

BTI 2008 | Central African Republic Country Report

Status Index	1-10	3.88	# 104 of 125	
Democracy	1-10	3.93	# 93 of 125	
Market Economy	1-10	3.82	# 107 of 125	
Management Index	1-10	4.58	# 82 of 125	

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

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

The BTI is a joint project of the Bertelsmann Stiftung and the Center for Applied Policy Research (C•A•P) at Munich University.

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Key Indicators

Population	mn.	4.0	HDI	0.35	GDP p.c.	\$	1,089
Pop. growth ¹	% p.a.	1.3	HDI rank of 177	172	Gini Index		62.3
Life expectancy	years	39	UN Education Index	0.42	Poverty ³	%	84.0
Urban population	%	38.0	Gender equality ²	-	Aid per capita	\$	23.6

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The Central African Republic (CAR) is highly dependent on donor funding. Major reform steps taken by Prime Minister Elie Doté's government secured IMF approval of a much needed PRGF in December 2006. The country's population, which suffers from ten years of instability and insecurity, will not benefit from the PRGF immediately. The entire northern part of the country remains unsafe due to rebel group incursions and indiscriminate counterattacks by government forces. The outright conquest of the provincial capital Birao in the northeast by rebel groups in October 2006 has clearly exposed the regime's fragility.

In disarray, the national army barely managed to recapture rebel-held towns and was able to do so only with French military backing. Years of political instability have eroded the state's legitimacy and accountability significantly. The sparsely populated and only marginally accessible interior of the country suffers from extremely poor governance and the absence of state institutions. Nontransparent management of public resources and a dysfunctional justice system have lent themselves to widespread corruption with impunity, contributing to poor quality of services as well as public distrust in government institutions. There were managerial successes in 2005 – 2006, including the doubling of customs revenues after the government took direct control of the customs system, and the disbandment of the notoriously ineffective and corrupt customs service. Most donors appear to be broadly satisfied with the emergency post-conflict assistance (EPCA) program, but there are serious concerns about debt arrears and the belated disbursement of public sector salaries.

A history of violence on all sides has frustrated democratic transformation, and the process has not recovered entirely since the 2005 elections. In March 2003, after a series of unsuccessful mutinies, coup attempts and rebellions, former President Ange-Félix Patassé was overthrown by the former Chief of Staff, Gen. François Bozizé.

Managing transition problems following the coup proved particularly difficult. Though technically acceptable, the elections of March/May 2005, like the presidential elections in June 1999 and the parliamentary elections at the end of 1998, suffered allegations of fraud. CAR's National Assembly continues to be a place of contestation despite its overall pro-Bozizé composition. There are deficiencies in every transformation category; stateness, political participation, rule of law, and political and social integration are insufficient.

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. Gen. Jean-Bédel Bokassa led the country's first coup in 1965 and later declared himself emperor for life; a French commando ousted him in 1979 following grave human rights violations. A short multiparty interlude was terminated by a second coup that brought Gen. André Kolingba to power in 1981. 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 segments of the state administration in the mid-1990s. Political transformation began in 1990 with an open letter by 253 prominent citizens calling for a sovereign National Conference, like the one established in Benin. Kolingba refused. He detained several prominent opponents and publicly blamed his prime minister, so as not to be held accountable for management errors. Only later, under international pressure, did he accept the principle of free elections, agreeing to hold them in October 1992. In the run-up to national elections, serious budget constraints led to unpaid salaries in the civil service, which resulted in strikes and demonstrations that were suppressed with violence. New elections were held in August 1993. In the first round, Kolingba came in fourth after Patassé, Gouumba and Dacko. Kolingba then tried to modify the electoral code as well as alter the composition of the Supreme Court. However, all major donor countries strongly opposed this move, and Kolingba gave up his plans. In the second round, Patassé was elected president, defeating veteran politician Gouumba in a largely free and transparent election. Patassé immediately abandoned the elite consensus of the transition phase by sidelining his main rivals and beginning 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 owed to state workers – up to 36 months worth – was the clearest sign of failure. Without the various interventions of peacekeeping and other troops, Patassé would not have politically survived the mutinies of 1996 and 1997, two attempted coups in 2001, or, most significantly, the rebellion of the chief of staff (Bozizé) in late 2001 and early 2002. Finally, Bangui fell into the hands of the Bozizé rebels in March 2003. The population in the vast stretches of the densely populated western and northern parts of the territory paid a heavy price in the armed conflicts.

After his violent takeover, Bozizé 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 and a quarrel developed over the admission of candidates, which was resolved only through Gabonese mediation. Finally, and in the runoff, Bozizé faced Mouvement pour la Libération du Peuple Centrafricain (MLPC) candidate and former Prime Minister Ziguélé, who in the end won 35.4% of the votes to the incumbent's 64.6%. Some irregularities were reported. Legislative elections running in parallel were marked by more irregularities and doubts remained as to the real margin of the victory of Bozizé's party and some of his allies. Bozizé formed a new, rather inclusive government under the leadership of a former economist at the African Development Bank, Elie Doté. 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 Central African Economic and Monetary Union (CEMAC). Rebels continue to fight in the northeast.

