

BTI 2012 | Central African Republic Country Report

Status Index	1-10	3.70	# 111 of 128	
Political Transformation	1-10	3.78	# 103 of 128	➔
Economic Transformation	1-10	3.61	# 116 of 128	➔
Management Index	1-10	4.62	# 77 of 128	

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

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	4.4	HDI	0.343	GDP p.c.	\$	789
Pop. growth ¹	% p.a.	1.9	HDI rank of 187	179	Gini Index		43.6
Life expectancy	years	47	UN Education Index	0.321	Poverty ³	%	80.1
Urban population	%	38.9	Gender inequality ²	0.669	Aid per capita	\$	53.6

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The Central African Republic (CAR) is neither a democracy under the rule of law nor a socially responsible market-based economy. Its progress toward transformation, if any, has been sluggish. The high hopes for a more peaceful future following an inclusive political dialogue were dashed when some rebel movements elected to stay outside the peace process, and the government subsequently showed little respect for its own commitments. Only a minority of the decisions made in the process were actually implemented. Government troops' alleged killing of Charles Massi, a notorious political entrepreneur, sent shock waves through the country's political elite. Political rights were severely curtailed in the period preceding elections, including bans on opposition candidates' travel to some provinces or to areas outside the country. The elections themselves had to be postponed twice, and when finally held in January 2011 they fell short of expectations: they were not technically well-prepared, and many irregularities were recorded, prompting opposition candidates to demand an immediate annulment. Opposition parties' planned boycott of the second round of legislative elections could tip the country into post-electoral instability. By the end of the observation period, new concerns about the development of further rebellions were being voiced in the media. Vast stretches of territory in the eastern and northern parts of the country remained under rebel control, a situation sometimes tacitly approved by the government. The regime tolerated the presence of foreign (Ugandan) troops on CAR territory, whose aim was to hunt down the fighters of the Lord's Resistance Army; this group in turn put up fierce resistance and terrorized the local population. The United Nations recorded 25,000 refugees in 2010 from the country, as well as 192,000 internally displaced persons. Social conditions remained bad, with most relevant indicators, such as progress toward Millennium Development Goals achievement, showing no significant improvement. However, the economic reforms overseen by the International Monetary Fund did make progress, resulting primarily in improvements in the country's fiscal environment.

History and Characteristics of Transformation

Following formal independence in 1960, the Central African Republic remained heavily dependent on outside – particularly French – influences with regard to economic, domestic and foreign policy. A first coup led by General Jean-Bédél Bokassa took place in 1965; he later declared himself emperor for life, but was ousted by a French commando in 1979 following grave human rights violations. A short multiparty interlude was terminated by a second coup that brought General André Kolingba to power in 198. He established a one-party system with some competitive elements, but for a long time refused to accept any meaningful steps toward democratization.

The process of economic transformation first became relevant after France's withdrawal from segments of the state administration in the mid-1990s. Kolingba accepted the principle of free elections only belatedly, under significant international pressure. In the first round of the 1993 elections, Kolingba came in fourth, and subsequently tried to modify the electoral code and 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 immediately abandoned the elite consensus of the transition phase by sidelining his main rivals and began a campaign of exclusion targeted at members of the old regime. It should be noted that Patassé was the first president from the northern part of the country, and the antagonism of the south's elite was evident in a country where the north-south divide has historically played out in favor of the South (with respect to education, infrastructure, and control of the administration and army).

Like Kolingba, who as the country's first president had "tribalized" the security sector and the semi-public companies, Patassé favored those from his homeland in the northwest, continuing to stamp the army with an ethnic and regional character that plagues it 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 rising amount of unpaid salaries owed to state workers – up to 36 months worth in some cases – was the clearest sign of failure. Without the various interventions by peacekeeping and other troops, Patassé would not have survived – in political terms – three mutinies in 1996 – 1997, two attempted coups in 2001 or the rebellion of the armed forces' Chief of Staff François Bozizé in late 2001 – 2002. Finally, the country's capital, Bangui, fell into the hands of the Bozizé rebels in March 2003. Throughout vast stretches of the most densely populated western and northern part of the territory, the population paid a heavy price during these armed conflicts.

After his violent take-over, Bozizé initially announced that he would not stand for elections, but 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, resolved only by Gabonese mediation. Ultimately, in presidential elections held in 2005, Bozizé won in a

run-off with close to 65% of the votes. However, structural problems remained, and serious security problems developed immediately within the entire northern part of the territory. Some key towns in the northeast fell under rebel control in October 2006, and were regained only through substantial military assistance provided by France and the Central African Economic and Monetary Community (Communauté Économique et Monétaire de l'Afrique Centrale, CEMAC). After some individual peace accords, a so-called inclusive political dialogue was launched in December 2008. Follow-up to this important elite gathering's conclusions was slow in coming, and produced little in the way of tangible results. New rebel movements were formed and continued to jeopardize security in the north and east of the country, with a rebel organization originating in Uganda terrorizing the population mostly in the southeast. Elections were held again in January 2011, but with clearly lower technical standards than in all previous instances. Bozizé was declared the winner after a first round with about 66% of the vote, a result openly contested by all his competitors but deemed acceptable by international observers (including the U.S.-based National Democratic Institute).

