



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

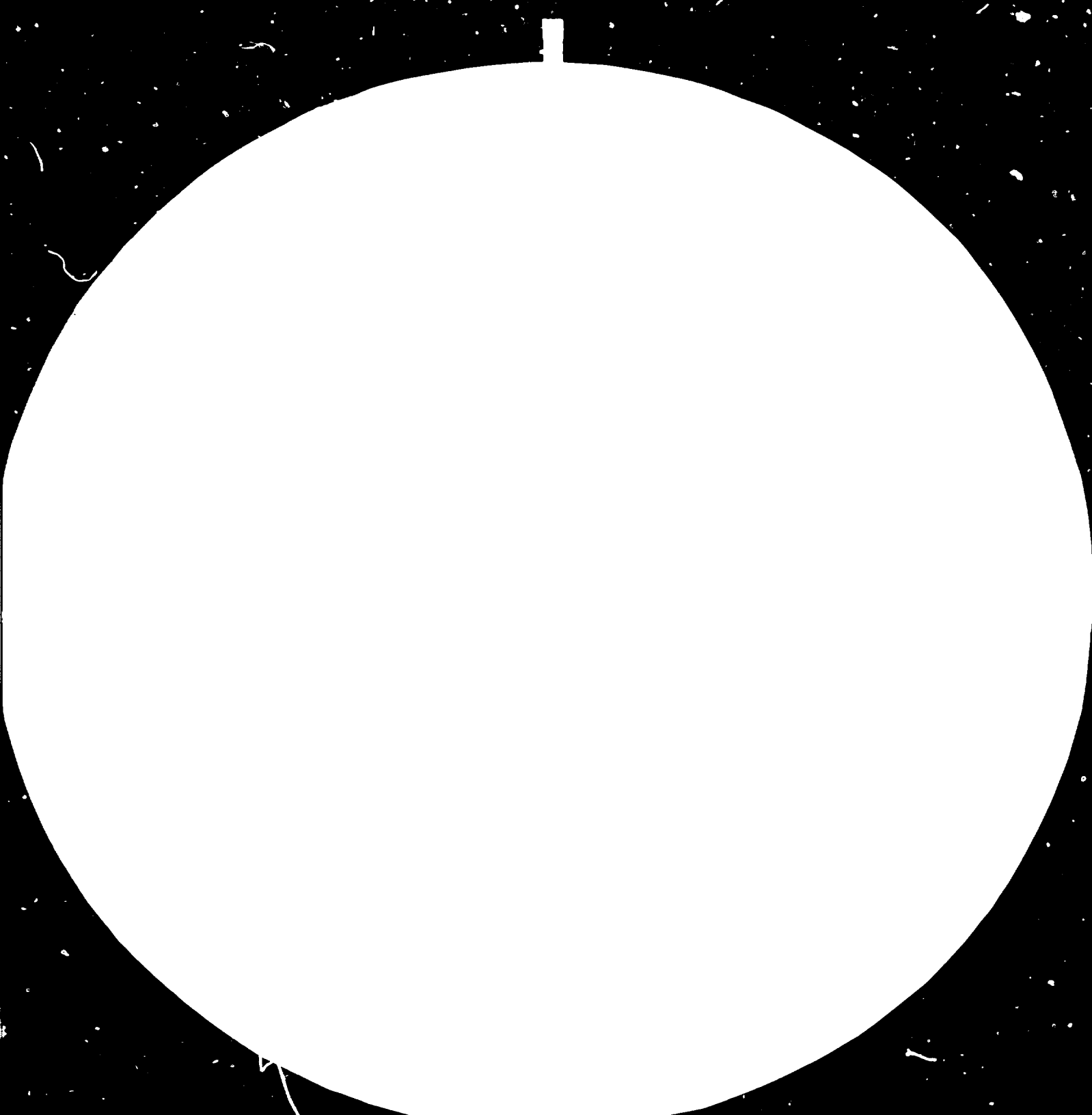
## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)





2.8

2.5

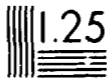
3.2



3.6



4.0



Resolution Test Chart (NBS 1963-A) showing various line patterns and numerical values.

Resolution Test Chart (NBS 1963-A) showing various line patterns and numerical values.

Resolution Test Chart (NBS 1963-A) showing various line patterns and numerical values.

Resolution Test Chart (NBS 1963-A) showing various line patterns and numerical values.

11541

UNITED NATIONS INDUSTRIAL  
DEVELOPMENT ORGANIZATION

Distr.  
LIMITED  
UNIDO/IS.301  
29 March 1982  
ENGLISH

---

[Niger. COUNTRY INDUSTRIAL DEVELOPMENT BRIEF]  
NIGER\*

Prepared by the  
Division for Industrial Studies  
Regional and Country Studies Branch

---

\* This document has been reproduced without formal editing. The designations employed and the presentation of material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country or its authorities, or concerning the delimitation of its frontiers.

PREFACE

The Division for Industrial Studies, Regional and Country Studies Branch, undertakes within its work programme the preparation of Country Industrial Development Briefs. These briefs are desk studies, providing statistical and economic analysis of the manufacturing sector, its recent growth, present status and future prospects. It is hoped that the briefs will provide information which will be useful particularly in programming technical assistance and in industrial redeployment and investment activities.

The country brief on Niger is based on documents, reports, and publications available at UNIDO Headquarters and the Joint ECA/UNIDO Industry Division (Addis Ababa). No field survey has been undertaken and this is the main reason why some of the data and the information contained in this document are neither up-to-date nor comprehensive.

