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MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY ENGAGEMENT NOTE  
FOR THE CENTRAL AFRICAN REPUBLIC  
FY2016-2017

JULY 13, 2015

Africa Region  
Country Department Central Africa

International Financial Corporation  
Sub-Saharan Africa Department

Multilateral Investment Guarantee Agency

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**Central African Republic: World Bank Group Country Engagement Note (CEN)  
For the period of FY 2016-2017**

**Currency Equivalents (Effective May 2015)**

**Currency Unit = CFA Francs BEAC (XAF)**

**XAF 589 = US\$1.00**

**Fiscal Year**

**January 1 – December 31**

**Abbreviations and Acronyms**

AAA	Analytical and Advisory Work
AFD	French Agency for Development
AU	African Union
CAB	Central African Backbone Program
CEN	Country Engagement Note
CEMAC	Economic Community of Central African States
DRC	Democratic Republic of Congo
DDR	Demobilization Disarmament and Reintegration
ECCAS	Economic Community of Central African States
ERPSP	Emergency Response Public Sector Program
EU	European Union
FAO	Food and Agricultural Organization
GDP	Gross Domestic Product
GNI	Gross National Income
GP	Global Practice
HIPC	Heavily Indebted Poor Country Program
HSSP	Health Support Systems Project
IDA	International Development Association
IFC	International Financial Corporation
MINUSCA	UN Peacekeeping Mission for Central African Republic
NGO	Non-Governmental Organization
NTC	National Transitional Council
ODA	Official Development Assistance
OP	Operational Policy
TDRP	Transitional Demobilization and Reintegration Program
TTFP	Transit and Transport Facilitation Project
UN	United Nations
UNDP	UN Development Program
UNICEF	UN Children's Program
UNFPA	UN Population Fund
UNSC	UN Security Council
WHO	World Health Organization

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## Executive Summary

- i. Before the current crisis, the Central African Republic (CAR), a landlocked country lying in the middle of the African continent, was already one of the poorest nations on earth, with a Gross National Income (GNI) per capita of US\$471 in 2012. Since early 2013, the country has experienced a massive political-security conflagration, creating an unprecedented humanitarian crisis which unraveled the country's social fabric, displaced over twenty five percent of its 4.7 million population, and resulted in significant economic contraction.
- ii. The crisis has prompted a large-scale international response, including peacekeeping intervention from African Union (AU), France, European Union (EU) and now, United Nations (UN) forces as well as concomitant emergency relief by UN agencies and non-governmental organizations (NGOs). At the same time, the Economic Community of Central African States (ECCAS) is shepherding a political initiative that has included the installation of a transitional government leading to anticipated national elections by end 2015.
- iii. **The World Bank supported the crisis response with a US\$100 million package in emergency operations** (by way of restructured and regular IDA lending) that was presented in an update to the Board on January 21, 2014. This Country Engagement Note (CEN) describes the continuation of the crisis response as well as the potential next steps for recovery and development, covering a period of 18 months (July 2015-end 2016). Given that much of the country is insecure, access for Bank staff is still restricted, and the country is undergoing a fragile political transition, a CEN is considered the most appropriate vehicle to outline the World Bank Group's strategy.
- iv. This strategy is comprised of two phases: (i) support to stabilization: using the Bank's existing portfolio and frontloading of all of the IDA-17 allocation to assist international efforts to break the cycle of violence, maintain confidence in the fragile transition and put in place the basic elements of crisis recovery; and (ii) preliminary support to recovery and development, based on a best-case scenario of peaceful elections, improved security, and a reform-minded government.
- v. For the first phase, stabilization, the World Bank has the following objectives: (i) **Restore core public sector institutions** by strengthening public sector capacity through the payment of civil service salaries as well as supporting basic public financial management and payroll reform; (ii) **Basic support to livelihoods** including the creation of some 35,000 short-term jobs in public works in all 70 *sous-prefectures* (small provinces) outside Bangui of the territory as well as providing agricultural support to some 500,000 persons; and (iii) **Support to basic social service delivery** including the rebuilding of the health system and the reduction of maternal and child mortality and child malnutrition. This will be reinforced by the payment of public sector salaries of health workers and teachers who will increasingly resume their functions in areas where security allows.
- vi. **The move to a recovery and development phase will be based upon the scenario of a gradual reduction in violence and the establishment of an elected reform-minded government.** This will enable the World Bank to increase sector engagement by way of analytical and advisory work as well as to resume current operations that have been effectively on stand-by during the crisis. Sustained progress toward building stability and resilience could allow the World Bank to consider the provision of enhanced resources through the IDA-17 turn-around regime. It is anticipated that analytical work will lay the foundation for any new or scaled-up lending support

the new government in the formulation of its priority economic recovery plans, and promote broader donor resource mobilization, possibly within the framework of the New Deal process.

vii. There are significant risks to the overall implementation of the World Bank Group's Country Engagement relating both to the political security situation and risk of relapse into large-scale conflict, the challenges of public sector reform as well as the presence of World Bank Group staff on the ground. Most immediately, the risks posed relate to the separation and stand-down of armed groups as well as the holding and popular acceptance of national elections around the end of 2015. The critical change in international support to CAR is the presence of a large UN peacekeeping operation; the principal mitigating measures for the World Bank Group during this CEN period will be to work closely with the peacekeeping mission, MINUSCA (UN Multidimensional Integrated Stabilization Mission in the CAR), as well as other key development partners.



## INTRODUCTION

1. Before the current crisis, the Central African Republic (CAR), a landlocked country lying in the middle of the African continent, was already one of the poorest nations on earth, with a GNI per capita of US\$471 per year.<sup>1</sup> Since early 2013, the country has experienced a massive political-security conflagration, creating an unprecedented humanitarian crisis which unraveled the country's social fabric, displaced over twenty five percent of its 4.7 million population and resulted in significant economic contraction.

2. The crisis has prompted a large-scale international response, including peacekeeping interventions from African Union (AU), France, European Union and now United Nations (UN) forces as well as concomitant emergency relief by UN agencies and non-governmental organizations (NGOs). At the same time, the Economic Community of Central African States (ECCAS) is shepherding a political initiative that has included the installation of a transitional government leading to anticipated national elections by end-2015.

3. The World Bank supported the crisis response with a US\$100 million package in IDA emergency operations (by way of restructured and regular IDA lending) that was presented in an update to the Board on January 21, 2014. The present Country Engagement Note (CEN) describes the continuation of the crisis response as well as the potential next steps for recovery and development covering a period of 18 months (July 2015-end 2016). Given that much of the country is insecure and access for World Bank Group (World Bank) staff is still restricted and due to the ongoing fragile political transition, a CEN is considered the most appropriate vehicle to outline the World Bank's strategy.<sup>2</sup>

4. This strategy is comprised of two phases: (i) support to stabilization: using the existing IDA portfolio and the frontloading of all of the IDA-17 allocation to assist international efforts to break the cycle of violence, maintain confidence in the fragile transition and put in place the basic elements of crisis recovery; and (ii) preliminary support to recovery and development: resuming those operations that have been on standby, undertaking analytical and advisory assistance that would lay the foundations for a 'turn-around' application under IDA-17, based on a best-case scenario of peaceful elections, improved security and a reform-minded government. This would allow the World Bank to make a contribution in addressing the longer-term underlying challenges associated with the country's chronic vulnerability.

## COUNTRY DIAGNOSTIC

### A. Political-Security Context

5. After his successful coup d'état in 2003, President Bozizé led a period of relative political-economic stability in CAR that featured two contested national elections in 2005 and 2011, the consolidation of an increasingly exclusive regime in the south, and intermittent rebellion in the

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<sup>1</sup> CAR is ranked 185 out of 187 in the UN's Human Development Index, 2013

<sup>2</sup> Operational Policy (OP) 2.30 on Conflict and Development

north. In late 2012, a rebel coalition, known as Séléka,<sup>3</sup> began taking over towns in northeastern and central CAR. After a failed attempt at a peace agreement in Libreville in January 2013, Séléka rebels ousted President Bozizé in March 2013. In the following months, ECCAS led a political initiative establishing a transitional period leading to national elections. The ECCAS Heads of State held a crisis summit in N'djamena in April 2013 and endorsed transitional institutions including a Head of State of the Transition, Michel Djotodia (one of the Séléka leaders), and the National Transition Council (NTC) as the legislative body. On August 18, 2013 the interim Head of State was sworn in and bound to hold elections at the latest 24 months from that date.

6. Over this period, large scale violence and looting took place; the national army, FACA,<sup>4</sup> dispersed and Séléka commanders had little control over their own forces. In the face of the deteriorating situation, the UN Security Council (UNSC) authorized in December 2013 a French intervention force, Sangaris, as well as the establishment of an African Union-led military presence (MINUSCA).<sup>5</sup> However, violence between ethno-religious armed groups continued; new forces in opposition to Séléka emerged, namely, the anti-balaka, comprising local vigilante groups and former national army forces. Over time the country effectively cleaved into two. This led to the flight of the majority of the Muslim population (about 15 percent of the population) to the northeast and neighboring countries. In January 2014, the ECCAS leadership accepted Michel Djotodia's resignation. Subsequently, under the framework of the original Libreville agreements, the NTC elected Mrs. Catherine Samba-Panza, then mayor of Bangui, as the new Head of State of the Transition, a position she still holds.

7. The exodus of populations from Bangui continued and the country descended into localized violence based on ethno-religious recrimination. To strengthen peacekeeping, the UNSC in April 2014 authorized the deployment of a 12,000 person UN force as well as civilians (known as MINUSCA) to replace the AU mission in September 2014.<sup>6</sup> An expanded peacekeeping presence has been accompanied by various attempts to broker cease-fires between the various protagonists. In turn, the transitional government has started a national dialogue process aimed at social and political reconciliation. This culminated in the National Forum in Bangui in early May, laying the groundwork for national elections which are now scheduled to take place in October 2015, a delay that was endorsed by ECCAS on May 25, 2015.

## **B. Economic Context**

8. Since 2005, political stability and steady reform, including reaching the HIPC (Heavily Indebted Poor Countries) Initiative completion point for debt relief in 2009, and implementing macroeconomic and structural reforms supported by World Bank budget support as well as by an IMF program, contributed to increased, stable growth. Albeit modest, the real increase in per capita

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<sup>3</sup> The 'Séléka' was a loose union of armed factions primarily based in the north of CAR (see Annex III on armed groups).

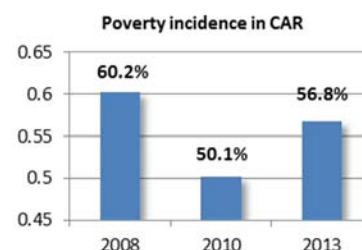
<sup>4</sup> *Forces Armées Centrafricaines*

<sup>5</sup> UN SC Resolution 2127

<sup>6</sup> UNSC Resolution 2149. In March 2015, MINUSCA's mandate was extended and strengthened with the addition of 750 military personnel and 300 police and corrections officers. At the same time, the European force (EUFOR) ended its mission in mid-March 2015 and the French *Sangaris* has started decreasing in size, as the EU has launched a military advisory mission to support the authorities in reform of the security sector.

income during that period suggests some progress towards poverty reduction: gross domestic product (GDP) per capita (in constant 2005 US\$) increased from US\$390 to US\$471.50 in 2012.

9. The political-security crisis destroyed those gains and caused economic activity to collapse in 2013, with a GDP drop since then of an estimated 36 percent. Further, the initial indications are that the crisis had a significant impact on poverty; while the poverty rate decreased from 60.2 percent in 2008 to 50.1 percent in 2010, these gains appear to have been largely undone in 2013, as the projected poverty rate reached 56.8 percent again (see chart).<sup>7</sup>



10. The recovery hoped for in 2014 did not materialize, as GDP grew by a mere one percent. Activities in the agricultural, forestry, and trade sectors did not fully resume and official mining exports were still suspended under the Kimberley Process<sup>8</sup>. Inflation averaged 11.6 percent, mainly reflecting the continuing supply shocks and disruptions in the distribution networks for imported goods (including food products). Trade has been significantly reduced following the ban on diamond exports and low traffic along the Bangui–Douala corridor. Foreign direct investments decreased dramatically, from US\$71.4 million in 2012 to US\$1.8 million in 2013 and US\$2.2 million in 2014.

11. The economic downturn has also put major pressure on public finances. Domestic revenues dropped from 11.5 to 4.9 percent of GDP between 2012 and 2014. The payment of civil service wages and pensions was suspended for the better part of 2013 and resumed on a regular basis in early 2014 due to large-scale donor re-engagement. With large inflows of foreign aid (in excess of 13 percent of GDP) the authorities managed to reduce the overall cash budget deficit from 4 percent to a surplus of 1.4 percent of GDP between 2013 and 2014, while reducing arrears by 1.6 percent of GDP.

12. Public finances remain under pressure in 2015. Assuming GDP growth of 5.5 percent in 2015 and 5.7 percent in 2016, driven by resumption of agricultural production, timber trade, and reconstruction, and a recovery of domestic revenue (that seems to be materializing at about 6.3 percent of GDP), projections set CAR’s fiscal needs at US\$112.2 million or about 5.9 percent of GDP.<sup>9</sup> The 2015 financing gap will be closed by external budget support from donors<sup>10</sup> including the World Bank and debt-consolidation from the BEAC (La Banque des Etats de l’Afrique Centrale<sup>11</sup>), CEMAC (Central African Economic and Monetary Community) Development Bank, and the Republic of Congo. Residual financing needed for 2016 is projected at 1.1 percent of GDP provided that the country would receive an equivalent amount of external grant finance as in 2015 and domestic revenue collected is equal to 7.5 percent of GDP. The overall deficit excluding grants will improve in 2016 to 8.1 percent of GDP (from -11.0 percent in 2015) due to increased domestic revenues.

<sup>7</sup> World Bank Indicators, 2014

<sup>8</sup> The “Kimberley Process Certification Scheme” was established in 2003 by the United Nations General Assembly to ensure that diamond purchases do not finance violence by rebel movements seeking to undermine legitimate Governments.

<sup>9</sup> See Table 1 in Annex 7

<sup>10</sup> Table 3 Annex 7

<sup>11</sup> The Bank of Central African States

13. Although positive economic and fiscal impacts can be expected following a successful exit from the crisis, it will certainly take time until CAR regains fiscal autonomy for its current expenditure (the country's pre-crisis situation). Assuming a successful election at the end of 2015, donors might increase their support and current measures under implementation by the authorities will provide financial buffers to face revenue shortfalls and cover timely priority spending. These measures include: (i) strengthening Treasury management and aligning spending with available resources; and (ii) increasing revenue collection by reducing exemptions and strengthening expenditure management through restoration of normal procedures. In addition, the lifting of the Kimberley suspension and exploitation of new licenses in the forestry sector will broaden the tax-base and the government could potentially increase tax revenues to pre-crisis levels.

### **C. Social and Humanitarian Context**

14. Since December 2012, about a quarter of the population remains displaced, comprising 440,000 inside and around 425,000 outside of the country. The pace of refugees fleeing into neighboring countries has decreased since mid-2014, but the movement is expected to continue in 2015 (new refugees estimated to be 48,000). Bangui confronted massive displacement (at one time 500,000 in the environs) but this has decreased to around 50,000.<sup>12</sup>

15. Some 2.7 million people (more than half the population) are in need of urgent humanitarian assistance; this is an increase from 2.5 million over the past year. Due to widespread insecurity, looting, and slaughtering, crop production in 2014 is 58 percent lower than the pre-crisis average, livestock numbers have declined by up to 77 percent, and fish supply by about 40 percent. With food reserves in rural areas 40-50 percent lower than average, households are facing crisis levels of food insecurity.<sup>13</sup> Preliminary results of humanitarian surveys show global acute malnutrition rates varying from 3.3 to 8 percent; chronic malnutrition rates vary from 18 to 54 percent, with seven provinces having rates over 40 percent.<sup>14</sup>

16. With regard to health, under-funded and short-staffed public health institutions constrain health service delivery due to critical understaffing in rural areas. Currently UN agencies and NGOs provide the majority of social services for vulnerable populations. According to a national health facility survey<sup>15</sup> that covered 815 health structures in the 7 health regions of the country, 28 percent of health facilities were either partially or totally destroyed. At the national level, only 55 percent of health facilities are functional; only 25 percent of health facilities have an energy source, while only 21 percent have a potable water source.

### **D. Gender**

17. According to the World Bank's diagnostic on gender,<sup>16</sup> the status of women is low on all indicators. In a country of high illiteracy, 68 percent of women are illiterate compared to 48.2

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<sup>12</sup> See Annex IV on displacement.

<sup>13</sup> Famine Early Warning Systems Network, February 2015 Report <http://www.fews.net/west-africa/central-african-republic/remote-monitoring-report/february-2015>

<sup>14</sup> UNOCHA monthly bulletin, March 2015

<sup>15</sup> *Enquête Rapide sur l'Estimation des Besoins de Santé des Populations Affectées par la crise en République Centrafricaine* – HeRAMS October 2014

<sup>16</sup> Etude diagnostique sur la situation du genre en CAR, World Bank, July 2012

percent of men. Only 55 percent of girls complete primary education compared to 71 percent of boys and at the tertiary level, only some 26 percent of students are girls. In rural areas, 81 percent of women have been categorized as poor compared to 69 percent of men. Sexual violence, including against children, has been and continues to be an important plague of the current crisis. Before the crisis, some 32 percent of women had experienced sexual violence, often associated with witchcraft, and some 36 percent were subject to genital mutilation. Sexual violence has increased throughout the crisis and many victims of sexual violence are experiencing trauma and are in need of psychosocial support.

## DEVELOPMENT CHALLENGES AND PRIORITIES

### A. Caught in a Fragility Trap

18. CAR is categorized as a fragile state and despite a decade of relative stability under President Bozizé, the country was caught in a ‘slow-growth-poor-governance equilibrium trap.’<sup>17</sup> The World Bank and its partners have undertaken considerable analysis<sup>18</sup> to better understand the reasons behind CAR’s fragility and the current crisis (see Annex II). The root causes of the ‘fragility trap’ are manifold, but include elite capture of the state and ‘governance’ being a changing configuration of rent-seeking elite coalitions that have claimed and maintained power, usually through violent means. There has been only one peaceful transfer of power by election since independence, in 1993.

19. The consequence has been an absent ‘state-society’ contract, with little presence of the state beyond the confines of the capital Bangui, other than in an armed form. Basic social service provision has been poor, and peripheral regions have been increasingly marginalized, prompting intermittent armed rebellion. The 2011 Poverty Reduction Strategy Paper found that the northeast of CAR was the only area where the proportion of people living in poverty increased between 2003 and 2008.<sup>19</sup> Such demographic and geographical exclusion is part of the backdrop to the Séléka rebellion of 2012.

20. The economy has been characterized by low-growth and decreasing economic opportunity as most investment has shifted from export-oriented agricultural production (such as cotton and coffee) to rents on extractive industries including timber, diamonds and gold. This in turn has created a vicious cycle of low foreign investment. The World Bank Group *Doing Business Report 2015* ranked CAR as the third worst place for doing business in the world. With regard to public resources, net Official Development Assistance (ODA) flows to CAR are among the lowest among fragile states in Africa (US\$61 per capita in 2011). Also, the ‘stop-and-go’ nature of foreign aid has had an adverse impact on public finances, and such aid (except for humanitarian relief) has largely been confined to stable areas, reinforcing geographical disparities.

21. Poor economic growth has exacerbated the inability of the state to collect revenue, leading to the lowest level in sub-Saharan Africa and curtailing the ability to provide basic services.

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<sup>17</sup> Andrimihaja et al, *Avoiding the Fragility Trap, Policy Research Working Paper*, World Bank. November 2011.

<sup>18</sup> CAR Fragility Analysis, World Bank, 2014, Conflict Prevention and Peace Forum/ World Bank background papers, June 2012 and Access to Justice in CAR, World Bank 2011.

<sup>19</sup> Government of Central African Republic (2011), p. 25.

Notably, this has impacted the provision of security and justice. Even though the security sector has traditionally comprised about 25 percent of the national budget<sup>20</sup> there has been little incentive or capacity to maintain law and order outside the capital. At the local level, the population has therefore been subject to a multiplicity of armed groups, many external, such as the Lord's Resistance Army. In turn, from such a low-base, the state has had little capacity to contend with other structural factors such as weak economic growth, climate change, and related disaster risks.

22. The crisis since 2013 has compounded these underlying stresses. The violent usurpation of power by an ethno-religious minority, personified in the Séléka leadership, has unleashed cyclical recriminatory violence that has torn the social fabric of the country. Religious identity (previously of relative insignificance) has been instrumentalised for political ends; in turn, large portions of the population (particularly Muslims) have left CAR, many to their country of origin, which has seriously depleted the commercial and small entrepreneurial classes.

## **B. Recovery and Development Challenges**

23. The CAR faces two potential scenarios: (i) the security situation remains precarious which impedes progress toward elections and initial resolution of the conflict; or (ii) a gradual stabilization and return to normalcy, creating the conditions for a peaceful election and new government. These scenarios present a set of formidable challenges for development actors in terms of identifying priorities and sequencing of interventions:

- a) **In the short term:** the key challenges are the cycle of violence; the lack of confidence in the transition and public sector institutions; low food stocks and potential for another poor harvest; low public and commercial traffic and social interconnection; and uneven provision of social services;
- b) **In the medium to longer term:** the weakness of social and political institutions to manage CAR's fragility, particularly the contest over resource rents; the low domestic revenue capacity of the state; lack of livelihood and job opportunities; poor infrastructure and other conditions sufficient to crowd-in other resources for sustained growth.

## **C. Breaking out of the Fragility Trap**

24. Creating the conditions necessary to enable CAR to break out of its 'fragility trap' will take time.<sup>21</sup> Such a transition will be iterative and constantly subject to risk of setback. Development successes of the past (such as the reforms leading to HIPC completion) give some indication of positive potential. Going forward, key ingredients for progress will depend on the following: (i) capitalizing on the increasing security created by the presence of a large UN peacekeeping mission, including its support to the rule of law; (ii) better harnessing and use of domestic revenues, particularly in the immediate potential of agriculture and sustainable exploitation of natural resources including mineral wealth and timber;<sup>22</sup> (iii) leveraging scarce traditional donor resources

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<sup>20</sup> *Assessment of the Financial Management of the Defense and Security Forces*, the Central African Republic, World Bank, 2009

<sup>21</sup> Evidence from the WDR 2011 suggests that such transitions can take several decades.

<sup>22</sup> The primary economic activity is agriculture, representing some 54 percent of the country's GDP. Logging is the second economic activity with export values a little more than the diamond sector (42 percent and 40 percent of total exports respectively).

from others not usually associated with CAR; and (iv) promoting key sources of labor-intensive growth combined with better integration and connectivity with its neighbors.

## **WORLD BANK GROUP COUNTRY ENGAGEMENT**

### **A. The Government Program**

25. The transitional government under Mrs. Samba-Panza has been highly constrained by limited resources and capacity. The government's priorities were outlined in the Libreville roadmap in August 2013 with a focus on local and national reconciliation and forging a path toward elections, now timed for end of 2015. In mid-2014, the transitional government prepared a two-year emergency strategic plan, the Programme d'Urgence et de Relèvement Durable (PURD),<sup>23</sup> building upon the roadmap, aiming to restoring peace, security, constitutional order, and governance, while putting the country back on a development track.

26. As part of the efforts to resolve the crisis, under the aegis of ECCAS, the transitional government has been carrying out a process of national dialogue and reconciliation. Consultations were organized in the 16 prefectures in January and February 2015, and a National Forum in Bangui, was held in early May. A priority agenda followed the forum highlighting: (i) peace and security, including disarmament, demobilization, and reintegration and security sector reform; (ii) justice and reconciliation, including dialogue and human rights; (iii) governance, including a new constitution and the re-establishment of state authority; and (iv) development, including the New Deal and natural resource management. Elections have been delayed due to logistical and financial constraints, with the endorsement of ECCAS, and the Mediator, President Sassou-Nguesso; these are now anticipated to be held by end of 2015.

### **B. Overview of Donor Support**

27. Before the crisis, 74.2 percent of CAR's capital expenditure was funded by donor assistance and grants, representing 4.6 percent of GDP. Most of the funding for CAR since the crisis onset in 2013/2014 has been focused on financing of peacekeeping, and providing an emergency relief platform, primarily by UN agencies and NGOs. With regard to the latter, the latest UN Consolidated Appeal for CAR amounted to US\$612 million; to date around 15 percent has been received. Current donor commitments and areas of funding focus are show in Annex VI. The priority areas are in provision of basic social services and food security as well as an emerging pipeline of programs aimed at recovery and stabilization, such as support to the criminal justice chain. In addition, the UN peacekeeping mission will cost some US\$630 million per year on top of the costs relating to the French Sangaris forces and the EU military training mission.

28. The key short-term outstanding financing needs (exclusive of reconstruction) relate to: (i) the holding of the parliamentary and presidential elections where there is a gap of some US\$16 million as of mid-April 2015; (ii) covering the fiscal gap for 2015, and possibly beyond; and (iii) launching a disarmament and demobilization program.

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The mining sector accounted for 7 percent of GDP in 2007 and contributed around 11 percent to fiscal revenues in 2010, Central African Republic *Country Environmental Analysis: Environmental Management for Sustainable Growth*, November 2010, World Bank

<sup>23</sup> The Emergency Program for Sustainable Recovery

### C. OP 7.30 and the World Bank's Emergency Response

29. Given the unconstitutional change of power, with the fall of President Bozize in March 2013, the Bank triggered OP 7.30,<sup>24</sup> and suspended disbursements and new lending activities. Based on the findings of a September 2013 assessment mission, Bank senior management authorized re-engagement and selective resumption of disbursements depending on the security situation. It should be noted that OP 7.30 remains in effect and that its enumerated factors continued to be weighed for every new loan<sup>25</sup> on a case-by-case basis.

30. In January 2014, at an emergency donor conference in Brussels, the Bank announced a US\$100 million emergency response drawing upon the restructuring of the existing portfolio (US\$47 million out of an undisbursed amount of about US\$200 million); the uncommitted balance of IDA16 (US\$30 million); and the first year of IDA-17 (an estimated US\$24 million). The response included three components.

