

Niger

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Niger

Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	<p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>Weakness in Government Legislation to combat Money Laundering</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International & W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>cowpeas, cotton, peanuts, millet, sorghum, cassava (manioc), rice; cattle, sheep, goats, camels, donkeys, horses, poultry</p> <p>Industries:</p> <p>uranium mining, cement, brick, soap, textiles, food processing, chemicals, slaughterhouses</p> <p>Exports - commodities:</p> <p>uranium ore, livestock, cowpeas, onions</p> <p>Exports - partners:</p> <p>Nigeria 41%, US 17%, India 14.1%, Italy 8.5%, China 7.7%, Ghana 5.7% (2012)</p> <p>Imports - commodities:</p> <p>foodstuffs, machinery, vehicles and parts, petroleum, cereals</p> <p>Imports - partners:</p> <p>France 14.2%, China 11.1%, French Polynesia 9.9%, Nigeria 9.7%, Togo 5.5% (2012)</p>	
<p>Investment Restrictions:</p> <p>Niger is eager to attract foreign investment and has taken steps to improve the business climate. The Government of Niger (GON) has made revisions to the investment code in</p>	

order to make petroleum and mining exploration and production more attractive to foreign investors.

The Investment Code offers advantages to sectors the GON deems key to economic development: energy production, mineral exploration and mining, agriculture, food processing, forestry, fishing, low-cost housing construction, handicrafts, hotels, schools, health centres, and transportation. Total foreign ownership is permitted in most sectors except energy, mineral resources, and sectors restricted for national security purposes. Foreign ownership of land is permitted but requires authorization from the Ministry of Planning, Land Management and Community Development.

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Section 1 - Background

Niger became independent from France in 1960 and experienced single-party and military rule until 1991, when Gen. Ali SAIBOU was forced by public pressure to allow multiparty elections, which resulted in a democratic government in 1993. Political infighting brought the government to a standstill and in 1996 led to a coup by Col. Ibrahim BARE. In 1999, BARE was killed in a counter coup by military officers who restored democratic rule and held elections that brought Mamadou TANDJA to power in December of that year. TANDJA was reelected in 2004 and in 2009 spearheaded a constitutional amendment that would allow him to extend his term as president. In February 2010, a military coup deposed TANDJA, immediately suspended the constitution, and dissolved the Cabinet. ISSOUFOU Mahamadou emerged victorious from a crowded field in the election following the coup and was inaugurated in April 2011. Niger is one of the poorest countries in the world with minimal government services and insufficient funds to develop its resource base. The largely agrarian and subsistence-based economy is frequently disrupted by extended droughts common to the Sahel region of Africa. The Nigerien Movement for Justice, a predominately Tuareg ethnic group, emerged in February 2007, and attacked several military targets in Niger's northern region throughout 2007 and 2008. Successful government offensives in 2009 limited the rebels' operational capabilities. Niger is facing increased security concerns on its borders from various external threats including insecurity in Libya and spillover from the rebellion in Mali.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Niger is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Niger was undertaken by the Financial Action Task Force (FATF) in 2008. According to that Evaluation, Niger was deemed Compliant for 2 and Largely Compliant for 5 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

Fifth follow-up report of Niger

Niger passed Decree No. 2013-220/PRN/MF on 14 June 2013 and also approved its National AML/CFT Strategy aimed at financing ML/TF. The Cabinet adopted a draft Bill to establish specialized economic and financial crimes units. The Bill also provides for the establishment of one judicial unit and two other units, the monitoring and trial units, within the regional branches of each Court of Appeal. Niger also took the initiative of addressing deficiencies relating to record-keeping as provided in Article 10 of the Anti-terrorism Financing Act No. 2010-05 of January 2010, which outlines the identification documents and transactions to be kept for the purposes of evidence. The country organized capacity-building programs for various AML/CFT stakeholders. In April 2013, with the support of GIABA, the Niger FIU undertook a study tour to the FIUs of Côte d'Ivoire and Senegal. Niger informed the Plenary that following the dissemination of intelligence by the FIU to the Prosecutor's office, prosecution of suspects was in progress.

The Niger FIU asked for and received information from counterpart FIUs as well as from four foreign FIUs. The FIU has embarked on the process for admission to the Egmont Group and was invited as an observer to attend the 21st Plenary of the Egmont Group held in Sun City, South Africa. The Plenary acknowledged the steady progress being made by Niger in improving its AML/CFT system and encouraged the country to sustain the momentum. The Plenary maintained Niger on Expedited Regular Follow-up and directed the country to submit its sixth follow-up report to the Plenary in November 2014.

Prevalence of Predicate Crimes

Organized criminals and Islamist groups have exploited the vast space of sparsely populated desert land in the north and Niger's long unmanned borders to perpetrate illicit activities across the Western Sahelian countries. The most prevalent crimes have included smuggling of goods (mainly of tobacco and arms), trafficking in drugs and persons, terrorism, kidnapping, abduction and banditry. The entrenchment of terrorist groups in Nigerien local communities and their cross-border collaboration with similar groups in Nigeria and Mali who are notorious for funding their activities through narco-trafficking prove that Niger is exposed to drug trafficking. To stress the seriousness of this threat, the Government expressed concern in September over the trafficking of arms, cocaine and cannabis in the north of the country, and called on the US to reinforce its military personnel and drones operating in the country. The threat has become more critical with the displacement of AQIM and other terrorist groups from Mali after the French military intervention in that country earlier in the year. More terrorist attacks have occurred in Niger across the border from Mali since then, and it is logical to expect that the associated crime of drug trafficking would rise in the country.

Human trafficking is also rife in Niger. It is reported that girls are subjected to prostitution along the border with Nigeria, particularly along the main highway between the towns of Birnin Konni and Zinder. Due to its proximity to North Africa and its vast poorly policed empty desert space to the north, Niger serves as a transit country for men, women, and children from most West African countries en route to Western Europe.

The most prevalent ML/TF predicate crimes in 2013, as listed in the Niger Country Report, are: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, bank fraud, forgery, capital market crimes, and cyber crime.

As a cash-based economy, most economic transactions take place in the informal financial sector. The widespread reliance on informal remittance and transfer systems for transactions makes the country a fertile ground for laundering the proceeds of the crimes discussed above.

The techniques that criminals use to launder the proceeds of these crimes are the same as for Mali. They include the abuse of real estate, cross-border cash movements, banks, insurance companies, DNFBNs, casinos, microfinance, and stock market investments. Niger is highly vulnerable to the threats of ML/TF, which appears to be growing with the spate of terrorism in northern Nigeria and as the situation in Mali is being tackled.

AML/CFT Situation

Recognizing the seriousness of the ML/TF threats it faces, Niger has been making steady progress in strengthening its AML/CFT regime to counter those threats. In 2013, its FIU received 20 STRs, 16 of which

are linked to money laundering. Only 7 of those cases, however, were sent to law enforcement authorities for further investigation; there is no report to suggest that further

investigation and prosecution were carried out. This lack of progress with investigation and prosecution of confirmed cases points to some of the glaring weaknesses of the country's AML/CFT regime.

The factors hindering AML/CFT efforts, as reported by the country include: weak enforcement, inadequate supervision, and lack of AML/CFT coordination mechanisms. These and other areas require further technical assistance to enable Niger to further strengthen its AML/CFT system.

Conclusion

Niger's AML/CFT system has evolved steadily and the country has demonstrated political commitment to strengthen its system. Like its neighbor, Mali, Niger appears to be spurred by the grim reality of the threats of terrorism and organized crime within and around its jurisdiction.

This political commitment is exemplary and encouraging. GIABA will work closely with the relevant authorities in the country in the coming years to support their AML/CFT efforts.

The political and social environment in which the country's AML/CFT system operates is highly dynamic. As the context unravels, GIABA will use its unique position to mobilize regional and international support for the country.