Transformation Status

I. Democracy

The CAR has improved the standard of its democracy somewhat during the evaluation period. Individual institutions (National Assembly, the courts) and key actors (unions, human rights activists) have attempted to re-establish some democratic progress. Ethnic polarization has not declined, but may still be reversible. The most serious transformation deficits lie in the area of stateness.

1 | Stateness

There has never been a state monopoly on the use of force in the CAR. The CAR 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 its former colonial ruler, France, to the complete lack of government presence outside of 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.

Monopoly on the
use of force

The government cannot guarantee public safety and order. Basic citizenship rights cannot be guaranteed for entire population groups due to the state's weak penetration of the territory. Wide circulation of arms, rampant roadblocks and racketeering, combined with weaknesses in the country's security sector, affect the state's capability to protect its citizens. Abuses perpetrated by armed forces on the civilian population make the state more of a threat than a protector. Some population groups, such as Pygmies and Fulani cattle herders, are barely considered citizens.

State identity

The separation of church and state should be guaranteed by a secular constitution. Indeed, most politicians have secular credentials, and religious dogmas do not play a major role. There are some exceptions, though. The head of state backs his very own Protestant Church (Christianisme Céleste-Nouvelle Jérusalem) while maintaining close contact with all major confessions. Joseph Binoua, a pastor active in the national dialogue process, competed for the presidency in 2005, but won only 1.5% of the votes in the first round of elections. In late 2006, Bozizé personally ordered the burning of the houses of two Baptist pastors after they had burned down the home of another pastor in a row over the use of a chapel for

No interference
of religious
dogmas

Christmas services. However, this should not be interpreted as a religious conflict. The latent (and at times open) anti-Chadian sentiment in Bangui can be associated with the Christian-Muslim divide (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 are not under state control, specifically the following regions: northwest, north, northeast, east. The last (Bozizé) rebellion bordering on civil war (2001-2003) and the more recent aggression in the north caused even further setbacks. The state would not be able to keep up with the fragile situation without considerable support by the French Government and CEMAC peacekeepers.

Basic administration

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 past multiparty elections are noteworthy in an African context. However, they were the result of international supporters' massive influence and logistics. The presence of heavily armed elements of the presidential guard in and around some polling stations in 2005 was criticized, and Patassé was excluded from the presidential race, which could be regarded as a constraint on participation.

Free and fair elections

Bozizé's power results mainly from his military takeover in 2003, and is augmented by his election. The military influence on political participation through the head of state is potentially still high. However, the National Armed Forces are highly fragmented and cannot be regarded as a homogeneous body. Changes in the top hierarchy of the army are frequent. Acts of defection by entire army units were frequent in 2006. There are also reports of the army being divided along ethnic and regional lines, with clusters saluting only "their" own officers. The government is formally in charge of all executive duties; the scope of action is first and foremost limited by state capacity.

Effective power to govern

Civic groups can be established rather easily, but their potential is limited. Dissident wings of political parties were barred from holding public rallies in mid-2006. Some leading members of both the Mouvement pour la Libération du Peuple Centrafricain (MLPC) and the Front Patriotique et Populaire (FPP) were detained without appropriate justification in 2006.

Association / assembly rights

Private media were occasionally subject to state repression in 2005 and 2006, particularly before the elections. Two journalists of the independent Radio Ndeke Luka, just like the editor of the independent newspaper Le Citoyen, were intimidated by members of the presidential guard for their critical comments

Freedom of expression

about the electoral process. Visas for some foreign journalists willing to cover the elections were denied. Dissident wings of political parties were temporarily barred from access to the media in mid-2006. The CAR is listed as “partly free” in the 2007 Freedom in the World report from Freedom House. With regards to freedom of the press, the country ranked 128th out of 194 (“not free,” value 61) in the Global Press Freedom Survey 2006, also by Freedom House. The report noted a slight improvement, while all neighboring countries, with one exception, enjoy even less freedom of the press. The private media cannot be regarded as independent, simply because they cannot sustain themselves financially, relying instead on political stakeholders who pay for articles.

3 | Rule of Law

The CAR ranks well below sub-Saharan African averages in all of six of the World Bank Institute’s governance indicators measuring specific dimensions of governance. The most challenging dimensions are government effectiveness, rule of law and regulatory quality. The new constitution (December 2004) theoretically gives the legislative branch a wide range of guaranteed prerogatives, but Bozizé was enabled to legislate by decree for a period of nine months in late 2005. This obviously undermined the power of parliament. However, the National Assembly tries to act as a counterweight to the executive branch of government. Three members of parliament accused the government of bearing responsibility for a massacre in the northern city of Paoua in February 2006. The speaker repeatedly criticized the government for the continuing lack of security in the north. And Bozizé chose the National Assembly as the forum to propose a limited form of dialogue with all “vibrant parts of society” in July 2006.

