger banned slavery in 2003, but many people still live in subjugation.

Most important industries:

Niger's economic structure is dominated primarily by agriculture and uranium exports. Over 80 percent of the country's working population is employed in the agricultural sector which accounted for 39% of Niger's GDP in 2001. Consequently, Niger's GDP is extremely vulnerable to periodic droughts and the progressive desertification taking place in the region.

Economic stability:

GDP is undiversified and growth relies upon the expansion of two volatile industry sectors. This volatility affects income and the domestic savings rate, which at 3 percent of GDP (the lowest within the West African Economic and Monetary Union, "WAEMU", region as of 2003)⁵ is too low to meet the country's substantial investment needs. The tax base is also thin; total tax revenue amounted to less than 10 percent of 2003 GDP, which is well below the target tax base of 17 percent as set by WAEMU.

Domestic sources of capital are unstable and unsustainable at current rates. Accordingly, Niger is dependent upon grants and loans from foreign countries, the international monetary fund and non-profit organizations whose contributions have historically accounted for approximately 90 percent of Niger's domestic fiscal revenue. Unfortunately, foreign sources of capital have ebbed and flowed during the past twenty years according to the level of political stability in the region.

Niger's longest, sustained economic boom dates back to the 1970's and was largely attributable to a furtive uranium market and rises in foreign aid. In 1978, GDP growth reached

⁴ <http://www.state.gov/r/pa/ei/bgn/5474.htm>

⁵ Moreira, E. "A macroeconomic framework for quantifying growth and poverty reduction strategies in Niger. The World Bank, February 2005.

14 percent. However, declines in global uranium prices coupled with severe drought, poor public finance and economic instability in Nigeria, Niger's main trading partner, resulted in severe economic conditions throughout the 80's and 90's.

In the mid 90's, the World Bank and IMF sought to reform Niger's macro-economy by raising the revenue-to-GDP ratio and by increasing the investment-to-GDP ratio in the country. Structurally, these programs (as outlined in an IMF Standby Agreement, 1994) focused on restructuring public infrastructure (including electricity, water and telecommunications), liberalizing the labor market and continuing efforts to restructure the banking system in the region. These reforms were not successful. While GDP began to grow again, currency devaluation triggered substantial inflation; consumer prices rose by over 40.5 percent.⁶

In 1997, the IMF and the World Bank provided additional restructuring credit with better results. While major indicators including revenue-to-GDP increased and budget deficit-to-GDP decreased, lasting structural reform was hampered by resistance from trade unions and a weak infrastructure to support lasting change.

After a new, democratically elected government took office in 1999, stabilization and structural reform continued. World Bank Public Finance Recovery Credit (PFRC) was committed in 2000 followed by the first in a series of Public Expenditure Adjustment Credits (PEAC 1, October 2001). The current government has committed to reducing the proportion of the Niger populace living in poverty by half by 2015 – as called for under the Millennium Development Goals adopted by the United Nations in 1999.

Economic growth has been sustained since 2000, with real GDP growth averaging 5.1 percent through 2003. This growth is attributed to good weather conditions, improvement in public finances, increases in capital expenditures and the implementation of structural measures to promote further growth.

Foreign Aid:

During the 80's and 90's, Niger received substantial foreign aid; subsequent contributions have been more sporadic. In 1982 international aid per capita rose to USD\$42 and then fell precipitously when committed funds did not achieve their stated purpose. Per capita aid peaked in 1988 when Niger's government made substantial efforts to carry out a comprehensive reform program with foreign support. Reform was ultimately unsuccessful and the political stability that ensued drove foreign aid per capita to USD\$17.

⁶ Moreira, E. "A macroeconomic framework for quantifying growth and poverty reduction strategies in Niger. The World Bank, February 2005.

Since the mid 1970's, 95 percent of foreign aid has been committed as structured capital and 5 percent has committed in food-based aid. However, since 2002, structured capital commitments have declined relative to food-based aid reflecting the political and social turmoil that has again overtaken the region. Under Niger's Investment Code (last revised in 2000), industrial investments are exempt from tax, customs fees, and, in some cases, from the value added tax (VAT). Total foreign ownership is permitted in all sectors except those restricted for national security⁷.