- a) **Component one:** (i) **labor-intensive public works (US\$11 million):** implemented through restructuring of two existing Bank projects (the Emergency Urban Rehabilitation project and the CEMAC Transport and Transit Facilitation Project). The effort was closely coordinated with other donors (EU, AFD, and the UN Development Program, UNDP). To date, the activity has employed about 15,000 people for 6 months in the Bangui area doing simple infrastructure rehabilitation and waste removal; (ii) **emergency health response (US\$15 million),** by way of a level 1 restructuring of the existing Health Systems Support Project, finances key emergency services and medical supplies directly through UNICEF, WHO and UNFPA; and (iii) **the Food Crisis Response and Agriculture Re-launch project (US\$20 million)** which seeks to protect food security in the short- (provision of meals) and long-term (providing seeds and tools for the next agricultural seasons); similarly to the health response project, it disbursed through the UN system (World Food Program and the Food and Agricultural Organization).
- b) **Component two: the Emergency Public Services Response project (US\$30 million),** using up the balance of the IDA16 allocation, supported the payment of civil service salaries (four months) and the reestablishment of essential public finance management controls through the provision of targeted technical assistance (other donor resources covered the police and gendarmerie).
- c) **Component three:** the first year allocation of IDA-17 (with an initial estimate of US\$24 million) to be determined in FY15 contingent on in-country developments, and in coordination with other development partners. This stage now constitutes part of this CEN strategy as new lending, and the entire IDA-17 allocation is being used (about US\$42 million equivalent) by FY-15 and early FY-16 (the LONDO project being approved at the same time as the CEN – see below).

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<sup>24</sup> OP 7.30 dealing with de facto governments

<sup>25</sup> Loan includes IDA credits and IDA grants.



## D. Lessons Learned from Bank Engagement

31. The Bank has learnt some key lessons based upon the ten-year engagement during the Bozizé years as well as the recent emergency response. At the strategic level, the needs and challenges are enormous; the World Bank cannot, with a constrained resource base, make a significant impact in support alone. The only way in which the World Bank is going to achieve such impact is by strengthening the credibility of government, its ability to raise domestic resources and achieve results in order to encourage donor support, combined with using the World Bank's sector expertise, convening power and limited resources to leverage the contributions of other donors.

32. At the operational level, project implementation in CAR has proven that: (i) regular analytics and understanding of context has to feed into operations to allow for flexibility, learning and adaptation during implementation; (ii) a selective and consolidated portfolio needs to build off past success and implementation capacity; and (iii) a need to reinforce Bank implementation support in such a fragile operational environment.

33. A Country Learning Review was undertaken for the FY-09-12 Country Assistance Strategy and this was updated to include the crisis response (see Box 1 below and Annex VIII).

### **Box 1: Country Learning Review (FY09-FY14)**

#### **The frontloading of IDA resources served to leverage alternative and significant funding sources.**

The Bank commitments to CAR grew rapidly from re-engagement in 2006 at around US\$17 million to US\$450 million by 2012. Given the limited IDA 16 allocation of US\$33 million the Bank was able to raise additional funds from sources including the IDA regional integration window (Central African Economic and Monetary Union, CEMAC, being US\$216 million and Central African Backbone program, CAB, US\$7.3 million) and trust funds. This has been followed in the latest engagement in which the Emergency Public Service Response Project (US\$30m) was critical in laying the fiduciary controls for other donors such as the IMF, AfDB and EU to provide direct budget support. In health, the Health Systems Support Project (US\$12m) has leveraged a matching US\$12m from global health trust funds. With these resources a number of key results were achieved.

**Improvements in public financial management** including raising revenue mobilization to 11 percent of GDP in 2012, increasing priority spending from 28 percent of budget in 2009 to 37 percent in 2010 and supporting the application of the procurement code by which 58 percent of contracts awarded used competitive procedures. More recently, with reform in the public sector payroll some US\$4.8 million (equivalent to 0.4 percent of GDP) has been saved.

**Improvement in transparency and accountability** including adoption of a new forest law and revised mining code in 2009 and CAR was also declared EITI compliant in 2011.

**Strengthening of regional integration through infrastructure** including the rehabilitation of the Douala-Bangui corridor and an increase of roads in a good all-weather condition from 50 percent in 2007 to 67 percent in 2011 and halving travel time to the Cameroonian border.

**Supporting the increase of mobile telephone coverage** from 19.3 to 61 percent from 2008 to 2010.

**Improvement of basic urban infrastructure in Bangui** so that some 340,000 people have been provided with year-round roads, 128,640 benefited from solid waste management and 46,600 with protection from periodic flooding.

**Improvement of access to education** including the decrease of the pupil-teacher ratio from 90 to 80 in 2012 and the pupil textbook ratio; from 7 to 1.36 in 2011.

## E. Proposed World Bank Group Approach

34. Confronted with these enormous strategic and operational challenges and a context that remains in flux, the World Bank's engagement is in two phases to allow for flexibility:

- a) **Phase One - Support to Stabilization:** In the short term, the immediate priority is to break out of the repeated cycles of violence, begin to build confidence in the transitional process, restore some basic functions of the state, and underpin reconciliation by providing some early tangible outcomes in support to livelihoods and basic social service provision.

35. For this phase, the World Bank is taking the risk of frontloading the entire IDA17 allocation for CAR with the expectation that such frontloading will help catalyze the intervention of other partners and contribute to break the current cycle of violence and shift the country towards more stable recovery. This risk bearing is particularly important given that at the national level, the presence of a large UN peacekeeping mission must be optimized to consolidate stability and move to recover. At the regional level, the CAR crisis poses critical risks to development gains in the whole of central Africa.

- b) **Phase Two - Recovery and Development:** In this phase, the World Bank Group will launch an AAA program aimed at identifying the key likely sources of growth, areas of public sector reform and ways in which to raise domestic revenues and crowd-in further resources. In turn, it is anticipated that improved conditions will allow the resumption of approved operations which have been on effective stand-by since the onset of the crisis.

36. The AAA program (low risk) will start at the beginning of FY-16; however the lending program of this phase (active and new) will only commence upon a material change in the political-security situation, signaled by a peaceful and successful electoral process. If that change does not take place, then Bank engagement will adjust by a continuation of the stabilization program, as conditions allow.

37. A phased approach has been adopted to better manage risk in conjunction with mobilizing resources in line with the transition. In turn, the engagement is principally focused on addressing some of the primary conflict drivers. There is a premium upon restoring confidence in public sector institutions. This is important domestically to restore legitimacy and for the state to play a key role in reconciliation. It is also important internationally to assure external support to a fiscally weak government. Such an approach is balanced with an explicit intervention covering the entire territory of CAR (all 71 sub-districts) providing jobs and rehabilitation of basic infrastructure, mainly roads, as well as supporting basic social services. This will 'piggy-back' off the UN peacekeeping 'footprint' reaching marginalized areas such as in the north, the seat of the rebellion.

38. The proposed World Bank Group engagement for FY16-17 under the CEN is designed to help address the immediate recovery needs in CAR over the next eighteen months as well as support the completion of the transition and assist a newly elected government in its moves toward sustained peace and development. The program objectives for the two phases will remain the same; the expectation is that if the country and concomitant World Bank Group program positively progresses, this will allow the World Bank to consider a 'turn-around' application under IDA-17.

39. **The focus of the program is aligned with the twin goals, in particular by ensuring a ‘national’ recovery approach to reach peripheral areas where extreme poverty and marginalization persist.** It is also in line with some of the key findings of the World Development Report of 2011 on Conflict Security and Development in terms of maintaining early confidence in institutions, and sustaining recovery particularly through pro-job growth. The strategy is consistent with the IDA-17 focus on fragile and conflict states and the need for conflict sensitivity in the design and deployment of Bank investments.

40. **Building off the existing portfolio, the World Bank Group will focus on three key objectives during both phases of engagement in the CEN for maximum impact:**

- a) **Restoration of core public sector institutions:** to strengthen public sector capacity and enable the government to fulfill its core functions in providing a sound macro-fiscal environment, basic service delivery and gradually restore authority and legitimacy over the territory and population;
- b) **Basic support to livelihoods:** this will include the creation of short-term jobs throughout the country, including the marginalized north and returning displaced populations, as well as support to the next harvest and improving food security;
- c) **Support to basic social service delivery:** to support the gradual return of social services beyond the current humanitarian relief, the return of government paid teachers and health workers, particularly outside Bangui, and support to basic social infrastructure.

**Table 1: Proposed FY16-17 Support to CAR – Stabilization  
(new lending in bold)**

CEN Objective	Program	IDA US\$ m (undisbursed)	IDA US\$ m (new IDA17)	Other US\$ m	Analytical and Advisory Work
Restoration of core public sector institutions	Emergency Public Services Response Project	\$30 m			Korean Trust Fund and Bank-Netherlands Partnership Program:
	<b>EPSRP Additional Financing</b>		<b>\$10m</b>		
Basic support to livelihoods	Support to Vulnerable Groups Community Development Project	\$0.3m (closing)			Studies included: <ul style="list-style-type: none"> <li>• Conflict analysis</li> <li>• Armed groups and natural resources</li> <li>• Pastoralism</li> <li>• Redeployment of state structures</li> <li>• Forced displacement</li> </ul>
	Agro-Pastoral Recovery Project	\$0.1m (closing)			
	Emergency Urban Infrastructure Project	\$6.1m			
	Food Crisis and Agricultural Relaunch Project	\$4 m			
	<b>Local Reconstruction LONDO Project</b>			<b>\$20m</b>	

Support to basic social service delivery	<b>Health Systems Support Project (Additional Financing)</b>	\$1.7 m	<b>\$12m</b>	<b>\$12m Health Results Trust Fund</b>	
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## F. Phase One Stabilization

41. This phase of Bank engagement will comprise a continuation of those emergency response projects that are still active as well as new lending under IDA-17. The principles around strategic selection have been based upon (i) building upon the successful elements of the crisis response; (ii) being very selective in identifying new areas based upon Bank comparative advantage and what other donor partners are doing; and (iii) addressing the underlying conflict (see above). More specific issues relating to the program are outlined below:

42. **Restoration of core public sector institutions:** building off the Emergency Public Sector Response Project (EPSRP – US\$30 million) supporting the payment of civil service salaries, the Bank will continue to support state-building at the central and local levels through an additional financing (US\$10 million) provided in April 2015. This will cover two months of salaries for personnel in the non-security public sector. Such support, is anticipated to provide a platform for new approaches to addressing public financial management including the raising of revenue as well as innovations to support state presence at the local level. The previous operation supported the payment of four months of salaries paid (2014) with about 70 percent of the workforce verified as having returned to work in secure areas. In turn, cleaning up of the payroll has resulted in a 5.5 percent reduction of the wage bill, or about US\$4.8 million savings. The project, undertaken in close collaboration with UNDP,<sup>26</sup> is also assisting the Civil Service Directorate, and Taxation Directorate to strengthen capacity and positively influence the public financial management reform agenda aimed at tightening controls on expenditures and increasing revenues.

43. The country undertook a comprehensive inventory of customs/tax exemptions (about US\$40 million or 2.34 percent of GDP) with support from a resident expert who concluded that exemptions were unduly-awarded and adversely-affected the tax revenues. All exemptions have been suspended and a case-by-case review by an inter-ministerial committee has been implemented. This has translated into a positive trend in revenue collection over the past year, with a peak of US\$20 million for the first time in the last quarter in 2014.<sup>27</sup>

44. Both the EPSRP and CEMAC Transport and Transit Facilitation Project (TTFP) are supporting the Customs Administration which is a critical part of the government’s revenue management, particularly the control of the border crossing into Cameroon along the Garoua Boulai corridor. Such support includes provision of equipment and computers as well as technical assistance to start building up capacity and normal functions to increase revenues.

45. As indicated earlier, the Government faces an ex ante financing gap of some US\$120 million in 2015. The donors and the transitional government are near finalizing arrangements on how to close the financing gap, including: (i) steps for lifting the suspension from the Kimberley

<sup>26</sup> The UNDP and the Bank have worked on a general diagnostic of the public sector and with additional financing from the UN Peacebuilding Fund have ensured coherence of financing for both civilian and security service public sector salaries as well as joint work on strengthening of payroll systems.

<sup>27</sup> Report N0 PAD1357 – Emergency Public Services Response Project: Annex 2.

Process to ensure that diamond trading and related revenues can revert to official channels; (ii) cleaning up of the civil service roster and payroll; (iii) restoring budget procedures and traceability of budget operations through a computerized and interconnected link; and (iv) maintain efforts to implement a realistic monthly Treasury plan to align available resources with prioritized expenditures contained in the budget.

46. Another critical area of support is to help the government redeploy its civilian administration outside Bangui. The EPSRP is playing an important role in paying salaries of key personnel including prefects and sous-prefects as well as teachers and health workers. Over-time these are returning to their posts and taking up their administrative functions. The LONDO project (see below) will also be important in supporting collective decision-making, joining the public sector with local communities. The project involves informal authority (chiefs and elders) as well as civilian authorities from Bangui (including the implementing agency) for the first time in many of the most marginalized provinces.

47. **Basic support to livelihoods:** critical aspects of the crisis response and recovery are supporting the return of displaced populations, assisting the new planting season, and creating short term jobs.

48. Critical to the success of this objective will be the ‘LONDO’ multi-sectoral project<sup>28</sup> which aims to promote social cohesion while improving local governance and supporting economic recovery through wage jobs, community engagement, and public infrastructure. This US\$20m project has already started with a project advance and pilot activities have been launched in the west and north. It is expected the project will be submitted to the Board at the same time as this CEN for final approval.

49. The operation will provide a positive contribution to the down-stream elements of disarmament, demobilization and reintegration (DDR). The intent of LONDO is to cover the entire territory to make it the first truly national development intervention and enable government authorities to launch activities particularly in the north. By investing in lagging areas, the project will address regional inequalities, which have been at the root of many rebellions, especially in the northeast of the country. At a time when national cohesion is at stake, the project will also support the government’s commitment to investing equally in all the regions of the country and provide services to all citizens without any discrimination. It targets the 75 percent of the population who live outside Bangui and where the extreme poverty rate averages 70 percent. More specifically, the project will target 35,000 vulnerable people in all the districts (sous-préfectures) with the exception of the capital Bangui. The project is coordinated with a number of NGOs that provide skills and life training. 70 local reconstruction teams (one per sous-préfecture) of 500 individuals will be established to maintain rural roads or other public infrastructure. It is expected that such job creation will contribute to general stability and that the reconstruction of small infrastructure, including roads, will have a multiplier effect in terms of generating local economic activity and growth.

50. Given the breakdown of security during the crisis, some kind of DDR process will remain a critical priority for the Government and was highlighted during the Bangui National Forum in

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<sup>28</sup> *Londo* means ‘stand-up’ in the principal Central African language of Sango.

May 2015. In light of its own experience of DDR in CAR and the Africa region, the World Bank is providing technical assistance and analytical expertise to the government and MINUSCA in support of the development of a national DDR strategy concerning all armed groups through its advisory trust fund, the TDRP.<sup>29</sup> However, the World Bank does not have the resources to finance a DDR program per se. Given its limited resources under IDA-17 and in full consultation with the Government, the Bank is prioritizing livelihoods and early economic recovery, social development, and a return to normalcy. Through the launching of LONDO, it is anticipated that the encouragement of local economic recovery and job creation will have a multiplier effect in facilitating the conditions conducive to encouraging the voluntary return of ex-combatants and general stability and security.

51. In Bangui, a modest reallocation of the CEMAC TTFP as well as the Urban Project allowed for a US\$11 million labor-intensive program for the rehabilitation of urban roads and drainage as part of the crisis response; this activity is continuing. In rural areas, the Food Crisis Response and Agriculture Re-launch Project working through the Food and Agricultural Organization (FAO) aims to support up to half a million people in provision of basic livelihood support, such as providing seeds and tools in advance of the harvest.

52. **Support basic social service delivery:** After the restructuring of the Health System Support Project (HSSP) US\$14.5 million was transferred to UNICEF, WHO and UNFPA in mid-2014 for emergency needs in the health sector; these contracts end June 30, 2015. Currently, 44 percent of health facilities receive substantial support from these partners and the objective of the Additional Financing of the HSSP (US\$12 million IDA and a US\$12 million Grant from the Multi-Donor Trust Fund for Health Results Innovation) is to improve the availability and quality of health services in regions of the country affected by the crisis that are receiving limited or no support in the health sector. The proposed changes will support the long term objectives of rebuilding the health system and of reducing maternal and child mortality and child malnutrition. As stated above, the HSSP support will be reinforced by the ESPRP which is paying the salaries of health workers who will increasingly resume their functions in areas where security allows.

53. **To complement the lending program, the World Bank has embarked upon an analytical and advisory program to obtain a better understanding of the conflict, the dynamics of the crisis and identification of opportunities for recovery.** This analytical work has included: (i) a literature review on the drivers of fragility and conflict which has been used for joint planning with the UNDP and EU; (ii) geospatial visualizations of key conflict related data including violent events and displacement to monitor conflict patterns; (iii) a mapping study of armed groups and natural resource management; (iv) a scoping study on the local governance options and redeployment of the state; (v) a study on the challenges and opportunities related to the pastoral sector; and (vi) a review of the development challenges related to displacement. In undertaking this work, the country team has also tied analytical work with technical assistance to the transitional authorities to build their own capacity to plan and design innovative solutions for the recovery. Such assistance has included peer exchanges on labor intensive public works (Cote d'Ivoire), pastoralism (Chad), as well as local governance (a conference in Paris).

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<sup>29</sup> The multi-donor trust fund known as the Transitional Demobilization and Reintegration Program

## G. Phase Two: Preliminary Support to Recovery and Development

54. This phase is based upon the following scenario: (i) insecurity and violence are significantly reduced and (ii) there is a successful and peaceful election leading to the establishment of a reform-minded government, based upon a sufficiently inclusive elite-coalition.<sup>30</sup>

**Table 2: Proposed FY16-17 Support to CAR – Recovery and Development**

CEN Objective	Program	IDA US\$ million (undisbursed)	Analytical and Advisory Work
Restoration of core public sector institutions			Systematic Country Diagnostic (Bank Budget) and the State and Peacebuilding Fund to examine inter alia: <ul style="list-style-type: none"> <li>• Sources of growth</li> <li>• Management of natural resources</li> <li>• Gender</li> <li>• Financial infrastructure</li> <li>• Private sector development</li> <li>• Education sector</li> <li>• Public sector reform including in justice and security</li> <li>• Energy options</li> </ul>
Basic support to livelihoods	CEMAC Trade and Transport Facilitation Project	\$132m	
	Emergency Power Response	\$1.6m	
Support to basic social service delivery			

55. While an enhanced allocation from the Bank’s turn-around regime may help leverage other funding, the country will need substantial resources to break out of its fragility trap. Therefore, addressing stability and resilience will require the Bank working in close partnership with other donors, crowding-in other sources of financial support as well as identifying new ways in which to increase domestic revenues and promote sustainable growth.

56. Going forward, the country team will undertake Analytical and Advisory (AAA) work in preparation for the design of a Comprehensive Partnership Framework. This will include: (i) preparation of short sector notes from the relevant Global Practices setting out current context and proposed activities; as well as (ii) preparation of a Systematic Country Diagnostic. Such AAA work will not only underpin the new portfolio (new or scaled-up lending) but also is anticipated to inform the new government’s plans for economic recovery.

57. As part of Phase Two, and concomitant to increased security access, World Bank staff will undertake a number of studies and assessments and start a dialogue with the new authorities on key priorities (together with the UN and the EU).<sup>31</sup> Such AAA work will also be important to start exploring new partnerships and the possibility of using future IDA to leverage additional finance

<sup>30</sup> For alternative scenarios, such as continued armed conflict, the Bank will have to reconsider its options but continue with those operations where appropriate aimed at stabilization.

<sup>31</sup> The three partners (UN-WB-EU) have a framework agreement relating to *Post-Conflict Needs Assessments* that can be tailored to support the transitional authorities in this context.

from non-traditional sources. These AAA activities will be financed out of Bank budget resources as well as from an application to the State and Peacebuilding Fund for a country strategic initiative.

58. An important component of the AAA work will be a combined piece of work of Global Practice (GP) Trade and Competitiveness, the International Finance Corporation, and the GP Energy and Extractives, looking at the drivers of economic growth and how to support the private sector. This team has drawn up a strategy to examine the timber, mining and agri-business sectors and explore options for support to small and medium enterprises, and development of a private-public dialogue.<sup>32</sup> This will need to be complemented by a better understanding of how to support local markets and value-chains which have been distorted by the conflict – such as the livestock trade (see Annex V) – but have a great potential with regard to conflict resolution.

59. Other important pieces of the AAA program will include further technical assistance to public financial reform, including a possible public expenditure review of the security and criminal justice sector, an options study on affordable local governance arrangements and decentralization, regulation of natural resources (in collaboration with MINUSCA) as well as diagnostics on the energy, education and health sectors. In turn, the Bank will work with its key partners (notably the UN system and the EU) on a possible assessment and costing of key priorities in collaboration with the authorities in preparation for a recovery and resource mobilization plan.

60. Potential new lending during the recovery and development phase will be subject to the size of the overall lending envelope, as well as further consultation with the authorities and donor partners. Selection of operations will be based upon: (i) coherence with the current three objectives; (ii) building off the existing portfolio particularly where successes have been made; and (iii) using IDA to leverage other resources, whether that is regional IDA financing, global trust funds or co-financing from other partners.

61. The AAA program will be important in informing the World Bank team on future lending options. In the first instance, the Bank would seek to consolidate existing gains by scaling up successful active projects, such as the support to the public sector through salary payments and short-term job creation. New lending areas could include: (i) the energy sector (reform of the management agent and new investments); (ii) private sector development and support to livelihoods (particularly in agriculture, livestock, support to local markets and small and medium enterprises as well as the mining sector); (iii) information communications and technology including support to the installation of satellite-based community kiosks that can support voice telephony and basic data services and citizen engagement; and (iv) the education sector. This phase should also allow for the completion of existing active projects, such as the CEMAC TTFP; the main component of the project, the rehabilitation of the Bouar-Baoro road section of the corridor has not yet been executed (US\$132m is undisbursed) due to insecurity.

62. In sum, the Phase Two of the CEN will be a foundation for formulation of the next country strategy, a Country Partnership Framework, allowing teams to explore the potential for leveraging IDA, accessing regional IDA, non-traditional donor resources and the private sector. This will also provide the opportunity for the World Bank to work with the new authorities on resource mobilization with donor partners, through such mechanisms as the New Deal process.

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<sup>32</sup> Central African Republic: Strategy for Revitalizing the Private Sector, P151774



## **H. Financing Envelope and Implementation**

63. The balance of the existing portfolio (about US\$150 million after restructuring) is available for implementation and disbursement, depending on each project's circumstances. Disbursements have already been authorized for: (i) the energy project (ii) the Support to Vulnerable Groups Community Development Project (closing); (iii) the Emergency Urban Infrastructure project; and (iv) the Agro-Pastoral Project (closing). Resumption of disbursements on the large CEMAC TTFP (US\$132 million) is still contingent on improved security conditions outside Bangui.

64. Under IDA-17, CAR received an indicative allocation of SDR 28.5 million (about US\$42 million at current exchange rates). To respond to the pressing needs of the country, the Bank has frontloaded the entire IDA-17 resources with FY15/ FY16 utilization to finance the Additional Financing for the EPSRP (US\$10 million) the HSSP (US\$12 million), approved in FY15, as well as for the new financing of the LONDO project (US\$20 million), for approval in tandem with this CEN in early FY16.

65. CAR's IDA17 allocation will leverage other resources such as the matching Health Trust Fund grant and accessing the State and Peacebuilding Fund. Contingent upon the completion of the transition and holding of successful and peaceful elections, and provided there is sustained progress in building stability and resilience, the Bank would seek access to additional resources through the turn-around regime. Enhanced IDA resources would accelerate, deepen and broaden the scope and impact of existing programs that have delivered tangible results.

66. The Bank program will be implemented through existing implementing agencies, the Government or quasi-government agencies, such as AGETIP,<sup>33</sup> and through third party actors such as UN agencies. Their proven experience in project management and solid fiduciary mechanisms has been confirmed during the OP 7.30 mission and the subsequent crisis response program. Progress on implementation will be monitored and analyzed closely through enhanced supervision by practice teams supported by the small country office in Bangui and the country manager.

## **I. Risk Management and Mitigation**

67. The proposed Bank engagement with CAR carries some significant risks primarily due to the country's underlying fragility and the current crisis. In spite of the presence of a comprehensive UN peace support mission and a transitional government making the right steps toward political and social reconciliation, the risks of resumption back into conflict remain. (See Table 3 below).

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<sup>33</sup> *Agence d'Exécution des Travaux d'Intérêt Public*

**Table 3: Systematic Operational Risk-Rating Tool**

<b>RISK CATEGORIES</b>	<b>RATINGS (H,S,M or L)</b>
Political and Governance	H
Macroeconomic	H
Sector strategies and policies	M
Technical design of project or program	M
Implementation capacity for implementation and sustainability	S
Fiduciary	S
Environmental and Social	S
Stakeholders	M
<b>Overall</b>	<b>H</b>

68. In undertaking an assessment of risk, the Bank is in agreement with its international partners that the primary risk regarding CAR is a failure to act in the face of such total socio-political breakdown brought on by the successful rebellion. Troop contributing countries, behind an AU and now a UN peacekeeping platform, have stepped in to stabilize a near mass-atrocity situation. The potentially significant spill-over effects of CAR’s continued instability in the heart of Africa have placed the responsibility on international security, political and development partners, including the Bank, to intervene.

69. The Bank takes on considerable risk with an ambitious program that frontloads all of its IDA-17 financing. The proposal for this engagement is on the basis that such risk-taking is critical to provide sufficient resources behind a stabilization program that will advance the necessary political and economic conditions to reach a general improvement in security and a successful election, creating the prerequisite foundation for the recovery and development phase.

