

CODE APPROVAL
Lapse-of-time Procedure

17 July 2019

FOR CONSIDERATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary-General

SUBJECT : CENTRAL AFRICAN REPUBLIC – MIDTERM REVIEW OF THE COUNTRY STRATEGY PAPER 2017-2021 AND COUNTRY PORTFOLIO REVIEW 2019 *

Please find attached the above-mentioned document, which is submitted for your consideration on a **lapse-of-time basis**.

If no objection is recorded by 5:00 pm, on July 17 2019, the document will be considered as approved.

Attach:

c.c.: The President

* Questions on this document should be referred to:

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**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



CENTRAL AFRICAN REPUBLIC

MIDTERM REVIEW OF THE COUNTRY STRATEGY PAPER 2017-2021

AND

COUNTRY PORTFOLIO PERFORMANCE REVIEW 2019

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**COUNTRY ECONOMICS DEPARTMENT (ECCE)
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July 2019

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ABBREVIATIONS AND ACRONYMS

| | |
|---------|--|
| ADF | African Development Fund |
| AfDB | African Development Bank |
| AfIF | African Investment Facility |
| ALSF | African Legal Support Facility |
| BDEV | Independent Development Evaluation Department |
| BEAC | Bank of Central African States |
| BINUCA | United Nations Integrated Peacebuilding Office in the Central African Republic |
| CAB | Central African Backbone |
| CAR | Central African Republic |
| CEMAC | Economic and Monetary Community of Central Africa |
| CFAF | Franc of the African Financial Community |
| COCF | AfDB Country Office in the Central African Republic |
| CODE | Committee on Operations and Development Effectiveness |
| CPIA | Country Policy and Institutional Assessment |
| CPIP | Country Portfolio Improvement Plan |
| CPFR | Country Portfolio Performance Review |
| CSP | Country Strategy Paper |
| DCC | Digital Community Centre |
| DDRR | Disarmament, Demobilization, Reintegration and Repatriation |
| DTC | Digital Training Centre |
| ECCAS | Economic Community of Central African States |
| ECF | Extended Credit Facility |
| EITI | Extractive Industries Transparency Initiative |
| EU | European Union |
| FLEGT | Forest Law Enforcement, Governance and Trade |
| GBS | General Budget Support |
| GDP | Gross Domestic Product |
| GEF | Global Environment Facility |
| HDI | Human Development Index |
| HIV | Human Immuno-Deficiency Virus |
| IFAD | International Fund for Agricultural Development |
| IMF | International Monetary Fund |
| JPN | National Pioneer Youth |
| MDGs | Millennium Development Goals |
| MINUSCA | United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic |
| MTR | Midterm Review |
| NGO | Non-Governmental Organization |
| NICT | New Information and Communication Technology |
| OCHA | UN Office for the Coordination of Humanitarian Activities |
| OIF | International Organisation of la Francophonie |
| PAMAB | Bangui Airport Modernization Support Project |
| PARCB-1 | Support Programme for the Reconstruction of Grassroots Communities, Phase I |
| PARCGEF | Economic and Financial Management Capacity-building Support Project |
| PBA | Performance-Based Allocation |
| PDCAGV | Project for Community Development and Support to Vulnerable Groups |
| PEFA | Public Expenditure and Financial Accountability |
| PNPEE | National Policy for the Promotion of Equality and Equity |
| PRECANE | Capacity-Building Project for the Central Administration and Non-State Actors |
| PSEPA | Sector Sub-Programme for Drinking Water Supply and Sanitation in Bangui |
| PURD | Emergency Programme for Sustainable Recovery in the CAR |
| RCPCA | Central African Republic National Recovery and Peacebuilding Plan |
| RDTs | Department in Charge of Fragility and Resilience Issues |
| REDD | Reducing Emissions from Deforestation and Forest Degradation |
| RMF | Results Monitoring Framework |
| SCC | Special Criminal Court |
| SDAUVB | Bangui City Urban Planning and Development Master Plan |
| SDGs | Sustainable Development Goals |
| TFP | Technical and Financial Partner |
| TSF | Transition Support Facility |
| UA | Unit of Account |
| UNDP | United Nations Development |
| UNFPA | United Nations Population Fund |
| USD | United States Dollar |
| VPA | Voluntary Partnership Agreement |
| WB | World Bank |

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CURRENCY EQUIVALENTS

July 2019

| | | |
|----------|---|---------------------------------|
| Currency | = | Central Africa CFA Franc (CFAF) |
| UA 1 | = | CFAF 801.33 |
| EUR 1 | = | CFAF 655.96 |
| USD 1 | = | CFAF 576.41 |

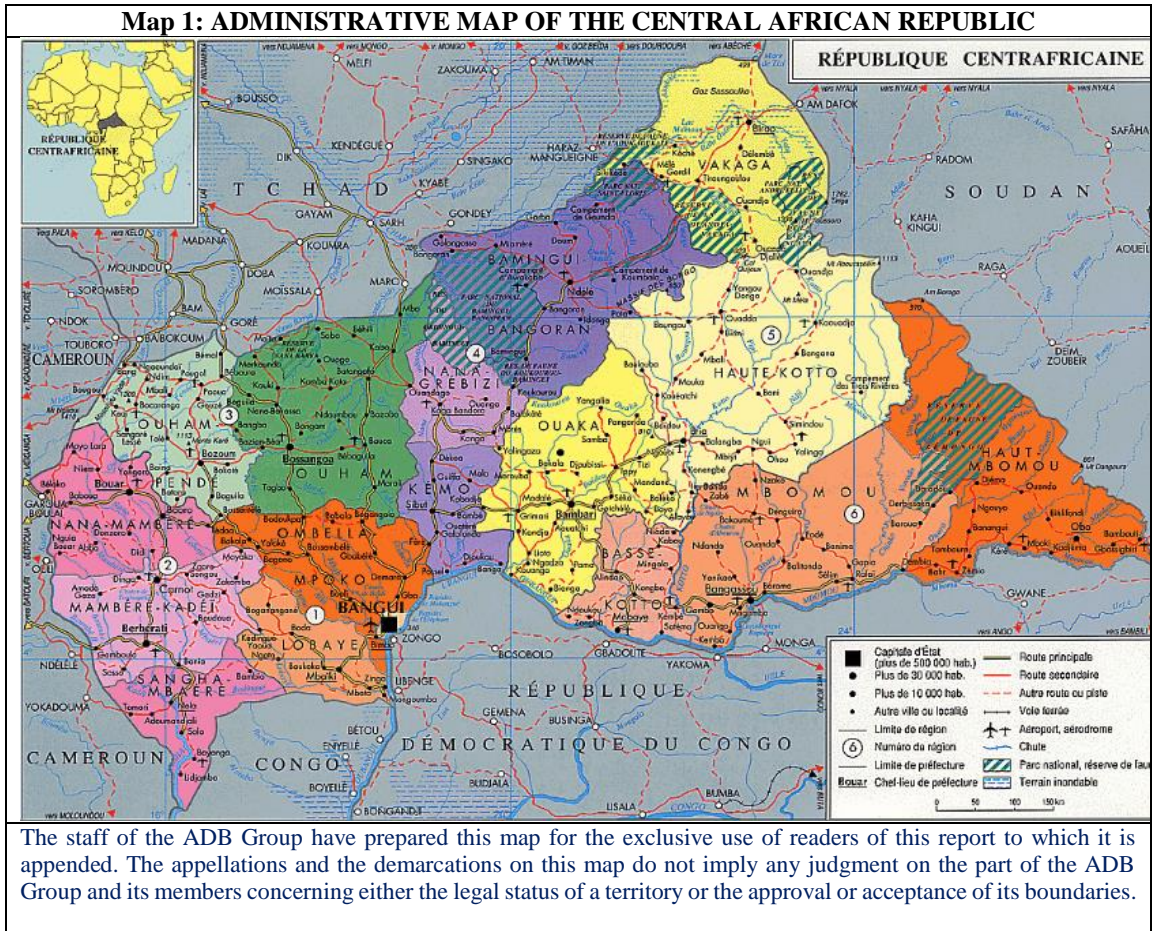
WEIGHTS AND MEASURES

| | | |
|-------------------|---|--------------|
| 1 metric tonne | = | 2,204 pounds |
| 1 kilogramme (kg) | = | 2.200 pounds |
| 1 metre (m) | = | 3.28 feet |
| 1 millimetre (mm) | = | 0.03937 inch |
| 1 kilometre (km) | = | 0.62 mile |
| 1 hectare (ha) | = | 2.471 acres |

FISCAL YEAR

1 January - 31 December

Map 1: ADMINISTRATIVE MAP OF THE CENTRAL AFRICAN REPUBLIC



The staff of the ADB Group have prepared this map for the exclusive use of readers of this report to which it is appended. The appellations and the demarcations on this map do not imply any judgment on the part of the ADB Group and its members concerning either the legal status of a territory or the approval or acceptance of its boundaries.

EXECUTIVE SUMMARY

1. **Background to the Country Strategy Paper (CSP) 2017-2021:** The Country Strategy Paper (CSP) for the Central African Republic (CAR) was approved by the Board of Directors of the Bank Group in November 2017 (ADF/BD/WP/2017/145). The Bank's intervention strategy in the Central African Republic was aligned with the Government's national development priorities as reflected in the National Recovery and Peacebuilding Plan for the Central African Republic (RCPCA 2017-21) and the Bank's High-5 priorities. The strategy focused on two pillars, namely: (i) *Agricultural development and infrastructure support for social inclusion*; and (ii) *Institutional capacity-building and governance*. This midterm review (MTR) involved assessing the progress made over the period 2017-2019, drawing lessons from the implementation of the CSP and preparing an action plan for the period 2019-2021. This MTR is also combined with a Country Portfolio Performance Review (CPPR) for 2019. Following the exercise, which was carried out in close coordination with the Ministry of the Economy, Planning and Cooperation and the relevant sector ministries, it was concluded that the pillars initially selected should be maintained.

2. **CSP Implementation Context:** CSP 2017-2021 is being implemented within a fragile security and political context, despite the return to political and institutional order following the election of the President of the Republic in 2016. The review is being prepared at a critical time for the CAR characterized by three (3) major events, namely: (i) the ongoing security and humanitarian crises, particularly in the northern parts of the country; (ii) the fact that the President of the Republic is midway through his term of office whereas social demands are growing steadily; and (iii) the growing urgency of funding the Khartoum Peace Agreement signed on 6 February 2019 in Bangui between the Government and the 14 armed groups. Midway through the implementation of the strategy, it should be noted that the socio-political context of the CAR has not really changed compared to the situation in 2017. The CAR remains prey to multifaceted political, security, institutional and economic fragility. The country still experiences repeated episodes of insecurity and sometimes violent humanitarian crises. The CAR is one of the three transition countries in the Central African Region¹ and has been benefiting from the Bank's Transition Support Facility (TSF) for several years.

3. **CSP Implementation Status:** According to the indicative loan programme, all the seven (7) operations planned for 2017-2019 have been approved, representing a 100% implementation rate. **Under Pillar I**, the scheduled operations, including those related to the RCPCA objective of “*providing basic services to people across the country*”, have been adjusted through the projects, following the priorities articulated by the Government. The Bank's operations over the period have helped in particular to: (i) improve the quality of and access to education through the training of 1,146 teachers and the construction/rehabilitation of eight general education and technical and vocational training schools, leading to the enrolment of more than 15,000 new students; (ii) support the promotion of youth entrepreneurship through the construction of three national pioneer youth centres and the training and support of 200 young farmers; (iii) improve the quality of and access to specialized care, in particular through the training of 191 health workers and the funding of a haemodialysis and imaging centre, including a scanner; (iv) support social cohesion and local development by assisting more than 100 farmers' groups; and (v) provide drinking water to three prefectures through the construction of 63 wells equipped with manual pumps. **Under Pillar II** and at midterm, only four of the 11 output indicators were achieved, representing a 36% achievement rate. With regard to the outcomes, out of the five selected in the areas of public finance management and private sector development, two have been achieved, representing a 40% achievement rate. Budget support provided by the Bank under the Economic and Financial Reforms Support Programme – Phase II (PAREF II) has helped to: (i) improve tax revenue collection by raising the tax ratio and harmonizing the General Tax Code with the community

¹ The Bank's Central Africa Operational Region comprises the following seven countries: Cameroon, Central African Republic, (CAR), Chad, Congo, Democratic Republic of Congo, Equatorial Guinea and Gabon.

excise tax directives; and (ii) improve the business environment by reducing the cost and the number of days required to register and start a business. Significant progress has also been made in building the capacities of the extractive and forestry industries through an update of the Mining and Petroleum Code. However, with regard to the output and outcome indicators for which information is available, some are on track to be achieved while others lag behind. It should be noted that the difficulties in achieving the output and outcome indicators partly stem from slow implementation of the attendant projects and the prevailing insecurity and risk of violence in the country.

4. **Portfolio Performance Assessment:** The portfolio performance assessment is satisfactory, with a score of 3.2 on a scale of 1 to 4. Indeed, the project implementation status score increased from 2.83 in 2016 to 3.2 in 2018, while the performance index rose from 3.16 in 2016 to 3.2 in 2018. None of the projects in the portfolio is problematic or potentially problematic. However, more vigilance and rigour are required in the implementation of the two projects in the water and sanitation sector. Portfolio performance is hampered by recurrent problems, including: (i) difficulties in meeting loan effectiveness conditions and obtaining the first disbursement on time; and (ii) bottlenecks in the procurement process, which negatively affect the overall disbursement rate. These shortcomings are addressed in the revised Country Portfolio Improvement Plan for 2019 (CPIP 2019).

5. **Proposed Strategy 2019-2021:** The relevance of the broad direction initially formulated in the CSP 2017-2021 has been reaffirmed by all the stakeholders, leading to the maintenance of the two pillars over the 2019-2021 operational period. This direction is justified, on the one hand, by the need to consolidate the Bank's interventions in the areas of agricultural development, infrastructure and institutional capacity-building and, on the other hand, by the willingness to continue to support the country's efforts to achieve the Government's priority objectives. For the remaining period of the CSP (2019-2021), although the strategic direction remains unchanged, taking into account the lessons learned from the past period, the Bank's interventions will be more selective. They will focus on the development of basic socioeconomic infrastructure; the development of value chains and the promotion of youth entrepreneurship in the agricultural sector; and capacity-building in economic and financial governance. For individual infrastructure projects, special attention will be paid to environmental and social sustainability, with the inclusion of actions to facilitate climate change adaptation and mitigation.

6. **Under Pillar I**, two new operations are planned: (i) the financing of the project for electricity interconnection between CAR and DRC and access to energy from the Mobayi-Mbongo power plant (co-financed with the World Bank); and (ii) additional financing for the first phase of the Bangui Airport Modernization Support Project (PAMAB) to upgrade air transport facilities and services at Bangui International Airport and improve airport security and safety. **Under Pillar II**, the Bank will continue, in coordination with the other technical and financial partners (IMF, World Bank, European Union and AFD), to support reforms aimed at consolidating the results achieved in promoting sound economic/financial governance through budget support operations. In addition, institutional support is planned to support the reforms in 2020 and 2021.

7. **The Committee on Operations and Development Effectiveness (CODE)** is invited to review and approve the joint report of the midterm review of the CSP 2017-2021, the review of the performance of the Bank's portfolio in the Central African Republic.

I. INTRODUCTION

1.1. *This report submitted for consideration to the Committee on Operations and Development Effectiveness (CODE) is the midterm review (MTR) of the Country Strategy Paper (CSP) 2017-2021 for the Central African Republic (CAR).* The objective of the report is to assess the progress made in the implementation of the strategy over the period 2017-2019, in order to draw the necessary lessons for its further implementation over the remaining period (2019-2021). The MTR is combined with a country portfolio performance review (CPPR) for the year 2019.

1.2. *As a reminder, the Boards of Directors of the Bank Group approved the CSP for the Central African Republic (Ref. ADB/BD/WP/2017/214 - ADF/BD/WP/2017/145) on 28 November 2017.* The strategy was aligned with the priorities of the National Programme for Recovery and Peacebuilding in the Central African Republic 2017-2021 (RCPCA). The CSP focuses on two pillars, namely: (i) agricultural development and infrastructure support for social inclusion; and (ii) institutional capacity-building and governance. These two pillars should help to promote inclusive economic growth through investments in agriculture, energy, telecommunications and social infrastructure development, and the implementation of economic/financial reforms, supported by institutional capacity-building actions. For the preparation of the MTR, consultations were held with stakeholders of the Central African Republic through a participatory approach. To that end, an MTR mission was conducted in Bangui from 1 to 14 March 2019, during which the Bank met with State authorities, non-State actors and technical and financial partners (TFPs).

1.3. *This report comprises eight (8) chapters.* Following this introductory part, the country context and strategic options are presented in chapters 2 and 3, respectively. The portfolio performance and the status of implementation of the CSP as at end-2018 are examined in chapters 4 and 5, respectively. Lessons learned from CSP implementation during the 2017-2019 period are summarized in chapter 6, while the proposed strategy for the 2019-2021 period is presented in chapter 7. Lastly, the conclusions and recommendations to CODE members are set out in chapter 8.

II. COUNTRY CONTEXT AND OUTLOOK

2.1 Political Context

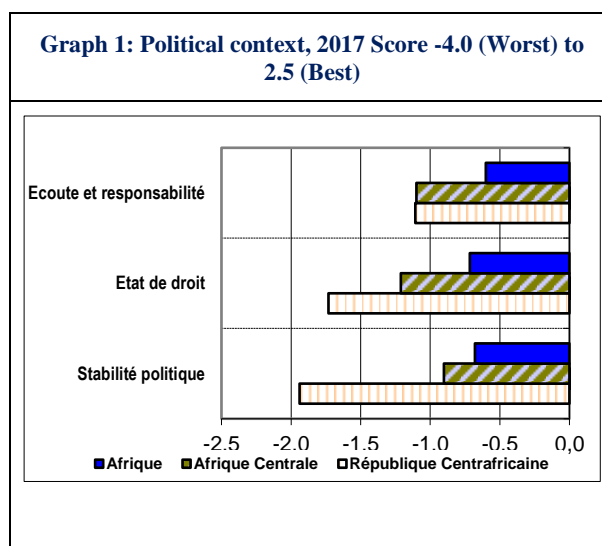
2.1.1. *The political history of the Central African Republic is marked by several decades of recurring political and military conflicts.* Ultimately, these recurrent conflicts have affected the peaceful coexistence of its citizens, undermined the foundations of the State and created a fragile institutional environment. This situation is borne out by the widespread insecurity, weakening of the national economy and State institutions and an upsurge in violence and ethno-religious conflicts. The return to constitutional order, marked in particular by the presidential elections of February 2016 that were supported by the international community, has not fully enabled the CAR to put an end to the political and security crisis. The deterioration of the security situation has further slowed down economic and social development and hastened the loss of institutional and human capacities, thus increasing poverty and insecurity. Less than 40% of the territory is controlled by the central Government. This has led to considerable loss of human life, the displacement of local communities, loss of assets by the private sector and numerous cases of human rights violations.

