

Niger

Status Index (Democracy: 6.53 / Market economy: 4.18) 5.36		Management Index 6.13	
HDI	0.281	Population	13.1 mn
GDP per capita (\$, PPP)	835	Population growth¹	3.2 %
Unemployment rate	-	Women in Parliament	12.4 %
UN Education Index	0.17	Poverty²	61.4 %
		Gini Index	50.5 (1995)
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. ¹ Annual growth between 1975 and 2003. ² People living below \$ 1 a day (1990-2003).			

A. Executive summary

President Mamadou Tandja's victory at general elections on December 4, 2004 marked the first democratic re-election of a government in Niger's history. Tandja and his National Movement for a Society of Development (MNSD) secured a second round victory and the government coalition formed by the MNSD, the Democratic and Social Convention (CDS), and the Nigerien Alliance for Democracy and Progress (ANDP) secured a comfortable majority in concurrent legislative elections.

Niger qualifies as a democracy in principal, albeit with deficiencies. Key indicators such as free and fair elections, freedom of association, and checks and balances are fairly 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.

Niger falls short of the minimum criteria for a socially integrated market economy. The country's level of development is extremely low, its institutional framework for market competition weak, its welfare regime lacking and sustainability deficient. However, current performance indicators, in particular growth rates and the stability of prices, account for optimism.

The level of difficulty for transformation in Niger is high. Whereas international cooperation tops the country's governance record in 2003 and 2004, steering capability and consensus-building have been mixed. For the most part, resources have not been implemented efficiently for reform.

Niger has made slight progress in terms of political and economic transformation goals between 2001 and 2004. Economic improvements brought about in cooperation with international donors have been stronger than political improvements. Political progress has been confined to establishing a more

competitive electoral regime, increasing checks and balances and improving political integration.

Political extremists commanded limited political influence in 2003 and 2004. Muslim extremists pose some potential challenge to democracy in Niger. There have been some reports of clashes with Algerian-based terrorists and signs in 2004 of a renewed—albeit limited—Tuareg rebellion. However, the differences between religious extremism, terrorism motivated by religion and mere banditry is often unclear.

Niger is not likely to develop a socially integrated market economy in the near future. However, its present level of democratic transformation will likely be maintained. Donors should increase their assistance and emphasize capacity building and transparency. Donors should also focus on encouraging dialogue, insist on increased press freedoms and capacity building in the judiciary. Cooperation on security issues will remain necessary, but especially France and the United States should refrain from granting narrow political concerns priority over transforming Niger into a stable market-based democracy.

B. History and characteristics of transformation

Whereas economic transformation preceded political transformation in Niger, both have been characterized by disruption. Niger has endured long periods of authoritarian rule with the military dominating. Niger, meanwhile, finds itself in its Fifth Republic.

In contrast to the French territories, Niger did not experience democracy during decolonization and the first years of independence. Authoritarian rule began in the last two years of formal French rule with 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 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 institute 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. (Third Republic).

Mahamane Ousmane (Democratic and Social Convention, CDS) became the country's first democratically elected president. 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 January 27, 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 insurgence of the Tuareg ethnic group 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). An independent election committee 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 Mallam 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 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. However, the former single party MNSD now cooperates with the most important former opposition party, the CDS, whereas the PNDS, with its different social structure (representative of urban intellectuals) became the main opposition force. The free and fair general elections at the end of 2004 that confirmed Tandja and the coalition in power, clearly indicate political progress. However, the unpredictability of the military and sporadic attacks by Salafist groups and Tuareg rebels during 2004 and, especially, sustained popular protest by trade unions and students in connection with austerity measures threaten political stability.

The cause of this unpredictability can certainly be linked to appalling socioeconomic conditions characteristic of transformation processes. 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). A Poverty Reduction Strategy Paper (PRSP) submitted in January 2002 was accepted by the IMF and the World Bank. 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 2005-2007. The relative satisfaction expressed by the financial institutions, however, must not distract from the appalling conditions pervading all socioeconomic levels.