70. The overall risk strategy of the Bank is composed of the following: (i) a phased approach, whereby the approval of new or larger lending commitments (such as the CEMAC road project) are assessed according to the necessary conditions; (ii) such phases incorporate considerable upfront AAA to ensure rigorous contextual and sector understanding before new financial commitments are made; (iii) underpinning this CEN with extensive fragility and conflict analysis that will be ongoing; and (iv) acting in concert with key multilateral (such as the EU, AU and UN) and bilateral partners. To this end, the Bank is part of the G8 group which is comprised of political, security and development partners coordinating their interventions. In turn, it is closely working with key partners, such as the IMF, EU and African Development Bank (AfDB), guaranteeing a coherent approach to supplementing central state revenues.

71. The main specific risks for the Bank’s program are:

- a) **Security and Political Risk:** a number of factors may result in resumption of armed conflict including a contested election, a coup d’état or political instability that hinders development

engagement. Mitigation: the material change in crisis management in CAR is the presence of some 12,000 troops and civilians under a UN peacekeeping operation. These are present in the capital and some ten regional hubs around the country providing confidence and law and order to the local population. The LONDO in particular is vulnerable to ongoing insecurity and therefore it has established a Memorandum of Understanding with MINUSCA in order to ensure due diligence, stakeholder consultation and analysis before the launching of individual public works programs. Another example of risk sharing is the Bank working closely with the UNDP (and the UN Peacebuilding Fund) on ensuring coherence between the payment of public sector civilian and security service salaries.

- b) **Macro-economic and public sector reform:** the legitimacy, capacity and authority of the state remain very weak and historically there have been significant challenges relating to financial management. The government faces significant fiscal stress given the very weak economic base. These in turn, could have significant impacts upon the CEN particularly those supporting the public sector. Mitigation: the ESRSP has a capacity building component that accompanies the salary payments; the component is designed to support the government in taking the basic steps toward reform of payroll and expenditures. The Bank is working on building credibility in government systems in order to strengthen both domestic and external revenues.
- c) **Implementation capacity and World Bank engagement after a significant interruption and minimal presence on the ground.** For periods of time the World Bank team has been evacuated and upon return the country office did not have sector staff. As the situation gradually improves and access becomes less restricted, the CEN envisages a comprehensive AAA program that will be a platform for the practices to return staff to CAR on missions to ensure the collection of data and analysis to feed into the country program. Over time it is expected that the relevant Global Practices would be able to position staff in country to supervise the program. In turn, the Bank's program builds off the implementation largely through third parties, such as the UN agencies, as well as tried and tested quasi-government bodies such as AGETIP.
- d) **Fiduciary and Safeguards.** The risks of corruption are high with regard to leakage of domestic resources as well as for donor funded programs including Bank operations. Further while the legal and policy safeguards framework is in place, knowledge and practice remains very weak. The impact of the crisis has weakened the technical capacity of government staff. These risks can be mitigated by a variety of methods including increased training of staff and building up of institutional systems and processes with a focus in fiduciary checks and balances as well as working with partners on combined support to government capacity building.

### Annex 1: Monitoring Framework

Strategic Area	Issues and Challenges	Milestones	Proposed Bank Instruments
<b>Program 1: Basic Support to Public Sector Institutions</b>			
Reinstitution of basic public sector management	The public sector has effectively collapsed, along with domestic revenues, and is only just being rebuilt with support from key donors. The public sector faces a huge deficit of professional and technical competency, with little public legitimacy and reach outside Bangui.	<p>Civil service salaries are regularly paid and salary arrears have been met.</p> <p>Domestic revenues have increased from 4.4 percent of GDP in 2013 to around 8 percent of GDP in 2016</p> <p>Customs Directorate resumes its functions collecting tariffs at the CAR-Cameroon border.</p> <p>Sector policy notes are provided to new incoming government on needs and priorities and informs new government program.</p> <p>12/14 prefects and 50/71 sous-prefects are in place outside Bangui and have resumed their functions.</p>	<p>Emergency Public Services Response Project (P149884) and Additional Financing</p> <p>CEMAC Transport &amp; Transit Facilitation Project (P079736)</p>
<b>Program 2: Support to Livelihoods</b>			
Increase availability of jobs and support to livelihoods.	Household food-stocks are critically down, commercial routes are blocked and the population enters another rainy season with a significant reduction in planting.	<p>Five AGETIP regional offices opened outside Bangui, supporting 30 of 70 sous-prefectures, advancing public works employing 15,000 workers on short-term contracts.</p> <p>Provision of livelihood support to some 500,000 persons, including seeds and tools.</p>	<p>LONDO Local Reconstruction Project (P152512)</p> <p>Food Crisis Response Project (P149512)</p>

Strategic Area	Issues and Challenges	Milestones	Proposed Bank Instruments
<b>Program 3: Support Basic Social Service Delivery</b>			
Restore basic social services particularly health and education	Only 55 percent of health facilities are functional, and few public health and education personnel working in areas outside Bangui	Above 50 percent of teachers and health workers have resumed work in 35 sous-prefectures (where security has improved).  200 health facilities outside Bangui are staffed and functioning with improved access for up to 1.6 million people.	Emergency Public Services Response Project (P149884)  Health System Support Project (P153030)

## Annex 2: Conflict and Fragility Analysis

### A. Brief historic overview

**1. From independence to 2002.** Already during French colonial rule (1880s-1960), there was no full ‘effective control’ over CAR’s vast and widely uninhabited areas, particularly in the remote north of the country. This has not changed significantly since independence. CAR’s post-independence governments have been led by a series of autocrats, most of whom have been implicated in abuse of power and corruption. In 1993, CAR held its first multiparty elections resulting in the Ange-Félix Patassé presidency, through the country’s first and only democratic change of power after independence (CAR experienced successful coups d’état or rebellions in 1965, 1979, 1981, 2003, and 2013). However, under Patassé’s administration instability and insurgencies increased and the deployment of a UN peacekeeping operation was prompted by violent army mutinies in 1996 and 1997. In 2002, the rebel group Movement for the Liberation of Congo (MLC), originating from the DRC, entered CAR and committed large-scale atrocities against civilians; reportedly called upon by President Patassé to fend off domestic insurgents.



**2. The Bozizé era - March 2003 - March 2013.** Former army General François Bozizé ousted President Patassé through a coup d’état in 2003, declared himself president, and subsequently won elections that were considered largely fair and free in 2005. However, violent conflict continued in northern areas until a peace accord with the main armed groups in June 2008 augured a more stable, but brief period. This was accompanied by an ‘*inclusive political dialogue*’ between the Government and key members of the opposition. In early 2011, legislative and presidential elections confirmed Bozizé’s administration (with the results certified by the Constitutional Court), in spite of delays and criticisms around inclusivity. Yet, popular frustration remained and allegations of attempted coups underlined the ongoing political instability. In December 2012, the Séléka, formed out of five different armed groups, launched a rebellion against the Bozizé Government. Despite the signature of the Libreville Peace Agreement in January 2013, the

**Timeline: Bozizé area to President Samba-Panza’s Appointment (2003-2014)**



insurrection eventually resulted in a coup d’état in March 2013 with the rebel leader, Michel Djotodia, assuming power as interim Head of State and Bozizé fleeing to exile.

### B. History of small elite contestation and armed conflict

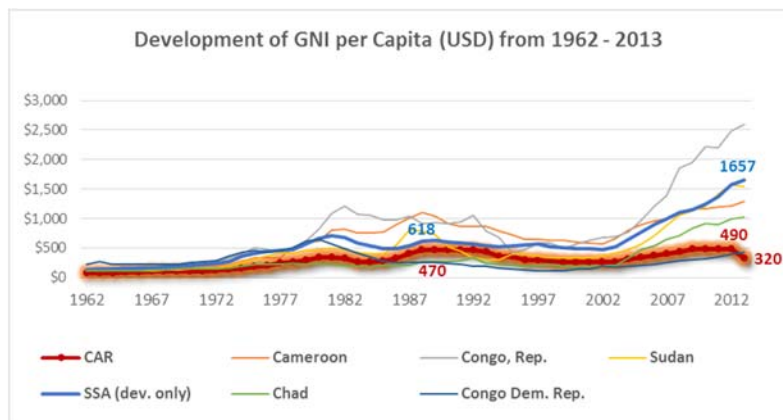
**3. Recurrent coups, systematic impunity, elite capture, and abuse of power have undermined the consolidation of democracy.** Throughout CAR’s post-independence history, the use of force has been the primary means for claiming and maintaining power. Almost all transitions of government in post-independence CAR were reached through violent means and accompanied by often large-scale conflict and victors’ justice. Moreover, institutions have traditionally been led by a small elite without a social-contract with society. Weak governance has undermined not only the trust in the respective leaders, but lastingly damaged the institutions of government and undermined opportunities to consolidate democracy. A survey

carried out in late 2009 found that 61 percent of respondents identified the root cause of conflict in CAR as the struggle for power between political elites. The general distrust in politics among the population bears an inherent danger leading to tension and violence.<sup>34</sup>

**4. The proliferation of armed groups and weapons has meant ongoing violence and instability.** Armed groups, weapons, and violence have been omnipresent in post-colonial CAR. During the latest pre-Séléka large-scale armed conflict raging between 2005 and 2008, major parts of CAR’s population experienced violence and were displaced by the fighting between armed opposition groups and government forces, clashes between cattle herders and farmers, attacks by the LRA (Lord’s Resistance Army) and criminal groups known as *coupeurs de route*. A 2009 survey indicated that 80 percent of the population had to flee their homes at some point since 2002 due to violence, 20 percent had been physically attacked, and 21 percent had witnessed an act of sexual violence.<sup>35</sup> Rebel groups and militias have established themselves particularly in peripheral areas, where they often assumed tasks of justice and tax collection for their own support. Their leaders have competed for access to power while combatants demanded access to DDR payments; a dynamic that has added to the cycle of instability. Comprehensive dialogues and DDR programs have been unsuccessful and many former combatants, including government forces, saw no alternative livelihood options than to organize armed groups and make a living from road blocks, poaching, or (mostly illegal) diamond trade. This has been identified as one of the underlying triggers for the recent Séléka rebellion.<sup>36</sup>

### C. Weak economic structure and business environment

**5. Volatile economic development, recurrent recessions and persistent underdevelopment have undermined shared prosperity.** The legacy of its historic *cession economy* has been overall devastating. A local economic structure that leads to poverty reduction has not developed, many people have been dispossessed of land or forced to work for others, and the type of work available has led to a “low-skill equilibrium,” where individuals have little incentive to acquire skills that could lead the country to grow. Therefore, CAR’s population has for a long time been one of the most economically distressed in the world. According to a 2012 baseline household survey,<sup>37</sup> 73 percent of households lived beneath the national poverty line, with an average daily per capita income of XAF 318 (about US\$ 0.65). The graph above shows CAR’s volatile GNI development since independence. Moreover, it shows that, despite a sustained growth since 2003, CAR’s economic development could not keep up with its direct neighbors as well as the sub-Saharan average, and it experienced a dramatic drop from 2012 to 2013 due to the crisis.<sup>38</sup> In the same period, the GDP per capita (PPP) dropped from of US\$948 to US\$603, because of which CAR is now the poorest country in the world and one of the few sub-Saharan countries that experienced a decline in that period.<sup>39</sup>



<sup>34</sup> Cf, Vinck, Patrick et al (2010), p. 2.

<sup>35</sup> Cf, UNHCR (2014).

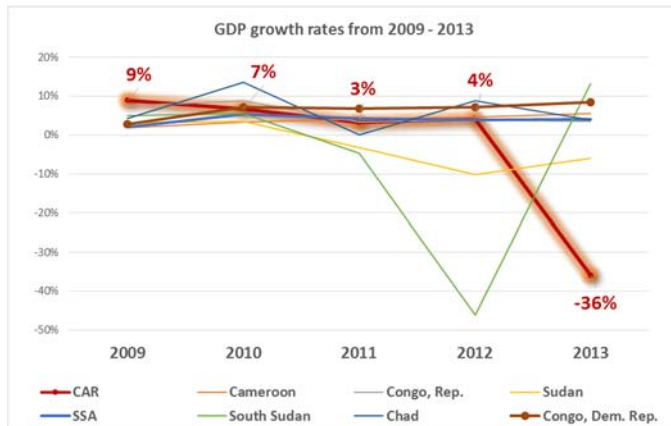
<sup>36</sup> Cf, ICG (2013).

<sup>37</sup> The survey was conducted in the framework of WBG-led Vulnerable Groups Community Development Project (P111679), in December 2012.

<sup>38</sup> Cf, World Bank, Indicators GNI per capita, Atlas method.

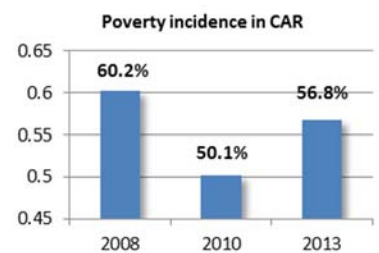
<sup>39</sup> Cf, World Bank, Indicators GDP per capita, PPP.

**The enormous macroeconomic implications of the crisis can be expected to add to the existing grievances.** The current crisis has had a profound impact on CAR's economy. Based on projections, the country's GDP growth dramatically dropped to -36 percent, after a sustained period of relatively high growth (see graph, comparing CAR's GDP growth since 2009 with its direct neighbor countries and the average of sub-Saharan LICs).

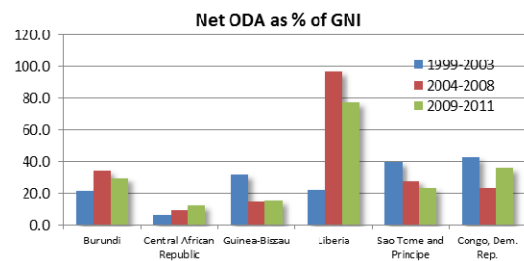


This has seriously compromised state revenue collection and added to the pre-existing stress on the treasury. Fiscal revenues in 2013 represented about 3.5 percent of GDP, compared to 9.1 percent for the period 2009 – 2012. The primary fiscal balance has deteriorated from a surplus of 0.4 percent of GDP in 2012 to a deficit of around 8 percent for 2013. Due to the lack of resources and cash flow shortages, public expenditure was very limited in 2013. Total expenditures fell from an

average of 16.7 percent in 2009-2012 to 13.7 percent of GDP in 2013. This resulted in a failure to pay salaries of public employees (by the end of 2013, the government had accumulated 3 months of salary arrears), a cessation of public investments (public investment in 2013 was reduced to 1.4 of GDP, compared to 6 percent in 2010) and significant limitation of public service provision (by the end of September 2013, only 36 percent of the planned government expenditure according to the 2013 budget law had been executed). This adds to existing grievances and could lead to increased social tensions. Estimates indicate that the crisis had a significant impact on poverty; while the poverty rate decreased from 60.2 percent in 2008 to 50.1 percent in 2010, these gains appear to have been largely undone in 2013, as the projected poverty rate reached 56.8 percent again (see chart, right).<sup>40</sup> Finally, the destruction and looting of service institutions, such as schools and hospitals, impedes public service delivery in the medium term. The raiding of civil registries throughout the country implies significant problems with regard to identification of citizens that is necessary for voter registration, DDR activities and certain social services. Given the delicateness of the notion of citizenship (see below), the production of citizen lists is likely to inflame further tensions.



**6. CAR has traditionally been a “donor orphan” receiving very volatile ODA inflows.** Due to the



extended periods of instability, CAR has received both limited and volatile flows of financial assistance, with much of the aid focused on humanitarian relief and peacekeeping. Before the crisis, 74.2 percent of capital CAR's expenditure was funded by donor assistance and grants provided to CAR represented 4.6 percent of GDP. Nonetheless, CAR has received relatively low Official Development Assistance (ODA), amounting to US\$61 per capita in 2011, compared

to for instance US\$188 for Liberia and US\$87 for DRC. Also net ODA flows to CAR are among the lowest compared to other fragile states in Africa with recurrent violence, (see graph). The stop-and-go nature of foreign aid inflows has had an adverse impact on public finances, implying difficulties for long-term budgeting and planning.

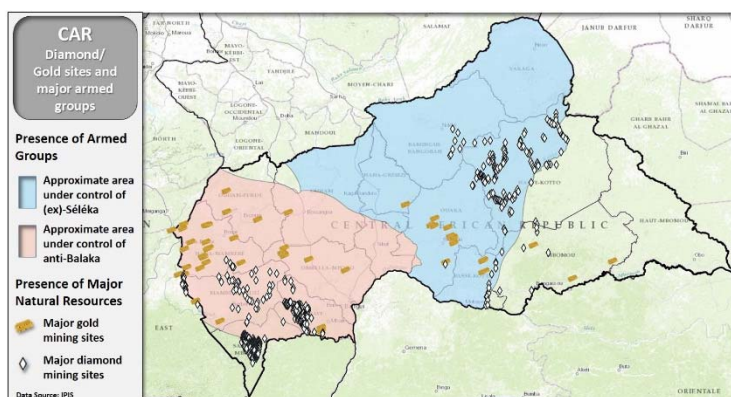
<sup>40</sup> Cf, IBID.



**7. Private economic activity leading to notable employment and growth has been hampered by a multitude of issues.** The World Bank Group *Doing Business Report* 2015 ranked CAR as the third worst place for doing business in the world, with particularly bad rankings in the areas of dealing with construction permits, cross-border trade, and getting electricity.<sup>41</sup> CAR's recurrent political and security crises combined with notoriously weak governance and institutions, and lack of basic infrastructure have undermined various attempts to set the economy on a sustainable development path. There is no national road network and most roads are impassable during the rainy season. Furthermore, the state-run energy provider cannot meet the electricity demand due to insufficient generation capacity and frequent technical failures. Moreover, insecure property rights, unenforceable contracts, and corruption have contributed to a slow-growth-poor-governance equilibrium trap. Small business owners often lose all their resources to corrupt law enforcement officials or to shocks of different types, which have undermined entrepreneurship, private sector development, and consequently growth and shared prosperity.

**8. Large-scale emigration of 'third country nationals' (TCN) implies long-term economic and social consequences.** In particular Chadian and Sudanese nationals have been at risk or directly targeted by violence committed by anti-Balaka fighters or other Christian groups as they are often perceived to be related to the Séléka. Due to the escalation of anti-Muslim violence, tens of thousands of citizens of Cameroon, Chad, Côte d'Ivoire and Mali (inter alia) have sought to be repatriated. Moreover, much of the entrepreneurial class decided to leave the country due to the general chaos and insecurity. By the end of January 2014, 30,861 TCNs had been repatriated and IOM estimates that altogether 50,000 TCN wished to be evacuated.<sup>42</sup> A large part of the TCNs leaving CAR are Muslims that have traditionally been engaged in small-scale trading. While it is difficult to estimate the economic cost of TCN emigration, it can be expected that this outflow will have a serious long-term and adverse impact on economic activity.

**9. Non-transparent natural resources management has fueled conflict and public distrust.** CAR has significant natural resources deposits, including diamonds, gold, uranium, timber, and oil (see map). Particularly diamond mining has enormous economic significance for the country, accounting for about 40 percent of the country's pre-crisis exports and providing employment for up to 400,000 people.<sup>43</sup> Yet, as pointed out by the IMF, "*extended labor disputes, combined with poor macroeconomic management and weak governance, have prevented the development of the country's rich and diverse endowment in natural resources.*"<sup>44</sup> Moreover, the few financial inflows generated through extractive industries have tended to disappear. A 2010 World Bank study has found that up to 50 percent of diamond revenues were lost due to fraud.<sup>45</sup> Under the political-economic 'rules of the game,' profits from natural resource exploitation have been divided among members of the elite. At the same time, the lives and working conditions of the population in areas producing diamonds has increasingly worsened. This implies significant grievances for the local population and has further undermined public trust in the state.



<sup>41</sup> Cf, World Bank (2015).

<sup>42</sup> Cf, World Bank-internal calculations.

<sup>43</sup> Cf, World Bank (2010), p. 1.

Estimates suggest that between one half and two thirds of the country's population are dependent on artisanal diamond mining. Cf, Hinton Jennifer et al (2010).

<sup>44</sup> Cf, Ghura, Dhaneshwar et al (2004), p. 20.

<sup>45</sup> Cf, World Bank (2010), p. 2.

Moreover, IPIS has found that access to diamond mining sites has played a considerable role in the roots of the recent context. Already during their December 2012 offensive, Séléka forces took control of all eastern diamond mining areas. They have benefited from artisanal mining by levying taxes, selling mining authorizations, trading and smuggling diamonds and pre-financing mining activities.<sup>46</sup> In turn, Anti-Balaka groups are active in the mining areas of the west, where they focus more on gold mining and trade than on diamonds. Anti-Balaka forces have been present at several large gold mines, where they receive money or a percentage of production for protecting the site. Some commanders have also become involved in buying and trafficking gold.<sup>47</sup> The map provided above overlays the approximate areas under control each group with the major mining sites.

**10. There can be no doubt that CAR has great potential in terms of abundant natural resources, including mineral wealth, timber and agriculture.** The country enjoys generous water supply and a diversified eco-system which has a great potential for food sufficiency and an eventual surplus. CAR is also located at the cross-roads of the African continent and could thus enjoy trade potential if infrastructure and energy links with its neighbors are improved. In the past, promising steps had been made to restructure the NRM sector, providing for more transparency and community benefit sharing.<sup>48</sup> These reforms, if implemented and continued could help to enhance transparency and address the underlying grievances.

#### **D. Absent, ineffective and non-legitimate state institutions**

**11. Provision of basic public services has been insufficient and ineffective throughout the country.** Public salaries represent nearly 50 percent of CAR's recurrent budget and constraints in the government ability to meet these expenses have been persistent sources of tension. This problem has also contributed to weak human resources, as the public sector has faced a considerable deficit with regard to professional and technical competency. Moreover, the low tax revenue base has undermined the government's ability to provide basic social service. As pointed out by the IMF, "*the chronic weak revenue performance led to [...] the degradation of basic social services.*"<sup>49</sup> The vast majority of CAR's population lacks access to basic infrastructure and the government has little means to fund public goods such as security, justice and basic services. Education outcomes have traditionally been some of the lowest in Africa. The conditions of instruction as measured by student to teacher/ classroom/ and textbook ratios have been very poor and public expenditure for education accounted for only 3.2 percent of GDP in 2012. In 2007, 25 percent of children never attended school and only 24 percent of those going to school completed the primary level. In turn, the 2012 baseline surveys have revealed that only 31 percent of adult survey respondents in rural areas are literate. Health service delivery has also been strained by under-funded and short-staffed public health institutions, with critical understaffing in rural areas. The enormous deficiencies in the provision of basic public services have undermined the legitimacy of the public institutions and trust in the state. Also CAR's state security capacities have been widely insufficient to secure the country's vast terrain, particularly given the considerable security challenges confronted. The security sector's enduring incapacity to establish stability and personal security outside of Bangui has been one of the main grievances of CAR's population.

**12. Historical marginalization of the remote northeast.** Policy decisions are centralized and focused on Bangui, while the government has traditionally abandoned large parts of CAR's territory. Particularly

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<sup>46</sup> Cf, IBID (2014), p. 56.

<sup>47</sup> Cf, Weyns, Yannick, Lotte Hoex and Filip Hilgert (2014), pp. 28 & 30.

<sup>48</sup> For instance, in November 2008, CAR became a member of the EITI and a compliant country in March 2011. This was followed by the adoption of a new Forestry and revised Mining Code in 2008 and 2009 respectively. Based on this reform, forestry revenues are now supposed to be used for communities, under the supervision of an inter-ministerial committee and broadcast over newspaper and radio. In addition, the pre-crisis government began with the implementation of the Africa Forest Law and Governance Action Plan to strengthen the legal framework for combating illegal logging and trade as well as poaching.

<sup>49</sup> Cf, Ghura, Dhaneshwar et al (2004), p. 4.

in the northeast, there has practically been no state presence at all and no delivery of public services, with a large portion of territories left to rebels, traffickers and armed groups, fighting for control of diamond-producing areas. The structural insecurity has indirectly led to a de facto partition of the country that donors have unintentionally reinforced by focusing their investments in “safe” areas. The 2011 *Poverty Reduction Strategy Paper* has found that the northeast of CAR was the only area in CAR where the proportion of people living in poverty has increased between 2003 and 2008.<sup>50</sup> This indicates that the marginalization of the northeast has increased under the Bozizé administration, which is widely considered as one of the major drivers of the recent rebellion. This can also be expected to continue to be a driver of fragility if not countered by more inclusive policies and specific investment and service delivery programs.

## **E. Weak social fabric of and low inter-group cohesion**

**13. CAR’s society is characterized by a lack of social cohesion, as well as limited collective action and conflict resolution mechanisms.** The combination of the origins of the Central African state and the origins of communities has created a country with little internal cohesion, where individuals have little trust and communities have few incentives for collective action. The heterogeneity of society has also resulted in a general lack of national identity and solidarity across groups. In addition, CAR’s society has known high levels of social exclusion. Individuals that are not from the local community are often considered as ‘*gagango*’ (foreigners) and are not welcome. This has important implications for the vast numbers of IDPs that find themselves often very remote from their communities of origin. Moreover, as has become apparent through the recent crisis and the extreme inter-communal violence, these heterogeneous identities are prone to being manipulated based on political interests. The problems caused by the lack of identity and trust are compounded by a lack of structure and predictability. The limited presence of the state and the lack of community-based mechanisms for conflict mitigation have also resulted in a lack of access to justice at the local level, which can lead to the escalation of localized conflict, such as between pastoralists and sedentary farmers. Field research carried out by the World Bank in 2012 has shown that the lack of social cohesion is also strongly apparent with regard to the population’s perceptions of corruption, especially in centralized arenas such as the tribunal and the gendarmerie. Every single survey response that touched on people’s opinions of centralized arenas mentioned corruption and ‘tribalism’ that govern these sectors, which suggests extremely low levels of trust between Central Africans. This phenomenon not only bears inherent conflict potential, but is also detrimental for the consolidation of democracy and the rule of law.<sup>51</sup>

**14. CAR’s society is severely fragmented along geographic lines.** As in the case of many African countries, CAR’s society knows deeply-rooted inter-communal tensions based on historic divisions and rivalries, such as competition for land, access to resources, control of commerce and (perceived) marginalization of certain identity groups which are often being expressed along ethno-religious lines. Identity however has been multilayered; initially, access to power was more associated with proximity to the former colonial power than based upon religious or ethnic identity. Over time this changed, particularly as certain regimes relied on kinship for loyalty. For instance the preferred recruitment of Gbayas, Bozizé’s community of origin, into the gendarmerie led to riots of young men in Bangui in 2012. Moreover, geography and proximity to Bangui or CAR’s northern neighbor states, notably Chad and Sudan are an important part of the equation. People living in the northeast of the country are often considered as “foreigners” by southerners (including government officials in Bangui and their respective regional administrations) although they might have lived in CAR for generations. This is one of the underlying reasons for the deliberate neglecting of the north and particularly the northeast of CAR by government.