Separation of powers

The judiciary continues to lack minimum resources. Its functional deficits are linked among other things to inadequate territorial penetration – according to a UN report “there seems to be no functioning legal system outside Bangui” - but also to the judiciary’s meager capacity and inability to sustain or implement any judiciary decision. For the security system to function in a satisfactory manner, magistrates and the penal system in general must function under conditions that do not encourage corruption and substandard justice. Some recent acts indicate, however, that the courts can uphold some independence. When the Electoral Commission invalidated 269 out of 970 candidates for the legislative elections in 2005, the administrative court of Bangui decided that 219 of those could stand. While former President Patassé was condemned in absentia to 20 years of forced labor for embezzlement, the judicial authorities declared their inability to pursue the case against him and several other people for crimes against humanity committed in 2001. The office of the prosecutor at the International Criminal Court had not yet made a decision by the end of 2006 about whether and when to conduct an investigation in the case, which had been submitted in 2004.

Independent judiciary

Corruption by high-ranking officeholders was a main feature of the Patassé regime. Corruption spread vertically and horizontally across all aspects of the administration. Under Bozizé, new corruption affairs were exposed and attracted adverse publicity from civil society, the media and opposition parties. However, some recent acts, like the government's recent takeover of the customs system to root out corruption, and the dissolution of a dysfunctional customs service, indicate anti-corruption efforts. Transparency International's 2006 CPI ranks the CAR 130th out of 163 countries.

Prosecution of office abuse

Civil rights are protected only within limited enclaves of state penetration. Security forces, former militia, and roadblockers ("Zaraguinas" in the Sangho language) violate civil rights frequently, although a recent demobilization and reintegration project has disbanded the militia to a large extent. A number of rebel groups, such as the Armée Pour Restoration de la République et de la Démocratie, the Front Démocratique du Peuple Centrafricain, led by Abdoulaye Miskine, and the Union des forces pour la Démocratie et le Rassemblement – which has been connected to former heads of state – also operate on the territory. In 2006, official security forces fighting rebels in the northern part of the country targeted civilians; the army sometimes indiscriminately burned villages as a response to the alleged hiding of rebels.

Civil rights

4 | Stability of Democratic Institutions

The state's institutional structures have never been particularly effective. By the end of January 2007, the CAR was not a fully democratic state, although clear progress was made. Democratic institutions do exist, but could not be considered stable. The National Assembly does not fulfill its role in oversight, for example, of the security sector and national discourse.

Performance of democratic institutions

All relevant political and social players in the capital accept democratic rules. However, the head of state himself is heavily contested by some of his former supporters who are now rebels. There is a striking pattern of armed groups forming once a faction has been removed from civilian politics in the capital, particularly in the northern periphery.

Commitment to democratic institutions

5 | Political and Social Integration

The party system still plays no autonomous role in the process of forming opinions and political will. The government is a coalition of Bozizé backers and some loyal followers, including relatives. A comparison of election outcomes (1993, 1998 – 1999, 2005) shows some continuity, with the MLPC remaining the single most solid party, and some smaller parties firmly established in the respective home regions of their leaders. Bozizé relies on his new Convergence Nationale Kwa na Kwa (KNK, literally "work, nothing but work"). The KNK

Party system

was built as a coalition of smaller parties that had supported Bozizé when he was a rebel leader. This coalition has succeeded in splitting the northern electorate, which had been mostly in favor of the MLPC (receiving 11 seats in 2005). The party system can be considered as moderately to highly fragmented and moderately polarized, considering that a large majority of the 34 independent members of parliament side with the KNK (78 members of parliament voted for the new speaker, former Prime Minister Gombaolet – this might be termed the presidential majority). There are six other parties represented in parliament: MLPC, RDC, PSD, FPP, ADP and Association Löndö.

Important social interests, especially of the rural population, youth and women, are underrepresented in public debate. There are very few effective NGOs and other civic associations, and not all of them are committed to the transformation process. However, the NGO umbrella body CIONGA has become more visible in public debate in recent years. The CAR does not have a diverse range of interest groups, although it does have remarkably active unions in Bangui. The cooperation between the government and social interest groups leaves much to be desired. Bozizé has publicly condemned several strike actions; Doté at least agreed to negotiate with the teachers' branch of the powerful Union syndicale des travailleurs en Centrafrique (USTC) in fall 2006. The Central African Human Rights League (LCDH) is the most significant organization defending democratic values. It attracted attention to the dangers involved in their work in 2006. The Catholic Church supports democracy and reconciliation with mixed results, but it was the only organization present across the country until 2003. Churches have re-opened health centers, and in addition to two to three humanitarian NGOs, they are the only ones present in the country's eastern and northern regions.

