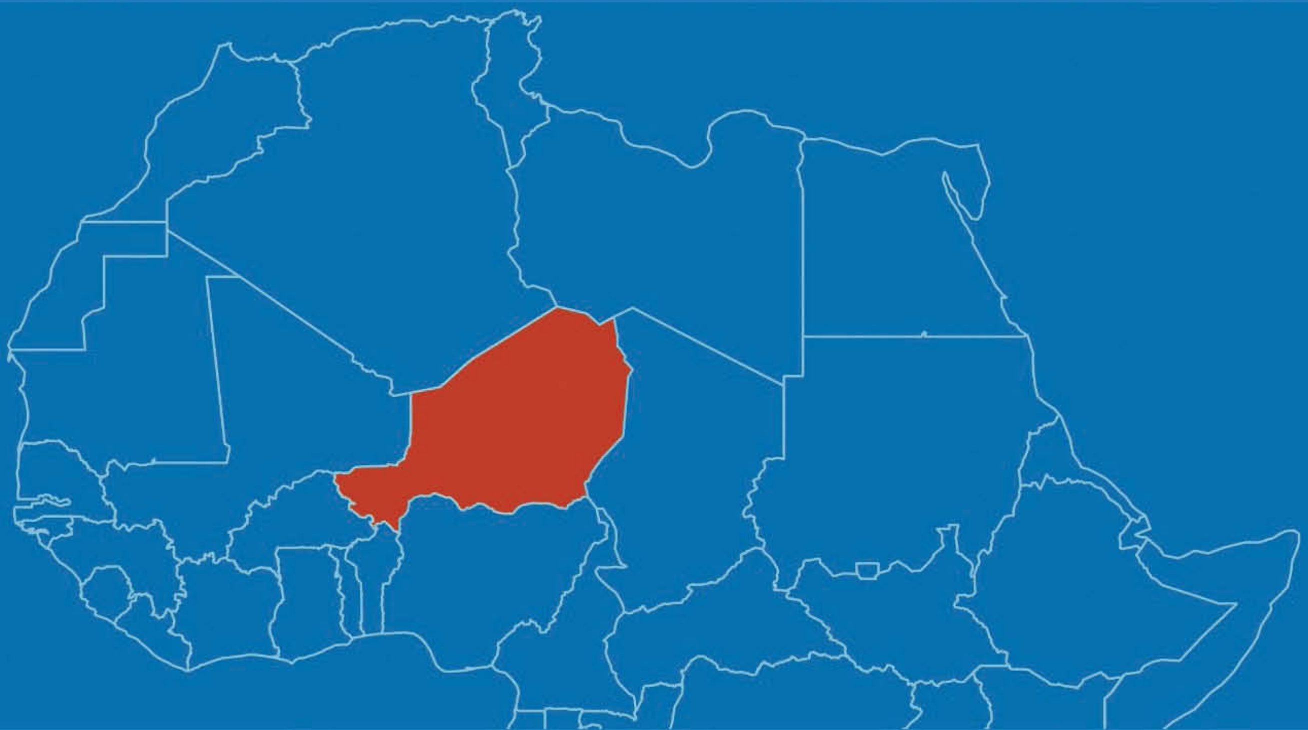

Niger
Integrated State-Owned Enterprise Framework iSOEF

December 2019

WORLD BANK GROUP

Integrated State-Owned Enterprise Framework (iSOEF)

Corporate Governance and Accountability and Fiscal Risk Assessment

Republic of Niger

December 2019

WORLD BANK GROUP

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Main Abbreviations and Acronyms

AGM	Annual General Meeting
ARM	Multisector Regulation Authority (*Autorité de régulation multisectorielle*)
ARMP	Public Procurement Regulatory Authority (*Autorité de Réglementation des Marchés Publics*)
BRVM	Regional Stock Exchange (*Bourse Régionale des Valeurs Mobilières*)
CAFER	Autonomous Road Maintenance and Financing Fund (*Caisse Autonome de Financement et de l'Entretien Routier*)
CAIMA	Agricultural Material and Inputs Procurement Body (*Centrale d'Approvisionnement en Intrants et Matériels Agricoles*)
CdC	Court of Accounts (*Cour des Comptes*)
CFAF	Financial Community of Africa Franc (*Franc de la Communauté Francophone Africaine*)
CNPC-NP	China National Petroleum Corporation-Niger Petroleum
CNUT	Niger Advisory Body of Users of Public Transport (*Conseil Nigérien des Utilisateurs de Transports Publics*)
COPRO-NIGER	National Corporation for Commerce and Production of Niger (*Société Nationale de Commerce et de Production du Niger*)
DEP/PE	Directorate of State-Owned Enterprises and the Portfolio of the State (*Direction des Entreprises Publiques et du Portefeuille de l'État*)
DG	Director General
DGB	General Directorate of Budget (*Direction Générale du budget*)
DGE/EP	General Directorate of State-Owned Enterprises
DGOF/R	General Directorate of Financial Operations and Reforms (*Direction Générale des opérations financières et des réformes*)

DGTCP	General Directorate of the Treasury and Public Accounting *(Direction Générale du trésor et de la comptabilité publique)*
DSA	Debt Sustainability Analysis
EPA	Administrative Public Entity
EPF	Public Financing Agency *(Entité publique de financement)*
EPIC	Industrial and Commercial Public Entity
EPP	Professional Public Agency *(Entité publique professionnelle)*
EPS	Social Public Agency *(Entité publique sociale)*
EPSCT	Scientific, Cultural and Technical Public Agency *(Entité publique scientifique, culturelle et technique)*
EUR	Euro
GA	General Assembly
GDP	Gross Domestic Product
GoN	Government of Niger
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IMSA	Imouraren SA
iSOEF	Integrated State-Owned Enterprise Framework
LONANI	National Lottery *(Loterie Nationale du Niger)*
MAPS	Methodology for Assessment of National Procurement Systems
MEP	Ministry of Public Enterprises
MoF	Ministry of Finance
NIGELEC	Niger Electricité Corporation *(Société Nigérienne d'Électricité)*
NITRA	Niger Transit Corporation *(Société Nigérienne de Transit)*
OECD	Organisation for Economic Co-operation and Development
OFEDES	Office of underground water *(Office des Eaux du Sous-sol)*
OHADA	Organisation for the Harmonization of Corporate Law in Africa *(Organisation pour l'harmonisation en Afrique du droit des affaires)*
ONAHA	Niger Office of hydro-agriculture work *(Office Nigérien des Aménagements Hydro-Agricole)*
ONECCA	National Institute of Chartered Accountants *(Ordre Nationale d'Experts Comptables et des Comptables Agréés)*
ONPPC	Niger Office of National Pharmaceutical and Chemical Products *(Office National des Produits Pharmaceutiques et Chimiques du Niger)*
OPT	Niger Post *(Office de la Poste du Niger)*
OPVN	Niger Food Products Office *(Office des Produits Vivriers du Niger)*
PEFA	Public Expenditure and Financial Assessment
SE	State-Owned Corporation

SEEN	Water Management Company (*Société d'Exploitation des Eaux du Niger)*
SEM	Mixed Economy Corporation
SNC	Nigerian Society of Cement Plants (*Société Nigérienne de Cimenterie)*
SOE	State-Owned Enterprise
SONARA	Nigerian Society of Peanuts (*Société Nigérienne de l'Arachide (no longer active))*
SONICHAR	Niger Coal Corporation (*Société Nigérienne de Charbon)*
SONIDEP	Niger Petroleum Product Corporation (*Société Nigérienne des Produits Pétroliers)*
SONIPHAR	Niger Pharmaceutical Industry Corporation (*Société nigérienne des industries pharmaceutiques)*
SONITEL	Niger Telecommunications Corporation (*Société Nigérienne de Télécommunications)*
SONUCI	Niger Urban and Construction Corporation (*Société Nigérienne d'Urbanisme et de Construction Immobilière)*
SOPAMIN	Niger Mining Company (*Société du Patrimoine des Mines du Niger)*
SORAZ	Refinery Corporation of Zinder (*Société de Raffinage de Zinder)*
SPE	Public Water Utility (*Services Publics d'Eaux)*
SPEN	Niger Water Corporation (*Société du Patrimoine des Eaux du Niger)*
SYSCOHADA	OHADA Accounting System (*Système Comptable d'OHADA)*
TTL	Task Team Leader
US$	United States Dollar
WAEMU	West African Economic and Monetary Union
WB	World Bank

Executive Summary

State-owned enterprises (SOEs) are and have become increasingly dominant in Niger. The number of SOEs has increased by 109 since 1985. Of the 164 SOEs in operation in the country in 2018, 5 are state-owned corporations (SEs), 31 are mixed-economy corporations (SEMs), and 17 are industrial and commercial public entities (EPICs), i.e., 53 SOEs operated on a commercial basis (SE, SEM, EPIC). 103 are noncommercial parastatals (EPA, EPCST, EPP, EPF and EPS), which are governed by a different legal framework. Finally, there are 8 other SOEs that are governed by specific legal frameworks.

SOEs play a central role in Niger's economy. SOEs are important economic actors, particularly in the oil and gas and mining sectors, and provide essential public services, such as electricity, water, and telecommunications. The top 3 SOE sectors by assets out of a subset of major SOEs for which financial data was available are: oil and gas (67 percent), mining (15 percent), and electricity (9 percent). Data collected indicates that total SOE sector revenues amount to over 20 percent of GDP, and taxes generated by SOEs amount to about 26 percent of Niger's budget. Wages paid to SOE employees amount to about 2.1 percent of GDP, as compared to an overall government wage bill of 5.7 percent of GDP.

Parastatals also provide essential social services, particularly in education and health. Financial data on subsidies received by Nigerien parastatals indicates that the top 3 sectors are: education (59 percent) health (20 percent), and infrastructure (10 percent). The available data further indicates that total subsidies amounted to about 1 percent of GDP, or 7 percent of public expenditures.

Since 2010, the reform efforts of the Government of Niger (GoN) have focused on improving the oversight and performance of SOEs. The Directorate of State-Owned Enterprises and the Portfolio of the State

(*Direction des Entreprises Publiques et du Portefeuille de l'État*, or DEP/PE) was established in 2014 under the Ministry of Finance (MoF). The GoN has continued its efforts to improve SOEs' functioning in strategic sectors such as electricity, telecommunications, transportation, agriculture, and water, and has begun to better control SOEs through some audits and the gradual establishment of financial information monitoring mechanisms.

Niger is a country case in which, even with limited and inconsistent information, the World Bank has been able to apply the Integrated State-Owned Enterprises Framework (iSOEF). The study analyzes the SOE landscape, assesses the fiscal impacts of SOEs (iSOEF Module 2), and evaluates SOE corporate governance and accountability mechanisms (Module 4). The study is based on data gathered through research and field missions, conducted in close collaboration with government authorities. Quantitative information was collected from sources such as the MoF, the Court of Auditors, and interviews with government representatives, and consolidated by the World Bank study team. The diagnostic of SOE corporate governance and the fiscal risk assessment based on five selected SOEs representing 9.3 percent of Niger's GDP offer important lessons for the way forward.

Fiscal Risks

The level of fiscal risk emanating from SOEs is significant. Budget transfers to SOEs increased from CFAF 24 billion, or 4.5 percent of budget expenditures, in 2010, to CFAF 62 billion, or 6.4 percent of budget expenditures, in 2017. SOEs executed public investment amounting to CFAF 26 billion, or 2.7 percent of public expenditures, in 2017. Several SOEs are required to fulfill public service obligations—for example, to provide services or goods at prices lower than those of the market. This generates fiscal risks, distorts the markets in which they operate, and crowds out private operators. Fiscal risks are compounded by SOEs' access to commercial credit and the trend of SOEs having recourse to short-term debt. SOEs benefit from debt guaranteed by the state, including concessional debt.

Niger lacks a comprehensive framework for identifying, assessing, and disclosing fiscal risks. Despite its importance and its potentially significant impact on public finances and macroeconomic stability, fiscal risk from SOEs is not monitored. Key elements, including subsidies, public service obligations, guarantees, arrears, debt, staffing, and the performance of the public sector workforce are not properly monitored, thereby compounding the fiscal risk from SOEs given their potentially significant impact on public accounts and macroeconomic stability.

SOE debt and tax arrears are high, and fiscal risks are increasing. The accumulated debt of SOEs in Niger is estimated at about 25 percent of GDP, half of the overall public debt. SOEs have accumulated tax arrears estimated at 1.0 percent of GDP in 2017. Budget transfers to SOEs amounted to 1.8 percent of GDP in 2017, and SOE-executed public investment accounted for 5.7 percent of public investment in 2017.

Fiscal sustainability analysis reveals that SOEs could increase the central government's fiscal deficit by 0.5 percent of GDP and debt by 11.6 percent of GDP under stress test scenarios. These potential effects constitute a lower bound, and adjustment would be challenging given the tight fiscal conditions currently in place. The estimated impact constitutes a conservative estimate. More severe macroeconomic shocks, such as a comprehensive global or regional economic crisis, would have much larger, multidimensional effects that would be significantly more difficult to address.

Despite the existence of a formal procedure for the approval of guarantees, they are not recorded explicitly and resulting contingent liabilities are unknown. Applications for guarantees must pass through the prime minister's office, which relies on the recommendation of the interdepartmental committee responsible for monitoring debt and budget support, headed by the MoF's General Directorate of Financial Operations and Reform. Upon issuing a guarantee, no document is retained (such as a table of existing guarantees) and no control of the guarantees already in place is carried out. It seems, therefore, that the interdepartmental committee makes decisions on new guarantees without knowing the current stock of existing guarantees or the risk that could be posed if current guarantees were called on.

Debts between the government and SOEs and among SOEs are not settled, which has contributed to the accumulation of arrears. This reflects a lack of clearly defined responsibilities on the part of all actors and results in a vicious cycle of nonpayment. The GoN, for example, is delaying payments to SOEs for electricity, telecommunications, and other public services. Similarly, SOEs are delaying the payment of taxes and social contributions owed to the government. In addition, cross-debts can accumulate among SOEs that are in a producer–provider relationship, such as the National Office of Pharmaceutical and Chemical Products (ONPPC) and the Niger Pharmaceutical Industry Corporation (SONIPHAR), which often do not settle their bills. This indirect assistance hides the total magnitude of financial support to SOEs and makes it difficult to evaluate the overall impact. Compensation and clearance efforts have not recently been undertaken.

Inefficient information systems, capacity constraints, and a lack of data and analysis are major constraints that hold back the assessment

of fiscal risks from SOEs. Available financial information on the sector is partial and outdated, and there is no consolidated financial information except on budget transfers. Accordingly, there is no consolidated analysis of trends and risks associated with SOEs. Even the data that are available are not used to analyze the financial performance of SOEs.

There is significant scope for the GoN to reduce its exposure to fiscal risk from SOEs. This could be achieved by reducing state participation in commercial activities, limiting exposure to contingent liabilities, strengthening governance arrangements, legislating no-bailout clauses to reduce exposure, ensuring transparent and appropriate compensation for SOEs that execute quasi-fiscal activities, ensuring that there is fiscal space to absorb retained risks, and including SOEs in the definition of deficit targets.

Corporate Governance

Ordinances adopted in 1986 foresee four types of SOEs and parastatals but do not offer a complete picture of their governance regime. While provisions are similar for all types of SOEs and allow for general and direct oversight, these ordinances do not present SOE governance arrangements comprehensively or consistently. This creates unnecessary complexity and fragmentation, which is compounded given that EPICs, SEs, and SEMs are subject to commercial law under the Organization for the Harmonization of Corporate Law in Africa (*Organisation pour l'harmonisation en Afrique du droit des affaires*, or OHADA).

Although legal dispositions exist for the transmission of information, they lack detail and are not followed systematically. Regarding financial reporting and audit, SEs, SEMs, and EPICs are subject to the same legal framework that applies to the private sector. EPAs, on the other hand, are subject to public law and all public accounting rules. Yet these rules are only partially applied, and SOE expenditures are therefore not systematically recorded in the government's financial statements. Transparency requirements relating to SOEs, especially EPICs and EPAs, could be strengthened and the level of internal control in EPICs, SEs, and SEMs could be improved.

Oversight responsibility is fragmented, and SOEs are subject to a de facto dual oversight model. The MoF is responsible for financial oversight, while sectoral ministries are responsible for technical oversight. In practice, sectoral ministries do not generally have the capability to conduct effective oversight through regular monitoring and efficient evaluation, and staff do not have specialized skills in monitoring performance. The state's financial oversight and shareholder roles are further weakened by the institutional positioning of the MoF's SOE monitoring unit.

Financial oversight is undermined by limited interaction between the oversight entity and the agencies under its control. The DEP/PE is experiencing difficulties in exercising authority over the entities it oversees. It appears that many parastatal organizations do not systematically transmit financial statements and estimates to the DEP/PE on a regular and timely basis. Overall, the DEP/PE has little interaction with parastatal organizations. This situation has improved to some degree following a series of communication initiatives and reminders undertaken by the MoF in 2017.

Legal texts do not require any minimum specialized experience for directors and, in practice, the general assemblies of SEs duplicate the work of their boards of directors. All SOEs must have a board of directors, and in the case of EPAs and EPICs, it is the highest decision-making body. SEs and SEMs are required to have a general assembly (GA) of shareholders, which is the company's highest decision-making authority. The chief executive is nominated by decree of the President of the Republic for SOEs of which the government owns a majority of shares and by the board for entities with minority state ownership.

There is limited access to information or publication of information relating to SOEs in Niger, and SOEs are not required to form audit committees. An annual audit by an external auditor is required for the financial statements of EPICs, SEs, and SEMs, but the work of the auditors is not used effectively. Moreover, the sanctions provided for in the law are not applied. Although all SOEs are subject to periodic compliance audits by the Court of Accounts (Cour des Comptes) (CdC), the court lacks the resources needed to perform regular audits. This means it can only conduct audit controls of a selected number of SOEs each year. In the past few years, the CdC has published detailed annual reports on the results of controls it has conducted.

Action Plan

Based on the findings of the iSOEF, a three-year, sequenced, and selective action plan for Niger's SOE reform has been developed and adopted by the MoF. This action plan focuses on: (i) strengthening the institutional framework for financial oversight; (ii) improving financial information and monitoring of fiscal risk; (iii) increasing transparency and improving audits; and (iv) legal reforms. This tailored action plan seeks to improve financial oversight, and management of fiscal risk (Annex 10).

First, the DEP/PE could be elevated to the rank of a General Directorate. Transforming the DEP/PE into a new General Directorate of SOEs (DGE/EP) could help mitigate the current limits to and fragmentation of financial oversight.

Second, it is critical to enhance the collection of data, as well as the regular and timely publication of annual financial statements. Improving the management and monitoring of SOE performance and associated fiscal risks requires good quality data. To that end, it is critical to ensure regular and timely publication of annual financial statements, the establishment of a monitoring dashboard for SOE financial information, and the creation of a system for collecting and transmitting financial reports and statements.

A third set of priority actions include producing an annual aggregated report on SOEs and strengthening the management and monitoring of fiscal risks. Preparing an annual aggregated report on SOEs will provide critical information to improve oversight of the sector—first for government use, and later for publication. A methodology for analyzing and following up on fiscal risks needs to be developed and adopted, and current performance contracts need to be catalogued and assessed.

Finally, enhancing the performance of the SOE sector and limiting fiscal risk requires an updated legal framework. The updated framework would need to formalize the current mechanism for financial oversight (the dual model) and grant an important role to the MoF in creating SOEs and conducting SOE financial oversight to ensure better fiscal management and monitoring. Additionally, a revised legal framework would help to expand the corporatization of SOEs and define clear criteria for their establishment.

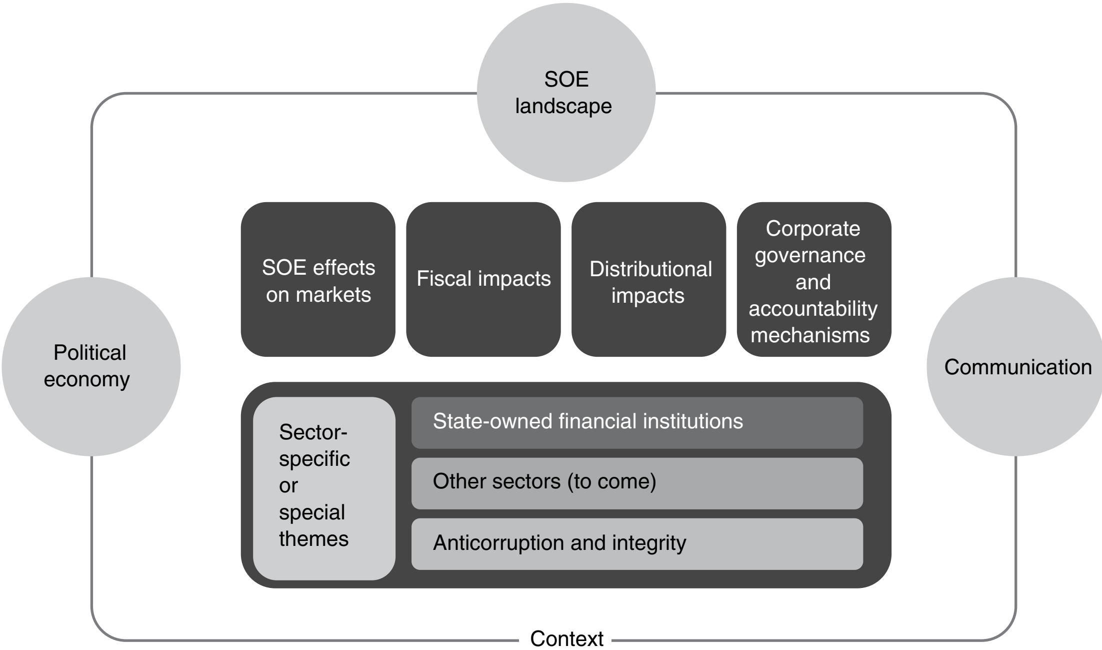
CHAPTER 1

Introduction

This Integrated State-Owned Enterprises Framework (iSOEF) assessment has been carried out in the context of the World Bank's ongoing dialogue with the Government of Niger (GoN) on state-owned enterprises (SOEs). The GoN, through its Ministry of Finance (MoF), has sought the World Bank's support in responding to the challenges posed by SOE governance and fiscal risks. The GoN is considering progressive reform to control SOE-related budget expenditures, improve financial and operational performance, and better manage emanating fiscal risks.

The Niger iSOEF focuses on the fiscal implications of SOE reform and on corporate governance and accountability mechanisms. The iSOEF, developed by the World Bank, covers four modules that capture key aspects of SOEs, one sector-specific module, and three cross-cutting thematic modules relating to the context within which SOE reform is assessed and implemented (Figure 1). The four main modules focus on: (i) the effects of SOEs on markets (Module 1); (ii) the fiscal impacts of SOE reform (Module 2); (iii) the distributional impacts of SOE reform (Module 3); and (iv) corporate governance and accountability mechanisms (Module 4). The iSOEF includes a sector-specific module (Module 5) on state-owned financial institutions (SOFIs) and additional sectors (e.g., the electricity sector, extractive industries, and the water and sanitation sector) are expected to be covered in

FIGURE 1: The iSOEF Framework



the future. Finally, three thematic modules address cross-cutting factors such as corruption risks, political economy considerations, and communication strategies. To be considered an iSOEF assessment, a study must include at least two modules. This iSOEF assessment on Niger analyzes the SOE landscape, assesses the fiscal impacts of SOEs (Module 2), and evaluates corporate governance and accountability mechanisms (Module 4).

This study focuses on three types of commercial SOEs governed by a common legal framework: state-owned corporations (SEs); mixed-economy corporations (SEMs), which are partly state owned, with mixed state and private sector holdings; and industrial and commercial public entities (EPICs), which engage in commercial activities and provide public services. The study briefly presents some aspects related to administrative public agencies (EPAs). The scope of the study includes neither an analysis of individual enterprises or entities nor an analysis of privatization possibilities.

Niger is a country case in which, even with limited and inconsistent information, the World Bank has been able to apply the iSOEF. The study is based on data gathered through research and field missions, conducted in close collaboration with government authorities. Quantitative information was collected from sources such as the MoF, the Court of Auditors, and interviews with government representatives, and consolidated by the World Bank study team. The diagnostic of SOE corporate governance and the fiscal risk assessment based on five selected SOEs for which sufficient data was available and which represent 9.3 percent of Niger's gross domestic product (GDP) offer important lessons for the way forward.

Based on the fiscal risk assessment and diagnosis of governance rules and practices, this study incorporates an action plan of policies and options for reforms that are deemed feasible within Niger's context. The action plan proposes gradual measures that are sequenced and prioritized. To the extent possible, it tailors these measures to capacity and contextual factors that are specific to Niger, rather than directly transposing international good practices.

The report is organized as follows. Chapter 2, the SOE Landscape, provides an overview of the SOE sector in Niger, covering the size, scope, and performance of SOEs. Chapter 3, based on Module 2 of the iSOEF, provides a fiscal risk assessment of the SOE sector, including a fiscal sustainability analysis covering different scenarios. Chapter 4, based on Module 4 of the iSOEF, reviews the corporate governance and accountability mechanisms pertaining to SOEs in Niger, including the legal and regulatory framework and the state's oversight role and capacity to exercise its ownership and control functions effectively. Chapter 5 proposes reform options, adapted to the country context, that target improved SOE governance in the short and medium term.

CHAPTER 2

The SOE Landscape

Recent Developments in the SOE Sector

Since 2010, the GoN's reform efforts have focused on improving the oversight and performance of SOEs. The Directorate of State-Owned Enterprises and the Portfolio of the State (*Direction des Entreprises Publiques et du Portefeuille de l'État*, or DEP/PE) was established in 2014 under the MoF. The CdC, Niger's supreme audit institution, was created in 2012[1] and has a chamber dedicated to the control of SOEs' accounts. The GoN has continued its efforts to improve SOEs' functioning in strategic sectors such as oil and gas, mining, electricity, telecommunications, agriculture, and water. Although many reforms have been undertaken in these areas, they have been relatively targeted and incremental and used a variety of instruments such as tariff adjustments (electricity), fiscal adjustments (telecommunications), performance contracts (agriculture), and restructuring and recapitalization (telecommunications). Authorities have also begun to better control SOEs through some audits and the gradual establishment of financial information monitoring mechanisms (Annex 5).

1. Organic Law No. 2012-08 determining the powers, composition, organization, and operation of the CdC.

Niger has over 160 SOEs and parastatals. In 2018, there were a total of 164 SOEs in the country, of which 53 were EPICs, SEs, and SEMs operating on a commercial basis (Table 1).[2] The number of SOEs has increased by 109 since 1985, which corresponds to the creation of 36 SOEs per decade, on average. In 2013, 14 SOEs were created, whereas only one SOE was created during the 2014–17 period, and 16 between 2017 and 2018. The activities of some SEs, SEMs, and EPICs are presented in Annex 6.

TABLE 1: SOEs by Legal Status

Type of SOE	Number	Description
State-owned corporations (SE)	5	SOEs that are fully owned by the state and undertake commercial or industrial activities using methods applied by the private sector
Mixed-economy corporations (SEM)	31	SOEs with mixed state and private sector holdings that undertake commercial or industrial activities using methods applied by the private sector
Commercial public agencies (EPIC)	17	SOEs organized as public agencies with commercial and social objectives
Administrative public agencies (EPA) Parastatals	103	Parastatals that do not perform commercial and industrial activities and that fulfil a mission of public interest
Other	8	Other parastatals, including professional public entities; social public entities; scientific, cultural, and technical public entities; and financing public entities

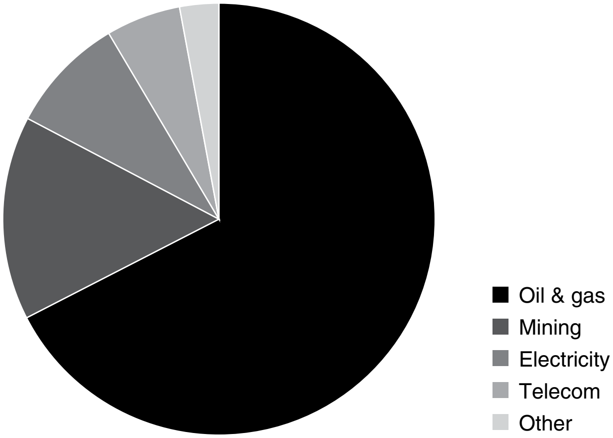
Source: DEP/PE and authors' calculations.

Areas of SOE and Parastatal Activity

SOEs play a central role in Niger's economy. SOEs are important economic actors, particularly in the oil and gas and mining sectors, and provide essential public services, such as electricity, water, and telecommunications (Figure 2). The top 3 SOE sectors by assets out of a subset of major SOEs for

2. For comparison, there are 150 SOEs in Mauritania, of which 50 operate on a commercial basis. There are 51 SOEs in Madagascar, 21 in Chad, and 45 in Mali.

FIGURE 2: SOE Sectors by Assets



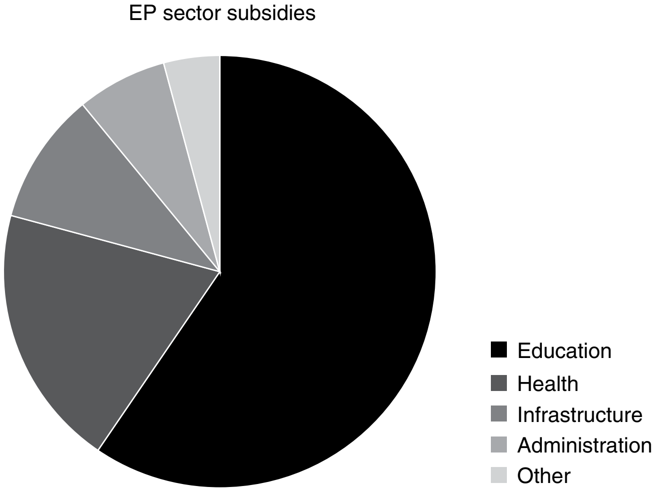
Source: DEP/PE and authors' calculations.

which financial data was available are: oil and gas (67 percent), mining (15 percent), and electricity (9 percent).[3] Data collected further indicates that total SOE sector revenues amount to over 20 percent of GDP, and taxes generated by SOEs amount to about 26 percent of the country's budget. Wages paid to SOE employees amount to about 2.1 percent of GDP, as compared to an overall government wage bill of 5.7 percent of GDP.

Parastatals (EPAs and others) also provide essential social services, particularly in education and health.[4] Financial data on subsidies received by Nigerien parastatals indicates that the top 3 sectors are: education (59 percent), health (20 percent), and infrastructure (10 percent) (Figure 3). The available data further indicates that total subsidies amounted to about 1 percent of GDP, or 7 percent of public expenditures.

3. This calculation is based on financial information for the years 2014–2017 for 13 major SOEs for which data was available. It excludes State-Owned Financial Institutions (SOFIs) and several mining companies.
4. This is based on information on subsidies for 2017 paid to 91 out of 111 parastatals or 82% of the total universe.

FIGURE 3: Parastatal Subsidies



Source: DEP/PE and authors' calculations.

