

BTI 2010 | Central African Republic

Country Report

Status Index	1-10	3.52	# 117 of 128	
Democracy	1-10	3.58	# 106 of 128	↘
Market Economy	1-10	3.46	# 118 of 128	→
Management Index	1-10	4.45	# 82 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	4.3	HDI	0.37	GDP p.c.	\$	713
Pop. growth	% p.a.	1.8	HDI rank of 182	179	Gini Index		43.6
Life expectancy	years	45	UN Education Index	0.42	Poverty ²	%	81.9
Urban population	%	38.4	Gender equality ¹	-	Aid per capita	\$	40.6

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

Economic and political developments in the Central African Republic during the period under review were overshadowed by armed rebellion and widespread insecurity. The country does not qualify as a full democracy under the rule of law. The Central African Republic is far from being considered a market economy. Management performance has been in general modest, and despite a recent peace agreement and a newly formed consensus government, future prospects remain uncertain.

In 2007, the deployment of international peacekeepers to neighboring Sudan attracted more attention than ever to the permanent crisis in the Central African Republic. This attention translated into more development assistance, debt rescheduling and diplomatic activities. The process of regular supervision regarding the implementation of the 2006 Poverty Reduction and Growth Facility (PRGF) agreement is the source of outside influence over the country's macroeconomic policies. The Central African Republic reached a HIPC decision point more rapidly than expected. Agricultural production has begun to slowly recover, but private investments have not materialized amid a challenging legal, economic, social and political environment. Interest in the country's mineral wealth, particularly in diamonds, uranium and gold, has steadily grown. Two small peacekeeping missions, one run by a regional organization and the other under the umbrella of the United Nations and the European Union, provided only a small degree of state security. Progress in the peace process, although reversible and amid continued insecurity, characterized 2008, culminating in the organization of an important national consultation body, the so-called inclusive political dialogue. It was feared that the victims of violence would be left behind and that an amnesty law tailor-made for some of the armed protagonists of the 1999-2008 era would reinforce the culture of impunity. There were many reported instances of atrocities committed during armed encounters and the subsequent period of repression. Corruption and nepotism grew and negatively affected the quality of governance. The government was reshuffled twice, and the highly respected (in international circles) Prime Minister Élie Doté resigned in January 2008 after failing to settle the pressing problem of salary arrears in the public sector. On 19 January 2008 an inclusive political dialogue between the government and rebel groups resulted in a consensus government, which includes some representatives from rebel organizations as well as the opposition. The dialogue, however, was not as consensual as many observers could have expected.

History and Characteristics of Transformation

After establishing formal independence from France in 1960, the Central African Republic remained heavily dependent on support from outside. France in particular has influenced the country's economic matters as well as its domestic and foreign policies. A first coup led by General Jean-Bédél Bokassa took place in 1965; he declared himself emperor for life and was later ousted by a French commando unit in 1979 following serious human rights violations and domestic concerns over support for the regime in Paris. A short multiparty interlude was terminated by a second coup that brought General André Kolingba to power in 1981. He established a one-party system that included some competitive elements, but for a long time the administration refused to support any steps toward a meaningful democratization of the country.

The process of economic transformation first became relevant after France's withdrawal from segments of state administration in the mid-1990s. Kolingba belatedly and only after international pressure accepted the principle of free elections. In the first round of the 1993 elections, Kolingba came in fourth and subsequently tried to modify the electoral code as well as alter the composition of the Supreme Court. However, all major donor countries strongly opposed this step. In the second round, Ange-Félix Patassé was elected president in a largely free and transparent election. Patassé, the first northerner who came to power in Bangui, immediately abandoned the elite consensus structures during the transition phase by sidelining his main rivals and began a campaign of exclusion against members of the old regime, most of who came from the southern part of the country.

Like Kolingba, who had "tribalized" the security sector and semi-public companies, Patassé favored those from his homeland in the northwest, continuing the ethnic policies and regionalism of the army that plagues the corps to this day. A new constitution was adopted by referendum. However, behind this facade, serious defects were developing in the political arena. From an economic perspective, the amount of unpaid salaries to state workers, up to 36 months' worth, was the clearest sign of failure. Without the various interventions of regional peacekeeping and other troops, Patassé would not have politically survived the three mutinies in 1996–1997, the two attempted coups in 2001 or the rebellion led by François Bozizé, the military chief of staff, in late 2001 – 2002. Finally, Bangui fell into the hands of rebels who supported Bozizé in March 2003. The population, located in vast stretches of the most densely populated western and northern part of the country, paid a heavy price in the armed conflicts.

After his violent takeover, Bozizé's power was structurally constrained by France's continuing domination of economic and political life, Chad's military ascendancy and the de facto regional trusteeship exercised by neighboring countries (through peacekeeping and other regional mechanisms). The new president first announced that he would not stand for elections, but then quickly changed his plans. His cooperation with a provisional legislature proved uneasy at times. Elections were postponed and a quarrel developed over the admission of candidates, a situation resolved only by Gabonese mediation. Finally in 2005 Bozizé faced MLPC (Movement for the Liberation of the Central African People) candidate and former Prime Minister Martin Ziguélé, who in the end won 35.4% of the vote compared to 64.6% for the incumbent. Some voting

irregularities were reported. Legislative elections running in parallel were marked by more irregularities, and doubts remained as to the real size of the victory of Bozizé's camp (a coalition of parties called Convergence Kwa na Kwa). Structural problems remained and serious security problems developed across the entire northern part of the country. Some key towns in the northeast fell under rebel control in October 2006 and could be regained only with massive military assistance from France and the Economic Community of Central African States (Communauté Économique et Monétaire de l'Afrique Centrale, CEMAC). The poor state of the army and the overreliance on Chadian soldiers (who helped Bozizé seize power) for security posed a double problem of security sector reform and the president's contested legitimacy. Rebels continued to fight in the northeast and only by the end of 2008 could a so-called inclusive political dialogue be held; these ongoing talks may turn out to be the basis for a more consensual management of state affairs. Doubts persist that this process will translate into better respect for democratic and human rights standards, however, let alone provide a basis for sound economic development.