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

Socioeconomic and other barriers restrict self-organization in civil society. Subsistence farmers are notoriously difficult to organize. Rural cooperatives and agriculture support structures were prominent under Bokassa. Lack of transport and the disappearance of rural cooperatives caused a significant decrease in crop production. There have been numerous violent episodes since 2001, which has resulted in extremely low trust among the population. Thousands of people were forced to take refuge temporarily outside Bangui or even in neighboring countries (Chad, Democratic Republic of Congo). The most recent outbreaks of violence in 2005 and 2006 have resulted in 220,000 internally displaced persons (IDPs) and refugees, and have destroyed more social capital in the northern part of the country (the south was the scene of destruction from 2001 to 2004). Systematic looting and sexual violence are part of the strategy deployed by different actors of war.

Interest groups

Consent to
democratic
norms
Associational
activities

II. Market Economy

The CAR's economic order and performance do not meet minimal criteria for a socially responsible market democracy. Growth rates were markedly negative in 2003 (-7.6%), but have improved gradually to an estimated 3% in 2006, according to the Economist Intelligence Unit. Productivity in the countryside remained low due to persistent insecurity. Attacks by Zaraguinas on Fulani herders, systematically kidnapping their children for ransom, added to this climate of insecurity. In response, herders have organized themselves in self-defense groups, testifying to the lack of public security. In addition to making the life of the affected herders unsafe, these roadblocks and banditry hamper economic development by blocking major transport routes. The distribution of goods remains difficult.

6 | Level of Socioeconomic Development

The CAR is a very poor country with uniformly low values in relevant indicators. However, for all quantitative economic data, it seems crucial to caution that statistics and data collection in general in the CAR is extremely difficult, poorly done, and therefore far from reliable. The CAR lost three ranks since the last evaluation report and was listed at 172nd in the HDI in 2006. On GDP alone, CAR ranks 156. Women are particularly disadvantaged. Their access to services and education is limited. Women do not get their share in terms of representation and participation. Almost all relevant indicators point to severe problems. Seventy-one percent of the population is believed to live on or below \$1 per day. A very low life expectancy of 39.1 years is a telling fact; only the HIV-hit states of Botswana, Malawi, Lesotho and Zimbabwe are ranked worse. In 2005, the CAR ranked 92nd out of 102 in the Human Poverty Index for developing countries. In the 2004 GDI, CAR rated 132nd out of 136. The country is not ranked by the 2005 HDI Gender Empowerment Measure, but the report notes that 10.5% of parliamentarians are women and the ratio of estimated female to male earned income is 0.65. The CAR may therefore lack the socioeconomic prerequisites for an adequate freedom of choice

Socioeconomic
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	1,046	1,195	1,307	1,369
Growth of GDP	%	-0.8	-7.6	1.3	2.2

		2002	2003	2004	2005
Inflation (CPI)	%	2.3	4.1	-2.1	2.9
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.5	0.3	-1.0	0.4
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-	-	-	-
Public debt	\$ mn.	980.0	900.4	929.5	870.8
External debt	\$ mn.	1,065.0	1,037.7	1,081.5	1,015.5
External debt service	% of GNI	0.1	0.1	1.1	0.4
Cash surplus or deficit	% of GDP	-	-	-0.5	-
Tax Revenue	% of GDP	-	-	6	-
Government consumption	% of GDP	11.8	-	-	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	1.7	1.6	1.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.0	1.3	1.2	-

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

The institutional setting for free markets and competition is poor. The CAR ranks 137th out of 162 countries (“mostly unfree”) on the Index of Economic Freedom 2007. Poorly functioning public institutions cannot prevent corruption and enforce the rule of law in the economic field. However, the state takes relatively few formal steps to intervene in the economy.

The formation of monopolies and oligopolies is regulated occasionally.

State regulation, special rules and tariff barriers somehow distort foreign trade. The CAR is selectively integrated into the world market and the global black market, not least through diamond smuggling. On the other hand, the CAR’s

Market-based competition

Anti-monopoly policy

Liberalization of foreign trade

membership in the Central African Economic and Monetary Union leads to some common trade rules. Rampant corruption among customs officials could be regarded as an obstacle to the free circulation of goods. Widespread insecurity is even more noteworthy in this regard. Years of rampant insecurity may have demonetarized some regions (no exact data available).

The legal underpinnings for the banking system and capital market exist, under the supervision and control of the Central African Banking Commission (COBAC) in association with the Bank of Central African States (BEAC), but the market is poorly differentiated and offers scant opportunities for domestic investors. Political pressure was occasionally misused in the past to grant bad loans that were almost never repaid.

