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CENTRAL AFRICAN REPUBLIC

PRIORITIES FOR ENDING POVERTY AND BOOSTING  
SHARED PROSPERITY

SYSTEMATIC COUNTRY DIAGNOSTIC

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Country Department AFCC2  
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Sub-Saharan Africa Department

Multilateral Investment Guarantee Agency  
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## CENTRAL AFRICAN REPUBLIC - GOVERNMENT FISCAL YEAR

January 1 – December 31

### CURRENCY EQUIVALENTS

(Exchange Rate Effective as of June 1, 2019)

Currency Unit = CFA Franc (CFAF)

US\$1.00 = CFAF 580

### ABBREVIATIONS AND ACRONYMS

BEAC	<i>Banque des États de l'Afrique Centrale</i> (Central Bank for Central African States)
CAR	Central African Republic
CEMAC	<i>Communauté Économique et Monétaire de l'Afrique Centrale</i> (Economic and Monetary Community of Central Africa)
CPIA	Country Policy and Institutional Assessment
DDR	Demobilization, Disarmament, and Reintegration
DDRR	Demobilization, Disarmament, Reintegration, and Repatriation
DRC	Democratic Republic of Congo
ECCAS	Economic Community of Central Africa States
ENMC	<i>Enquête Nationale sur les Monographies Communales</i> (National Survey for District Monographies)
EU	European Union
EWS	Early Warning System
FACA	<i>Forces Armées Centrafricaines</i> (Army of the Central African Republic)
FPRC	<i>Front Populaire pour la Renaissance de la Centrafrique</i> (Popular Front for the Revival of the Central African Republic)
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
ICAO	International Civil Aviation Organization
ICC	International Criminal Court
ICT	Information and Communication Technology
ICGLR	International Conference on the Great Lakes Region
IDP	Internally Displaced Person
ID4D	Identification for Development Initiative
IMF	International Monetary Fund
ITTO	International Tropical Timber Organization
ITU	International Telecommunication Union
LDI	Local Development Index
LRA	Lord's Resistance Army

MICS	Multiple Indicator Cluster Survey
MINUSCA	Multidimensional Integrated Stabilization Mission in CAR
MOH	Ministry of Health
NGO	Nongovernmental Organization
NRPBP	National Recovery and Peace Building Plan
ODA	Official Development Aid
OECD	Organisation for Economic Co-operation and Development
PBF	Performance-Based Financing
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Financial Management
PPP	Purchasing Power Parity
PSG	Peacebuilding and State-building Goal
SCD	Systematic Country Diagnostic
SODECA	<i>Société de distribution d'eau de Centrafrique</i> (Central African Republic Water Utility)
SSR	Security Sector Reform
TDRP	Transitional Demobilization and Reintegration Program
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UPC	<i>Union Patriotique pour la Centrafrique</i> (Patriotic Union for the Central African Republic)
UPDF	Uganda's People Democratic Forces
WDR	World Development Report
WFP	World Food Programme
WHO	World Health Organization

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*Living within a specific human environment evolves a person's character, affecting the physiognomy of his emotions, the density of his confidence, the size of his trust, as well as his proclivities, his memories, what occurs to him, and what he would never dream of. The human environments of resource-cursed countries are heavily contaminated by the unchecked power of resource-enriched men. The vicious policeman beating a woman on a false pretext of impiety is displaying a divisive character well-adapted to the human environment in which he has always lived.*

*A person's identity does not set that person's fate - a child soldier can become an Oberlin political science major. And humans can change their own environments, by convening peace talks, say, or marching for civil rights. Still, unchecked power in resource-cursed countries is a strong environmental force, like floods or locusts, difficult to ignore or counteract.*

*Leif Wenar*

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## FOREWORD

**The Central African Republic (CAR) had peaceful elections in 2016.** The newly elected President organized a successful Brussels donor conference, and Demobilization, Disarmament, Reintegration, and Repatriation (DDRR) and Security Sector Reform (SSR) processes were launched. Yet, neither the reconciliation process initiated during the democratic transition nor the elections put an end to the crisis that erupted in 2013. About 60 percent of the territory remains controlled by armed groups. By the end of 2017, 1.24 million people, 25 percent of the population, were displaced, the highest number yet recorded for the country. Tensions in numerous locations still run very high. Even in state-controlled areas, the presence of administrative institutions is weak and, in many cases, limited to a handful of key civil servants; most health and education facilities are managed by international actors. In 2017, CAR experienced an upsurge in clashes between armed groups, competing for territory, and access to resources. Each episode of violence brings new civilian casualties and additional displacement.

**Conflict and political violence predate the 2013 crisis.** It would be an error to assume that the latest crisis led to the collapse of a well-functioning economy and system of governance. The crisis was the result of a long-lasting, structural fragility fueled by inadequate public sector governance and dysfunctional institutions. Over time, fragility has developed a cyclical aspect whereby each unresolved crisis reinforces its causes, laying the foundation for the next one. That said, the 2013 crisis was unprecedented in terms of scale: whereas previous crises were limited to (attempted) coups d'état and armed groups violence, the most recent crisis affects all Central Africans profoundly. To put CAR on a trajectory of sustainable poverty reduction, the country's structural challenges need to be addressed, including regional imbalances, weak institutions, and the lack of state presence especially outside the capital.

**CAR's natural resources are sought after and are a source of conflict.** Studies report that mismanaged resources create grievances and increase the likelihood, duration, and severity of conflicts. The presence of gems and oil in conflict zones more than doubles the duration of the conflicts, and resources correlate with more violent armed groups who attack civilians more indiscriminately.<sup>1</sup> The risk of violent conflict tends to rise in the presence of 'lootable' resources and those that can be extracted with little access to technology, such as alluvial diamonds, which are the most common in CAR. Whether a country with a generous endowment in natural resources follows a peaceful pathway, or not, depends on how the associated risks are managed by institutions.<sup>2</sup>

**To overcome its challenges, the people of CAR can count on substantial international support.** A peacekeeping mission of 12,000 troops has been deployed throughout the territory, and the National Recovery and Peace Building Plan (NRPBP) is being implemented with a total budget of US\$2.2 billion. Such development assistance in a country that was previously an aid orphan provides an opportunity to stabilize the country and to address the deep-rooted grievances that underline its fragility. However, to effectively address the country's structural challenges, lessons need to be drawn on how aid was used and peace efforts were implemented in the past.

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<sup>1</sup> See Wenar, Leif. 2016. *Blood Oil. Tyrants, Violence and the Rules That Run the World.* Oxford University Press.

<sup>2</sup> United Nations and World Bank. 2017. "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict."

**This Systematic Country Diagnostic (SCD) comes 2 years after the launch of the NRPBP.** The NRPBP was successfully used to solicit donor support for the Government's efforts at the Brussels donor conference. As part of the implementation of the NRPBP, the national strategy for the restoration of state authority was adopted, in September 2017. Together these strategies lay out the Government's approach to reconstruction and rehabilitation. This SCD is an opportunity to assess progress made and to reflect on CARs long-term problems. These will not be resolved anytime soon and resolving them will require long-term thinking and engagement. Recognition of this fact is the point of departure for this SCD.

**This SCD aims to identify key elements to help the country embark on a path of growth and sustainable poverty reduction and to end the cycle of conflict.** The analysis was guided by three questions:

- (a) How can development initiatives contribute to stabilization and a peaceful resolution of the conflict?
- (b) How does one deliver public services in a country where state presence is limited?
- (c) Which investments are critical to kick-starting a process of growth, taking into account regional/geographic variation, low population density, and limited urbanization?

**This SCD would not serve its purpose if it would not challenge some widely held views,** such as that CAR is a post-conflict country in which central state authority can be rapidly restored across the territory. This can be easily challenged for multiple reasons. The state was never present across the territory, the conflict is far from over, and even achieving stability will require some lasting settlement with armed groups (the Peace Agreement concluded between the Authorities and 14 armed groups in February 2019, and between six armed groups active in the eastern region of Haute Kotto in April 2019 are promising, provided they lead to a sustained reduction in violence). The SCD argues for a pragmatic approach to service delivery, pointing out that co-optation and rent seeking are detrimental to service delivery but also, at times, a potential tool for stability creation. The SCD makes the case for spatially diverse approaches, and more developmental interventions outside the capital city, aspects that go against the centralist tendencies of development agencies and the political and administrative tradition. The SCD argues that pragmatic approaches to service delivery need to be embraced together with long-term efforts to progressively build homegrown institutions supporting an accountable state across the territory. It also argues that to navigate the narrow path toward poverty reduction, a greater commitment is needed to country knowledge, risk taking, and flexibility in implementation. Success will require continuous critical self-reflection, learning lessons from the past, and possibly paradigm shifts.

**The SCD benefited from an expanding body of evidence on the country.** The SCD is prepared in a situation where limited recent analytical material is available and in which most databases are outdated and no longer relevant. Still the SCD benefited from the 14 sector policy notes prepared for the NRPBP, a fragility assessment, a livelihoods assessment, a value chain study, and a security sector expenditure review. The SCD benefited from the results of the *Enquête Nationale sur les Monographies Communales* (National Survey for District Monographies, ENMC) survey and a national survey on state legitimacy. As most of the challenges faced by CAR are long-standing, the dilemmas faced by the SCD team were less a matter of lack of information and more a matter of dilemmas related to prioritization.

**The SCD was prepared by a team** led by Johannes Hoogeveen (Lead Economist) of the Poverty and Equity Global Practice and Emilie Jourdan (Senior Operations Officer, Fragility, Conflict, and Violence) in collaboration with the previous and current Program Leaders for the CAR: Luc Laviolette, Laurent Debroux, Chadi Bou-Habib, Jose Lopez-Calix, Christophe Lemiere, and Michel Rogy as well as with Jean-Christophe Carret and Robert Bou Jaoude (Country Managers); Paul Noumba Um, Ahmadou Moustapha Ndiaye, Franck Bousquet, and Jean-Christophe Carret (Country Directors); and Paola Ridolfi and Yisgedu Amde (Country Program Coordinators). Other members of the team included Laurent Valiergue and Pierre Guigon (Forestry); Conor Healy (MIGA); Michel Mallberg (Governance); Markus Kitzmuller and Souleymane Coulibaly (Macro and Fiscal); Jean-Christophe Maur and Jeremy Strauss (Trade and Competitiveness); Rachel Perks (Mining); Ana Paula Lopes and Christian Eghoff (Urban); Daniel Kirkwood (Gender); Kebede Fedaa and Dung-Kim Pham (Education); Jake Robyn and Mahoko Kamatsuchi (Health); Giuseppe Zampaglione (Social Protection); Anas Benbarka and Chris Saunders (Energy); Amadou Ba, Diego Carballo, and Theodore Mianze (Agriculture); Marc Navelet, Shruti Vijayakumar, and Andrew Losos (Transport); Pierre Boulenger (Water); Arthur Foch and Xavier Decoster (ICT); Sophie Grumelard (Social Development); Paul Bance (FCV); Erik Reed and Benoit Bosquet (Environment); Matthew King (Climate Change); Lauren Kelly (IEG); Anne Senges and Edmond Dingamhoudou (Communications); Felipe Dizon and Roy Katayama (Poverty and Equity); and Emma Bouba-Koumatou, Siele Ketema, Diana Balikouzou, Amina Temanda, and Béatrice Toubarot-Mossane (Program Assistants). Brian Blankespoor (Research Department) kindly assisted in analyzing the geo-spatial data available to the team.

The final document was peer reviewed by Asbjorn Wee (GTFKE) and Bernard Harborne (GSUGL), as well as by Pascal Brouillet (AFD) and benefited from guidance from Andrew Dabalen and Pierella Paci (Managers Africa Poverty and Equity Global Practice). Field visits took place in October 2016 (Ndélé and Mbaiki), and June 2017 (Obo and Berberati). A special word of thanks for Theodore Mianze who joined the team on most field visits. His insights, friendly demeanor, and the food he prepared lifted the spirit of the team on many occasions.

**Emilie Jourdan and Johannes Hoogeveen**

## EXECUTIVE SUMMARY

1. **This Systematic Country Diagnostic (SCD) is the result of a diagnostic exercise conducted by World Bank staff.** It was prepared to inform the strategic dialogue between the Government of the Central African Republic (CAR) and the World Bank about priority areas for World Bank Group engagement. This SCD was informed by a wide range of documents and developed in consultation with national and local authorities, the private sector, civil society, main donors, and other stakeholders. The objective of the assessment is to identify and prioritize the challenges that need to be addressed to accelerate progress toward stability and sustainable poverty reduction. The assessment is not limited to areas or sectors where the World Bank is active or where the World Bank expects to be active in the future. As such the analysis is ‘agency neutral’.

2. **CAR is not short of challenges.** The country is landlocked and its population density low, making effective service delivery difficult. Government and institutional capacity are limited. Citizens lack quality education, more than half are food insecure, and the country’s social fabric has been eroded by conflict and insecurity. The state controls only part of the territory and a plethora of ever fragmenting armed groups remains active outside the state-controlled areas. In the absence of an effective state authority, armed groups prey on communities, compete for control over land and resources, hinder aid delivery to those in need, and hamper important economic activities, such as seasonal transhumance. About 25 percent of the population is displaced, the country’s main economic sectors fail to recover from the 2013 crisis, and the infrastructure deficit is enormous. Still, not all is negative. There are ample natural resources: minerals, forestry, agricultural land (including grazing for livestock), and hydro potential; there is a democratically elected Government that can count on donor support to pacify and rebuild the country. The presence of a United Nations (UN) peacekeeping mission helps gradually increase state capacity and legitimacy, improve service delivery, and reduce opportunities for rent extraction through the gun.

3. **Transitioning out of the existing bad situation into one where the Government is rule bound, supported by a capable bureaucracy, and incentivized to address popular grievances requires patience and walking on a razor’s edge.** The nation needs stability for development to take place, but stability will require dealing with (and often the co-optation of) a large number of powerbrokers with different agendas, with the challenge of doing so without triggering a cycle of corruption and rent seeking. Indeed, any settlement will remain vulnerable over the long term if corruption is not contained and if the civil service does not increase its capacity. Planning will fail, services will remain undelivered, and the grievances of citizens will remain unaddressed. In sum, too little co-optation and the country will fail to stabilize; too much corruption and the country will fail as well. In between both extremes there may be a path toward sustainable peace and poverty reduction. A path in which powerful interests are sufficiently co-opted but without capturing the state, in which civil servants are sufficiently motivated and in which aggrieved citizens are sufficiently served.

4. **To walk this path and attain the twin objective of stabilization and poverty reduction, three binding constraints need to be addressed.** The first is low levels of security. This presents the biggest obstacle to poverty reduction. Every new violent clash between armed groups leads to additional displacement, looting and destruction of service provision facilities, and departure of their staff (either private sector, state, or nongovernmental organization (NGO) staff). In the face

of continued insecurity, it is very difficult and risky to reach the most vulnerable and to undertake development initiatives. More importantly, in the face of continuous security threats the citizens of CAR are unable to take up their jobs or invest in their livelihoods. A new social contract is needed that moves the country from a situation in which local strongmen use violence, extraction, and identity politics to serve their objectives to one in which elites collaborate to achieve growth while obtaining legitimacy by delivering stability and services. Elections (completed in 2016) were an important step in the peacebuilding process, but they are not a quick fix and the more challenging issues of reconciliation, power sharing (at times with armed groups), natural resource management and state building need to be addressed. Approaches identified to address low levels of security include the following:

- Promoting and supporting an inclusive political settlement
- Enhancing daily security of citizens through Security Sector Reform (SSR)
- Strengthening incentives to come to and stay within a peace agreement (sanctions and justice sector reform; shared natural resource management)
- Offering humanitarian assistance and emergency stabilization (including through labor-intensive programs aimed at at-risk youth) through emergency investments in road corridors and air strips as well as in rapid deployment programs.

5. **Grievances and inequities in service provision are the second binding constraint which needs to be addressed by offering basic services and opportunities for income generation nationwide.** Grievance redress is an important contributor to stability as it takes away reasons for dissatisfaction which can be easily exploited by unscrupulous political and armed group leaders. Addressing grievances is also critical for poverty reduction as doing so improves human capital (the main source of capital for the poor) and the ability of households to get jobs or engage in productive self-employment activities. By addressing grievances, the vicious cycle of fragility, insecurity, and poverty gets broken and is replaced by a virtuous cycle of confidence building, institutional strengthening, economic growth, and realized opportunities. This will not be a straightforward, sequential process. Upsurges of violence and instability can be expected—and are happening. While the process is not linear, it is evident that creating an accountable state presence across the territory starts by successfully delivering interventions in an inclusive manner. To this end, it is less critical *what* gets delivered and more *that* services get delivered. To address grievances and spatially inequitable service delivery, the following key measures were identified:

- Assistance to the most vulnerable (internally displaced persons (IDPs), at-risk youth, the food insecure)
- Expanded access to basic health and education services
- Investments to increase productivity of subsistence farmers and pastoralists
- Developing of cities and towns as places of security, where growth can take place and higher-order services are provided

- An enabling environment for service delivery and income generation by focusing on information and communication technology (ICT) development, financial services, and rural accessibility

6. **Inadequate growth and job creation is the third binding constraint.** Growth is not only critical to poverty reduction but also necessary to sustain any voluntary and inclusive peace settlement (when one arises). Growth is critical because in its absence or when growth remains lukewarm, the attraction to earn an income through illicit means remains, putting stabilization in jeopardy. But when growth is adequate and benefiting elites and citizens alike, it acts as a ‘glue’ to any political settlement because all actors are now better-off. Growth is last of the three binding constraints, because if the preconditions for growth are not met (initial stability and key grievances addressed) the likelihood is slim that growth-oriented investments will yield a positive return.

7. **Proposed is a growth strategy rooted in CAR’s traditional value chains (mining, forestry, and selected cash crops, livestock)** that is supported by strategies that create an enabling business environment through investments in (a) financial sector development, (b) renewable energy, (c) ICT, and (d) transport while also strengthening the capacity of the public sector. Most of these investments will be oriented toward cities as these are the first areas that can be secured. To promote growth and job creation, this SCD emphasizes

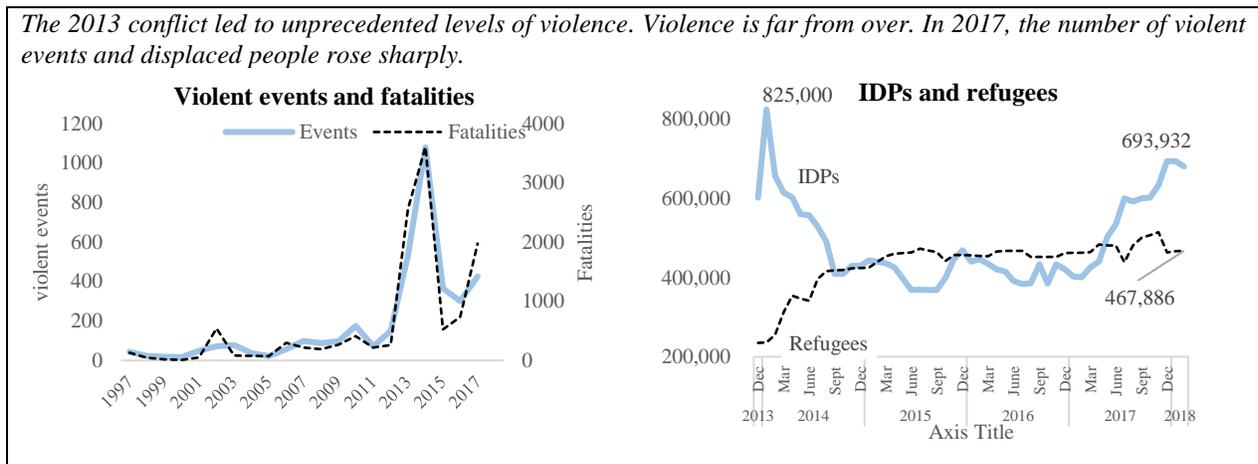
- Integrated business environment development with a focus on the 40 largest settlement areas;
- Support to selected value chains (cash crops, livestock, artisanal mining, and forestry), particularly in secure areas;
- Multisectoral policy reform; and
- Cross-cutting governance issues to strengthen government capacity and deploy the state across the territory.

8. **This SCD emphasizes the importance of making sure that public services (this includes security) get delivered.** At the core of CAR’s challenges lies the fact that a functional state has never been present in many parts of the country. Building legitimacy for a nationwide state presence requires delivering services in an inclusive manner. This means working across the territory, including in less secure areas, and at times in collaboration with armed groups. Lessons from other conflict-affected locations suggest that doing so successfully requires ‘conflict sensitivity’ to avoid doing harm. It means ‘thinking politically’ and understanding political settlements including at the local level, identifying key stakeholders and opportunities for elite bargains, and being aware of the security situation to avoid unrealistic programs. It also means working at scale, which with the present level of donor support is possible, but which will require close collaboration between different agencies to be effective. And it means opting for approaches that are adapted to the country’s realities, even when, at times, they require risk taking and out-of-the-box thinking. Carving out a path toward stability and poverty reduction will require tremendous effort and walking the path will not be easy. But when done successfully, it will be immensely rewarding.

# 1 INTRODUCTION

1. **The Central African Republic (CAR) is an extremely poor country caught in repeated cycles of violence and conflict.** Landlocked in the heart of Africa, CAR is bordered by Chad to the north, Sudan to the northeast, South Sudan to the east, the Democratic Republic of Congo (DRC) and the Republic of Congo to the south, and Cameroon to the west. With a land area of about 620,000 square kilometers and an estimated population of 4.9 million, CAR is not densely populated (8 people per square kilometer). Most of the population (60 percent) live in rural areas; Bangui, the capital city, is the largest urban center with an estimated 800,000 people—40 percent of the urban population. Despite a wealth of natural resources including uranium, crude oil, gold, diamonds, cobalt, lumber, wildlife, and hydropower, as well as significant quantities of arable land, CAR is one of the poorest countries in the world. According to the Human Development Index (HDI), the country has the lowest level of human development in 2016, ranking last among 188 countries. The gross domestic product (GDP) of the country, about US\$2 billion, is equivalent to what is earned in a city like Charlottesville, VA, with a population of 43,000.

**Figure 1.1: Violence and conflict**



Source: ACLED 2018 and OCHA 2018.

2. **The usual descriptions fail to do justice to the precarious situation in the country.** The central government controls only about 40 percent of the territory, while a plethora of armed groups control the other 60 percent. Per capita income has been declining since independence in 1960, but the 2013 crisis had a particularly devastating impact as half of GDP was lost (Figure 2.12). The fact that CAR has 16 functioning gas stations is illustrative of its challenges; not only do most people walk to get around (there is barely any public transport even in Bangui), it reflects the isolation of a country that is landlocked and hard to reach as the main corridors connecting it to Cameroon and Chad have fallen into disarray. The trip from Ndélé, in the center of the country, to the border of Chad (148 km)—one of the two road corridors, takes several days during the dry season and is impossible during the rainy season. The trip from Bangui to the border of Cameroon (500 km) is faster but includes a stretch without tarmac. There is one functional international airport.

3. **Since gaining independence from France, CAR experienced only two peaceful transitions of power: in 1993 and in 2016.** The most recent major conflict started in early 2013

when a coalition of armed groups mostly from the northeast, Séléka, took control of much of the territory and seized power in Bangui. The situation worsened when anti-Balaka—mostly Christian village self-defence groups—arose in response and violently retaliated against Séléka combatants and against the Muslim population, shifting the conflict to a communal one.<sup>3</sup> The ensuing violence led to massive forced displacement, the collapse of state institutions, and devastated the country's economy. Trade was severely disrupted and the main productive sectors—agriculture, livestock, extractives, and forestry—collapsed. Mining sites fell in the hands of armed groups, while growing resource trafficking financed warlords, further fuelling instability. Vulnerable groups were particularly hard-hit as agriculture was disrupted, food reserves dwindled, and the provision of basic services came to a halt, often leading to harmful survival practises from the transformation of (fruit)trees into charcoal to transactional sex<sup>4</sup>. The conflict left an already disenfranchised and traumatized population exposed to further exploitation by the identity politics of local strongmen who exploited local grievances to serve their ambitions.

4. **Developments in 2015 and 2016 were encouraging.** The transitional government appointed in 2014 drafted a new constitution and organized elections. The presidential runoff and the legislative rerun elections were held on February 14, 2016, and were, despite the presence of numerous armed groups, largely peaceful. The elections gave the new President, Faustin Archange Touadéra, political legitimacy and instilled hope for rapid improvements in the security and economic situation. By August 2016, the security situation was largely viewed as unchanged or improving and ethnic and religious tensions were reported to have eased, particularly in Bangui (Figure 1.2). There was a clear consensus among local authorities and citizens about the priorities for the country: peace, reconciliation, and security, followed by good governance, the provision of basic services, and economic development.

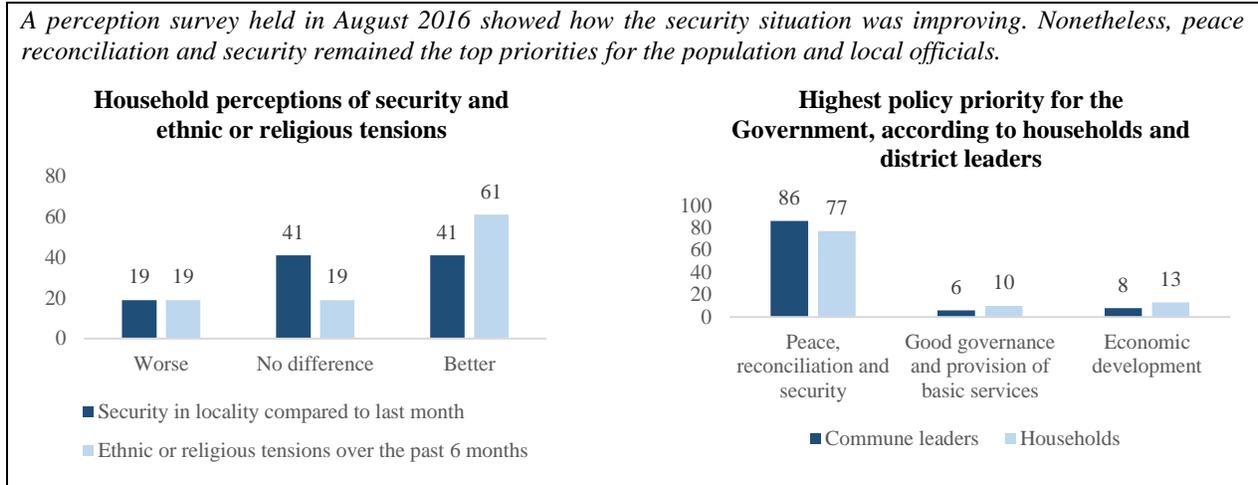
5. **These security improvements were accompanied by unprecedented international support.** CAR has become heavily reliant on support from the international community. After a French- and African-led military intervention laid the foundation for the transitional government, much of the security today is provided by international security forces led by the Multidimensional Integrated Stabilization Mission in CAR (MINUSCA). Various United Nations (UN) agencies, international organizations, bilateral donors, and more than 100 international nongovernmental organizations (NGOs) offer emergency relief and humanitarian assistance. Previously considered an aid orphan, CAR can now also count on significant financial assistance, and the National Recovery and Peace Building Plan (NRPBP) is being implemented with a total donor supported budget of US\$2.2 billion.

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<sup>3</sup> World Bank. 2016. *CAR Fragility Assessment*.

<sup>4</sup> Constance Formson and Dorothea Hilhorst 2016. The many faces of transactional sex: Women's agency, livelihoods and risk factors in humanitarian contexts: A Literature Review Researching livelihoods and services affected by conflict. Working Paper 41. Wageningen University.

**Figure 1.2: Perceptions of security and conflict and development priorities**



Source: ENMC, ICASEES 2017.

6. **In 2017, optimism about the ability to make rapid progress was replaced by a new sense of realism.** Progress in increasing state presence across the territory advances slowly. In most places, MINUSCA is the sole provider of security and most health and education facilities are run by international actors. In the absence of an effective state presence in most parts of the country, increasingly fragmenting armed groups and self-defense militia have few incentives to disarm. They continue to prey on communities, compete for control over land and resources, hinder aid delivery to those in need, and prevent economic drivers, such as seasonal transhumance. The situation is, generally, calm in Bangui<sup>5</sup> and in areas that are ethnically homogeneous and controlled by one single armed group, such as around Ndélé where the *Front Populaire pour la Renaissance de la Centrafrique* (Popular Front for the Revival of the Central African Republic, FPRC) rules. In other areas, violent events occur regularly mostly due to competition over resources (mining, cattle) and territory. The conflict intensity worsened significantly in 2017 (see Annex 1), leading to an increase in the number of internally displaced persons (IDPs) by 70 percent since January 2017. Meanwhile, targeted attacks on humanitarian and peacekeeping personnel and assets had a negative impact on relief operations. In parallel, the Russian Federation started supporting CAR's military.<sup>6</sup> In addition, there are glimmers of hope at multiple levels: progress was made in deploying the new prefectural administration and by the end of 2017, all prefects and 63 out of 71 sub-prefects were in post; the Government and national assembly established constructive working relations and during consultations as part of the African Initiative, all 14 recognized armed groups expressed their acceptance of the country's territorial integrity, respect for national institutions, and recognition of the legitimacy of the Government.

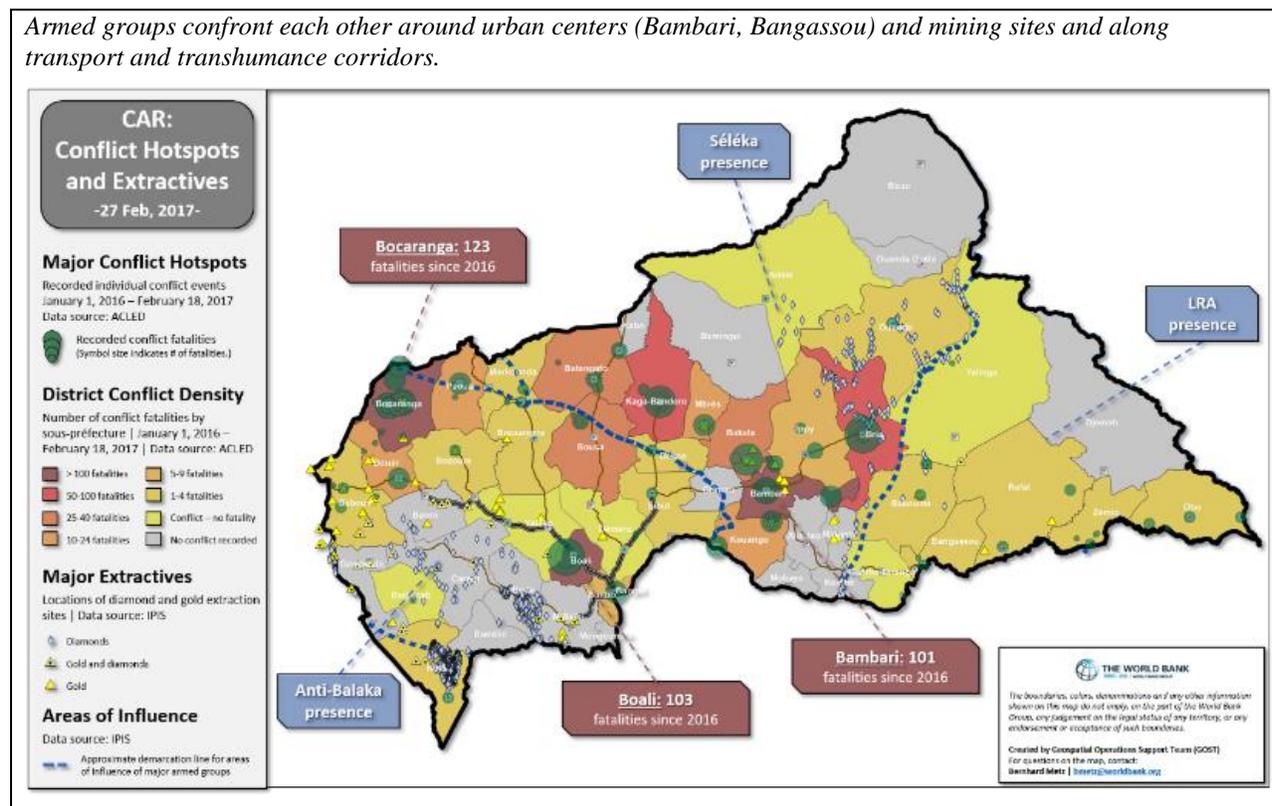
7. **Poverty in CAR, already severe before the 2013 crisis, has deepened since.** The poverty rate was estimated at 62 percent in 2008, the year of the last nationally representative household

<sup>5</sup> A major eruption of violence was in early May 2018, killing at least 22 people and injuring over 100 in clashes. Among the killed was Father Tougoumalé-Baba who was one of the defenders of the Boeing Pact of Non-Aggression. This pact enabled the Muslim community in the surrounding neighborhoods of PK5 to give their dead a befitting burial according to the precepts of Islam.

<sup>6</sup> Russia obtained an exemption to a UN arms embargo to donate small arms and ammunition to the CAR's military. Moscow sent the shipment in early 2018, along with 5 military and 170 civilian instructors to train two army battalions.

survey, with 50 percent of the urban population and 69 percent of the rural population living in poverty. Recent estimates based on observed trends in GDP suggest that the poverty rate, measured at the international poverty line of US\$1.90 per day in 2011 purchasing power parity (PPP) terms, has surged to more than 75 percent.

**Figure 1.3: Conflict hotspots and extractives**



Source: World Bank 2017.

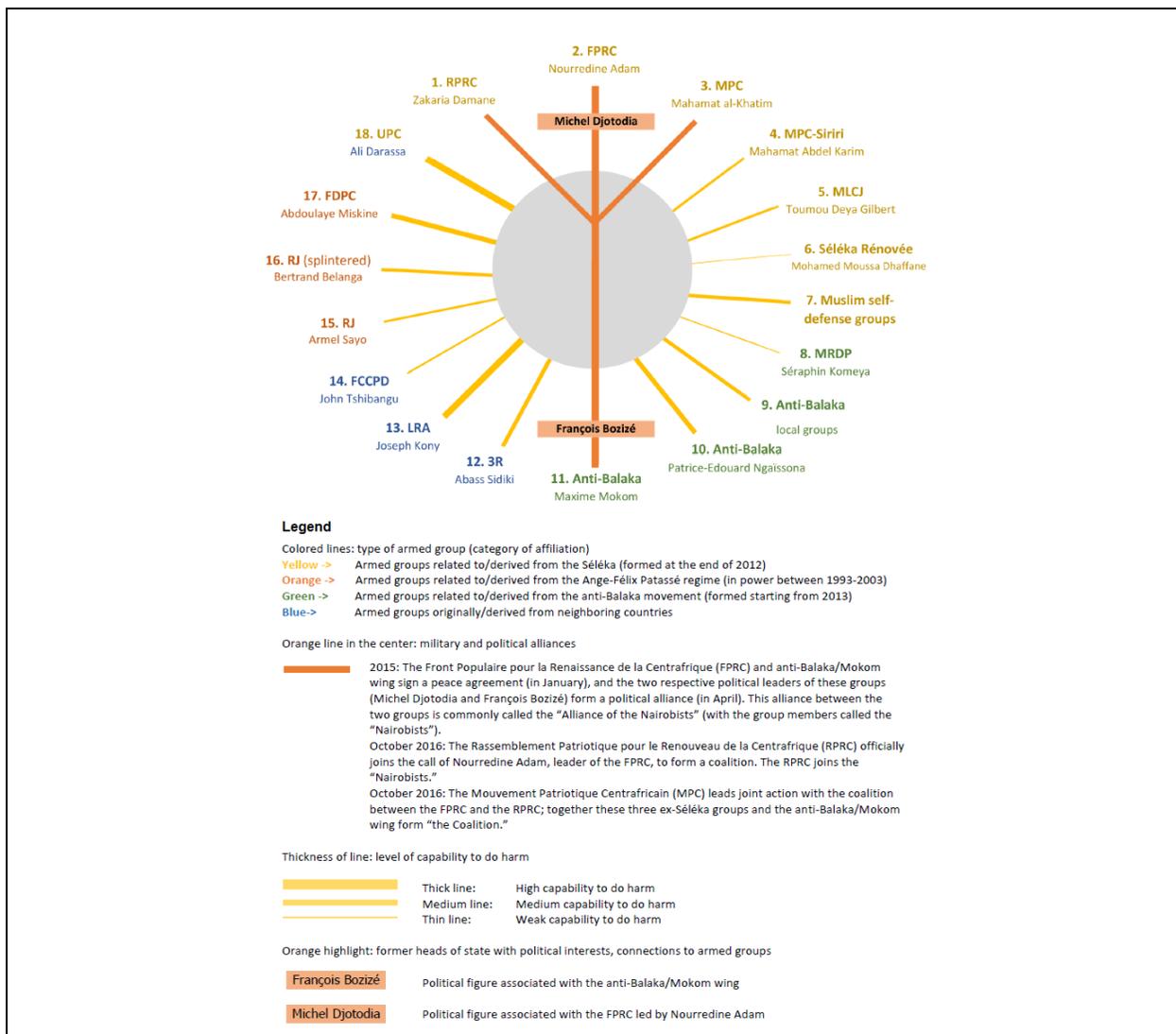
8. **Poverty is aggravated by the humanitarian crisis.** Violence in CAR tends to be low level and sporadic, but persistent, and hence the cause of much insecurity, displacement, and disruption of economic activity (trade, farming). According to a February 2018 report by the UN Secretary General to the Security Council, insecurity and recurrent displacement led to a 58 percent decline in crop production, increased food prices, and an elevated risk of malnutrition. Every second person in the country is in a food-insecure situation. The sanitary environment is also of grave concern as 70 percent of households are without access to drinking water, and 80 percent live without latrines. The maternal mortality rate of 882 per 100,000 live births and the under-five child mortality rate of 13 percent illustrate the critical health situation. At the end of 2017, 500 schools were closed due to insecurity, with particularly dire situations in the Basse-Kotto, Haute-Kotto, Haut-Mbomou, and Mbomou prefectures, where nearly all schools have been closed.