Unfortunately, Niger's reliance on foreign aid over the past several decades has increased without an equivalent increase in the government's ability to raise revenues internally. Given low tax revenues collected, foreign aid is critically connected to government spending and resources in the region. Since 2000, foreign aid dollars have accounted for roughly 90 percent of government consumption. Additionally, capital expenditures in the region are almost entirely financed by foreign contributions.

Several experts believe that Niger's historic reliance on foreign aid has led to a decrease in the country's efforts to increase its taxation revenues. The relationship between foreign aid reliance and the "de-fiscalization" of Niger's productive industries (including agriculture which essentially operates on a tax free basis) has been considered a substantial moral hazard problem⁸.

Taking note of this problem, Niger's government has been working to increase its tax revenue base since the mid-1990s and has effectively increased its revenue-to-GDP ratio from 7.2 percent in 1995 to 10.6 percent in 2002. Nevertheless, Niger's revenue-to-GDP ratio continues to be the lowest within the WAEMU region.

Public and Private Investment:

In the 1970's, most of Niger's capital expenditures have been used to build out infrastructure, (including transportation, energy and telecommunications) with marginal investment efforts focused on the education and health sectors. Since the 1980's, there has been a shift in the government's investment focus towards health and education.

While infrastructure still accounts for the highest share of total public investment; the quality of infrastructure development across the region has been low. Infrastructure networks are not capable of providing services (including water and utilities) that meet even sub-Saharan averages.

⁷ URL, U.S. Department of State. "2009 Investment Climate Statement – Niger," February 2009. <http://www.state.gov/e/eeb/rls/othr/ics/2009/117249.htm>

⁸ Franco-Rodriguez (2000) as reported by: Moreira, E. "A macroeconomic framework for quantifying growth and poverty reduction strategies in Niger. The World Bank, February 2005.

Niger's economy does not attract foreign direct investment and the country continues to be a very difficult place to do business. Several structural features of the country continue to divert foreign businesses from establishing a presence in Niger: high cost of imports within Niger; long distance from Niger to any coastline; limited financial intermediation of business transactions; low levels of human and institutional capabilities.

Trading Partners:

Niger depends on Nigeria for most of its fuel and electricity. Political corruption and attendant problems in Nigeria have impacted Niger greatly. Cote D'Ivoire is another large trading partner in the region while France remains as one of the country's largest international trading partners.

Other countries have recognized that Niger has investment potential in oil, uranium and gold. Niger consistently ranks among the top five uranium-producing nations – most of its uranium is mined by two French-majority owned companies, which are Niger's second and third largest employers behind the government.

In 2003 the European Union announced a 40 million US dollar grant to Niger to revitalize its gold mining sector. In 2007 the American company Caracal Gold Burkina was given gold mining rights. In 2008 China's state oil company was given rights to oil exploration. The MNP has led to issues with exploration in the last several years.⁹ It is expected that China will begin bringing oil from Niger in 2009, but India is also exploring several locations.

Macro Data

Inflation: 0.1% (2007 est.)

GDP growth: 4.5% (2008 est.)

Unemployment information is not readily available

Banking system:

Niger is a member of the West African Economic and Monetary Union (WAEMU). The Central Bank of West African States (BCEAO) is responsible for Niger's monetary policy management and its banking regulation and supervision. The first major reforms to Niger's

⁹ <http://news.bbc.co.uk/>

banking sector began in the early 1990s. In 1989, a regional law was established. Niger's regional Banking Commission was established in 1990 and introduced a new insurance code for banks. Nevertheless, Niger's banking system is still relatively undeveloped. It is comprised of the BCEAO, approximately 10 commercial banks and two to three specialized banks (see matrix below)¹⁰. Nigerien banks offer only a limited array of financial instruments; primarily letters of credit and short-term loans. Loans for larger projects are typically funded by the Overseas Private Investment Corporation (OPIC) and the World Bank. The main commercial banks currently operating in the country are Banque internationale pour l'Afrique au Niger (BIA) (35% owned by Belgolaise), Société nigérienne de banque (Sonibank), Ecobank Niger and Bank of Africa-Niger (BOA-Niger). Together these four banks account for approximately 96% of deposits and 87.5% of bank resources.