Banking system

8 | Currency and Price Stability

As a member of the CFA franc monetary union, the CAR cannot pursue an independent policy on currency and foreign exchange rates. The currency is pegged to the euro, and the BEAC is the competent authority. The technical competence of the BEAC has helped to maintain a relatively low inflation rate.

Anti-inflation /
forex policy

The government displays serious problems with setting objectives and achieving a consistent policy for stability. Under Prime Minister Doté, some major efforts have been undertaken to bolster the revenue basis of the state, which should help to achieve overall stability goals. In December 2006, the IMF approved a three-year arrangement under the PRGF worth some \$54 million to support the government's economic program. In November 2006, the World Bank intervened with a Re-engagement and Institution-Building Support Program Grant (RIBSUP) of \$82 million, unleashing new and existing IDA resources previously blocked by arrears. The goal of reaching the decision point under the enhanced HIPC debt relief initiative early is rated as highly optimistic by observers. Any substantial debt write-off is therefore not expected soon.

Macrostability

9 | Private Property

Conditions to support a functional private sector are insufficient. Property rights are formally defined but cannot be considered satisfactorily safeguarded because of rule of law shortcomings, especially due to corruption. According to the World Bank (Doing Business in 2007), the CAR performed reasonably well on investor protection, but very poorly on enforcing contracts. The country ranked 167th out of 175, down from 162 in 2005. For example, on average it takes 14 days to start a business, and 69 days and three procedures to register property.

Property rights

Private companies can act freely in principle, but encounter economic and conflict-related barriers to development. Tax rates are high and procedures are 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 common. Thus, the country's attractiveness to domestic and foreign investors is extremely limited.

Private
enterprise

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 country cannot systematically combat poverty 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. From 2001 to 2003, the residents of Bangui were dependent on food aid from the international community; this applies as well to the IDPs and refugees in the northern areas in 2006.

Social safety nets

There are informal institutions to compensate for gross social differences – the dominant ethos being one 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. The GDI stands at 0.336, which means the CAR ranks 132nd.

Equal opportunity

11 | Economic Performance

The economy thoroughly shrank in 2002, and particularly in 2003, due to political turmoil and civil unrest, and has only partially covered losses with modest growth rates between 2004 and 2006. The national economy continues to be shaped by traditional agriculture, while cash crop production suffered during recent years, with the cotton sector close to collapse in 2006. This sector generates about 54% of the GDP (2005). Agro-pastoral producers, particularly in the north, continue to hide in the bush or in semi-urban areas, due to the risk of being attacked. The mining sector has high potential, with a diamond production of around 350,000 carats. However, even oil deposits discovered in 2002 (and uranium in 2006) will have little effect on the bleak overall situation in the medium term. Without peace and fundamental change in the structure of the state budget, and seriously combating corruption while attracting investment, there is no long-term hope for improvement.

Output strength

12 | Sustainability

As a rule, environmental concerns are ignored, but economic practices currently put limited strains on the environment, except for unsustainable forestry management and unchecked poaching. The timber industry is a mainstay of foreign trade (54.5% value share of all exports in 2004). Currently, a moderate 0.4% of forested land is lost per year, but without any prospect for better management. The easy availability of weapons since the mutinies of 1996 – 1997, and, more recently, incursions from Sudan, have led to an alarming increase in poaching, threatening the numbers of forest elephants and other animals.

Environmental policy

There is certainly a disparity in educational opportunities between men and women. About 37% of girls of schooling age attend primary schools. The primary and secondary education system is extremely underdeveloped and has been neglected for a decade. The AIDS pandemic has dramatically affected education in the CAR. According to World Bank data, AIDS accounts for 85% of fatalities among teachers. In addition, there are numerous teacher strikes because of unpaid wages. Lacking teachers, many schools have had to close. The year 2005 was an intense year of strike actions. Bangui University closed its doors after a strike by professors in May, who discontinued their strike when the government announced that the second part of the French credit designated to pay for extra hours would be disbursed. Trade unions called on the entire civil service to go on a three-day strike beginning on 11 October and demanded the immediate payment of nine months of salary. Only the equivalent of one month was paid, leading to a second strike. Riot police prevented striking civil servants from holding rallies by sealing off the headquarters of the largest trade union. University and school teachers again went on strike in September/October 2006, demanding an improvement of their status and the payment of salary arrears. The USTC called off strike actions after a commitment to further negotiations by the government. There are no current statistics for the state's true educational spending in relation to GNP (1985 –1987: 2.6%). The illiteracy rate is 51.4% – 33.5% for men and 64.7% for women. Only 17% of men and 6% of women attend secondary school.

