

# BTI 2008 | Niger Country Report

<b>Status Index</b>	1-10	<b>5.15</b>	# 79 of 125	
Democracy	1-10	<b>6.43</b>	# 55 of 125	➔
Market Economy	1-10	<b>3.86</b>	# 104 of 125	➔
<b>Management Index</b>	1-10	<b>5.69</b>	# 43 of 125	

scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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## Key Indicators

Population	mn.	14.0	HDI	0.31	GDP p.c.	\$	695
Pop. growth <sup>1</sup>	% p.a.	3.3	HDI rank of 177	177	Gini Index		50.5
Life expectancy	years	45	UN Education Index	0.26	Poverty <sup>3</sup>	%	85.8
Urban population	%	16.8	Gender equality <sup>2</sup>	-	Aid per capita	\$	37.3

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

## Executive Summary

Niger entered the headlines of the international media in early and mid-2005 when a food crisis seized the country. Up to 3.6 million or 28% of the population were reported to have been affected or even threatened by starvation. Whereas speculation remains as to whether international aid organizations have exaggerated the extent of the food crisis – which the government refused to call a “famine” – it certainly highlights the deep structural problems that the country has confronted since its independence.

In almost all respects, Niger falls short of the minimum criteria for a socially integrated marked economy. The country’s level of development is extremely low, the institutional framework for market competition weak, sustainability is not addressed and there is essentially no welfare regime to speak of. Current indicators of economic performance such as growth rates and price stability as well as Niger’s strong potential in the mining and oil sectors, account for a slightly more optimistic picture but even these advances may not suffice to fuel substantial socioeconomic take-off.

In contrast, political developments have been comparatively favorable since the re-election of President Mamadou Tandja and the ruling government coalition – formed by the National Movement for a Society of Development (MNSD), the Democratic and Social Convention (CDS) and a number of smaller parties – in late 2004, which marked the first ever democratic re-election of an incumbent in the country’s history.

Thus despite ongoing social protest, Niger qualifies as a democracy in principle, albeit with deficiencies. Key indicators such as free and fair elections, freedom of association, and checks and balances are relatively well-developed. However, freedom of the press is severely restricted and the judiciary and public administration do not function properly. Substantial shortcomings are also observed in stateness and social integration. In particular, women face socially rooted discrimination and remain under-

represented in politics. The level of difficulty for transformation in Niger is high. Whereas the governance record in 2005 and 2006 shone in its capacity for international cooperation, steering capability and consensus-building have had mixed success. For the most part, resources have not been implemented efficiently enough for real reform, and corruption at all levels continues to be a serious problem.

Niger has made little progress toward economic transformation goals during the period under review from 2005 to 2007. The food crisis and its economic aftermath countered any economic improvements. Political progress has stagnated, if not regressed, and an already visible conflict between the president and the prime minister may threaten political stability.

By and large, however, the present level of democratic transformation in Niger will likely be maintained in the near future. Yet, Niger is not likely to develop a socially integrated market economy in the near future or afterwards. If key socioeconomic problems remain unaddressed, persisting social problems and related protest may develop into a major crisis, risking the loss of what has already been achieved. Donors should increase their assistance and emphasize capacity building and transparency. Donors also should focus on encouraging dialogue and insist on increased press freedoms and capacity building in the judiciary. Cooperation on security issues such as the threat of Muslim extremism (possibly spilling into the country from northern Nigeria), must not be abandoned; however, France and the United States especially should refrain from giving narrow political concerns priority over the more pressing need to transform Niger into a stable market-based democracy.

## History and Characteristics of Transformation

Economic transformation preceded political transformation in Niger, and disruptions have stymied both. Niger has endured long periods of authoritarian, military-dominated rule. However, it now finds itself in its Fifth Republic.

In contrast to other French territories, Niger did not establish a democracy in the wake of de-colonization in its first years of independence. Authoritarian rule began during the last two years of formal French rule under the repressive one-party system of Hamani Diori. In 1974, the military, led by Seyni Kountché, toppled Diori during an economic crisis and ushered in the Second Republic. Following Kountché's death in 1987, a civil government was re-instituted under the National Movement for a Society of Development (MNSD). Responding to regional and domestic pressure from trade unions, students and the Tuareg, President Ali Saibou began to initiate democratic reforms in the early 1990s. Drawing from the precedent set by neighboring Benin, Niger held a national conference in 1991 that resulted in a constitutional referendum

and relatively free and fair elections in 1992 and 1993. Mahamane Ousmane (Democratic and Social Convention, CDS) became the country's first democratically elected president and leader of the Third Republic. He came into conflict with parliament, however, after opposition parties withdrew from the government coalition. Early elections in 1995 forced Ousmane to appoint Hama Amadou (MNSD) as prime minister, although this led to an immediate conflict between the two. The resulting paralysis of political institutions in this semi-presidential system ultimately provoked Colonel Ibrahim Baré Maïnassara's military coup on 27 January 1996, which drew support from large segments of the population. The coup also reflected widespread material dissatisfaction and persistent power aspirations within the military. By contrast, the violent Tuareg insurgency in 1994 – 1995 was settled with a peace agreement.

In response to foreign pressure, Maïnassara called for a constitutional referendum and new elections. Non-competitive conditions and a boycott by opposition parties allowed him to win the presidential election of July 1996 and legislative elections in the fall (Fourth Republic). The independent electoral commission charged with the organization of elections was disbanded during the presidential election count. Two years of superficially liberalized authoritarianism followed until Maïnassara was assassinated during another military coup in April 1999. Its leader Col. Douada Malam Wanké, initiated renewed democratization, which led to a constitutional referendum and parliamentary and presidential elections in July, October and November 1999. Tandja and the coalition of MNSD, the CDS and a number of smaller parties emerged as victors.