SOE Performance

Given the size and importance of Niger's SOE sector, the lack of availability of consolidated financial information could present a serious challenge. Although all SOEs are required to produce financial statements, these are frequently subject to significant delays, and audited versions are not systematically transmitted to the DEP/PE. The quality and reliability of the reports need to be improved, especially because there are no standard formats—for example, for management reports. Where standards do exist, as in the case of accounting under the Organization for the Harmonization of Corporate Law in Africa (*Organisation pour l'harmonisation en Afrique du droit des affaires*, or OHADA) or the accounting of the state, they are only partially applied. There are also challenges regarding the classification of expenditures, which makes it difficult to analyze and monitor transfers to SOEs. Transfers to the National Assembly are classified as transfers to an EPA, for example, which distorts the available information on SOE transfers. The creation of the DEP/PE within the MoF's General Directorate of Financial Operations and Reforms represents a first step in establishing an entity that can consolidate information on SOEs. This information consolidation is not yet fully effective, and no consolidated analyses of SOE trends are undertaken.

Financial Performance

SOEs' financial performance could benefit significantly from further improvements, but given the gaps in available data, it is difficult to conduct comprehensive quantitative data analysis. Indications are that certain ratios of debt to assets are negative, with significant variations from year to year, between different sectors, and between different types of SOEs (Annex 6). These ratios are not consistent, which points to a lack of reliable data. Gaining access to more—and more accurate—data would allow for more in-depth analysis and a better diagnosis of SOE challenges related to financial performance. To this end, conducting a census of all SOEs and their relevant data would be of high priority in ensuring the existence of reliable data to support evidence-based decision making. Such a census would be a prerequisite for the establishment of a database and monitoring tool for the financial oversight of sector fiscal risks, a central recommendation of this report.

Service Delivery Performance

While SOEs receive substantial grants, the scope and quality of services they provide are limited. Table 2 provides indicative statistics on the

TABLE 2: Selected Service Delivery Indicators for Niger

	Niger	Average among Low-Income Sub-Saharan African Countries
Access to electricity (% of the population), 2016	16.2	42.8
Consumption of electric energy (kWh per capita), 2015	51.4	480.6
Access to improved water supply (% of the population), 2015	39	58
Death by communicable diseases and maternal, prenatal, and nutrition conditions (% of total), 2016	63	56
Rate of measles immunization (% of children aged 12–23 months), 2017	78	70
Consumption of fertilizer (kilograms per hectare of arable land), 2016	0.4	16.2
Mobile cellular subscriptions (per 100 persons), 2017	41	72

Source: World Development Indicators database, World Bank, May 2019; WHO and UNICEF (2017).

goods or services that are provided mainly or entirely by SOEs in Niger. These include health services, which are often provided by public hospitals and clinics, and water and electricity, which are provided by SOEs. Data show that the level of service provision in Niger could be improved. These performance deficits affect the business environment, and while SOE performance has improved significantly in recent years, Niger's investment climate remains challenging.

CHAPTER 3

iSOEF Module 2: Assessment of Fiscal Risks from SOEs in Niger

The Importance of Monitoring and Managing Fiscal Risks

Governments are exposed to a variety of risks to their fiscal sustainability, and the linkages between SOEs and government balance sheets are an important source of this type of risk. Such risks are particularly pronounced and endogenous in countries that define their fiscal targets in terms of the public sector, including SOEs. Although this is not the case in Niger, important channels between central government finances and SOE performance make the country's fiscal sustainability vulnerable to adverse spillovers. For profitable SOEs, for example, the main fiscal risks affecting government revenues emanate from variability in dividends and taxes paid to the central government budget. Loss-making SOEs, on the other hand, could exert significant pressure on public expenditures if they require a bailout, periodic recapitalization, or regular support in the form of subsidies or transfers.

Empirical evidence from around the world points to sizable fiscal costs accrued through government obligations vis-à-vis SOEs. An

International Monetary Fund (IMF) study (Bova et al. 2016) finds that, between 1990 and 2014, 14 percent of all identified contingent liabilities in a sample of 80 advanced and emerging market economies were related to governments' SOE portfolios. For example, fiscal costs from SOE bailouts averaged 3 percent of GDP and reached 15 percent of GDP in one case. Contingent liabilities through SOEs represented the fourth-largest source of total fiscal cost, on average, in the sample.

Niger lacks a comprehensive framework to identify, assess, and disclose fiscal risks. Although fiscal risks can potentially have a significant impact on public finances and macroeconomic stability, these are not monitored. The central government budget does not include any systematic risk analysis related to the SOE portfolio. In addition, the Organic Law of Finance does not specify which SOE financial information must be included in the annual budget. Yet macroeconomic and other shocks are frequently identified in Niger's budget execution reports as reasons for deviations from initial budgets, which demonstrates that there is scope for improvement in risk assessment, management, and mitigation.

SOE debt and tax arrears are high in Niger, and fiscal risks are increasing. The accumulated debt of SOEs is estimated at about 25 percent of GDP, or half of the country's overall public debt. SOEs may have accumulated tax arrears estimated at 1.0 percent of GDP in 2017. Budget transfers to SOEs increased from 4.5 percent of the total budget in 2011 to 6.4 percent of the total budget, or 1.8 percent of GDP, in 2017. SOE-executed public investment amounted to 2.7 percent of total expenditures and 5.7 percent of public investment in 2017. SOEs also benefit from important tax exemptions (although no estimate is available) and several are obliged to fulfill quasi-fiscal activities, often providing services or goods at below-market or below-cost prices. Such links between SOEs and government balance sheets generate fiscal risks and distort market competition with private firms.

Fiscal sustainability analysis reveals that SOEs could increase the central government's fiscal deficit by 0.5 percent of GDP and debt by 11.6 percent of GDP under stress test scenarios. The aggregate impact of, for example, a 23.5 percent reduction in oil prices, a 27.5 percent reduction in uranium prices, and a 4 percent drop in GDP growth in 2020 would reduce the central government's overall fiscal balance by around 0.4 or 0.5 percentage points of GDP between 2020 and 2035, compared to the baseline. If the central government were to consolidate SOE and central government debt from 2020 on, then the overall debt would increase by 11.6 percent of GDP, on average—that is, by 10.1 percent of GDP between 2020 and 2023 and by 12.1 percent of GDP between 2024 and 2035.

These potential fiscal effects constitute a lower bound, and adjustment would be challenging given the tight fiscal conditions currently in place in Niger. Moreover, it is likely that the estimated impact as quantified in this analysis constitutes a conservative estimate. First, the results of this analysis represent only the impact of a subset of five of Niger's 164 SOEs and—although the SOEs were selected based on their size and perceived fiscal risk—other SOEs may also present substantial additional fiscal exposure. Second, less likely—though more severe—macroeconomic shocks, such as a comprehensive global or regional economic crisis, would be much larger, more multidimensional, and much more difficult to deal with. Finally, the stress tests do not account for sector- or SOE-specific sources of risk (related, for example, to capital investment programs, regulatory price setting, and natural disasters).

There is significant scope for the GoN to reduce its exposure to fiscal risk from SOEs. This could be accomplished by reducing overall state participation in commercial activities, limiting exposure to contingent liabilities, strengthening governance arrangements, legislating explicit no-bailout clauses to reduce exposure, ensuring transparent and appropriate compensation for SOEs that execute quasi-fiscal activities, and, finally, ensuring that there is fiscal space to absorb retained risks and including SOEs in the definition of deficit targets.

Recent Macro-Fiscal Developments in Niger

While the macro-fiscal situation has improved, Niger remains highly exposed to external shocks. Real annual growth rates averaged 6.4 percent between 2012 and 2017, compared to 5.1 percent between 2001 and 2007 and 1.6 percent in the previous decade. Growth is highly volatile, driven predominately by agriculture, and therefore subject to climatic shocks. The extractives sector is subject to commodity price fluctuations. Continuing security challenges stifle economic activity and strain the fiscal situation through increased security spending and costs related to humanitarian crises.

Breaking a deteriorating trend since 2014, a strong fiscal consolidation program spurred improvements in the fiscal deficit beginning in 2016. The fiscal deficit was 1.7 percent of GDP between 2011 and 2013 and deteriorated to 8.5 percent of GDP between 2014 and 2015. In 2017, the overall deficit (on a commitment basis, including grants) narrowed to 5.7 percent of GDP from 6.1 percent in 2016 and 9.0 percent in 2015 (Annex 2). The GoN has strengthened commitment control monitoring and budget payment systems to guide its fiscal consolidation effort. It created an interministerial committee to improve expenditure management and established a mechanism that prioritizes expenditures based on the alignment of quarterly commitment plans with the Treasury cash plan, which has ensured that expenditures remain within the limits of resource availability.

Niger's tax revenue was hard hit by the decline of oil and uranium prices. Following the launch of oil production in 2012, tax revenue increased from 13.4 percent of GDP in 2011 to 16.0 percent of GDP in 2015. Tax revenue subsequently dropped to 13.5 percent and 13.1 percent of GDP in 2016 and 2017, respectively, due to a decline in uranium and oil prices which, together with the recession in neighboring Nigeria, reduced government revenues. These trends were reflected in the taxes paid by the five major SOEs reviewed by this study, which increased from 0.18 percent of GDP in 2011 to 0.27 percent of GDP in 2015 then dropped to 0.15 percent of GDP in 2016 before recovering to 0.19 percent of GDP in 2017.

Public expenditure increased significantly when oil production began but has since begun to decline. Public spending increased by 13 percentage points between 2011 and 2015, from 19.4 of GDP to 32.4 percent of GDP. Most of this increase was financed by resource revenues.[5] By contrast, public spending declined from 32.4 percent of GDP in 2015 to 26.9 percent of GDP in 2017 as oil and uranium revenues fell.

Both capital and recurrent expenditures have borne necessary adjustments. Capital spending declined from 16.9 percent of GDP in 2015 to 12.7 percent of GDP in 2017, while recurrent expenditures declined from 15.4 percent to 13.7 percent of GDP during the same period. Measures to eliminate redundancies in public service employment and enforce stricter controls on the wage bill have helped to control recurrent spending. As in the past, the budget deficit has been financed by external concessional loans, domestic grants, and, to a lesser extent, regional financing. Transfers and subsidies have accounted for more than one-third of recurrent expenditures. Subsidies to the five SOEs examined by this study peaked at 0.55 percent of GDP in 2014 before settling to 0.36 percent of GDP in 2017.

Niger's public and publicly guaranteed debt stock has risen in recent years. This debt reached an estimated 49.3 percent of GDP in 2017, up from 25.9 percent in 2011 and 24.7 percent of GDP in 2013. Consolidated central government and SOE debt is high at an estimated 74.3 percent of GDP in 2017. Outstanding on-lent loans to SOEs and guaranteed debt to China National Petroleum Corporation–Niger Petroleum amounted to 6.08

5. With the start of petroleum production, extractive sector revenue grew from 2 percent of GDP in 2010 to 7 percent of GDP in 2016.

percent of GDP and 0.6 percent of GDP in 2017, respectively. External debt accounts for 70 percent of public and publicly guaranteed debt, the bulk of which (54 percent) is concessional debt to multilateral creditors. Such rapid growth reflects the scaling up of government borrowing to fund public investment in infrastructure and extractive industries.

Fiscal Risks from SOEs May Be High and Increasing

This study reviews the potential fiscal risks emanating from a sample of five SOEs representing a potential source of fiscal risk among SOEs in Niger and proposes concrete actions to manage them. It presents a fiscal risk matrix and estimates the impact of oil and uranium shocks on taxes and dividends, on SOE financial performance, and, ultimately, on the central government's fiscal balance and debt stock in a simple macro-fiscal framework. It focuses on quantifying the impact of those shocks on debt owed by these five SOEs—that is, on implicit contingent liabilities to the central government budget. It also proposes concrete actions to manage fiscal risks more effectively based on other countries' experience (see Annex 3 for a presentation of the fiscal risk analysis framework).

Criteria for the selection of the five sample SOEs included size (measured by assets, liabilities, and net assets), losses (net income), net debt (total liabilities minus current assets), and net transfers from the government. Moreover, the five selected SOEs have benefitted from an administrative and financial audit financed by the World Bank's Public Sector Capacity and Performance for Service Delivery Project (known in Niger as the *projet de capacités et de performance du secteur public pour la prestation de services*), which allowed access to more accurate data. The selected SOEs (Annex 8) are the Agricultural Material and Inputs Procurement Body (*Centrale d'Approvisionnement en Intrants et Matériels Agricoles*, or CAIMA); the Niger Petroleum Product Corporation (*Société Nigérienne des Produits* Pétroliers, or SONIDEP); the Niger Mining Company (*Société du Patrimoine des Mines du Niger*, or SOPAMIN); the Niger Water Corporation (*Société du Patrimoine des Eaux du Niger*, or SPEN); and the Niger Food Products Office (*Office des Produits Vivriers du Niger*, or OPVN). Although individual performance varies, the five entities together account for 9.3 percent of GDP in 2015. Of the five, three (OPVN, SOPAMIN, and CAIMA) recorded losses in 2016. All five are significantly indebted, at a total of 8 percent of GDP in 2017, and most of them have been producing chronic losses that have eroded their capital bases. The accumulated loss in 2017 is estimated at around 1.0 percent of GDP.

Evaluating fiscal risk requires quantifying the links between SOEs and the budget, within the framework of a fiscal risk matrix (Table 3). SOEs' direct contribution to the budget (through dividends and taxes paid) and their direct and indirect obligations—such as subsidies, tax arrears, and guaranteed and non-guaranteed liabilities—as of the end of 2017 have been estimated for both the full portfolio of SOEs and the sample of five important SOEs.

TABLE 3: Preliminary Fiscal Exposure for the Central Government from SOEs in Niger

	Revenues			Direct Liabilities (% of GDP)			Contingent Liabilities (% of GDP)		
		Five SOEs	All SOEs		Five SOEs	All SOEs		Five SOEs	All SOEs
Direct revenues	Taxes paid (% of total taxes)	1.4	4.0						
	Dividends paid (% of nontax revenue paid)	10.0	17.8						
Explicit obligations				Subsidies and transfers	0.36	1.82	Direct guarantee	0.0	0.6
				On-lent loans	2.85	6.08			
Implicit obligations				Tax and social security arrears	0.4	1.0	Unguaranteed debts	6.26	25.0

Source: Ministry of Finance, Debt and DEP/PE departments.

Accumulated SOE debt is high. The accumulated debt of all SOEs is estimated to have been about 25 percent of GDP in 2017, or half of Niger's public debt. One-third of this debt (6.26 percent of GDP) is estimated to be held by the five selected SOEs (Table 4). SPEN and SONIDEP are the main debt holders, at 3.45 percent of GDP and 1.5 percent of GDP, respectively. This high level of debt is a result of insufficient own resources to invest. The amount of debt and associated servicing terms (such as interest rate and maturity) are not monitored. Moreover, the ease of access to commercial credit and the trend of SOEs gaining recourse to short-term debt worsen the fiscal risk. This implies the existence of a budget liability of unknown magnitude, since even if the debts are not explicitly guaranteed by the state, it seems unlikely that the government would allow SOEs to go bankrupt.

TABLE 4: Debt Stock of Five SOEs, 2011–17

		2011	2012	2013	2014	2015	2016	2017
SOPAMIN	CFAF millions	6,662	7,434	10,733	8,079	14,820	14,766	8,834
	% of GDP	0.22	0.21	0.28	0.20	0.35	0.33	0.19
SONIDEP	CFAF millions	10,097	26,057	31,396	47,147	32,334	62,254	70,935
	% of GDP	0.33	0.74	0.83	1.16	0.75	1.38	1.50
OPVN	CFAF millions	6,527	25,126	27,828	37,671	25,048	29,233	35,340
	% of GDP	0.22	0.71	0.73	0.93	0.58	0.65	0.75
SPEN	CFAF millions	82,663	90,870	96,820	121,205	144,949	153,611	163,058
	% of GDP	2.73	2.56	2.56	2.98	3.38	3.41	3.45
CAIMA	CFAF millions	12,925	11,246	10,923	11,011	13,215	12,936	17,762
	% of GDP	0.43	0.32	0.29	0.27	0.31	0.29	0.38
TOTAL	CFAF millions	118,874	160,733	177,700	225,113	230,366	272,799	295,930
	% of GDP	**3.93**	**4.54**	**4.69**	**5.53**	**5.37**	**6.05**	**6.26**

Source: Ministry of Finance, DEP/PE.

SOEs may have accumulated large tax arrears, and debts between SOEs and the government are not being settled. The General Tax Directorate's Department of Large Corporations monitors SOE tax arrears, with little to no participation from the DEP/PE. According to 2017 data from the Department of Large Corporations, by delaying the payment of taxes and social contributions owed to the government, SOEs have accumulated tax arrears representing 8.6 percent of tax revenue or 1.0 percent of GDP, of which 0.4 percent of GDP is for the five SOEs highlighted in this study alone. In addition, the GoN is delaying its payments to SOEs (for example, for electricity, telecommunications, and other public services). The claims on the central government and on other SOEs' customers are high, with a potential negative impact on the country's cash situation. These SOEs do not have an adequate mechanism for recovery of claims, which is at the origin of the cash flow problems that often force them to resort to expensive bank loans. This situation puts these SOEs in a difficult position, in which they must choose between not repaying or defaulting on their debt repayment and triggering a potential bailout or recapitalization from the central government. This might complicate the evaluation of the net debt of SOEs and make it difficult to evaluate their overall impact. Some compensation and clearance efforts have been undertaken in the past. Meanwhile, a detailed inventory has not been conducted recently.

Dividends and taxes paid by SOEs are volatile. Taxes and dividends paid by the five SOEs in question amount to CFAF 9,134 million (1.5 percent of tax revenues), or 0.2 percent of GDP against an estimated 1.0 percent of GDP paid by all SOEs. SONIDEP and SOPAMIN are the main contributors to the central government budget. Since 2011, taxes and dividends have fluctuated between a minimum of 1.0 percent of tax revenue in 2012 and a maximum of 2.0 percent in 2015, declining to 1.2 percent in 2016 and 1.5 percent in 2017. As SONIDEP and SOPAMIN revenues depend on the sale of oil and uranium, the volatility of taxes and dividends reflects the fluctuation of oil and uranium prices observed during the same period. This may be a source of fiscal risk, as the central government cannot accurately predict the budget resources to be generated by these SOEs due to exogenous price factors.

A substantial increase in subsidies and other budget transfers to SOEs is observed, both in absolute terms and relative to the national budget. Subsidies to the five SOEs peaked at CFAF 22.5 billion, or 0.55 percent of GDP, in 2014, then declined to CFAF 17.0 billion, or 0.36 percent of GDP, in 2017. CAIMA and OPVN are the main beneficiaries of subsidies and transfers from the central government (Table 5). Although subsidies received by these two SOEs continue to be significant, they have declined considerably since peaking in 2012 for CAIMA and in 2014 for OPVN. This decline has put OPVN and CAIMA in a difficult position, as subsidies constitute their main source of income. To overcome this situation, both SOEs have had to borrow from the banking system. In addition, because these SOEs make public policy

TABLE 5: Subsidies and Transfers Received by Five SOEs

		2011	2012	2013	2014	2015	2016	2017
SOPAMIN	CFAF millions	—	—	—	—	—	—	—
	% of GDP	—	—	—	—	—	—	—
SONIDEP	CFAF millions	128	119	111	102	94	85	76
	% of GDP	—	—	—	—	—	—	—
OPVN	CFAF millions	487	416	1,373	13,053	11,292	8,473	11,552
	% of GDP	0.02	0.01	0.04	0.32	0.26	0.19	0.24
SPEN	CFAF millions	—	55	49	43	11	—	—
	% of GDP	—	—	—	—	—	—	—
CAIMA	CFAF millions	5,567	13,554	9,054	9,304	6,368	5,306	5,341
	% of GDP	0.18	0.38	0.24	0.23	0.15	0.12	0.11
TOTAL	CFAF millions	6,182	14,145	10,587	22,502	17,765	13,864	16,970
	% of GDP	**0.20**	**0.40**	**0.28**	**0.55**	**0.41**	**0.31**	**0.36**

Source: Ministry of Finance, DEP/PE.

investments for which they are not reimbursed and sell at a price below the purchase price to honor their public service commitments, this might generate fiscal risks and distort the markets in which they operate.

The net contribution of the five SOEs to the budget is negative. Taxes and dividends paid by the five SOEs peaked at 0.33 percent of GDP in 2015 and declined to 0.19 percent of GDP in 2017. SONIDEP and SOPAMIN are the main contributors. As the two SOEs operate in the extractives sector (oil and uranium, respectively), their financial health has been adversely affected by the fall in international prices for these commodities, and their payment of taxes and dividends to the central government has, in turn, been hard hit. Given the high level of state transfers to CAIMA and OPVN, the net contribution of the five SOEs to the budget (measured by taxes and dividends minus subsidies and transfers) was negative, at an estimated –0.17 percent of GDP (Table 6) as compared to –0.5 percent of GDP for all SOEs combined.

Although there is a formal procedure for the approval of guarantees, they are not recorded explicitly, and resulting contingent liabilities are unknown. Applications for guarantees must pass through the prime minister's office, which relies on the recommendation of the interdepartmental committee responsible for monitoring debt and budget support, headed by

TABLE 6: Net Contribution to the Budget of Five SOEs (CFAF millions, unless indicated)

		2011	2012	2013	2014	2015	2016	2017
SOPAMIN	Taxes	1,646	844	1,449	2,005	4,340	673	1,589
	Dividends	0	0	0	0	0	0	0
SONIDEP	Taxes	3,809	3,770	7,803	7,144	6,540	5,385	5,416
	Dividends	0	0	0	0	2,500	644	347
OPVN	Taxes	12	323	59	68	191	81	1,467
	Dividends	0	0	0	0	0	0	0
SPEN	Taxes	55	115	141	164	220	243	143
	Dividends	0	0	0	0	0	0	0
CAIMA	Taxes	13	39	126	558	173	226	173
	Dividends	0	0	0	0	0	0	0
TOTAL	(CFAF)	5,535	5,090	9,578	9,938	13,964	7,251	9,134
	(% of GDP)	**0.18**	**0.14**	**0.25**	**0.24**	**0.33**	**0.16**	**0.19**
Transfers	**(% of GDP)**	**0.20**	**0.40**	**0.28**	**0.55**	**0.41**	**0.31**	**0.36**
Net contribution	**(% of GDP)**	**–0.02**	**–0.26**	**–0.03**	**–0.31**	**–0.08**	**–0.15**	**–0.17**

Source: Ministry of Finance, DEP/PE.

the MoF's General Directorate of Financial Operations and Reform. Upon issuing a guarantee, no document is retained (such as a table of existing guarantees) and no government entity carries out a control of the guarantees already in place. It seems, therefore, that the interdepartmental committee makes decisions on new guarantees without knowing the current stock of existing guarantees or the risk that could be posed if current guarantees were called on. Currently, the only recognized guarantee in Niger is that extended to China National Petroleum Corporation during the construction of the Zinder Oil Refinery (SORAZ) in 2008, equivalent to US$352 million (CFAF 194.7 billion, or 3.7 percent of GDP). The outstanding stock of CFAF 28.3 billion (0.6 percent of GDP) as of end-June 2018 is scheduled to be fully repaid by 2019.

On-lent loans are high and, unlike guarantees, subject to automatic transparent accounting. Original on-lent loans to SOEs consist mainly of loans contracted by the central government and on-lent to the electricity (NIGELEC), water (SPEN), and telecommunications (Niger Telecom) companies. These are equivalent to CFAF 293,785 million, or 6.22 percent of GDP. The SOEs have paid back only 0.13 percent of GDP so far, and at the end of 2017, the outstanding amount was CFAF 287,512 million, or 6.08 percent of GDP (Table 7). While the guaranteed loan will only be recognized in the budget when it is called on, on-lent loans come from resources that have been granted directly to the government. As a result, the on-lent loans immediately affect the central government's gross debt (unlike guaranteed debt) and fall within the national budget, allowing parliament to exercise supervisory power.

TABLE 7: Central Government On-lending to SOEs, 2017

	Original On-lent Amounts (CFAF)	Payment Made (CFAF)	Outstanding On-lent Amount (CFAF)	Outstanding On-lent Amount (% of GDP)
SPEN	140,367	5,766	134,601	2.85
NIGELEC	98,532	183	98,349	2.08
SONITEL	54,886	324	54,562	1.15
TOTAL	**293,785**	**6,273**	**287,512**	**6.08**

Source: Ministry of Finance, debt department.

Cross-debts can accumulate among SOEs that are in a producer–provider relationship. For example, the National Office of Pharmaceutical and Chemical Products (*Office National des Produits Pharmaceutiques et Chimiques du Niger,* or ONPPC) and the Niger Pharmaceutical Industry Corporation (*Société nigérienne des industries pharmaceutiques,* or SONIPHAR) often do not settle their bills. Such assistance hides the total magnitude of financial support to SOEs and makes it difficult to evaluate the overall impact. Compensation and clearance efforts have not been undertaken recently.

Many SOEs encounter substantial difficulties in recovering client debts. One entity interviewed for this study mentioned that, for a certain segment of its products, 90 percent of clients' credit lines were in payment arrears for more than a year. In this case, the SOE stated that these arrears are fully provisioned and sometimes written off. The rules on the constitution of provisions used by SOEs are not transparent, and most of them do not include this information in their financial statements.

Inefficient information systems, capacity constraints, and a lack of data and analysis are major constraints that hold back the assessment of SOE-related fiscal risks in Niger. First, available financial information on the sector is partial and out of date, and there is no consolidated financial information except on budget transfers. Accordingly, there is no consolidated analysis of trends and risks associated with SOEs. Second, even the data that are available are not used to analyze the financial performance of SOEs. The DEP/PE performs no meaningful analysis of the budget performance or financial support of either the broader public sector or the entities included in the state's portfolio. Specifically, the DEP/PE does not collect or update the information in a systematic way, nor does it produce further financial information for the portfolio or analysis of existing risks and their potential evolution according to different scenarios. Accordingly, the DEP/PE cannot reasonably quantify the profits and losses of individual SOEs or of the portfolio as a whole. Third, capacity constraints and fragmented oversight arrangements prevent the DEP/PE from effectively monitoring financial risks. Given these shortcomings and the fragmented state of the oversight function, the DEP/PE does not have the technical and institutional capacities to monitor and analyze the fiscal risks associated with SOEs. It is not able to monitor risks and performance issues emanating from: (i) the creation of new entities; (ii) loss-making entities in the state's portfolio; (iii) the accumulation of debt and contingent liabilities due to implicit or explicit state guarantees; or (iv) uncontrolled recruitment and the state's related financial obligations.

Financial oversight is undermined by limited interaction between the oversight entity and the agencies under its control. The DEP/PE is experiencing difficulties in exercising authority over the entities it oversees. It appears that many parastatal organizations do not systematically transmit financial statements and estimates to the DEP/PE on a regular and timely basis. Information from the Court of Auditors and financial reports are often delayed in reaching the DEP/PE, and in some cases are not transmitted at all. Overall, the DEP/PE has little interaction with parastatal organizations.

This situation has improved to some degree following a series of communication initiatives and reminders undertaken by the MoF in 2017.

Key elements of SOEs' interactions with the central government budget and the economy as a whole—including subsidies, public service obligations, guarantees, arrears, debt,[6] staffing, and performance of the public sector workforce—are not properly monitored and may compound the fiscal risk emanating from SOEs. SOE-related fiscal risks and their potential impact on public accounts and macroeconomic stability are significant, but these risks are not monitored. They are discussed in more detail below.

Subsidies

Following reforms implemented by the MoF in 2013, the DEP/PE monitors subsidies to some extent and, since 2018, has participated actively in budget preparation discussions regarding SOE subsidies. Subsidies to SOEs are often desirable. For example, subsidies can be designed to support capital investments, such as the construction and rehabilitation of necessary infrastructure, that, when combined with strengthened management of those investments, would produce positive results and future cash flows. Similarly, grants can be used to repay the SOE for executing public service obligations, such as providing essential services in rural areas. Although the DEP/PE monitors, to some degree, the allocation of subsidies to SOEs, it does little to monitor their use. As such, several SOEs in Niger seem to use subsidies to finance their operating costs, while their investments are often funded by commercial bank loans, thereby rendering their operations unsustainable. Moreover, the level of subsidies is not always aligned to the specific public service operations that SOEs are expected to deliver. While the DEP/PE has recently begun to participate actively in discussions on SOE subsidies, it continues to have little influence in determining the level of subsidies.

Public Service Obligations

The DEP/PE does not participate in discussions on the definition of public services, which do not sufficiently consider financial consequences for the government. SOEs, particularly EPICs, are sometimes responsible for performing public service obligations and investments for which the costs are not identified with precision and for which they are not reimbursed. CAIMA, for example, is charged with distributing agricultural

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6. This refers to debt held in commercial banks.

inputs such as fertilizers and tractors at prices well below the purchase price, with the public good objective of increasing agricultural yields around the country. This poses important fiscal challenges for the government, however, as CAIMA's reliance on declining subsidies in the face of insufficient cost coverage has driven the SOE to borrow commercially and accrue significant debt.

Dividends

There is no general standard for determining dividend amounts or other financial objectives in Niger. The distribution of profits through dividends, or their retention for reinvestment programs or other incentives, is decided by the board of directors of the entity in question. Some countries have developed specific financial performance objectives or minimum dividend levels for SOEs.

Staff

The financial risks related to SOE human resources are not subject to effective monitoring. Decree 86-154/PCMS/Mtoe/SEM of October 23, 1986, concerning the general status of SOE staff—namely of EPICs, SEs, and SEMs—defines a general framework relating to the strength of the SOE. A January 21, 1987,[7] decree defines and sets employment conditions for different groups of staff. Each SOE has a particular status, and the management of human resources does not seem to be homogeneous. Under the current system, SOE recruitment and responsibilities vis-à-vis the state are not subject to systematic monitoring or control. Moreover, monitoring is hampered by the different statutes that apply to staff and by the absence of a consolidated monitoring system. The lack of controls on wage bill increases in the parastatal sector represents a potential risk to financial performance, which may manifest in the form of payment of arrears, health care expenditures, or pension obligations not budgeted for in advance.

Performance Framework

The task of monitoring performance in the SOE sector is devolved to the sectoral ministries that have technical oversight over SOEs, and

7. The number of the decree is not provided on the copy received as part of the preparation of this report.

their monitoring is limited. In practice, Niger's sectoral ministries do not generally have the capacity to conduct effective oversight through regular monitoring and efficient evaluation. In addition, these oversight entities do not have specialized skills in monitoring performance.

Although the legal framework provides for the possibility of creating program (performance) contracts based on defined performance targets, these have not been used for several years, except recently in the agricultural sector. Although the state can negotiate annual or multiannual program contracts with SOEs,[8] this does not generally appear to be done in practice. The exception is in agriculture, where performance contracts were signed in 2017 under the framework of European Union budget support to the GoN's Initiative 3N nutritional program. These performance contracts are valid for two years (2018–19) and include performance indicators for each objective of the contract, as well as reporting requirements (for example, the submission of quarterly reports on the execution of the contract). The definition of performance targets could help to strengthen accountability, especially in strategically important SOEs. Program contracts could also be used to establish targets for SOE financial performance, although other means exist as well. While these contracts represent a good first step toward the establishment of a culture focused on performance, they include pricing features that limit financial discipline. The price of SOE products or services is fixed by the government—seemingly a political decision. This may prevent operations from being carried out in a way that optimizes cost recovery, and there is no corresponding subsidy to cover the difference between the contract price and a price of cost recovery.