9. **Most of the displaced population fail to return home for fear of retaliation, absence of security, and lack of economic opportunities.** In 2017, only 45,000 refugees from CAR returned to their villages of origin. Meanwhile traditional systems of social support are under stress, as conflict and displacement has shattered networks and eroded social cohesion. It is worth noting that the years of turmoil, intercommunal violence, and large extent of displacement are

likely to have a lasting impact on the social fabric of the country. As sectarian violence devastated communities, accepting demographic diversity in the foreseeable future will be an uphill struggle. Deep feelings of discrimination, envy, and resentment will require major efforts to rebuild social cohesion around a sense of citizenry and communal stakes in the country’s economic future.

10. **In this challenging and ever-changing environment, this Systematic Country Diagnostic (SCD) identifies pathways to poverty reduction.** The stated objective of any SCD is to detect the constraints and opportunities to achieve the twin goals of ending poverty and improving shared prosperity by 2030 in a sustainable manner, by identifying constraints that can feasibly be addressed while being selective. In the case of CAR, the objective to eliminate poverty by 2030 is far from reach. However, exploring how to put the country on a trajectory of rapid and sustainable poverty reduction remains a relevant endeavor.

**Figure 1.4: Armed factions and politico-military groups active in CAR in 2017**



Source: Dukhan, Nathalie. 2017. “Splintered Warfare. Alliances, Affiliations and Agendas of Armed Factions and Politico Military Groups in the Central African Republic.” The Enough Project.

Note: The authorities recognize only 14 armed groups.

### Box 1.1: Mining sector consultations

The artisanal diamond mining industry provides a case for understanding the consequences of the conflict. Artisanal mining sites used to be a microcosm of society, with buying houses largely owned by Muslims, and Christians filling many roles throughout the value chain. A system of close interdependence existed between those of different religious, ethnic, and economic backgrounds. This collaboration sustained a severe shock with the violent events of 2013 and production in small-scale mines largely ceased as instability, insecurity, and displacement altered the mining economy.



Respondents interviewed in mining sites in Carnot, Berberati, and Nola described how those running the buying houses fled and how pre-financing for mining activities largely stopped. Before the conflict, buying houses and their patrons would provide collectors and miners with small loans to allow them to buy the materials needed to work. Without this support, miners found themselves unable to carry the financial burden of excavation.

The market to buy newly mined diamonds changed drastically as well. Interviewees described how the departure of traditional actors led to new wealthy actors without buying licenses entering the market. These new actors buy stones illegally and were described as predatory and fraudulent—offering extremely low prices for diamonds that desperate sellers felt forced to accept.

Respondents were unanimous in their call to have ‘our Muslim brothers’ return to mining areas, an opinion that might not be shared by local elites that benefit from the new economic opportunities. As one respondent said, “We need social cohesion to reunite ourselves with our Muslim brothers, because it is they who help us to finance our yards. Their absence is problematic.”

In addition to conflict-specific problems, interviewees described chronic difficulties in this sector. Respondents noted they did not have the knowledge or materials to safely and effectively prospect for new mining sites. Landslides, tunnel collapses, and flooding are common problems that site owners feel ill-equipped to combat. There was also a call to make artisanal mining less exploitative for those working at the lowest on the value chain. Particularly after the crisis, the vast share of the profits are enjoyed by those who are collectors and buyers while miners, transporters, and people working in ancillary jobs receive almost no pay.

Activities are resuming and, in some places, beginning to recover to pre-conflict levels. However, the resumption of work is set against a backdrop of ongoing shifts. These include entry into the market of illegitimate buyers, pressure to sell diamonds at low prices, and lack of financing to support exploitation.

*Source:* Kelly, Jocelyn. 2017. “Human Rights, Gender Dynamics, and Human Development in the Artisanal Mining Sector in CAR.” Mimeo. Photo credit: Daniel Dickinson.

## 2 SOCIOECONOMIC CONTEXT

### 2.1 A BRIEF HISTORY

11. **Already in the fifteenth century, present day CAR was a zone of political and interpersonal violence.** The northern and eastern parts of the territory were particularly affected by the formation of powerful sultanates in the present Chad (Waddai) and Sudan (Darfur), which regularly launched expeditions in the territories north of the Oubangui River. During the nineteenth century, the development of new (slave) trade routes led to raids into the inner territory of the country, further weakening social cohesion and forcing people to seek refuge into the inaccessible interior. By the late precolonial era, CAR was barely inhabited and different ethnic groups lived scattered across the territory in an atmosphere of pervasive distrust with social life organized around the family and the village community.

12. **The colonial period laid the foundation for state institutions while also cultivating an atmosphere of violence and discrimination.** The colonial powers arrived in the mid-1880s, and in 1906 the territory of Oubangui-Chari was declared a French colony. The French did not invest much—neither in infrastructure nor in institutions—and governed through a system of concessions to private companies. These companies imposed severe hardships on the population who were cruelly punished for not producing enough rubber or paying insufficient tax. In response, members of the local community resorted to what they had always done: hide in the forest areas and escape the populated zones. The colonial rulers also established—though to a lesser extent and later than in other French colonies—the basis for a political and administrative organization. Urban centres were formed; a road network was built; and crops such as cotton, coffee, and palm oil were introduced.

13. **The post-independence period was initially marked by regimes that promoted economic development but also reinforced the colonial clientelist and authoritarian governance style.** At independence in August 1960, the French left an emerging state whose social contract was not based on paying taxes in exchange for the provision of security by the ruler but a state that violently exploited the population living under its rule. CAR's first leaders—David Dacko and Jean-Bedel Bokassa—aimed to enhance political independence through institution building as well as social and economic development while adopting the clientelist and authoritarian governance style of the colonial power.

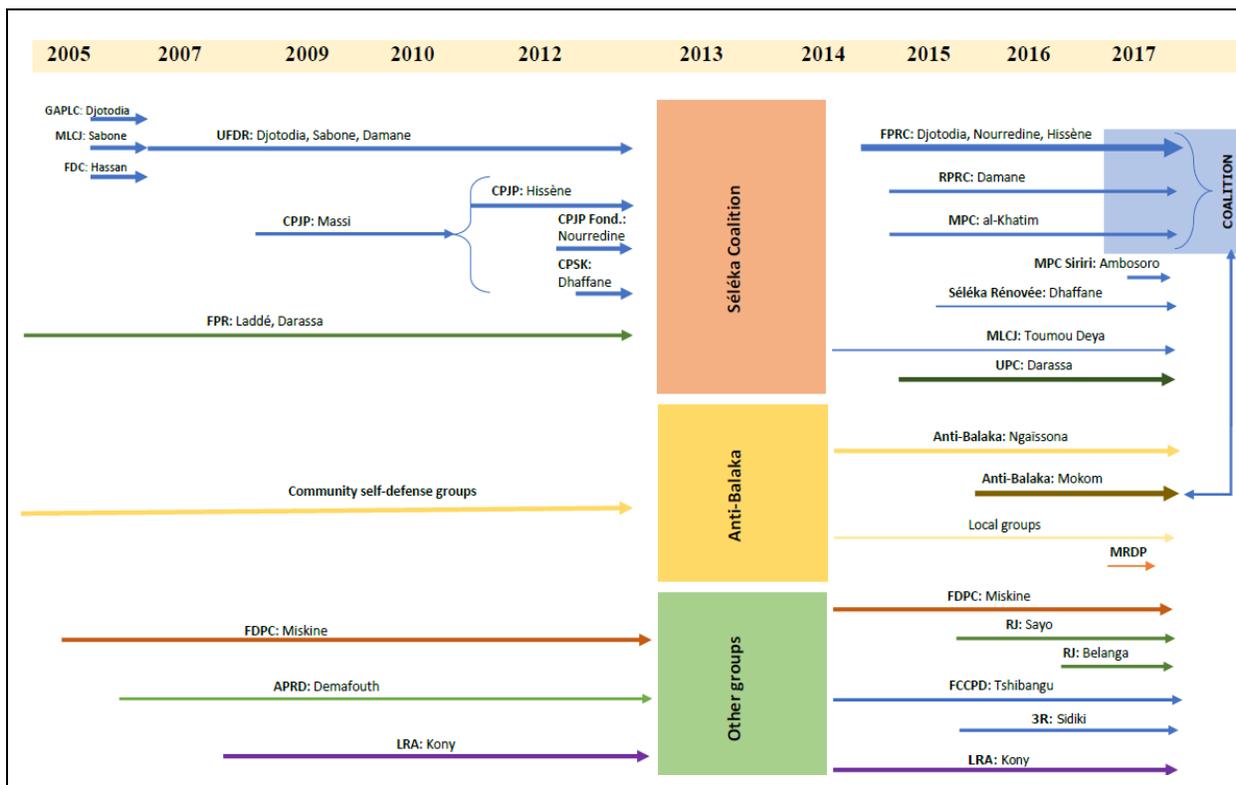
14. **After President Jean-Bedel Bokassa's fall in 1979, CAR experienced the progressive disintegration of its state and social institutions, a rise in political instability, and an instrumentalization of ethnicity.** The late 1990s were pivotal as rival national leaders started to fight each other by exploiting local conflicts and enlisting local bandits and self-defense groups for their own gain. The entanglement and the ever-changing alliances between political leaders, rebellions, local militias, self-defense groups, bandits and, at some point, the state apparatus resulted in what is known as the *Central African imbroglio* and explains the conflict's current complexity.<sup>7</sup> Following three military mutinies in 1996–1997, the emerging cycle of violent political conflict accelerated and was punctuated by a bloody coup attempt in 2001 and a violent rebellion in 2002–2003. Fighting between rebel groups from the north and the Bozizé regime

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<sup>7</sup> Chauvin and Seignobos 2013. L'imbroglio centrafricain : Etat, rebelles et bandits. *Afrique Contemporaine*, (248), 119-148.

plunged the country into a renewed period of open violence in 2003. The lack of implementation of the 2007 and 2008 peace agreements and the failure of the subsequent Demobilization, Disarmament, and Reintegration (DDR) process<sup>8</sup> pushed armed groups to rally around their most hardline leaders. As a result of this polarization, the Séléka—a coalition of armed political factions mostly from the northeast—was formed.

**Figure 2.1: Chronology and evolution of (ever fragmenting) armed groups: 2005–2017**



Source: Dukhan 2017.

15. **The Séléka faction took control of large parts of the territory and seized power in Bangui in March 2013 while waging a massive campaign of violence against civilians.** The fundamental difference of the latest conflict with previous ones is the communalization of violence. Where in the past conflict was mainly associated with (attempted) coups d'états and armed groups violence, the 2013 crisis affected many more people much more profoundly. Confrontations between armed groups turned into a process in which political instrumentalization of preexisting intercommunal tensions led to generalized violence between civilians and endless waves of persecution, exactions, and retaliations.<sup>9</sup> After multiple international interventions,<sup>10</sup> a

<sup>8</sup> World Bank. 2016. *Fragility Assessment*.

<sup>9</sup> Political instrumentalization also rekindled the dangerous debate on indigeness and its possible sectarian aspect, Central African identity, and a possible partition of the country. International Crisis Group, 2015.

<sup>10</sup> Interventions by the Economic Community of Central African States (ECCAS) in April 2013; the African Union (July 2013), the African-led support mission to CAR, MISCA (*Mission internationale de soutien à la Centrafrique sous conduite africaine*); France (December 2013, operation Sangaris); and the UN (UN Security Council Resolution in April 2014 creating MINUSCA).

semblance of stability returned in January 2014 when an interim government was instituted. A reconciliation process was launched, which culminated in May 2015 in the Bangui Forum.<sup>11</sup> The forum set the country on a path toward elections and a return to constitutional order. A new constitution was adopted in December 2015 by a 93 percent majority in an election in which 38 percent of the voters participated. The new constitution expanded the power of parliament, established a senate to complement the existing national assembly, and entrenched presidential tenure to a two-term limit. Former Prime Minister<sup>12</sup> Faustin Archange Touadéra won the presidential runoff election in February 2016 with 62 percent of the vote. The newly appointed Prime Minister, Simplicie Sarandji, included several of the President's former rivals in the 23-member cabinet formed in April 2016, a move greeted as an attempt at political inclusiveness. The Government was reshuffled in September 2017 to include even more political leanings and armed group representatives.

## 2.2 PRESENT SITUATION

16. **The Bangui Forum and the elections formally put an end to the conflict but the situation has not normalized and CAR is not a post-conflict country.** Armed groups and militias continue to control much of the territory, including diamond and gold mining sites, and compete for influence over transport and transhumance (cattle) corridors. Even in Bangui, opposing armed groups have not disarmed. The situation has been deteriorating since mid-2016, with a rise in violence that reflects a greater fragmentation of armed groups. The peacekeeping mission MINUSCA faces criticism from part of the population, but its presence remains essential given the inoperative national defense and security forces and the lack of state presence throughout the country. The violent incidents that occur in Bangui and in the inner country are interconnected and entwined with political agendas<sup>13</sup> as opposition hardliners exploit these events to put pressure on the Government.

17. **Armed groups' objectives are ambiguous and rooted in self-defense, community representation, and resource capture.** The active armed groups are an amalgam of organized crime networks that exist for financial gain and self-defense groups with ethnic or territorial constituencies. They exploit local grievances to gain legitimacy but generally have limited political or ideological objectives. Among the armed groups one finds anti-Balaka, which arose from village self-defense groups, and *Union Patriotique pour la Centrafrique* (Patriotic Union for Central Africa, UPC), which comprises mostly Fulani cattle herders and protects transhumance corridors, groups with relatively stronger community protection dimension. One also finds the Lord's Resistance Army (LRA), with no territorial or ethnic ties in CAR, which uses the territory as safe haven and easy-to-loom source of revenue. And one finds the FPRC, which fights for an at least de facto separation of the northern regions from the country.

18. **The national military force is weak.** Bokassa created the first state militia, the so-called 'abeilles' (the bees) who dominated the national army, the *Forces Armées Centrafricaines* (Army of the Central African Republic, FACA). Since the late 1980s, a succession of rebellions, mutinies,

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<sup>11</sup> National conference in Bangui with representatives of the country's 16 prefectures to discuss the necessary steps for peace and reconciliation.

<sup>12</sup> January 2008–January 2013.

<sup>13</sup> Final report of the Panel of Experts on the Central African Republic, United Nations, 2016.

and coups decreased political authorities' confidence in the FACA's loyalty.<sup>14</sup> In response, successive heads of state consolidated their power through presidential guards and ethnic militias who recruited among their own or allied ethnic groups. At each alternation of power, these soldiers were integrated into the FACA, often through a DDR process, and replaced by the then trusted ethnic group. This created deep divides in the defense and security forces and left the FACA with some 7,100 verified troops in poor shape. Mismanagement of financial and human resources is the rule,<sup>15</sup> and standards are low: the FACA have been implicated in many human rights violations against civilians.<sup>16</sup> Mainly posted in Bangui, the FACA operate as a projection force—cheaper and easier to control—instead of as a garrison force, which is deployed permanently across the country. When the force is deployed, lack of training and logistical support and a weak chain of command prevent the FACA from successfully carrying out its missions. The challenges of transforming the FACA into an integrated, disciplined, and effective army are considerable, but international actors, particularly the European Union (EU) and recently also Russia, assist in FACA reform and training. This has yielded results. The retirement of 706 soldiers and officers has rejuvenated the armed forces and improved their command structure. A first detachment of 70 FACA soldiers trained by the EU mission was deployed to Obo in November 2017. The Government deployed an additional 72 soldiers of its armed forces to Paoua to work alongside MINUSCA to help protect civilians and stabilize the area. In June 2018 another contingent of FACA was deployed in Bangassou.

19. **The increasing presence of Russia is the latest turn in CAR's conflict.** President Touadéra met Russia's foreign minister in October 2017 to discuss politics, trade, and mineral resources exploration. Since that time, developments have been rapid. Russia obtained an exemption to a UN arms embargo and donated small arms and ammunition to the FACA in late January 2018. Moscow sent the shipment along with 5 military and 170 civilian instructors to train two battalions. The relationship between Russia and Central Africa has deepened since. President Touadéra met President Putin in May 2018 and now has a Russian security adviser and Russians in his presidential guard. The increasing role of the Russians has struck a nerve with CAR's traditional partners. On the one hand, there is evidence of the presence of Russian mercenaries in the country. On the other hand, the Russians seem to fill an important security void left by the departure of French troops in November 2016. Russia's ability to act quickly and with resolve could become an important factor in the Government's dealings with armed groups. However, if Russia were indeed to succeed, its increasing impact could clash with the interests of traditional partners.

20. **As the FACA is weak, a military solution to the armed groups operating in CAR is implausible.** Instead a pragmatic and multifaceted response is needed—coercion, sanctions, containment, and cooptation—to reduce their influence.<sup>17</sup> Such an approach can bear fruit. In fact, many conflicts by armed militias end when their leadership realizes that more rents can be gained from a situation of stability and cooperation than from one characterized by violence and insecurity. Operationalizing such a strategy is clearly one priority. But the authorities also need to

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<sup>14</sup> It is interesting to note that three former Central African heads of state served as the FACA chief of staff before seizing power violently (Jean-Bedel Bokassa, André Kolingba, and François Bozizé).

<sup>15</sup> Documented in the 2016 Public Finance Management Review of the Security Sector.

<sup>16</sup> Human Rights Watch World Report 2008.

<sup>17</sup> Schneckener, Ulrich. 2009. "Spoilers or Governance Actors? Engaging Armed Non-State Groups in Areas of Limited Statehood." SFB-Governance Working Paper Series 21, Research Center (SFB) 700, Berlin.

meet expectations from the population, political supporters, and armed group members waiting for personal dividends. All these demands need to be met in the face of low state revenues, sluggish growth, and harsh political polarization by a state that has little capacity.

#### Box 2.1: CAR Fragility Assessment

CAR is caught in a state of extreme fragility that is largely caused by—and at the same time fueled by—popular grievances rooted in neglect by the state and harm caused by insecurity. From January to June 2015, the World Bank prepared a Fragility Assessment of the CAR, with contributions from the UN and bilateral partners. The document presents six drivers of conflict and fragility to explain how the crisis developed a cyclical aspect that needs to be addressed if the country is to find a way out:

- (a) **A lack of social cohesion at every level of society.** A lack of trust and social cohesion fuels many unresolved conflicts, intercommunal violence (notably between farmers and pastoralists), and allows entrepreneurs of violence to capitalize on local grievances.
- (b) **Political power concentrated in a very small elite with very little legitimacy.** CAR lacks a clear ‘state–society contract’ as the bureaucracy fails to have the means and functions of a modern state and the state is perceived as an abstract concept associated with the elite class.
- (c) **Social and regional disparities between Bangui and the periphery and between the East and the rest of the country.** Policy decisions are centralized and focused on Bangui. Inadequate levels of service delivery outside Bangui and the inability of the state to provide security across the territory have fostered deep-seated grievances and contributed to the emergence of armed groups.
- (d) **Elite capture of scarce natural resources.** The exploitation of gold and diamonds remains mainly informal and characterized by high levels of corruption.
- (e) **Impunity.** The lack of prosecution of criminals involved in the successive cycles of violence has perpetuated victors’ justice and created an environment of violence and impunity.
- (f) **A lasting state of insecurity.** The succession of conflicts and the weakness of defense and security forces have fueled daily insecurity and inspired weapons trafficking, illegal trade in diamonds and gold, practices of *coupeurs de route*, informal taxation, and poaching.

21. **The regional dimension of the conflict cannot be ignored.** CAR finds itself in a ‘regional system of conflict’<sup>18</sup>—involving Chad, Sudan, South Sudan, and Uganda. There exists an arms traffic corridor through which weapons transit from Darfur and eastern Chad to CAR<sup>19</sup> with ivory and mineral resources moving in the opposite direction. Warlords and their trained combatants move between countries with ease. These combatants have developed a cross-border ‘career’ of living by the gun—being combatants during wars and bandits at other times.<sup>20</sup> Every acting leader in the region has interest in having these war professionals performing their activities and looting resources in the neighbors’ territory rather than fomenting unrest in their own country. CAR’s northeastern regions have thus progressively become a sanctuary for armed groups, including Chadians and Sudanese nationals. The regional dimension is reinforced by the large number of

<sup>18</sup> Marchal Roland 2006. Tchad/Darfour : vers un système de conflits. *Politique africaine* 2006/2 (N° 102): 135-154.

<sup>19</sup> CAR is at the epicenter of a region that has considerable historic illicit arms flows, which undermines stability and the rule of law. Despite being a signatory to the 2004 Nairobi Protocol for the Prevention, Control, and Reduction of Small Arms and Light Weapons (SALW) in the Great Lakes Region and the Horn of Africa, CAR has no capacity to mark, record, track, or trace its own weapons, let alone those held legally or which are illegal weapons that have been seized.

<sup>20</sup> Debos, M. 2016. “Living by the Gun in Chad: Combatants, Impunity and State Formation.” Some Sudanese and Chadian mercenaries have joined the Séléka and benefited from the revenues of their looting and extortion (HRW 2014). This practice of employing foreign-armed groups rendered a repatriation component necessary within the Demobilization, Disarmament, Reintegration, and Repatriation (DDRR) program.

refugees from CAR in Chad, Cameroon, and DRC and the disappearance of pasture and arable land in southern Chad and in northern CAR, which leads to a prolonged presence of Chadian pastoralists in CAR. Angola is also signaling to want to play a more visible role on the regional diplomatic stage and several private Angolan companies have been exploring business opportunities in CAR. These regional political, economic, and conflict dynamics need to be taken into consideration when analyzing CAR's political settlement. The fact that CAR is in a relative subordinate position compared to some of its powerful neighbors renders the consolidation and regulation of the political settlement even more delicate.<sup>21</sup>

**Box 2.2: The Obo and Haut-Mbomou prefectorates enter an era of uncertainty**

Obo is the main city in the Haut-Mbomou region. It is in eastern CAR and borders DRC and South Sudan. Obo has a population of 15,000 including 2,000 refugees from South Sudan. Much of the food and goods available in the city originate from South Sudan or Uganda and is brought in over a route so bad that all-terrain (military type) trucks are needed to travel it.

Obo used to be relatively prosperous due to the cultivation of cash crops, but ever since Haut-Mbomou has been affected by attacks from Joseph Konny's LRA, the region has been in decline. The LRA is an extremely violent and cruel armed group, which has killed, mutilated, raped, and abducted thousands of people across Uganda, DRC, and CAR. The LRA has been severely weakened by years of fighting with the Uganda's People Democratic Forces (UPDF) and nowadays the LRA is believed to comprise some 200 members. Still the group continues to abduct children and to have a devastating impact. Obo's traumatized population avoid leaving the 'safe zone' of 5 km around Obo created by the Ugandan forces deployed in the city since the early 2010s. All agriculture, for instance, is carried out within this perimeter.

The Ugandan military contingency (which was supported by the Americans) withdrew in July 2017, leaving Obo under the protection of 38 FACA soldiers, a small UN contingency, and a handful of gendarmes. The departure of the Uganda military contingency put an end to trade convoys from Uganda which supplied the UPDF's 1,600 troops and the local market. This has led to concerns over food shortages, more so after the secure perimeter around the city was reduced to 1 km and as Bangassou, the closest city, was hit by the conflict renewal in June 2017, which disrupted trade flows. The only open road to South Sudan, through Bambouti, is degraded. Yet this road has become too dangerous to travel without an escort. So, with the departure of the foreign protectors, Obo has become isolated. Even flights are regularly suspended as the Bangassou refueling station, halfway between Bangui and Obo, is no longer secure.

During consultations, officials and civilians in Obo expressed concern over the security vacuum, looming (food) shortages, and rising tensions around refugees. Although it is difficult to make firm provisions in such a moving environment, three scenarios were developed:

- In the worst-case scenario, the armed groups engaged in CAR's 'domestic' conflict (anti-Balaka, ex-Séléka groups) take advantage of the security vacuum and seize Obo, which would mean an extension of the conflict into an area that had been spared thus far.
- Another possibility is that the LRA continues to carry out its attacks in eastern CAR but that Obo remains relatively safe because of the presence of a minimalist security apparatus in town.
- The best-case scenario is one in which MINUSCA, FACA, and the gendarmerie get more troops and logistical means. Combined with the strengthening of the Early Warning System (EWS) and the community protection programs that have been put in place over the years by American and UN-funded NGOs, this security apparatus manages to maintain the LRA threat.

Under each scenario, it would be highly advantageous if the route to South Sudan were rehabilitated. Doing so would allow people to sell their crop and to migrate for better seasonal opportunities. It would also permit

<sup>21</sup> See Alex de Waal. 2017. "The Political Marketplace: Analyzing Political Entrepreneurs and Political Bargaining with a Business Lens." World Peace Foundation.

development actors (including MINUSCA) to deploy more easily. The situation in Obo exemplifies what abandonment by the state security apparatus can lead to. Obo could be described as an area of incomplete governance, a situation in which the state wants to project its authority over its territory and provide public goods and services for its population but lacks the competence and resources to do so.<sup>22</sup>

Source: Authors.

### 2.3 TOWARD A MORE INCLUSIVE POLITICAL SETTLEMENT

22. **Several factors interact to render political settlements vulnerable and unstable.** Despite an electoral mandate and considerable international support, the power of the President remains constrained by the desire of the former Head of State, François Bozizé (still under UN sanctions) and his supporters, to play a role in the country's future. Incendiary rhetoric, ethnic stigmatization, and religious manipulations continued to play an inflammatory role in national politics and the media, creating an environment in which the risk of interethnic strife remains high.<sup>23</sup> The ability of an ill-equipped and trained security apparatus in need of reform to bring armed groups under control is limited while the legitimacy of the state is undermined by the absence of a clear social contract between authorities and citizens. Progress on Security Sector Reform (SSR) and reconciliation has been slow due to the weak human and financial capacities and the lack of consensus among political leaders, security actors, and armed groups. Investments in the social sectors have barely begun due to weak state planning capacity (in 2015 only 12 percent of the investment budget was absorbed) and a lack of state presence across the territory.<sup>24</sup> Growth, needed to pull powerful interests together that form the basis of CAR's current political settlement, has been sluggish. Meanwhile armed groups continue to fragment (from 10 in 2015 to 17 in 2017) along ethnic-economic lines and are increasingly unstructured, that is, without a clear line of command.

23. **The transition out of a conflict needs to be brought about by a political settlement that is sufficiently inclusive of those with the capacity to mobilize organized violence.** The concept of political settlement made its debut in development discourse around 2007 as policy makers wrestled with the challenge of how to promote stability and growth in fragile and conflict-affected states. Standardized templates to institutional reform rooted in liberal-democratic and market economy traditions were not effective<sup>25</sup> and the spotlight was put on better understanding the political dynamic driving the choices of partner governments. The Organisation for Economic Co-operation and Development (OECD) defines the term as “how the balance of power between elite groups is settled through agreement around the rules of political engagement”<sup>26</sup>. The 2011 World

<sup>22</sup> Rabasa, Angel, Steven Boraz, Peter Chalk, Kim Cragin, Theodore W. Karasik, Jennifer D. P. Moroney, Kevin A. O'Brien, John E. Peters. 2007. *Ungoverned Territories: Understanding and Reducing Terrorism Risks*. Rand Corporation, et al. 2007.

<sup>23</sup> United Nations Secretary General, February 2018. Report of the Secretary-General on the Central African Republic. S/2018/125.

<sup>24</sup> While the capacity of the state may be weak and insecurity rife, the presence of donor projects and activities across the territory (humanitarian as well as developmental) demonstrates the feasibility of addressing the grievances of the population through interventions. The challenge remains to ensure that these progresses serve as means to reinforce trust between the population and the state and finally serve state legitimacy, as these activities are completely executed by donors and NGOs.

<sup>25</sup> Lant Pritchett reserved the term isomorphic mimicry for the attempt to transpose western institutions to contexts that lacked the incentives to make these institutions function as they did in developed economies.

<sup>26</sup> OECD 2010. Do No Harm: International support for statebuilding, Paris: OECD (Conflict and Fragility).

Development Report (WDR) on conflict, security, and development focuses not on inclusive political settlements but on ‘inclusive enough coalitions’, which bring together the parties needed to move states away from the brink of violence.

**Box 2.3: Peace, justice, and impunity: The challenges of the African Union peace initiative**

The African Union—under Chadian presidency—launched peace discussions at the end of 2016 to reach an agreement with the armed groups that still refused to join the DDR process. This ‘African Initiative’ is structured around a mediation group comprising the African Union supported by the ECCAS, the International Conference on the Great Lakes Region (ICGLR) Angola, Chad, and the Republic of Congo. The initiative aims to reach a new agreement between the Government and armed groups but does not seek a broader national dialogue and reconciliation process. In addition to more long-standing claims around development and governance, three sensitive demands have been put on the table by armed groups: (a) amnesty for armed groups leaders, including those who committed war crimes and crimes against humanity; (b) return of the two former Heads of State, François Bozizé and Michel Djotodja, to CAR; and (c) opportunities for armed groups to join the Government.

The President faces the challenge of addressing the armed groups’ claims while respecting international norms, addressing the population’s demand for justice, and taking heed of the national political equilibrium. The most sensitive issues are undoubtedly the demands for immunity and power sharing. A sense of impunity of leaders by the population is one driver of fragility and conflict in CAR. Impunity is vehemently opposed by the EU, France, and the United States and may not be in accordance with existing UN sanctions,<sup>27</sup> international justice,<sup>28</sup> and domestic transitional justice initiatives.<sup>29</sup> With regard to representatives of armed groups joining the Government, close attention will need to be paid to a possible destabilizing effect this could have on the existing political balance.

The strategy pursued by the UN to get out of the tension between justice and impunity is to frame the peace discussions as part of a wider reconciliation process, to avoid the President being caught in a tête-à-tête with armed groups leaders and regional powers. As the UN Security Council stated in its January 27, 2017, resolution, “any sustainable solution to the crisis in CAR should be CAR-owned, including the political process, and should prioritize reconciliation through an inclusive process that involves men and women of all social, economic, political, religious and ethnic backgrounds, including, those displaced by the crisis.”

Finally, peace discussions themselves should not only be about negotiations between the state and armed groups. Another important challenge will be to build common ground between armed groups, which have been confronting each other since mid-2016, leading to hundreds of civilian casualties and thousands of additional forcibly displaced people.

Following the adoption of a Road map for Peace and Reconciliation in July 2017, the African Union has reinvigorated the reconciliation process, and field visits to all armed groups did take place in December 2017 and March 2018. This process is still work in progress and is supported by the international community.

Source: Authors.

**24. In the challenging context described earlier, establishing a more inclusive political settlement should be built on three pillars.** The first is pulling together powerful interests’ groups into a working coalition and being able to project a minimal level of authority and security.

<sup>27</sup> “Stressing the urgent and imperative need to end impunity in the CAR and to bring to justice perpetrators of these acts, some of which may amount to crimes under the Rome Statute of the International Criminal Court (ICC), to which the CAR is a State party.”

<sup>28</sup> The ICC opened investigations in September 2014 for alleged war crimes and crimes against humanity committed in the context of renewed violence starting in 2012 in CAR.

Requirements of justice are repeatedly mentioned by the UN Security Council resolutions on CAR. See S/RES/2301 (2016).

<sup>29</sup> Including the Special Criminal Court and the Truth, Justice, and Reconciliation Commission that should be operationalized in the coming months by the Central African authorities.

This itself is a major undertaking hindered by the fact that it is hard to be inclusive when one has to accommodate competing demands from so many different groups, and by the ability to implement what is promised in a setting characterized by low capacity and logistical challenges.<sup>30</sup> The second is addressing the grievances of the population. As long as major sources of popular dissatisfaction exist, they can be exploited by new or existing political or armed group leaders for personal gain. The third is rapid economic growth.<sup>31</sup> These three pillars reinforce each other: stability creates growth and growth creates the resources needed to keep the coalition together and to address grievances. The ability to address popular grievances and inequities in service provision along with growth, in turn, are at the heart of the sustainability of a political settlement as they create legitimacy for the state, reduce popular support for leaders who challenge state authorities, and glue the coalition together in mutual self-interest.

**25. The intense violence in the center of the country since mid-2016 makes stability an urgent challenge.** In the absence of a full military solution, a lasting peace accord will need to be largely voluntary and self-enforcing.<sup>32</sup> Power sharing is an important plank of such a solution and armed group leadership and part of the rank-and-file combatants need to be integrated into national institutions. It involves reconciliation and a common understanding that the executive, the national assembly, major political parties, and Government representatives need to be inclusive.<sup>33</sup> It also means broadening ongoing peace discussions (Box 2.3) with secondary elite groups: local powers, traditional authorities, civil society, or combatants, at the national and local level. Restricting discussions to the top leadership of armed groups presents a political risk that could in the longer run lead to further instability because DDRR resources are captured, human rights are ignored, the interests of displaced people are overlooked, and expectations for justice are not met. Power sharing also includes a comprehensive strategy to SSR (for instance by integrating ex-combatants in specialized units: anti-poaching units, archer units), decentralization, and the organization of local elections as they could encourage armed groups' intermediary leadership to integrate into formal politics and to assume responsibility for the management of districts and regions.

**26. During his first years in office, President Touadéra has tried to operationalize the three pillars outlined above, with a focus on the first.** President Touadéra consolidated and expanded the political settlement in 2016 by building a majority in the national assembly, where 57 of the 140 seats are held by independents, and in doing so guaranteed the stability of his Government. This continued in 2017 with a new cabinet appointed in September which contains representatives of former armed groups, an indication of openness to dialogue and inclusion. The national strategy for the restoration of state authority was endorsed by end of 2017. All 16 prefects and 63 out of 71 sub-prefects were deployed. The DDRR process was started along with SSR and

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<sup>30</sup> Indeed Min et al. (2017) note that the reason why previous peace agreements failed is because of the difficulties to be inclusive and the logical and capacity challenges associated with implementation. Min, E., M. Singh, J. Shapiro, and B. Crisman. 2017. "Understanding Risk and Resilience to Violent Conflicts: Empirical Studies of Conflict Project."

<sup>31</sup> World Bank. 2016. "Preventing Violent Conflict." Concept Note.

<sup>32</sup> An agreement on DDRR principles was signed during the Bangui Forum in May 2015. It identifies eligibility criteria for DDRR and integration into defense and security forces. Initially signed with 10 groups, 2 additional groups subsequently joined the agreement. However, two groups—FPRC and part of the Anti-Balaka ('tendance Mokom')—still refuse to join the process.

<sup>33</sup> Gender equity is not (yet) an overarching objective of the authorities. Of the 16 provincial governors appointed in 2017, only 2 were women despite a gender equality law passed in 2016 that specifies a 35 percent quota of women for official appointments.

the national reconciliation process. By the end of 2017, 440 ex-combatants had returned their weapons and were receiving training before being integrated into the armed forces or returning to their communities; 500 police officers and gendarmes have been recruited. Discussions on power sharing at the local level are ongoing, with the prospect of a relaunch of the decentralization process and local elections. In an effort to consolidate and renew CAR's diplomatic relationships, the President also travelled to most countries in the region.

27. **However, the way forward is slow with regular setbacks.** National reconciliation efforts are hampered by cycles of sectarian violence involving different communities, including armed clashes between ex-Séléka groups as well between ex-Séléka and anti-Balaka and associated militias. At times, decisions are taken that are insufficiently inclusive. Former members of the national army were elevated to the function of prefect to help restore state authority in the northern and eastern provinces, where they were initially rejected by the FPRC and the MPC who de facto control the areas and who sabotaged the redeployment of state authorities in Bamingui-Bangoran, Vakaga, and Nana-Grebizi prefectures. On December 9, unidentified elements launched a rocket into the MINUSCA camp in Kaga Bandoro, in an apparent protest against the arrival of the new prefect. In addition, the MPC and FPRC supporters torched administrative buildings in violent riots against the prefect's deployment.<sup>34</sup> Meanwhile growth (the third pillar) remains sluggish (4 percent in 2017, lower than the initial projections of 4.7 percent) as insecurity weighed on agricultural production and foreign investments, while Government consumption was below projections. Also, the ability to address grievances (second pillar) remains limited as insecurity, capacity constraints, logistical challenges, and inadequate state presence limit the ability to implement and execute policies and activities, particularly outside Bangui.