Transformation Status

I. Democracy

Although some progress toward a democratic system has been made in recent years, the state of political transformation has not advanced in the period under review. In general, the Central African Republic does not qualify as a democracy under the rule of law and must be characterized as a severely defective democracy. Deficiencies particularly persist in the government's monopoly on the use of force, basic administration and the rule of law, including the establishment of an independent judiciary and prosecutions over abuse of office.

1 | Stateness

There has never been a state monopoly on the use of force. The Central African Republic is the epitome of an artificial state, from its purely geographical designation as a state to its uncontrolled borders and decades of overwhelming intervention by its former colonial ruler, France, to the complete lack of government presence outside the capital. A lack of necessary infrastructure makes parts of the country accessible only by helicopter, while vast stretches in the east are extremely sparsely populated and offer favorable conditions for rebel activities, including for rebel groups such as the Lord's Resistance Army, which originates in Uganda. Security forces are extremely disorganized and oriented toward the governing regime and not the security of citizens. A wide circulation of arms, rampant roadblocks and racketeering, combined with weaknesses in the country's security sector, affect the capability of the state to protect its citizens. Abuses by armed forces on the civilian population make the state appear more of a threatening actor than a protector.

Monopoly on the use of force

On paper, all social groups enjoy the same rights as citizens. However, some groups, such as the Pygmies and Fulani cattle herders, are hardly considered citizens. The Gula ethnic group which lives in the eastern part of the country claims it is alienated; it is also the backbone of one part of the rebellion against the government in the Union of Democratic Forces for Integration (Union des Forces Démocratique pour le Rassemblement, UFDR). Also, the north-south divide (particularly in the armed forces) has been exacerbated by the presidencies of General André Kolingba and Ange-Félix Patassé, resulting in the emergence of identity politics in a country that for most of its post-independence history did not experience it.

State identity

The separation of church and state should be guaranteed by the country's secular constitution. Most politicians have secular credentials and religious dogmas do not play a major role in decision-making. However, the president is a devout evangelical Christian and his preferential treatment toward his own church has created a rift with Muslims. The latent (and at times open) anti-Chadian resentment in the capital Bangui is primarily associated with the dominant behavior of Chadian soldiers, who are considered invaders by the population. However, the fact that Chadians are Muslims has possibly exacerbated latent anti-Muslim sentiment. Thus present violent conflicts have, albeit limited, religious overtones which reflect the Christian-Muslim divide, which also corresponds to the country's north-south divide.

No interference of religious dogmas

The state infrastructure is extremely poor. It fails to deliver services and to allow for the maintenance of law and order. Large parts of the country are not under state control (specifically the northwest, the north, the northeast and the east). Since 2001, these regions have been characterized by rebel aggression, widespread looting and devastation by the army, caused even further setbacks in regional administration. The state would not be able to maintain the country's fragile situation without the support of the international community.

Basic administration

2 | Political Participation

The constitution adopted by referendum in December 2004 legally establishes universal suffrage and a citizen's right to run for office. The technical standards of past multiparty elections in 2005 are noteworthy in an African context. However, such standards were the result of international supporters' massive influence and logistical assistance. The presence of heavily armed elements of the presidential guard in and around some polling stations in 2005 was criticized, and former President Ange-Félix Patassé was excluded from the presidential race, which could be regarded as a constraint on participation.

Free and fair elections

President François Bozizé's power results mainly from his military takeover in 2003 and subsequent international acceptance. However, his legitimacy remained widely contested even after the 2005 general elections and also because of his clientelistic rule. The military influence on political participation through the head of state is potentially still high. However, the national armed forces are going through a restructuring process, and only a sixth of the forces can be considered operational. The government is formally in charge of all executive duties; its scope of action is first and foremost limited by state capacity.

Effective power to govern

Civic groups can be established rather easily, but their potential is limited due to major structural challenges. During the inclusive political dialogue, politicians and warlords dominated and civil society had little political voice in the country. Labor unions are active and act relatively freely. Only occasionally does the government restrict the right to assembly.

Association /
assembly rights

With regards to freedom of the press, the country ranked 132nd out of 195 (“not free,” with a rating of 61) in the Freedom House Global Press Freedom Survey 2008. The report noted a negative trend following restrictions on reporting about the country’s ongoing violent conflicts and the army’s human rights violations. There are about 30 newspapers in the Central African Republic, which are printed occasionally and usually distributed only in the capital Bangui. Reports about government corruption are frequent, yet some journalists are sporadically harassed. Radio is the most important medium of mass communication, and private stations such as Radio Ndeke and Radio Notre Dame (owned by the Catholic Church) are an essential counterpart to official news.

Freedom of
expression

3 | Rule of Law

In the Central African Republic, the executive dominates the government. The 2004 constitution theoretically gives the legislative branch (National Assembly) a wide range of guaranteed prerogatives; for instance, the right to remove the prime minister. But in practice this is rarely used, as the president’s camp (a coalition of parties, Convergence Kwa na Kwa) enjoys a comfortable majority in parliament. It remains to be seen how the separation of powers will be expressed in the consensus government.

Separation of
powers

The judiciary continues to lack even the minimum resources. Its functional deficits are linked among other things to inadequate territorial penetration, but also to the judiciary’s meager capacity and inability to sustain or implement any judiciary decisions. Since 1996 many atrocities as part of a series of violent conflicts were committed without perpetrators being prosecuted. The government asked the International Criminal Court (ICC) in December 2004 to deal with all crimes within its jurisdiction that were committed since July 2002, as the country’s judiciary confirmed that it was unable to carry out the complex proceedings necessary to investigate and prosecute the alleged crimes on its own. However, this move also confirms the instrumentalization of justice by the president to sideline political opponents

Independent
judiciary

The regime of President François Bozizé has become more and more patrimonial; close relatives often are awarded with important positions or gifts, financial or otherwise. Corruption in the government has not been appropriately addressed. Human rights violations committed by state security forces are only sporadically prosecuted. A culture of impunity has since taken root.