In contrast to the previous regime, this democratization effort (Fifth Republic) did indeed result in improvement. However, the new government attaches little value to honoring the freedoms of speech and the press. Surprisingly, the work of political institutions progressed relatively smoothly. The coalition operates within the unchanged semi-presidential system and with the participation of central figures from the first democratization attempts of 1993 – 1996. The former single party MNSD now cooperates with the most important former opposition party, the CDS, whereas the Nigerien Party for Democracy and Socialism (PNDS), with its different social structure (representative of urban intellectuals) has become the main opposition force. The free and fair general elections at the end of 2004 that confirmed Tandja and the coalition in power clearly indicated political progress, although signs point to a new conflict between the head of government and the head of state in recent years. This conflict, the unpredictability of the military and, especially, sustained popular protest from trade unions, students and civil society activists against austerity measures threaten political stability.

The appalling socioeconomic conditions characteristic of transformation processes go a long way in accounting for this unpredictability. Since the early 1970s, drought, desertification, government intervention and bad governance have further aggravated a

poor economic environment. The uranium boom of the late 1970s subsided very quickly in Niger, a country dominated by agriculture. As a result, significant national debt incurred from 1983 to 1986 necessitated an IMF structural adjustment program. Because of political instability, the implementation of this program was plagued by substantial irregularities that led to its intermittent suspension.

President Maïnassara succeeded in improving relationships with both the World Bank and the IMF. The implementation of the Enhanced Structural Adjustment Facility (ESAF) between 1996 and 1999 met with the approval of international financial institutions. After a brief disruption, the transitional government and the Tandja administration normalized relations with international donors, paving the way for the Poverty Reduction and Growth Facility (PRGF) from 2000 to 2003 (later extended to June 2004). The IMF and the World Bank accepted a Poverty Reduction Strategy Paper (PRSP) submitted in January 2002. In April 2004, Niger reached the completion point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative with debt relief totaling \$663.1 million. On January 31, 2005, the IMF approved another PRGF from 2005 to 2007. The relative satisfaction expressed by the financial institutions in their third review of the PRGF in January 2007, however, does not give license to ignore the appalling conditions pervading all socioeconomic levels, including, as already mentioned, widespread malnutrition and frequent food crises, most recently in early to mid-2005.

## Transformation Status

### I. Democracy

Niger qualifies as a democracy in terms of central indicators of political participation, rule of law and institutional stability. Free and fair elections, freedom of association and checks and balances are generally assured, though the semi-presidential system bears the risk of institutional conflict. However, freedom of the press is severely restricted and the judiciary and public administration do not work properly. Stateness and social and political integration also leave ample room for improvement.

#### 1 | Stateness

Niger confronts significant problems of stateness. The state's monopoly on the use of force is established in principle but does not function completely; the state lacks of control over peripheral regions, especially in the north and in border regions where the banditry of nomadic groups persists.

Monopoly on the use of force

The definition of a people and the issue of what constitutes a people, as such, are not politically relevant in Niger; however, the country's diverse population has only a limited sense of national unity. Nomadic groups such as the Toubou and the Tuareg staged insurgencies in the past protesting their deprivation as compared to the dominating Haussa and Djerma groups. The threat of a renewed armed rebellion in 2005 seems to have vanished, and the government has maintained an ethnic balance among its employees, including Tuareg ministers. Other groups cannot participate fully in public life given their de facto slave-like status. According to Timidria (a local human rights group), 8% of the population live under conditions of forced labor and in June 2003 parliament had to introduce a law banning slavery which is said to be practiced by nearly all ethnic groups of Niger.

State identity

The government must enforce the French-style secular constitution against religious groups that have substantial influence in the overwhelmingly Islamic population. Although these groups should be clearly distinguished from internationally active Islamists linked to the al-Qaeda network, their pressures prevented a family code (as well as the AU's additional protocol concerning women's rights) from passing parliament.

No interference of religious dogmas

Efficient administration is not guaranteed. Although some progress has been made in recent years both public administration and the judiciary are under-resourced, largely inefficient and plagued by corruption.

Basic  
administration

## 2 | Political Participation

Universal suffrage and the right to campaign for office, as well as sound implementation of elections, are widespread since 1999. According to international observers, conditions improved in the local and general elections in 2004. Persistent deficiencies owe to administrative irregularities, occasional vote-buying and fraud, but also to the low voter turnout (around 45%). In particular, cultural restrictions inhibit women's right to vote.

Free and fair  
elections

Except for dependence on foreign assistance and the already mentioned influence of the Islamic clergy as well as traditional rulers on women's rights, the elected rulers have the effective power to govern. The military, however, unlike previous years (a military coup in 1999, mutiny in 2002), has apparently developed a more republican spirit; no political interventions by the military or mutinies due to lack of pay occurred in the period under investigation.

Effective power  
to govern

Political and civic groups can form freely. Only political parties and associations based on identity such as religion, ethnicity and region are banned. After 9/11, five Islamic associations were disbanded due to extremist activity. Frequent protests by civil society and unions occasionally trigger restrictions on the freedom of association. In 2005, government banned demonstrations against austerity measures by the Coalition *Équité/Égalité contre la vie chère* and arrested its leaders for some days.

Association /  
assembly rights

Although freedom of speech and the press is generally guaranteed they are subject to the most significant constraints on democratic principles of participation. During the period of assessment repeated reprisals (seizures, closures, arrests, imprisonments) against journalists continued. In 2005 and 2006 three journalists were convicted to serve prison sentences of up to one year for the defamation of the prime minister and circulating false news ("proagation de fausses nouvelles"), and freed only (provisionally) by the end of 2006. Observers judged the convictions as pretexts for reporting major corruption scandals such as the the Ministry of Basic Education scandal (see Abuse of office). Niger ranks 116th out of 194 on the Freedom of the Press Index by Freedom House in 2006 and is regarded as "partly free."