Since independence, CAR has been one of the world's least developed economies despite its wealth in natural resources. However, CAR's economy today depends increasingly on the export of such natural resources as timber and diamonds, while speculation that other mineral resources such as uranium and oil might be exploited has driven foreign direct investment over the last decade. The extremely long distances to seaports (primarily Douala, in Cameroon) and poor road infrastructure ensure that CAR's export commodities are rarely competitive on the world market. State revenues stem mostly from export taxes; in recent years, with assistance by donor groups, the collection of those taxes has become more professional. Political turmoil and war has negatively affected subsistence agriculture and cotton production.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force has always been weak in the Central African Republic (CAR). The country is the epitome of an artificial state, from its purely geographical designation as a state, to its uncontrolled borders and decades of massive intervention by former colonial ruler France, to the relatively weak government presence outside the capital. The lack of basic infrastructure renders parts of the country accessible only by helicopter, while vast stretches of the eastern part of the country are both extremely sparsely populated and open to the activities of local armed opposition groups, as well as the incursions of foreign rebel movements such as the Ugandan Lord's Resistance Army (LRA).

The legitimacy of the nation-state is not contested as such. There is no known group that questions the legitimacy of the nation-state as a whole. Even those groups that compete for control of state power do not deny citizenship to others. However, the legitimacy of successive governments throughout the CAR's history has been strongly questioned. More importantly, some population groups, such as Pygmies and Fulani cattle herders, are hardly considered citizens. The Gula ethnic group in the east feels alienated from much of the rest of society, and formed the backbone of one part of the Union of Democratic Forces for Unity (Union des Forces Démocratiques pour le Rassemblement, UFDR) rebellion. Other minorities now resist growing Gula dominance in UFDR strongholds. These latter problems, however, are connected to problems with the rule of law rather than to citizenship as such.

The separation of church and state is guaranteed by a secular constitution, and has never been seriously contested. Indeed, most politicians have secular credentials and religious dogmas do not play a major role, despite the head of state's active membership in a Pentecostal church that occasionally takes a somewhat intolerant view of other beliefs. Conflicts with northerners, often of Muslim faith, have only very slight if any religious overtones. Religious tensions are not connected to

Question
Score

Monopoly on the
use of force
3

State identity
6

No interference of
religious dogmas
8

contested religious dogmas, but rather to conflicts in which religious and ethnic identity boundaries overlap.

The state infrastructure is of extremely poor quality. It fails to deliver services, and cannot provide for the maintenance of law and order. Large parts of the territory, including the northwestern, northern and eastern regions, are not under state. Since 2001, aggression by rebels across vast stretches of the territory has caused even further setbacks. The frequent absence of basic services (water and electricity supply, schools, roads, judicial infrastructure, post offices) beyond the capital city, combined with the coercive nature of the state's only visible state representatives (soldiers, police and tax collectors), combine to undermine confidence in the state.

Basic
administration
2

2 | Political Participation

The constitution adopted by referendum in December 2004 legally establishes universal suffrage and the right to run for office. The technical standards of the January 2011 elections (postponed twice for lack of money) were lower than those of past exercises. In particular, the quality of partly handwritten electoral registers was a cause of concern, as was the quality of leadership within the nominally independent electoral commission. Three opponents to President Bozizé have demanded the annulment of the elections, pointing to severe shortcomings. Several shortcomings were also identified by international observers; however, these groups considered that the problems were merely due to institutional weaknesses and the tight control of the ruling coalition (Convergence Kwa na Kwa) over the electoral process. The withdrawal of opposition parties from the second round of legislative elections makes post-electoral dispute probable, and the legitimacy of both the executive and the legislative powers may be questioned. Nevertheless, the electoral commission released results on 2 February 2011 indicating that Bozizé had won 64.4% of votes in the first electoral round on January 27.

Free and fair
elections
4

Bozizé's power results mainly from his military takeover in 2003 and subsequent opportunities for patronage. Given rather dubious election results in early 2011, Bozizé can hardly be considered democratically elected. Moreover, military influence on politics through the head of state is still potentially high. Bozizé replaced the army's leadership in 2010. The government is formally in charge of all executive duties; the scope of action is first and foremost limited by state capacity. Members of parliament have a certain room for maneuvering, though their subordination to the power politics of the ruling coalition generally ensures that this is not used. The ruling coalition undermines the democratic rules of the game by co-opting leaders into its ranks through patronage and clientelistic practices.

Effective power to
govern
2

Civic groups can be established rather easily, but their potential is limited. Thus, while there is no legal limitation to the rights of association and assembly, the country also capacity-building programs aimed at strengthening civil society, a key element of an open society. During the “inclusive political dialogue” process, politicians and warlords dominated the debate, and the voices of civil society went largely unheard. Labor unions are active and act relatively freely. The government restricts the right to assembly only in infrequent cases.