2.1.2. *The presence of forces of the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA), with a total of close to 12,000 men, has helped to mitigate the violence and stabilize the country.* Restoring peace and security across the country is a huge challenge for the authorities of the Central African Republic. It is against this backdrop that a peace and reconciliation agreement was signed on 6 February

2019 in Bangui between the Government and the 14 armed groups, following talks held in Khartoum, Sudan, under the auspices of the African Union (AU), the United Nations and the Central African Economic and Monetary Community (CEMAC). Despite the political divisions between the parties involved in these talks, the Cabinet formed on 22 March 2019 had 39 ministers, including members from the armed groups. Under the terms of the agreement, a disarmament, demobilization and reintegration programme to be implemented should eventually lead to surveillance of the territory by mixed security units.

2.1.3. *With regard to governance, the country's general performance is also very weak*

In political governance, the CAR had a score of 29.5 out of 100 under the 2018 Mo Ibrahim Index of African Governance, ranking 50th out of 54 African countries surveyed. Although corruption remains a major concern, the country has improved its ranking on the Corruption Perception Index, going from 156th in 2017 to 149th out of 180 countries in 2018 (*Transparency International Reports*). Indeed, CAR is no longer among the 10 most corrupt countries in Africa. However, accountability in public finance management needs to be strengthened and the judicial system reformed to guarantee property rights. Meanwhile, infrastructure needs to be developed to support investment. Lastly, the Bank's Country Policy and Institutional Assessment (CPIA) shows that the CAR's best score, which dates back to 2012, is 3.0 (below the African average of 3.5 out of 5). Since then, the various assessments conducted between 2013 and 2018 have yielded a score of 2.5.



2.2 Economic Context

2.2.1. *The CAR economy has been recovering gradually from the slowdown triggered by the onset of the socio-political crisis of 2013.* Real GDP growth stood at 4.3% in 2018, versus 4.0% in 2017, despite the difficult and volatile security situation. The recovery of forestry, agricultural, construction and mining activities helped to sustain growth.

2.2.2. *Efforts in macroeconomic management facilitated the achievement of significant progress mainly through more prudent budget policies.*

The government's economic reform strategy in the transition context, is supported by an arrangement under the IMF Extended Credit Facility (ECF). The program was launched in July 2016—with total

Table 1: Key macroeconomic indicators

| | 2017 | 2018() | 2019(p) | 2020(p) |
|---------------------------------------|------|--------|---------|---------|
| Real GDP growth rate | 4.0 | 4.3 | 5.0 | 5.0 |
| Real GDP per capita growth rate | 2.6 | 2.6 | 3.1 | 3.0 |
| Inflation of the consumer price index | 4.1 | 3.9 | 3.3 | 3.2 |
| Budget balance as % of GDP | -1.5 | 1.0 | 0.6 | 0.2 |
| Current account as % of GDP | -9.4 | -8.3 | -7.3 | -7.0 |

Source: National administrations data; calculations by the authors for estimates (e) predictions (p).

access of SDR 133.68 million (120 percent of quota) and will expire in July 2019. The implementation of the Government's economic and financial program was constrained by public finance and security challenges. However, during its sixth and final program review in May 2019, the IMF concluded that the implementation is broadly on track. All quantitative performance criteria were met, except for the domestic primary deficit, reflecting higher-than-expected current spending, and the repayment of domestic arrears, which was slightly delayed. The Government and the IMF are under negotiation for a new arrangement supported by the ECF program. The

new program is expected to be approved by the IMF in December 2019 and will enter into force in January 2020.

2.2.3. ***Budget policy, which was aligned with the IMF-backed economic programme, is satisfactory, despite the difficult security situation.*** Fiscal revenue collection (approximately 9% of GDP) is hampered by tax collection challenges arising from low tax compliance and insecurity in some regions that have undermined financial administration. Budgetary policy efforts in 2018 resulted in a budget surplus estimated at 1.0% of GDP compared with a deficit of 1.5% in 2017, thanks to tighter control of tax returns and enhanced collection of tax arrears and the strengthening of the Single Treasury Account. ***The Central African Republic presents a high debt distress risk.*** Following their debt sustainability analysis, the IMF and World Bank recommend that the country should pursue prudent budget policies, by securing grants and rigorously capping concessional loans secured to finance critical projects for which grants cannot be obtained.

2.2.5. ***As was the case in other CEMAC member countries, monetary policy in CAR was tightened in 2018, with the Central Bank (BEAC) raising the prime rate from 2.95% to 3.5%.*** This helped to contain inflationary pressures, boost foreign exchange reserves and improve economic growth. CAR reserves decreased from 5.7 months of imports in 2017 to 5.1 months of imports in 2018, due to decline in exports. Inflation was contained at 3.9% in 2018, compared with 4.1% in 2017. The monetary system has recorded an increase in net foreign assets thanks to financial support from donors and robust export performance. The increase in outstanding credits to the economy stems from loans granted to the telecommunications, hospitality and electricity sub-sectors.

Box 1: Economic Outlook

The economic outlook is favourable for growth in the medium term but remains fragile. This outlook is based on reduced security tensions following the gradual deployment of defence and security forces in the provinces, maximum production within new forest concessions and backbone public investments envisaged under the national development plan. It also depends on the political stability of the country following the Khartoum Peace Agreement and the unrelenting pursuit of reforms. However, rising oil prices could hurt growth and tax revenue collection. Inflation should gradually decline to 3.2% in 2020, owing to improved security and lower food prices. The budget balance should reach +0.6% of GDP in 2019 and then +0.2% in 2020, following the gradual increase in revenue and tight control of public spending. The current account deficit should gradually decline to 7.3% of GDP in 2019 and then to 7% in 2020, owing to the upturn in domestic production, improved current transfers and a narrowing of the trade deficit.

2.2.6. ***The external position of the Central African Republic shows a structural deficit.*** The country is struggling to improve its external position, considering that its export volume is far below its substantial imports of food and petroleum products. However, the current account balance went from -9.4% of GDP in 2017 to -8.3% of GDP in 2018, reflecting an improvement in the current transfers and trade balances. Poor economic diversification and heavy dependence on external aid leaves the Central African economy vulnerable to external shocks.

2.2.7. ***The cyclical crises and the major security problems experienced by the CAR have made the business environment less attractive.*** Despite its forest and mining resources potential, the private sector is completely embryonic and consists essentially of small businesses that operate informally. In the 2018 *Doing Business* report, the CAR ranks 183rd out of 190 countries, having risen by five places relative to 2013, the year in which the political and security crisis began. The country remains severely constrained by its poor infrastructure, particularly in the transport, electricity and ICT sectors, as well as significant difficulties collecting taxes and enforcing contracts. Several companies suffered significant material damage and financial losses² due to the violence in the country and the accumulation by the State of payment arrears owed to local suppliers. Efforts have

² According to a study conducted in August 2016 on losses incurred by economic units relating to the events of 24 March 2013, the losses incurred amounted to CFAF 66 billion, CFAF 61 billion of which were in material losses and CFAF 5 billion in financial losses.

been made to improve the management capacity of the One-Stop Shop for Business Formalities (GUFÉ) and to establish approved management centres within chambers of commerce.

2.2.8. *On account of the landlocked nature of the CAR, regional integration is crucial to national development.* Over the years, the country has joined several regional organizations and currently hosts the Headquarters of the Central African Economic and Monetary Community (CEMAC).³ Many challenges have to be addressed before economic integration becomes a reality within the CEMAC area. While Cameroon, Central African Republic, Congo and Chad do not require entry visas from nationals of other CEMAC countries, Gabon and Equatorial Guinea continue to do so. That is why CEMAC is making efforts to transform its sub-region into a truly integrated and emerging area similar to the other regional economic communities in Africa.

2.3 Social Context and Cross-Cutting Issues

2.3.1. *The population of the Central African Republic is relatively young and essentially rural (close to 59%).* According to the Bank, the CAR had an estimated population of 4.7 million inhabitants in 2018 and occupies a surface area of 623,000 km². The estimated natural population growth rate is 1.7% and the average density is 8 inhabitants per km². Young people within the 15-24 years age bracket accounted for 21.1% of the population in 2018, while people aged 65 and above accounted for approximately 3.6%. Furthermore, the youth unemployment rate is particularly high. About 58.7% of job seekers are between 20 and 29 years old, due mainly to their weak technical skills which limit their access to the few jobs created as well as the lack of an ecosystem that could promote self-employment.

2.3.2. *Instability and violence have led to an upsurge in poverty rates which further subject the people to extremely precarious living conditions.* With a current per capita GDP of USD 372 in 2018, the CAR is one of the poorest countries in the world. The last nationwide household survey was conducted in 2008 and the poverty rate was estimated at 66% (50% in urban areas and 69% in rural areas). Estimates based on recent GDP trends indicate that the national poverty rate exceeded 75% in 2017.⁴ Moreover, out of the 189 countries ranked on the Human Development Index (HDI), the Central African Republic was 188th in 2018 with a score of 0.367. The life expectancy at birth of a CAR national was 53.6 years in 2018. On the humanitarian front, conflicts have killed approximately 6,300 people and forced many others to become internally displaced or to flee to neighbouring countries as refugees. Analysis of humanitarian crises reveals a deterioration of the Integrated Food Security Phase Classification (IPC) of September 2018, which points to the need for emergency food aid for internally displaced persons (IDPs) and refugees.

2.3.3. *Although the country has considerable renewable water resources, only 30% of the people have access to safe drinking water,* with rates ranging from 36.5% in Bangui to 27% in rural areas. Bangui's water supply infrastructure is old and poorly maintained, and water supply systems are limited. The infrastructure is inadequate to meet the people's growing demands. Most rural households rely on equipped wells in Bangui and in some major towns. The CAR has no integrated sanitation system for combined sewage/wastewater treatment.

2.3.4. *The CAR is exposed to significant environmental risks. The 2018 environmental performance index (EPI) for CAR was 43.4 out of 100, ranking it 177th out of the 186 countries surveyed.* These environmental risks mainly relate to: (i) changes in the living environment (climate change, land degradation and watershed degradation); (ii) changes in terms of loss of biodiversity, ecosystems and species; and (iii) degradation of living environments and deterioration of living conditions. The result is high ecological vulnerability and a limited capacity to invest in eco-friendly infrastructure and environmental management. CAR has ratified several international agreements on the reduction of emissions from deforestation and forest degradation.

³ The States members of CEMAC are: Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon.

⁴ Some 75% of the people live below the international poverty line of USD 1.90 per day, based on the purchasing power parity for 2011.

However, the implementation of these international agreements is not effective due to lack of funding.

III. STRATEGIC OPTIONS

3.1 Country Strategic Framework

3.1.1. *The national medium-term development framework and socioeconomic objectives are contained in the Central African Republic National Recovery and Peacebuilding Plan (RCPCA, 2017-2021), adopted in October 2016.* This plan seeks to lay the foundations for sustainable and inclusive economic and social development, in particular through “the restoration and extension of the authority of the State throughout the national territory and massive public investment, in order to build peace.” The RCPCA is based on a “needs assessment for recovery and peacebuilding”, and is part of an approach designed to provide coherent action in emergency relief, rehabilitation and development. This development strategy comprises three pillars, namely: (i) “support peace, reconciliation and security”; (ii) “renew the social contract between the State and the population”; and (iii) “foster economic recovery and revive productive sectors”.

3.1.2. *Implementation of the RCPCA requires synergistic action by the various stakeholders (State, private sector, TFPs), since the pillars are interdependent and complementary.* There is a need to restore security by reinstating State authority, in order to initiate a process of development and reinstatement of the social contract. Similarly, renewing the social contract will promote economic recovery and sustain security through action on governance reform, basic social services support and development.

3.1.3. *CSP 2017-2021, which stresses selectiveness, comprises two pillars, namely:* (i) agricultural development and infrastructure support for social inclusion; and (ii) institutional capacity-building and governance. The choice of these pillars is consistent with the Bank's comparative advantage in the agricultural sector and social infrastructure development, as well as the implementation of economic and financial reform, supported by institutional capacity-building.

3.2 Challenges, Weaknesses and Development Opportunities

3.2.1 *The main challenges, structural weaknesses and opportunities of the CAR highlighted during formulation of CSP 2017-2021 have not changed significantly although some progress has been made in certain areas, including public finance in particular.* Annex 11 outlines the main drivers of fragility and the sources of resilience in the country. The CAR is a historically fragile country. Institutional and political weaknesses accumulated during the country's numerous and recurring crises have resulted in delayed economic and social development and an alarming rate of poverty. The CAR must tackle numerous challenges that stand in stark contrast with its enormous wealth of assets and opportunities.

Challenges and Weaknesses

3.2.2 *Prominent among the main challenges facing the CAR are:* (i) restoration of State authority and security throughout the entire country; (ii) combating of food insecurity and provision of basic social services to the population; (iii) weak productive capacity of businesses due to looting and the systematic destruction of their production equipment; (iv) the poor development of economic infrastructure (energy, transport, water and sanitation, and ICT); and (v) national capacity-building and the promotion of good governance.

Opportunities and Strengths

3.2.3 *Abundant mineral and petroleum resources that have remained untapped.* The CAR is endowed with a wealth of opportunities arising from its rich natural and mining resources, most of which remain untapped. These opportunities are crucial for the initiation of the country's socioeconomic development. The CAR's assets and opportunities are: (i) *its agropastoral conditions* that are ideal for rain-fed agriculture, with cropping cycles that enable the cultivation

of a wide variety of food crops and export crops, thus creating jobs and generating foreign currency; (ii) its diversified mineral resource potential, comprising diamonds, gold and uranium, as well as iron, limestone and copper; (iii) a hydrographic network with two major rivers (the Oubangui and the Sangha), which holds the potential for developing river transport that can connect three capitals of Central Africa (*Brazzaville, Kinshasa and Bangui*); (iv) climatic conditions that are favourable to livestock farming; and (v) forestry potential (*tropical rainforest*) with a wide and rich variety of the most sought-after species, which generate approximately 40% of the country's export earnings. However, the CAR's wealth of natural resources has unfortunately become the source of its political instability, fuelling community poverty and weakening national institutions. An effective management system and good governance of these natural resources should form the basis for sustainable development and poverty eradication in the country.

3.2.4 *Under CSP 2017-2021, Bank-financed operations have helped to address drivers of fragility* associated with the infrastructure deficit, weak institutional capacity and low budget revenue, along with the rather unattractive business climate, youth unemployment and limited economic diversification. These efforts will be continued during the 2019-2021 period, with a focus on infrastructure development, economic diversification, development of the agricultural and energy sector potential, and regional integration.

3.3 Aid Coordination and Positioning of the Bank

3.3.1. *Since 2014, the CAR has benefited from the strong commitment of the international community, whose support remains decisive in guiding the country's efforts to implement the RCPCA* (the reference framework for the interventions of development partners), and from aid coordination and harmonisation. A donors' round-table was held in Brussels in November 2016 to raise funds for the RCPCA, at which the TFPs pledged financial contributions amounting to USD 1.3 billion. A Permanent Secretariat was set up in 2017 to coordinate the national development programme. Its mission is to oversee the implementation of the RCPCA, ensure that financing is aligned across the key priorities, raise the resources required to bridge major gaps, provide direction on the relevance of the various instruments, and guide the development and implementation of a communications plan. Although there are no formal sectoral groups, consultation and follow-up meetings on the implementation of the RCPCA pillars are held quite frequently between the main TFPs (the EU, the World Bank, the International Monetary Fund, France and AFD, etc.) and with the government within the framework of the Joint Steering Committee.

3.3.2. *The Bank remains a leading strategic partner for the country in view of the size of its portfolio and the focal sectors of its projects for the CAR economy, which especially concern energy, water and sanitation and budget support.* In addition to monitoring the Bank's portfolio operations, the Bank's Country Office (COCF) in CAR plays a very active role in the monitoring/evaluation and operationalisation of the RCPCA via the various bodies established between the TFPs and the Government. The decentralisation undertaken by the Bank, especially through the creation of a Central Africa Regional Development and Business Delivery Office (RDGC) and the gradual deployment of international staff to Bangui since 2017 (Country Manager, Country Economist and Country Programme Officer) have been instrumental in consolidating dialogue with the country and the other development partners, and intensifying local monitoring of operations on the ground.

IV. CSP IMPLEMENTATION: OUTCOMES ACHIEVED AT MIDTERM

4.1 Bank Group Resource Allocation to the CAR

4.1.1. Financing for the CSP 2017-2021 indicative operations programme is primarily derived from ADF window resources. For 2017-2019, the performance-based allocation (PBA) under ADF-14 amounts to UA 15 million, to which is added the Transition Support Facility (TSF) financing of UA 15 million and the regional envelope of UA 5.5 million, making a total of UA 35.5 million.

4.2 Midterm Implementation Status of the Operations Programme

4.2.1. In the CSP indicative lending programme approved in 2017, eight (8) operations were planned for the period 2017-19, comprising six (6) national and two multinational operations. In addition, one (1) sectoral economic study was scheduled for this period.

Pillar I: Agricultural development and infrastructure support for social inclusion

4.2.2. The Bank's strategic objective under this pillar is to contribute to the promotion of social inclusion by providing significant support for the development of agriculture, a sector which accounts for over 70% of the workforce and therefore helps to reduce food insecurity and promote decent employment. Secondly, in a completely landlocked country whose population is scattered across its entire territory, infrastructure development support will reduce geographical exclusion, thereby helping to strengthening the social contract (Pillar II of the RCPCA). To achieve these objectives: *The two (2) national operations scheduled for the CSP 2017-2019 period have been approved.* These are: (i) The PPF for the Project to Support the Development of Value Chains and the Promotion of Youth Entrepreneurship in the Agricultural and Agribusiness Sectors (PASTAC-PEJA), approved in August 2017; and (ii) the Grassroots Community Reconstruction Support Programme - Phase I (additional financing), approved in May 2018. *Similarly, two regional operations scheduled for the same period were also approved, namely:* (i) the Central Africa Fibre-Optic Backbone Project (CAB) – CAR Component, approved in December 2017 with ADF and TSF funding and in May 2018 with European Union funding; and (ii) Project to Support the Socioeconomic Reintegration of Vulnerable Groups in the Lake Chad Basin (PARSEBALT), approved in October 2018.

