

BTI 2014 | Central African Republic Country Report

Status Index	1-10	3.32	# 117 of 129	
Political Transformation	1-10	3.32	# 114 of 129	➔
Economic Transformation	1-10	3.32	# 116 of 129	➔
Management Index	1-10	4.13	# 93 of 129	

scale score rank trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2014 – Central African Republic Country Report. Gütersloh: Bertelsmann Stiftung, 2014.

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Key Indicators

Population	M	4.5	HDI	0.352	GDP p.c.	\$	857.0
Pop. growth ¹	% p.a.	2.0	HDI rank of 187	180	Gini Index		56.3
Life expectancy	years	48.8	UN Education Index	0.326	Poverty ³	%	80.1
Urban population	%	39.4	Gender inequality ²	0.654	Aid per capita	\$	39.1

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

On 25 August 2012, the last of the major rebel organizations operating in the Central African Republic (CAR), the Convention des Patriotes pour la Justice et la Paix (CPJP), signed the Libreville Comprehensive Peace Accord, seemingly marking the success of a bumpy peace process that began in 2007/2008. However, subsequent events quickly changed this estimation. Fighting between “former” rebel groups never ended and, in December 2012, a new rebel alliance united splinter groups of those formally pacified movements with better established movements that had renounced the peace process. In a series of attacks, the Séléka alliance quickly conquered major towns in the east, north and center, and threatened to march to the capital Bangui. Only the deployment of regional (mostly Chadian), French and – as a newcomer to the scene – South African troops prevented the collapse of the regime. A ceasefire agreement was signed on 18 January 2013 and the entire peace process, along with a more serious demobilization and security sector reform program, were set to start anew. However, two months after the signing of the agreement, the Séléka rebels launched a new attack and managed to topple Bozizé’s government in what appears to have been another coup in the CAR. This dramatic event postdates the period under review and will not be considered in what follows.

Some gains in economic output recorded during the observation period are now threatened. The IMF waited a long time to renew its engagement with an extended credit facility after important fiscal slippages were noted during the election campaign in 2010/2011. When it finally acted in mid-2012, some donors were again ready to give urgently needed budget support. On the social front, however, all poverty-related indicators show that the CAR is, and will remain for a long time, one of the poorest and most desperate countries on earth. National poverty data alone do not capture the whole picture; regional problems plague the country as well. These include extremely poor road infrastructure, along with commando incursions by the dreaded Lord’s Resistance Army (LRA), in the east; terrible health conditions in the west around Carnot; the proliferation of highway robbers and former combatants in the north; and unaffordable food prices in Bangui. The

peace process failed to yield political benefits, and the 2011 presidential and legislative elections were highly suspect. Campaigning was strongly restricted and the opposition enumerated good reasons for boycotting the second round of legislative elections. The ruling party and incumbent President Bozizé officially received large majorities in both elections. After the elections, the regime did not allow one of President Bozizé's main challengers, former President Ange-Félix Patassé, to leave the country for urgently needed medical treatment; Patassé died en route to a hospital in Equatorial Guinea. The standard of CAR's democracy has declined steadily over the course of the observation period, and it comes as no surprise that an unconstitutional change of government happened at this stage.

History and Characteristics of Transformation

After formal independence in 1960, the Central African Republic remained heavily dependent on outside, particularly French, influences with regard to economics and domestic and foreign policy. A first coup led by General Jean-Bédel Bokassa took place in 1965; he later declared himself emperor for life and 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 1981 (†2010). He established a one-party system with some competitive elements, but for a long time refused to accept meaningful democratization.

The process of economic transformation first became relevant after France's withdrawal from portions of the state administration in the mid-1990s. Kolingba only belatedly and upon 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 (†2011) 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 against the members of the old regime.

Like Kolingba, who had "tribalized" the security sector and the semi-public companies as the first president, Patassé favored those from his homeland in the northwest, continuing the ethnicization and regionalism of the army 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 increasing amount of unpaid salaries – up to 36 months' worth – owed to state workers was the clearest sign of failure. Without the various interventions of peacekeeping and other troops, Patassé would not have survived – in political terms – three mutinies in 1996–1997, two attempted coups in 2001 or – in the first place – the rebellion of the chief of staff (Bozizé) in late 2001/early 2002. Finally, Bangui fell into the hands of the Bozizé

rebels in March 2003. The population in vast stretches of the most densely populated western and northern part of the territory paid a heavy price in the armed conflicts.

After his violent takeover, Bozizé at first 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 to 2005 and a quarrel developed over the admission of candidates – resolved only by Gabonese mediation. Finally, and in the run-off, Bozizé faced Mouvement pour la Libération du Peuple Centrafricain (MLPC) candidate and former Prime Minister Ziguélé, who won 35.4% of the votes (Bozizé won 64.6%). Some irregularities were reported. Legislative elections running in parallel were marked by more irregularities and doubts persisted as to the real margin of the victory for Bozizé's party and some of his allies. 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 could be regained only with massive military assistance by France and the Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC). Rebels continued to fight in the northeast, and only by late 2008 could a so-called inclusive political dialogue be held. This dialogue failed to form the basis of a more consensual management of state affairs, although the conclusions of the meeting contained some clear messages in this regard.

Bozizé and his Kwa Na Kwa Convention won the January 2011 elections by a large margin, but credible reports support the position of the main opposition parties that massive manipulations took place. The current National Assembly is less representative and pluralistic than any of its predecessors since the advent of multiparty politics in the early 1990s (the first regular elections were held in 1993). This may be partly attributed to the opposition for boycotting the second round of the vote, but even without the boycott the composition would probably not have been much different. The legitimacy of democratic state institutions was therefore very low when a new rebel alliance formed in late 2012. It quickly gained ground and toppled Bozizé in March 2013, 10 years after his own coup d'état. The performance of the country's armed forces proved once again disastrous, despite South African training of CAR soldiers. The death of 13 South African soldiers in combat alongside the CAR army has added a new dimension to the political and security crisis in the CAR. It is not clear which direction the new authorities will follow, but major international pressure might force them to follow the spirit of the Libreville Agreement.