Association /
assembly rights
7

With regard to freedom of the press, the country was deemed “not free” (with rank 134 out of 196 countries, and an unchanged index value of 61) in Freedom House’s Global Press Freedom Survey 2010. Some newspapers have occasionally had publication suspended. There are about 30 newspapers, mostly appearing only on an occasional basis, and usually distributed only in Bangui. Due to their limited access to reliable information, newspapers often resort to unprofessional generalization, which exposes them to state harassment. 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) provide an essential corrective to official news.

Freedom of
expression
5

3 | Rule of Law

While the 2004 constitution theoretically gives the legislative branch of government (the National Assembly) a wide range of guaranteed prerogatives, these are in practice rarely used as the president’s camp enjoys a comfortable parliamentary majority. In a more general sense, a clear separation of powers has rarely been evident in the Central African Republic’s political life, as the executive power has always wielded substantial influence over the legislature and even the judiciary. The parliament showed some responsibility when it allowed the extension of officeholders’ mandates in mid-2010, allowing the postponement elections until early 2011 ostensibly to enable the electoral administration to organize the voting process. However, in a country where access to state resources is a major source of wealth, parliamentarians were also acting in their own self-interest.

Separation of
powers
5

The judiciary continues to lack the minimum level of resources needed to perform its functions. Its deficits are linked in part to inadequate territorial penetration, but also to the judiciary’s meager capacity and inability to sustain or implement any judicial decision. In the context of a series of violent conflicts since 1996, many atrocities have been committed without being prosecuted. The International Criminal Court (ICC) opened proceedings against former Democratic Republic of the Congo Vice-President Jean-Pierre Bemba in 2009 for crimes against humanity committed in CAR, and started the trial in 2010. The Bemba trial has accentuated the perception of the country’s judiciary as being ineffective.

Independent
judiciary
3

Corruption is rampant in the Central African Republic, on all levels. International observers routinely give unfavorable ratings to the country. In recent years, the Bozizé regime has become increasingly nepotistic, with close relatives given important positions or other material rewards. Corruption has not been appropriately addressed. Human rights violations committed by state security forces are only sporadically prosecuted. A culture of impunity holds with respect to government, military and public administration elites.

Prosecution of
office abuse
3

Although constitutionally guaranteed, civil rights are frequently violated. Numerous human rights violations were committed by rebels and state agencies in the course of the recent conflict. Victims of rape in 2001 – 2003, most of them women, fear that they will not be adequately compensated. Two candidates in the presidential elections, Martin Ziguélé and Ange-Félix Patassé, were subject to intimidation in 2010. Patassé was accused of preparing a coup, while Ziguélé was the victim of a temporary travel ban. De facto, citizens do not consider the state to be a guarantor of personal liberties, as it generally manifests itself only in coercive forms.

Civil rights
3

4 | Stability of Democratic Institutions

The state's institutional structures have never been particularly effective. As regarded at the end of January 2011, the CAR's regime can be characterized as "hybrid," neither democratic nor authoritarian. Democratic institutions do exist, but cannot be considered as stable. The National Assembly does not play an oversight role. It is to some degree sidelined by the parallel reconciliation process, which includes the participation of actors lacking any popular legitimacy. The consensus government in place since January 2009 has made overtures to individual rebel group representatives who lack popular credentials. The public administration suffers from weak territorial penetration and a lack of basic structures with which to provide the population with even the most critical services.

Performance of
democratic
institutions
2

The country's turbulent political history has made it difficult for democratic institutions to emerge and be accepted by relevant actors. Due to the persistence of coups d'état as a mode of government change, violence has become an accepted way to negotiate political power. Some major stakeholders have an established record of changing from civilian to military strategies (e.g., Jean-Jacques Démafouth, one of the presidential candidates, as well as the current president and other actors). The acceptance of democratic norms has suffered during the peace process, with its favors and rents accorded to those engaging in violence-driven political entrepreneurship.

Commitment to
democratic
institutions
3

5 | Political and Social Integration

Only the Movement for the Liberation of the Central African People (MLPC) has shown the ability to mobilize substantial popular support since the rebirth of multiparty politics in the early 1990s. However, a bitter power struggle between former President Ange-Félix Patassé and former Prime Minister Martin Ziguélé has resulted in a split of the electorate (and of the party itself, with the majority siding with Ziguélé). The growing number of independent political candidates and the appearance of smaller formations associated with Bozizé's Convergence Nationale Kwa na Kwa (KNK) is a sign of increasing fragmentation. It is unclear whether political parties associated with individual leaders can survive their passing. The once-solid Central African Democratic Assembly (RDC), the state party under President André Kolingba (who died in 2010), is today at a crossroads. It fielded a presidential candidate (Emile Nakombo), but did not fare well during admittedly imperfect elections.

Party system
4

The CAR does not have a diverse range of interest groups, although unions in Bangui are remarkably active. Important social interests, especially the rural population, youth and women, are underrepresented in public debate. Community-based grassroots associations operate on a clan and neighborhood basis, but do not rise into the formal sector as duly organized and registered interest groups. However, they do play an important mobilization role during political campaigns. Cooperation between the government and social interest groups leaves much to be desired. Bozizé has repeatedly condemned strike activities. The Central African Human Rights League (LCDH), a local human rights group, is the most significant organization defending democratic values. The Catholic Church, the only organization with a presence across the country, supports the causes of democracy and reconciliation, but with mixed results. Churches and humanitarian NGOs are the only organizations present in the country's eastern and northern regions.