Pillar II: Strengthening of institutional capacity and governance

4.2.3. The Bank's objective under this pillar is to foster the creation of conditions conducive to sustainable economic growth by supporting institutional capacity-building and economic and financial reform in the country. This entails: consolidating the momentum initiated during the transition period to strengthen the institutional capacity of the State and its agencies; and promoting good governance in the areas of public finance and natural resources. *The three (3) national operations scheduled for the 2017-2019 period of the CSP have been approved.* These are: (i) Technical Assistance Project in the Mining and Petroleum Sectors, approved in January 2018; (ii) the Economic and Financial Reform Support Programme - Phase II (PAREF II) - Budget Support, approved in January 2018; and (iii) the Government and Non-Governmental Actors Capacity-Building Project, approved in March 2019.

4.2.4. All seven (7) operations scheduled during the first period (2017-2019) have been approved by the Bank. In addition, two (2) operations not included in the initial indicative programme were approved ⁵, namely: (i) the Savannah-Based Agricultural Value Chains

⁵ The funding of the PADECAS project is a reallocation of resources initially planned to finance the Project to support the development of value chains and the promotion of youth entrepreneurship in the agricultural and agro-business sector (PASTAC-PEJA). As for the PAMAB project, it is financed respectively by the balance of the country allocation and the resources of the TSF (pillar III) for the component : "capacity building of the airport".

Development Support Project (PADECAS), approved in October 2018; and (ii) the Bangui Airport Modernisation Support Project (PAMAB), which will be approved during the second quarter of 2019. In terms of project approvals, the Bank has met its midterm CSP objectives.

4.2.5. *Achievements under the Non-Lending Programme/Knowledge Building:* Only one study, namely the Bangui City Urban Planning and Development Master Plan (SDAUVB), was scheduled for the 2017-2019 period. However, it could not be launched due to lack of resources. In contrast, the prospective and local development study was eventually funded by the UNDP at the request of the CAR authorities. The COCF team is part of this study's steering committee and the study report is expected in 2019. Furthermore, a non-scheduled regional study on the integrated and sustainable development of the Congo basin timber industry was conducted in 2018; it included a specific report on the Central African Republic. The COCF team helped to improve the quality of the CAR Country Report and participated in the two regional validation workshops organised in Libreville, Gabon, in June and October 2018.

4.3 Assessment of Outcomes and Outputs

4.3.1. A total of 15 outcome and 26 output indicators were programmed within the Results Monitoring Framework (RMF) for the first CSP implementation period (2017-21). At the CSP MTR, it is not easy to evaluate outputs and results indicators under the Pillar I because, as a result of changes in Government priorities, the outputs and outcomes of implemented projects are out of step with those originally planned during the preparation of the CSP. The results presented below relate to the outputs and outcomes of the Bank's interventions in the same areas initially prioritized and served as a basis for updating the results monitoring and monitoring framework of the CSP. As for Pillar II products and results, 4 out of 11 output and 2 out of 5 expected results were achieved. A detailed assessment of progress made towards achieving the CSP midterm outputs and outcomes is presented in Annex 1, and a summary is given in the following paragraphs.

Pillar I: Agricultural development and infrastructure support for social inclusion

4.3.2. At midterm of CSP implementation, the only outputs and outcomes achieved out of the thirteen (13) outputs and thirteen (13) outcomes under Pillar I relate mainly to the first strategic objective, which is to *"provide basic services nationwide"*. Outputs and outcomes relating to the rehabilitation and construction of ICT and transportation infrastructure and the revival of productive sectors have not been achieved, since their attendant operations are only just starting.

4.3.3. At midterm, it is apparent that the progress made concerns outputs from operations in the education and health sectors, and in the areas of youth entrepreneurship, local development and access to water and sanitation. Nevertheless, it should be noted that changes in needs on the ground have led to a number of adjustments to projects initially planned in the CSP, as described below.

4.3.4. *Capacity-building and rehabilitation/construction of basic education management infrastructure:* Although the primary schools and regional pedagogic centres initially planned under the CSP have not been built, the PARCEB-1 project enabled the construction/rehabilitation or equipment of one nursery school, three high schools, two technical and vocational education schools and a social centre in Fohu. These operations have helped to reduce the number of students per class and to shorten the distances travelled to attend school. Furthermore, the project has funded continuous training for 1,146 teachers, thereby improving their mastery of the newly introduced basic education syllabuses. These investments created access to education for 15,126 new students in the localities concerned.

4.3.5. *Higher education support:* The Bank financed the construction of the Lavoisier Laboratory in the University of Bangui, the rehabilitation of the Damara Institute of Health Sciences (Annex), and the Mbaiki Rural Development Higher Institute. The work carried out

within these institutions to repair the severe collateral damage caused by conflict has made it possible for about 300 students to resume their studies under better conditions.

4.3.6. *Support for the teaching of trades geared towards the development of youth entrepreneurship:* Regarding youth entrepreneurship development efforts, the Bank supported the construction of three Training and Apprenticeship Centre for the Promotion of Self-Employment for National Pioneer Youth (JPN) (SICA2). The disciplines selected for the two centres in the country's hinterland (Bogoura and N'Zila) are fish farming, poultry farming, pig farming and vegetable cultivation. At SICA2, training programmes are offered in bricklaying, carpentry and plumbing, as well as mechanics and welding, etc. The centres have trained a total of 115 poultry farmers, 116 fish farmers and 29 maintenance craftsmen. Following the opening of these training centres by the Bank, they are currently being used by a number of TPFs (especially the FAO, WWF, IOM and AFD) to support the Government's efforts to promote youth entrepreneurship.

4.3.7. *Local development support:* The Bank's operations have provided support to 150 organizations of farmers (market gardening, rice, maize, cassava, etc.), 60 organizations of stockbreeders, 60 organizations of fish farmers and fishermen and female fish vendors by supplying them with farming and stockbreeding kits as well as cold chain equipment. Similarly, training courses on the various issues were also organized for 831 members of these organizations and actions to support social cohesion were carried out with 296 beneficiaries. The structuring of farmers' organisations has made it possible for them to contribute in reducing maize imports by approximately 10%, since a large share of the harvest surplus is purchased by WFP and USAHCA.

4.3.8. *Capacity-building for healthcare institutions:* Regarding the rehabilitation and equipment of health services, the PARCB project has financed the construction of (i) the national laboratory of clinical biology of Bangui; (ii) the administrative building of the National Blood Transfusion Centre (CNTS); and (iii) two centres with fully equipped haemodialysis and digital imaging units within the Bangui National University Teaching Hospital. The opening of these two new centres will enhance the diagnosis capacities and therefore reduce medical evacuations and improve healthcare quality. The procurement of four ambulances for the CNTS and three health centres in the hinterland has led to greater availability of blood, thus helping meet the ever-increasing demand stemming from the armed conflict and the large number of road traffic accidents. Medical staff (including four doctors, eight nurses, four medical secretaries and two biomedical equipment technicians) have also received training in the use, management and maintenance of the scanners and haemodialysis equipment.

4.3.9. *Improved access to drinking water for the residents of Bangui and surrounding areas:* The first Sectoral Sub-Programme for Drinking Water Supply and Sanitation in Bangui (PSEPA) led to rehabilitation of 17 km of the Bangui water network (95% of the works completed) and to the financing of 1,500 subsidised water connections. Regarding water supply to rural areas, PSEPA and PARCB-1 funded the drilling of 77 boreholes equipped with manual pumps as well as the construction of five water towers and a drilling workshop for the National Water and Sanitation Authority. To improve sanitation, more than 30 public latrines have been built in total. As concerns the procurement process for the additional works initiated, the Bank will soon contribute to the rehabilitation of an additional 10 km of the SODECA water supply network, the drilling/rehabilitation of 218 boreholes, the rehabilitation/construction of two pumping stations, the construction of an elevated water tank with a capacity of 1,000 m³ and four stand-alone water supply points.

4.3.10. Regarding the rehabilitation and construction of ICT infrastructure and the revival of productive sectors (agriculture and stockbreeding), the projects have just started, which means that the outcomes will be achieved by the end of this CSP.

Pillar II: Institutional and Governance Capacity-Building

4.3.11. At midterm of CSP implementation under Pillar II, four out of the eleven (11) output indicators (36%) are in the areas of public finance management and private sector development. Regarding outcome indicators, only two out of five (40%) were achieved, because reforms take time to produce results, especially in the context of fragility (security, weak administration, etc.) of the country. Details of the achieved outputs and outcomes are summarized below.

4.3.12. *In terms of “strengthening macroeconomic stability and good governance as well as conditions conducive to private sector development and employment”*, Bank support is provided through the Economic and Financial Reform Support Programme (PAREF II) backed by budgetary and advisory support. This support has enabled, inter alia: (i) validation of the Expenditure Implementation Procedures Manual and production of the budget preparation guide; (ii) adoption of instruments on the appointment of credit managers and administrators to ensure that the terms of their appointment and their functions are well defined; (iii) preparation of terms of reference for migration to a new integrated public finance management system; (iv) regular updating of the taxpayer file in the new tax management system (SYSTEMIF4); (v) effective implementation of the legal, regulatory and institutional framework for granting and managing exemptions; (vi) operationalization of the Dispute Settlement Committee at the Public Procurement Regulatory Agency (ARMP); and (vii) operationalization of an approved management centre within the Chamber of Commerce, Industry, Mines and Crafts (CCIMA).

4.3.13. *In the extractive and forestry industries, the progress recorded* concerns the effective implementation of the new Mining Code, the implementation of measures aimed at ensuring total compliance in diamond production areas in order to improve the attractiveness and industrialization of the sector, which is a precondition for increasing the sector's share in the national economy. In this regard, the Bank, through the African Legal Support Facility (ALSF), finances technical assistance that supports the Government's efforts to bring about changes in the mining code, the petroleum code and the fiscal framework of the two sectors of activity as well as in Section 60 of the Constitution. With ALSF assistance the Government will have to review mining and petroleum contracts in order to establish a strategic approach which will enhance the structuring of these sectors. Similarly, it will review the concession agreements and mining contracts currently in force. Technical assistance is also working on a training programme for the benefit of the Government, the Bureau of the National Assembly and the bodies under the supervision of the Ministry of Mines and Geology. The programme will deal with the issuance of mining and petroleum exploration and exploitation licenses as well as the negotiation of concession agreements with private partners in line with international best practices in order to ensure that the decision-making process includes factors relating to economic development and planning in the mining industry

4.4 Other Outcomes of the Strategy

4.4.1 ***Knowledge-building***: Only one study was planned for the 2017-2019 period, namely the Development and Urban Master Plan of the City of Bangui (SDAUVB), but it could not be launched due to a lack of resources. However, the prospective and local development study was finally financed by the UNDP at the request of the Central African authorities. The COCF team is part of this study's steering committee and the report is expected in the course of 2019. Moreover, an unscheduled regional study, titled “Integrated and Sustainable Development of the Timber Industry in the Congo Basin” was carried out in 2018. COCF helped improve the quality of the CAR country report and participated in two regional validation workshops held in Libreville, Gabon, in June and October 2018.

4.4.2. ***Gender mainstreaming***: Sustainable and equitable development is promoted in order to foster gender equity and women's empowerment. The Bank's operations in CAR pay special attention to the gender issue. This policy is justified by the precarious living conditions of women

within the context of a fragile country. For example, more than 30% of the population benefiting from project activities (PARCB-I) are women, while 20% of the temporary jobs created are held by women.

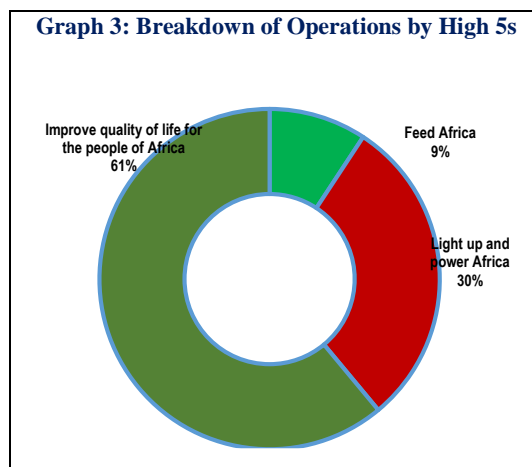
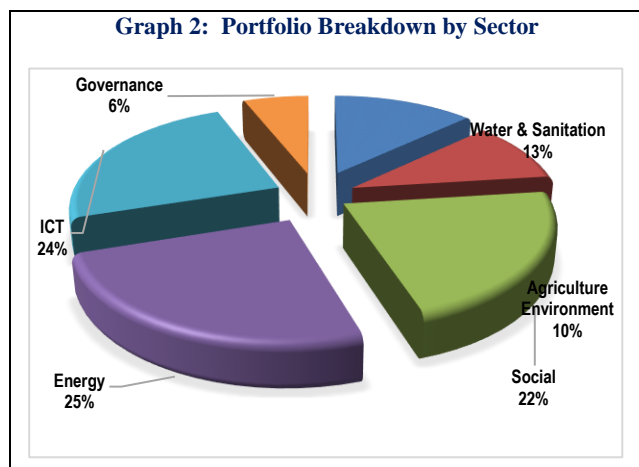
4.4.3. ***Environment and climate change***: In view of CAR's vulnerability to climate change (see § 2.3.6), all Bank operations (PARCB, CAB, PRESIBALT, PADECAS, etc.) have systematically included actions related to environmental protection and climate resilience, in accordance with the Ten-Year Strategy (2013-2022). By way of illustration, PRESIBALT intervenes in the restoration of protected areas, the development of anti-erosion mechanisms and reforestation with a view to restoring degraded ecosystems. This project is also involved in the settlement of conflicts related to the management of natural resources, including those concerning transhumance in livestock areas.

V. PORTFOLIO PERFORMANCE REVIEW

5.1 Current Bank Group Portfolio

5.1.1. ***The sector distribution of the portfolio is consistent with the priority areas of the country strategy (CSP 2017-2021) and the Bank's major priorities (see Graphs 2 and 3)***: This breakdown is determined by the need to help a war-weary population by implementing social sector operations that help to rehabilitate infrastructure destroyed by several years of conflict and to meet the imperative need of restoring social cohesion. The breakdown also addresses the desire to lay the groundwork for sustainable development by increasing the population's access to electricity and support for agricultural productivity that may be achieved through planned investments in the energy and agricultural sectors.

5.1.2. ***The average project size has inched up from UA 7 million in 2017 to UA 8.4 in 2019 due to the inclusion of new projects in the telecommunications and agriculture sectors***. These are the Central Africa Fibre-Optic Backbone Project (CAB) and the Savanna-Based Agricultural Value Chains Development Support Project (PADECAS), being implemented with IFAD co-financing. The cumulative disbursement rate as at end-February was 29.15%, due to the fact that 8 of the 15 operations are more or less one year old. The sectoral breakdown of the disbursement rate is as follows: governance (100%), social sector (60.9%), environment (38.21%), water and sanitation (36.55%), energy (20.41%), telecommunications (1.2%) and agriculture (1.1%). In addition, the disbursement rate for regional projects is low at 12.62%, compared to 50.49% for national projects. This low disbursement rate stems from the slow implementation of regional operations and delays in the start-up phase, particularly for the CAB Project. For 2018 alone, the annual disbursement rate of 21%, as at 31 December 2018, is well above the institutional target of 18% for the year.



5.1.3. *Additional resources were raised through co-financing of projects, thanks to the commitment of the Bank teams working together with the Country Office in CAR (COCF).* These additional resources amount to approximately UA 30 million (see Table 2).

Table 2: Mobilisation of Additional Funding (2017-2018)

| <i>ADF Funding (M UC)</i> | | <i>Funding Mobilized (UA M)</i> | |
|---------------------------|--------------|---------------------------------|--------------|
| PBA ADF 14 | 15 | EU African Investment Facility | 1 3.9 |
| TSF Pillar 1 | 15 | IFAD | 12.8 |
| TSF Pillar 3 | 1.34 | RWSSI | 2.36 |
| Regional Envelope | 5.5 | Special Relief Fund | 0.67 |
| | | African Legal Support Facility | 0.4 |
| Total | 36.84 | Total | 30.14 |

5.2 Portfolio Monitoring and Evaluation

5.2.1. *Portfolio Performance Assessment - 2019:* In accordance with CPPR Guidelines, only ongoing national projects in the public sector have been included in the overall portfolio score, while multinational projects are subject only to a qualitative assessment. Judging by the scores awarded by supervision missions, portfolio performance is generally satisfactory. Indeed, on a scale of 0 to 4, the project implementation status score rose from 2.83 in 2016 to 3.32 in 2017 before inching down to 3.2 in 2018. This slight dip in overall portfolio performance mainly stems from the procurement difficulties of the water and sanitation sector project arising mainly from the slow pace of works execution due to the limited capacity of the companies that won the contracts as well as contract management shortcomings.

5.2.2. However, following strengthening of the technical staff of the Unit responsible for managing these projects, their performance should quickly revert to the upward trend. The performance index that measures the possibility for projects to achieve their development goals inched up from 3.16 to 3.2 between 2016 and 2018. The portfolio has no problematic or potentially problematic projects. However, greater vigilance is required for two projects in the water and sanitation sector, namely: the first Water and Sanitation Sub-Programme for Bangui and Four Prefectures and the complementary Programme for which two of the performance criteria (compliance with environmental safeguard clauses and procurement) have not been fully satisfied.

However, these procurement difficulties are not specific to the above-mentioned project, but concern all CAR operations because serious companies do not respond to bid invitations on account of the volatile security situation, thus leaving room for companies that have no technical and financial capacity. Consequently, several contracts remain unawarded, thus prolonging the procurement processes. Furthermore, there are several cases of contracts whose execution has not been completed.

5.2.3. **Survey of portfolio performance with different stakeholders:** As part of the midterm review (MTR), a questionnaire supplemented by interviews was administered to public entities responsible for operations, project executing agencies, key development partners and the Bank staff in charge of CAR operations (a total of 30 people with a response rate of 93%). The exploitation of the responses highlights the main constraints impeding the performance of the portfolio : (i) weakness of the quality at entry of operations, (ii) delay in the achievement of the objectives initially fixed because of the slowness in the implementation and restructuring of some projects, (iii) low ownership of projects by stakeholders, (iv) insufficient capacities of firms awarded contracts, (v) difficulties in fiduciary management; (vi) inadequate monitoring and evaluation mechanisms, (vii) poor quality of environmental and social monitoring and (viii) lack of a staff performance assessment tool. The exercise was intended to highlight the main difficulties and collect proposals that could help to enhance country portfolio performance. The detail results are presented in Annex 8.

5.2.4. **As at 28 February 2019, the Bank's portfolio did not include any problematic projects.** However, a number of projects deserve special attention such as the First Drinking Water Supply and Sanitation Sub-Programme for the City of Bangui and its surroundings areas -PSEPA- (UA 5.44 million). The poor performance recorded are a result of technical weaknesses of the Project Coordination Unit but also the beneficiary structure (SODECA), shortcomings in terms of contract management and weak consultation between SODECA and the company in charge of the rehabilitation works of the water distribution network.