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

Transformation Status

I. Political Transformation

1 | Stateness

The state has never had a monopoly on the use of force in the CAR. In many ways, the CAR epitomizes an artificial state. Its designation as a state is purely geographical. Its borders are uncontrolled. For decades, it has been the subject of massive interventions by its former colonial ruler, France, and more recently by its neighbor, Chad. The government presence is completely lacking outside the capital. The lack of necessary infrastructure renders parts of the country accessible only by helicopter, while vast stretches of the eastern part of the country are extremely sparsely populated and open to the incursions of rebel groups like the LRA, originating in Uganda. The LRA stepped up its activities in 2012, with 48 attacks recorded this year, despite the presence of a new multinational military initiative with the help of about 100 U.S. military advisors and involving the armies of Uganda, the Democratic Republic of the Congo, the CAR and South Sudan. LRA commander Joseph Kony is believed to hide in the CAR. In late 2012/early 2013, an alliance of rebel groups named Séléka conquered most major towns in the eastern and central CAR within a couple of weeks, rarely encountering any resistance. According to their declarations, they took up arms because President Bozizé was not honoring commitments made at the Libreville peace talks in 2007/2008. Without the reinforcement of Chadian troops (already present in the regional peacekeeping mission known as the Mission for the Consolidation of Peace in Central African Republic, or MICOPAX), and the sending of French and South African troops, the capital might very well have fallen. New peace talks were held again in Libreville and led to a ceasefire on 11 January 2013 and to the nomination of a prime minister from the ranks of the opposition. In March 2013 – after the end of the observation period – the peace agreement collapsed and Bozizé was toppled.

Even before the last escalation of violence, one major obstacle prevented ordinary citizens from accepting the organs of the state: The government does not deliver public goods in any substantial manner, neither in the field of education nor health.

Question
Score

Monopoly on the
use of force

1

State identity

4

Worse, because the government cannot ensure public safety and order, and because it has achieved only a weak penetration of the territory, it cannot guarantee basic citizenship rights for entire population groups. Widespread arms circulation, rampant roadblocks and racketeering all affect the capability of the state to protect its citizens. A military offensive jointly organized by the armed forces of the CAR (FACA) and the Chadian army against a rebel organization originating in Chad may have been a military success, but it destroyed seven villages and led to the temporary displacement of more than 20,000 people. Abuses by armed forces on the civilian population make the state more of a threat than a protector (this is equally true of the rebel forces). There is no other option for the local population but to organize self-defense committees. Some population groups, such as Pygmies and Fulani cattle herders, are hardly considered citizens. And a growing religious split can be observed: Muslim groups accuse Bozizé of representing the Christian population only. In the context of the abovementioned offensive by Chadian and FACA forces, new cases of harassment of Muslims were reported.

In principle, the separation of church and state should be guaranteed by a secular constitution. Indeed, most politicians have secular credentials, but this might change. Bozizé had at times displayed openly his own religious preferences (adopting the beliefs of the Christianisme Céleste sect). The panicking majority population in Bangui is Christian and targeted the Muslim minority in the days of quick territorial gains by Muslim-dominated rebel forces in early January 2013. Self-defense groups, rather than state security forces, were more likely to attack Muslims. This exacerbation of interreligious tensions built on the latent (and at times open) anti-Chadian resentment simmering for more than a decade in Bangui. The Christian-Muslim divide is roughly reflected in a north-south divide, noticeable in Bangui's neighborhoods themselves.

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 territory – northwest, north, northeast and east before the rebel attack, and now the entire center as well – are not under state control. Even the prefecture of Ombella-Mpoko surrounding the capital Bangui saw occasional rebel attacks in 2012. Since 2001, rebel attacks in vast stretches of the territory have stymied chances for the executive to implement state policies. What makes things worse in the CAR is that rebel-controlled spaces fall even further behind due to the destruction of existing, however limited, administrative structures. The state would not be able to maintain the fragile situation without support by the international community. The indicators proposed to qualify basic administrative capacities are inadequate to describe the situation. About one third of the population (34%) should have access to improved sanitation facilities and two thirds to an improved water source (67%) – if they do, it is certainly not the consequence of a government service.

No interference of religious dogmas

8

Basic administration

1

2 | Political Participation

Presidential elections that should have been held in 2010 took place on 25 January 2011 (though a number of opposition parties called for further postponement). All the main candidates were allowed to run. Nevertheless, the opposition complained about the insufficient preparation for and conduct of the election. In fact, it was virtually impossible for the opposition to tour the country with all the restrictions on travel that were in place. Another major problem was that the electoral register was published only one day before the poll, which made any correction impossible. These criticisms culminated in the resignation of seven opposition members from the 34-member Independent Electoral Commission (CEI) in protest against irregularities detected two days after the poll. The CEI was now completely controlled by the regime. The slightly corrected results (after a Constitutional Court ruling) gave the incumbent a 64.3% majority, while former president Ange-Félix Patassé, who ran as an independent, got 21.4%, and Martin Ziguélé, candidate for the strongest opposition party, Mouvement pour la Libération du Peuple Centrafricain (MLPC), 6.8%. The opposition claimed CEI had not taken into account the votes cast at 1,262 out of the 4,612 polling stations and lodged a complaint of election-rigging against the CEI president, Joseph Binguimalé. In the parallel legislative elections, the Kwa Na Kwa party (KNK), supporting Bozizé, won 26 seats in the first round. Among those directly elected were the president himself, his wife Monique, his sister Joséphine Kéléfio and two of his sons. Irregularities were potentially more important in these elections than in the presidential race. In light of the numerous shortcomings, as well as organizational weakness, the opposition decided on 15 February to boycott the second round of the legislative elections, which still took place on 27 March. The results confirmed Bozizé's grip on power: KNK won a total of 63 out of 105 seats in the National Assembly, with most remaining seats going to "independents" who were, in fact, equally close to the president. The Constitutional Court subsequently annulled close to 20% of the results in both rounds of the legislative elections, a margin that did not challenge the president's majority. Finally, by-elections were held in 14 constituencies on 4 September, again boycotted (for the most part) by the opposition. This produced the following final overall composition in the National Assembly: KNK – 62 seats; independents – 28 (most of them pro-KNK); KNK-affiliated parties – 11; MLPC – 2; RDC – 1.

In an extremely weak state such as the CAR, it may not make sense to identify systemic veto players. The president himself seems to act above the law. Bozizé's power results mainly from his military takeover in 2003 and subsequent international acceptance, though the latter certainly has become a lukewarm one. The military influence on the head of state is potentially still high. However, the National Armed Forces have not shown any capacity to halt the advance of the rebel army and are therefore equally weak. As witnessed in other African countries, such weakness does

Free and fair elections

3

Effective power to govern

2

not preclude a military coup. Therefore, it may be hazardous not to take the army seriously, even though the strong presence of foreign troops in Bangui may act as deterrent to an overthrow. While the government is formally in charge of all executive duties, its scope of action is fundamentally limited by strongly weakened state capacity.

