

BTI 2010 | Niger Country Report

Status Index	1-10	4.55	# 93 of 128	
Democracy	1-10	5.13	# 75 of 128	➔
Market Economy	1-10	3.96	# 106 of 128	➔
Management Index	1-10	5.54	# 51 of 128	

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

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	14.2	HDI	0.34	GDP p.c.	\$	632
Pop. growth	% p.a.	3.3	HDI rank of 182	182	Gini Index		43.9
Life expectancy	years	57	UN Education Index	0.28	Poverty ²	%	85.6
Urban population	%	16.5	Gender equality ¹	-	Aid per capita	\$	38.2

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

On 8 February 2007, rebels from the previously unknown Tuareg rebel group Movement for Justice in Niger (MNJ) attacked government troops in the north of the country. The Tuareg rebels accuse the government of failing to comply with the peace accord reached in the mid-1990s. In particular, its grievances include a call for the proceeds from the sale of uranium, which is mined in the northern region mostly populated by Tuareg, to be distributed more fairly. The government has refused to negotiate with the rebels and portrays them as “bandits.” Instead, a state of alert was introduced, and the government intensified its harassment of members of the press reporting on the crisis. Instability further increased in the capital with the arrest of former Prime Minister Hama Amadou, which marked a new climax in the power struggle over the presidency. General elections are scheduled for late 2009, and Amadou has upheld his pledge to run for president. Meanwhile, supporters of the current president, Mamadou Tandja, have started a campaign to allow a third term for Tandja, which is currently not permitted by the constitution, or to extend the current second term by three years.

As a result, this report concludes that – contrary to the last report – the level of political transformation has somewhat deteriorated in the period under investigation, particularly in the areas of stateness and political participation and, at the same time, deficiencies in social integration and the rule of law persist. In principle, Niger still qualifies as a democracy, but deficiencies have increased to some extent, and the country may face a further decrease, should the 2009 elections not be held properly.

As regards economic transformation, Niger falls short of the minimum criteria for a socially integrated market economy in almost all respects. The country’s level of development is extremely low, the institutional framework for market competition weak, sustainability is not addressed, and there is essentially no welfare regime to speak of. Even food security continues to remain high on the agenda. Relatively high growth rates, good harvests in recent years and an overall satisfactory performance in poverty reduction, as well as Niger’s strong potential in the uranium-mining and oil sectors, account for a slightly more optimistic picture; but even these advances may not suffice to fuel substantial socioeconomic takeoff.

The level of difficulty for effecting transformation in Niger remains high. Whereas the governance record in 2007 and 2008 in terms of its capacity for international cooperation is relatively good, steering capability and consensus-building have had mixed success. For the most part, resources have not been implemented efficiently enough to bring about real reform, and corruption at all levels continues to be a serious problem.

With regard to Niger's prospects, the country's present level of democratic transformation is at risk if the power struggle in the capital and the Tuareg crisis in the north are not dealt with in a more consensus-oriented manner. Niger is not likely to develop a socially integrated market economy in the short or medium term. If key socioeconomic problems remain unaddressed, persisting social problems and related protests may develop into a major crisis, which could risk negating what has already been achieved. Donors should increase their assistance and emphasize capacity-building and transparency. Likewise, they should focus on encouraging dialogue with the Tuareg rebels and insist on an increase in freedom of the press and capacity-building in the judiciary.

History and Characteristics of Transformation

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

Authoritarian rule already began in 1958, two years before the country gained its independence from France, when Hamani Diori established a repressive one-party regime. In 1974, the military, led by Seyni Kountché, toppled Diori during an economic crisis and severe drought. Following Kountché's death in 1987, the (civilian-led) Second Republic was established under the National Movement for a Society of Development (MNSD-Nassara) party. Responding to regional and domestic pressure from trade unions, students and the Tuareg, then President Ali Saibou initiated democratic reforms in the early 1990s. Drawing from the precedent set by neighboring Benin, Niger held a national conference in 1991 that resulted in a constitutional referendum and relatively free and fair elections in 1992 and 1993. Mahamane Ousmane, of the Democratic and Social Convention (CDS-Rahama) party, became the country's first democratically elected president and the leader of the Third Republic. He came into conflict with parliament, however, after opposition parties withdrew from the government coalition. Early elections in 1995 forced Ousmane to appoint Hama Amadou (MNSD-Nassara) as prime minister, although this immediately led to a conflict between the two. The resulting paralysis of political institutions in this semi-presidential system ultimately provoked the military coup led by Colonel Ibrahim Baré Maïnassara on 27 January 1996, which drew support from large segments of the population. The coup also reflected widespread material dissatisfaction and persistent power aspirations within the military. By contrast, the violent (first) Tuareg insurgency, between 1994 and 1995, was settled with a peace agreement.

In response to foreign pressure, Maïnassara held new elections. Noncompetitive conditions and a boycott by opposition parties allowed him to win the presidential election held in July 1996 and legislative elections in the fall, which initiated the Fourth Republic. Two years of superficially liberalized authoritarianism followed until Maïnassara was assassinated during another military coup launched in April 1999. Its leader, Major Daouda Malam Wanké, re-initiated the process of democratization, which led to a constitutional referendum and parliamentary and presidential elections in July, October and November 1999, respectively. Current President Mamadou Tandja and the coalition made up of the MNSD-Nassara, the CDS-Rahama and a number of smaller parties emerged as victors.

In contrast to the previous regime, this democratization effort (Fifth Republic) did indeed result in improvements. However, the new government attaches little value to honoring freedom of speech and the press. Surprisingly, at least initially, the work of political institutions has progressed relatively smoothly. The coalition operates within the unchanged semi-presidential system and with the participation of central figures from the first democratization attempts from between 1993 and 1996. The former single-party MNSD-Nassara now cooperates with the most important former opposition party, the CDS-Rahama, whereas the Nigerien Party for Democracy and Socialism (PNDS-Tarrayya) has now become the main opposition force. The free and fair general elections at the end of 2004, which confirmed Tandja and the coalition in power, clearly indicated political progress. However, beginning in 2005, Tandja and then- Prime Minister Hama Amadou (both from the MNSD-Nassara) began to fall out of favor and, in June 2007, Amadou was forced to step down and was replaced by Seyni Oumarou. Then, in June 2008, Amadou was arrested on charges of embezzlement. Nevertheless, he has upheld his right to run for president in the upcoming 2009 elections, while there have also been attempts to allow Tandja to hold a third term, which is presently unconstitutional, or to extend his current term by three years. Stability has been threatened even more by a renewed Tuareg rebellion that started in early 2007 and has thus far left at least 70 government soldiers and 200 rebels dead. The rebels demand comprehensive implementation of the peace accord signed in the mid-1990s and, in particular, a higher share of uranium revenues. The government has refused to enter into negotiations and, instead, has introduced a state of alert and increased the degree to which it harasses the press. A further source of instability remains popular protest from trade unions, students and civil-society activists against austerity measures and the high cost of living.

