



Niger

Niger: Scenario Comparisons

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Last updated 11 February 2025 using IFs v8.34

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Chart 29: GDP per capita in the Current Path and scenarios, 2020-2043

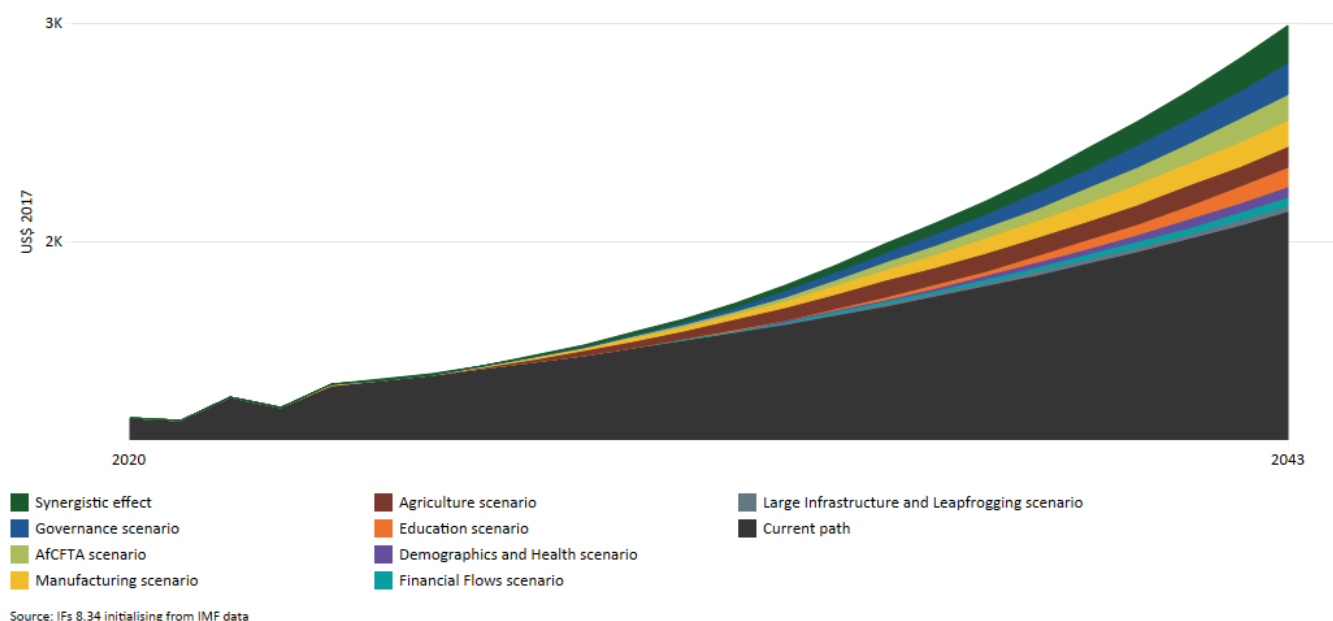


Chart 29 presents GDP per capita in purchasing power parity (PPP) in the Current Path and each of the eight sectoral scenarios, plus the synergistic effect and the Combined scenario. The data is from 2020 with a forecast to 2043.

The Governance scenario has the largest impact on Niger’s GDP per capita, increasing average incomes by US\$10 in 2030 and US\$140 in 2043 compared to the Current Path. This shows the benefits of reducing corruption, increasing government effectiveness, boosting economic and democratic freedoms, introducing well-targeted social grant programs and promoting greater gender equality throughout society. Furthermore, the strong performance of the Governance scenario highlights the need to increase security and stability within the country.

High quality governance is crucial for the efficient use of public funds, particularly at a time when the state is expected to benefit from increasing oil revenues. Public investment which focuses on creating an enabling environment for international investment by improving infrastructure, increasing stability and expanding the pool of high-skilled human capital will be key to economic growth.

The second most impactful scenario is the AfCFTA scenario, which raises GDP per capita above the Current Path by US\$10 in 2030 and US\$120 in 2043. The scenario shows the benefits of fully implementing the provisions of the AfCFTA, as local firms gain greater access to market intelligence and advice and increase their productivity by using more advanced inputs and competing with more firms, which ultimately leads to higher exports of higher value goods. Crucially, the impact of the AfCFTA scenario shows the positive impact of reducing imports tariffs and reducing non-tariff barriers to trade, as freer trade leads to local businesses having more access to the capital and intermediate goods they need to improve output.