At the end of 2005, total assets in Niger's financial system were CFAF 373 billion (21 percent of its GDP). Of these total assets, bank holdings accounted for 63 percent, non-bank financial institutions had 29 percent, the insurance sector accounted for 5.3 percent and micro-finance institutions for 2.7 percent of assets (See Table 1). Non-Nigerien investors own approximately two-thirds of Niger's banks. Foreign ownership is primarily composed of regional investor groups in Western and Northern Africa (see Table 2). The only major international banking presence is the Belgium-based Belgolaise Bank, which has holdings in BIA, Niger's largest bank.

Institutional factors, including lax banking supervision; a rigid interest rate structure; and sectoral credit allocation are often cited as constraining to the stability of Niger's financial institutions¹¹. In 1995, a bank run on the Meridian-BIAO Niger Bank (a predecessor of BIA Niger) left Niger's banking system unstable. As a result of the bank run, many investors took their assets out of Niger's banks. There is no U.S. banking presence in Niger.

In the early 1990s, the number of bank branches in Niger peaked at over 60; however, the number of branches fell significantly in the 1980's following the closure of the Banque de Developpement de la Republique du Niger (BDRN) and the Caisse Nationale de Credit Agricole (CNCA). After 2000, the number of operational banks in Niger increased to 12 by mid-2006. From 2003 to 2006, the number of bank branches has increased from 21 to 38 and reflects increased competition by Niger's larger banks.

Niger's newest banks, the Atlantic Bank (a regional bank based in Cote d'Ivoire) and the Regional Solidarity Bank (RSB) opened in 2005. RSB's operations target both traditional banking

¹⁰ Sacerdoti, Farah, Fontaine, Laporte. "Selected Issues and Statistical Appendix: Niger" International Monetary Fund, 12/6/2006

¹¹ Sacerdoti, Farah, Fontaine, Laporte. "Selected Issues and Statistical Appendix: Niger" International Monetary Fund, 12/6/2006

clients as well as lower income clients. Authorities in the region hope that banks like RSB may increase access to banking services to some of Niger’s poorer citizens and may help foster banking partnerships with microfinance institutions (MFIs). Educating people on the concept of banks and savings is one of many tasks NGOs focus on in villages. According to estimates by authorities familiar with the region, 80 to 90 percent of Niger’s population does not have access to financial services¹². Bank branches are highly concentrated in Niger’s capital, Niamey. Within the capital, there is one banking branch for every 33,700 inhabitants compared with only one branch for every 844,000 inhabitants throughout the rest of the country. Additionally foreign currency exchanges over 1 million CFA (about \$2,000) requires authorization from the Ministry of the Economy and Finance, further complicating the banking situation.

The distribution of banking credit does not reflect the relative importance of the various sectors constituting Niger’s economy. Despite its strong contribution to GDP, Niger’s agricultural sector consistently receives less than 1 percent of total bank credit. The trade sector has historically received a disproportionate amount of credit – at the end of 2005, it accounted for 46 percent of private sector credit. Credit extensions to transportation, storage and communication sectors increased from 4.2 percent to over 16 percent of total credit extensions per annum. This trend is explained by strong growth in the telecommunication sector following the establishment of mobile phone and internet service infrastructure within the country.