**Institutionalized as well as inter-group marginalization and discrimination have particularly concerned the Muslim population.** CAR’s precolonial history, in which northern and Muslim groups

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<sup>50</sup> Cf, Central African Republic (2011), p. 25.

<sup>51</sup> Cf, World Bank (2012b), p. 37.

practiced slave-raiding of southerners contributed to deeply-rooted anti-northern and anti-Muslim biases among Christians. Conversely, after independence, CAR's governments were dominated by the South, leading to resentment among northerners who perceived a pattern of neglect, discrimination, and denial of full citizenship. All of these issues not only weaken *horizontal* social cohesion across groups and *vertical* state-society relationships, but they have undermined a common sense of citizenship and identity in CAR. Most importantly, the real and perceived discrimination of Muslims and northerners has entailed deeply-rooted tensions that have significant roles in the latest as well as many of the previous conflicts and rebellions in CAR. However, it can be noted that the aftermath of the Séléka rebellion unleashed violence along religious and ethnic dimensions not seen to date. As noted above, violence has been a common part of life but more commonly associated with state-on-citizen predation or banditry; the kind of communal violence currently being witnessed has not occurred before. Despite prejudice and historical bias at the individual level CAR has traditionally been a relatively stable inter-ethnic and inter-religious society with Muslims particularly playing an important commercial and economic role in the south.

**15. Women in CAR face significant gender inequality and widespread SGBV.**<sup>52</sup> In UNDP's 2013 Gender Inequality Index (GII), CAR had a value of 0.654, ranking it 142 out of 149 countries. The 2012 World Bank Diagnostic on Gender has identified that the status of women in the CAR is 'low' on all political, economic, social, and cultural indicators. Moreover, the inequality between women has increased during the cycle of insecurity and poverty that CAR has known since 1990. For instance, before the recent crisis, only 55 percent of girls completed primary education, compared to 71 percent of boys. In turn, illiteracy rates among women are at 68 percent compared to 48.2 percent among men and solely about one fourth of students at the tertiary level are female. The inequalities are also reflected in terms of economic wellbeing. 81 percent of women in rural areas have been categorized as poor, compared to 69 percent of men. A major driver behind rural poverty among women is early marriage. Approximately one fourth of girls get married before the age of 15 and 60 percent before 18 years. Also sexual and gender-based violence is widespread. About one third of women have experienced sexual violence, often associated with witchcraft, and some 36 percent are subject to female genital mutilation. About 25 percent of professional women in the CAR are HIV positive, compared to about 16 percent of the population overall.<sup>53</sup> At the elite level, only very few women have managed businesses or have been in positions of influence in the public sector. In the final year of the Bozizé era, 13 out of 105 parliamentarians and 4 out of 34 directors of cabinet in line ministries were women.<sup>54</sup>

**16. The instrumentalization of religion has led to a vicious cycle of violence.** A large number of former and current fighters and leaders of the Séléka are assumed to originate from Sudan and particularly Chad, many of whom did not speak Sango or French. Although most of them are Muslims, the roots of the conflict are only indirectly connected to religion. Rather, the Séléka considered themselves as representing a minority in the country that has suffered discrimination from the Christian majority (about 80 percent of the population) and political regime ruling in the capital. However, due to the atrocities, lootings, and destruction of property committed by Séléka fighters particularly among the Christian population, the conflict has degenerated into a vicious cycle of inter-religious violence and retaliations between the Christian majority and the Muslim minority in the country. The popular rage on the side of the Christians is not only directed against the Séléka and its former members, but against the Muslim minority per se. Numerous Christian self-defense militias, loosely organized as the anti-Balaka ("anti-machete") have engaged in armed resistance that has increasingly turned into violent reprisal, and severe atrocities against CAR's Muslim population. This has triggered a vicious cycle of sustained violence along religious lines with potential long-term implications for social cohesion in the country.

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<sup>52</sup> Cf, UNDP (2015).

<sup>53</sup> Cf, Lombard, Louisa (2014).

<sup>54</sup> Cf, World Bank (2012a).

**17. The religious conflicts are mainly polemic and not engrained in society.** While religion has become increasingly politicized in recent years,<sup>55</sup> it confers not a whole identity but just one element of a cosmopolitan sense of self. Whereas various elements of those identities have been used for political alliance-building depending on the respective contexts,<sup>56</sup> the often-cited religious divide itself is not strongly rooted in history and appears less engrained in society than considered by some observers. In this regard, it also has to be noted that local and nation-wide leaders of both confessions (including Kobine Layama, president of the Islamic Conference in CAR and Dieudonné N’Zapalainga, archbishop of Bangui) have been among the most vocal proponents of peace and reconciliation.

**18. Significant trauma and presence of arms and fighters entail an inherent security threat.** Although the stark religious divide may not be strongly rooted in history, facts have been created by the vicious cycle of violence. The mere brutality and scope of the conflict has led to severe trauma affecting a significant part of the Central African population. Besides the large number of people who directly suffered from cruelty, such as atrocities, rapes and abductions of child soldiers, a vast part of the population has had to face the loss of livelihoods due to the widespread looting, destruction of property, theft or killing of livestock and displacement. Many of the IDPs and refugees have lost their livelihoods, as well as their homes and property impeding the ability and willingness to return to their areas of origin (which is now a main focus of the humanitarian response). Therefore, desperation, frustration, and often anger and hatred against the respective perpetrators, or members of their groups are lying deep. This can be expected to undermine any social cohesion and implies ongoing potential for tension and violence. This situation is aggravated by the ongoing presence of fighters and the existence of significant amounts of weapons throughout the country.

## **F. External stresses and spill-over from regional dynamics**

**19. Activities of armed groups, poachers and bandits across porous borders have added to instability.** For decades, CAR has been a hinterland for trafficking, raiding and poaching by armed groups originating from neighbor countries that cross the widely porous borders in the sparsely populated north, east and southeast of the country. In addition, domestic rebel groups have easy access to the stock of arms available in Darfur and Eastern Chad. As pointed out by the November 2013 UNSC report on CAR, “*porous borders, the absence of state authority, opportunities for the illegal and lucrative exploitation of natural resources and the remoteness of many parts of the country provide an environment that is conducive to trans-national criminal activity, such as the flow of arms and mercenaries, as well as a potential breeding ground for radical networks.*”<sup>57</sup> Since 2008, the Lord’s Resistance Army (LRA) has increased its presence in the remote southeast and east of CAR since 2008 (Haut Mbomou and Mbomou prefectures). Due to its low population density, the relative absence of the state, and CAR’s ineffective security forces, the LRA has used the area as a transition corridor between DRC and South Sudan/ Sudan. Moreover, the LRA has sporadically looted villages and assaulted local residents. Although LRA membership has decreased in recent years, the group continues to destabilize the area and has exploited the recent chaos for regrouping and moving westwards and northwards.

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<sup>55</sup> For instance former President Bozizé led an evangelical church (“église de réveil”).

<sup>56</sup> Lombard, Louisa (2014).

<sup>57</sup> Cf, SIPRI (2013).

## Annex 3: Analysis of Armed Groups

### A. Introduction

1. This annex provides a brief overview on the major armed groups that are active in the CAR, in particular the main conflict belligerents, Séléka and anti-Balaka. It provides brief summaries on (a) the origins and status quo of the groups; (b) their approximate territorial presence and strength; and (c) their rent-seeking and resource extraction activities. The text is largely based on a summary of the study “Mapping Conflict Motives: The Central African Republic” that was commissioned by the Bank, conducted by the International Peace Information Service (IPIS) and published in late 2014.<sup>58</sup>

### B. The Séléka

2. The original Séléka was formed through an alliance between three Central African armed groups, namely two breakaway factions of the CPJP (Convention des Patriotes pour la Justice et la Paix) CPSK (Convention patriotique du salut du Kodro) and CPJP Fondamentale and the UFDR (Union des Forces Démocratiques pour le Rassemblement). From the outset, the Séléka relied heavily on Sudanese and Chadian mercenaries, and entered into tactical alliances with other armed groups present in CAR, such as the FPR (Front Populaire pour le Redressement) and the FDPC (Front Démocratique du Peuple Centrafricain). Since the resignation of Séléka leader and interim President Michel Djotodia in January 2014, in-fights over the leadership and strategy of the group took hold. In July 2014 ex-Séléka factions rebranded themselves as FPRC (Front Populaire pour la Renaissance de la Centrafrique) with Michel Djotodia as president, Nourridine Adam as vice-president, and Joseph Zoundeiko as military commander. In September 2014, the two former Chadian rebel leaders Ali Darassa and Mahamat Al Khatim distanced themselves from the FPRC and created their own faction, the FRC (Front Républicain pour le Changement). The major tension between the factions related to revenues from illegal taxation and mining, FPRC’s intention to divide CAR in a Muslim and a Christian part, and general territorial control. In November 2014, Djono Ahaba and Joseph Zoundeiko founded the political party RPRC (Rassemblement Pour la Réconciliation des Centrafricains) stating they sought a dialogue with the government. A summary of the major Séléka constituent groups and split-offs with the respective acronyms is provided below.<sup>59</sup>

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<sup>58</sup> Weyns, Yannick with Lotte Hoex and Filip Hilgert. “Mapping Conflict Motives: The Central African Republic.” IPIS, 2014.

<sup>59</sup> Weyns, Y., et al. (2014), pp. 13-19.

**Table 1: Summary of major constituent groups of the (ex)-Séléka**

Group	Full original name of group	Creation	Relation
UFDR	Union des Forces Démocratiques pour le Rassemblement	2006	Co-founder
CPJP-F	Convention des Patriotes pour la Justice et la Paix <i>Fondamentale</i>	2012	Co-founder
CPSK	Convention patriotique du salut du Kodro	2012	Co-founder
CPJP	Convention des Patriotes pour la Justice et la Paix	2008	Joined
FPR	Front Populaire pour le Redressement	2008	Joined
FDPC	Front Démocratique du Peuple Centrafricain	2004	Joined
RPRC	Rassemblement Pour la Réconciliation des Centrafricains	2014	Split-off
UPC	Unité Pour la Centrafrique	2014	Split-off
FPRC	Front Populaire pour la Renaissance de la Centrafrique	2014	Split-off
FRC	Front Républicain pour le Changement	2014	Split-off

### C. Approximate territorial presence and strength

3. The (ex)-Séléka remained a rebel group, albeit with a loose command structure, continuing their activities especially in the east of the country. They have mainly been present in the approximate triangle between the towns of Kouango (Ouaka préfecture) in the center/south, Markounda (Ouham préfecture) in the center/north and Ouanda Djallé (Vakaga préfecture) in the north-east, with strongholds kept by regional commanders in several larger towns (see map 1 below). Reliable estimates of the number of Séléka troops are difficult to obtain. Depending on the sources and points in time, the estimates range from about 1,500 to 20,000 combatants. It is clear that Séléka numbers rose considerably after the beginning of the attacks in December 2012, as the movement actively recruited amongst local populations in the areas of which they took control. Recruitment was mostly mobilized by financial promises in the form of looting or money to be received through reintegration as part of a DDR program. In July 2014, some 2,000 Séléka fighters were still present in Bangui. During preliminary talks with the UN on the possible future of a DDR program in summer 2014, the Séléka leadership claimed to have an estimated 7,000-10,000 combatants under their command.<sup>60</sup>

### D. Rent-seeking and resource extraction activities

4. As soon as the Séléka seized power in CAR, the strategic priorities and actions of the rebellion shifted from power to greed-related objectives. The leaders benefited from their access to power and to public funding for their personal enrichment while many combatants engaged in widespread looting, particularly in Bangui and in the west of the country. Moreover, UFDR and CPJP constituents of the Séléka quickly took control of the east of the country, where they developed elaborate rent-seeking strategies, particularly related to mining activities. They supplanted the local and mining administrations, levying illegal taxes and issuing authorizations. Their grip on the mining sector has further been strengthened by pre-financing mining operations, such as in and around the Manovo-Gounda National Park.

<sup>60</sup> Weyns, Y., et al. (2014), pp. 17-23.

FPRC and FRC still retain exclusive control over some of the main gold and diamond producing areas in the east, with the FPRC (under Nourridine Adam) profiting from diamond mining and the FRC from gold.<sup>61</sup> In addition, some Séléka elements have taken control of administration at border crossings and established checkpoints where they have levied illegal taxes and become involved in the poaching of ivory and bush meat.<sup>62</sup>

## E. The anti-Balaka

5. **Summary:** The origin of the militias that later formed the anti-Balaka goes back to the village self-defense groups that were mostly created in the mid-2000s, especially in the regions of Bossangoa, Bozoum and Bocaranga (Ouham and Ouham-Pendé préfectures), to fight road bandits and armed pastoralists. The Anti-Balaka as such became first active in the second half of 2013, in response to the crisis triggered by the Séléka rebellion. They are composed of a number of Christian self-defense groups as well as former members of President Bozizé’s Presidential Guard, Gendarmerie, and army (FACA). In the west of CAR, the anti-Balaka are a loose coalition of different armed groups, each with their respective local commanders. In Bangui, the national leadership is divided into two groups with their respective leaders and areas of control. In August 2014, anti-Balaka faction leader Sébastien Wenezoui founded the explicitly inter-religious (Muslim-Christian) political platform MPA-IK. This was not sanctioned by his superior, anti-Balaka leader Patrice-Edouard Ngaïssona, who, in turn, declared in November 2014 that the anti-Balaka would lay down their arms and be transformed in the political party PCUD.<sup>63</sup> A summary of the major anti-Balaka constituent groups/split-offs with the respective acronyms is provided below.<sup>64</sup>

**Table 2: Summary of major constituent groups of anti-Balaka**

Group	Full original name of Group	Creation	Relation
FROCCA	Front pour le retour à l'Ordre Constitutionnel en Centrafrique	2013	Founded by Bozizé
CLPC	Combattants de libération du peuple centrafricain		Joined
MPA-IK	Mouvance Patriotique pour l'Avenir – I Kwé	2012	Split-off party
PCUD	Parti Centrafricain pour l'Unité et le Développement	2008	Split-off party

## F. Approximate territorial presence and strength

6. The anti-Balaka have been active in most of the western half of the country, with strongholds in Bangui, Bimbo, Damara, Boali, Bossembélé (Ombella-M’Poko), Mbaïki, Boda (Lobaye), Berbérati, Carnot (Mambere-Kadeï), Bouar (Nana-Mambere), Bozoum, Bocaranga, Ngaoundaye (Ouham-Pendé), Bossangoa, and Bouca. It is difficult to estimate the number of anti-Balaka combatants, as their attacks have often involved civilians joining occasionally, e.g. during a reprisal attack in their village. Anti-Balaka leaders have used

<sup>61</sup> Cf, Southward Fiona with Yannick Weyns, Lotte Hoex and Filip Hilgert (2014). IPIS Insights. “Diamonds in the Central African Republic.” December 2014. P. 3.

<sup>62</sup> Weyns, Y., et al. (2014), pp. 20-43.

<sup>63</sup> Cf, Heidelberg Institute for International Conflict Research. “Conflict Barometer 2014.” Heidelberg, 2015. P. 56.

<sup>64</sup> Weyns, Y., et al. (2014), pp. 55-61.



ambivalent figures. In February 2014, two high-ranking members stated that the movement numbered 52,000 or 70,000 fighters respectively. According to BINUCA, the anti-Balaka have demanded a DDR process for 50,000 to 70,000 fighters. These numbers appear exaggerated as they may include normally unarmed civilians who only sporadically joined the fighting. According to the UN Panel of Experts, in October 2014, around 1,500 anti-Balaka fighters continued to pose a threat to security.<sup>65</sup>

#### **G. Rent-seeking and resource extraction activities**

7. Also most members and followers of the anti-Balaka had clear ‘control of resource’ objectives, besides fighting back against the Séléka and seeking revenge against the Muslim population as a whole. The systematic plundering of Muslim civilians by the movement has been considered the main source of income for both fighters and local chiefs. In addition, anti-Balaka groups have been active in the mining areas of the west, where they have focused more on gold mining and trade than on diamonds. Anti-Balaka forces have received money or a percentage of production for ‘protecting’ several gold mining sites in the west. Some commanders have also become involved in buying and trafficking gold. Also in diamond mining areas, some anti-Balaka have earned money by racketeering artisanal miners and positioning themselves as ‘protectors’ of economic operators in mining towns. Some local commanders have also been operating as collectors. For both gold and diamonds, there are no indications of significant investment, even at sites where relatively small investments would yield large profits. Anti-Balaka groups have also controlled an illegal border post with Cameroon where they have taxed smuggled merchandise and set up numerous roadblocks and checkpoints where they have been demanding illegal taxes on goods.<sup>66</sup>

#### **H. Other major armed groups**

8. **Lord’s Resistance Army (LRA):** The Lord’s Resistance Army first emerged in northern Uganda in 1986. Its first major raid in CAR was in March 2008 in Haut-Mbomou préfecture. Over time it pushed further west and north, committing attacks across the south-east. In 2014, the small and mobile LRA groups appear to have remained concentrated in the Haute-Kotto and Haut-Mbomou préfectures. Since then, LRA groups have maintained a lower profile and focused on survival activities, such as pillaging for food and supplies. In August 2014, the number of LRA fighters carrying weapons was estimated at about 200, while each militia cell is accompanied by captives forced to work as porters, cooks and sex slaves.<sup>67</sup>

9. **Révolution et Justice (RJ):** The *Révolution et Justice Movement* was created in late 2013 in northern Ouham-Pendé, officially to “fight the Séléka.” Members have been mainly recruited amongst former combatants of other armed groups and local youth around Paoua and Ngaoundaye. Despite having uttered some political claims, the movement appears mainly driven by greed motives. Besides fighting Séléka combatants, they have also clashed with anti-Balaka, for instance to gain control of the lucrative crossing and the border area with

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<sup>65</sup> Weyns, Y., et al. (2014), pp. 44-54.

<sup>66</sup> Weyns, Y., et al. (2014), pp. 55-61.

<sup>67</sup> Weyns, Y., et al. (2014), pp. 78-79.

Cameroon and have been heavily involved in cattle raiding. RJ elements are currently estimated to number between 1,000 and 5,000. In August 2014, the founder of the movement, Arnel Sayo, joined the government as Minister of Youth and Sport. Since then, there has been infighting within the command of the movement.<sup>68</sup>

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<sup>68</sup> Weyns, Y., et al. (2014), p. 77.

## Annex 4: An Overview of Displacement

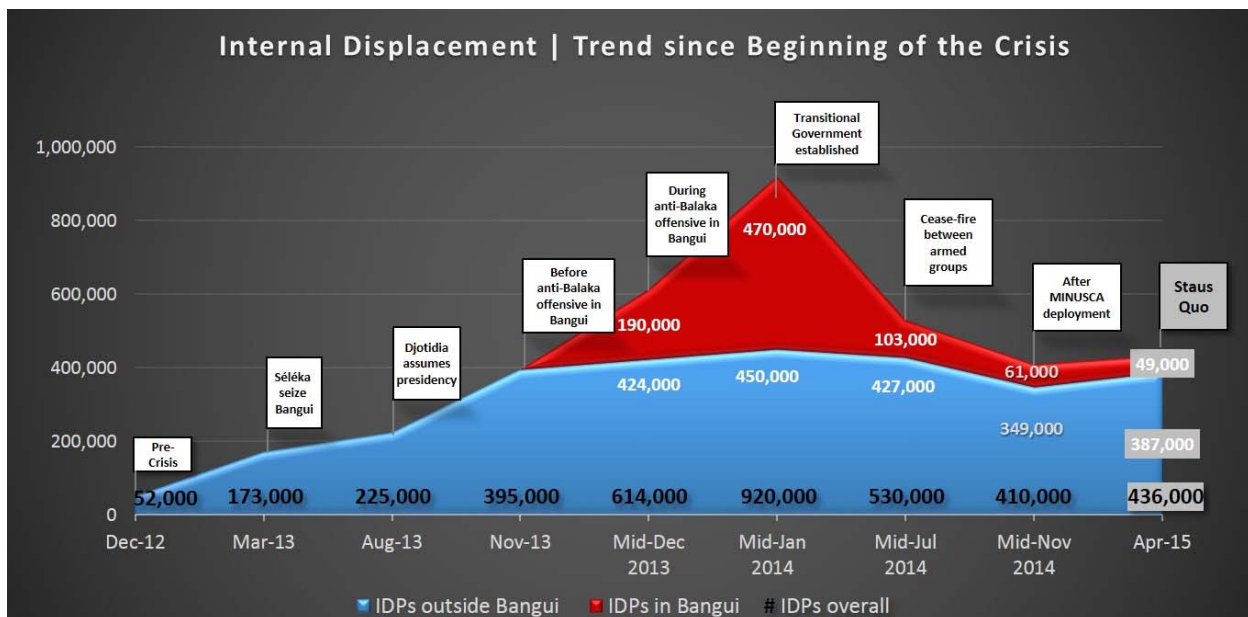
### A. Introduction

This annex provides a brief summary of displacement figures and trends as well as an overview of the economic impact of forced displacement, in particular of the Muslim community. The displacement data is based on UNHCR situation reports and OCHA humanitarian snapshots at numerous different publishing dates. The economic analysis is largely based on a Bank-commissioned study of December 2014.

### B. Displacement Overview

1. **Overview of internal displacement figures:** By April 1, 2015, the number of Internally Displaced Persons (IDPs) within CAR was estimated at about 436,000, including 49,000 people across 35 sites in Bangui. As illustrated by the graph provided below, this figure constitutes a considerable drop from the peak of around 920,000 IDPs that had been reached in January 2014, subsequent the large-scale anti-Balaka offensive launched in early December 2013. However, while the number of IDPs counted in Bangui gradually continued decreasing since the appointment of the current interim government in January 2014, and after the deployment of MINUSCA in September 2014, the number of IDPs outside of the capital actually increased between November 2014 and April 2015. This appears to be related to an upsurge in violence in February 2014 that led to the additional displacement of almost 50,000 people, some 30,000 of which were internally displaced, mostly to Batangafo in the north and Bambari in the center-east.<sup>69</sup>

Figure 1: Overview on internal displacement trends (figures rounded to full thousands)<sup>70</sup>

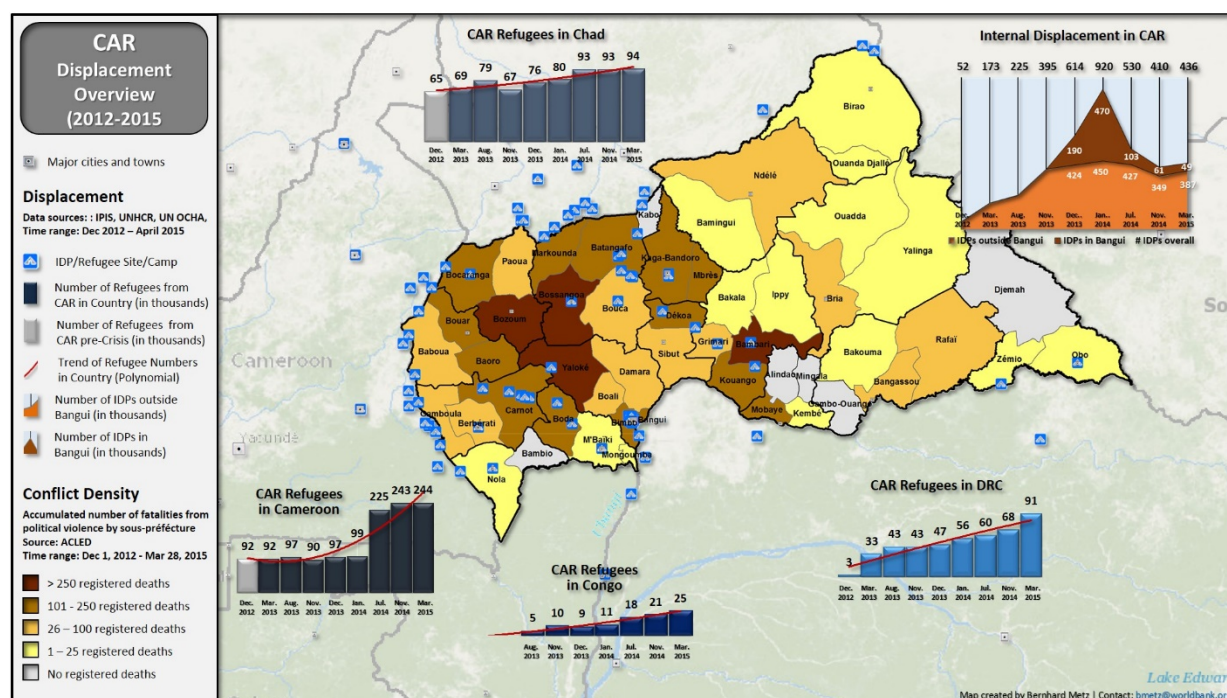


<sup>69</sup> UNHCR. “Fresh violence displaces almost 50,000 people in Central African Republic.” February 2015.

<sup>70</sup> Graph produced by World Bank team (GSURR). Sources of data: OCHA & UNHCR.

2. **Overview of refugee figures:** By April 2015, about 454,000 refugees were in neighboring countries, with over half (approx. 244,000) being hosted in Cameroon, roughly 90,000 in Chad and the DRC and about 25,000 in the Republic of the Congo. Over 150,000 of these have suffered from protracted displacement, dating to before the beginning of the current crisis in December 2012. However, as illustrated by the country-based diagrams on the overview map below, the refugee numbers have been continuously increasing during the crisis. The most obvious peaks in cross-border displacement have been to Cameroon, after the main anti-Balaka offensive in early 2014 and to the DRC, with 19,200 people crossing into Equateur province in recent months. The map also illustrates that most refugee camps and sites are located close to the respective borders.