Prosecution of
office abuse

Civil rights are frequently violated. Numerous human rights violations have been committed by rebels as well as by state officials and security forces during recent conflicts. A highly deficient judiciary further hinders any access to fair public trials when human rights are violated. According to the U.S. State Department, there were numerous reports that, in reaction to judicial inefficiency, citizens in a number of cities organized to establish a parallel justice system and enact prosecution, especially in cases of suspected witchcraft.

Civil rights

4 | Stability of Democratic Institutions

State institutions have never been particularly effective. By January 2009, the country's government had evolved to include some democratic elements, but at best the Central African Republic should be considered a "hybrid regime," based on its poor stateness and on authoritarian elements within the regime. Democratic institutions exist but can't be considered stable. The National Assembly does not fulfill its oversight role. More generally, the contested legitimacy of democratic institutions has led to the militarization of parts of the political opposition. In a country accustomed to military coups, armed rebellion is considered political entrepreneurship. President François Bozizé only gave proof of his commitment to a semblance of political reconciliation with the organization of an inclusive political dialogue. The consensus government appointed in January 2009 has extended efforts toward individual representatives of rebel groups. However, it remains uncertain whether the government can fulfill expectations and bring an end to the country's chronic instability.

Performance of democratic institutions

Formally all major players in the government accept democratic standards. International pressure to hold peace negotiations and arrive at a limited form of power sharing has had negative consequences on the country's democratic standards. Political entrepreneurs, such as ex-ministers Jean-Jacques Démafouth and Charles Massi, though not represented in the new government, may feel more comfortable with strategies of armed conflict instead of participating in peaceful civilian opposition. However the exclusion of rebel movements only creates conditions for further instability, as President François Bozizé himself toppled an elected government yet was legitimated through democratic elections after the fact.

Commitment to democratic institutions

5 | Political and Social Integration

The party system still plays no autonomous role in the process of forming opinions and political will. A comparison of election outcomes (1993; 1998-1999; 2005) shows some continuity with the Movement for the Liberation of the Central African People (MLPC) remaining the country's most solid singular party, with some smaller parties firmly established in the respective home regions of their leaders. However, the MLPC has undergone a major split between supporters of former President Ange-Félix Patassé and former Prime Minister Martin Ziguélé. President François Bozizé relies on his coalition, Convergence Nationale Kwa na Kwa (KNK), and a number of smaller parties. The party system can be considered as moderately to highly fragmented and moderately polarized, when considering that a large majority of the 34 independent members of parliament side with the KNK. In terms of ideology, programmatic profiles are shallow and generally all political parties lack organizational resources.

Party system

The Central African Republic does not have a diverse range of interest groups, although there are remarkably active unions in the capital Bangui. Social issues important to the rural population, youth and women are underrepresented in public debate. Cooperation between the government and social interest groups leaves much to be desired. President François Bozizé repeatedly condemned several strike actions. The Central African Human Rights League (Ligue Centrafricaine de Droits de l'Homme, LCDH) is the most significant organization which defends democratic values. The Catholic Church supports democracy and reconciliation with mixed results, as it is the only organization with a presence across the country. Churches together with humanitarian NGOs are the only organizations present in the country's eastern and northern regions.

Interest groups

Given the lack of survey data, the population's attitudes toward democracy cannot be adequately evaluated. However, given the fact that the re-introduction of democracy in the country coincided with a time of economic hardship, political chaos and deepened social crisis, consent to democratic norms might be fairly contested. The election of former rebel leader François Bozizé as president in 2005 might also confirm the aspiration of the population for general peace and stability, often thought best provided by a leader from the military ranks.

Consent to democratic norms

A number of violent episodes since 2001 have resulted in an extremely low level of trust among citizens. Thousands of people were forced to temporarily take refuge from the chaos outside Bangui or even in neighboring countries (Cameroon, Chad, Democratic Republic of Congo and Sudan). The continuing climate of insecurity has not only destroyed the country's physical infrastructure, but also its social capital. Beyond the scope of the trade unions and some donor-funded initiatives for victims' associations, there are few new organizations driven by civil society actors.

Associational activities

II. Market Economy

6 | Level of Socioeconomic Development

In a 2007-2008 evaluation, the Central African Republic was ranked 171st out of 178 countries in the Human Development Index (HDI). Two-thirds of the population are believed to live on or below \$1 per day. The country's ranking on its GDP-per-capita ratio in the same report was 156 out of 174. The Central African Republic's very low life expectancy of 43.7 years is a telling detail about the country's living conditions. In the U.N. Human Poverty Index for developing countries, the Central African Republic ranked 98th out of 102. Women are particularly disadvantaged; of the 156 countries with both HDI and Gender-related Development Index (GDI) values, 147 countries have a better ratio than does the Central African Republic. Women's access to services and education is limited, and women's adult literacy rates are nearly half the rate of the male population over 15 years old. Women do not get a fair share in terms of government representation and participation. There are 10 women in the 105-seat National Assembly, and only three in the president's cabinet. The Central African Republic may lack some basic socioeconomic prerequisites for adequate freedom of choice. The Central African Republic will not succeed in achieving the Millennium Development Goals, as it is considered completely off track on two of the stated goals, eradication of extreme poverty and hunger and improvement of maternal health. A new approach is under development in the context of the poverty reduction strategy. The country's official HIV/AIDS rate in 2007, which totals 6.3% of the population aged 15-49, was the highest in central Africa.