A Forward-Looking Approach to Assessing Fiscal Risks from SOEs in Niger

Baseline Scenario

The macroeconomic outlook under the baseline scenario is positive. Real GDP in Niger is predicted to grow at 6.9 percent between 2018 and 2023 and 6.0 percent between 2024 and 2035. The GDP deflator is projected to average 2.2 percent between 2018 and 2023 and 2.0 percent between 2024 and 2035. Hence, the growth rate of nominal GDP is estimated at 9.2 percent between 2018 and 2023 and 8.1 percent between 2024 and 2035. It is assumed that the CFAF will continue to be pegged to the euro through 2035. A

8. Ordinance 86-002.

TABLE 8: Macroeconomic Assumptions under Baseline Scenario, 2017–35

	2017 Est.	2018 Proj.	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024–35 Proj.
Nominal GDP (CFAF billions)	4,726	5,135	5,600	6,051	6,518	7,340	7,993	13,736
Nominal GDP growth (% change)	4.8	8.6	9.1	8.1	7.7	12.6	8.9	8.1
Real GDP growth rate (% change)	4.9	5.2	6.5	6.0	5.6	11.0	6.8	6.0
GDP deflator (% change)	–0.1	3.3	2.4	1.9	2.0	1.4	2.0	2.0
Oil prices (US$/barrel)	54.2	69.0	70.0	70.0	70.0	70.0	70.0	70.0
Uranium prices (US$/Kg)	34.0	35.0	40.0	40.0	40.0	40.0	40.0	40.0
Exchange rate (CFAF/US$)	580.9	553.1	560.5	553.1	549.9	545.2	542.8	542.8
Exchange rate (CFAF/EUR)	656.0	656.0	656.0	656.0	656.0	656.0	656.0	656.0

Source: Niger authorities; IMF and World Bank staff estimates and projections, 2018.

nominal appreciation of 1.1 percent is projected for the CFAF against the U.S. dollar between 2018 and 2023, followed by no depreciation from 2024 on. Additional important exogenous variables are largely consistent with projections in the IMF's World Economic Outlook. Notably, uranium and oil prices are projected to stabilize at around US$40 per kg of uranium and US$70 per barrel of crude oil between 2018 and 2035 (Table 8).

The GoN aims to achieve its fiscal consolidation objectives in line with the ongoing reform program and the goal of meeting the West African Economic and Monetary Union (WAEMU) deficit target of no more than 3 percent of GDP by 2020. The overall fiscal deficit is projected to decline gradually from 4.5 percent of GDP in 2019 to 2.0 percent of GDP in 2023 and to be maintained at this level from 2024 on (Table 9). Consequently, government debt is projected to decline from 49.3 percent of GDP in 2017 to 47.4 percent between 2018 and 2023 and 36.8 percent from 2024 to 2035. Domestic revenue mobilization will remain the main vehicle for supporting consolidation, and expenditure rationalization will also contribute and serve as a second line of defense should revenues fall short.

Domestic revenue would be expected to rise on the back of full implementation of ongoing and planned tax reforms. The GoN has adopted several tax policy and tax administration reforms since 2017, including removing value-added tax exemptions for some goods and services to harmonize government policy with WAEMU standards, tightening fiscal incentives in the investment code, creating new taxes,[9] computerizing

9. New taxes include a housing tax, a higher proxy tax for small businesses, minimum taxes for capital gains and real estate transactions, and a levy on cable network subscriptions.

TABLE 9: Central Government Financial Operations under Baseline Scenario, 2017–35 (% of GDP)

	2017 Est.	2018 Proj.	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024–35 Proj.
Total revenues and grants	**21.2**	**24.0**	**24.0**	**24.9**	**24.5**	**24.9**	**24.9**	**24.7**
Tax revenues	13.1	15.0	14.9	15.8	16.3	17.3	17.7	18.1
of which taxes paid by 5 SOEs	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Nontax revenues	1.0	1.1	0.6	0.6	0.6	0.7	0.6	0.7
of which dividends paid by 5 SOEs	0.0	0.1	0.1	0.2	0.2	0.2	0.3	0.4
Grants	6.7	7.6	8.1	8.0	6.9	6.3	5.8	5.0
Other revenues	0.3	0.2	0.3	0.3	0.4	0.4	0.4	0.5
Total expenditures	**26.8**	**28.5**	**28.4**	**27.9**	**27.1**	**27.0**	**26.9**	**26.7**
Current expenditures	14.1	13.5	13.5	12.9	12.7	12.5	12.4	11.2
of which current transfers	4.6	4.2	4.3	4.2	4.1	4.2	4.2	4.0
of which received by 5 SOEs	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.1
Capital expenditures	12.7	15.0	15.0	14.9	14.4	14.4	14.5	15.5
Central government balance	**–5.7**	**–4.4**	**–4.5**	**–2.9**	**–2.6**	**–2.1**	**–2.0**	**–2.0**
Central government debt	**49.3**	**49.7**	**50.5**	**49.2**	**48.1**	**44.5**	**42.7**	**36.8**

Source: Niger authorities; IMF and World Bank staff estimates and projections, 2018.

customs and tax payments, and rolling out the Automated System for Customs Data in the main border posts. Full implementation of these reforms will be necessary to achieve the government's fiscal objectives. In addition, new planned reforms include improving the regulatory framework for tax exemptions, strengthening tax and customs administration, and combatting smuggling in the oil sector. Those reforms are expected to increase tax revenue from 14.9 percent of GDP in 2019 to 17.7 percent in 2023, to an average of 18.1 percent between 2024 and 2035. Taxes and dividends paid by the five SOEs examined in this study are expected to contribute to this improved performance, for instance about 60 percent of nontax revenue is expected to be generated by the five SOEs (Table 9).

Expenditure rationalization will support fiscal consolidation over the medium term. Total expenditure would decline from 28.6 percent in 2019 to 26.9 percent of GDP in 2023, to 26.7 percent of GDP between 2024 and 2035. Recurrent spending would decrease from 13.5 percent of GDP to 12.4 percent of GDP, to 11.2 percent over the same period. The expenditure rationalization is explained by the decline in spending on goods and services and on wages and salaries. Subsidies and transfers will be maintained at

4.2 percent of GDP, on average, between 2019 and 2023, including 0.3 percent to be granted to the five SOEs on which this study focuses. Capital expenditure is projected to average 14.5 percent of GDP between 2019 and 2023 and 15.5 percent of GDP between 2024 and 2035 to finance major development investment needs. Grants and concessional borrowing would remain high during 2019 and 2020 and decline thereafter.

The financial performance of the five key SOEs and their net contribution to the central government budget are projected to improve. The operating balance is expected to increase from 0.12 percent of GDP in 2017 to 0.50 percent of GDP in 2018–23, to 0.90 percent of GDP between 2024 and 2035. Over the same period, the net contribution to the central government budget is projected to improve from −0.17 of GDP in 2017 to −0.11 percent of GDP and then to 0.50 percent of GDP in 2024–35. Tax and dividends will be the main drivers of SOEs' improved net contribution to the government. By contrast, subsidies and transfers to SOEs are expected to decline as a share of GDP from 0.36 percent in 2017 to 0.22 percent in 2023, to 0.15 percent between 2024 and 2035 (Table 10).

The debt stock of the five SOEs is projected to increase between 2018 and 2023 and then decline thereafter. The debt of the five SOEs examined in this study is projected to increase from 6.20 percent of GDP in 2018 to 8.93 percent of GDP in 2023, before falling to 4.7 percent of GDP between 2024 and 2035. More than 50 percent of the debt of the five SOEs is—and will continue to be—driven by the debt of SPEN in line with their financing composition (Table 11).

TABLE 10: Proxy Fiscal Risk Indicators for Five SOEs in Aggregate under Baseline Scenario (% of GDP)

	2017 Est.	2018 Proj.	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2018–23 Proj.	2024–35 Proj.
Operating balance	**0.12**	**0.22**	**0.37**	**0.45**	**0.52**	**0.65**	**0.73**	**0.49**	**0.90**
Net contributions to central government budget	**–0.17**	**–0.11**	**–0.05**	**0.12**	**0.16**	**0.19**	**0.31**	**0.11**	**0.50**
Taxes paid	0.19	0.14	0.14	0.18	0.20	0.20	0.24	0.18	0.29
Dividends paid	0.01	0.07	0.11	0.21	0.23	0.23	0.29	0.19	0.36
Transfers from central government	0.36	0.32	0.29	0.27	0.26	0.24	0.22	0.27	0.15
Gross debt stock	**8.70**	**8.67**	**8.48**	**8.42**	**8.36**	**7.78**	**7.52**	**8.20**	**6.05**
Net debt	**5.72**	**5.83**	**5.72**	**5.73**	**5.71**	**5.31**	**5.13**	**5.60**	**3.97**

Source: World Bank staff projections.

TABLE 11: Debt Stock for Five SOEs under Baseline Scenario, 2018–35

		2017 Est.	2018 Proj.	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024–35 Proj.
SOPAMIN	CFAF millions	8,834	8,149	7,402	8,587	9,519	7,485	7,687	5,876
	% of GDP	0.19	0.16	0.14	0.17	0.19	0.15	0.15	0.04
SONIDEP	CFAF millions	70,935	68,262	66,823	71,357	77,285	75,371	82,251	101,471
	% of GDP	1.50	1.33	1.30	1.39	1.51	1.47	1.60	0.74
OPVN	CFAF millions	35,340	46,436	55,576	64,073	72,108	77,276	84,254	78,183
	% of GDP	0.75	0.90	1.08	1.25	1.40	1.50	1.64	0.57
SPEN	CFAF millions	163,08	175,711	188,614	202,768	217,841	233,084	249,467	413,748
	% of GDP	3.45	3.42	3.67	3.95	4.24	4.54	4.86	3.01
CAIMA	CFAF millions	17,762	19,939	22,976	25,686	29,361	32,174	34,934	46,329
	% of GDP	0.38	0.39	0.45	0.50	0.57	0.63	0.68	0.34
TOTAL	CFAF millions	295,930	318,496	341,391	372,471	406,115	425,390	458,594	645,608
	% of GDP	**6.26**	**6.20**	**6.65**	**7.25**	**7.91**	**8.28**	**8.93**	**4.70**

Source: World Bank staff projections.

Stress Test Scenarios Show Significant Fiscal Risk from SOEs in Niger

Macroeconomic and some sector-specific shocks have been identified as the most likely sources of risk to the financial health of SOEs and to Niger's central government budget. Before stress tests can be conducted, the source of potential shocks, their likelihood, and the impact on both SOEs and the central government budget need to be assessed. This analysis found that reduced external demand for oil and uranium, a deterioration in the security situation, unfavorable weather conditions and/or natural disasters, a deterioration in SOE governance, and reduced domestic demand would be the most significant sources of risk, which could have a medium to high impact on the financial health of SOEs in Niger and on the central government budget. By contrast, the likelihood and impact of shocks related to a rise in interest rates and a depreciation or devaluation of the CFAF have been rated low (Annex 4).

There are significant differences across SOEs in the sensitivity of revenues and expenses to macroeconomic shocks. The impact of these shocks is likely to vary, both across SOEs and over time, reflecting the intensity of the shock, the nature of each SOE's business, its economic and financial structure, and its regulatory regime. Sensitivity analysis was undertaken

TABLE 12: Elasticity of Spending and Revenues among Five SOEs

SOE	Elasticity of Spending	Elasticity of Revenues to Changes in Domestic Demand
CAIMA	0.3	0.8
OPVN	1.5	1.6
SONIDEP	0.25	0.45
SOPAMIN	0.3	0.75
SPEN	0.2	1.2

to gain a sense of the magnitude of the effect of macroeconomic shocks on revenues and expenses for each SOE. This analysis found that the elasticity of spending with respect to changes in oil prices is less than one for all five selected SOEs. Because Niger is an oil producer and exporter and oil prices are fixed (both from the SORAZ refinery and at the pump), changes in oil prices do not significantly affect the costs of the five selected SOEs. The elasticity of revenue to changes in oil prices is close to one for SONIDEP, given that it exports refined oil at flexible prices on international markets. Spending and revenue elasticities to changes in uranium prices are significant only for SOPAMIN, at an estimated 0.26 for expenses and 0.86 for revenues. The estimated elasticity of spending to changes in domestic demand are small for all five SOEs (Table 12). This is because some expenses are rigid—such as wages and salaries, and depreciation and maintenance (SPEN)—whereas others depend mostly on the SOEs' own spending policies.

The elasticity of expenses and revenues to exchange and interest rate changes is minor. Sensitivity analysis of the revenues and expenses of the five selected SOEs to changes in the exchange rate and interest rates were small, as Niger is a member of WAEMU and uses the CFAF, which is pegged to the euro. In addition, the five selected SOEs do not have debt liabilities denominated in foreign currencies, and the interest rate is fixed.

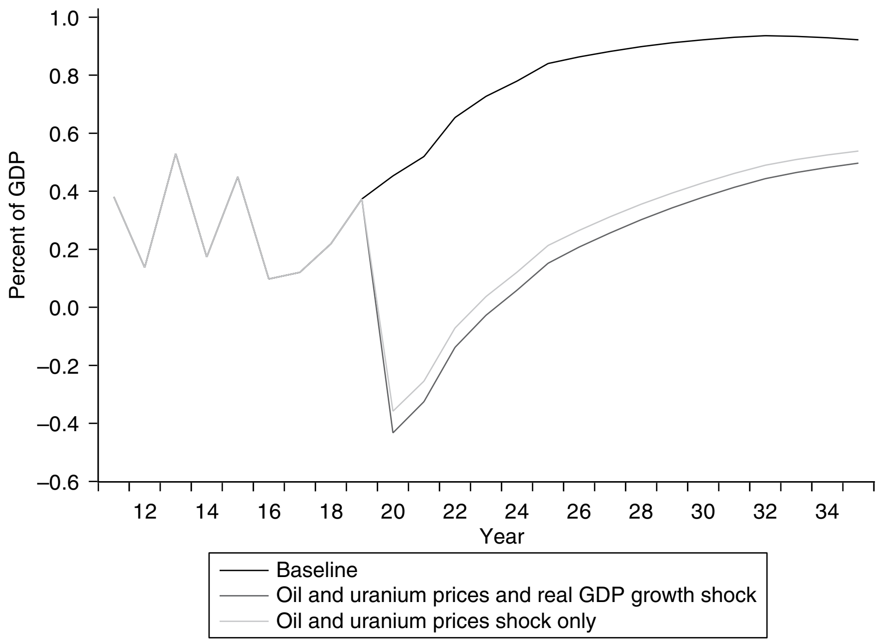
Three stress test scenarios are considered.[10] The first evaluates the potential effects of a decline in oil and uranium prices on international markets. The second consists of a combination of the first shock and a reduction

10. The decision on the precise size of the shock is guided by a country's historical experience. According to IMF guidance, the size of the shock should be in the range of one to two standard deviation(s) from the average volatility experienced in the past. When the stress test includes combined shocks, the size of each shock can be reduced to one-half of a standard deviation from the average volatility experienced in the past. Using this guidance, the analysis in this study uses one-half of a standard deviation from the average volatility experienced in the past for each variable.

in domestic demand proxied by real GDP. The decline in domestic demand has a negative impact on SOEs' financial health and, therefore, on the central government budget and debt. The third stress test uses a combination of the above shocks, together with a shock to contingent liabilities, which assumes that all five SOEs will have difficulties in paying back their debt such that the government must bring them fully onto its balance sheet as a way of bailing them out and avoiding bankruptcy, given their important role for Niger's socioeconomic development.

The operating balance of the five SOEs deteriorates under resource price and demand shocks when compared to the baseline. The aggregate impact of a 23.5 percent reduction in oil prices and a 27.5 percent reduction in uranium prices in 2020 would reduce the operating balance of the five SOEs by 0.5 percentage points of GDP, on average, between 2020 and 2024, compared to the baseline. A 4 percent decline in domestic demand in 2020, together with the above-specified decline in oil and uranium prices, would reduce the operating balance of the five SOEs by 0.47 percentage points of GDP per year between 2020 and 2023 and by 0.56 percentage points per year from 2024 on, again compared to the baseline (Figure 4). The most heavily affected SOE would be SONIDEP, as almost all of its operating revenues

FIGURE 4: Operating Balance of Five SOEs (% of GDP)

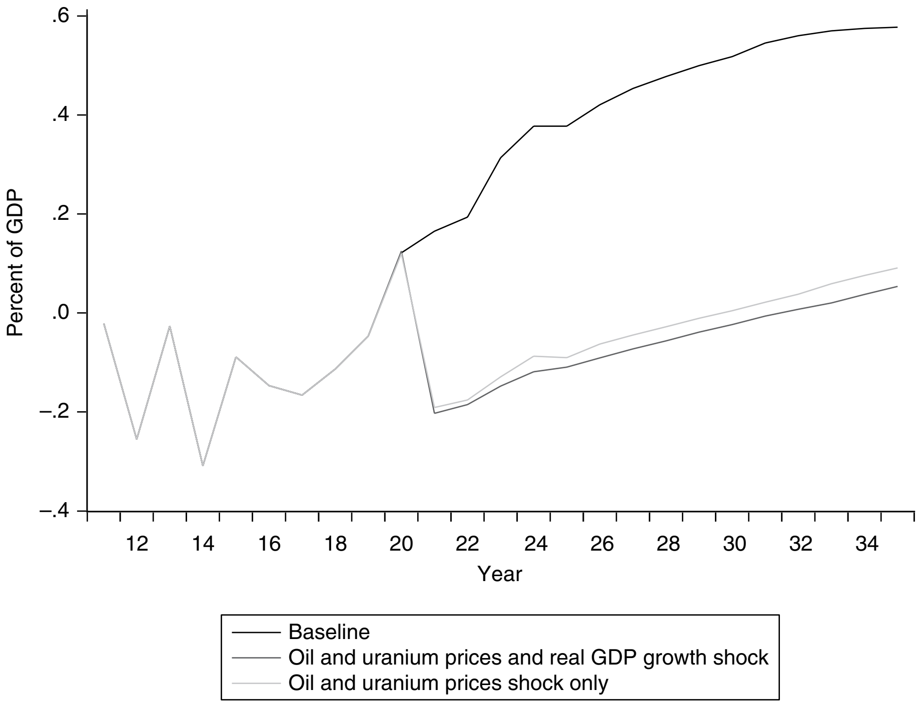


Source: World Bank staff projections.

depend on the sale of petroleum. Although the remaining four SOEs would benefit to some degree from a decline in oil prices, this effect would not offset the adverse impact on SONIDEP because spending on oil is a very small share of the total expenses of the four other SOEs.

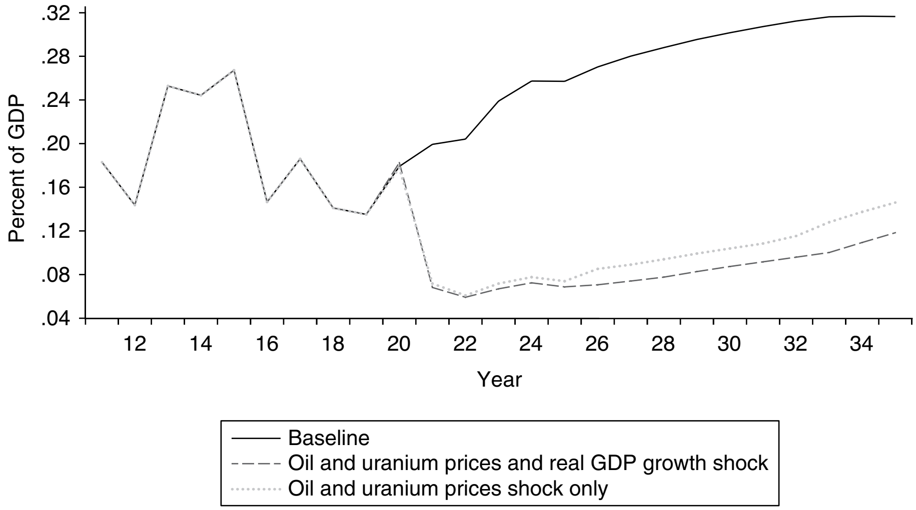
SOEs' net contribution to the budget deteriorates under two stress test scenarios. A 23.5 percent fall in oil prices and 27.5 percent drop in uranium prices in 2020 would reduce the five SOEs' net contribution to the central government budget by 0.17 percentage points of GDP between 2018 and 2023 and by 0.5 percentage points of GDP between 2024 and 2035 (Figure 5). A decrease in an SOE's operating fiscal balance affects its net contribution to the central government via reduced taxes and dividends and constitutes the main channel through which the five SOEs could become a source of fiscal risk on the revenue side. Taxes would decline by 0.06 percent of GDP between 2018 and 2023 and by 0.19 percent of GDP between 2024 and 2035 (Figure 6). Dividends would fall by 0.1 percent of GDP between 2018 and 2023 and by 0.31 percent of GDP between 2024 and 2035 (Figure 7). Transfers to SOEs are kept the same as in the baseline scenario for all stress test

FIGURE 5: Net Contribution to the Budget of Five SOEs (% of GDP)



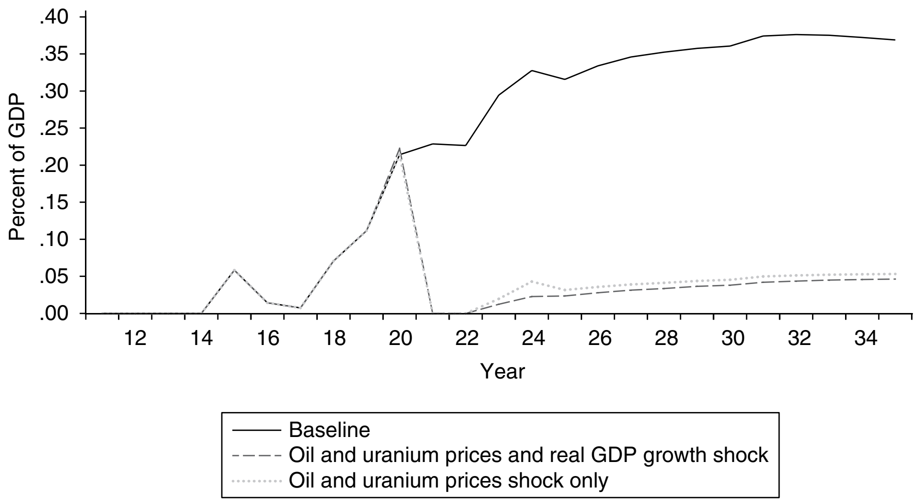
Source: World Bank staff projections.

FIGURE 6: Total Dividends Paid by Five SOEs (% of GDP)



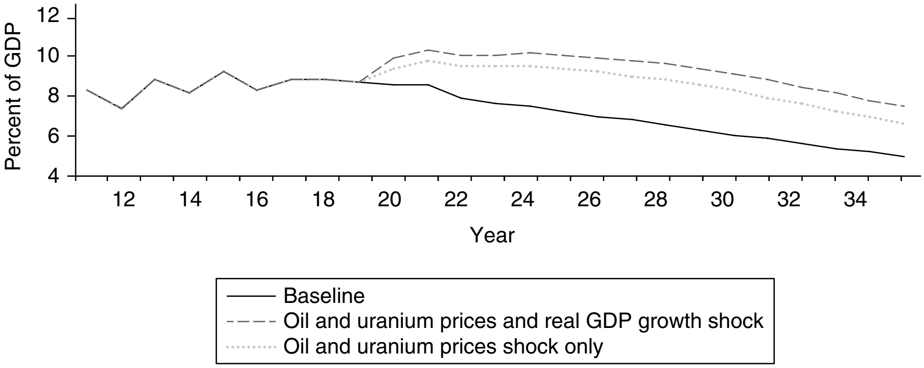
Source: World Bank staff projections.

FIGURE 7: Total Taxes Paid by Five SOEs (% of GDP)



Source: World Bank staff projections.

FIGURE 8: Gross Debt of SOEs (% of GDP)



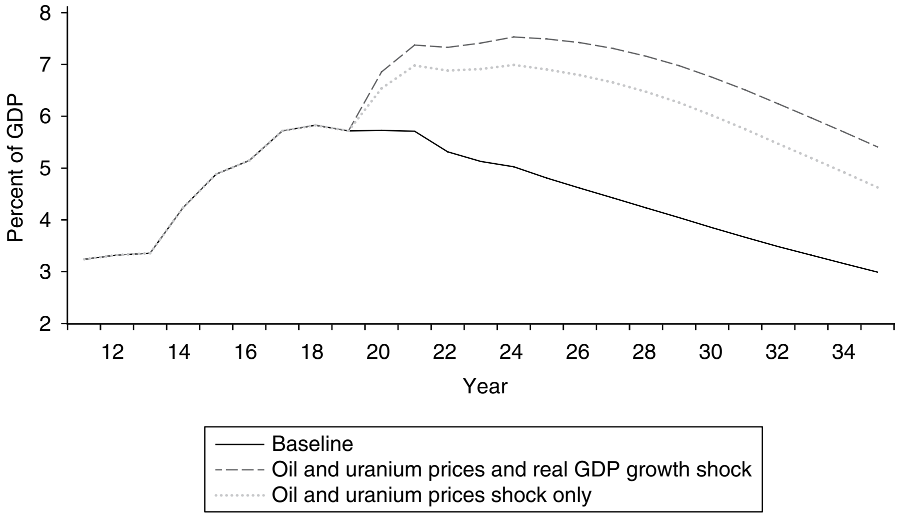
Source: World Bank staff projections.

scenarios. This assumption may change depending on how the government would respond to the shocks, for example by increasing transfers. For the sake of simplicity, they are assumed not to be affected.

The debt of the five SOEs increases under two stress test scenarios. Resource price shocks would increase the five SOEs' gross and net debt by 1.36 percentage points of GDP between 2020 and 2023 and by 2.04 percentage points from 2024 on, compared to the baseline. The second stress test, reflecting a joint resource price and demand shock, would increase gross debt by 1.87 percentage points of GDP between 2020 and 2023 and by 2.82 percentage points of GDP between 2024 and 2035 (Figure 8). Net debt, on the other hand, would decline by 1.77 percentage points of GDP between 2020 and 2023 and by 2.74 percentage points of GDP between 2024 and 2035 (Figure 9).

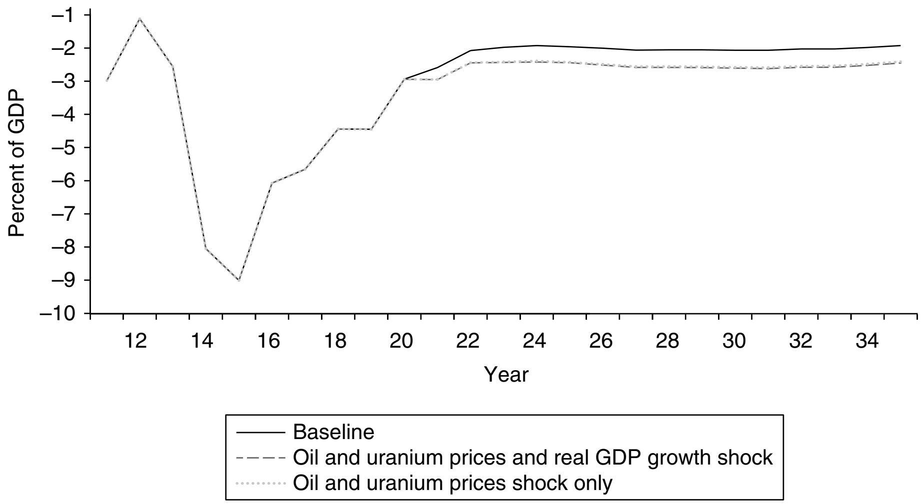
The fiscal balance would deteriorate by 0.5 percent, and central government debt would increase by 3.4 percent of GDP under reasonable stress test scenarios. The aggregate impact of a 23.5 percent reduction in oil prices and a 27.5 percent reduction in uranium prices in 2020 would be a drop in the central government's overall fiscal balance by 0.4 percentage points of GDP between 2020 and 2023 and by 0.5 percentage points from 2024 on, compared to the baseline (Figure 10). Consequently, central government debt would increase by 0.7 percentage points of GDP during 2020–23 and by 3.4 percentage points during 2024–35 under the first stress

FIGURE 9: Net Debt of SOEs (% of GDP)



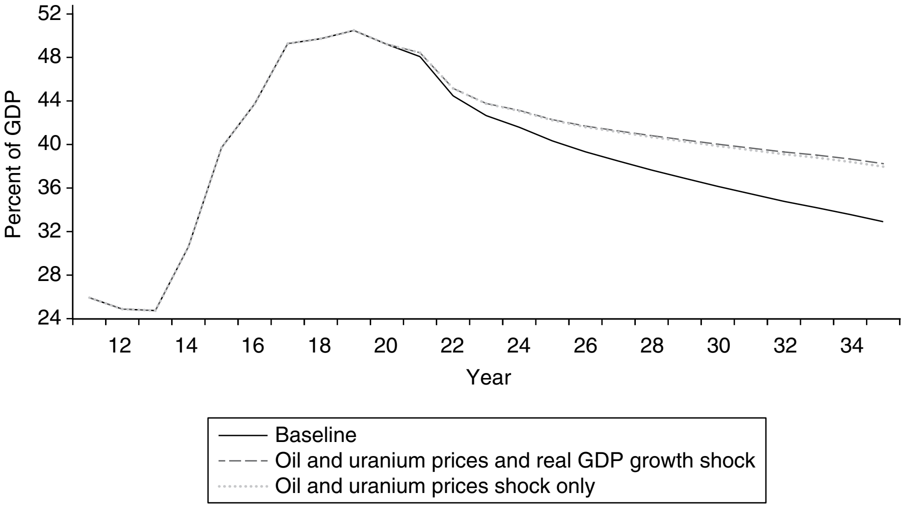
Source: World Bank staff projections.

FIGURE 10: Fiscal Balance (% of GDP)



Source: World Bank staff projections.

FIGURE 11: Central Government Debt (% of GDP)

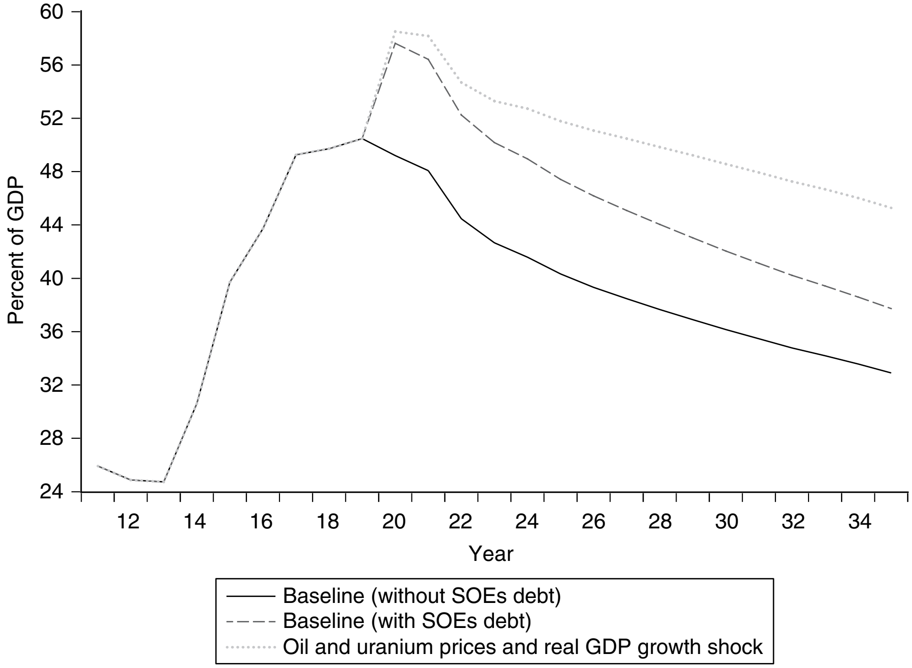


Source: World Bank staff projections.

test scenario (Figure 11). As all variables are computed as a share of GDP, any impact on GDP will affect both the numerator and denominator in the same direction, such that the second stress test scenario's impact on the fiscal balance and central government debt is almost the same as that of the first stress test scenario. Increased strains on SOEs will have both direct and indirect impacts on the central government budget.