Interest groups
3

Given the lack of survey data, the population's attitudes toward democracy cannot be adequately evaluated in this report. However, strong voter turnout at the February general elections indirectly suggests that citizens approve of democratic norms and procedures, despite state institutions' recent lack of performance.

Approval of democracy
n/a

Despite evident failures in successive governments' nation-building projects, a fairly high level of trust is evident within the population, manifesting itself through a wide range of community-based self-help organizations that perform a variety of tasks. However, numerous violent episodes since 2001 have contributed to widen a divide that already existed between certain communities (particularly the country's north and south). Thousands of people have been temporarily forced to take refuge outside Bangui or even in neighboring countries (Cameroon, Chad, Democratic Republic of the Congo, Sudan). The continuing climate of insecurity has not only

Social capital
4

destroyed physical infrastructure, but also aspects of social capital. Beyond the scope of the aforementioned trade unions and some donor-funded initiatives in the field of victims' associations, there are few new civil-society-driven activities.

II. Economic Transformation

6 | Level of Socioeconomic Development

The Central African Republic is one of the world's poorest countries, with 81.9% of its population living on less than \$2 per day. Only one country (Niger) ranks lower than CAR with regard to its Human Development Index (HDI) score. However, poverty is more equally distributed than in other countries, with a national Gini coefficient of 42.1. The country's low life expectancy of 49.7 years is a telling social fact. Women find it hard to obtain formal employment, and show low secondary and tertiary school enrollment rates. Three women hold ministerial positions. The CAR lacks some basic socioeconomic prerequisites that would give its citizens an adequate freedom of choice.

CAR will not achieve the Millennium Development Goals. In the case of two goals in particular – eradication of extreme poverty and hunger, and improvement of maternal health – it is considered to be completely off track. In 2009, the official HIV/AIDS infection rate of 4.7% of people aged 15 to 49 was one of the highest in Central Africa.

Question
Score

Socioeconomic
barriers
1

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	1696.3	1983.0	1980.2	2013.0
GDP growth	%	3.7	2.0	1.7	3.3
Inflation (CPI)	%	0.9	9.3	3.5	1.5
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	3.3	5.9	2.1	3.6
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-	-	-	-

Economic indicators		2007	2008	2009	2010
Public debt	% of GDP	79.1	80.3	33.0	32.8
External debt	\$ mn.	959.8	954.0	394.1	384.8
Total debt service	\$ mn.	89.3	25.7	31.2	2.3
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	2.7	6.6	4.5	-
Public expnd. on edu.	% of GDP	1.3	1.3	1.3	-
Public expnd. on health	% of GDP	4.1	4.3	4.3	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.1	1.6	1.8	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

Uniform rules of the game for market participants are provided by membership in the Central African Economic and Monetary Union (Communauté économique et monétaire de l'Afrique centrale, CEMAC). However, the country's poorly functioning public institutions cannot prevent corruption or enforce the rule of law in the economic arena. The institutional setting for free markets and competition is poor. The CAR is rated as "repressed" in the Heritage Foundation's latest Index of Economic Freedom (ranked 152th out of 179 countries).

Market-based
competition
3

The formation of monopolies and oligopolies is occasionally regulated. The government has accused some French firms (such as Total and Areva) of monopolistic tendencies, but did so only in order to negotiate more favorable contracts. In many areas competition is restricted not through state intervention but by the lack of interested and powerful investors. Domestic and foreign investors are generally treated equally. But the country's problematic environment for commerce – in particular, non-transparent bureaucratic processes, poor road and energy infrastructure, and general insecurity – deters potential investors.

Anti-monopoly
policy
4

State regulation, special rules and tariff barriers all distort foreign trade. The CAR is selectively integrated into the world market, but also into the parallel global shadow market, particularly through the smuggling of diamonds. On the other hand, the CAR's membership in CEMAC is responsible for some common trade rules.

Liberalization of
foreign trade
4

Rampant corruption among customs officials has been repeatedly noted, and can be regarded as an obstacle to the free circulation of goods. With regard to the ease of trading across borders, the CAR was ranked 182nd out of 183 countries worldwide in the World Bank's Doing Business report.

The legal underpinnings for the banking system and capital market exist, under the supervision and control of the Central African Banking Commission (Commission Bancaire de l'Afrique Centrale, COBAC) associated with the Bank of Central African States (Banque des États de l'Afrique centrale, BEAC). However, the market is poorly differentiated and offers scant opportunities for domestic investors. In recent years, some regional financial institutions such as Ecobank have established themselves in the country, suggesting potential growth for the sector in coming years. However, the capital market is at best in its infancy, as is the case in many Central African countries.

Banking system
4

8 | Currency and Price Stability

As a member of the CFA franc monetary union, the Central African Republic cannot pursue an independent currency and foreign exchange rate policy. The currency is pegged to the euro, and the Bank of Central African States (BEAC) is the authority responsible for the currency. The BEAC's technical competence has traditionally helped to maintain a relatively low inflation rate. Inflationary tendencies, initially high at the beginning of the observation period due to high energy and food prices, went down during 2009 (to 3.5%, with the Economist Intelligence Unit estimating a 1.9% rate for 2010).