**Map: Overview on displacement trends and conflict intensity by district** (figures rounded to full thousands)<sup>71</sup>



### C. Impact of Displacement on Economic Recovery

3. **Displacement of the Muslim community:** Since December 2013, almost all of the original Muslim population of Bangui has fled the capital, and the few who remained have been sheltering in what has effectively become a ‘ghetto.’ Muslim neighborhoods throughout the country have been systematically targeted, such as in Bossangoa and Bouca, where there had been a sizeable and well-established Muslim presence. As a result, markets have failed as transport networks and market intermediaries, roles traditionally played by members of the Muslim community, have disappeared.

4. **Impact on trade and price levels:** Displacement of members of the Muslim minority has greatly contributed to the decrease of commodity supply and negatively impacted price levels. According to

<sup>71</sup> Map created by World Bank team (GSURR). Sources of underlying data: OCHA & UNHCR.

estimates, 75 percent of large Muslim wholesalers have fled from their places of origin, implying a drop of related sales by 90 percent, which has significantly affected the country's import-dependent economy. For instance most of the trade in Bangui, including food and other imported commodities, was done by about 40 Muslim wholesale vendors, 30 of which had fled the city during the crisis. The drop in supply also impacted the price level that has surged since the beginning of the crisis: for instance maize, millet, and groundnuts in August 2014 were 30-70 percent higher than in March-April 2014.<sup>72</sup>

5. **Impact on farming and the livestock sector:** In February 2014, the UN raised concerns that 96 percent of farmers were without access to seeds to plant for the next agricultural season, as many of the traders, wholesalers, and interlocutors were Muslims that had departed or were displaced.<sup>73</sup> The overall negative impact was to some extent mitigated by support to crop production programs. This includes FAO and WFP projects, such as the distribution of seeds and tools as well as seed protection rations, ensuring an estimated crop production of about 763,000 tons in 2014, 11 percent up on 2013, but still 58 percent lower than the pre-crisis average.<sup>74</sup> Moreover, the livestock sector, which was in great part controlled by Muslims, has considerably declined due to theft, looting, mass slaughter, and outmigration of animals. In 2012, the pastoral sector accounted for an estimated 35 percent of agricultural GDP or 15 percent of GDP and represented an estimated 30-40 percent of the country's total exports, with herders predominantly being Muslim Fulani (Peuhl). Their exile to neighboring countries contributed to a contraction of the livestock sector by up to 77 percent, with a further contraction estimated to 67 percent for cattle and 77 percent for small livestock and poultry in 2014 compared to 2013.<sup>75</sup>

6. **Summary of economic impact:** Macro-economic targets may not be reached due partly to the absence of the traditional Muslim economic operators. Muslims in CAR had a dominant place in the commerce and livestock sectors and were considered by many as the backbone of the economy. Many were traders and shopkeepers who imported staples and they also ran the meat industry.<sup>76</sup> The departure of the great majority of the traditional Muslim economic operators is hampering the country's economic recovery in a way that is still to be quantified in macroeconomic terms: impact on GDP, balance of payments, budget deficit (loss of import/export taxes), and inflation.

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<sup>72</sup> FAO/WFP, October 2014.

<sup>73</sup> BBC, February 11, 2014.

<sup>74</sup> FAO/WFP, October 2014.

<sup>75</sup> IBID.

<sup>76</sup> The Washington Post, February 2014.

## Annex 5: Pastoralism, cross-border transhumance and conflict in the Central African Republic<sup>77</sup>

**1. Over time the conflict shows constantly shifting power dynamics in CAR.** To generalize, conflict divisions lie along livelihood lines; similar livelihood groups also share ethnic and religious traits. In particular, herders and farmers find themselves in opposing groups. Herders are predominantly of Muslim origin, whose primary livelihood relies on activities along the large animal (primarily cattle) value chain. Farmers are predominantly Christian whose primary livelihoods follow crop value chains. These two groups do not include only those on the production side of the value chain, but also processors and merchants.

**2. The political economy of conflict varies greatly across time and within groups.** In general, farmers have been favored more often in the country's war torn history. Herders, their families, and those closely associated with cattle sales in large commercial centers were most impacted by the most recent crisis, in particular, and have now mostly fled CAR. The table below summarizes changing power relations between herders and farmers over the past 10 years.

Pre-eminent Power	Herders (Mbororos, Peuhl, cattle merchants, Muslims)	Farmers (producers, processors, merchants, Christians)
President Bozize (2003-2012)	Targeted; murderous attacks, many fled to Cameroon; during "peace time" grazing taxes and penalties for crop destruction over estimated	Favored; impunity for those who took justice into their own hands against herders (i.e. slaughter and poisoning of cattle)
UFDR, ARPD, Zaragouinas (2006-2008)	Favored; yet manipulated, left alone by rebels, but also manipulated into providing protection	Targeted; attacks, murders, crops destroyed or stolen, refugees fled to Chad and Cameroon
SELEKA (2012-2013)	Favored; former rebel groups became Séléka and continued to favor herders	Targeted; murderous attacks, theft, entire villages burned, refugees flee to Cameroon and Chad
Anti-Balaka (2012-2014)	Targeted; villages or neighborhoods burned and pillaged, mutilations, murders, animals killed, nearly entire population fled the country or sought refuge in Séléka controlled east and northeast	Favored; Anti-Balaka fighters come from this group
SELEKA (2013-2014)	Favored; fleeing herders/Muslims seek refuge in the Séléka controlled Northeast and East	Targeted; raids, crimes, theft of assets, killings, villages and fields burned.
Chadian and Sudanese Herders (constant)	Favored; but manipulated, threatened, physical violence, forced to provide protection and pasture.	Targeted; exactions and attacks, destruction of fields

<sup>77</sup> Based on two studies conducted by Rachel Bingham in June 2014 and January 2015

**3. The impact of the crisis on CAR's livestock sector is significant.** The flight of the herder/Muslim/Chadian population has left major Bangui markets closed and has shut down the cattle industry. In fact, the 2013-2014 crisis rapidly destroyed commercial cattle trade in CAR and the Food and Agricultural Organization estimates that the number of livestock in CAR has decreased by 77 percent throughout the crisis.

**4. The sub-regional impact of the crisis has been profound.** In Southern Chad, the simultaneous influx of refugees and the arrival of pastoralists from the north may cause conflicts over resources. Each year, between September and December herders and roughly 660,000 head of cattle descend from the central and northern part of Chad into CAR seeking pasture. In 2014, their descent into CAR met with the beginnings of the violent *anti-Balaka* reprisals against those of Chadian or Muslim origin, and they turned back into Chad. Following these incidents, the border was closed to those moving south, but open to Central African refugees and their herds seeking refuge. This created a "traffic jam" of roughly 2,000,000 animals and 100,000 people in the southern part of the country. Of the 2,000,000 animals, roughly 10 percent came from CAR, putting extreme pressure on limited natural resources, and increasing the already common likelihood of conflicts between herders and farmers. Ultimately, Chad officially closed the border with CAR in early May 2014.

**5. Unregulated cattle trade allows sector growth, but increases the risk of conflict.** Conflicts arising from cattle trade stem primarily from the government's inadequate legal system. This weak system does not clearly define or enforce the rules of economic engagement, nor does it maintain law and order. Armed pastoralists accompanying herds annually from Chad and Sudan ignore local laws and threaten local populations with impunity. Their similar physical appearance and dress to Central African pastoralists creates the stereotype that all pastoralists are dangerous and violent, thereby proliferating arms and violent tendencies across communities. The perceived sovereignty that pastoralists have in and around the *communes d'élevage* and the lawless mobility of herds in CAR has created progressively more violent competition over natural resources with other land users including other herders, farmers and conservationists since the 1980s.

**6. Cattle trade is nevertheless a potential facilitator for peace.** A recent study of the cattle trade showed that relationships between actors in the cattle trade remain relatively unchanged today, despite the conflict (that has placed many of these actors against each other). While the most vulnerable actors (herders, butchers and shop keepers) have fallen out of the market, as much as 70 percent of economic activity may still remain in the hands of the same merchants; only the *modus operandi* has changed. The cattle trade is ultimately an endogenous activity relatively insensitive to outside influence; a multitude of ethnically, economically, socially, and religiously diverse actors are involved. Cattle merchants make their decisions based equally on price, ethnic identity, social networks, and personal intuitions and strategies. Trade relationships therefore contract and expand rapidly given relationships between ethnicities, access to pasture, and security. Despite the potential for conflict, the endogenous nature of cattle trade builds and rebuilds relationships essential to peace-building. Trade provides a forum for communication, interaction, and exchange of goods between warring people requiring each side to realize that the other's products or services sustain mutual gains. In a country with little social tissue, the cattle trade thus demonstrates a deviation from the norm, as relationships are strong in this sector, across time, ethnicities, and at all levels. In addition, the proliferation of actors in the cattle value chain creates a unique forum for relationships to develop between ethnicities that may never otherwise have reason to communicate or understand each other.

## Annex 6: Traditional Donor Resources

**Table 1: Current Financing for CAR – since end-2014**

<b>COUNTRY/ INSTITUTION</b>	<b>CURRENT COMMITMENTS (US\$)</b>	<b>SECTORAL FOCUS</b>
<b>France/ AFD</b>	About \$54.4 million including: \$12m humanitarian \$12.5 m budget support \$30 m general recovery	Sectors : governance, infrastructure, education, vocational training, local community development, and health
<b>US/ USAID</b>	About \$208 million including: \$185 m humanitarian \$23 m recovery	Sectors including justice, gender based violence, social cohesion and conflict prevention
<b>UK/ Dfid</b>	About \$17 million	Humanitarian and recovery
<b>European Union</b>	About \$352.6 million including: \$76 m humanitarian \$41.3 m budget support \$48.8 m Bekou trust fund \$134.4 m recovery \$25 m elections \$27.5m regional assistance	Budget support and sectors including justice, public works, environment, and basic social services
<b>World Bank</b>	About \$250 million including: \$100 m emergency program \$150 m restructured portfolio	Sectors including payment of civil service salaries, public works, agriculture, health, infrastructure
<b>African Development Bank</b>	About \$189 million including: \$45 m emergency program \$144 m restructured portfolio	Sectors including community recovery and budget support
<b>International Monetary Fund</b>	About \$24 million	Direct budget support
<b>United Nations</b>	About \$216 million	Humanitarian and recovery programs (financed by many of the contributions above)

*Note: for World Bank and AfDB, the figures distinguish between new commitments and outstanding portfolio. For other donors, figures are new commitments only.*



## Annex 7: Economic Indicators

	<i>Estimated</i>		<i>Preliminary estimate</i>		<i>Projected</i>	<i>Projected</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Real GDP growth (%)	3.3	4.1	-36.0	1.0	5.5	5.7
Inflation (average %)	1.2	5.9	4.4	11.6	5.7	4.9
External current account balance (% of GDP)	-7.6	-4.6	-3.0	-6.1	-11.8	-11.2
Gross official reserves (US\$ million)	171.5	175.6	205.8	258.7	257.6	260.9
Gross official reserves (months of imports)	3.9	5.6	3.7	5.2	4.9	4.9
Nominal exchange rate (LC/US\$)	471.9	510	493.9			
Term of trade	-0.4	3.7	19.9	14.9	10.1	-7.0
Total government revenue and grants	13.3	16.4	8.4	15.6	11.3	12.2
<i>Domestic revenues</i>	<i>10.8</i>	<i>11.5</i>	<i>5.7</i>	<i>4.9</i>	<i>6.7</i>	<i>7.5</i>
<i>Tax revenue</i>	<i>8.4</i>	<i>9.9</i>	<i>5.2</i>	<i>4.4</i>	<i>6.2</i>	<i>6.9</i>
<i>Grants</i>	<i>2.5</i>	<i>4.9</i>	<i>2.7</i>	<i>10.7</i>	<i>4.6</i>	<i>4.7</i>
Total government expenditure	15.7	16.4	14.7	12.6	17.8	15.6
Current expenditure	11.1	9.5	12.4	9.8	10.0	9.2
<i>o/w Wages and salaries</i>	<i>4.4</i>	<i>4.6</i>	<i>7.1</i>	<i>6.4</i>	<i>5.2</i>	<i>4.6</i>
<i>Domestic Primary balance</i>	<i>-1.3</i>	<i>0.5</i>	<i>-6.8</i>	<i>-5.0</i>	<i>-3.7</i>	<i>-2.4</i>
<i>Overall balance including Grants</i>	<i>-2.4</i>	<i>0.0</i>	<i>-6.3</i>	<i>3.0</i>	<i>-6.5</i>	<i>-3.4</i>
<i>Overall balance on cash basis</i>	<i>-1.4</i>	<i>-1.1</i>	<i>-4.0</i>	<i>1.4</i>	<i>-7.3</i>	<i>-4.1</i>
<i>Residual financing need</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>5.9</i>	<i>1.1</i>

Source: Authorities, IMF and Bank's staff forecast

### Government's Ability to Cover Recurrent Expenditures in 2014 and 2015 / (US\$ million, actuals up to Q1 2015, projections from Q2 2015)

in million US\$	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
<b>Revenues collected</b>	<b>15.4</b>	<b>21.8</b>	<b>22.8</b>	<b>23.8</b>	<b>29.1</b>	<b>32.4</b>	<b>28.2</b>	<b>27.4</b>
<b>Salaries paid in average</b>	<b>27.8</b>	<b>26.8</b>	<b>27.6</b>	<b>27.6</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>

Sources CAR authorities and Staff forecast

**Table 3: Central African Republic - External Support of Technical and Financial Partners 2015**

Partners	Expected Support in Foreign Currency (as of June 2015)	Actual Disbursement	Purpose
IMF	US\$8.1 million	US\$8.1	Balance of payments support
World Bank <sup>78</sup>	US\$10 million		Payment of salaries, excluding security sectors
UNDP	US\$0.8 million	US\$0.8	Payment of salaries (Police and gendarmerie)
AfDB	US\$10 million		Budget support
European Union	€25 million		Budget support
France	€4 (from 2014) + €8 million		Budget support
BEAC	CFAF 3.9 billion		Debt consolidation
CEMAC Development Bank	CFAF 0.2 billion		Debt consolidation
Congo	CFAF 5 billion		Debt consolidation

Sources: CAR authorities and IMF June 2015

### Comments on Statistical Capacity

**Data availability and quality remains a challenge.** Data provision in CAR has shortcomings, but the quality of data prior to the coup was broadly adequate for monitoring. Primary data are not always reliable, particularly for the real sector. There is a high degree of uncertainty attached to the estimates of the level and growth rate of real GDP, as estimates for informal sector activities are still based on a 1982 survey. Furthermore, developments in the subsistence agriculture sector, accounting for an estimated 30 percent of the economy, are not adequately tracked. These deficiencies could be addressed through surveys. Similarly, the latest poverty estimates were produced from a household survey conducted in 2008. Before the current crisis, efforts were made by the government, with support from AFRISTAT, to improve the production of the national accounts, but the collection of primary data from surveys remains a priority.

**The measurement of inflation is subject to a high degree of uncertainty.** The CPI is collected monthly but only reflects the price development in Bangui. The index is highly skewed toward food items (70 percent), in particular basic foodstuff, and covers only a limited number of service items. With the crisis, prices are not collected regularly for lack of resources.

<sup>78</sup> Not including Additional financing of the Health systems Project

## **Annex 8: Completion and Learning Review**

1. As CAR was beset by a serious humanitarian crisis since late 2012, brought upon by rebellion and the ousting of President Bozizé's Government in March 2013, a new Country Assistance Strategy (CAS) was not prepared. This was despite the fact that the World Bank Group Country Partnership Strategy (CPS) for the Central African Republic (CAR) FY09-FY12 (report No. 49583-CF), discussed by the Board of Directors in July 2009, had come to an end. As no CAS was prepared, the Completion Learning Review (albeit in draft) was not filed.
2. Between end of 2012 and 2015, the World Bank launched an emergency response program of some US\$100 million and the Board was regularly updated of this engagement. As most of these operations were approved in late FY14 and in FY15 it is too early to evaluate their outcomes.
3. This Annex outlines the Completion and Learning Review (CLR) for the CPS period of FY09-12 outlining outcomes achieved against the original results framework formulated in the CPS. The ratings in the CLR are clearly based upon what was achieved during the program period and do not account for the impact of the crisis that followed. In some areas, there have since been serious setbacks (e.g. in food security). For this reason, an Addendum has been attached to outline events that occurred in 2012-2014 and the Bank's engagement as part of the international response in addressing the crisis, as well as some of the preliminary results achieved. The lessons from the crisis response as well as the CPS have informed the current strategy, the Country Engagement Note for FY16-17.

## Central African Republic: FY09-12 CAS Completion Report

Country:	Central African Republic
Date of CAS:	FY09-FY12
Period Covered by Completion Report:	July 2009 – June 2012
Completion Report Drafted by:	Louise Davidson
Date:	May 2012

### I. Introduction

1. **This Country Assistance Strategy Completion Report (CASCR) assesses the effectiveness of the FY09-FY12 World Bank Group Country Partnership Strategy (CPS) for the Central African Republic (CAR), (report No. 49583-CF), which was discussed by the Board of Directors in July 2009.** It covers the implementation period from Board approval to June 2012. The assessment is based on reviews of (i) Implementation Completion Reports (ICRs) and Implementation Status and Results reports (ISRs) from projects implemented during the CPS period; (ii) aide-memoires; (iii) conclusions from 2012 Country Portfolio Performance Review (CPPR); (iv) interviews with Country Team members and Task Team Leaders operating in CAR during the CPS period; and (v) self-assessments by the Country Team and Task Team Leaders. The CASCR also draws upon the CPS Progress Report (Report No. 59874-CF), that was prepared in 2011 and which took stock of the progress to date.

2. **The overall program performance is deemed to be moderately satisfactory.** The evaluation indicates that achievements have been either met or surpassed with respect to four out of eight outcomes including improving transparency and accountability in natural resource management, improving access to basic urban infrastructure, improving regional integration in the transport sector and the education sector. Much slower progress is observed in the other sectors, with critical challenges remaining in the energy and community development.

3. **The Bank's performance in designing and implementing the strategy is deemed to be satisfactory.** The CPS was directly aligned to CAR's development priorities as highlighted in CAR's first Poverty Reduction Strategy (PRSP1). It represented many of the elements within the WB's Africa strategy and the corporate framework for Fragile States<sup>79</sup>, including responding flexibly to emerging needs while developing institutional capacity for long-term recovery. In terms of implementation, the WB's commitments to CAR, which have grown rapidly from re-engagement in 2006 at around US\$17 million to US\$ 324 million (as at end March 2012), are much higher than the US\$181 million that was originally planned. All of the planned lending products as well as an additional DPO were implemented during the CPS period. Six of the 10 planned AAA products were delivered with two ongoing, and an additional eight that were unplanned. The average disbursement ratio during the CPS period of CAR's Bank portfolio was 30.5 percent, surpassing the average for Africa region at 20.2 percent and for the global portfolio at 22.6 percent for the same period (as of May 7, 2012).

4. **Overall, in spite of demonstrated good efforts, CAR needs to achieve significantly higher rates of economic growth to reduce poverty and to reduce the risk of reverting to conflict.** CAR has not experienced the typical growth spurt in the post conflict period, compared to neighboring states such as

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<sup>79</sup> This framework is based upon the WB's 2011 World Development Report (WDR) that focuses on conflict, security and development.

Burundi, Liberia, Rwanda and Sierra Leone<sup>80</sup>. However, empirical estimates<sup>81</sup> indicate that fragile states, such as CAR, can strengthen their chances to emerge from such a low-growth-poor-governance equilibrium trap, if additional resources can be directed towards addressing instability and violence, insecurity of property rights or corruption. As recommended within the WB's 2010 WDR, this suggests that the current ways of working in fragile states such as CAR merits radical improvement, including a revision of IDA's performance based allocation mechanism.

## **II. Progress made towards achieving country level goals**

5. **An independent analysis of the Government of CAR's first PRSP (2008-2010) analyzed the effectiveness of its implementation and its development impact.** Overall, the assessment highlighted that the 2008 Inclusive Political Dialogue (IPD), that safeguarded peace and social cohesion, allowed CAR to implement its the road map of reforms and to re-open cooperation with the international community. This resulted in CAR's reaching of the completion point under the Highly Indebted Poor Countries Initiative (HIPC) in 2009 which, together with the Multilateral Debt Relief Initiative (MDRI), provided significant debt relief (approximately 59 percent of GDP).

6. **With respect to Pillar 1 (restoring security, consolidating peace and preventing conflicts), eight out of 13 priority actions were launched during this period (representing a 62 percent success rate).** Notable achievements included the launch of Security Sector Reform (SSR) and the Disarmament, Demobilization and Reintegration process (DDR), the signing of the peace accords with the political/military movements, the organization of the IPD, and the establishment of the strategic framework for the consolidation of peace. In spite of three postponements, the presidential and legislative elections were held in early 2011 and the results were certified by the Constitutional Court. In spite of this however, the political and security situation within CAR remains fragile. The DDR process has been slower than expected, and the security situation outside the capital of Bangui remains tenuous with threats from Chadian and Ugandan rebel groups in the extreme north-east and south-east.

7. **Good progress was made with respect to Pillar 2 (promoting good governance and the legally constituted state), including the achievement of 23 out of 36 priority actions, representing a 64 percent success rate.** CAR was the first country to move from decision point to the HIPC completion point in less than two years, meeting twenty-one completion point triggers across eight sectors. In 2006, CAR embarked upon a three year program with the IMF. This was completed in September 2010 with all reviews concluded – a first in its history with the Fund. Other worthy achievements included the adoption of the Mining and Forestry Codes, CAR's achieving 'EITI compliant status' in record time in March 2011 and the strengthening of the Kimberley process.

8. **CAR continues to struggle with respect to rebuilding and diversifying its economy (Pillar 3) with an estimated 38 percent success rate of actions achieved.** In addition to weak capacity, one of the main reasons for lack of progress within this pillar related to insufficient mobilization of funding with a

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<sup>80</sup> Over the period 2004-2008 real GDP growth averaged 2.6 percent annually, barely above the average population growth rate. After reaching a peak of 3.8 percent in 2006, growth slowed to 2.0 percent in 2008 and 1.7 percent in 2009 owing in part to a series of internal and external shocks, including the oil and food price hike and the global economic slowdown. In contrast, Burundi, Liberia, Sierra Leone, and Rwanda demonstrated greater resilience in the face of the global economic slowdown in 2009, sustaining real GDP growth above three percent, and a strong post-crisis recovery with an expansion in average real GDP amounts by over five percent during 2010-2011. CAR's economic growth is estimated at 3.1 percent in 2011. CAR's revenue mobilization rates are approximately 10 percent which are some of the lowest in SSA.

<sup>81</sup> Policy Research Working Paper, "Avoiding the Fragility Trap in Africa" by the World Bank, November 2011.

shortfall of approximately 67 percent<sup>82</sup>. Achievements included the launch of rehabilitation works for the National Highway No. 3 and the establishment of the rural infrastructure rehabilitation program (launched March 2010). However, CAR's dilapidated infrastructure, particularly in the energy and water sectors, remains a serious impediment to the country's development.

9. **A 50 percent success rate was achieved with respect to achieving actions relating to human development (Pillar 4) but CAR has one of the highest poverty rates in SSA, and will not meet any of the MDG targets<sup>83</sup>.** The most notable achievement included the launch of the *Education for All-fast Track Initiative* which, as of October 2011, boasts a Gross Primary Enrollment Rate of 87.2 percent, surpassing the target of 81.7 percent. Nevertheless, CAR was listed as the seventh poorest country (out of 213) in the 2011 World Development Indicators report. The most recent household survey (2008), estimated the incidence of poverty at 63 percent, with 70 percent of the rural population living below the poverty line<sup>84</sup>. CAR is the tenth most HIV-infected country in sub-Saharan Africa, which has been defined as a national emergency by the government.

### III. Highlights of the Program Performance

10. This section assesses the overall program performance and progress towards achieving outcomes as laid out in the CPS results matrix. It is organized around the eight CPS outcomes that are mapped under two strategic axes. Detailed results towards outcome indicators and milestones can be found in Annex 1.

#### Axis 1: Consolidation of Economic Governance and Institutional Capacity

##### *Outcome 1. Improved Public Finance Management (PFM) and Revenue Mobilization (Partially Achieved)*

11. **Considerable strides have been made in terms of improving PFM.** The improved ratings for CAR's Country Policy and Institutional Assessment (CPIA), from 2.6 in 2009 to 2.8 in 2010,<sup>85</sup> reflected CAR's efforts to maintain a stable macroeconomic environment and sustainable debt levels, to increase revenue mobilization from 8 percent to 8.8 percent in 2010, to align the state budget with the PRSP and to increase priority spending from 28 percent in 2009 to 37 percent in 2010. Steady progress has been made with respect to competitive bidding as part of the new procurement code: according to the evaluation report produced by the regulator (ARMP), 58 percent of contracts (7 out of 12) were awarded using competitive procedures between 2009 and 2010. CAR's reform program slowed down in 2010 and early 2011 due to the lengthy electoral process, which resulted in a deterioration of its fiscal position. This led to a temporary suspension of budget support by donors, including the WB. Since then, the government has stepped up efforts to improve budget execution and to fulfill outstanding reforms. This resulted in a positive assessment by the IMF and the WB's disbursement of the second (and final) tranche of the EMRGIII in March 2012. Negotiations for the Extended Credit Facility (ECF) resumed and are expected to be concluded by mid-2012. All of these efforts were supported by the WB, including through a series of Development Policy Operations (DPOs), namely the second and third Economic Management and Governance Reform Grants (EMGRG II and III). The Bank-administered LICUS Trust Fund and the Institutional Development Fund (IDF) have both focused on strengthening capacity in PFM and public procurement.

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<sup>82</sup> Financing needs for Pillar 3 were estimated at US\$884M in PRSP1 – with approximately \$84M mobilized. Furthermore, 47% of this total amount was considered humanitarian aid to the rural areas.