The appalling socioeconomic conditions go a long way toward accounting for these potential sources of instability. Since the early 1970s, drought, desertification, government intervention and bad governance have further aggravated a poor economic environment. The uranium boom of the late 1970s subsided very quickly in Niger, a country dominated by agriculture. As a result, significant national debt incurred between 1983 and 1986 necessitated an IMF structural adjustment program. Owing to political instability, the implementation of this program was plagued by substantial irregularities, which led to its intermittent suspension.

Then-President Mainassara succeeded in improving relationships with both the World Bank and the IMF. The implementation of the Enhanced Structural Adjustment Facility (ESAF) between 1996 and 1999 met with the approval of international financial institutions. After a brief disruption, the transitional government and the Tandja administration normalized relations with international donors, which paved the way for several subsequent Poverty Reduction and Growth Facility (PRGF) programs. In April 2004, Niger reached the completion point under the enhanced Heavily Indebted Poor Countries Initiative (HIPC), with debt relief totaling \$663.1 million. On 29 May 2008, the IMF approved another PRGF program to run from 2008 to 2011. The overall satisfaction expressed by the financial institutions in their first review of the PRGF on 22 December 2007, however, does not give license to ignore the appalling conditions pervading all socioeconomic levels, including precarious food security. From early to mid-2005, the country suffered a severe “close-to-famine” crisis. In early 2009, international humanitarian-aid agencies considered food insecurity as moderate in the south and high in the rebellion-ridden north of the country.

Transformation Status

I. Democracy

Niger qualifies as a democracy in terms of central indicators of political participation, the rule of law and institutional stability, although deficiencies have worsened following the government's reactions to the Tuareg crisis. Despite the state of alert in force since May 2007, free and fair elections, freedom of association and checks and balances are generally assured. However, the Tuareg crisis has weakened both freedom of the press and stateness. The judiciary and public administration do not work properly, and social and political integration also leave ample room for improvement.

1 | Stateness

Niger faces significant problems of stateness. The state's monopoly on the use of force is established in principle, but it has been severely challenged by the Tuareg rebellion since February 2007 – although a military takeover of the capital can be ruled out. The monopoly on the use of force has never functioned completely; even before February 2007, the state lacked control over remote regions, especially in the north and in border regions, where the banditry of nomadic groups has been rife, irrespective of the Tuareg rebellion.

Monopoly on the use of force

The definition of a people and the issue of what constitutes a people per se are not politically relevant in Niger. Although the country's diverse population has not yet developed a completely uncontested sense of national unity, a lot of progress has been made.

State identity

However, nomadic groups, such as the Toubou and the Tuareg, have staged insurgencies in the past to protest their deprivation as compared to the dominating Haoussa and Djerma groups. These grievances triggered the recent Tuareg rebellion; but, rather than succession, the Tuareg rebels demand (beyond a fairer distribution of proceeds from natural resources and more political participation) more autonomy. The government has maintained an ethnic balance among its employees, and has appointed some Tuareg to ministerial positions. When Prime Minister Hama Amadou was forced to resign, he was replaced by an ethnic (Djerma) kinsman. However, many individuals (rather than groups) cannot participate fully in public life given their de facto slave-like status, but this phenomenon appears to be more of a problem related to the rule of law.

The government must enforce the French-style secular constitution against religious groups that have substantial influence over the overwhelmingly Muslim population. Although these groups should be clearly distinguished from internationally active Islamists linked to the al-Qaeda network, pressure exerted by them has continued to prevent a family code (as well as the AU's additional protocol concerning women's rights) from being passed in parliament (the last attempt failed in December 2006). There is no evidence of there being a link between the Tuareg rebels and Islamic extremists operating in the Sahel region, particularly the al-Qaeda Organization in the Islamic Magreb (formerly known as the Salafist Group for Preaching and Combat, GSPC).

No interference of religious dogmas

Efficient administration is not guaranteed. Although some progress had been made in the years preceding the Tuareg crisis, both public administration and the judiciary are under-resourced, largely inefficient and plagued by corruption. The Tuareg rebellion has further cut the outreach of public administration in the north of the country. The central government has not been able to fully control many municipalities in the region around Agadez, particularly in 2007.

Basic administration

2 | Political Participation

Since 1999, universal suffrage and the right to campaign for office, as well as sound implementation of elections, have been largely guaranteed. According to international observers, conditions improved in the local and general elections in 2004. Persistent challenges are caused by administrative irregularities, occasional vote-buying and fraud, but also to low voter turnout (around 45%). In particular, cultural restrictions inhibit women's right to vote. Given the frictions at the elite level, a risk remains that the upcoming elections will witness some irregularities.

Free and fair elections

Except for the fact that they are dependent on foreign assistance and are highly influenced by the Islamic clergy and traditional restrictions on women's rights, the elected rulers have the effective power to govern. The state of alert, which was announced on 24 August 2007 and has been extended several times, has given the military additional powers of arrest, but it does not otherwise affect the question of who is in charge of governing. Generally, unlike at previous times, the military has apparently developed a more republican spirit, though some observers fear that the current political crisis may improve the chances of there being another coup. However, no political interventions by the military or mutinies caused by a failure to pay soldiers occurred during the period under investigation.

Effective power to govern

Political and civic groups can form freely. Only political parties and associations based on identity characteristics (e.g., religion, ethnicity and region) are banned. After 9/11, five Islamic associations were disbanded on account of their allegedly extremist activity. Frequent protests by members of the general populace and union members have occasionally triggered restrictions on the freedom of association. In June 2008, police dispersed demonstrators protesting the arrest of former Prime Minister Hama Amadou. In 2005, the government banned demonstrations by the Coalition Équité/Qualité contre la Vie Chère protesting austerity measures, and it incarcerated its leaders for a number of days. However, interventions by security forces have not prevented members of society from energetically organizing public action.

Association /
assembly rights

Although freedom of speech and the press are generally guaranteed, they are subject to the most significant constraints on democratic principles of participation. During the period under investigation, repeated reprisals (e.g., seizures, closures, arrests and imprisonments) against journalists increased and targeted both domestic and foreign journalists. The state of alert currently in force limits the freedom of the press and bars journalists from traveling to areas in the north where the Tuareg rebellion is being waged. In 2007, foreign journalists were banned from traveling to the north and, in 2008, two French journalists working for the Franco-German TV network ARTE were temporarily arrested for having filmed rebels in the north. In 2007, one newspaper was suspended for three months for allegedly “demoralizing the troops,” while four others received warnings from the High Council for Communication (Conseil Supérieur de la Communication, CSC), the national media supervision body, because they had published statements taken from the MNJ Web site or photographs of rebels. On 19 July 2007, the government suspended the operations of Radio France Internationale (RFI) for supposedly “false, biased and partisan reporting” on the crisis. RFI correspondent Moussa Kaka was accused of maintaining contacts with the rebels and jailed in September 2007, before being provisionally released on 7 October 2008. Accused of complicity with the rebels, for a while, Kaka faced the threat of capital punishment. On the Freedom House’s 2008 Freedom of the Press Index, Niger slipped from “partly free” to “not free” primarily on account of the aforementioned reprisals against the press in connection with the Tuareg crisis, and it now ranks 153th out of 170.