28. **The national assembly has started to act as a check and balance institution.** The national assembly and its specialized commissions have made substantial efforts to effectively control the Government's activity and the public finance system, and many members of parliament seem to be willing to represent their constituencies in the face of an executive power that is still perceived as Bangui centered. This energized parliamentary power is also the product of the fact that the President managed to put together a majority but has no political party to consolidate his power throughout institutions, as necessary in a classic semi-presidential regime. This development is unprecedented in CAR's history and might be the prelude of an institutional setting where a previously hyper-presidential power needs to cope with a parliament that represents the nation's diversity. If this trend continues and is confirmed after the creation of the senate, it could be a strong way to consolidate the political settlement as the armed groups leaders would not be the only representatives of regions who have a voice in Bangui and could then even be tempted to participate in parliamentary elections and focus their effort on the political arena.

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<sup>34</sup> United Nations Secretary General, February 2018. Report of the Secretary-General on the Central African Republic. S/2018/125.

#### Box 2.4: Lessons learned from the 2008 DDR

The lack of state security forces outside Bangui and the inability of the FACA to project its force hampered past DDR processes: in the absence of a capable and impartial force that protects the population at large, armed groups are not motivated to surrender their weapons.<sup>35</sup> Many of the weapons collected and destroyed through DDR processes have been artisanal weapons that represent a small percentage of the armament in circulation. At the same time, leaders have used DDR programs to increase their political power and personal wealth, as well as to convey the image that being a rebel is a lucrative profession. As a result, many former combatants see no viable livelihood alternative to poaching, trafficking, roadway robbery, and joining armed groups. The international community has made ample attempts to address this conundrum, but CAR's aid-orphan status had consequences on successive DDR processes, which were underfunded and suffered from a lack of coordination.<sup>36</sup>

The last effort was in 2008. It is also called the Steering Committee effort, and all the major donors (UN, EU, World Bank) supported it. The Steering Committee was so inclusive that even the leader of an armed group that everyone knew to be non-existent participated. The SRSB chaired the committee. The SRSB's role was to push the parties to take decisions on political matters. However, after 52 day-long meetings over the course of two years, most of those contentious political issues remained undiscussed and most of the funding had been spent. When the first group to be disarmed, the APRD, presented for identification by the military observers present in the country, only 2 percent said they planned to hand in a weapon. This struck DDR staff and donors as too low for the symbolic potential of DDR to be realized, even though it was comparable to the rate of arms collection under the previous DDR effort, the PRAC—about 400 weapons (200 in usable condition) collected for 7,500 'disarmed', for rates of respectively 5 and 2.5 percent. In the end, there was an ad hoc Government-led disarmament initiative, which did not collect many weapons, but which gave people on DDR lists some training and/or cash. Former combatants were not integrated into the military.

When there was a new intake of army recruits in August 2011 the majority were from Bozizé's ethnic group, which led to angry protests on the part of the former combatants who had paid CFAF 5,000 each with the promise that doing so would permit their inclusion. Faced with these difficulties, a lack of political commitment, and capacity to implement the program, donors downsized their support for the DDR process as well as the associated SSR.<sup>37</sup> The failure of these processes contributed to the escalation of the conflict in 2013.<sup>38</sup>

*Source:* Lombard 2017. *Sustaining Peace: Making Development Work for the Prevention of Violent Conflicts.* Case Study: The Central African Republic.

## 2.4 GOVERNANCE CHALLENGES

29. **The ability to address the grievances of the population through services is constrained by the realities of maintaining the power coalition; logistical challenges; and the limited capacity authority and legitimacy of state institutions.** Public institutions remain personalized and weak, and the 'central bureaucracy' and frontline executive agencies function in ad hoc, personalized ways and not according to impartial rules. Outside Bangui, the state is largely characterized by its absence. The extent to which *checks and balances* constrain arbitrary action by the political leadership and the bureaucracy is limited and *the rule of law* does not function as

<sup>35</sup> A full accounting for the failures of DDR and why it is not well adapted to the CAR context can be found in Clément et al. 2007, which focuses on the PRAC, a disarmament program that ran from 2004 to 2007, and in Lombard 2016, which covers both the PRAC and the Steering Committee-led effort (2009–2011). Clément, Caty, Louisa Lombard, Gisèle Kozo, and Dieudonné Koyou-Kombe. 2007. "Le DDR sans GPS: Evaluation Indépendante du PRAC"; Lombard, Louisa. 2016. *State of Rebellion: Violence and Intervention in the Central African Republic*. London: Zed.

<sup>36</sup> World Bank. 2016. *CAR Fragility Assessment*.

<sup>37</sup> Fuior and Law 2014.

<sup>38</sup> The contribution and role of SSR in the prevention of violent conflict, report, DCAF, Geneva, April 2017. SSR is presently one of the international community's core priorities. Even if progress can be made from training battalions and cleaning up the army payroll, SSR requires a long-term engagement that will exceed the three-year time frame of the NRPBP.

an impartial, third-party mechanism for resolving disputes between public and private parties. Public finance management is weak and despite recent improvements accountability remains weak (as evidenced by low, although improving, Country Policy and Institutional Assessment (CPIA) scores —see Figure 2.3). Private property and land ownership are guaranteed on paper but cannot be considered satisfactorily safeguarded because the judicial system is weak, lacking independence. *Political parties* are organized around the conferral of patronage to insider clients and lack programmatic platforms. While all these factors facilitate the scope for cooptation of opponents and may be critical for pulling together powerful interests, they come at the expense of realizing development priorities that address the grievances of the population.

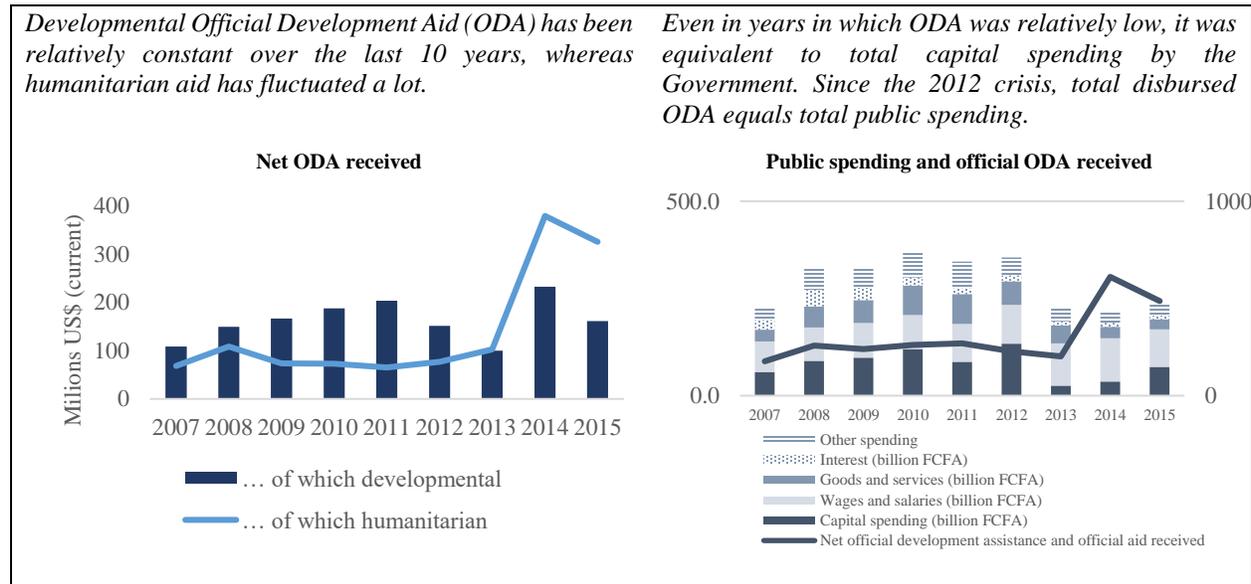
**30. The public sector is tiny, has limited capacity, and is dependent on donor support.** Domestic revenue was around CFAF 102 billion or approximately US\$200 million (<9.1 percent of GDP) in 2017. This amount is not sufficient to even cover recurrent expenditure of CFAF 110 billion, comprising salaries (CFAF 58 billion), transfers and subsidies (CFAF 28 billion), goods and services (CFAF 24 billion), and excluding interest payments of CFAF 4 billion or repaying the outstanding arrears in wages and pensions (CFAF 65 billion). Room for maneuvering is further limited by the fact that the Debt Sustainability Analysis confirms the country as being at high risk of debt distress, further limiting the scope to borrow money to concessional financing only. It underlines the dependence on donor funding (grants mostly) to keep the most basic functions of Government going, even though experience from the past has demonstrated that fickle donor funding has been a source of instability (Box 2.5). For the time being, the challenge is different, however, as domestic revenue pales in comparison to what donors pledged in support of the implementation of the NRPBP (US\$2.2 billion over three years).

**31. The public sector is too small given the needs and lopsided toward the security sector.** While public sector wages make up more than 5 percent of GDP in 2017, civil servants make up 1.5 percent of the labor force. Almost half of the civil servants, some 13,000, are engaged as soldiers (7,000), policemen (2,000), or gendarmes (2,000) while some 15,000 work as civilians, tilting the public sector toward the security sector. Yet the issue is less that the security sector is too dominant and more that the overall public sector is too small to deliver services effectively. This can be illustrated with the education sector. With a pupil-teacher ratio of over 80 in primary schools, and a net primary enrollment rate of 72 percent, primary education sector alone could absorb another 12,000 teachers as this would bring the pupil-teacher ratio to 40 and achieve universal enrollment. Yet, unless domestic revenues increase, such an expansion of the public sector cannot be accommodated.

**32. Poor performance cuts across the administration.** Budget execution is hampered by lack of predictability and the absence of commitment ceilings, highly centralized processes, an inefficient internal control system, and cumbersome procedures. Consequently, execution rates are low (in 2016, less than 40 percent of the meager investment budget of US\$130 million was executed) and the use of extraordinary spending procedures high (80 percent of budget expenses were executed using exceptional procedures in 2015; this radically improved to 15 percent in 2017 after which it has fluctuated between 9 percent and 25 percent quarterly). There is little oversight on the use of impress accounts and temporary cash advances. Budget documentation is limited and the classification of the budget opaque. Access to budget information is equally limited, weakening oversight. The wage bill continues to be the main expenditure item, with major challenges with respect to human resource record keeping and payroll control systems. The 2010 Public

Expenditure and Financial Accountability (PEFA) report rated payroll controls a ‘D’, the lowest possible score, and identified numerous inconsistencies in the reconciliation of the human resources database and the public payroll. Over 2015 and 2016, the payroll has been cleaned up and oversight enhanced. It resulted in a reduction of the number of civil servants and reduced the wage bill from 6.5 percent of GDP in 2014 to 5.2 percent of GDP in 2016.

**Figure 2.2: Development and humanitarian assistance**



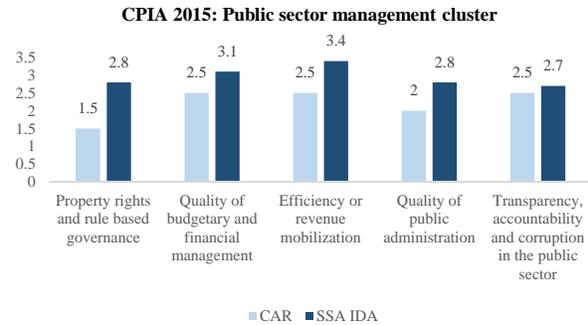
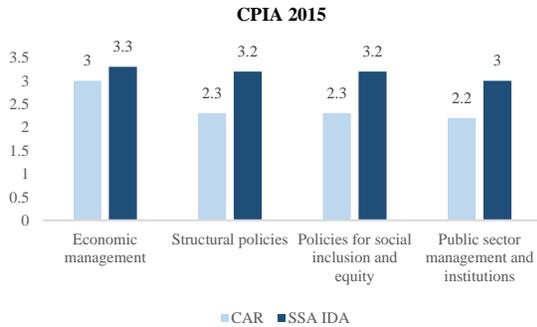
Source: OECD 2017; WBI 2017; OCHA 2017; IMF 2017.

33. **The administration remains focused on Bangui and service delivery outside Bangui is being hindered.** A good illustration is the painstakingly slow progress made in ensuring that civil servants based outside the capital city can collect their salaries locally. While NGOs make use of informal money transfer mechanisms to make sure their staff and projects receive payments (including by using MINUSCA), those on the public payroll can only receive their salaries in bank accounts and need to personally travel to one of the few urban centers where it is possible to withdraw money. Addressing this issue is a critical priority for the deployment of civil servants across the territory, but to date little progress has been made on this issue. No wonder those placed outside the capital have little motivation to take up their positions, or those who do, go and return at the payment of their first salary. Those who remain are forced to regularly make the long trek to receive their money, spending a large part of their salary on doing so, meanwhile defrauding citizens of the provision of services during the time they are absent.

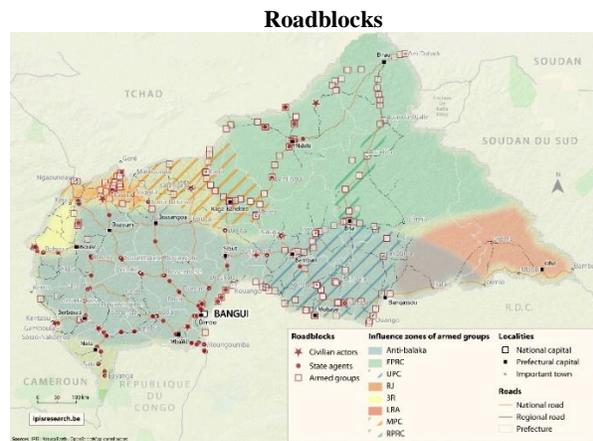
**Figure 2.3: Governance indicators**

*Governance indicators for CAR are substantially below those of other African countries. The difference is least for economic management as CEMAC is providing a set of macroeconomic ground rules.*

*Property rights and the quality of the public administration receive particularly low scores in the public sector management cluster.*



*The presence of road blocks across the territory is a major impediment to the business environment and CAR ranks 185 out of 190 countries on the Doing Business Index and does poorly on all indicators.*



Source: CPIA and Doing Business 2017, World Bank 2016. Roadblock, IPIS 2017.

34. **The civil service is self-serving and focused on the short term.** Many civil servants are capable, but a long period of instability has created a culture of survival, in which time horizons are short and there is limited space for planning and the realization of activities.<sup>39</sup> Staff seek quick personal gains and prefer to seek (exceptionally high) per diems and other benefits. Assignments outside of Bangui are not incentivized and are considered a punishment. So, while the success of the NRPBP calls for the scale-up of public service provision, the motivation to plan scaled-up

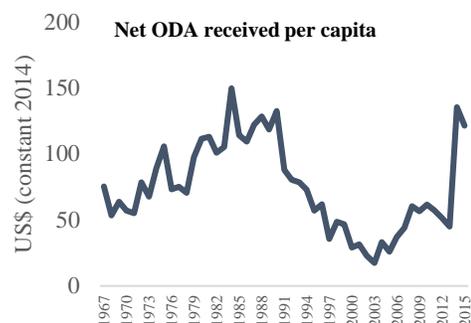
<sup>39</sup> Evidence bears them out. Conflicts around the globe have demonstrated that they tend not to be one-off occurrences but cyclical events: 90 percent of civil wars of the last decade occurred in countries that already had a civil war in the last 30 years.

investments and services is limited.<sup>40</sup> As a stopgap measure, the NRPBP secretariat<sup>41</sup> has been set up to facilitate the translation of pledges made by development partners into results, but this is not a sustainable solution. Political capacity to find a lasting solution for this unsatisfactory situation cannot be taken for granted, however, in a setting with extreme levels of political contestation.

### Box 2.5: Did aid fail in CAR?

**Since its independence, CAR has been dependent on international support.** The bulk of Official Development Aid (ODA) has been provided by few key bilateral donors (France, Germany, Japan, United States) as well as the EU, the international financial institutions, and the UN system (United Nations Development Programme (UNDP), Peace Building Fund). Aid has been significant, averaging almost 13 percent of gross national income (GNI) between 1967 and 2015 and covering a large share of the state budget. Despite the large amounts of aid, international support was not able to avoid the slow degradation of institutions and social well-being that preceded the collapse of the country in 2013. Several reasons to explain this can be given:

- **Irregular flows.** Aid has been fluctuating wildly from a low of 4.5 percent of GNI in 2003 to as high as 35.5 percent in 2014. Large aid disbursements coincide with periods of crisis during which particularly humanitarian assistance is ramped up quickly. Yet as soon as a normalization narrative begins to spread, aid is withdrawn.<sup>42</sup>
- **Short-term commitments.** Development support is allocated through 4–5 year-long cycles, which is not conducive for bringing about structural change.
- **Focus on emergency needs.** Interventions have been of an emergency nature with little or no planning to build procedures, approaches, and protocols to support growth, promote effective service delivery, or identify and target the poorest.
- **Lack of investment in sectors that count for conflict prevention and stability.** From 2002 to 2014, ODA allocations to the first three Peacebuilding and State-building Goals (PSGs) of the New Deal (on legitimate and inclusive politics, security and justice) amounted to only US\$3 per capita and an even more paltry US\$1.4 per capita for 2002–2005. Total ODA allocated to PSGs 1–3 amounted to only US\$180 million over the 12-year period between 2002 and 2014.<sup>43</sup> Moreover, programs aiming at building the state institutions (governance, SSR) stopped at every new occurrence of conflict.
- **Focus on Bangui and selected areas.** Donors naturally focused on the regions that are easiest to reach, that are the most secure and best administered. This resulted in a generalized focus on Bangui and on the more densely populated (Sudano-Guinean) zone in the country.<sup>44</sup>



<sup>40</sup> It can be foreseen that in addition to services provided by public institutions, many services will need to be provided by non-state actors: private sector (forestry companies for example), NGO, and religious organizations (many services are already provided by humanitarian agencies), and private individuals (parent-teachers for instance).

<sup>41</sup> At the Brussels conference the authorities presented the Recovery and Peace Building Assessment, which presents key investments needed to normalize the situation of the country. Following the Brussels conference, a secretariat was created which functions under the authority of the Ministry of Planning. It is well resourced (including with expats) and deals with project planning, implementation, and monitoring.

<sup>42</sup> Carayannis, Tatiana, and Louisa Lombard. 2015. *Making Sense of the Central African Republic*. Zed Books.

<sup>43</sup> United Nations, and World Bank. 2017. "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict."

<sup>44</sup> For instance, the 10 'pôles de développement', a concept of priority investments areas for donors, which received substantial funding from different partners starting from 2008 were almost all located in this zone. Coulon, J., and D. Larramendy. 2015. *Consolidation de la paix et fragilité étatique, L'ONU en République Centrafricaine*. Presses de l'Université de Montréal.

- **Unrealistic vision of the capacity of the state.** The donor community generally acted as if CAR was (or at least was about to become) a unified territory led by a central and representative authority which managed a public budget and an army and which was working toward the so-called ‘restoration of state authority’ in the inner country. This approach ignored that one was largely dealing with a state that lacks the means, legitimacy, functions, and the permanence of a modern state and which is subject to elite capture.
- **Poor coordination.** External aid suffered from a lack of coordination, which is surprising in view of the small number of donors involved in the country. Lack of coordination is also related to the limited capacity (and incentives) of the Ministry of Planning and line ministries to assure donor collaboration and efficiency.

Source: Authors.

35. **Access to formal justice is limited in rural and urban areas.** Steps are being taken to fight impunity, particularly through the resumption of criminal sessions in the Bangui and Bouar Courts of Appeal, as well through arrests and investigations against suspected perpetrators of serious crimes. Efforts are also ongoing to reestablish the ordinary court system. Yet progress remains limited. Only 12 courts are operational outside Bangui. Apart from the financial burden of physically accessing justice system, one of the main causes of people’s hesitancy to take disputes<sup>45</sup> to a court has to do with the fact that people do not see courts dispensing justice in a fair manner.<sup>46</sup> The fact that jail time is not viewed as appropriate punishment for wrongdoing has contributed to this perception. In local perceptions, the final resolution of a dispute happens when parties have been reconciled through some sort of compensation. Gender also affects access to justice: women’s opinions and problems are not treated with the same level of respect as those of men. Finally, minorities—such as herders, pygmies, or migrants—suffer from additional constraints to access to fair justice.

36. **In the face of limited judicial institutions outside Bangui and low social cohesion, people have developed strategies for resolving the conflicts that arise in their communities.** Though these practices maybe outside the formal system, they are not necessarily customary in a strict sense.<sup>47</sup> Village chiefs are at the core of these informal arrangements and are the ones on whom people rely the most—not because of a strong traditional power but rather because they are recognized by communities and serve as a point of contact between the population and formal state institutions. However, attempts at providing justice by village chiefs and religious leaders have been severely hampered due to the lack of a means of coercion available to them. Traditional healers (*Angango*) can also play an important role in conflict resolution, especially in cases of sorcery. The process of finding guilt can result in death or serious wounds.

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<sup>45</sup> A field study conducted by the World Bank in 2010 revealed that family disputes and petty crime are the most common type of disputes for which people need to resort to justice. Domestic disputes happened to be one of the main causes of conflict. This is unsurprising given that several generations of an extended family often lived in the same compound and had to often make do under strained economic circumstances. Theft also happened to be widespread with over 32 percent of the respondents in the quantitative survey being victims of theft in the past six months alone. Sorcery was among communities’ chief concerns and extremely complex to deal with when it occurs within the community. Often such cases were resolved violently. Many respondents also cited rape as an important issue in their community. Land tenure issues are frequent, especially in urban area. Finally, many cases of impunity of state forces were reported, especially in more remote areas or in areas where conflicts were still alive.

<sup>46</sup> World Bank. 2012. “Understanding Access to Justice and Conflict Resolution at the Local Level in the CAR.”

<sup>47</sup> *ibid.*

37. **Justice issues cannot be approached in isolation from the challenges faced by internal security forces.** The current climate of daily insecurity and human rights violations is harmful to state redeployment, humanitarian and development activities, and economic upturn. Understaffed—about 1,800 gendarmes and 1,350 police—undertrained, and underequipped, they struggle against the army’s supremacy and suffer from a serious lack of presence and mobility and commit daily human rights violations due to the lack of implementation of criminal law (especially through abusive detention). Where they are present, they tend to provide impromptu justice in return for payment instead of transferring disputes to tribunals.<sup>48</sup> These structural weaknesses of internal security forces are extremely serious as they are—or should be—in daily contact with the population, to the eyes of which they embody the central state: their failure is perceived as a failure of the state and of Bangui politicians and further nourishes grievances and mistrust.<sup>49</sup>

## 2.5 POVERTY AND HUMAN CAPITAL

38. **Indicators of welfare paint a dramatic situation.** Poverty incidence is estimated to exceed 70 percent. Poverty was already severe before the crisis and in 2008, the year of the last nationally representative household survey, poverty incidence was estimated at 62 percent with 50 percent of the urban population and 69 percent of the rural population living in poverty.<sup>50</sup> Life expectancy, remains the second lowest worldwide, at 52.9 years in 2017. GNI per capita dropped by more than a third between 2012 and 2013 and recent estimates suggest that the poverty rate—at the international poverty line of US\$1.90 per day in 2011 PPP terms—surged to 75 percent in 2016.

39. **Poor households are overwhelmingly located in rural areas.** In 2008, nearly two-thirds of CAR’s population lived in rural areas, which were home to about 70 percent of the country’s poor. Regional poverty rates ranged from as low as 45 percent in Bangui to as high as 78 percent in the Yadé region (Ouham and Ouham Pende prefectorates). Yadé also had the largest share of the country’s poor (24 percent), followed by the Kagas region (Ouaka, Kemo, and Nana Gribizi prefectorates), which had a 71 percent poverty rate and was home to 17 percent of the poor. Although Bangui had the lowest poverty rate, it accounted for 11 percent of the nation’s poor due to its relatively high population. The surrounding Plateaux region (Lobaye and Ombella-Mpoko prefectorates) accounted for another 17 percent of the poor. Overall, 58 percent of CAR’s poor population was concentrated in the three regions of Yadé, Kagas, and Plateaux.

40. **High levels of displacement have aggravated poverty.** The *Enquête Nationale sur les Monographies Communales* (National Survey for District Monographies, ENMC) survey of August 2016 estimated that 15 percent of household members were displaced, while more than half of the households indicated to have experienced displacement of some or all of their household members since 2012. In urban areas, 67 percent of households experienced displacement and in rural areas 61 percent of households experienced the same. Among these households, half have

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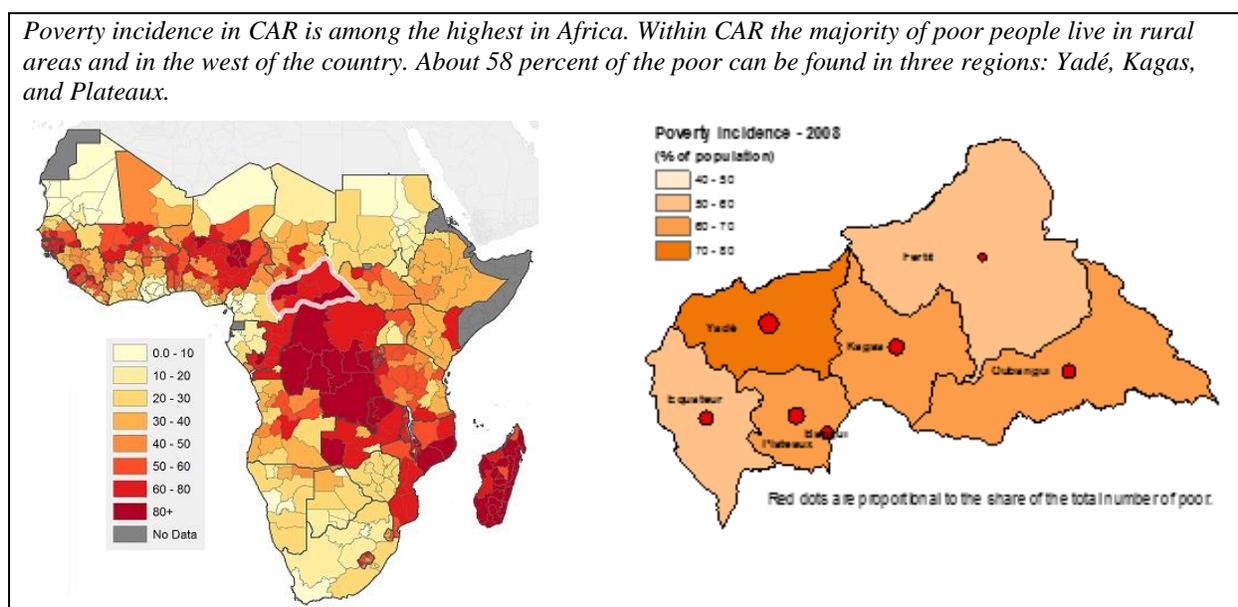
<sup>48</sup> World Bank. 2012. “Understanding Access to Justice and Conflict Resolution at the Local Level in the CAR.”

<sup>49</sup> CAR Fragility Assessment.

<sup>50</sup> ICASEES 2008. The poverty rate is based on household consumption per adult equivalent, adjusted using regional deflators with Bangui as the reference; the 2008 poverty line for Bangui was CFAF 259,256 per adult equivalent per year. Although more recent surveys such as World Bank (2012) have included consumption modules, it is not possible to compare poverty estimates due to significant differences with the 2008 ECASEB survey methodology.

had their entire household displaced whereas the other half have had only some displaced since 2012. Unsurprisingly food insecurity is found to be especially prevalent among internally displaced households, affecting 52 percent of those in camps or informal settlements and 65 percent of those staying with host families. Since August 2016, the situation has worsened considerably. Displacement shot up to a level where a quarter of the population is presently displaced; some 40 percent of the population (2 million people) experience acute food security.<sup>51</sup>

**Figure 2.4: Poverty incidence - Africa and CAR**



Source: World Bank 2017 and ICASEES 2008.

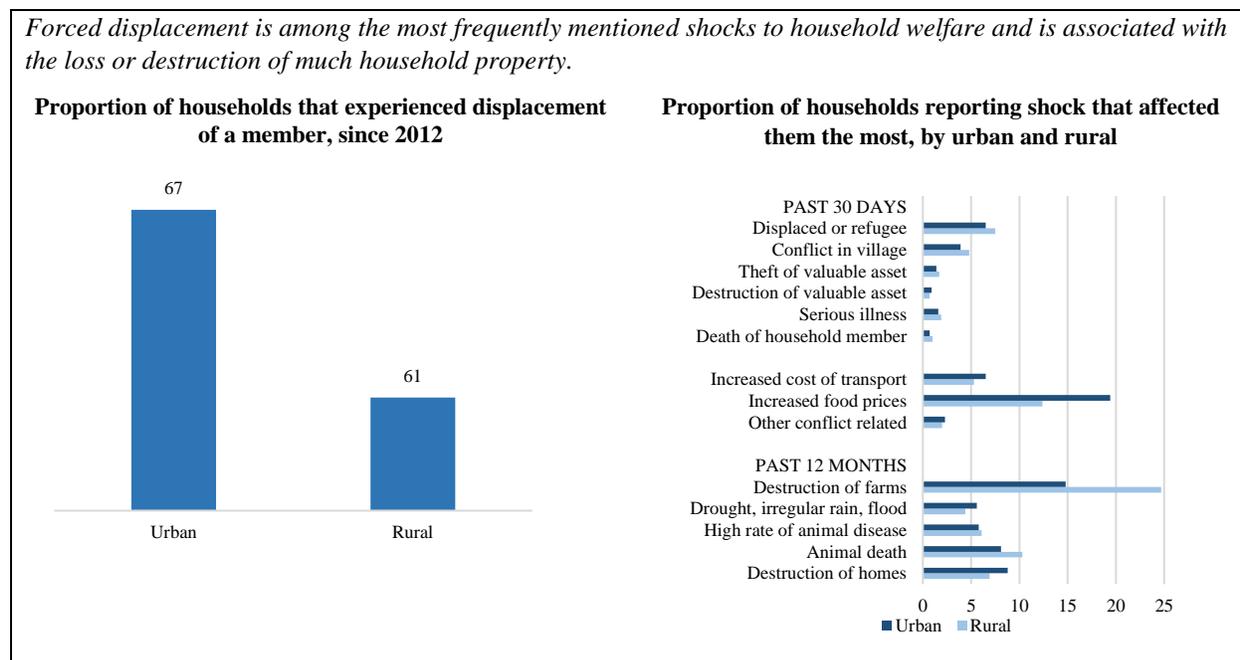
41. **Massive displacement is not a new phenomenon.** A coup d'état in 2003 displaced an estimated 200,000 people; civil unrest in the northwest regions displaced another estimated 212,000 people in 2005; and another approximately 150,000 fled insecurity and banditry in the northern prefectures in 2006. Just before the beginning of the 2013 crisis, the country thus already housed approximately 132,000 IDPs, while another 161,000 were refugees outside the country. It is also important to note that the current number of displaced cited above should not be interpreted as a static stock number but rather be seen as a snapshot of flows or pendula of movements that may be shorter or longer term. For those forced to flee and who do not cross international borders, the displacement pattern broadly falls into three mechanisms: (a) fleeing into the bush or the forest, (b) seeking shelter with family or friends, and (c) fleeing to IDP sites, typically close to existing settlements and some form of security provision and often around public buildings such as airports, schools, churches, and mosques.

42. **The displacement of specific groups added to the high cost of conflict through its impact on the economy.** Before the crisis, Muslim communities contributed an outsize weight on the national economy, and their displacement within and outside the country has disrupted markets as transport networks and market intermediaries disappeared, disrupting the activities of farmers

<sup>51</sup> WFP 2018. Food assistance fact sheet. Central African Republic. April 9.

and artisanal miners. The impact of displacement was also significant on the pastoralism sector, which accounted for an approximate 15 percent of the country's GDP in 2012.

**Figure 2.5: Forced displaced exacerbates high levels of poverty**



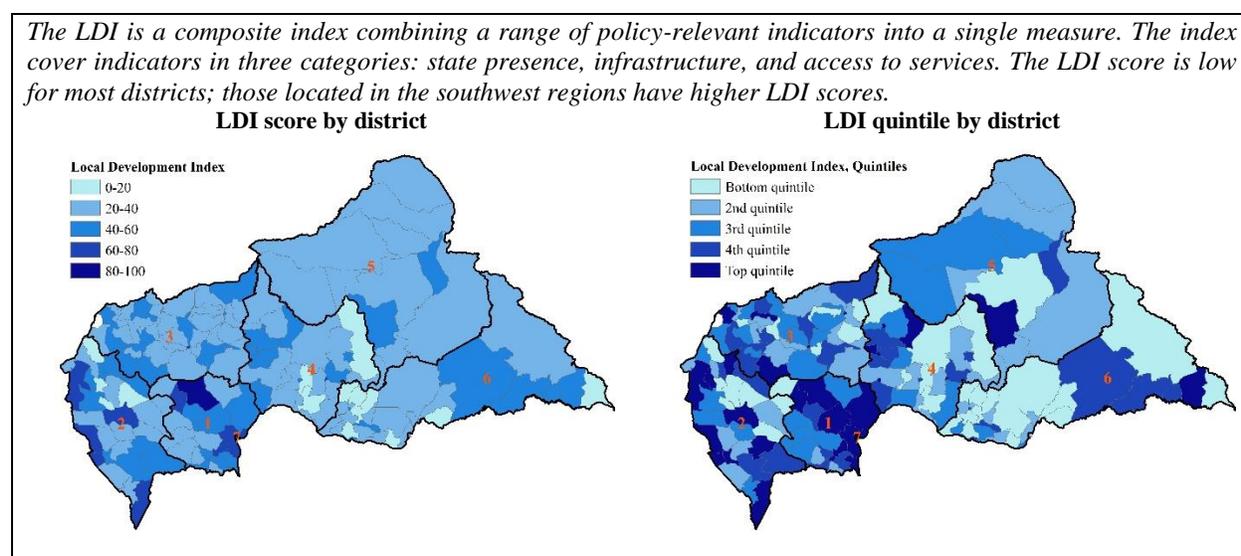
Source: ENMC, ICASEES 2017.

43. **The 2016 ENMC survey confirms the dismal state of development and demonstrates the considerable variation that exists across districts and between district capitals and Bangui.** District administration offices are understaffed and short of funding. In most districts, security staff (police and gendarme) are absent and only 24 districts (out of 169) have 20 or more staff in the municipal office. About 57 districts indicated not having received any budget allocation for 2016. Access to infrastructure electricity, mobile phone coverage, banking services, and road networks is low. Only about 1 in 10 districts has network electricity and some form of public lighting in the district capital; only 1 percent of district capitals in rural areas are connected to the grid. Only 4 out of 10 district capitals have at least one mobile phone provider in the district capital. Furthermore, only 1 out of every 10 district capitals has some form of banking system—either a bank agency or a local credit mutual. Half of the districts report that roads to Bangui are not accessible throughout the year. Access to basic social services such as public primary schools, health centers, and clean water is limited, especially outside district capitals. Among the 10 largest localities of each district, functional public primary schools and clean water sources are present in 44 percent and 43 percent of localities, respectively, and only 18 percent have functional health centers. Access to clean water and sanitation systems is a challenge even in the district capitals. Only 36 percent of the districts report having clean water access points in the capitals. The country's Gini coefficient, estimated at 0.543 in 2008, puts CAR among the most unequal countries in the world.

44. **Access to basic social services, already limited in Bangui, is even more limited outside the capital.** A preference for spending in Bangui and the difficulty of serving a highly dispersed population living in low density areas has always been a challenge to service delivery in CAR. For

instance, even in the 10 largest localities (villages/quartiers) in every district, only half have a functional primary school (Figure 2.7), implying that many people are deprived of any access to education services. Even before the crisis, the education system was characterized by many disparities. The proportion of girls in primary schools has stagnated around 40 percent over the years. More than half of the girls do not complete primary school compared to 30 percent of boys. In terms of illiteracy, 68 percent of women are illiterate compared to 48 percent of men. At the tertiary level, only 26 percent of students are girls. There are also significant geographic disparities. In a large number of areas, more than three-quarters of primary schools do not have water supply and 41 percent do not have latrines. In primary education, there are around twice as many children from the wealthiest households than from the poorest households. These disparities are even more flagrant at post-primary levels up to the point where in higher education, 85 percent of students are from the 20 percent wealthiest households.