5.2.5. **Over the past three years, the first disbursement timeline has decreased from 10.33 months in 2016 to 6.7 months in 2018, thanks to the commitment of the Government and the Bank to accelerate project implementation.** This resulted in a sharp increase in disbursements at a time when the average portfolio age was decreasing due to new operations approved between 2017 and 2018. Over the 2017-2018 period, with the exception of the economic and financial

| Table 3: Some Key Portfolio Performance Indicators | | | |
|---|-------------|-------------|-------------|
| Indicators | 2016 | 2017 | 2018 |
| Portfolio of Operations | | | |
| Number of operations | 10 | 12 | 15 |
| Managed on the ground (#) | 2 | 3 | 4 |
| Managed from headquarters (#) | 8 | 9 | 11 |
| Total commitments (UAM) | 75,08 | 70,60 | 116,88 |
| Projects at risk (%) | 0 | 8.3 | 0 |
| Commitments at risk (%) | 0 | 5.9 | 0 |
| Problematic projects (%) | 0 | 0 | 0 |
| Disbursement rate (%) | 18.43 | 20.87 | 29.51 |
| Average project age (year) | 3.8 | 2.83 | 3.2 |
| Time of first disbursement (months) | 10.33 | 7.83 | 6.7 |
| Projects approved during the year | | | |
| Commitment (MUA) | 5.64 | 14.32 | 38.41 |
| Projects closed during the year | | | |
| Project (#) ⁶ | - | - | 2 |

* As at 28 February 2018, Source: Data Implementation Progress and Results Report (IPR)

⁶ Completion reports have been prepared and should be posted before the end of the year.

management capacity-building project deemed to be at risk in 2017, the portfolio does not include any other risky projects in 2018.

5.2.6. *Financial management systems deserve sustained improvements:* The fiduciary risk assessment of the country's national PFM system updated in April 2019 (see Annex 12) shows that this risk remains high. The efforts made by the Government and the support of the TFPs will still take time to give convincing results. Accordingly, the Bank, like other PTFs will continue to support the government to improve the PFM system but cannot use it to the financial management of projects. The financial management systems implemented in the PIUs are generally satisfactory. However, we deplore in most projects the implementation of management accounting tools, procedures manuals is delayed, and very few PIU transmit financial monitoring reports on time.. As noted in the audits of projects (including the PAGL) program, there remain shortcomings in the implementation of audit recommendations. In addition, in some projects, it was highlighted shortcomings in the capacity of the teams in charge of financial management, ineligible expenses and delays in the justification of working capital. Action plans were developed to address these shortcomings. However, it is important to note that, thanks to the Bank's proximity monitoring, improvements have been made in the transmission of audit reports because most of the projects submitted the 2018 audit reports on time, even though there were the Bank noted some shortcomings in the auditors' reports. Measures are taken to ensure the capacity of the external auditors prior to their recruitment.

5.2.7. *Special account balances are not fully refunded to the Bank.* Special project account *balances* for two projects, closed in 2015, have not yet been fully justified. COCF requested the Government to make the necessary arrangements for the justification of these balances and / or to refund to the Bank the unused resources. Provisions are now made for the justification of the special accounts within the deadlines and before the closure of the projects.

5.3 Implementation Status of the Country Portfolio Improvement Plan (CPIP 2017)

Most of the recommendations in the Portfolio Performance Improvement Plan have not yet been implemented. The 2017 PAPP envisaged six main priority actions of which one is already carried out, three are in progress and two of them have not yet started. Those on which implementation action has already been taken mainly concern: (a) the establishment of an inter-ministerial unit responsible for project monitoring; and (b) the organization of Government and Bank joint quarterly meetings. Indeed, discussions were held with the Government to formally set up an inter-ministerial committee for project monitoring and organize joint portfolio monitoring meetings, the most recent of which was held on 15 February 2019. However, recommendations that can contribute significantly to the acceleration of the pace and quality of project implementation are yet to be implemented. They include the organization of fiduciary clinics, which should lead to the improvement of the capacities of PCUs and stakeholders in the procurement process in order to solve the problems often encountered in this area. This fiduciary clinic is already scheduled to hold during the second half of September 2019. Similarly, given the lack of commitment on the part of certain actors involved in the day-to-day management of projects, PCU staff performance contracts should be systematically established to encourage the emergence of results-oriented performance.

5.4 Bank Group Performance

5.4.1. *Despite the limited CAR country allocation, the Bank has particularly contributed towards increasing the portfolio through the use of co-financing,* through efforts made to coordinate aid with other partners, especially in the areas of water supply and sanitation,

telecommunications and agriculture. In addition, close monitoring by the Bank's Country Office in CAR has helped to significantly reduce project start-up delays and accelerated disbursements.

5.4.2. *In order to enhance these results, the country would like the Bank to give more time to the operations preparation and evaluation process in order to foster greater ownership by the various stakeholders.* Accordingly, Government authorities believe that shortening project appraisal deadlines may decrease the quality of projects at entry and cause significant delays at the start-up phase. That is why they feel that dialogue should be maintained so that national actors that were involved in the project appraisal may also be involved in the implementation mechanisms. Lastly, national authorities believe that the Bank needs to improve the response time in the areas of procurement and disbursements because its response times remain protracted and this sometimes slows down project progress.

5.5 Government Performance

The Government has not achieved the set performance objectives due to the limited implementation of the recommendations made in the 2017 CPIP (see Annex 6). Indeed, the Government seems to have not yet understood the importance of adopting the performance contract for PCU staff as a means to giving fresh impetus to project implementation. Despite the many consultations between the Bank and the Government on the implementation of this tool, no PCU has formally sent contracts signed with its staff to the Bank. Moreover, it was noted that beneficiary entities are not actively involved in the implementation of operations. The direct outcome of this lack of involvement is that it undermines the quality of service and results in non-compliance with contract implementation lead times. Similarly, executing agency managers directly involved in project management do not have enough time to deal with the day-to-day management of their projects, which sometimes causes significant delays. Lastly, there are shortcomings at the level of some PCUs relating to procurement and financial management. By way of illustration, only few PCUs have fully implemented the recommendations made by the supervision missions concerning financial management.

5.6 Performance of Co-Financiers

The sectors benefiting from co-financing are mainly telecommunications, agriculture, water supply and sanitation. The main co-financiers are the European Union, the Global Environment Facility, RWSSI and IFAD. Efforts still need to be made to ensure that the co-financing is approved at the same time as Bank financing, since delays in the co-financing approval process lengthen the start-up time of projects, as was the case for the Central African Backbone Project (CAB) - CAR component. Moreover, for co-financing such as that of IFAD in the agricultural sector, which allows the Bank to scale up its interventions, it is important to strengthen concerted action in order to further synchronize the implementation of programmed activities and avoid possible blockages.

5.7 Aid Coordination, Alignment and Harmonisation

5.7.1. In the context of the country, it is difficult to assess the progress made in implementing the commitments of the Paris Declaration, particularly in terms of ownership, harmonization, alignment and results-based management. However, as far as ownership is concerned, it is important to note that after the period of crisis (2012-2016) and the return to constitutional order, the Government developed, in a participatory manner and with the support of technical and financial partners, the RCPCA, which is currently guiding the efforts made to achieve recovery and revival of the national economy. This document, which constitutes a crisis resolution framework, was endorsed by all stakeholders and supported by the international community. On 17 November 2016, at the Brussels International Donors' Conference, the technical and financial partners pledged to make available to CAR USD 1.3 billion for the implementation of the RCPCA during the initial years. At the same time, the Central African Government and its partners signed

a Mutual Engagement Framework (CEM), laying the groundwork for the implementation of the political reforms needed for the country's recovery. Through its aid coordination efforts, COCF was able to mobilize co-financing from IFAD and the EU respectively for the Agricultural Value Chains Development Support Project (PADECAS) and the Central Africa Backbone Project (CAB) - CAR component.

5.7.2. The RCPCA/CEM institutional mechanism comprises coordination at three levels: (i) the Advisory Board chaired by the President of the Republic, which is a forum for high-level policy dialogue between the Government and the partners; (ii) the Joint Steering Committee (CDC) responsible for strategic management; and (iii) the Permanent Secretariat (SP), which is a technical and operational body responsible for coordinating the implementation, monitoring and evaluation of operations.

5.8. Stakeholder Consultation

The preparation of the combined report on the CSP 2017-2021 midterm review and the country portfolio performance review (CPPR) was a participatory process. The consultations organized afforded an opportunity to discuss the project implementation difficulties with the actors involved in the day-to-day management of the operations financed by the Bank, the private sector and development partners. This helped to confirm the alignment of the Bank's interventions with the RCPCA priorities, identify possible synergies with the operations of other development partners, and to improve understanding of the nature of the difficulties often encountered by private sector enterprises involved in project implementation.

5.9. Revised Portfolio Performance Improvement Plan (PPIP 2019)

5.9.1. Following the evaluation of the implementation of the Portfolio Performance Improvement Plan for 2017 and the outcomes of the meetings held with stakeholder for that purpose, the Portfolio Performance Improvement Plan for 2019 was developed and validated. It contains priority measures to address the shortcomings that still the implementation of Bank-financed projects.

5.9.2. During the midterm review (MTR) mission, discussions focused on the lessons learned from the implementation of the PPIP 2017, in terms of its level of achievement. The parties committed themselves to implementing the PPIP 2019 in order to significantly improve portfolio performance (see Annex 7). The key recommendations of PPIP 2019 focused on: (i) the need to improve the quality of projects at entry; (ii) reducing procurement timeframes and improving contract management; (iii) reducing disbursement delays; (iv) improving the close monitoring of projects by sector ministries; (v) accelerating the establishment of financial management systems and ensuring compliance with audit and project closure requirements; (vi) the urgent need to set up a system for evaluating the performance of Project Coordination Unit (PCU) staff.

VI. LESSONS LEARNED FROM THE CSP MIDTERM REVIEW

The following lessons were learned from the midterm assessment of the strategy and will be factored into CSP implementation for the remaining period.

6.1 For the Bank Group

6.1.1. The Bank's assistance to CAR is constrained by the low amount of ADF allocations relative to the needs expressed by the country; hence, funding will have to be sought from other sources (trust funds and enclave projects).

6.1.2. Fragility issues should be better addressed during CSP preparation and review, as well as in all phases of the project cycle involving the preparation of a country fragility assessment for

use as a reference framework. In addition, there is a need to support Bank interventions (reform programmes and investment projects) with sector-based studies and/or technical assistance operations, integrating capacity-building actions (procurements, financial management, etc.) of national stakeholders, which can accelerate the implementation of planned activities and enhance the sustainability of Bank assistance gains.

6.1.3. The Bank's presence on the ground, through COCF/RDGC, helped to improve portfolio performance and the quality at entry of the operations in the Bank's indicative work programme. It is also necessary to enhance communication in order to increase the Bank's visibility by producing relevant information on Bank operations and their impact on national economic development.

6.2. For the Government

6.2.1. Given the slow pace of project implementation, the Government needs to improve coordination (structure, periodicity, method, monitoring) at the level of ministries and project units to avoid project management shortcomings. Moreover, coordination between the Government and partners should not be limited to comprehensive dialogue and budget support but should extend to investment projects. Indeed, the Government should ensure that projects are monitored periodically in order to pool and share experiences and improve project implementation.

6.2.2. The procurement process during project implementation may be improved by extending bid invitations to companies in the CEMAC sub-region, at least for national competitive bidding (NCB).

6.2.3. There is a need to promote the implementation of certain project activities by NGOs that already have facilities and are influential in areas that are difficult for companies to reach. This strategy has enabled IDA to speed up the construction of basic infrastructure.

VII. BANK STRATEGY FOR 2019-2021

7.1 Relevance of the Strategy's Pillars

7.1.1. At the conclusion of the consultations held during the midterm review mission (from 1 to 14 March 2019) and the Feedback Workshop (*See Annex 9*), it was agreed with the Central African authorities to maintain the two pillars of the CSP for the remaining period 2019- 2021, namely: (i) *"Support for agricultural development and infrastructure for social inclusion"* and (ii) *"Institutional capacity-building and governance"*. In line with the Bank's Ten-Year Strategy (2013-2022), the High-5s and the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019), the principles of green and inclusive growth as well as the "gender" dimension will be factored into the selection and design of new projects during the remaining CSP period. Furthermore, continuation of the strategic direction of the CSP also takes into account the recommendations that Bank operations should focus more on the *"prism of fragility"*.

7.1.2. Implementation of the strategy, which will also take into consideration the lessons learned from the midterm review, will be guided by ongoing consultation on the expected outcomes of Bank interventions within the context of a work programme aimed at helping CAR to address identified challenges (*see Table 1*).

7.2 Bank Strategy for the Remaining CSP Period

7.2.1. The main strategic guidelines for 2019-2021 (CSP pillars) will remain unchanged. Maintenance of these guidelines is justified by the need to consolidate the Bank's interventions in the areas covered by strategic programming, particularly the area of infrastructure development,

while ensuring greater synergy with the agricultural sector and giving more attention to good governance while taking into account the lessons learned. Although the Bank's strategic focus remains unchanged, its interventions will be more selective, focused exclusively on the development of basic socioeconomic infrastructure; the development of value chains, the promotion of youth entrepreneurship in the agricultural sector and agribusiness (Pillar I), and support for reforms and capacity-building in economic and financial governance (Pillar II).

Under Pillar I

7.2.2 The Bank will prioritize investments in agriculture, energy and air transport in line with Government priorities, thereby helping to lay the groundwork for sustainable job-creating growth.

- (i) With regard to the planned operation in the agricultural sector,⁷ the Bank intends not only to work in synergy with other development partners (IFAD, the World Bank, etc.), but also to foster public-private partnerships (PPP) and alliances between key stakeholders in growth sectors. The goal is to revive production, develop agribusiness, promote exports and create jobs for young people. The establishment of a stimulating framework and an environment conducive to the development of the targeted sectors will boost the "value chains" approach which links production activities to markets, thus facilitating the initiation of backbone investments through the construction of various production and marketing support infrastructure. In addition, Bank operations will also incorporate ancillary activities such as the construction of rural roads, schools/health centres and markets.
- (ii) For the energy sector and in cooperation with the World Bank, the Bank will support financing of the Project to Interconnect the Power Grids of the CAR and DRC and Tap Energy from the Mobaye-Mbongo Power Plant. Specific objectives include: (i) cross-border electrification of nine localities in the Central African Republic (Mobaye-Mbanga, Imal-Langandji, Kongbo, Pavica, Alindao, Dimbi, Kembe, Bangassou, and Bambari); and (ii) the rehabilitation and extension of the Bangui electricity distribution network.
- (iii) For the air transport sector, the additional financing from the Bank will be used to finalize the works begun under the first phase of the Bangui Airport Modernization Support Project (PAMAB), in an effort to bring up to standards the air transport facilities and services at the Bangui/Mpoko International Airport, improve airport safety and security, and enhance the airport's security and safety capacities.

Under Pillar II

7.2.3 In cooperation with other TFPs (IMF, World Bank, European Union and AFD), the Bank will continue to support reforms aimed at consolidating the gains made in the promotion of sound economic/financial governance through budget support operations. Bank operations will also be geared towards promoting an appropriate institutional framework through capacity-building operations to improve reform formulation and monitoring skills, and especially in the promotion of the private sector, with a view to stimulating the structural transformation of the economy, job creation and social inclusion. More specifically, the interventions will focus on domestic revenue mobilization, budget planning and capacity-building for control and public procurement systems.

⁷ Project to Support the Development of Value Chains and the Promotion of Youth Entrepreneurship in the Agricultural and Agribusiness Sectors (PASTAC-PEJA), the PPF for which was approved in August 2017

7.2.4 The Capacity-building Project for the Central Administration and Non-State Actors (PRECANE) will help to build the institutional, human, organizational, material and logistical capacities of sector ministries in order to generate a positive momentum in the planning, monitoring and evaluation of development policies. Through the envisaged support, the project will enable executives from the various sector ministries to progressively acquire skills that would enable them to participate actively in the formulation and implementation of development strategies and policies. As regards private sector promotion, the project will support the enhancement of private sector promotion structures such as the Chamber of Commerce and the One-Stop Shop for Business Creation, etc. Lastly, the project will support capacity-building for civil society organizations in the areas of project governance, management and appraisal.

7.3 Indicative Assistance Programme for the Remaining CSP Period

The Bank's indicative assistance programme for the remaining CSP period (2019-2021) will be financed, as shown in Table 4, with ADF-15 and TSF resources, details of which will be known only at the beginning of 2020. Based on the assumption that the expected resources will be the same as those received during the current ADF cycle, the table below shows an indicative programme of the operations that were discussed

Table 4: List projects selected under ADF-15 (UA million)

| Pillar | Sector | Project | Year | PB A | TS F | Total |
|--------------|-------------|-----------------------|------|-----------|-----------|-----------|
| 2 | Governance | Supplementary PRECANE | 2020 | | 1 | 1 |
| 1 | Transport | Supplementary PAMAB | 2020 | 4 | | 4 |
| 2 | Governance | PAREF III | 2020 | 8 | | 8 |
| | | | 2021 | 4 | 2 | 6 |
| 1 | Energy | Mobaye Project | 2020 | | 5 | 5 |
| 1 | Agriculture | PASTAC-PEJA | 2021 | | 7 | 7 |
| TOTAL | | | | 15 | 16 | 31 |

during the midterm review. Furthermore, the Bank will continue its efforts to raise additional resources from sources such as the Green Climate Fund, special/thematic and fiduciary funds, as well as other bilateral funds, to supplement the limited ADF allocations for CAR. Lastly, the regional envelope, with its significant leverage effect, will be used to finance the integrative projects that are of crucial importance to the country.

7.4 Non-Lending Activities

Regarding non-lending activities, the Bank plans to carry out two analytical studies for the remaining CSP period (2019-21). These are forward-looking studies on: (i) local development aimed at providing the Government with a local development outlook report; and (ii) tax revenue collection and public debt. The latter study will analyse ways and means of enhancing tax revenue collection so as to ensure debt sustainability in a context of dwindling international aid. The results will be capitalized upon and factored into the development of operations for the remaining operational period. Moreover, the Bank will conduct a new assessment of the country's fragility in 2019, with a focus on the root causes of the persistent institutional and political fragility in the Central African Republic, and on peacebuilding and reconciliation proposals. Moreover, the Bank will continue the conduct of the analytical studies whose progress status is presented in paragraph 4.2.5, and particularly the study on the timber sector.