C. Assessment

1. Democracy

Niger qualifies as a democracy in central indicators of participation, rule of law and institutional stability. Free and fair elections, freedom of association and checks and balances are fairly well-developed. However, the freedom of the press is severely restricted and the judiciary and public administration do not work properly. Substantial shortcomings are also found with stateness and social and political integration.

1.1. Stateness

Niger is confronted with some significant problems of stateness. The state's monopoly on the use of force is established in principle but does not function completely due to the state's lack of control over peripheral regions, especially in the north and in border regions.

Although the definition of a people and the issue of what constitutes a people, as such, are not politically relevant, there exists only a moderately developed sense of national togetherness. Nomadic groups such as the Toubou and the Tuareg staged insurgencies in the past protesting deprivation vis à vis the dominating Hausa and Djerma. Although there are signs of a renewed armed rebellion, these attempts were largely resolved over the past few years and the government has maintained an ethnic balance including Tuareg ministers.

Other groups cannot participate fully in public life given their slave-like de facto status. According to Timidia (a local human rights group) 8% of the population are living under conditions of forced labor and in June 2003 parliament banned slavery which is practiced by nearly all ethnic groups of Niger.

The government must enforce the French style secular constitution against religious groups who have substantial influence in the overwhelmingly Islamic population. Although these groups should be clearly distinguished from internationally active Islamists linked to the al-Qaida network.

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

1.2. Political participation

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

Except for dependence on foreign assistance, the elected rulers have the effective power to govern in principle but the military remains a potential veto actor. However, unlike previous years (a military coup in 1999, mutiny in 2002), in 2003 and 2004 there occurred no political interventions by the military or mutinies due to lack of pay. The influential traditional leadership, as another important veto power, now seems to accept the political supremacy after the conflict around the dismissal of the sultan of Zinder in 2001.

Political and civic groups can form freely. Frequent protests by civil servant unions and student groups occasionally trigger restrictions on the freedom of association when demonstrations are forcibly dispersed by police.

Freedoms of speech and the press 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 2003, 15 private radio stations were closed down. Prompting immediate international and national protests police seized an edition of the bi-weekly "Le Témoin" featuring a report on Tuareg rebel activity only weeks after the elections in 2004. Niger ranks 118th of 193 ranks on the Freedom of the Press Index by Freedom House in 2004 and is regarded "partly free" only.

1.3. 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, problems were rather more associated with a risk of blockade, which never materialized during 2003 and 2004 even though no single political party holds the absolute majority in parliament. Although restrictions on the performance of judicial control of state power remain, it has improved. In April 2004, for instance, the constitutional court rejected parts of the electoral code, forcing the government to change the electoral code and to reschedule local elections.

However, Niger's judicial system is under-resourced and, as a result, subject to pressure of the executive and other detrimental influences such as corruption and inadequate training.

Corruption by officeholders remains a serious problem in the country. Corrupt officeholders regularly attract adverse publicity, but are not prosecuted consistently under the law. At the end of 2003, the minister of finance of economy was dismissed following press reports accusing him of embezzling government funds.

In practice, civil liberties are violated partially but there is only limited legal recourse owing to the aforementioned judicial deficiencies in terms of training, external influence, corruption and especially the lack of resources. Influential traditional structures remain a formidable obstacle for the aforementioned marginalized minorities (de facto slaves) to demand their rights.

1.4. Stability of democratic institutions

The democratic institutions of the executive and legislative branches, by and large, work in accordance with their function. A recurrence of the massive blockade of 1995-1996 was successfully prevented in 2003 and 2004, although almost all the identical actors (persons and political parties) remain active, although within a somewhat different alliance constellation. The aforementioned deficiencies in the judicial and administrative branches account for some more serious frictions, but altogether democratic institutions fundamentally perform their functions.

Only some individual institutions of the democratic state are not fully accepted by all relevant players. Although all political parties and most of the civic associations accept elections as a way to change government, the constitutional provisions on the freedom of speech have not always been observed. Notwithstanding its positive role in the re-democratization of the country since 1999, the military may reserve its role as a national arbiter in case of institutional crisis. Muslim extremists, albeit with limited influence, do not accept fundamental

parts of the democratic and secular constitution. Renewed Tuareg rebellion may challenge, to a lesser extent, stateness and the constitutional order.