**Figure 2.6: Local Development Index (LDI) across districts**



Source: ENMC, ICASEES 2017.

45. **Health outcomes are among the lowest in the world.** Already before the 2013 crisis, health indicators were inadequate with an under-five mortality of 179 deaths per 1,000 live births in 2010,<sup>52</sup> which is ranked the fourth worst globally, and with a maternal mortality rate that is among the highest in the world at 882 deaths per 100,000 live births.<sup>53</sup> Vaccination rates are very low (only 2 percent of children were fully immunized before their second birthday), while 41 percent of children under the age of five are stunted and 24 percent are underweight, among which 7 percent are acutely malnourished.<sup>54</sup> While high levels of maternal mortality and low vaccination rates point toward a malfunctioning health system, the main causes of undernutrition (poor infant feeding practices, a high disease burden, and limited access to nutritious foods) suggest inadequate

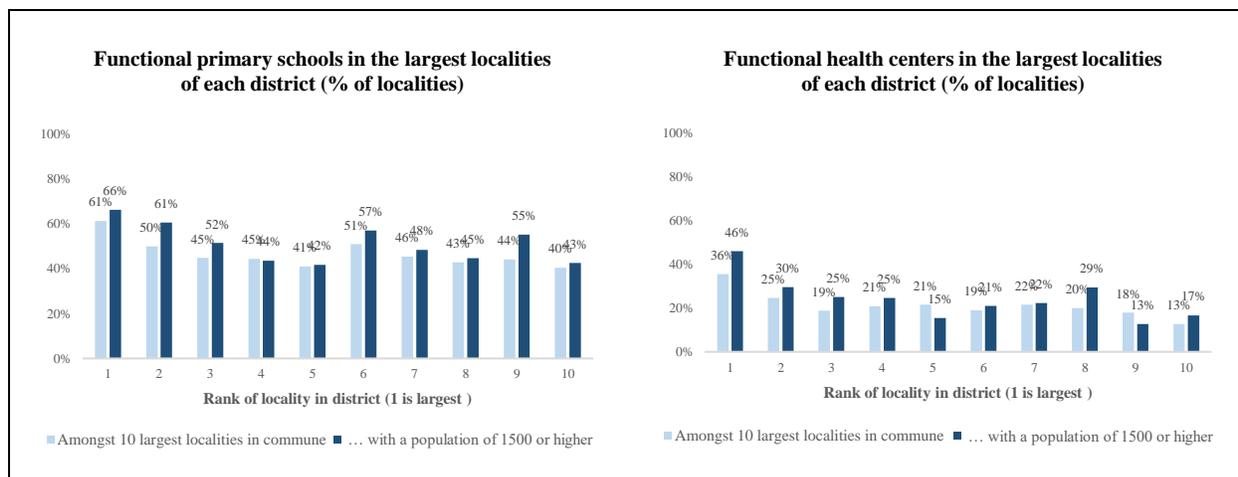
<sup>52</sup> Multiple Indicator Cluster Survey (MICS) 2006 and 2010.

<sup>53</sup> World Development Indicators 2015.

<sup>54</sup> UNICEF/World Health Organization (WHO)/World Bank Group Joint Child malnutrition estimates: “Levels and trends in child malnutrition.” 2016 edition. Stunting: Percentage of children ages 0–59 months who are below –2 standard deviations from median height-for-age of the WHO Child Growth Standards. Wasting: Percentage of children ages 0–59 months who are below –2 standard deviations from median weight-for-height of the WHO Child Growth Standards.

attention to behavioral practices. Insecurity, which hinders the agricultural production is another factor that explains the high levels of acute malnutrition.

Figure 2.7: Access to education and health care by village size rank



Source: ENMC, ICASEES 2017.

46. **Health infrastructure is inadequate.** Mid-2015 the Ministry of Health (MOH) surveyed health care facilities in five of CAR's health regions.<sup>55</sup> Of the 333 facilities in the surveyed area, 273 were operational. Of these some 20 percent were not functional, largely because of lack of drugs, personnel, or insecurity. Less than 70 percent offered vaccinations and essential equipment was found lacking: only 63 percent of facilities owned equipment to establish blood pressure for instance. Most facilities lacked adequate human resources and only 1 in 3 had at least one clinically trained staff member. The situation was especially acute in rural health posts where less than 1 in 10 had qualified personnel.

47. **Health spending is below the average for Sub-Saharan Africa (SSA), and households bear most of the health care costs.** In 2008, the most recent year for which financing data are available, per capita health spending was estimated at US\$20, well below the average for Sub-Saharan Africa. Households bore about 57 percent of health care costs, a significantly larger share than both the SSA average (37 percent) and the average for low-income countries worldwide (50 percent). Most out-of-pocket costs went to cover fees and pharmaceutical purchases, which together accounted for more than 75 percent of the income of rural health facilities.

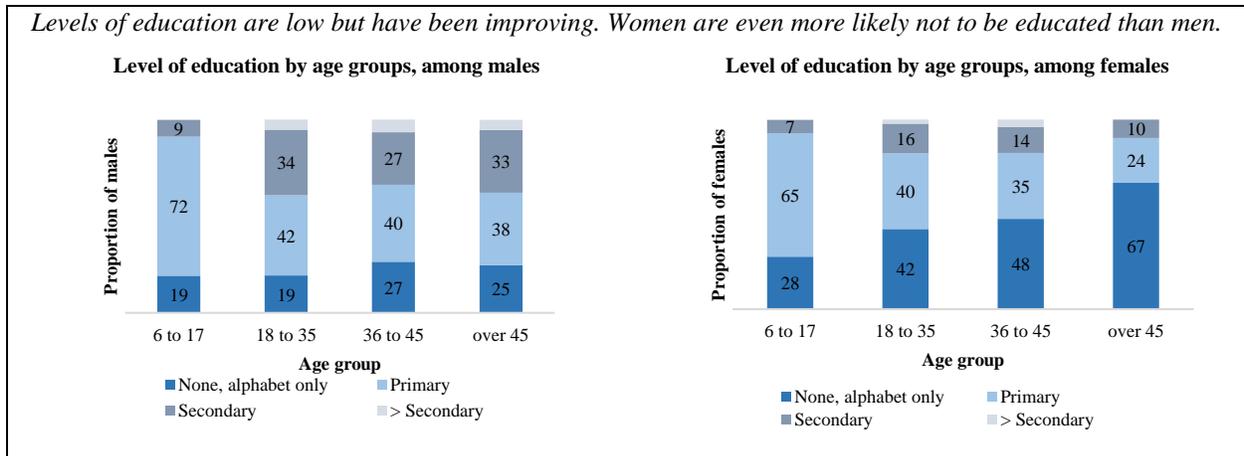
48. **Education outcomes are also poor.** This was the case even before the crisis. Among those 18 years and older, two out of every five individuals in rural areas have never gone to primary school, and only one out of every five individuals in rural areas has at least completed primary school and acquired some secondary schooling. While education levels are higher in urban areas, they are nonetheless quite low—close to one out of every three individuals over the age of 18 has never gone to primary school.

49. **The education system lacks basic capacity.** Schools and teachers, two critical components of any education system are in short supply. Even before the crisis the primary education sector had a significant school infrastructure backlog, estimated in 2012 at around 2,100

<sup>55</sup> Ministère de la Santé et de la Population, *Enquête Rapide auprès des Formations Sanitaires dans la Zone du projet PASS. Rapport Final Décembre 2015.*

classrooms to be constructed and about 1,140 to be rehabilitated. The average student-classroom ratio was 95 in 2011. The shortage of teachers was particularly acute in poor and remote areas, where households overcome the situation by recruiting *maîtres-parents*. In 2010–2011, the total number of primary teachers was about 8,000, of which 40 percent were *maîtres-parents*. A large number of them are untrained and have low qualifications, but they are part of the system. They also contribute a positive aspect to it. Recruited by parents, *maîtres-parents* are more accountable for delivering education and have a more reliable presence; in situations of instability, this brings resilience to the education system.

**Figure 2.8: Educational attainment by gender and age group**



Source: ENMC, ICASEES 2017.

50. **The 2013 conflict further depleted an already inadequate education system.** During the crisis, schooling practically stopped for two academic years. The conflict led to destruction of school facilities and educational materials and thus depleted the access and quality of education. With limited functioning of the Government, teacher recruitment and training came to a halt. Added to the irregular supply of new teaching staff, capacity suffered even more when fear of security and lack of the prospect for regular payment prompted existing teachers to leave their posts.

### Box 2.6: The country where teachers have disappeared

Farmer Apollinaire Zaoro knows a thing or two about planting. While his maize and cassava grow in the field, he is sowing seeds of knowledge in young minds. The school in his village, 25 km (15 miles) from the capital, has no qualified teachers. And so, for the past three months, Mr. Zaoro, 58, has been leading a class of 105 primary school children.

[...] For three years leading up to 2016, Mr. Zaoro and the 1,000 or so residents of Yamboro regularly had to flee from the Séléka rebels. “We would run into the bush and hide in the trees, the shrubbery, among the snakes. It wasn’t easy to find enough to eat. We have to be grateful that [their opponents] the Anti-Balaka came and chased them away. But we are still frightened,” he said. In the packed classroom, the charismatic Mr. Zaoro looks like he has found his vocation. He admits he has always enjoyed acting, so he brings heaps of energy to the lesson in counting from 1 to 100. He unrolls a poster showing all the numbers and exclaims: “73.” He wants a child to come up and point out that number. Eager arms shoot into the air, fingers clicking for attention. And when, after a moment’s suspense, 11-year-old Esther correctly points out the number, all the children quickly clap and shout “c’est super!” (that’s great). There is even more excitement during the French lesson, in which Mr. Zaoro calls two boys to the blackboard and they are asked to act out a short story about a boxing match.



The class is a heart-warming and dynamic environment in a country that humanitarian workers describe as one of the most hopeless and, for them, the most dangerous in the world. CAR was pushed into war in 2013 after President François Bozizé, a Christian, was overthrown by the mainly Muslim Séléka rebels.

The Séléka were ousted by France, leading to bloody reprisals by the Anti-Balaka. They are often described as Christian, but they are a ragtag group of fighters wearing amulets they believe protect them from the bullets of Kalashnikovs— called the ‘anti-balles-AK’ in French.

[...] Mr. Zaoro is among 500 ‘parent-teachers’ who have received a crash course in education from a Finnish charity. A further 8,000 parents—most of them with only the basics of schooling themselves—have been recruited and need to be trained. But 14,000 are said to be needed.

The farmer loves his new role. “I am educating the future leaders of my country. It makes me proud and happy. I want these children to go further than I have gone in life.” He and three other parent-teachers at the school each receive CFAF 35,000 (US\$65, £45) per month from the United Nations Children's Fund, UNICEF, to mind four classes from 7 a.m. to 4 p.m. every weekday. “We do not do it for the money!” he exclaims. “Since there are no banks, and the road is dangerous, we have asked to be paid quarterly in Bangui. I am due to receive my first pay at the end of December. Unfortunately, due to my teaching commitments, my field is mostly overgrown now. But the other parents who are farmers help me with the work, and they give me food when they can.”

The parent-teacher initiative is getting the country’s children back to school. But it only works in villages with a strong community spirit, and it is still a far cry from the national education system CAR needs. Yamboro’s children are among the privileged few. At Sangala 1, a village 70 km away from Bangui, we found a deserted school building with graffiti on the walls, bullet holes in the corrugated roof, a broken borehole, and a mere 17 useable chairs. No children had turned up for class because, said village chief Gaston Mongombe, “there is no teacher and it is raining.” UNICEF does not know exactly how many of CAR’s children are out of school due to the teaching crisis. The figure is likely to be in hundreds of thousands.

Source: BBC. December 10, 2017. <http://www.bbc.com/news/world-africa-42279395>.

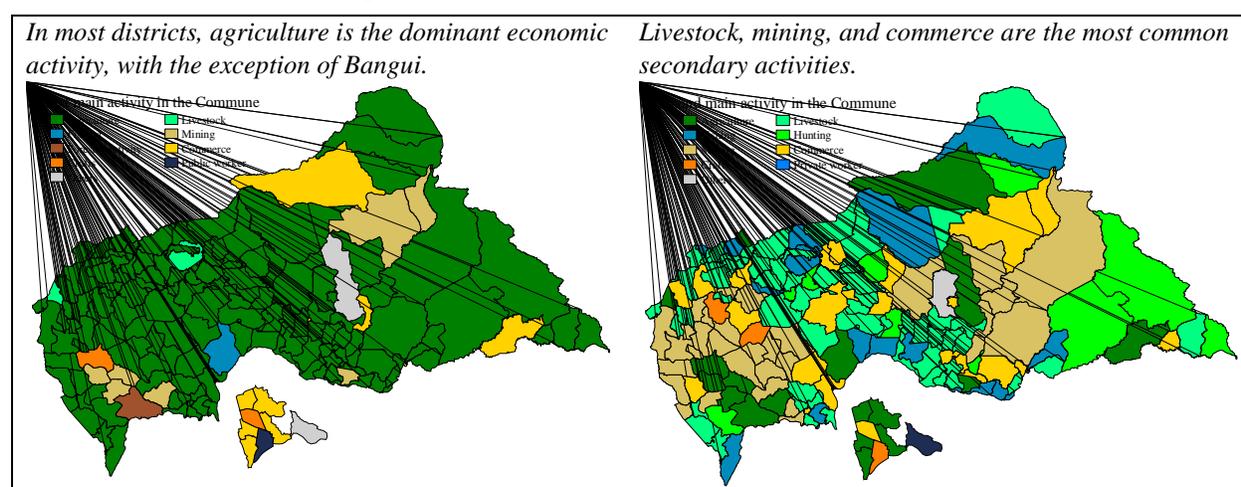
## 2.6 LIVELIHOODS OF THE POOR

51. **Poverty reduction starts by increasing the levels of income of the poor, and understanding how the majority of the population makes a living is critical.** Unsurprisingly, given the rich natural resources environment, the majority of people depend on the primary sector.

An estimated 75 percent of the population depend on agriculture,<sup>56</sup> and 85 percent of districts report agriculture as primary economic activity. Livestock (35 percent of districts), mining (18 percent of districts), and commerce (16 percent of districts) are listed as common secondary economic activities. The capital, Bangui, is a notable exception reporting commerce and civil service as main activities.

52. **Economic activities are linked to agro-ecological zones.** CAR can roughly be divided into four agro-ecological zones.<sup>57</sup> There are two forest zones in the south, the Guinean forestry zone with tropical forest and the Sudano-Oubanguienne zone which is drier with less dense forest. There are also two savanna type zones: the Sudano Guinean and Sudano-Sahelian zones. Differences in economic activities between these zones are largely driven by (a) variations in climatic characteristics (the length of the rainy season and the amount of rainfall), (b) the presence of mining sites, (c) integration of livestock into farming, (d) population density (much lower in the eastern parts of the country), and (e) access to markets.

**Figure 2.9: Main and secondary economic activities**



Source: ENMC, ICASEES 2017.

53. **The Sudano-Sahelian zone, found in the northern-most part of the country, is home to an estimated 5 percent of all poor in the country.** It is a zone with low population density (1–5 people per km<sup>2</sup>) and limited rainfall (600 mm per year). There are pockets of diamond mining in this zone, but the main economic activity is cereal growing. The zone is also suited for onion cultivation. The staple food in this zone is sorghum, followed by millet. The importance of cereal crops which are harvested once a year sets this zone apart from its neighbors to the south where cassava is grown throughout the year. Farming is generally done with manual labor, though better-off households use draft animals, which enables them to farm more land. In a normal year, the zone is self-sufficient in staple foods. Market access is mediocre throughout the year due to the villages’ distance from urban centers, the lack of means to transport products, and the poor condition of the roads (most are impassable during the rainy season from June to September). The main food source for households is their own crops, followed by purchases. The eastern part of

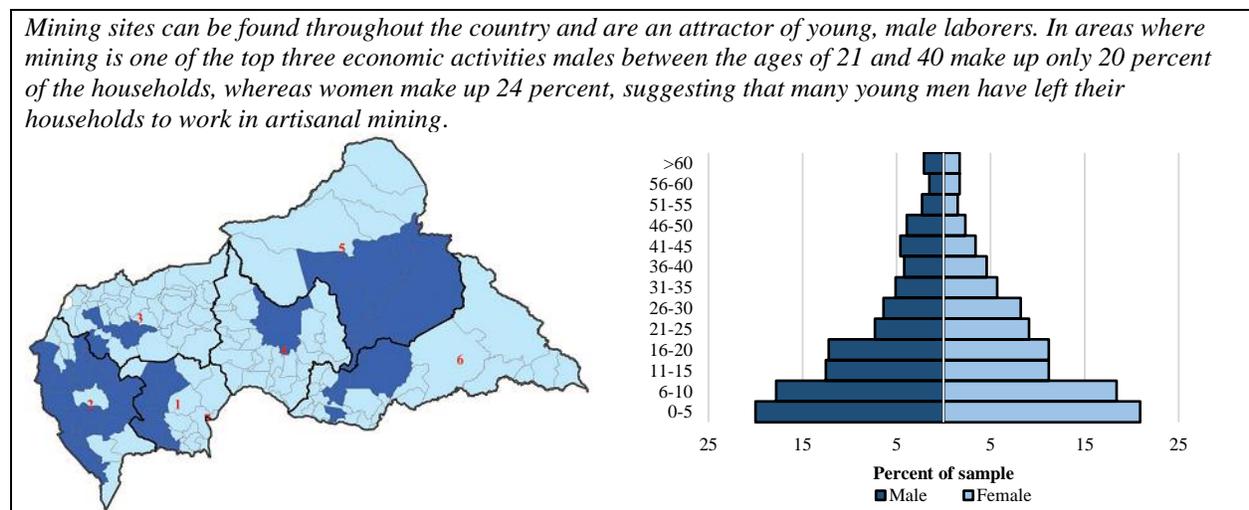
<sup>56</sup> Food and Agriculture Organization (FAO) and WFP 2015.

<sup>57</sup> This paragraph and the next few paragraphs borrow freely from FEWSNET. 2012. “Livelihood Zoning ‘Plus’ Activity in the Central African Republic.”

this zone is the least densely populated (less than 1 person per km<sup>2</sup>) and large expanses of this part of the zone are protected areas. People living here depend mainly on hunting and gathering with intermediaries from the zone going all the way to Bria to supply the mining areas with game meat.

54. **The Sudano-Guinean zone is a livestock and crop farming zone with a single rainy season which lasts from May to September with average annual rainfall of 800–1,000 mm.** This zone is relatively densely populated (20–100 people per km<sup>2</sup> toward the west; 10–20 people per km<sup>2</sup> toward the center) and is the country’s granary. Millet and sorghum are the main crops, followed by groundnuts, beans, and cassava which is harvested throughout the year. Nearly all millet is grown for household use, while a significant portion (25–50 percent) of the sorghum grown is destined for sale for use in brewing the local beer. Before the collapse of the cotton sector, the western part of this zone’s economy relied heavily on this crop. The use of animal power for field work is more widespread in this zone than in the rest of the country, which means that larger tracts of land can be farmed. Poor households can rent draft animals and related supplies from better-off households in exchange for part of their harvest. When the cotton sector was still active, all households, even poor ones, used to grow cotton on parcels averaging 0.75–1 ha in size, while better-off households cultivated 2–3 ha fields of cotton, or even larger. The main source of cash for poor households is the sale of crops (cotton, cassava, sorghum, groundnuts, cowpeas) and gathered products, followed by working as laborer for better-off households. For better-off households, most cash used to be derived from the sale of cotton, followed by the sale of cassava and, to a lesser extent, groundnuts, sorghum, and cowpeas. Livestock is another important income source, especially for better-off households, which tend to own cattle, goats, sheep, and swine.

**Figure 2.10: Mining sites locations and impact on household composition**



Source: ENMC, ICASEES 2017.

55. **The eastern mining clusters with its alluvial diamond deposits as well as gold falls in the Sudano-Guinean zone.** Mining activity peaks during the dry season (January–June) when digging is easier and motorized pumps are not needed. The mining sites attract significant numbers of laborers from the zone as well as young migrants from other parts of the country. The labor force attracted by mining decreases the availability of local labor, while the influx of workers increases the demand for food products to consume. Consequently, where mining is a major activity, food production remains a major economic activity.

56. **The Sudano-Oubanguienne forest zone stretches from the westernmost part of the country with the border with Cameroon to the area north of Bangui and marks the transition between the Guinean Savanah and the tropical forest of the Guinean Forest zone.** There is one rainy season which lasts seven months as opposed to five months in the Sudano-Guinean zone and which permits two harvests of maize a year. As in the previous zone, cassava is grown and harvested throughout the year, though drying it is more difficult during the rainy season, leading to price increases. Average annual rainfall is 1,200–1,600 mm, the soils are generally fertile, and population density is relatively elevated at 20–100 people per km<sup>2</sup>. There are pockets of gold mining, and during the dry season, working members of poor households tend to travel to mine sites to seek work. Yet the main activity is rain-fed agriculture, primarily food crops (cassava, groundnuts, maize, sweet potatoes, and yams), with a few irrigated rice plantations and some highly developed pockets of market gardening. Higher vegetation density allows the gathering of mushrooms, caterpillars, honey, dawa-dawa seeds, and other wild fruits and are important sources of income for poorer households. Higher vegetation density also explains why agricultural work is done primarily by manual labor without the use of animal power while relying on rudimentary tools. As a consequence, the average sizes of the fields are smaller than in the neighboring zone to the north. As conditions are favorable for agriculture, surplus food is exported to Cameroon in the west; in the eastern part Bangui is the main market. The sale of production surpluses is facilitated by the presence of National Routes 1 (Bangui to Yaloké) and 2 (Bangui to Sibut through Damara), which cross the zone and which are the only paved roads in the country. The zone's relatively good market access also means that fruits and other market-garden produce as well as heating wood can be sold throughout the year. In terms of livestock, households own mainly swine, goats, and poultry with better-off household owning more than poor households.

57. **The Guinean Forest is largely located in the southwestern part of the country and presents a mixture of rich agro-ecological potential with diverse natural resources such as diamonds, wood, and a large range of gathered products.** The rainy season is as long as in the Oubanguian Savana zone, but the forest is denser and land preparation even more complicated. Plots for cultivation are smaller and slash and burn agriculture is practiced. The economy is largely based on mining (gold and diamonds), wood, food, cash crops, and the sale of forest products. The zone is suited for growing tree crops: coffee, cocoa, oil-palm, pepper, and bananas.<sup>58</sup> Before the crisis there used to be many diamond and gold buyers, and industrial wood products companies that ship their lumber to the port of Douala. Economic activity had developed around the waste from the wood used by the lumber companies, which employ local labor. This part of the zone is self-sufficient in food products but does not produce much surplus. The main income source for better-off households used to be selling coffee, followed by the sale of food crops (maize, groundnuts, and squash). Poor households depend on agricultural labor, but many also have small coffee plantations that used to bring in money. Coffee growing provides opportunities for agricultural employment, especially during the harvest from October to December. Poor households also sell the products of their hunting and gathering efforts. Many young people from poor households migrate to the neighboring mining zone to seek work. All households raise livestock (chicken, sheep, goats, and swine) which is an important source of income, especially for better-off households. Owning cattle is less common.

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<sup>58</sup> Clearly any conversion of virgin forest to agricultural uses should be considered carefully, keeping not only the objective of poverty reduction but also of sustainability and climate change in mind.

58. **In the eastern part of this zone, the average population density is low (4 people per km<sup>2</sup>) though the large majority of the villages is located along the two transportation corridors crossing this area.** The presence of the LRA since 2008 and poor road conditions contribute to the isolation of this part of the zone already before the crisis.

59. **In conclusion, the majority of the poor rely on subsistence farming, gathering, and casual labor, working either on other peoples' farms or at mining sites.** With the exception of the most northerly zone, cassava is a staple crop. Advantage of this crop is that it can be harvested year-round; a major disadvantage is that it carries few nutrients—explaining to a degree the high levels of malnutrition in the country (other reasons are behavioral such as inadequate feeding practices for young infants, limited handwashing, and a high burden of disease). Road conditions tend to be poor and the majority of households live isolated and far removed from markets. In combination with difficulty to cultivate large areas in the forested zones and reliance on cassava as a staple, it makes for a setting in which food markets are underdeveloped, foraging and hunter/gathering is still important, and little surplus food is produced. The tendency of poorer households to farm smaller plots and obtain smaller harvests, and large fluctuations in food prices due to thin markets, persistent insecurity, underdeveloped transport services, and severe deficiencies in road infrastructure, may leave poor households without adequate food for the entire year. Poor households thus tend to depend more on the purchases of food than better-off households (who tend to be net sellers), making them vulnerable to price fluctuations.

**Box 2.7: Obtaining poverty data and statistics in a conflict-affected country**

The last poverty survey in CAR dates from 2008 and conflict and massive internal displacement makes its poverty estimates less relevant for current decision making. The 2008 numbers demonstrate, however, that before the crisis, poverty in CAR was pervasive.

Beyond poverty many other data gaps need to be filled urgently. Addressing these gaps is challenging as insecurity and displacement make the collection of new data difficult. Moreover, much statistical infrastructure and data have disappeared, and sampling frames are no longer up to date as the population has moved and entire villages have disappeared.

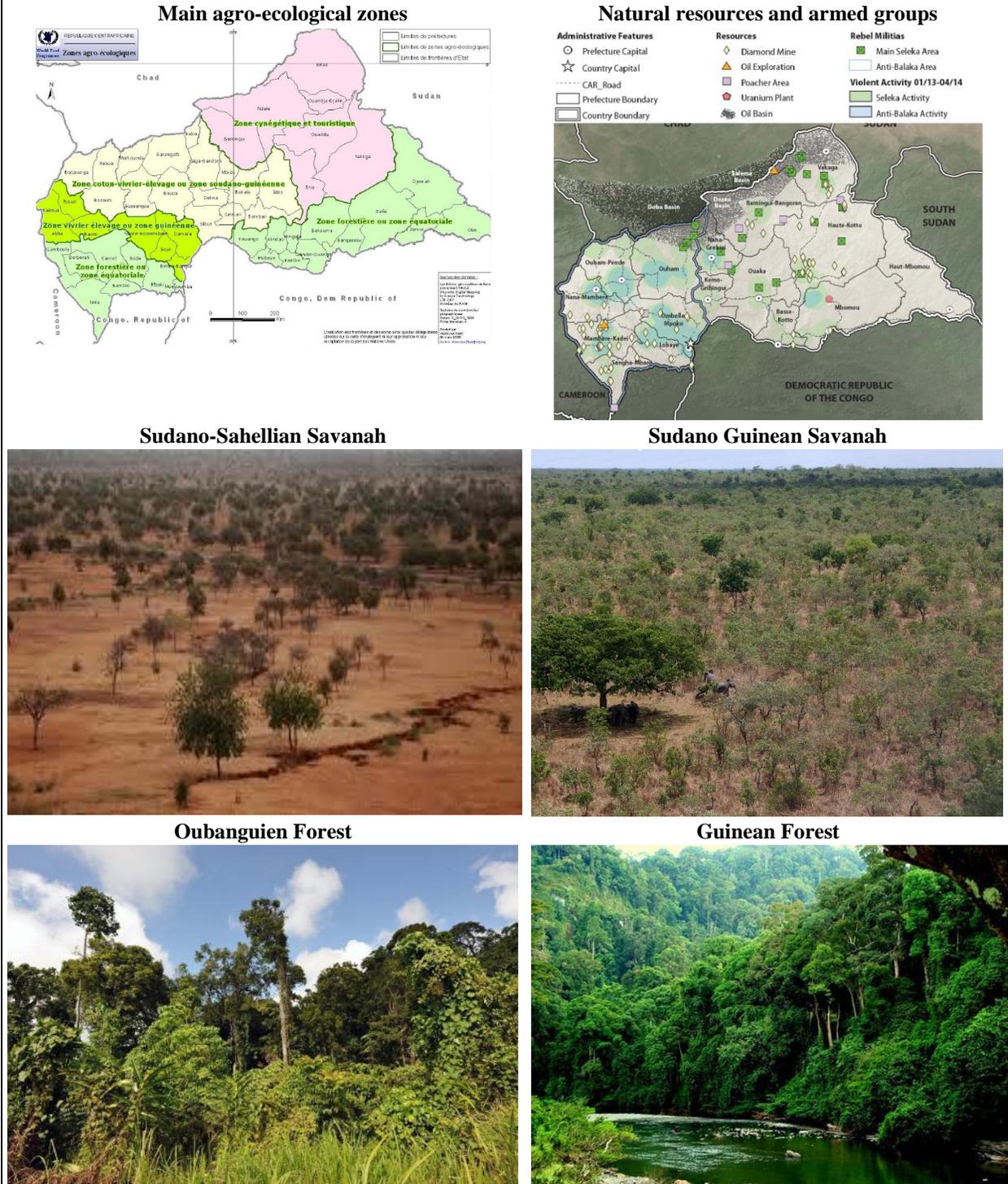
To address this problem, a two-pronged strategy has been followed. First, in August 2016, a data collection exercise labelled the ENMC was launched to address the most urgent data gaps. The ENMC comprised two elements: a district census and a household survey. The district census collected information on current conditions in all 179 districts of the country, thus providing a quick insight in the state of development across the nation. The district census allowed the creation of an LDI, which maps the level of development of each district in the country. The household survey collected information on household socioeconomic well-being, perceptions of security and economic conditions, and opinions on policy priorities, complementing the data from the district census. The household survey was conducted in all but two districts. The ENMC survey is an important source of information for this SCD.

The second part of the strategy to fill the data gap is through a statistics project, one of the first investment projects to be funded under the Turnaround Regime. The project creates the foundation for a robust statistical system that feeds decision makers with the data they need. As such, it prepares for a new population census, an up-to-date sampling frame, regular repeats of the ENMC, a full-fledged household survey, revisions of the consumer price index, and updates of National Accounts.

*Source:* Authors.

**Figure 2.11: Livelihood zones in CAR**

*CAR has four major agro-ecological zones. Mining opportunities are found across all agro-ecological zones and have major consequences for livelihood strategies.*

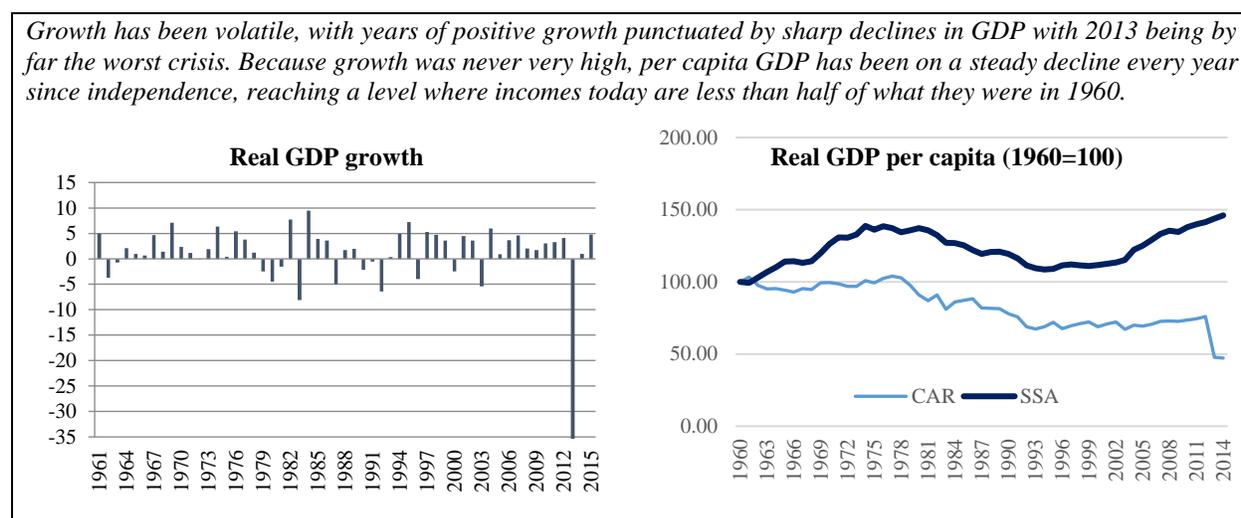


Source: ICASEES 2017.

## 2.7 ECONOMY AND ECONOMIC OPPORTUNITIES

60. **GDP per capita today is less than half of what it was at independence in 1960.** At that time, it was at par with the average for SSA. Since then, GDP per capita has steadily declined while that for SSA has increased. Political crises as well as the progressive abandonment of cash crops left their marks on GDP growth, but the 2013 crisis had by far the most severe impact on the economy. GDP fell by 36 percent in a single year as capital goods were looted or destroyed and as insecurity prevented normal production processes from taking place. Since that time, only modest growth has been recorded as it is hard to replace looted capital goods and as insecurity continues to prevail. By 2016, CAR had the fifth lowest GDP per capita in the world, US\$382 in current U.S. dollar.

**Figure 2.12: GDP growth and GDP per capita (1960-2015)**



Source: World Development Indicators 2017.

61. **CAR is member of the Economic and Monetary Community of Central Africa (*Communauté Économique et Monétaire de l'Afrique Centrale, CEMAC*),** a monetary union with the Central African CFA franc as common currency. The currency is pegged to the euro. The technical competence of the *Banque des États de l'Afrique Centrale* (Central Bank for Central African States, BEAC), which serves the six CEMAC member countries, has helped stabilize prices—inflation is low, at the cost of independent monetary policy. One implication is that policy shocks have to be absorbed through real sector measures—typically reductions in public investments. Another is that membership of the CEMAC ties the country's economic fortunes to those of its dominant member (Cameroon) as well as to the fortunes of oil-dependent CEMAC member states (Chad, Gabon, Equatorial Guinea, and the Republic of Congo).

62. **The CAR economy has always struggled with its geographic position as a landlocked and barely accessible country, leaving the economy informal and dominated by the primary sector.** Before the crisis, it made up an estimated 54 percent of GDP; in 2016, this was even higher: 59 percent. The tertiary sector is the second most important contributor to GDP, contributing approximately one-third, followed by the secondary sector (which includes extractives) that only contributes 12–15 percent of GDP. The economy is highly informal as evidenced by the fact that in 2011 only 269 firms were formally registered with the Ministry of Commerce as present in

Bangui, a city with 800,000 inhabitants. Of these, 5 firms had more than 100 employees and 45 between 20 and 99 employees.

63. **Within the primary sector, subsistence agriculture, livestock rearing, and hunting and fishing are key activities contributing, respectively, 32, 14, and 8 percent to overall GDP in 2016.** Relative to these activities, cash crop production and forestry are surprisingly unimportant, with contributions to GDP of only 1 percent and 3 percent, respectively. Cash crop production never contributed much to GDP, but forestry contributed as much as 8 percent in 2000, suggesting significant growth potential. At the time, forestry represented roughly half of total exports and generated about 10 percent of state revenues. It also employed a significant workforce in remote regions, accounting for about 4,000 direct jobs and 6,000 indirect jobs making the sector second largest formal employer, after the public sector.

64. **The secondary sector is small and, despite an abundance of mining potential,<sup>59</sup> is dominated by manufacturing and construction.** Manufacturing contributed 6 percent to GDP in 2016 and comprises breweries, sawmills, textile, and leather factories; chemical producers; construction material producers; and other light industries. Construction contributed 4 percent to GDP while mining contributed only 1 percent. The relatively small contribution of the sector is partly because no industrial-scale mining takes place in CAR but is plausibly also because much of the production remains unregistered. Even before the crisis, mining did not contribute much to GDP, an estimated 3 percent for instance in 2000. Public utilities (the production of hydropower primarily) contribute approximately 1 percent to GDP.

65. **The tertiary sector is dominated by commerce.** The composition of GDP thus leaves the distinct impression of an economy driven by smallholder agricultural production with a heavy dependence on natural resources in the form of forestry, hunting/gathering, or artisanal mining. This is confirmed by other information. The economy is barely urbanized; infrastructure is poorly developed as are the banking system; and commercial mining has not taken root despite an abundance of minerals (gold, iron ore, phosphate, nickel, cobalt, copper, coltan, tin, tungsten, diamonds, uranium, oil). Exports are not only low (5 percent of GDP in 2016; 16 percent in 2000), they primarily comprise unprocessed primary products. Taxes on timber concessions and export duties on diamonds and gold together amounted to 10 percent of total revenue during 2010–2012. However, this share dropped to just 1.5 percent in 2015, as the Government ceased to collect mining fees after 2011 while the impact of the crisis halved revenue from forestry concessions.