Central government debt would rise by 11.6 percent of GDP under a stress test capturing extreme contingent liabilities. If the central government extended full fiscal coverage from the central government level to the public sector level—that is, if SOE and central government debt were consolidated from 2020 on—then central government debt would increase by 7.0 percent of GDP, on average, during 2020–35—by 8.0 percent of GDP during 2020–23 and by 6.0 percent of GDP from 2024 on—as compared to the baseline scenario. If this shock were combined with the above-described shocks to oil and uranium prices and domestic demand, central government debt would increase by 11.6 percent of GDP, on average—by 10.1 percent of GDP during 2020–23 and by 12.1 percent of GDP during 2024–35 (Figure 12). This stress test scenario is a proxy for an implicit contingent liability shock. It aims to assess the impact on central government debt if all five SOEs were to experience difficulties in paying back their debts, such that the government would need to bring them onto its own balance sheet as a way of

FIGURE 12: Consolidated Central Government Debt and Debt of Five SOEs (% of GDP)



Source: World Bank staff projections.

bailing them out. In this context, instead of gross debt, the net debt of SOEs is used as the implicit contingent liability shock to the central government because either the government or SOEs could use liquid assets to pay back part of the debt.

In sum, although the quantified effects constitute relatively conservative estimates, they would still be difficult to manage given the current lack of fiscal space in Niger. Furthermore, the impact of less likely, more severe macroeconomic shocks, such as those associated with a global or regional economic crisis, would be much larger and much more difficult to address. Moreover, the analysis represents only the impact based on five out of 164 SOEs—and, although these SOEs were selected based on their size and perceived fiscal risk, other SOEs may add substantially to the overall fiscal risk. Finally, the stress tests do not account for sector- and SOE-specific sources of risk (for example, related to capital investment programs, regulatory price setting, and natural disasters), which might increase the estimated fiscal risks.

CHAPTER 4

iSOEF Module 4: Corporate Governance and Accountability Mechanisms

Legal and Regulatory Framework

Several ordinances adopted in 1986 foresaw four types of state-owned enterprises and agencies in Niger and determined their governance regime.[11] Texts distinguish between industrial and commercial public

11. These include: (a) Ordinances No. 86-001 and 86-002 of January 10, 1986, relating, respectively, to the general regime of public agencies, state-owned companies and companies with mixed ownership and determining the trusteeship and the control of public agencies, state-owned companies and companies with mixed ownership; (b) Decree No. 86-002/PCMS/MEP/SEM of January 10, 1986, providing detailed rules for the exercise of oversight of public agencies, state-owned companies and companies with mixed ownership; (c) Decree No. 86-120/PCMS/MTEP/SEM of September 11, 1986, relating to the approval of the model statutes of public establishments of an administrative nature; (d) Decree No. 86-121/PCMS/MTEP/SEM of September 11, 1986, relating to the approval of the model statutes of public establishments of an industrial and commercial character; (e) Decree No. 86-122/PCMS/MTEP/SEM of September 11, 1986, relating to the approval of the model statutes of state corporations or corporations with mixed ownership; (f) Decree No. 86-123/PCMS/MTEP/SEM of September 11, 1986, relating to the approval of the model statutes of companies with mixed ownership; (g) Decree No. 86-154/PCMS/MTEP/SEM of October 23, 1986, concerning the general status of the staff of public agencies of industrial and commercial character, state-owned companies and companies with mixed ownership; and (h) Decree of January 21, 1987, concerning the statutes of different groups of staff of EPICs, SEs, and SEMs and determining their conditions.

entities, administrative public entities, state-owned companies, and partially state-owned companies. The corporate governance regime of these four types of SOEs is governed by a common legal framework. Among the four types of SOEs in this study, EPAs are the most similar to government departments, although they are more autonomous in the management of their operations than an ordinary department. Ordinance No. 1 of 1986 establishes an SOE monitoring system, as well as rules relating to financial information and audits. Implementation decrees adopted following the ordinance include a specific statute for each type of entity. Each institution and public company must have an internal regulation providing specific details about its corporate governance and operations (such as shares, equity, composition of the board of directors, and so on).

Other types of SOEs are governed by different legal texts, creating unnecessary complexity and fragmentation. There are approximately 40 SOEs in Niger that do not fall under the four abovementioned categories and are instead subject to a separate legal framework: nine professional public institutions (EPPs), established in accordance with Act 95-017 of December 8, 1995;[12] eight social public agencies (EPSs), established in accordance with Act 2003-33 of August 5, 2003;[13] fifteen scientific cultural and technical public agencies (EPSCTs), established in accordance with Order 2010-77 of December 9, 2010, on the general regime of EPSCTs;[14] two public financing agencies (EPFs), established in accordance with Ordinance 99-54 of November 22, 1999;[15] and eight others (*Régie, Sans status, SCP*).[16] There is no general legal framework for these. EPSs, EPSCTs, EPFs, and the others are created by law, and their statutes are adopted by decree. All of these institutions, including the eight others, are equipped with a legal personality, exercise administrative and financial autonomy, and apply public accounting rules. The existence of multiple legal frameworks creates unnecessary complexity and fragmentation in the SOE sector and makes sector oversight challenging.

While SEs, EPICs, and EPAs are established by legislation, their legal framework could be more comprehensive. Article 5 of Ordinance 86-001 of January 10, 1986, establishing the general regime of the various types of SOEs (SEs, EPICs, and EPAs), stipulates that they are created by legislation

12. For example, the Chamber of Commerce, Agriculture, Industry and Crafts of Niger.
13. For example, the National Agency for the Promotion of Employment.
14. For example, the National Institute of Agronomic Research of Niger or the National Museum of Niger.
15. For example, the Investment Fund for Food and Nutritional Security and the *Caisse des Dépôts et Consignations.*
16. For example, the Nuclear Regulatory and Safety Agency or the High Authority for the Fight against Corruption and Assimilated Offenses.

and that their statues are adopted by decree. The initiative for the creation of an EPA, EPIC, SE, or SEM is the responsibility of the central government or local governments according to Article 2 of Ordinance 86-001. The same article indicates that SEs, EPAs, and EPICs are created to accomplish public service activities. Article 12 of Ordinance 86-001 indicates that the mission of EPAs is to fulfill a task that is normally vested in the state and has no commercial or industrial character. Article 21 of Ordinance 86-001 indicates that EPICs' objectives are to exercise industrial and commercial activities with a public service mission. Article 3 stipulates that SEs and SEMs can be created to promote certain industrial and commercial activities. Interviews conducted during the preparation of this study revealed that, in practice, the creation of a new EPA, EPIC, SE, or SEM derives mainly from the ministry that would have technical oversight over it, with no formal consultation with the MoF or other concerned stakeholders. There are no established economic, financial, or technical criteria for justifying the creation of new agencies. Finally, there is no obligation to carry out an economic, financial, social, or environmental impact study prior to the creation of new agencies or SOEs. As a result, to be funded, an EPA must write a justification to its technical oversight ministry and to the MoF. Currently, the DEP/PE does not have the authority to coordinate and oversee this process.

Although 100 percent state owned and fulfilling a public service mandate, EPICs are governed by private commercial laws.[17] While the legal regime for EPICs has commonalities with that of EPAs—as both are legal entities under public law—the function of an EPIC may be similar to that of an SE or SEM, as all three of these entities pursue a commercial or industrial objective and are expected to operate like a business by maximizing profit, although they can still benefit from government support. The main difference between EPICs on the one hand and SEs and SEMs on the other lies in the fact that EPICs have a public service mandate, while SEs and SEMs do not. EPICs that receive government subsidies must apply public procurement rules for contracts that exceed a threshold set by the MoF.

SEs and SEMs operate in accordance with commercial laws and regulations. SEs, whose capital is owned 100 percent by the state, and SEMs, in which the state holds fewer than 100 percent of shares, have a profit-maximizing objective (Article 30 of Ordinance 86-001) and operate according to the applicable private commercial law (Article 30 and Article 33). All SEMs must be incorporated as limited liability companies in accordance with Article 33. Like EPICs, SEs and SEMs that receive government

17. Title II, Chapter 3 of Ordinance 86-001, and Decree 121/1986 governing EPICs; Title III, Chapter 1 of Ordinance 86-001, and Decree 86-122/PCMS/MTEP/SEM of September 11, 1986.

subsidies must apply public procurement rules for contracts for works, goods, and services that exceed a threshold set by the MoF. The purchase or sale of SEM shares is carried out by government decree.[18]

Private commercial law in Niger, which applies to EPICs, SEs, and SEMs, is governed by the OHADA Regulation. Niger ratified the revised treaty, signed in Quebec City on October 17, 2008, relating to the Organization for the Harmonization of Business Law in Africa on October 29, 2009. The Uniform Acts contain rules of substantive law that, once adopted, apply to all member states and shall prevail over any contrary domestic legislation, in accordance with Article 10 of the OHADA Treaty (Annex 9).

Niger's legal framework provides for general and direct oversight of EPAs, EPICs, SEs, and SEMs. In accordance with Articles 4–6 of Ordinance 86-002, the objective of the general oversight function (*tutelle générale*) is to harmonize the general guidelines of the state's policies vis-à-vis public agencies, SEs, and SEMs. General oversight applies to EPAs, EPICs, SEs, and SEMs in which the state holds more than one-third of the social capital; those whose activities are of "strategic interest," as determined by the state; or those that receive loans, grants, guarantees, or advances from the state. No department currently appears to ensure the general oversight role, as this function is not clearly allocated to any particular ministry (the MoF, for example). The objective of the direct oversight function (*tutelle directe*), according to Article 7 of Ordinance 86-002, is to ensure technical, financial, and administrative controls. Direct oversight is ensured by the sectoral ministry under whose jurisdiction an EPA, EPIC, SE, or SEM operates. Several regulatory authorities (telecommunications, water, transport, and electricity) have been created over the past recent years, but the current legal framework does not recognize their role.

Although legal dispositions for the transmission of information exist, they lack detail and are not systematically followed. Decree 86-002 indicates that EPAs, SEs, and EPICs must communicate budgetary information—such as budgets, annual work programs, estimates of revenue and expenditure, financial accounts at the end of the financial year, and debt information—to the direct oversight ministry and the MoF. Chapters 1 and 2 of Decree 86-002 even stipulate that the MoF must be associated with decisions concerning these aspects. These requirements in the legal texts lack detail, however, and do not cover all pertinent information, such as annual reports, management reports, the reports of the statutory auditor, minutes of the meetings of the board of directors, and budgets. In practice, little

18. Art. 32 of Ordinance 1/1986.

information is transmitted to the MoF, owing to several factors: the information is often not produced, there is a lack of knowledge of the rules in place, and SOEs have weak incentives to comply with the rules, especially given the absence of sanctions if information is not transmitted. Decisions of EPA and EPICs become final only after the approval of the oversight ministry and other ministries concerned. Some provisions, notably for debt, must be specified in MoF orders. Yet these provisions have not been adopted. For SEMs in which state participation is greater than one-third of the capital, decisions do not become final until after receiving joint approval from the ministry of direct oversight, the MoF, and the ministry in charge of general oversight (Article 8 of Decree 86-002).[19]

Governance provisions are similar for all four types of SOEs, although the ordinances do not present SOE governance arrangements comprehensively or consistently. Part of these arrangements are detailed in the model statutes. Annex 1 indicates that the provisions related to the main areas of governance are relatively similar among different types of SOEs. Contrary to SEs and SEMs, EPAs and EPICs do not have general assemblies of shareholders. In the case of SEMs, the legal texts clearly stipulate the functioning when the state is the majority shareholder and when the SEM exercises "strategic" activities, even if the state is a minority shareholder. In this case, the state plays an important role because it nominates the chair of the board of directors, who is also president of the general assembly (GA), except when the law establishing the SEM indicates otherwise. When the state has minority ownership, the model statutes indicate that the GA is presided over by the chair of the board of directors, who in turn is elected from among the representatives of the GA. In all cases, when the state designates a board chair, this is done by decree based on the proposal of the minister in charge of general oversight. The members of the board of directors designated by the state are nominated by an order of the minister in charge of general oversight based on the proposal of the minister of direct oversight.

Concerning their financial reporting and audit, SEs, SEMs, and EPICs are subject to the legal framework applicable to the private sector. SEs, SEMs, and EPICs are subject to private sector rules relating to the preparation, audit, and publication of financial statements, in accordance with the requirements of the revised OHADA accounting system

19. Decisions taken in application of Decree 86-002 are notified to the ministry of direct oversight, which shall inform the other concerned ministers who must give their approval in writing. Article 11 of the decree stipulates that the decisions are final if a response is not given within a period of 30 days after the request for decision approval.

(SYSCOHADA).[20] Both EPICs and SEs must be subjected to an annual audit of their financial statements, performed by one or more statutory auditors that have been selected from a list agreed with the tribunals and appointed by the board of directors. In practice, the auditors are private audit firms that are members of the National Institute of Chartered Accountants (ONECCA) in Niger. The Court of Auditors has a mandate to audit SEs, SEMs, and EPICs,[21] yet conducts few audits due to capacity and resource limitations. The legal and regulatory framework that applies to SEs, SEMs, and EPICs does not specify their obligations to prepare an audit of annual financial statements. Adopted to replace the Uniform Act of March 24, 2000, relating to the organization and harmonization of business accounting, the new Uniform Act of January 26, 2017, relating to the accounting law and financial information, entered into force on January 1, 2018, and includes the revised SYSCOHADA as an annex. The revised SYSCOHADA includes both the OHADA General Accounting Plan and the accounting regime for consolidated and combined accounts; yet only a small number of EPICs, SEs, and SEMs follow the new accounting regime, and they lack the technical capacity to implement it. For the personal accounts of entities and (as of January 1, 2019) for the consolidated accounts, the combined accounts and financial statements are produced according to the International Financial Reporting Standards (IFRS). In addition to Niger's listed companies (Bank of Africa Niger is the only Nigerien publicly traded company on the regional stock exchange, the *Bourse Régionale des Valeurs Mobilières*, or BRVM), shareholding companies with more than 100 shareholders are required to apply the IFRS. Currently, only two companies are subject to this requirement as of 2019.

EPAs are subject to public law and all public accounting rules. In accordance with Article 15 of Ordinance 86-001 of January 10, 1986, establishing the general system of public agencies, state-owned enterprises, and enterprises with mixed ownership, EPAs are subject to public law, except in cases where a derogation is provided for explicitly by the law. Article 14 stipulates that EPAs are subject to all public accounting rules. They have the treasurer general as their accounting officer, must submit to the national treasury the funds they have available, and must perform all operations related to revenues and expenditure by the intermediary of the National Treasury. Article 15 requires that EPAs submit to public procurement rules. Article 20 provides that a financial controller is appointed by order of the

20. Major SOEs could benefit from applying International Financial Reporting Standards (IFRS) to further improve the quality of the accounting of these SOEs.
21. According to the Ordinance, the auditors must be chosen from a list of accredited auditors held by the courts; in practice, auditors authorized by ONECCA are considered accredited.

minister of finance. Although the Court of Auditors is responsible for auditing EPAs, it only manages to audit a limited number of them due to low capacity. The EPAs do not present their accounts according to the public sector accounting plan and, as a result, the presentation of their financial information is not standardized. Following the significant development of replacing Niger's public finance regulations with WAEMU directives, EPAs will have to comply with public finance rules laid out in the Code of Transparency, the Organic Law of Finance, public accounting regulations, the state's budget nomenclature, the state's accounting plan, and the state's table of financial operations.[22, 23] These regimes provide for a large number of changes, in particular the introduction of program budgeting. For the moment, only a limited number of EPAs have begun to follow the new rules on public finance management.

SOEs have a high level of autonomy in terms of human resources, and each establishment or undertaking has arrangements specific to its own particular statute. A decree dated January 21, 1987, defines the model statute for SOE personnel. Based on this decree, each SOE adopts a statute that determines the regime governing its employees, and each has autonomy to make decisions relating to hiring and remuneration, even in the case of loss-making entities. The texts do not provide a specific statute for SOE staff and do not require that SOEs communicate information on their workforce or personnel costs to the government. Consequently, there are no centralized data on the size and evolution of the SOE workforce and wage bill.

Ownership and Oversight Function

In Niger, SOEs are subject to a *de facto* dual oversight model, in which the MoF is responsible for financial oversight while sectoral ministries are responsible for technical oversight. This oversight model implies shared responsibilities, with the MoF monitoring the economic efficiency and budgetary impact of SOEs' performance, and sector ministries overseeing SOEs' technical performance. Ordinance 86-002 of January 10, 1986, determining the oversight (*tutelle*) and control of SOEs foresees a general oversight function (*tutelle générale*) and a direct oversight function (*tutelle directe*), with a role conferred to the MoF. As such, the general oversight function, which was originally assumed by the former Ministry of Public

22. Act No. 2014-07 of April 16, 2014, on the adoption of the Code of Transparency in the management of public finances within WAEMU.
23. Act No. 2012-09 of March 26, 2012, on the organic law relating to finance laws.

Enterprises, is no longer ensured and has not been updated in the Ordinance.

Sectoral ministries are responsible for technical oversight of SOEs and defining public policies for the sector. Ordinance 86-002 also provides for this direct oversight function to have financial and administrative control.[24] Interviews conducted for this study highlight that sectoral ministries oversee entities in their sector and tend to focus mostly on technical oversight of SOEs. For instance, the Ministry of Mining is responsible for SOEs in the mining sector. In some cases, however, technical oversight is not ensured by the sector ministry. For instance, while the Ministry of Oil oversees the refinery, SORAZ, it is the Ministry of Trade and Commerce that oversees SONIDEP, which sells gasoline and other petroleum products. While limited, these SOEs have some engineers and sector experts to ensure technical oversight.

The DEP/PE's responsibility for financial oversight is not recognized by several SOEs. In addition to financial oversight, the DEP/PE is responsible for overseeing the privatization and liquidation of SOEs. The financial oversight function does not exist in the basic texts of 1986, although Decree 86-002/PCMS/MTEP/SEM of January 10, 1986, assigns an important role to the MoF in the management of SOEs. The DEP/PE was created without an amendment and clarification to the legal texts of 1986.[25] The financial oversight function is mentioned in the statutes of some SOEs, and the DEP/PE is made responsible for it in an MoF decree. A legal instrument that formally establishes this oversight function has not been identified. This legal discrepancy has opened the door to challenges to the legitimacy of DEP/PE's financial oversight. While the DEP/PE has initiated some activities, such as collecting and analyzing financial information, it has faced challenges in collecting a full dataset, as some SOEs have challenged its legitimacy due to the lack of an adequate legal instrument giving it a formal oversight role.

The state's financial oversight and shareholder roles are weakened by the DEP/PE's institutional positioning. The DEP/PE is currently a department under the MoF's General Directorate of Financial Operations and Reforms, rather than an independent General Directorate. This status could contribute to its lack of power in exercising financial oversight over SOEs. In addition, since the DEP/PE was created only recently (in 2016),

24. At the international level, there is a growing trend toward consolidating ownership and performance monitoring functions in a single institution (for example, a central ministry or holding structure).
25. The Directorate was created by Decree 0482/MF/SG/DGOF/R of December 8, 2016, on the establishment of the Directorate General of financial transactions and of financial reforms.

several SOEs do not know its functions, and it sometimes lacks autonomy and authority. To request information from SOEs, for example, the DEP/PE often needs to make the request through the minister of finance, because direct requests are not always taken into consideration.

In carrying out its mandate, the DEP/PE faces capacity constraints and resource limitations. The DEP/PE has approximately 10 staff members who are responsible for the financial oversight of almost 150 SOEs.[26] As the department is relatively new, most of its staff lack specialized experience in the field, except the director, who had worked in the former Ministry of Public Enterprises. While the DEP/PE's staff are highly motivated to carry out the department's mission, they lack certain specialized skills. For example, the directorate would benefit from capacity strengthening in the area of financial analysis, legal expertise (the DEP/PE does not have a lawyer who specializes in SOEs), fiscal risk analysis, corporate governance, and other business skills in order to fully exercise its mandate.

The oversight and monitoring system is fragmented across several institutions. The absence of an oversight structure since the Ministry of Public Enterprises was dismantled in 2005 has contributed to an accumulation of gaps and inefficiencies in SOE oversight. During this interim period, several departments created their own directorates for the financial oversight of SOEs under their technical oversight (for example, the Ministry of Mines and the Ministry of Commerce). Moreover, at the MoF, several entities outside the DEP/PE oversee specific areas relevant to the management of the SOE portfolio. For example, the General Directorate of the Treasury and Public Accounting (DGTCP) oversees on-lending (*dette retrocédée*) and the General Tax Directorate follows SOEs' tax debt. There are also financial control functions foreseen in each SOE that are exercised by financial controllers in the MoF's Directorate of Public Procurement and Financial Control. This directorate is responsible for the control of the regularity of the SOE's expenditures and revenues. There are not enough financial controllers to effectively cover all SOEs, however. Finally, their precise function with respect to SOEs is not clearly established and would benefit from legal and operational clarifications. Overall, the state's monitoring function vis-à-vis SOEs is fragmented. It lacks systematic coordination and regular exchange of information, which limits the development of a global, strategic approach to managing and monitoring the state portfolio.

26. In comparison, South Africa's treasury department has approximately 40 employees to supervise just under 40 public enterprises.

Boards of Directors and Executive Management

All SOEs must have a board of directors,[27] and in the case of EPAs and EPICs, the board is the highest decision-making body. The board of directors (*conseil d'administration*) includes a minimum of three and a maximum of twelve directors. Each director is appointed for a renewable three-year term. For EPAs, EPICs, and SEs, most directors are, by default, government representatives. These always include a representative from the technical oversight ministry and a representative from the MoF. Some boards also include employee representatives. Although the statute of each entity determines the size and composition of the board, these statutes are not always consistent with the requirements set out in the decree. For example, there are SOEs that have more than twelve members. Government representatives may not serve simultaneously on more than seven boards of directors of SEMs, EPICs, or EPAs. A similar restriction does not exist for SEs. The Act does not specify whether a member may sit on seven SEM boards, seven EPIC boards, and seven EPA boards at the same time, as the texts only explicitly limit board appointments for each type of entity, without mentioning the possibility of cumulative appointments on the boards of various types of SOEs. There are no requirements concerning independent directors. The chair of the board of directors is appointed by government decree.[28]

The relevant legal texts do not require any minimum specialized experience for directors. The law requires that the directors be appointed, in general terms, based on their integrity and competence,[29] but it does not provide clearly for any minimum or specialized experience.

The clarity of the board nomination process and the accountability of boards could be strengthened further. The laws do not provide details on the process for appointing directors and the stakeholders who should participate in this process. For example, in contrast to the practice observed in many countries of the Organisation for Economic Co-operation and Development (OECD) and elsewhere, the DEP/PE is not involved in the selection process for board members. In addition, the oversight entity has not developed any criteria or guidelines for harmonizing the selection process. Even after directors are appointed, their names are not always made public. As a result, there is a risk that the appointment of board members is

27. Decrees 120, 121, 122, and 123 of 1986 establish the requirements relating to SOE boards of directors.
28. Art. 9 of Ordinance 1/1986.
29. Decree 1/1986.

not based systematically on professional considerations. In addition, the boards do not regularly report on their activities. For example, they do not communicate their meeting agendas and minutes to the DEP/PE, to the technical oversight ministry, or to other organs of the government. This limits the government's ability to properly supervise the work of the boards and constitutes a constraint to their accountability.

SEs and SEMs are required to have a general assembly of shareholders, which is the highest decision-making authority of the company.[30] At least one GA meeting must be held per year to approve the SOE's financial statements, decide on dividends and the distribution of profits, and approve the remuneration of directors and auditors. The GA can also propose modifications to the objectives of the company or its dissolution and may decide on the acquisition or transfer of shares. In SEMs, the GA includes shareholder representatives. Each shareholder may designate as many representatives as desired, under the condition that during voting sessions, all representatives of a particular shareholder together have only a single vote.

In practice, the GAs of SEs duplicate the work of their boards of directors. Given that SEs are fully state owned, the members of the board of directors and the shareholder representatives to the GA are often the same people. In practice, therefore, the GA simply approves the decisions of the board, as the GA meeting is usually held immediately after a board meeting with the same persons present.

The functioning of GAs and boards of directors could be made more effective. These bodies play an important role in the governance of SOEs, particularly in financial and budget management. In practice, their effectiveness can be limited. Several factors affect the effectiveness of GAs and boards, notably:

- *Limited transparency in the nomination process* (in that only nominations by decree are published in the Official Journal) *and limited consultation* (GA presidents and board chairs are, in most cases, nominated by decree on the proposal of the general oversight function; the process for determining government representatives in the GAs is not specified in the legal texts; and the members of the boards of directors are nominated by the minister of general oversight, based on the proposal of the concerned ministers);
- *Limited definition of selection criteria* (there are only general criteria for the selection of board members, and these criteria are often not respected);

30. Decrees 122 and 123 of 1986. The decrees include the model statutes for an SOE and detail the requirements.

- *Nonstandardized remuneration conditions with limited transparency*, because they are decided by each GA and board and remuneration amounts are not published;
- *Limited accountability of boards toward the oversight function and the public*, because the minutes and reports of GAs and boards are not transmitted systematically to the ownership function or made available to the public;
- *Skills gaps*, as members of GAs and boards often do not have experience or training in the management and oversight of SOEs;
- *Limited representation of the ownership function* in GAs and on boards, because the legal texts do not require representation of financial and technical oversight functions;
- *Absence of performance criteria* to help evaluate the functioning of GAs and boards; and
- *Limited independence* of GAs and boards vis-à-vis oversight ministries.

The chief executive of an SOE is nominated through a decree of the President of the Republic for SOEs in which the government owns a majority of shares and by the board for mixed ownership entities with minority state ownership. For all EPAs, EPICs, and SEs, and for SEMs with majority state ownership, the chief executive officer (known as the *director général*, or DG) is nominated by presidential decree based on proposals presented by the technical oversight ministries. For SEMs in which the state has minority ownership, the DG is nominated by the board of directors. The legal texts do not provide for competitive recruitment for DG positions. The DG's remuneration is in all cases decided by the board of directors. In some SOEs, the DG has ultimate authority, over which the boards and GAs do not exercise effective control.

The process for nominating DGs could be more competitive, and their performance could be improved if DGs were subject to performance criteria. The role of the DG is central for the functioning of an SOE and greatly influences its performance. Several measures could be implemented to strengthen the functioning of the DG's role, including: (i) conducting a competitive recruitment process based on clear, comprehensive, and transparent selection criteria; (ii) introducing performance management for the DG by identifying management performance criteria and strengthening the DG's accountability to the board; (iii) limiting the role of boards in management (notably by eliminating the board chair's approval of procurement); and (iv) establishing a clear and transparent remuneration framework for DGs.

Transparency and Disclosure

There is limited access to information or publication of information relating to SOEs in Niger. The main applicable legal texts on EPAs do not include obligations regarding transparency and access to information. The OHADA Act includes provisions on transparency for listed companies only. Consequently, these requirements do not apply to most SOEs in Niger. The public finance management rules, notably the Code of Transparency, contain provisions on transparency and public access to information. SOEs are subject to these provisions when they receive grants and financial support from the government. Only a few SOEs adhere to transparent publication mechanisms.

An annual audit by an external auditor is required for the financial statements of EPICs, SEs, and SEMs. The auditors are appointed by the company's GA for a term of six renewable fiscal exercises (World Bank 2009). SOEs are not required to form audit committees, although when they are duly empowered and trained, audit committees can play an important role in ensuring adequate financial controls and the quality of financial information and external audit. Other committees, such as investment committees and remuneration committees can also have positive impacts on SOEs.

EPAs are subject to public financial management rules that are only partially applied, and SOE expenditures are therefore weakly recorded in the government's financial statements. Ordinance 86-001 stipulates that SOEs are subject to the rules of public accounting. Accordingly, EPAs must comply with the general regulation of public accounting.[31] In practice, SOEs apply a cash basis of accounting. Although it is possible to identify the amount of development grants received by the SOE, a recent Public Expenditure and Financial Assessment (PEFA) points out that only 27 of 69 EPAs had submitted their financial data to the MoF in 2014 (IMF 2017). Accordingly, approximately 6 percent of their expenditures were considered ineligible. Given the absence of financial statements, it is not possible to assess the actual volume of an EPA's expenditures and own revenues.

External audits are not always carried out in practice. It is clear from the interviews conducted in preparing this study that many SOEs do not conduct audits. Some companies refuse to share certain information (such

31. Order 2013-083/PRN/MF of March 1, 2013, on the general regulation of the public accounting.

as letters of affirmation and external confirmations). Audit firms thus face considerable challenges in terms of the availability and quality of data, which reflects the low level of accounting in SOEs. Accordingly, it is rare that accounts are certified. When audits are prepared, some SOEs accept external circulation. It is sometimes problematic to obtain letters of assertions of audits signed by SOEs. When SOEs have auditors, they are generally receptive to their recommendations. Although legal texts require it, these recommendations are often not transmitted to the boards of directors. Moreover, there is frequently little progress made in implementing recommendations.

Sanctions provided for in the law are not applied. Criminal sanctions can be taken against managers, DGs, members of the executive board, and board directors when they have not established the fiscal year's balance sheet and other accounting documents accompanied by operations report, when they have knowingly established and communicated financial statements unfaithfully, or when they have failed to issue a report on the SOE's financial situation and fiscal year-end results. These sanctions, as provided for in the Criminal Code of Niger, are rarely applied, given that financial documents are not being deposited to the registries of the courts.

ONECCA requires capacity strengthening and additional resources to improve the quality of SOE audits.[32] ONECCA has not yet established a quality control review program for its members, such that the control of audit quality is often lacking. The quality assurance system of local audit firms is at a nascent stage. Based on Senegal's experience, ONECCA has recently begun negotiations to become a member of the International Federation of Accountants and has thus put in place a quality assurance system.[33]

Although all SOEs are subject to periodic compliance audits by the CdC, the court lacks the resources needed to perform regular audits. The CdC has four chambers, two of which have an external control mandate for SOEs. The first chamber, with a staff of nine, is responsible for the control of government operations and audits of central government agencies and Niger's 130 EPAs. The third chamber, with eight inspectors assigned to the task, is responsible for the control of financial and accounting management

32. ONECCA consists of four branches: (1) accounting experts *(experts comptables),* who are physical persons; (2) audit firms that have an accounting expert; (3) chartered accountants *(comptables agrées),* who are physical persons; and (4) accounting firms (comprising a majority of chartered accountants). Only the accounting experts and audit firms can be external auditors.

33. OHADA has adopted a quality assurance regulation for ONECCAs that is applicable in Niger. A World Bank project is financing the dissemination of the quality assurance system in 17 OHADA member countries, including Niger.

in the 53 EPICs, SEs, and SEMs as well as other state-funded agencies and organs.[34]

In the past years, the CdC has published detailed annual reports on the results of controls it has conducted. The Code of Transparency indicates that the CdC should publish audit reports that have been transmitted to the parliament, the president, and the government. The court has published its general public report for 2011–14, including audits of several EPICs, SEs, and SEMs such as CAIMA, SOPAMIN, and OPVN. Although the report for 2015 has been produced and transmitted to the President of the Republic, it has not yet been published. The reports contain a large number of recommendations. In 2014, it was reported that 60 percent of recommendations had been implemented.

