

The contents of this document are preliminary and subject to change.

GRAY/16/3349

November 9, 2016

**Statement by Mr. Johnston and Ms. Lelang on Chad
(Preliminary)
Executive Board Meeting
November 11, 2016**

We thank staff for their comprehensive report and Mr. Sembene for his insightful Buff statement. The report focuses appropriately on the need to restore fiscal sustainability and financial stability while moving ahead with structural reforms. We commend the Chadian authorities for their efforts to improve the fiscal position in the face of a persisting drop in oil revenues together with regional peacekeeping and refugee efforts that have weighed heavily on the economy. The ECF remains important in catalyzing support from donors. **We therefore support the completion of the third and fourth reviews, the requested waivers, the program extension and the rephasing of disbursements.**

We commend the new government for putting in place an emergency action plan that has cut spending and reduced subsidies and transfers, consistent with the large drop in revenue. We also encourage the authorities to step up implementation efforts to increase non-oil domestic revenue mobilization and highlight the importance of maintaining a cautious borrowing policy. Action is also needed to clear domestic arrears which are estimated at 1 percent of GDP and put in place a strategy to avoid arrears from reoccurring. As the bulk of Chad's 2016 budget financing is to be provided by its development partners, we encourage these partners to work closely with the authorities and disburse timely budgetary support and concessional financing to complement Chad's stabilization efforts.

We agree that authorities must press ahead with structural reforms aimed at strengthening public institutional governance and diversifying the economy. These actions are essential in complementing the fiscal adjustment. We commend authorities for the significant progress that has been made so far on the structural reform agenda consistent with the ECF. We also support efforts to improve transparency in the oil sector, strengthen public financial management systems, identify options to widen the country's tax base and implement the diversification strategy.