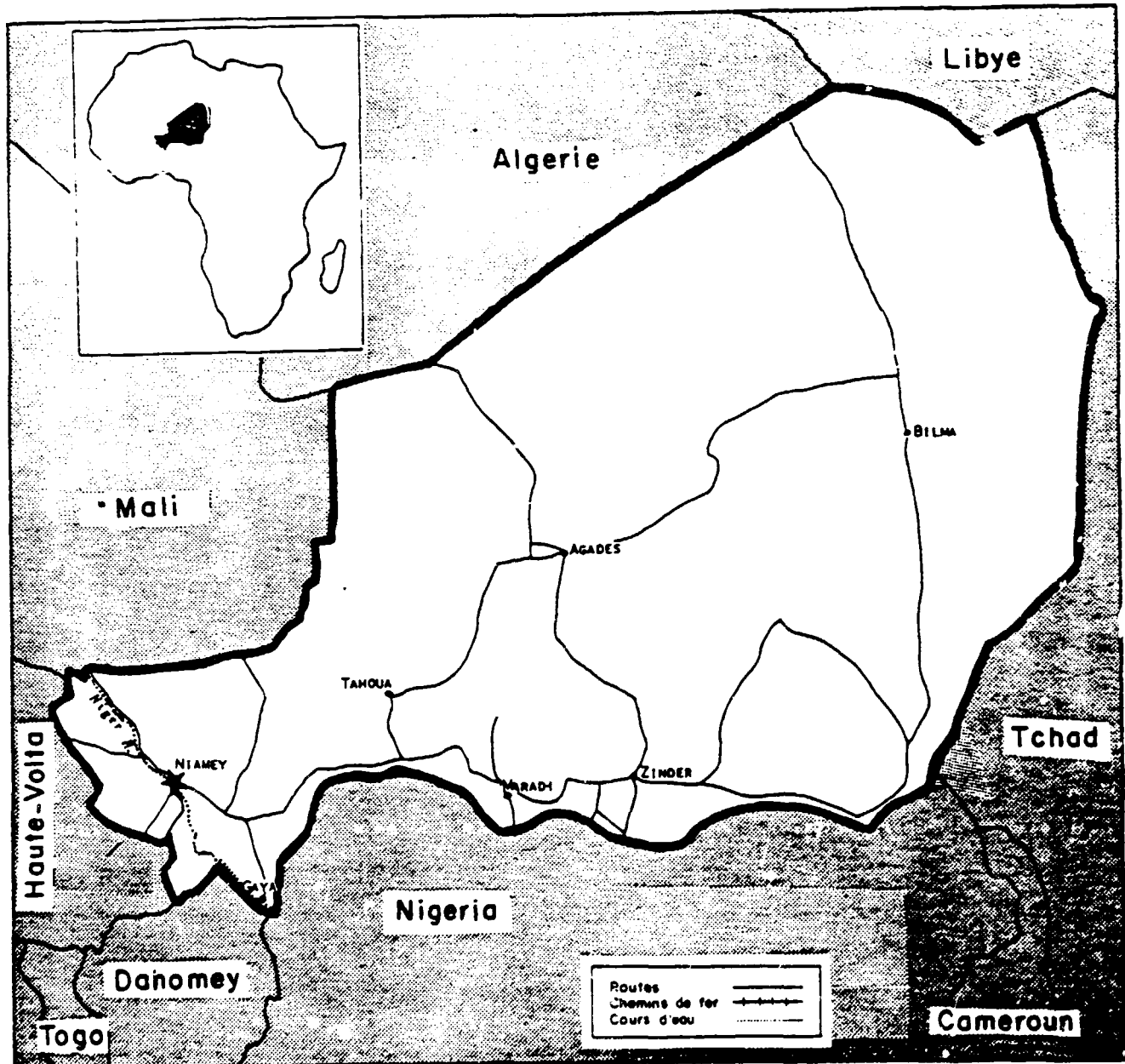
The views and comments expressed in this brief do not reflect those of the Government of Niger nor do they officially commit the United Nations Industrial Development Organization to any particular course of action.

SELECTED BASIC INFORMATION

Land area: 1,267 million km<sup>2</sup>  
Population: 5.1 million in 1978  
Main towns  
(population): Niamey (capital - 100,000)  
Zinder (25,000)  
Mardi (20,000)  
Languages: French, official language;  
numerous local languages  
Education: Literacy rate, 6 per cent  
Currency unit: CFA franc (CFAF) - 100 cents  
US\$ 1.00: CFAF 214.32 (1975)  
CFAF 245.00 (1977)  
CFAF 330.00 (1982)  
Fiscal year: January 1 - December 31

- 57 -

# NIGER



CART - M - 71 - 17

EXEMPLAIRE DE TRAVAIL A L'USAGE DU SECRETARIAT EXCLUSIVEMENT

CONTENTS

<u>Chapter</u>		<u>Page</u>
	SUMMARY AND CONCLUSIONS .....	1
I.	ECONOMIC BACKGROUND .....	2
	1. Physical characteristics .....	2
	2. Population .....	3
	3. Transport system .....	3
	4. Energy .....	4
	5. External trade and balance of payments .....	5
	6. Employment and incomes .....	6
	7. Development aid and external debt .....	8
	8. Gross domestic product (GDP) and main economic sectors .....	8
II.	THE INDUSTRIAL SECTOR .....	14
	Performance and structure .....	14
III.	INDUSTRIAL POLICY .....	17
IV.	INSTITUTIONAL INFRASTRUCTURE .....	19
	Banque de Développement de la République du Niger (EDRN) .....	19
	Artisan Centre of the National Museum of Niger ...	20
	Conseil National de Développement (CND) .....	20
V.	CONSTRAINTS ON DEVELOPMENT .....	21
VI.	DEVELOPMENT PLANNING .....	23
VII.	PROSPECTS FOR INDUSTRIAL DEVELOPMENT .....	25
	SOURCES OF INFORMATION .....	27



LIST OF TABLES

<u>Table No.</u>		<u>Page</u>
1	Niger - External trade (in billion CFAF)	6
2	Niger - Labour force, 1960, 1970-1978	7
3	Niger - Gross domestic product, 1977-1980	9
4	Niger - Main economic sectors and their share in GDP	10
5	Niger - Agricultural production (in thousand tonnes)	11
6	Niger - Mineral production, 1976-1979	13
7	Niger - Manufacturing production and value added (in billion CFAF)	14
8	Niger - Manufacturing branches, 1979	15
9	Niger - Production of main industrial products, selected years	16

SUMMARY AND CONCLUSIONS

Niger, officially designated as a least developed country, is a landlocked African nation. About four fifths of its area is desert or semi-desert and in the rest, where rainfed agriculture sustains 90 per cent of the population, soil fertility is low and probably declining while rainfall is irregular or insufficient.