66. **The ability to trade (legally) has further declined since the crisis.** According to the World Bank's Doing Business report (2018), CAR now ranks 184 out of 190 in the 'trade across borders' subindicator. The Government has traditionally raised revenue through import tariffs, but this has proved challenging in the increasingly strong informal context in which customs now operate. This does not make legal trade easier; rebel groups cross the border much more easily with stolen (cattle) or illegal goods (diamonds) than legal trade leaves the country. It can even be argued that the economy is selectively integrated into the world market as shadow markets on small arms, poached animals, gold, and diamonds have gained traction due to the crisis and also due to various embargoes (UN Resolutions 2127 and 2134) and restrictions (partly suspension

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<sup>59</sup> The U.S. Geological Services estimates that the country could produce up to 840,000 carats annually.

from the Kimberley Process). On the positive side, CAR’s membership in CEMAC leads to some common trade rules, which could help raise standards if implemented.

**Table 2.1: Exports as percentage of GDP**

	2000	2011	2016
Total	18.0	9.6	5.8
Diamonds	7.0	2.9	1.4
Wood	7.6	4.1	2.2
Coffee	1.0	0.1	0.3
Cotton	1.2	0.7	0.0
Other exports	1.2	1.7	1.8

*Source:* IMF 2016.

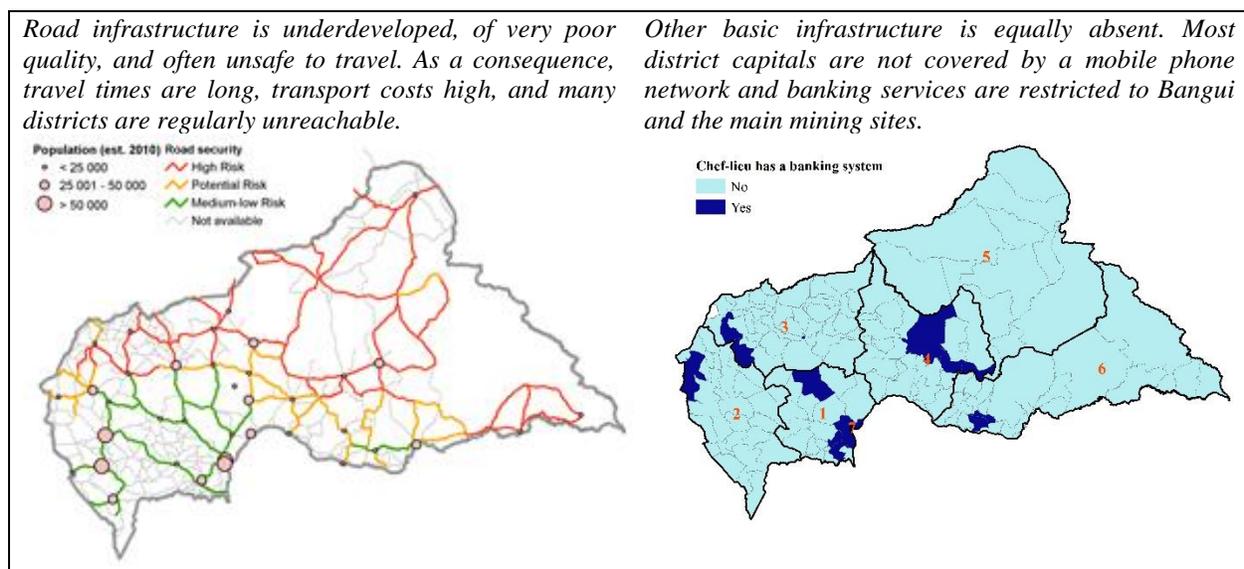
**67. Low rates of access to electricity, even when compared to other SSA economies, suppresses growth across all sectors.** Electricity supply is erratic with many blackouts and is limited to Bangui, a few districts in the neighboring Ombella M’Poko prefectorate, and one district each in Lobaye and Basse-Kotto prefectorates. Bangui experiences rolling blackouts for up to 16–18 hours each day. Total installed capacity is 25 MW, of which 18 MW are available. Just 8 percent of the population has access to electricity, with close to no access (under 2 percent) outside of the capital. Despite considerable hydropower potential, electricity is even scarcer and largely reliant on diesel generators. Firms that require reliable electricity are compelled to purchase their own generators, greatly increasing production costs. This systematically discourages investment in more sophisticated industrial or service activities and prevents the economy from diversifying away from low value-added agricultural commodities and natural resources. Doing Business highlights electricity as a major constraint, with costs more than three times higher than the Sub-Saharan average and minimal reliability of supply and tariff transparency.

**68. The road network, even though the backbone of the transport system, is underdeveloped and in poor condition.** Even though roads account for 90 percent of total transportation, road network density is low at only 1.5 km per 100 km<sup>2</sup> (compared to an average for Sub-Saharan Africa of 15 km per 100 km<sup>2</sup>). Paved roads are few (855 km) and most are in poor condition. The road between Bangui and the port of Douala in Cameroon is the country’s most vital trade link but even this road is not fully paved, and the prevalence of administrative barriers (both formal and informal) and security risks exacerbate the costs imposed by poor road conditions. Transit times are extremely high at around 63 days for imports and 54 days for exports. Rural tracks in forest areas are often privately managed by logging companies, whose incentives are tightly focused on their own operations rather than the needs of the local economy. Rural tracks in agricultural areas suffer from the absence of maintenance. Low density and low-quality mean that transport costs are high and that much of the country is effectively beyond the reach of the road network and lacks access to markets and basic services. For instance, half of the districts report in 2016 that roads to Bangui are only accessible for some months of the year with 50 percent reporting that roads are inaccessible four to six months of the year.

**69. The air transport sector in CAR remains underdeveloped.** Given the vast land mass, and the low-density, poor-quality road network, air transport has the potential to play an important role in improving connectivity and delivering cargo. However, out of a total of 42 airfields in the

country, only 4 are paved (Bangui, Berberati, Bouar, and Avakaba). Safety and security and compliance with International Civil Aviation Organization (ICAO) Standards and Recommended Practices are a primary concern. An alternative to transport by plane are airships, which like small planes have the advantage of being able to reach remote areas with little road infrastructure. Airships could potentially carry more cargo than small airplanes or ensure the delivery of humanitarian and other supplies to remote communities.

**Figure 2.13: Infrastructure**



Source: Road security categories based on UN MINUSCA Map No. 484R8 (April 2017), roads (DeLorme 2015 and author's modifications), and populated places based on data developed in (Blankespoor, Khan, and Selod, in prep.); other graphs ENMC, ICASEES 2017.

70. **The information and communication technology (ICT) sector is one of the least developed in SSA.** Despite competition among four active mobile operators, only 4 out of 10 district capitals have at least one mobile phone provider in the district capital.<sup>60</sup> With an active mobile connection penetration rate of 36 percent at the end of 2016,<sup>61</sup> compared to 71 percent for SSA, the ICT sector is one of the weakest in SSA. Although 3G was launched in February 2013, mobile 3G connection penetration stands at 1 percent, compared to 11 percent for SSA. Phone networks covered only around 60 percent of the population at the end of 2016. Prices remain unaffordable for the majority of consumers: the yearly cost of a basket of mobile services represents 43 percent of the average GNI per capita according to the International Telecommunications Union (ITU), and CAR ranks 182 for mobile affordability.

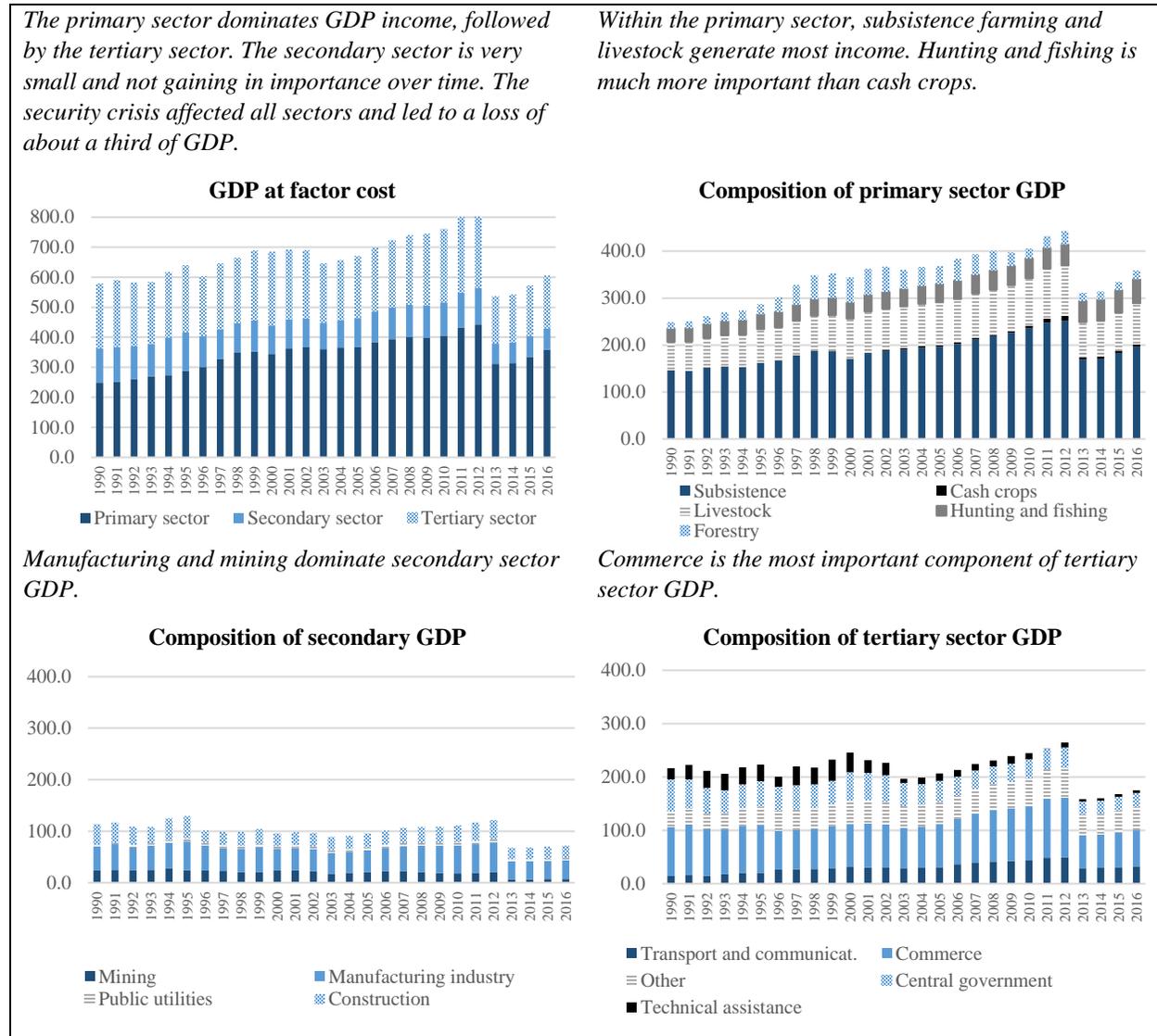
71. **CAR has the smallest financial sector in the entire CEMAC region.** The most recent information (2012) lists four commercial banks, two savings banks, and two micro-finance institutions. The ease of getting credit declined by six ranks from 2013 to 2014, according to the World Bank's 2015 Doing Business report. Theoretically, the supervision of the banking sector is well regulated in the framework of the CEMAC institutions. Legal underpinnings for the banking system and capital market exist, under the supervision and control of the *Commission Bancaire de*

<sup>60</sup> In CAR, reported mobile phone providers are TELECEL, MOOV, ORANGE, AZUR, and SOCATEL.

<sup>61</sup> 22 percent when correcting for the multi-SIM effect.

*l'Afrique Centrale*, which is associated with the BEAC, but the market is poorly differentiated and offers scant opportunities for domestic investors. The risk to investment posed by the violent crisis has spiked in this sector.

**Figure 2.14: GDP and GDP composition 1990–2016**



Source: IMF 2016.

**Table 2.2: Selected economic and financial indicators**

	2014	2015	2016	2017		2018	2019	2020	2021	2022
			Est.	2nd Review	Proj.			Proj.		
(Annual percentage change; unless otherwise indicated)										
<b>National income and prices</b>										
GDP at constant prices	1.0	4.8	4.5	4.7	4.0	4.0	4.0	4.0	4.0	4.0
GDP per capita at constant prices	-0.9	2.8	2.6	2.7	2.1	2.0	2.1	2.0	2.0	2.0
GDP at current prices	12.2	11.3	11.1	10.6	7.7	7.9	7.3	7.1	7.0	7.0
GDP deflator	11.1	6.2	6.3	2.7	3.5	3.8	3.1	3.0	2.9	2.9
CPI (annual average)	11.6	4.5	4.6	3.8	3.8	3.5	3.2	3.0	3.0	3.0
CPI (end-of-period)	9.7	4.8	4.7	3.6	3.6	3.6	3.4	3.0	3.0	3.0
<b>Money and credit</b>										
Broad money	14.6	5.3	5.8	8.7	1.1	5.1	7.9	7.1	7.0	7.0
Credit to the economy	4.0	-0.2	17.5	25.8	17.5	16.2	11.9	12.4	9.7	9.3
<b>External sector</b>										
Export volume of goods	-28.1	4.9	23.2	7.5	17.7	11.8	8.6	7.5	6.1	6.2
Import volume of goods	78.3	23.0	24.1	5.1	6.4	7.7	4.5	1.0	3.8	3.8
Terms of trade	8.8	31.4	24.9	-11.4	-10.9	-0.8	-1.4	-0.8	1.8	-0.4
(Percent of GDP; unless otherwise indicated)										
<b>Gross national savings</b>										
Gross national savings	4.6	4.9	4.6	5.6	4.9	5.7	7.1	8.2	9.1	9.9
<i>Of which: current official transfers</i>	8.7	3.3	3.7	2.6	3.2	3.1	2.9	2.1	1.7	1.5
<b>Gross domestic savings</b>										
Gross domestic savings	-14.3	-8.0	-5.2	-3.7	-5.9	-4.7	-3.0	-1.3	-0.1	0.9
Government	-5.3	-2.8	-1.0	-1.0	-1.0	-0.2	0.2	0.5	0.9	1.4
Private sector	-9.0	-5.2	-4.1	-2.7	-5.0	-4.5	-3.2	-1.8	-1.0	-0.5
<b>Consumption</b>										
Consumption	114.3	108.0	105.2	103.7	105.9	104.7	103.0	101.3	100.1	99.1
Government	8.2	7.7	7.3	7.1	7.3	7.3	7.3	7.3	7.3	7.2
Private sector	106.1	100.4	97.9	96.6	98.6	97.4	95.7	94.0	92.8	91.9
<b>Gross investment</b>										
Gross investment	10.2	13.9	13.7	15.4	13.4	14.0	14.6	14.9	15.0	15.3
Government	2.1	4.7	3.1	4.5	4.3	5.0	5.5	5.9	5.9	6.3
Private sector	8.1	9.3	10.6	10.9	9.0	9.0	9.0	9.0	9.0	9.0
<b>External current account balance</b>										
<i>with grants</i>	-5.6	-9.0	-9.1	-9.7	-8.5	-8.4	-7.5	-6.7	-5.9	-5.4
<i>without grants</i>	-16.8	-14.9	-14.4	-14.7	-14.2	-13.9	-12.9	-11.6	-10.5	-10.0
Overall balance of payments	3.9	-2.2	0.9	-1.3	-1.2	-2.5	-1.2	0.2	0.6	0.9
<b>Central government finance</b>										
Total revenue (including grants)	15.7	14.3	14.1	14.2	15.0	16.0	16.3	16.1	16.1	16.7
<i>of which: domestic revenue</i>	4.9	7.1	8.2	8.9	9.1	9.6	9.9	10.2	10.5	10.9
Total expenditure <sup>1</sup>	12.7	14.9	12.6	14.5	14.6	14.9	15.4	15.7	15.7	16.0
<i>of which: capital spending</i>	2.1	4.7	3.1	4.5	4.3	5.0	5.5	5.9	5.9	6.3
<b>Overall balance</b>										
Excluding grants	-7.8	-7.8	-4.4	-5.6	-5.5	-5.4	-5.5	-5.5	-5.2	-5.1
Including grants	3.0	-0.6	1.6	-0.3	0.4	1.0	0.9	0.4	0.4	0.8
Domestic primary balance <sup>2</sup>	-5.1	-3.0	-1.1	-1.9	-1.7	-1.4	-1.1	-0.9	-0.5	0.0
<b>Public sector debt</b>										
Public sector debt	69.2	64.0	56.0	38.8	51.8	47.0	42.9	39.6	36.6	33.4
<i>Of which: domestic debt</i> <sup>3</sup>	31.5	30.7	26.3	21.8	23.1	20.3	17.9	16.1	14.5	12.6
<b>CEMAC Foreign Reserves</b>										
(US\$ billions, end-of-period)	15.8	10.3	5.0	5.6	5.9	7.2	8.4	10.0	10.8	11.5
(in months of extrazone imports)	5.8	4.8	2.2	2.7	2.7	3.0	3.6	4.2	4.5	4.7
<b>Nominal GDP (CFAF billions)</b>										
Nominal GDP (CFAF billions)	842	937	1,041	1,152	1,121	1,209	1,298	1,390	1,487	1,592

Source: IMF 2017. IMF Country Report No. 17/407.

### 3 PATHWAYS TO STABILITY AND POVERTY REDUCTION

#### 3.1 ANALYTICAL FRAMEWORK

72. **CAR is not short of challenges.** The country is landlocked, population density is low, Government and institutional capacity is limited, and citizens lack quality education, are inadequately nourished, and the social fabric is eroded. The state controls only part of the territory while a plethora of ever fragmenting armed and criminal groups remain active outside the state-controlled areas. In the absence of an effective state authority in most parts of the country, armed groups prey on communities, compete for control over land and resources, hinder aid delivery to those in need, and prevent economic drivers, such as seasonal transhumance. A whopping 25 percent of the population is displaced, the country's main economic sectors fail to recover, and the infrastructure deficit is enormous. Still, not all is negative. There are ample natural resources: minerals and agricultural (including grazing for livestock) and hydro-potential; there is a democratically elected Government that can count on enormous donor support to pacify and rebuild the country. The presence of a large UN peacekeeping mission helps gradually increase state capacity and legitimacy, improve service delivery, and reduce opportunities for rent extraction through the gun.

73. **Transitioning out of the existing bad situation into one where the Government is rule bound, supported by a capable bureaucracy, and incentivized to address popular grievances requires walking a razor's edge.** The nation needs stability for service delivery and growth to take place but as long as relations are personalized (as opposed to subject to the rule of law), stability requires the co-optation of a large number of powerbrokers, making high levels of corruption and rent seeking the price for stability. But, if corruption is not contained, and if the civil service does not adopt a longer-term perspective, planning will fail, growth will remain sluggish, services will remain undelivered, and the grievances of citizens will remain unaddressed. Too little co-optation and the country will fail; too much corruption and the country will fail as well. In between both extremes, there may be a path toward sustainable peace and poverty reduction—a path in which powerful players are sufficiently co-opted, civil servants are sufficiently motivated, adequate levels of growth are attained, and aggrieved citizens are sufficiently served. Carving out this path and walking it will be challenging and immensely rewarding if it is done successfully.

74. **The point of departure for the analysis in this SCD is how to sustainably increase the level of consumption of households to reduce poverty.**<sup>62</sup> Increased household consumption can be brought about through (humanitarian and stabilization) assistance and other transfers. Presently there is great need for such mechanisms. More sustainable solutions to poverty reduction require lifting the budget constraint of households through income growth. Given the high levels of insecurity, income growth cannot be considered independent from the need to create stability. Insecurity not only affects the potential to generate income, stability is itself an outcome of the presence of income-generating opportunities as the availability of (alternative) sources of income reduce the motivation of armed group leaders and of their foot soldiers to perpetuate the conflict.

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<sup>62</sup> As the incidence of poverty at the international poverty line exceeds 40 percent of the population, this SCD focuses only on the first of the twin goals of the World Bank. In many circumstances, (un)conditional cash transfers have proved to be a powerful mechanism to increase incomes as well as consumption.

Or, following the logic of the 2011 WDR on conflict security and development, income growth and stability create a virtuous cycle of accelerated poverty reduction. This twin and interlinked objective is reflected in the triangle at the top of the analytical framework presented in Figure 3.1.<sup>63</sup>

**75. To attain the twin objective of stabilization and income growth, three pillars are identified: security (creating an environment in which development can take place), addressing grievances and equity in service provision, and economic growth and job creation.** Improving security is the first and most critical pillar as persistent insecurity is arguably the biggest obstacle to poverty reduction. Every new violent clash between armed groups leads to additional displacement; looting and destruction of service provision facilities; and departure of staff (either private sector, state, or NGO staff). It is followed by addressing grievances and promoting equity in service delivery. It is not only an important contributor to stability (it takes away reasons to opportunistically support armed groups) but is also critical for poverty reduction as it improves human capital (the main source of capital for the poor) and the ability of households to engage in productive activities. Social transfers are included here as they directly increase incomes and strengthen household productive capacity. Promoting growth and job creation is the third and last pillar. It is critical because as long as growth remains lukewarm, the attraction to earn an income through illicit means remains, putting stabilization in jeopardy. It is last, because if the preconditions for growth are not met (stability and key grievances addressed) the likelihood is slim that growth-oriented investments will yield a positive return.

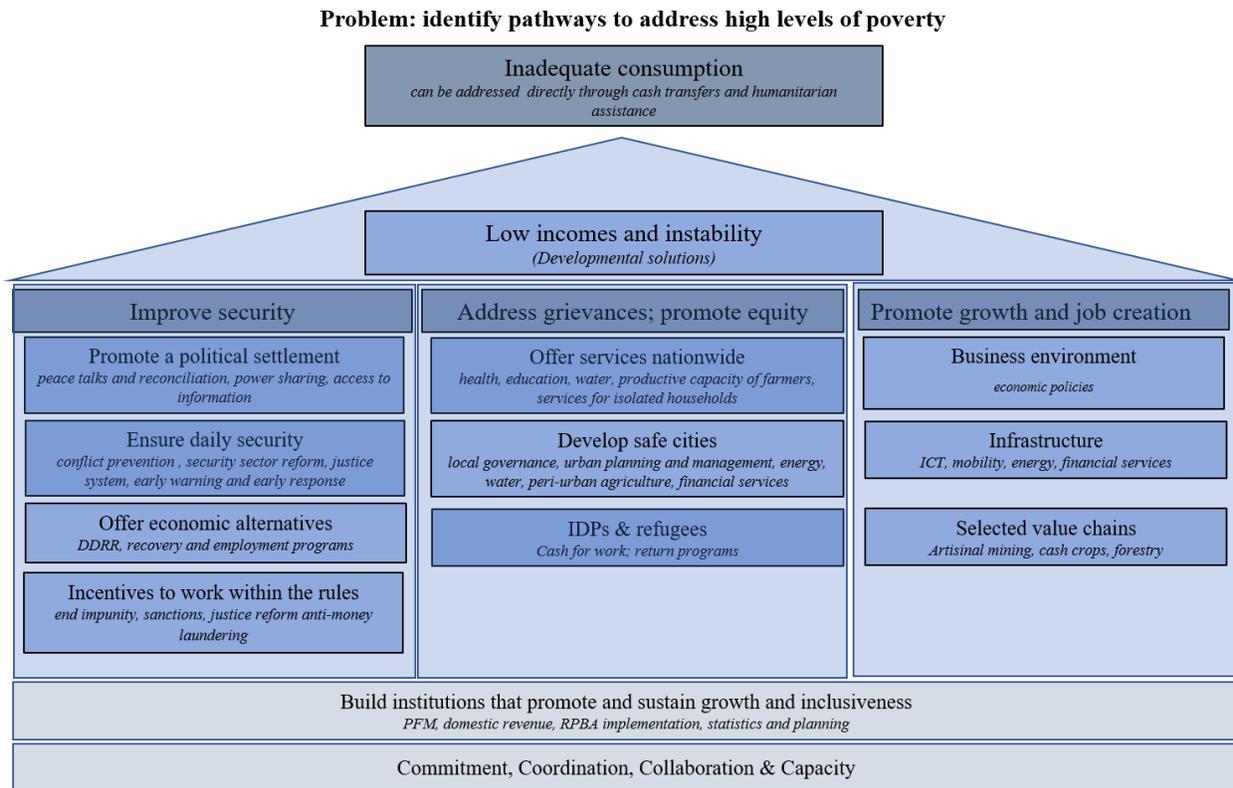
**76. The three pillars are closely aligned with those identified in the 2016 WDR on governance and law.** Like this SCD, this WDR defines a sustainable political settlement as one that frees citizens from the constant threat of violence (*security*), which promotes prosperity (*growth*), while adopting acceptable rules on how prosperity is shared (*equity*). The WDR operationalizes these concepts by arguing that achieving security requires *commitment* (else power brokers have no reason to abide by the rule of law); attaining growth requires *coordination* (without public institutions that offer coordination, synergies are hard to obtain); and achieving shared prosperity requires *cooperation* (else peace agreements cannot be struck and the ability to deliver services breaks down because of free riding). In our analytical framework, these are put as foundational (along with building inclusive institutions). *Capacity* is added to reflect the importance of the public sector having the ability to deliver, requiring able civil servants who are incentivized to be effective in their jobs. These four conditions are reflected in the analytical framework.

**77. To operationalize this analytical framework further, three aspects are emphasized: (a) the necessity to work in the presence of armed groups, (b) the tension between working nationwide in a context of conflict and low population density, and (c) the urgency of achieving results in the short run.**

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<sup>63</sup> The analytical framework is rooted in the view that defines poverty by low levels of consumption (as the World Bank does), while drawing at the same time from the frameworks of the 2011 WDR on conflict, security, and development as well as the 2017 WDR on governance and the law through its explicit attention to the incentives of those with power (coalition building) as well as the drivers of institutional effectiveness (commitment, coordination, and cooperation in the language of the 2017 WDR). Finally, by taking a spatial perspective to livelihoods, economic opportunities, security, and state presence, the framework borrows from the thinking of the 2009 WDR on reshaping economic geography.

**Figure 3.1: Analytical framework**



### 3.2 WORKING IN THE PRESENCE OF ARMED GROUPS

78. **The ultimate objective for state building is to arrive at a situation in which armed groups give up their weapons and integrate into civilian life.** Only by demilitarizing armed groups can stability be assured. Because it is not likely that the armed groups will be defeated by force anytime soon, it means putting pressure on their resources and operational capacities and creating alternatives to living by the gun, whereby it is important to bear in mind that armed groups are not homogeneous. Appropriate solutions need to be found for top leadership, intermediate management, combatants, and support groups (for example, suppliers, families, women victims of sexual exploitation). While the leadership may be seeking political gains and stable rents, most combatants will be more interested in taking up licit ways of income generation through integration into uniformed services or reintegration into civil life.

79. **A pragmatic approach to working in the presence of armed groups seems feasible.** The number of combatants is limited; armed groups lack ideological objectives and are not opposed to public service provision. In most cases the ideology and objectives of the groups center on self-enrichment, political power, self-defense, or addressing the marginalization of the certain regions. Anti-Balaka self-defense groups and Séléka groups such as the FPRC are more or less rooted in their communities and all have either a positive or an indifferent attitude toward service delivery. The Séléka was fueled by frustration about state neglect, and its combatants benefit from some basic services (for example, hospitals' emergency rooms after violent clashes). The LRA has

no political agenda in CAR. As none of these groups has an anti-service delivery ideology, it is most often possible to deliver services in their presence.<sup>64</sup>

80. **Armed groups even tolerate some level of local representation by the state.** The same logic that holds for service delivery extends to the presence of the state at the local level. Despite 14 of the 16 prefectorates being at least partly controlled by armed groups, the state is formally represented in each of them, by a préfet, sous-préfet, and support staff. Their impact may be limited, more due to lack of staff and funds to run activities than to obstruction by armed groups.<sup>65</sup> Even in Ndélé, the capital of the Bamingui-Bangoran prefectorate at the heart of the Séléka stronghold, local government staff, including a préfet who represents central government, are still active.

81. **The indifference toward public service provision by armed groups offers an avenue to building state legitimacy and could offer an incremental approach to peacebuilding that allows armed groups to transform from de facto local governments to more formal (local, accountable) forms of representation.** By constructing and rehabilitating basic infrastructure (roads, water and sanitation, electricity, and telecom), supporting social service delivery (health care, education, and preventive services), and facilitating income-generating activities, the state can assert its presence in ways that are not threatening to armed groups. Even though service delivery in non-state-controlled areas carries with it the risk of legitimizing armed groups leaders, it is also a first step toward state building when implemented with a close attention to perceptions and local understanding of the process. This impact of service delivery on local political settlement needs to be acknowledged and factored in, as should be the high risk that part of the resources generated by service delivery will be directly or indirectly captured by armed groups.<sup>66</sup>

82. **Encouraging participation of armed groups members in local governance, through decentralization, or in natural resources management offers an avenue to normalization.** It may be relatively straightforward to create space for (disarmed) armed group elements at the local level because many armed groups have localized support. Moreover, local elections never took place before, so there is no opposition from vested interests against participation by former armed group elements in them, unlike at the national level. But local elections involve decentralization, a process which is entirely at its infancy. In addition, participation in local governance is only attractive for armed group members if it offers sufficient benefits in terms of prestige, income, or ability to capture rents. Opportunities for rent extraction from social services will be limited (and should be avoided as it goes at the expense of service delivery) and unlikely to exceed current rents from road blocks, cattle taxation, and controlling mining sites. Because armed group elements would have to disarm before participating in elections and are unlikely to receive immunity for any crimes committed, the approach of co-opting them through inclusion in local government is

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<sup>64</sup> This already happens on a routine basis. World Bank's Londo project regularly talks to local armed groups to assure smooth project implementation. Road surveyors and enumerators for the statistical office have received assurances from armed groups for safe passage. NGOs operate and manage hospitals and provide other services in areas controlled by armed groups. Note however that most services are currently delivered by international actors. The evolution of the conflict will tell whether an increased state presence in service delivery triggers more hostility toward it.

<sup>65</sup> Non-collaboration was limited to instances where state representatives with a military background were appointed to the dissatisfaction of armed groups. For instance, in the Vakaga region, Commandant Léonard Mbele was appointed governor and opposed by the FPRC that is active in the region. By December 2017, Mbele had still not been able to install himself and has been forced to operate from Bangui.

<sup>66</sup> World Bank. 2017. "Social Service Delivery in Violent Contexts—Achieving Results against the Odds."

only likely to work when combined with other incentives (positive ones such as prestige or income or negative ones such as the likelihood of arrest and prosecution).

### 3.3 WORKING NATIONWIDE IN A CONTEXT OF CONFLICT AND LOW POPULATION DENSITY

83. **Effective service delivery is complicated by low population density and the presence of sub-populations (nomadic people, displaced people, and those living in camps) who need services tailored to their circumstances.** With 622,980 square km, CAR is the 42nd largest country in the world. At the same time, CAR is the world's 118th largest country in terms of population (4.9 million). In combination, it implies that CAR has one of the lowest population densities in the world, with 8 inhabitants per square kilometer compared with 42 inhabitants per square kilometer for SSA and 57 inhabitants per square kilometer worldwide. There is huge variation within the country in the concentration of the population: 16 percent of the population lives in Bangui, on 0.01 percent of the territory;<sup>67</sup> nearly 60 percent of the population lives on 10 percent of the territory. The other 40 percent live dispersed across the remaining 90 percent of the country. In the extreme case of the less dense areas, 10 percent of the population is dispersed over 60 percent of the territory. The low population density is one of the many challenges for service delivery.

84. **Urban areas are likely to be the first to be stabilized.** The security forces, even when retrained and reinforced, can only secure a limited number of localities. So, as insecurity remains widespread a development strategy that focuses on urban areas and centers of economic activity (mining sites) makes pragmatic sense, even though the majority of the population lives in rural areas and despite the fact that a typical process of structural transformation would start by raising rural productivity. Still even low levels of urbanization have positive spillover effects for rural growth by increasing demand for agricultural produce and by providing cash and knowledge for productive investments in rural areas. When urban areas indeed become centers of (relative) productivity (incomes tend to be higher in urban areas), jobs, growth, and innovation, the incomes and profits that are earned will contribute to the stabilization of the country. Particularly when the benefits of growth are shared between citizens and elites (including representatives from armed groups)<sup>68</sup> can an urban growth strategy contribute to a self-sustaining peace process.

85. **An urban development strategy will need to be spatially balanced.** Apart from Bangui, cities tend to be small. In fact, with less than a million inhabitants even Bangui is a small city. Yet typically urban populations are less than 50,000 people (Berberati is an exception with around 100,000 inhabitants). In the less populated north and east of the country, urban areas tend to be particularly small, often with less than 20,000 inhabitants. To avoid grievances, an urban development approach cannot simply focus on the largest cities but needs to cover the smaller ones, most of which are in the previously neglected zones of the country. Such small urban areas can well serve as testing grounds in which state, local governance structures (traditional authorities, civil society), and former armed groups interact and jointly solve problems. Through

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<sup>67</sup> Foch, A., and X. Decoster. 2017. "Recommandations pour l'élaboration de la stratégie de service universel en République Centrafricaine."

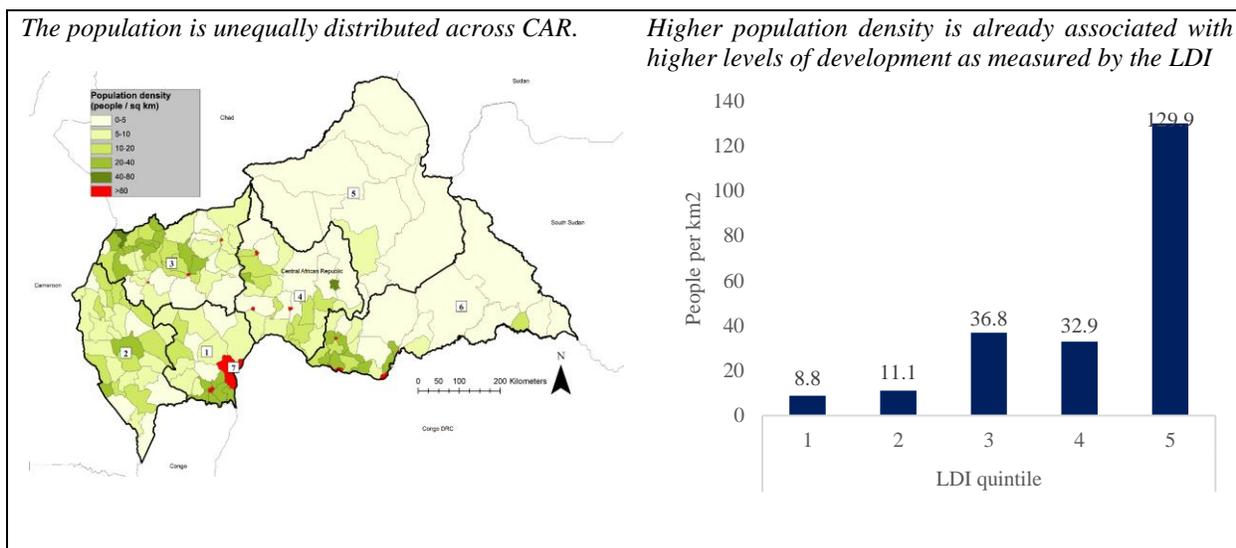
<sup>68</sup> On how self-sustaining peace may emerge from a situation of violence see Douglass C. North, John Joseph Wallis, and Barry R. Weingast. 2013. *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. Cambridge University Press.

repeated interaction, trust may be built and cooperation established that could gradually be extended beyond the confines of the city.

86. **Urbanization should never be forced but secure and functional cities can be expected to attract rural-urban migrants and displaced people.** In ordinary circumstances, the move from rural to urban areas is typically generational, with the next generation seeking jobs outside agriculture and moving to town. Urbanization can be facilitated by enabling the forcibly displaced to settle in urban areas and creating boarding schools for those from rural areas who qualify for vocational, secondary, or tertiary education.

87. **With widespread insecurity in rural areas preventing households from saving and investing in their livelihoods, many moved to urban areas in search of safety.** Of those who sought refuge in or near urban areas, many will want to return to their locations of origin, and they should be allowed to do so, but many may want to remain where they currently are.<sup>69</sup> From a perspective of densifying the country, the presence of large numbers of displaced people in urban centers presents an opportunity. What it would take for migrants and forcibly displaced people to settle voluntarily in urban areas would need to be investigated, but a combination of pull factors (security, land on which to build a home and grow some (garden) crops, access to labor-intensive public works for construction to provide income opportunities, access to basic services such as education and health and justice) could be the right incentives.

**Figure 3.2: Population density and service delivery**



Source: 2017 ENMC survey.