Freedom of
expression

3 | Rule of Law

The French-style semi-presidential system of government grants formal and de facto reciprocal control to both the executive and legislative branches. In the past, a risk of blockade posed the biggest threat; but, during the period under review, this risk did not materialize despite the existence of a fierce power struggle between the president and prime minister that had been escalating since 2005. In fact, the prime minister had to resign following a parliamentary vote of no confidence on 31 May 2007. Despite a certain degree of factionalism within the main ruling party, the MNSD-Nassara, as a whole, the ruling coalition commands a huge majority in parliament, and bills are passed almost automatically. On the other hand, executive restrictions on judicial control of state power persist.

Separation of powers

In general, Niger's judicial system remains under-resourced and, as a consequence, subject to pressure from the executive and other detrimental influences, such as corruption and inadequate training. Judicial action has been taken against top politicians, but it is very likely that these actions have been politically motivated.

Independent judiciary

Official corruption remains a serious problem in Niger. Although corrupt officeholders regularly attract adverse publicity, they are not prosecuted consistently under the law. In mid-2008, the former prime minister was jailed for suspected embezzlement, and a trial to be held before the High Court of Justice, a special court for the parliament, is still pending. However, these charges may represent a mere staging of the conflict between the president and the former prime minister – as the former wants to block the latter from running for president in 2009 – rather than a decisive action being taken against corrupt officeholders and an indication that the judiciary is genuinely independent.

Prosecution of office abuse

In practice, civil liberties are violated to a certain degree, and there is only limited legal recourse owing to the aforementioned judicial deficiencies. Influential traditional structures remain a formidable obstacle that prevents the aforementioned de facto slaves from demanding that their rights be respected. According to Timidria, a local human rights group, 8% of the population lives under conditions of forced labor. Although parliament passed a law banning slavery in June 2003, the Court of Justice of the Economic Community of West African States (ECOWAS) found Niger guilty of allowing slavery in late 2008.

Civil rights

4 | Stability of Democratic Institutions

By and large, the democratic institutions of the executive and legislative branches work in accordance with their mandated functions. A massive blockade in government, such as those in 1995 and 1996, has thus far been successfully avoided. The tensions between the president and the former prime minister – which is, in part, a result of the unclear boundaries in the definition of responsibilities in Niger’s French-style semi-presidential system – threatened to lead to institutional deadlock, but the prime minister was dismissed according to constitutional provisions by a parliamentary no-confidence vote, and his successor was also chosen in a regular fashion by the National Assembly. At present, the aforementioned deficiencies in the judicial and administrative branches cause some serious frictions. Still, in general, democratic institutions do perform their basic functions.

Performance of democratic institutions

Only some individual institutions of the democratic state are not fully accepted by all relevant actors. Although all political parties – including the opposition parties that fully accept the democratic system – and nearly all of the civic associations accept elections as the means for enacting political change, the constitutional provisions guaranteeing freedom of speech (and, to a certain degree, freedom of assembly) have not always been observed. The attempts to prolong Tandja’s term in office may signal a somewhat limited sense of commitment to democracy on the part of the president and his political allies. Muslim extremists, albeit with limited influence, do not accept fundamental parts of the democratic and secular constitution. Notwithstanding its positive role in the re-democratization of the country beginning in 1999 and its invisibility since 2002, the military may still resume its role as a national arbiter in case of institutional crisis. Likewise, although they claim to do so, the Tuareg rebels obviously do not respect Niger’s democratic institutions.

Commitment to democratic institutions

5 | Political and Social Integration

After the 2004 parliamentary elections (and some months before the 2009 elections), the party system displayed moderate fragmentation, low-to-moderate polarization and a medium level of institutionalization. Due to a split in the CDS-Rahama and some smaller parties’ winning a few seats, the number of effective parties rose from 3.3 in 1999 to 3.8 in 2004, but volatility still remains fairly low (legislative volatility on the Pedersen index: 9.23). The three biggest parties suffered only slight losses, and the government and the opposition block (that is, the Alliance of Democratic Forces, AFD, and the Coordination of Democratic Forces, CFD, respectively) remain fairly stable, mostly due to their regional roots in society. The lack of adequate programmatic profiles places some constraints on the

Party system

party system's functionality, and low organizational resources make party leaders – who otherwise dominate their parties – vulnerable to the influence of wealthy businessmen. Links to civil society are only partly developed and, in most cases, seem impermanent. An increased lack of institutionalization may result from the severe factionalism within the biggest party, the MNSD-Nassara, since the party is split between supporters of the president and those of former Prime Minister Hama Amadou. A body promoting national dialogue and conflict resolution (Commission Nationale de Dialogue Politique, CNDP) was set up in January 2004. This exemplifies the reduced level of polarization between the government and the opposition, as it is intended to prevent and solve political conflicts as well as to promote consensus on matters of national interest. However, after successfully organizing transparent elections in 2004, the body's visibility decreased substantially during the period under investigation.

Despite the very active Coalition Équité/Qualité contre la Vie Chère au Niger, an umbrella organization of some 100 civil society groups demanding better living conditions, the landscape of interest groups is relatively sparse, and important social interests – particularly those of women and the rural population – are under-represented. While civil-service unions and radical student groups dominated civil society activity in the past, since the formation of this coalition in 2005, the network of NGOs and interest groups has become somewhat more closely knit. In late 2008, some 20 NGOs created the Front Uni pour la Sauvegarde des Acquis Démocratiques (FUSAD) in order to prevent a prolongation of Tandja's presidency. Nevertheless, these concerted actions must not disguise the generally still fractionalized character of the interest groups as a whole. Moreover, there is still a risk of polarization between civil society and the government. Frequent protests (and strikes) are linked mainly to the prices on goods of primary necessity (e.g., electricity, food and fuel) and have produced some minor clashes with the security forces. Likewise, to a certain extent, Islamic associations work against women's rights.

Since recent survey data are missing, the citizenry's consent to democracy is somewhat difficult to assess. However, according to an opinion poll conducted by the GIGA Institute of African Affairs in late 2006, almost two-thirds of all Nigeriens (66.2%) prefer democracy over any other kind of government. Although comparable shares of respondents also favor multipartyism and the independence of the judiciary, almost 70% justify state control over the media.

