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**Statement by Mr. Trabinski and Mr. Djokovic on Côte d'Ivoire
(Preliminary)
Executive Board Meeting 19/50
June 14, 2019**

We thank staff for the valuable report and Mr. Raghani and Mr. Alle for their informative Buff statement. We broadly concur with staff's assessment and recommendations. The economy of Côte d'Ivoire continues its strong growth path, supported by investor confidence and sustained reform momentum. We commend the authorities for prudent macroeconomic management. Overall program performance is satisfactory, and we support the completion of the fifth review under the ECF and EFF.

We welcome that Côte d'Ivoire has become one of the leading frontier market economies. We echo staff on the need to sustain reform momentum and macroeconomic stability over the long term to enable transitioning to emerging market status. In that context, maintaining prudent fiscal policy and debt management are key.

Continuing with fiscal adjustment and keeping the deficit compliant with the WAEMU target will be critical for debt sustainability and resilience. Fiscal discipline is also relevant in the regional context, in order to help safeguard the regional reserves and preserve monetary stability. We welcome the progress achieved under the program thus far in reducing the deficit, and we commend the success in controlling the public wage bill. However, we note the revenue underperformance in 2018 and the consequent ad-hoc expenditure adjustments. In this context we encourage the authorities to continue their efforts to enhance revenue mobilization. Reducing the tax expenditures would be helpful to that end. Also, a continued strengthening of SOE oversight would help minimize fiscal risks. *Taking into consideration the authorities' initiative aimed at establishing the Tax Reform committee, could staff elaborate on the tax policy reform priorities in the nearest future?*

The increase in public debt calls for vigilance. We welcome the debt management strategy geared towards balancing the mix of domestic and foreign currency borrowing and extending maturities. Given the economy's vulnerability to adverse shocks, we call on the authorities to maintain a prudent stance and in particular to refrain from contracting non-concessional external loans.

We welcome the advances in PFM reforms, the introduction of a treasury single account being a case in point. We encourage the authorities to continue moving all revenue and expenditure transactions to the TSA and extend the coverage of financial reporting. We also welcome the authorities' approval of the National Strategy for the Development of Statistics aimed at improving data quality and frequency.

The newly introduced regulatory framework is helping to increase the resilience of the banking sector, including through recapitalization and better provisioning. We welcome the declining level of NPLs and the ongoing restructuring of public banks. Capital shortfalls in some public and smaller banks should be promptly remedied.