1.5. Political and social integration

After the 2004 legislative elections, the party system displays moderate fragmentation. 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 4 in 2004 but volatility remains limited. 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 relatively stable, which owes mainly to ethnic and regional roots in society.

Severe constraints on the party system’s functionality can be attributed to low organizational resources and a lack of adequate programmatic profiles. A body of national dialogue and conflict resolution was set up in January 2004. This exemplifies a reduced level of polarization between government and opposition as it is intended to prevent and solve political conflicts and to promote consensus around matters of national interest. To demonstrate, its first main aim was to organize transparent elections at the end of the year.

The topography of interest groups is meager, and important social interests, especially on the part of women and the rural population, are underrepresented. There is a risk of polarization. Civil service unions and radical student groups, who engage in active recruiting, dominate civil society. There are now four separate trade union federations. Frequent strikes and protests are linked to payment arrears, adverse working conditions and an early retirement scheme. Likewise, radical student groups regularly clash with security forces over non-payment of grant arrears and poor conditions in universities. Islamist groups, meanwhile, work against secular principles and women’s rights. One of the more successful interest groups is Timidria, which pushed through a discussion about the existence of slavery in society. As a result, slavery was officially abolished by Parliament in 2003.

Given the lack of survey data, the population’s attitudes toward democracy cannot be adequately evaluated. The low electoral turnout (less than 50%) can be attributed to voter apathy but also in part to limited female voter participation.

Social self-organization is poorly developed. This is probably mitigated by traditional family networks, but the significance of these is difficult to assess.

2. 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. Reform policies (in collaboration with donors) have brought about some progress in current performance indicators, especially growth rates and the stability of prices.

2.1. Level of socioeconomic development

Social exclusion is quantitatively and qualitatively extensive and structurally ingrained. Key development indicators point to an exceptionally low level of development. Niger finds itself at the bottom of the HDI ranking (176th of 177 countries). More than 60% earn less than \$1 per day, Niger comes in second last in the Human Poverty Index (HPI-1) and income disparities (Gini coefficient 1995: 50.5), remain very high. Women suffer from extensive societal discrimination and social exclusion, which is illustrated by the second last rank in the Gender Development Index (GDI) and commonplace female genital mutilation (around 60%). Slavery still exists in nearly all ethnic groups. Although a large informal sector and substantial agricultural subsistence production should be taken into account, altogether, Niger lacks adequate freedom of choice for all its citizens.

2.2. 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 some slight progress in recent years, Niger ranks 118th of 123 countries in the Index of Economic Freedom.

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 though they are set to be privatized. In the important mining sector, uranium is exploited by a French dominated consortium in which the government holds a minority stake. Stakes of 51% in national water and telephone companies were sold to French and Chinese companies respectively. In the emerging gold sector, however, 12 foreign firms are engaged in exploration activities.

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.

The banking sector is weak as both the Economist Intelligence Unit (EIU) and *Marchés Tropicaux* assess. Although there is a variety of institutions including commercial banks, the banking system is one of the weakest in WAEMU.

2.3. 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. This complies with the Central Bank of West African States (BCEAO) directives. This decision must be considered prudent in view of the low inflation rate.

Under the guidance of the IMF Niger has developed a form of “culture” for stability since 2000. At the end of June 2004, when the IMF concluded its final review of Niger’s three year PRGF the government had met all the structural performance criteria except for domestic arrears. The tight fiscal policy was eased in 2004 due to local and general elections.

2.4. 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 and the weak judiciary largely prevent the protection of private property. In 2004, the Fraser Institute regarded the legal structure and security of property rights the most problematic constraint on “Economic Freedom.”

Private companies can act freely in principle but encounter aforementioned barriers to development. The privatization program has lost momentum in the period under investigation. Whereas the privatization of the fuel importing and selling company is straightforward, the privatization of the national electricity company is complicated by the reluctance of potential buyers to take on its scheduled investment program. Nevertheless, in comparison to former years the privatization policy met lesser resistance by the trade unions.