Political parties can be created without many restrictions. Some of the rebel organizations have been reorganized as political parties or have a civilian wing. During the 2011 elections campaign, it was nearly impossible for opposition candidates to tour the country, giving the incumbent clear advantages.

Association /
assembly rights
5

According to the U.S. State Department, any association intending to hold a political rally was required to obtain the Ministry of Interior's approval; however, some meetings were disrupted or prevented despite having this approval. For instance, in August and September 2001, opposition parties attempted to peacefully assemble in Bangui and received advance approval from appropriate government authorities. Security forces first blocked attendees from accessing the meeting site and, after eventually allowing the rally to take place, refused to intervene when pro-government youths vandalized vehicles and threatened participants.

A particular event made headlines that same year when Bozizé initially refused to grant permission to former President Ange-Félix Patassé to leave the country for medical treatment. When he belatedly did so, it was too late and the former president died in Douala, Cameroon, on his way to Equatorial Guinea.

While the country continued to rank 132nd out of 197 ("not free," value 62) in the Global Press Freedom Survey 2012 by Freedom House, it lost three ranks in the parallel Press Freedom Index by Reporters sans Frontières at a relatively good rank of 65. There are about 30 newspapers, mostly appearing just occasionally and usually distributed only in Bangui. Reports on government corruption are frequent, and some journalists are sporadically harassed. In 2011, a series of articles in *Les Collines de l'Oubangui* pinpointed the son of President Bozizé as being involved in the embezzlement of EU funds earmarked for a demobilized soldiers' pension fund. The editor, Faustin Bambou, was arrested without a warrant and indicted for "inciting violence and hatred," but later was released by order of the court, together with another newspaper editor. In early 2012, the editor of *Le Démocrate*, Ferdinand Samba, was sentenced to 10 months in prison for defaming finance minister Sylvain Ndoutingai (he was pardoned by Bozizé three months later). Radio is the most important medium of mass communication. Private stations like Radio Ndeke Luka and Radio Notre Dame (owned by the Catholic Church) are an essential corrective to official news. Communal radio stations were targeted by Séléka rebel attacks in December; one female journalist was killed in Bambari.

Freedom of
expression
6

3 | Rule of Law

The CAR's constitutionally guaranteed separation of powers is hardly enforced. The 2004 constitution theoretically gives the legislative branch (the National Assembly) a wide range of guaranteed prerogatives. The president's party has, since 2011, maintained a safe majority in Parliament and there is no noteworthy balancing effect between branches of government. Esteem for members of Parliament elected under controversial circumstances is low and detrimental for the authority of the entire institution.

Separation of
powers
4

In controlling legislative elections, the Constitutional Court invalidated individual results on the constituency level and ordered re-runs, but only in the cases where this was found unavoidable. The judiciary maintains only a semblance of independence. In addition, one has to take into account the lack of resources. The functional deficits of the judiciary are linked, among other things, to inadequate territorial penetration, but also to the judiciary's meager capacity and inability to sustain or implement its decisions. The donor community invests in the construction of court buildings. Adjunct to the judiciary are penitentiary services that are in particularly bad shape. On 2 August 2012, the main prison of N'Garagba was attacked and pillaged, and more than 500 detainees escaped. The prison of Sibut was looted on 15 September 2012. The absence of prison registries hindered the apprehension of escaped detainees.

Independent
judiciary
3

Only rarely are officeholders prosecuted, including those responsible for human-rights violations. In an October 2011 report on the CAR, Amnesty International notes that "Government forces, armed groups and criminal gangs have killed unarmed men, women and children with impunity" for decades now. One has to note that warlord Abdoulaye Miskine, once responsible for grave exactions under President Patassé, is now among the Séléka rebels. It would be bad news for the fight against impunity if he should manage to negotiate an entry into government responsibility in the course of the peace process. In a spectacular case, Elie Ouéfio, secretary general of both the president's office and the ruling party, lost both positions in November 2011 after being accused of embezzling part of the KNK's electoral campaign budget, but instead of being prosecuted he was appointed ambassador to the Democratic Republic of the Congo. In late 2011, the general director of the Société Centrafricaine de Stockage des Produits Pétrolier was arrested for embezzling close to €3 million in the same year. But this is a rare act. The Bozizé regime has become more and more patrimonial, and close relatives get important positions or are rewarded materially. Corruption by high officials is not appropriately addressed. Highly placed people frequently accused of corruption include Bozizé's nephew Sylvain Ndoutingai, most recently Minister of State for Finance and Budget. Bozizé replaced him on 1 June 2012 for allegedly plotting a coup d'état. The Minister of Justice and Moralization

Prosecution of
office abuse
3

was also replaced in this context, a couple of weeks later. Both men left the country. More noteworthy is that no investigations of their alleged crimes followed. Human-rights violations committed by state security forces are only sporadically prosecuted.

Although civil rights are guaranteed by the constitution, government and rebels violate them routinely. It appears that rebels and state agencies committed human-rights violations, including torture, in the course of the most recent conflict. In some rebel-conquered cities, acts of violence including rape were recorded. But the local population, for example in Damara in early 2013, equally feared the arrival of Chadian troops in support of the regime; most inhabitants fled the town and lived in the bush for days. U.N. organizations expressed serious concerns about the protection of civilians in early January 2013 amid reports of widespread looting and violence, with an estimated 316,000 people living in the affected areas.

Civil rights
3

4 | Stability of Democratic Institutions

In January 2013, the political system of the CAR was again difficult to characterize as negotiations for an inclusive government were – once again – under way. A few months earlier, the regime would probably have been characterized as hybrid, neither democratic nor completely authoritarian. Now it again wears a transitional label (and even more so after the fall of Bozizé). Democratic institutions do exist, but cannot be considered stable, as events in spring 2013 illustrate. The National Assembly does not play out its full role of oversight, given its composition. In a rare show of activity, it demanded explanations by the government on the issue of continued price increases for basic commodities in 2012. The National Assembly was sidelined in the peace negotiation process.

Performance of
democratic
institutions
2

Formally, all major stakeholders accept democratic standards, but the low standard of fairness and correctness of the last elections (2011) is indicative of the lack of democratic commitment by the president and his clique in power. On 6 January 2012, four prominent leaders of politico-military movements were arrested and accused of conspiring against national security; this was particularly noteworthy as all had roles in the demobilization, demilitarization and reintegration (DDR) process. Peace negotiations between a regime of dubious legitimacy and not less dubious rebel organizations are not necessarily a good precursor for democracy. However, a civilian delegation also played a role in the peace process, and the best news is probably that highly respected human-rights activist and lawyer Nicolas Tiangaye (who had held an influential position in the 2003 transition) was nominated prime minister in late January 2013. He is one of the most credible defenders of democracy in the CAR. At the time of writing, it is hard to predict whether democracy may come out strengthened or weakened by the latest escalation of violence.