<sup>83</sup> The proportion of Central Africans living on \$1 a day has decreased slightly to 62% but it needs to be half of that in order to reach the 2015 goal. The prevalence of underweight children under-five has increased since 2003 to nearly 30 percent, a rate nearly three times the MDG target.

<sup>84</sup> Institut Centrafricain des Statistiques et des Études Économiques et Sociales (2008), *Enquête Centrafricaine pour le Suivi et Evaluation du Bien Être (ECASEB)*. Bangui, CAR

<sup>85</sup> Since the WB's re-engagement in CAR, its CPIA ratings have increased steadily over time from 2.29 in 2006, 2.46 in 2007 and 2.54 in 2008.

*CPS Outcome 2. Improved Transparency and Accountability in Natural Resources Management (Partially Achieved)*

12. **Good progress has been achieved to improve transparency and accountability in natural resource management, despite the severe effects of the global downturn in 2010.** The government adopted a new forestry law in 2009 that promotes transparent management and defines the taxation system for an equitable sharing of forestry rents among the central government, private operators and local communities. However, implementation of the new law remains challenging. By signing the Voluntary Partnership Agreement with EU, CAR advanced the Forest Law Enforcement Governance and Trade (FLEGT) process which aims to combat the illegal exploitation of timbers in the sub-region. In the mining sector, CAR has also accomplished notable achievements, including the adoption of the revised mining code in 2009 and a new standard mining agreement. In March 2011, further to the release of EITI reports covering years 2007, 2008 and 2009, CAR was declared ‘EITI-compliant’ – a tremendous accomplishment for a country still emerging from crisis. These achievements were supported by the WB’s DPOs and through various knowledge and technical assistance including LICUS III, the Country Environmental Assessment, EITI Implementation Support TA, Diamond Sector Study and Mining Sector Assessment TA.

*CPS Outcome 3. Strengthened Administrative Planning and Management Capacity at Central and Local Levels (Partially Achieved)*

13. **Efforts to strengthen capacity at central and local levels are progressing, although from a very low base.** Examples of WB TA provided in the urban infrastructure sector include the Public Expenditure Review of the Water and Sanitation Sector, TA towards sustainable urban management (provided by Cities Alliance), TA on CAR Flood Recovery and Resilience (provided by the GFDRR) and TA on solid waste in Bangui (provided by PPIAF). Support has also been provided to the government, through the joint UN-WB Swiss Trust Fund, to develop and implement CAR’s second PRSP (PRSP2), including the presentation of the PRSP2 to members of the Parliament, and updating the donors database to strengthen aid coordination and monitoring. The WB is currently assisting the government to finalize its investment plan in advance of a forthcoming Consultative Group Meeting, aimed at mobilizing donor support.

14. **At the local levels, capacity building is provided through the WB’s Support to Vulnerable Groups Community Development Project (US\$8.0 million).** Owing to the decentralized nature of such a CDD-type project, the project has faced difficulties including coordination issues between the sponsoring ministry and AGETIP, the implementing agency for civil works, and a very weak local supply-side for civil works and services. Nevertheless, intensive efforts are resulting in some progress, including the completion of technical studies for 112 selected pieces of infrastructure, (40 are currently under construction) and the training of 343 *Comités Villageois de Développement* (CVD) and 36 *Comités Communal de Développement* (CCD). This project has been complemented by a diagnostic work on Gender in CAR to enable the CAR country program to respond to the goals of the OP/BP 4.20 and to increase the voice of women in CDD and other project in CAR and a policy note designed to understand access to justice and local dispute resolution at the community level in CAR. The project is expected to meet its objectives in the next strategy period.

*CPS Outcome 4. Improved Investment Climate and More Business Opportunities for Local SMEs (Partially achieved)*

15. **Initial reform efforts on the private sector are starting to show results.** This includes an increase from 162 to 160 for Starting a Business (up two 2 places); from 142 to 132 for Registering Property (up 10 places); from 139 to 98 for Getting Credit (up 41 places); and from 182 to 177 for Paying Taxes (up 5 places). Additional 2011 reforms, designed to further reduce the cost and time of starting a business, will result in further improvements. This assistance has been provided by the IFC, (including the establishment

of the *Joint Committee for the Improvement of the Business Environment*, presided by the Prime Minister). Some of the reforms carried out by CAR have been facilitated by the revisions made recently to the laws of OHADA (*Organization for the Harmonization of Business Law in Africa*). Various IDA-financed projects have also contributed towards the development of the local SME sector within CAR, including the incorporation of some private sector development-related triggers within the latest DPO (EMGRG III).

16. **CAR's efforts to strengthen its governance and transparency environment have contributed towards IFC's decision to undertake its first investment in CAR's mining sector.** Appraisal is underway for the IFC to provide US\$50 million in debt and equity financing to AXMIN, a Canadian company, for the development of the Passendro gold mining project, located in south central CAR. As the first industrial mine in the CAR, it is hoped that the Passendro project will catalyze mineral exploration in the country and establish relevant country benchmarks in line with IFC's Performance Standards. The project is expected to employ between 615 and 670 workers, most of which will be local hires.

## **Axis 2: Rehabilitation and Development of Basic Socio-Economic Infrastructure**

*CPS Outcome 5. Improved Infrastructure for Regional Economic Integration (Partially Achieved)*

17. **Regional integration remains a top priority for the government with positive results attained in the transport sector.** In 2010, the Bank provided additional financing (US\$91 million) for CAR within the CEMAC Transport/Transit Facilitation Project. This resulted in satisfactory progress in the rehabilitation of the Douala-Bangui corridor, and the project reached a disbursement rate of 70 percent as of May 2012. The proportion of road in good condition on the corridor has increased from 50 percent in 2007 to 67 percent by the end of 2011, and the travel time between Bouar and the Cameroonian border has been halved. In May 2012, due to CAR's strong performance, IDA confirmed the availability of a third additional financing of US\$127 million to scale up project activities, with the objective of having 100 percent of the corridor in fair to good condition. The WB continues its policy dialogue with the government to address critical issues including maintenance that is linked to the existing earmarked fuel tax. The transit facilitation activities have also been progressing slowly due to procurement issues and opposing interests from stakeholder countries.

18. **Challenges remain within the energy sector.** WB support, provided through the IDA-financed Emergency Power Response Project (US\$8 million), and supplemented by the State and Peace-Building Fund (SPF) (US\$2.5 million), is aimed at partially restoring a reliable electricity supply and improving the operational performance of the power company, ENERCA. While components 2, 3 and 4 of the project are on track, component 1 is considerably behind schedule, largely to due to revised engineering assessments which indicated the need to replace the turbines rather than to undertake repairs, as well as subsequent challenges pertaining to procurement. The Bank and the government are currently working together to restructure the project.

19. **Results have been partially achieved in telecommunications.** As part of the WB's Central African Backbone project (CAB), US\$27.3 million was provided to CAR from IDA's regional allocation to increase the geographical reach and usage of regional broadband network services and to reduce prices to all CEMAC countries. CAB APL1A, which has financed the technical assistance for regulatory reform activities in CAR, has contributed towards the increase of mobile networks coverage from 19.3 percent in 2008 to 61 percent in 2010. CAB APL1B, designed to provide CAR with access to the global fiber network through a Public-Private partnership, was delayed for one year largely due to the need to resolve a number of Chad's concerns regarding its equity participation. These issues have now been recently resolved. The results are expected to be observed during the next CAS period.

*CPS Outcome 6. Improved Access to Basic Urban and Community Infrastructure (Urban, Water Supply, Sanitation, Drainage and Roads) (Achieved)*



20. **Satisfactory progress has been achieved with respect to improved access to basic urban infrastructure.** Support was provided through the WB's Emergency Urban Infrastructure Project (US\$41.9 million) which benefitted from an additional financing of (US\$24 million) during the CPS period. To date, 340,000 people have been provided access to year-round passable roads, 128,640 people have benefitted from an operational solid waste management system and 46,600 additional people are protected from periodic flooding. The project is on track to meet all of its outcome indicators by project closure in 2014. These results have been complemented by a significant number of analytic and advisory activities (AAA), including Floods Assessment and a Public Expenditure Review of Water and Sanitation Sector.

21. **Results pertaining to improved infrastructure at the community level are expected to be registered during the subsequent CAS period.** Efforts to strengthen access to rural infrastructure at the community level are supported by the IDA-funded Support to Vulnerable Groups Community Development Project (see paragraph 15), and the recently approved Community Reintegration Project which focuses on the north and central areas. The latter benefitted from financing by Transitional Demobilization and Reintegration Program (TDRP) and Japan Social Development Fund (JSDF). The Community Reintegration Project is the first WB project to be implemented through four NGOs and strengthens the Bank's contribution to the DDR process by focusing on areas with high density of ex-combatants.

*CPS Outcome 7. Improved agriculture and livestock productivity (Partially Achieved)*

22. To help mitigate the immediate impacts of the 2008 food crisis and enhance food security in the medium term, the WB implemented its Emergency Food Crisis Response Project (US\$7 million), with funding from the Global Food Crisis Response Program Multi-Donor Trust Fund. Despite a delayed start, and increased insecurity issues in the target zones, the project enhanced food security among school children and helped boost productivity among smallholder farmers. The financing of a school feeding program provided two meals daily for over 120,000 students, with improved crop and livestock production inputs to over 14,000 rural households. The project also financed a number of important studies, several of which informed the design of a follow-on operation, the Agro-Pastoral Recovery Project (US\$23.8 million). Results of the latter, which aims to build upon the results achieved to date, will be realized during the next CAS period.

*CPS Outcome 8. Improved access and quality of education and health services (Rating: Partially Achieved)*

23. **Targets have been surpassed in improved access and quality of education.** The WB supported the government to implement the first phase of its National Education Strategy, through the financing of the Education for All-Fast Track Initiative (EFA-FTI) Catalytic Fund (US\$37.8 million). As of October 2011, Gross Primary Enrollment Rate reached 87.2 percent, exceeding the target of 81.7 percent. An improved learning environment in primary schools resulted in a decreased pupil-teacher ratio (from 90 to 80 in 2012) and the pupil-textbook ratio (from 7 to 1.36 in 2011). The project is on track to meet its goals with respect to construction and rehabilitation of classrooms. Further to these results, (CAR is one of the best performers in the WB's Africa Region), the Global Partnership for Education will provide an additional US\$19.2 million to support the second phase of the National Education Strategy, with the Bank to remain as the supervising entity. Work is still underway to improve the repetition rate (22 percent) that constitutes an impediment to the goal of attaining universal primary education.

24. **Program health outcomes have been partially achieved, largely supported by the IDA-financed Multisectoral HIV/AIDS project (US\$17.0 million).** The project, which commenced originally in 2001 and closed in 2012, suffered various challenges including the suspension of Bank activities in CAR in 2004, and unanticipated implementation of Global Fund project in the targeted project areas.

Nevertheless, all education-related indicators, and the majority of the health and HIV/AIDS components of the project achieved the planned results. Less than satisfactory results were obtained in relation to the number of men and women who accepted VCT in targeted health centers (48 percent). Procurement issues also resulted in a lower number of treated bed nets being distributed than planned. In 2011, the Bank undertook a Health Status Review which provided critical knowledge about the country's health sector and the key analytical underpinnings for IDA's newly approved IDA health project in FY12.

**25. Concerted efforts have been undertaken to support the CPS' four cross cutting themes.**

- *State and Peacebuilding*: In close collaboration with the United Nations system, the WB has supported the DDR process through its reforms in the security sector, as well as through three projects that target rural communities, including those with a high density of ex-combatants. It has also committed to providing additional TA to assist in project identification and readiness for reintegration activities.
- *Environment and climate change*: Work to date includes: (i) a Country Environmental Assessment, (ii) a medium-term flood reduction and mitigation program and (iii) implementation of the regional GEF-supported REDD strategy (Reducing Emissions from Deforestation and forest Degradation) for the entire Congo Basin.
- *Capacity development*: Considerable support has been provided to strengthen the implementation of lending operations. Examples include analytical work aimed at improving national procurement systems, implementing EITI, strengthening flood recovery and improving sustainable urban management.
- *Gender*: Several studies have been undertaken to support the government to update its national gender strategy; including a gender profile and a UNDP- supported national strategy to promote female entrepreneurs. Current Bank support consists of the preparation a diagnostic work on Gender in CAR to enable the CAR country program to respond to the goals of the OP/BP 4.20, and to increase the voice of women in CDD and other project in CAR and of a Policy Note on Legal Reform in CAR, as requested by the Directorate of Gender, as well as a preparatory note designed to assist the WB to mainstream gender within the new CAS.

**IV. Evaluation of the WBG's Performance**

**26. The Bank's performance in designing and implementing the strategy is deemed to be satisfactory.** The program successfully contributed to the achievement of the CAS outcomes with strong focus on results, and timely adaptation to changing circumstances and priorities.

*Design*

**27. The political reconciliation that was launched in early 2008 provided a foundation on which to rebuild the country as framed within CAR's PRSP1.** PRSP1 that was validated by partners at the Brussels Round Table in October 2007 consisted of four strategic pillars: (i) to restore security, reinforce peace efforts and prevent conflict; (ii) to promote good governance and the rule of law; (iii) to rebuild and diversify the economy; and (iv) to develop human resources. While the reform agenda remains unchanged, PRSP 2 (2011-2015) has been designed to focus on growth and to address the challenges emerging from the global slowdown, with a particular focus on rural development.

28. The CPS was directly aligned to CAR's development priorities as set out in PRSP1. The WB and AfDB agreed to deepen their support to areas that had shown results under the Joint World Bank/African Development Bank Interim Strategy Note (JISN) for FY2007-2008. (The JISN followed the Country Re-engagement Note of mid-2004 that marked the re-establishment of the WBG's relationship with CAR).

This was translated in support that was mapped towards Pillar 2 (governance), Pillar 3 (rehabilitation and diversification) and Pillar 4 (human development). Both Banks took a relatively limited role with respect to Pillar 1 (security, reinforcement of peace efforts and conflict prevention). Further to the launch of PRSP2 in 2011, the government continued to signal its full agreement with the areas of support provided by the WB. For example, as at end April 2012, 57 percent of CAR's portfolio is composed of regional projects in accordance with the government's priority to advance regional integration.

29. **The CPS represented many of the elements of the WB's new corporate framework for Fragile States.** For the short-term results, the Bank engaged in water and sanitation, power, transport, urban services, rural community development and food security expecting that the tangible results quickly achieved in these sectors would raise living conditions and heighten the public confidence in the government's commitments towards the economic and social recovery. The CPS program undertook medium-term investments to help CAR to strengthen its public financial management, enhance the economic management of natural resources, improve the investment climate, accelerate the regional integration and improve social indicators. Given the high density of poverty in the rural areas, good efforts have been made by the WB to shift its support outside of Bangui and towards other underserved areas. The ongoing Support to Vulnerable Groups Community Development Project, the recently launched Community Recovery Project, Agro-Pastoral and Health projects signal this geographic reorientation of Bank-supported activities in the field.

30. **Following the mid-term review, the CPS deliberately emphasized partnerships, knowledge and financing, in accordance with the WB's Africa Strategy.** Examples of significant partnerships included the establishment of a Memorandum of Understanding (MOU) between the government, the Bank, the EU, the AfDB (and the IMF) to provide budget support. Donor coordination at the sector level has been particularly important to facilitate transport, energy, community and urban development. In knowledge, a series of AAA provided key analytical underpinnings for the DPO design and to enhance policy dialogue. Trust fund-financed TA assistance projects provided critical capacity building. Compounded by the global food and financial crisis, the Bank processed most of its investment lending operations under OP 8.0 (Rapid response to Crises and Emergencies). While there was a trade-off between providing a rapid response and quality at entry, as evidenced by the frequent delays in reaching project effectiveness, the Emergency Response Lending operations allowed CAR to benefit from just-in-time support, streamlined processes and a strong record of disbursements (see paragraph 36). Finally, the series of DPOs, apart from providing the budget space for priority sector spending, set the stage for medium-term reforms through strengthening overall public financial management, enhancing accountability and transparency and promoting institutional development.

31. **The CPS results framework was well-aligned to the program and served as an effective tool to assess the performance.** During the annual CPPRs, the CPS results framework was discussed extensively to assess the extent to which the program was on track. Action plans were prepared to address the bottlenecks and to facilitate the achievement of the targeted results. Most of the outcome indicators and milestones were appropriately defined and populated, with minor updates undertaken at the CAS mid-term. Throughout the CPS period, proactive actions were undertaken to restructure projects as a result of changes in project circumstances and to ensure achievement of PDOs, including the Food Crisis Response project, the extension of the Education project by one year and the re-design of the HIV/AIDs project. Efforts are also currently underway to restructure the Emergency Energy and the Community Development Support for Vulnerable Groups projects in order to accelerate disbursements.

32. **The risks highlighted in the CPS remained valid and relevant.** Two additional risks, namely food security and portfolio management were identified during the course of the CPS, and incorporated in the CAS Progress Report with associated mitigating measures.

## *Implementation of the CPS*

33. **Frontloading resources in the early years of the CPS and leveraging the relatively small IDA 15 allocations to access alternative funding sources have spurred portfolio growth.** The Bank successfully delivered all the lending products planned in the CPS as well as an additional DPO. The WB commitments to CAR have grown rapidly from re-engagement in 2006 at around US\$17 million to US\$ 324 (as at end March 2012), which is much higher than US\$181 million originally planned in the CPS. Given the limited IDA15 allocation (US\$33 million), the CPS leveraged the national IDA financing to access other sources of funding including IDA's regional funds, IDA's post-conflict funds, IDA's Crisis Response Window and other trust funds for post-conflict countries, including the Global Food Crisis Response Program Multi-Donor Trust Fund. This enabled the WB to deliver its priority sector investments and provide much needed budget support.

34. **Knowledge and TA were strongly interconnected to help strengthen capacity, inform policy dialogue and furnish the appropriate analytical underpinnings for lending interventions.** Six of the 10 planned AAA products were delivered during the CPS period with two ongoing (see Annex 3). The six delivered consist of the PRSP TA (2008), the Mining Sector Assessment (2011), the PER (2010), the Diamond Sector Assessment (2011), the Country Environmental Assessment (2011) and the Health Sector Status Review (2011). EITI implementation support is still ongoing. These efforts were supplemented by an additional eight non-lending knowledge products including TA designed to strengthen urban management, as well as to understand access to justice and local dispute resolution at the Community level.

35. **Portfolio performance has been relatively strong.** Despite challenging circumstances in post-conflict CAR, the CPS program benefited from the strong commitment from both the client and the Bank. This includes the government's efforts to complete all outstanding triggers and address fiscal slippages following the electoral process. The DPO series performed well and largely accomplished the planned results. The Bank interventions in Education, Urban Services and Transports achieved good tangible results on the ground. Also, the average disbursement ratio during the CPS period of CAR's Bank portfolio was 30.5 percent greatly surpassing the average for Africa region at 20.2 percent and for the global portfolio at 22.6 percent for the same period (as of May 7, 2012). Out of 14 projects which were active during the CPS period including 4 regional operations, 5 were rated moderately unsatisfactory (MS) for DO rating and/or IP rating and with 2 in problem status including the Emergency Power Response Project and Central African Backbone Program –APL1B.

## **V. Key Lessons Learned**

35. Frontloading resources in the early years of the CPS and leveraging the relatively small IDA-15 allocation to access alternative funding sources have spurred portfolio growth and allowed for the initiation of all planned lending and knowledge operations. The WB commitments are significantly higher than what was forecast in the CPS, and is all the more striking given CAR's total IDA 15 allocation was US\$33 million. To respond quickly and flexibly to CAR's emerging challenges, as well as to its significant needs (CAR still remains a donor orphan), various funding sources were tapped, (e.g., regional IDA, various World Bank-administered trust and vertical funds). The positive outcomes obtained, due to this strategy, suggest that fragile states, such as CAR, can strengthen their chances to emerge from such a low-growth-poor-governance equilibrium trap with the benefit of additional resources. This confirms the WDR recommendation that the efficacy of the current IDA's performance based allocation mechanism within fragile states should be revisited.

36. **In 2012, more than 300 replies were received in response to the WB's client survey,** The respondents, confirmed the CPS focus on growth, rehabilitation of infrastructure (in particular energy, transport and rural development) and on poverty reduction. Capacity building, training and TA were the

most valued services followed by financial resources and contribution towards strategy formulation. Respondents welcomed the WB's accessibility and collaboration with donors on the ground. Overall, the respondents perceived that the Bank was performing well but that there is still a need to further promote the results and strengthen access to the Bank's information systems and website. There was also some anxiety to see the acceleration of results and the WB's processes and procedures can still be improved.

**37. Finally, the annual CPPRs highlighted various cross-cutting issues that affected the performance of the portfolio during the course of the CPS period:**

- Delays in project effectiveness: Given the weak institutional capacity at all levels within CAR, more project preparation time should be secured to ensure successful project implementation.
- Project Implementation Units: The WB has relied heavily upon AGETIP, the implementing agency for civil works, to help implement its projects. Ongoing efforts will be needed to strengthen country systems as well as capacity at the sectoral level, in particular with reference to project and financial management issues.
- Sustainability of Projects: Ensuring adequate financing for the maintenance of Bank investments is difficult within CAR but becoming increasingly important as the portfolio expands. The Bank will continue its close dialogue with government to ensure that these issues are addressed and in conjunction with partners, such as the African Development Bank.
- Portfolio management: Supervision remains costly and difficult given the insecurity. Most TTLs are not based in the country office and there are limited flights into the country. It is recommended that additional human resources, including TTLs, fiduciary and safeguards staff, be made available for implementation support. The new Fragile States hub in Nairobi is also expected to provide a complement of expert support to the country team and office.
- Safeguards: The Bank decided to adopt a more comprehensive approach to the compensation system for Project Affected Persons (PAPs) in the CAR, after noting a number of deficiencies in this system for persons impacted by various infrastructure projects. A review of the compensation system for persons impacted by investment projects is currently underway, with a view to establishing appropriate guidelines.

**Appendix I of the CLR: Summary of CPS Program Self-evaluation**

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p><b>Axis 1: Consolidation of Economic Governance and Institutional Capacity</b></p> <p><b>(Aligned with PRSP Pillar 2: Promote Good Governance and Rule of Law)</b></p>			
<p><b>1. Improved public finance management and revenue mobilization</b></p> <p><i>Public finance management</i></p> <p>1.1 A single treasury account is in place by end 2010 (WB and AfDB)</p>	<p>1.1 Rating: Achieved In 2009, the Government closed all but three of the 70 accounts that were necessary to carry out Treasury activities with the commercial banks. the Committee in charge of liquidity management and monitoring has been revived and a technical unit has been set up to assist in the preparation of monthly cash flow projections and weekly monitoring of expenditures commitments, in addition, staff in the treasury department has been instructed to abide by public accounting procedures and pay only expenditures duly processed through the computerized information system, (iv) Staff in the Treasury department has been redeployed based on competencies and the new reforms committee unit is being strengthened with support from the EU.</p> <p>1.2 Partially Achieved: Between 2009 and 2010 and according to the evaluation report produced by the regulator (ARMP), 58 percent of contracts (7 out of 12) were awarded using competitive procedures. In the meantime, the report rated the performance of the procurement system as moderately satisfactory (57 percent).</p> <p>1.3 Achieved: Networking of the budget department and treasury has been completed and Government is</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ CAR: EMGRG II - DPO III (FY09) (P113176)</li> <li>▪ CAR: EMGRG III DPO IV (FY11) (P120534)</li> <li>▪ CF-LICUS III (FY08) (P106457)</li> <li>▪ Improving National Procurement System (P116151)</li> <li>▪ CF- PER (FY12) (P097678)</li> <li>▪ CAR UN-WB TF Grant for PRSP2 Support</li> </ul> <p><b>AfDB</b></p> <ul style="list-style-type: none"> <li>▪ Economic Reforms Support Program (ERSP) phase II for UA 9.5m FY08</li> <li>▪ Economic Reforms Support Program (ERSP) phase III (PARE III) for UA 10m in 2011</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>1.2 Percentage of investment budget using competitive procedures (Baseline: &lt;20% by end 2008, Target: &gt;70% from 2010 on-wards) (WB and AfDB)</p> <p>1.3 Networking of the Budget Directorate and the Treasury completed by end 2010 (WB and AfDB)</p>	<p>committed to ensure that payment without commitment should be consolidated in the IFMIS system within 48 hours.</p> <p>1.4 Not Achieved: The MTEF process in the sectors has been delayed on account of the weak capacity in the key ministries and also because of lack of sector strategy which is the basis for the METF exercise.</p>		

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>MTEF used for key sectors (health, education, infrastructure and agriculture) for budgeting by end 2010 (WB and AfDB)</p>			
<p><i>Revenue mobilization</i></p> <p>1.3 Exemption conventions management reviewed by Inter-ministerial Committee in charge of Tax and Customs Duty</p> <p>Exemptions and made public (Baseline: 0 in 2008, target: 100% from 2010 on-wards) (WB and AfDB)</p> <p>A revised National Investment Chart regulating exemptions is operational by end 2010 (WB)</p> <p>Network installed between CICEFD unit and customs systems</p>	<p><b>Rating: Partially Achieved</b></p> <p>1.3 Eligibility for tax exemptions has become fairly transparent. Exemptions can be obtained in two ways: (i) by submitting a request to the Inter-Ministerial Committee in Charge of Tax and Customs Exemptions (CICEFD), and (ii) by invoking the Investment Chart of the Ministry of Industry. Requests for a reduction in customs duties and/or VAT received by the Ministry of Finance are sent to the CICEFD for review; whereas companies seeking a reduction in direct taxes and registration fees need to invoke the investment chart. This mechanism has helped to bring down further the level of exemptions over the past year. However, non-compliance by large and especially by medium enterprises remains high, estimated at 35 percent and 60 percent respectively.</p> <p>The computerized systems at the tax and customs departments are functioning. Efforts are ongoing to strengthen the exchange of information and enhance</p>		



CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
(ASYCUDA) and tax directorate database (SYSTEMIF) by end 2011 (WB)	coordination between the tax department and customs administration, including linkages between tax and customs IT applications.		
<p><b>2. Improved transparency and accountability in natural resource management</b></p> <p><i>Mining</i></p> <p>2.1 Investment permits in compliance with the new Mining Legislation (Baseline: 0 in 2008, Target: 100% from 2011 onwards) (WB)</p>	<p><b>Achieved</b></p> <p>2.1 Parliament adopted the new Standard Mining Agreement in April 2009. Since then, two conventions for exploration have been signed with international investor groups. These conventions have been granted in compliance with the standard form agreement. One Mining License was issued in 2010 under the old Mining Code to AXMIN (the previous convention still applied). In this case, the government negotiated an addendum to the existing convention to strengthen the development impacts of the proposed gold mine.</p> <p>2.2 Achieved: CAR was certified as EITI compliant on March 22 1011. This was based upon EITI fast-tracking and efficient implementation accomplished by CAR in a record time, improving reports from 2007, 2008, to 2009. These covered revenues from the production of artisanal diamonds, gold and</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ CAR: EMGRG II - DPO III (FY09) (P113176)</li> <li>▪ CAR: EMGRG III DPO IV (FY11) (P120534)</li> <li>▪ CF-LICUS III (FY08) (P106457)</li> <li>▪ CAR: EITI Implementation (P109087)</li> <li>▪ CAR Mining Sector Assessment (P103947)</li> <li>▪ CF-Country Environmental Analysis (P113124)</li> <li>▪ CAR UN-WB TF Grant for PRSP2 Support</li> <li>▪ REDD Project (Reducing Emissions and Forest Degradation (WBG- GEF grant))</li> </ul> <p><b>AfDB</b></p> <ul style="list-style-type: none"> <li>▪ Economic Reforms Support Program (ERSP) phase II for UA 9.5m FY08</li> <li>▪ Economic Reforms Support Program (ERSP) phase III (PARE III) for UA 10m in 2011</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>2.2 CAR fulfils all criteria and submits its official request for Compliant Status to for consideration by the EITI Secretariat Board (WB)</p> <p>EITI work plan executed by end 2010 (WBG)</p>	<p>uranium, (related to exploration license fees). All available EITI CAR reports have been disseminated worldwide but also within CAR using CAR's unique, regional EITI offices.</p>		
<p><i>Forestry</i></p> <p>2.3 Forest revenues transferred to local communities (Baseline: not recorded, Target: 35% of stumpage fees and 25% of forest regenerating taxes by end 2010) (WB)</p> <p>2.4 CAR becomes an AFLEG member by end 2011(WB)</p> <p>The remaining three forest concessions are awarded in compliance with the revised Forestry Code by end 2010 (WB)</p>	<p><b>Rating: Partly Achieved</b></p> <p>2.3 Legislation was adopted to allocate 30% of stumpage fees and 25% of reforestation tax to communities in line with the revenue distribution mechanism. No data are available on implementation of the legislation</p> <p>2.4 Achieved: the Government has adopted a national tracking and verification framework. The signature of the FLEGT agreement between EU and the Government took place in December 21, 2010, and include the national tracking and verification framework.</p>		

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<p><b>3. Strengthened administrative planning and management capacity at central and local levels</b></p> <p>3.1 Observable improvement in the implementation and monitoring of PRSP in Line Ministries (WBG and AfDB)</p> <p>3.2 40% of targeted communes have Local Development Plans developed through a participatory process by end 2011 (WB)</p>	<p>3.1 Partially Achieved. Since August 2009, all sectoral committees have used a standard format to report their poverty activities, which facilitates evaluation of progress and any problems. However, several committees are facing capacity constraints to report on progress.</p> <p>3.2 Partially Achieved: Two pilots <i>Plans de Développement Local</i> (PDL) have been produced. Partners and communities in 34 additional <i>communes</i> have been trained and are in the process of developing their own PDLs. Delays can be explained by (i) extremely difficult access to many communes in rural CAR (geography and security); (ii) lack of expertise and experience at all levels that have required massive capacity-building of counterparts in the Ministry, local governments and communities.</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ Support to Vulnerable Groups Community Development Project (P111679)</li> <li>▪ Community Reintegration Project (FY11) (P)</li> <li>▪ CF-LICUS III (FY08) (P106457)</li> <li>▪ CAR UN-WB TF Grant for PRSP2 Support</li> <li>▪ Diagnostic work on Gender to increase women's voice in projects (TFESSD)</li> <li>▪ Understanding Access to Justice and Local Dispute Resolution at the Community level in CAR (BNPF)</li> </ul> <p><b>AfDB</b></p> <ul style="list-style-type: none"> <li>▪ Economic planning capacities rehabilitation support project PARCPE) for Euro 1,963m FY06</li> <li>▪ Multi-sector institutional support program for UA 2.5m in 2010 FY10</li> <li>▪ Secondment program (technical assistance) FY09</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>350 (40% of women) experts of key ministries involved in the implementation of the PRSP trained by end 2012, including (AfDB-PCDAGV)</p>		<ul style="list-style-type: none"> <li>▪ Water and sanitation sector institutional support project</li> <li>▪ Community Development Project targeting vulnerable groups for UA 8m FY09</li> <li>▪ Fragile States Facility (\$2 m)</li> <li>▪ Growth diagnostic study FY09-10</li> </ul>	
<p><b>4. Improved investment climate and more business opportunities for local SMEs</b></p> <p>4.1 Chamber of commerce fully functional and active (IFC)</p>	<p><b>4.1 Partially Achieved</b></p> <p>In 2011, IFC helped the Chamber of Commerce (CoC) to put in place a modern and automated financial management system, and train its staff. In early March 2012, a grant agreement with CoC was signed for US\$200,000. The grant is a contribution towards the</p>	<p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>▪ IFC Conflict Affected States in Africa (CASA) Program</li> <li>▪ IFC SME Ventures Program</li> <li>▪ IFC Investment Climate Reform Program</li> <li>▪ MIGA guarantee FY08 - telecomm. Project</li> <li>▪ IFC Investment in Passendro (under appraisal)</li> </ul> <p><b><u>AfDB</u></b></p>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>4.2 Time to register a business reduced (IFC)</p> <p>4.3 Support to reforms to facilitate business registration (IFC)</p>	<p>refitting of the building of the CoC to support its SME development activities, halted by years of conflict and crises.</p> <p><b>4.2 Partially Achieved</b></p> <p>CAR has reduced the time for business registration to between 2 to 5 business days</p> <p><b>4.3 Partially Achieved</b></p> <p>The number of procedures as well as the cost to register a business have been significantly reduced through a number of reforms implemented by CAR (Elimination of the Professional Trader’s Card (“Carte Professionnelle de Commerçant”); abolition of the Ministerial License (“Agrément Ministériel”); optional submission of the criminal record certificate (previously mandatory); free publication of the notice related to the formation of a new company at the Commercial Court or on the OSS’ website (previously published in newspapers with payment).</p>	<ul style="list-style-type: none"> <li>▪ Trade Financing Initiative and the Emergency Liquidity Facility</li> <li>▪ Growth Diagnostic Study (FY10)</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>4.4 Venture capital provided to more than 50 enterprises by end 2010 (IFC)</p>	<p><b>4.4 Partially Achieved</b></p> <p>IFC's SME Ventures Program was launched in CAR in 2011 to address the growing need to bridge the risk capital finance, by providing risk capital to small and medium size local companies. SME Ventures is making individual equity and equity-related investments between US\$100,000 and US\$500,000. <i>XSMIL</i>, the international fund manager selected by IFC, has set up a local firm in CAR called <i>KingKuba Capital</i>. <i>KingKuba Capital</i> recently approved its first investment to a local SME (<i>Millennium Telecom</i>) for US\$350,000. The SME Ventures Program will be implemented until 2016. It has a strong pipeline in a several sectors: Agriculture, Healthcare, High Education, Microfinance, Construction, etc.</p> <p><b>4.5 Partially Achieved</b></p> <p>In 2010, IFC supported Ecobank Centrafrique (a local commercial bank) with a loan of US\$2 million, and a senior loan of up to US\$3.1 million equivalent. The loans are designed to enable Ecobank Centrafrique to extend medium-term funding to its SME clients. The launch of the SME Banking Program (<i>Africa Micro &amp; SME Finance Program (AMSME Finance Program)</i>), also targeting women entrepreneurs, is planned for June 2012. It will help Ecobank Centrafrique to scale up lending activities in SME sector by helping build its capacity to serve that sector profitably; and increase access to finance for women entrepreneurs.</p>		

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
4.5 Financial intermediaries supported to develop products adapted to SMEs (IFC)	Furthermore, the <i>SME Management Solutions</i> Program, launched in 2011 is helping improve the business performance and competitiveness of SMEs through IFC'S <i>Business Edge</i> product designed to facilitate access to management skills and information. The Program has already trained 14 local Business Edge Trainers who will be in turn providing training and business support service to local SMEs (with a target of 200 SMEs trained by 2014).		
<b>Axis 2: Rehabilitation and Development of Basic Socio-Economic Infrastructure</b> <b>(Aligned with PRSP Pillar 3 Rebuild and Diversify the Economy and Pillar 4 Develop Human Capital)</b>			
<b>5. Improved Infrastructure for Regional Economic Integration</b>  <i>Energy</i>  5.1 Number of hours of load shedding decreases from 8 hours per day	<b>Rating: Partially Achieved</b>  <i>Rating: Not Achieved</i>  5.1 Data not available. Because electricity supply deficit has worsened, load shedding has been performed in a different way than the base year, making data unavailable for comparison. The project	<u><b>WBG</b></u> <ul style="list-style-type: none"> <li>▪ CAR - Emergency Power Response Project (P114111)</li> <li>▪ CAR-Safe &amp; Reliable Public Electricity (FY10) (P117777)</li> </ul> <u><b>AFD</b></u> <ul style="list-style-type: none"> <li>▪ Boali 2 and 1 project (UA 23m)</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>currently to 3 hours per day by end 2012 (WB and AFD)</p> <p>5.2 ENERCA generates enough cash for operations and maintenance of its system in Bangui from 2bn CFA to 2.7bn CFA by end 2012 (WBG).</p>	<p>is planned for restructuring and a new way of computation will be defined.</p> <p>5.2 Not Achieved: 3.5 billion CFA were collected from customers in 2010 compared to 3.2 billion CFA collected in 2008. Baseline data given by ENERCA during the project preparation was 2bn CFA, but it has changed to 3.2bn in the latest table on the financial data provided. This indicator will be redefined during restructuring.</p>		
<p><i>Telecommunications</i></p> <p>5.3 Coverage of mobile network increase from 19.3% in 2008 to 40% by end 2011 (WB)</p> <p>5.4 Three operators and service providers buying capacity from the Regional Infrastructure by end 2011 (WB)</p>	<p><b>Rating: Partially Achieved</b></p> <p>5.3 Achieved: coverage of mobile network reached 61% of total population as of December 2010.</p> <p>5.4 Not achieved: the regional infrastructure will be internationally recruited under CAB APL1B Project which is not effective yet. As an effectiveness condition, Chad and CAR have to establish the legal structure for the installation and management of the International CAB Network in accordance with PPP principles</p> <p>5.5 Partially achieved: On-going. Consultants have been recruited and first deliverables are under</p>	<p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>▪ Central Africa Backbone- APL1A (P108368)</li> <li>▪ AFR: Central African Backbone - APL1B (P116542)</li> <li>▪ CEMAC - Strengthening capacity in Telecom &amp; IT sector- IDF Grant (P109923)</li> <li>▪ MIGA guarantee FY08 – telecommunication project</li> <li>▪ Technical study for the Central Africa backbone (WB-PPIAF)</li> </ul> <p><b><u>AfDB</u></b></p> <ul style="list-style-type: none"> <li>▪ Regional Fiber Optic Cable project FY11</li> <li>▪ ECCAS Reg. Integration Strategy FY09</li> </ul>	



CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>5.5Secondary legislation related to broadband developed by end 2010 (WB)</p> <p>5.6Frequency spectrum management regulatory tools designed by end 2010 (WB)</p> <p>5.7Deploy the Central African Backbone infrastructure in CAR to link Bangui to the neighboring countries by end 2011 (WB)</p>	<p>revision by the Government which expects to present the new legislation soon to the Parliament</p> <p>5.6Partially achieved: On-going, a consultant is finalizing the bidding documentation to purchase the spectrum management. The Bidding would be launched in 2012.</p> <p>5.7Not achieved: The Central African Backbone infrastructure will be deployed under CAB APL1b which has just become effective (May 2012).</p>	<ul style="list-style-type: none"> <li>▪ Feasibility study national fiber optic infrastructure</li> </ul>	
<p><i>Transport</i></p> <p>5.4 Proportion of road in good condition on the Douala – Bangui corridor increases from 50% in 2007 to 70% by end 2012 (WB)</p>	<p><i>Partially Achieved</i></p> <p>5.4 On track: The proportion of road in good condition on the Douala – Bangui corridor as of December 2011 is 67%. Large-scale road works between Garoua Boulai and Bouar are substantially advanced and should all be completed in 2012.</p>	<p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>▪ CEMAC-Transport-Transit Facilitation (FY07) (P079736)</li> </ul> <p><b><u>AfDB</u></b></p> <ul style="list-style-type: none"> <li>▪ Ouessou (Congo), Bangui-Ndjamena Transport project (FY12)</li> <li>▪ ECCAS Reg. Integration Strategy FY09</li> </ul>	<p>Road maintenance on the corridor and key network is still largely neglected. The Road Fund lacks resources and the Government has lowered the earmarked gasoline surcharge fee which is its main source of financing. (This has since been reversed). The capacity of the line ministries will need to be reinforced to improve the efficiency and effectiveness of road maintenance practices.</p>

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>and AfDB)</p> <p>5.5 Average transit time in days for imports from arrival in port of Douala to Bangui decreases by 20% by end 2012 (from 10 days in 2008) (WB and AfDB)</p> <p>5.6 Construction of 78 km of road by end 2012 on the Douala-Bangui corridor (WB and AFDB)</p> <p>5.7 1200 kms of roads maintained by end 2010 (government as a commitment)</p>	<p>5.5 Partially Achieved: The average transit time ranges between 5 and 10 days depending on the surveys. While road condition improvement has halved the travel time on the rehabilitated sections of the corridor, the pending obstacles relating to transit facilitation has limited progress.</p> <p>5.6 Achieved: About 110 km of new roads were built between Bangui and the border with Cameroon. This value should be increased to 155 km by the end of 2012.</p> <p>5.7Partially Achieved: 937 km of roads were maintained by end of 2010</p> <p>5.8 Partially Achieved: information about the AfDB's contribution to this indicator is not available. With the IDA funding only, the project rehabilitated 150 km of roads (Sibut – Bambari).</p> <p>5.9 Partially Achieved: 3.5 billion CFA by end of 2011.</p>	<ul style="list-style-type: none"> <li>▪ Feasibility study for Ouessou (Congo), Bangui-Ndjamenena corridor FY09 (UA4m)</li> <li>▪ Feasibility study for Obangui-Congo-Sangha river Transport project FY09-10 (UA 4m)</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
<p>5.8 800 kms of earth roads rehabilitated by end 2012 (WB and AfDB)</p> <p>5.9 Budget of the road fund increases to 4 billion CFA by end 2012 (from 2 billion CFA in 2006)</p> <p>5.10 Unpaved network under routine maintenance exceed 1,200 km by end 2012 (from 700)</p>	<p>5.10 Partially Achieved 822 km of unpaved network under routine maintenance by end of 2011</p>		
<p><b>6. Improved Access to Basic Urban and Community Infrastructure (Urban, Water Supply, Sanitation, Drainage and Roads)</b></p> <p><i>Water</i></p> <p>6.1 Number of people in urban areas provided with access to improved water sources under the project is 38,800 in 2014 (WB)</p>	<p><b>Rating: Partially Achieved</b></p> <p>6.1 4,500 people in urban areas have been provided with access to improved water sources under the</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ CF-Emergency Urban Infrastruct ERL (F07) (P104595)</li> <li>▪ Floods Assessment (GFDRR)</li> <li>▪ TA on CAR Flood Recovery and Resilience Program (GFDRR)</li> <li>▪ TA on CAR towards sustainable urban management (Cities Alliance)</li> <li>▪ TA on Solid Waste in Bangui (PPIAF)</li> <li>▪ South South Exchange on Social Water Connections</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
6.2 Access to potable water in 3 “Chefs Lieux de Prefectures” increase from 32% to 100% (AfDB)	project as of April 2011. The social connection program has faced delays but will start shortly. The project is on track to meet the target in 2014.	<p>between Burkina Faso and CAR (SEETF)</p> <ul style="list-style-type: none"> <li>▪ Public Expenditure Review of Water and Sanitation Sector (WPP)</li> </ul> <p><b>AfDB</b></p>	
<p><i>Sanitation / Solid Waste</i></p> <p><i>/Drainage</i></p> <p>6.3 Number of people in urban areas provided with access to a regular solid waste collection under the project increases to 390,000 by 2014.</p> <p>6.4 People with access to improved drainage in areas served by the project increases from 6000 in 2007 to 70,000 in 2014. (WB)</p> <p>6.5 Number of people in urban areas provided with access to all-season</p>	<p>6.3 On track: 128,640 people in urban areas have been provided with access to regular solid waste collection under the project as of April 2011. The project is on track to meet the target in 2014</p> <p>6.4 On track: 52,600 people have been provided with access to improved drainage in the areas served by the project as of April 2011. The project is on track to meet the target in 2014</p> <p>6.5 On track: 340,000 people in urban areas provided with access to all-season roads within a 500</p>	<ul style="list-style-type: none"> <li>▪ Water and Sanitation Project (UA 7m)</li> <li>▪ Water and sanitation sector Institutional support Project for Euro1.96m</li> <li>▪ Secondment Program/Technical Assistance for \$2m</li> <li>▪ Urbanization Master Plan study for Bangui</li> </ul>	

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
roads within a 500 meter range under the project is 420,000 in 2014 (WB)	meter range under the project. The project is on track to meet the target in 2014		
<p><i>Community Development and Services</i></p> <p>6.6 40% of financed village level projects achieve their targets in terms of increased access to social and infrastructure services by end 2012 (WB)</p>	<p><i>Rating: Not Achieved</i></p> <p>Not achieved: All infrastructures for the <i>Fonds d'Actions Prioritaires</i> have been identified and selected; Procurement is under way. Reasons for unsatisfactory progress include: (i) extremely difficult access to many communes in rural areas (geography and security) and (ii) difficult procurement for small civil works (very few companies able/willing to compete; weak capacity of partners in procurement process).</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ Support to Vulnerable Groups Community Development Project (P111679)</li> <li>▪ CF: Community Reintegration Program – TDRP grant (P122099)</li> <li>▪ CF: Conflict-Sensitive Community Recovery – JSDF grant (P122118)</li> </ul> <p><b>AfDB</b></p> <ul style="list-style-type: none"> <li>▪ Community Development Project targeting vulnerable groups (UA8m)</li> </ul>	<p>(very few companies able/willing to compete; weak capacity of partners in procurement process).</p>
<p><b>7. Improved Agriculture and Livestock Productivity</b></p> <p>7.1 70% of targeted farmers adopt at least one improved technology by end 2010 (WB)</p>	<p>7.1 Rating: Achieved: As of January 2012, 13,475 agricultural producers had received improved seeds or cuttings; 2,771 producers had received improved animal resources; 4,000 producers had received tools; and 7,608 producers had benefited from at least one training. Adjusting for double counting (since some producers received more than one input or training), 14,030 producers received at least one input and/or participated in at least one training. This represented 70.15% out of the overall target of 20,000 producers.</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ CF- Food Response Project (P113221)</li> <li>▪ CAR-Agro-Pastoral Recovery Project (ERL) (P124278)</li> </ul> <p><b>AfDB</b></p> <ul style="list-style-type: none"> <li>▪ Emergency Food Response for UA3.0m FY08</li> <li>▪ Rural infrastructure Rehabilitation Project (UA4m) FY09</li> </ul>	<ul style="list-style-type: none"> <li>• Component 1 – While WFP satisfactorily executed their responsibilities under the project and the school feeding program responded to an immediate need for food among school age children across the country, this type of one-off funding does not strengthen the Central African improve the food sovereignty of the rural poor nor does it capitalize on the leverage and technical expertise that the World Bank can provide GoCAR.</li> </ul>

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
7.2 20,000 agricultural producers receive improved inputs (seeds and tools) by end 2010 (WB)	7.2. Achieved: The end-of-project target for this indicator was revised at the time of the MTR to 20,000. As of January 2012, 14,030 agricultural producers had received improved inputs.	<ul style="list-style-type: none"> <li>▪ Food Security study FY09</li> </ul>	ICR preparation is ongoing and lessons related to components 2 and 3 will result from this ICR.
<p><b>8. Improved access and quality of education and health services</b></p> <p><i>Education</i></p> <p>8.1 Gross enrolment in primary education increase from 73.7% in 2007 to 81.7% by end 2011 (WB)</p> <p>8.2 Pupil – teacher ratio decrease from 90.5 in 2007 to 80 by end 2011 (WB)</p> <p>8.3 Pupil-reading textbook ratio decreases from 7 in 2007 to 2 by end 2011</p>	<p><i>Rating: Achieved</i></p> <p>8.1 Gross enrolment in primary education stands at 87.2% according to Annual Statistics for school year 2010-2011</p> <p>8.2 Pupil-teacher ratio decreased to 81/1 according to Annual Statistics for school year 2010-2011</p> <p>8.3 Pupil-reading textbook ratio decreased to 1.36 according to Annual Statistics for school year 2010-2011</p>	<p><b>WBG</b></p> <ul style="list-style-type: none"> <li>▪ CF-EFA/FTI Catalytic Fund Grant (FY09) (P112321)</li> </ul>	<p>- There is weak financial management relating to internal controls, late payments to contractors.</p> <p>- The government is aware of the high repetition rate (22%) that constitutes an impediment to the goal of attaining universal primary education.</p>

CAS Outcome/Cluster of Outcomes and Outcome Indicators (baselines and targets)	Status and Evaluation Summary	Lending and Non-lending Activities that contributed to the outcome	Lessons and Suggestions for the new CAS
8.4 Pupil-math textbook ratio decreases from 6 in 2007 to 2 by end 2011	8.4 Pupil-math textbook ratio decreased to 1.42 according to Annual Statistics for school year 2010-2011		
<p><i>Health and HIV/Aids</i></p> <p>8.5 200,000 men and women accepted VCT and received test results in targeted health centers by end 2010 compared to 0 in 2007 (WB)</p> <p>8.6 300,000 additional households using ITBNs by end 2011 (WB)</p>	<p><b>Rating: Partially Achieved</b></p> <p>8.5 96,649 men and women have accepted VCT and received test results in targeted health centers by November 2011 (project did shift its focus more on community-based HIV/AIDS activities in harder to reach rural areas)</p> <p>8.6 100,000 ITBNs were distributed by December 2009. 260,000 additional bed nets were procured, but due to a low quality, it was decided not to distribute them.</p>	<p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>▪ CF-HIV/AIDS (FY02) (P073525)</li> <li>▪ CF: CAR Health Status Report (P121974)</li> </ul>	

**Appendix II of the CLR: Resources and Financing CPS FY09-FY12**

<b>LENDING</b>	<b>YEAR ALLOCATED</b>	<b>ACTUAL YEAR ALLOCATED</b>	<b>INDICATIVE AMOUNT (USD millions)</b>	<b>ACTUAL AMOUNT (USD millions)</b>	<b>SOURCE OF FINANCE</b>
<b>Pillar I consolidation of economic governance and institutional capacity</b>					
Support to the Investment Climate and Development of small and medium enterprises	2009	2009			IFC
Economic Governance Grant	2009	2009	\$2	\$2	IDA 15
Economic and Governance Reform DPO III	2009	2009	\$5	\$5	IDA 15
Economic and Governance Reform DPO IV	2011	2011	\$9	\$8.8	IDA 15
Finance Sector Support – CEMAC	2009	2009	\$5	\$50	IDA 15
EITI Support Grant	2009	2009	\$0.3	\$0.3	Trust Funds
<b>Total Allocations for Pillar I</b>			<b>\$12.3</b>	<b>\$66.1</b>	
<b>Pillar II – Development of social-economic Infrastructure</b>					
Rehabilitation of Boali I/II - Energy	2009	2009	\$8	\$8	IDA 15
Energy Public Electricity Reform	2009	2009	\$2.5	\$2.5	Trust Funds
Telecom Regional Fibre Optic Program	2010	2009	\$7	\$7.3	IDA 15
Telecom Regional Fibre Optic Program	2010	2011	\$10	\$20	IDA 15
Transport – Regional Support to Commerce and Transport	2010	2009	\$55	\$91	IDA 15
Community Development	2009	2009	\$8	\$8	IDA 15
Community Reintegration	2010	2011	\$3.5	\$6.8	Trust Funds
Urban Infrastructure – Additional Financing	2010	2010	\$7	\$41.9	IDA 15
Food Security Project	2009	2008	\$8	\$6.7	Food Crisis Trust Fund
Rural Development	2012	2011	\$10	\$23.8	IDA 16
Education	2009	2009	\$38	\$37.8	IDA 16 and Trust Funds
Enhancing Institutional Capacity REDD	2011	2011		\$13	GEF
Health Project	2012	2012	\$10	\$28.2	IDA 16 and Trust Funds
<b>Total Allocations for Pillar II</b>					
<b>Cross Cutting Issues</b>					
CDD for war-affected communities	2009	2010	\$1.8	\$1.8	JSDF
DDR	2010				MDRP
<b>Total Financing during the CPS Period</b>			<b>\$181</b>	<b>\$361.1</b>	



**Appendix III of the CLR: Pillar 1: WB Lending and Non- Lending Support already delivered or ongoing (CPS FY09-FY12)**

<b>WBG Lending /Grants</b>	<b>Planned</b>	<b>Actual</b>	<b>Source</b>
Support to Improvement of Business Climate and to the Development of SMEs	2009	Ongoing	IFC
LICUS (EGEMAS)- Economic Management and Improved Accountability - US\$2 m	2009	Delivered 2009	LICUS TF
Economic Management and Governance Reform Grant (DPO III) - US\$5 m	2009	Delivered 2009	IDA 15
Economic Management and Governance Reform Grant (DPO IV) - US\$8.8 m*	2011	Delivered 2012	IDA CRW
Financial Sector – CEMAC Regional Institutions Support - US\$5m LICUS Trust Fund Grant Improved Accountability and Radio Rehabilitation	2009 2008	Ongoing Delivered 2010	Reg. IDA
<b>WBG Non-Lending Support</b>	<b>Planned</b>	<b>Status</b>	<b>Source</b>
PRSP (2008-2010) Technical Assistance	2008	Delivered 2008	
Mining Sector Assessment	2009	Delivered 2011	BB
Diamond Sector Assessment	2010	Delivered 2011	
Improving National Procurement Systems	2009	2009	
EITI Implementation Support	2010	Ongoing	MDTF
Public Expenditure Review	2010	Delivered 2011	
Understanding Access to Justice and Local Dispute Resolution at the Community level in CAR	Additional	Ongoing	BNPF

TA on “ CAR towards Sustainable Urban Management”	Additional	Ongoing	Cities Alliance
TA “Promoting the Empower of Women in Local Development	2011	Ongoing	
TA Assessment of the Compensation System in CAR	2012	Ongoing	

**Annex 4 : Pillar 2: WB Lending and Non- Lending Support already delivered or ongoing (CPS FY09-FY12)**

WBG Lending /Grants	Approval FY	Status	Source
Emergency Energy project - US\$8 m	2009	Ongoing	IDA 15
Safe and Reliable Public Electricity - US\$2.5 m	2009	Ongoing	SPF
Regional Fiber Optic Infrastructure Project - US\$7.3 m	2010	Ongoing	Regional IDA
Additional Financing for Regional Trade & Transport - US\$67 m	2010	Ongoing	Regional IDA
Community Development Support for Vulnerable Groups - US\$8m	2009	Ongoing	IDA15
Community Recovery Project, Northern CAR - US\$8.5 m	2011	Ongoing	TDRP and JSDF
Urban Infrastructure Project – Additional Financing - US\$24 m	2010	Ongoing	IDA 15/CRW
Food Response Project - US\$ 6.7 m	2009	Ongoing	GFDDR
Agriculture Project - US\$24 m	2012	2011	IDA 15
Education Project - US\$38 m	2009	Ongoing	EFA/FTI
Health Project - US\$15 m	2012	FY12	IDA 16

**Pillar 2 – (continued) Non-lending Support already delivered or ongoing (CPS FY09-FY12)**

<b>WBG Non-Lending Support</b>	<b>Approval FY</b>	<b>Status</b>	<b>Source</b>
Power Utility Reform Study	2009	Dropped	-
Strengthening capacity in the Telecommunications and IT sector	2008	Ongoing	IDF
Country Environmental Assessment	FY11	Delivered	BB
Health Sector Status Review	FY11	Delivered	BB
Floods Assessment	Additional	Delivered	GFDRR
TA on CAR Flood Recovery and Resilience Program	Additional	Delivered	GFDRR
TA on CAR towards sustainable urban management	Additional	Ongoing	Cities Alliance
TA on Solid Waste in Bangui	Additional	Ongoing	PPIAF
South South Exchange on Social Water Connections between Burkina Faso and CAR	Additional	Ongoing	SEETF
Public Expenditure Review of Water and Sanitation Sector	Additional	Ongoing	WPP

## Appendix IV of the CLR: – Summary of World Bank Engagement - 2012-2015

### Introduction

72. Since early 2013 CAR has experienced a massive political-security conflagration, creating an unprecedented humanitarian crisis, which unraveled the country's social fabric, displaced over twenty five percent of its 4.7 million population and resulted in a significant economic contraction.