Socioeconomic
barriers

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	1269.6	1350	1476.9	1712.2
Growth of GDP	%	1.0	2.4	4.0	4.2
Inflation (CPI)	%	-2.1	2.9	-	-
Unemployment	%	-	-	-	-

		2004	2005	2006	2007
Foreign direct investment	% of GDP	1.2	1.3	1.2	1.6
Export growth	%	6.2	-7.0	14.4	12.7
Import growth	%	-2.9	13.1	2.1	13.2
Current account balance	\$ mn.	-	-	-	-
Public debt	\$ mn.	921.6	864.2	855.2	835.7
External debt	\$ mn.	1064.8	1001.7	991.9	973.3
Total debt service	% of GNI	1.1	0.5	4.8	5.3
Cash surplus or deficit	% of GDP	-0.5	-	-	-
Tax Revenue	% of GDP	6.2	-	-	-
Government consumption	% of GDP	10.5	13.3	11.1	2.7
Public expnd. on edu.	% of GDP	-	-	1.4	-
Public expnd. on health	% of GDP	1.5	1.9	1.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.2	1.1	-	1.1

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

Uniform rules of the game for market participants are provided in the Central African Economic and Monetary Union (Communauté Économique et Monétaire de l'Afrique Centrale, CEMAC). Poorly functioning public institutions cannot prevent corruption and enforce the rule of law in the economic arena. The institutional setting for free markets and competition is poor. The Central African Republic is rated as "repressed" in the latest Heritage Foundation Index of Economic Freedom; only 22 countries worldwide received poorer scores.

Market-based competition

The formation of monopolies and oligopolies is occasionally regulated. Minister of Mining and Energy Sylvain Ndoutingai has spoken out frequently against French energy companies Total and AREVA, which were allegedly trying to uphold monopolies in the petroleum and uranium sector, respectively. Several contracts had to be renegotiated in recent years to secure more favorable terms for the government, but these talks didn't have strong repercussions over the existence of monopolies.

Anti-monopoly policy

State regulation, special rules and tariff barriers distort foreign trade. The Central African Republic is selectively integrated into the world market and the global informal market, not least through the smuggling of diamonds. On the other hand, the Central African Republic's membership in the Central African Economic and Monetary Union (Communauté Économique et Monétaire de l'Afrique Centrale, CEMAC) leads to some common trade rules. Rampant corruption among customs officials has been reported and could be regarded as an obstacle to the free circulation of goods. Widespread insecurity is even more noteworthy in this regard. Years of insecurity may have excluded some regions from participating in the trade for basic goods, though no exact data is available.

Liberalization of
foreign trade

Legal underpinnings for the banking system and capital market exist under the supervision and control of the Commission Bancaire de l'Afrique Centrale (COBAC) which is associated with the Bank of Central African States (Banque des États de l'Afrique Centrale, BEAC), but the market is poorly differentiated and offers scant opportunities for domestic investors. However, the presence of private banks with a regional foothold such as Ecobank opens new opportunities.

Banking system

8 | Currency and Price Stability

As a member of the CFA franc monetary union, the Central African Republic cannot pursue an independent policy on currency and foreign exchange rates. The currency is pegged to the euro, and the Bank of Central African States (Banque des États de l'Afrique Centrale, BEAC) is the competent authority. The technical competence of the BEAC has helped to maintain a relatively low inflation rate. Price hikes in early 2008 for consumer goods such as flour and a shortage of essential goods such as cement and fuel led to a sharp increase of inflationary tendencies. According to estimates by the Economist Intelligence Unit, the inflation rate stood at 8.5% in 2008 (2007: 0.9%). The IMF, which supervises macroeconomic decisions made by the country, supported moderate measures to limit inflation.

Anti-inflation /
forex policy

The IMF conducted four reviews of the \$58.4 million PRGF geared to further macroeconomic stability that was started in late 2006. The government had fulfilled the requirements earlier than expected to reach a decision point under the enhanced HIPC initiative, thereby qualifying the country for new debt relief. Three reviews of the PRGF took place in 2007 and 2008. A number of performance criteria was not met, including the implementation of a plan to repay domestic arrears, but the IMF nevertheless praised the government's efforts to consolidate peace and security and for its improvements in economic policy, which resulted in some positive effects in the agriculture sector. According to the IMF, Central African Republic authorities were "demonstrating a firm resolve to implement their PRGF arrangement, under difficult financial conditions and a challenging external environment."

Macrostability

9 | Private Property

Conditions to support a functional private sector are insufficient. Property rights are formally defined but cannot be considered satisfactorily safeguarded because of shortcomings in the rule of law, especially due to corruption. According to the World Bank Doing Business in 2009 report, the Central African Republic performed reasonably well on investor protections (rank 125). This should not be misread, however, as a general or substantial improvement. Overall, the country ranked 180 out of 181 countries in 2007 and 2008, only ahead of the Democratic Republic of Congo.

Property rights

Starting a business is very difficult in the Central African Republic. Moreover, according to the World Bank Doing Business in 2009 report, it also takes the longest time (when compared to other countries worldwide) to close a bankrupt business in the Central African Republic. As a consequence, it is very difficult to attract any private investment, domestic or foreign, to the country. Tax rates are high and procedures complicated and opaque. The government has never been a particularly active participant in the economic sector, when compared to neighboring countries; neither it, nor anyone else, was able to protect private property sufficiently during past crises, and plundering was a common occurrence.

Private enterprise

10 | Welfare Regime

Few state measures are taken to avert or alleviate situations of social risk. Family structures and other primary solidarity networks are the only viable groups which can reduce such risks, but these networks are extremely weak. The country cannot combat poverty systematically on its own. The social security office of the Central African Republic (Office Centrafricain de la Sécurité Sociale, OCSS) is in arrears to its recipients. In some areas there are equivalent safeguards offered through informal savings groups or the solidarity of church congregations. About 108,000 IDPs and about 85,000 people in the process of resettlement depended on food aid from the international community in 2008.