The Manufacturing scenario has the third-largest impact on GDP per capita for Niger and raises GDP per capita by US\$10 in 2030 and US\$120 in 2043 above the Current Path. The scenario shows the benefits of incentivising manufacturing in Niger by improving the business environment, increasing investment in the manufacturing sector and boosting government expenditure on research and development activities within the sector. Investing in manufacturing will hold

multiple benefits, as the sector creates higher quality jobs in the formal sector, and serves as an important linkage between other sectors of the economy, with higher levels of productivity spilling over to agriculture and services.

Indeed, all the sectors represented by the individual scenarios in the above analysis have strong links to each other and improvements in one will necessarily have positive side effects in another. For instance, improved infrastructure and human capital development are important for a productive manufacturing sector and aids a country in diversifying its economy. Similarly, the provision of high quality, all-weather rural roads is vital for agriculture commercialisation, access to bigger urban markets and food self-sufficiency. Improved governance through the more efficient use of public funds and greater stability cuts across all the sectors. A coordinated policy push across sectors is thus the best option to achieve inclusive, sustained growth and represents an integrated development push in Niger.

Chart 30: Poverty in the Current Path and scenarios, 2023-2043

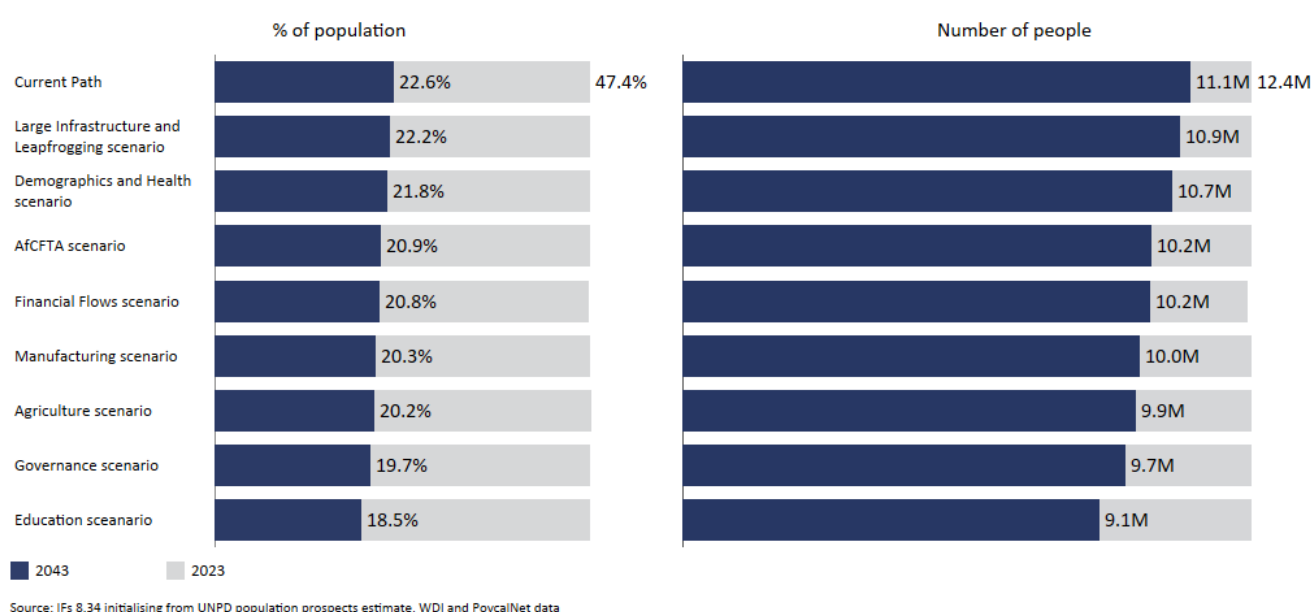


Chart 30 presents poverty in the Current Path and for each scenario, from 2023 to 2043. The user can select the number of extremely poor people or the percentage of the population.

All the scenario interventions contribute to poverty reduction in Niger (Chart 30).

By 2043, the Education scenario contributes most significantly to reducing extreme poverty rates while the Large Infrastructure and Leapfrogging scenario contributes least. The Education scenario's profound impact on reducing extreme poverty rates in Niger by 2043 is tied to its ability to tackle structural inequalities, particularly in education access and quality. While the immediate effects by 2030 are modest—reflecting the time inertia in changing education systems and the delay in associated outcomes—the long-term benefits are transformative. By 2043, extreme poverty rates drop to 18.4% in the Education scenario, compared to 22.6% in the Current Path, illustrating its sustained impact.