Anti-inflation /
forex policy
8

Macroeconomic stability substantially improved during the period under investigation. The IMF had an overall positive assessment of the implementation of its extended credit facility (2007 – 2010), in particular with regard to domestic revenue mobilization (which rose from 9.5% of GDP to 10.7% in the 2006 – 2010 period). Tax collection, monitoring and audit procedures improved markedly. Domestic payment arrears fell from 14.2% of GDP to 7.7% in the same period.

Macrostability
5

9 | Private Property

The prerequisites for support of a functional private sector are not in place. Property rights are formally defined but cannot be considered satisfactorily safeguarded due to shortcomings in the rule of law, particularly corruption. According to the World Bank's Doing Business report, the CAR did perform reasonably well with respect to investor protection, which can be seen as an improvement. Overall, however, the country ranked 182 out of 183 in the 2010 report, only one place behind the worst-rated country (Chad).

Property rights
3

Starting a business is very difficult in the Central African Republic. Similarly, it takes longer to close a bankrupt business in CAR than in any other country, according to the World Bank. As a consequence, it is very difficult to attract any private investment, domestic or foreign. Tax rates are high and procedures complicated. In contrast to some neighboring countries, the government has never been a particularly vigorous economic actor on its own. Neither the state nor anyone else was able to protect private property sufficiently during past crises; plundering was a common occurrence.

Private enterprise
3

10 | Welfare Regime

State measures aimed at averting and alleviating social risks are minimal. Family structures and other primary solidarity networks are the only viable options for the reduction of risk, but they are extremely weak. The country cannot combat poverty systematically on its own. The social security agency, 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, equivalent safeguards are offered through informal savings groups or the solidarity of church congregations. As of 2010, about 8% of the population was either internally displaced or living under refugee status outside the country, both groups depending on external assistance.

Social safety nets
2

The ratio of females to males in CAR schools is among the worst worldwide, though women's general literacy rate and gross enrollment ratio are better than in economically better endowed places such as Benin and Senegal. Women have limited access to public office. Before the 2011 election, only 10 of 105 parliamentarians were female (as of the time of writing, results from the 2011 legislative elections had not yet been confirmed). Some informal institutions aimed at compensating for gross social differences do exist, but they are limited in scope and quality. The spread of insecurity to many northern areas has accentuated the existing imbalance of opportunities in favor of the capital Bangui. Though the international community has paid more attention to the zones adjacent to Darfur and Chad, this has largely meant the stationing of small peacekeeping units in the countryside, with limited positive effects for the local economy. Close relations with the president's camp plays a role rather than ethnicity in gaining access to economic opportunities. Mbororo cattle-herders are widely believed to suffer from discrimination in multiple senses. However, their nomadic existence reduces their ability to benefit from any public policy aimed at redressing this imbalance.

Equal opportunity
3

11 | Economic Performance

The economy has performed reasonably well on the basis of GDP growth, with growth rates estimated by the Economist Intelligence Unit at 1.4% in 2009 and

Output strength
6

3.3% in 2010. This was lower than in the two preceding years (each around 3.7%), but higher than expected given the global economic downturn. However, these growth rates will not help what is one of the world's poorest countries achieve a respectable status, let alone when population growth is taken into account. Inflation rates, as previously mentioned, were relatively low in the period under review (3.5% in 2009, and just 1.9% in 2010).

However, rates of gross capital formation are among the world's lowest. The national economy continues to be shaped by traditional agriculture. The mining sector offers high potential, with official diamond production of around 450,000 carats, but double this amount is deemed a realistic goal by international experts. Uranium, gold, iron ore and other minerals should provide significant state revenues in the upcoming years, as many sites have been explored. Yet in the absence of sustainable peace, effective law enforcement and a reduction in corruption, it will remain difficult to attract investment (foreign direct investment represents just 2.1% of GDP).

12 | Sustainability

As a rule, environmental concerns are ignored, but current economic practices exert only a limited strain on the environment, with the exception of unsustainable forestry management and unchecked poaching. Over the past decade, about 1 million hectares per year of forest have been cut. The timber industry remains a mainstay of foreign trade (representing an estimated share of 42.2% by value of all exports in 2009), but exports declined steadily from 2007 to 2009. CAR has a very low Environmental Performance Index rank (162nd place out of 163 countries). Currently, a moderate 0.4% of the country's forested land is lost per year, but without any prospect of better management on the horizon. The easy availability of weapons as a consequence of 14 years of instability and incursions from Sudan have led to an alarming increase in poaching, threatening the numbers of forest elephants and other animals.

The primary and secondary education system in the Central African Republic is extremely underdeveloped, and has been neglected for more than a decade. The latest figures (from 2006) suggest that the government is not at all committed to making education spending a priority. Strikes by teachers over unpaid wages are frequent. The University of Bangui (with 7,000 students) is in difficult straits, and only 15% of the students there study science, mathematics or engineering, leading to a chronic shortage of much-needed technicians. Investment in research is neglected as a rule, existing only with external assistance, as is the case in the fields of agriculture and health care.