Medium Size Banks	Full name/Description	Market power & Customer base
BIA Niger	Banque internationale pour l’Afrique au Niger	Customers range from big industry to small and medium sized companies.
EcoBank	Ecobank Transnational Incorporated (ETI)	Its’ main customers include business people, NGOs, International Organizations, development projects, some local companies, and households.
Sonibank	Societe Nigerienne de Banque	Its main customers are small enterprises, utilities, construction and agriculture companies, NGOs, and donor funded development projects. It also has a loan guarantee development

¹² Sacerdoti, Farah, Fontaine, Laporte. “Selected Issues and Statistical Appendix: Niger” International Monetary Fund, 12/6/2006

Commercial Banks	Full name/Description	Market power & Customer base
Bank of Africa (BOA)	Banque Commerciale du Niger; a Libyan-Nigerian JV. It is a member of Daral Maal Islammi (DMI) Group.	It serves small and medium sized companies, projects, NGOs, International Organizations, businesses, and private individuals.
Credit du Niger (CDN)	n/a	Struggling to meet reserve requirements, restructuring.
BINCI	Banque Islamique du Niger pour le Commerce et l'Investissement	Its main customers include industries and commercial businesses. Struggling to maintain minimum reserves.
BSIC	Bank of the 23 CEN-SAD member countries	n/a
BRS	Banque Régionale de Solidarité	n/a
Banque Atlantique	n/a	Its main customers are Commercial businesses and Industries.

In August of 2009, Ecobank (based in Togo) launched a hybrid rights issue and public offer, simultaneously, in the three West African stock markets; the Ghana Stock Exchange, the Nigerian Stock Exchange, and the Bourse régionale des valeurs mobilières BVRM. The offer bolstered their equity capital to over US\$1.5 billion. The bank's shareholders also increased from 7,633 subscribers before the offer to more than 140,000 subscribers after. A substantial part of the equity capital was raised from small African investors, which shows some signs of increased confidence in regions banking system.

Insurance companies & Other Financial Institutions:

According to an IMF report in December 2006, five insurance companies operate within Niger. Non-Nigerien investors have an interest in three of the country's insurance companies. The other insurance company is wholly foreign-owned.¹³

Central Bank and its role in the economy:

¹³ Sacerdoti, Farah, Fontaine, Laporte. "Selected Issues and Statistical Appendix: Niger" International Monetary Fund, 12/6/2006

Niger is a member of the West African Economic and Monetary Union (“WAEMU”). As a member of this union, Niger shares a common currency, the CFA Franc, and a central bank with seven other West African countries.

The Union Economique et Monetaire Ouest Africain covering 60 million inhabitants, is composed of in the following member countries: Cote d'Ivoire, Senegal, Mali, Togo, Benin, Niger, Guinea-Bissau, and Burkina Faso. Under this treaty, the member countries have undertaken coordination of their economic, financial, and structural policies.

The central bank for a WAEMU countries is called The Banque Centrale des Etats de L’Afrique de L’Ouest, (BCEAO). BCEAO sets monetary policy to a fixed exchange rate. The CFA franc is currently pegged to the Euro, which has led to the appreciation of the currency against the US dollar. The French treasury guarantees parity and fixed convertibility.

In 1999 fiscal management within Niger was tightened in line with The Regional Pact of Convergence, Stability, Growth and Solidarity. This pact aims to have member countries strengthen their economies, reinforce macroeconomic stability, and enhance solidarity amongst member countries. WAEMU membership has led to the liberalization of trade policies, an adoption of a common external tariff and the synchronization of public finance. Niger’s greatest challenge in convergence is it issues with weak tax collection abilities, driven by a weak tax base and excessive granting of tax exemptions.

In 2005, WAEMU published a report on the performance of each member country with respect to state convergence criteria set by the union. The matrix below indicates Niger’s performance across these criteria¹⁴.

Convergence criteria	Niger performance (2005)
Budget deficit as share of GDP \geq 0% (e.g. no budget deficit)	-2.9%
Inflation rate \leq 3%	7.8%

¹⁴ Sehili, S.; Wodon, Q. “Analyzing the Potential Impact of Indirect Tax Reforms on Poverty with Limited Data: Niger. The World Bank. *Public Finance for Poverty Reduction: Concepts and Case Studies from Africa and Latin America*, 2008. Chapter 11, pp. 345-370.