A key driver of this improvement is the focus on reducing gender inequality, especially in secondary education. Historically, Niger has faced significant gender disparities in education. Addressing these gaps yields multiple benefits: educated women are more likely to participate in the workforce, delay childbearing, and invest in their children's education and health. Furthermore, better education equips individuals with the skills needed to engage in higher-productivity sectors, diversifying Niger's economy.

The Governance scenario promises to have the second-biggest impact on poverty reduction in Niger by 2043, lowering extreme poverty to 19.7%, 2.9 percentage points below the Current Path. This highlights the critical role of effective governance in fostering sustainable development. Governance improvements enhance state capacity, accountability and service delivery, thereby getting at some of the root causes of poverty and inequality. Improved governance also strengthens institutions, enabling the enforcement of laws and the reduction of corruption, which often diverts resources away from poverty-alleviation programs.

Niger’s agricultural sector is central to its economy, employing the majority of the population and serving as the primary source of income and food security for rural communities. As such, improvements in agricultural productivity and resilience to climate extremes can play a pivotal role in poverty reduction. By 2043, the Agricultural scenario has the potential to lift an additional 1.2 million people out of extreme poverty, reducing the number of people living in extreme poverty to 9.9 million, compared to 11.1 million under the Current Path.

The sector’s significance lies in its direct impact on rural livelihoods, where poverty rates are highest. Enhancing productivity through improved access to modern farming techniques, better seeds, fertilisers and irrigation can increase crop yields and farmer incomes. Moreover, fostering resilience to climate extremes—such as droughts and floods—reduces vulnerability to shocks that can drive households back into poverty. Investments in the agricultural value chain, such as storage facilities, transport infrastructure and market access, can further enhance the sector’s contribution to poverty alleviation. By reducing post-harvest losses and connecting farmers to larger markets, these measures ensure that agricultural growth translates into tangible benefits for rural communities.

While the impact of the Agricultural scenario is not as pronounced as the Education or Governance scenarios, its focus on the most vulnerable rural populations ensures a substantial contribution to poverty reduction, demonstrating the sector’s vital role in Niger’s broader development agenda.

Chart 31: GDP (MER) in the Current Path and Combined scenario, 2020-2043

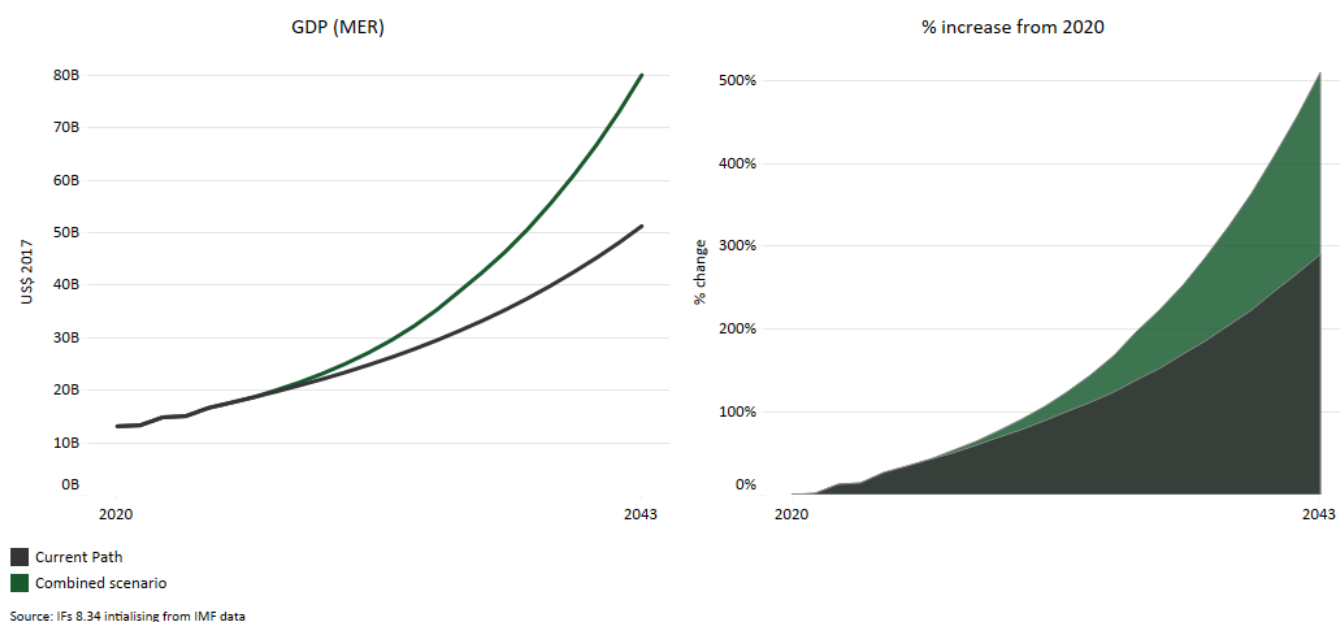


Chart 31 presents GDP in the Current Path and in the Combined scenario, from 2020 to 2043. The data is in US\$ 2017 and at market exchange rates (MER).