Given its lack of staff and material resources, the CdC can only conduct audit controls of five or six SOEs each year. As a result, it can only audit each SOE approximately once every 10 years. To remedy this situation, the court has recently begun to use a categorical and thematic approach. Audits over the last year focused on human resources, the social fund, and public hospitals. These more targeted audits allow the CdC to cover more SOEs and maximize its use of human and financial resources.

The work of the auditors is not used in an efficient manner. Because auditors' reports are not usually communicated to the DEP/PE, it cannot follow up on their recommendations. The DEP/PE does not have a system for regular communication with SOE auditors. Moreover, SOE directors and boards of directors do not always recognize the value of the work carried out by the auditors as a tool to help improve the quality of their financial information—both externally, in terms of the SOE's communication with the government, and internally for management purposes.

The level of internal control in EPICs, SEs, and SEMs could be improved. Although discussions held during the preparation of this study indicated that some EPICs, SEs, and SEMs have internal control mechanisms, internal control practices remain poorly developed. According to the most recent Report on the Observance of Standards and Codes (ROSC), Accounting and Auditing, for Niger (World Bank 2009), in most cases reviewed, auditors made reservations or comments that related primarily to

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34. These other agencies include other organizations in which the state or public communities have a financial interest, the financial and accounting management of SEMs whose role and activities are of strategic interest as determined by the state, development projects funded by external resources, and any entity that is subject to the control of the Court of Auditors.

shortcomings in the evaluation of certain accounts, assets, and tax risks, and to failures in the internal control system.

Transparency requirements relating to SOEs, especially EPICs and EPAs, could be strengthened. SEs and SEMs (unlike EPICs and EPAs) must file their financial statements and minutes of GA meetings at the Registry of the Tribunal of Commerce, but the latter does not check whether these companies have complied with their requirements. Once filed at the registry, the Tribunal of Commerce publishes the financial statements of SEs and SEMs. These statements are not published online on the websites of the Tribunal, the SOEs, the DEP/PE, or other government agencies. There is no legal requirement that any government agency make public the financial statements of EPICs and EPAs or audit reports. Budget execution reports are not published. Although budgets are published annually, in conformity with WAEMU's Code of Transparency, Niger's finance laws do not provide detailed information on each EPA, or for all SOEs.[35] The audit reports of the Court of Auditors, by contrast, are made public, in compliance with the Code. The names of members of public companies' boards of directors, of GA shareholder members, and of DGs are not made public. The OHADA Act's provisions relating to transparency are valid for listed companies only and thus do not apply to SOEs in Niger.

Procurement by SOEs

SOEs and parastatals that receive subsides are subject to national public procurement legislation and regulations.[36] Procurement by EPICs is managed according to private law and commercial practices, except when they receive subsidies and for procurement above a threshold set by the MoF.[37] Procurement by SEMs is managed according to commercial practices.[38] For EPICs, SEs, and SEMs, bid evaluations are undertaken by a permanent commission whose members are appointed by the board of directors. Contracts are signed by the DG, following approval by the board president. Detailed provisions for procurement by SOEs and parastatals are set out in

35. Act 2014-07 of April 16, 2014, adopts the Code of Transparency in the management of public finances within WAEMU. The Laws of Finance of Niger are available on the MoF website: http://www.finances.gouv.ne/index.php/lois-de-finances. The finance laws aggregate revenue and expenditure at the ministerial level, so it is not possible to know whether EPAs are included in the figures.
36. Ordinance 86-001 of January 10, 1986, Title II, Chapter 2, Art. 15.
37. The study team was unable to obtain a copy of the decision establishing this threshold.
38. Order 86-001 of January 10, 1986, Title III, Chapter 1, Art. 31.

Decision 0135/PM/ARMP of July 24, 2017, regarding the creation, attribution, composition, and functioning of procurement commissions in SOEs and parastatals and Decision 04/CAB/PM/ARM of January 21, 2014, establishing the manual of procurement procedures for SOEs and parastatals (Annex 7).

The normative legal and regulatory framework for procurement is strong. An evaluation of Niger's public procurement system, conducted in 2017 using the OECD's 2006 Methodology for Assessment of National Procurement Systems (MAPS), found that the strength of Niger's national procurement system resides in strong compliance with WAMEU directives. Niger received a score of 2.4 out of 3.0 on base indicators.

There is room for improvement in the application of the legal and regulatory framework. The MAPS gave a global score of 1.86 out of 3.0 on performance and conformity indicators. This situation affects the transparency, integrity, economy, openness, fairness, competition, and accountability of public procurement and reflects the following challenges:

- The single-source procurement method is used for 32.3 percent of contracts and 38.9 percent of the value of public procurement, three times higher than WAMEU norms.
- The rate of derogation from publicity periods is 15.4 percent compared to the WAMEU norm of 5.0 percent.
- Procurement delays are significant, as reflected by an average delay of 80 days between bid opening and notification during 2013–15, compared to the WAMEU norm of 30 days. For the same period, the delay between bid opening and definitive attribution of a contract was 147 days, compared to a maximum of 104 days according to the national regulation.

Procurement practices among SOEs face similar challenges as those encountered in the general administration. Interviews conducted during the preparation of this study, together with a review of procurement audits for 2016 and 2017 and of specific SOE and parastatal audits (of the five SOEs considered in this study), found that SOEs and parastatals and the general administration face similar procurement challenges. In addition, SOEs and parastatals face additional obstacles:

- Published procurement legislation and regulations are not well known among employees of SOEs and parastatals.
- Although Annual Procurement Plans are frequently available and published, numerous activities are undertaken that are not in the procurement plans, planned procurement modalities are not always used, implementation of annual procurement plans varies significantly (from

8 to 100 percent) from entity to entity and from year to year, and there are important differences between planned and actual contracting and contract implementation times.

- SOEs and parastatals often face delays in the receipt of subsides, which in turn delays procurement processes.
- The requirement that contracts be approved by the president of an SOE's board of directors frequently causes delays. In addition, the board president's involvement in procurement activities dilutes the board's oversight of the SOE, as its president is involved directly in management activities.
- The introduction of a procurement information management system has increased procurement delays, as procurement staff have received little training in the use of the system, and the system is not accessible remotely.

CHAPTER 5

Action Plan for an Improved SOE Sector

Based on the findings of the iSOEF, a three-year, sequenced, and selective action plan for improving oversight of SOEs is presented. It focuses on: (i) strengthening the institutional framework for financial oversight; (ii) improving financial information and the monitoring of fiscal risk; (iii) increasing transparency and improving audits; and (iv) legal reforms to be developed and adopted by the MoF. This tailored action plan, summarized below and presented in detail in Annex 10, seeks to improve financial oversight and management of fiscal risk.

The DEP/PE could be elevated to the rank of a General Directorate. Transforming the DEP/PE into a new General Directorate of SOEs (DGE/EP) could help mitigate the current limits and fragmentation of financial oversight.

Enhancing the collection of data and ensuring regular and timely publication of annual financial statements are critical. Improving the management and monitoring of SOE performance and associated fiscal risks requires good quality data. To this end, it is critical to ensure regular and timely publication of annual financial statements; the establishment of a database and monitoring dashboard for SOE financial information; and the creation of a system for the collection and transmission of financial reports and statements.

Producing an aggregated report on SOEs and strengthening the management and monitoring of fiscal risks are priorities. Preparing an annual aggregated report on SOEs—initially for government use, and later for publication—would provide critical information to improve the oversight of the sector. A methodology for analyzing and following up on fiscal risks needs to be developed and adopted, and it will be important to conduct a census and an assessment of current performance contracts.

The legal framework needs to be updated to enhance the performance of the SOE sector and limit fiscal risk. The updated legal framework will formalize the current mechanism for financial oversight (the dual model) and grant an important role to the MoF in creating SOEs and conducting SOE financial oversight to ensure better fiscal management and monitoring. Additionally, it will help expand the corporatization of SOEs and define clear criteria for their establishment.

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ANNEX 1

Legal Framework for SOEs and Parastatals in Niger

TABLE 13: Legal Framework for SOEs and Parastatals in Niger

	EPA	EPIC	SE	SEM >50% State Capital	SEM <50% State Capital
Annual General Meetings (AGMs)					
President	N/A	N/A	Not specified.	Unless the law indicates otherwise, the AGM's president is the board chair.	Unless the law indicates otherwise, the AGM's president is the board chair.
Members	N/A	N/A	Designated by shareholders, who can designate as many representatives as they want.	Designated by shareholders, who can designate as many representatives as they want.	Designated by shareholders, who can designate as many representatives as they want.
Function	N/A	N/A	Hears the activity report from the board; hears the report of the external auditor; approves financial and account statements; fixes dividends and benefit distribution modalities; approves the compensation of administrators, board chair, and external auditor.	Hears the administrative report on social affairs and committee reports on their relevant mandates; approves financial and account statements; sets dividends to be distributed by proposition of the board; nominates, replaces, or reelects administrators other than those assigned by the state or external auditor; sets the compensation of the external auditor.	Hears the administrative report on social affairs and the committee reports on their relevant mandates; approves financial and account statements; sets dividends to be distributed by proposition of the board; nominates, replaces, or reelects administrators other than those assigned by the state or the external auditor; sets the compensation of the external auditor.
Meeting	N/A	N/A	Minimum of once a year. Summoned by the board.	Minimum of once a year. Summoned by the board.	Minimum of once a year. Summoned by the board.

	EPA	EPIC	SE	SEM >50% State Capital	SEM <50% State Capital
Board of Directors					
Chair of the Board	Appointed by decree after nomination by the ministry responsible for general oversight. Compensation set by the board.	Appointed by decree after nomination by the ministry responsible for general oversight. Compensation set by the board.	Appointed by decree after nomination by the ministry responsible for general oversight. Compensation set by the board.	Appointed by decree after nomination by the ministry responsible for general oversight. Compensation set by the board.	Chosen from among the administrators. The state, no matter its share of capital, can appoint by decree a board chair when the SEM is of strategic interest.
Members	3–12 members. Constitutes the supreme deliberative instance. Members are chosen based on their specific competences or to represent socio-professional categories. The state's representatives cannot be members of more than 7 boards. Compensation is set by regulatory process, depending on the importance of the entity. Appointed for 3 years and renewable by the ministry responsible for general oversight after nomination by the relevant ministries.	3–12 members. Constitutes the supreme deliberative instance. Members are chosen based on their specific competences or to represent socio-professional categories. The state's representatives cannot be members of more than 7 boards. The compensation is set by regulatory process, depending on the importance of the entity. Appointed for 3 years and renewable by the ministry responsible for general oversight after nomination by the relevant ministries.	3–12 members appointed by the ministry responsible for general oversight. Each shareholder other than the state appoints a director of the board. The board directors receive tokens for their attendance, with the amount set by the board according to the regulation in place and pending the approval of the AGM.	3–12 members. The state's representatives are appointed according to the laws and rules in place. The other board directors are elected by the AGM according to their registered shares after nomination by the AGM's private capital representatives. The number of state representatives is set by decree or by the decision authorizing public participation. The state's number of seats is at least proportional to its share of the capital and in any case cannot be lower than 2. The representatives of the state are appointed by legal order of the ministry responsible for general oversight after nomination by the ministry responsible for direct oversight. They are chosen according to their specific competences.	3–12 members. The state's representatives are appointed according to the laws and rules in place. The other directors of the board are elected by the AGM according to their registered shares after nomination by the representatives of the private capital of the AGM. The number of state representatives is set per decree or by the decision authorizing the public participation. The State has a number of seats at least proportional to its share of the capital and in any case cannot be lower than 2.

(continues on next page)

TABLE 13: *continued*

	EPA	EPIC	SE	SEM >50% State Capital	SEM <50% State Capital
Meetings	Minimum of 3 times per year, as summoned by the board chair. The ministry responsible for oversight can also summon a board meeting if a failure is observed.	Minimum of 3 times a year, as summoned by the board chair. The ministry responsible for oversight can also summon a board meeting if a failure is observed.	Minimum of 3 times a year, as summoned by the board chair. The ministry responsible for oversight can also summon a board meeting if a failure is observed.	Minimum of 3 times a year, as summoned by the board chair.	Minimum of 3 times a year, as summoned by the board chair.
General Directors and Management Mechanisms					
General Director	Appointed by decree after nomination by the ministry responsible for direct oversight. The general director prepares the budget, which is voted by the board, and prepares quarterly reports and the annual report, which are submitted to the board.	Appointed by decree after nomination by the ministry responsible for direct oversight. The general director prepares the budget, which is voted by the board, and prepares quarterly reports and the annual report, which are submitted to the board.	Appointed by decree after nomination by the ministry responsible for direct oversight. Benefits and compensation are determined by the board in conformity with the rules and regulations in place.	Statues typically indicate that the board chair decides the general direction of the corporation and can ask the board to appoint a general director. The general director can be an administrator or not. General directors appointed by the state are appointed by decree. Compensation and benefits are set by the board.	Statues typically indicate that the board chair decides the general direction of the corporation and can ask the board to appoint a general director. The general director can be an administrator or not. General directors appointed by the state are appointed by decree. Compensation and benefits are set by the board.
Procurement	The general regulation for procurement applies.	Contracts are signed by the general director after approval by the board chair. The general regulation for procurement applies when the entity receives subsidies from the state and for contracts above a threshold set by regulation.	Contracts are signed by the general director after approval by the board chair. The general regulation for procurement applies when the entity receives subsidies from the state and for contracts above a threshold set by regulation.	Contracts are approved by the general director if they are below a threshold set by the board.	Contracts are approved by the general director if they are below a threshold set by the board.

	EPA	EPIC	SE	SEM >50% State Capital	SEM <50% State Capital
Financial management	The general regulation for public finances applies. An accountant and a financial comptroller are appointed by the Ministry of Finance. The SAI conducts an audit.	Commercial rules and accounting apply. One or multiple external auditors are chosen from a list accredited by the tribunals and appointed by the board under the conditions intended by corporate laws.	Commercial rules and accounting apply. An external auditor is appointed by the board under the conditions intended by corporate laws.	Commercial rules and accounting apply. An external auditor is appointed by the board.	Commercial rules and accounting apply. An external auditor is appointed by the board.
Employee status	The board adopts a status for employees that conforms to the decree on the general status of employees of public entities.	The board adopts a status for employees that conforms to the decree on the general status of employees of EPICs.	The board adopts a status for employees that conforms to the decree on the general status of employees of EPICs.	The board adopts a status for employees that conforms to the decree on the general status of employees of EPICs.	The board adopts a status for employees that conforms to the decree on the general status of employees of public entities.

ANNEX 2

Fiscal Indicators

TABLE 14: Fiscal Indicators

	2011	2012	2013	2014	2015	2016	2017
Total revenues and grants	**17.9**	**21.4**	**24.6**	**23.0**	**23.3**	**20.3**	**21.2**
Tax revenues	13.4	13.9	15.2	15.6	16.0	13.5	13.1
of which tax paid by 5 SOEs	0.18	0.14	0.25	0.24	0.27	0.15	0.19
Nontax revenues	0.7	1.2	1.2	1.9	1.8	0.6	1.0
of which dividends paid by 5 SOEs	0.0	0.0	0.0	0.0	0.058	0.014	0.007
Grants	3.8	6.1	8.0	5.5	5.4	6.0	6.7
Other revenues	0.1	0.2	0.1	0.1	0.2	0.1	0.3
Total expenditures	**19.4**	**22.5**	**27.2**	**31.1**	**32.4**	**26.3**	**26.9**
Current expenditures	12.6	11.4	13.5	14.6	15.4	14.0	13.7
of which current transfers	3.5	4.2	5.0	5.4	4.8	4.4	4.6
of which those received by 5 SOEs	0.20	0.40	0.28	0.55	0.41	0.31	0.36
Capital expenditures	6.8	11.1	13.7	16.4	16.9	12.3	12.7
Other expenditures	–0.3	0.0	0.0	0.0	0.0	0.0	0.5
Central government balance	**–1.5**	**–1.1**	**–2.6**	**–8.0**	**–9.0**	**–6.1**	**–5.7**
Other financing needs (arrears)	–3.4	0.2	–0.6	1.4	–0.3	0.4	–1.1
Total financing (external and domestic)	**4.9**	**0.9**	**3.2**	**6.6**	**9.3**	**5.7**	**6.8**
External financing (net)	3.3	2.1	2.7	3.0	4.3	3.8	3.4
Domestic financing (net)	1.6	–1.2	0.5	3.7	5.0	1.9	3.4
Central government debt	**25.9**	**24.9**	**24.7**	**30.6**	**39.7**	**43.7**	**49.3**
of which outstanding on-lent and guaranteed loans (SOEs)	—	—	—	—	—	—	**6.74**

Source: Niger authorities; IMF and World Bank staff estimates, 2018.

ANNEX 3

A Simple Framework for the Analysis of Fiscal Risks

Fiscal risks are possible deviations from the fiscal outcomes that were expected at the time the budget or other fiscal forecasts were prepared. Formally, fiscal risks are defined as "short-term and medium-term variations of fiscal variables against the values envisaged in the Budget, financial and/or other reports or projections of public finances" (IMF 2016). In other words, fiscal risks are driven by circumstances that, if realized, would bring significant revenue shortfalls or expenditure increases, and most likely increase deficits and public debt.

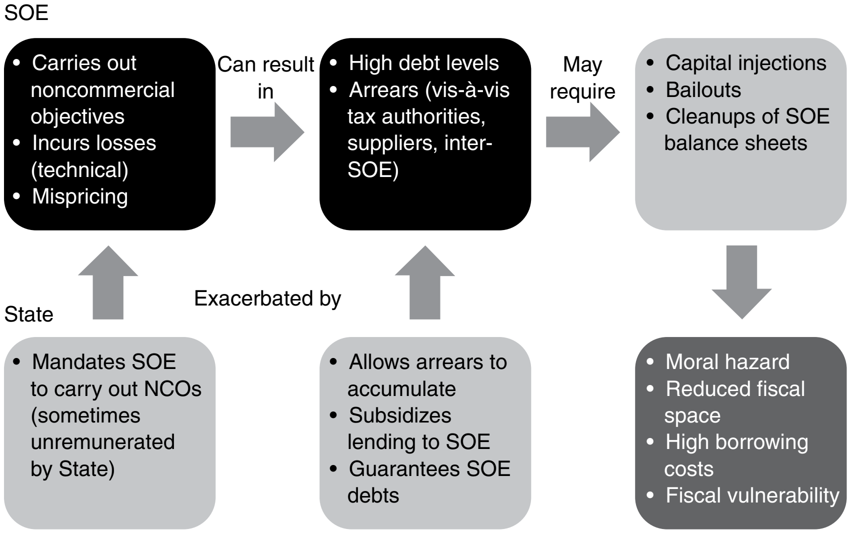
Risks can materialize following a variety of shocks that affect SOE performance and may trigger government obligations. Sources of risk include potential shocks to key macroeconomic variables (such as economic growth, commodity prices, interest rates, or exchange rates) that could affect SOE performance (IMF 2016). The economic performance of SOEs has a direct bearing on the government budget and can generate significant fiscal pressures. While healthy companies constitute valuable assets for the state, loss-making or overly indebted companies represent liabilities that may require intervention through capital injection or other forms of assistance. Shocks or poor SOE performance often imply calls on several types of contingent liabilities. Obligations triggered by such uncertain events include both explicit liabilities—those defined by law or contract, such as debt guarantees—and implicit liabilities—moral or expected obligations for the government, based on public expectations or pressures such as bailouts of banks or public sector entities.

Though SOEs are as vulnerable to exogenous shocks as private enterprises operating in the same sector, they do not have the same incentives to manage such shocks. Should shocks materialize, some SOEs may not have the same motivation or need to manage and withstand adverse effects because of expected government support or bailout. The same expectation may lead SOEs to accumulate excessive debt. In addition, SOEs may provide socially sensitive goods and services, where protracted losses may be covered, as do private enterprises operating in competitive markets. This reduces their incentives to control costs and improve the quality of their outputs, thus increasing fiscal risk.

SOEs may benefit from preferential access to financing that their private counterparts cannot obtain. This preferential access reduces pressures to be efficient and facilitates the accumulation of debt. It can take the form of direct lending by the government at a lower interest rate than can be found on the market, provision of government guarantees for borrowing or securities issued by SOEs, or the tacit expectation by financial market agents that governments will stand behind their SOEs even in the absence of explicit guarantees. This perception of an implicit government guarantee is often reflected in lower financing costs for SOEs and limited differentiation among borrowing terms for different SOEs.

The potential fiscal risk emanating from SOEs can therefore be assessed through the impact of risk factors on key channels linking SOE performance and public finance (Figure 13). A first indicator is the SOE's net contribution to the budget, which measures the SOE's direct impact on fiscal revenue and spending, such as with indirect taxes, corporate income tax, dividends, subsidies, net equity and debt payments, and calls on government guarantees. A second indicator is the financing need of SOEs. This indicator complements the previous one, as the impact of a risk factor on net contribution can be offset by taking on additional debt. That additional risk also reduces the scope for net contributions in the future, all other things being equal. A third indicator is the net debt, which indicates total liabilities minus current assets of SOEs. Rising net debt increases the government's exposure to adverse shocks to SOEs' balance sheets and operations (through the government's need to provide financial support to the SOE and the likelihood of reduced net contributions to the government's budget in the future).

FIGURE 13: Channels through Which SOEs Could Become a Source of Fiscal Risk



Source: Prepared by author.

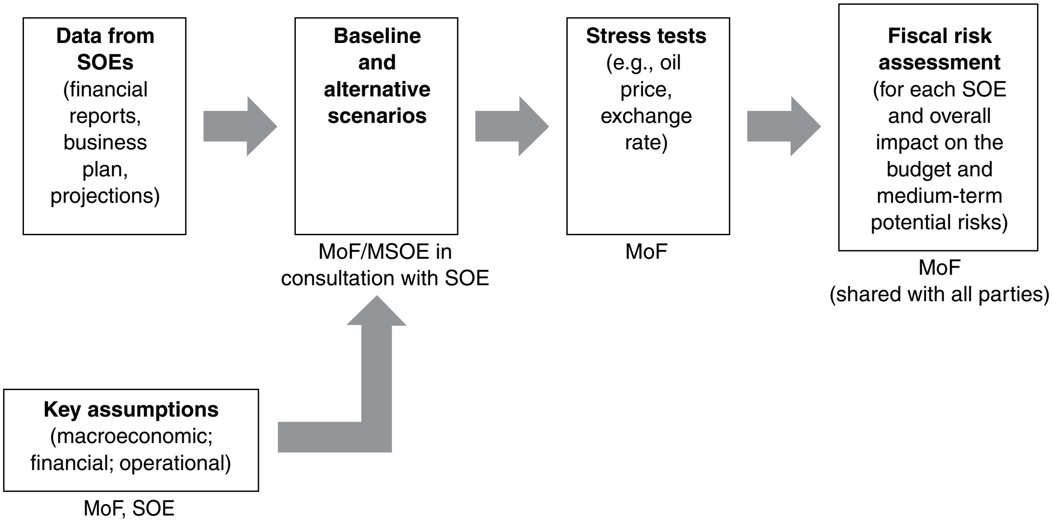
Monitoring fiscal risk—including data collection, analysis, and projections of multiple alternative scenarios—is important for sustainable fiscal policy. A schematic representation of fiscal risk monitoring (Figure 14) provides a framework under which data are collected from SOEs and used to construct a database, as well as alternative scenarios based on macroeconomic, financial, and operational assumptions. The scenarios are then subjected to stress tests—such as a sudden change in the oil price, exchange rate, or domestic and international demand—to assess the impact of those shocks on the financial health of SOEs and respective fiscal indicators such as revenues or debt.

Fiscal Sustainability and Risk Analysis—Brief Description of Methodology and Assumptions

The analysis presented in Chapter 3 combines use of the World Bank's fiscal sustainability tool with an analysis of the income and balance sheet statements of five nonfinancial SOEs that represent a significant source of fiscal risk. It follows three broad steps:

1. **Constructing a baseline scenario for the five selected SOEs from 2018 to 2035, based on historical data and assumptions on the expected outcome of normal operations absent exogenous shocks.**

FIGURE 14: Consolidated Central Government Debt and Debt of Five SOEs (% of GDP)

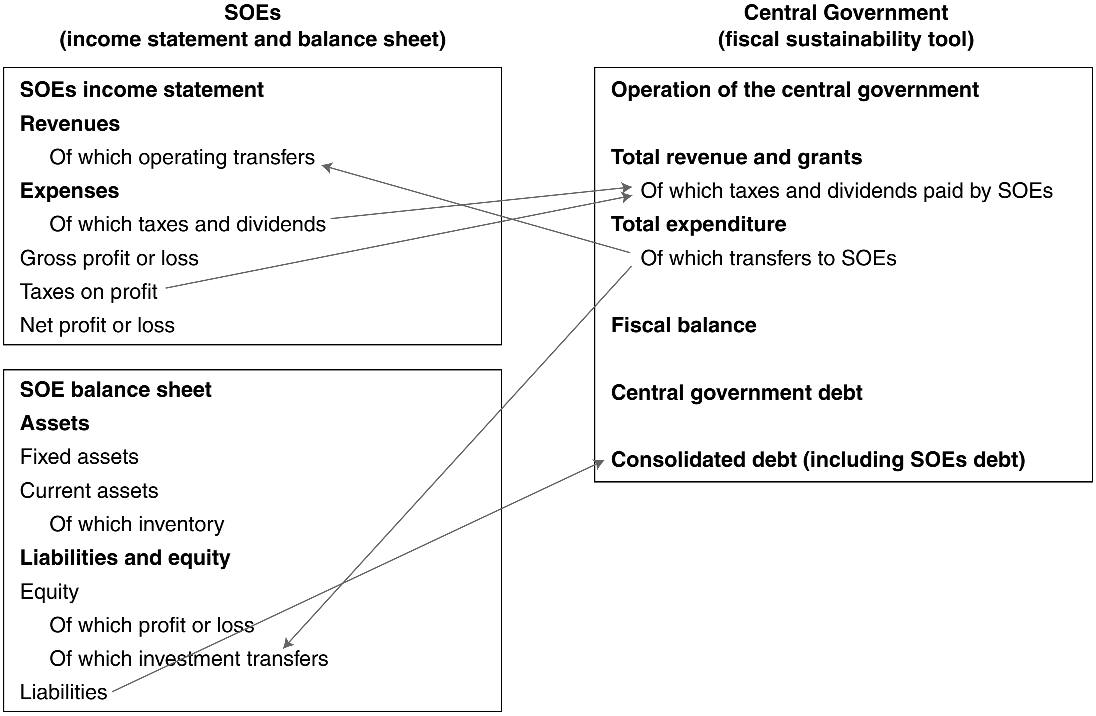


Source: Verhoeven et al. (2008).

Assumptions about general macroeconomic conditions, prices, interest and exchange rates, and GDP growth are made. Sectoral and SOE-specific factors, such as changes in regulations governing the sector and investment plans, are calibrated. The analysis uses SOE-level data and information gained in interviews with selected SOE staff and management. It requires detailed operational insight into the determinants of SOE revenues, expenditures, and balance sheet items. The income statements under baseline assumptions are calculated separately for each of the five selected SOEs and then aggregated. Revenue and expenses are projected based on key macroeconomic variables, such as oil and uranium prices and domestic demand. Other assumptions include the consolidation of expenses and the rigidity of some expenses, such as wages and maintenance expenses. In sum, SOE-level balance sheets are projected based on the historical evolution of assets and information gathered from SOE management on the outlook for investment and other assets policy. The net profit or loss is derived from income statements, and social capital is kept constant over the projection horizon. Liabilities are computed as a residual by subtracting equity from total assets. In this regard, the total liabilities or gross debt of the five selected SOEs are assumed to be driven by the net profit or loss and the policy to accumulate assets, including investment in fixed assets and other current assets. In this context, SOEs can avoid accumulating debt by cutting capital expenditure, even if the operating balance has deteriorated. This choice has its own costs in terms of limiting the SOE's growth over the medium term and holding back the achievement of the objective for which it was created. For this reason, this option has not been considered as one of the solutions when the shock hits. A negative shock will either reduce revenue or increase expenses, which will in turn affect the dividends and taxes paid to the central government and increase SOE debts.

2. **Forecasting fiscal variables using the fiscal sustainability tool of the Macroeconomics, Trade, and Investment Global Practice.** The baseline scenario for Niger's fiscal accounts is consistent with the Debt Sustainability Analysis (DSA) conducted in November 2018 by IMF and World Bank staff. Projections have been made using the fiscal sustainability tool, which can conduct deterministic and stochastic fiscal sustainability assessments. The stochastic simulation looks at the aggregation of fiscal risks in a probabilistic and endogenous analytical framework, generating fan charts and cumulative probability distributions for key variables, such as the debt-to-GDP ratio. Given data constraints (no long time series available), the analysis in this chapter uses a deterministic assessment methodology.
3. **Conducting a stress test analysis to show how macroeconomic risks or shocks may affect SOEs' aggregate financial conditions and, in turn, those of the central government.** Variables typically used to evaluate the financial health and fiscal risks of SOEs include the SOE's net contribution to the budget (combining taxes and dividends paid and subsidies received) and net debt. Under the framework used in this analysis, SOEs affect central government operations according to Figure 15.

FIGURE 15: Channels through Which SOEs Become the Source of Fiscal Risks



ANNEX 4

Risk Assessment and Impact of Shocks on SOEs and Fiscal Balances

TABLE 15: Risk Assessment and Impact of Shocks on SOEs and Fiscal Balances

Source of Risks	Likelihood	Impact on SOEs If Realized	Impact on Central Government If Realized
Sharp rise in interest rate due to tightening of global financial conditions	**Low** (in view of potential for tighter United States monetary policy and sustained rise in risk premiums for emerging and developing countries)	**Low to medium** Tighter global financial conditions could prompt WAEMU countries that currently have access to international markets to rely more on financing in regional markets. Niger's SOEs would face higher borrowing costs and reduced availability of funding.	**Low to medium** Reduced dividends and taxes due to low profit or loss from increased expenses; increased costs in terms of transfers, subsidies, or bailout.

(continues on next page)

TABLE 15: *continued*

Source of Risks	Likelihood	Impact on SOEs If Realized	Impact on Central Government If Realized
Depreciation/ devaluation of CFAF	**Low to medium** (in view of WAEMU authorities' commitment to the CFAF's peg to the euro)	**Low** Currently, no SOE has debt denominated in foreign currency.	**Low** Currently, no SOE has debt denominated in foreign currency.
Reduced external demand for oil and uranium	**High** (in view of the volatility of oil and uranium prices observed in international markets in recent years)	**High** Some important SOEs in Niger are operating in the oil and uranium sectors, and low prices of oil and uranium would adversely affect their revenues.	**High** Reduced dividends and taxes due to low profit or loss from increased expenses; increased costs in terms of transfers, subsidies, or bailout.
Deterioration in security situation	**Medium** (given cross-border spillovers from security tensions in neighboring countries)	**High** Important SOEs would be negatively affected by reduced revenue if they needed to slow down or stop their operations, and some would see their operating expenses increase.	**High** Pressure on public finances from higher security expenditures; reduced dividends and taxes due to low profit or loss from increased expenses.
Unfavorable weather conditions/natural disasters.	**High** (in view of cyclical drought and locust plague occurrences)	**High** Unfavorable weather conditions would reduce agricultural output, increase food insecurity, and cause inflationary pressures. This would affect most SOEs operating in the agriculture sector.	**High** Reduced dividends and taxes due to low profit or loss from increased expenses; increased costs in terms of transfers, subsidies, or bailout.
Deterioration in SOE governance	**High** (in view of current corporate management practices among Niger's SOEs)	**High** Increased losses and possibly unsustainable debt dynamics.	**High** Increased costs in terms of transfers, subsidies, or bailout.
Reduced domestic demand	**High** (in view of the volatility observed in recent years)	**High** As most of Niger's SOE revenues depend on domestic demand, any negative shock would adversely affect SOEs' financial performance.	**High** Reduced dividends and taxes due to low profit or loss from increased expenses; increased costs in terms of transfers, subsidies, or bailout.