Public debt-to-GDP ratio \leq 70%	66.3%
Debt Arrears 0 (billion CFA franc)	2.2 billion
Domestic Arrears 0	2.2 billion
External Arrears 0	0 billion
Public wage bill as share of tax revenues \leq 35%	35.5%
Domestic-funded investment as share of taxes \geq 20%	52.1%
Trade deficit-to-GDP ratio \geq -5%	-11.6%
Tax revenues-to-GDP ratio \geq 17%	11.3%

Niger’s fiscal performance has improved since 2000 as the government has sought to comply with the convergence criteria as specified by WAEMU.

Revenue measured as a percent of GDP increased as did capital expenditure as a percent of GDP. The overall budget deficit has decreased and the government has been making efforts to clear its domestic arrears. These reforms allowed Niger to successfully complete requirements under the IMF’s Enhanced HIPC Initiative. On April 12, 2004, Niger received additional debt relief of USD\$142 million. After three years of implementing the IMF’s sixth “Poverty Reduction and Growth Facility” review, the international body concluded that Niger’s economic and financial management between 2000 and 2003 was “appropriate for macro-economic stability and poverty reduction.”¹⁵

Between 2005 and 2007, the IMF and the World Bank established additional benchmarks for Niger to meet. According to available data from both organizations, projected scenarios assume: (i) average GDP growth of 4.2 percent; (ii) a concomitant increase in public investment from 15.9 percent to 17.3 percent of GDP; (iii) a strengthening of Niger’s non-mining activities (including agriculture and other services); (iv) the promotion of new gold mining activities; (v) improvements in the economic policies of Niger’s regional partners (especially Nigeria); (vi) a 1.3 percent increase in national savings as a percent of GDP; (vii) controlled inflation at 2.1 percent; a stable real exchange rate; (viii) a reduction in the fiscal deficit from 7.6 percent of GDP to 6.5 percent by 2007.

Please see Table 3 for a snapshot of key financial indicators in Niger during the five-year period 2000 to 2005. Most indicators of financial depth have only seen modest growth.

¹⁵ “Analyzing the Potential Impact of Indirect Tax Reforms on Poverty with Limited Data: Niger. The World Bank. *Public Finance for Poverty Reduction: Concepts and Case Studies from Africa and Latin America, 2008*. Chapter 11, pp. 345-370.

Niger's government bond market:

As of 2004 Niger was one of two countries in WAEMU who had not tapped regional capital markets to bridge government liquidity problems.¹⁶ Accordingly, there is no developed bond market in the country.

Stock market:

Niger is a member of the WAEMU regional stock exchange, which has a regional office in Niger's capital, Niamey.

According to a 2005 African Economic Outlook report, Niger's financial sector has been unable to fulfill its intended role of creating markets and facilitating investment to help fight poverty¹⁷. In response to public market issues, there has been a more recent trend towards privatization of local financing systems. In 2005, the decision was made to privatize over 90 percent of the bank *Credit du Niger*. Two years later, a formal public offering was published at the end of 2007.

The collective loan agency, the *Caisse de prêts aux collectivités territoriales* also began an extensive restructuring process in 2005.

Since mid-2000, the government has also moved to privatize infrastructure companies including SONITEL, the state-owned telecommunications company; SNE, the country's largest water company; Nigelec, a large electricity utility and Sonidep, an oil products company. Chinese ZTE beat out FranceTelecom and Sonatel for SONITEL, acquiring 51% ownership through a consortium with a Libyan company. These privatizations indicate the GON's desire to promote the private sector. In 2008, GON authorities reviewed the stalled privatization strategies for both Nigelec and Sonidep with the World Bank¹⁸. All efforts to accelerate the restructuring of these companies should help to provide financial resources, which both companies need for future growth. On February 19th of this year the government announced that they were cancelling the privatization of SONITEL.

In December 2003, the Bank of Africa – Niger was the first Nigerien company to be listed on the regional stock exchange. BOA has been the leading Nigerien stock listed on the BVRM since then. In 2007 a public offering of BOA stock increased equity to 2.3 billion CFAF approximately US\$4.8 million.