2.5. Welfare regime

Niger essentially lacks an efficient government network to fight poverty. For example, the health profile is one of the lowest in sub-Saharan Africa (infant mortality was 156 per 1,000 live births in 2002, compared with a sub-Saharan average of 108 per 1,000). Foreign assistance, especially the PGRF and the PRSP,

and the President's Special Program of Poverty Reduction aim at compensating poverty risks. Although improvements have been achieved, substantial progress will be needed in the future, as a representative survey published in March 2003 by the World Bank and the government revealed. The informal sector and traditional family and clan structures alleviate the situation to some extent, but this is difficult to quantify.

Nigerien society is highly segmented. To date there are no facilities to balance blatant social disparities. Women experience 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 (or 1.2% to 11.5%) because of a political action plan approved in parliament in June 2003.

2.6. Economic performance

Since 2001, growth rates have been relatively positive, fluctuating between 3% and 5.8% per annum. Stability of prices was largely guaranteed, notably in 2003 inflation rates turned negative. Fiscal indicators reveal a less positive picture. Although a gradual rise in revenue is projected, the country's tax base remains narrow (an estimated 9.8% of the GDP in 2003) and its budget balance negative (an estimated -2% of the GDP in 2003). The current account balance shows a structural deficit and the country remains dependent on foreign aid.

The economy presents mixed potential, in part due to unpredictable climate conditions (erratic rainfalls, desertification, the recent plague of locusts) and its landlocked position that make exports costly, especially in the case of crises such as in the Côte d'Ivoire and Nigeria, its main trading and transit partners. There are hopes associated with the potential for tourism, especially in the north, and natural resources. Beyond the exploitation of uranium, there is some gold production and petroleum reserves are being explored. However, bad governance and a very high population growth rate prevent the country from tapping its full potential.

2.7. Sustainability

With respect to growth aspirations, environmental compatibility is only significant in as far as escalating desertification or the plague of locusts present a formidable barrier to development. The Niger River, which starts in Guinea and ends in Nigeria in the Gulf of Guinea is threatened by pollution and is drying up. The Niger River is the main water resource for Niger and enables agricultural survival. A highly mediated conference of the countries concerned in Paris in 2004 looked at least superficially for a solution to its problems. However, apart from this measure, mainly pushed by France, and some efforts in connection with the poverty reduction process and traditional ingrained awareness of nature among the

rural population, environmental considerations are largely negligible in sparsely populated Niger.

Physical infrastructure is highly deficient; 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 17.1% (against a sub-Saharan mean of 63.2%). Notwithstanding a government launched ten-year development plan for education (PDDE) in line with the PRSP, Niger scores very poorly on the U.N. Education Index.

3. Management

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 tops the country's governance record in 2003 and 2004. Steering capability and consensus-building have been mixed in the assessment period. Resources have largely not been used efficiently for reform policies.

3.1. Level of difficulty

The structural constraints on governance are massive. Poverty extends to more than 60% of the population. 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 U.N. Education Index exemplify the lack of human resources. The high fertility rates (population growth between 1975 and 2002: 3.3%) accounts for massive demographic pressure that threatens any progress in the economic and social arena.

Profile of the Political System

Regime type:	<i>Democracy</i>	Constraints to executive authority:	2
System of government:	<i>Semi-presidential</i>	Latest parliamentary election:	04.12.2004
1. Head of State:	<i>Mamadou Tandja</i>	Cabinet duration:	07/02-11/04
Head of Government:	<i>Hama Amadou</i>	Parties in government:	3
2. Head of State:	<i>Mamadou Tandja</i>		
Head of Government:	<i>Hama Amadou</i>	Cabinet duration:	12/04-present
Type of government:	<i>coalition majority</i>	Parties in government:	3
		Number of ministries:	261
		Number of ministers:	261

Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Number of ministries/ ministers denotes the situation on 1 January 2005.