73. The crisis has prompted a large-scale international response, including peacekeeping intervention from African Union, France, European Union and now United Nations (UN) forces as well as concomitant emergency relief by UN agencies and non-governmental organizations (NGOs). At the same time, the Economic Community of Central African States (ECCAS) is shepherding a political initiative that has included the installation of a transitional government leading to anticipated national elections in August 2015.

74. The World Bank supported the crisis response with a US\$100 million package in emergency operations (by way of restructured and regular IDA lending) that was presented in an update to the Board in January 2014.

### Political-Security Context

75. After his successful coup d'état in 2003, President Bozizé led a period of relative political-economic stability in CAR that featured two contested national elections in 2005 and 2011, the consolidation of an increasingly exclusive regime in the south and intermittent rebellion in the north. In late 2012, a rebel coalition, known as Séléka,<sup>86</sup> began taking towns in northeastern and central CAR, and after a failed attempt at a peace agreement in Libreville in January 2013, ousted President Bozize in March 2013. In the following months, ECCAS led a political initiative establishing a transitional period leading to national elections. The ECCAS Heads of State held a crisis summit in N'djamena in April 2013 and endorsed transitional institutions including a Head of State of the Transition, Michel Djotodia (one of the Séléka leaders), and the National Transition Council (NTC), the legislative body. On August 18, the interim Head of State was sworn in and bound to hold elections at the latest 24 months from that date.

76. Over this period, large scale violence and looting took place; the national army, FACA,<sup>87</sup> dispersed and Séléka commanders had little control over their own forces. In the face of the deteriorating situation, the UN Security Council (UNSC) authorized in December 2013 a French intervention force, *Sangaris*, as well as the establishment of an African Union-led military presence (MISCA).<sup>88</sup> However, violence between ethno-religious armed groups continued; new forces in opposition to Séléka emerged, the *anti-balaka*, comprising local vigilante groups and former national army forces and over time the country effectively cleaved into two. This led to the flight of the majority of the Muslim population (about 15% of the population) to the northeast and neighboring countries. In January 2014, Michel Djotodia was forced to resign by the ECCAS leadership. Subsequently, under the framework of the original Libreville agreements, the NTC elected Mrs. Catherine Samba-Panza, then mayor of Bangui, as the new Head of State of the Transition, a position she still holds.

77. The exodus of populations from Bangui continued and the country descended into localized violence based on ethno-religious recrimination. To strengthen peacekeeping, the UNSC in April 2014 authorized the deployment of a 12,000 UN force as well as civilians (known as MINUSCA) to replace the AU mission in September 2014.<sup>89</sup>

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<sup>86</sup> The 'Séléka' was a loose union of armed factions primarily based in the north of CAR (see Annex III on armed groups).

<sup>87</sup> *Forces Armées Centrafricaines*

<sup>88</sup> UN SC Resolution 2127

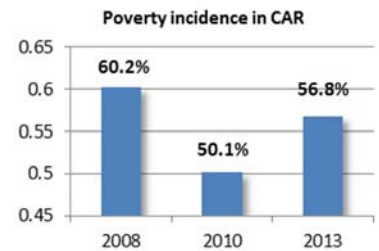
<sup>89</sup> UNSC Resolution 2149. In March 2015, MINUSCA's mandate was extended and strengthened with the addition of 750 military personnel and 300 police and corrections officers. At the same time, the European force (EUFOR) ended its mission in mid-March 2015 and the French

An expanded peacekeeping presence has been accompanied by various attempts to broker cease-fires between the various protagonists. In turn, the transitional government has started a national dialogue process aimed at social and political reconciliation. This culminated in the National Forum in Bangui in early May, laying the groundwork for national elections which are now due by end of 2015, with a delay that has been endorsed by ECCAS.

### Economic Context

78. Since 2005, political stability and steady reform (reaching HIPC completion point in 2009, and having direct budget support as well as an IMF program) contributed to increased, stable growth. Albeit modest, the real increase in per capita income during that period suggests some progress towards poverty reduction: GDP per capita (in constant 2005 US\$) increased from US\$390 to US\$471.5 in 2012.

79. The political-security crisis destroyed those gains and caused economic activity to collapse in 2013, with a GDP drop now estimated at 36 percent. Further, the initial indications are that the crisis had a significant impact on poverty; while the poverty rate decreased from 60.2 percent in 2008 to 50.1 percent in 2010, these gains appear to have been largely undone in 2013, as the projected poverty rate reached 56.8 percent again (see chart).<sup>90</sup>



80. The current crisis has also seriously compromised revenue collection and leakages of fiscal revenues that have strained public finances. Total domestic revenues equivalent to US\$86 million were collected in 2013, representing roughly 28 percent of the initial revenue forecast. The recovery hoped for in 2014 did not materialize, as GDP grew by a mere one percent. Activities in the agricultural, forestry, and trade sectors did not fully resume and official mining exports were still suspended under the Kimberly process. Inflation averaged 11.6 percent, mainly reflecting the continuing supply shocks and disruptions in the distribution networks for imported goods (including food products). Trade has been significantly reduced following the ban on diamond exports and low traffic along the Bangui – Garoua Boulaï corridor. The current account deficit is estimated to have narrowed to 6.1 percent of GDP in 2014, from -4.6 percent of GDP in 2012 and three percent of GDP in 2013. Foreign direct investments decreased dramatically, from US\$71.4 million in 2012 to US\$1.8 million in 2013 and US\$2.2 million in 2014.

81. The economic downturn has therefore put major pressure on public finances. Domestic revenues dropped from 11.5 to 4.9 percent of GDP between 2012 and 2014. The payment of civil service wages and pensions was suspended for the better part of 2013 and could resume on a regular basis in early 2014 only due to large-scale donor’s re-engagement. With large inflows of foreign aid (in excess of 13 percent of GDP) the authorities managed to reduce the overall cash budget deficit from 4 percent to a surplus of 1.4 percent of GDP between 2013 and 2014, while reducing arrears by 1.6 percent of GDP. Public finances remain under pressure in 2015. Assuming GDP growth of 5.7 percent and a modest recovery of domestic revenue, driven by resumption of agricultural production, timber trade, and reconstruction, projections set CAR’s fiscal needs at US\$120 million or about 6.3 percent of GDP.

### Social and Humanitarian Context

82. Since December 2012, about 1/4 of the population remains displaced, around 440,000 inside and around 425,000 outside of the country. The number of refugees fleeing into neighboring countries has decreased since mid-

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*Sangaris* has started decreasing in size, as the EU has launched a military advisory mission to support the authorities in reform of the security sector.

<sup>90</sup> World Bank Indicators, 2014

2014, but the movement is expected to continue in 2015 (new refugees estimated to be 48,000). Bangui confronted massive displacement (at one time 500,000 in the environs) but this has decreased to around 50,000.<sup>91</sup>

83. Some 2.7 million people (more than half the population) are in need of urgent humanitarian assistance; this is an increase from 2.5 million over the past year. Due to widespread insecurity, looting and slaughtering, crop production in 2014 is 58 percent lower than the pre-crisis average, livestock numbers have declined by up to 77 percent and fish supply by about 40 percent; with food reserves in rural areas 40-50 percent lower than average, households are facing crisis levels of food insecurity.<sup>92</sup> Preliminary results of humanitarian surveys show global acute malnutrition rates varying from 3.3 to 8 percent; chronic malnutrition rates vary from 18 to 54 percent, with seven provinces having rates over 40 percent.<sup>93</sup>

84. With regard to health, under-funded and short-staffed public health institutions constrain health service delivery with critical understaffing in rural areas. Currently UN agencies and NGOs provide the majority of social services for vulnerable populations. According to a national health facility survey<sup>94</sup> that covered 815 health structures in the 7 health regions of the country, 28 percent of health facilities were either partially or totally destroyed. At the national level, only 55 percent of health facilities are functional; only 25 percent of health facilities have an energy source, while only 21 percent have a potable water source.

### **World Bank Group's Crisis Response**

20. As there had been an unconstitutional change of power, following the unconstitutional fall of President Bozize in March 2013, the Bank triggered OP 7.30,<sup>95</sup> and suspended disbursements and new lending activities. Based on the findings of a September 2013 assessment mission, Bank Senior Management authorized re-engagement with the new transitional government and selective resumption of disbursements depending on the security situation. As for new lending it was recommended that more time be given to monitor conditions in CAR, allowing the Bank to weigh the high security, legal and political risks.

85. In January 2014, at an emergency donor conference in Brussels, the Bank announced a US\$100 million emergency response drawing upon the restructuring of the existing portfolio (US\$47 million out of an undisbursed amount of about US\$200 million); on the uncommitted balance of IDA16 (US\$30 million); and on the first year of IDA17 (an estimated US\$24 million, pending communication of IDA17 allocations). It included three phases and five components.

- **Phase one:** three components with rapid implementation (reallocation/restructuring of existing portfolio):
  - (i) Labor-intensive public works (US\$11 million): this component was being implemented through amending the procurement plans of two existing Bank projects (the Emergency Urban Rehabilitation project and the CEMAC Transit and Transport Facilitation Project). The scheme had, however, to be carefully designed and coordinated with other donors (including the EU, AFD, and UNDP) and comprised the following steps: (i) identification of public works to be carried out; (ii) the implementation procedures/manual; and (iii) the bidding documents and the identification of potential contractors/NGOs. A South-South exchange also took place with AGETIP, the CAR implementing agency, visiting Cote d'Ivoire to learn from implementation of a similar project. Implementation of a

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<sup>91</sup> See Annex IV on displacement.

<sup>92</sup> Famine Early Warning Systems Network, February 2015 Report <http://www.fews.net/west-africa/central-african-republic/remote-monitoring-report/february-2015>

<sup>93</sup> UNOCHA monthly bulletin, March 2015

<sup>94</sup> *Enquête Rapide sur l'Estimation des Besoins de Santé des Populations Affectées par la crise en République Centrafricaine* – HeRAMS October 2014

<sup>95</sup> OP 7.30 dealing with de facto governments

first tranche of US\$5.5 million started on April 29, 2014 in Bangui. At its peak of implementation, the scheme employed some 15,000 people for about 6 months.

(ii) Emergency medical response (US\$15 million): this level 1 restructuring of the existing Health Systems Support Project (HSSP) was approved by the Board on April 2, 2014 and was designed to disburse directly through UNICEF, WHO and UNFPA. Following negotiations of services contracts between the Bank, the Government of CAR and the UN agencies, a one-time disbursement of about US\$11 million (representing 100 percent of the amount requested by UN agencies at this point) took place on June 21, 2014.

(iii) The Food Crisis Response and Agriculture Re-launch project (US\$20 million, made available from the cancellation of a previous agriculture project) was approved by the Board on March 7, 2014. The Financial Agreement and contracts between the Government and WFP and FAO were signed on March 17. An amount of US\$18 million was disbursed to these UN agencies in late March 2014.

- **Phase two:** the Emergency Public Services Response project (US\$30 million), using up the balance of the IDA16 allocation, paid for four months of non-security civil servants salaries. The project was approved by the Board on April 24, 2014 and covered salaries of non-security sector civil servants in May. This project was prepared in close collaboration with the UN (particularly UNDP) in order to (i) align salary payments of security staff, particularly the police and gendarmerie as well as (ii) to jointly work on payroll and public financial management reform. About half of the project amount (US\$15 million) was disbursed on the special account, and the May salaries (about US\$7 million) were paid on June 24, 2014, following verification of conditions of disbursement.
- **Phase three:** the use of the first tranche of IDA17 (an estimated US\$24 million, with frontloading) was to be determined based on progress of the political security transition. This Phase has now been incorporated into the Country Engagement Note for FY16-17.

**21.** The results of these operations have not yet been evaluated. However, preliminary assessments have been made, particularly for the HSSP and EPSRP given that they have been allocated additional financing. The intermediate results for these operations are outlined in the table below.

## Intermediate Results of the Crisis Response Program

DEVELOPMENT OBJECTIVE	IMPLEMENTATION STATUS	LENDING ACTIVITY CONTRIBUTING TO THE OUTCOMES
<p><b>Food Security</b></p> <p>To protect and rebuild livelihoods, human capital, particularly of children, and to re-launch the productivity of the agriculture sector.</p>	<p>Support mitigated the negative impact of the crisis on food production with about 143,200 people being assisted with input seeds (maize, rice, groundnut, sesame, millet, sorghum, cowpeas and beans) and tools, while 100 seed multiplication groups received maize, rice and groundnut seeds. The revival of the seed production system is in progress and about 371 tons of improved seeds have already been collected from seed multiplication groups.</p> <p>Support to about 661,000 people by providing seed protection food rations in coordination with the FAO's distribution of agricultural inputs of seeds, tools and fertilizers. In addition, coverage of treatment of malnutrition has increased from 10 health facilities in January 2014 to 100 in October 2014, while malnutrition rate decreased from 8% in March 2013 to less than 5% in March 2015. The results of the Emergency Food Security Assessment achieved in October 2014 showed significant reduction of food insecurity and malnutrition: (i) food insecurity rate is less than 5% among the project beneficiaries against 28.34 percent (moderate food insecurity) and 3.74 (severe food insecurity) for non-beneficiaries; (ii) more than 80 percent of beneficiaries (pregnant and lactating women, children aged 6-59 months) have recovered from malnutrition; and (iii) in October 2014, less than 1% of beneficiary children have presented a moderate malnutrition status, against 5.9 percent in moderate malnutrition and 0.5 percent severe for non-beneficiary children.</p>	<p>CAR Emergency Food Crisis Response and Agriculture Relaunch Project (P149512)</p>
<p><b>Public Sector Response</b></p> <p>To finance the re-establishment of an operational government payroll and related financial management systems.</p>	<p>Four months of salaries were paid to eligible civil servants. The four core project development objective indicators were exceeded, particularly the percentage of teachers, health workers and civil servants from the revenue generating directorates who resumed work (more than 70 percent, from a baseline less than 10 percent). The project also helped to reduce the size of the civil service by 5.5 percent between April 2014 and December 2014 including deceased and retirees. It is expected that an additional 5 percent of personnel could be removed from the payroll database once the ongoing reforms are fully implemented. These personnel have no salary but continue to remain in the Payroll database because their cases have not been cleared by the litigation committee. Overall, and thanks to the project, US\$6.6 million equivalent to 0.4 percent of GDP has been saved compared to the 2014 projection.</p>	<p>Emergency Public Services Response Project (P149884)</p>



	<p>In addition to being the second largest source of external finance in 2014, the project played a catalytic role in paving the way for other development partners to finance government recurrent costs. The IMF disbursed the first tranche of a Rapid Credit Facility (US\$12 million); the EU provided US\$40 million; and the AfDB disbursed US\$23 million. Due to the strong fiduciary controls put in place by the project on payroll management (which represents about 45 percent of the monthly expenditures), other donors such as the EU and the AfDB have been able to implement their disbursements pertaining to the payment of salaries.</p>	
<p><b>Emergency Medical/ Public Health Support</b></p> <p>To increase utilization and improve the quality of maternal and child health services in targeted rural areas; and provide emergency health services to the general population.</p>	<p>Through Component 3 (created as a part of the 2014 restructuring) of the Health System Support Project, approximately 150 health facilities are currently receiving support from UNICEF, UNFPA and WHO. Specifically, UNICEF has distributed cold chain material for vaccinations, nutrition supplies, mosquito nets, obstetric and essential drug kits for maternal and child health and for HIV/AIDS treatment; teams are undergoing training to deliver services to rural and urban areas focusing on internally displaced populations. UNFPA has provided medical supplies and hygienic kits for reproductive health services, with particular attention to the provision of emergency services (psycho, medical and legal) to victims of sexual and other gender-based violence. WHO has focused on maintaining the functionality of five priority hospitals and sixty health centers identified by the Government in both Bangui and rural areas, by restoring the infrastructure, providing equipment and providing subsidies to staff who work in these targeted facilities. An additional transfer of US\$2 million was made to UNICEF to address the shortage of anti-malarial drugs for the entire country.</p> <p>Since activities began in July 2014, the availability of qualified staff, essential drugs, and essential health services for vulnerable groups has improved substantially in areas covered by the emergency component. As of February 1, 2015, the number of mothers in the project areas who received two doses of intermittent preventive treatment for malaria during last pregnancy as of February 1, 2015 is 12,823, up from 7,301 in the previous quarter. In addition, over 2,000 women victims of violence have received social and medical support from health providers; the number of children who have been completely vaccinated in health centers supported by the project has reached 6,801, and the number of assisted deliveries has reached 3,500.</p>	<p>Health System Support Project P119815</p>

<p><b>Labor Intensive Public Works (LIPWs)</b>  LIPWs have been introduced as a labor-intensive implementation modality of two existing IDA infrastructure projects. The two projects in question have thus not undergone formal restructuring (hence the absence of an explicit PDO for this activity), but mere reallocations.</p>	<p>As LIPWs have elicited strong interest from other donors, namely UNDP, the EU, and AFD, the first result sought has been to develop a fully unified approach, shared by all contributors and AGETIP, the implementing agency. Through a number of coordination meetings in Bangui, as well as a south-south exchange in Cote d'Ivoire (successfully implementing a similar project), it has been possible to develop: (i) a shared roadmap of public works that could be undertaken under such a scheme, and to distribute responsibilities across financiers; (ii) a common implementation manual; and (iii) an harmonized approach to issues such as implementing entities on the ground (NGOs), selection of beneficiaries, and compensation.</p> <p>On the Bank side, about \$5.5 million have been identified for LIPWs in a first round (\$3.5 million from the CEMAC project and \$2 million from PURISU), with the option of an additional \$4-5 million from CEMAC based on implementation and needs. As of May 2015, contracts totaling about \$3 million had been signed, with approximately two-thirds of this amount for salary payments. Actual salaries paid amounted to about \$400k, corresponding to about 100,000 man/days of employment in Bangui alone.</p>	<p>PURISU (P...)  CTTF Project (P...)</p>
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## Appendix V of the CLR: Stocktaking on the CPS FY09-FY12 Outcomes since Onset of the Crisis

This stock-take represents a brief retrospective look at the expected outcomes of the CPSFY09-FY12 and how these results have been impacted by the political-security crisis that occurred in CAR from late 2012 to date. Given the difficulty of access for Bank staff insufficient data has been collected to be able to provide a robust assessment of the full status (deficits and resilience) and impact of the crisis.

	OUTCOME	STATUS
1	Improved Public Finance Management and Revenue Mobilization	The years leading to the 2013 crisis were characterized by a sound fiscal stance with the Government managing to cover all its recurrent expenditures with resources mobilized domestically. At less than 5 percent of GDP, the compensation of employees was fully covered by tax revenues averaging 11 percent during 2008-2012. The 2013 crisis derailed this positive trend with the gap between domestic revenues and recurrent expenditures going from a surplus of 1.3 percent of GDP to a deficit of 6.7 percent. Total domestic revenues equivalent to US\$86 million were collected in 2013, representing roughly 28 percent of the initial revenue forecast. Revenues increased to 4.4 percent of GDP in 2014, with a projected forecast for 2015 at 6.7 percent of GDP rising to a potential 8 percent in 2016. With economic growth resuming in 2014 and reaching 5.3 percent in 2015, domestic revenues are projected to fully cover compensation of employees, but additional external resources are still needed to cover the recurrent expenditures again. On the positive side, despite the crisis, debt service payments to the international financial institutions continued to be paid and within a relatively short period of time sufficient fiduciary controls were in place for the World Bank to prepare an emergency public sector support grant paying civil service salaries. This in turn, encouraged significant direct budget support from other donors such as the IMF, EU and the AfDB.
2	Improved Transparency and Accountability in Natural Resource Management	The legal and policy frameworks governing the forestry sector are still in place; however CAR has lost its candidacy under EITI and is now under Kimberly rules regarding diamond exports. All data and analysis suggests that armed groups from the two camps, <i>anti-balaka</i> and <i>ex-Séléka</i> largely control access to artisanal diamond and gold mines with no revenue coming into the Treasury.
3	Strengthened Administrative Planning and Management Capacity at Central and Local Levels	The crisis affected public financial management on both the revenue and expenditure side. Weaknesses in the government system were exacerbated by the crisis such as recourse to exceptional procedures for the payment of government expenditures, a large volume of extra-budgetary spending accompanied by an accumulation of domestic arrears, a growing number of agencies, funds, and earmarked treasury accounts representing about 11 percent of the 2012 national budget and characterized by poor governance, and absent external oversight. With regard to more general planning and management functions, the state effectively collapsed for over 18 months; and only now are line Ministries beginning to resume functions. Some <i>prefects</i> and <i>sous-prefects</i> are returning to their districts as well as a return of health workers and teachers. Primarily as local capacity had been so seriously weakened during the crisis as well as the social cohesion between communities, the Bank did not scale up community based investment approaches during the emergency response phase.

4	Improved Investment Climate and More Business Opportunity for Local SMEs	Foreign direct investments decreased dramatically, from US\$71.4 million in 2012 to US\$1.8 million in 2013 and US\$2.2 million in 2014. Much of the <i>petit commerçant</i> class has left the country or at least left the main trading centers such as Bangui due to their religion.
5	Improved Infrastructure for Regional Economic Integration	Many of the gains made particularly in the road infrastructure have not been seriously affected by the crisis. It is too early to state conditions in the hydro-electric sector.
6	Improved Access to Basic Urban and Community Infrastructure (urban water supply, sanitation, drainage, and roads)	AGETIP has continued two Bank projects with intermittent interruptions during the crisis years or 2013 and 2014: in Bangui the emergency urban project with a focus on simple drainage and road rehabilitation and in southern and western provinces of CAR the community development program. These two projects are now closing at which time the results of the projects will be evaluated.
7	Improved Agriculture and Livestock Productivity	There has been a drastic deterioration in the sector. Some 2.7 million people are in need of urgent humanitarian assistance. Due to widespread insecurity, looting and slaughtering, crop production in 2014 is 58 percent lower than the pre-crisis average, livestock numbers have declined by up to 77 percent and fish supply by about 40 percent; with food reserves in rural areas 40-50 percent lower than average, households are facing crisis levels of food insecurity. Preliminary results of humanitarian surveys show global acute malnutrition rates varying from 3.3 to 8 percent; chronic malnutrition rates vary from 18 to 54 percent, with seven provinces having rates over 40 percent.
8	Improved Access and Quality of Education and Health Services	Community infrastructure has been damaged and destroyed particularly in areas with the most intense hostilities in the north and center of the country. With regard to health, under-funded and short-staffed public health institutions constrain health service delivery with critical understaffing in rural areas. Currently UN agencies and NGOs provide the majority of social services for vulnerable populations. According to a national health facility survey that covered 815 health structures in the 7 health regions of the country, 28 percent of health facilities were either partially or totally destroyed. At the national level, only 55 percent of health facilities are functional; only 25 percent of health facilities have an energy source, while only 21 percent have a potable water source.

## Annex 9: Map of Central African Republic