Source: IMF (2019).

ANNEX 5

Evolution of the SOE Sector in Niger

SOEs experienced strong growth in Niger in the 1970s in response to the development of the uranium industry. SOEs were an important instrument for the government in developing the productive sector, producing goods and services, and creating jobs. In 1985, there were 64 SOEs in Niger, of which one-third were administrative bodies and the remainder were commercial enterprises. Some of the major SOEs that were founded in the 1970s are still in existence,[39] others operate under other names and forms, and still others have closed.[40] In 1985, SOEs represented 50 percent of jobs in the private and parastatal sectors (employing almost 11,500 people) and 35 percent of value added in the economy.

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39. The Nigerien Electricity Company (NIGELEC), Nigerien Petroleum Products Company (SONIDEP), Niger Transit (Nitra), Nigerien Coal Company (SONICHAR), Niger Office of Food Products (OPVN), and Nigerien Rice Company (RINI) are still in operation.
40. These include the National Society of Commerce and Production of Niger (COPRO-Niger), Office of the Post of Niger (OPT, now Niger Poste), Nigerian Society of Peanuts (SONARA), Nigerian Society of Cement Plants (SNC), Air Niger, and the Niger Water Company (SNE)—now known as SPEN and SEEN. SPEN was created under the framework of the privatization of SNE, which resulted in the creation of an operating company called SEEN and a heritage company called SPEN.

Niger's economy was hit by multiple shocks at the beginning of the 1980s, and the low performance of SOEs during this time had serious consequences for the overall economy and for public finances. The drop in the price of uranium in the early 1980s, coupled with repeated droughts, led to a decline in GDP, a strong increase in public debt, and a reduction in exports and revenue. Meanwhile, SOE performance was characterized by erroneous investments, unclear and contradictory objectives, poorly adapted policies, and weaknesses in the institutional and legal framework. Performance challenges also included inadequate management and poorly defined relations between SOEs and the state, the lack of financial discipline, the absence of sound accounting, the lack of qualified staff, and weak board performance. SOEs were operating at losses that were absorbed by state transfers and bank loans. As a result, the public resources allocated to the sector increased to around 17 percent of public expenditure in 1981, and the sector's debt at the time represented 50 percent of Niger's foreign debt and 30 percent of domestic debt. This precarious position aggravated economic imbalances and weighed on public finances. When the state was no longer able to finance their deficit, SOEs sought financing from banks. This worsened the situation of two state banks[41] that were responsible for two-thirds of the credit to the economy, and their subsequent bankruptcies significantly reduced private sector access to credit.

Against this backdrop, the GoN initiated a major program of reforms. Some of the monopolies granted to SOEs and their control of prices were cancelled. A program of privatization, liquidation, and restructuring was implemented. Measures were taken to improve the management of the SOE portfolio, to implement a new legal framework, to reduce subsidies, and to improve SOE performance. Some of the reforms were undertaken with World Bank support.

The reform agenda achieved some important results. The Ministry of Public Enterprises (MEP), established in 1984, was responsible for the direct oversight of SOEs, including policy formulation, performance monitoring, financial management, and technical oversight of the 26 SOEs that were in urgent need of disinvestment or rehabilitation. Technical oversight of the 38 other SOEs had been assigned to the government agencies that were associated with each SOE's activities. The legal framework governing SOEs, their autonomy, and *a posteriori* controls were adopted in 1986 and the beginning

41. Caisse Nationale de Crédit Agricole (CNCA) was closed in 1988. The Banque de Développement de la République du Niger (BDRN) was closed in 1990.

of 1987.[42] The privatization of 24 SOEs, the liquidation of six, the restructuring of five, and the introduction of performance contracts and an information management tool during this time had a positive impact on SOEs, particularly those that subsequently experienced a significant reduction in losses.

Reform progress faded toward the end of the 1980s. The new legal texts were not fully applied, and the continuing lack of financial autonomy among SOEs meant that the state continued to pay their debts. Implementation of these reforms encountered challenges posed by Niger's economic, social, and political context, as well as complex public finance challenges. For example, the state only partially honored the commitments it had enshrined in performance contracts and did not pay all of its SOEs' service provision bills. Performance contracts lacked rigor and suffered from a lack of follow-up, even with the creation of a committee assigned to undertake this task. The information system had only partial coverage and therefore did not allow for a full assessment of the impact of SOEs on public finances. Although external support provided by international and local auditing firms helped to improve the preparation of numerous audits and the quality of accounting information, delays in the preparation of SOEs' financial statements persisted. Moreover, audit recommendations were not implemented. Capacity building activities in the form of training had only modest results due to frequent changes in personnel, inadequate human resource management, and resistance within SOEs to adopt new management methods. As such, SOE performance declined further and arrears and cross-debts increased.

The unstable political, social, and economic context remained throughout the 1990s, and SOEs continued to exhibit weak performance during this time. The introduction of a multiparty democratic system in 1991 ushered in a new period of instability, owing in particular to many changes in government. Niger witnessed two *coups d'état* in 1996 and 1999, respectively. In addition, several droughts, low uranium prices, and the devaluation of the currency in 1994 all had a negative impact on the economy and public finances. Even after the reforms of the previous decade, SOEs continued to be plagued by overstaffing, low access to capital, and a lack of effective management—a situation that was worsened by the challenging economic environment. SOE productivity and profitability were low, and some companies were used by overseeing ministries as a source of

42. This included Ordinances 86-001 and 86-002 of January 10, 1986; decrees 86-120, 86-121, 122, and 123 of September 11, 1986; Decree 86-154.

extrabudgetary funds. SOEs consequently accumulated significant arrears, debt, and cross-debt (World Bank 2007).

Although privatization of SOEs was at the heart of reforms in the 1990s, it was only partially implemented and subject to delays and yielded mixed results. Reforms aimed to reduce SOE debt and initiate privatization were unsuccessfully launched in the early 1990s. These reforms continued into 1997 with the adoption of a privatization program that aimed to privatize 12 SOEs, liquidate three, and restructure eight.[43] The Ministry of Finance, Economic Reforms, and Privatization was responsible for the program until 1999, when the government replaced it with the Ministry of Privatization and Restructuring of State-Owned Enterprises, which included the Privatization Program Coordination Unit. Although the program should have been finalized before the end of 2000, it encountered significant delays due to the complexity of reforms, low implementation capacity, and internal resistance. By 2003, only six SOEs, including in the telecommunications and water sectors, had been privatized. Reforms to improve the legal and regulatory framework in sectors, such as telecommunications and electricity, were also implemented. Results were mixed, and SOEs continued to weigh on the economy and public finances without making significant improvements in service provision.

The 2000s were marked by fewer SOE-related reforms and a weakening in financial oversight. Privatization efforts continued until the Ministry of Privatization and the Privatization Program Coordination Unit were dismantled in the middle of the decade. During this time, SOEs were monitored less systematically and the principle of financial oversight was no longer practiced. The period also witnessed growth in the number of administrative public agencies and an increase in subsidies to SOEs.

Starting in 2001, the GoN adopted a more targeted, incremental approach, centering on the reform of SOEs in the telecommunications, electricity, oil, agriculture, transport, and finance sectors. Although support for SOE privatization continued, the overall reform effort focused more on improving SOE management, transparency, and financing. Emphasis was also placed on promoting a better private sector environment and introducing public-private partnerships, where applicable.

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43. The objective of the program was to privatize and introduce the private market in three sectors represented by the three most important SOEs—SONITEL (telecommunications), NIGELEC (electricity), and SNE (water). The program also included the privatization of key commercial enterprises: SONIDEP (distribution of petroleum products); OLANI (dairy products); SNC (cement); SONITEXTIL (textiles); SPEHG (hotels); AFN, which became AFRIN (slaughterhouse); RINI (rice); and OFEDES (wells).

World Bank Support to SOE Reforms in Niger

In a context of low growth following several economic shocks, low revenues, increasing debt, and weak SOE performance, the GoN adopted a structural adjustment strategy in the 1980s. This strategy included: (i) the preparation and adoption of legal and statutory texts on SOEs, which are still in force; (ii) the privatization, liquidation, and reorganization of SOEs; (iii) the strengthening of sector management, in particular through greater SOE autonomy and accountability, establishment of accounts and a system of management of information, and the strengthening of technical capacities, especially of the MEP; (iv) the establishment of performance contracts, elimination of monopolies and price controls, and reduction of subsidies; and (v) the reform of certain SOEs, including in the agriculture and the banking sectors. The World Bank supported SOE reforms in the 1980s through three projects—a Structural Adjustment Credit, a Public Enterprise Sector Adjustment Credit Project, and a Public Enterprise Institutional Development Project—for a total of US$140 million.

The performance of this reform program was considered to be partial, and important lessons can be drawn from the experience. While each program had some success, overall implementation of the strategy was unsatisfactory owing to several key challenges, including: (i) the national conference's refusal to support the reforms; (ii) the pressure applied by trade unions in opposition to the reforms; and (iii) weak political will to fully implement the reforms. Private investors showed little interest at the time in taking over SOEs, and the difficult economic context weighed on reform implementation. The main lessons learned included that: (i) it is necessary for reforms to be prepared well, with strong government commitment to their implementation, and accompanied by continuous dialog with counterparts; (ii) the incentives for undertaking reform and the economic, social, and policy context must be considered in the formulation and sequencing of reforms and in the definition of reasonable reform objectives in light of potential resistance to reform; and (iii) technical assistance for reform preparation needs to be adapted to the country context, and implementation needs to be accompanied by a system of information management and follow-up.

The GoN continued to undertake SOE reforms in the 1990s, emphasizing privatization. The World Bank supported SOE reforms through four operations between 1993 and 2001, with total financing of US$117 million. In addition, a Privatization and Regulatory Reform Technical Assistance Project in the amount of US$18.6 million was implemented between 1998 and 2006.

The results of these operations were mixed due to slow progress in implementing SOE reforms, despite some progress in improving the regulatory framework and service provision. Key lessons learned from the implementation of these operations include that: (i) it is necessary to ensure that all key stakeholders are committed to the reforms; (ii) the reform implementation calendar must be reasonable given the country context; and (iii) it is necessary for the broader reform effort to assess all potential options for achieving SOEs' management objectives, not only privatization.

SOE Reforms in the Water Sector in Niger

In 1998, the GoN initiated a broad wave of reforms that included bringing the private sector into the distribution of water and sanitation facilities in urban areas. These reforms led to the creation of two key entities: the Niger Water Corporation (SPEN) and the Water Management Company (SEEN). These entities were responsible for the management of the state's water assets and operation of infrastructure, and for the marketing of water services, respectively. Even with the initial success of these reforms, Niger continued to face many challenges in achieving its national objectives for the sector. In 2011, it was estimated that only about 56 percent of the population (9.2 million people) had access to potable water and only 19 percent to sanitary facilities.

Based on earlier reform successes, the GoN decided to transfer the small-town systems to SPEN under a public-private partnership. The World Bank supported this approach with a five-year program of technical assistance to help all sector stakeholders work in synergy to boost private sector participation. Stakeholder coordination was facilitated by bimonthly sector dialogs and annual sector review meetings. The technical assistance also supported the development and implementation of the Water Public Services Guide and the development of institutional capacity among key sector actors. This reform sequence led to improved performance of urban water services. Between 2001 and 2015, access to water increased from 64.6 percent to 91.2 percent, the efficiency of the network increased from 78 percent to 84 percent, and the recovery rate for water bills increased from 78 percent to 90 percent.

Reforming the Electricity Sector and Improving the Performance of the Nigerien Electricity Company

Limited production of electricity in Niger has, even in a context of low prices, kept access rates low, at only 10 percent, with large differences in access between urban areas (50 percent in Niamey) and rural areas (less than 1 percent). Electricity demand has risen by 8.5 percent per year over the last decade, boosted by the low rate of four cents per kilowatt hour (kWh) established in 1977. This low price makes investments in new power production challenging, as alternative production technologies have a much higher cost. Diesel and coal generation, for example, cost 30 and 12 cents per kWh, respectively.

To increase electricity supply, the GoN has taken decisive action under the Public Investment Reform Support Credit, a series of World Bank development policy financing operations. It approved an Electricity Code and established an energy sector regulatory agency to: (i) promote private participation in energy generation; (ii) develop a tariff-setting methodology that ensures the economic and financial sustainability of the sector while paying due attention to the poorest customers and ensuring that the targeting mechanism for the subsidy system is progressive; and (iii) improve the efficiency of NIGELEC's operations. The new tariff methodology was approved in October 2017 with an overall increase of 20 percent. It includes a pro-poor social tranche and a multiannual electricity tariff adjustment covering 2018–20 and 2021–22 and will enable the utility to be a viable off-taker, thereby improving the likelihood of attracting private investors in the form of independent power producers.

Under the same series of operations, the GoN started addressing NIGELEC's financial situation. To increase its financial capacity to manage its operations and meet its short-term financing requirements, the GoN has implemented NIGELEC's financing plan to stabilize its debt-to-equity structure by increasing its share in the capital of the electricity utility. Hence, the GoN retroceded CFAF 60 billion, representing its share in the financing of the Gorou Banda thermal power plant into participation in the capital of NIGELEC. As a result, the ratio of equity to permanent capital was brought below 50 percent.

The World Bank is supporting, through technical assistance, studies on the development of grid-connected solar energy, with the final goal of supporting the introduction of private investors partnering with the International Finance Corporation. This effort to support a shift toward a cleaner and cheaper electricity generation mix will complement existing World Bank engagements in the development of hydroelectricity potential at the Kandadji site and in the new West African Power Pool interconnection that will allow the country to import additional inexpensive hydro-based power. This will allow the country to reach around 20 percent of the generation mix through domestic renewable energy resources by 2030.

Under the Fostering Rural Growth Reform series of development policy financing operations, the GoN implemented the first electricity tariff adjustment. The revised tariff reflects the actual cost of generation, transmission, and distribution of electricity following the adoption of the cost coverage tariff methodology and the publication of a multiyear implementation plan. This, together with previous actions undertaken by the GoN, will strengthen NIGELEC's financial sustainability and provide the basis for investing in grid expansion and rural electrification efforts. The GoN has also established a concession contract with NIGELEC. The reform will help to improve the company's performance by establishing an accounting division between generation, transmission, and distribution activities. This will help to identify areas of improvement in each subsegment, which will be spelled out in the performance contract. By the end of the program, it is expected that NIGELEC's earnings before interest, tax, depreciation, and amortization will increase from CFAF 1.586 billion in 2016 to CFAF 5 billion in 2019.

Reform of the Telecommunications Sector—Niger Telecom and Niger Poste

Reforms undertaken in the early 1990s refocused the role of the state on defining policies and sectoral regulations and entrusted the management and development of certain activities in the tradable sectors to private operators. Considering the profound changes—technological, economic, and regulatory—experienced in the telecommunications sector in recent years, Niger, like other countries, has since 1996 committed to restructuring, liberalization, and privatization reforms in the sector. The subsequent restructuring of the telecommunications sector resulted in a double separation—of postal and telecommunications services, and of the regulatory function from the operating function. A Multisector Regulatory Authority was created by Order No. 99-044 of October 26, 1999, and the Regulatory Authority for Telecommunications and Post was created by Law No. 2012-70 of December 31, 2012. Regarding the institutional separation, the National

Post and Savings Office (ONPE) changed status, becoming an SEM and renamed Niger Poste. Law 2005-21 of June 28, 2005, authorizing the transformation of the ONPE into a SEM, has given the organization greater management autonomy and opened its equity to the private sector. To date only the staff of Niger Poste has subscribed to the capital previously held 100 percent by the state. SONITEL, the result of a merger between the telecommunications branch of the former Niger Post Office and the Society of International Telecommunications, was required to strive for the social objective of ensuring all public telecommunications services.

The liberalization of the telecommunications sector encountered some delays and reversals. By December 31, 2016, Niger's telecommunications market had five operators with licenses for the establishment and operation of networks and telecommunications services and one telecommunications infrastructure operator. The postal sector included seven operators, including the original operator (Niger Poste), two national express operators, and four international express operators. The privatization of SONITEL encountered several delays. The company's majority shares were sold, with GoN maintaining a 34 percent share. Following the introduction of competition in mobile phones, SONITEL was widely criticized for its poor performance and faced several worker strikes, an accumulation of CFAF 40 billion in debt, and a 140 percent increase in users' costs. After several years, the expected objectives of SONITEL's privatization had not materialized. In February 2009, the GoN announced the cancellation of SONITEL's privatization. Finally, Niger Telecom, an SOE, was created in September 2016 by the merger of two other SOEs: SONITEL (voice and Internet by fixed telephony) and SahelCom (voice and Internet by mobile telephony).

ANNEX 6

Data on SOEs and Public Agencies in Niger

TABLE 16: List of SOEs and Public Agencies in Niger

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
1	Société de Patrimoine des Eaux du Niger	SPEN	SE	MH/A
2	Société du Patrimoine des Mines du Niger	SOPAMIN	SE	MM
3	Société Nigérienne de Télécommunications	NIGER TELECOMS	SE	MP/T/EN
4	Société Nigérienne des Postes	NIGER POSTE	SE	MP/T/EN
5	Société Nigérienne des Produits Pétroliers	SONIDEP	SE	MC/PSP
6	Banque Agricole du Niger	BAGRI	SEM	MF
7	Banque Commerciale du Niger	BCN	SEM	MF
8	Banque Internationale pour l'Afrique au Niger	BIA NIGER	SEM	MF
9	Banque Islamique du Niger	BIN	SEM	MF
10	Bénin-Niger-Rail	BENIRAIL	SEM	MT
11	China National Petrolium Corporation	CNPC/NP	SEM	MPe

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TABLE 16: *continued*

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
12	Compagnie Minière d'Akokan	COMINAK	SEM	MM
13	Compagnie Minière et Energétique du Niger	CMEN	SEM	ME
14	Imouraren	IMSA	SEM	MM
15	Laboratoire National des Travaux Publics et du Bâtiment	LNTP/B	SEM	MEq
16	Société « le Riz du Niger »	RINI	SEM	MC/PSP
17	Société « Niger Transit »	NITRA	SEM	MC/PSP
18	Société d'Exploitation des Eaux du Niger	SEEN	SEM	MH/A
19	Société de Cimenterie Nigéro-Chinoise	SOCINIC	SEM	MM
20	Société de Construction et de Gestion des Marchés	SOCOGEM	SEM	MC/PSP
21	Société de Gestion du Marché de Maradi	SOGEMMI	SEM	MC/PSP
22	Société de Commercialisation des Produits Agro-Pastoraux	SOCOPAP	SEM	MC/PSP
23	Société de Location du Matériel des Travaux Publics	SLMTP	SEM	MEq
24	Société de Raffinage de Zinder	SORAZ	SEM	MPe
25	Société des Mines d'Azelik	SOMINA	SEM	MM
26	Société des Mines de l'Aïr	SOMAÏR	SEM	MM
27	Société des Mines du Liptako	SML	SEM	MM
28	Société Nationale des Transports Nigériens	SNTN	SEM	MT
29	Société Nigérienne d'Assurance et de Réassurance Leyma	SNARLEYMA	SEM	MF
30	Société Nigérienne d'Electricité	NIGELEC	SEM	ME
31	Société Nigérienne de Banque	SONIBANK	SEM	MF
32	Société Nigérienne de Charbon d'Anou Araren	SONICHAR	SEM	ME
33	Société Nigérienne d'Urbanisme et de Construction Immobilière	SONUCI	SEM	MD/H
34	Société de Transports Urbains du Niger	SOTRUNI	SEM	MT
35	Société Nigérienne de Transports Aériens	NIGER AIRWAYS	SEM	MT
36	Société Propriétaire et Exploitante de l'Hôtel Gawèye	SPEHG	SEM	MT/A
37	Agence du Barrage de Kandadji	ABK	EPIC	PRESIDENCE
38	Abattoir Frigorifique de Niamey	AFRIN	EPIC	MA/E
39	Agence Nationale de l'Aviation Civile	ANAC	EPIC	MT

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
40	Agence Nigérienne de presse	ANP	EPIC	MC
41	Centrale d'Approvisionnement en Intrants et Matériels Agricoles	CAIMA	EPIC	MA/E
42	Conseil Nigérien des Utilisateurs des Transports Publics	CNUT	EPIC	MT
43	Loterie Nationale du Niger	LONANI	EPIC	MF
44	Office de Radiodiffusion et Télévision du Niger	ORTN	EPIC	MC
45	Office des Produits Vivriers du Niger	OPVN	EPIC	MC/PSP
46	Office National d'Edition et de Presse	ONEP	EPIC	MC
47	Office National des Aménagements Hydro Agricoles	ONAHA	EPIC	MA/E
48	Office National des Produits Pharmaceutiques et Chimiques du Niger	ONPPC	EPIC	MSP
49	Palais des Congrès	PC	EPIC	MRC/A/MS
50	Port Sec de Dosso	PSD	EPIC	MT
51	Société de Gestion de la Gare Routière	ECOGAR	EPIC	MI/SP/D/ACR
52	Société Nigérienne des Industries Pharmaceutiques	SONIPHAR	EPIC	MSP
53	Stade Général SeyniKountché	SGSK	EPIC	MJ/S
54	Activités Aéronautiques Nationales du Niger	AANN	EPA	MT
55	Agence Centrale de Gestion des Saisies, des Confiscations, des Gels et des Recouvrements d'Avoirs	ACGSCGRA	EPA	MJ
56	Agence Judiciaire de l'Etat	AJE	EPA	MF
57	Agence Nationale d'Assistance Juridique et Judiciaire	ANAJJ	EPA	MJ
58	Agence Nationale de Diffusion	AND	EPA	MC
59	Agence Nationale de Financement des Collectivités Territoriales	ANFICT	EPA	MI/SP/D/ACR
60	Agence Nationale de Lutte contre la Traite des Personnes	ANLTP	EPA	MJ
61	Agence Nationale de Promotion de l'Innovation et de la Propriété Intellectuelle	AN2PI	EPA	MI
62	Agence de Vérification et de Conformité aux Normes	AVCN	EPA	MI
63	Agence Nationale des Energies Renouvelables et de la Maîtrise d'Energie	ANERME	EPA	ME

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TABLE 16: *continued*

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
64	Agence Nationale de la Grande Muraille Verte	ANGMV	EPA	ME/DD
65	Agence Nationale pour la Promotion de l'Emploi	ANPE	EPA	ME/T/PS
66	Agence Nationale pour la Société de l'Information	ANSI	EPA	PRESIDENCE
67	Agence Nigérienne d'Allocations et des Bourses	ANAB	EPA	MES/R/I
68	Agence Nigérienne de la Promotion de l'Electrification Rurale	ANPER	EPA	ME
69	Agence Nigérienne de la Sécurité Routière	ANISER	EPA	MT
70	Bibliothèque Nationale	BN	EPA	MRC/A /MS
71	Bureau de Restructuration et de Mise à Niveau des Industries	BRMN	EPA	MI
72	Centre Culturel Oumarou Ganda	CCOG	EPA	MRC/A/MS
73	Centre de Formation aux Techniques des Transports Routiers	CFTTR	EPA	MT
74	Centre de Multiplication de Bétail	CMB	EPA	MA/E
75	Centre de Perfectionnement des Travaux Publics	CPTP	EPA	MEq
76	Centre de Recherches Géologiques et Minières	CRGM	EPA	MM
77	Centre des Œuvres Universitaires de Niamey	CNOU	EPA	MES/R/I
78	Centre des œuvres universitaires EMIG	COU/EMIG	EPA	MES/R/I
79	Centre Régional des Œuvres Universitaires d'Agadez	CROU/AZ	EPA	MES/R/I
80	Centre Régional des Œuvres Universitaires de Diffa	CROU/DI	EPA	MES/R/I
81	Centre Régional des Œuvres Universitaires deDosso	CROU/DO	EPA	MES/R/I
82	Centre Régional des Œuvres Universitaires de Maradi	CROU/MI	EPA	MES/R/I
83	Centre Régional des Œuvres Universitaires de Tahoua	CROU/TA	EPA	MES/R/I
84	Centre Régional des Œuvres Universitaires de Tillabéry	CROU/TI	EPA	MES/R/I
85	Centre Régional des Œuvres Universitaires de Zinder	CROU/ZR	EPA	MES/R/I
86	Centre National d'Energie Solaire	CNES	EPA	ME
87	Centre National de Lutte Antiacridienne	CNLA	EPA	MA/E

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
88	Centre National de Lutte contre le Cancer	CNLC	EPA	MSP
89	Centre National de Radioprotection	CNRP	EPA	MSP
90	Centre National de Santé de la Reproduction	CNSR	EPA	MSP
91	Centre National de Transfusion Sanguine	CNTS	EPA	MSP
92	Délégation Générale au Service National de Participation	DGSNP	EPA	MEP/T
93	Ecole de Formation Judiciaire du Niger	EFJN	EPA	MJ
94	Ecole des Mines de l'Aïr	EMAIR	EPA	MM
95	Ecole Nationale d'Administration et de la Magistrature	ENAM	EPA	PRIMATURE
96	Ecole Nationale de Santé Publique DamouréZika de Niamey	ENSP NIAMEY	EPA	MSP
97	Ecole Nationale de Santé Publique de Zinder	ENSP ZINDER	EPA	MSP
98	Ecole Normale d'Instituteurs d'Agadez	ENI AGADEZ	EPA	MEP/A/PLN/EC
99	Ecole Normale d'Instituteurs de Diffa	ENI DIFFA	EPA	MEP/A/PLN/EC
100	Ecole Normale d'Instituteurs de Dosso	ENI DOSSO	EPA	MEP/A/PLN/EC
101	Ecole Normale d'Instituteurs de Maradi	ENI MARADI	EPA	MEP/A/PLN/EC
102	Ecole Normale d'Instituteurs de Tahoua	ENI TAHOUA	EPA	MEP/A/PLN/EC
103	Ecole Normale d'Instituteurs de Tillabéri	ENITILLABERI	EPA	MEP/A/PLN/EC
104	Ecole Normale d'Instituteurs de Zinder	ENI ZINDER	EPA	MEP/A/PLN/EC
105	Ecole Normale d'Instituteurs SaadouGaladima de Niamey	ENI NIAMEY	EPA	MEP/A/PLN/EC
106	Hôpital Général de Référence	HGR	EPA	MSP
107	Hôpital National de Niamey	HNN	EPA	MSP
108	Hôpital National de Zinder	HNZ	EPA	MSP
109	Hôpital National Lamordé	HNL	EPA	MSP
110	Institut de Santé Publique	ISP	EPA	MSP
111	Institut de Formation en Alphabétisation et Education Non Formelle	IFAENF	EPA	MEP/A/PLN/EC
112	Institut de Formation en Techniques de l'Information et de la Communication	IFTIC	EPA	MC
113	Institut Géographique National du Niger	IGNN	EPA	MD/H
114	Institut National de Documentation, de Recherche et d'Animation Pédagogique	INDRAP	EPA	MEP/A/PLN/EC
115	Institut National de la Jeunesse, des Sports et de la Culture	INJS/C	EPA	MJ/S

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TABLE 16: *continued*

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
116	Institut Pratique de Développement Rural	IPDR	EPA	MA/E
117	Institut Africain d'informatique	IAI	EPA	MC
118	Laboratoire Central d'Elevage	LABOCEL	EPA	MA/E
119	Laboratoire National de Santé Publique et d'Expertise	LANSPEX	EPA	MSP
120	Maternité Issaka Gazoby	MIG	EPA	MSP
121	Office National des Equivalences et Concours du Supérieur	ONECS	EPA	MES/R/I
122	Office National des Anciens Combattants et Victimes de Guerre	ONACVG	EPA	MD
123	Agence de Promotion des Entreprises et Industries Culturelles	APEIC	EPP	MRC/A/MS
124	Agence du Salon International de l'Artisanat pour la Femme	SAFEM	EPP	MT/A
125	Bureau National de la Carte Brune	BNCB	EPP	MF
126	Bureau National du Droit d'Auteur	BNDA	EPP	MRC/A/MS
127	Centre National de la Cinématographie du Niger	CNCN	EPP	MRC/A/MS
128	Centre Nigérien de Promotion Touristique	CNPT	EPP	MT/A
129	Chambre de Commerce et d'Industrie du Niger	CCIN	EPP	MC/PSP
130	Chambre des métiers d'Artisanat du Niger	CMANI	EPP	MT/A
131	Maison de l'Entreprise	ME	EPP	MC/PSP
132	Centre de Recherches Médicales et Sanitaires	CERMES	EPSCT	MSP
133	Institut National de la Recherche Agronomique du Niger	INRAN	EPSCT	MA/E
134	Centre National de Référence de la Drépanocytose	CNRD	EPSCT	MSP
135	Ecole des Mines et de la Géologie	EMIG	EPSCT	MES/R/I
136	Ecole Supérieure de télécommunications	EST	EPSCT	MP/T/EN
137	Musée National Boubou Hama	MNBH	EPSCT	MRC/A/MS
138	Université Abdou MoumouniDioffo de Niamey	UAMD	EPSCT	MES/R/I
139	Université Dan Dicko Dan Koulodo de Maradi	UDDM	EPSCT	MES/R/I
140	Université d'Agadez	UAZ	EPSCT	MES/R/I
141	Université de Diffa	UDI	EPSCT	MES/R/I
142	Université de Dosso	UDO	EPSCT	MES/R/I
143	Université de Say	USA	EPSCT	MES/R/I

N°	Full Name	Abbreviation	Legal Status	Technical Oversight Ministry
144	Université de Tahoua	UTA	EPSCT	MES/R/I
145	Université de Tillabery	UTI	EPSCT	MES/R/I
146	Université de Zinder	UZR	EPSCT	MES/R/I
147	Agence Nigérienne de la Mutualité Sociale	ANMS	EPS	ME/T/PS
148	Agence Nigérienne de Volontariat pour le Développement	ANVD	EPS	MDC/AT
149	Caisse Autonome des Retraites du Niger	CARENI	EPS	MFP/RA
150	Caisse Nationale de Sécurité Sociale	CNSS	EPS	ME/T/PS
151	Centre des Métiers du Cuir et d'Art du Niger	CMCAN	EPS	MEP/T
152	Fonds d'Appui à la Formation Professionnelle et à l'Apprentissage	FAFPA	EPS	MEP/T
153	Institut National de la Statistique	INS	EPS	MP
154	Observatoire National de l'Emploi et de la Formation Professionnelle	ONEF	EPS	ME/T/PS
155	Caisse Autonome de Financement de l'Entretien Routier	CAFER	EPF	MEq
156	Caisse de Dépôts et de Consignation	CDC	EPF	MF
157	Académie des Arts Martiaux	ACAM	Sans Statut	MJ/S
158	Centre Culturel Franco-Nigérien Jean Rouch	CCFN/JEAN ROUCH	Sans Statut	MRC/A/MS
159	Centre de Formation et de Promotion Musical Taya	CFPM/TAYA	Sans Statut	MRC/A/MS
160	Centre de Lecture et d'Animation Culturelle et Centre National des Réseaux de Bibliothèques et de Lecture Publique	CLAC/CNRBLP	Sans Statut	MRC/A/MS
161	Régie Administrative Chargée de la Gestion de l'Assistance en Escale	RAE/NIGER	Régie	MT
162	Nouvelle Cimenterie de Kao	NCK	SCP	MM
163	Société Nigérienne de Carbonisation du Charbon minéral	SNCC	SCP	MM
164	Compagnie Nationale de Transport des Produits Stratégiques	CNTPS	SCP	MT