Freedom of  
expression

### 3 | Rule of Law

The French style semi-presidential system of government grants formal and de facto reciprocal control to both the executive and legislative branches. In the past, a risk of blockade posed the biggest threat, and during the period of review, signs of strained relations between the president and the prime minister – the former’s likely successor in the 2009 elections – have emerged. However, the ruling coalition commands a huge majority in parliament and bills are passed virtually automatically. Moreover, executive restrictions on judicial control of state power persist.

Separation of powers

In general, Niger’s judicial system remains under-resourced and, as a consequence, subject to pressure from the executive and other detrimental influences such as corruption and inadequate training.

Independent judiciary

Corruption by officeholders remains a serious problem in Niger. Corrupt officeholders regularly attract adverse publicity, but are not prosecuted consistently under the law. In mid-2006, two (former) ministers, both responsible for the Ministry of Basic Education, were imprisoned for embezzlement of EU funds, with a trial before the High Court of Justice (special parliamentary court) pending. This, however, may represent a mere staging of the conflict between the president and the prime minister – as the latter is reported to be close to the inflicted ministers – rather than a decisive action against corrupt officeholders and toward a genuinely independent judiciary.

Prosecution of office abuse

In practice, civil liberties are violated partially and there is only limited legal recourse owing to the aforementioned judicial deficiencies. Influential traditional structures remain a formidable obstacle preventing the aforementioned marginalized minorities (de facto slaves) from demanding their rights.

Civil rights

### 4 | Stability of Democratic Institutions

The democratic institutions of the executive and legislative branches, by and large, work in accordance with their functions. Though a massive blockade in government like that of 1995 and 1996 has thus far been successfully avoided, growing tensions between the president and the prime minister – both members of the largest party in the government coalition – threaten to lead to institutional deadlock. The tensions are in part a consequence of unclear boundaries in the definition of responsibilities in Niger’s French-style semi-presidential system. The aforementioned deficiencies in the judicial and administrative branches cause some serious frictions at present, but in general, democratic institutions perform their fundamental functions.

Performance of democratic institutions



Only individual institutions of the democratic state are not fully accepted by all relevant players. Although all political parties – including the opposition parties that fully accept the democratic system – and nearly all of the civic associations accept elections as the means for political change, the constitutional provisions on the freedom of speech (and partly freedom of assembly) have not always been observed. Muslim extremists, albeit with limited influence, do not accept fundamental parts of the democratic and secular constitution. Notwithstanding its positive role in the re-democratization of the country since 1999 and its invisibility since 2002, the military may reserve its role as a national arbiter in case of institutional crisis.

Commitment to democratic institutions

## 5 | Political and Social Integration

After the 2004 legislative elections, the party system displayed moderate fragmentation, low to moderate polarization and a medium level of institutionalization. Due to a split in the CDS and some smaller parties' winning a few seats, the number of effective parties rose from 3.3 in 1999 to 3.8 in 2004 but volatility remains fairly low (legislative volatility on the Pedersen index: 9.23). The three biggest parties suffered only slight losses, and the government and the opposition block (Alliance of Democratic Forces, AFD vs. Coordination of Democratic Forces, CFD) remain fairly stable, mostly due to their regional roots in society. The lack of adequate programmatic profiles places some constraints on the party system's functionality; low organizational resources make party leaders– who otherwise dominate the parties – vulnerable to the influence of wealthy businessmen. Links to civil society are only partly developed and seem impermanent in most cases. A body of national dialogue and conflict resolution (Commission Nationale de Dialogue Politique, CNDP) was set up in January 2004. This exemplifies the reduced level of polarization between government and opposition, as it is intended to prevent and solve political conflicts and to promote consensus on matters of national interest. After successfully organizing transparent elections in 2004 however, the body's visibility decreased during the period of review.

Party system

Despite the very active Coalition Équité/Qualité contre la vie chère au Niger, an umbrella organization of some 100 civil society groups demanding better living conditions, the topography of interest groups is relatively meager, and important social interests, especially those of women and the rural population, are under-represented. While civil service unions and radical student groups dominated civil society activity in the past, since the formation of the Coalition in 2005, the network of NGOs and interest groups has become more closely knit. Although the Coalition has been negotiating with the government, there is still a risk of polarization. Frequent protests (and strikes) are linked mainly to prices on goods

Interest groups

of primary necessity such as electricity, food and fuel, and have produced some minor clashes with security forces. Islamic associations (particularly extremist groups) meanwhile work against women's rights.

According to an opinion poll by the German Institute of African Affairs, conducted in late 2006, almost two thirds of all Nigeriens (66.2%) prefer democracy to any other kind of government. Although comparable shares of respondents also favor multipartyism and the independence of the judiciary, almost 70% justify state-controlled media.

Consent to  
democratic  
norms

Social self-organization is poorly developed. Traditional family networks probably mitigate this, but its significance is difficult to assess. Because related survey data is lacking, it is also hard to assess the level of trust between different segments of society.

Associational  
activities

## II. Market Economy

Niger falls short of the minimum criteria for a socially integrated market economy. The level of development is extremely low; the institutional setting for market competition is weak. Its welfare regime and sustainability reveal severe shortcomings, most drastically demonstrated by the food crises in early and mid-2005. Reform policies (in collaboration with donors) have brought about some progress in current performance indicators, especially growth rates and debt arrears.