As a country of the Sahel, Niger suffers from adverse climatic and natural conditions. More than half of Niger consists of desert, and only about 12% of the territory is cultivable. Erratic rainfall, desertification, and the recent plague of locusts are of particular concern in a largely agrarian economy and rural society. A record harvest in 2003 was followed by a severe drought in 2004.

Niger's geographical landlocked position makes the economy dependent on political developments in neighboring countries, putting constraints on export potential, especially in the case of crisis 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 not yet been exploited on a large-scale level.

Niger has only very weak traditions of civil society although President Kountché legitimated his military regime in 1975 with the formation of a "Society of Development" based on cooperative societies, socio-professional organizations and a traditional youth organization. This "Society of Development" became the nucleus of the single party MNSD in 1989. In the aftermath of 30 years of authoritarian rule, public and civic engagement and independence from the state became only just feasible in the early 1990s. Starting from a low level, the number of NGOs has been on the rise, but their activity is widely confined to urban areas. Elite misconduct during the first attempts for democratization has hindered trust in institutions. A civic culture of moderate participation in public life is largely absent due to apathy, mistrust of the authoritarian-oriented political leadership against political engagement and militant protests by trade unions and radical students.

There is also a certain degree of social polarization in the country. Civil service unions and student groups constitute the most important elements of civic organization but, at the same time, embody a great destabilizing factor owing to massive protest activity. Though religious groups have substantial influence in society, religion is not a major source of conflict, but serves partly as a unifying factor since more than 80% of the population are Muslims. Ethnic conflict has not been a major problem, especially in contrast to neighboring countries such as Nigeria or Chad.

However, the aforementioned problems with Tuareg and other nomadic groups led to an insurgency in the 1990s, which paralyzed economic activity in the north. Limited signs of a renewed rebellion have already been mentioned. Inter-communal violence occurs on occasion. In November 2004, a clash between herders and farmers in southwestern Niger resulted in at least 11 deaths. Increasingly, slave-like marginalized groups demand their rights. Polarization on

the top leadership level used to be serious in the 1990s but the Fifth Republic has witnessed considerable progress in this respect.

3.2. 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 of freedom of the press. Structural economic reform was harshly criticized by the opposition leader, Mahamadou Issoufou of the PNDS during the election campaign in 2004. Likewise, the leadership pursues long-term aims, but it sometimes postpones them in favor of short-term interests. For instance, tight fiscal policies were eased in 2004 in order to smooth the local and national elections. The privatization process lost momentum in 2003 and 2004, probably in order to avoid social protest.

The government is committed to democracy and a market democracy, with the constraints already mentioned, but has not always completely had success in implementing its announced reforms. Shortcomings in the field of economic reform are mainly due to poor administrative capacities. Desperately needed reform of the education sector is hampered by the ongoing conflict with the student movement. To the general satisfaction of the IMF government met all structural and quantitative performance criteria but one under the PRGF 2000-2003. According to the authorities, a weakness in tax collection and delays in receiving foreign assistance prevented the targeted reduction in domestic arrears. However, Niger has still to struggle to meet the WAEMU convergence criteria of which the target date for all member countries is December 31, 2005. 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.

Reform policy also displayed a mixed record in the political field. In January 2004, a national body of political dialogue was established. On the contrary, an ambitious plan, launched by parliament, to fill 25% of all decision-making positions with women, came to mind again, when women's rights activists demanded to beef up the unsatisfactory actual number of female ministers in cabinet (16.66%) in December 2004.

The preparation for the crucial second elections in the Fifth Republic, involving a new electoral code, the delimitation of electoral districts, and an updated electoral register by the independent electoral commission (Commission électorale Nationale indépendante, CENI), led to an intervention by the constitutional court in April 2004 declaring the plans unconstitutional. Local elections had to be postponed twice due to organizational difficulties.

However, the same incident indicates a fair degree of political learning ability. The government changed the electoral code and rescheduled the local elections from May to July, which then passed off smoothly. Generally, the political class has learned from the institutional deadlock (caused by intransigence between president and prime minister, now speaker of the national assembly and prime minister) in 1995 and 1996 and provoked a military coup in January 1996. Although the PNDS' boycott of the election of the speaker of the national assembly after the 2004 elections might be reminiscent of that kind of behavior, the general climate is largely more constructive.