The Combined scenario combines all eight sectoral scenarios: Governance, Demographics and Health, Education, Large Infrastructure and Leapfrogging, Agriculture, Manufacturing, AfCFTA and Financial Flows.

The Combined scenario will lead to impressive economic growth in Niger, if fully implemented. In the scenario, the size of the economy will reach US\$25.1 billion by 2030, US\$1.7 billion above the Current Path, and by 2043, the country's GDP will reach US\$80.1 billion, US\$28.8 billion higher than the Current Path. The strong growth over the forecast horizon in the scenario results in the economy being five times larger in 2043 compared to 2020, while in the Current Path, the economy will only be about three times bigger.

Chart 32: Value added by sector in the Current Path and Combined scenario, 2023-2043

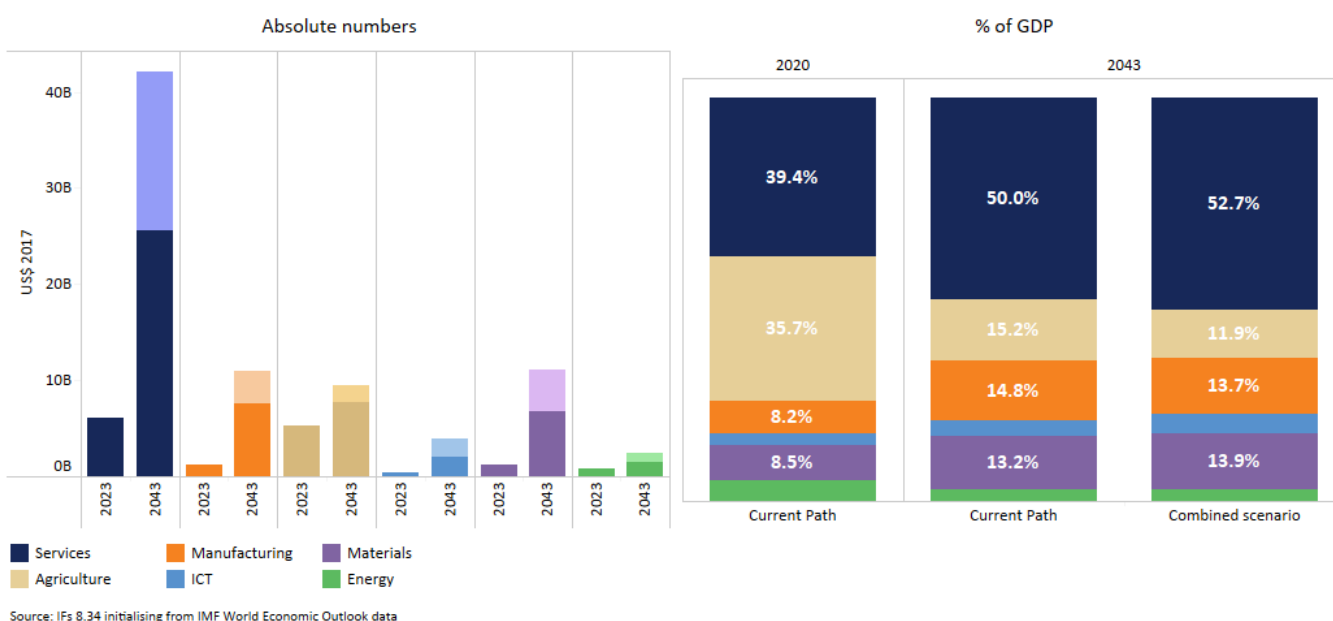


Chart 32 presents the value added by sector in the Current Path and in the Combined scenario, for 2023 and 2043. The data is in US\$ 2017 and as a percentage of GDP.