Commitment to
democratic
institutions
3

5 | Political and Social Integration

With the outcome of the 2011 elections, the steady disintegration of a once quite functional party system had come to a provisional end. A comparison of election outcomes (1993, 1998 – 1999, 2005, 2011) shows that the once dominant MLPC has decidedly lost influence. The death of ex-President Ange-Félix Patassé in 2011 could help ex-Prime Minister Martin Ziguélé monopolize the still-existing sympathies with this “historic” party, which were split between both individuals. Bozizé’s Kwa Na Kwa party was the clear winner in 2011, but seems to lack the organizational strength and ideological underpinning to survive the Bozizé era. Other parties have suffered major setbacks and the rise of “independent” MPs is a sign of a further personalization and patrimonialization of politics. The party system is moderately fragmented and also moderately polarized: One could well imagine coalitions between most parties represented in the National Assembly.

Party system
4

The CAR does not have a wide range of interest groups, although it does have remarkably active unions in Bangui. Important social interests, especially of the rural population, youth and women, are underrepresented in public debate. The cooperation between the government and social interest groups leaves much to be desired. The Central African Human Rights League (LCDH), a local group, is the most significant organization defending democratic values. With mixed results, the Catholic Church – the only organization present across the country – supports democracy and reconciliation. Churches, together with humanitarian NGOs, are the only ones present in the country’s eastern and northern regions. Civil society pressed the government in early 2012 to act against price increases and received at least some response. International civil society organizations feared that, with a new round of peace talks, local civil society would be sidelined. In a press statement, the Fédération Internationale des Droits de l’Homme demanded the integration of political forces and civil society representatives in the negotiations “to guarantee a transparent political transition, which will allow the establishment of a better governance of the country.”

Interest groups
3

Given the lack of survey data, the population’s attitudes toward democracy cannot be adequately evaluated in this report.

Approval of
democracy
n/a

Distrust between population groups, particularly now between Muslims and Christians, has grown in the course of the last episode of violence. Muslims in Bangui feared for their life when self-defense groups of mostly Christian orientation harassed everybody exhibiting the “wrong” religious orientation. It will be difficult to recreate trust in some of the capital’s neighborhoods. This comes on top of the generally low trust among the population after numerous violent episodes since 2001 pitted ethnic groups against each other. Thousands of people were repeatedly forced to take

Social capital
3

temporary refuge outside Bangui or even in neighboring countries (Cameroon, Chad, Democratic Republic of Congo, Sudan), and the continuing climate of insecurity has not only destroyed physical infrastructure, but social capital as well. Beyond the scope of the aforementioned trade unions and some donor-funded initiatives in the area of victims' associations, there are few new civil-society-driven activities. However, in urban and rural areas, there is a high level of social capital being built and maintained around self-help and informal community-based groups. Although traditional, these associations generally offset the absence of state institutions and are remarkably efficient when it comes to functions like conflict mediation and banking services.

II. Economic Transformation

6 | Level of Socioeconomic Development

Eight countries rank worse than the CAR with regard to its latest Human Development Index (HDI) placement (179). In contrast to earlier assessments, poverty seems less equally distributed (Gini co-efficient of 56.3; before 42.1), although the quality of basic data for such an indicator may be debatable. Four out of five people live on less than \$2 a day. A low life expectancy (47.6 years) is a corresponding and telling fact – only two countries worldwide have a worse record. Women find it hard to get a formal employment (reflecting the low secondary and tertiary enrolment levels for women). In line with that impression is a low GDI (0.669); again, only few countries have a worse indicator value. The CAR may simply lack the basic socioeconomic prerequisites for adequate freedom of choice. The CAR will not achieve the Millennium Development Goals, and for two goals it is completely off track: eradication of extreme poverty and hunger, and improvement of maternal health. Hunger is a serious threat and inflation was a serious problem for many households in early 2012. The government decided to fix prices for a set of basic goods (e.g. soap, sugar, vegetable oil, powdered milk, rice, flour, salt and fish) in some cities, including the capital, for six months. But even the so-called middle classes live on the verge of collapse. One obvious sign of weakness is the misery of civil servants. The majority of them have not received any salary adjustments since 2004, meaning that inflation is simply ignored. Probably more difficult to stand was the resurgence of the old problem of salary arrears in 2011. University professors went on strike, demanding their salaries, and only returned to work after lengthy negotiations. Seven retired soldiers and gendarmes took the EU ambassador and the national mediator hostage for some hours to secure payment of 31 months of pension arrears.

Question
Score

Socioeconomic
barriers
1

Economic indicators		2009	2010	2011	2012
GDP	\$ M	1981.7	1984.7	2165.9	2139.0
GDP growth	%	1.7	3.3	3.1	4.1
Inflation (CPI)	%	3.5	1.5	1.3	5.8
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	6.1	4.6	5.0	-
Export growth	%	-17.0	9.8	3.6	-
Import growth	%	5.7	10.5	-11.8	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	36.8	32.3	32.6	30.6
External debt	\$ M	565.0	579.6	573.0	-
Total debt service	\$ M	31.4	2.6	0.7	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	7.5	8.2	8.1	-
Public expnd. on edu.	% of GDP	1.3	1.2	1.2	-
Public expnd. on health	% of GDP	1.5	1.9	2.0	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.8	2.6	-	-

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Uniform rules of the game for market participants are provided in the CEMAC, but this does not preclude the country from having a particularly poor environment and institutional setting for market competition. Poorly functioning public institutions cannot prevent corruption and enforce the rule of law in the economic arena. The CAR is rated “mostly unfree” in the Heritage Foundation’s latest Index of Economic Freedom, though it has progressed since the last observation period from the “repressed” category. Few investors outside the mining sector are interested in the

Market-based
competition
3

country. This may be partly blamed on the small market, frequent power cuts, etc., but certainly also on low trust in the level of rule of law within the economy.

The formation of monopolies and oligopolies is occasionally regulated. This is particularly visible in some areas of the service sector (telecommunications, banking). But such distortions of the market are certainly not rated particularly important by the government or the local donor community, and some essential goods are not provided at all.

Anti-monopoly
policy
4

State regulation, special rules, and tariff barriers all distort foreign trade. The CAR is selectively integrated into the world market, not least because of its status as a landlocked and barely accessible country. It is, however, integrated into the parallel, global, shadow market for smuggled diamonds. On the other hand, the CAR's membership in CEMAC leads to some common trade rules. Rampant corruption among customs officials is frequently 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 demonetized some regions (no exact data available).