In the country, which is situated in the drought prone Sahel, improvements in cultivation techniques and additional irrigation facilities are essential to enable the agricultural sector to provide a living to a population growing at about 2.8 per cent annually. Agriculture's share of GDP is 40 per cent, but the production level remains below what it was prior to the 1974 drought.

Niger has considerable mineral potential. Uranium exploitation and exports make an important contribution to the country's economy. Uranium's share of GDP, employment, and exports are high. However, industrialization is limited and constrained by a wide range of factors such as inadequate resource endowment, inadequate finance and transport infrastructure, and lack of skills.

Niger's development prospects are improving with the return to the normal pattern of rainfall and uranium production. Moreover, the Government plans to expand and improve transport infrastructure in order to accelerate the development process.

## I. ECONOMIC BACKGROUND

### 1. Physical Characteristics

Niger is among the poorest and least developed countries in the drought-affected Sahel. The country forms a vast landlocked plateau covering an area of 1,267,000 square kilometers, three fourths of which are desert. Even in the useful part of the country water is a problem almost everywhere; the river Niger has only 500 of its 4000 kilometers course in the country and its valley cannot be economically developed without massive investments. Agriculture in Niger is concentrated along a narrow strip of about 150 kilometers wide, stretching for almost 1,600 kilometers from the river valley in the West to the Lake Chad in the East, limited towards the South by the border with Nigeria and towards the North by the 350 mm rainfall line. About 80 per cent of the country's population lives in this area, which is just over 10 per cent of Niger's total surface area. South of the Sahara, where rainfall still exceeds 200 mm the country is inhabited by nomads who, toward the end of the long dry season from October to May, migrate South in search of water and pasture.<sup>1/</sup>

In the densely populated South, soils are generally poor and shallow, devoid of humus, and are frequently overexploited. Alluvial soils are found only in the river valleys and in scattered depressions.

The country suffers from intense heat over most of the year. This heat causes high rates of evaporation so that the water balance is only positive during 3 to 4 months in the Sudanian zone and only two months in the Sahara zone. It is strongly negative everywhere for the year as a whole. These climatic and ecological conditions permit cultivating only fast-growing, drought-resistant annual crops (such as millet, sorghum, cotton, groundnuts) and prevent the cultivation of high value tree crops.

---

<sup>1/</sup> ECA/UNEDC Report, 18 July 1981

## 2. Population

Niger's population was estimated to be 5.1 million in 1978. The annual growth rate of the population was estimated at 2.8 per cent during 1960-1978.<sup>1/</sup> The average density is 4.4 persons per square kilometer. However, the country's population is also characterized by a particularly uneven geographical distribution, with 75 per cent of this population occupying only 12 per cent of the country's total area in the southern belt. Rural population represents approximately 90 per cent of total population and 16 per cent of this are nomads.

## 3. Transport System

Transportation presents serious problems in Niger. The country depends entirely on its road network for the transport of agricultural products between areas of production and consumption and for exports.

The highway network consisted of 6,726 km of roads in 1968, and 7,657 km of roads in 1978. Of this total, paved roads represented only 6 per cent. The percentage of earth roads or track, useable only in the dry season, however, is still high.

Access to the sea is of prime concern to Niger. Most of the country's foreign trade is shipped through the ports of Cotonou in Benin and Lagos in Nigeria. Besides these traditional outlets, small quantities of goods have also been shipped via Abidjan in the Ivory Coast and Lomé in Togo. For the trade of south central and eastern Niger, the Lagos route is cheaper than shipment via Cotonou, while the Cotonou route is less expensive for all traffic to and from western Niger. There is no railway in the country. The Cotonou-Parakou railway, which is jointly owned by Niger and Benin, is entirely outside Niger i.e. in Benin's territory. The Niger Government has plans to construct a railway to link Parakou and Niamey; a feasibility study has already been completed.

---

<sup>1/</sup> Industrial Data System, Regional and Country Studies Branch, Division for Industrial Studies, UNCTAD.

Until recently, the road and the railway to Cotonou constituted Niger's main access to the sea and it has been mainly used for import traffic. But efforts have been made, with external assistance, to make the Niger River navigable for bulk shipments, mainly fuel, all the way up to Niamey. However, various technical problems have still to be solved. The main issue is whether river navigation would be economically profitable by reducing overall transport cost to Niger, given the existing alternative rail and road route via Benin to the sea, and the planned project for the construction of the Parakou-Niamey railway.

Air transport is relatively limited. The Niamey airport is the only international airport in the country.

#### 4. Energy

There are three main sources of energy: wood and charcoal for domestic consumption in the rural areas, oil (wholly imported), and hydro-power imported from the Kandaji dam in Nigeria. In 1978, the consumption of oil products increased by 25.6 per cent to reach 166,976 m<sup>3</sup>. It is expected to decrease in 1981 by 4 per cent over 1980 as a result of the exploitation of the SONICAR power station which uses coal as fuel. Electricity consumption increased in 1978 at a lower rate than in 1977; the rise was 8.7 per cent against 28.2 per cent despite the interruption of supplies from Nigeria. In 1980, electricity imports increased to 111,230 MGWh from 62,620 MGWh in 1977.

Total electricity output was estimated at 225,000 MGWh in 1980. There are plans for construction of the Kandadji dam. The deposit of coal at Anou Araren is being developed with production due to start in 1981 at about 90,000 tonnes of coal. The coal will be used to provide energy for the uranium mines and Agadez town; it will be, therefore, used also for domestic cooking so as to prevent further deforestation and reduce the burden of oil imports.

## 5. External Trade and Balance of Payments

Niger's main exports consist of uranium, livestock, hides and skins, oil and cotton. As shown in Table 1, the value of the exports of the country's two principal products, i.e. uranium and livestock, rose from 44.9 billion CFAF in 1977 to 122.0 billion CFAF in 1980. This sharp increase is largely due to the uranium exports which rose from 29.3 billion CFAF in 1977 to 98.0 billion CFAF in 1980, or by 41.0 per cent, on the average, annually. Livestock contributed much less to the increase; it hardly doubled its contribution which rose from 5.2 billion CFAF in 1977 to only 10.0 billion CFAF in 1980.