Education policy / R&D

Transformation Management

I. Level of Difficulty

The CAR's governance capacity is extremely limited, and the level of difficulty is very high. The country is landlocked and its infrastructure is poorly developed. The assistance programs of major donors rarely target the entire country. The following factors made for extremely difficult conditions for continuing the transformation at the beginning of the evaluation period: low economic development, the lack of basic market economy structures, poor education, ethnic and regional conflicts, inefficient administration of the state, and the state's lack of a monopoly over the use of force. The country's interior, with its rudimentary infrastructure, contributes to these problems as well. In terms of structural socioeconomic conditions shaping the political process in the long term, the level of difficulty for transformation must be considered relatively high. Citizens' experience with different post-colonial regimes has been more or less consistently negative. Value systems have been shaped by the negative effects of colonialism on traditional political culture and institutions. Ruthless forms of colonialism, driven primarily by private business interests, have fundamentally disrupted the rules of consensus previously observed by most communities. The CAR was in fact the least-administered French colony, where "compagnies concessionnaires" had no limits in exploiting the population. They used the most brutal methods without providing any form of assistance. Recent violence, such as two successful coup d'états, the repression under Bokassa, neo-colonial intervention, three mutinies from 1996 to 1997, a bloody coup attempt in 2001, a successful violent rebellion in 2002 – 2003, and new aggressions in the entire northern section since late 2005, account for difficult experiences. There are, however, a few positive episodes in recent CAR history: while all neighboring countries were under authoritarian rule, the CAR had a multiparty system from 1979 to 1981, it underwent a successful peaceful transition in 1993, and a rather broad elite consensus overcame the post-2003 crisis.

Structural
constraints

Traditions of civil society are virtually nonexistent. The landscape of voluntary organizations remains meager (see Section 1.2, Political participation). Existing "traditional" community structures are in fact a result of those imposed by the French.

Civil society
traditions

Social trust has suffered a major setback, considering the violent episodes that started in 1996, accelerated after 2001 and grew worse in 2002 – 2003. The violent conflicts associated with the Bozizé-led rebellion clearly showed features of a civil war. The current insecurity in the northern part of the country, which is in part related to the armed forces acting as “insecurity forces” but is also a consequence of regional spillover effects, resulted in some instances of massive escalation. Rebel takeovers of several towns and cities had to be fought back by French troops, CEMAC peacekeepers and the National Army in occasionally intense battles. This escalation came close to breaking out in a full-blown civil war again. Memories of severe human rights violations and episodes of ethnic cleansing, even though isolated, heavily influence social behavior.

Conflict intensity

II. Management Performance

There are clearly several problems of governance in the CAR. The country is landlocked, devoid of infrastructure and surrounded by conflict zones (Sudan, Chad, DR Congo). The country’s governance record remains poor, which only exacerbates difficult circumstances. Elites not acting in their own personal interest are hard to find. Though some in the state administration demonstrate technocratic skill, many of them are siphoned off by donor organizations in need of local personnel. Donors place their hope in a limited number of high-level bureaucrats, including Prime Minister Doté and Minister of Planning, Economy and International Cooperation Sylvain Maliko.

14 | Steering Capability

The government has low steering capabilities. It has only limited access to staffing and organizational resources for its economic transformation policy. The donor community is currently somewhat more optimistic with regard to the government’s commitment to reforms than in the past. The government reached an agreement with the World Bank and the IMF on an emergency post-conflict assistance (EPCA) program in September 2005, running from January to December 2006 (worth some \$10.2 million). The EPCA was considered a success and paved the way for a three-year PRGF with the IMF on 22 December 2006 of about \$54.5 million to support the government’s economic program into 2009. According to the IMF, the country has made advances in structural reform in such areas as public financial management, tax and customs administration, and governance and transparency. The World Bank and the African Development bank also cleared arrears and re-engaged with the country in November 2006, the former through a Reengagement and Institution-Building

Prioritization

Support Program Grant. However, foreign experts tightly supervise all major steps undertaken and genuine will and capacity is difficult to assess. The head of state's most visible priority is to maintain power. Long-term strategies are not well developed; they are developed exclusively under the framework of international cooperation. A cabinet reshuffle in September 2006 increased Prime Minister Doté's influence, and he now additionally holds the finance and budget portfolio. This might enable him to make more consistent reform moves.

Under Prime Minister Doté, some major efforts to increase state revenues have been undertaken by creating a single customs bureau (*guichet unique*) in the Port of Douala in Cameroon. In September, Bozizé decreed the dissolution of the customs service after a disastrous evaluation report by French experts. This is an opportunity to clean a particularly corrupt sector, and an increase in state revenues is crucial for any development effort. However, the government's extremely limited ability to enforce customs laws in the diamond sector will remain. There have also been efforts to clean up the payroll system and get rid of ghost workers in the civil service, as well as efforts to improve budget management in general.