Social self-organization is poorly developed. Traditional family networks probably mitigate this, but its significance is difficult to assess. Since related survey data are lacking, it is also hard to assess the level of trust between different segments of society. In this regard, the renewed Tuareg rebellion may have increased distrust between segments of the population. However, the level of inter-communal mistrust is still fairly moderate, at least in comparison to neighboring countries, such as Chad or Nigeria.

Interest groups

Consent to democratic norms

Associational activities

II. Market Economy

Niger falls short of the minimum criteria for a socially integrated market economy. The level of development is extremely low; the institutional setting for market competition is weak. Its welfare regime and sustainability reveal severe shortcomings, which are most drastically demonstrated by persistent food insecurity, especially in the north of the country.

6 | Level of Socioeconomic Development

Social exclusion is quantitatively and qualitatively extensive and structurally embedded. Key development indicators point to an exceptionally low level of development. Niger was at the bottom of the HDI ranking in 2007/2008 (174th of 177 countries), and the better rank compared to that of 2006 (177th of 177 countries) should not be mistaken for a substantial improvement. More than 60% of Nigeriens earn less than \$1 a day, and more than 80% less than \$2. Niger comes in 104th out of 108 in the Human Poverty Index (HPI-1), and income disparities (Gini coefficient 1995: 50.5) remain very high. After the severe food crisis in 2005, malnutrition continues to be a serious problem, especially in the trouble-ridden north. Women suffer from extensive societal discrimination and social exclusion, which is illustrated by the third-to-last rank in the Gender-related Development Index (GDI), although the share of female officeholders has substantially increased at the political and administrative levels. Slavery persists in nearly all ethnic groups at various levels and, as already mentioned, a regional court found Niger guilty of allowing slavery in late 2008. Although a large informal sector and substantial agricultural subsistence production should be taken into account, in general, Niger lacks adequate freedom of choice for all its citizens.

Socioeconomic
barriers

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	2897	3330	3645.8	4245.7
Growth of GDP	%	-0.8	7.4	5.8	3.3
Inflation (CPI)	%	0.3	7.8	0.0	0.1
Unemployment	%	-	-	-	-

		2004	2005	2006	2007
Foreign direct investment	% of GDP	0.9	1.3	1.4	0.6
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-230.9	-311.5	-313.7	-
Public debt	\$ mn.	1793.6	1782.3	755.3	862.7
External debt	\$ mn.	1977.1	1983.9	857.1	971.7
Total debt service	% of GNI	1.4	1.1	5.0	0.7
Cash surplus or deficit	% of GDP	-	-1.9	40.4	-0.9
Tax Revenue	% of GDP	-	10.3	10.7	11.5
Government consumption	% of GDP	13.2	11.7	-	-
Public expnd. on edu.	% of GDP	-	-	3.4	-
Public expnd. on health	% of GDP	1.9	2.9	3.2	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.0	0.0	-	-

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

Market competition operates under a weak institutional framework. Though the fundamentals for market-based competition exist on paper, its performance in real terms is highly deficient. The informal sector generates around two-thirds of all economic activity. Despite making slight progress in recent years, Niger still ranks 128th out of 183 countries in the Index of Economic Freedom, as there were particular problems with property rights, business freedom and freedom of corruption. In *Doing Business 2009*, the World Bank's survey of 181 countries worldwide, Niger ranks 172nd, worse than Iraq and just ahead of Eritrea. The report stressed that Niger had made no positive reforms to the business environment in the year before the report's publication in mid-2008.

Market-based
competition

The formation of monopolies is inconsistently regulated. The national fuel-importing and -distribution company and the national electricity company still hold monopolies, and efforts to privatize them have failed in the absence of interested private-sector investors. In the important mining sector, uranium is mainly exploited by the French-dominated consortium Areva, in which the government holds a minority stake. However, Areva's quasi monopoly ended in 2007, when concessions were granted to Canadian and Chinese companies. In the emerging gold sector, numerous foreign firms are engaged in exploration activities. In the oil sector, which is also emerging, a number of American, Malaysian and Chinese oil companies have continued to explore oil fields in the northeastern part of the country. In June 2008, the China National Petroleum Corporation (CNPC) announced that it had closed a \$5 billion deal to develop the Agadem oil block near the Chadian border.

Anti-monopoly
policy

Given economic conditionality, trade is liberalized in principle, and the country scores relatively well – that is, slightly below the global mean – on the Index of Economic Freedom 2009 in this respect; but there are still significant exceptions. Membership in the West African Economic and Monetary Union (WAEMU) also entails a customs union marked by a considerable degree of de facto protectionism and state regulation, and lengthy bureaucratic procedures hinder the flow of capital and foreign investment.

Liberalization of
foreign trade

The banking sector is weak, as both the Economist Intelligence Unit (EIU) and Marchés Tropicaux have assessed. Despite a variety of institutions, including commercial banks, the banking system is one of the weakest in WAEMU. However, in recent years, a number of new banks (e.g. BRS, Atlantic Bsic) have emerged, which at least signals a diversification of the system.

Banking system

8 | Currency and Price Stability

Membership in the zone of the CFA franc, which is linked to the euro, prevents Niger from pursuing independent inflation and currency policies in compliance with Central Bank of the West African States (BCEAO) directives. This is a largely prudent decision in view of Niger's traditional low-to-very-low inflation rate. However, while the inflation almost remained at zero in 2007, it jumped sharply in 2008 as a result of rising world food and oil prices, and the EIU estimates an inflation rate of 10.8% for 2008.

Anti-inflation /
forex policy

Under the guidance of the IMF, Niger began developing a form of “culture” for stability in 2000. In September 2008, the IMF concluded its first review of Niger’s three-year PRGF and showed overall satisfaction with the government’s performance under the PRGF program, particularly regarding budget performance and its responses to the ongoing food crisis. On the other hand, IMF officials urged the Nigerien government to make the country more competitive, particularly by improving the investment climate, and it warned that, if prolonged, the downturn in the world economy might threaten Niger’s overall positive economic outlook.

Macrostability

9 | Private Property

In principle, the law in Niger guarantees property rights and acquisition of property. Although it is possible, expropriation has not been enforced over the past several years. The high proportion of the informal sector within the economy and the weak judiciary act as significant barriers to the protection of private property. The aforementioned Doing Business 2009 report particularly criticized the procedure for registering land titles. In 2008, both the Fraser Institute and the Heritage Foundation regarded the legal structure and security of property rights one of the most problematic constraints on economic freedom in Niger.

Property rights

In principle, private companies can act freely, but they do encounter barriers to development. The privatization program lost momentum during the period under investigation. As already noted, the privatization of both the fuel-importing and -distribution company and the national electricity company have failed because both companies were not able to attract any private-sector investors.