7.5 Country Dialogue

7.5.1 *With RDGC support, COCF will continue to enhance the quality of dialogue on the Bank's operations.* During the remaining period of CSP implementation, CODF will focus on issues related to the Bank's focal area in order to provide the best possible response to the needs of CAR, as a country in transition. The dialogue will focus on the main challenges facing the country (*see para. 3.2.2*). In addition to these issues, emphasis will be placed on:

- regional integration, especially on the development of interconnections (transport and energy) with other countries in the sub-region; the dialogue will focus on institutional capacity-building, resource mobilization and harmonization of laws and policies;
- support for private sector development, with a bias towards very small enterprises - a vector of community development - in order to boost the job-creation potential of the economy and effectively combat unemployment, especially among young people;
- the development of PPPs in the financing of power transmission networks and electricity interconnections in order to boost mining, among others; similarly, consideration should be given to exploring the possibilities of developing PPPs in agribusiness as a means of further engaging rural communities in the development of value chains;
- the preservation of natural resources and resilience to climate change in order to lay the groundwork for green growth.

7.5.2 *Monitoring/Evaluation of Bank Group Assistance:* To assess the impact of its assistance, the Bank will use the indicators identified in the revised Results-Based and Monitoring Framework of the CSP (*see Annex 2*). In addition, the annual Country Portfolio Performance Reviews and Project Completion Reports (PCRs) will be useful sources in monitoring progress towards achieving CSP objectives.

7.5.3 *Risks and mitigation measures.* The review identified the risks that could impede the implementation of the strategy for the remaining period. These risks concern, in particular:

- *Difficulties in promoting a peaceful political environment to ensure the stability of institutions despite the Khartoum Peace Agreement.* The Government's firm commitment to implementing this 8th agreement (since 2012) and the support of the international community could help mitigate this risk.
- *Low levels of domestic resource mobilization: The country remains heavily dependent on grants and subsidies from TFPs for the implementation of the RCPCA, which could jeopardize the attainment of targets set by the authorities.* The TFPs, including the Bank, will continue to play a key role by backing reforms and providing targeted support that could attract the private sector and other non-traditional partners to key areas such as agriculture and mining, which are also enormous sources of resilience. The concerted commitment of TFPs should enable the Central African Republic to mobilize significant resources in the form of grants, thus avoiding the need to resort to non-concessional loans to finance its development programme.
- *Weak institutional and human capacities, which could negatively impact the implementation of the RCPCA.* This risk could be mitigated by the commitment of development partners, including the Bank, demonstrated through the implementation of capacity-building support programmes.

8 CONCLUSION AND KEY RECOMMENDATIONS

8.1 Conclusion

The Central African Government is firmly committed to restoring abiding and definitive peace in the country, mainly through implementation of the Khartoum Peace Agreement signed on 6 February 2019 with 14 armed groups. In addition, despite the gaps observed in some parts of the country due to insecurity, the Government continues to successfully implement the National Recovery and Peacebuilding Plan for the Central African Republic, adopted in October 2016. However, the country still faces many challenges, including that of putting the national economy on a path to sustainable and inclusive growth that could start a progressive exit from the situation of fragility. To help meet this challenge, the midterm review concluded that during the remaining

CSP period, the two pillars of the strategy will remain unchanged, and will continue to be centred on: (i) *Agricultural development and infrastructure support for social inclusion*; and (ii) *Institutional capacity-building and governance*. In maintaining the pillars, account was taken of the Bank's comparative advantage derived from its experience in institution-building and the implementation of major projects in the CAR, particularly in the area of basic socioeconomic infrastructure.

8.2 Recommendations

In light of the foregoing, the Committee on Operations and Development Effectiveness (CODE) is invited to consider this combined report on the CSP 2017-2021 midterm review and the Bank's Portfolio Performance Review in the CAR in 2019.

Annex 1 : Original CSP Outcomes and Monitoring Framework

| RCPA strategic objectives | Constraints on the achievement of expected outcomes | Final Indicators (end-2021) | | Midterm indicators (mid-2019) | | | | Bank Group Operations during the CSP Period (ongoing and proposed) |
|---|---|---|---|---|--|---|--|---|
| | | Outcomes | Outputs | Outcomes | Status | Outputs | Status | |
| PILLAR I: AGRICULTURAL DEVELOPMENT AND INFRASTRUCTURE SUPPORT FOR SOCIAL INCLUSION | | | | | | | | |
| Provide basic services to the population throughout the country | <p>School infrastructure was occupied, looted and destroyed by armed groups and the intake capacity is limited.</p> <p>Healthcare infrastructure and services, which were already weak and unevenly distributed in the country, were seriously damaged and vandalised with by the armed conflict and political crisis.</p> <p>Country's very limited natural/human disaster and crisis prevention, protection and management capacities</p> <p>Low drinking water supply across the national territory</p> <p>Deplorable state of sanitation infrastructure</p> | <p>School management infrastructure and enrolment capacity are operational and functional (from 50% in 2017 to 80% for areas not affected by the crisis and from 5% to 70% for conflict areas)</p> <p>Existing regional, prefectural and district health services are rehabilitated, equipped and operational (from 15% in 2017 to 45%)</p> <p>Firefighting service is accessible to the population of Bangui and, with the provision of backup materials and firefighting vehicles, interventions are rapid and seamless (from 13% in 2017 to 35%).</p> <p>The drinking water access of the population of Bangui and peripheral areas has improved from 29% in 2017 to 40%</p> <p>The drinking water access of the rural population has improved from 27% in 2017 to 50%</p> | <ul style="list-style-type: none"> - Reconstruction and equipment of 120 basic education schools - Rehabilitation and re-equipment of 10 regional pedagogic centres (10) - Rehabilitation and equipment of affected health services in the hinterland of the country (15 health structures) - Provision of medical ambulances to affected health services - Construction of secondary response centres for the 4 firefighting services in Bangui - Provision of firefighting equipment (2 batches) to the Bangui firefighting service's secondary response centres - Replacement of the existing network (35 km) and extension of the water network (55 km) to the disadvantaged populations living in peripheral neighbourhoods of Bangui - Construction of 4 DWS mini-networks in | <p>School management infrastructure and enrolment capacity are operational and functional (from 50% in 2017 to 65% for areas not affected by the crisis and from 5% to 35% for conflict areas)</p> <p>Existing regional, prefectural and district health services are rehabilitated, equipped and operational (from 15% in 2017 to 25%)</p> <p>The firefighting service is accessible to the population of Bangui and, with the provision of backup materials and firefighting vehicles, interventions are rapid and seamless (from 13% in 2017 to 25%).</p> <p>Improvement of the drinking water access of the population of Bangui and peripheral areas from 29% in 2017 to 40%</p> <p>Improvement of the drinking water access of rural dwellers from 27% in 2017 to 35%</p> | <ul style="list-style-type: none"> - Statistics not available - Statistics not available - Statistics not available | <ul style="list-style-type: none"> - Reconstruction and equipment of 60 basic education schools - Rehabilitation and re-equipment of 6 Regional Pedagogic Centres - Rehabilitation and equipment of affected health services in the interior of the country (6 health structures) - Provision of 6 medical ambulances to affected health services in the interior of the country - Construction of secondary response centres for the Bangui firefighting services (2); - Provision of firefighting equipment (1 batch) to the Bangui firefighting service's secondary response centres - Replacement of the existing water supply network (25 km) and its extension (35 km) to reach the disadvantaged communities living in the peripheral neighbourhoods of Bangui; - Construction of 2 DWS mini-networks in Bangui and peripheral areas; - | <p>Rehabilitation of one nursery school, 3 Government high schools, 1 social centre, and 3 higher education structures (Lavoisier Lab, ISS, ISDR), 3 JPN centres</p> <p>Construction of the CNTS Laboratory and 2 dialysis and imaging centres</p> <p>Rehabilitation works of 16.7km of water network nearing completion, 1,500 connections made, Construction of 77 boreholes and 5 elevated water tanks</p> <p>17 latrines constructed</p> | <p><u>New proposed operations</u></p> <ul style="list-style-type: none"> - Grassroots Community Rehabilitation Support Programme, Phase2 - Emergency food security grant for the town of Bamabari <p><u>Ongoing operations</u></p> <ul style="list-style-type: none"> - Grassroots Community Rehabilitation Support Programme, Phase 1 ((ADF, TSF, RWSSI, PARSEJF) - 2nd Drinking Water and Sanitation Sub-Programme for six prefectures |

| RCPCA strategic objectives | Constraints on the achievement of expected outcomes | Final Indicators (end-2021) | | Midterm indicators (mid-2019) | | | | Bank Group Operations during the CSP Period (ongoing and proposed) |
|--|--|---|---|---|--------|--|--------|---|
| | | Outcomes | Outputs | Outcomes | Status | Outputs | Status | |
| | | | Bangui and peripheral areas | | | | | |
| Rehabilitate and construct infrastructure (ICT networks) | Low access of the population, Government departments and businesses to quality telecommunication / ICT services at affordable cost Low contribution to economic growth, digital accessibility and regional integration. | The contribution of ICTs to the country's GDP increases from 3.1% in 2016 to 9%. The contribution of ICTs to State revenue increases from 10.2% in 2016 to 15% Internet penetration rate rises from 2.2% in 2016 to 20% Mobile telephony expenditure as a percentage of annual per capita GNI shrinks from 50% on average in 2017 to 18% | - Laying of the national optical fibre backbone is extended (1,050 km – local Bangui loop, Bangui-Berberati-Cameroon border, and Bangui-Berberati-Liboko-Congo border) - Two terrestrial optical fibre connections with neighbouring countries | Contribution of ICT to the country's GDP increases from 3.1% in 2017 to 4% Contribution of ICTs to State revenue increases from 10.2% in 2017 to 12% Internet penetration rate rises from 2.2% in 2017 to 6% Mobile telephony expenditure as a percentage of annual per capita GNI falls from 50% on average in 2017 to at least 40% | - | - Laying of the national optical fibre backbone is extended (300 km – local Bangui loop, Bangui-Berberati-Cameroon border, Bangui-Berberati-Liboko-Congo border) | | <u>New proposed operations</u> - Central African Backbone (CAB) Project – CAR Component |
| | Low contribution to the population's social, economic and financial inclusion and to job creation | Number of people benefiting from online administrative services (informative and transactional) increases from 0 in 2017 to at least 30,000 Number of direct and indirect jobs created in the sector grows from 9,700 in 2016 to 30,000 Number of people having access to internet through community digital centres (CDCs) increases from 0 in 2017 to 200,000 | - Establishment of a national Datacenter, a Digital Training Centre (CFD) and nursery (100 informative/transactional administrative services placed online and at least 200 students trained in digital technology yearly) - Creation of a government internet portal, online administrative services, and State Information Systems (at least 20 CDCs and 10 new IT applications developed and brought into production) | Number of people benefiting from online administrative services (informative and transactional) increases from 0 in 2017 to 5,000 in 2021 Number of direct and indirect jobs created in the sector increases from 9,700 in 2016 to 15,000 Number of people having access to Internet through CDCs increases from 0 (in 2017) to 120,000 | - | - Establishment of a national Datacenter, a Digital Training Centre (CFD) and nursery (100 informative/transactional administrative services placed online and at least 200 students trained in digital technology every year) - Creation of a government internet portal, online administrative services, and State Information Systems (at least 20 community digital centres and 10 new IT applications developed and brought into production) | | |
| | | | - | | | | | - |
| Rehabilitate and construct transport infrastructure | The landlocked nature of the country and lack of connections between the two capital cities of Brazzaville and Bangui on | Exchanges among ECCAS countries and between CAR and Congo increase | - Construction of a bridge over the Sangha River and the Ouesso-Bangui road section | Exchanges among ECCAS countries and between CAR and Congo not only | | Development of the Ouesso – Bangui road section | | <u>New proposed operations</u> - Development of Oubangui (Brazzaville – Bangui river transport) |

| RCPCA strategic objectives | Constraints on the achievement of expected outcomes | Final Indicators (end-2021) | | Midterm indicators (mid-2019) | | | | Bank Group Operations during the CSP Period (ongoing and proposed) |
|---|--|---|---|--|---|---|--|---|
| | | Outcomes | Outputs | Outcomes | Status | Outputs | Status | |
| | the Pointe Noire - Bangui - N'Djamena highway | by 6% and are facilitated | | increase by 3% but are also facilitated | | | | - Development of the Bangui-Mabaikoro road |
| PILLAR II: INSTITUTIONAL CAPACITY-BUILDING AND GOVERNANCE | | | | | | | | |
| Strengthen macroeconomic stability and good governance / Ensure favourable conditions for private sector development and job creation | Poor tax revenue collection and ineffective public spending | Tax ratio rises from 7.1% of GDP in 2017 to 12% of GDP | - Effective establishment of the legal, regulatory and institutional framework for granting and managing exemptions | Tax ratio rises from 7.1% of GDP in 2017 to 9% of GDP | Not achieved | - Effective implementation of the legal, regulatory and institutional framework for granting and managing exemptions | - Framework was revised in June 2017 (CICEFD and DGID reports) | New proposed operations - Economic and Financial Reforms Support Programme (PAREF II and III) - Project to Strengthen the Institutional Capacities of the Administration and the Private Sector (African Legal Support Facility) - Trust Funds Ongoing operations - Economic and Financial Reforms Support Programme (PAREF) |
| | | Budgetary commitment rate (excluding salaries) in the education, health and social affairs sectors increases from below 50% in 2017 to 100% | - Regular update of the taxpayers' database in the new tax management system (SYSTEMIF4) - Implementation of the expenditure execution procedures manual and the budget preparation guide | Budget commitment rate (excluding salaries) in the education, health and social affairs sectors increases from 50% in 2017 to 75% | Achieved | - Regular update of the taxpayers' database in the new tax management system (SYSTEMIF4) | - CICEFD Report | |
| | Limited transparency in the procurement process | Yearly audit of public procurements executed in Year N-2 (completion rate from 0% in 2017 to 100%) | - Operationalisation of the Disputes Settlement Committee in the Public Procurements Regulatory Agency (ARMP) | Yearly audit of public procurements performed in Year N-2 (achievement rate from 0% in 2017 to 50%) | - Achieved | - Operationalisation of the Disputes Settlement Committee in the Public Procurements Regulatory Agency (ARMP) | Appointment of the members of the Disputes Settlement Committee in 2017 | |
| | Under-performing business climate | Minimum capital required to start a business (% of per capita income) 556% in 2016 to the sub-Saharan Africa average of 33%) | - Operationalisation of the One-stop shop for business formalities (GUFÉ) - Opening of a national private sector guarantee and support fund - Operationalisation of an approved management centre within the Chamber of Commerce, Industry, Mines and Handicrafts (CCIMA) | Minimum capital required to start a business (% of per capita income) 556% in 2016 to 200%) | Not achieved | - Operationalisation of the One-stop shop for business formalities (GUFÉ) - Establishment of a national private sector guarantee and support fund - Operationalisation of an approved management centre in the Chamber of Commerce, Industry, Mines and Handicrafts (CCIMA) | Ongoing, but difficult to locally mobilise private sector guarantee and support funds | |
| Relaunch and develop extractive and logging industries | Low economic processing Weak governance in production sectors and unsuitable taxation | Increase of the share of extractive and logging industries in GDP from 5% in 2017 to 15% Diamond production zones | - Effective implementation of the decree defining the implementing instruments of the Environment Code | The share of extractive and forestry industries in GDP increased from 5% in 2017 to 10% Diamond-producing areas are declared compliant with the | Not achieved because the zones were under the control of armed groups | - Effective implementation of the decree defining the implementing instruments of the Environment Code - Effective implementation of the new Mining Code to improve the sector's | Assessment underway of the mining and petroleum codes, Preparation of training programme for the senior | New proposed operations - Economic and Financial Reforms Support Programme (PAREF II et III) |

| RCPCA strategic objectives | Constraints on the achievement of expected outcomes | Final Indicators (end-2021) | | Midterm indicators (mid-2019) | | | | Bank Group Operations during the CSP Period (ongoing and proposed) |
|----------------------------|---|--|---|--|--------|--|--|---|
| | | Outcomes | Outputs | Outcomes | Status | Outputs | Status | |
| | | are declared compliant with the Kimberley Process (5 areas in 2017 to at least 20) | <ul style="list-style-type: none"> - Effective implementation of the new Mining Code to enhance sector attractiveness and industrialisation - Effective implementation of the new forestry taxation and incidental tax system to make the logging sector competitive - Effective relaunching of mining production through continued implementation of measures to make diamond-producing areas fully compliant | Kimberley Process (5 zones in 2017 to at least 10 zones) | | <ul style="list-style-type: none"> attractiveness and industrialisation - Effective implementation of the new forestry taxation and incidental tax system to make the forestry sector competitive - Effective relaunching of mining production through continued implementation of measures to make diamond-producing areas fully compliant | staff of the Ministry of Mines and Geology | <ul style="list-style-type: none"> - Mining and Oil Sectors Assistance Project (African Legal Support Facility) - Trust funds |

| NON-LENDING ACTIVITIES | | | | |
|--|---|---|---|---------------------------------------|
| Study | Obstacles | Indicators | Midterm Status | Source of Financing |
| Urban Development and Planning Master Plan Study of the City of Bangui | Weak planning capacity within the Ministry | Design of the Urban Development Master Plan of the City of Bangui | Not achieved due to lack of resources at the Bank | <u>Proposed:</u> Pillar III of TSF |
| Prospective study and local development | Absence of a suitable short- and medium-term planning tool and a local development plan | Circulation within Ministries of the Prospective and Local Development Report | Being achieved with UNDP financing | <u>Proposed:</u> Pillar III of TSF |