### 6 | Level of Socioeconomic Development

Social exclusion is quantitatively and qualitatively extensive and structurally embedded. Key development indicators point to an exceptionally low level of development. Niger is at the very bottom of the HDI ranking (177th of 177 countries). More than 60% of Nigeriens earn less than \$1 a day, and more than 80% less than \$2. Niger comes in 99th out of 102 in the Human Poverty Index (HPI-1), and income disparities (Gini coefficient 1995: 50.5) remain very high. As exemplified by the food crisis in 2005, malnutrition is a serious problem. Women suffer from extensive societal discrimination and social exclusion, which is illustrated by the second-to-last rank in the Gender Development Index (GDI). Slavery is said to persist in nearly all ethnic groups at various levels. Although a large informal sector and substantial agricultural subsistence production should be taken into account, in general Niger lacks adequate freedom of choice for all its citizens.

Socioeconomic  
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	2,170	2,731	3,053	<b>3,405</b>
Growth of GDP	%	3.0	5.3	0.0	<b>4.5</b>
Inflation (CPI)	%	2.6	-1.6	0.3	<b>7.8</b>
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.1	0.6	0.9	<b>0.4</b>
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-164.8	-218.7	-230.9	-
Public debt	\$ mn.	1,596.4	1,880.7	1,783.9	<b>1,770.7</b>
External debt	\$ mn.	1,784.1	2,067.4	1,967.4	<b>1,972.3</b>
External debt service	% of GNI	1.2	1.2	1.4	<b>1.1</b>
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	12.2	11.3	12.5	<b>11.5</b>
Public expnd. on edu.	% of GDP	2.3	-	2.3	-
Public expnd. on health	% of GDP	2.1	2.0	2.2	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.0	1.0	1.1	-

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

## 7 | Organization of the Market and Competition

Market competition operates under a weak institutional framework. Though the fundamentals for market-based competition exist on paper, their real performance is highly deficient. The informal sector generates around two thirds of all economic activity. Notwithstanding slight progress in recent years, Niger ranks 115th of 157 countries in the Index of Economic Freedom with particular problems in de facto protectionism and the fiscal burden of government, as well as in property rights and regulation.

Market-based  
competition

Monopolies are not a serious problem, but their formation is regulated inconsistently. The national fuel importing and distribution company and the national electricity company still hold monopolies, although they are set to be privatized, and the IMF has repeatedly urged the government to do so. In the important mining sector, uranium is exploited by a French-dominated consortium in which the government holds a minority stake. In 2006, however, concessions were granted to Canadian and Chinese companies. Stakes of 51% in national water and telephone companies were sold to French and Chinese companies respectively. In the emerging gold sector, 12 foreign firms are engaged in exploration activities. Likewise, a number of American, Malaysian and Chinese oil companies continued exploration of oil fields in the northeast of the country.

Anti-monopoly  
policy

Given economic conditionality, trade is liberalized in principle, but there are still significant exceptions. Membership in the West African Economic and Monetary Union (WAEMU), a customs union, entails a considerable degree of de facto protectionism and state regulation, and lengthy bureaucratic procedures hinder the flow of capital and foreign investment.

Liberalization of  
foreign trade

The banking sector is weak, as both the Economist Intelligence Unit (EIU) and Marchés Tropicaux have assessed. Despite the variety of institutions – including commercial banks — the banking system is one of the weakest in WAEMU.

Banking system

## 8 | Currency and Price Stability

Membership in the CFA franc zone, which is linked to the euro, prevents Niger from pursuing independent inflation and currency policies in compliance with the Central Bank of West African States (BCEAO) directives. This is a prudent decision in view of Niger's low to very low inflation rate. Following the food crisis in 2005, inflation skyrocketed to 7.0% as compared to 0.2% in 2004, but after a good harvest in 2005, it quickly returned to the estimated 0.0% in 2006.

Anti-inflation /  
forex policy

Under the guidance of the IMF Niger has developed a form of “culture” for stability since 2000. In mid-2006, the IMF concluded its second review of Niger's three-year PRGF and showed satisfaction with fiscal targets met in 2005, which contrasted favorably to 2004 (characterized by a huge deficit due to the food crisis and the Francophone Games the country hosted). On the other hand, Niger was unlikely to meet 2006 fiscal targets and the IMF called for a better performance in public expenditure management as well as reform in the banking sector and progress with privatization.

Macrostability

## 9 | Private Property

Property rights and acquisition of property are guaranteed by law in principle. Expropriation is possible but has not been enforced over the past several years. The high proportion of the informal sector within the economy as well as the weak judiciary act as significant barriers to the protection of private property. In 2006, both the Fraser Institute and the Heritage Foundation regarded the legal structure and security of property rights one of the most problematic constraints on “Economic Freedom” in Niger.

Property rights

Private companies can act freely in principle but encounter barriers to development. The privatization program lost momentum in the period under investigation. Both the privatization of the fuel importing and selling company and the national electricity company have proved difficult; in June 2006, the IMF felt obliged to call for more decisive action in this domain, as well as for progress in the privatization of two state-owned banks.

Private enterprise

## 10 | Welfare Regime

Niger essentially lacks an efficient government network to fight poverty. Foreign assistance, especially the PGRF and the PRSP, and the President’s Special Program of Poverty Reduction aim at compensating poverty risks. But as the food crises in 2005 proved – 3.6 million people or 28% of the population affected, with an unknown number of fatalities – these measures are far from securing even basic food security in a country that faces a structural grain deficit of 10% (i.e., on average, the country produces only 90% of what it needs). In January 2007, the IMF’s third review of the PRGF concluded that the relatively favorable growth rates would not suffice to significantly reduce poverty. Substantial progress will also be needed in the future in terms of infrastructure in order to reach foreign settlements, as a representative survey published in March 2003 by the World Bank and the Nigerien government revealed. The informal sector and traditional family and clan structures alleviate the situation to some extent, but although it is difficult to quantify, it is most certainly inadequate.

Social safety nets

Nigerien society is highly segmented. To date there are no facilities to balance blatant social disparities. Women have limited access to public office due to Islamic and other cultural considerations and widespread illiteracy. However, after the elections in 2004 the number of female legislators increased sharply from one deputy to 13 (1.2% to 12.4%) because of a political action plan approved in parliament in June 2003.