Private enterprise

10 | Welfare Regime

Niger essentially lacks an efficient government network for fighting poverty. Foreign assistance, especially the PGRF and the PRSP, as well as the President’s Special Program for Poverty Reduction, aim at compensating for poverty risks. But, as the ongoing food insecurity illustrates, these measures are far from securing even basic food security in a country that faces a structural grain deficit of 10% (i.e., on average, the country produces only 90% of the grain it needs). The informal sector and traditional family and clan structures alleviate the lack of public social safety nets to some extent; still, although it is difficult to quantify, it is most certainly inadequate.

Social safety nets

Nigerien society is highly segmented. To date, there are no facilities to balance blatant social disparities. Women have limited access to public office due to Islamic and other cultural considerations and suffer from widespread illiteracy, although government action has resulted in an increase in female officeholders. After the 2004 elections, the number of female legislators increased sharply from one deputy to 13 (1.2% to 12.4%) as a result of a political action plan approved by parliament in June 2003. After the cabinet reshuffle in June 2007, the plan's goal of having at least 25% female representation in the cabinet was first reached when eight women were appointed to that body.

Equal opportunity

11 | Economic Performance

Since 2002, real annual growth rates have fluctuated between -0.8% (2004) and 7.4% (2005). In 2007 and 2008, growth rates stood at 3.3% and 5.9%, respectively, according to EIU estimates. The debt burden significantly decreased due to the HIPC debt relief initiative in 2006, and it remained stable during the period under investigation. Other indicators reveal a less positive picture. Inflation skyrocketed to 10% in 2008 (after being at 0.0% in 2007) due to high world market prices for food and oil, on which the country relies on. Although a gradual rise in revenue has been achieved, the country's tax base remains one of the narrowest in sub-Saharan Africa (an estimated 13.5% of GDP in 2006), and its budget balance is negative (an estimated -6.9% of GDP in 2007). The current account balance shows a structural deficit, and the country continues to depend on foreign aid. While showing promise, Niger's economy suffers from unpredictable climate conditions (e.g., erratic rainfall, desertification and recurrent locust plagues), and its landlocked position makes exporting goods costly, especially during the frequent crises of its main trading and transit partners, Côte d'Ivoire and Nigeria. Niger's potential for tourism (especially in the north) is a source of hope, as are its natural resources. Beyond the exploitation of uranium, gold production has already gained momentum, and petroleum reserves are being explored. However, the crisis in the north seriously affects the potential for tourism and even resource production (because rebels target oil and mining companies), and a very high rate of population growth (around 3%) counters almost all progress made in terms of economic growth.

Output strength

12 | Sustainability

With respect to economic growth aspirations, environmental compatibility is only significant in as far as desertification (which is accelerated by the use of wood for cooking) or locust plagues – at least in years before the period under review – present a formidable barrier to development. Pollution and desiccation threaten the Niger River, which starts in Guinea and ends in Nigeria on the Gulf of Guinea. The river is the main source of water for Niger, and it permits agricultural survival. In 2004, a mediated conference held in Paris for the affected countries looked – at least superficially – for a solution to the river crisis. However, apart from this measure, some efforts connected with the poverty-reduction process and traditional awareness of nature among the rural population, environmental considerations are largely negligible in sparsely populated Niger.

Environmental
policy

Human capital remains severely under-exploited in Niger. Education indicators are improving, but they remain among the weakest in sub-Saharan Africa. According to the UNDP, adult literacy is at a miserable 28.7% (against a sub-Saharan mean of over 60%), although this figure marks an improvement over the past. Despite a government-launched 10-year development plan for education in line with the PRSP and the announced prioritization of education, between 2002 and 2005, the government only spent 2.3% of GDP on education.

Education policy /
R&D

Transformation Management

I. Level of Difficulty

The structural constraints on governance are massive. At the bottom of the human development index, absolute poverty extends to more than 60% of the population. Physical infrastructure is highly deficient. World Bank development indicators reveal that less than 10% of all roads are paved. According to the International Telecommunication Union (ITU), the use of telephones, computers and the Internet in Niger is at the lowest level for all sub-Saharan countries. The poor ranking in the U.N. Education Index exemplifies the lack of human resources. High fertility rates (annual population growth between 1975 and 2002 was 3.3%) account for massive demographic pressure that threatens any economic and social progress. As a Sahel country, Niger suffers from adverse climatic and natural conditions. Desert covers more than half of Niger, leaving only about 12% of the territory cultivable. Erratic rainfall, desertification and the locust plague in 2004 have been the cause of particular concern in a largely agrarian economy and rural society. In 2004, the locust plague and a severe drought precipitated a serious food crisis, which affected approximately 28% of the population and caused an unknown number of deaths. Niger's geographically landlocked position makes its economy dependent on political developments in neighboring countries, which puts constraints on export potential, especially in the case of crises in Algeria, Nigeria and Côte d'Ivoire. Macroeconomic imbalances remain relatively large, and the economy is susceptible to periods of trade volatility and uncertain aid flows. Substantial and diversified reserves of subterranean assets (e.g., uranium, gold, oil, iron ore, nickel, copper, phosphates and coal) paint a slightly more positive picture. Except for uranium, however, these raw materials have yet to be exploited on a large scale. Future large-scale exploitation is only likely in the oil sector now that a Chinese oil firm has pledged to invest \$5 billion in the coming years. The construction of an oil refinery began in early January in the Zinder region. Given the lack of physical infrastructure and geological problems, the future of oil in the country will depend on developments in the price of oil, which might be subject to further decreases should the current global economic crisis continue or worsen.

Structural
constraints

Niger has only fairly weak traditions of civil society. Then-President Kountché legitimated his military regime in the 1970s with the formation of a “Society of Development” based on cooperative societies, socio-professional and youth organizations. The Society of Development became the nucleus of the single-party MNSD-Nassara in 1989. In the aftermath of 30 years of authoritarian rule, public and civic engagement and independence from the state became feasible only in the early 1990s. Starting at a low level, the number of NGOs has been on the rise – with the founding of the Coalition *Équité/Qualité contre la Vie Chère au Niger* marking an important step – but its activity is widely confined to urban areas, and the same is probably true for the newly founded FUSAD, which opposes the prolongation of Tandja’s presidency. Misconduct by the elites during the first attempts at democratization has hindered trust in institutions. Apathy, mistrust of the authoritarian-oriented political leadership toward political engagement and fear based on memories of militant protests by trade unions and radical students have prevented a culture of moderate civic participation in public life from taking root in Niger. Likewise, there is also a certain degree of social polarization in the country. Before the emergence of the coalition mentioned above, civil-service unions – particularly those of teachers – and student groups constituted the most important elements of civic organization, but they have simultaneously embodied a great destabilizing factor owing to their massive protest activity. This also applies – although to a somewhat lesser extent– to the coalition.