US Department of State Money Laundering assessment (INCSR)

Niger was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Niger is one of the poorest and least developed countries in the world. Niger is not a regional financial center; its banking sector is rudimentary. It is a member of the Central Bank of West African States (BCEAO), and so shares its central bank and currency, the CFA Franc, with other countries in the region. High transaction costs deter businesses from placing large amounts of cash in the banking system. Most economic activity takes place in the informal, cash-based financial sector; and informal remitters and other money and value transfer services are widespread.

With porous borders and a large, under-governed territory, Niger provides an ideal transit point for various criminal organizations and terrorist groups. are commonplace in Niger. Illegal proceeds derive from trafficking of drugs, small arms, people, and everyday commodities across the Algerian and Libyan borders in the sparsely-populated north of the country. The regional smuggling of huge quantities of cigarettes across the Sahel is also very lucrative for traffickers in Niger. Cigarettes from counterfeit plants, mainly from Nigeria, are

distributed in the region, the Maghreb, the Middle East, and Europe. Kidnapping for ransom is a significant fundraising method for terrorist groups. Other factors affecting security are the continuing rise in regional instability, including continued threats to security posed by al-Qaida and its affiliates, the Islamic State of Iraq and the Levant (ISIL), Malian jihadist groups, and the Nigeria-based terror group Boko Haram, which has attacked communities in Niger's Diffa region on many occasions since the beginning of the year.

In October 2014, the National Assembly President Hama Amadou, a leading opposition figure, fled Niger to avoid being arrested on criminal charges. He returned to the country in November 2015 and was immediately arrested. As of November 2015, the political climate in Niger is contentious. Opposition groups have demonstrated to protest the continued detention of Amadou, a perceived failure of the state to provide basic services, and perceived restrictions on freedom of speech and expression. Meanwhile, national and local elections are scheduled to take place in February and May 2016, respectively.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC covered entities: Public Treasury and State Savings Deposit institutions; BCEAO; banks, microfinance institutions, and money exchanges; insurance companies and brokers; securities exchanges or brokers; post office; mutual funds and fixed capital investment companies; lawyers, asset or fund custodians, and management and intermediation firms; business brokers for financial entities, auditors, and real estate agents; sellers of high-value items, fine arts, or precious stones; fund carriers; casinos; travel agencies; and nongovernmental organizations (NGOs)

REPORTING REQUIREMENTS:

Number of STRs) received and time frame: 26 in 2015

Number of CTRs received and time frame: Not applicable

STR covered entities: Public Treasury and State Savings Deposit institutions; BCEAO; banks, microfinance institutions, and money exchanges; insurance companies and brokers; securities exchanges or brokers; post office; mutual funds and fixed capital investment companies; lawyers, asset or fund custodians, and management and intermediation firms; business brokers for financial entities, auditors, and real estate agents; sellers of high-value items, fine arts, or precious stones; fund carriers; casinos; travel agencies; and NGOs

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 5 in 2015

Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: NO
With other governments/jurisdictions: YES

Niger is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

In spite of its severe lack of resources, Niger has made efforts to rectify the identified deficiencies in its AML/CFT regime and increase its capacity to implement that regime. Despite those efforts, the Government of Niger's AML/CFT laws are not in full compliance with international standards. Although addressed in the AML/CFT laws, customer due diligence procedures for designated non-financial businesses and professions (DNFBPs) have not been implemented.

The National Center for the Treatment of Financial Information (CENTIF), Niger's financial intelligence unit (FIU), submitted five reports to the Ministry of Justice for legal action in 2014. CENTIF works with other FIUs in the region to provide technical assistance and outreach to stakeholders. In addition, Nigerien authorities cooperate with law enforcement efforts, mutual legal assistance, and asset sharing groups within the region. The Government of Niger has an AML/CFT inter-ministerial committee.

In 2014 Niger joined the Partnership on Illicit Finance, an initiative that brings like-minded African countries together to jointly address the generation and movement of proceeds from corruption and other financial crimes. It includes two main objectives: to examine illicit financial flows from Africa and to develop national action plans to improve transparency and accountability in the public and private sectors.

The Government of Niger should continue to improve its AML/CFT regime in conjunction with regional partners and international donors. Border security is of paramount concern. The government should ensure its laws are fully implemented, to include the enforcement of KYC and reporting requirements for all DNFBPs.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Niger does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Cooperates with International Law Enforcement - By law or regulation, banks are permitted/required to cooperate with authorized investigations involving or initiated by third party jurisdictions, including sharing of records or other financial data.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

Disclosure Protection - "Safe Harbour" - By law, the jurisdiction provides a "safe harbour" defence to banks or other financial institutions and their employees who provide otherwise confidential banking data to authorities in pursuit of authorized investigations.

EU White list of Equivalent Jurisdictions

Niger is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Niger is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2011:

Drug production and use are not high-priority problems in Niger, though trafficking and use appear to be increasing. According to the head of the Drug Enforcement Coordination Centre (CCLAD), population growth and increasing poverty continue to have dire social consequences that often result in drug abuse. Low prices for narcotics, especially cannabis and prescription medications, are also contributing to a gradual increase in consumption and to narcotics-related health problems.

Drug-trafficking routes run from Mauritania through Mali and cross northern Niger along the Algerian and Libyan borders, continuing toward North Africa, the Middle East, and Europe. The drugs originate mainly from South America. Instability and wider availability of arms resulting from the Libyan conflict may have expanded traffickers' capacity to move drugs through these routes. Only a very small amount of cannabis is grown in Niger, and to date there is no evidence of synthetic drug production facilities.

Niger is a party to the 1988 UN Drug Convention, the UN Convention against Transnational Organized Crime and to the UN Convention against Corruption. As a matter of government policy, the Government of Niger does not encourage or facilitate illicit production or distribution of narcotics and psychotropic substances, nor does it encourage or facilitate the laundering of proceeds from illegal drug transactions.

Cannabis and diverted prescription medications are readily and cheaply available in Niger. They are generally trafficked into Niger from Nigeria and Benin on heavy transport trucks, in the baggage of people traveling north into Niger, and on camels using traditional trade routes. Enough marijuana to make a cigarette or two is available for as little as 100 to 200 CFA (20-40 cents) and can be purchased on the periphery of many markets throughout Niger, but especially in Niamey and other urban areas. Diazepam, a depressant commonly marketed as Valium, is the prescription medication of choice for abuse and can be purchased on the street for as little as 25 to 50 CFA (five-10 cents) per pill. Drug use can be recreational or work-related, for work involving intense effort or extended drudgery. Dealers and users are generally 15 to 40 years old, and include members of affluent families. The CCLAD has visited schools in and outside Niamey to raise drug abuse awareness among students.

The CCLAD operates nationwide and is headed by a National Police Commissioner appointed in October 2010. The CCLAD is the focal point for government and private organizations that combat drugs and is tasked with compiling statistics, developing intelligence, and pursuing drug users and distributors. The CCLAD receives support from the French government and uses the French national public health laboratory to analyze recovered drugs. Within the Ministry of Justice, the Director of Criminal Affairs and Pardons heads the National Coordinating Commission for the Fight against Drugs, which organizes outreach and educational programs. The CCLAD headquarters office in Niamey includes 30 police officers, with plans for the addition of six National Guardsmen. The CCLAD has branches in Agadez (covering Agadez and Tahoua regions) and in Zinder (covering Diffa, Maradi, and Zinder regions). The centre in Niamey also covers the regions of Dosso and

Tillabery. The CCLAD is under- equipped and understaffed, and can offer no incentives to attract other security agents to join its ranks. Since its creation in 1992, the CCLAD has not been able to establish a detoxification or rehabilitation centre for drug patients. The CCLAD intends to strengthen its branches in Agadez and Zinder by the end of 2012. It also intends to provide drug enforcement training for all security forces. The CCLAD plans to draft proposals for their upcoming activities and request assistance from partner countries.