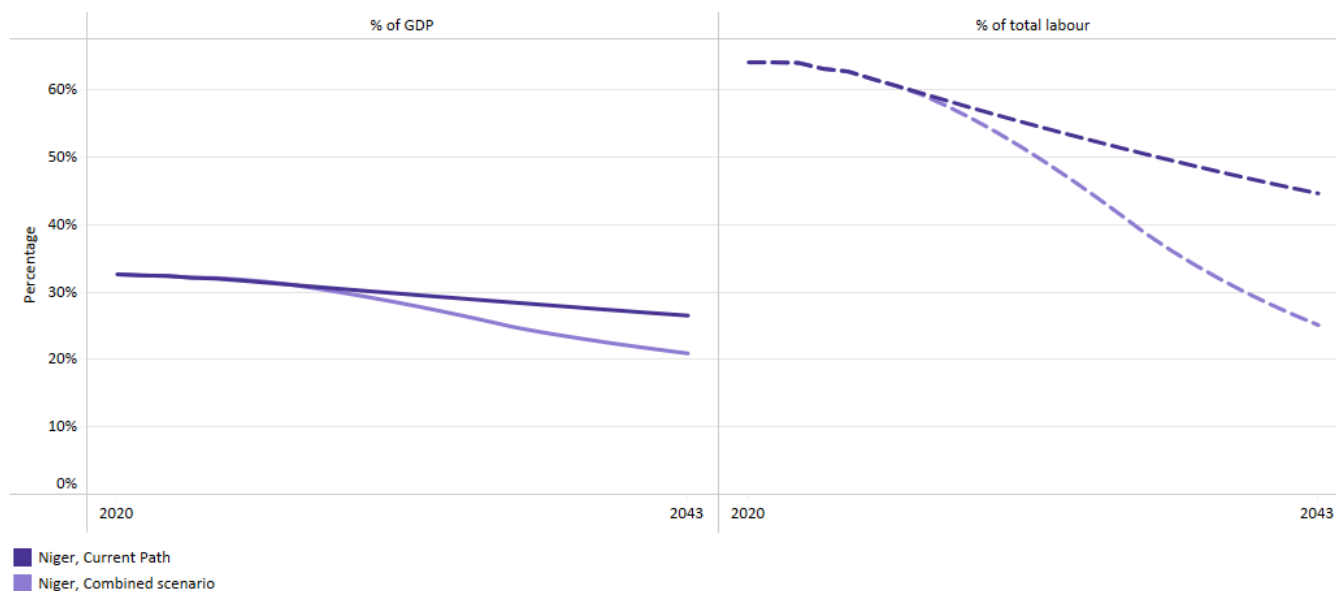
Our modelling provides forecasts in six economic sectors namely agriculture, energy, materials (including mining), manufactures, services and ICTech.

The Combined scenario will accelerate the structural transformation of the Nigerien economy, with the importance of the agriculture sector decreasing as the services sector growing significantly, while the manufacturing and materials sector also increase in importance. In 2043, the agriculture sector will have increased to US\$9.5 billion, US\$1.7 billion larger than in the Current Path. As a percentage of GDP, the sector will see its importance decrease from 35.7% in 2023 to 28.8% by 2030 and 11.9% by 2043 in the Combined scenario.

The services sector will grow rapidly in the Combined scenario: by 2030, the sector will equate to US\$11.3 billion and rise steeply to US\$42.2 billion by 2043, US\$16.6 billion more than in the Current Path. As a share of GDP, the sector will grow from 39.4% of GDP in 2023 to 45% in 2030 and 52.7% in 2043, as services become the main driver of economic growth in the country. The manufacturing and materials sectors will also grow, with the former reaching 13.7% by 2043 in the Combined scenario, while the materials sector, which includes construction and mining, will reach 13.9% by 2043. Although the shift away from the agricultural sector is positive, labour productivity in the manufacturing sector is higher

than in the services sector, which is largely informal. Incentivising manufacturing remains a priority to ensure the growing labour force is employed in a productive sector which spurs long term growth.

Chart 33: Informal sector in the Current Path and Combined scenario, 2020-2043



Source: IFs 8.34 initialising from Elgin and Oztunali (2008), and Schneider and Enste (2012) data

Chart 33 presents the size of the informal sector in the Current Path and in the Combined scenario, from 2020 to 2043.

The majority of Niger’s labour force is excluded from the formal sector and finds employment in the informal sector. In 2023, informal sector employment equalled 63.2% of total labour, declining to 56.3% by 2030 and 44.7% by 2043 in the Current Path. The Combined scenario policy interventions mean the size of the informal labour force will shrink significantly, as more workers find formal jobs in a growing economy. In this scenario, informal employment will decline to 53.7% by 2030 and 25.1% by 2043. The size of the informal sector will also decline, from 32.1% of GDP in 2023, to 29.3% by 2030 and 20.9% by 2043. The scenario will lower the size of the informal economy below the average for low-income Africa, which will be 28.9% of GDP by 2030 and 27% by 2043.