Equal opportunity

## 11 | Economic Performance

Since 2002, growth rates have fluctuated between a favorable 3% and 5.8% per annum and stability of prices was largely guaranteed. The debt burden significantly decreased due to the HIPIC debt relief initiative. However, the plague of locusts and the drought (which resulted in the food crisis in 2005) also caused negative growth rates in 2004 (-0.6) and high inflation in 2005 (7.8%). Fiscal indicators reveal a less positive picture. Although a gradual rise in revenue is projected, the country's tax base remains one of the narrowest in sub-Saharan Africa (an estimated 10.1% of the GDP in 2005) and its budget balance negative (an estimated -4.2% of the GDP in 2005). The current account balance shows a structural deficit and the country remains dependent on foreign aid. Niger's economy, while showing promise, suffers from the unpredictable climate conditions (erratic rainfalls, desertification, the plague of locusts) and its landlocked position that makes exports costly, especially during the frequent crises of its main trading and transit partners, the Côte d'Ivoire and Nigeria. Niger's potential for tourism (especially in the north) is a source of hope, as are its natural resources. Beyond the exploitation of uranium, gulf production has already gained momentum and petroleum reserves are being explored. However, bad governance and a very high population growth rate – countering almost all progress made in economic growth – prevent the country from tapping its full potential.

Output strength

## 12 | Sustainability

With respect to economic growth aspirations, environmental compatibility is only significant in as far as desertification (accelerated by the use of wood for cooking) or the plague of locusts present a formidable barrier to development. Pollution and drying threaten the Niger River, which starts in Guinea and ends in Nigeria in the Gulf of Guinea. The river is the main water resource for Niger, and enables agricultural survival. A mediated conference in Paris in 2004 of the countries concerned looked at least superficially for a solution to the river crisis. However, apart from this measure and some efforts in connection with the poverty reduction process and traditional awareness of nature among the rural population, environmental considerations are largely negligible in sparsely populated Niger.

Environmental policy

Human capital remains severely under-exploited in Niger; education indicators are improving, but they remain among the weakest in sub-Saharan Africa. According to the United Nations Development Program (UNDP), adult literacy is at a miserable 28.7% (against a sub-Saharan mean of over 60%), although this figure marks an improvement. Despite a government-launched ten-year

Education policy / R&D

development plan for education in line with the PRSP and the proclaimed priority of education, the government spent just 2.3% of GDP between 2002 and 2004 on education.

# Transformation Management

## I. Level of Difficulty

The structural constraints on governance are massive. At the very bottom of the human development index, absolute poverty extends to more than 60% of the population. Physical infrastructure is highly deficient. World Bank development indicators reveal that only 7.9% of all roads are paved. According to the International Telecommunication Union (ITU) the use of telephones, computers and Internet is at the bottom of sub-Saharan countries. The poor ranking in the UN Education Index exemplifies the lack of human resources. The high fertility rates (population growth between 1975 and 2002 was 3.3%) account for massive demographic pressure that threatens any economic and social progress. As a Sahel country, Niger suffers from adverse climatic and natural conditions. Desert covers more than half of Niger, leaving only about 12% of the territory cultivable. Erratic rainfall, desertification, and the recent plague of locusts cause particular concern in a largely agrarian economy and rural society. The plague of locusts and a severe drought in 2004 precipitated a serious food crisis, affecting approximately 28% of the population and causing an unknown number of fatalities. Niger's geographical landlocked position makes the economy dependent on political developments in neighboring countries, which puts constraints on export potential, especially in the case of crises in Algeria, Nigeria and the Côte d'Ivoire. Macroeconomic imbalances remain relatively large, and the economy is susceptible to terms of trade volatility and uncertain aid flows. Substantial and diversified reserves of subsoil assets such as uranium, gold, oil, iron ore, nickel, copper, phosphates and coal account for a slightly more positive picture. Except for uranium, however, these raw materials have yet to be exploited on a large-scale level. Moreover, a number of foreign companies are exploring oil reserves, but due to the lack of physical infrastructure and geological problems, these sites are reportedly not profitable yet.

Structural  
constraints

Niger has only very weak traditions of civil society. President Kountché legitimated his military regime in the 1970s with the formation of a "Society of Development" based on cooperative societies, socio-professional organizations and youth organizations. The Society of Development became the nucleus of the single party MNSD in 1989. In the aftermath of 30 years of authoritarian rule,

Civil society  
traditions



public and civic engagement and independence from the state became feasible only in the early 1990s. Starting at a low level, the number of NGOs has been on the rise – with the founding of the Coalition Équité/Qualité contre la vie chère au Niger marking an important step – but their activity is widely confined to urban areas. Elite misconduct during the first attempts at democratization has hindered trust in institutions. Apathy, mistrust of the authoritarian-oriented political leadership against political engagement and fear based on memories of militant protests by trade unions and radical students have prevented a civic culture of moderate participation in public life from taking root in Niger. There is also a certain degree of social polarization in the country. Before the emergence of the Coalition, civil service unions — particularly teachers – and student groups constituted the most important elements of civic organization but at the same time they have embodied a great destabilizing factor, owing to massive protest activity. This also applies – if to a somewhat lesser extent – to the Coalition.

Though religious groups have substantial influence in society, religion is not a major source of social conflict, but serves partly as a unifying factor since more than 90% of the population are Muslims who practice a moderate form of Islam. In recent years, however, a stricter notion of religion and outright extremism has gained ground. Ethnic conflict has not been a major problem in contrast to neighboring countries such as Nigeria or Chad. However, the aforementioned problems with the Tuareg and other nomadic groups led to an insurgency in the 1990s, which paralyzed economic activity in the north. Signs of a renewed rebellion seem limited, but cannot be ruled out given the dissatisfaction of Tuareg leaders with the implementation of the peace accord. Inter-communal violence occurs on occasion, especially between nomadic and sedentary groups (in November 2004, a clash between herders and farmers in southwestern Niger resulted in at least 11 deaths). Polarization at the top leadership level was severe in the 1990s but the Fifth Republic has witnessed considerable progress in this respect.