¹⁶ Public Expenditure Management and Financial Accountability in Niger, World Bank Study

¹⁷ African Development Bank. "African Economic Outlook 2004/2005," 2005

¹⁸ African Development Bank. "African Economic Outlook 2008," 2008

Other types of financial markets:

The regional exchange for the eight members of UEMOA is the Bourse régionale des valeurs mobilières (BRVM). In 2007 the BRVM has a total of 20 bond issues worth \$467 million dollars. The maximum maturity on corporate bonds listed on the BRVM is ten years. This is meant to help improve the efficiency of the regional capital markets. The corporate bond market of Sub-Saharan Africa is generally small, illiquid and underdeveloped; currently Niger has no bond activity. In 2006 the IMF and World Bank issued a bond in CFA francs, triple A rated, with a value of \$44.6 million US dollars.¹⁹ Impediments to the development of the corporate bond market include a mandatory 100% guarantee for all issues and the practice of fixing an issue price ahead of a launch..

Other types of financing in the region

Microfinance activity

Microfinance activity in Niger dates back to 1989; however, the number of microfinance institutions (MFIs) only reached a critical mass in the late 1990s. The number of licensed MFIs increased from 15 in 1997 to 72 in 1999. Initially, the role of MFIs was to provide cooperative-based assistance in rural areas to fight poverty. In 2000, MFIs based off of a direct-credit model arrived in the region. Even more recently, MFIs offering project-related credit financed by donor funds have also joined the sector.

According to a December 2006 IMF report, about 170 MFIs now operate in Niger²⁰. However, the amount of Niger's total assets held by MFIs is difficult to measure. Not all MFIs report the results of their lending activities to the Microfinance Monitoring Unit of the Ministry of Economy and Finance (MEF). The IMF estimates that more than 70 MFIs currently operate without a license (see Table 1). Niger officially adopted a regulatory and supervisory framework for the microfinance sector in 1996.

Presently, the following three types of MFIs are most common in Niger:

- **Credit unions:** About 140 credit unions provide credit to customers with savings accounts at the institution. The main players are MCEPEC and UMEC (networks) as well as TAMAICO, MECREF and NGADA (autonomous institutions)

¹⁹ Sub-Saharan Africa: Regional overview, www.eiu.com

²⁰ Sacerdoti, Farah, Fontaine, Laporte. "Selected Issues and Statistical Appendix: Niger" International Monetary Fund, 12/6/2006

- **Direct credit institutions:** These institutions provide credit without requiring borrowers to have a savings account with the institution. The most prominent ones are SICR-KOKARI and AQUADEV/ASUSU CIIGABA.
- **Project-related institutions:** Rather than providing only financial services, these 20 institutions typically support the implementation of specific projects and do not continue operating after such projects are completed.

Between 1998 and 2005, MFI deposits almost doubled and credit grew by almost 2.5 times. MFIs have had a dramatic social impact across the region as well. The number of female beneficiaries of MFI credit has more than tripled between 2000 and 2005. Furthermore, women accounted for about 50 percent of all beneficiaries in 2005.

MFIs in Niger are regulated in a similar way to financial institutions under the oversight of the WAEMU. The framework consists of the “Parmec Law,” which was approved in 1996 to regulate savings institutions and credit unions. BCEAO regulations governing the production and publication of financial statements also apply to MFIs. At the national level, the Ministry of Economy and Finance’s Microfinance Monitoring Unit supervises all MFI activities. Supervision by this unit has been ineffective owing to inadequate human and financial resources.

As of 2005, the financial health of Niger’s MFIs was worrisome. Of the 79 MFIs that reported to the Ministry of Economy and Finance, 28 recorded operating losses. When subsidies are excluded, fully half of all MFIs suffered operating losses. Fourteen of the 79 respondents declared negative equity, while six others said they had negative working capital.

CONCLUSION

Niger continues to be one of Africa’s poorest nations. With the help of international bodies, including the IMF and the World Bank, and with the help of its regional partners comprising WAEMU, Niger is attempting to install financial controls and infrastructure that is critical to future growth and stability. While it is too early to tell whether these structural changes will endure, recent changes are promising.