88. **While an urban strategy may be borne out of the necessity to start in areas that are relatively secure, rural areas cannot be ignored as agriculture has huge potential and as subsistence agriculture is the backbone of the economy and the main source of livelihoods for the poor.** Agriculture accounts for 45 percent of GDP, 70 percent of employment, and more

<sup>69</sup> This desire to stay may be for multiple reasons, including push factors such as associations with traumatic experiences in place of origin, a changed demographic make-up in the place of origin seen as unwelcoming to returnees, or pull factors including the creation of new economic and social roots in the new environment.

than 75 percent of domestic food consumption. About 7 in 10 households are headed by farmers. Food production—while largely inadequate due to persistent insecurity—represents roughly 30 percent of GDP and 61 percent of agricultural output. Livestock contributes another 15 percent to GDP. So, despite all the difficulties, agriculture already demonstrates its potential, a potential that could be unlocked relatively easily the moment the security situation improved. Export crops which presently comprise less than 2 percent of GDP, could increase rapidly; food crop production which now barely sustain a population of 5 million, should be in a position to sustain a population of 50 million.

### 3.4 A PRAGMATIC AND INNOVATIVE APPROACH TO DELIVERING SERVICES

89. **Addressing grievances and equity, the second pillar of the analytical framework, requires services provision to citizens.** Service delivery in CAR cannot happen in the same way as in peaceful low-income countries. With a weak central administration, an absence of fiscal space, and no consistent state presence outside of Bangui, in the face of extremely low population density and amid an ongoing conflict, the context calls for a dramatic reconsideration of the approach to service provision.

90. **Institutions do not need to be rebuilt before services can be delivered, but service delivery is a first step toward rebuilding institutions.** Delivering services is not about reinstalling services and institutions, as they often never existed locally, nor is it only about patiently building capacities in line ministries, as it would result in a continued focus on Bangui. It is about being innovative, agile, and sufficiently aware of the political and security context. Capacity building and technical assistance are important, but the internal political process and the progressive appropriation of institutions by communities and society is even more so. This is the condition on which a ‘social contract’ between the state and the CAR’s population can be rebuilt. Consequently, it is imperative that service delivery restarts, even when the capacities of central ministries remain weak and inadequate. Reconstructing the state is not a stepwise problem in which institutions are rebuilt first and services delivered thereafter, but a consecutive problem in which institution building (at the national and local level) and service delivery go hand in hand. This necessitates pragmatic approach that privileges best fit.

91. **The appropriate role of the public sector needs to be identified.** With limited state capacity, approaches that avoid centralized, state-led service provision seem most suited. It would limit the role of the public sector to financing, standard setting, quality control, and regulatory oversight. It entails embracing approaches that empower citizens (voucher systems) and that embrace service provision by whoever is best suited to doing so (private sector, NGOs, civil society organizations, and public sector). It creates space for non-typical service providers including citizens (as in the case of *maîtres-parents* (Box 2.5)) and private institutions such as forest concessions.<sup>70</sup> One way to introduce neutral approaches is through performance-based

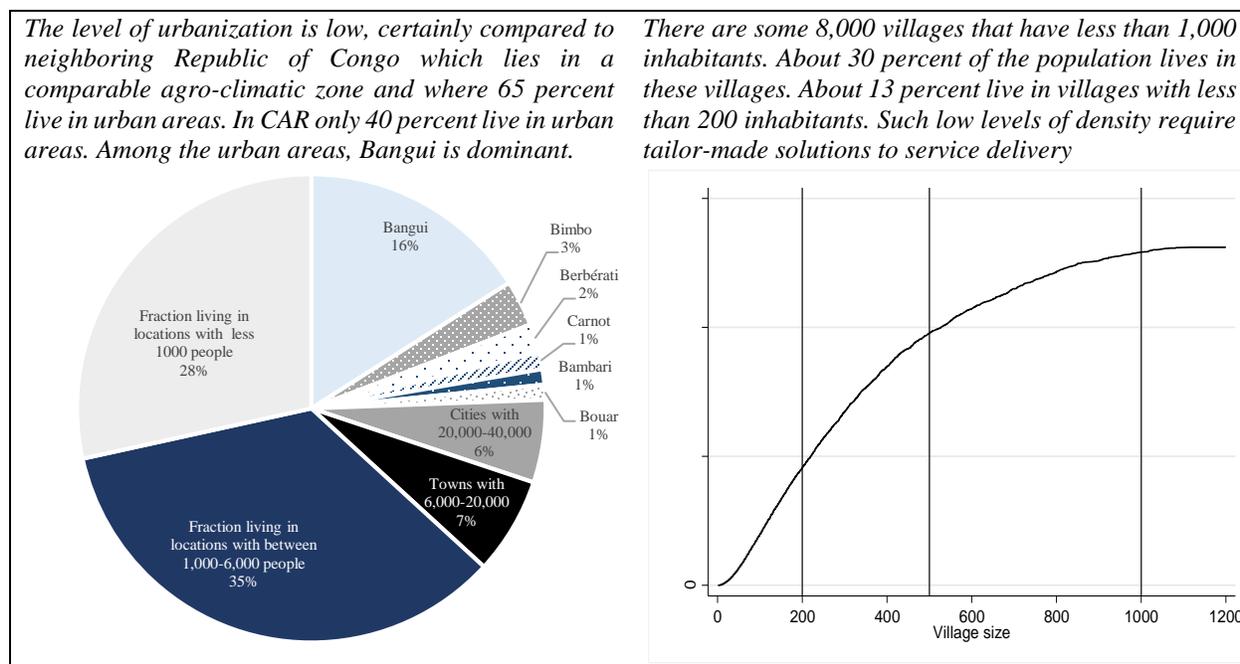
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<sup>70</sup> Existing legislation allows a portion of the tax revenue from forestry activities to be allocated to local municipalities and forest communities. If they were effectively paid, reached the intended communities, and were properly managed, these resources could make a major contribution to local social and economic development in forestry regions (CFAF 1.5 billion per year estimated). Recovery of the commercial activities and strengthened overall governance in the forestry sector could then directly contribute to economic development and livelihood opportunities of the poor.

financing (PBF), which facilitates public-private partnerships with equal treatment of public, religious, and private providers as long as conditions are met and results achieved.<sup>71</sup>

92. **Integrated solutions are needed.** In a context where little functions, different aspects need to be resolved simultaneously. Just to illustrate: the water utility’s (SODECA) facilities (pumping stations and water treatment plants) run with electricity provided by ENERCA. SODECA has to pay for this, and this requires SODECA’s customers to pay for their water consumption, which is challenging; especially in the absence of a functional financial system. The main customer—the public administration lacks money and typically does not pay its bills. Moreover, without the ability to pay salaries locally, staff who moved to Bangui to escape insecurity are not easily enticed to return, leading to understaffing. The financial sector, in turn, is unlikely to start operations unless reliable electricity is offered along with robust telecommunication links (also requiring electricity) and unless security (requiring telecommunications) is guaranteed.

**Figure 3.3: Low population density requires innovative solutions to service delivery**



Source: 2003 census.

93. **Conflict-resistant approaches to service delivery need to be considered.** The continued risk of a disruption of supply lines because of ongoing insecurity is reason to adopt technologies that are less input dependent. Hydropower and solar power generation<sup>72</sup> may, for these reasons, be preferred over thermo-based solutions. (Even at the height of the conflict, Bangui kept having electricity thanks to the Mbali dam.) Low population density provides an additional argument to adopt stand-alone, decentralized solutions. These include solar lamps, ceramic water filters, or bicycles and motorbikes to transport goods and people. The advantage of such decentralized

<sup>71</sup> For evidence on the success of PBF financing in health in CAR visit, <http://www.fbr-rca.com/>. Also see: Soeters, R., and C. Kimanuka. 2016. “The Potential of Performance-based Financing during a Crisis. A Comparison with the Traditional Emergency Medical Assistance Approach in the Central African Republic.”

<sup>72</sup> In the northeastern and central areas, the country typically enjoys 10 to 12 hours of usable sunlight, making solar power a valuable proposition in isolated rural areas and small towns.

solutions is that, even though some may get stolen, they cannot be controlled, destroyed, or used for rent extraction by armed groups. This is unlike electricity networks, bridges, or water points.

94. **Involving local communities can make projects more resistant to insecurity.** Road rehabilitation can serve as an illustration. The traditional approach to road rehabilitation is that central ministries select roads in need of improvement, prepare detailed engineering studies, and then select civil works contractors to carry out the works. It typically results in a relatively small number of roads being rebuilt, often at excessively high technical standards and at a high cost per kilometer. There is little involvement of local communities, except perhaps during the construction when contractors hire local unskilled labor. Yet local populations can often travel on roads even when they are poorly maintained, and problems occur locally at ‘black spots’ which are well known by local communities. An adapted approach could look as follows: road committees are formed at the local level, with participation of leading citizens (farmers and traders) who depend on functioning local roads. These road committees identify a road workforce and receive a contract for ensuring a certain minimum service level.

**Table 3.1: Means of transport with indicative characteristics and important requirements**

	Cost price (US\$ relative)	Load (kg)	Range (km)	Cost/ton/km (US\$ relative)	Animal and vet services	Mechanics	Good roads or tracks
Carrying/headload	0	20	10	1.5	None	None	Low
Handcart	60	150	5	0.35	None	Low	Medium
Donkey	60	80	20	0.7	High	None	Low
Bicycle	100	60	20	0.6	None	Medium	Medium
Donkey cart	300	400	15	0.6	High	Medium	Medium
Horse cart	500	1,000	15	0.6	High	Medium	Medium
Ox cart	500	1,000	10	0.2	High	Medium	Medium
Motorcycle	900	100	50	1.3	None	High	Medium
Pick-up	12,000	1,200	80	0.7	None	High	High
Light truck	60,000	12,000	80	0.5	None	High	High

*Source:* Starkey, P., S. Ellis, J. Hine, and A. Ternell, et al. 2002. “Improving Rural Mobility. Options for Developing Motorized and Non-Motorized Transport in Rural Areas.” World Bank Technical Papers 525.

95. **Local context and best fit needs to be considered before making investment decisions.** Consider, for instance, the issue of road construction. Even in the high-productivity production basins, it is not evident that rural roads need to be dimensioned for carrying trucks. Given low levels of population density, low levels of production, and the fact that markets for food crops are thin in any case because most households in rural areas are self-sufficient in food, the option to move goods and people on a bicycle or motorbike will typically suffice (see Table 3.1). Bringing cotton to collection points by motorbike, for instance, may at first sight not seem efficient as multiple trips would be needed. However, cotton producer groups tend to produce as little as 16 tons of cotton, a quantity that is more efficiently transported using motorbikes than with trucks that are only partially loaded. If the implication of lower road dimensionality is fewer outlays for investments and more jobs and productive assets for local people (as opposed to the cotton company or a transport company), the trade-off in favor of bicycles and motor bikes is appealing.

96. **The Londo project presents one illustration of a project adapted to the context in which it operates.** By creating temporary jobs for 35,000 people in all of the country's sous-prefectorates, the Londo has a very simple design that allows it to be effective and leave a clear footprint as 5–7 percent of all households in the county have a family member working in the program. Londo's nationwide presence, its ability to deploy quickly to new (emergency) areas, its public lottery system used to decide who wins the right to participate in the scheme and transparent approaches, allow the project to tangibly contribute to improved social cohesion, a restoration of the legitimacy of public authorities while repairing some critical infrastructure (roads and landing strips) at the same time. By investing in bicycles that are offered to its beneficiaries instead of in trucking services to take beneficiaries to worksites, the project increases significantly the stock of bicycles in the country and thus contributes to increased mobility. And by leaving the used tools (wheelbarrows, pickaxes, and spades) for use by the local authorities, the project creates space for future comparable activities.

**Box 3.1: Complementarities between development, security, and humanitarian actors**

In CAR many humanitarian agencies are active. To get a sense of their importance, in 2016 these agencies were funded to the tune of US\$205 million, roughly the equivalent of the entire Government spending that year, estimated at US\$210 million. The large footprint of humanitarian agencies is no surprise. As long as the conflict continues and the state presence remains partial, emergency demands will remain to provide the basics for survival: water, sanitation, food, shelter, and health care. Away from the main fighting, the priority is to assist people who have been displaced, prevent the spread of conflict, support relief work, prepare for rehabilitation and in some instances also education.

With the successful completion of elections and the adoption of the NRPBP, there is increasing pressure to transition from short-term humanitarian assistance to development assistance that focuses on reconstruction, the regular provision of public services, decentralization, DDR and SSR, governance, and economic development. It would clearly be advantageous if such a transition could be made in the coming years to ensure that external aid contributes in a more decisive way to state building, state legitimacy, and local capacity building.

As long as security conditions have not normalized, and during a transitional period, the co-delivery of humanitarian and development aid will remain a reality. Development actors often lack the institutional capacity to deal with armed groups and for the securitization of operations, people, and facilities, and in the CAR context they generally have a light footprint outside of Bangui (compared to humanitarian actors). Without flights and logistics offered by humanitarian agencies, development planners would be unable to reach many places. Without the assurance that development staff can benefit from emergency medical services offered by humanitarians, few would be prepared to go and work. Without logistical services from MINUSCA, most projects would quickly run out of materials. This calls for strong partnerships:

- The UN peacekeeping mission MINUSCA and UN agencies are obviously essential partners. MINUSCA is a multidimensional mission, which means that its mandate covers political and mediation aspects in addition to security. It also coordinates the UN country team. In most areas, the UN peacekeeping mission is the sole official security provider,<sup>73</sup> which reinforces the need for a strengthened partnership in this post-conflict context. This is already the case for the Kaga Bandoro-Ndélé road project, which is implemented by United Nations Office for Project Services under MINUSCA military protection.
- Other development actors—EU, bilaterals—are also key partners, especially those who also have a political mandate.
- Humanitarian actors—which have a strong presence throughout the territory, a wealth of experience with service delivery in the most insecure regions, and a deep knowledge of local state and non-state actors — are also indispensable partners both for diagnostics and implementation (for example, through PBF). Many

<sup>73</sup> Private security companies are present in some areas but the Central African authorities are reluctant to deliver authorizations to bear weapons to private companies, apart from specific close protection activities.

of them can probably be incentivized to build the first bricks of local institutions through capacity transfers.

- Private companies and private individuals are key stakeholders either to fund, enable, or implement service delivery. Religious organizations, especially religious congregations, have played an important role in service delivery in CAR since the colonial era, especially for health and education.

*Source:* Authors.

## 4 BINDING CONSTRAINTS AND PATHWAYS TO POVERTY REDUCTION

### 4.1 PROCESS OF IDENTIFYING BINDING CONSTRAINTS AND KEY INTERVENTIONS

97. **Informed by the three pillars of the analytical framework (security, grievance redress/equitable service delivery and growth/job creation), the team followed a five-step procedure to identify binding constraints.** This process (step 1) started with the realization reflected in the concept note that the binding constraints would have to take explicit account of the geographic diversity of CAR, the prerequisites for poverty reduction (stability), and the need to raise growth and address grievances. Further discussions with World Bank staff (step 2) highlighted the need to spatially differentiate developmental interventions and the need to (a) work in the presence of armed groups, (b) work nationwide in a context of continued instability, and (c) be pragmatic and focused on delivery. To arrive at a final set of binding constraints, an iterative consultative process was followed. The relevance of the analytical framework was tested with officials and donor representatives during consultative meetings in Bangui, Ndélé, Mbaiki, Obo, and Berberati (step 3) and fine-tuned through discussions within different members of the country team as well as with meetings with experts from academia, international NGOs, and so on. A first draft of the complete document was shared and discussed with the country team through meetings with each of the practice groups (step 4). This draft contained a preliminary set of binding constraints which had been identified using the following prioritization criteria:

- **Contribution to stability**, the degree to which addressing a binding constraint would contribute to creating a long-term, sustainable, and peaceful resolution to the CAR conflict and to preventing relapse into conflict
- **Contribution to poverty reduction**, the degree to which addressing a binding constraint is likely to contribute to a reduction in the number of the poor
- **Realism** of implementation given the fragile setting, the degree to which it is feasible to address a binding constraint, and enough flexible in implementation to be resilient to any conflict outbreak in certain regions
- **Synergies across the SCD pillars**, the degree to which an opportunity to address a binding constraint identified in one priority area may have positive impacts on one or more of the other priority areas

98. **The prioritization process was completed with a final round of in-country consultations.** These consultations were used to obtain feedback on the proposed strategy and to initiate a process of consensus building around it (step 5). Consultations included Government representatives, private sector, parliament, civil society, and representatives of armed groups. Before consultations, the identified priorities had been endorsed in a country team retreat.

### 4.2 CORE BINDING CONSTRAINTS

99. **To address the core binding constraints to poverty reduction, interventions are needed that bring stability to the country, address grievances, and promote growth.** Interventions identified to address these constraints cover almost every sector. Could it be any different given the enormous challenges? That is not to say that there has been not selectivity. The three pillars reflect a prioritization, with stabilization being the first priority, followed by

addressing grievances and equitable service delivery. Enhancing growth comes last: as long as insecurity remains high, the conditions for growth are not met.

**100. Well-designed interventions will address different binding constraints simultaneously.** Just to illustrate, value chain development may be good for growth (pillar 3) but also facilitates reconciliation (pillar 1) as different actors across the value chain need to interact with each other, trade with each other, and trust each other. ICT development will be good for growth (pillar 3) as it reduces transaction costs; by offering new opportunities for financial intermediation it facilitates addressing grievances through service delivery (pillar 2). How else is one going to pay staff and services outside the main cities?

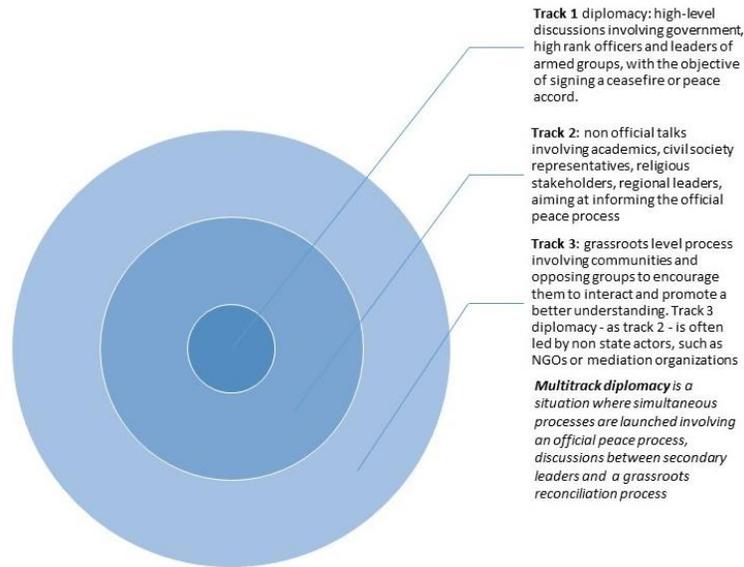
**101. Binding constraints need to be alleviated at different levels of administration.** Reconciliation processes are needed at the national level and also at the regional level, within districts and across livelihoods (agro-pastoral conflicts). Measures to improve security are needed at the national level, such as training of the FACA, but equally at the local level (presence of police and gendarmes, conflict mitigation mechanisms) and even district level (EWS and local security committees).

#### 4.2.1 Binding constraint 1: Low levels of security

**102. Low levels of security are the first binding constraint.** In the face of continued insecurity, it is hard and risky to reach the most vulnerable and to undertake development initiatives. More importantly, in the face of continuous security threats the citizens of CAR are unable to take up their jobs or invest in their livelihoods. Approaches that contribute to a resolution of the conflict are therefore a priority. A new social contract is needed that moves the country from a situation in which local strongmen use violence, extraction, and identity politics to serve their objectives to one in which elites collaborate to achieve growth while obtaining legitimacy by delivering stability and services. Elections were an important step in the peacebuilding process, but they are not a quick fix and the more challenging issues of reconciliation, power sharing, shared natural resource management and state building still need to be addressed. Security is recognized as priority by most citizens and local leaders (Figure 1.2).

**103. Promoting an inclusive political settlement is the first step toward greater stability.** It involves reconciliation and power sharing arrangements. Advancing reconciliation and power sharing starts with a high-level political drive and engagement to address issues such as IDPs and refugees' rights of return and housing, land, and property rights as well as measures of transitional justice. This is challenging as there are many actors involved with at times competing and even conflicting demands (for example, amnesty for war crimes) while capacity is limited, and logistical challenges are huge. Reconciliation cannot be done at the national level alone. Local government capacity needs to be restored and developed and former armed groups members should be encouraged and given the opportunity to participate in local governance, for instance, and participate in the management of natural resources (many of which are already under their control). Reconciliation should be carried out at all levels to enhance social cohesion and involve national leaders, local leaders, and communities themselves (Figure 4.1).

**Figure 4.1: Peace and reconciliation circles**



Source: United States Institute of Peace.

104. **An inclusive settlement requires good information.** Incendiary rhetoric, ethnic stigmatization, and religious manipulations continued to play an inflammatory role in national politics and the media, creating an environment in which the risk of interethnic strife remained high. This needs to be countered through news media that inform the population with objective information.<sup>74</sup> The Government needs a communication strategy to let its perspective be known.<sup>75</sup> Citizens need information to hold their leaders accountable. Media campaigns are effective tools for civic education and are one way to foster new ideas around national identity, leadership, inclusion, or the role of the international community.<sup>76</sup> Access to information requires a national radio network that presently can only be received in and around Bangui. Community radio stations are more widespread and these could in principle transmit quality programming, but only one in five district capitals is covered by such stations. Private stations, finally, can be received in about half the district capitals.

105. **Measures to enhance the daily security of citizens are needed.** The influence of armed groups has to be addressed through a combination of disarmament, demobilization, and reintegration of armed groups members, through conflict prevention programs (at the national and local level), early warning and rapid response mechanisms, and SSR covering the FACA, police and gendarmerie but also other armed government entities such as the national parks police. Internal security forces need to be able to play their full part in *preventing* daily crime,

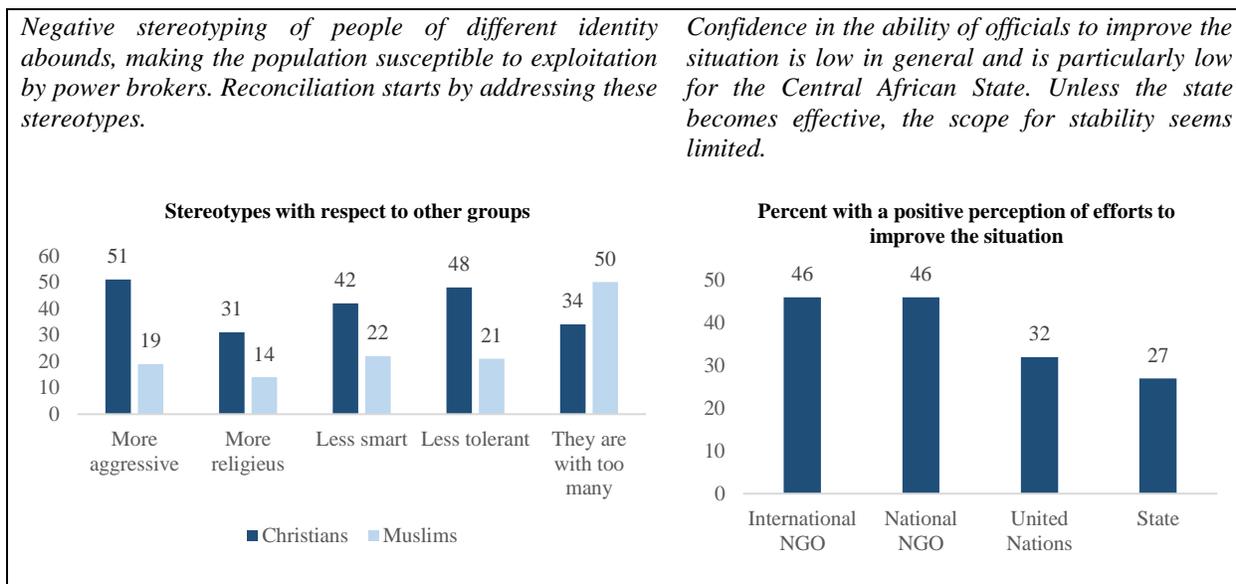
<sup>74</sup> Objective information is not always easy to find in Bangui. Hate-filled narratives can still be found in local newspapers and the media have accused opposition leaders of planning coups or alleged that international partners are part of a mysterious conspiracy that goes against the CAR's interests.

<sup>75</sup> The Government was silent, for instance, after the UN warned of impending genocide. It was only two months after the statement that President Touadéra dismissed the warnings as exaggerations, in a response to a question by a journalist.

<sup>76</sup> Radio can also be used to offer learning to students, who are unable to access schools, in ways that are surprisingly cost-effective. Clearly education by radio is not a substitute for going to school, but it can assure that at least a certain minimum is provided. See also: <http://blogs.worldbank.org/education/impact-ebola-education-sierra-leone>.

intercommunal violent conflicts, and more global threats such as trafficking or poaching. Strengthening internal security cannot only involve top-down measures, and stronger prefectoral/deconcentrated administration is needed to ensure that police and gendarmerie operate under civilian rule.<sup>77</sup> For the time being, mechanisms to ensure community and local traditional authorities' involvement in daily security should be promoted, for instance, through the creation of local security committees.

**Figure 4.2: Need for reconciliation and a better image for the state**



Source: Vinck, P., Pn. Pham, M. Baltazard, and A. S. Magbe. 2017. *Sondages Paix, Justice et Sécurité, Rapport 1*. Harvard Humanitarian Initiative.

106. **Sustaining a political settlement will be easier if there are commitment devices holding the parties to what has been agreed.** Commitment requires institutional arrangements (a combination of power sharing, resource access, dispute settlement, and sanctions) that provide sufficient incentives for all key groups to work within the rules. Acknowledging that CARs natural resources are a source of conflict, improved natural resource management of minable goods like gold, diamonds but also forest, is a critical priority. Continued presence of MINUSCA, SSR, and targeted sanctions (judicial, travel, and assets freeze) against individuals are critical as they enhance daily security and incentivize parties in conflict to come to an agreement to work within the rules. These three measures/processes reduce the scope of armed groups (and their leaders) to attain their political objectives through violence, reduce their economic gains from the conflict and thus motivate them to join the bargaining table. At the same time, for those armed groups who consider themselves local security providers, it would be important to explore whether they could be engaged and convinced not just of their 'rights' (they have developed a sense of those) but also of their obligations to stability, disarmament, and toward the population under their control.

107. **Bringing violent perpetrators to justice is an important commitment device.** The prevailing sense of impunity is a major challenge to moving forward with reconciliation, so it is important that new acts of violence are dealt with effectively and that perpetrators are held responsible. The lack of prosecution of criminals who then become rulers has perpetuated victors'

<sup>77</sup> Jourdan, Emilie 2016. "Background Paper for the Recovery and Peacebuilding Assessment."

justice and created an environment of violence. The Government has planned to set up a Truth and Reconciliation Commission based on the recommendation of the Bangui Forum. It is also important to pursue a plan for operationalizing the Special Criminal Court so that it can start operating and send a strong signal that the Government is looking to address the major issue of impunity. This too is a component of the Bangui Forum recommendations.

#### **Box 4.1: Gender and sexual violence**

Access to services is limited for everyone but more so for women. Data are limited, but few numbers suffice to illustrate the gravity of the situation. Before 2012, a 2010 MICS survey found that 27 percent of the adult population (ages 15–49) had never gone to school. The data, broken down by men and women, indicate that 13 percent of men and 39 percent of women had never gone to school. These differences also show up elsewhere. About 20 percent of those between 15 and 24 claim to have had sexual relations before the age of 15 (a high risk behavior) with the percentage for young girls being much higher (27 percent) than for boys (11 percent). The adolescent fertility rate (those ages 15–19) is 10.6 percent. Maternal mortality is estimated at 882 per 100,000 life birth, which, with a fertility rate of around 4.9, means that 1 in approximately 25 women dies during child birth. Labor force participation of women is estimated at 61 percent (against 80 percent for men), and most women are engaged in agriculture (96 percent). Women occupy few public positions: they represent only 7 percent of members of parliament and 17 percent of all ministerial positions.

Limited agency puts women at risk of violence, including sexual violence. Indeed, 80 percent of men and women believe wife beating is justified; 92 percent believe violent disciplining of children is justified. The risk of sexual violence is even more elevated as a result of the ongoing conflict and also in mining sites which are largely isolated and unregulated with a high concentration of male workers and use of alcohol and drugs. Surprisingly, though, official statistics do not suggest a particularly high incidence of sexual violence. Of the 1,302 instances of human rights abuses reported to the security council in March 2018, 14 percent involved women or girls and 71 percent men or boys (the remainder being unidentified). Women interviewed in mining sites also reported relatively low rates of sexual exploitation. This does not mean sexual violence is absent. Human Rights Watch<sup>78</sup> documents meticulously how Séléka and anti-Balaka fighters committed gruesome acts of sexual violence, reporting sexual slavery and rape, usually by multiple perpetrators, accompanied by physical violence and acts of humiliation. Female respondents in mining sites did note that there are some victims of sexual violence and described how some site owners take advantage of women who are poor or desperate for money.

It is plausible that many survivors of sexual violence do not want to come forward due to the stigma and shame associated with it. More systematic research into this issue is needed to distinguish between one of two plausible scenarios: First, sexual violence is opportunistic but not widespread or systematic. The conflict in CAR is primarily one of men harming other men. If this is correct it would be relevant to investigate why the nature of the conflict is so different in CAR from that in eastern DRC where sexual violence is a tool of war. An alternative scenario is that sexual violence is common, but the stigma associated with it is such that victims do not come forward. In that instance, much more attention should go toward prevention, services to survivors, and strengthening the justice system to deal with perpetrators of sexual violence.

*Source:* Data from MICS 2010; UNICEF (CAR statistics accessed June 2018) and 2018 World Development Indicators.

108. **The justice sector needs to be strengthened.** Given the lack of fiscal space and the limited outreach of formal justice outside of Bangui, justice reform strategies should not focus solely on building an ideal western-like system of justice. In the absence of formal authorities, many communities have developed their own local laws and justice systems. In such circumstances, “the starting point should be to improve not the legalistic forms of justice (laws, institutions) but the

<sup>78</sup> Human Rights Watch. 2017. “They Said We Were Slaves. Sexual Violence by Armed Groups in the Central African Republic.” [https://reliefweb.int/sites/reliefweb.int/files/resources/car1017\\_web.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/car1017_web.pdf).

qualitative function of justices (fairness, effectiveness, legitimacy),”<sup>79</sup> or as the 2012 World Bank study on access to justice at the local level in CAR recommends: while improving the outreach and fairness of the formal justice system, the Government should engage with communities to improve the quality and fairness of local provision of justice while respecting the values of the population and the preferred processes. Other recommendations include supporting the development and reinforcing of ‘House of Justice’ facilities and clarifying the role of the village chief in conflict resolution and local justice.

**109. Security enhancing measures need support from emergency investments, first and foremost in logistics and rapid deployment programs.** Lessons need to be drawn from past peace agreements, which failed because the authorities were unable to sustain an inclusive settlement due to logistical challenges. It involves investments in the main road corridors and air strips, to reduce isolation, facilitate the delivery of (humanitarian) goods and trade in general, and be able to project force when needed. It also involves investing in rapid deployment programs, such as Londo, which can be activated at short notice, demonstrate state presence, create jobs, and contribute to reconciliation in tense situations.

**110. Creating jobs for those who joined or who might join the armed groups is an element to a peaceful settlement as it aligns incentives with peace.** Economic alternatives need to be offered to the rank and file of armed groups.<sup>80</sup> DDRR is typically mentioned in this context but doing it well is a challenge.<sup>81</sup> The symbolic function of DDRR remains undisputed though, and for this reason alone it is important it happens. More broadly, ensuring jobs for those (youth) who might otherwise be tempted to join armed groups or for those who have already joined and are ready to get out is critical.<sup>82</sup> Hence the importance of adopting labor-intensive approaches whenever this is realistic and the creation of jobs in labor-intensive sectors, including in artisanal mining, forestry, and the agri-business sector (see Table 4.3).

**111. The limited agency of women in CAR and the male nature of the conflict raise the need to pay attention to gender during reconciliation exercises or in activities seeking to identify and address grievances as female preferences may differ from those of men.** If no special attention is paid to gender, female perspectives could easily be overlooked. For instance,

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<sup>79</sup> Isser, Deborah. 2011. *Customary Justice and the Rule of Law in War-Torn Societies*. Washington, DC: USIP.

<sup>80</sup> It should be noted in this respect that very little of what armed group members do is to engage in violence—mostly, they wait or operate road blocks or are a latent threatening force but not an active one, and many pursue other career options (farming and small businesses) at the same time. Lombard, Louisa. 2016. “The Threat of Rebellion: Claiming Entitled Personhood in Central Africa.” *The Journal of the Royal Anthropological Society* 22: 1–17.

<sup>81</sup> The reasons are various: reaching an agreement with loosely organized armed is difficult and resources are limited. Meanwhile, the prospect of trainings and material benefits from DDRR has the perverse effect of attracting new members to the armed groups, to which the response on the part of those in charge of DDRR is to spend increasing amounts of time and effort on verifying eligibility.

<sup>82</sup> A successful initiative following this approach was a multidonor initiative executed by the World Bank, the Transitional Demobilization and Reintegration Program (TDRP). The TDRP ran projects for youth in northwestern CAR, particularly in areas where rebellions had been operative. Relationship with an armed group was not a criterion for entry into the programs, which complemented reintegration of ex-combatants with community rehabilitation and community-driven development projects. The program was run by international NGOs and included trainings and other work-stimuli efforts. Together with the rehabilitation of the cotton processing facility in the region (which was destroyed in 2003), the economy of the northwest received a needed boost and people turned away from rebellion (Lombard 2017).

academic work with respect to the spending of mining proceeds in local communities has found that women’s preferences are oftentimes different from those of men. It seems plausible that with respect to grievances, women’s preferences on what needs to be addressed deviate from those of men.<sup>83</sup> If activities aimed at promoting political inclusion or justice focus exclusively on men (which is plausible as armed groups comprise men mostly), one is likely to perpetuate gender differences in the police force, gendarme, or in the country’s future political institutions.

**Table 4.1: Cluster 1- Addressing low levels of security in a gender-sensitive manner**

<p><i>An inclusive political settlement that involves armed groups in (local) governance and natural resource management</i></p> <ul style="list-style-type: none"> <li>• Promote political inclusion; support peace negotiations and dialogue with armed groups; involve former armed groups members in natural resources management</li> <li>• Local government capacity development in support of an inclusive political settlement</li> <li>• (Local) conflict prevention programs</li> <li>• Reconciliation process aimed at social capital restauration</li> <li>• Promote national public radio and access to information</li> </ul>
<p><i>Daily security</i></p> <ul style="list-style-type: none"> <li>• Complete DDRR</li> <li>• Security Sector Reform (including FACA, police, gendarmerie and Eaux et Forêts)</li> <li>• Early warning and rapid response mechanisms</li> </ul>
<p><i>Incentives to work within the rules</i></p> <ul style="list-style-type: none"> <li>• Sanctions (arms embargo, travel ban, and assets freezing)</li> <li>• Justice sector reform</li> <li>• Anti-money laundering/reduced access to illicit revenues</li> </ul>
<p><i>Emergency investments (using labor-intensive approaches)</i></p> <ul style="list-style-type: none"> <li>• Maintain/open up road corridors and air strips (using labor-intensive approaches)</li> <li>• Rapid, labor-intensive, deployment programs (Londo type)</li> </ul>
<p><b>Analytical work/knowledge gaps</b></p> <ul style="list-style-type: none"> <li>• Do women priorities differ? Addressing reconciliation through a gender lens</li> <li>• Unpacking sexual violence: Is CAR dissimilar to other conflict-affected countries?</li> <li>• Natural resource management as tool for reconciliation and state building</li> <li>• Determinants of food insecurity and avenues for a solution</li> <li>• Road investment prioritization plan</li> <li>• Security sector Public Expenditure Review (PER): When does security sector spending crowd out development spending?</li> </ul>

#### 4.2.2 Binding constraint 2: Grievances and spatially inequitable service provision

**112. Addressing grievances through basic service provision nationwide is critical to long-term stability and poverty reduction.** The vicious cycle of fragility, insecurity, and poverty needs to be broken and replaced by a virtuous cycle of confidence building, institutional growth, and realized opportunities. This will not be a straightforward, sequential process. Upsurges of violence and instability can be expected—are occurring in fact. The 2011 WDR demonstrates that return to long-lasting stability after violent conflict is rarely linear; the Government and development organizations must be prepared to face periods of tension and crisis and manage them as part of their long-term peacebuilding efforts. While the process is not linear, it is evident that creating an accountable state presence across the territory starts by successfully delivering

<sup>83</sup> See, for instance, UN Women. 2014. *Gender Equality in the Extractives Industries of Africa*; Efitimie, Heller, and Strongman. 2009. *Mainstreaming Gender into Extractive Industries Projects*.

interventions in an inclusive manner. To this end, it is less critical *what* gets delivered and more *that* services get delivered.