Social safety nets

Informal institutions help compensate for gross social differences, furthering the dominant ethos of sharing and redistribution, but such institutions are limited in scope and quality. Women have limited access to education and public office. Only 10 out of 105 members of parliament are women. By comparing Central African Republic's GDI value (0.336) to its HDI value (0.352) it is clear that under difficult circumstances, women face even deeper discrimination in Central African Republic than in many other Third World countries, as the GDI value is 95.5% of the country's HDI value.

Equal opportunity

11 | Economic Performance

The economy has performed reasonably along main indicators, with growth rates estimated at 4.2% (2007) and 3.5% (2008), which are considerably higher than in 2005 and on average similar to the rate in 2006. Growth rates are however far below the African average. The national economy continues to be shaped by traditional agriculture. Cash crop production has hesitantly started again following years of conflict, and the cotton sector in particular is in better shape than in previous years. The government started a three-year program to revive cotton production in 2007. This primary sector generates about 54% of GDP (2007). The mining sector shows good potential, with official diamond production around 470,000 carats. Uranium, gold and other minerals should provide significant state revenue in upcoming years as many sites are being explored. The Central African Republic basically performs far under its economic potential. Political insecurity, a poor transportation infrastructure and the country's landlocked position complicate matters. Without a sustainable peace, better tax legislation and law enforcement as well as the elimination of corruption, it will remain difficult for the country to attract investment.

Output strength

12 | Sustainability

As a rule, environmental concerns are ignored yet current economic practices aren't environmentally unfriendly, excluding instances of unsustainable forestry management and unchecked poaching. Over the past decade, about 1 million hectares of forest has been cut per year. The timber industry remains a mainstay of foreign trade (estimated 45.2% share on value of all exports in 2007). Currently just 0.4% of forested land is lost per year, but there are no prospects for the better management of resources. The easy availability of weapons following 12 years of warring instability and incursions from Sudan and Chad have led to an alarming increase in poaching, which threatens the populations of forest elephants and other animals.

Environmental policy

The primary and secondary education system is extremely underdeveloped and has been neglected for more than a decade. The situation is particularly bad in rural areas, where a situation of already poor schools and teachers has been worsened by decades of political insecurity and violence. Teacher strikes over unpaid wages are frequent. When all six union federations called for a joint strike action in September 2007 over eight months of back pay, the call was most strongly heeded in the education sector, leading once again to a late start for the school year. At the University of Bangui (with 7,000 students), professors went on strike for months, demanding arrears in allowances and overtime. Only 15% of university students study science, mathematics or engineering, which has led to a chronic shortage of much-needed technical workers. The lack of opportunity in the economic sector for university graduates contributes to a sense of frustration among youth. Faustin-Archange Touadéra was the vice-chancellor of Bangui University before he was nominated as the country's prime minister.

Education policy / R&D

Transformation Management

I. Level of Difficulty

It is difficult to govern in the Central African Republic. The country is landlocked, lacks infrastructure and is surrounded by conflict zones (Sudan, Chad and the Democratic Republic of Congo). In addition, the country's past poor governance record has only perpetuated difficult circumstances, such as the country's lack of basic market economy structures, poor educational facilities, domestic violent conflicts, an inefficient state administration and little state control over the use of force. The condition of the country's interior, with its rudimentary infrastructure, contributes to this as well. In terms of structural socioeconomic conditions that shape the political process in the long term, the constraints on transformation are high. Citizens' experience with the different post-colonial regimes is consistently negative. Two successful coups d'état, political repression under General Jean-Bédél Bokassa after independence, neo-colonial interventions, three mutinies in 1996-1997, a bloody coup attempt in 2001, a successful violent rebellion in 2002-2003 and renewed aggression in the northern part of the country since late 2005 account for citizens' difficulties. Just three events represent positive episodes in the country's history; the Central African Republic's multiparty system that existed from 1979 to 1981 (a time when neighboring countries existed under authoritarian rule), a successful peaceful government transition in 1993 and the holding of the so-called inclusive political dialogue in late 2008 that helped address the post-2003 crisis.

Structural
constraints

Traditions of civil society are virtually non-existent, and there are few voluntary organizations. Trade unions are the most important, but the president is unsympathetic to their goals and participation. In January 2008, President François Bozizé appealed to security forces and "the vital forces of society" to hinder trade unions' concerted strike actions. Existing traditional community structures are in fact a result of those imposed on the country during French colonial times. Value systems are tainted by variations of traditional political cultures and institutions. Most communities previously observed the rules of consensus. In contrast, colonial rule was ruthless and mostly driven by private business interests. The Central African Republic was in fact the least administered French colony while "compagnies concessionnaires" faced no limits over their exploitation of the population, using the most brutal methods without providing employees any form of assistance or support. Social trust suffered major setbacks following violent episodes that started in 1996, accelerated after 2001 and were exacerbated in 2002-2003.

Civil society
traditions

The violent conflicts associated with the rebellion led by now President François Bozizé clearly had features of a civil war. The current insecurity in the north, partly related to armed forces behaving as “insecurity forces” and its regional spillover effects, resulted in massive clashes and an escalation of conflict (as rebels took several towns and cities, and engaged with French troops, CEMAC peacekeepers and the national army) that came close to a civil war. Insecurity reigns in vast stretches of the country, despite peace agreements made with most rebel movements in 2007-2008, as splinter rebel groups and highway robbers (called “Zaraguinas”) continue to pose a threat. Memories of severe human rights violations and episodes of ethnic cleansing, even in isolated instances, heavily influence social behavior. In late 2008, some 108,000 IDPs and 101,000 refugees as a result of regional upheaval were counted. Also, the reported presence of the Ugandan rebel group Lord’s Resistance Army adds to an already volatile situation in the northeast. Given the country’s history, the population often associates the state with the use of violence in its many forms, whether through coups to garner and hold power or through the possession of weaponry, as soldiers, policemen or customs officers.