Again, one exception must be mentioned. Evidently, nothing has been learned with regard to freedom of the press. Accompanied by the president's calls for "responsible" media conduct, only weeks after the newly found democratic stability had been demonstrated in the 2004 elections, police seized an edition of the bi-weekly "Le Témoign" featuring a report on Tuareg rebel activity. The government is still only talking about banditry in the north, like in the early 1990s when it negated the already fully effective Tuareg rebellion.

3.3. Resource efficiency

Niger's government uses only some of its available economic and human resources efficiently. According to the EIU, public administration is under-resourced, largely inefficient and a drain on state resources. Efforts to cut the bloated bureaucracy are underway but are politically sensitive because they are linked to civil service reform and privatization. Politically motivated dismissals are relatively rare. The dismissal of Ali Badjo Gamatié, minister of finance and the economy, in late 2003 followed press reports accusing him of embezzlements of government funds, but may have involved political considerations. As a close ally of prime minister Hama Amadou, President Tandja possibly tried to isolate Amadou in order to block him from presidential aspirations.

The use of budget resources suffers from a narrow tax revenue base and occasional delays in budgeting. In late 2002, the government failed to present the budget draft to parliament and the constitutional court prompting the latter to declare it unconstitutional in January 2003. Imbalance in the budget continued (-2% of the GDP in 2003). There are efforts for decentralize the unitary state structure, and local elections held in May 2004 demonstrate some progress in this respect.

The government tries to coordinate conflicting objectives and interests but it has only limited success. Intra-government frictions are not serious, although there were signs of personal conflict in the MNSD and, in particular, the CDS. However, long-term structural adjustment policies involve cuts in the civil service and other austerity measures, which almost inevitably and frequently have triggered 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 using repression and seeking foreign assistance to alleviate social pressure.

Corruption remains a serious problem in Niger, and according to pertinent indicators corruptions is rampant at all levels, including public administration and probably high ranking officials, exemplified by the case of the minister of finance in late 2003. Niger ranks 122nd of 145 on the Corruption Perception Index of Transparency International with a near-bottom value of 2.2. The World Bank rated control of corruption poorly in 2004 (the value of -1.1 is relatively close to the worst value of -2.5). Some mechanisms ensuring integrity are effective, however others apparently do not work.

3.4. Consensus-building

There is a clear consensus among major actors on the goals of maintaining political stability and economic prosperity. With regard to elections as a fundamental way to decide on who governs, consensus seems to have grown in the period under investigation. General reservations may be found with Muslim extremists, whose political influence remains limited. Reservations on the part of the political leadership may involve the exact transformation goals market and a democracy under the rule of law. The PNDS may prefer some kind of socialist economic policies and the government has repeatedly shown its disregard to freedom of the press. Given Niger's past, therefore, consensus on transformation goals seems fragile to some extent.

Exclusion and co-optation of actual and potential veto actors, on balance, have improved. In April 2004, Niger signed a new agreement on security cooperation with the United States, which adds to the counter terrorism measures taken before. The most powerful veto actor, the military, has apparently remained under civilian control owing partly to measures taken after the mutiny in August 2002, such as a new military justice code. As noted above, the influential traditional leadership now seems to accept the political supremacy after the conflict around the dismissal of the sultan of Zinder in 2001. Newly active Tuareg rebels, some of whom may have defected from the national army, do not constitute a classical veto power. However, the government was keen on appointing another ethnic Tuareg to cabinet in order to maintain ethnic balance, after a Tuareg minister had to be dismissed and arrested for suspected involvement in a murder case, the victim being a member of the MNSD.

Although the political leadership is trying to prevent such ethnic, religious and other cleavage-based conflicts from escalating, it fails to reduce existing divisions fully. A potential of ethnic strife and increasing Muslim extremisms 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 major progress has been achieved through the set up of the National Council for Political Dialogue (Conseil national de dialogue politique, CNDP) in January 2002. As a permanent all-party forum designed to prevent and resolve political conflicts on important national issues and democratic government, CNDS meetings helped ease the electoral process.