These increases in export earnings were not sufficient to offset the surge in imports, which went up from 61.4 billion CFAF in 1977, to 151.4 billion CFAF in 1980. Oil products imports amounted to 16.3 billion CFAF in 1980 against 7.5 billion CFAF in 1977. In 1978, the bulk of imports was represented by the equipment, machinery and other supplies imported by mining companies in large quantities. In general, Niger's import items are agricultural inputs, fuels, building and construction materials, spare parts and capital goods.

The country's trade balance has been in deficit for many years, particularly from 1975 to 1980. From 1977 to 1978, the trade deficit rose from 16.5 billion CFAF to 21.7 billion CFAF. It went down to 12.0 billion CFAF in 1979 as a result of the increase in uranium production and export. Thereafter, the deficit increased sharply to 29.4 billion CFAF in 1980, as capital goods imports substantially increased.

The unavailability of comprehensive data (mainly on transfers and capital movements) make difficult any analysis of changes in Niger's balance of payments. However, the fact remains that the balance of payments was in overall deficit in 1978, as was shown by a fall in net foreign assets of 3.45 billion CFAF. In that year, there were additional imports required for the major projects being developed, together with supplies for Niger's mining industries. No significant change seems to

have occurred in the overall external balance during 1978-1980, although there are indications that net Government transfer receipts have continued to be substantial while the inflow of capital has been related to the major projects under development.

Table 1 Niger - External trade (in billion CFAF),  
1977-1980

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Exports</u>	44.9	69.3	106.0	122.0
of which:				
uranium	(29.3)	(52.3)	(85.1)	(98.0)
animals on the hoof	(5.2)	(6.5)	(8.0)	(10.0)
<u>Imports</u>	61.4	91.0	118.0	151.4
of which:				
petroleum products	(7.5)	(9.3)	(13.0)	(16.3)
<u>Balance</u>	-16.5	-21.7	-12.0	-29.4

Source: United Nations Conference on the Least Developed Countries, 1981, Document LDC/AP/25, p. 12.

#### 6. Employment and Incomes

As shown in Table 2, Niger's labour force was 0.93 million in 1960; it grew at an average annual rate of 2.5 per cent during 1970-1978, reaching 1.56 million in 1978. However, this work force represents only a little more than one third of total population (32.3 per cent in 1960 and 31.9 per cent in 1978). This points to a relatively constant participation rate in the economy during this period. Niger's labour force is mainly engaged in agricultural and pastoral activities.

Salaried manpower is believed to have significantly grown since 1970. Indeed, the high rate of migration from the rural areas to towns and the comparatively high GDP growth rate in recent years may be creating

more wage employment; however, the numbers in this type of employment are still relatively small, as many workers migrate to the coastal neighbouring countries in search of work. The restoration of the rural economy since the drought years should have had some impact on the whole process of emigration from the rural areas although there are probably certain families who would never wish to return to the rural areas after their experience in the drought years.

Table 2 Niger - Labour force, 1960, 1970-1978

Year	Labour force (in million)	Growth rate (in per cent)	TGR* 1970-1978 (in per cent)
1960	0.93	-	} 2.5
1970	1.27	2.4	
1971	1.31	2.5	
1972	1.34	2.5	
1973	1.37	2.5	
1974	1.41	2.6	
1975	1.44	2.6	
1976	1.48	2.6	
1977	1.52	2.6	
1978	1.56	2.6	

Source: Industrial Data System, op.cit.

\* TGR = Trend growth rate

Most of the wage earners are employed in the public sector, which is the major source of salaried employment in the country's economy. The bulk of the private salaried manpower has been employed in recent years in the construction sector (although with considerable yearly fluctuations) followed by services, industry and commerce. However, urban unemployment, mainly among primary and secondary school graduates, has grown sharply since 1972, at the same time that numerous positions in industry and commerce remained unfilled. This distortion of the labour market was partly attributable to the inadequacy of the country's educational system to meet the needs of economic and social development.<sup>1/</sup>

<sup>1/</sup> ECA/UNHDC Report, op.cit



Wages and prices were both raised in 1978 and 1979. In May 1978, a 30 per cent raise was effected, and there was a further 35 per cent increase in 1979, to a minimum wage of 85.9 CFAF. Consumer prices continued to rise in 1978, but at a lower rate than in 1976 and 1977. For African consumers the increase was 10.1 per cent against 23 per cent, on the average, in 1976 and 1977. For European consumers the inflation rate remained more or less constant with 10.6 per cent in 1978, against an average of 9.6 per cent for 1976 and 1977. The drop in the inflation growth rate was particularly significant in food prices for African consumers; this rate increased by only 6.9 per cent in 1978, against 26.6 per cent in 1977.<sup>1/</sup>

#### 7. Development Aid and External Debt

In 1977, total external assistance amounted to 179.5 million US dollars or 42 billion CFAF, which was roughly 14 per cent of GDP. Most aid came from bilateral sources (70 per cent), the United Nations providing 8.0 per cent and other multilateral agencies 22.0 per cent. Between 1974 and 1979, Niger has received 145 billion CFAF or an average of 29 billion CFAF per year. This is a large sum in view of the fact that total investment during the same period is estimated at 35 billion CFAF per year. Foreign debt decreased in 1977 to 27.8 billion CFAF from 34 billion in 1976. It increased moderately in 1978 to 29.8 billion CFAF. Debt service charges remain minimal, especially when related to current export earnings (the ratio as of 1979 was 3.6 per cent).

#### 8. Gross Domestic Product (GDP) and Main Economic Sectors

During the twenty years which followed the attainment of independence, the Niger economy has been characterized by slow structural change and

---

<sup>1/</sup> ECA/UNIDO Report, op.cit

moderate growth of output of goods and services. In the years 1959 to 1979, GDP at constant 1959 CFAF grew only by an average annual rate of 3 per cent while per capita GDP grew by less than 0.5 per cent.<sup>1/</sup>

Economic growth has been erratic from one period to another. Thus, from 1964 to 1975, real growth did not keep pace with population growth, and, during 7 out of these 9 years, agricultural production declined. Furthermore, from 1966 to 1973, GDP at constant prices declined.