During the first six months of 2011, the CCLAD-Niamey and other security forces arrested 242 people (including 97 sentenced to prison terms) and seized 655.4 kilograms of cannabis and 182,020 Diazepam (D5) pills. On June 7, drug enforcement officers at the Port of Cotonou, Benin, seized a container in transit to Niger in which they found 405 kilograms of cocaine shipped from Brazil. On June 10, the Togolese drug enforcement agency seized 97 kilograms of cocaine in a container registered as carrying soybean oil en route to Niger. On September 3, near Dirkou, in Agadez region, the CCLAD with support from other security forces apprehended traffickers aboard three vehicles carrying a total of at least 3,200 kilograms of cannabis resin with an illicit market value of 13 billion CFA (\$27.5 million). The CCLAD escorted the vehicles and their contents to headquarters in Niamey. On November 3, near Madama, in Agadez region, security forces clashed with suspected drug traffickers aboard four vehicles. The suspects managed to escape, leaving one government soldier injured. The CCLAD reports that it is investigating several cases involving politicians.

US State Dept Trafficking in Persons Report 2016 (introduction):

Niger is classified a Tier 2 (Watch List) country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Niger is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. Caste-based slavery practices continue primarily in the northern part of the country and affect some 44,000 people. Victims from Benin, Burkina Faso, Cameroon, Ghana, Mali, Nigeria, and Togo are exploited in sex and labor trafficking in Niger. Nigerien boys are subjected to forced labor, including forced begging, within the country and in Mali and Nigeria by corrupt marabouts (religious instructors). Corrupt marabouts or loosely organized clandestine networks may also place Nigerien girls into domestic servitude or commercial sex. Nigerien children are subjected to forced labor in gold, salt, iron, and gypsum mines; agriculture; stone quarries; and manufacturing within the country. Girls are subjected to sex trafficking along the border with Nigeria, sometimes with the complicity of their families. In the Tahoua region of Niger, girls born into slavery are forced to marry men who buy them as "fifth wives" and subject them to forced labor and sexual servitude, a practice known as *wahaya*; their children are born into slave castes. "Fifth wives" are typically sold between the age of 9 and 11 years old. Traditional chiefs play a primary role in this form of exploitation, either through enslaving children in their own families or arranging "marriages" for other powerful individuals. Some girls in forced marriages may be exploited in commercial sex after fleeing these nominal unions. Nigerien girls reportedly travel abroad to enter into "marriages" with Nigerian men or foreign citizens living in Saudi Arabia and the United Arab Emirates and are subjected to domestic servitude in these countries. In Algeria,

Nigerien children were forced to beg and Nigerien women and girls were vulnerable to sex trafficking.

Nigerien women and children are recruited from Niger and transported to Nigeria, North Africa, the Middle East, and Europe where they are subjected to domestic servitude, sex trafficking, or forced labor in agriculture or animal herding. Some migrants were suspected to be traffickers, particularly Nigerien migrants to Algeria. Traffickers operated primarily small, freelance operations in loosely organized networks of individuals, including some marabouts. Some women have been accused of managing trafficking rings, although they may have been trafficking victims themselves. Some women are complicit in the exploitation of children, accepting payment from traffickers who run forced, street-begging operations. Niger is a transit country for men, women, and children from West and Central Africa migrating to North Africa and Western Europe, where some are subjected to forced labor or sex trafficking. Additionally, some migrants are subjected to forced labor in Niger as domestic servants, mechanics, welders, laborers in mines and on farms, or as staff in bars and restaurants. The terrorist organization Boko Haram forcibly recruited Nigerien children during the reporting period. Corrupt law enforcement and border officials have accepted bribes from traffickers to facilitate the transportation of victims into and throughout the country. The Government of Niger does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Niger is placed on Tier 2 Watch List. The government did not report the number of investigations, prosecutions, and convictions or the number of victims identified or referred for protective services during the reporting period. NGOs provided shelter to 58 trafficking victims and the government provided in-kind assistance to NGOs and international organizations. Although the government trained law enforcement officers, civil society activists, and judges on the national trafficking law and victim protection and adopted a national action plan, it decreased efforts to prevent human trafficking.

US State Dept Terrorism Report 2016

Overview:

In 2016, terrorist groups active in Niger included Boko Haram (BH), al-Qa'ida in the Islamic Maghreb (AQIM), ISIS, the Movement for Unity and Jihad in West Africa, Ansar al Dine, and the Macina Liberation Front. BH and ISIS-West Africa terrorists repeatedly crossed the border from Nigeria to launch multiple attacks in the Diffa Region of Niger, leading to numerous civilian and security forces deaths. Terrorists also crossed the Mali border to attack civilian and security sites in the Tillabery and Tahoua regions. The Government of Niger redeployed some military and law enforcement resources to this area from the Diffa Region.

Suspected members of AQIM and other terrorist organizations continued to transit through the vast northern part of Niger in the areas bordering Algeria, Chad, Libya, and Mali. Weapons and contraband were moved through these areas, some of which were interdicted by the Nigerien military. With foreign assistance, the Nigerien military continued to increase its capability to patrol, collect information, and interdict terrorists in the north.

Niger remained an outspoken opponent of terrorism in the region, continued to cooperate with international partners – including the United States – and received substantial international counterterrorism assistance. Niger participated in the Security Governance Initiative, focusing on developing a national security review and strategic framework, aligning existing human and material resources more efficiently to address short- and long-term security needs, and improved coordination and communication of security policies to the public.

Legislation, Law Enforcement, and Border Security: Niger’s laws criminalize acts of terrorism consistent with international instruments on terrorism. Niger’s interagency counterterrorism investigative entity, the Central Service for the Fight against Terrorism (SCLCT), includes a separate operational cell in the regional capital of Diffa, where the majority of terrorist attacks occur.

The law enforcement and security services of Niger were actively engaged in detecting, deterring, and preventing acts of terrorism on Nigerien territory; however, a lack of sufficient manpower, funding, and equipment made this more difficult. Counterterrorism investigations in Niger are primarily the responsibility of the SCLCT, comprising representatives from Niger’s three primary law enforcement organizations: the National Police, the National Guard, and the Gendarmerie. Information sharing occurred among the law enforcement agencies of SCLCT.

Niger’s long borders and areas of harsh terrain made effective border security a challenge, specifically in the north along the borders with Algeria, Libya, and Mali. These borders are very difficult to secure and patrol and are often exploited by smugglers. Niger attempted to improve its border security by increasing the number of border control facilities and requesting assistance from partners to construct and equip facilities. Niger continued to use rudimentary terrorism watchlists that it shares with the security services and at border checkpoints, although the lists were not frequently updated. The Government of Niger continued to partner with the United States by screening travelers using the U.S.-provided Personal Identification Secure Comparison and Evaluation System (PISCES).

Information sharing within the Government of Niger is sometimes slow between services due to stove-piping or a lack of communications equipment. Resource constraints across the spectrum of basic needs, such as electricity, radios, reliable vehicles, computers, technology, and personnel, along with resource constraints within the Ministries of Justice and Interior, made it difficult for the Government of Niger to provide strong law enforcement and border security. Additionally, effective whole-of-government coordination in the fight against terrorism continued to present challenges, and capacity remained lacking in areas such as proactive investigations and non-confession-based prosecutions.

Throughout 2016, the SCLCT arrested terrorist suspects on charges that included planning acts of terrorism, association with a terrorist organization, recruitment, and terrorist financing. At year’s end, approximately 1,400 terrorism suspects were detained in Niger awaiting trial, including at least 70 minors. Most of the cases were under review by investigating judges. While the law prohibited torture and degrading treatment or punishment in custody, there were reports security forces beat and abused detainees. Security officials reportedly inflicted severe pain and suffering on detainees in Diffa Region to secure information.