ADDITIONAL ONLINE RESOURCES

<http://www.guideniger.com/investir.htm>

<http://www.cotecna.com/>

<http://www.uemoa.int/>

<http://www.ecowas.int/>

<http://www.wto.org/>

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APPENDICES AND TABLES

TABLE 1: Total Assets of Niger's Financial System (2005)

Institutions	CFAF (billions)	Percent of total (%)
Banks	234.7	62.9
Banque Internationale pour l'Afrique au Niger (BIA-Niger)	65.4	17.5
Bank of Africa-Niger (BOA-Niger)	56.5	15.2
Societe Nigerienne de Banque (SONIBANK)	38.2	10.3
Banque Commerciale du Niger (BCN)	39.8	10.7
BINCI	7.7	2.1
Ecobank	12.8	3.4
BSIC-Niger	2.8	0.8
Credit du Niger (CDN)	8.3	2.2
BRS-Niger	3.2	0.9
BAN-Niger	<1	0.0
Specialized financial institutions	1.9	0.5
Caisse de Prets Aux collectivites Territoriales (CPCT)	1.9	0.5
Societe Saheliene de Financement (SAHFI)	—	—
Insurance companies	19.9	5.3

Leyma	5.9	1.6
UGAN	7.9	2.1
CAREN	2.8	0.8
NIA	3.3	0.9
Non-bank financial institutions	106.4	28.5
CNSS	88.0	23.6
ONPE	18.4	4.6
Microfinance institutions	10.0	2.7
TOTAL	372.9	100.0

*Source: Nigerien authorities as reported to: Sacerdoti, Farah, Fontaine, Laporte. "Selected Issues and Statistical Appendix: Niger" International Monetary Fund, 12/6/2006

TABLE 2: Distribution of Commercial Bank and Specialized Financial Institution Ownership – Niger (2005)

Institution	Parent Company	Ownership (percent)	
		Domestic	Foreign
Commercial banks			
BIA	Belgolaise / COFIPA	26	74
BOA	African Fiancial Holding	21	79
SONIBANK	Societe Tunisiene de Banque	55	45
BCN	Libyan Arab Foreign Bank	17	83
BINCI	Islamic Development Bank and Daar Al Mal Al Islamic	34	66
ECOBANK	Ecobank Transnational Inc.	46	54

BSIC	BSIC Group	--	100
CDN	Government of Niger	100	--
BRS	BRS Group	--	100
BAN	Atlantic Bank Group	--	--
Specialized Financial Institutions			
CPCT	Government of Niger	100	--
SAHFI	SAHFI S.A.	--	--
TOTAL		34	66

*SOURCE: BCEAO (WAEMU's Central Bank)

TABLE 3:

Niger: Key Indicators of Financial Deepening (millions of CFA francs, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005
Broad Money (M2)	103.2	137.0	136.4	194.0	233.3	248.6
Domestic Credit	111.6	114.0	128.9	139.7	186.4	191.8
Credit to the Economy	68.6	66.0	75.8	83.0	101.1	121.3
Net Credit to the Govt.	43.0	48.0	53.1	56.6	85.3	70.5
GDP	1,280.4	1,426.0	1,512.8	1,574.1	1,554.8	1,793.0
M2/GDP (percent)	8.1	9.6	9.0	12.3	15.0	13.9
Credit to the Economy/GDP (percent)	5.4	4.6	5.0	5.3	6.5	6.8
Deposits	69.5	85.5	95.4	106.6	132.5	137.9
Private Deposits	65.1	82.2	92.6	104.0	129.5	134.8
Govt. Deposits	4.3	3.4	2.8	2.6	3.0	3.1
Deposits/GDP (percent)	5.4	6.0	6.3	6.8	8.5	7.7
Domestic Credit/GDP	8.7	8.0	8.5	8.9	12.0	10.7

*Sources: Nigerien authorities; BCEAO