Annex 2 : Revised CSP Outcomes and Monitoring Framework

| RCPCA strategic objectives | Constraints to achieving the expected outcomes | Final indicators (end-2021) | | Bank Group Operations during the CSP Period (Ongoing and Proposed) |
|---|--|---|--|---|
| | | Outcomes | Outputs | |
| PILLAR I: AGRICULTURAL DEVELOPMENT AND INFRASTRUCTURE SUPPORT FOR SOCIAL INCLUSION | | | | |
| Provide basic services to the population throughout the country | <p>School infrastructure was occupied, looted and destroyed by armed groups and the intake capacity is limited</p> <p>Healthcare infrastructure and services which are already weak and unevenly distributed in the country, were seriously damaged and vandalised by the armed conflict and political crisis</p> <p>Country's very limited natural/human disaster and crisis prevention, protection and management capacity</p> <p>Low drinking water supply across the national territory</p> <p>Deplorable state of sanitation infrastructure</p> | <p>School management infrastructure and enrolment capacity are operational and functional (from 50% in 2017 to 80% in areas unaffected by the crisis and from 5% to 70% in conflict areas)</p> <p>Existing regional, prefectural and district health services are rehabilitated, equipped and operational (from 15% in 2017 to 45%)</p> <p>The firefighting service is accessible to the population of Bangui and interventions are rapid and seamless due to the provision of backup equipment and firefighting vehicles (from 13% in 2017 to 35%)</p> <p>Improvement of the drinking water access of the populations of Bangui and peripheral areas from 29% in 2017 to 40%</p> <p>Improvement of rural dwellers' drinking water access from 27% in 2017 to 50%</p> | <ul style="list-style-type: none"> - Reconstruction and equipment of 120 basic education schools - Rehabilitation and re-equipment of 10 Regional Pedagogic Centres (10) - Rehabilitation and equipment of health services in the interior of the country (15 health structures) - Provision of 15 medical ambulances to affected health services in the interior of the country - Construction of secondary response centres of the 4 firefighting services in Bangui - Provision of firefighting equipment (2 batches) to Bangui's firefighting services' secondary response centres - Replacement of the existing water network (35 km) and its extension (55 km) to reach the poor communities in the peripheral neighbourhoods of Bangui - Construction of 4 DWS mini-networks in Bangui and peripheral neighbourhoods - Rehabilitation of 20 km of pipes - Rehabilitation of the existing treatment station, pumping stations and reservoirs - Construction of 1,455 boreholes equipped with manual pumps (MP) - 50 autonomous water sources (AWS) equipped with solar panels - 600 improved VIP public latrines - Development of 6 small public landfills | <p><u>Ongoing Operations</u></p> <ul style="list-style-type: none"> - Grassroots Community Rehabilitation Support Programme; Phase 1 (ADF, TSF, RWSSI, PARSEJF) - 2nd Drinking Water and Sanitation Sub-programme of six prefectures - Emergency Food Security Grant for the town of Bambari |
| Rehabilitate and construct | Very limited access of the population, Government | ICT contribution to national GDP rises from 3.1% in 2016 to 9% | <ul style="list-style-type: none"> - Laying of the national optical fibre backbone is extensive (1,050 km – local Bangui loop, Bangui- | <u>Ongoing operations</u> |

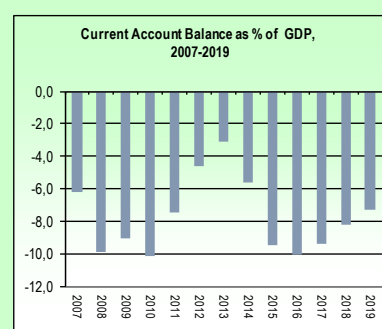
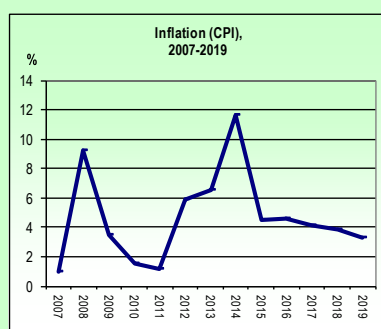
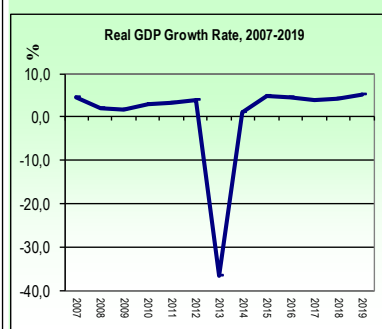
| RCPA strategic objectives | Constraints to achieving the expected outcomes | Final indicators (end-2021) | | Bank Group Operations during the CSP Period (Ongoing and Proposed) |
|---|--|--|---|---|
| | | Outcomes | Outputs | |
| infrastructure (ICT networks) | departments and businesses to quality telecommunication / ICT services at affordable cost Low contribution to economic growth, digital accessibility and regional integration | Share of ICTs in State revenue increases from 10.2% in 2016 to 15% Internet penetration rate rises from 2.2% in 2016 to 20% Mobile telephony expenditure as a percentage of annual per capita GNI goes from 50% on average in 2017 to 18% | Berberati-Cameroon border, Bangui-Berberati-Liboko- Congo border - Two terrestrial optical fibre interconnections with neighbouring countries | - Central African Backbone (CAB) Project – CAR Component |
| | Low contribution to social, economic and financial inclusion of the population and to job creation | Number of people benefiting from online administrative services (informative and transactional) increases from 0 in 2017 to at least 30,000 Number of direct and indirect jobs created in the sector increases from 9,700 in 2016 to 30,000 Number of persons having access to internet through CDCs rises from 0 (in 2017) to 200,000 | - Establishment of a national Datacenter, Digital Training Centre (CFD) and a nursery (100 online informative / transactional administrative services and at least 200 students trained in digital technology every year) - Establishment of a government internet portal online, and State Information Systems (at least 20 Community Digital Centres and 10 new IT applications developed and brought into production) | |
| Rehabilitate and construct transport infrastructure | The country's landlocked situation and lack of connections between the capital cities of Brazzaville and Bangui on the Pointe Noire - Bangui - N'Djamena road | Exchanges among ECCAS countries and between CAR and Congo grew by 6% and are facilitated | Feasibility study (in collaboration with the World Bank) | |
| | Rehabilitation of Bangui Airport | Strengthening of exchanges and safety/security | Conduct of airport development works | <u>New proposed operations</u> Bangui Airport Development and Modernisation Project (PAMAB) |
| Relaunch and develop the production sectors (agriculture and livestock) | Low agropastoral sector productivity Low performance of the cotton, coffee, cocoa, palm oil, banana, plantain, cassava, maize, rice, groundnut, sesame and market gardening sub-sectors | <ul style="list-style-type: none"> - The PPF of UA 1M approved in September 2017 will enable the conduct of studies and update of outcome indications and necessary outputs of PASTAC-PEJA (in 2018). These indicators will mainly concern: - the promotion of professional plantations and very small and normal agricultural undertakings; - the promotion of public-private partnership in the agricultural sub-sector; - the operationalisation of regional agricultural development plans matching the eleven (11) sub-sectors; - the conditions of access to sufficient quantities of good quality agricultural and market-gardening inputs; - the establishment of production, processing and marketing facilities; - suitable financing to stakeholders of the cotton, coffee, cocoa, palm oil, banana, plantain, cassava, maize, rice, groundnut, sesame and market-gardening sub-sectors; - the strengthening of the technical, organisational and managerial capacities of agricultural sector stakeholders. The indicators to be prepared and those of the Production Sectors Rehabilitation and Food and Nutritional Security Strengthening Project will be updated during the midterm project monitoring and outputs review. | | <u>New proposed operations</u> <ul style="list-style-type: none"> - Value Chain Development and Youth Entrepreneurship Promotion Support Project in the Agricultural and Agrobusiness Sector (PASTAC-PEJA) <u>Ongoing operations</u> <ul style="list-style-type: none"> - PADECAS |

| RCPCA strategic objectives | Constraints to achieving the expected outcomes | Final indicators (end-2021) | | Bank Group Operations during the CSP Period (Ongoing and Proposed) |
|---|--|--|---|--|
| | | Outcomes | Outputs | |
| PILLAR II : STRENGTHENING OF INSTITUTIONAL CAPACITY AND GOVERNANCE | | | | |
| Strengthen macroeconomic stability and governance / Ensure the right conditions for private sector development and jobs | Poor tax revenue collection and ineffective public expenditure management | Tax ratio rises from 7.1% of GDP in 2017 to 12% | - Effective implementation of the legal, regulatory and institutional framework for granting and managing exemptions | <u>New proposed operations</u> - Economic and Financial Reforms Support Programme (PAREF III) - PRECANE - Trust funds <u>Ongoing operations</u> - Economic and Financial Reforms Support Programme (PAREF II) - African Legal Support Facility |
| | | Budget commitment rate (excluding salaries) of the education, health and social affairs sectors increases from less than 50% in 2017 to 100% | - Regular update of the taxpayers' database in the new tax management system (SYSTEMIF4) - Implementation of the expenditure execution procedures manual and budget preparation guide | |
| | Limited transparency in the procurement process | Public procurement audit performed every year in Year N-2 (achievement rate from 0% in 2017 to 100%) | - Operationalisation of the Disputes Settlement Committee in the Public Procurement Regulatory Agency (ARMP) | |
| | Under-performing business environment | Minimum capital required to start a business (% of per capita income) from 556% in 2016 to the sub-Saharan average of 33%) | - Operationalisation of the One-stop shop for business formalities (GUFÉ) - Establishment of the national private sector guarantee and support fund - Operationalisation of an approved management centre in the Chamber of Commerce, Industry, Mines and Handicrafts (CCIMA) | |
| Relaunch and develop extractive and forestry industries | Low economic transformation Poor governance in the production sectors and unsuitable taxation | Increased share of extractive and forestry industries in GDP from 5% in 2017 to 15% Diamond-producing zones are declared compliant with the Kimberley process (from 5 zones in 2017 to at least 20 zones) | - Effective implementation of the decree on the implementing instruments of the Environment Code - Effective implementation of the new Mining Code to enhance sector attractiveness and industrialisation - Effective implementation of the new forestry taxation and incidental tax system to make the sector competitive - Effective relaunching of mining production through continued implementation of measures to make diamond-producing zones fully compliant | |
| NON-LENDING ACTIVITIES | | | | |
| Study on domestic revenue collection and public debt | Weak resource mobilisation capacity | Establishment of an effective domestic revenue collection mechanism | Analytical study prepared | <u>Proposed:</u> TSF Pillar III |

Annex 3 : CAR- Key Macroeconomic Indicators

Central African Republic Selected Macroeconomic Indicators

| Indicators | Unit | 2010 | 2014 | 2015 | 2016 | 2017 | 2018 (e) | 2019 (p) |
|-------------------------------------|---------------------|-------|-------|-------|-------|-------|----------|----------|
| National Accounts | | | | | | | | |
| GNI at Current Prices | Million US \$ | 2 089 | 1 633 | 1 764 | 1 899 | 1 989 | ... | ... |
| GNI per Capita | US\$ | 470 | 362 | 388 | 413 | 427 | ... | ... |
| GDP at Current Prices | Million US \$ | 1 986 | 1 694 | 1 504 | 1 590 | 1 719 | 1 939 | 2 104 |
| GDP at 2000 Constant prices | Million US \$ | 1 110 | 762 | 798 | 834 | 867 | 905 | 950 |
| Real GDP Growth Rate | % | 3,0 | 1,0 | 4,8 | 4,5 | 4,0 | 4,3 | 5,0 |
| Real per Capita GDP Growth Rate | % | 2,0 | 0,6 | 4,0 | 3,4 | 2,6 | 2,6 | 3,1 |
| Gross Domestic Investment | % GDP | 14,1 | 12,7 | 11,4 | 13,0 | 14,6 | 14,9 | 15,1 |
| Public Investment | % GDP | 7,0 | 5,6 | 4,3 | 5,9 | 6,6 | 6,2 | 5,8 |
| Private Investment | % GDP | 7,1 | 7,1 | 7,1 | 7,1 | 8,0 | 8,7 | 9,2 |
| Gross National Savings | % GDP | 4,1 | 4,6 | 4,9 | 4,6 | 4,4 | 3,6 | 5,3 |
| Prices and Money | | | | | | | | |
| Inflation (CPI) | % | 1,5 | 11,6 | 4,5 | 4,6 | 4,1 | 3,9 | 3,3 |
| Exchange Rate (Annual Average) | local currency/US\$ | 495,3 | 493,6 | 591,2 | 593,1 | 582,1 | 558,1 | 555,6 |
| Monetary Growth (M2) | % | 16,9 | 13,5 | 8,0 | 5,3 | 8,1 | ... | ... |
| Money and Quasi Money as % of GDP | % | 20,9 | 35,0 | 35,5 | 35,3 | 35,9 | ... | ... |
| Government Finance | | | | | | | | |
| Total Revenue and Grants | % GDP | 17,2 | 15,8 | 15,1 | 15,6 | 14,5 | 16,8 | 16,4 |
| Total Expenditure and Net Lending | % GDP | 18,6 | 12,8 | 15,7 | 13,9 | 16,0 | 15,8 | 15,7 |
| Overall Deficit (-) / Surplus (+) | % GDP | -1,5 | 3,0 | -0,7 | 1,7 | -1,5 | 1,0 | 0,6 |
| External Sector | | | | | | | | |
| Exports Volume Growth (Goods) | % | 12,0 | -22,4 | -15,4 | 52,3 | 42,5 | 9,3 | 8,4 |
| Imports Volume Growth (Goods) | % | 12,1 | 142,6 | 31,6 | 13,6 | -0,3 | 6,2 | 6,3 |
| Terms of Trade Growth | % | 0,6 | 14,7 | 49,0 | -0,2 | -19,2 | -15,7 | -0,8 |
| Current Account Balance | Million US \$ | -202 | -95 | -143 | -160 | -161 | -160 | -154 |
| Current Account Balance | % GDP | -10,2 | -5,6 | -9,5 | -10,0 | -9,4 | -8,3 | -7,3 |
| External Reserves | months of imports | 4,2 | 4,8 | 3,9 | 4,2 | 5,7 | 5,1 | ... |
| Debt and Financial Flows | | | | | | | | |
| Debt Service | % exports | 4,6 | 5,3 | 6,1 | 6,0 | 1,8 | 3,8 | 3,6 |
| External Debt | % GDP | 9,0 | 35,0 | 32,6 | 28,2 | 27,9 | 23,6 | 21,7 |
| Net Total Financial Flows | Million US \$ | 229 | 643 | 466 | 468 | 515 | ... | ... |
| Net Official Development Assistance | Million US \$ | 261 | 611 | 487 | 501 | 508 | ... | ... |
| Net Foreign Direct Investment | Million US \$ | 62 | 3 | 3 | 31 | ... | ... | ... |



Source : AfDB Statistics Department: African; IMF: World Economic Outlook, October 2018 and International Financial Statistics, October 2018; AfDB Statistics Department: Development Data Portal Database, October 2018, United Nations: OECD, Reporting System Division.

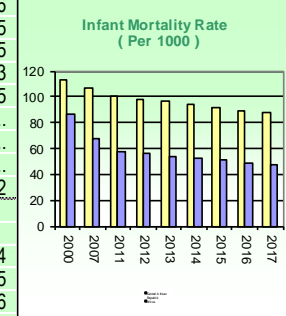
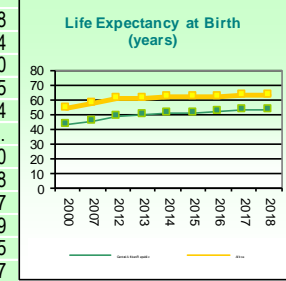
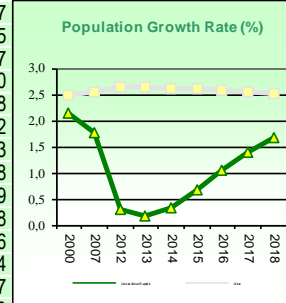
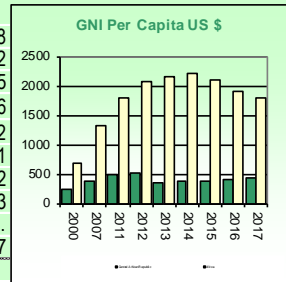
Notes: ... Data Not Available (e) Estimations (p) Projections

Last Update: March 2019

Annex 4 : Comparative Socioeconomic Indicators

Central African Republic COMPARATIVE SOCIO-ECONOMIC INDICATORS

| | Year | Central African Republic | Africa | Developing Countries | Developed Countries |
|---|-----------|--------------------------|---------|----------------------|---------------------|
| Basic Indicators | | | | | |
| Area ('000 Km ²) | 2018 | 623 | 30 067 | 92 017 | 40 008 |
| Total Population (millions) | 2018 | 4,7 | 1 286,2 | 6 432,7 | 1 197,2 |
| Urban Population (% of Total) | 2018 | 41,4 | 42,5 | 50,4 | 81,5 |
| Population Density (per Km ²) | 2018 | 8,3 | 43,8 | 71,9 | 31,6 |
| GNI per Capita (US \$) | 2017 | 390 | 1 767 | 4 456 | 40 142 |
| Labor Force Participation* - Total (%) | 2018 | 76,8 | 65,9 | 62,1 | 60,1 |
| Labor Force Participation** - Female (%) | 2018 | 70,8 | 55,5 | 47,6 | 52,2 |
| Sex Ratio (per 100 female) | 2018 | 97,3 | 99,8 | 102,3 | 99,3 |
| Human Develop. Index (Rank among 189 countries) | 2017 | 188 | ... | ... | ... |
| Popul. Living Below \$ 1.90 a Day (% of Population) | 2007-2017 | 66,3 | ... | 11,9 | 0,7 |
| Demographic Indicators | | | | | |
| Population Growth Rate - Total (%) | 2018 | 1,7 | 2,5 | 1,2 | 0,5 |
| Population Growth Rate - Urban (%) | 2018 | 2,6 | 3,6 | 2,3 | 0,7 |
| Population < 15 years (%) | 2018 | 42,8 | 40,6 | 27,5 | 16,5 |
| Population 15-24 years (%) | 2018 | 21,1 | 19,2 | 16,3 | 11,7 |
| Population >= 65 years (%) | 2018 | 3,6 | 3,5 | 7,2 | 18,0 |
| Dependency Ratio (%) | 2018 | 72,7 | 79,2 | 53,2 | 52,8 |
| Female Population 15-49 years (% of total population) | 2018 | 23,6 | 24,1 | 25,4 | 22,2 |
| Life Expectancy at Birth - Total (years) | 2018 | 53,6 | 63,1 | 67,1 | 81,3 |
| Life Expectancy at Birth - Female (years) | 2018 | 55,6 | 64,9 | 69,2 | 83,8 |
| Crude Birth Rate (per 1,000) | 2018 | 35,0 | 33,4 | 26,4 | 10,9 |
| Crude Death Rate (per 1,000) | 2018 | 12,7 | 8,3 | 7,7 | 8,8 |
| Infant Mortality Rate (per 1,000) | 2017 | 87,6 | 47,7 | 32,0 | 4,6 |
| Child Mortality Rate (per 1,000) | 2017 | 121,5 | 68,6 | 42,8 | 5,4 |
| Total Fertility Rate (per woman) | 2018 | 4,7 | 4,4 | 3,5 | 1,7 |
| Maternal Mortality Rate (per 100,000) | 2015 | 882,0 | 444,1 | 237,0 | 10,0 |
| Women Using Contraception (%) | 2018 | 25,7 | 38,3 | 61,8 | ... |
| Health & Nutrition Indicators | | | | | |
| Physicians (per 100,000 people) | 2010-2016 | ... | 33,6 | 117,8 | 300,8 |
| Nurses and midwives (per 100,000 people) | 2010-2016 | ... | 123,3 | 232,6 | 868,4 |
| Births attended by Trained Health Personnel (%) | 2010-2017 | 40,0 | 61,7 | 78,3 | 99,0 |
| Access to Safe Water (% of Population) | 2015 | 68,5 | 71,6 | 89,4 | 99,5 |
| Access to Sanitation (% of Population) | 2015 | 21,8 | 39,4 | 61,5 | 99,4 |
| Percent of Adults (aged 15-49) Living with HIV/AIDS | 2017 | 4,0 | 3,4 | 1,1 | ... |
| Incidence of Tuberculosis (per 100,000) | 2016 | 407,0 | 221,7 | 163,0 | 12,0 |
| Child Immunization Against Tuberculosis (%) | 2017 | 74,0 | 82,1 | 84,9 | 95,8 |
| Child Immunization Against Measles (%) | 2017 | 49,0 | 74,4 | 84,0 | 93,7 |
| Underweight Children (% of children under 5 years) | 2010-2016 | 23,5 | 17,5 | 15,0 | 0,9 |
| Prevalence of stunting | 2010-2016 | 40,7 | 34,0 | 24,6 | 2,5 |
| Prevalence of undernourishment (% of pop.) | 2016 | 61,8 | 18,5 | 12,4 | 2,7 |
| Public Expenditure on Health (as % of GDP) | 2014 | 2,1 | 2,6 | 3,0 | 7,7 |
| Education Indicators | | | | | |
| Gross Enrolment Ratio (%) | | | | | |
| Primary School - Total | 2010-2017 | 105,7 | 99,5 | 102,8 | 102,6 |
| Primary School - Female | 2010-2017 | 91,5 | 97,4 | 102,0 | 102,5 |
| Secondary School - Total | 2010-2017 | 17,5 | 51,9 | 59,5 | 108,5 |
| Secondary School - Female | 2010-2017 | 14,0 | 49,5 | 57,9 | 108,3 |
| Primary School Female Teaching Staff (% of Total) | 2010-2017 | 19,1 | 48,7 | 53,0 | 81,5 |
| Adult literacy Rate - Total (%) | 2010-2017 | 36,8 | 65,5 | 73,1 | ... |
| Adult literacy Rate - Male (%) | 2010-2017 | 50,7 | 77,0 | 79,1 | ... |
| Adult literacy Rate - Female (%) | 2010-2017 | 24,4 | 62,6 | 67,2 | ... |
| Percentage of GDP Spent on Education | 2010-2015 | 1,2 | 4,9 | 4,1 | 5,2 |
| Environmental Indicators | | | | | |
| Land Use (Arable Land as % of Total Land Area) | 2016 | 2,9 | 8,0 | 11,3 | 10,4 |
| Agricultural Land (as % of land area) | 2016 | 8,2 | 38,2 | 37,8 | 36,5 |
| Forest (As % of Land Area) | 2016 | 35,6 | 22,0 | 32,6 | 27,6 |
| Per Capita CO2 Emissions (metric tons) | 2014 | 0,1 | 1,1 | 3,5 | 11,0 |