Chart 34: Life expectancy in the Current Path and Combined scenario, 2020-2043

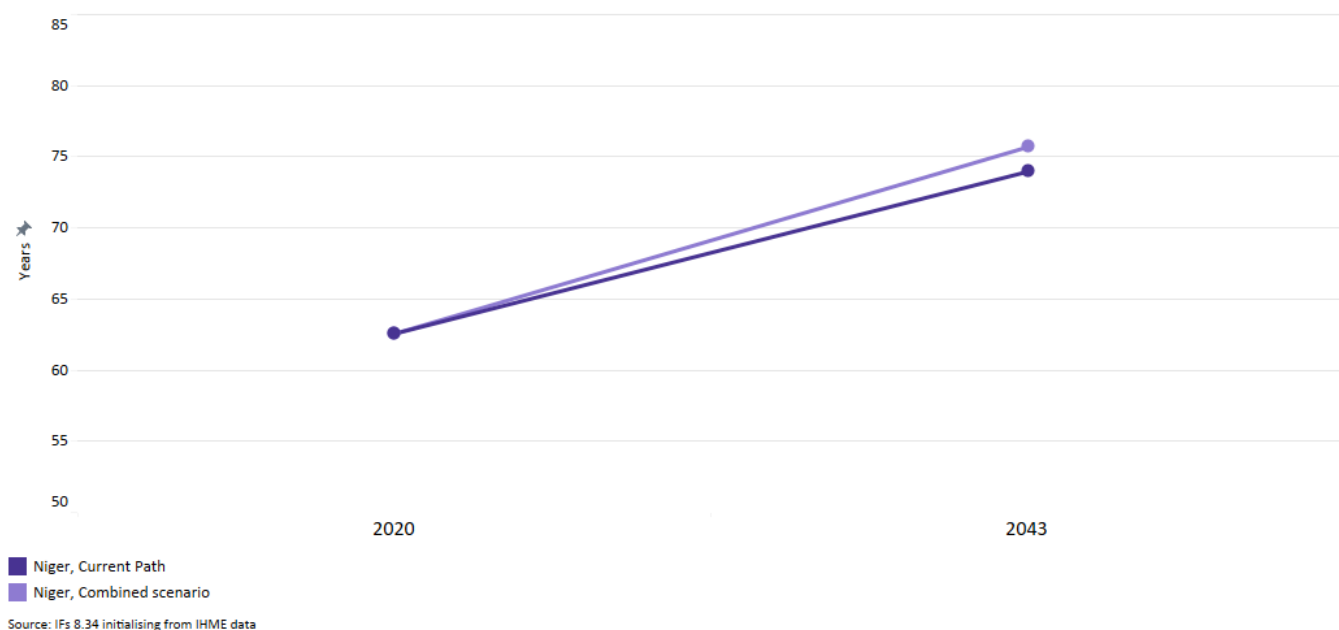


Chart 34 compares life expectancy in the Current Path with the Combined scenario from 2020 to 2043.

The life expectancy in Niger has been rising steadily since 1990, when it stood at 47.5 years, to 64.8 years by 2023. In the Current Path, the country will see its life expectancy rise to 69.2 years by 2030 and 74 years by 2043. The Combined scenario improves this trajectory, as the average life expectancy climbs to 69.6 years by 2030 and 75.7 years by 2043. The country's life expectancy was below that of low-income Africa, at 66.3 years, in 2023, but Niger will outperform the average for its income peers, whose life expectancy will rise to 68.5 years by 2030 and 71.8 years by 2043.