Conflict intensity

II. Management Performance

14 | Steering Capability

The government’s steering capability is low. It has only limited access to staffing and organizational resources to further its economic transformation policy. Over the past three years, donor activities to foster economic reforms have been stronger than ever. A three-year PRGF worth \$54.5 million with the IMF to support the government’s economic program into 2009 was concluded in December 2006. The IMF conducted three reviews in 2007-2008 and presented an overall positive assessment, yet authorities still did not meet several performance criteria. The government earlier than expected had fulfilled requirements to reach the decision point under the enhanced HIPC initiative in 2007, thereby qualifying for new debt relief. According to the IMF, the country has made advances in structural reform in such areas as public financial management, tax and customs administration and governance and transparency. The government continued to receive strong financial support from other sources, mainly the African Development Bank, which has supported the country’s economic reform program, and the European Union, which has invested in infrastructure and the security sector. The most visible priority of the head of state, however, is to maintain power. Long-term strategies are not well-

Prioritization

developed and only exclusively developed within the framework of international cooperation. Former Prime Minister Élie Doté, a technocrat well-regarded in donor circles, resigned shortly before a vote of confidence instigated by President François Bozizé's followers could take place in early 2008. The growing influence and implication of Bozizé's relatives in government affairs has created further distrust.

Foreign experts tightly supervise all major reform steps taken by the government. The government's genuine will and capacity for reform is therefore difficult to rate. In early 2008 the government was pressed by members of parliament to suspend the value added tax on all basic goods after a dramatic price rise in major commodities. The government reacted to the call half-heartedly. In 2008, the IMF showed satisfaction with the country's fiscal performance, based on increased revenue and the prudent management of expenditures. Clear progress in structural reform was noted. The government has harmonized priorities for the 2009 budget with the IMF. Details include further enhancing revenue mobilization, addressing the financial crises of major public enterprises, particularly in the energy sector, and reducing domestic arrears. These steps are a further sign of diligent oversight by international donors. An efficient security sector needs to be rebuilt; security forces have been notoriously prone to disloyalty and divided along ethnic and regional lines.

Implementation

The top political leadership shows limited willingness or even the ability to learn from past actions or policies. The trend toward nepotism in government, with close relatives of President François Bozizé occupying strategic positions, is viewed negatively domestically and abroad yet the practice still continues. The small, ambitious elite in the capital Bangui is not concerned with the fate of ordinary citizens. Institutions figure less importantly than the political dynamic engendered by state actors seeking to maintain and increase their own power. A practice of zero-sum and exclusionary politics was the modus operandi by the state elite during the political era under former President Ange-Félix Patassé; today little has changed. As a former rebel leader turned president, Bozizé's commitment to democratic values still needs to be tested, and the trust he enjoys from political actors is relatively low. Authorities frequently react overly aggressively to criticism. The government rejected a report by Human Rights Watch in 2007, calling it grotesque and untrue. While the report noted human rights violations by rebel groups, its criticism of the armed forces and the presidential guard was harsher and well-documented. An Amnesty International report from 2007 focused on the plight of the civilian population in the north, accusing the presidential guard of brutality and exposing the government's inability to protect Mbororo children from abduction by bandits. In 2008, a Fédération Internationale des Droits de l'Homme (FIDH) report confirmed the continuation of abductions and criticized that an amnesty law promulgated in October 2008 would send the wrong message and would make it more difficult for victims of violence to get justice. The director of the privately held weekly publication Les Collines de l'Oubangui was sentenced to

Policy learning

six months imprisonment in January 2008 for inciting revolt yet released from prison after one month. He had published an editorial alleging that two ministers had embezzled XAF 7 billion, money earmarked for civil service salaries. The state prosecutor asserted that the editorial incited the country's biggest labor union to strike. In January 2009, the privately held daily newspaper *Le Citoyen* was banned from publication for one month after a published article was deemed libelous by authorities. This reaction, however, was hardly appropriate given the alleged circumstances.

15 | Resource Efficiency

The government uses only some of its available human resources efficiently. Doubts about the competence of several ministers were voiced after the appointment of the first government of Prime Minister Faustin-Archange Touadéra on 28 January 2008. Bernard Lala, the respected health minister under former Prime Minister Élie Doté, was nominated as education minister without being consulted about this move and resigned immediately. The position remained vacant for months. President François Bozizé has extensively used such a strategy to widen his political circles. The appointment of a consensus government on 19 January 2009, including some positions for rebel representatives and opposition politicians, extends the sinecure system while risking a further loss of efficiency.

Efficient use of assets

Policy coordination with the current regime, particularly with the consensus government since January 2009, deals with a fundamental problem of how to deal with rebels and other pressing challenges (mainly in security but also development) on one hand and how to maintain its own clientelistic power base on the other. Both regimes expect positions and other resources which are only available to a limited extent. Moreover, the coordination of government action is difficult when a large number of ministers were not selected for their technocratic skills but for what they represent in terms of electorate and influence. The high number of advisors to the president could be taken as a sign that a parallel structure has been built to counterbalance government action.

Policy coordination

Embezzlement of public funds in some areas still occurs regularly, and inquiries or punishment into such actions is rare. According to international assessments, corruption is rampant at all levels in the Central African Republic. Petty corruption thrives partly due to the non-payment of civil servants' salary arrears. Generally, there can be no progress in the fight against corruption without strengthening customs agencies (as diamond smuggling deprives the state of a substantial part of its potential export revenues). As a part of a wider plan to stamp out corruption and to ditch the reputation of the country as a smuggler's den, the Central African Republic in 2003 joined the Kimberley Process, an initiative to help control the flow of diamonds in and out of the country. The French Foreign Office officially

Anti-corruption policy

invited the Central African Republic in 2007 to join the Extractive Industries Transparency Initiative (EITI), a hint that Paris suspected government corruption in the mining sector. It could also be interpreted as a direct corruption accusation against energy and mines minister Sylvain Ndoutingai, who is also a nephew of President François Bozizé.