Liberalization of
foreign trade
4

The legal underpinnings for the banking system and capital market exist, under the supervision and control of the Commission Bancaire de l'Afrique Centrale (COBAC) associated with the Bank of Central African States (Banque des États de l'Afrique Centrale), but the market is poorly differentiated and offers scant opportunities for domestic investors. Only four commercial banks operate in the country from the most important urban centers (Bangui, Bambari), to which a number of microfinance institutes should be added.

Banking system
4

8 | Currency and Price Stability

While the inflation rate was very low in 2011 (1.3% rise in the Consumer Price Index), there were fears of a rise to 6.8% by end 2012 expressed by the U.N. system (5% according to an EIU estimate, but in any case above the 3% convergence target of the CEMAC group of countries). The government had finally conceded to IMF pressures to adjust the prices of petroleum products on a monthly basis to reflect price increases on the global market. This had immediate detrimental effects on the prices of basic commodities, including food prices. The IMF had argued that the failure to pass through world oil prices to domestic petroleum prices in 2011 entailed significant fiscal losses and direct subsidies. But it had to concede potential negative impacts on the most vulnerable group of consumers. Accordingly, it advocated in 2012 some mitigating social measures, including subsidizing public transportation.

Anti-inflation /
forex policy
7

In 2010, the level of public indebtedness (32.8% of GDP) could have been considered moderate, with a mere \$400 million owed to foreign creditors; the total debt service

Macrostability
4

stood at a very low and significantly reduced \$2.3 million for 2010 (compared with \$31.2 million in 2009). The government's consumption was equivalent to 4.5% of the GDP in 2009. More recent data (see below) should, however, lead to more cautionary judgments. In its Article IV Consultation Staff report (released in August 2012), the IMF was indeed critical of the weakened fiscal discipline, particularly in the period preceding elections in 2011; it stated that hard-won gains were thereby jeopardized. Indeed, large payments (about 5% of GDP) were made by the Treasury outside normal expenditure procedures. This raised "serious governance concerns" that prompted donors to suspend budget support. One of the main challenges for the economy is to create fiscal space for poverty reduction and investment in infrastructure. But prospects are rather bleak.

9 | Private Property

Property rights can not be satisfactorily safeguarded because of the already mentioned shortcomings in the rule of law. Registering property is burdensome, but not impossible. This is different for resolving insolvencies where one stands an average chance to lose 76% of the estate, the least favorable situation worldwide. According to the World Bank's Doing Business Report, the CAR is in the top ten of countries where it is particularly difficult to enforce contracts. Overall, the country ranked 185 out of 185 in 2013. The CAR was also ranked last in the 2011 "Legatum Prosperity Index." Additional information given by the World Bank (Enterprise Survey for 2011) shows that there is an extraordinarily high rate of loss by private firms due to robbery and theft (4.8% of sales, nearly triple the sub-Saharan average); and security costs amount to nearly 7.2% of sales.

Property rights
3

The aforementioned status within the Ease of Doing Business ranking means that private companies find it particularly difficult to get started (rank 170 out of 185). In the observation period, the authorities have made it still more difficult to get a construction permit. Tax rates are high and procedures complicated. In comparison to some neighboring countries, the government has never been a particularly vigorous economic actor. 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 to avert and alleviate social risks are minimal. Family structures and other primary solidarity networks are the only viable options to reduce risks, but they are extremely weak. The average life expectancy at birth speaks for itself: 47.6 years (only one country has a lower rate). The public expenditure on health is very low (1.4% of GDP in 2011). In November 2011, Médecins sans Frontières published an alarming report on extremely high mortality rates in the western city of Carnot. The

Social safety nets
2

country cannot combat poverty systematically on its own. The social security agency, 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.

There are informal institutions to compensate for gross social differences – the dominant ethos of repartition – but they are limited in scope and quality. It is important to note that women have limited access to education and public office. Both in the GDI and in the HDI, only eight countries are ranked lower worldwide, meaning that there might not be an active discriminating policy toward women. Nevertheless, it is safe to assume that under generally difficult circumstances women are even further denied equal opportunities than in many other third-world countries. The low general literacy rate, 55.2% of the adult population, becomes even more dramatic if one takes into account that only 42.1% of the adult female population is literate. The ratio of female to male enrolment is particularly bad for higher education (only 31.8% of those enrolled in tertiary education are female), but the highest forms of education are reserved for only 2.6% of the population (18% gross enrolment ration in the secondary). In 2011, 13 female candidates were elected to the National Assembly (12.5%).

Equal opportunity
3

11 | Economic Performance

The economy has performed moderately well according to the main indicator of GDP, with growth rates estimated at 2.3% (2010) and 3.1% (2011). Toward the end of 2012, the IMF forecasted projected growth at 4.1% for 2012. A visiting team saw a continuation of an “uptick in economic activity,” but more skepticism is certainly justified given the level of turmoil in the country. In any case, similar growth rates will not help one of the poorest countries worldwide (GDP per capita stands at about \$800/year) to achieve a respectable status soon. While generous debt relief, a consequence of the completion of the HIPC initiative, has ameliorated the debt situation profoundly, and the level of external debts is low, risks remain. Preserving debt sustainability remains a challenge in the eyes of IMF and World Bank if there is no consistency in managing domestic and external debt. In 2011 (an election year), public debt rose significantly (from a low level) after the government signed concessional loans from India and China for \$52.3 million (2.4% of GDP). The national economy continues to be shaped by traditional agriculture. A boost of agricultural production is one of the main hopes for an economic recovery and a more sustained control of inflation, but insecurity in the countryside and difficulties with market access are major challenges on this path. The mining sector has high potential with an official diamond production of about 300,000 carats, more than double what is deemed a realistic goal by international experts. Gold and other minerals should provide significant state revenues in the coming years as many sites were explored. Hopes with regard to uranium were dashed at first in 2011. The French state

Output strength
5

enterprise Areva in fact announced the suspension of exploitation at the Bakouma mine for one or two years. The announcement came after the Fukushima disaster in Japan, which had a measurable impact on the price of uranium on the world market. The government thereafter threatened Areva with renegotiation of the contract (the French firm had committed itself to launching operations in earnest by 2010). A rebel attack on the Bakouma site in June 2012 was even more disastrous, though no French nationals were hurt. Areva subsequently declared that it would completely renounce its plans. The project had given rise to high hopes for augmenting GDP growth rates and bolstering government revenues. In a somewhat distant future, oil could become a source of wealth (today the high price of imported oil is one of the negative factors for an economic upswing). The Chinese National Petroleum Corporation (CNPC), operating through a Sudanese consortium, started exploration activities in the northeast (Vakaga prefecture, near Boromata) – an area not under firm control of the government. More generally, without sustainable peace, better tax legislation and enforcement, as well as a ban on corruption, it will remain difficult to attract investment (foreign direct investments represent only 2.1% of GDP). Additionally, shortages in electricity, water and telecommunication infrastructure are a burden for both population and private enterprise.