Chart 35: Domestic Gini in the Current Path and Combined scenario, 2020-2043

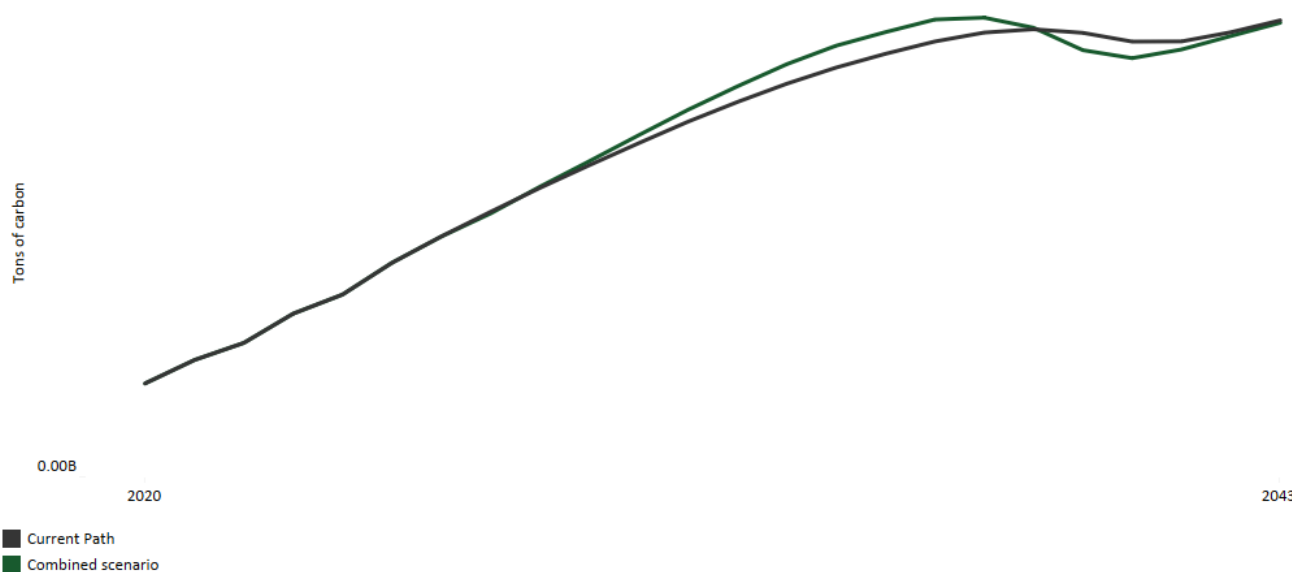


Chart 35 compares the Gini coefficient in the Current Path with the Combined scenario for 2023 and 2043.

Income inequality in Niger was below the average for low-income Africa, as the country's Gini score stood at 0.37 in 2023 compared to the income group's average of 0.4. The country will see its economy grow in an inclusive manner in the Combined scenario, as the Gini score drops to 0.35 by 2030 and 0.33 by 2043, compared to 0.37 and 0.36 in the Current Path.

Chart 36: Carbon emissions in the Current Path and Combined scenario, 2020-2043

Million tons of carbon (note, not CO₂ equivalent)



Source: IFS 8.34 initialising from Carbon Dioxide Information Analysis Center data

Chart 36 compares carbon emissions in the Current Path with the Combined scenario from 2020 to 2043. Note that the data is in million tons of carbon, not CO₂ equivalent.

In 2023, Niger emitted 1.4 million tons of carbon. Under the Current Path, emissions will rise to 3.8 million tons by 2043. While this represents an increase, Niger's carbon emissions start from an exceptionally low base and will remain comparatively low throughout the forecast horizon, especially when measured against regional peers.

Economic growth under most scenarios, with the exception of the Large Infrastructure and Leapfrogging scenario, results in increased carbon emissions. The Large Infrastructure and Leapfrogging scenario demonstrates that targeted investments in renewable energy sources, such as solar and wind, can enable economic growth while reducing emissions. Niger's location in the Sahel provides an advantageous environment for solar energy production due to its abundant solar radiation, making renewable energy a viable pathway for mitigating emissions.

Despite the potential for renewables to offset emissions, Niger's low energy access rates and significant energy poverty gap suggest that emissions will still rise as the country develops. Even with these increases, the focus on renewable energy uptake could minimise the growth in emissions.

Under the Combined Scenario, which incorporates a rapid expansion of renewable energy alongside accelerated economic growth, Niger's carbon emissions will reach 4 million tons by 2043. This is only marginally higher than the Current Path for the same year. The modest increase in emissions, despite substantial economic gains, underscores the effectiveness of

integrating renewable energy into the country's development strategy, as emphasised in the Large Infrastructure and Leapfrogging scenario.

Chart 37: Energy demand and production by type in the Current Path and Combined scenario, 2020-2043