Abbreviations

MA/E: Ministère de l'Agriculture et de l'Elevage	Ministry of Agriculture and Livestock
MC/PSP: Ministère du Commerce et de la Promotion du Secteur Privé	Ministry of Trade and Private Sector Development
MC: Ministère de la Communication	Ministry of Communication
MD: Ministère de la Défense	Ministry of Defense
MDC/AT: Ministère du Développement Communautaire et de l'Aménagement du Territoire	Ministry of Local Development and Land Planning
ME/DD: Ministère de l'Environnement et du Développement Durable	Ministry of Environment and Sustainable Development
ME/T/PS: Ministère de l'Emploi, du Travail et de la Protection Sociale	Ministry of Employment, Work and Social Protection
ME: Ministère de l'Energie	Ministry of Energy
MEP/A/PLN/EC: Ministère de l'Enseignement Primaire, de l'Alphabétisation, de la Promotion des Langues Nationales et de l'Education Civique	Ministry of Primary Education, Alphabetization, Promotion of National Languages and Civic Education
MEP/T: Ministère de l'Enseignement Professionnel et Technique	Ministry of Professional and Technical Education
MEq: Ministère de l'Equipement	Ministry of Equipment
MES/R/I: Ministère de l'Enseignement Supérieur, de la Recherche et de l'Innovation	Ministry of Higher Education, Research and Innovation
MH/A: Ministère de l'Hydraulique et de l'Assainissement	Ministry in Charge of Water and Sanitation
MI/SP/D/ACR: Ministère de l'Intérieur, de la Décentralisation et des Affaires Coutumières et Religieuses	Ministry of Interior, Decentralization, Customary and Religious Affairs
MJ/S: Ministère de la Jeunesse et du Sport	Ministry of Youth and Sports
MJ: Ministère de la Justice	Ministry of Justice
MM: Ministère des Mines	Ministry of Mining

MP/T/EN: Ministère des Postes, des Télécommunications et de l'Economie Numérique	Ministry of Postal Services, Telecommunication and Numeric Economy
MP: Ministère du Plan	Ministry of Planning
MPe: Ministère du Pétrole	Ministry of Petroleum
MRC/A/MS: Ministère de la Renaissance Culturelle, des Arts et de la Modernisation Sociale	Ministry of Cultural Renaissance, Arts and Social Modernization
MSP: Ministère de la Santé Publique	Ministry of Public Health
MT/A: Ministère du tourisme et de l'Artisanat	Ministry of Tourism and Crafts
MT: Ministère des Transports	Ministry of Transports
MFP/RA: Ministère de la Fonction Publique et de la Réforme Administrative	Ministry of Civil Service and Administrative Reform
EPA: Etablissement Public Administratif	Public Administrative Entity
EPF: Etablissement Public de Financement	Public Financing Entity
EPIC: Etablissement Public Industriel et Commercial	Public Industrial Commercial Entity
EPP: Etablissement Public Professionnel	Public Professional Entity
EPS: Etablissement Public à caractère Social	Public Social Entity
EPSCT: Etablissement Public Scientifique, Culturel et Technique	Public scientific, Cultural and Technical Entity
SCP: Société à Capital Public	Public Capital Company
SE: Société d'Etat	State-Owned Company
SEM: Société d'Economie Mixte	Company of Mixed Economy

TABLE 17: Key SOEs (CFAF millions)

Name	Abbreviation	Type	Technical Oversight Ministry	Year	Revenues	Wage Bill	Net Result	Taxes	Total General Assets	Total Equity and Resources	Total General Passive	Total Costs
Socitété d'Exploitation des Eaux du Niger	SEEN	SEM	Ministere de l Hydraulique et de l'Assainissement	2013	23,760.0	3,897.0	1,182.0	199.0	24,960.0	5,211.0	24,960.0	21,466.0
				2014	22,033.0	3,854.0	1,115.0	177.4	21,230.0	5,877.0	21,230.0	20,820.0
				2015	25,453.0	4,519.0	242.0					24,176.0
				2016								
				2017								
Centrale d Approvisionnement en Intrants et Matériels Agricoles	CAIMA	EPIC	Ministere de l'Agriculture et de l'Elevage	2013	6,069.4	620.0	–7,069.0	125.9	14,130.0	–1,769.0	14,960.0	22,160.0
				2014	5,113.0	641.5	–1,114.0	557.5	14,130.0	–3,728.0	21,390.0	28,253.1
				2015	11,720.0	713.2	–1,130.0	773.3	19,850.0	–3,229.0	19,850.0	17,542.1
				2016	6,492.7	673.7	–2,964.9	226.5	18,288.7	–4,617.0	18,288.7	13,090.9
Société du Patrimoine des Eaux du Niger	SPEN	SE	Ministere de l Hydraulique et de l'Assainissement	2013	4,568.0	368.0	–886.0					4,224.0
				2014	5,451.0	369.0	–653.0					3,535.0
				2015	4,861.0	371.0						
Caisse Autonome de Financement et de l'Entretien Routier	CAFER	EPF	Ministere de l'Equipement	2013	49.8	878.0	–446.4	8,794.0	238.6	–3,412.0	238.7	10,010.0
				2014	56.0	970.7	–2,053.0	11,030.0	620.5	–5,612.0	620.5	12,550.0
				2015	44.2	994.7	–4,526.0	13,730.0	442.5	–10,260.0	442.8	15,270.0
				2016								
				2017								

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TABLE 17: *continued*

Name	Abbreviation	Type	Technical Oversight Ministry	Year	Revenues	Wage Bill	Net Result	Taxes	Total General Assets	Total Equity and Resources	Total General Passive	Total Costs
Société Nigrienne d'Electricité	NIGELEC	SEM	Ministere de l'Energie	2013	60,000.0	8,000.0	–31,000.0	769,000.0	30,000.0	58,000.0	131,000.0	61,000.0
				2014	70,000.0	9,000.0	–34,000.0	791,000.0	57,000.0	62,000.0	157,000.0	67,000.0
				2015								
				2016								
				2017								
Office National des Produits Pharmaceutiques et chimiques du Niger	ONPPC	EPIC	Ministere de la Sante Publique	2013	4,398.0	727.1	1,239.0	21.2	4,228.9	–186.3	4,228.9	4,105.0
				2014	3,929.7	631.0	–637.6	44.8	5,103.6	8.4	5,103.6	6,184.9
				2015	4,285.0	832.8	594.5	34.3	6,017.8	598.4	6,017.8	5,614.6
				2016								
				2017								
Société Nigérienne d'Urbanisme et de Construction Immobilière	SONUCI	SEM	Ministere des Domaines el de l'Habitat	2013	1,913.0	46.3		17.7	18,160.0	2,027.0	18,170.0	694.7
				2014	4,533.0	297.2	3,896.0	16.6	28,610.0	6,256.0	28,610.0	637.9
				2015								
				2016								
				2017								
Loterie Nationale du Niger	LONANI	EPIC	Ministere des Finances	2013	14,308.9	1,388.0	442.6	2,224.0	5,262.9	1,202.9	5,262.9	13,930.3
				2014	15,807.1	1,182.0	918.1	2,461.0	6,373.5	2,121.0	6,373.5	15,653.7
				2015	17,550.0	1,163.0	1,019.0	2,752.0	5,468.9	2,667.3	5,468.9	16,416.6
				2016	16,787.8	955.4	2,273.2	2,441.9				
				2017								

Name	Abbreviation	Type	Technical Oversight Ministry	Year	Revenues	Wage Bill	Net Result	Taxes	Total General Assets	Total Equity and Resources	Total General Passive	Total Costs
Imouraren SA	IMSA	SEM	Ministere des Mines	2013		15,480.0	–306.6	236.8	514,700.0	33,610.0	514,700.0	
				2014		25,580.0	–25,310.0	2,298.0	620,000.0	8,299.0	620,000.0	
				2015		6,603.0	–167,200.0	509.6	504,700.0	–158,900.0	504,700.0	
				2016								
				2017								
Société du Patrimoine des Mines du Niger	SOPAMIN	SE	Ministere des Mines	2013	57,082.0	552.1	1,976.8	299.0	36,742.6	15,092.2	36,742.6	55,552.9
				2014	33,090.4	682.4	1,531.7	846.2	26,846.3	16,623.9	26,846.3	32,072.5
				2015	69,839.3	793.8	1,163.0	319.0	52,767.1	17,787.0	52,620.7	65,569.0
				2016	23,126.3	871.2	–9,501.8	322.2	21,846.6	6,285.2	21,846.6	34,347.8
				2017	22,303.1	841.9	3,047.2	285.8	23,874.4	9,332.4	23,874.4	20,050.9
Office des Produits Vivriers du Niger	OPVN	EPIC	Ministere du Commerce et de la Promotion du Secteur Prive	2013	3,955.0	866.5	–4,353.0	58.9	25,120.0	–4,299.0	25,120.0	9,639.0
				2014	13,870.0	988.2	–3,661.0	67.6	30,206.2	–8,039.8	30,206.2	30,353.5
				2015	9,885.0	975.8	–3,885.0	191.0	26,878.0	–11,948.6	26,923.0	25,210.0
				2016	10,574.0	1,203.5	–1,214.1	81.2	18,296.2	–12,107.6	18,296.2	
				2017	12,180.5	976.5	–8,610.5	1,466.7	19,981.6	–19,458.5	19,981.6	
Société Nigerienne des Produits Petroliers	SONIDEP	SE	Ministere du Commerce et de la Promotion du Secteur Prive	2013	415,200.0	2,409.0	10,830.0	582.4	184,600.0	26,910.0	184,600.0	404,700.0
				2014	386,900.0	2,854.0	6,177.0	1,340.0	151,900.0	26,320.0	151,800.0	381,400.0
				2015	342,400.0	3,291.0	2,091.0	1,403.0		24,370.0	168,000.0	340,000.0
				2016	225,220.8	2,219.0	2,981.2	662.9	187,527.2	25,754.6	187,527.2	
				2017	358,359.3	3,404.4	8,089.6	1,479.6				

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TABLE 17: *continued*

Name	Abbreviation	Type	Technical Oversight Ministry	Year	Revenues	Wage Bill	Net Result	Taxes	Total General Assets	Total Equity and Resources	Total General Passive	Total Costs
China National Petrolium Corporation Niger Petrolium	CNPC-NP	SEM	Ministere du Petrole	2013	216,300.0	3,481.0		27,370.0	1,182,000.0	11.4	1,182,000.0	
				2014	236,600.0	5,767.0		333,700.0	2,148,000.0	13.0	2,148,000.0	
				2015								
				2016								
				2017								
Société Nigérienne de Télécommunications	Niger Telecom	SE	Ministère des Postes, des Télécommunications et de l'Economie Numérique	2013								
				2014								
				2015								
				2016	38,085.6							
				2017								
Office de Radio Diffusion et Télévision du Niger	ORTN	EPIC	Ministere de la Communication	2013								
				2014								
				2015	1,034.0			255.7				
				2016								
				2017								

Name	Abbreviation	Type	Technical Oversight Ministry	Year	Revenues	Wage Bill	Net Result	Taxes	Total General Assets	Total Equity and Resources	Total General Passive	Total Costs
Société Nigérienne des Postes	NIGER POSTE	SE	Ministere des Postes des Telecommunications et l'Economie Numerique	2013			250.7		18.5	2,238.2	18.5	
				2014	1,740.2	1,371.8	–259.4	105.0	19.0	1,962.2	19.0	194.6
				2015	1,352.4	1,556.0	–395.4	91.2	182.5	850.8	182.5	184.2
				2016								
				2017								
Conseil Nigerien des Utilisateurs des Transports Publics	CNUT	EPIC	Ministere des Transports	2013								
				2014	2,348.0	796.2	378.0	38.1	3,670.0	2,880.0	3,670.0	2,148.0
				2015	2,964.0	893.0	236.3	51.0	3,793.0	3,023.0	3,793.0	2,609.0
				2016	2,588.9	944.6	–165.2	71.4	3,586.5	2,807.5	3,586.5	2,875.0
				2017								

Source: DEPPE database.

TABLE 18: Subsidies, by SOE, CFAF millions

SOE	2013	2014	2015	2016	2017
AAJJ	150.0	151.0	150.5	108.4	96.3
AANN	0.0	0.0	115.0	135.0	109.4
ACAM	5.7	5.7	5.7	5.4	4.3
ADPME	500.0	500.0	500.0	333.9	266.0
AJE	0.0	0.0	0.0	0.0	200.0
AMNS	0.0	0.0	0.0	45.0	56.5
AN2PI	50.0	50.0	100.0	81.0	54.9
ANAB	250.0	250.0	250.0	202.5	164.0
ANAC	102.7	102.7	250.0	202.5	164.0
ANFICT	0.0	250.0	250.0	250.0	225.0
ANLTP	0.0	0.0	70.2	51.2	45.5
ANP	136.0	138.0	138.0	122.4	97.4
ANPE	60.0	130.0	60.0	48.6	39.4
ANPER	0.0	200.0	200.0	180.0	145.8
ANVD	0.0	120.0	180.5	108.0	256.8
APEIC	100.0	90.0	90.0	72.9	59.0
AVCN	100.0	100.0	100.0	81.0	63.8
BNCB	0.0	50.0	50.0	40.5	40.5
BNDA	40.0	40.0	40.0	32.4	26.2
BRMN	150.0	150.0	150.0	121.5	90.3
CAFER	8,000.0	10,000.0	5,600.0	4,675.6	3,710.0
CAIMA	10,000.0	10,000.0	0.0	0.0	0.0
CARENI	0.0	0.0	400.0	330.3	267.5
CCFN	50.0	50.0	50.0	36.0	32.4
CCOG	30.0	30.0	30.0	24.3	19.7
CDP	0.0	–	30.0	12.1	0.0
CERMES	334.1	395.1	395.1	320.0	259.2
CFPMTAYA	10.0	10.0	10.0	8.1	6.6
CFTTR	100.0	100.0	100.0	81.0	65.6
CFVE	20.6	60.6	39.4	81.0	65.6
CLACetCNRBLP	14.9	16.1	16.1	13.0	10.6
CMANI	0.0	0.0	0.0	0.0	36.0

SOE	2013	2014	2015	2016	2017
CMANI	70.0	160.0	110.0	50.0	54.7
CMB	310.0	310.0	201.3	159.4	129.1
CNCN	150.0	130.0	130.0	105.3	85.3
CNES	110.0	160.0	160.0	121.5	109.4
CNLA	73.5	100.0	100.0	78.6	68.3
CNLC	0.0	0.0	124.2	270.0	243.0
CNOU/NY	1,850.0	2,000.0	2,000.0	2,755.0	2,755.0
CNRD	80.0	100.0	100.0	162.0	131.2
CNRS	0.0	50.0	50.0	135.0	32.8
CNTS	313.2	600.0	600.0	886.0	396.7
CNUT	0.0	600.0	600.0	486.0	243.6
COU/AG	0.0	0.0	0.0	100.0	100.0
COU/DI	0.0	0.0	0.0	100.0	100.0
COU/DO	0.0	0.0	0.0	100.0	100.0
COU/EMIG	0.0	150.0	150.0	150.0	150.0
COU/MI	620.0	670.0	670.0	1,170.8	1,170.8
COU/TA	600.0	650.0	650.0	1,199.7	1,199.7
COU/TI	0.0	0.0	0.0	10.0	100.0
COU/ZR	600.0	650.0	650.0	1,229.5	1,229.5
CPTP	51.1	75.1	75.1	112.5	101.1
CRGM	265.0	265.0	265.0	214.7	173.9
EFJ	0.0	0.0	0.0	40.0	35.6
EMAIR	220.0	220.0	220.0	178.2	165.0
EMIG	575.0	600.0	459.0	150.0	371.8
ENAM	565.0	645.0	645.0	522.5	442.9
ENI	135.0	350.0	400.0	495.0	440.0
ENPC	0.0	0.0	0.0	0.0	50.0
ENSP/NY	460.3	499.3	499.3	404.4	327.6
ENSP/ZR	350.0	400.0	400.0	404.4	262.4
EPA	400.0	400.0	400.0	324.0	291.6
EST/CNIPT	0.0	50.0	50.0	40.5	32.8
FAFPA	0.0	0.0	355.6	300.0	203.5
HGR	0.0	0.0	0.0	0.0	500.0

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TABLE 18: *continued*

SOE	2013	2014	2015	2016	2017
HN/NY	3,602.8	4,150.0	4,150.0	3,361.5	3,025.4
HN/ZR	1,478.2	1,573.1	1,283.1	1,274.2	1,196.8
HNL	1,689.4	1,878.8	1,878.8	1,521.8	1,626.3
IAI	140.0	140.0	140.0	113.4	990.0
IFAENF	75.0	113.2	113.2	60.8	108.7
IFTIC	170.0	229.0	229.0	198.0	158.4
IGNN	120.0	120.0	120.0	97.2	69.5
INDRAP	70.0	200.0	150.0	118.0	104.9
INJS	226.0	226.0	226.0	135.0	186.1
INRAN	653.0	1,532.1	1,532.1	1,203.7	557.5
INS	2,102.0	2,102.0	2,102.0	1,702.6	1,902.6
IPDR	127.2	129.7	129.7	135.7	106.7
ISP	221.7	238.4	238.4	193.2	156.5
LABOCEL	158.3	158.3	102.7	80.4	65.1
LANSPEX	196.0	227.8	227.8	184.5	149.4
MIG	737.9	848.5	848.5	687.3	618.6
MNBH	200.0	170.0	170.0	120.0	108.0
ONACVG	62.8	60.0	60.0	45.0	44.4
ONAHA	703.5	715.6	717.6	563.8	449.5
ONEECS	200.0	220.0	178.2	160.4	142.3
ONEF	50.0	150.0	150.0	121.5	98.4
ONEP	190.0	250.0	250.0	207.9	166.3
ONPC	250.0	253.0	253.0	213.8	173.2
ONPE	600.0	600.0	600.0	486.0	393.7
ORTN	1,250.0	1,250.0	1,250.0	898.3	718.7
PC	150.0	150.0	150.0	121.5	98.4
PO	50.0	50.0	50.0	34.0	29.7
SAFEM	100.0	100.3	100.3	90.3	171.3
SGSK	120.0	100.0	100.0	76.5	60.1
SNP	194.8	394.8	361.7	387.0	218.8
SONIPHAR	300.0	325.0	325.0	292.0	210.6

SOE	2013	2014	2015	2016	2017
UAMD	8,000.0	10,500.0	10,500.0	8,032.5	7,630.9
UAZ	0.0	0.0	0.0	330.8	314.2
UAZ, UDI, UDO et UTI	0.0	1,500.0	1,500.0	0.0	0.0
UDDM	1,500.0	1,575.0	1,575.0	1,204.9	2,121.5
UDI	0.0	0.0	0.0	196.0	186.2
UDO	0.0	0.0	0.0	244.5	232.2
UTA	1,200.0	1,275.0	1,275.0	975.4	1,376.3
UTI	0.0	0.0	90.0	376.3	357.4
UZR	1,200.0	1,275.0	1,275.0	975.4	1,852.8
TOTAL	**56,090.8**	**67,604.3**	**53,837.1**	**47,479.6**	**46,653.1**

Source: DEPPE.

TABLE 19: Subsidies by Ministry

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
631 Subventions aux etablissements publics															
03 Cabinet du Premier Ministre	–	–	–	187.5	456.9	522.4	420.0	429.9	701.3	1,254.9	2,527.3	4,459.1	4,142.7	3,738.0	1,859.7
06 Ministere des Enseignements Superieur, de la Recherche et de L'innovation	2,526.1	2,582.7	4,355.9	4,454.4	6,137.7	5,728.0	7,439.0	8,530.3	11,072.6	14,533.5	18,836.0	21,849.4	21,653.1	19,797.9	20,556.1
08 Ministere des Postes, des Telecommunications et de l'Ecomie Numerique	693.0	693.0	935.0	1,045.0	1,169.2	945.0	708.8	1,051.8	2,092.5	1,630.5	1,766.0	50.0	45.0	36.5	29.5
09 Ministere de la Jeunesse, des Sports	–	8.1	305.0	128.1	133.6	133.6	133.6	120.7	132.8	765.2	1,056.6	287.7	262.6	404.6	234.6
11 Ministere des Enseignements Professionnels et Techniques	–	–	117.6	109.2	190.0	520.0	558.2	305.6	797.4	915.1	968.2	621.7	971.2	646.1	491.1
12 Ministere des Affaires Etrangeres, de la Cooperation, de L'integration Africaine et des Nigeriens a l'Exterieur	–	–	–	–	–	–	–	0.7	9.8	12.8	47.7	17.6	18.0	15.5	11.2
13 Ministere du Plan	–	–	–	–	–	–	–	–	–	–	–	78.9	108.0	–	–
14 Ministere Delegue a l'Integration Africaine,	–	–	–	–	–	–	14.8	–	–	–	–	–	–	–	–
15 Ministere de la Defense Nationale	–	–	–	–	–	–	–	–	50.0	–	–	60.2	60.0	45.0	44.4
23 Ministere de la Communication	–	–	–	–	–	–	–	–	–	–	–	1,887.0	1,698.3	1,338.2	1,071.7
25 Ministere de l'Interieur, de la Securite Publique, de la Decentralisation et des Affaires Coutumieres et Religieuses	–	–	–	–	56.7	–	–	108.2	119.0	119.0	619.0	446.0	446.0	546.4	703.3
27 Ministere de la Renaissance Culturelle, des Arts et de la Modernisation Sociale	–	–	–	–	–	221.4	166.1	–	–	–	–	636.1	572.5	447.3	371.7

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
40 Ministere de l'Emploi et de la Protection Sociale	–	–	–	–	–	–	–	–	–	–	–	365.0	292.6	315.3	222.6
41 Ministere de la Fonction Publique et de la Reforme Administrative	–	–	50.0	45.5	50.0	90.0	129.1	124.4	129.7	160.0	170.0	–	360.0	297.3	240.3
43 Ministere Charge des Affaires Religieuses et de l'Action Humanitaire	–	–	–	–	–	60.0	60.0	–	–	–	–	–	–	–	–
47 Ministere des Finances	3,948.4	2,213.8	691.5	733.2	829.6	1,162.7	1,397.2	1,392.8	1,872.6	10,672.7	15,664.8	19,007.4	11,714.6	19,850.3	16,811.2
51 Ministere du Tourisme et de l'Artisanat	–	–	–	–	–	–	55.2	–	–	48.7	–	100.3	225.3	121.3	196.7
52 Ministere du Commerce et de la Promotion du Secteur Prive	–	–	–	–	–	–	–	–	–	–	599.9	800.0	–	–	–
53 Ministere des Transports	–	–	56.2	77.0	77.0	77.0	57.7	119.2	141.0	361.6	202.7	202.7	193.5	194.4	157.1
54 Ministere de l'Agriculture et de l'Elevage	665.2	517.3	800.0	709.5	1,162.4	5,951.2	637.0	851.3	2,075.7	15,035.4	11,614.0	2,537.4	2,303.9	1,822.6	1,697.4
55 Ministere de l'Elevage	–	–	21.9	27.3	22.5	30.0	22.5	–	–	504.8	488.9	589.5	345.2	279.0	–
56 Ministere du Developpement Communautaire et de l'amenagement du Territoire	–	–	–	–	–	–	–	–	–	–	–	–	–	86.4	230.7
57 Ministere de l'Energie et du Petrole	–	–	–	–	–	–	–	–	–	152.0	110.0	460.0	386.5	307.4	248.5
58 Ministere de l'Equipement	–	4,003.7	131.7	128.9	38.9	36.9	27.7	45.9	51.0	57.1	8,057.1	75.1	67.6	101.3	90.8
59 Ministere des Mines et de l'Industrie	–	–	343.0	476.1	523.0	523.0	341.3	409.5	480.0	294.0	684.8	685.0	661.5	535.8	434.7
60 Ministere de l'Environnement et du Developpement Durable	–	–	–	–	–	–	15.4	–	–	–	–	73.9	91.9	47.0	42.1
61 Ministere De L'enseignement Primaire, De L'alphabetisation, De La Promotion Des Langues Nationales Et De L'education Civ	–	–	62.0	46.5	62.0	107.0	122.0	130.6	168.0	183.0	219.9	601.9	564.5	673.7	537.9

(continues on next page)

TABLE 19: *continued*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
62 Ministere De L'hydraulique Et De L'assainissement	–	–	–	–	–	–	–	20.5	44.6	52.5	446.0	11.6	10.4	8.3	5.8
64 Ministere De La Sante Publique	3,790.1	3,958.7	4,223.5	3,910.3	4,343.9	4,286.6	4,640.0	4,416.9	5,568.9	8,188.5	15,742.8	11,839.7	13,169.2	10,103.1	12,488.9
65 Ministere De La Promotion De La Femme Et De La Protection De L'enfant	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
68 Ministere Des Domaines Et De L'habitat	–	–	–	–	106.0	106.0	105.5	95.7	97.5	106.0	120.0	120.0	108.0	87.5	62.4
631 Subventions Aux Etablissements Publics Total	11,622.8	13,977.3	12,093.0	12,078.4	15,359.5	20,500.8	17,051.2	18,154.1	25,604.3	55,047.4	79,941.8	67,863.3	60,472.3	61,846.3	58,840.6
632 Subventions Aux Entreprises Publiques Et Semi-Publiques Non Financieres	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32 Haute Autorite A La Consolidation De La Paix (Hacp)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	150.0
47 Ministere Des Finances	2,500.0	–	388.5	1,900.0	2,389.0	2,189.0	2,841.8	795.0	1,864.0	737.2	–	1,200.0	1,080.0	874.8	509.8
52 Ministere Du Commerce Et De La Promotion Du Secteur Prive	–	–	–	–	–	–	–	150.0	165.0	60.7	499.9	500.0	450.0	300.4	238.9
58 Ministere De L'equipement	–	–	5,000.0	1,307.8	3,057.7	2,941.9	1,522.1	5,000.0	1,000.0	6,531.6	–	8,000.0	5,040.0	2,438.4	2,226.0
59 Ministere Des Mines Et De L'industrie	–	–	–	–	–	–	–	–	–	165.0	100.0	100.0	90.0	72.9	57.3
632 Subventions Aux Entreprises Publiques Et Semi-Publiques Non Financieres Total	2,500.0	–	5,388.5	3,207.8	5,446.7	5,130.9	4,363.8	5,945.0	3,029.0	7,494.5	599.9	9,800.0	6,660.0	3,686.5	3,182.0
Grand Total	**14,122.8**	**13,977.3**	**17,481.5**	**15,286.2**	**20,806.1**	**25,631.8**	**21,415.0**	**24,099.1**	**28,633.3**	**62,541.9**	**80,541.8**	**77,663.3**	**67,132.3**	**65,532.8**	**62,022.7**

Source: BOOST 2017.

TABLE 20: Number of Employees per SOE

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NIGELEC									1,096	1,074	1,099	1,167	1,189		
SOMAIR	624	589	559	561	577	577	601	695	824	995	1,132	1,182	1,206	1,219	1,145
COMINAK	1,046	1,046	1,027	1,040	1,068	1,048	1,168	1,212	1,184	1,187	1,158	1,128	1,110	1,096	1,017
SONICHAR	376	309	301	290	283	282	281	280	343	354	354				
SML					171	221	109	196	201	217	225				
BCM								223	237	204	210				
SOMINA									70	415	280				
IMOURAREN										126	196	243	268	298	
CNPC-NP													284		
SORAZ													731		
SONIDEP															311
NIGELEC															1,328
SEEN															636
Niger Telecom															1,129

Source: EITI 2016 Report.

TABLE 21: Sample of SOE Financial Ratios

SOE	Sector	Category	Year	Result/ Assets	Result/ Equity	Salary/ Turn-Over	Salary/ Total Cost	Debt/ Assets
SEEN	Eau	SEM	2013	4.7%	22.7%	17.9%		79.1%
			2014	5.3%	19.0%	19.8%	21.5%	72.3%
			2015	0.9%	4.4%	19.8%	20.6%	79.3%
			2016	–0.3%	–1.2%	19.6%	20.4%	91.4%
			2017	4.1%	18.7%	18.8%	20.8%	77.9%
CAIMA	Agriculture	EPIC	2013	–50.0%	399.6%	10.2%	2.8%	118.4%
			2014	–7.9%	29.9%	12.5%	2.3%	177.8%
			2015	–5.7%	35.0%	6.1%	4.1%	116.3%
			2016	–16.2%	64.2%	10.4%	5.1%	125.2%
ONPPC	Santé	EPIC	2013	29.3%	–655.1%	16.5%	17.7%	104.4%
			2014	–12.5%	–7,553.0%	16.1%	10.2%	99.8%
			2015	9.9%	99.9%	19.4%	14.8%	90.1%
			2016	5.3%	26.7%	19.7%	13.8%	80.2%
			2017	–12.3%	–212.0%	32.1%	19.1%	94.2%
SONUCI	Urbanisme	SEM	2013			2.4%	6.7%	88.9%
			2014	13.6%	62.3%	6.6%	46.6%	78.1%
			2015	0.3%	1.6%	9.8%	10.1%	80.8%
			2016	–15.3%	10.0%	10.0%	4.7%	88.5%
LONANI	Loterie	EPIC	2013	8.4%	36.8%	9.7%	10.0%	77.1%
			2014	14.4%	43.3%	7.5%	7.6%	66.7%
			2015	18.6%	38.2%	6.6%	7.1%	51.2%
IMSA	Mines	SEM	2013	–0.1%	–0.9%			93.5%
			2014	–4.1%	–305.0%			98.7%
			2015	–33.1%	105.2%			131.5%
SOPAMIN	Mines	SE	2013	5.4%	13.1%	1.0%	1.0%	58.9%
			2014	5.7%	9.2%	2.1%	2.1%	38.1%
			2015	2.2%	6.5%	1.1%	1.2%	66.0%
			2016	–43.5%	–151.2%	3.8%	2.5%	71.2%
			2017	12.8%	32.7%	3.8%	4.2%	60.9%

SOE	Sector	Category	Year	Result/ Assets	Result/ Equity	Salary/ Turn-Over	Salary/ Total Cost	Debt/ Assets
OPVN	Agriculture	EPIC	2013	–17.3%	101.3%	21.9%	9.0%	117.1%
			2014	–12.1%	45.5%	7.1%	3.3%	126.6%
			2015	–14.5%	32.5%	9.9%	3.9%	144.6%
			2016	–6.6%	10.0%	11.4%		166.2%
			2017	–43.1%	44.3%	8.0%		197.4%
SONIDEP	Pétrole	SE	2013	5.9%	40.2%	0.6%	0.6%	85.4%
			2014	4.1%	23.5%	0.7%	0.7%	82.6%
			2015		8.6%	1.0%	1.0%	
			2016	1.6%	11.6%	1.0%		86.3%
			2017	0.8%	6.1%	1.1%	1.1%	86.9%
NIGER POSTE	Postes	SE	2013	1,358.5%	11.2%			–12,030.1%
			2014	–1,364.0%	–13.2%	78.8%	704.9%	–10,218.2%
			2015	–216.6%	–46.5%	115.1%	844.6%	–366.1%
CNUT	Transport	EPIC	2014	10.3%	13.1%	33.9%	37.1%	21.5%
			2015	6.2%	7.8%	30.1%	34.2%	20.3%
			2016	–4.6%	–5.9%	36.5%	32.9%	21.7%
			2017	1.1%	1.4%	34.9%	34.2%	22.5%

Source: DEP/PE database.