Thereafter, the country's economy recovered gradually during 1975-1980, due mainly to two combined factors: production in the rural sector as a whole substantially increased (in spite of the poor 1975 harvest) while uranium production went up in 1978-79 following the opening of the Akouta mine, rising from 1,306 tonnes in 1975 to 4,180 tonnes in 1980.

During the 1977-1980 period, as Table 3 shows, GDP at 1975 constant prices grew by an average annual rate of 19.0 per cent. GDP growth rates were 22.0 per cent in 1978, 23.0 per cent in 1979, and 17.0 per cent in 1980. GDP at current prices went up from 301.5 billion CFAF in 1977 to 531.0 billion CFAF in 1980. Per capita GDP amounted at 403 US dollars in 1979, based on 1 US dollar = 212 CFAF and an estimated population of 5,313,000.

Table 3 Niger - Gross domestic product, 1977-1980

Year	GDP (at constant 1975 prices, in billion CFAF)	Annual growth rate (in percentage, at constant 1975 prices)	TGR* (1977-80, per cent)
1977	301.5	-	
1978	368.5	22.0	19.0
1979	453.8	23.0	
1980	531.0	17.0	

Source: United Nations Conference on the Least Developed Countries, 1981, Document LDC/CP/25, p. 50.

TGR\* = Trend growth rate

<sup>1/</sup> United Nations Conference on the Least Developed Countries, op.cit.

a) Agriculture

Niger remains basically an agriculture-based economy with about 90 per cent of the population engaged in rural activities and over 40 per cent of GDP originating in the primary sector as a whole. However, the share of the primary sector (agriculture, fishery and hunting) in GDP, as Table 4 shows, declined from 46.4 per cent in 1978 to 43.9 per cent in 1980. This decline was partially the result of the increase in the mining share of GDP. Agricultural production during the 1978-79 season was the best for many years. Measured by the five most important crops (millet, sorghum, paddy, beans and groundnuts) agricultural output rose by approximately 6 per cent over 1977-78.

Table 4 Niger - Main economic sectors and their share in GDP, 1978 and 1980 (percentage)

Economic sector	Years	
	1978	1980
Agriculture, livestock, hunting and fishing	46.4	43.9
Mining and quarrying	9.8	11.3
Industry, energy, handicraft and construction	11.9	13.6
Trade, transport, services	25.0	23.7
Public administration	6.9	7.5
Total GDP (in billion CFAF, current prices)	368.5	531.0

Source: United Nations Conference on LDCs, op.cit.

Niger's agriculture is heavily dependent on weather conditions, and rainfall was moderately abundant in 1978-79 as shown in Table 5. The production of the three main cereals (millet, sorghum and paddy) rose from 1,526,000 tonnes in 1978 to only 1,630,000 tonnes in 1979 or by 6.3 per cent. For beans production increased by 10.5 per cent. Groundnut production went up also to 97,000 tonnes against 82,000 tonnes in 1977, the highest output since 1975, but very much below the pre-drought production levels (in 1970 production reached 205,000 tonnes). Available data

for 1979 show that crop production was higher than in 1978. Rainfall was regular and well distributed.<sup>1/</sup>

However, despite the return to more normal climatic conditions and the use of 5,000 tonnes of fertilizers, inefficient production techniques have continued to place a brake on productivity. The modest agricultural growth which was recently recorded has principally been achieved by increasing cultivated acreage.

The Government policy is oriented toward two main directions: first the improvement of productivity in millet and sorghum output within the framework of integrated rural programmes, and secondly an increase in the irrigated area. It remains necessary to build the Kandoji dam (the cost of which was estimated at 100 billion CFAF in 1980). The dam would permit irrigating an additional 140,000 hectares area.

Cash crops (groundnuts, etc.) are a small part of total agricultural production. However, it seems that substantial quantities of marketed crops, in particular cereals, find their way to market through unrecorded channels.

Table 5 Niger - Agricultural production (in thousand tonnes), 1977-1979

Crop	1977	1978	1979
Millet	1,130	1,123	1,255
Sorghum	342	371	351
Paddy	27	32	24
Maize	6	9	10
Beans	207	272	304
Groundnuts	82	97	89
Voandzou	16	8	9
Cassava	180	205	224
Sweet potato	41	24	28
Sugar Cane	132	170	189
Oignon	63	73	104
Tomato	7	10	6
Cotton	6	4	5

Source: United Nations Conference on the Least Developed Countries, op.cit.; Ministère du Développement Rural, Direction de l'Agriculture, Rapport Annuel, 1979.

<sup>1/</sup> ECA/UNIDO Report, op.cit

b) Livestock

Livestock raising employed an estimated 18 per cent of the total population (nomadic herders) and accounted for 15 percent of GDP and 10.3 per cent of recorded exports in 1979. Growth in this sector was seriously affected by drought in the past. But at present the herds are being replenished with good pastures. The number of cattle is not yet back at its pre-drought level, however, and this is also true for sheep and goat. The Government is attempting to limit exports of livestock so as to provide local slaughter houses. Exports of meat have also been suspended because prices offered in the coastal markets are not considered attractive; stiff competition from Latin American meat makes Niger's prices appear too high.

c) Mining

Niger's mineral potential is considerable. The discovery of uranium has markedly contributed to the increased importance of mining. Before 1971 mining represented only 1 per cent of GDP with output of tin, the most important mineral, of only 130 tonnes per year. But since the start of uranium production in 1971, mining substantially increased its share of GDP. Thus, as Table 4 shows, the sector accounted for 9.8 per cent of GDP in 1978, and 11.3 per cent in 1980. The sector contributed over 80 per cent of the country's total export earnings in 1979 and approximately 28 per cent of Government revenue. Various other minerals have been discovered. As shown in Table 6, uranium production rose from 1,462 tonnes in 1976 to 3,615 tonnes in 1979. The 1980 figure was 4,180 tonnes, which represented 10 per cent of total world output. This share is expected to increase when the N'Taghalgue deposit will start to be exploited in 1985. Tin production (cassiterite) is small and artisanal in spite of the concentration of tin ore which already takes place. Tin output fell from 118 tonnes in 1976 to 81 tonnes in 1979. The number of people employed in mining increased from 1,050 in 1976, to 3,083 in 1979.<sup>1/</sup>

