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November 9, 2016

**Statement by Mr. Alogeel and Mr. Alhomaly on Chad
(Preliminary)
Executive Board Meeting
November 11, 2016**

1. We thank staff for the informative reports and Mr. Sembene for his helpful Buff statement. In light of the broadly satisfactory performance under the ECF-supported program and the corrective actions taken by the authorities to alleviate the fiscal pressure, we support the completion of the third and fourth reviews and the associated waivers and requests. We take note of the staff appraisal that Chad's debt remains sustainable and that the authorities have adequate capacity to repay the Fund even after approving the requested access augmentation. Since we broadly agree with staff's assessment and policy recommendations, we confine ourselves to the following remarks for emphasis.
2. The authorities' plans to strengthen debt management by developing a medium-term debt management strategy and their commitment to ensure that new external loans will not jeopardize debt sustainability are steps in the right direction. In this regard, we concur that clearance and prevention of arrears are essential to stable economic growth. *We take note of the authorities' intention to consult with the Fund when formulating their arrears clearance strategy. Staff elaboration on this and on the existing practice followed when managing arrears would be welcome.*
3. We support the authorities' plan to safeguard fiscal sustainability through implementing a tight policy in the short term, while gradually increasing spending over the medium term within the available fiscal envelope. We are encouraged to note from the Buff statement that poverty-reducing social spending has been maintained, despite the substantial spending cut adopted this year as part of the emergency action plan. In addition, we see merit in increasing non-oil revenue, notably by expanding the tax base and improving tax administration.
4. We support the structural reform agenda and are encouraged by the authorities' commitment to continue strengthening public financial management, including through

enhancing fiscal transparency. On the same note, diversifying the economy and unleashing private sector potential, including by improving the business environment, will be key to accelerating economic growth. In this respect, we look forward to the completion of the new National Development Plan (NDP), which should include measures to diversify the economy over the next five years.

With these comments, we wish the authorities all the success in their future endeavors.