**113. Cash transfer programs, public works programs, and humanitarian assistance present ways to demonstrate the ability of the state to deliver services.** To address the humanitarian crisis affecting the country, large-scale transfer programs are needed. Such programs are attractive. They have been demonstrated to lead to increased consumption and productive investments by households. These well-designed programs also improve social cohesion and increase state legitimacy by demonstrating the ability of the authorities to bring tangible improvements to the lives of their citizens.

**114. Stand-alone and ICT-based solutions can improve the welfare of isolated households.** Those living dispersed and in relative isolation cannot be ignored, even though they may be hard to reach by cash transfer or public works programs or by routine humanitarian assistance. Yet they also cannot be left to fend for themselves. The welfare of these people who live largely in isolation can be improved by providing carefully selected (durable) goods. Solar-powered radios and lamps provide access to information, increase security, and enhance the ability to be productive after dark. Ceramic filters offer safe water and reduce exposure to water-borne diseases; bed nets reduce the risk of malaria.<sup>84</sup> Seed tends to be degraded and an influx of new seed should go a long way in reducing food insecurity, particularly when these new seeds not only increase production but also offer micronutrient-fortified staples, such as vitamin A-fortified cassava.<sup>85</sup>

**115. A strong case exists for investing in education.** Education improves human capital and enhances social cohesion, and schools can be a vehicle for collaboration between the state and armed groups. Education and training build human capital and is an important determinant of increased labor productivity with concurrent positive effects for improved livelihoods, jobs, and economic growth. Grievances that are at the root of the conflict can be addressed by reducing the inequalities in access to and outcomes of education while offering opportunities to address stereotypes and promote national unity. Increasing access to education enhances social cohesion as a well-run school is the center of life in the community. Moreover, schools can become vehicles for peacebuilding, even in areas where the state has little to no control, as they present a non-threatening way for the state to interact with its citizens while offering avenues for pragmatic partnerships with armed groups around the functioning of schools in areas under their control.

**116. Like the education sector, the functioning of the health sector has to improve, starting by paying more attention to preventive services and community outreach.** Prevention is always to be preferred but is essential in a setting where few have access to health facilities and where facilities themselves are poorly staffed and stocked. Attention needs to go to nutrition which needs to be addressed by focusing on basic health care, such as immunization coverage,

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<sup>84</sup> Introduced smartly, such products could kick-start a replacement market and even adapted financial products such as pay-as-you go financing that allow household to make payments from their cell phones while building a credit history that they might use to access credit in the future. Such solutions may seem far-fetched, but the case for leapfrogging by embracing ICT-based solutions is strong as it offers a way to deliver services in the face of high levels of insecurity, low density, and physical isolation.

<sup>85</sup> 68 percent of preschool-age children and 17 percent of pregnant women are deficient in vitamin A. WHO. 2009. "Global Prevalence of Vitamin A Deficiency in Populations at Risk 1995–2005." WHO Global Database on Vitamin A Deficiency.

availability of essential drugs at the periphery levels through community networks, and appropriate key behavior to change family practices including attention to proper feeding and care of the infant and young child at the community level. Sanitation practices need to be improved as does access to safe water. Prevalence of malaria has to be reduced and also the exposure to indoor smoke. Vaccination levels need to be brought up. It requires a focus on behavioral change (diets, handwashing, and cooking), increased ownership of non-expensive durable goods such as bed nets, and campaigns for vaccinations. Promising about all these interventions is that they can be pursued, almost irrespective of the level of security as much can be done by radio or through visits that can be timed based on the security situation. In that respect, the introduction of community-based health service delivery and outreach is critical.

117. **Adapted solutions to service provision are needed.** Offering access to education does not necessarily start with school construction: qualified teachers, textbooks, and a place where students are safe and undisturbed are the primary prerequisites. Where school construction or rehabilitation is necessary, it can be offered jointly with improved health care. Co-delivery of health and education services would allow to integrate front-line health service provision in schools and organizing many vaccination, micro-nutrient, and behavioral campaigns in close collaboration with schools. A room or space set aside in a school where health care can be provided to the children at school, and the surrounding community goes a long way to improving (community based) health services. Integrating health provision in the school strengthens the social function of the school as a place where the community can gather, without having to build extra health facilities which in turn need to separately access safe water and electricity needed for refrigeration of vaccines and other essential medicine. Other innovations to deliver health and education services in low density areas also need to be considered and tried, such as education offered over the radio (implemented successfully during the Ebola crisis).

118. **Addressing grievances requires enhancing opportunities for income generation, starting in the rural sector where most people live.** Agriculture has enormous potential, particularly once the security crisis is resolved. Yet even in the face of uncertainty certain emergency measures are feasible which would have a positive impact on farm productivity across the territory and reduce food insecurity. Improved seed can be distributed; small investments can make a major difference in improving storage. Pastoralists would benefit enormously from the creation of safe cattle corridors. Beyond these generic measures, measures need to be tailored to different livelihood zones. For instance, apart from the northern Sudano-Sahelian zone, farm productivity is low because of a lack of access to inputs (seed, fertilizer and also extension advice and water). Measures to improve access to inputs are likely to increase farm incomes. In the Guinean Forest, by contrast, households tend to be largely self-sufficient and food markets are thin because of this. Here improving market access is critical for enhanced rural incomes along with the promotion of cash crops such as cocoa, cotton, and coffee.

119. **Artisanal mining, key source of employment and rural livelihoods, deserves support.** The latest figures available on employment in the artisanal mining sector show an estimated 80,000

artisanal mine operators<sup>86</sup> and 320,000 laborers who worked in the diamond fields alone.<sup>87</sup> If collection agents and purchasing offices are included,<sup>88</sup> the diamond mining sector employed an estimated 450,000 workers before the 2013 crisis. Employment is seasonal. Most households supply labor to the mining and agricultural sectors and mining output tends to surge during the January–June dry season. The artisanal diamond mining sector has been hit hard by the crisis and was suspended from the Kimberley Process in 2013.<sup>89</sup> The suspension was lifted in 2015, permitting the country to officially export rough diamonds from compliant or ‘green’ zones, creating scope for the sector to restart. Since that time, various measures have been taken to make the sector more attractive, yet the sector continues to operate far below potential. All compliant zones are in the southwest of the country for now. Encouraging the Government to open discussions with local powers to make a more balanced distribution of green zones possible could be a way to incentivize state control in areas that are not under state control today.

120. **The artisanal mining sector is fraught with difficulties.** Traders—often from the Muslim community—have been chased and conditions for their return are not obvious; in their absence the sector remains affected by liquidity constraints, which are aggravated by the strict rules of the Kimberley Process. Bringing back these traders would be one way to revive the sector (and bring about reconciliation), but it would also mean—for those who have replaced them—sharing the benefits of diamond trade. Cooperative mining activities are an alternative, but few exist, and new cooperatives face the same access to finance issues as individual miners do. More research is needed to understand the precise way the artisanal mining sector functions and to identify the kind of interventions that could put the sector on firmer ground.

121. **Urban areas are easier to secure, making an urban investment strategy less risky.** For security reasons (only urban areas can be secured with some degree of certainty in the immediate future) and also because there is an economic rationale for it (cities are centers of economic growth) and because certain services (such as financial services) can only be effectively delivered in urban areas, a strategy that invests in urban areas is sensible. An urban strategy cannot only focus on large cities (in fact there is only one large city in the country - Bangui). To assure an equitable distribution of resources across the territory, an urban strategy will need to focus particularly on smaller towns, most of which have less than 25,000 inhabitants. An urban security/development strategy should encompass a wide range of services delivered, including security (MINUSCA, police, gendarmerie, and justice); reconciliation; infrastructure investments (roads, water, sanitation, and electricity); and social services (health, education, and financial services). To coordinate all this (including support from multiple donors), a capable local bureaucracy will be needed. In cities where displaced people are present, attention will need to be

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<sup>86</sup> Of those 80,000 artisanal miners, only 1,110 to 1,945 had an artisanal mining permit (*carte d'autorisation d'exploitant artisan minier*). See: Hinton and Levin 2010; World Bank 2010; and Ministry of Mines 2011.

<sup>87</sup> For a more detailed overview of the supply chain, see: Matthysen and Clarkson 2013; Hinton and Levin 2010.

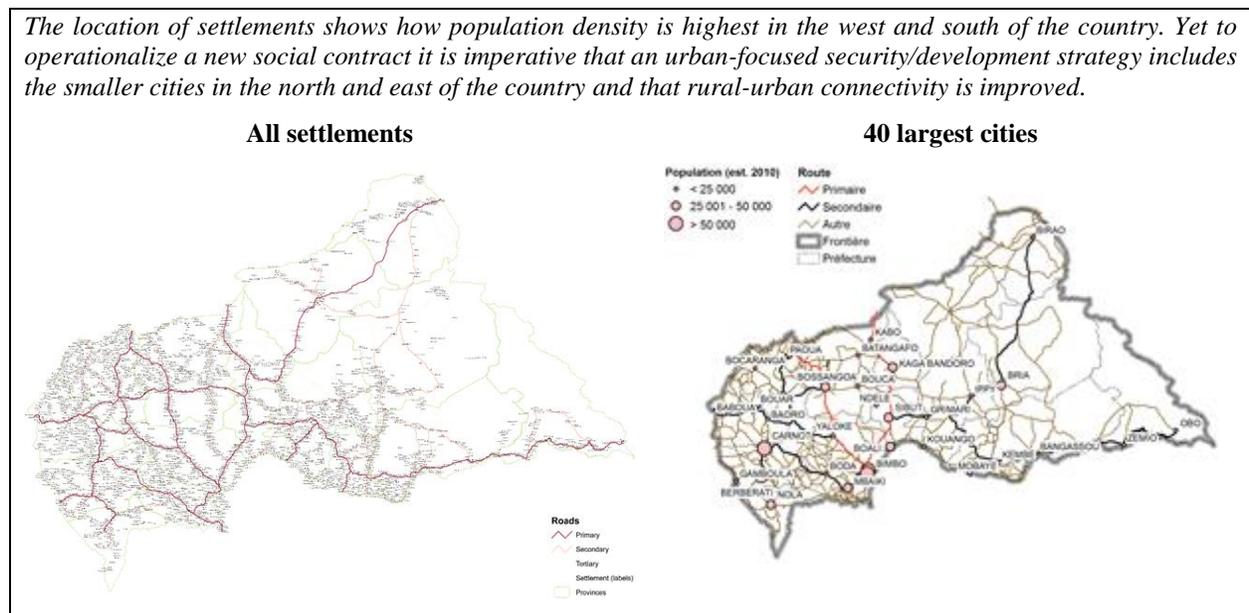
<sup>88</sup> By law, artisanal diamond miners (who hire diggers called ‘ouvriers miniers’) are required to sell their diamonds to ‘collection agents’, who act as intermediaries for major purchasing offices in Bangui.

<sup>89</sup> The Kimberley Process is a joint initiative by governments, firms, and civil society groups to stem the flow of so-called ‘conflict diamonds’—rough diamonds used to finance armed groups that are often mined under extremely brutal conditions. As of August 2, 2013, the Kimberley Process has 54 participants, representing 81 countries, with the European Union and its 28-member states counting as a single participant, represented by the European Commission. Kimberley Process members account for approximately 99.8 percent of the global production of rough diamonds. See: [www.kimberleyprocess.com](http://www.kimberleyprocess.com).

given to accommodating their needs and to creating pull factors that make it attractive to stay (such as access to land).

122. **Planning is critical to manage urban growth.** A city such as Bambari, which experienced a population increase from 41,000 in 2003 to about 93,000 (including a large number of IDPs), could reach a population of 200,000 by 2030. Preparing for such an increase requires planning and preparation. The majority of new urban dwellers are likely to go and live in expanding urban settlements on the peripheries of cities, the typical pattern of urban sprawl in Africa. Given the availability of land, this might be optimal—at least initially, particularly when public funds for investments in infrastructure are lacking and when large plots allow families to grow (some of) their own food, thus providing a critical safety net. Only when cities densify, should infrastructure be put in place, and as this leads to increases in property value, residents could then be taxed for services provided. Expanding cities need to consider options to densify, else agglomeration economies—the gains to having greater densities, specialization and economies of scale, and accompanying virtuous cycles of investment, innovation, skilled labor, and higher incomes—would be foregone and also need to consider implications for commuting workers. All this starts with city planning and enforcement as retrofitting is expensive and only affordable once countries reach middle-income status.

**Figure 4.3: Urbanization and connectivity**



Source: 2003 census (settlements) and citypop global data base (accessed November 30, 2017).

123. **An urban strategy requires strengthening local governance.** Balanced and harmonious development of urban areas involves investing in local governance, which should include more capacity to plan, deliver, and/or regulate—either through deconcentrated state administration or decentralized institutions (districts and regions)—as well as a broader reflection on power sharing, local democracy, and accountability mechanisms, especially at the district level, which would give local communities, civil society, local leaders, and traditional chiefs a stronger role in service delivery and local development. Core government functions such as public financial management (PFM) and planning and coordination for investments need to be developed and equitable budget

allocation formulas applied. In a context where many problems need to be solved simultaneously and where multiple donors are active, the ability of the local government to coordinate is particularly important. Addressing fragility requires specific measures focused on conflict prevention (early warning and early response), the security sector (local security committees), addressing displacement and reconciliation at the local level.

124. **To facilitate service provision and income generation, a more enabling environment needs to be created to (a) make financial transactions, (b) identify people, and (c) enhance accessibility.** Without the ability to pay salaries locally and make other small financial transactions, the ability to deliver services will remain severely constrained. Addressing this is an absolute priority along with Identification for Development Initiative (ID4D) (everybody gets an ID), which allows for leapfrogging in organizing social transfers, humanitarian assistance, and social service delivery (including elections) and facilitates financial service delivery. ID4D offers no panacea but in a setting where a quarter of the population is displaced and half in need of humanitarian assistance, in which local elections need to be organized, a strong case can be made for investing in identification tools. Accelerated ICT sector development will be instrumental in achieving both as it facilitates financial transactions and information exchange.

**Table 4.2: Cluster 2: Addressing grievances and spatially inequitable service provision**

<p><i>Rapid deployment of basic assistance</i></p> <ul style="list-style-type: none"> <li>• Targeted cash transfers</li> <li>• Support to farmers to improve food security</li> <li>• Labor-intensive public works programs</li> <li>• Humanitarian assistance to IDPs</li> </ul>
<p><i>Critical basic services</i></p> <ul style="list-style-type: none"> <li>• Quality of teaching (teacher training, adapted learning methods [radio learning and scripted lessons])</li> <li>• Preventive health care (vaccinations, nutrition, access to clean water and sanitation)</li> <li>• Construction of integrated health, education, water, and sanitation facilities (community-driven development type)</li> <li>• Assets for isolated households (solar, radio, bed nets, water filters, and means of transport)</li> </ul>
<p><i>Rural income generation (depending on livelihood zone)</i></p> <ul style="list-style-type: none"> <li>• Agricultural interventions aim at improving food security and raising farm productivity</li> <li>• Safe cattle corridors</li> <li>• Artisanal mining</li> </ul>
<p><i>City and town development across the territory</i></p> <ul style="list-style-type: none"> <li>• City rehabilitation and planning for new urban settlements (including IDP integration)</li> <li>• Local government capacity and local governance</li> <li>• Higher order urban services (banking, electricity, sanitation, secondary education, hospitals, courts, and prisons)</li> </ul>
<p><i>An enabling environment for service delivery and income generation</i></p> <ul style="list-style-type: none"> <li>• ICT development with focus on mobile banking and money transfers</li> <li>• ID4D programs</li> <li>• Enhanced mobility</li> </ul>
<p><b>Analytical work/knowledge gaps</b></p> <ul style="list-style-type: none"> <li>• Approaches to effective service delivery in insecure, low-density areas: Scope for ICT-based leapfrogging in service delivery and for the provision of durable, welfare-enhancing goods</li> <li>• Accommodating forcibly displaced people through city planning</li> <li>• Planning for mobility in a low-density, conflict-affected country with special emphasis on two-wheeler modes of transport and (new ways for) air transportation.</li> </ul>

125. **Improved mobility is another critical aspect of an enabling environment for service delivery and rural income generation.** Isolation is a major constraint to economic and social services delivery and needs to be overcome. Improved connectivity reduces the rural-urban divide that might otherwise emerge, particularly when state presence limits itself (for security reasons) mostly to urban areas. Improving mobility necessitates investments in (rural) roads and equally in accompanying measures that promote the availability or ownership of means of transport and promote collective means of transport (buses and taxi-brousse). Already before the conflict few collective transport means existed and few households owned cars, motorbikes, or vehicles, but the crisis had a devastating effect on ownership levels. Only 1 in every 200 households owns a car, motorbikes are owned by about 10 percent of households. Only 1 in every 6 households owns a bicycle (at an average household size of 5, it means approximately 1 bicycle for every 30 people).

#### 4.2.3 Binding constraint 3: Inadequate growth and job creation

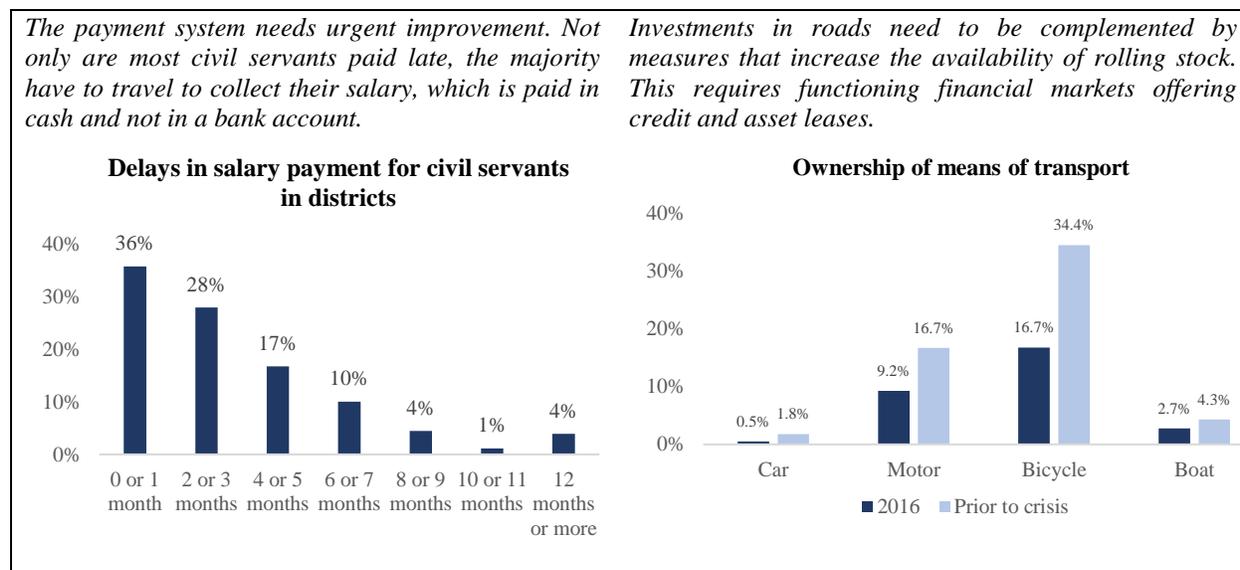
126. **Growth is a condition for poverty reduction and necessary to sustain any voluntary peace settlement.** To really unlock growth, the security situation will need to improve, as evidenced by the positive but relatively sluggish growth CAR has experienced since 2014. Proposed is a growth strategy rooted in CAR's traditional value chains (mining, forestry, and selected cash crops) that is supported by strategies to create an enabling business environment through investments in (a) financial sector development, (b) renewable energy, (c) ICT, and (d) transport while also strengthening the capacity of the public sector. Most of these investments have already been mentioned as they are intrinsically associated with urban investments highlighted in the previous section.

127. **Financial market development is an integral part of a growth strategy.** Earlier it was noted that even the most basic financial transactions, such as the payment of salaries, are often not possible (see Box 2.6). Only in 20 percent of the 179 district capitals is it possible to obtain cash from a bank or a postal office. The possibility to be paid increases to 35 percent if mobile phone money transfers are included. The limited access to payment services creates unnecessary absences and forces staff to spend time and money to make (often) dangerous journeys or to rely on informal (and often costly) mechanisms to receive their money through intermediaries such as merchants. While this needs to be addressed in the short run to make service delivery possible, more is needed than payment services alone. Appropriate instruments need to be developed which would enhance economic activity including pre-financing for agriculture (cotton sector) and instruments such as micro-loans and micro-leasing. Micro-loans are critical to restart artisanal mining while micro-leasing would allow entrepreneurs to obtain productive assets (mining equipment and bicycles and motorbikes, many of which were lost in the conflict—Figure 4.4). Enabling the financial sector is not just a technical issue. The return of many of the Muslim merchants, critical nodes in the financing of artisanal mining, is equally important.

128. **Access to energy needs to improve, starting in urban areas.** Reliable energy is a sine qua non for productive investments and also for the delivery of many services. Without electricity, hospitals and water companies do not function. Low population density and the high cost of transmission capacity prevent the creation of a large integrated electricity network, implying the need to create multiple mini-grids. Not only is this feasible, it can be done by primarily relying on renewable sources of energy. There is ample hydro and solar generation potential (there is also potential for sustainable harvested, wood-based power generation), offering solutions that are not

only climate smart but also relatively robust to disruption due to conflict as these systems do not rely on fuels that need to be trucked-in over large distances.

**Figure 4.4: Improving financial markets is critical to growth and service delivery**



Source: ENMC 2016.

129. **Investments are needed in (regional) connectivity.** Economic development requires the possibility to trade and exchange goods between centers of economic activity. Without roads and access to seaports, little can take place in terms of economic development (see Box 4.1). Improved telecom services are another important element of better connectivity. With no major fiber-optic cable link, CAR relies on expensive international bandwidth from satellites and unreliable microwave systems. The country’s low population density increases the marginal cost of network deployment and maintenance, and widespread poverty greatly limits the potential customer base of ICT firms.<sup>90</sup> The sector suffers from the absence of a reliable supportive infrastructure with no effective roads to convey ICT equipment and maintenance teams and no electricity grid to power the mobile sites.

130. **Much of what needs to be done can be led by the private sector, but it requires the adoption of policies that favor such investments as well as regional collaboration.** For telecom, this means increasing the geographical reach of broadband infrastructure and services and reducing retail prices. For trade, it means investing in road construction and maintenance and improving the business environment, not in the least the ease with which one can take goods across the border. In both instances, regional collaboration is critical because without collaboration from the ‘other side of the border’, improvements made at home might still not lead to reductions in transaction costs.

<sup>90</sup> The potential consumer market for mobile services will remain small in the medium term, as the total population is 4.8 million, just 57 percent of whom are in the 15–64-age bracket, and annual per capita income is only US\$433 (2018). Moreover, the national poverty headcount rate is 62 percent (2008), and the adult literacy rate is 37 percent, further diminishing the pool of likely customers.

#### **Box 4.2: Trade corridors and the need for regional collaboration**

CAR is a landlocked country. Therefore, the Government has to identify the most suitable corridor to access the sea. To this effect, the country has four options: one with Sudan, one with Republic of Congo, one with DRC, and one with Cameroon.

CAR can access the sea through the territory of Sudan, at Port Sudan on the Indian Ocean. The main difficulty in using Port Sudan as an entry point for goods destined to CAR is the state of the road in the Vakaga prefecture. Road infrastructure in this region is in a poor state and almost impassable during the rainy season. Therefore, the traffic could be possible only for six months during the dry season. Another difficulty could be the fact that the two countries belong to two different economic areas and the insecurity in the northern region due to the presence of rebels and the unrest in the Darfur (Sudan).

Possible access to the sea through the Congo Pointe-Noire in the Republic of the Congo and Matadi in the DRC are two other options for CAR to access the sea. This corridor could be cheaper and faster. But, the main weak points of this corridor are the use of combined transport (rail/river from Pointe-Noire and road/river from Matadi), which increases the risk of (food commodity) loss. Also, the road and rail links have proved to be unreliable for non-oil traffic. The seasonal navigability on the Ubangui River, which is limited to the wet season (from June to January), is another constraint. The continual silting of the Ubangui river bed necessitates a constant and costly dredging of the waterway. Douala in Cameroon is the most suitable access point to the sea for CAR. The estuary port of Douala is situated at over 1,450 km from Bangui. This is actually the main port for CAR, handling about 80 percent of the international trade of the country. The main advantage of the port of Douala is the fact that Cameroon and CAR belong to the same economic zone (CEMAC). However, the transit time at the port of Douala remains high (over two weeks). It can take more than 20 days for a truck to cover the distance of 1,450 km which separates Douala from Bangui, which illustrates the need for regional solutions to effectively address CAR's geographical challenges.

*Source:* Lucy Styles. 2018. "Logistics Capacity Assessment."

**131. To enhance the mobility of people and goods, tarmac alone is not an option.** This is easily seen if one realizes that US\$380 million buys approximately 400 km of tarmacked road, less than would be needed to surface the 537 km stretch between Bria and Birao, not far from the Sudan border. Nor would tarmacking this road be economically justified based on the level of traffic that might be expected. Approaches that focus on spot improvements, avoid over-dimensioning, and make use of labor-intensive methods are alternatives that bring additional benefits in the form of jobs for the local communities and opportunities for trust building. In addition to roads, the potential for river transport (through regional collaboration as most of the waterways are shared) deserves to be emphasized. Transport by water should be considered for bulk goods such as fuel and logs (all transported by road all the way to/from Douala in Cameroon). Transport by air is equally critical to assure a minimum level of connectivity to isolated locations.

**132. Roads, energy, financial markets, and ICT infrastructure reinforce each other and need to be developed in parallel.** There are synergies which have not yet been emphasized. Road construction and putting a fiber-optic infrastructure in place go well together. Mobile phone money transfers and access to banking also go together, as mobile phone operators cannot offer transfer services if they are not assured that they can deposit spare liquidity or access additional cash they need to meet their obligations.

**133. Infrastructure alone is probably not sufficient to energize the economy and efforts need to be made to restart value chains that were productive in the past.** This includes cotton which engaged as many as 1 million people before the crisis and was widespread in the Ouham/Ouham Pendé and Nana-Gribizi/Kemo/Ouaka prefectorates. Cotton used to be grown on

small-scale farms under rain-fed conditions. These producers would participate in an integrated value chain in which the floor price at which cotton would be bought at the end of the season was announced before planting. Also, farmers would receive cotton seed and other inputs at the beginning of the growing season from large-scale cotton companies on credit. Extension services were also provided. For repayment, costs were deducted from payments owed to producers. Most cotton producers organize themselves in Rural Cotton Farming Groups which aggregate production for collection by ginneries. The cotton would be collected and ginned in CAR and exported through the port of Douala in Cameroon. The production capacity in the sector was heavily affected by the crisis. Three of the six ginneries were destroyed, one is unable to function without major repairs, and two function at about half their capacity. To restart the sector, many steps are needed, including arrears clearing, investments in ginneries and vehicles, financing for working capital (as the inputs to farmers need to be pre-financed). Mobility needs to be improved to assure the timely delivery of inputs and sale of cotton, once produced, as should the function of the inter-professions which provided coordination, information, and dialogue within the sector. These structures and networks were also heavily affected by the crisis as they lost assets needed to operate such offices, vehicles, warehouses, and demonstration areas.

134. **Like cotton, other previously successful value chains offer promise, including those for oil-palm, coffee, and cocoa.** These tree crops offer promise as they can be grown by smallholders and by larger concessions. This creates scope for synergies that would be hard to realize if production exclusively came from smallholders (seed development, extension, and marketing). In palm oil, this is already happening and the area under cultivation has been growing, with clear externalities beyond economic growth, such as rural employment and outgrowing for smallholder farms. The value chain for poultry is also interesting, particularly around urban centers where demand is high. The poultry sector has promise but faces significant challenges due to the destruction of input value chains, high costs, and cheap imports. The crisis compromised links between poultry and egg producers, and producers of inputs used in feed (cottonseed, corn, wheat, peanut, cassava, and fishmeal). Feed is the largest cost for producers. The crisis also affected state-funded networks distributing lower-cost veterinary pharmaceuticals and providing extension services. These problems, along with the disruptions in the transport sector and reduced availability of credit, have increased production costs to the extent that local production has difficulty competing with imports. Imported inputs including feed, day-old chicks, and veterinary pharmaceutical have become more expensive. The result is that approximately 90 percent of the demand for poultry meat and eggs is met by imports. There is, however, significant opportunity to restart the sector, an opportunity that stems from the short production cycle, the potential availability of less expensive feed inputs should cotton and grain production ramp up, and the sustained demand for meat, especially from urban consumers.<sup>91</sup>

**Box 4.3: Climate change**

Climate change could exacerbate economic, social, and environmental issues in CAR and increase vulnerabilities already facing the forestry and mining industries. Models show an increase in annual average temperatures throughout the country and changes in precipitation patterns with more erratic rainfall in terms of storm frequency, duration, and intensity. These combined could lead to more frequent droughts in the north or more frequent and intense flooding events in the south. Examples of probable impacts include erratic hydropower due to drought,

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<sup>91</sup> For more on value chains, see: Jeremy Strauss. 2017. "Central African Republic Agribusiness Value Chain Assessment: Cotton, Oil Palm, Poultry." World Bank.

flood damage to infrastructure, forest and agricultural losses from pest infestations, and water-borne diseases. The mining sector is particularly exposed to the stability and cost of water and energy supplies which are critical inputs to mining processes. Changes incurred in the structure and functioning of forest ecosystems will have negative impacts on their productive function. Lastly, both the mining and forestry industries may be affected by climate change impacts on the effectiveness and sustainability of infrastructure and equipment as well as transportation and trade networks in CAR. Preparedness for such events is low, as reflected in Notre Dame Global Adaptation Index Initiative Country Index which ranks CAR among the 10 most vulnerable and least ready countries in the world to act on climate change and natural disasters. Facing these issues, CAR submitted its first Nationally Determined Contribution under the United Nations Framework Convention on Climate Change framework in 2015, highlighting its intention to shift to a low-carbon, climate-resilient development pathway. CAR has a high potential for climate change mitigation through sustainable forest management and forest landscape restoration. It aspires to address climate risks and protect against climate impacts with measures aimed at increasing development of hydropower and other forms of renewable energy, climate proofing agriculture, and strengthening water infrastructure and security.

*Source:* Authors.

**135. Forestry is attractive because of its capacity to generate revenue and create wage jobs.**<sup>92</sup> According to the International Tropical Timber Organization (ITTO 2015), the industry of CAR in 2014 produced about 650,000 m<sup>3</sup> of logs. Timber exports are primarily based on the export of logs and to a lesser extent on the export of sawn wood, accounting for a total export value of US\$59.3 million in 2014. The timber industry of CAR is relatively small but still accounts for 40 percent of the country's export earnings. Due to the landlocked location of CAR and the relatively poor transportation infrastructure, the costs to export material are relatively high. Transport of timber through road to Cameroon or by river and rail to Pointe Noire in the Republic of the Congo is costly, and consequently there is an incentive to process materials in the country instead of exporting them. Commercial harvesting is carried out mostly by private entrepreneurs under permits (*Permis d'exploitation et d'aménagement*), which are valid for the lifetime of the company. In mid-2005, 10 timber companies, all foreign owned, were operating in the southwest of the country in an area of 3.3 million ha. These companies often act as local social service providers and forestry taxes are important for local communities' budgets (representing up to 85 percent of them).

**136. Semi-mechanized mining licenses could play an important transitory role in developing the mining economy, provided environmental challenges associated with the sector are resolved.**<sup>93</sup> Semi-mechanized licenses provide a stepping stone between artisanal and industrial operations. In many countries, this middle ground license opens meaningful investments for small entrepreneurs and mining operators who wish to modernize away from artisanal operations but do not have sufficient capital to develop an industrial mine. Since the start of 2017,

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<sup>92</sup> As the Congo Forest Basin is the second largest tropical forest basin in the world, carbon sequestration also presents an area of interest and potential in the region, particularly as an additional benefit (and potential revenue source) to other forest management activities.

<sup>93</sup> The large-scale mining sector is less promising and is possibly best ignored. The potential for large-scale mining is largely in gold, diamonds, zinc, and possibly copper while the market for uranium has virtually collapsed because solar-based power generation has become cost-effective. Lead times to large-scale mining are 15–20 years, putting support to the development of these kind of activities beyond the planning horizon. Moreover, assuming that large-scale mining activities could take off, it is unclear whether large-scale mining production would be desirable in the absence of a strong accountable government.

a moratorium has been placed on the issuance of semi-mechanized licenses following significant environmental damage caused by fully mechanized alluvial mining operations.

137. **To address coordination failures, the capacity of the administration needs to be reinforced.** In the absence of a more capable central and local state, it is hard to envision how stability, growth, and effective service delivery can be attained. Addressing public sector governance constraints in a competitive political settlement with low bureaucratic capacity that controls only a fraction of the territory is clearly a challenge. Improving capacity across the board is not realistic in the short term, given the many vested interests and inability to agree on or implement a long-term strategy. An opportunistic approach might be achievable, however. After all, the state is a complex organization machine, whose actions are shaped by its actors, officials, and bureaucrats; their histories and personalities; and the incentives they face. Within the state, certain ‘islands of effectiveness’ already exist. With the right pressure and support from development partners, others could be created, particularly in areas of great importance such as peace negotiations and those associated with the redeployment of the state across the territory.

138. **Revenue mobilization is important and needs to be accompanied by policy reform.** Own collected revenue was around US\$160 million in 2017, or US\$34 per citizen, and is less than 2 percent of the revenues collected the city of Washington, DC. Clearly revenue mobilization needs to improve if the objective is for an accountable state to be present across the territory and deliver services. Doing so entices reforms in collection (customs, tax department, and treasury)—the revenue collection rate was only 8.3 percent of GDP in 2017—and the promotion of sectors with much revenue-generating potential, including forestry, artisanal mining, and the telecom sectors.

139. **There are many areas where policy reform is needed and where if not best practice, best fit solutions<sup>94</sup> are feasible.** Policy reform is needed to create a conducive business environment which makes it attractive for national and international entrepreneurs to invest. With the right approaches, entire sectors can become unlocked, including mining, forestry, finance, and ICT. Policy reforms are needed to avoid constraints to future growth, to create a level playing field, and to provide effective oversight to assure that actors abide by the rules of the game in the markets varying from road and air transport to finance and telecommunications and mining. As in many of these sectors there are no vested interests, the right time to adopt such policies is now. Other policies need to be enacted to facilitate service provision. For instance, without maintenance, roads deteriorate quickly, particularly in CAR where roads are made of compacted dirt and where one rainy season is sufficient to make even the best designed road impassable. Assuring road maintenance alone requires strengthening revenue collection, enhancing the management of the road fund, and improving the capacities of local authorities to identify areas in need of repair and to oversee the implementation of the maintenance activities.

140. **A national intelligentsia can provide homegrown pressure for the right policies and, by increasing scrutiny of the elite bargain, facilitate inclusive growth and a more equitable distribution of resources.** Whether it is peace negotiations or adopting the right economic policies, it is self-evident that the largest pay-offs come from the adoption and implementation of the ‘right’ set of policies and not from investments. There are limits to what non-national

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<sup>94</sup> See: Levy, Brian. 2014. *Working with the Grain. Integrating Governance and Growth in Development Strategies*. Oxford University Press.

stakeholders can do effectively. In the end, only national stakeholders can determine what those ‘right’ policies are. Identifying them requires research, debate, and consensus seeking—all done in an inclusive, non-partisan manner. There never was much of this in the past, and what was there has been wiped out by the conflict, but it is critical that Central Africans themselves research, debate, and seek answers to questions such as how to reconcile and stabilize the country; how to deal with spatial inequalities; what does it mean to be inclusive; what is a Central African identity; what development model to follow or how to assure good governance. The answers that are likely to come out of such debates are likely to influence policy making—much as policy making elsewhere was affected by converging ideas on the value of trade or property rights for economic development.