---

<sup>1/</sup> ECA/UNIDO Report, op.cit

Table 6 Niger - Mineral production, 1976-1979

	1976	1977	1978	1979
<u>Uranium</u>				
Production (metal tonnes)	1,462	1,441	2,060	3,615
Exports value (billion CFAF)	20.9	29.2	52.1	84.9
Government revenue (billion CFAF)	7.2	12.0	19.4	27.7
<u>Cassiterite</u>				
Production (tonnes)	118	99	89	81
<u>Uranium and Cassiterite</u>				
Employment	1,050	1,689	2,682	3,083

Source: United Nations Conference on the Least Developed Countries, 1981, Document LDC/CP/25, p. 142

There are very important phosphate deposits. Reserves are around one billion tonnes and the proven part amounts to 520 million tonnes ore. Studies for one of these deposits are expected to be completed in 1980-81. Prospecting is being actively pursued for crude petroleum of which traces have been found. An estimated 650 million tonnes of iron ore deposits are located in the Say region. The mineral potential of Niger is yet unknown but all the signs are that much still remains to be discovered.

II. THE INDUSTRIAL SECTOR

Performance and Structure

The industrial sector is small and heavily dependent on the processing of agricultural products. As shown in Table 7 below, modern manufacturing value added rose from 3,080 million CFAF in 1975 to 5,950 million CFAF in 1979, at an average annual growth rate of 11.6 per cent. During the same period, manufacturing production grew from 11,640 million CFAF to 16,400 million CFAF at an average annual growth rate of 6.8 per cent. In 1979 the manufacturing sector consisted of 43 industrial establishments employing about 3,400 wage earning people. Informal sector enterprises and bakeries are not included in the 43 units. Twenty three establishments form the public sector, which is composed of 10 State enterprises and 13 mixed enterprises. The public sector contributes 50 per cent of total manufacturing value added, but it provides 68 per cent of wage employment and accounts for 62 per cent of the total manufacturing sector turnover.

Table 7 Niger - Manufacturing production and value added (in billion CFAF), 1975-1979

	1975	1976	1977	1978	1979	TGR (%) 1975-79
Production	11,640	11,240	10,870	11,200	16,400	6.8
Value added	3,080	3,510	3,700	3,870	5,250	11.6
MVA shares in GDP (per cent)	8.10	7.01	6.54	6.53	-	-

Source: United Nations Conference on the Least Developed Countries, 1981, Document LDC/CP/25, p. 154; Industrial Data System, op.cit.

As shown in Table 8, the food processing, textiles and leather and chemical industries are the most important branches, totalling 20 out of the 43 industrial establishments in 1979 and contributing approximately

73 per cent of total manufacturing production and approximately 69 per cent of total manufacturing value added.

Table 8 Niger - Manufacturing branches, 1979

Branch	Establish- ments	Production (in million CFAP)	Share of total pro- duction	Value added (in million CFAP)	Share of value added
Food processing	8	4,390	26.8	1,540	29.3
Textiles and leather	6	5,440	33.2	1,360	25.9
Chemicals	6	2,100	12.8	740	14.0
Footwear and plastics	4	570	3.5	210	4.0
Paper and printing	4	670	4.1	330	6.3
Minerals	8	1,780	10.8	500	9.6
Metal and wood working	7	1,450	8.8	570	10.8
<b>Total</b>	<b>43</b>	<b>16,400</b>	<b>100.0</b>	<b>5,250</b>	<b>100.0</b>

Source: United Nations Conference on the Least Developed Countries, 1981, Document LDC/CP/25.

Available information contained in Table 9 shows that the production of the major industrial items grew, though moderately, during 1970-1979. Beverages production rose from 35,000 hectolitres in 1970 to 140,000 hectolitres in 1979; printed textiles production increased from 9.3 million meters in 1975 to 14 million meters in 1979; tanned skins production went up from 175,000 pieces in 1970 to 574,000 pieces in 1979. Paints, soap, perfumes and paper production also grew during the same period. Other main products recorded an increase in the years 1970-1977 and declined during 1977-1979. These products include cotton fibers (1,500 tonnes in 1979 versus 3,700 tonnes in 1970 and 2,600 tonnes in 1977, cement 34,000 tonnes in 1979, versus 35,800 tonnes in 1977, etc.).



Table 9 Niger - Production of main industrial products, selected years

Product	Unit	1970	1975	1977	1979
Crude oils	1000 T	13.6	24.2	5.4	5.7
Beverages	1000 HL	35.0	69.2	103.0	140
Cotton fibers	1000 T	3.7	2.9	2.6	1.5
Printed textiles	Millions M	-	9.3	5.8	14
Tanned skins	1000 U.	175	498	366	574
Paint	T	197	298	403	550
Soap	1000 T	2.1	3.2	4.7	4.2
Perfumes	Million U.	-	3.0	2.3	3.6
Exercise books	1000 U.	-	800	960	1,000
Cement	1000 T.	33.3	16.8	35.8	34.0
Bricks	1000 T	7.5	15.7	13.5	23.0

Source: United Nations Conference on the Least Developed Countries, 1981, Document LDC/CP/25, p. 155.

Most of factories are located in Niamey, the largest ones of which are the Braniger brewery, the slaughter house of Niamey, the Nitex textile firm, and the S.N.C. cement factory at Tahoua (50,000 tonnes capacity). In 1979 the industrial establishments located in the Niamey region contributed about 70 per cent of total manufacturing value added. The artisan branches are probably the dominant component of the industrial sector but there are no accurate data to measure their real contribution which was estimated at 5.2 per cent of GDP in 1979. Most of this production consisted of agricultural products upgrading. The best estimates of artisan employment place the figure at 25,000 persons. The largest concentration of these workers are in Niamey, Maradi, Zinder and Apadez, with small groups of leatherworkers also located in Tessaoua, Tahoua and Desso. The highest skilled of these artisans have maintained traditional techniques in leather work, silver work, weaving and pottery. However, modern techniques are being introduced and stimulated by loans to small-scale industries.