Implementation

Political leadership at the top shows a limited willingness and ability to learn. This is demonstrated by the fact that the leadership ignored the expressed wish of several external forces that Bozizé should not have stood as a presidential candidate in 2005. The same may apply to other veterans in the political game. When Goumba finally decided to step down as head of his FPP party, he tried to install his son, which led to bitter infighting. A small ambitious elite in Bangui (the country's elite is estimated at 300 – 400 people only) does not take care of the fate of ordinary citizens. Institutions figure less importantly than the actual political dynamic engendered by state actors seeking to maintain and increase power. The practice of zero-sum and exclusionary politics was the state elite's modus operandi during the Patassé era, and this has not changed profoundly since.

Policy learning

15 | Resource Efficiency

The government uses only some of its available human resources efficiently. There was a politically motivated dismissal of a government minister in early 2005; interpretations of the government reshuffle on 2 September 2006 differ; the PUN party, part of the KNK alliance and an essential backer of Bozizé in the second round of the 2005 elections and before, is no longer present in government. In exchange for the EPCA allocation, the government pledged to implement austerity measures, including a freeze on public sector recruitment for at least 12 months, with the exception of the health and education sectors, and a reduction in the number of civil servants.

Efficient use of assets

Coordinating government action is a difficult task when a large proportion of ministers have been selected not for their technocratic skills, but rather for what they represent in terms of electoral support and influence. The growing number of advisors to the president may be a sign that a parallel structure has been built up to counterbalance government action; this was a typical domination technique under Patassé.

Policy coordination

Embezzlement of public funds still occurs regularly in some areas, and inquiries and punishment remain rare. The new government recently showed more interest in combating corruption, disbanding the customs office in September 2006. There can be no progress in the fight against crime without strengthening the customs agencies; diamond smuggling deprives the state of approximately 50% of export revenues. The Central African Republic ranks 130th out of 163 in the latest CPI by Transparency International. Corruption is rampant. As a part of a wider plan to stamp out corruption and rid itself of the reputation as a smuggler's den, the CAR has joined the Kimberley Process in 2003, a global initiative aimed at ending trade in so-called "blood diamonds" by establishing that exported gems have not come from conflict areas. The effects of this move have yet to be evaluated.

Anti-corruption policy

16 | Consensus-Building

There is a rudimentary consensus between elite groups about democracy and market economy as vague principles. All major political actors are otherwise preoccupied with issues such as maintaining or gaining power, and/or preserving peace. Major transformation processes are simply not at the top of their agenda, although they are not contested as such. Achieving consensus-building is possible with regard to coalition-building, as most parties remain open to participation in government.

Consensus on goals

There are veto actors in different parts of the army and in armed groups loyal to Kolingba, Patassé or Bozizé. They are not overwhelmingly powerful because they remain divided. However, those who might be considered reformers in today's CAR have no control over these actors.

Anti-democratic veto actors

The government does not address political cleavages openly. There is one key implicit tool to foster consensus: the government promotes national unity through its composition as an inclusive coalition of most major political parties. At the same time, the fight against diverse rebel organizations and the repression of banditry in the north takes the form of collective punishment, which reinforces a growing bitterness among the local population and their representatives in Bangui. There is still much left to be desired, despite the progress made in comparison to the last years of Patassé's reign.

Cleavage / conflict management

The government is largely indifferent with respect to the role of civic engagement. It frequently ignores civil society with the notable exception of the powerful trade unions, who are readily accepted as negotiation partners, at least by the prime minister.

Civil society participation

The political leadership does not address past acts of injustice. From 2001 to 2003, various parties, including former president Patassé and his military supporters from the Bemba-led Mouvement de libération congolais (MPC) as well as Bozizé and his followers, committed individual crimes and crimes against humanity. To date, there have been no noteworthy attempts to initiate a reconciliation process that reaches beyond the elite. No war crimes tribunal, reconciliation commission, compensation schemes or equivalent institutions have been established to deal with past horrors and traumas. The competent authorities have transferred the judicial responsibility for those acts to the International Criminal Court. The ICC's office of the prosecutor has not yet opened an investigation into these cases. One reason given (15 December 2006) was the continued violence in the northern part of the country. This may be interpreted as a willingness to include ongoing acts of crime against humanity (including those perpetrated by the Presidential Guard) in these investigations.

Reconciliation

17 | International Cooperation

The political leadership works actively with bilateral or multilateral international donors. The government tries to make use of international assistance, partly as a means of sustaining shortsighted strategies to maintain power, partly to please the international community, and partly out of conviction. The dependence on foreign assistance is particularly high. Without budget support, civil service wages cannot be paid. This leads to a high (superficial) flexibility to accept any foreign recipe as long as it provides fresh money.

Effective use of support

The Bozizé administration tries to act as a credible partner, but its record remains mixed. During 2006, however, according to most donor organizations that made available additional funds and credit schemes, the reform commitment grew.

