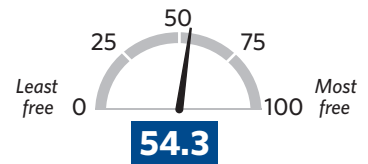


NIGER

Economic Freedom Score



World Rank: **125** Regional Rank: **23**

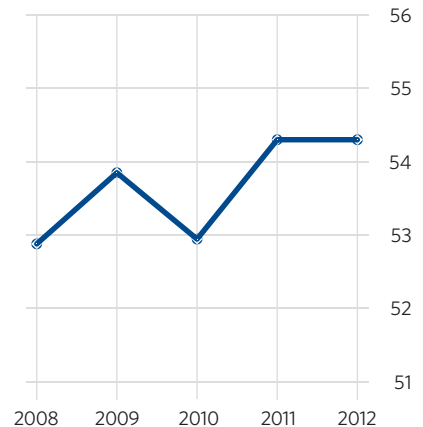
Niger's economic freedom score is 54.3, making its economy the 125th freest in the 2012 *Index*. Its score is unchanged from last year, with declines in half of the economic freedoms offsetting a considerable gain in monetary freedom. Niger is ranked 23rd out of 46 countries in the Sub-Saharan Africa region, and its overall score is above the regional average.

Progress in Niger toward greater economic freedom has been uneven and sluggish. Lingering institutional weaknesses hamper prospects for macroeconomic stability and poverty reduction. In particular, the rule of law, one of the key foundations of economic freedom, remains fragile due to corruption and an inept judicial system that is subject to political interference.

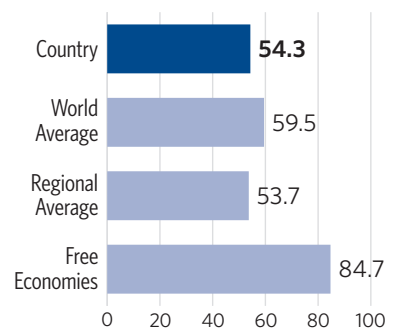
Economic expansion, driven mainly by minerals exports, has averaged 5 percent per year for the past five years. The commencement of oil production and refining in 2012 is likely to have a significant impact on the economy. However, sustaining steady growth will be challenging because of the lack of economic dynamism. The economy remains highly vulnerable to external shocks, and the inefficient regulatory environment continues to constrain commercial operations and investment. The underdeveloped financial system remains weak and fragmented, reflecting the small size of the formal economy.

BACKGROUND: President Mamadou Tandja introduced a new constitution in 2009 to extend his term in office but was overthrown in 2010. Major Salou Djibo was named head of the Supreme Council for the Restoration of Democracy. Following a peaceful election a year later, Mahamadou Issoufou was inaugurated as president in April 2011. His political coalition also won a majority in the National Assembly. A Tuareg rebellion in northern Niger remains a threat. Niger is one of the world's poorest countries. With the exception of uranium, its substantial mineral resources, including petroleum and gold, have yet to be seriously exploited. About 80 percent of the population depends on subsistence farming and herding. Most economic activity is informal, infrastructure is poor, and arid conditions and drought hinder food production.

Freedom Trend



Country Comparisons



Quick Facts

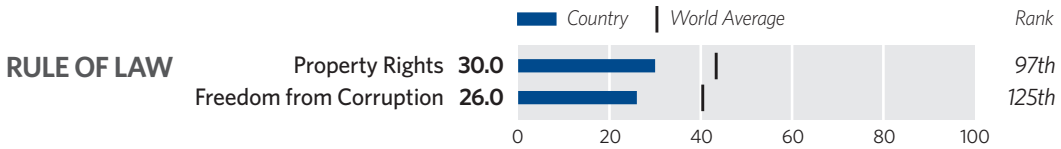
Population: 14.6 million
GDP (PPP): \$11.1 billion
 7.5% growth in 2010
 5-year compound annual growth 5.0%
 \$755 per capita
Unemployment: n/a
Inflation (CPI): 0.9%
FDI Inflow: \$946.9 million
Public Debt: 16.2% of GDP

How Do We Measure Economic Freedom?

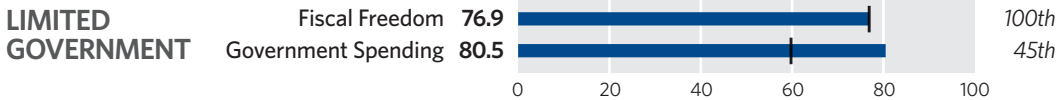
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

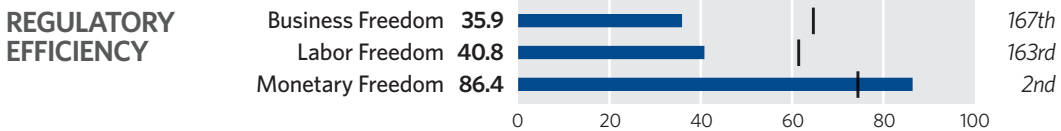
THE TEN ECONOMIC FREEDOMS



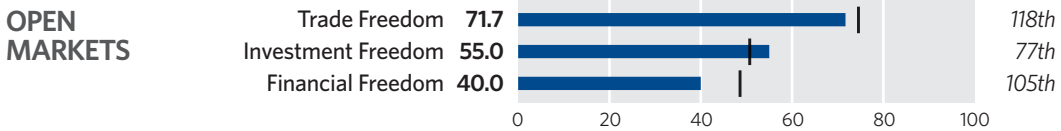
The rule of law is fragile under an ineffective judicial framework. The court system remains weak and vulnerable to political interference. The government lacks the capacity to enforce intellectual property rights protection laws effectively. Corruption in the executive and legislative branches is compounded by poorly trained law enforcement, weak administrative controls, and politicization of the public service.



The top income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a tax on interest and a capital gains tax, with the overall tax burden amounting to 13.6 percent of total domestic income. Government spending has increased to a level equivalent to 25.5 percent of GDP. The budget balance remains negative, although public debt stands at below 20 percent of total domestic output.



The inadequate regulatory framework hampers private-sector development. Onerous and inconsistent regulations impose substantial costs on business operations. The cost of completing licensing requirements is still over 20 times the level of annual average income. With the labor market poorly developed, much of the labor force works in the informal sector. The state influences prices through state-owned utilities.



The trade weighted average tariff rate is high at 9.1 percent, and extensive non-tariff barriers further increase the cost of trade. The investment framework remains outmoded and non-transparent, deterring vibrant growth in private investment. Despite some progress toward modernizing the financial sector, financing options for starting and expanding private businesses are limited. Overall bank credit to the private sector remains low.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.6	Business Freedom	-1.0	Trade Freedom	-0.1
Freedom from Corruption	-3.0	Government Spending	-2.5	Labor Freedom	+0.5	Investment Freedom	0
				Monetary Freedom	+6.4	Financial Freedom	0