Niger continued to receive counterterrorism assistance from a variety of international partners, including the United States, the European Union, France, and the United Nations. Niger continued to permit French forces to be based in Niamey, as well as in other locations to conduct operations, such as ground and air surveillance. In 2016, Niger and Germany concluded negotiations to base German medical support services in Niamey in support of operations in northern Mali. The United States provided terrorism assistance to Nigerien law enforcement – primarily through the Department of State’s Antiterrorism Assistance program; a Resident Legal Advisor from the Department of Justice; and the Global Security Contingency Fund, a joint interagency program between the U.S. Departments of Defense, Justice, and State.

Countering the Financing of Terrorism: Niger is a member of the Inter-Governmental Action Group against Money Laundering in West Africa, a Financial Action Task Force-style regional body. Niger is also a member of the West African Economic and Monetary Union. Niger’s FIU, CENTIF, is a member of the Egmont Group of Financial Intelligence Units.

Niger has adopted a regulation to freeze funds linked to terrorist activities. Pursuant to Niger’s Code of Criminal Procedure, bank secrecy cannot be invoked before the courts and any assets suspected of or identified as belonging to a terrorist group may be frozen. Niger’s counterterrorism law (Law No. 2008-18) incorporates various offenses related to terrorism, including offenses related to the financing of terrorism.

Despite its efforts, Niger continued to face several challenges in its efforts to counter the financing of terrorism, as its porous borders and historical trafficking routes make it easy for terrorists to smuggle large sums of cash. At year’s end, suspected AQIM and BH members were awaiting trial on charges of terrorist financing.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	33
World Governance Indicator – Control of Corruption	31

Corruption represents a high risk for businesses in Niger, mostly due to low salaries and weak administrative controls. Corruption is especially rampant in the police and the judiciary, negatively impacting the administration of public services and land. The government of Mahamadou Issoufou has committed to actively address corruption and has made some progress in this regard. Despite high levels of corruption, surveys indicate trust in the government and its institutions. Nigerien anti-corruption legislation is weak, underdeveloped, and poorly enforced. Niger has accessed the United Nations Convention against Corruption and is on its way to aligning its legislation. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Dept

Niger ranked 106 out of 177 in Transparency International's 2013 Corruption Perceptions Index. Niger's economic freedom score is 55.1, making its economy the 127th freest in the 2014 Index. Improved control of government spending, labor freedom, monetary freedom, and freedom from corruption helped Niger outweigh a substantial decline in trade freedom and move up in the index. Niger is ranked 24th out of 46 countries in the Sub-Saharan Africa region, and its overall score is slightly above the regional average.

President Issoufou has set up two anti-corruption institutions: the Bureau of Information, Claims and Fight Against Corruption and Bribery at the Ministry of Justice, to tackle corruption within the judiciary, and the multi-sector High Authority to Combat Corruption and Related Infractions (HALCIA). Both have been in place since October 2011. HALCIA reported that it received 55 complaints in the first four months of 2014, 21 of which it opened cases on and ten of which it referred to the Ministry of Justice for potential prosecution. However, to date no cases from 2014 or prior years have been prosecuted. The Constitution adopted in 2010 contains provisions for greater transparency in government reporting of revenues from the extractive industries, as well as the declaration of personal assets by government officials, including the President. Key officials from the previous administration were indicted for fraud and corruption in 2013 but were released provisionally and no further court dates were set.

Corruption in the executive and legislative branches is compounded by poorly financed and poorly trained law enforcement and weak administrative controls. Foreigners are advised not to pay bribes to policemen, customs officials, or other government officials. Bureaucratic processes can be slow, but this is often due more to inefficiency and lack of information technology than to corruption. The Millennium Challenge Corporation (MCC) Board selected

Niger for the first time in 2012 as a country eligible for a Compact. The Board recognized the country's efforts in good governance, the engagement and commitment of the GON in the fight against corruption, the respect of political rights, civil liberties, freedom of information, and the adoption of policy reforms to strengthen economic freedom.

Section 3 - Economy

Niger is a landlocked, sub-Saharan nation, whose economy centres on subsistence crops, livestock, and some of the world's largest uranium deposits. Agriculture contributes nearly 40% of GDP and provides livelihood for most of the population. The UN ranked Niger as the least developed country in the world in 2015 due to multiple factors such as food insecurity, lack of industry, high population growth, a weak educational sector, and few prospects for work outside of subsistence farming and herding.

Since 2011 public debt has increased due to efforts to scale-up public investment, particularly that related to infrastructure. The government relies on foreign donor resources for a large portion of its fiscal budget. The economy in recent years has been hurt by terrorist activity and kidnappings near its uranium mines and by instability in Mali and in the Diffa region of the country; concerns about security have resulted in increased support from regional and international partners on defence. Low uranium prices, demographics, and security expenditures may continue to put pressure on the government's finances.

Future growth may be sustained by exploitation of oil, gold, coal, and other mineral resources. Although Niger has sizable reserves of oil, the profitability of these commodities has been called in to question due to the prolonged drop in oil prices. Food insecurity and drought remain perennial problems for Niger, and the government plans to invest a little more in the agriculture sector, most notably irrigation. Niger's three-year \$131 million IMF Extended Credit Facility agreement for years 2012-15 was extended until the end of 2016, although formal private sector investment needed for economic diversification and growth remains a challenge, given the country's limited domestic markets, access to credit, and competitiveness.

Agriculture - products:

cowpeas, cotton, peanuts, millet, sorghum, cassava (manioc, tapioca), rice; cattle, sheep, goats, camels, donkeys, horses, poultry

Industries:

uranium mining, petroleum, cement, brick, soap, textiles, food processing, chemicals, slaughterhouses

Exports - commodities:

uranium ore, livestock, cowpeas, onions

Exports - partners:

France 53.1%, Nigeria 20.3%, China 13.8% (2015)

Imports - commodities:

foodstuffs, machinery, vehicles and parts, petroleum, cereals

Imports - partners:

France 12%, China 10.5%, Nigeria 9.5%, French Polynesia 9%, Togo 6.1%, Belgium 5.3%, Cote d'Ivoire 5.3%, US 4.3% (2015)

Banking

The Central Bank of West African States (BCEAO), a central bank common to the eight members of the West African Economic and Monetary Union (WAEMU or UEMOA), governs Niger's banking system. Along with BCEAO, the "Commission Bancaire" is a supranational supervisory entity created in April 1990 to control financial institutions. The eight member countries use the CFA franc issued by the BCEAO and pegged to the euro at a rate of 1 euro equals 656 CFA francs. The French Treasury guarantees parity and fixed convertibility. BCEAO has an operating account at the French Treasury where it is required to hold at least 65 percent of its foreign exchange reserves.

Nine commercial banks operate in Niger. The system is characterized by the over liquidity of banks and their hesitancy to lend for medium and long-term loans. The banking system is served by three medium-sized local banks: BIA Niger (Banque Internationale pour l'Afrique), Ecobank and SONIBANK (Societe Nigerienne de Banque). There are several small commercial banks: Bank Of Africa; BCN (Banque Commerciale du Niger, a Libyan-Nigerien joint venture); Credit du Niger; BINCI (Banque Islamique du Niger pour le Commerce et l'Investissement) with Saudi and Islamic Development Bank ownership; BSIC (Bank of the 23 CEN-SAD member countries), BRS (Banque Régionale de Solidarité); a development bank where all WAEMU member countries are shareholders, and the new Banque Atlantique.

Stock Exchange

Founded in 1998, the Bourse Régionale des Valeurs Mobilières SA ("West African Regional Stock Exchange") or BRVM, is a regional stock exchange headquartered in Abidjan, Cote D'Ivoire, serving the following west African countries: Benin, Burkina Faso, Guinea Bissau, Côte d'Ivoire, Mali, Niger, Senegal and Togo.