Environmental
policy
3

Education policy /
R&D
2

Transformation Management

I. Level of Difficulty

A high level of difficulty with respect to governance is obvious in the Central African Republic. The country is landlocked, devoid of infrastructure and surrounded by conflict zones (Sudan, Chad, Democratic Republic of the Congo). In addition, the country's governance record remains poor, exacerbating a range of other difficult circumstances including a lack of basic market economy structures, poor education, home-grown violent conflicts, inefficient state administration and the state's lack of a monopoly over the use of force. The country's interior, with its very rudimentary infrastructure, contributes to these difficulties as well. With respect to structural socioeconomic conditions shaping the political process over the long term, the level of difficulty of transformation must also be seen as high. The citizens' experience with various post-colonial regimes has been more or less consistently negative. Three factors – the presence of a multiparty system from 1979 to 1981 (while all neighboring countries were under authoritarian rule), one successful peaceful transition in 1993, and the holding of a so-called inclusive political dialogue in late 2008 aimed at overcoming the post-2003 crisis – account for the few positive episodes in recent history.

Structural
constraints
10

Traditions of civil society in the Central African Republic are virtually non-existent. The landscape of voluntary organizations remains meager. Most important are trade unions, but these face an unsympathetic attitude on the part of the president. Existing “traditional” community structures have mostly risen to take the place of absent state structures and to fill the gaps created by the weak formal civil society sector.

Civil society
traditions
8

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. “Compagnies concessionnaires” had few imposed limits in their exploitation of the population, using the most brutal methods available 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 intensified in 2002 – 2003.

In the country's recent history, violent episodes started in 1996, accelerated after 2001 and were exacerbated by events in 2002 – 2003. The violent conflicts associated with the rebellion led by Bozizé clearly had features of a civil war. The ongoing violent conflicts now mainly taking place in the northeastern part of the country are partly related to the armed forces behaving as "insecurity forces." This behavior, as well as regional spillover effects, resulted in instances of massive escalation. Rebels took several towns and cities before being turned back by French troops, CEMAC and Economic Community of Central African States (Communauté Économique des États d'Afrique Centrale, CEEAC) peacekeepers, and the national army in sometimes intense battles. Insecurity reigns across vast stretches of the country despite the conclusion of peace agreements with most rebel movements in 2007 – 2008. Splinter rebel groups and highway robbers (Zaraguinas) continue to harass the local population. Aside from the notorious Ugandan Lord's Resistance Army, which terrorizes the population in the southeast, it is the Convention of Patriots for Justice and Peace (CPJP) rebellion in the northeast that poses the biggest threat to state security. CPJP leader Charles Massi was reportedly tortured and killed by the army in January 2009, and his stepson now leads the movement. Memories of severe human rights violations and episodes of ethnic cleansing heavily influence social behavior. Dispute over contested election results could trigger further violent conflict and lead to the reemergence of armed groups that had previously been absorbed into the political mainstream.

Conflict intensity
8

II. Management Performance

14 | Steering Capability

The government has low capacity for steering. It has only limited access to staff and organizational resources for its economic transformation policy. The IMF conducted the last three reviews of its Extended Credit Facility in 2009 – 2010, and presented overall positive assessments. According to the IMF, the country has made advances in the domains of public financial management, tax policy and customs administration. However, the head of state's most visible priority is to maintain power. Long-term strategies are not well developed, and are developed exclusively within the framework of international cooperation.

Question
Score

Prioritization
4

All major reform steps undertaken by the CAR government do so under close supervision by foreign experts. Genuine will and capacity is therefore difficult to

Implementation
4

rate. Economic policy reforms are generally deemed to be on track. But this is not the case with highly critical reforms to the political regime. The most serious setbacks with respect to policy implementation were those associated with the peace process. Major commitments resulting from the late-2008 consensual policy dialogue were not implemented. The government formed in January 2009 (and altered only slightly in 2010) is not representative of all important forces in society. The Bozizé administration has to date failed to conclude a reconciliation process with alienated segments of the elite or with the broader population in the north.

The top political leadership has shown limited willingness and ability to learn. Despite criticism domestically and from abroad, the trend toward nepotism has continued, with close relatives of Bozizé occupying strategic positions. A small ambitious elite in Bangui shows little concern for the fate of ordinary citizens. Institutions figure less prominently than the political dynamic engendered by state actors seeking to maintain and increase their own power. The practice of zero-sum and exclusionary politics was the state elite's modus operandi during the Patassé era; this habit has not changed profoundly. Authorities frequently react overly aggressively to criticism. A committee designed to follow up the inclusive political dialogue held in December 2008 sought to sustain the momentum from this important elite gathering. Cyriaque Gonda, the key but controversial minister in charge of this dossier, was dismissed in April 2010 after widespread criticism of the reforms' slow implementation. Yet after this symbolic gesture, no new reform drive emerged. By the end of September 2010, the committee reported that out of a total of 116 recommendations adopted by the inclusive political dialogue, only 43 had been fully implemented and 15 partially implemented.