Conflict intensity

## II. Management Performance

Niger faces a high level of difficulty for transformation toward a democracy under the rule of law and a socially integrated market democracy. International cooperation, although it has worsened, topped the country's governance record in 2005 and 2006. Steering capability and consensus-building showed some decline in the assessment period as compared to the BTI 2006. Resources have largely not been used efficiently for reform policies.

## 14 | Steering Capability

The political leadership sets and maintains strategic priorities, but there are signs that these goals are not always fully internalized, especially with regard to the government's respect for freedom of the press. Likewise, the leadership pursues long-term aims, but it sometimes postpones them in favor of short-term interests. For instance, in early 2005, the government introduced a TAV of 10% on goods such as milk, grain and electricity to broaden the shallow revenue base of the state. Massive social protest by the Coalition *Équité/Qualité contre la vie chère au Niger* was initially suppressed, but in April 2005, the government gave in and canceled the tax increase. The government is committed to democracy and a market democracy, within the constraints already mentioned, but has not always had complete success in implementing its announced reforms. With its high dependence on foreign aid – 11.4% of the GDP in 2006 – Niger has little choice to pursue structural reform, though increasing Chinese (and also Libyan) investment may reduce its dependence on Western donors in the future.

Prioritization

Shortcomings in economic reforms owe mainly to poor administrative capacities, but also to corruption. Desperately needed reform of the education sector is hampered by the ongoing conflict with the student movement and the outspoken teachers' union. The IMF has been largely satisfied with the pace of the new PRGF 2005 – 2007, although it points to a number of shortcomings in privatization and public expenditure management. Because of the food crisis, the IMF granted Niger waivers for failing to meet key targets but instead substantially increased the amount of the facility. Under the third review of the PRGF in January 2007, the IMF expressed broad satisfaction with Niger's performance. All benchmarks were reached, except for the reduction of domestic arrears and the establishment of a flexible pricing system for domestic petroleum products. However, Niger once more failed to meet the WAEMU convergence criteria – its grace period now postponed until 2008. While the primary targets in terms of domestic and external arrears (not above or below 70% of the GDP, no further accumulation) were met, inflation surpassed the target maximum of 3% in 2005 and the budget balance remained negative. On the other hand, the President's Special Program for Poverty Reduction has apparently produced some improvements in rural health and education development, and the rehabilitation of infrastructure (roads, water resources) continues. All measures, however, failed to prevent the food crisis. Though initially caused by adverse climatic conditions, the food crisis itself was poorly handled by the government as well as international actors. Political reforms also show a mixed record. An increasingly apparent and profound conflict between the president and the prime minister became evident when the former refused to call the crisis a "famine" while the latter had stated the contrary only days before. On the other hand,

Implementation

some progress was achieved at the political level with the establishment of two legal quotas for women's representation. The 10% quota for female legislators was met (12.4%) and the 23.1% of women at the ministerial level came close to the 25% quota. The national body for political dialogue continued its work in 2005 and 2006, though it met less frequently than before the elections in 2004.

The leadership responds to mistakes and changes its policies but occasionally at the expense of long-term aims. Drastic economic reform is still urgently needed, but the resultant massive social protest has placed the government in the uncomfortable situation of having to choose between the two (short-term and long-term relief). The aforementioned massive resistance against the tax increase thus forced the government to cancel plans that it claimed – falsely – to have been necessary to meet WAEMU convergence criteria. On the other hand, the political class has generally learned from the institutional deadlock in the Third Republic. Whereas relations between the prime minister and the president have become increasingly difficult, the situation is far from the intransigence between the president and prime minister (currently the speaker of the National Assembly and prime minister) in 1995 and 1996 that provoked a military coup in January 1996. Again, one exception must be mentioned: the political leadership has learned nothing with regard to freedom of the press. Reprisals against journalists continued through 2005 and 2006, and arrests and lawsuits extended to the leaders of the Coalition *Équité/Qualité contre la vie chère au Niger*. Journalists and civil society actors are regularly convicted for defamation, the spread of false news or threatening the public order, but many observers believe these to be pretexts for reporting corruption scandals or opposing government policies.

Policy learning

## 15 | Resource Efficiency

Niger's government uses only some of its available economic and human resources efficiently. According to the Economist Intelligence Unit, public administration is under-resourced, largely inefficient and a drain on state funds. Efforts to streamline the bloated bureaucracy are underway but the link between this initiative and civil service reform and privatization makes it politically sensitive. The use of budget resources suffers from a narrow tax revenue base (10.1% of the GDP in 2005) and occasional delays in budgeting. Due to the failure of the tax increase, government had to present a revised budget to parliament in 2005. The government met its fiscal targets in 2005 but the Economist Intelligence Unit estimated a worrying level of fiscal deficit (excluding grants) of 7.8% and 11% in 2005 and 2006 respectively. There are reluctant efforts to decentralize the unitary state structure. Local elections held in May 2004 demonstrate some progress in this respect, but the prime minister's office opposes substantial decentralization. Politically motivated dismissals are

Efficient use of assets

relatively rare. Two ministers (consecutively responsible for the Ministry of Basic Education) were arrested for the alleged embezzlement of EU funds, although this may be linked to the conflict between the president and the prime minister. Both former ministers are close allies of the prime minister, and their detention may have been intended to weaken the prime minister's position.