12 | Sustainability

The CAR is not ranked in the current EPI. Incursions by Sudanese poachers regularly take a high toll among different species of the country's wildlife; particularly endangered are the rare forest elephants. More generally, the government is unable to uphold an effective environmental policy. But economic practices currently put limited strain on the environment, except for unsustainable forestry management and unchecked poaching. Over the past decade, about one million hectares per year of forest have been cut. The timber industry remains a mainstay of foreign trade (estimated 44.3% value share of all exports in 2010, followed by diamonds with 34.8%). Currently, a moderate 0.4% of forested land is lost per year. The EU and the government signed a voluntary partnership agreement (VPA) in November 2011 aimed at establishing a system for the certification of timber exports. By 2014, timber exported from the CAR to the EU will require a certificate attesting to its legal origin. This should help limit illegal logging and preserve the country's tropical forests.

The primary and secondary education system is extremely underdeveloped and has been neglected for decades. The government spends a very low 1.2% of GDP on education. The aforementioned low literacy rates are an obvious consequence. No data on expenditure for research and development exists, but also in this area the country is very likely to spend below average worldwide.

Environmental
policy
3

Education policy /
R&D
2

Transformation Management

I. Level of Difficulty

The level of difficulty in governance is indeed very high: The country is landlocked and can not be easily accessed as it is deficient in infrastructure and surrounded by conflict zones (Sudan, DR Congo, and, though less conflict-prone in recent years, Chad). In addition, the country's governance record remains poor, only worsening difficult circumstances: the lack of basic market economy structures, poor education, home-grown violent conflicts, inefficient administration of the state, and the state's lack of a monopoly on the use of force. The condition of the country's interior, with its very rudimentary infrastructure, contributes to this as well. In terms of structural socioeconomic conditions that shape the political process in the long term, the level of difficulty of transformation must be seen as relatively high. The citizens' experience with different postcolonial regimes is more or less consistently negative. Value systems are tainted by variations of traditional political cultures and institutions. Most communities previously observed rules of consensus. In contrast, colonial rule was ruthless and mostly driven by private business interests. The CAR was in fact the least administered French colony, while "compagnies concessionnaires" exploited the population without restraint, using the most brutal methods and providing no form of assistance. Two successful coups d'état, the repression under Bokassa, neocolonial intervention, three mutinies (1996 – 1997), a bloody coup attempt (2001), a successful violent rebellion (2002 – 2003), new aggressions in the whole northern section (2005 – 2008), plus sporadic acts of violence leading finally to a major outbreak of crisis (late 2012) all add up to a heavily loaded recent conflict history. 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 to overcome the post-2003 crisis, account for the few positive episodes in recent history.

Structural
constraints
10

Civil society engagement is weakly rooted in the country's history. During colonial times, there was no strong urban population to provide a basis for associational life. Until today, the number of voluntary organizations remains small. The most important are trade unions, but they face an unsympathetic attitude by the president. Existing "traditional" community structures are in fact mostly a result of those

Civil society
traditions
8

community structures imposed under French colonial rule. Accordingly, the capacity of autonomous self-organization beyond the state is rather limited. From this perspective, one should not condemn recent efforts to organize local forms of self-defense, although they can also become obstacles on the way to state-building.

After a series of violent episodes starting in 1996, the process accelerated after 2001 and was exacerbated in 2002/2003. During this phase, one could safely say that the violent conflict associated with the rebellion led by Bozizé clearly had features of a civil war. Once installed, the Bozizé regime faced insecurity in the northern part of the country, partly related to the armed forces behaving as “insecurity forces” and to regional spillover effects from Chad. Some dynamic developments, including a number of massive escalations of violence (rebels taking several towns and cities and being fought back by French troops, CEMAC peacekeepers and the national army) characterized the second half of this decade. Today, insecurity reigns in vast stretches of the country despite the conclusion of peace agreements with most rebel movements in 2007/2008 (Libreville Comprehensive Peace Agreement). Some splinter groups of rebels and highway robbers (Zaraguinas) continue to pose a threat. Memories of severe human-rights violations and episodes of ethnic cleansing, though isolated, heavily influence social behavior. The latest episode of massive violence was related to the formation of a new rebel alliance in late 2012. The Séléka coalition quickly conquered most major towns of the east, north and center. The rebels could only be stopped from marching to Bangui by a massive deployment of regional troops – from the MICOPAX. Owing to a bilateral agreement signed with the CAR in 2007, South Africa also deployed additional troops in the country to protect Bozizé’s government. On 11 January 2013, the regional economic community was able to negotiate a ceasefire and a power-sharing agreement between the rebels and the government in Libreville, Gabon. But, on March 21, after criticizing President Bozizé for renegeing on commitments made in Libreville, the rebels launched an attack that ended up with the seizure of Bangui on March 24. This is only the latest in a seemingly endless series of coups in the young political history of the CAR. The rebel coalition that took power promised to follow the spirit of the Libreville Agreement.

Conflict intensity
9

II. Management Performance

14 | Steering Capability

The Bozizé government – to which this report refers despite the coup after the end of the observation period – has low steering capacities. It has grossly failed to make progress in poverty alleviation and will not attain any of the MDGs by 2015. While moderate progress was made for some indicators, it has to be noted that indicators

Question
Score

Prioritization
3

for MDGs 4, 5 and 6 went up from the baseline data (1990), suggesting that the country was regressing. All major reform acts over the observation period (DDR, electoral reform) were donor-driven. In its current composition, it can not be expected to have any coherent program. One has to expect less action than ever now that President Bozizé has been removed. It is not clear yet what course the rebel-led administration will follow. More consensus decisions could be expected, but not in the area of economic reform. In 2011, the government presented a second-generation, \$9.8 billion poverty reduction strategy (for 2011 – 2015) at a donor meeting in Brussels and received moderate commitments. In June 2012, the IMF approved a new extended credit facility (ECF), pledging \$63.2 million to fund public financial management reforms. This long-awaited move was seen as a necessary catalyst of donor support more generally: Indeed, some donors agreed to give sorely needed budget support. The recent changes might have a negative impact on these minor but important steps forward.