Policy learning
3

15 | Resource Efficiency

The government uses only some of its available human resources efficiently. The January 19, 2009 appointment of a supposedly consensual government, which assigned some positions to rebel representatives and opposition politicians, was little more than an extension of the sinecure system that risked further loss of efficiency. Even the limited symbolic goal of involving more segments of the political landscape in the government was a failure, as most of the newly appointed individuals were not seen as legitimate in the eyes of the groups they were deemed to represent.

Efficient use of
assets
3

Coordination of government action is a difficult task, as a large proportion of ministers were not selected for their technocratic skills, but rather for what they represent in terms of electoral constituency and influence. The large number of advisors to the president may be a sign that a parallel governing structure is being created to counterbalance official government action. The poverty reduction strategy (PRS) process has both increased the need for and improved the outcome

Policy
coordination
4

of policy coordination – but only under significant international compulsion. However, international involvement also has positive effects beyond creating endogenous coordination capacities: A high proportion of the few well-trained state personnel end up in well-paid jobs offered by international agencies in Bangui, and work only indirectly for the state.

Embezzlement of public funds still occurs regularly in some areas, with inquiries and punishment a rarity. One of the essential requirements for combating corruption effectively would be to establish maximum transparency in the mining sector, given the economic importance of the sector. After pressure to join the Extractive Industries Transparency Initiative (EITI), the government has shown a rather unexpected level of commitment to the initiative. Despite some delays, it proved possible to close the validation process in 2010 with nearly all formal membership conditions met. It remains to be seen whether EITI membership will in fact bear fruit in terms of transparency and the fight against corruption.

Anti-corruption
policy

4

16 | Consensus-Building

There is a rudimentary consensus among elite groups with respect to the value of democracy and market economy, but only as vague principles. The CAR's "partly free" status was reconfirmed in Freedom House's 2010 Freedom in the World report. All major political actors have other preoccupations: maintaining or gaining power and/or preserving peace. The primary societal demands in terms of democracy and the development of the market economy are not met by the political elite. Major transformation processes are simply not at the top of their agenda, although they are not contested as such. Achieving consensus has become harder following the latest elections, and the widespread feeling among opposition politicians that fair competition is not in place. In addition, the recent disappearance of two rebel leaders (the most prominent being Charles Massi) has increased distrust toward the government in opposition circles.

Consensus on goals

6

As outlined above, it remains an open question as to whether the government is genuinely committed to reform or whether some of the key figures are in fact veto actors themselves. Veto actors in the narrow sense may exist within various parts of the army or parallel armed groups with personal loyalties to Patassé or Bozizé, although the current army reform may diminish their influence. The death of former President (and military dictator) André Kolingba in January 2010 should reduce the influence of his family on some parts of the army. Politico-military leaders serving as political directors of rebel movements can be considered to be anti-democratic actors. While Charles Massi is believed to be dead, Jean-Jacques Démafouth is another prominent political entrepreneur straddling civilian and military identities (as does President Bozizé himself).

Anti-democratic
actors

4

The fight against the various rebel organizations and the repression of banditry in the north took the form of collective punishment, which reinforced the local population's bitterness. Holding the inclusive political dialogue in late 2008 was an acknowledgement of the need to return to a more consensual style of politics. During the review period, the committee tasked with following up the inclusive political dialogue conducted several missions to provincial sites and former arenas of violent conflict to address cleavage-based conflicts. This is at least symbolic progress in comparison to the period before the dialogue forum was held. The main north/south cleavages are both regional and ethnic, and remain relatively stable. The government does not seem to be taking active steps toward their de-escalation, despite rhetoric that suggests otherwise

Cleavage /
conflict
management
5

The government is largely unresponsive to civic engagement. It frequently ignores civil society, with the notable exception of the powerful trade unions. Civil society elements were also included in consultations during the EITI validation process (a requirement within the EITI framework). Civil society was more or less sidelined during the preparation and conduct of the inclusive national dialogue. However, the government did manage to avert the customary strike by teachers at the beginning of the 2010 – 2011 school year.

Civil society
participation
5

Crimes against humanity and individual crimes have been perpetrated by a variety of parties –former and actual rebels, Bozizé's troops, and the specialized police unit tasked with combating organized crimes. There is much concern that these recent human rights violations will not be appropriately addressed. However, this may be different for past episodes of extreme violence, particularly those acts committed by troops under Congolese rebel leader Jean-Pierre Bemba, whose trial for crimes against humanity perpetrated in the CAR (mostly in 2002) started in the Hague in October 2010. The ICC proceedings have been closely followed by the CAR population. The political leadership itself does not seek to address past acts of injustice. No war crimes tribunal, reconciliation commission, compensation schemes or equivalent institutions have been established to deal with past horrors and trauma. In September 2010, five senior government ministers visited Birao, the scene of some of the past years' most violent acts, to hold a reconciliation ceremony among the Gula, Kara, Yulu,

Reconciliation
5

Haussa, Sara, Runga and Arab ethnic groups. This could be seen as a first step in an active reconciliation policy. More generally, however, the government pays lip service to reconciliation and the redress of injustice as long as this does not threaten its own ranks. If the ICC prosecution of Bemba was to charge or otherwise involve former President Patassé, a relapse into violence would be likely, on the grounds that northerners were again being targeted by southerners.