### III. INDUSTRIAL POLICY

The Government's development objectives within the industrial sector are expansion of small-scale and artisan enterprises, stimulation of private investment, import substitution, the processing of agricultural and livestock products and regional diversification. The Government has intervened to assist the industrial sector by making available public equity capital for industrial investment and by the establishment of two investment codes. However, the overall impact of government regulations tends to increase the difficulty of new investment, especially for small and artisanal enterprises. For example, under both investment codes, neither artisans nor modern enterprises with fixed assets of less than 10 million CFAF are eligible for any investment incentives. Maximum concessions are provided to projects having investments larger than 500 million CFAF, employment of more than 500 persons, or with value added exceeding 500 million CFAF per annum. Concessions authorized by these codes include tax holidays, import privileges and trade protection. All but the largest enterprises are required to pay taxes on the export of indigenous materials such as leather. In addition, all investment projects requesting either public incentives or financing from public institutions must await Government review and approval by the Conseil National de Développement (CND), a process often involving extended delay and inconvenience. To qualify for CND approval, enterprises are obligated to:

- (i) give priority to the use of local materials and spare parts,
- (ii) implement preagreed programmes to train Nigeriens, (iii) offer equity participation to local investors, and (iv) obtain government approval of product prices before any sales are made. Authorized prices are calculated according to a cost plus formula which discourages efficient management.

Moreover, since the method of price determination requires an enterprise to present cost calculations based on actual operation at reasonable levels of capacity utilization, a company is obliged to build up a considerable stock of finished goods and to incur substantial start-up costs before actually selling its product. The above government regulations proved to be rigid, excessive and complex. Their strict implementation did not yield the expected benefits. On the contrary, these regulations tended

rather to place a brake on investment expansion and stimulation efforts. A Government commission was therefore established in 1978 to review the whole structure of policies and incentives with the objective of rationalizing them. No information on the outcome of the review by the Commission is available. However, the exercise was to be conducted along some clear lines such as the simplification of procedures, and the elimination of discrimination against smaller enterprises and artisans. On the same order of importance, major constraints to industrial development were expected to be relieved by improving the access of small enterprises and artisans to term financing, encouraging the more efficient use of scarce capital in more labour intensive investment, improving the quality of technical assistance available to Niger's entrepreneurs and improving the operation of the primary financing institution, Banque de Développement de la République du Niger (BDRN). The need was also felt for developing an office for the promotion of technical assistance services available to local businesses. Similarly, the artisans branch would also be assisted through the improvement of services offered by the Artisan Center of the National Museum.<sup>1/</sup>

---

<sup>1/</sup> ECA/UNIDO Report, op.cit.

#### IV. INSTITUTIONAL INFRASTRUCTURE

Due to the lack of accurate and up-to-date information, no comprehensive description of the existing industrial institutional infrastructure can be given. However, the following institutions are involved in promoting industrialization: The Banque de Développement de la République du Niger (BDRN); the Ministry of Economic Affairs, Industry and Commerce; the Conseil National de Développement; the Artisan Center of the National Museum of Niger; and the Office de Promotion des Entreprises Nigériennes (OPEN).

##### Banque de Développement de la République du Niger (BDRN)

BDRN was created in 1961 by the Government of Niger with the assistance of Société Tunisienne de Banque (STB), which is still providing technical assistance. BDRN has, since its inception, been both a commercial and a development bank, and with its nine branch offices, it is the only financial institution to have wide-spread regional operations. While commercial operations represent 80 per cent of BDRN's business and its primary source of profits, the Development Department of the bank is responsible for all medium- and long-term financing activity for public and private sectors, all economic research, project studies and statistical analysis, and for the management of the government's equity portfolio. This Department has been remarkably active in project promotion. The vast majority of projects approved in recent years were promoted and packaged by BDRN for government and local investors. BDRN provided the major share of financing for these projects through combined credits and equity investments and, in some cases, BDRN even detached members of its staff to organize and manage the company. Through this promotion activities, BDRN has played a crucial role in filling the entrepreneurial gap in the country. However, BDRN does not have the staff capability to properly prepare many of these projects. The needs for technical assistance are substantial, as most of Niger's entrepreneurs are poorly trained and have little industrial experience. BDRN's involvement in many such projects has strained its limited staff resources and its capacity to process new financing, as well as its efforts to improve the quality of these activities.

Artisan Centre of the National Museum of Niger

The National Museum of Niger was founded in 1959 as an exhibition of Nigerien history, costumes and crafts. In 1967, the Artisan Centre of the Museum became a central exhibiton of Nigerien crafts, including leather, jewelry and metalwork, textiles and ceramics. Through the Artisan Centre the Museum seeks to promote quality artisanship and artisan employment while preserving traditional techniques and culture. It constitutes the most vital instrument through which assistance is channeled to local arts.

The Centre provides a large but rough workshop on its grounds for its affiliated members and it advances funds for bulk purchases of leather from SONNAN, Niger's only operating tannery. However, the Centre suffers from a number of shortcomings such as the absence of an organized apprenticeship programme, the poor quality of raw materials, crude tools and their inadequate supply, the artisans unawareness of market requirements, the absence of effective cost controls, etc.

Conseil National de Développement (CND)

CND is the main governmental organization responsible for implementation of development policies. It is composed of the Ministers responsible for the productive sectors: the Ministry of Economy of which Industry is a part, Public Works, Rural Development, etc. and chaired by the Minister of Planning. Following project review by the relevant Ministry which, for the industrial sector, is the Ministry of Economic Affairs, Industry and Commerce, <sup>1/</sup> CND must approve all applications for investment incentives or for financing from public institutions.

---

<sup>1/</sup> ECA UNIDO Report, op.cit.

## V. CONSTRAINTS ON DEVELOPMENT

Given the obstacles to Niger's efficient economic and social development, the recent growth in the country's industrial sector is to be considered remarkable. The constraints to economic development are mainly related to the country's physical and population characteristics, limited resource-base, technological backwardness, etc. They can be briefly described as follows:

- (a) Inadequate rainfall and poor soils: Niger is drought prone, with a dry climate and very limited agriculturally useful soils. These unfavourable factors adversely affect agriculture and livestock production and, in particular, the output of related raw materials required for agro-industries.
- (b) Landlocked country with a sparse population: The country's remoteness from the sea coupled with the population's uneven geographic distribution result in high transport costs which, among other things, inhibit Niger's external and domestic trade and lead to high prices, particularly of materials and equipment imports.
- (c) Absence of cheap energy sources: Niger is largely dependent on energy imports, the prices of which have drastically increased. Hydro-electricity is imported from Kandaji in Nigeria and most of the local production is based on imported hydrocarbons.
- (d) Scarcity of skills: This reflects inadequate vocational and technical training services and their inability to provide the economy with the required skills. This is particularly the case of agriculture, where low productivity techniques are used, and of industry, which lacks local entrepreneurs and skilled labour in sufficient quantity.
- (e) Inadequate investment capital: Investment finance is scarce and term financing resources are inadequate. The country depends heavily on external finance and finds itself faced with the burden of a growing external indebtedness.