16 | Consensus-Building

There is a rudimentary consensus among elite groups over the ideas of democracy and a market economy as vague principles. The Central African Republic's status as "partly free" was confirmed in a 2008 Freedom in the World report issued by Freedom House. All major political actors have other preoccupations, such as maintaining or gaining power and/or preserving peace. Major transformation processes are simply not at the top of the political agenda, although they are not contested as such. Also, President François Bozizé's monopolization of power and his past as a rebel leader who toppled a democratically elected president casts some doubt about his commitment to democratic norms. Achieving consensus-building is possible with regard to coalition-building, as most parties remain open to participation in government. The vote over a crucial amnesty law in the National Assembly was boycotted by 31 members of the opposition in 2008. Individual members of parliament have continuously accused the government of wrongdoing. The National Assembly adopted a controversial law on the reorganization and functioning of the higher council of the magistracy against massive criticisms by magistrates. This law was subsequently declared unconstitutional by the Constitutional Court. An amended law was promulgated by Bozizé on 23 October 2008.

Consensus on goals

Veto actors may exist in different parts of the army or in parallel armed groups that hold personal loyalties to former President General André Kolingba, former President Ange-Félix Patassé or current President François Bozizé, although current army reform may diminish the groups' influence. Changes in the top hierarchy of the army and defections by entire army units were frequent in 2007. There are also reports of the army being divided along ethnic and regional lines, with clusters of soldiers saluting only "their" own officers. The over-reliance, and to some degree even dependence, of President Bozizé on Chadian soldiers for his own security has aggravated the split in the army. Politico-military leaders serving as political directors of rebel movements can be considered additional anti-democratic actors as soon as they are included in power-sharing arrangements, which weaken democratic principles and the formal weight of elections.

Anti-democratic
veto actors

The fight against diverse rebel groups and the repression of banditry in the north that intensified in early 2007 took the form of collective punishment, which reinforced the bitterness of the local population. However, the holding of the inclusive political dialogue in late 2008 was an acknowledgement of the need to return to a more consensual style of politics. Major actors of the violent conflict and of the political game have openly called for reconciliation during this inclusive political dialogue. During 2008, peace talks were held in the capital Libreville in Gabon, and included two major rebel groups, the Popular Army for the Restoration of the Republic and Democracy (Armée Populaire pour la Réstauration de la République et la Démocratie, ARPD) and the Union of Democratic Forces for Unity (Union des Forces Démocratiques pour le Rassemblement, UFDR). In January 2009, however, the inclusive political dialogue resulted in a consensus government which includes some representatives from rebel organizations and the opposition. Yet this dialogue was not as consensual as many observers would have expected. Nevertheless, these efforts may be the basis for a more peaceful phase in the country's history, confined possibly to just the elite echelons of the country. However, one dissident rebel group has emerged, having broken away from the UFDR and continues to launch attacks. If the whole process fails, it is likely that the upcoming elections in 2010 will have to be postponed. Further unrest is likely.

Cleavage /
conflict
management

The government is largely indifferent with respect to the role of civic engagement. It frequently ignores the needs and demands of civil society, with the notable exception of the powerful trade unions, which cannot be ignored. Civil society groups were more or less sidelined during the preparation and conduct of the inclusive national dialogue. The nomination of Bernadette Sayo as tourism and crafts minister in January 2008 was noteworthy. She was chairwoman of the NGO Organization for Compassion and the Developments of Families in Distress (Organisation pour la Compassion et le Développement des Familles en Détresse', OCODEFAD), an advocacy group for victims of the various episodes of violence in 2002-2003.

Civil society
participation

The political leadership has not addressed past acts of injustice. Until now, no major movement to initiate a process of reconciliation beyond elite circles has been enacted. No viable forms of justice, reconciliation commissions, compensation schemes or equivalent institutions have been established to deal with past horrors and traumas. Crimes against humanity and individual crimes were perpetrated by different parties from 2001 to 2003 and again from 2005 to 2008 (the latter period is part of the current conflict). These crimes were committed by former rebels and/or by President François Bozizé's troops, forces under command of former President Ange-Félix Patassé, troops of Congolese rebel leader Jean-Pierre Bemba, and the different rebel movements operating in the north. Competent authorities have transferred the judicial responsibility for crimes against humanity to the International Criminal Court (ICC). The office of the prosecutor of the ICC decided to initiate investigations into alleged crimes against humanity (for the period 2002-

Reconciliation

2003) in May 2007, including numerous cases of sexual violence. Bozizé assisted in the opening ceremony of the local ICC office in Bangui. In this context, the Central African Human Rights League (Ligue Centrafricaine des Droits de l'Homme, LCDH) criticized the return as a free man of rebel leader and former associate of Patassé, Abdoulaye Miskine, to Bangui in 2007, even though he was believed to be responsible for several of these crimes. It was feared that peace agreements would lead to impunity for war criminals. Amnesty was finally granted by a controversial amnesty law in October 2008 to both government and rebel forces for crimes committed since January 1999. Individual politico-military leaders should profit from this, but the law could also be interpreted as applicable to Bozizé himself. However, the law specifically named only ex-president Patassé, former defense minister Jean-Jacques Demafouth and Miskine. This law was presented as the only realistic option for peace but it came with a number of problems. First of all, Patassé, in exile in Togo, had been sentenced in absentia to 20 years of forced labor for economic crimes in 2006, and then he was investigated by the ICC for crimes against humanity. The law specified that its reach excluded genocide, crimes against humanity and war crimes as well as all acts under the jurisdiction of the ICC. Bemba, former vice-president of the Democratic Republic of Congo and previous rebel leader, had been arrested in May 2008 near Brussels precisely for his alleged role in crimes against humanity, which were perpetrated by his troops in the Central African Republic when they fought alongside Patassé's army in 2002-2003. On 1 August 2008 Bozizé wrote to U.N. Secretary-General Ban Ki-moon, asking the U.N. Security Council to freeze the ICC investigation for the sake of peace. The country's judiciary should deal with all crimes committed since 2005, while leaving prosecution of crimes not covered by the amnesty law to the ICC.