Section 4 - Investment Climate

Executive Summary

Niger is eager to attract foreign investment and has taken steps to improve its business climate, including making reforms to liberalize the economy, encourage privatization, and increase imports and exports.

The 2016 World Bank Doing Business report ranked Niger at 160 out of 189 economies surveyed. Niger has shown considerable improvement in the ease of starting a business/business registration category, and is ranked sixth out of eight within the West African Economic and Monetary Union (WAEMU) and 134th overall in this category. This reflects a jump of 43 places compared to the last report.

Niger has an operational center for mediation and arbitration of business disputes. The center's aim is to maintain investor confidence by eliminating the long and expensive procedures traditionally involved in the resolution of business disputes.

Niger is ranked 99 out of 168 in Transparency International's 2015 Corruption Perceptions Index. This demonstrates a remarkable improvement since 2011, when the country was ranked at 134.

In 2015, Niger strengthened minority investor protections by introducing disclosure requirements for related-party business transactions. These requirements allow shareholders to inspect documents pertaining to such transactions and to appoint auditors to conduct an inspection of these transactions.

In 2015, the National Assembly adopted a law creating the *Commerce Tribunal*, a specialized commercial court.

Historically, the mining and extraction sector has attracted significant investment and interest in Niger's natural resources continues today. In 2011 Niger began producing oil; it joined the African Petroleum Producers Association (APPA) the following year.

Niger has successfully attracted foreign direct investment (FDI) outside of the mining and extraction sectors. For example, in 2012 Niger secured \$78 million in FDI towards the construction of the new Malbaza cement factory. It also received \$257 million in loans and multilateral donor aid for the construction of the Kandadji hydroelectric dam, which is expected to provide both irrigation and electricity, reducing Niger's reliance on imported electricity from Nigeria.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	99 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2016	160 of 189	doingbusiness.org/rankings

Global Innovation Index	2015	134 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2015	N/A	BEA/Host government
World Bank GNI per capita	2014	410 amount	data.worldbank.org/indicator/NY.GNP.PCAP.CD

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Government of Niger (GON) has pledged to take whatever steps are necessary to attract FDI, encourage privatization, and increase trade. The GON has implemented a series of new investor codes, increased transparency, and simplified taxation and customs procedures. The GON has negotiated with foreign companies interested in investing, although several international business representatives note what they believe are "unrealistic expectations," and complain that the GON seeks to collect unreasonably high taxes in sectors such as telecommunications and mining. However, the GON negotiates with businesses and regularly waives taxes for companies involved in the import, export, and production of goods in Niger. The GON is working to strike a balance between attracting investors and collecting taxes at a fair rate, and has proven to be flexible. Under the Investment Code, industrial investments can enjoy some tax and customs exemptions, including in some cases exemptions from the value-added tax (VAT). While there are no laws that discriminate against foreign investors by prohibiting, limiting, or conditioning foreign investment in any sector of the economy, there are some restrictions on FDI.

Other Investment Policy Reviews

Niger conducted a Trade Policy Review through the World Trade Organization (WTO) in 2009 and was due for another review in 2015. However, the review was postponed to 2016. A report of the 2009 review can be found on the following website: https://www.wto.org/english/tratop_e/tpr_e/s223-01_e.doc.

Neither the United Nations Conference on Trade and Development (UNCTAD) nor the Organization for Economic Cooperation and Development (OECD) has carried out a policy review for Niger.

Laws/Regulations on Foreign Direct Investment

Niger's legal framework adheres to the provisions of the Organization for the Harmonization of Business Law in Africa (OHADA). For FDI, this includes the opportunity to acquire and exercise rights, concessions and administrative authorizations; to bid for public contracts; to transfer income or liquidate invested capital; to transfer profits to nonresident persons or entities; recourse to arbitration and to the International Centre for the Settlement of Investment Disputes (ICSID) in case of dispute; open access to public procurement; transparent procedures for awarding public contracts; freedom of prices and competition; and trade liberalization.

In April 2014, Niger adopted a new investment code that lays out the general principles governing the reception and protection of foreign investment, as well as the incentives available for approved projects. The code allows for tax breaks, though terms are negotiated with the Ministry of Commerce on a case-by-case basis. Most investors benefit from special tax treatment and tariff protection for varying periods depending on the level and location of investment. The investment code guarantees equal treatment of investors regardless of nationality. The investment code offers incentives for sectors the GON deems key to economic development: energy production, mineral exploration and mining, agriculture, food processing, forestry, fishing, low-cost housing construction, handicrafts, hotels, schools, health centers, and transportation.

The National Council of Private Investors (CNIP), which is charged with reviewing Niger's investment climate and performance and proposing specific actions to address national investment priorities, was relaunched in 2015 with the stated goal of improving the business climate. Niger has also established a framework designed to regulate public-private partnership (PPP) contracts and provide taxation oversight for such partnerships.

Corruption continues to be a problem in Niger's judicial system. The Chamber of Commerce has validated a mediation and arbitration committee framework to assist businesses in resolving conflict and to avoid a lengthy court process. The Chamber of Commerce also publishes the *Guichet Unique*, a guide for foreign investors interested in doing business in Niger. The guide informs potential investors of investment incentives and the laws and regulations that govern investment. It is now available online at:

<http://niger.eregulations.org/>. Detailed information on starting a business can also be found on the website of the "Maison de l'Entreprise" <http://www.mde.ne>

Business Registration

Niger does not yet have online business registration, though it does have a website that provides registration information from the Ministry of Trade and Private Sector Promotion, in partnership with the Chamber of Commerce and Industry of Niger. Individuals or legal entities wishing to create a business can find the necessary information via the following links: <http://niger.eregulations.org/> and <http://www.mde.ne>.

In the business registration category, the World Bank's 2016 Doing Business survey ranked Niger at sixth out of eight West African Economic and Monetary (WAEMU) zone countries and 134th of 189 economies overall. According to the rankings, the GON has reduced to five days the necessary time needed by individuals to start a business, and to seven days the time needed by legal entities. Start-up costs range between \$30 for individuals and \$300 for the largest entities.

Niger has a vibrant Investment Promotion Center that serves as an information center for both national and foreign investors. It also advises on a project's follow up status including its regulatory, legal, fiscal, and commercial information and partnership promotion. The Investment Promotion Center includes a data bank and documentation pertaining to current and previous projects, and sector studies. The center also has a network of correspondents all over the world that can assist clients seeking financial, technical and commercial partners.

The GON defines microenterprises as those that have between one and three employees and gross revenues (before taxes) of less than 10 million CFA (\$16,920). Small enterprises are defined as having between four and ten employees and gross revenues of between 10 million and 50 million CFA (\$16,920 and \$84,602). Medium-size enterprises have between 11 and 50 employees and gross revenues greater than 50 million CFA (\$84,602). More information can be found on the following website: <http://www.entreprises-niger.net>

Industrial Promotion

Niger's Economic and Social Development Plan (PDES) 2012-2015 is based on the implementation of large infrastructure projects. Energy sector projects play a large role in this plan and the proposed construction of the Kandadji hydro-electric dam and the Salkadamna coal extraction, processing, and power project promote energy self-sufficiency and irrigation development. The transportation sector is also a key component of the plan. The GON is currently working on a new PDES for the 2016-2020 period.

In 2014, Niger began construction on its first rail project linking Niger with neighboring countries. The 135-kilometer Niamey – Dosso rail project, although incomplete, was inaugurated in January 2016 as part of a greater regional railroad system, which is expected to permanently improve transport and communication within the region. Significant investments in road infrastructure projects will contribute to the same objective. In addition to the energy and transportation sectors, the government is also focused on the agro-food industry, the extractive industry, the manufacturing sector, and the service sector. The government struggles to disseminate information on programs and reform projects, relying on donors and word-of-mouth.