- (f) Limited domestic market: The population is relatively limited, its purchasing power very low, and the situation is worsening due to population pressure without productivity improvement. Especially when drought strikes, farmers turn away from cash crops and give priority to food crops to rebuild their depleted food reserves. This results in a decline of rural incomes and the share of the modernized sector in the total economy. Furthermore, part of the Niger market is dominated by products from Nigeria which are generally less expensive because of the greater internal economies of its factories and cheaper transportation cost (railway).<sup>1/</sup>

---

<sup>1/</sup> ECA/UNIDO Report, op.cit.

## VI. DEVELOPMENT PLANNING

No information on planning infrastructure is available. However, the Government's overall development policy is adequately reflected in the current five year development plan (1979-1983). The main objectives of the plan are the achievement of self-sufficiency in food, the promotion of a steadily developing national economy and the move towards economic independence. The Plan has consequently established the following four sectoral priorities:

- rural development with a view to achieving self-sufficiency in food;
- development of mining, industry and agro-industries; growth of these sectors is expected to generate and stimulate dynamism in the other sectors;
- development of external and domestic transport and communications infrastructure;
- distribution of the benefits of economic growth to satisfy the basic needs of the population.

Some of the specific quantitative targets established are as follows:

- increase in uranium production from 3,620 tonnes in 1979 to 5,000 tonnes in 1983;
- exploitation of coal deposits to achieve a level of production of 200,000 tonnes in 1983;
- construction of 609 km paved roads, 94 earth roads and 1,700 km feeder roads.

In order to successfully implement the plan's objectives, an average annual economic growth rate of 9 per cent has been set for the five years 1979-1983. The implementation of the plan requires total public and private investment of 727 billion CFAF spread over 1979-1983. The public sector contribution will amount to 384.5 billion CFAF, which will represent 60.8 per cent of the government's total expenditures. The "Fonds National d'Investissement" will contribute 155.6 billion CFAF, or 40.5 per cent of the public sector's share. It follows that the balance of



228.9 billion CFAF or 59.5 per cent of the total investment cost will be met by external financing.

The current plan provides the opportunity for a first meaningful regionalization of planning in the country. The aim of the plan is to take better account of needs and requirements and to identify the present excessive inter-regional discrepancies, as well as the fast growing rural-urban inequalities. <sup>1/</sup>

---

<sup>1/</sup> ECA UNIDO Report, op. cit.

## VII. PROSPECTS FOR INDUSTRIAL DEVELOPMENT

The stimulus of an improving domestic economy plus the considerable impact of the growing trade with Nigeria, its southern neighbour, offer attractive prospects for Niger's industrial development. The return of almost normal rainfall will stimulate agricultural production and live-stock raising, which will facilitate the provision of related raw materials required by industry. Export revenues from uranium are likely to rise following increased production of the existing mines and the planned opening of new mines. The opening of the coal-based SONICHAIR power generating station will help to reduce the country's present dependence on oil imports. The planned expansion of existing manufacturing units and the establishment of some fifteen industrial plants is expected to contribute to the achievement of the planned 25 per cent increase in manufacturing value added between 1979 and 1983.

To serve domestic requirements, there is reasonable potential for further development in import substitution industries, in the processing of local materials (including agricultural products), in the production and repair of agricultural equipment, and in the construction industries. Specific examples of possible projects which have been evaluated and found viable include knitwear, cotton, wool, bandages - all of which could use materials manufactured in the large local textile mill. Other promising products include small agricultural implements, animal feed, plastic products for household use, confectionery, matches, plastic packaging materials, dehydrated onions, some vegetable products and meat canning. To serve the several new towns being developed for mining and rural development projects, bakeries, confectioneries, printing facilities, furniture, and expanded metal workshops will be required. There are also further possibilities in the by-products arising out of livestock processing such as glue, gelatin, bone meal, and organic fertilizer. However, to realize this potential, additional slaughtering capacity will be required. Expansion of the construction industry would present opportunities for expanded manufacture of bricks, tiles, clay pipes, ceramic ware and enameling.

At the industrial policy level, the long-term objective set by the Government is to establish gradually a solid and diversified industrial base to support rapid economic growth by the time uranium deposits near exhaustion. This is considered to call for further integration of handicraft and artisan activities into the industrial sector, which should principally be Niger-managed. Emphasis for the 1980s is put on rehabilitation, expansion, and modernization of the existing industries; increasing industrial investment; assistance to the small scale industries through training and granting of credit; priority given to the rural sector and mining; and the promotion of import-substitution and export-oriented industries. <sup>1</sup>

---

<sup>1</sup> ECA/UNIDO Report, op. cit.

SOURCES OF INFORMATION

ECA UNIDO Report, 18 July 1981.

The Economist Intelligence Unit, Quarterly Economic Review of Ivory Coast, Togo, Benin, Niger, Upper Volta, 4th Quarter, 1981; Annual Supplement, 1981.

Industrial Data System, Regional and Country Studies Branch, Division for Industrial Studies, UNIDO.

IBRD, Economic Memorandum, Niger, Report No 1109 a - NFR, May 13, 1976.

Marchés tropicaux, various issues.

Nations Unies, Conference des Nations Unies sur les Pays les moins avancés, Réunions de consultation par pays: Memoire du Niger, LDC/CP/25, 1981.

UNCTAD, Handbook of International Trade and Development Statistics, Supplement 1980.

United Nations Conference on the Least Developed Countries, Summary of the country presentation for Niger, A/CONF.104/SP/20, 8 May 1981.