All major reform efforts are under tight supervision by foreign donors. Genuine will and capacity is therefore difficult to rate. One particular area of concern is the implementation of the DDR process. On the one hand, it could be argued that success hinges strongly on donor funding. On the other hand, one never had the feeling that the government was pressed to accelerate the process. In July 2011, three years after the Libreville accord, about one sixth of the 8,800 rebels had been demobilized. The process looked nontransparent and disorganized when Bozizé finally took a personal interest in moving it forward mid-2011 – and by year’s end more than 50% of combatants had been officially demobilized. Most rebel movements expressed concern about the pace and inclusiveness of the disarmament process and this was, in the end, one of the reasons given for the new surge of violence in late 2012. The government acted on dramatic price increases for basic commodities in early 2012 by fixing some prices. However, the ministerial order had barely any effect and shortages emerged in various locations. Former Prime Minister Touadéra subsequently invited all major economic and business stakeholders to meet, but without tangible results.

Before being toppled, Bozizé continued to appoint immediate family and friends to strategic positions. On 22 April 2011, he reappointed Prime Minister Faustin-Archange Touadéra as the head of a new government with no claim to “national unity” (apart from its name) – one of the main conclusions of the so-called “Dialogue Politique Inclusif” in 2009. This meant that he was not yet ready to learn from past confrontations. Ten ministers survived the change in government, most significantly Jean-François Bozizé, one of the president’s sons, as defense minister; and the donors’ darling Sylvain Maliko as minister of planning. The controversial mines minister Sylvain Ndoutingai, who is Bozizé’s nephew, was shifted to the influential finance ministry. (Ndoutingai was only dismissed after an alleged coup plot in 2012 – see above. The president’s son and the army chief were dismissed after the FACA failed

Implementation
4

Policy learning
3

to repel the rebel advance on 2 January 2013.) More generally, one could safely say that a small, ambitious elite in Bangui does not take responsibility for the fate of ordinary citizens. Institutions figure less importantly than the actual political dynamic engendered by state actors seeking to maintain and increase power. A practice of zero-sum and exclusionary politics was the modus operandi of the state elite during the Patassé era, and this practice has not changed significantly. Authorities frequently and aggressively overreact to criticism. Following the Libreville Agreement in January 2013, it took Bozizé more than two weeks to appoint the consensus prime minister, Nicolas Tiangaye. The latter has been a fierce opponent of Bozizé and a leading figure of the civil society.

15 | Resource Efficiency

The CAR remains heavily dependent on aid flows and those have proven volatile over the past decade. The government has failed to ameliorate state revenues, and IMF-supported programs have been no more successful. In fact, the CAR has one of the lowest domestic revenue-to-GDP ratios in sub-Saharan Africa (less than 10%). This ratio would not allow investment in basic infrastructure and is barely enough to cover current expenditures, according to the IMF. The IMF criticized fiscal slippages in 2010 and 2011. Given rampant corruption and nepotism, human and organizational resources are far from being used efficiently.

Efficient use of assets

3

The coordination of government action is a difficult task when a strong proportion of ministers have been selected not for their technocratic skills but for what they represent in terms of influence. The high number of advisors to the president suggest that a parallel structure is being built up to counterbalance government decisions. The creation, in 2012, of a Conseil Spécial de Surveillance et de Redressement des Entreprises et Offices Publics (CSSREOP) was officially meant to oversee state enterprises and target corruption, but it could well be a move by the president to further concentrate economic power in his hands. Government coordination proved to be even more difficult during the short intermezzo of the government of national unity after the Libreville Agreement.

Policy coordination

4

Officially, the government engages in combating corruption and the creation of the CSSREOP (see “policy coordination”) is one of the actions taken. On 19 September 2011, the National Assembly adopted a strategy to fight corruption, which includes, inter alia, the ratification of the United Nations Convention against Corruption; the establishment of a national authority to fight corruption, composed of representatives of the government, the private sector and civil society; the harmonization of national legislation with international standards; training and capacity-building of civil servants; and the development of codes of conduct. In reality, there is still little trust

Anti-corruption policy

4

in the government's fight against corruption. It is unclear how the new authorities will perform in this area.

16 | Consensus-Building

Events during the observation period point to different directions. On the one hand, Bozizé clearly showed limited willingness to follow a consensus path advocated by the 2009 “inclusive political dialogue” when he appointed, in April 2011, a new non-inclusive government (see above). Three members of the opposition were appointed to relatively minor positions in the government, but their parties suspended them immediately. On the other hand, a consensus emerged on a revised electoral code in 2012, and one could consider that (as the U.N. Secretary General did) an important political breakthrough. However, there are reasons to be more cautious. For example, the relative ease of ratifying individual peace or ceasefire agreements that are not at all durable points to the superficial nature of ad hoc solutions. While democracy is a general goal most political actors would subscribe to, it is far less clear whether there is a consensus on what it should look like, for example in terms of minority protection and representation.

Consensus on goals
5

While the democratic credentials of the president himself are weak, it has to be acknowledged that the record is not much better for many rebel leaders. Jean-Jacques Démafouth, one of the four leaders of political-military movements arrested in January 2012 (see above), was implicated in so many coup plots in the past that accusing him of another plot was easy. The founder of the Union des Forces Démocratiques pour le Rassemblement (UFDR), Michel Djotodia, was allowed to return to the CAR after six years in exile. He openly expressed his commitment to the Comprehensive Peace Agreement and to the DDR process. This did not prevent his UFDR from launching, in December 2012, major attacks on northeastern towns. This is also the case of the CPJP, which was the last major rebel movement to sign the Comprehensive Peace Agreement, in August 2012, and which quickly stepped out of it again in December. The only important figures that can claim to be reformers and to exert even moderate control over events are Martin Ziguéle and the newly appointed Nicolas Tiangaye.

Anti-democratic
actors
3

The frequent “revelation” of coup plots (three alone in 2012) poisons the public atmosphere. The president himself and some spokespersons frequently give inflammatory speeches, and this does nothing to ease conflict management. The recent episodes of anti-Chadian and anti-Muslim activity were exacerbated by events involving Chadian peacekeepers (two Central African policemen were shot dead by Chadian elements of MICOPAX in retaliation for the killing of a Chadian member of the regional force), but the authorities did not act decisively to defuse the situation. All the more laudable, in this context, is the fact that several rounds of discussions

Cleavage /
conflict
management
5

produced a consensus between the main political actors on a revised electoral code. The U.N. Secretary General called this “an important political breakthrough.”