Limits on Foreign Control and the Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises. Total foreign ownership is permitted in most sectors except energy, mineral resources, and sectors restricted for national security purposes. In the extractive industries, any company to which the GON grants a mining permit must give the GON a 10 percent share of the company. This law applies to both foreign and domestic operations. The GON also reserves the right to require companies developing mineral resources to give the GON up to a 33 percent stake in their Nigerien operations. Foreign ownership of land is permitted but requires authorization from the Ministry of Planning, Land Management and Community Development.

Privatization Program

Large-scale privatization by the GON was conducted in 1998 with assistance from the World Bank. Twelve state-owned companies were listed on the privatization program. To date,

seven have been fully privatized. The national telecommunications company *Société Nigérienne des Télécommunications* (SONITEL) was privatized in December 2001 and renationalized in 2012. Discussions are ongoing in the attempt to finalize the privatization processes of two other state-owned enterprises – the electricity company *Société Nigérienne d'Electricité* (NIGELEC) and the oil and petroleum products company *Société Nigérienne de Distribution des Produits Pétroliers* (SONIDEP). Foreign investors are welcome to participate in the privatization program. In March 2001 Niger divested most of its interests in the national water company, *Société Nationale des Eaux* (SNE), through a ten-year lease with Vivendi, a French water company. Under this public-private partnership arrangement, 51 percent of the company is owned by Vivendi while 34 percent is owned by local private investors, 10 percent is owned by company workers, and 5 percent by the GON. Privatization operations are conducted under the technical direction of the ministry that currently controls the company. After a detailed analysis of business operations conducted by an internationally known independent audit firm, the government issued a call for bids.

Screening of FDI

Article 10 of the country's Investment Code states that the *Commission des Investissements* (investment commission) has the right to review an investment proposal if a foreign investor requests government approval for such a proposal. The commission can also impose sanctions if the foreign firm failed to abide by the procedures outlined in the Investment Code. The Law guarantees equal treatment of investors regardless of nationality.

Competition Law

Under the auspices of the Ministry of Trade and Private Sector, the GON in 2015 validated a new Competition and Consumer Protection Law, replacing a 1992 law that was never fully operational. Niger also adheres to the Community Competition Law of West African Economic and Monetary Union (WAEMU).

2. Conversion and Transfer Policies

Foreign Exchange

As a member of the African Financial Community (CFA) and the Economic Community of West African States (ECOWAS), Niger has benefited from a foreign exchange system that is free from restrictions on payments and transfers. Foreign capital and domestic capital are legally equal. However, currency conversions above 2 million CFA (approximately \$3,384) must be approved by the government, which inherently results in delayed capital transfers. Such delays thus serve to discourage investment from abroad, particularly by the Nigerien diaspora. The CFA franc, which is pegged to the euro at CFA 655.96 to €1, fluctuates against the U.S. dollar in line with the euro-dollar exchange rates.

Remittance Policies

Niger's Investment Code offers the possibility to transfer income of any kind, including capital investment and the proceeds of investment liquidation, regardless of the destination. There are no limitations or waiting periods on remittances, though currency conversions above 2 million CFA (approximately \$3,384) must be approved by the government. Remittances from Niger migrants are of paramount importance to household food security. Niger is not a

member of the Financial Action Task Force (FATF) and as such has no status. However, it is a member of the Inter-Governmental Action Group against Money Laundering and Terrorist Financing in West Africa (GIABA), a Financial Action Task Force-style regional body. Its most recent mutual evaluation can be found here: <http://www.giaba.org/reports/mutual-evaluation/Niger.html>.

3. Expropriation and Compensation

Article 7 of the Investment Code, guarantees that no business will be subject to nationalization or expropriation except when deemed "in the public interest" as prescribed by the law. The code requires that the government compensate any expropriated business with just and equitable payment.

Article 28 of the 2010 Constitution states "Everyone has the right to own property and no one shall be deprived of his property except for public purposes subject to prior and just compensation."

In 2012, Niger's parliament voted to nationalize incumbent telecoms operator Sonitel, abandoning a renewed attempt to privatize the company. The move allows the GON to carry out investments in the company over the next five years. The GON began looking for a new buyer for Sonitel and its mobile arm SahelCom in August 2011, after a deal to sell a stake in the company to Libya's LAP Green Network for \$62 million was scrapped the previous June. After heavy criticism of the deal by Niger's main telecommunication union, the GON decided to cancel it, stating that the Libyan government's financing had not been able to meet the terms of the agreement.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Niger's legal system is a legacy of the French colonial system. The legal infrastructure is insufficient, making it difficult to use the courts to enforce ownership of property or contracts. While Niger's laws protect property and commercial rights, the administration of justice can be slow and unequal.

Niger does have a written commercial law that is heavily based on the Organization for Harmonization of Business Law in Africa (OHADA). Niger has been a member of OHADA since 1995. OHADA aims to harmonize business laws in 16 African countries by adopting common rules adapted to their economies, setting up appropriate judicial procedures, and encouraging arbitration for the settlement of contractual disputes. OHADA regulations on business and commercial law include definition and classification of legal persons engaged in trade, procedures for credit and recovery of debts, means of enforcement, bankruptcy, receivership, and arbitration.

In 2015 Niger announced that it will set up a *Commerce Tribunal*, a specialized commercial court, as well as a Center for Mediation and Arbitration. These organizations are still nascent.

Bankruptcy

OHADA regulations on business and commercial law cover bankruptcy. According to data collected by the World Bank's Doing Business survey, resolving insolvency takes five years on

average and costs 18 percent of the debtor's total assets, with the most likely outcome being that the company will be broken up and sold. Globally, Niger stands at 121 in the 2016 ranking of 189 economies on the ease of resolving insolvency.

Investment Disputes

Niger has an operational center for mediation and arbitration of business disputes. The center's aim is to maintain investor confidence by eliminating long and expensive procedures traditionally involved in the resolution of business disputes.

The investment code provides for settlement of disputes by arbitration or by recourse to the World Bank's International Center for Settlement of Disputes on Investment. However, investment dispute mechanisms in contracts are not always respected and exercising due diligence is extremely important. Procedures are in place but are often not adhered to because of a lack of resources and corruption in the judicial system.

In 2011, an American contractor was detained by police at the behest of a disgruntled Nigerien subcontractor. The contractor was released by mid-day when the complaint was determined to be civil rather than criminal.

International Arbitration

The investment code also offers the possibility for foreign nationals to seek remedy through the International Center for the Settlement of Investment Disputes.

Niger has a Trade and Investment Framework Agreement (TIFA) with the United States through its regional affiliation to the Economic Community of West African States (ECOWAS) and West African Economic and Monetary Union (WAEMU) that signed TIFA agreement with the United States.

Alternative dispute resolution is not compulsory in Niger but mediation or conciliation proceedings may be instigated by the judge in litigation proceedings.

ICSID Convention and New York Convention

Niger is a party to the New York Convention on the Recognition of Foreign Arbitral Awards. Niger is also a member of the International Center for Settlement of Investment Disputes.

Duration of Dispute Resolution – Local Courts

Dispute resolution is a lengthy and costly process, and frequently takes years to resolve. International companies are required to have a local representative, who can help the company navigate the complex local political and bureaucratic process. Dispute mechanisms in contracts are not always respected and due diligence is extremely important. Procedures are in place but are often not adhered to because of lack of resources.

In 2015, Niger adopted a bill creating a *Commerce Tribunal* dedicated to hearing only commercial cases.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Niger is a member of the WTO, but as a lower income member, is exempt from Trade-Related Investment Measures (TRIMs) obligations. In 2009, Niger introduced a system of quotas for the commercial import or re-export of wheat flour. Companies wanting to import wheat flour must purchase at least 10 percent of the total volume from a sole local producer, Moulins du Sahel, or compensate them for the value of the product. A similar quota scheme applies to rice, though the purchase requirement is only 3 percent.