The government tries to coordinate conflicting objectives and interests but with limited success. Intra-government frictions have intensified during the assessment period, exposing the risk to which the semi-presidential system of government, with its partly unclear division of competences between the head of government and the head of state, is historically prone. In the first place, this applies to the abovementioned conflict between the president and the prime minister, which has already affected government policies in the case of contradictory statements regarding the food crisis and the failed introduction of a TAV increase and activities of both Tandja and Hama. The conflict extends to the entourage of both politicians and splits the major ruling party, the MNSD. The ruling coalition has also seen signs of friction, especially as regards the CDS and the ANDP, resulting from a conflict over the election of the CDS president to the ECOWAS parliament, a post the ANDP president had expected to secure. Moreover, long-term structural adjustment policies involve cuts in the civil service and other austerity measures, which almost inevitably trigger militant social protests by trade unions and student associations. Maintaining social peace and sticking to reform goals simultaneously have continued to prove largely unattainable. Government has embarked on a mix of hard-line and soft-line approaches by using repression and seeking foreign assistance to alleviate social pressure.

Policy coordination

Corruption remains a serious problem in Niger. According to pertinent indicators, corruption is rampant at all levels, including public administration and high-ranking officials, the prime minister and president possibly included. The corruption scandal at the Ministry of Basic Education in 2006 exemplifies this prevalence. In 2006, Niger ranked 138th of 163 on Transparency International's Corruption Perception Index with a near-bottom value of 2.3. The World Bank rated control of corruption poorly in 2006 (the value of -0.83 is not far from the worst value of -2.5). Some mechanisms ensuring integrity are effective; others are not. Judicial action against the two ministers accused of embezzlement may well be merely a political tussle rather than a sign of decisive action against corruption.

Anti-corruption policy

## 16 | Consensus-Building

There is a clear consensus among major actors on the goals of maintaining political stability and economic prosperity. Consensus seems to have grown in

Consensus on goals

the period under investigation with regard to elections as a fundamental way to decide who governs. General reservations may be found among Muslim extremists, whose political influence remains limited. The establishment of a Ministry of Religious Affairs in a cabinet reshuffle in early 2007 could illustrate the government's concern about the issue, but is, in any case, an acknowledgement of the substantial role religion plays in the country. There are apparent reservations among the political leadership regarding the transformation goals of a market economy and a democracy under the rule of law. The PNDS may prefer some socialist economic policies, and the government has repeatedly shown its disregard for freedom of the press. Given Niger's past, consensus on transformation goals seems somewhat fragile.

Given Niger's political context, the exclusion and co-optation of actual and potential veto actors is advanced, but has certain limits. The most powerful veto actor in the past, the military, has remained under civilian control, owing partly to measures taken after the mutiny in August 2002 such as a new military justice code. Yet, three soldiers were sentenced in July 2005 for kidnapping and torturing an army major in an effort to secure the release of 100 soldiers arrested after Tandja's first election as president in 1999. Eleven others were sentenced in absentia. As noted above, the religious leadership and some members of the traditional leadership strongly oppose legislation to promote women's rights, which are looked upon as incompatible with Islam. Given their substantial influence on the political class, both laws failed to pass in the National Assembly in late 2006.

Anti-democratic veto actors

Although the political leadership tries to prevent ethnic, religious and other cleavage-based conflicts from escalating, it fails to reduce existing divisions substantially. Potential ethnic strife and increasing Muslim extremism remains a threat, and the high amount of social protest is unlikely to disappear in the near future given the conflicting goals of austerity measures and immediate relief described above. However, at the elite level the establishment of the National Council for Political Dialogue (Conseil national de dialogue politique, CNDP) in January 2002 marked a major step forward. The CNDS (CNDP), is a permanent all-party forum designed to prevent and resolve political conflicts on important national issues and democratic government. Its meetings helped ease the electoral process, despite some criticism from the press and civil society, which denounced the forum as "unconstitutional." However, its meetings have become less regular since the 2004 elections (just one meeting in 2006) and the conflict between the head of state and the head of government may signal a period of more entrenched conflict.

Cleavage / conflict management

The government takes the interests of civil society into account to a certain extent and tries to accommodate them. Civil society has been involved in the PRSP process and a parliament commission consults respective interest groups

Civil society participation

in the legislation process. After the beginning of the protests against the introduction of the VAT in early 2005, however, the government initially reacted with repression, including the temporary detention of five leaders of the Coalition *Equité/Qualité contre la vie chère au Niger*. Subsequently, the government has embarked on a somewhat more cooperative strategy, and the prime minister's office and the Coalition entered negotiations in 2006. Following the period of investigation, a general agreement was reached and the government established a ministry charged with the "fight against the "vie chère." These measures have proven difficult although the government agreed to lower prices on fuel. However, a considerable amount of mistrust between government and key civil society actors persists.

Reconciliation between victims and perpetrators of past injustices is not an important issue in the country. The single-party government of the MNSD before 1991 did not excessively violate human rights and has thus not faced demands from political actors for institutionalized reconciliation. The death of the former President Maïnassara during the coup in 1999 was declared an accident. Calls for a full investigation and punishment by the *Rassemblement pour la Démocratie et le Progrès* (Rally for Democracy and Progress, RDP), a political party close to former president Maïnassara, were ignored in the following years. This, however, did not prevent the RDP from joining the government after the 2004 elections. The issue did not play any significant role after that.