**Table 4.3: Cluster 3: Addressing inadequate growth and job creation**

<p><i>Integrated business environment development (with focus on urban areas and main corridors)</i></p> <ul style="list-style-type: none"> <li>• Renewable energy for urban areas (hydro, solar)</li> <li>• ICT coverage of urban areas and main roads</li> <li>• Mobility with focus on access to means of transport</li> <li>• Banking in urban areas and MINUSCA bases</li> <li>• Develop (through regional collaboration) road and water corridors</li> </ul>
<p><i>Private sector development through selected value chains:</i></p> <ul style="list-style-type: none"> <li>• Cotton, cocoa, and coffee</li> <li>• Livestock (cattle but also poultry)</li> <li>• Artisanal mining</li> <li>• Forestry</li> </ul>
<p><i>Multisectoral policy reform</i></p> <ul style="list-style-type: none"> <li>• Decentralization</li> <li>• Finance</li> <li>• Transport</li> <li>• ICT</li> <li>• Forestry</li> <li>• Mining</li> <li>• Agricultural research, animal and plant health</li> <li>• Business environment (including cross border trade)</li> </ul>
<p><i>Cross cutting governance issues</i></p> <ul style="list-style-type: none"> <li>• Revenue mobilization</li> <li>• Institutional capacity and state redeployment</li> <li>• PFM</li> <li>• Payroll and human resources management</li> <li>• Planning and investment execution</li> <li>• Statistics and monitoring</li> </ul>
<p><i>Non-partisan research, debate, and think tanks</i></p> <p><b>Analytical work/knowledge gaps</b></p> <ul style="list-style-type: none"> <li>• Possible model for local governance in a constrained fiscal environment</li> <li>• Potential for tree crop concessions with integrated smallholder production</li> </ul>

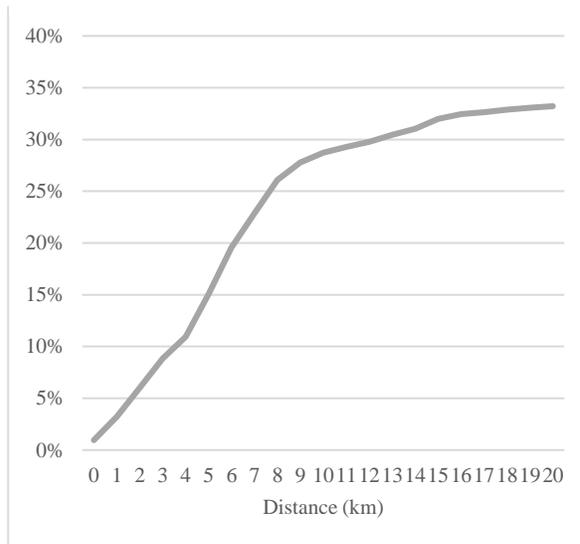
## 5 EPILOGUE

141. **This SCD is the result of a diagnostic exercise conducted by World Bank staff prepared to inform the strategic dialogue between the Government of Central African Republic and the World Bank about priority areas for World Bank Group engagement.** It was informed by a wide range of documents, including the NRPBP, and developed in consultation with national and local authorities, the private sector, civil society, main donors, and other stakeholders. We hope to have presented a systematic assessment of challenges that need to be addressed and the opportunities that could be embraced to accelerate progress toward the goals of creating stability, ending extreme poverty, and promoting shared prosperity in a sustainable way. The assessment is not limited to areas or sectors where the World Bank is active or where the World Bank expects to be active in the future. As such, the analysis is ‘agency neutral’ and we hope other donor agencies find the assessment presented in this report of use.

142. **The World Bank will use priorities identified in this SCD as a reference point for consultations when developing the Country Partnership Framework.** We note that the identified priorities do not deviate much from those identified in the NRPBP. The possible exceptions are the importance attributed to improving the functioning of financial markets, the emphasis put on urban development and the artisanal mining sector. Because the World Bank program is already aligned with the NRPBP, the changes in the program as planned by the World Bank are unlikely to be major. They are primarily a shift in emphasis rather than a change in direction.

143. **It is important to nuance the emphasis on urban development from at least two angles.** First, most of the population live in rural areas, so by default most of the attention should go to improving productivity and access to services in these areas. If CAR had been a stable country, the emphasis of this SCD would almost certainly have been on rural development and productivity increases as ways to start a process of structural transformation. In CAR there is even more reason to emphasize rural development, as jobs in agriculture are critical to the success of the post-conflict stabilization strategy. But the conflict is not over. The proposed urban investment strategy is a second-best response to an insecure situation (with many displaced people who often reside in urban areas). Moreover, an urban strategy cannot focus on Bangui alone—even though from a narrow perspective of promoting economic growth this could be defended. For political and social reasons, an inclusive and feasible development strategy needs to be realized, implying the inclusion of cities across the territory. Some of these, such as Obo, Birao, and Zémio, are very small with populations of less than 15,000 and distinctly rural. Still, these localities need to be supported. They are regional centers for trade and providers of more

**Figure 5.1: Share of population living within a certain distance from a MINUSCA base**



specialized services serving large areas. Moreover, it is politically important to demonstrate the authorities' commitment to an inclusive development process.

144. **This diagnostic has presented an argument *that things are done and how they are done is at least as critical as what is done*.** Building legitimacy for a nationwide state presence requires delivering services in an inclusive manner, implying working across the territory with the authorities and with armed groups as the approach to peacebuilding will be an incremental approach that would allow these groups to transform from de facto local governments to more formal (local, accountable) representation. Lessons from other conflict-affected countries suggest that conflict sensitivity is essential to avoid doing harm and to be efficient. This sounds easy, but it is not. The unintended consequences of actions and interventions are often not considered, as the recent violence in Bangui has illustrated. Conflict sensitivity means 'thinking politically',<sup>95</sup> namely understanding political settlements including at the local level, identifying key stakeholders and opportunities for elite bargains, and being aware of the security situation to avoid unrealistic investments. The amount of money pledged during the Brussels conference renders it possible to work at scale. Doing so requires close collaboration between developmental, security, and humanitarian actors and working in an integrated and coordinated manner.

145. **The desirability of working outside urban areas is unquestioned, but intervention strategies will need to be differentiated by level of intensity of the conflict and state legitimacy.** Post conflict 'toolkits'<sup>96</sup> have tools for conflict situations and for development-ready situations, but in CAR development, humanitarian and security interventions are needed simultaneously, though the degree to which one has to lean toward development or toward security/humanitarian interventions depends. We distinguish four situations according to levels of state legitimacy presence and security (presented in Table 5.1) and argue that it is critical to be active in all four situations, albeit with activities that vary along the humanitarian-development-peace nexus. Table 5.1 illustrates how programming should differ depending on the place in this 2x2 typology.

**Table 5.1: Legitimacy-security typology of interventions**

		State legitimacy	
		Lower	Higher
Security	Lower	<p><b>A: Briá</b></p> <ul style="list-style-type: none"> <li>• Security (MINUSCA)</li> <li>• Reconciliation programs</li> <li>• Emergency services</li> <li>• Infrastructure</li> <li>• Labor-intensive public works</li> </ul>	<p><b>B: Obo</b></p> <ul style="list-style-type: none"> <li>• Security (FACA, gendarme, police) and justice</li> <li>• Infrastructure</li> <li>• Social services</li> <li>• Local government strengthening</li> <li>• Income generation in urban</li> <li>• Humanitarian support to refugees and IDPs</li> </ul>
	Higher	<p><b>C: Ndélé</b></p> <ul style="list-style-type: none"> <li>• Inclusive local governance</li> <li>• Infrastructure</li> <li>• Social services</li> <li>• Agricultural and livestock productivity</li> <li>• Artisanal mining</li> </ul>	<p><b>D: Mbaiki</b></p> <ul style="list-style-type: none"> <li>• Local government strengthening</li> <li>• Policing and justice provided by state</li> <li>• Reconciliation and return of those who left</li> <li>• Infrastructure</li> <li>• Social services</li> <li>• Agricultural and livestock productivity</li> <li>• Artisanal mining</li> </ul>

<sup>95</sup> World Bank 2017. This report draws lessons from the Afghanistan, Pakistan, and Nepal contexts.

<sup>96</sup> Autesserre, Séverine. 2014. *Peaceland*. Cambridge: Cambridge University Press.

- **A: Low security, little state legitimacy.** In places with low levels of security and low levels of state legitimacy (such as Bria), stabilization, interactions with armed groups, and reconciliation are priority. Responsiveness is key to avoid any escalation of violence and solidification of grievances. Depending on the situation, a response is likely to involve addressing social polarization and activities to rebuild trust between different population groups and between citizens and the state. Interventions may involve support to displaced people and labor-intensive public works to offer economic alternatives to youth who might otherwise be attracted to making money through the gun. The presence of a neutral international security force accepted by all parties (MINUSCA) is a prerequisite to assure a minimum level of security. As soon as the situation allows, development actors should become active focusing on the rehabilitation of roads, energy provision, and telecom and banking while also restoring health and education services. Doing so signals the commitment of the state and the international community to establish a positive state presence.
- **B: Low security, higher state legitimacy.** In the Obo prefecture, the security threat is largely posed by the LRA (though ex-Séléka or anti-Balaka might decide to opportunistically attack) and the state is considered a positive, yet absent, force. Here the focus should be on security provision by the state<sup>97</sup>—with minimal support from MINUSCA, public sector capacity building, service delivery, and facilitating market access. It implies a progressive change from security provision by external actors to one where the state offers security and justice, a move from social service delivery by humanitarian actors toward state actors (or at least funded by the state), investment in infrastructure, and strengthening of local government. Humanitarian support should ideally be limited to support to refugees from South Sudan and people displaced by the LRA. As Haut-Mboumou is extremely isolated and accessible only by air, infrastructure development is a priority starting with roads to South Sudan and Bangui.<sup>98</sup> Telecom and banking services need to be strengthened to accommodate the functioning of the civil service and as precondition to kick-start income-generating activities.
- **C: Security, no state legitimacy.** Ndélé contrasts sharply with Obo as a region that is largely secure but where the state exercises no control (the region is under the influence of the FPRC). Intervention strategies should focus on infrastructure provision and social service delivery and inclusion of the ruling armed group in the management of these activities and local governance. There is no scope to introduce immediately security or justice services as these would be in competition with what is offered by the local armed group. But relative security permits to improve service delivery and to move progressively from provision by humanitarian providers to state providers, to increase the presence of technically oriented civil servants (thus promoting the development of local government), and to develop market access and

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<sup>97</sup> As it takes great effort to normalize a situation once it has degenerated, prevention is an important aspect of a long-term stabilization strategy. It gives a reason to invest and protect regions or cities that face a high risk of degradation of their situation like Obo.

<sup>98</sup> While it is a priority, the road to Bangui, which is not secure, is probably a lesser priority than the road toward South Sudan.

opportunities for income generation. In rural areas in this prefecture—which are largely secure—there is an opportunity to move away from emergency (food provision) to programs that increase the productivity of agriculture: food as well as cash crops (cotton in particular). Opportunities for income generation can be further enhanced by rehabilitating the road to Chad and Sudan, which is the center of economic gravity for this region.

- **D: Secure with state legitimacy.** In regions, such as Lobaye where Mbaiki is located, which are under government control and relatively secure (though affected by banditry) the focus should be on reinforcing the state, income growth, and poverty reduction. Anti-Balaka are largely present but they are supportive of the state. Services should no longer be offered by the humanitarian actors but by long-lived public institutions, requiring strengthening deconcentrated administration and local governance structures. As the monopoly of violence rests with the state, security and justice services need to be provided by police, gendarmerie, and the judiciary and reliance on peace keeping forces progressively reduced. Income-generating activities should be promoted, particularly in agriculture and artisanal mining as these are the sectors in which most of the poor are engaged. The productivity of food crops needs to be enhanced, value chains for cash crops developed (cocoa and coffee), and the return of (Muslim) traders who sought refuge in Cameroon promoted. Connectivity needs to be improved through the development of infrastructure to improve access to the markets of the Republic of Congo, Cameroon, and Bangui.

146. **While development programming should differ across space depending on its placement in the legitimacy-security typology, to ensure inclusive development, projects should be encouraged to work across all cells of the typology.** Hence an agricultural project could develop value chains or market access in cells C and D which are both secure, but which differ in state legitimacy, implying that in location in cell B one might have to coordinate with the de-facto authorities and in D collaborate with the legitimate authorities. In cells A and B, which are characterized by low security, the focus might be more on measures to improve household resilience (food storage) and food security.

147. **The legitimacy-security typology can guide thinking on how to deliver interventions.** Sticking with the agricultural illustration above, in secure locations, road construction and rehabilitation using normal modes of operation is feasible. In less secure locations, approaches that do not require a long-term presence may be preferred. Labor-intensive approaches requiring little in equipment could be considered instead or community-driven development approaches which rely mostly on community involvement. In other cases, handouts may be preferred, requiring only a single visit (bicycles) organized during times of relative security.

148. **To be effective in CAR, the World Bank has started to adapt the way it operates.** Doing so is an objective at the highest level of World Bank management, particularly for fragile countries. But implementing it takes time. The World Bank has traditionally been more attuned to supporting national systems and less to supporting approaches that vary across the territory. The organization has tended to prioritize capacity building, policy development, and institutional strengthening over delivering activities directly to citizens. The World Bank lacks the mandate to enter the political sphere even though many activities in CAR have an impact on political inclusion

and stability. These tendencies are reinforced by the limited presence of (international) staff in many country offices. Staff assigned to work on CAR tend to work from Washington, DC, covering multiple countries, resulting in limited opportunities to interact with the client and each other. This has had consequences for the ability to work across sectors, identify adapted solutions, or work with non-traditional partners, including armed groups. It is critical that the efforts of the World Bank management to improve agility and ways of doing in fragile settings are sustained.

149. The SCD has emphasized several aspects worth reiterating:

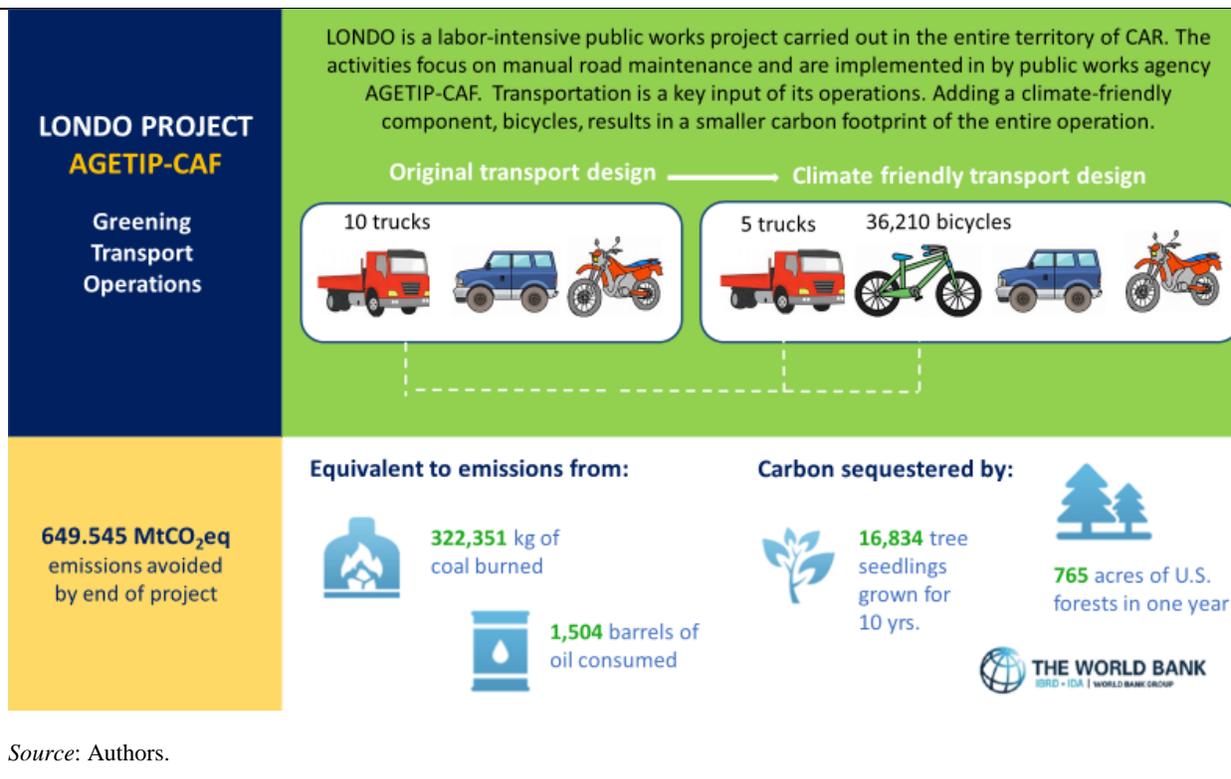
- Policy dialogue and other measures that move the country toward stability, reconciliation, addressing grievances, and effective service delivery are the most critical contribution any donor agency can make. Only when such a new ‘social contract’ is adopted and executed, can one expect a reasonable return on the investments that need to be made, can vulnerable people really be assisted and can the citizens of CAR return to their jobs and invest in their livelihoods.
- Invest outside Bangui in areas that to date have been neglected in ways that are adapted to local circumstances. The 2 by 2 matrix on legitimacy and security shows how interventions may have to differ spatially, but no areas should be neglected because of insecurity or lack of state presence.
- Opt for approaches that are adapted to the country’s realities: go for labor-intensive approaches where possible; opt for investments that can withstand another crisis (such as hydro and solar-based power generation as they do not require inputs whose provision can easily be disrupted); consider giving cash and goods to households if this allows them to overcome major problems in the short run (solar lights, water filters, bicycles, and bed nets) while working on long-term more sustainable solutions; opt for climate-friendly design of projects by using, where realistic, bicycles and motorbikes as opposed to land cruisers and trucks.
- Be prepared to give seemingly radical ideas close consideration: displaced people may be enticed to stay in cities where they sought refuge if they benefit from secure access to plots of land—even if the land comes with few other amenities; a voucher system giving parents the freedom to choose where they send their children to school may allow CAR to avoid the enrolled but not learning syndrome that characterizes so many countries. Where school construction or rehabilitation is needed, a room or space to provide health care to students and the wide community can be integrated within it.
- Adopt flexible, simple, and adaptive approaches. Projects are unlikely to have the perfect design and new crises will undoubtedly emerge. So, invest in collecting feedback, invest in third-party monitoring when areas cannot be supervised by regular staff, and be prepared to adapt till a workable and effective design has been found. Where feasible, opt for less remote, centralized control and more human resources on the field for delivery, control/inspection, and regulation. Be spatially smart and adapt to the dynamic security situation and be opportunistic and use whatever works. Procurement rules should be smartly designed and promote local contracting and the use of locally available materials (while being aware of the political economy of such

competitions). This also implies the use—whenever possible—of local human resources.

- Coordinate across different interventions and agencies. Many interventions need to be developed in close collaboration: ICT needs electricity; roads need financing options to buy rolling stock and PFM reform to assure financing for maintenance. This requires working across silos and in coordination. Coordination is needed across sectors and across agencies, whether developmental, security, or humanitarian. Agencies thus need to work together, exploit their comparative advantage, and speak with one voice as they are interdependent and pursue a common objective. And they need to trust each other as not everything can be done by all: the World Bank may be better at doing large infrastructure, NGOs have a comparative advantage at reconciliation, and the EU at more politically charged issues such as SSR.

**Box 5.1: Climate-friendly project design can enhance mobility and put more assets in the hands of beneficiaries**

There are innovative, cost-effective (and climate friendly) ways to put more rolling stock in the hands of people. The Londo project shows the way. It gives beneficiaries in its public works project bicycles, thus avoiding the need to spend on transport services to bring its laborers to the worksites. The cost of procuring bicycles and of procuring transport services is about the same, so that as a result of this choice a greater fraction of the project proceeds directly benefits the beneficiaries. Already the impact of this decision is substantial: because of the project, the stock of bicycles in CAR will increase by around 30 percent from less than 100,000 to 130,000. As more labor-intensive public works projects are envisaged in the country (for instance for road construction, rehabilitation and maintenance), it would be beneficial if this approach is systematically replicated.



Source: Authors.

## Annex 1: Security Situation (February 2018)

The February 15, 2018, report to the Security Council by the Secretary of the UN provides a good sense of the complexity of the security situation. The Secretary General observes the following:

“In my last report, I called attention to the increase in sectarian violence and the heightened risk of ethnic cleansing in parts of the country. While these tensions remain, the recent period was characterized by a decrease in intercommunal violence and an increase in the number of confrontations between armed groups and self-defense militia, particularly in areas affected by seasonal migration. Competition over the control of territory and access to natural resources remained the key driver of violence among the armed groups.

In the west of the country, with the reopening of transhumance corridors, anti-balaka forces repeatedly clashed with Fulani herders in Mambéré-Kadéï prefecture after armed Fulani looted villages near Gamboula, killing five civilians.

MINUSCA successfully removed 3R forces from Bocaranga and the Mouvement patriotique pour la Centrafrique (MPC) from Bang in November, ending a cycle of violence between these groups and anti-balaka associated militias. The agreement between the 3R and local anti-balaka groups, signed in Bouar, contributed to an improved overall security situation in the area.

In Ouham-Pendé, a newly established MPC splinter group known as the Mouvement national pour la libération de la Centrafrique (MNLC) clashed with forces of RJ over control of territory and trade routes. In coalition with anti-balaka associated militias, RJ forces launched targeted attacks against MNLC and civilian Muslim communities between 27 December and 4 January around Paoua, resulting in the killing of four civilians and the internal displacement of at least 1,200 persons. During attacks to regain territory, MNLC forces also attacked civilians around Paoua, burning thousands of houses and, in some cases, entire villages. In mid-January, MINUSCA launched a military operation, which, soon afterwards, was carried out jointly with the Central African armed forces. The operation resulted in a reduced presence of armed groups around Paoua.

Further east, in Ouham prefecture, confrontations between anti-balaka and MPC for control of Batangafo intensified, with the near destruction of Ouogo and Kambakota villages by MPC on 19 and 21 December, respectively, including the displacement of some 2,000 civilians. In addition, since 13 January, clashes between MNLC and RJ spilled over to the Markounda-Kouki axis in Ouham prefecture, leading to significant population displacements to nearby villages, which remain under MPC control.

In the central part of the country, representatives of FPRC, the Rassemblement des républicains (RDR), an anti-balaka faction, and the UPC formed a temporary alliance on 6 October in Ippy, briefly improving security in Ouaka and Basse-Kotto prefectures. The implementation of the agreement proved challenging because of diverging economic interests and divisions within FPRC. For example, on 7 and 8 December, clashes in Ippy between rival factions of FPRC resulted in an undetermined number of casualties and over 15,000 displaced civilians. Illustrating the fragility of the agreement, in mid-December, UPC elements reportedly killed the leader of RDR.

FPRC and MPC continued to sabotage the redeployment of State authorities in Bamingui-Bangoran, Vakaga and Nana-Grebizi prefectures. On 9 December, unidentified elements launched

a rocket into the MINUSCA camp in Kaga Bandoro, in an apparent protest against the arrival of the new prefect. The device exploded without causing casualties or damage. In addition, MPC and FPRC supporters torched administrative buildings in violent riots against the prefect's deployment.

In the eastern part of the country, Mbomou prefecture continued to be an area of major concern owing to ongoing tensions between UPC and militias loosely associated with anti-balaka, apparently motivated by competition over illegal revenues. On 18 October, anti-balaka associated militias attacked Pombolo, a majority Fulani village, killing at least 26 civilians. On 30 December, clashes between anti-balaka groups resulted in the killing of anti-balaka associated militia leader Mahamat Ngade, and the escape and apprehension of anti-balaka associated militia leader Romaric Madango in the Democratic Republic of the Congo. On 20 January, as tensions increased among militia leaders, the local anti-balaka leader, known as 'Bere-Bere', surrendered to MINUSCA and was subsequently transferred to Bangui for prosecution. Bere-Bere, Ngade and Madango are all thought to have been involved in the May 2017 killing of five peacekeepers in Yongofongo and in ongoing attacks on the Muslim community in Bangassou. With United Nations support, the Central African authorities are preparing a request for Madango's extradition.

Following clashes during the previous reporting period, the situation in Bangassou evolved into a low-intensity conflict. MINUSCA continues to provide protection to the some 1,500 mostly Muslim civilians displaced at the Catholic mission. Regular attacks by anti-balaka against internally displaced people, as well as humanitarian actors and peacekeepers, continued. On 4 January, armed men attacked the head of Bangassou's peace and reconciliation committee.

The Mbomou and Basse-Kotto areas remained a particularly challenging environment both for humanitarian actors and MINUSCA owing to continued attacks against aid convoys by anti-balaka associated militia on 10 separate occasions, in which one peacekeeper was killed and four injured. In November, MINUSCA peacekeepers were temporarily deployed to Mobaye to reinforce protection hotspots around Basse-Kotto.

In Haute-Kotto, violence by armed groups continued to pose a grave threat to civilians. Circumstances remain largely unchanged for the 73,000 people who have been internally displaced in Bria since May 2017. Ethnic tensions were exacerbated by recurrent fighting between FPRC and anti-balaka associated militias in competition for control of illicit taxation on roads leading to Bria. On 4 December, anti-balaka associated militias attacked a MINUSCA checkpoint in front of the PK3 displaced persons camp, killing one peacekeeper. Local authorities in Bria supported by MINUSCA launched a road map for peace in Haute-Kotto on 19 December to contain the violence. The ex-Séléka joined the initiative, while only some local anti-balaka associated militias signed the agreement.

The Lord's Resistance Army continued to pose a threat to civilians in the southeast. In late October, presumed elements of the group attacked villages and abducted five civilians in Mbomou and Haute-Kotto prefectures.

In contrast to the situation in some parts of the country, the security situation in Bangui remained relatively stable. Recurring rumours of destabilization by violent spoilers did not materialize. Most reported incidents in Bangui could be categorized as acts of criminality. In the third district of Bangui there were occasional clashes between militia motivated by internal power struggles and

competition over illegal taxes. These tensions pose a threat to civilians, as exemplified by two grenade attacks, on 11 November and 17 January, killing six people in total and triggering retaliatory attacks.

MINUSCA staff and property were also the target of violent acts by the local population in Bangui. On 24 November, a fatal road accident wrongly attributed to a MINUSCA vehicle resulted in violent mobs throwing stones at United Nations vehicles throughout the day, resulting in three peacekeepers injured and three MINUSCA vehicles destroyed.”

*Source:* United Nations Security Council. Report of the Secretary-General on the Central African Republic. S/2018/125

## ANNEX 2: GDP COMPOSITION (2010–2017)

	2010	2011	2012	2013	2014	2015	2016	2017	2010	2011	2012	2013	2014	2015	2016	2017
	CFAF billion								Growth							
<b>Real GDP at factor cost</b>	<b>826.2</b>	<b>887.7</b>	<b>921.8</b>	<b>601.8</b>	<b>596.2</b>	<b>625.7</b>	<b>653.1</b>	<b>675.3</b>	<b>3.0</b>	<b>7.4</b>	<b>3.8</b>	<b>-34.7</b>	<b>-0.9</b>	<b>4.9</b>	<b>4.4</b>	<b>3.4</b>
<b>Primary sector</b>	<b>347</b>	<b>359.7</b>	<b>366.8</b>	<b>203.4</b>	<b>200.1</b>	<b>199.8</b>	<b>208.9</b>	<b>215.2</b>	<b>3.0</b>	<b>3.7</b>	<b>2.0</b>	<b>-44.5</b>	<b>-1.6</b>	<b>-0.1</b>	<b>4.6</b>	<b>3.0</b>
Agriculture	259.2	260.4	264.2	140.8	145.5	135.6	136	136.4	2.5	0.5	1.5	-46.7	3.3	-6.8	0.3	0.3
Subsistence	189.6	190.3	191.1	93.9	96.2	95	96.5	96.7	2.3	0.4	0.4	-50.9	2.4	-1.2	1.6	0.2
Cash crops	69.6	70.1	73.1	46.9	49.3	40.6	39.5	39.7	3.0	0.7	4.3	-35.8	5.1	-17.6	-2.7	0.5
Livestock	66.7	69.5	73.3	35.9	37.4	32.6	33.3	33.3	-2.6	4.2	5.5	-51.0	4.2	-12.8	2.1	0.0
Hunting and fishing	8.3	8.5	12.9	11.4	11.4	11.2	11.4	11.4	-3.5	2.4	51.8	-11.6	0.0	-1.8	1.8	0.0
Forestry	12.8	21.3	16.4	15.3	5.8	20.4	28.2	34.1	85.5	66.4	-23.0	-6.7	-62.1	251.7	38.2	20.9
<b>Secondary sector</b>	<b>177.3</b>	<b>199.8</b>	<b>214.2</b>	<b>116</b>	<b>95.8</b>	<b>102.5</b>	<b>104.4</b>	<b>104</b>	<b>-1.7</b>	<b>12.7</b>	<b>7.2</b>	<b>-45.8</b>	<b>-17.4</b>	<b>7.0</b>	<b>1.9</b>	<b>-0.4</b>
Manufacturing industry	140.2	164	181.9	102	86.5	93.9	97.1	96.3	5.0	17.0	10.9	-43.9	-15.2	8.6	3.4	-0.8
Public utilities	4.9	5	3.6	4.2	3.4	4	3.2	3	-9.3	2.0	-28.0	16.7	-19.0	17.6	-20.0	-6.3
Construction	11.9	11.5	3.4	2.2	1.7	2.2	1.9	2	-36.4	-3.4	-70.4	-35.3	-22.7	29.4	-13.6	5.3
Mining	20.3	19.3	25.3	7.6	4.2	2.4	2.2	2.7	-11.0	-4.9	31.1	-70.0	-44.7	-42.9	-8.3	22.7
<b>Tertiary sector</b>	<b>301.9</b>	<b>328.2</b>	<b>340.8</b>	<b>282.4</b>	<b>300.3</b>	<b>323.4</b>	<b>339.8</b>	<b>356.1</b>	<b>5.9</b>	<b>8.7</b>	<b>3.8</b>	<b>-17.1</b>	<b>6.3</b>	<b>7.7</b>	<b>5.1</b>	<b>4.8</b>
Merchant services	196.5	216.9	231.5	174.6	205.3	222.1	222.7	224.8	7.0	10.4	6.7	-24.6	17.6	8.2	0.3	0.9
Transport and communication	22.4	37.4	32.9	34.9	38.9	48.4	43.7	42.8	11.4	67.0	-12.0	6.1	11.5	24.4	-9.7	-2.1
Commerce	106.5	109.1	111	59.5	88.4	97	94.6	96.1	8.7	2.4	1.7	-46.4	48.6	9.7	-2.5	1.6
Other	67.6	70.4	87.6	80.2	78	76.7	84.4	85.9	3.0	4.1	24.4	-8.4	-2.7	-1.7	10.0	1.8
Non-merchant services	105.4	111.3	109.3	107.8	95	101.3	117.1	131.3	4.0	5.6	-1.8	-1.4	-11.9	6.6	15.6	12.1
	<b>Percent of GDP</b>															
<b>Primary sector</b>	42	41	40	34	34	32	32	32								
Agriculture	31	29	29	23	24	22	21	20								
Subsistence	23	21	21	16	16	15	15	14								
Cash crops	8	8	8	8	8	6	6	6								
Livestock	8	8	8	6	6	5	5	5								
Hunting and fishing	1	1	1	2	2	2	2	2								
Forestry	2	2	2	3	1	3	4	5								
<b>Secondary sector</b>	21	23	23	19	16	16	16	15								
Manufacturing industry	17	18	20	17	15	15	15	14								
Public utilities	1	1	0	1	1	1	0	0								
Construction	1	1	0	0	0	0	0	0								
Mining	2	2	3	1	1	0	0	0								
<b>Tertiary sector</b>	37	37	37	47	50	52	52	53								
Merchant services	24	24	25	29	34	35	34	33								
Transport and communication	3	4	4	6	7	8	7	6								
Commerce	13	12	12	10	15	16	14	14								
Other	8	8	10	13	13	12	13	13								
Non-merchant services	13	13	12	18	16	16	18	19								

Source: World Bank 2019

### ANNEX 3: CAR RELATIVE TO REGIONAL COMPARATORS (2018 OR LATEST)

<b>General</b>	<b>CAR</b>	<b>DRC</b>	<b>Niger</b>	<b>Congo</b>	<b>Cameroon</b>	<b>Chad</b>	<b>SSA</b>
Surface area (sq. km)	622,980	2,344,860	1,267,000	342,000	475,440	1,284,000	21,753,996
GDP per capita (constant 2010 US\$)	335	409	396	2617	1512	823	1651
IDA grants per capita (current US\$)	1.87	3.15	7.16	0.00	0.00	5.78	1.44
<b>Population</b>							
Population, total (million)	4.7	81.3	21.5	5.3	24.1	14.9	1,061.0
Population in largest city (million)	0.8	12.6	1.2	2.1	3.5	1.3	—
Population in the largest city (% of urban population)	43.6	35.4	33.5	61.1	25.8	37.5	26.4
Urban population (% of total)	41.0	43.9	16.4	66.5	55.8	22.9	39.5
Rural population (% of total population)	59.0	56.1	83.7	33.5	44.2	77.1	60.5
Population ages 0–14 (% of total)	43.2	46.3	50.2	42.3	42.7	47.1	42.7
Population growth (annual %)	1.4	3.3	3.8	2.6	2.6	3.0	2.7
Urban population growth (annual %)	2.3	4.6	4.2	3.3	3.7	3.8	4.1
Rural population growth (annual %)	0.8	2.2	3.7	1.2	1.2	2.8	1.8
<b>Welfare</b>							
Life expectancy at birth, total (years)	52.9	60.0	60.4	65.1	58.6	53.2	60.8
Literacy rate, adult total (% of people ages 15 and above)	77.2	79.3	40	75	36.8	19.1	—
<b>Business environment</b>							
Ease of doing business index (1 = most business friendly regulations)	184	176	183	167	186	158	145
Cost of business start-up procedures (% of GNI per capita)	143.4	26.7	8.1	75.5	24.6	172.3	45.1
Time required to register property (days)	75	38	13	55	81	44	54
Mobile cellular subscriptions (per 100 people)	53.0	111.7	40.2	71.8	25.9	46.5	76.1
<b>Governance</b> (1 = low to 6 = high)							
CPIA structural policies cluster	2.5	3.0	3.5	2.8	3.3	2.7	3.1
CPIA economic management cluster	2.8	2.8	3.7	2.7	3.7	2.7	3.1
CPIA policies for social inclusion/equity cluster	2.3	3.0	3.2	2.8	3.1	2.6	3.2
CPIA public sector management and institutions cluster	2.3	2.5	3.1	2.5	3.0	2.7	2.9
CPIA transparency, accountability, and corruption in the pub. sector	2.5	2.0	3.0	2.0	2.5	2.5	2.7

Source: World Development Indicators, May 2019.

## ANNEX 4: OVERVIEW OF IDEOLOGY, AFFILIATIONS, OBJECTIVES, AND STRATEGY OF ARMED AND REBEL GROUPS ACTIVE IN CAR

		Ideology	Past affiliations	Political objectives	Military strategy
1	RPRC	Considers UPC and Peulh/Fulani foreigners	Bozize's ex-liberators; Seleka; the Coalition	Overthrow government; partition the country; amnesty	Maintain a climate of permanent crisis and intercommunal tension
2	FPRC	End marginalization of the north	Bozize's ex-liberators; Seleka; Nairrobists	Overthrow government; partition the country; amnesty	Maintain a climate of permanent crisis and intercommunal tension
3	MPC	End marginalization of the north	Bozize's ex-liberators; Seleka; the Coalition	Overthrow government; partition the country; amnesty	Maintain a climate of permanent crisis and intercommunal tension
4	MPC-Siriri	End marginalization of the north	Bozize's ex-liberators; the Coalition	Unknown / seek positions for people of Chadian origin	Attacks against leaders of FPRC
5	MLCJ	End marginalization of the north	Bozize's ex-liberators; Seleka	Overthrow government; partition the country; amnesty	Maintain a climate of permanent crisis and intercommunal tension
6	Seleka renovee	Unity for the country and peace and reconciliation	Seleka	Political positions	None
7	Muslim self-defense groups	Self-defense	None	Self-defense	Self-defense group that can be re-activated
8	MRDP	Free the country from ex-Seleka combatants	anti-Balaka	Self-defense	Attack MINUSCA to instigate action against ex-Seleka combatants
9	Anti-Balaka	Free the country from ex-Seleka combatants	anti-Balaka	Self-defense	Self-defense group that can be re-activated
10	National coordination of the ex-anti-Balaka	Free the country from ex-Seleka combatants	Bozize regime	Seek positions; amnesty	Self-defense groups in Bangui and West CAR
11	Maxime Mokom-wing	Free the country from ex-Seleka combatants	Bozize regime; the Coalition; Nairrobists	Overthrow government; amnesty	Oppose ex-Seleka factions
12	3R	Protect population particularly Fulani/Peulh in South-West	None	Maintain country partition; seek positions	Control territory and tax Fulani communities / kidnapping for ransom
13	LRA	None	None	None	Maintain high mobility and make money from trafficking
14	FCCPD	Overthrow president Kabila for DRC	None in CAR	None in CAR	Hide in CAR
15	RJ	Protect people in North-West CAR from insecurity	Patasse / Bozize's ex-liberators	Maintain country partition; seek positions	Control North-West CAR and tax local communities
16	RJ splinter	Self-defense in North-West CAR	Patasse	Seek positions	Control North-West CAR and tax local communities
17	FDPC	No clear ideology (used to be overthrow Bozize)	Patasse	Seek positions	Banditism on roads to Cameroon and kidnapping for ransom
18	UPC	Protect population and particularly Fulani/Peulh	Seleka	Maintain country partition; seek positions	Control areas and its economic (mining) resources

Source: Adapted from the Enough Project, Splintered Warfare, 2017.

Note: Not all armed groups listed here are recognized by the authorities.

# MAP