Investment Incentives

Niger offers incentives that are dependent on the size of the investment and number of jobs that will be created. The Investment Code offers VAT-inclusive tax exemptions depending on the size of the business. Potential tax exemptions include start-up costs, property, industrial and commercial profits, services and materials required for production, and energy use. Exemption periods range from ten to fifteen years and include waivers of duties and license fees. There are no restrictions on foreign companies opening a local office in Niger, though they must obtain a business certificate from the Ministry of Commerce.

The Investment Code has established three different tiers of incentives for investors, based on minimum investment amounts, listed below:

Tier 1: Promotional tier, for investments of 25 million CFA francs (about \$42,000) or above. Tier 2: Priority tier, for investments of 50 million CFA francs (about \$84,000) or above.

Tier 3: Conventional tier, for large businesses with investments of at least 2 billion CFA (about \$3.33 million)

During the investment phase, the approved investments are exempt from import duties and taxes on material and equipment needed for the project that are not available locally. The advantages provided during the operational phase include exemption from profit tax (35 per cent). Apart from these regimes, two additional incentive schemes are part of the investment code. These apply to companies operating in remote regions, energy, agro-industry, and low-cost housing sectors.

Research and Development

As Niger relies heavily on donor support for basic government functions, it does not have the capacity or capability to carry out large-scale government research or development programs. The vast majority of these types of programs are funded by foreign governments or NGOs. An exception is the Niger National Institute of Agricultural Research (INRAN), which is the country's main agricultural research and development (R&D) agency. Most of Niger's agricultural research programs are donor-funded. National government funding covers only salaries and very limited operating costs.

Performance Requirements

Performance requirements are not imposed as a condition for establishing, maintaining, or expanding foreign direct investments. While Niger does require that companies attempt to hire a Nigerien before applying for a work visa for a foreign national, in practice the rule is not enforced. To create a suitable environment for promoting private investment and job

creation, labor and employment legislation has been reformed to allow flexibility in employment and to adapt vocational training to the requirements of the job market. In addition, it allows for a company to appeal to the Ministry of Labor if a foreigner is refused a work visa.

Data Storage

Niger has no regulations regarding data storage. Niger does not require foreign IT providers to turn over source code and/or provide access to surveillance. Niger has one of the lowest internet penetration rates in the world. Technology in-country lags far behind the developed world.

6. Protection of Property Rights

Real Property

Interests in property are enforced when the land holder is known, but property disputes are common, particularly involving community-owned land or land in rural areas where customary land titles are still common. Mortgages are relatively new instruments; Bank Atlantique introduced the first mortgages in 2014. The bank retains the title to the property until the loan is repaid. Traditional use rights are at the core of land disputes between Nigerien farmers and traditional nomadic herders. According to data collected by The World Bank's Doing Business survey, registering property in Niger requires four procedures, takes 35 days and costs 9 percent of the property value. Globally, Niger stands at 126 in the ranking of 189 economies on the ease of registering property. In 2014, Niger made transferring property easier by reducing registration fees. Foreign ownership of land is permitted but requires authorization from the Ministry of Planning, Land Management and Community Development.

Intellectual Property Rights

As a signatory to the 1983 Paris Convention for the Protection of Industrial Property, Niger provides national protection under Nigerien patent and trademark laws to foreign businesses. Niger is also a member of the World Intellectual Property Organization (WIPO) and a signatory to the Universal Copyright Convention.

Niger ratified the revised Bangui Agreement (1999) in May 2002. This serves as the national framework for intellectual property rights.

Niger is a member of the West African Intellectual Property Organization (OAPI), which sets the legal framework for protecting intellectual property and approves requests for registration. Protection is initially granted for ten years and is renewable for an additional ten years.

Despite a legal regime that protects intellectual property rights, the GON lacks the capacity and resources to enforce copyright violations. Legal structure is weak, enforcement is bad, and infringement on rights and theft are common. Counterfeit CDs, videocassettes and pharmaceuticals are readily available. The international property rights index does not rank Niger. Law enforcement is poorly trained and there are weak administrative controls. Property rights also remain hampered by an ineffective judicial framework and a court

system that is vulnerable to political interference. On average, it takes 35 days and four procedures to register a property in Niger. The World Intellectual Property Organization's page for Niger can be found at: <http://www.wipo.int/wipolex/en/profile.jsp?code=NE>.

Niger does not regularly track and report on seizures of counterfeit goods. There is no specific information about working conditions in the production or sale of counterfeit goods. While there have been some cases of seizure, government statistics are not available. Niger is not listed in USTR's Special 301 report. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en>.

Resources for Rights Holders

Jeffrey Zahka
Economic Officer
(227) 20 72 26 61 x4076
ZahkaJA@state.gov

Samaila Salifou
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(227) 20 72 26 61 x4443
SalifouS@state.gov

A list of lawyers is available at: <http://niamey.usembassy.gov/niger/attorney.html>

7. Transparency of the Regulatory System

The GON has established laws and policies, but does not enforce them equally, in large part due to corruption and weak governmental systems. Niger is attempting to comply with international norms in its legal, regulatory, and accounting systems but frequently falls short. Rules foster competition, but clear rules are frequently not available. That said, the playing field is level for foreign investors who are willing to make the effort to learn the system. The fiscal system is characterized by a relatively heavy regulatory system. The tax system is focused on the collection of tax revenue at a low taxable base. In practice only a few formal companies are taxed. The taxation system is encumbered by long, expensive administrative procedures while acknowledged best practices are rarely used.

Draft bills are not available for public comment, although the Chamber of Commerce or other organizations may be allowed to offer suggestions.

Niger is a member of the UN Conference on Trade and Development's international network of transparent investment procedures: <http://niger.eregulations.org/> (French language only). Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures. The site is maintained, up to date, and useful.

8. Efficient Capital Markets and Portfolio Investment

Niger's financial sector is small but growing rapidly. Foreign-owned banks currently control about 80 percent of total assets, due to the fact that most Niger-based banks are subsidiaries of foreign banking firms. The banking system is liquid and well supervised, and a variety of lending opportunities are expected to emerge as the economy continues to grow.

There are no limits on the free flow of financial resources. Credit is allocated on market terms and foreigners do not face discrimination. Credit to the private sector is dominated by large corporations, while agriculture, livestock, forestry, and fisheries sectors (which account for more than 40 percent of GDP) receive less than one percent of total bank credit.

Money and Banking System, Hostile Takeovers

The Nigerien banking sector is liquid and banks usually require high levels of guarantees for loans. All the local banks are subsidiaries of banks based elsewhere in the region. There are no American or European banks. Bank credit to the private sector has been less than 10 percent of GDP and fewer than two percent of Nigeriens have a bank account. The Central Bank of West African States governs Niger's banking institutions and sets minimum reserve requirements. There are no restrictions on foreigners' establishment of a bank account. Banking fees are significantly higher than in other countries. Credit is generally allocated on market terms, but the cost is high and credit is usually extended only to large businesses. Four major commercial banks control roughly 90 percent of deposits. The GON holds shares in several financial institutions.

9. Competition from State-Owned Enterprises

State-Owned Enterprises (SOEs) in Niger are defined as companies in which the government of Niger is the majority stakeholder. They play a major role in Niger's economy. SOEs dominate or heavily influence a number of key sectors, including energy (NIGELEC), telecommunications (SONITEL), and water resources (SEEN and SPEN). SOEs are also active in services, oil, and uranium. There are no laws or rules that offer preferential treatment to SOEs. They are subject to the same tax rules and burdens as the private sector, and are subject to budget constraints. The Court of Accounts maintains a list of SOEs, but it is not published.

The oil-distribution company (SONIDEP) and the national electricity company (NIGELEC) still hold monopolies. However, competition exists in the telecommunication sector. While SONITEL has a monopoly on fixed telephony, the GON has granted three mobile phone and two Internet licenses.