Civil society
traditions

Ethnic conflict has not been a major problem compared with that seen in neighboring countries, such as Nigeria and Chad. However, the aforementioned problems with the Tuareg (and other nomadic groups, which together account for around 10% of the population) led to an insurgency in the 1990s, and the Tuareg leaders’ dissatisfaction with the implementation of the respective peace accord triggered a renewed Tuareg rebellion in February 2007. This conflict has not yet been settled, and it has left at least 70 government soldiers, 200 rebels and an unknown number of civilians dead. The crisis has affected the economy and the freedom of the press; still, although some violent incidents (mostly mine explosions) have occurred in the south, it remains widely confined to the north. Inter-communal violence occurs from time to time, especially between nomadic and sedentary groups (e.g., in November 2004, a clash between herders and farmers in southwestern Niger resulted in at least 11 deaths). Though religious groups have substantial influence in society, religion is not a major source of social conflict but, instead, serves partly as a unifying factor since more than 90% of the population is made up of Muslims practicing a moderate form of Islam. In recent years, however, a stricter notion of religion and outright extremism has gained ground. In general terms, in the future, Niger runs the risk of increased inter-communal polarization.

Conflict intensity

II. Management Performance

In sum, Niger faces a high level of difficulty when it comes to transforming into a democracy characterized by the rule of law and a socially integrated market democracy. International cooperation topped the country's governance record in 2007 and 2008. Steering capability and, in particular, consensus-building showed some decline in the period under review as compared to that covered by the BTI 2008. Resources have largely not been used efficiently for reform policies.

14 | Steering Capability

The political leadership sets and maintains strategic priorities, but there are signs that these goals are not always fully internalized, especially with regard to the government's respect for freedom of the press or the two-term limit on holding the presidency in Niger's young democracy. The leadership pursues long-term goals, but these are apparently more pronounced in the economic area, and the leadership occasionally neglects long-term goals in favor of short-term ones and narrow personal interests in power struggles. This is exemplified by the fierce power struggle between President Tandja and former Prime Minister Amadou. In late 2008, a campaign was launched that aimed at allowing President Tandja to hold a third term (which is presently unconstitutional) or extending his current term in office. On 22 December 2008, supporters of Tandja, including Prime Minister Seyni Oumarou, "spontaneously" demanded to extend Tandja's current term by three years (i.e., from 2009 to 2012) for a "transition period" without specifying the ultimate goal of this transition. This campaign triggered demonstrations by civil society and supporters of Amadou, who – despite being in prison – still plans to run in the upcoming 2009 elections. In January 2009, leaders of the main political parties, including the ruling coalition and the opposition, but excepting the MNSD-Nassara, joined together in urging Tandja to step down in late 2009, as is prescribed by the current constitution.

Prioritization

In general terms, the government is more or less committed to a market democracy within the constraints already mentioned, but it has not always completely succeeded in implementing its announced reforms. With its high dependence on foreign aid (11.4% of GDP in 2006), Niger has little choice but to pursue structural reform, although increasing Chinese investment – as illustrated by the \$5 billion oil deal – may reduce its dependence on Western donors in the future.

Shortcomings in economic reforms can primarily be attributed to poor administrative capacities, but also to corruption. The IMF has been largely satisfied with the pace of the PRGF programs, although it has pointed out a number of shortcomings in public expenditure management and other basic structural reforms. Under the first review of the current PRGF (2008 – 2011) in September 2008, the IMF expressed overall satisfaction with Niger's performance. The IMF particularly endorsed growth rates and expenditure management and welcomed the targeted food assistance program, which the government had introduced to alleviate the impact of high food prices on vulnerable groups, as well as the government's intention to spend the signing bonus paid by the CNPC for the aforementioned oil-exploration deal to finance projects in infrastructure and social sectors. However, the IMF warned the government to carefully assess the projects before moving toward their implementation. Moreover, Niger once more failed to meet the WAEMU convergence criteria, although its grace period was postponed until 2008, and the government was forced to abandon plans to privatize Niger's electricity-generation and fuel-distribution companies, as neither has succeeded in attracting private-sector investors.

Implementation

Political reforms show a more questionable record. The struggle over how long President Tandja will be allowed to stay in office and the Tuareg crisis have hindered progress in this area. On the other hand, some progress was achieved at the political level when the 25% female quota at the ministerial level was reached after the reshuffling of the cabinet that saw Seyni Oumarou replace Hama Amadou as prime minister in 2007. Since 2004, the 10% quota for female legislators had been met (currently 12.4%).

In the economic arena, the leadership responds to mistakes and changes its policies but occasionally at the expense of long-term goals. Drastic economic reform is still urgently needed, but the ongoing (though apparently somewhat reduced) social protest resulting from these reform measures has placed the government in the uncomfortable position of having to choose between short-term and long-term relief. On the other hand, doubts have been raised about whether the political class has generally learned from the institutional deadlock in the Third Republic, which led to a fierce power struggle and the imprisonment of the former head of government. The situation is less likely to lead to a military coup, such as the one in January 1996, which was provoked by the institutional deadlock of then-President (and current Speaker of the National Assembly) Mahamane Ousmane and the then-Prime minister Hama Amadou. However, this is mainly because Amadou was dismissed as prime minister and arrested. Since Amadou remains chairman of the MNSD-Nassara and commands substantial support in the party of which Tandja is still a member (and former chairman), the conflict is now located at an intra-party level. The fact that both men harbor ambitions to either become or remain president after the 2009 elections might cause much divisiveness. Also, the government's refusal to negotiate with the Tuareg rebels has similarities with the initially

Policy learning

intransigent reactions of the government during the first Tuareg uprising in the early 1990s, and it ignores the fact that a peace accord (which resulted in a decade of peace) was only brought about through negotiations.

15 | Resource Efficiency

Niger's government uses only some of its available economic and human resources efficiently. According to the EIU, public administration is under-resourced, largely inefficient and a drain on state funds. Efforts to streamline the bloated bureaucracy are underway, but the link between this initiative and civil-service reform and privatization makes it a politically sensitive issue. The use of budget resources suffers from a narrow tax-revenue base (13.5% of GDP in 2006). The government met its fiscal targets in 2007, but the EIU estimated a worrying level of fiscal deficit (excluding grants) of 6.9% in 2007, and it is expected to rise to 9.7% in 2010. Politically motivated dismissals are relatively rare. However, the dismissal of then-Prime Minister Hama Amadou – which was, in reality, a parliamentary vote of no confidence supported by the president and other members of the prime minister's own party – is believed to be connected to the power struggle between the president and the former prime minister, although the no-confidence vote and Amadou's subsequent arrest was officially attributed to corruption charges (see "anti-corruption policy").

Efficient use of assets

There are reluctant efforts to decentralize the unitary state structure. Local elections held in May 2004 demonstrate some progress in this respect, but the Prime Minister's Office opposes substantial decentralization, and there has been no substantial change since Seyni Oumarou, who is a close ally of Amadou, took office.