Reconciliation

## 17 | International Cooperation

Subject to considerable constraints, the government makes relatively well-focused use of international aid for its economic transformation needs. Given its dependence on foreign assistance, Niger has limited choice in accepting or refusing international cooperation. Generally, this cooperation comes more readily in the economic arena. Notwithstanding limitations to freedom of the press, important donors regard strong political conditionality as obsolete, and were pleased by the conduct of the 2004 elections. However, Niger remained rather passive in its foreign dealings regarding the food crisis. International agencies were consistent in their expressions of concern for Niger, in contrast to Western governments. Fearing Niger's tarnished international image and defending his pronounced sense of national dignity, the president went so far as to deny the famine – which may not have been a famine in the classical sense, but was a severe food shortage in any case. Nevertheless, Niger accepted massive food aid from the European Union, France, and, among others, the UN World Food Programme. The IMF also granted a waiver for Niger's failure to meet key targets and instead substantially increased the amount of the PRGF

Effective use of support

after its first review. After the second PRGF review in mid-2006, which criticized the slow pace of reform of public expenditure management, the government promised action and pledged to strengthen revenue mobilization and improve public expenditure with the help of the World Bank. In mid-2005, the World Bank announced its contribution of \$750 million of debt relief over the next 37 years as part of the Multilateral Debt Relief Initiative (MDRI). However, the organization of the long-awaited Francophonie Games in December 2006 drew criticism from foreign quarters as an example of misplaced spending during the food crisis. In April 2005, the French Development Agency provided CFA franc 6.6 billion (€10 million) in aid for the renovation of Niamey's infrastructure.

Despite the food crisis, the international community by and large considers the government credible and reliable. Cordial relations between Niger and its former colonial power, France, which is now its principal bilateral donor, remain firm. Country risk ratings reveal a less positive picture regarding political stability, but concerns are mainly based on past developments and do not take into account recent improvements. Western security concerns focus on Niger's becoming a "safe haven" for terrorists, but the government, whose reform goals are also affected by this threat, has proved a willing partner in the war on terrorism. Good relations with the United States were strained after an alleged sale of uranium to Iraq in September 2002, and Niger's refusal to sign a bilateral accord with the United States on the non-extradition of U.S. military personnel to the International Criminal Court (ICC) in The Hague. As president of both ECOWAS and UEMOA, President Tandja paid an official visit to the White House in July 2005 and in November 2006, President Bush ordered a waiver on the prohibition of economic aid to 14 countries, including Niger, in spite of the ICC affair.

Credibility

Niger enjoys considerable trust within the regional organizations such as WAEMU, the Economic Community of West African States (ECOWAS) and the African Union. President Tandja was re-elected chairman of the ECOWAS in 2006 and obtained the presidency of the Central Bank of the West African States (BCEAO) during 2005 as well. Niger scored a political victory in July 2005 when the International Court of Justice announced its verdict on the long-running border conflict with Benin, awarding 16 of 25 islands in the Niger and Mékrou rivers to Niger, including Lété Island, the heart of the dispute. President Tandja's stepped-up foreign policy activities stem from his recognition that internal developments in the most important neighboring countries, Côte d'Ivoire (internal conflict) and Nigeria (ethnic and religious conflicts in the north), obstruct regional peace and trade, especially for landlocked Niger. Nigeria is, after France, the second-most important trading partner not only in terms of commerce but also as a supplier of badly needed electricity.

Regional cooperation

## Strategic Outlook

Given its extremely low level of socioeconomic development, Niger is not likely to develop a full-fledged socially integrated market economy in the near future. Future political developments are more difficult to assess. However, Niger will likely maintain its present level of democratic transformation.

Deficiencies in stateness, the rule of law and social integration will hinder the consolidation of democracy, although some progress may be made. Uncertainty stems from the future conduct of key political actors: while President Tandja is serving his last constitutionally allowed term, aspirations for succession have already caused considerable friction since 2005 and 2006. The potential for large-scale civil unrest triggered by ethnic minorities or religious extremism seems unlikely, but cannot be ruled out. Civil society protest will probably continue, given the state of government resources and its commitment to structural reform, including socially sensitive cuts for the large parts of the population.

Consequently, political stability and economic progress will remain closely interlinked. The government will have to balance the conflicting long- and short-term goals of maintaining macroeconomic structural reform and societal peace. Given past and recent policies largely dependent on foreign aid, the government will prioritize macroeconomic reform over the immediate demands of social groups, but will most likely make concessions to protesters from time to time.

Key macroeconomic challenges include stronger and broad-based economic growth, reduced vulnerability to external shocks and a significant reduction of poverty to tackle the most formidable challenges of population explosion, adverse climatic conditions and abject poverty. Under the PRGF 2005 – 2007, Niger aims for fiscal consolidation, public and financial sector reforms and the development of priority sector strategies in the poverty reduction strategy. Some improvements will be made, but it remains questionable whether these will suffice to reach the Millennium Development Goals set by the United Nations. Growing exploitation of gold and oil reserves in the east of the country may provide for a windfall from subsoil natural resources, but forecasts remain speculative at this point in time.

Generally, Niger will need strong external support from Western donors and international financial institutions to strengthen its achievements in economic development. Aid flows and development cooperation will continue, but should



be increased. Although the government has largely adhered to the criteria of structural reform, an increased focus on capacity-building and transparency is crucial to make substantial progress in resource efficiency.

The vigorous enforcement of conditionality may become more difficult in the future in light of growing Chinese investment and influence. Yet, it not may be as urgent in the political arena. Nonetheless, donors should encourage the authorities to strengthen political dialogue, extending it from the leadership to civil society. The negotiations with the representatives of the Coalition *Équité/Égalité contre la vie chère* are a step in the right direction toward reducing social protest and finding a way to reconcile the long-term goal of reform and immediate needs of the population. At the same time, donors should leave no doubt that violations of civil liberties, as in the case of press freedom or the repression of civic protest, will not be tolerated. Likewise, developments of ethnic conflict in the north should be observed carefully.

Moreover, key Western donors should continue their collaboration in the security sector. Holding Muslim and other extremists at bay is in the West's self-interest, but serves transformation goals in Niger as well. France and the United States especially however should refrain from prioritizing security and possibly narrow economic and geopolitical concerns – particularly as regards the growing Chinese influence – over supporting Niger's transformation toward a stable market-based democracy.