Credibility

The political leadership cooperates with many neighboring states. It has secured military and material support from the subregional body CEMAC, and maintains good relations with other nations in the Libya-dominated CEN-SAD framework. The most influential but ambivalent neighbor is Chad. Gabon's President Bongo is very active in managing political conflicts in the CAR. Only a meeting in Libreville in January 2005 saved presidential elections in that year; the agreement entailed a slight postponement of elections along with the reinstatement of most candidates previously barred from standing, with the

Regional cooperation

exception of Patassé. The return to a constitutional order in 2005 led to the lifting of sanctions by the African Union, which had suspended the participation of the CAR in its statutory meetings after the violent accession to power of Bozizé in March 2003. Relations with Sudan have soured after Chadian rebels crossed over from Sudan into CAR territory to attack N'Djaména in Spring 2006. The situation in Darfur affects the whole subregion. Later, Bozizé accused Sudan of backing rebels in the northeastern part of the country. Uganda's Lord's Resistance Army also sought refuge and an opportunity to re-group on CAR's territory. In balance, the government is successful with respect to cooperation in the regional framework.

Strategic Outlook

The CAR made democratic progress during the evaluation period by holding elections in 2005. The country is back to a constitutional order, but this means little to the majority of the population, who live in misery and insecurity. The CAR will have neither a full-fledged democracy nor a socially responsible market economy in the near future. Human rights violations are on the rise again, including those committed by state agencies, particularly by the Presidential Guard and the army (Forces Armées Centrafricaines, FACA). This is most tangible in the zones of insecurity of northern CAR, but sporadic group acts of indiscriminate violence and individual acts of violence, including murder by security forces, occur even in Bangui. The specter of civil war, perhaps even a regional war including neighboring Sudan and Chad has returned since the escalation of armed encounters in October and December of 2006 between rebels and a coalition of pro-government forces (CEMAC peacekeepers, French troops and the army). For average citizens, the main issue remains first and foremost peace and stability. Neither the UN peace-building office, BONUCA, nor the CEMAC peacekeepers can be withdrawn in the next two years without disastrous consequences. First steps towards a dialogue with rebel forces were undertaken only in late January 2007, when Bozizé met for the first time with two rebel leaders in Libya. Any power-sharing arrangement with these groups contains as many risks (e.g., wrong signal to would-be elites) as opportunities (e.g., relief of an immediate threat), and the real challenge continues to be providing security for everyone.

Expectations of entering an oil production era like that in neighboring Chad, as well as possible prospects in the diamond and the timber sectors have produced rather negative effects. The value of being head of state has increased, and the likelihood of greed-related violence may have grown. However, in contrast to the small-scale production of alluvial diamonds, which is difficult to control, petrol earnings could be used appropriately to combat poverty – if institutional precautions are taken and lessons learned from the ambiguous experience in Chad. This, however, would depend on a substantial change in the management of resources. The donor community's recent positive response to the Doté government's nascent reform commitment has brought some hope of a slow but steady economic recovery, at least in Bangui. This trend should be upheld, but requires serious engagement by further donors. In addition to the steps undertaken so far, a new transformation strategy should focus on six key elements:

Military stabilization and security sector reform: It is insufficient to fight back

rebels in the north without establishing more solid state security institutions and/or including in such reforms aspects of democratic oversight, strategic planning and resource management, as well as giving support to self-help initiatives, such as neighborhood watch teams. A new disarmament and demobilization program not addressing sub-regional conflict dynamics will have only limited effects and might create unintended effects. By rewarding violence, demobilization rents create an incentive for others to take up arms in the future. •

Public goods: The state has to show that it can provide the public with goods, particularly in the neglected north and east of the country. Some early symbolic investments in the health and education sector, and more substantial and sustainable infrastructure investments in the medium term, are urgently needed.

Democratic consolidation: Elections are not enough. A tangible gain in the quality of life would include progress in preserving press freedom and better protection of human rights. The National Assembly needs support to provide for checks and balances, particularly of the president's formal and informal powers.

Assistance from major donors will be needed for a long time in most important sectors of the economy, but it remains highly ambivalent. The strongly developed aid dependency syndrome is likely to continue or even to be reinforced. Only a careful balancing of assistance with control and transfer of responsibility can have positive effects. •

Transparent resource management: The mining sector, given its strategic role, needs better governance, particularly with regard to revenue management schemes. Cooperation with responsible private companies (DeBeers etc.) could be helpful. In exchange, the business environment can be much improved by lowering bureaucratic hurdles to create enterprises and investment. •

Economic reform program including state capability to raise revenues: The current PRGF program with the IMF and technical assistance provided by the World Bank's Reengagement and Institution-Building Support Program Grant and others should help in this critical aspect. State employees can be expected to work according to the norms when they can expect to be paid. And this is predicated upon a sound tax base. Expenditures must be controlled, but will have to rise substantially if any meaningful development should take place. A further reduction of state personnel will be difficult to digest for those concerned and could be counter-productive. It is crucial to uphold dialogue with trade unions on any planned measure in order to facilitate responsible action by a particularly powerful actor in Bangui.