17 | International Cooperation

The political leadership works actively with bilateral and multilateral international donors, as exemplified by the aforementioned cooperation with the IMF and other institutions as well as its participation in initiatives such as EITI. However, the government's use of international assistance is driven partly by short-sighted strategies aimed at maintaining power, partly by the desire to please the international community and partly out of conviction. The country's dependence on foreign assistance is particularly high. Without budget support, civil service wages cannot be paid. This leads to a high (superficial) flexibility in accepting any foreign prescription as long as it provides fresh money.

Effective use of support

7

Most donor organizations are moderately satisfied with the government's reform orientation with regard to socio-economic issues. It has become comparatively easier than in earlier years for the government to receive donor funding for a variety of purposes. For example, foreign assistance in boosting the country's energy infrastructure was relatively easy to mobilize in 2010. By contrast, donors have little trust in the government when it comes to crucial democratic reforms and security sector reform. The slow pace of disarmament and demobilization cannot be attributed to the government alone, but also to rebel organizations' reluctance to lay down their arms. This reticence, however, is strongly attributable to president's less than evident commitment to the peace process. The alleged murder of rebel leader Charles Massi by security forces in early 2010 has unilaterally reduced trust in the entire process.

Credibility

6

The political leadership cooperates with many neighboring states. It has secured military and material support from the sub-regional organizations CEMAC and CEEAC, with the latter providing a small sub-regional peacekeeping mission (MICOPAX). The most ambivalent neighbor is Chad, which is active in the peacekeeping mission and provided crucial support during Bozizé's first year in office, but is viewed as suspicious in the eyes of many citizens. The death of Gabon's President Omar Bongo in 2009 deprived the CAR of a figure who had been active in managing the country's political conflicts, with no obvious replacement in sight. The CAR continues to accept the Ugandan army on its soil, as it works to trace and combat the Lord's Resistance Army, which is now operating mainly from the eastern part of the country. On the whole, the government has been successful with respect to cooperation within the regional framework

Regional cooperation

7

Strategic Outlook

The CAR has a mixed record with regard to political and economic transformation. The future of reconciliation on the elite level remains uncertain. Only a fraction of the decisions made at the inclusive political dialogue forum have been implemented, and new acts of violence and apparent political assassinations are taking place. The country has suffered a setback in terms of the quality of its democracy (and particularly in the quality of its national elections). The majority of the population continues to live in misery and insecurity. Progress in the implementation of the IMF-led economic reform program has helped to improve macroeconomic stability, but this has been insufficient to start an effective, sustainable poverty reduction policy. The CAR will neither have a full-fledged democracy nor a socially responsible market economy in the near future.

The following factors need to be considered:

- There is some hope the country's full EITI membership will increase transparency in the allocation of mining concessions, including the royalties received by the state. The hitherto permanent fiscal crisis, which has led in turn to socially disruptive salary arrears, may be a phenomenon of the past if the current economic reforms prove sustainable. In the medium term, the expected donor investments in road infrastructure will be essential in opening up the hinterland. However, socioeconomic development is largely contingent on the success of the peace process.
- The peace process is extremely shaky, as demobilization has made little tangible progress over the past two years. Some of the losers in the presidential elections may be tempted to opt out of the political process and turn instead to military means. This could be true of former President Patassé or former Defense Minister Démafouth, both of whom have an established record as "spoilers." The CPJP rebellion is apparently capable of challenging the government in the northeastern part of the country.
- The most consistently powerful political party over the last 20 years, the MLPC, will have to rethink its strategy for accessing positions of political power. Internal rifts could appear anew after elections that officially placed MLPC leader Ziguélé only third (after Bozizé and Patassé), although the election results hold little credibility. The poor management of the 2011 elections may undermine both the popular belief in the feasibility of changing governments through elections and the viability of the existing parties.
- The United Nations Mission in the Central African Republic and Chad (MINURCAT) was prematurely terminated in October 2010 under Chadian impulsion. This leaves the small sub-regional MICOPAX peacekeeping mission (550 troops) and the French Opération Boali (with 200 troops) as the main pillars of internationally guaranteed security in the country's heartland, while self-help groups and former rebel movements will be charged with maintaining minimum

security standards in other parts. MICOPAX will concentrate on the capital Bangui, through even there it might face a tough job.

- The trial against Jean-Pierre Bemba at the ICC may provide victims of sexual violence, forced migration and collective punishment with some moral support. But the lack of material compensation for injuries suffered will be felt more acutely. And the absence of an appropriate prosecution process for crimes against humanity perpetrated after 2003 will create even more bitterness. This is a major hindrance in the effort to rebuild social capital and trust in the country's institutions.
- In order to break the vicious circle in which violence has been the only means of accessing and maintaining power, the president and the government should show leadership in championing the African Union doctrine deploring unconstitutional changes of government. They should stick to constitutional provisions that provide a clear path for alterations in power, and should manage the next election cycle in a more inclusive way. In the medium to long term, this will reduce risks of election-related violence.