ANNEX 7

Legal and Regulatory Framework for Procurement

WAMEU Directives

- Directive n° 04/2012/CM/UEMOA du 28 Septembre 2012 relative à l'éthique et à la déontologie dans les MP/DSP
- Directive n° 02/2014/CM/UEMOA du 28 Juin 2014 régissant la maîtrise d'ouvrage public déléguée au sein de l'UEMOA
- Directive n° 04/2005/CM/UEMOA du 09 Décembre 2005 portant procédures de passation, d'exécution et de règlement des marches publics et des délégations de service public dans l'Union Economique et Monétaire Ouest Africaine
- Directive n° 05/2005/CM/UEMOA du 09 Décembre 2005 portant contrôle et régulation des marchés publics et des délégations de service public dans l'Union Economique et Monétaire Ouest Africaine

National Legislation and Regulation

- Loi n° 2011-37 du 28 Octobre 2011 portant principes généraux, contrôle et régulation des marchés publics et des délégations de service public au Niger
- Décret n° 2011-686/PRN/PM du 29 Décembre 2011 portant Code des Marchés Publics et des Délégations de Service Public
- Décret n° 2011-687/PRN/PM du 29 Décembre 2011 portant Attributions, Composition et Modalités de fonctionnement de l'Agence de Régulation des Marchés Publics
- Décret n° 2011-688/PRN/PM du 29 Décembre 2011 portant code d'éthique des marchés publics et des délégations de service public
- Décret n° 2013-002/PRN/PM du 04 Janvier 2013 portant création des Directions des Marchés Publics et des Délégations de Service Public au sein des Ministères
- Décret n° 2013-569/PRN/PM du 20 Décembre 2013 portant Code des Marchés Publics et des Délégations de Service Public
- Décret n° 2013-570/PRN/PM du 20 Décembre 2013 portant modalités particulières de passation des marchés de travaux, d'équipements, de fournitures et de services concernant les besoins de défense et de sécurité nationales
- Décret n° 2014-127/PRN/PM du 26 Février 2014 complétant le décret n° 569/PRN/PM du 20 décembre 2013 portant code des marchés publics et des délégations de service public et déterminant les fautes et les sanctions applicables en matière de marchés publics et des délégations de service public
- Décret n° 2014-070/PRN/PM du 12 Février 2014 déterminant les missions et l›organisation de la direction générale du contrôle des marchés publics et des engagements financiers et fixant les attributions des contrôleurs des marchés publics et des engagements financiers
- Décret n° 2014-5005/PRN/PM/MU/L du 31 Juillet 2014 déterminant les modalités de mise en œuvre de la maîtrise d›ouvrage publique
- Décret n° 2016-641/PRN/PM du 01 Décembre 2016 portant Code des Marchés Publics et des Délégations de Service Public
- Arrêté n°0034/CAB/PM/ARMP du 21 Janvier 2014 fixant les délais dans le cadre de la passation des marchés publics et des délégations de service public
- Arrêté n°0035/CAB/PM/ARMP du 21 Janvier 2014 portant liste des pièces à fournir par les soumissionnaires/candidats pour être éligibles aux marchés publics et délégations de service public

- Arrêté n°0036/CAB/PM/ARMP du 21 Janvier 2014 portant modalités de signature et d'approbation des marchés publics et des délégations de service public
- Arrêté n°0037/CAB/PM/ARMP du 21 Janvier 2014 fixant les seuils dans le cadre de la passation et l'exécution des marchés publics et des délégations de service public
- Arrête n°175/EF/DGCMP/EF du 12 Mai 2014 portant organisation et attributions de la Direction des Autorisations et des Dérogations du Suivi du Contrôle de la Passation des Marchés Publics et des délégations de service public et des engagements financiers à la Direction Générale du Contrôle des Marchés Publics et des Engagements Financiers
- Arrête n°176/EF/DGCMP/EF du 12 Mai 2014 portant organisation et attributions de la Direction de l'Information et des Statistiques à la Direction Générale du Contrôle des Marchés Publics et des Engagements Financiers
- Arrête n°177/EF/DGCMP/EF du 12 Mai 2014 portant organisation et attributions de la Direction des Etudes et de la Réglementation à la Direction Générale du Contrôle des Marchés Publics et des Engagements Financiers
- Arrête n°178/EF/DGCMP/EF du 12 Mai 2014 portant organisation et attributions de la Direction des Appuis conseils et de la Formation à la Direction Générale du Contrôle des Marchés Publics et des Engagements Financiers
- Arrêté n°0000180/CAB/PM/ARMP portant approbation de la Demande de Proposition Type pour la passation des Marchés Publics de Prestations Intellectuelles
- Arrêté n°0000181/CAB/PM/ARMP du 29 Septembre 2008 portant approbation du Dossier Type d'Appel d'Offres pour la passation des Marchés Publics de Travaux
- Arrêté n°0000182/CAB/PM/ARMP du 29 Septembre 2008 portant approbation du Dossier Type d'Appel d'Offres pour la passation des Marchés Publics de Fournitures et Services Courants
- Arrêté n°0140/CAB/PM/ARMP du 29 Juin 2012 portant Création, Attributions et Organisation d'une représentation régionale de l'Agence de Régulation des Marchés Publics
- Arrêté n°0141/CAB/PM/ARMP du 29 Juin 2012 portant Création, Attributions, Composition-type et fonctionnement de la Commission ad' hoc d'ouverture des plis et d'évaluation des offres des Marchés Publics et des Délégations de Service Public des Etablissements Publics, Sociétés d'Etat et Sociétés d'Economie Mixte

- Arrêté n°0142/CAB/PM/ARMP du 29 Juin 2012 portant Création, Attributions, Composition-type et fonctionnement de la Commission ad' hoc d'ouverture des plis et d'évaluation des offres des Marchés Publics et des Délégations de Service Public des Collectivités Territoriales
- Arrêté n°0144/CAB/PM/ARMP du 29 Juin 2012 portant attributions des Divisions Marchés Publics
- Arrêté n°0145/CAB/PM/ARMP du 29 Juin 2012 portant Création, Attributions, Composition-type et fonctionnement de la Commission ad' hoc d'ouverture des plis et d'évaluation des offres des Marchés Publics et des Délégations de Service Public de l'Etat
- Arrêté n°0080/CAB/PM/ARMP du 03 Mai 2017 portant approbation du dossier type d'appel d'offres pour la passation des conventions de délégations de service public
- Arrêté n°0081/CAB/PM/ARMP du 03 Mai 2017 portant approbation de la demande de proposition type pour la passation des marchés de prestations intellectuelles et du dossier type de présélection des candidats aux marchés de prestations intellectuelles
- Arrêté n°0082/CAB/PM/ARMP du 03 Mai 2017 portant approbation du dossier type d'appel d'offres pour la passation des marchés de fournitures et/ou de services connexes
- Arrêté n°0083/CAB/PM/ARMP du 03 Mai 2017 portant approbation du dossier type d'appel d'offres pour la passation des marchés de travaux, du dossier type de pré-qualification des candidats aux marchés de travaux et du guide de l'utilisateur du dossier type de pré-sélection aux marchés de travaux
- Arrêté n°0084/CAB/PM/ARMP du 03 Mai 2017 portant approbation du dossier type d'appel d'offres pour la passation des marchés de services courants
- Arrêté n°0133/PM/ARMP du 24 Juillet 2017 portant création, attributions, composition-type et fonctionnement des commissions des marchés publics et des délégations de services public de l'Etat
- Arrêté n°0134/CAB/PM/ARMP du 24 Juillet 2017 portant création, attributions, composition-type et fonctionnement des marchés publics et des délégations de services public des collectivités territoriales
- Arrêté n°0135/PM/ARMP du 24 Juillet 2017 portant création, attributions, composition-type et fonctionnement des commissions des marchés publics et des délégations de services public des établissements publics, Sociétés d'Etat et Sociétés à participation financière publique majoritaire

- Arrêté n°0136/PM/ARMP du 24 Juillet 2017 fixant les délais dans le cadre de la passation des marchés publics et des délégations de service public
- Arrêté n°0137/PM/ARMP du 24 Juillet 2017 portant liste des pièces à fournir par les soumissionnaires/candidats pour être éligibles aux marchés publics et délégations de service public
- Arrêté n°0139/PM/ARMP du 24 Juillet 2017 fixant les seuils dans le cadre de la passation des marchés
- Arrêté n°0140/CAB/PM/ARMP du 24 Juillet 2017 portant modalités de signature et d'approbation des marchés publics et des délégations de service public
- Décision N° 02 CAB/PM/ARMP du 21/01/2014 portant approbation du manuel du code des marchés publics du Niger-ETAT
- Décision N° 04 CAB/PM/ARMP du 21/01/2014 portant approbation du manuel du code des marchés publics du Niger-Etablissements publics, Sociétés d'Etat et Sociétés d'Economie Mixte
- Décision N° 05 CAB/PM/ARMP du 21/01/2014 portant approbation du manuel du code des marchés publics du Niger-collectivites territoriales

ANNEX 8

Overview of SOEs in Niger

Brief Description of the Five SOEs Highlighted in This Study

The Niger Water Corporation (SPEN) is an asset-holding company in charge of developing the water sector and controlling the operator's service quality. It is under the technical oversight of the Ministry of Water and Sanitation. Its operation cuts across different activities, such as management of assets, development and monitoring of the investment program, rehabilitation works, and renewal and extension of water sector infrastructure. SPEN collaborates closely with SEEN, the private operator responsible for the operation of the water service, production and distribution of drinking water, and commercial activities. These two companies oversee the water supply in 55 centers in the country (including all big cities and some secondary centers). According to the latest data available, for 2017, SPEN had an operating balance equivalent to 0.05 percent of GDP, equity of 0.10 percent of GDP, and gross debt of 3.5 percent of GDP. Its net contribution to the central government was zero.

The Nigerien Petroleum Products Company (SONIDEP) is an SE under the technical oversight of the Ministry of Commerce and Private Sector Promotion. SONIDEP's main activities are the purchase, storage, and resale of petroleum products. It also ensures the continuity and dependability of supply in hydrocarbons and derivative products for Niger, including the constitution and management of security stocks. According to the latest data available, for 2017, SONIDEP had an operating balance equivalent to 0.02 percent of GDP, equity of 0.68 percent of GDP, and gross debt of 3.44 percent of GDP. Its net contribution to the central government was 0.10 percent of GDP (comprising taxes of 0.11 percent of GDP, dividends of 0.01 percent of GDP, and transfers received of 0.02 percent of GDP).

The Niger Mining Company (SOPAMIN) is an SE under the oversight of the Ministry of Mines and manages the interests of the Republic of Niger in mining companies that operate in the country. SOPAMIN holds stakes in eight mining companies. According to the latest data available, for 2017, SOPAMIN had an operating balance equivalent to 1.20 percent of GDP, equity of 0.20 percent of GDP, and gross debt of 0.31 percent of GDP. Its net contribution to the central government was 0.40 percent of GDP (composed entirely of taxes).

The Agricultural Materials and Inputs Procurement Body (CAIMA) is under the technical oversight of the Ministry of Agriculture and Livestock. Its objectives are to sell, at a subsidized price, the agricultural inputs (such as agricultural equipment, fertilizers, phytosanitary products, and seeds) needed in rural areas. According to the latest data available, for 2017, CAIMA had an operating balance equivalent to −0.06 percent of GDP, equity of −0.17 percent of GDP, and gross debt of 0.58 percent of GDP. Its net contribution to the central government was zero.

The Niger Food Products Office (OPVN) is under the technical oversight of the Ministry of Commerce and Private Sector Promotion. Its mission involves the purchase, storage, sale, quality control, and phytosanitary treatment of cereals under the framework of the national mechanism for the prevention and management of crises with regard to the national safety stock and the strategic food reserve. It is also responsible for the management of food aid and of infrastructure, equipment, and material assigned to food aid and food security initiatives. According to the latest data available, for 2017, OPVN had an operating balance equivalent to −0.15 percent of GDP, equity of −0.46 percent of GDP, and gross debt of 0.88 percent of GDP. Its net contribution to the central government was 0.21 percent of GDP (comprising taxes of 0.03 percent of GDP and transfers received of 0.24 percent of GDP).

SOEs in the Extractives Sector

Agadem oil fields exploitation. The state is a shareholder of up to 15 percent of the exclusive exploitation rights of Phase 1 and Phase 2 of the Agadem field. China National Petroleum Corporation-Niger Petroleum (CNPC-NP) and the Overseas Private Investment Corporation (OPIC) hold, respectively, 65 percent and 20 percent of these rights. CNPC-NP is the operator of the Agadem field. According to a report by the Extractive Industries Transparency Initiative, it contributed CFAF 63.1 billion in tax revenues, or 38.9 percent of revenues from the extractives sector, in 2014.

Refining Corporation of Zinder (SORAZ). SORAZ commenced activities in 2011. The company is 60 percent owned by CNPC-NP and 40 percent by the Republic of Niger. It specializes in the refinery of crude oil into super, diesel, liquefied petroleum gas, and kerosene, and has a processing capacity of approximately 20,000 barrels of refined oil per day, including 7,000 that are intended for domestic consumption and the rest for export. SORAZ does not appear in the DEP/PE database. According to an EITI report, SORAZ paid CFAF 32.9 billion in taxes, or 20.3 percent of revenues from the extractives sector, in 2014.

Imouraren SA. Imouraren's treatment plant for uranium ore should produce approximately 5,000 tons of uranium metal per year for 35 years and create more than 5,000 direct and indirect jobs. This increase in production would make Niger the world's second-largest producer of uranium. The investment was estimated at euro 1.2 billion. Initially, its capital (CFAF 50 billion) was divided between Areva NC (66.65 percent) and the Mining Company of Niger (*Société du Patrimoine des Mines du Niger*, or SOPAMIN) (33.35 percent). In 2009, the South Korean company, KEPCO, bought a 10 percent participation stake in the project. The project is currently on hold for economic reasons, following a fall in the price of uranium. In 2015, it had CFAF 6,603 million in personnel costs, a negative net result of CFAF 167,200 million (about euro 255 million), and paid taxes and fees of approximately CFAF 509.6 million.

Other Important SOEs in Niger

National Lottery of Niger (LONANI). As an EPIC under the technical oversight of the MoF, LONANI has a public service mission focused primarily on the mobilization of domestic savings through the organization of money-based games. In addition, its legally granted monopoly on money-based games gives this agency a de facto mandate to control actors with permission to organize games. In 2016, LONANI had a turnover of CFAF 16.8 billion, CFAF 955.4 million in personnel charges, and a net result of CFAF 2.2 billion, and paid taxes and fees of approximately CFAF 2.4 billion.

Niger Urban and Construction Corporation (SONUCI). An anonymous society created in November 1962 under the oversight of the Ministry of Domains and Habitat, SONUCI oversees the development of plots (water supply electrification, road networks, gutters, schools, dispensaries, green spaces, and so on) and social housing. In 2014 (the latest figures available), SONUCI had a turnover of CFAF 4.5 billion, personnel costs of CFAF 297 million, and a net result of CFAF 3.9 billion CFAF, while paying taxes of approximately CFAF 16.6 million.

Niger Office of National Pharmaceutical and Chemical Products (ONPPC) and Niger Pharmaceutical Industry Corporation (SONIPHAR). These are EPICs under the oversight of the Ministry of Public Health. SONIPHAR's mission is the manufacturing and marketing of generic essential drugs and medical supplies. It received CFAF 1.3 billion in grants between 2013 and 2017. Other financial information is not available. ONPPC is a wholesale-retailer with a monopoly on the importation of pharmaceutical products. In 2015 (the latest data available), ONPPC had a turnover of CFAF 4.3 billion, personnel costs of CFAF 832.8 million, and a net result of CFAF 594.5 million, while paying taxes and fees of approximately CFAF 34.3 million. It received CFAF 10.7 billion in grants between 2013 and 2017.

ANNEX 9

Overview of OHADA

The Organisation for the Harmonization of Corporate Law in Africa (OHADA) was established with the Treaty on the Harmonization of Business Law in Africa signed on October 17, 1993, in Port-Louis, Mauritius, and revised in Quebec, Canada, on October 17, 2008. The following 17 states are members of OHADA: Benin, Burkina Faso, Cameroon, Central African Republic, Côte d'Ivoire, Congo, Comoros, Gabon, Guinea, Guinea Bissau, Equatorial Guinea, Mali, Niger, the Democratic Republic of Congo, Senegal, Chad, and Togo. OHADA's main objective is to address legal and judicial insecurity in member states.

OHADA encompasses 10 Uniform Acts:

1. Uniform Act, revised on December 15, 2010, on the Organization of Securities;
2. Uniform Act of December 15, 2010, on general commercial law;
3. Uniform Act relating to the right of arbitration of March 11, 1999;
4. Uniform Act relating to commercial companies and economic interest groups of January 30, 2014;

5. Uniform Act of January 26, 2017, relating to accounting laws and financial information, a legal corpus to which the Revised OHADA accounting system (SYSCOHADA) is annexed. The revised SYSCOHADA includes, on the one hand, the General Accounting Plan of OHADA and, on the other hand, the accounting regime for consolidated and combined accounts;
6. Uniform Act of March 22, 2003, relating to the transport of goods by road;
7. Uniform Act on the organization of simplified recovery procedures and measures of execution, adopted on April 10, 1998;
8. Uniform Act on the organization of collective procedures for the discharge of liabilities of September 10, 2015;
9. Uniform Act of December 15, 2010, relating to the right of cooperative societies; and
10. Uniform Act relating to mediation, adopted on November 23, 2017.

These acts have and will continue to have an important impact on the way that companies must operate, including EPICs, SEs, and SEMs, and an update of the legal framework for EPICs, SEs, and SEMs will be necessary to align it with the requirements of the OHADA Law. For example, the Uniform Act governing the establishment and functioning of commercial companies and economic interest groups of the organization's member countries entered into force on May 5, 2014, after which the companies had two years to make their statutes compliant. According to interviews conducted in preparation for this study, SEs and SEMs have not yet done so. The model statutes have also not yet been updated.

ANNEX 10

Action Plan

This three-year, sequenced action plan proposes a series of measures designed to respond in a realistic and feasible way to the main governance challenges faced by Niger's SOEs. The proposed measures are appropriate within the context of Niger's public sector, following a selective approach that sets priorities that have been deemed achievable and are supported by political will. The action plan aims to provide a tracking system to support the identification and implementation of priorities. Whereas the first 24 months focus mainly on fundamental aspects such as financial oversight, institutional strengthening, financial reports, and follow-up on fiscal risk, the remaining 12 months address other governance reforms that can build on the fundamentals. The action plan aims to strengthen the oversight of SOEs' financial performance and to introduce the function of monitoring SOEs' fiscal risks.

The objective of the action plan is to provide a participatory tool for the government to use in defining priorities and a timetable for implementing SOE sector reforms. The action plan is a contribution to the MoF reform program, developed in continuity with reforms already under implementation. For several years, the GoN has followed a focused and strategic approach to progressively reforming SOEs. These reforms will need to be continued and maintained to improve SOEs' financial and operational performance. This action plan aims to improve the overall SOE regulatory and institutional framework, to strengthen the management of the SOE portfolio, and to control the fiscal risk emanating from SOEs.

Implementation and Stakeholder Involvement

The action plan was developed in consultation with key stakeholders. The action plan was drafted following the presentation of the results of this study to the authorities, under the leadership of the DEP/PE. The draft action plan was discussed during a one-day workshop with key stakeholders, then discussed internally in the MoF before the MoF's adoption of the final action plan.

Strong leadership and the establishment of a coalition in favor of reform are necessary for reform progress. High-level leadership and sustainable policy support are key factors in the success of SOE sector reforms, given the contextual implications of these reforms for the government. Within the executive branch, beyond the MoF, support from sectoral ministries and SOEs is crucial to reform implementation. Interactions among these different actors are essential in determining and successfully undertaking reform. In addition, it is important to put in place an interdepartmental working group and organize regular sensitization seminars to provide information, build a reform coalition, and ensure a consensual approach.

Within the executive branch, coordination within the MoF and with sectoral ministries is essential for effective guardianship of parastatal entities. Considering the technical oversight role of sectoral ministries and the interaction between service provision and financial performance, close cooperation with sectoral ministries is the key to reform success. Similarly, within the MoF, a clear definition of responsibilities and close coordination between the General Directorate of Budget and the proposed new General Directorate on SOEs will be crucial for the development of the latter.

To achieve these objectives, the action plan is divided into four main axes, supported by other governance reforms that build on fundamental reform progress:

1. Strengthen the legal, regulatory, and institutional framework for financial oversight.
2. Improve financial information and the management and monitoring of fiscal risk and performance.
3. Increase transparency and improve audits.
4. Legal reform.

Axis A: Strengthen the Institutional Framework for Financial Oversight

The DEP/PE could be elevated to the rank of a General Directorate. The transformation of the DEP/PE into a new General Directorate of SOEs (DGE/EP) could help to mitigate the limits of the entity, in particular with regard to the fragmentation of financial oversight and the limited visibility and capabilities of the current DEP/PE. This transformation would also help to establish within the MoF a unit that is more autonomous and dedicated exclusively to the financial oversight function, reporting directly to the minister. This reform could be started with the appointment of a director general for the new directorate and the creation of an interdepartmental working group comprising all key stakeholders with an interest in the management of SOEs. This working group would have the mission of preparing a strategic plan for the new unit; developing its guidelines, manuals, and procedures; defining its mandate, organization, and staff; and outlining needed training, equipment, and materials.

Axis B: Improve Financial Information and Monitoring of Fiscal Risk and Performance

Enhancing the collection of data, and ensuring the regular and timely publication of annual financial statements, are critical. Improving the management and monitoring of SOE performance and associated fiscal risks requires quality data. To that end, it is critical to ensure regular and timely publication of annual financial statements; the establishment of a database and monitoring dashboard for SOE financial information; and the creation of a system for the collection and transmission of financial reports and statements.

Producing an annual aggregated report on SOEs and strengthening the management and monitoring of fiscal risks are high priorities. Preparing an annual aggregated report on SOEs—first for government use, and later for publication—will provide critical information to improve oversight of the sector. A methodology for analyzing and following up on fiscal risks needs to be developed and adopted, and a census and assessment of current performance contracts conducted will also be critical.

Axis C: Increase Transparency and Improve Audits

The regular publication of audited financial statements would improve transparency and could strengthen SOE governance and performance. More access to information could allow more follow-up, which could in turn encourage better performance and help to strengthen the governance of SOEs. To start, the DEP/EP should identify existing SOEs and publish the list each year. Transparency could also be improved through: (i) regular publication of annual reports and financial audits of SOEs on the MoF website, as well as on the website of the SOE, if applicable; (ii) publication by the DEP/PE of an annual report on the SOE portfolio and fiscal risks; (iii) publication, after a census, of a list of GA presidents and members, board chairs and members, and senior managers; and (iv) publication, after a census, of the remuneration and benefits of GA presidents and members, board chairs and members, and senior management.

Axis D: Legal Reforms

Updating the legal framework is required to enhance the performance of the SOE sector and limit fiscal risk. The updated legal framework will formalize the mechanism that is currently in place for financial oversight (the dual model) and grant an important role to the MoF in creating SOEs and conducting SOE financial oversight to ensure better fiscal management and monitoring. Additionally, it will contribute to expanding the corporatization of SOEs and defining clear criteria for their establishment.

TABLE 22: SOE Action Plan and Sequencing of Implementation

Area of Action	In the 12 Months after Validation of the Action Plan	In the 24 Months after Validation of the Action Plan	Expected Results Three Years after Validation of the Action Plan
Institutional Framework and Financial Oversight			
Institutional strengthening of financial oversight function	• Passage of decree creating a General Directorate of SOEs (DGE/EP) in the MoF • Appointment of the director general of the DGE/EP • Development of procedures for coordination between the DGE/EP and the sectoral ministries • Requirement that the minutes of the meetings of GAs and boards of directors be communicated to the DGE/EP	• Adoption of a new ordinance governing the governance and oversight of SOEs, with a comprehensive and clear definition of the role of the financial oversight body (DGE/EP). • Development and approval of a strategic plan for the DGE/EP, including: – Mandate and detailed functions; – Detailed organization chart and job descriptions; – Inventory of needed personnel, equipment, and budget; – Assessment of training needs; and – Expected progress and achievements over three years. • Preparation of guides and procedural manuals on: – The working procedures of the DGE/EP; and – Procedures for coordination between the DGE/EP, the Treasury, General Tax Directorate, and National Social Security Fund to share information regularly on guarantees, on-lent debt, and other significant debts. • Definition of functions of the oversight institution (DGE/EP), including: – Census/stocktaking of all SOEs; – Development of a National Strategy for SOEs; – Regular publication of SOE information (annual aggregated reports) on the MoF website; – Systematic participation of the DGE/EP in discussions on SOE subsidies from the start of the budget process; – Participation in the creation of new SOEs; – Regular monitoring of SOE fiscal risk through a monitoring tool adapted to the context of Niger; – Follow-up on SOE audits; and – Participation in the appointment of boards of directors. • Development of a plan and timetable for the gradual introduction of performance contracts.	• DGE/EP operational and ensuring the financial oversight of SOEs • Annual reports prepared and published on the implementation of the National Strategy for SOEs • Workshops organized for the government and stakeholders on the National Strategy for SOEs • Training program for DGE/EP staff conducted • DGE/EP staffed in accordance with the recommendations of the Strategic Plan • Comprehensive legal framework in place defining financial oversight for all categories of companies and public institutions • Publication of professional criteria for the selection of GA and board members, including their president and chair, respectively

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TABLE 22: *continued*

Area of Action	In the 12 Months after Validation of the Action Plan	In the 24 Months after Validation of the Action Plan	Expected Results Three Years after Validation of the Action Plan
Financial Information, and Management and Monitoring of SOE Fiscal Risk and Performance			
Financial information and database	• Letter of notification from the MoF to all SOEs to transmit audits and financial statements for 2015–16 and 2016–17 to the DGE/EP within one month • Identification of needs for the current database of the DGE/EP • Identification and assessment of existing performance contracts	• Database with financial and budget information prepared by the DGE/EP for each company and public agency, and for the aggregated portfolio. • Development of a dashboard for the DGE/EP to track key information on SOEs. • Initiation of the development of a financial model to analyze SOEs at the sectoral and individual levels. • Analysis of financial statements of the most important SOEs conducted by the DGE/EP. • Comprehensive analysis of the taxation of public enterprises undertaken. • Census and assessment concluded by the DGE/EP, including: – Workforce and wage bill of SOEs; – Contingent liabilities (such as debt guarantees); – Arrears and cross-debts of SOEs; – Commercial bank debt of EPAs; and – SOE public service obligations. • Development of a plan to clear the most important cross-debts between SOEs and the government. • Implementation of a plan for the gradual introduction of performance contracts.	• Aggregated SOE portfolio reports produced annually • Options to strengthen incentives for SOEs to comply with audit requirements explored • Effective monitoring of SOE financial performance in place • Database with financial information on SOEs completed and updated • Plan for the introduction of performance contracts prepared, performance contracts that are in place evaluated regularly, and actions for improvement identified • Report prepared on performance monitoring of GAs and boards of directors, including of presidents and CEOs of SOEs
Management of and follow-up on fiscal risks	• Definition and application of responsibilities of the DGE/EP regarding budget estimates of SOEs and public agencies • Definition and adoption by DGE/EP of methodology for monitoring and analysis of fiscal risks	• DGE/EP participates in budget preparation and monitoring of budget implementation. • Implementation of action plan to improve the application of rules in the field of fiscal, financial, and accounting management (based on public finance management regulation and OHADA Act). • Preparation of annual report on SOE portfolio and fiscal risk. • Initiation by DGE/EP of analysis of existing cross-debts of SOEs. • Establish clear budgetary rules creating incentives to monitor the finances of SOEs (such as deficit targets including SOEs). • Establish criteria/targets for SOE financial performance.	• Regular contribution to the preparation of the budget of SOEs • Dividend policy defined and applied • Efficient SOE budget monitoring underway • Cross-debts resolved • Monitoring of SOE performance criteria undertaken • Sustainability analysis of SOEs with low financial performance undertaken

Area of Action	In the 12 Months after Validation of the Action Plan	In the 24 Months after Validation of the Action Plan	Expected Results Three Years after Validation of the Action Plan
Transparency and Audits			
Transparency	• Adoption, annual publication on the MoF website, and communication to the Commercial Court of the current list of SOEs	• Publication of annual reports, financial statements, and 2018–19 SOE audits, which are then made available on the MoF website. • Publication by the DGE/EP of an annual report on the SOE portfolio and related fiscal risks. • Preparation and publication of a list of GA presidents and members, board chairs and members, and senior managers of SOEs.	• Annual reports and audits of the Commissioner for Accounts and the CdC for all SOEs published on the websites of the MoF and/or the SOEs themselves • Remuneration and benefits of GA presidents and members, of board chairs and members, and of SOE managers published by SOE
Audit	• Allocation of a budget line for inspections and special audits of SOEs and public agencies • Requirement that strategic EPAs be subject to annual audits by external auditors • Inventory of SOE audits	• Follow-up by DGE/EP on audit recommendations. • Strengthening of the framework of public accountants and financial controllers and clarification of their roles. • Control of strategic EPAs by external auditors, in collaboration with the Court of Auditors. • Regular discussions between the DGE/EP, auditors of the SOE, and the Court of Auditors. • Training for boards of directors and senior management of SOEs on the role of auditors and the objectives of audits.	• System put in place by ONECCA to ensure the quality of audits • The Court of Auditors and the Commercial Court are strengthened (including through a strengthening of the workforce, technical support, training, and technical capacity building, and hardware)
Legal Reforms			
Update of the legal framework for SOEs	• Compilation of all relevant legal texts, including SOE statutes, for detailed legal review	• Detailed legal review of: – General SOE legislation (laws, orders, decrees); and – SOE statutes (including to identify gaps in relation to the OHADA framework and public finance regulations). • Establishment in the new legal text of the role of the state as shareholder and its role in financial oversight. • Definition of criteria for the creation of new SOEs, including the requirement that a study of financial viability be undertaken, and definition of the methodology and scope of the study. • Introduction of competitive recruitment procedures for general directors and senior managers of SOEs. • Reduction in the role of board chairs in the daily management of SOEs.	• SOE legal framework updated, adopted, and promulgated • SOEs' statutes harmonized with the new legal framework • Legal requirements of transparency entered into force, including the publication of complete financial statements, audit reports, and management reports of SOEs

State-owned enterprises (SOEs) play a central role in Niger's economy, particularly in the oil and gas and mining sectors. SOEs also provide essential public services, such as electricity, water, and telecommunications, while parastatals are active in the education and health sectors. Many SOEs are required to fulfill public service obligations and provide goods or services at below market prices which can generate fiscal risks. These fiscal risks are compounded by SOEs' access to debt guaranteed by the state. Prepared in close cooperation with the SOE ownership entity in Niger, the integrated SOE Framework (iSOEF) for Niger looks at the SOE landscape in the country, provides a fiscal risk assessment of the SOE sector, including a fiscal sustainability analysis covering different scenarios, and assesses SOE corporate governance practices regarding the legal framework for SOEs, ownership arrangements, performance monitoring, boards of directors, and transparency and disclosure. Based on the findings of the iSOEF, a three-year, sequenced and selective action plan for Niger's SOE reform has been developed and adopted by the Ministry of Finance.

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