The government tries to coordinate conflicting objectives and interests but with only limited success. However, intra-government frictions have somewhat eased during the period under observation. The deadlock potential to which the semi-presidential system of government – with its partly unclear division of competences between the head of government and the head of state – is historically prone has decreased following Amadou's dismissal and imprisonment in mid-2007. The ruling coalition has also seen fewer signs of friction compared to those in the period examined by the BTI 2008. However, as noted above, tense conflict is now concentrated in the major ruling party, the MNSD-Nassara, in which both the former head of government and the current president command their own followings. Moreover, long-term structural adjustment policies involve cuts in the civil service and other austerity measures, which almost inevitably trigger militant social protests by trade unions and student associations. Maintaining societal peace while simultaneously sticking to reform goals has continued to prove largely unattainable. The government has embarked on a mix of hard-line and soft-line approaches by using repression and seeking foreign assistance to alleviate social pressure.

Policy coordination

Corruption remains a serious problem in Niger. According to assessments by the World Bank and the EIU, corruption is rampant at all levels, including those of public administration and high-ranking officials, possibly even the prime minister and president. This prevalence is exemplified by the 2006 corruption scandal at the Ministry of Basic Education and the corruption charges levied against former Prime Minister Hama Amadou, which resulted in his being imprisoned in a high-security prison on 26 June 2008 (following allegations by a parliamentary committee that he had embezzled some \$240,000 from public funds between 2000 and 2007). In 2007, the World Bank rated control of corruption in Niger as poor (the value of -0.83 is not far from the worst value of -2.5). While some mechanisms ensuring integrity are effective, others are not. The legal actions taken against the two ministers and the prime minister, all of whom were accused of embezzlement, may well actually involve a mere political tussle rather than provide evidence of decisive action against corruption. There is also reason to believe that the move to arrest Amadou was primarily aimed at preventing him from running for president in 2009.

Anti-corruption
policy

16 | Consensus-Building

There is a clear consensus among major actors in the capital on the goals of maintaining political stability and economic prosperity. General reservations may be found among Muslim extremists, whose political influence remains limited. The establishment of a Ministry of Religious Affairs in a cabinet reshuffle in early 2007 could illustrate the government's concern about the issue. However, in any case, it is an acknowledgement of the substantial role religion plays in the country.

Consensus on goals

Consensus in the (secular) political class seems to have remained firm in the period under investigation with regard to elections as a fundamental way of deciding who governs. Nevertheless, as regards other – possibly less central – elements of democracy (e.g., the two-term limit on holding the presidency and freedom of the press) there has been an undeniable decrease. There are apparent reservations among the political leadership regarding the transformation goals of a market economy and a democracy under the rule of law. The PSND preferred some socialist economic policies in the past (though it is unclear whether this is still the case), and the government has repeatedly and increasingly shown its disregard for freedom of the press. Recently, the campaign to extend Tandja's presidential term puts into question the commitment to institutional safeguards against life-long presidency. Given Niger's past, consensus on transformation goals seems somewhat fragile.

Given Niger's political context, the exclusion and co-opting of actual and potential veto actors is advanced, but it still has certain limits. The most powerful veto actor in the past, the military, has remained under civilian control owing partly to measures taken after the mutiny in August 2002, such as the adoption of a new military code of justice. As already noted, the religious leadership and some members of the traditional leadership strongly oppose legislation to promote women's rights, which are looked upon as incompatible with Islam. Given their substantial influence on the political class, both laws failed to pass in the National Assembly in late 2006. In general, the biggest threat remains the uncertain democratic commitment of the political class itself.

Anti-democratic
veto actors

Although the political leadership tries to prevent the escalation of ethnic, religious and other cleavage-based conflicts, it fails to substantially reduce existing divisions and, with regard to the Tuareg crisis in the north, one may argue that it has played a role in escalating the conflict.

Cleavage /
conflict
management

The government has continued to refuse to enter into dialogue with the rebel groups (mainly the MNJ and an offshoot, the Front des Forces de redressement (FFR), both of which the government portrays as "bandits" primarily interested in arms- and drug-trafficking. The government has refused to acknowledge any of the rebels' grievances (e.g., equitable distribution of mineral wealth; decentralization of the government; appointing more Tuareg in the administration, the army and other security forces; and more jobs for locals in the mining companies), although they all were more or less part of the peace accord signed in the 1990s. Instead, the government has relied on repressive measures such as declaring a state of alert, buying arms to use against the Tuareg, and harassment of the press. As a result, the attacks spread to southern towns, and a prominent Tuareg politician, Rhissa Ag Boula, a former minister whose help the government sought to prevent the Tuareg crisis from escalating in 2006, joined the rebellion (he was subsequently sentenced to death in absentia, though in connection with a murder case and not the rebellion).

Muslim extremism remains a further (though less virulent) threat, and the high amount of social protest is unlikely to dissipate in the near future given the conflicting goals of austerity measures and immediate relief described above, although both conflicts have remained at controllable levels during the period under investigation. At the elite level, the National Council for Political Dialogue (Conseil national de dialogue politique, CNDP), which was established in 2002 to be a permanent all-party forum aimed at preventing and resolving political conflicts on important national issues and democratic government, helped ease the electoral process, but its meetings have become less regular since the 2004 elections.

To a certain extent, the government takes the interests of civil society into account, and it tries to accommodate them from time to time. Civil society has been involved in the PRSP process, and a parliamentary commission consults the appropriate interest groups in the legislative process. After the beginning of the protests against the introduction of the VAT in early 2005, however, the government initially reacted with repressive measures, including the temporary detention of five leaders of the Coalition *Équité/Qualité contre la Vie Chère au Niger*. Subsequently, the government has embarked on a somewhat more cooperative strategy, and the Prime Minister's Office and the coalition entered into negotiations in 2006. In early 2007, a general agreement was reached, and the government established a ministry charged with the fight against the "vie chère." These measures have proven difficult, although the government has agreed to lower fuel prices. However, the government has rejected or ignored societal demands to negotiate with the Tuareg rebels. In general, a considerable amount of mistrust persists between the government and key civil-societal actors.

Civil society participation

Reconciliation between victims and perpetrators of past injustices is not an important issue in Niger. Before 1991, the single-party MNSD-Nassara government did not excessively violate human rights, and it has thus faced no demands from political actors for institutionalized reconciliation. The death of former President Ibrahim Baré Maïnassara during the coup in 1999 was declared an accident. Calls for a full investigation and punishment by the *Rassemblement pour la Démocratie et le Progrès* (Rally for Democracy and Progress, RDP), a political party close to former President Maïnassara, were ignored in subsequent years. This, however, did not prevent the RDP from joining the governing coalition after the 2004 elections. The issue did not play any significant role thereafter. The renewed Tuareg rebellion is not about how to deal with past injustices but, rather, about how to meet material and political demands. However, once a resolution to the conflict has been reached, reconciliation efforts might be necessary.