This move could have functioned as a role model and a measure to strengthen social capital but opposition media and politicians quickly suspected an unconstitutional government of unity and denounced the CNDS' role in the reform of the electoral code as manipulation.

Although civil society has been involved in the PRSP process (submitted in 2002) and the preparation for the elections, the political leadership frequently ignores civil society actors and tends to formulate its policy autonomously as long as possible. This is largely due to the militancy of the trade unions and student groups, which form the most important civic organizations. A considerable amount of mistrust between government and key civil society actors persists.

Reconciliation between victims and perpetrators of past injustice do not constitute an important issue in the country. The single party government of the MNSD previous to 1991 neither excessively violated human rights nor had political actors put up any respective demands 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. However, the issue did not play any significant role during 2003 and 2004.

3.5. International cooperation

Subject to some constraints, the government makes relatively well-focused use of international aid for the needs of economic transformation. Given its dependence on foreign assistance, Niger has limited choice in accepting or refusing international cooperation. This cooperation comes more readily in the economic arena. Notwithstanding limitations to freedom of the press, strong political conditionality is widely regarded as obsolete by important donors who have been pleased by the conduct of the elections in 2004. The new PRGF, announced on January 31, 2005, illustrates the good relations with the IMF and other donors. In June 2004, the IMF concluded the successful completion of the former PRGF 2005-2007, and in April 2004, Niger had been admitted to the HIPC-initiative. The EU pledged to provide grants worth €50 million from the European Development Fund for the period between 2004 and 2007.

Unlike previous years wrought with considerable political instability, the international community by and large considers the government credible and reliable. Cordial relations with the former colonial power and the principal bilateral donor France were strengthened by a state visit by Jacques Chirac in October 2003. 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 being misused as a “safe haven” for terrorists, but the government, whose reform goals are also affected by this threat, has proved to be a willing partner in the war on terrorism. Generally 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 Court of Justice in The Hague. However, the U.S. administration apologized to President Tandja during a visit to Niger by an U.S. official in mid 2003 and conceded that the allegation was false. Good relations were restored when a new accord on counter-terror-collaboration was signed in April 2004.

Moreover, Niger enjoys considerable trust in the regional organizations such as WAEMU, the Economic Community of West African States (ECOWAS) and the African Union (AU). President Tandja was elected chairman of the ECOWAS in January 2005 and chaired the conference of the Niger Basin Authority, a grouping of nine West and Central African countries, in April 2004 in Paris. Constraints stem from the risk that Niger will fail to comply with the convergence criteria of the monetary union in the framework of the WAEMU.

President Tandja’s stepped up foreign policy activities stem from the fact that internal developments in the most important neighboring countries Cote d’Ivoire (internal conflict) and Nigeria (ethnic and religious conflicts in the north) are seen as obstacles to regional peace and trade, especially for landlocked Niger. Nigeria is, after France, the second most important trading partner not only regarding commerce but also as a supplier of badly needed electricity.

4. Trend of development

Niger has accomplished progress in terms of political and economic transformation goals. Improvements in the economic area such as robust growth and modest inflation rates have been stronger but given the extremely low level of socioeconomic development there was obviously much higher potential than in the political arena. Political progress started from a much higher level but has been considerably slower and is confined to some areas such as free and fair elections, apparently growing checks and balances and political integration.

4.1. Democratic development

On balance political participation and the rule of law have improved. Stateness has remained at its deficient level. Political participation has improved in terms of an enhanced electoral regime and the control of veto actors but restrictions on freedom of the press persist. Likewise, rule of law has improved in terms of a more independent judiciary and checks and balances, but lack of resources and transparency continue to pose severe constraints.