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update : February 2019

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex 5: Bank's Ongoing Portfolio in CAR (end-February 2019)

| Sector | Project Name | Approval Date | Closing Date | Net Commitments (MUA) | % Disbursed |
|---|---|---------------|--------------|-----------------------|---------------|
| A. NATIONAL PROJECTS | | | | | |
| Social | Grassroots Community Rehabilitation Support Programme, Phase 1 | 24-June-15 | 31-Dec.-19 | 15.03 | 83.83% |
| | Grassroots Community Reconstruction Support Programme (supplementary financing) | 2-May-18 | 31-Dec.-21 | 6.35 | 2.6% |
| | Emergency Food Security Assistance. Sanitation in Bambari | 20 Oct. 17 | 31 March 19 | 0.70 | 100.0% |
| | <i>Sub-Total</i> | | | 22.08 | 60.90% |
| Water and Sanitation | First Water and Sanitation Sector Sub-Programme in Bangui and Four Prefectures | 24 Oct. 12 | 30 June 20 | 5.44 | 81.2% |
| | Complementary Project for Reducing Urban and Rural Vulnerability to Climate Change by Provision of Water (PCVRP-FCAE) | 3 Dec. 15 | 31-Dec.-19 | 5.14 | 20.7% |
| | Rural Drinking Water Supply Project | 5-Dec.-16 | 31-Dec.-19 | 4.93 | 4.1% |
| | <i>Sub-Total</i> | | | 15.32 | 36.35% |
| Agriculture | PPF – Agricultural Value Chain Development and Youth Entrepreneurship Promotion Support Project in the Agricultural and Agrobusiness Sector (PASTAC-PEJA) | 8-Aug.-17 | 31 July 20 | 0.99 | 10.33% |
| | Agricultural Value Chain Development Support Project in the Savannah (PADECAS) | 22 Oct. 18 | 31 Dec. 23 | 8.28 | 0.0% |
| | <i>Sub-Total</i> | | | 9.27 | 1.11% |
| Governance | Capacity-building in the Mining Sector | 27-Jan.-11 | 31-Dec.- 19 | 0.4 | 100.0% |
| | Economic and Financial Strengthening Support Project (PAREF II) | 30-Jan.-18 | 31-Dec.-20 | 7.0 | 100.0% |
| | <i>Sub-Total</i> | | | 7.4 | 100.0% |
| SUB-TOTAL NATIONAL PROJECTS | | | | 54.08 | 48.99% |
| B. MULTINATIONAL PROJECTS | | | | | |
| Social | Project to Support Youth and Women's Socioeconomic Reintegration - PARSEJF (CAR) | 25-May-16 | 28-June-19 | 0.70 | 95.49% |
| | Project to Support the Socioeconomic Reintegration of Vulnerable Groups in the Lake Chad Basin (PARSEBALT) | 20 Oct 18 | 31 Dec. 21 | 2.50 | 0.0% |
| Energy | Electricity Networks Interconnection Project from the Boali Hydroelectricity System, Phase I | 19-Sept.-12 | 31-Dec.-20 | 29.7 | 20.41% |
| Environment | Programme to Rehabilitate and Strengthen the Resilience of Lake Chad Basin Socioeconomic Systems in CAR (PRESIBALT) | 17-Dec.-14 | 30-Sept.-19 | 2.19 | 38.21% |
| ICT | CAB Project – CAR Component (ADF/TSF) | 3 May 18 | 31-Dec.-22 | 13.22 | 2.5% |
| | CAB Project– CAR Component (EU) | 3 May 18 | 31-Dec.-22 | 14.27 | 1.1% |
| SUB-TOTAL MULTINATIONAL PROJECTS | | | | 62.61 | 12.62% |
| TOTAL | | | | 116.68 | 29.51% |

Annex 6 : Project performance Assessment

| | Last supervision date | Fulfilment of conditions | Procurem. performance | Financial performance | Activities and outputs | Progress status (PS) | Dev't impact | Overall assess. | Performance classification |
|---|-----------------------|--------------------------|-----------------------|-----------------------|------------------------|----------------------|--------------|-----------------|----------------------------|
| Grassroots Communities Rehabilitation Support Programme (phase 1) | Dec-18 | 4 | 4 | 3 | 4 | 3.4 | 3.5 | 3.45 | NPPP |
| Grassroots Communities Reconstruction Support Programme (complementary financing) | No sup | | | | | | | 0 | NPPP |
| Emergency Food Security Assistance and Sanitation in Bambari | Dec-18 | 4 | 3 | 4 | 4 | 3.7 | 4 | 3.9 | NPPP |
| First Water and Sanitation Sector Sub-programme in Bangui and Four Prefectures | Nov-18 | 4 | 2 | 3 | 2 | 2.83 | 2.75 | 2.8 | NPPP |
| Complementary Project for Reducing Vulnerability to Climate Change through Provision of Water | Nov-18 | 4 | 2 | 3 | 2 | 2.9 | 2.5 | 2.7 | NPPP |
| Rural Drinking Water Supply Project | Nov-18 | 4 | 3 | 3 | 3 | 2.9 | 3 | 3.0 | NPPP |
| PPF - (PASTAC-PEJA) | No sup | | | | | | | | NPPP |
| Project to Support Agricultural Value Chain Development in the Savannah (PADECAS) | No sup | | | | | | | | NPPP |
| Capacity-Building for the Mining Sector | No sup | | | | | | | | NPPP |
| Economic and Financial Strengthening Support Project (PAREF II) | No sup | | | | | | | | NPPP |
| Overall Sector Score | | 4.0 | 2.8 | 3.2 | 3.0 | 3.2 | 3.2 | 3.2 | |

Annex 7: Implementation Status of the Country Portfolio Improvement Plan (2017)

| Problems identified | Envisaged measures | Monitoring indicators | Entities responsible for implementation of measures | Deadlines/Frequency | Implementation status |
|---|--|---|---|---------------------|--|
| Procurement | | | | | |
| Ignorance of Bank rules and procedures by Parliament and PIUs | Organise training workshops or fiduciary clinics on Bank rules and procedures for PIU staff | At least 2 fiduciary clinics or continuing training workshops organised for PIU staff | AfDB (ORPF/EADI/RDGC) | June 2017 | No clinic or continuing training workshop organised |
| National public procurement system not used | Given the entry into force of Bank procurement policies, begin review of the country system to finalise the draft Procurement System Appraisal Report of the CAR | Assessment Report of the CAR country system is approved | AfDB / ORPF/DGPM/ARMP | December 2017 | Assessment of the CAR public procurement system has not yet begun |
| Project Monitoring | | | | | |
| Late commencement of projects | Expedite the establishment of the inter-ministerial project monitoring unit | List of members of the unit communicated to AfDB | MEPCI | June 2017 | List of members of units communicated, albeit late |
| Regular portfolio implementation review | Organise quarterly/half-yearly project monitoring meetings jointly with the inter-ministerial projects monitoring unit | Quarterly/half-yearly project monitoring meetings are organised | MEPCI / AfDB | Ongoing | Achieved Quarterly project monitoring meetings are organised regularly |
| | Ensure the widespread use of performance contracts in project executing agencies | Performance contracts signed in accordance with established procedure | PIU / AfDB / Govt | Ongoing | Discussions are underway to get PCUs to formalise performance contracts for all their staff |
| | Draw up a list of non-performing enterprises to be excluded from competitive bidding procedures | No enterprise that defaulted in a previous contract under an AfDB-funded project is selected for a new contract | PIU / AfDB / Govt | Ongoing | Discussions are underway to create an <i>ad hoc</i> database in the Ministry in charge of Planning |

Annex 8 : Outcome of the Portfolio Performance Survey

To prepare the CSP midterm review and the Country Portfolio Performance Review, COCF submitted a questionnaire to different stakeholders and organized consultation meetings to gauge the level of stakeholder satisfaction with the quality of implementation of Bank-funded projects. This approach also made it possible to discuss implementation of the 2017 Portfolio Improvement Plan as well as current difficulties and solutions to be proposed with a view to improving the implementation of various operations.

The key observations and proposals emerging from the survey and interviews are summarized as follows:

(a) Quality at entry of projects

Although the different stakeholders are satisfied with the quality at entry of projects (60%), they believe that it could be better if sufficient time is allocated for the study of projects to enable the pre-appraisal design of technical studies and designation of future coordinators involved in project appraisal.

(b) Level of achievement of development objectives

Only 40% of respondents feel that the various projects' development objectives are achievable within the initially allocated time frame, while another 40% of them feel that goals are achievable only after extension of implementation deadlines. At least 20% of projects had to be restructured due to numerous problems encountered during implementation.

(c) Project approval by stakeholders

With regard to stakeholder effectiveness, 50% of respondents consider that supervisory ministries find it hard to take ownership of projects and that technical services involved in the preparation and monitoring of activities do not sufficiently invest in project affairs.

(d) Weak capacity of bidding enterprises

Most stakeholders (83%) feel that one of the main difficulties encountered during the implementation of projects stems from the weak capacity of national and international companies involved, which they link to the security situation given the small number of companies that respond to the various bid invitations. Contracts awarded to some national enterprises are often terminated because they lack the requisite guarantee or financial resources to successfully implement the projects.

(e) Fiduciary management difficulties

With regard to fiduciary management, the main procurement-related aspects mentioned include the inability of some beneficiary structures to design terms of reference and technical specifications, the poor knowledge of rules and procedures by some PCU member and senior staff involved in various procurement processes and the time the Bank often takes to give its opinion on files submitted. At the Bank, task managers blame this situation on the quality of certain files which are not properly prepared, thus forcing them to request for additional information that is sometimes provided late. The main issue raised with regard to financial management and disbursements is the Bank's slowness in processing disbursement requests, which is sometimes due to incomplete applications that are regularly sent back to be completed.

(f) Monitoring-evaluation weaknesses

Under monitoring-evaluation, all respondents said they had difficulties obtaining information from public structures and 80% of them confided that they had difficulties understanding the principles of monitoring-evaluation. Weak monitoring-evaluation also stems from weak beneficiary ownership of programme goals and challenges, thus making it hard for beneficiaries to grasp the need to rapidly transmit the information keyed into the monitoring-evaluation system.

(g) Environmental and social monitoring quality

With regard to the inclusion of environmental and social safeguards, 80% of stakeholders consider that one of the reasons for their inadequate implementation stems from the fact that the Ministry in charge of the Environment does not adequately monitor how well different project ESMPs are implemented. They also feel that the staff of projects and supervisory ministries are not familiar with the Bank's environmental and social safeguard rules.

(h) Staff performance management

Lastly, with regard to PCU staff performance assessment, 100% of respondents affirm that they were unable to establish performance contracts. Some project management units even consider that, given their activities, their staff should not be placed under performance contracts.

Annex 9 : Workshop of MTR CSP and Country Portfolio review

The Cabinet Director of the Minister in charge of Planning and the Country Manager jointly chaired the portfolio review workshop. The participants were Bank's experts, all the members of the Project Implementation Units, the heads of the sectoral ministries supervising the projects and the public structures benefiting from the Bank's interventions. A total of 56 people attended the workshop.

The workshop was articulated around the presentation of the results achieved in the implementation of the CSP, the presentation by the Coordinators of the PIUs of the main constraints impeding the implementation of the projects. An exchange session was organized to highlight potential solutions that could improve portfolio performance. On the basis of the discussions, the results of the questionnaires and previous interviews with the members of the PIUs, an action plan for improving the performance of the portfolio was presented by the CPO, then discussed and validated at the end of the workshop.

I. Presentation of the results and discussion of the Bank's strategic areas of intervention for the remaining period of the DSP

The Country Economist recalled that the workshop aimed to: (i) discuss with the various stakeholders on the current challenges and priorities of the Central African Republic, (ii) monitor and evaluate the progress made to date in the implementation of 2017-2021 CSP, (iii) highlight the lessons learned and adjust the strategy for the 2020-2021 period if needed, (iv) confirm, with the various stakeholders, the relevance of the Bank's focus areas to be addressed for the next 2 years, (v) evaluate the performance of the portfolio and propose recommendations to support the achievement of the results of the strategy and (vi) on the basis of the exchanges and the consensus reached, finalize the report of the review of the DSP.

After having pointed out the challenges faced by the Central African Republic and the axes of AfDB-RCA cooperation, the economist reiterated the importance of the Bank's portfolio and priority intervention sectors in CAR. He then presented the results achieved by each of the projects being implemented under each of the two pillars of the CSP, namely: (i) Support to Agricultural Development and Infrastructure in Support of Social Inclusion and (ii) Institutional Capacity and Governance Strengthening.

During the discussions with the participants, it emerged that the two pillars of the CSP should be maintained due to the persistence of the socio-economic challenges and constraints that led to this prioritization.

II. Presentation and discussions on constraints and recommendations for improving the implementation of portfolio projects

The project coordinators presented the progress of the projects by highlighting the achievements of the projects, the difficulties encountered as well as the proposed actions with a view to improving the performance of the portfolio.

The synthesis of the difficulties and the recommendations made are presented in the two boxes below.

Box 1 : Main difficulties encountered in the implementation of projects.

Quality at project entry

- Some difficulties encountered in the implementation of projects are sometimes linked to weaknesses in the project's appraisal phase.
- Some shortcomings are attributable to difficulties in mobilizing and actively involving stakeholders in the project formulation process.
- Most of the projects do not achieve their originally planned objectives because the unit costs of works and equipment and certain consultancy services are often underestimated, when compared to the costs incurred in the field. The highlighted cases are for example the PMIRE and PSEPA projects.
- In the process of promoting youth entrepreneurship in the agricultural sector, there is a risk of weak harmonization of practices in the promotion of entrepreneurship because PADECAS Project seeks to design an entrepreneurship model at the same time that the PASTAC PEJA plans to launch another model of promoting entrepreneurship on a pilot basis, which is not already known.
- In the PSEPA projects, the environmental component was not considered for activities funded by GEF and RWSSI.

Launching of projects

- Requiring the availability of the Procedures Manual as prerequisites for the first disbursement for PADECAS is the source of the delay in disbursement.

- PADECAS started slowly because the Coordinator was not able to handle the full workload related to the launch of this project at the same time as he should coordinate the implementation of the PASTAC PEJA.
- Due to difficulties in mobilizing the national counterpart, some projects have difficulties to start because some operating expenses are sometimes not foreseen.
- Some PIUs have difficulty in recruiting experts because the expected pay levels in Bank-financed projects are lower than those paid by other donors. This leads to a significant turnover in some PIUs.
- The slow start-up of projects is sometimes due to the delay in the processing of NO requests submitted by PIU to the Bank for the recruitment of experts.

Disbursements:

- Delays are noted in the processing of disbursement requests submitted to the Financial Control Department at the Bank.
- It is important to analyze if the multiple DRF which are returned to PIU due to minor deficiencies could be directly corrected at the level of the Bank.
- The time spent by PIUs in processing vendor invoices prior to submission to the Bank is often lengthy.
- Some payments do not reach beneficiary companies after payment by the Bank.

Procurement

- Due to the small volume of bids launched and the security context in the country, it is difficult to have international companies and firms that respond to tenders.
- Procurements are hampered by the high number of expressions of interest and the round-trip between the coordination and the Bank for approval of evaluation reports.
- The delay in the start-up of the activities is due to the late launch of the recruitment process of consulting firms to deal with technical feasibility studies and the monitoring and control of works.
- Executives involved in the evaluation of bids are unaware of procurement rules and procedures of the Bank and this is one of the sources of the shortcomings subsequently identified in the approval process for procurement documents submitted to the Bank.
- The quality of services of firms in charge of control of works is sometimes weak.
- The fact that most companies have low capacity causes delays that are detrimental to project performance.
- Due to weak security environment, many calls for tenders are unsuccessful.

Financial management

- Part-time use of the Accountant has impacted the production of PASTAC PEJA financial statements
- Financial reports including accounting and financial audit are sometimes submitted late.
- Some projects do not have an administrative, financial and accounting procedures manual approved by the Bank.
- Some PIUs believe that the Bank is not making sufficient efforts to train RAFs and Accountants to use the TOMPRO software.
- PIUs receive late payments from the Bank.