Reconciliation

17 | International Cooperation

Subject to some constraints, the government makes relatively well-focused use of international aid for its economic transformational needs. Given its dependence on foreign assistance, Niger has limited choice in terms of accepting or refusing international cooperation, although growing Chinese engagement – particularly in the oil sector – will most likely reduce dependence on Western aid. In general terms, this cooperation comes more readily in the socioeconomic arena. The IMF was largely pleased with the pace of the PRGF programs and announced a new PRGF in May 2007. As has already been noted, the IMF expressed overall satisfaction after the new PRGF's first review in September 2008, and Niger also pledged to use the signing bonus from the oil deal with China for infrastructure and

Effective use of support

social-sector projects. Moreover, in March 2008, Niger signed a three-year agreement with the U.S. Agency for International Development (USAID) in the context of the Millennium Challenge Account (MCA), which offers grants to countries that satisfy a range of political, social and economic good-governance indicators. However, Niger still displays a somewhat mixed record with regard to food security. The IMF endorsed the government's food assistance program for vulnerable groups, but the government continues to appear very sensitive to international criticism with regard to food security. While the government has cooperated with many international agencies on this matter, in July 2008, the minister of health suspended cooperation with the French aid group Doctors without Borders (Médecins sans frontières, MSF) after accusing it of having published false statistics about child malnutrition in south-central Niger in order to boost its fundraising.

In the political arena, important donors have been regarding strong political conditionality as largely obsolete. However, as discussed under "freedom of expression," a RFI journalist was threatened with the death penalty for having had contact with Tuareg rebels, but the French government intervened and succeeded in securing his release. Moreover, the government has shown little willingness to make use of several international offers to broker peace in the Tuareg crisis.

By and large, the international community considers the government credible and reliable. Cordial relations between Niger and its former colonial power, France, which is now its principal bilateral donor, remain relatively firm, although the end of the French company Areva's monopoly on uranium sales had created some tension. Country risk ratings reveal a less positive picture regarding domestic political stability and have proven correct, as the Tuareg rebellion (and possibly the power struggle) shows. However, these refer to internal risks of stability and not, per se, to the international credibility and reliability of the government. Western security concerns focus on Niger's becoming a "safe haven" for terrorists, but the government – whose reform goals are also affected by this threat – has proved a willing partner in the war on terrorism. Good relations with the United States had been strained after false allegations by U.S. officials that Niger had sold uranium to Iraq in September 2002 as well as by Niger's refusal to sign a bilateral accord with the United States on the non-extradition of U.S. military personnel to the International Criminal Court (ICC) in The Hague. However, relations with the United States have subsequently improved. Niger participates in the U.S. government's Trans-Saharan Counter-Terrorism Initiative (TSCTI) and U.S. forces train Nigerien special forces soldiers.

Credibility

Niger enjoys considerable trust within the regional organizations, such as WAEMU, ECOWAS and the AU. President Tandja was re-elected chairman of ECOWAS in 2006 after having become president of the BCEAO in 2005. Niger scored a political victory in July 2005 when the International Court of Justice announced its verdict on the long-running border conflict with Benin, awarding 16 out of 25 contested islands in the Niger and Mékrou rivers to Niger, including Lété Island, which was the heart of the dispute. President Tandja's stepped-up foreign-policy activities stem from a recognition that internal developments in the most important neighboring countries – that is, Côte d'Ivoire (risk of instability after the 2007 peace accord) and Nigeria (ethnic and religious conflicts in the north) – obstruct regional peace and trade, particularly since Niger is landlocked. After France, Nigeria is Niger's second-most important trading partner not only in terms of commerce, but also as a supplier of badly needed electricity.

Regional
cooperation

Strategic Outlook

Given its extremely low level of socioeconomic development, Niger is not likely to develop a full-fledged socially integrated market economy in the near future. Future political developments are more difficult to assess. It is uncertain whether the country will be able to maintain its present level of democratic transformation. Deficiencies in stateness, the rule of law and social integration will hinder the consolidation of democracy. Even substantial regression is possible.

Uncertainty stems from the future conduct of key political actors. While President Mamadou Tandja is serving his last constitutionally permitted term, aspirations for an addition term or a prolongation of his current term have already caused considerable friction. Key factors will include how the power struggle for the presidency develops, how the general elections are conducted and what their outcome is.

The Tuareg crisis may hamper democratization mainly in the form of further harassment of the press and negative consequences on economic development, in particular with regard to resource (e.g., uranium) production and oil exploration as well as tourism in the north, where the rebellion is centered. Given the state of government resources and its commitment to structural reform, including socially sensitive cuts for the large parts of the population, there will most likely be a continuation of civil-society protests.

The following areas should be future priorities for progress in political and economic transformation:

- First, one of the most pressing tasks is to find a resolution to the Tuareg crisis. The government should give up its refusal to negotiate and try to find a solution at the negotiating table.
- Second, central actors must refrain from advocating confrontational policies in the upcoming elections. President Tandja should observe the two-term limit prescribed by the constitution and abstain from trying to extend his current one.
- Third, the government will have to balance the conflicting long- and short-term goals of maintaining macroeconomic structural reform and societal peace. Given past and more recent policies largely dependent on foreign aid, the government will prioritize macroeconomic reform over the immediate demands of social groups, but it will also most likely grant concessions to protesters from time to time.
- Fourth, key macroeconomic challenges include stronger and more broadly based economic growth, reduced vulnerability to external shocks and a significant reduction in poverty in order to tackle the most formidable challenges of population explosion, adverse climatic conditions and abject poverty. Under the current PRGF (2008 – 2011), Niger aims for fiscal consolidation, public and financial sector reforms, and the development of priority sector strategies in the

poverty-reduction strategy. Some improvements are likely, but it remains questionable whether these will suffice to reach the Millennium Development Goals set by the United Nations. Growing exploitation of gold and oil reserves in the northeastern part of the country may provide for a windfall from subterranean natural resources, but forecasts remain speculative at this point in time – especially given the Tuareg crisis and the uncertain impact of the global economic crisis.

In general terms, Niger will need strong external support from Western donors and international financial institutions in order to strengthen its achievements in economic development. Aid flows and development cooperation will continue, but they should be increased. Although the government has largely adhered to the criteria of structural reform, an increased focus on capacity-building and transparency will be crucial for making substantial progress in resource efficiency.

The vigorous enforcement of conditionality may become more difficult in the future in light of growing Chinese investment and influence. Nonetheless, donors should encourage the authorities to strengthen political dialogue, particularly negotiations with the Tuareg rebels, but also with civil society and between political parties. The National Council for Political Dialogue should be revived before the elections (and continue functioning thereafter). At the same time, donors should leave no doubt that violations of civil liberties (e.g., restricting freedom of the press freedom and repressing civilian protests) will not be tolerated.

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