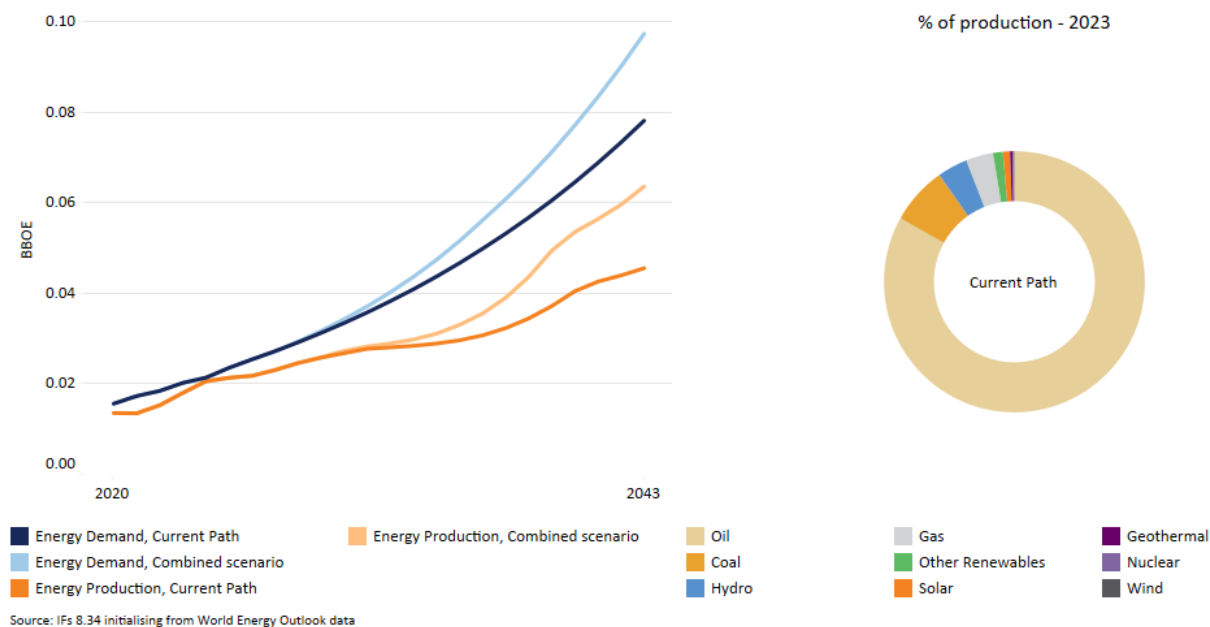


Chart 37 compares energy demand and production in the Current Path with the Combined scenario from 2020 to 2043. Production is done in six types, namely oil, gas, coal, hydro, nuclear and other renewables. The data is converted into billion barrels of oil equivalent (BOE) to allow for comparisons. Note that energy production could be for domestic use or for export.

The Current Path highlights a persistent and widening gap between energy demand and production in Niger. In 2023, energy production was 18 million BOE, while demand was 20 million BOE, creating a production deficit of 2 million BOE. This gap illustrates Niger's reliance on energy imports, particularly electricity, with 83.4% of its supply sourced from neighbouring countries such as Nigeria. By 2043, under the Current Path, energy demand will rise to 78 million BOE, while production increases to only 46 million BOE. This results in a 32 million BOE deficit, underscoring the strain on Niger's energy infrastructure to meet domestic needs, especially in rural areas where electricity access remains critically low at just 12.1%.

The Combined Scenario, which includes interventions from the Large Infrastructure and Leapfrogging scenario, presents an ambitious path for Niger's energy sector but highlights even greater challenges. By 2043, energy demand surges to 97 million BOE, reflecting the additional energy required to fuel economic growth and industrialization. Although energy production improves significantly to 64 million BOE—representing a 39% increase over the Current Path—this increase is outpaced by rising demand, widening the energy deficit to 33 million BOE. This reflects the critical need for more aggressive energy interventions to close the gap between supply and demand, particularly as economic activities expand.

Currently, oil and coal are the dominant energy sources in Niger. However, solar energy is poised to play a much larger role in Niger's energy mix by 2043. The Combined Scenario projects a steady increase in solar energy production, eventually surpassing oil as the dominant source of energy by 2037. This transition is bolstered by ongoing investments, such as the Niger Solar Electricity Access Project (NESAP) depicted in Chart 22.

While the Combined Scenario demonstrates that targeted interventions can significantly boost domestic energy production and diversify the energy mix, the growth in demand will require even more aggressive measures to mitigate the widening deficit.

To address these challenges, Niger must prioritise expanding renewable energy capacity and de-risking energy projects, particularly solar, which is well-suited to the country's climatic conditions and energy needs. Strengthening energy infrastructure, promoting off-grid solar solutions to bridge the rural-urban electricity access gap, and encouraging private sector participation in energy initiatives will be essential to fostering Niger's growth prospects. These measures will not only enhance energy security but also support sustainable economic development and reduce dependence on imported energy.

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Alize le Roux and Du Toit McLachlan (2025) Niger. Published online at futures.issafrica.org. Retrieved from <https://futures.issafrica.org/geographic/countries/niger/> [Online Resource] Updated 11 February 2025.



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