The government usually ignores civil society. It has to take seriously the powerful trade unions, which manage from time to time to organize mass actions, for example in 2009 during the so-called inclusive national dialogue. Civil society was more or less sidelined in January 2013 during the preparation and conduct of the most recent peace negotiations. International NGOs, in particular the Fédération Internationale des Ligues des Droits de l’Homme (FIDH) explicitly and vainly demanded that civil society be involved in the process. Incoming Prime Minister Nicolas Tiangaye, with years of experience in opposition politics, is the founder of the local human rights league and can be considered a representative of civil society.

Civil society participation
4

With the events of 2001 to 2003 in mind, and new episodes of violence and counter-violence proliferating, it is difficult to come up with a consistent policy for reconciliation. However, the political leadership is also not stepping forward to acknowledge the government’s role in past crimes against humanity. The president deeply distrusts all former and current rivals and seems unable to extend his hand in reconciliation.

Reconciliation
4

17 | International Cooperation

The government is highly dependent on international aid, though the level of aid per capita is moderate (\$44.90 annually). Only with decisive international support is it possible to achieve any of the major goals set jointly by the political leadership, donors and U.N. agencies. The government tries to make use of international assistance partly for shortsighted strategies to maintain power, partly to please the international community, and partly out of conviction. Quite regularly, the government could not pay civil service wages without budget support from outside. This resulted in a high propensity to accept any foreign engagement as long as it provided fresh income. It is obvious that some major international players were unhappy with the government during the observation period. In early 2011, leaked information had it that the IMF remained critical regarding budget execution in 2010 and the resulting public-debt increase (the IMF’s displeasure later was made public). What made things worse was that controversial Finance Minister Sylvain Ndotoungai could not attend the IMF annual meetings because of fears that he might be prosecuted in the U.S. for charges dating from 2005 to 2007, when he had ordered the Presidential Guard to attack civilians in an area controlled by rebels. Ndotoungai was campaign director for Bozizé’s reelection in 2011. The fresh ECF grant by the IMF may set a framework for increased donor support, though the general attitude is to remain cautious. Reluctance of Western donors may spur the authorities to look more assiduously for Chinese support.

Effective use of support
6

After a period of somewhat increased credibility of reform efforts (2009 – 2010), most observers would give the regime less credit for its commitment during the observation period. The abovementioned fiscal problems may explain the slippage, but it could also be symptomatic of a lack of commitment to reform in nearly every field, including political reliability.

Credibility
5

Obviously, Chad was the Bozizé regime's major international supporter. President Idriss Déby has a keen interest in a stable and supportive southern neighbor and therefore immediately dispatched more troops when Bangui was in danger in early 2013. In 2012, a joint military effort resolved the longstanding problem of a Chadian rebel movement operating on CAR soil. Rebel leader Baba Laddé surrendered and was expatriated to Chad. A new trade agreement was reached to import Chadian oil products. However, in 2012, Bozizé's relations with the presidents of neighboring countries markedly soured as was seen during the Libreville negotiations. This might explain why Chad finally refused to prevent the Séléka rebels from marching into Bangui. While the MICOPAX troops were instrumental in stopping the rebels in January, they ultimately made the coup possible, despite South African support for Bozizé's troops. Bozizé's inability to pacify his territory was considered by neighboring countries a major security threat. Although regional solidarity with the CAR was extraordinary in the formation of MICOPAX (and its predecessor), relations with neighbors are not free of tension. A series of border incidents were recorded with Cameroon in 2011 and 2012. Only three presidents of the subregion attended the reelected president's investiture on 15 March 2011 (Déby of Chad, Ali Bongo of Gabon and Obiang Nguema of Equatorial Guinea). France maintains a military presence in the CAR (about 320 troops before the last escalation of violence) and is also an important development partner. The multilateral security cooperation with DRC, South Sudan, Uganda and the U.S. to stop the LRA (and arrest LRA leader Kony) has not yet produced results, but is set to continue; the CAR's contribution will however be strongly reduced given its own low military capabilities. The government seeks closer military ties with South Africa and China.

Regional
cooperation
6

Strategic Outlook

The CAR is again at the starting point of a difficult peace process and must start some major reform processes anew; this presents opportunities for real improvement. However, considerable energies of a small government apparatus must be focused on this problem and can not be used to address all other urgent needs, particularly in the economic and social arenas. The return to a higher level of macroeconomic stability was hard-won and already showed cracks in late 2010 when irresponsible behavior led to fiscal slippages. It remains to be seen whether the rebel-led government under Bozizé's last prime minister can more credibly steer the affairs of the country toward reform and how much room for maneuver he will get from the new president who is under considerable international pressure.

The following main aspects need to be considered:

- Although put in brackets by the coup d'état in March 2013, the new peace process has only started with the January 2013 ceasefire agreement. The formation of a consolidated government with representatives acceptable to the major political forces but also uniting technical competences will be difficult to achieve. The most urgent areas of reform are now clearly the security sector and a related balanced and transparent DDR process.
- The new authorities in Bangui need to demonstrate that they are willing to use the transition period to implement much-needed reforms. This could prove inherently problematic, given divisions within the rebel group. But the resumption of international support will largely depend on this. Both the prime minister and the Constitutional Court have to prove impartiality and a good republican ethos.
- The strong influence of the Chadian component within the subregional peacekeeping mission MICOPAX is a further problematic element as parts of the population are overtly anti-Chadian. It would be helpful if other governments in the subregion would consider stepping up their presence within MICOPAX.
- The recent upsurge in interreligious violence and distrust is an element to watch much more closely. The international environment, with repercussions from the crisis in Libya, northern Nigeria and more recently in Mali, is the context in which this has to be placed. It is not too late to start a dialogue process between the major religious factions of the CAR.
- Political parties are in bad shape. At least those who were present on a national level (like both former ruling parties of the 1990s) should have the potential to reorganize and establish a higher level of internal democracy. Donors should not shy away from engaging at least minimally in this field. Also, to ensure a smooth transition period, current transition leaders should avoid running for the next elections.

- To stabilize food prices, the economy must be rebuilt with a focus on agriculture and not only on the export of cotton. Uranium no longer seems to be an appropriate building block for a boost in mining. This means that more traditional diamond exploitation should again be the focus of not only the authorities and the private sector, but also civil society and the international community when it comes to regulation and transparency (with gold and petroleum the next candidates). Income from diamonds could still form an essential backbone for state revenues. Those are urgently needed for higher investments in health and education where the CAR is at the bottom of essential worldwide rankings. Investments in infrastructure (roads, electricity, water) would help both the population and a still fledgling private sector.