17 | International Cooperation

The political leadership works actively with bilateral or multilateral international donors. The government tries to make use of international assistance partly for short-sighted strategies to maintain power, partly to please the international community and partly out of conviction. The dependence on foreign assistance is high. Without budget support, civil service wages cannot be paid. This leads to the government's high (and superficial) flexibility in accepting any foreign plan as long as it provides new money to the Central African Republic. However, the IMF has shown general satisfaction with the pace of progress with the country's PRGF. The Central African Republic has also received support to address security problems. In September 2008, European Union Force Chad/Central African Republic reached its full deployment, though its 3,700 troops are less than the originally envisaged 4,700, and the bulk of the mission concentrates on Chad. The same holds true for the U.N.-led United Nations Mission in the Central African Republic and Chad (MINURCAT). Also, a small regional peacekeeping mission (Mission de Consolidation de la Paix en Centrafrique, MICOPAX) led by CEMAC operates in the country.

Effective use of support

During the three last years, the reform commitment by the government has been growing in the eyes of most donor organizations, who have made available additional funds or credit schemes and started to enact debt relief. National actors are, however, less convinced that the government is serious in pursuing a policy of reform. This is particularly true with regard to democratic reforms. The government's credibility is equally contested with regard to the peace process, and the 19 January 2009 government reshuffle clearly fell short of prevailing external expectations.

Credibility

The political leadership cooperates with many neighboring states. It has secured military and material support through CEMAC. A sub-regional peacekeeping mission, with about 500 troops, moved under the control of the Economic Community of Central African States (ECCAS) in 2008. The most ambivalent neighboring country is Chad, which is active in the peacekeeping mission and is a crucial bilateral supporter in President François Bozizé's security apparatus, but is still held as suspicious in the eyes of many citizens. The country has lost credibility following the behavior of Chadian soldiers in Bangui; soldiers from Chad are generally considered as invaders within the Central African Republic. Gabon's President Omar Bongo has been very active in managing political conflicts in the Central African Republic. He has been a main architect of different peace agreements and of the country's inclusive political dialogue. The Lord's Resistance Army from Uganda invaded the Central African Republic again in March 2008, committing atrocities; a multinational alliance of countries tried to defeat this movement in January 2009. While the Central African Republic government is sympathetic to these aims, it lacks the means to contribute. Overall, the government is successful with respect to cooperation within a regional framework.

Regional
cooperation

Strategic Outlook

During the evaluation period, the Central African Republic made progress toward seeking peace among elite actors, but it suffered further setbacks in terms of the quality of its democracy and the fight against corruption. The majority of the population continues to live amid daily misery and insecurity. Progress in the implementation of the PRGF scheme will help to bring about more macroeconomic stability, and debt relief will offer the government some more room to maneuver, but the state's basis of income will remain insufficient to effectively jumpstart its poverty reduction policy. The Central African Republic will neither have a full-fledged democracy nor a socially responsible market economy in the near future. The following main issues need to be considered:

- The current peace process is reversible. The consensus government of 19 January 2009 only partly fulfils expectations of the rebel movements and the opposition parties. Splinter groups of rebel movements have organized and may pose a threat to stability in the periphery of the country.
- The power-sharing elements of the peace process could have unintended negative effects. It could show (just as President François Bozizé's power seizure did) would-be leaders that taking up arms can be an effective strategy; such a belief undermines the democratic process. Also, investigations by the International Criminal Court over past war crimes might negatively impact the fragile peace process introduced by the national unity government.
- Both the European Union peacekeeping mission (EUFOR) and the U.N. peacekeeping mission (MINURCAT) addressing issues in Chad and the Central African Republic will concentrate their activities on Chad. This means that the sub-regional peacekeeping mission (MICOPAX), no longer sponsored by CEMAC but by the larger Economic Community of Central African States (Communauté Economique des Etats de l'Afrique Centrale, CEEAC) and now including a civilian component, will be more important for security than those broader efforts. The role of the France's Operation Boali may be subject to redefinition, as France pursues reforms regarding its military presence in Africa.
- The recent promulgation of an amnesty law and President Bozizé's call to freeze all investigations by the ICC over crimes committed during 2005-2008 underlines a more general dilemma between efforts to end a culture of impunity, including diplomatic efforts to end the rebellion, and the authorities' vested interest to avoid international prosecution. Victims of sexual violence, forced migration and collective punishment have not yet been taken into consideration. This perspective is a major hurdle in the government's path to build social capital and trust within the country.
- Elections expected in 2010 are crucial in several aspects. They will show whether the president's camp plans to play according to democratic rules, whether in particular all political contenders are allowed to run, whether the oldest and best organized political party, the MLPC, can recover from its current divisions and what civilian alternatives exist to political groups that have grown out of military organizations.

- Transparency in the allocation of mining concessions (including the royalties received by the state), a solution for the permanent fiscal crisis which has led to socially disruptive salary arrears, and further recovery efforts for cash crop production that has been recently hard-hit, may be the most crucial issues for economic recovery in the short-term. In the medium-term, expected donor investments toward road infrastructure improvements are essential. The success of all major initiatives depends first and foremost on the precondition of peace and stability, as well as the reform of the security sector.