OECD Guidelines on Corporate Governance of SOEs

Niger is not a member of the OECD and does not adhere to its guidelines. SOEs report directly to the minister responsible for the company, and senior management positions are allocated politically. However state-owned enterprises are audited by the Court of Accounts, which reports directly to the President. The Ministry of Finance is responsible for oversight and management of public enterprises, including SOEs.

Sovereign Wealth Funds

Niger does not have any Sovereign Wealth Funds. The government has ambitious plans for a build-up of reserves at the Central Bank of West African States (BCEAO) using oil revenues.

10. Responsible Business Conduct

The concept of Responsible Business Conduct (RBC) has been gradually incorporated into the core of Nigerien business operations to increase share value for businesses and society.

The Orange Niger Foundation carries out corporate philanthropy programs which focus on humanitarian aid, the development of renewable energy sources, and girls' education. Beyond Orange Niger, known private sector contributions to development are relatively insignificant despite the presence of large companies in mining, telecommunications, and agribusiness. While civil society groups encourage RBC, the average Nigerien is unaware of the concept of RBC.

The GON has focused on ensuring existing obligations are met and that communities' benefit in compliance with Nigerien law, which states that 15 percent of revenues derived from extractive industries must be returned to the municipality affected by the project. However, the money is difficult to track and local authorities who do receive funds note the GON has not determined how local governments can spend any income received. As a result, foreign companies carry out RBC projects, but the government is not active and engaged. Typical RBC projects in Niger involve health care, education, and other visible projects. The 2010 Constitution requires publication of all new exploration and exploitation contracts in the mining sector. The GON is also required to publish income received from natural resource contracts. In 2011, Niger was declared to be compliant with the Extractive Industries Transparency Initiative (EITI).

11. Political Violence

In January 2015 Niger experienced an unprecedented wave of attacks on churches, bars, and ruling-party buildings sparked by outrage at President Issoufou's remarks during a trip to Paris to participate in a unity march in the wake of attacks on the Charlie Hebdo office. The targets included 45 churches, 36 drink vendors, two individual homes, a Christian school, several buildings used by the ruling party, and many French-owned businesses.

General elections were held in Niger on February 21, 2016, with a presidential run-off held on March 20. Incumbent President Mahamadou Issoufou was re-elected for a second mandate. Tensions over the preparation of the elections widened divisions between opposition activists and supporters of the incumbent president Mahamadou Issoufou, and his ruling Nigerien Party for Democracy and Socialism (PNDS). The authorities overhauled the voter registration list in a bid to boost the credibility of the polls in response to widespread opposition criticism in late 2015. Days before the second round, the opposition coalition announced that it would not recognize the results from either the first or second round.

If the opposition maintains its position not to recognize the institutions derived from the elections, political tension between the opposition and ruling majority will continue.

12. Corruption

Niger ranked 99 out of 168 in Transparency International's 2015 Corruption Perceptions Index. Niger's economic freedom score is 54.3, making its economy the 129th freest in the Heritage Foundation's 2016 Economic Freedom Index. Its score has decreased by 0.3 points since 2014, reflecting declines in monetary freedom, the management of government spending,

and labor freedom that outweigh gains in freedom from corruption and business freedom. Niger is ranked 26th out of 46 countries in the Sub-Saharan Africa region, and its overall score is slightly above the regional average in the Sub-Saharan Africa region.

The Constitution, adopted in 2010, contains provisions for greater transparency in government reporting of revenues from the extractive industries, as well as the declaration of personal assets by government officials, including the President. Key officials from the previous administration were indicted for fraud and corruption in 2013 but were provisionally released and no further court dates were set.

The GON has set up two anti-corruption institutions: the Bureau of Information, Claims and Combat Against Corruption and Bribery at the Ministry of Justice, to tackle corruption within the judiciary, and the High Authority to Combat Corruption and Assimilated Offences (HALCIA). Both have been in place since October 2011.

In 2014, the United Nations Office on Drugs and Crime (UNODC) supported HALCIA in the adoption of a draft anti-corruption bill. The Millennium Challenge Corporation (MCC) Board selected Niger for the first time in 2012 as a country eligible for a Compact. The Board recognized the country's efforts in good governance, the engagement and commitment of the GON in the fight against corruption, the respect of political rights, civil liberties, freedom of information, and the adoption of policy reforms to strengthen economic freedom.

In 2015, 13 national anti-corruption authorities from West African countries gathered in Niger, for a Regional Conference on Anti-Corruption in West Africa. Organized by UNODC in partnership with HALCIA, this conference brought together heads of anti-corruption authorities, as well as heads of investigation, from the region for the first time since 2012. Niger is inching toward having a National Strategy to fight corruption (*Stratégie Nationale de lutte contre la Corruption* – SNLC). In December 2015, HALCIA organized a three-day workshop to finalize the document to be submitted to The GON for adoption.

In September 2015, the government was criticized for its alleged role in obtaining the release of approximately \$14.7 million in foreign currency seized by customs officials at Niamey's international airport. The currency was being transported through Niger from Nigeria and was in violation of West African States Monetary Union rules concerning limits on the physical movement of currency across national boundaries.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Niger is party to the UN Anticorruption Convention. However, Niger is not party to the OECD Convention on Combatting Bribery.

Resources to Report Corruption

Issoufou Boureima

President

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13. Bilateral Investment Agreements

Niger is a signatory of investment treaties with Algeria, Egypt, Germany, Switzerland, and Tunisia. As a member of the West African Economic and Monetary Union (WAEMU), Niger has asked its trade partners to deal with WAEMU regarding trade agreements.

In 2002, the WAEMU Commission (of which Niger is a member) concluded an agreement on the development of investment relations with the United States.

In 2014, ECOWAS Commission (of which Niger is a member) signed a Trade & Investment Framework Agreement (TIFA) with the United States.

Bilateral Taxation Treaties

The United States and the West African Economic and Monetary Union (WAEMU), which includes Niger, have a TIFA.

Niger does not have a bilateral taxation treaty with the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

In 2015, Niger was the first Least Developed Country (LDC) to ratify the World Trade Organization's Trade Facilitation Agreement (TFA). The country seeks to implement the trade policy of the West African Economic and Monetary Union (WAEMU) and has joined the Generalized System of Preferences (GSP) of the European Union.

Niger is landlocked, has no free trade zones, and relies on the ports of Cotonou in Benin and Lomé in Togo as its primary seaports. Importers also use the ports of Tema, Ghana and sometimes Lagos, Nigeria. Delivery can take months due to delays at borders and internal control points along the route. The relatively low number of commercial flights to Niger means that transport costs are high. The country's main trade partners are Nigeria, the European Union, the United States, China, Cote d'Ivoire, and Algeria.

15. Foreign Direct Investment and Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	

Host Country Gross Domestic Product (GDP) (\$M USD)	2014	\$8,169	2014	\$8,169	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	N/A	2014	N/A	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2014	N/A	2014	N/A	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2014	N/A	2014	N/A	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	2180	100%	Outward Data not available		N/A
France	667	31			
China	648	30			
Côte d'Ivoire	143	7			
Morocco	92	4			
Libya	92	4			

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Niger

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Mixed legal system of civil law (based on French civil law), Islamic law, and customary law

International organization participation:

ACP, AfDB, AU, CD, ECOWAS, EITI (compliant country), Entente, FAO, FZ, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IDB, IFAD, IFC, IFRC, ILO, IMF, Interpol, IOC, IOM, IPU, ISO (correspondent), ITSO, ITU, ITUC (NGOs), MIGA, MONUSCO, NAM, OIC, OIF, OPCW, UN, UNCTAD, UNESCO, UNIDO, UNMIL, UNOCI, UNWTO, UPU, WADB (regional), WAEMU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

No Information available

Treaty and non-treaty withholding tax rates

No Information available

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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