Though a fully-fledged democracy under the rule of law has not been accomplished in the assessment period, there are signs of consolidation in some areas. Institutional stability remains at its former, relatively high level, and political integration has improved substantially with regard to moderation in the party system. In particular, the set up of an institutionalized national dialogue accounts for progress. However, this improvement is not matched by other developments in areas such as social self-organization and the topography of interest groups. Resumed Tuareg rebel activity, albeit on a limited level up to now, might indicate that the implementation of the peace agreement from 1995 has been less successful than previously assumed.

4.2. Market economy development

With the help of donors and its own reform policies Niger has made some progress concerning its level of development, its economic order and its economic performance.

Starting from a very low level, the country's level of socioeconomic development has improved slightly in the past five years. HDI value rose from 0.265 in 1995 to 0.279 in 2000 (and rose by 0.014 from 2000 to 2002). Performance surely would have been more favorable without the high population growth of 3.3% between 1975 and 2002.

The institutional framework still fails to reach minimum standards for a socially integrated market economy but some improvements have been accomplished, for instance in terms of strengthening tax and customs administration. The welfare regime for socially vulnerable groups has benefited to some extent from poverty reduction policies. Ratings in international assessments see a slight decline or a stagnant development in the institutional framework but draw their empirical evidence from rather dated information.

Development of macroeconomic fundamentals (2000-2004)

	2000 ^a	2001 ^a	2002 ^a	2003 ^a	2004 ^b
Growth of GDP in %	-0.2	5.8	3.0	5.3	3.5
Export fob (US\$ m)	283	272	280	350	411
Import fob (US\$ m)	324	331	371	474	547
Inflation in % (CPI)	2.9	4.0	2.6	-1.6	2.6
Gross domestic investment in % of GDP ^d	10.8	11.5	12.8	N/a	N/a
Tax Revenue in % of GDP	8.0 ^c	8.8 ^c	9.6 ^c	9.6 ^c	N/a
Unemployment in %	N/a	N/a	N/a	N/a	N/a
Budget deficit in % of GDP	N/a	N/a	N/a	-2.0	N/a
Current account balance (US \$ m)	-104	-92	-165	-170	-197

Principal source: Economist Intelligence Unit, Country Report Niger, November 2004; a. Actual, B. EIU estimates c. IMF Statistical Annex Niger 2004; d. African Development Indicators 2004.

Overall, economic development has improved quantitatively as robust growth rates, except in 2000, fluctuated between 3% and 5.8%. Likewise, inflation remained low, between -1.6% in 2003 and 4% in 2001. On the other hand, Niger's current account balance has deepened its structural deficit and the economy remains susceptible to climatic conditions and external shocks that have direct impact on growth rates: weather conditions were responsible both for the record harvest in 2003 and the disappointing economic performance in 2004.

D. Strategic perspective

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 and beyond. Due to uncertainties, 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 derives from the future conduct of key political actors: While President Tandja is serving his last constitutionally allowed term, aspirations for succession may cause considerable friction from 2006 on. The potential for large-scale civil unrest relating to ethnic minorities and religious extremism seems unlikely, but cannot be ruled out. Student and civil service militants will most likely continue given the state of government resources and its commitment to structural reform, including politically sensitive cuts in the civil service.

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 both macroeconomic structural reform and societal peace. Given past and recent policies owing mainly to dependence on foreign aid, the government will prioritize macroeconomic reform over the immediate demands of social groups.

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 in the country. Under the PRGF 2005-2007, Niger aims at 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 prospecting oil reserves in the east of the country may provide for a windfall from subsoil natural resources, but any forecast seems merely 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 the economic arena. Aid flows and development cooperation will continue, but they 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 and good governance.

The vigorous enforcement of conditionality may not be as necessary in the political arena. However, donors should encourage the authorities to strengthen political dialogue, extending from the leadership to civil society. A roundtable dialogue with militant organizations such as students groups and trade unions may be a first step toward reducing social protest. At the same time, donors should leave no doubt that violations of civil liberties, as in the case of press freedom, will not be tolerated. Likewise, developments 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 of self-interest to the West, but serves transformation goals in Niger as well. Especially France and the United States, however, should refrain from prioritizing security and possibly narrow economic and political concerns over Niger's transformation toward a stable market-based democracy.