Monitoring and evaluation

- Discordance between the Baselines of the outcome matrix indicators, the evaluation report data and its technical annexes for the PRESIBALT.
- Some projects submit periodic reports late, while others do not submit them.

Difficulties implementing regional projects

- Delay in the publication of the call for tenders for the implementation of optical infrastructures due to the long delays taken by the Congolese side in agreeing with the CAR on the conditions for carrying out the works of construction, supply and installation of optical fibers (Network in fluvial between Bomassa (Congo) and Salo via Bayanga (RCA)).
- The delays in the implementation of PRESIBALT are partly due to the fact that the CBLT PIU has difficulties to handle all the components of the 4 countries without any responsibility for national coordination.
- Absence of a mechanism for the participation of the technical services of the Governments involved in the implementation of the program through the signature of a collaboration agreement- PRESIBALT.

Encadré n°2 : Recommendations

Project

- For the CAB project, field missions will be needed to re-evaluate the impacts and identify the people likely to be affected by the project for possible compensation.
- Project staff must take ownership of all project operational documents and management tools to ensure successful implementation of activities.
- Set up a specific monitoring mechanism for the implementation of the recommendations of supervision missions and the audit of projects.
- Improve communication of the results funded by the Bank in CAR.
- In order to avoid the recurrent difficulties observed in the projects, it is necessary to ensure the Procurement documents clearly define the technical specifications of the products to be acquired.

Government

- For the CAB-RCA project, it will be necessary to establish a legal framework and lay the foundations for cooperation in order to define the modalities of an effective interconnection between the fiber optic infrastructure networks of Congo, Cameroon, Cameroon and Central African Republic.
- The Government must ensure the accompaniment and security of stakeholders and facilitation of customs clearance processes in Douala to avoid delays at the project level.
- For the PMIRE project, it is necessary to sensitize the users to support the disruptions in the supply that will be induced by the works on the electric network from Boali to Bangui.
- The sectoral ministries must strengthen the monitoring mechanism for the progress of project activities.
- The beneficiary structures of the projects must set up an information collection system to monitor the level of satisfaction of their expectations from the projects.
- Sectoral Ministries must require projects to regularly inform them of the progress of projects.

Bank

- The Bank should be more involved in monitoring interstate negotiations for the interconnection of fiber optic infrastructures.- CAB-RCA
- Improvement of processing times for disbursement and procurement documents.
- Ensure that PIUs have the necessary technical skills to implement the project from the outset.
- Need to provide support and close assistance to the PIUs.
- Need to have more flexibility to integrate in the projects certain activities considered essential but which have been forgotten in the editing of the project.

Co-financiers

- Ensure a better synchronization of the setting up of financing in case of co-financing or parallel financing (CAB, PRESIBALT, PADECAS).
- Improve the coordination of the programming of activities in case of parallel financing.

III. Discussion and approval of the country portfolio performance improvement plan.

Following the presentation and discussions of the issues raised and recommendations made, the CPO incorporated the recommendations into the draft portfolio performance improvement plan. The latter was discussed in plenary and was approved by the participants. It should be noted that the recommendations that emerged from the proposals made through the questionnaire had already been incorporated into the draft Portfolio Performance Improvement Plan for the Country Portfolio. The workshop essentially made it possible to enrich it, to discuss the relevance of the proposals and especially to the actors to appropriate them.

Annex 10 : Country Portfolio Improvement Plan (CPIP) 2019

| Challenges/ Stakes | Requisite Measures | Measurable Indicator | Responsible Entity | Time Frames/Frequency |
|---|---|---|--|-----------------------|
| 1. Need to improve the quality at entry of projects | 1.1 Improve programming of the projects study process | An indicative work programme is prepared and approved by the Bank and Government 18 months before project appraisal | Government / AfDB | Ongoing |
| | 1.2 Systematically resort to the Project Preparation Fund to facilitate project commencement | Percentage of projects whose technical studies and procedures manual are available upon Board approval | Projects/ Government | Ongoing |
| | 1.3. Have at least two future Steering Committee members participate in the entire projects study process | Number of review team members featuring in the future steering committee | Supervisory ministry/ MiniPlan | Ongoing |
| | 1.4. Recruit the project management team within at most one month of project approval | 100% of PCU members recruited within one month of project approval | Supervisory ministry | Ongoing |
| | 1.5 For infrastructure rehabilitation, ensure that the proposed technical specifications are compatible with those of existing equipment | 100% of the engineering studies of rehabilitation works factor in this requirement | Govt/AfDB | Ongoing |
| 2. Shortening of procurement time frames and improvement of contract management | 2.1 Use the Advanced Procurement (AP) mechanism | Percentage of projects using AP | Projects/ AfDB | Ongoing |
| | 2.2 Organise training sessions on procurement rules and procedures for PCU members and the senior staff of sector ministries involved in procurement operations | One 4-day training/support session meant for stakeholders of the procurement process (procurement files and contracts management) | Projects/ AfDB /Supervisory Ministries | Once yearly |
| | 2.3 Comply with standard procurement time frames | Percentage of programmed PPM actions respected | Projects / AfDB | Ongoing |
| | 2.4 Set up an information system to know the weaknesses of files submitted for the Bank's opinion in order to better prepare discussion topics during clinics | 1 <i>ad hoc</i> report is produced on a half-yearly basis | Projects / AfDB | Ongoing |
| | 2.5 Institute an information/awareness session with local contractors on procurement files to improve the quality of files submitted | 1 training/awareness session organised | AfDB | November 2019 |
| | 2.5 Put in place a management chart to monitor the quality of service of contractors/consultancy firms involved in project implementation | Percentage of PCUs having a detailed report on the quality of service of contractors/consultancy firms involved in the project | PCU | Ongoing |
| | 2.6 Ensure that submission time frames are aligned with requirements related to the issuance of attestations of the quality of contracts performed by contractors/providers | 100% of submissions are aligned with time frames for issuance of attestations of the quality of work achieved | PCU | Ongoing |
| 3. Reduction of late disbursements | 3.1 Fulfil conditions precedent to first disbursement within two months of project approval | A specific programme is prepared by the supervisory ministry to work towards fulfilling conditions for the 1st disbursement | Supervisory ministries | Ongoing |
| | 3.2 Reduce the time taken by PCU to process invoices presented by contractors/ providers to two weeks at most | Percentage of pending invoices presented for disbursement within two weeks of submission | Projects/ Govt/AfDB | Ongoing |

| Challenges/ Stakes | Requisite Measures | Measurable Indicator | Responsible Entity | Time Frames/F requency |
|---|--|---|-------------------------------------|---------------------------|
| | 3.3 Put in place an information system to steer efforts towards shortening disbursement time frames | A detailed monitoring report produced monthly | PCU/AfDB | Ongoing |
| | 3.4 Organise training on disbursement procedures | 1 training on disbursements organised each year | MiniPlan/ AfDB | Once yearly |
| 4. Weakness in the close monitoring of projects by sector ministries | 4.1 Formally set up a permanent project monitoring mechanism | 1 Portfolio Monitoring Committee composed of representatives of sector ministries set up | MinPlan / AfDB | June 2019 |
| | 4. Systematically include beneficiary structures in weekly project monitoring meetings | Focal points concerned participate in weekly project monitoring meetings | Sector ministries/ PCU | Ongoing |
| 5. Need to reduce the time taken to set up financial management systems and to comply with audit requirements upon project completion | 5.1 Put in place an accounts and financial management system from the 1 st quarter after project approval | Financial report | Projects/ Govt | Ongoing |
| | 5.2 Ensure that all projects have published EI for the recruitment of an external auditor latest on 15 November of the year concerned by the audit | Projects submitting closing audit reports on a timely basis (9 months after the disbursement deadline) | Projects/ Govt /AfDB Sector Depart. | Ongoing |
| | 5.3 Include the implementation monitoring report for external audit recommendations on the agenda of the Portfolio Monitoring Committee's monthly meetings | 1 audit recommendations monitoring report presented at each of the Bank Portfolio Monitoring Committee's monthly meetings | Government | Ongoing |
| | 5.4 Monitor the recommendations of the Bank's internal audit of 5 to 24 November 2018 | All recommendations are implemented | Government/P CU | Ongoing |
| | 5.5 Ensure that six months after project completion, all residual funds in the special account are returned to the Bank | Government's letter giving information on the refund of residual resources | Government/ PCU | Ongoing |
| 6. Poor implementation due to environmental and social management aspects | 6.1 Recruit the IEC contractor in the 1 st quarter after project approval | 100% of PCUs recruit IEC service providers before the end of the 1st quarter after approval | PCU | Ongoing |
| | 6.2 Include ESMP monitoring in quarterly progress reports | 100% of progress reports mention ESMP monitoring | PCU | Ongoing |
| 7. Inadequacies in the assessment of PCU staff performance | 6.1 Sign performance contracts with each staff member at the beginning of each year | 1 performance assessment for each staff member | Supervisory Min /Coordinator | December every year |
| 8. Difficulties of coordination among the beneficiary countries of a regional project | The Bank participates in inter-State negotiations on aspects requiring the signing of specific agreements | 100% of negotiations are part of the Bank/Borrower country dialogue | Governments /Bank | Ongoing |

Annex 11 : Summary of Underlying Factors of Fragility, Conflict and Violence

The CAR was identified by the United Nations systems as one of the most fragile countries in Africa, at risk of radicalisation to the point of violent extremism. CAR's fragility stems from a set of complex multidimensional factors. Its political and institutional fragility stems from its history, which is replete with recurrent institutional and political crises. The socio-political crises and violence that have rocked the country since its independence are rooted in the long-standing structural fragilities which have remained unaddressed to this day. The National Recovery and Peacebuilding Plan as well as the commitment of technical and financial partners are founded on the need to break the cycles of violence. Five main factors of fragility and crises have been identified and lasting solutions have been proposed.

A. FACTORS OF FRAGILITY

Lack of social cohesion: The CAR's colonial past, violent political history and failed institutions have long hampered national and social cohesion. The result has been a fragmented society where heightened tension and hitherto unresolved conflicts within and among diverse ethnic, social, religious and economic groups and communities erupt periodically. Inter-community strife (mostly between farmers and herdsman) are common, often leading to violent clashes, which various personalities in power exploit for their own political and economic gain. There is a culture of "entitlement" and impunity that is rooted in regional sociocultural prejudices against women and the unreliability of mechanisms that are supposed to guarantee the rule of law.

Political power and natural resources are concentrated in the hands of a select elite who manage the country with very little legitimacy: In the CAR, fragility is characterised by the absence of a social contract between the State and society. Public institutions, which support and maintain the elite, lack the requisite means and capacity to run a modern State. Successive political leaders have exploited natural resources, particularly diamond and gold mines, to enrich themselves and hold on to power. This mode of governance has nurtured grievances against the elite, fuelled successive conflicts and maintained the country in a permanent state of tension and instability. Due to poorly functioning institutions and the absence of an independent, impartial and fair justice system and an operational republican army, a parallel justice system has been foisted on the population under the protection of armed groups.

Disparities between Bangui and the rest of the country, especially the marginalized areas of the north-east, have nurtured feelings of marginalisation and exclusion: Political decision-making is centralised in and focused on Bangui. Government has traditionally abandoned vast expanses of CAR territory partly because it lacks sufficient resources to deploy civil servants and security forces. The State is virtually absent in the north-east in particular, where public service delivery stopped since the mid-1990s. The road network is in a state of extreme disrepair and some regions are still inaccessible mostly during the rainy season. Although the country's abandoned north-east is a very striking example of State failure in terms of inclusion, public institutions are lacking in all the 16 prefectures of the country. This lack of services and the State's inability to administer justice and ensure security have created resentment in the population, fuelling feelings of inequality and exclusion, and facilitated the emergence of armed groups

Cycle of violence and trauma and a population in distress: The fact that no legal action was taken against criminals implicated in successive cycles of violence perpetuates jungle justice and creates an environment characterised by violence and impunity. The wellspring of atrocities committed during conflicts has fuelled a desire for revenge, creating new traumatic vicious circles that can only be broken through a more inclusive process of reconciliation, the establishment of transitional justice and conflict management initiatives and building capacity to avoid the outbreak of new conflicts. Proceedings are underway at the International Criminal Court and the Bangui National Forum has called for the creation of a Special Criminal Court (SCC) and a Truth, Justice, Reparation and Reconciliation Commission. However, it will be costly and difficult to set up these national bodies since the rule of law has broken down in CAR. Furthermore, since December 2013, one-quarter of the population is internally displaced or has fled abroad and the arrangements for their return remain uncertain. The risk of conflict with local armed groups that target minorities is probably exacerbated by concerns pertaining to access to confiscated property and land and the scarcity of resources.

Near-permanent insecurity: Successive conflicts have created an abiding situation of arms trafficking, illegal diamond/gold trade, highway robbery and poaching. The current conflict has spawned extremely violent confrontations between communities and widespread crime in the country. Furthermore, the regional conflict system that includes the CAR (as well as South Sudan, Chad, the Democratic Republic of Congo and Northern Uganda) has significant negative repercussions and facilitates access to, and trafficking in, small arms and light weapons. In particular, this means that warlords and their trained combatants roam free across the various borders as mercenaries, using the CAR territory as a hideout where they plunder the locals and escape from the State forces of their respective

countries. Past peace accords and DDDR and security sector reform (SSR) programmes had not succeeded to end the prolonged conflict. Today, with prospects of a DDR process, expectations are high in the whole country. Managing these expectations and developing the DDR initiative within a broad-based political framework are indeed the first challenges before the country.

B. FACTORS OF RESILIENCE

Despite its political instability and insecurity, the Central African Republic has significant assets which are also factors of resilience. Prime among them are its considerable natural resources (gold, diamond, uranium, timber and oil) which will contribute to the socioeconomic development of the country, if they are effectively managed. Its rich fauna could create touristic activity and constitutes a significant resource base for the authorities, enabling them to boost social investments. The CAR's abundant water reserves, vast arable land and tropical climate are particularly favourable for the development of agriculture and livestock, key sectors of livelihood for most of the population and potential sources of substantial revenue. Also, by virtue of its geographic position, CAR is at the crossroads of the African continent and can become a significant trade platform if endowed with adequate transport, communication and energy infrastructure.

Positive community dynamics and an active civil society are also factors of resilience likely to help rebuild the CAR's social fabric. Local communities still use traditional conflict resolution mechanisms, relying on the mediation of traditional chiefs and recognized and reliable local dignitaries or professional cooperatives. A positive social climate also reigns where relations are based on communication, negotiation and mutually beneficial achievements, transcending all cleavages. Such spirit is reinforced by trade, especially the cattle market, a place of inter-community exchanges and interactions. Furthermore, there is a hardcore civil society comprising a good number of organisations, and a network of community radio stations working in the area of conflict resolution, which serve as a peaceful outlet for grievances and resentment during public debates and audiences, promotes respect for "others". Numerous local and national women's organisations also play a significant role in fostering peace. Lastly, volunteering is still widely practiced and kept alive in the country, since it is a source of hope, solidarity, compassion and social cohesion.

Community tensions seem to have abated in many places while the popularity of the armed groups has started waning, creating a favourable environment for peacebuilding. The people have gradually realized that no single community can claim to be the sole victims and ardently desire an end to the conflict. Many local initiatives for reconciliation and social cohesion are spontaneously emerging, including the reconstruction of the places of worship of diverse communities. The authorities at national level should support and develop them through a holistic approach. The population's erstwhile social acceptance of armed groups as their "protectors" is also changing; they are now perceived as "criminals". The sociological and historical composition of the groups and the fact that the people are dissociating themselves from such groups constitute key factors of resilience that can help to scale back the violence and foster reconciliation.

Annex 12 : Brief Overview of the Impact of the Crisis on Household Living Conditions and Equity

A. Humanitarian Situation, Poverty and Unemployment

The political/security crisis has transformed the country's social conditions and already shaky human development situation into a severe social and humanitarian crisis. Apart from the high number of deaths, this crisis has led to massive population displacements and the destruction of most social infrastructure (health and education) in Bangui and the hinterlands. In virtually all villages occupied by armed groups, animals, tools, seeds and granaries have been systematically plundered while community facilities and equipment have been destroyed or set on fire. According to the most recent United Nations estimates, over 2.2 million people (virtually half the total population) need assistance (in terms of food, healthcare, water, sanitation, hygiene, shelter, but also essential household items, etc.), while over 50% are affected by food insecurity. Despite relative improvements recorded in Bangui and some localities, social and humanitarian conditions continue to be difficult due to persistent insecurity and the still high number of displaced persons. According to the United Nations Office for Coordination of Humanitarian Assistance (OCHA), over 500,000 people were still displaced in July 2017, while over 420,700 others were refugees in neighbouring countries.

The Emergency Food Security Assessment conducted⁸ by WFP in 2015 revealed that 50.5% of the population experience food insecurity, comprising 15.2% who experience severe food insecurity and 35.3% who experience moderate food insecurity. The prevalence of chronic malnutrition is estimated at 38.9%, a rate that is higher than the emergency threshold set by WHO at 30%; and the daily energy consumption per person per day estimated at 1,850 Kcal against the 2,400 Kcal average of sub-Saharan countries (2008). The State's marginal territorial presence outside Bangui made it easy for all sorts of illicit activities to flourish and for armed groups to settle on the territory. The lucrative exploitation of natural resources, especially gold and diamond, continues to generate substantial resources for armed groups, thus fuelling insecurity.

With 62%⁹ of the population living below the poverty threshold nationwide in 2008 (with 64% of them in rural areas and 36% in urban areas) and expected to exceed 76% in 2013, poverty is a major cause for concern for the CAR Government. It is a significant factor of fragility since it facilitates the recruitment of poor youths into armed groups. It also exacerbates the youth unemployment and under-employment rates, which were already quite disturbing before the crisis. Although no data is currently available on national trends towards meeting the Sustainable Development Goals (SDGs), the little information on how the CAR fared with regard to the Millennium Development Goals (MDGs) point to an even more alarming situation.¹⁰ With a Human Development Index (HDI) of 0.36, the CAR hit rock-bottom, ranking 188th out of 188 countries¹¹ in 2016.

B. Health Sector

As concerns the health sector, the 2013 crisis was reflected in CAR's already poor health indicators. Access to health services, made extremely difficult, was ensured mainly through the humanitarian assistance of NGOs. According to the last Health Resources Availability Monitoring System (HeRAMS) survey, about one-third of the country's 1,008 health institutions are partially or totally destroyed, 22% of health institutions are dysfunctional, and 43% of health personnel are community workers without any basic training. The country has one (1) medical doctor per 27,000 inhabitants against the standard 1 medical doctor for 10,000 inhabitants. In 2013, for routine immunization, the vaccine coverage rate was lower than 28%; maternal deaths were up to 890 for 100,000 live births while 164 in 1,000 infants do not reach the age of five years. The HIV/AIDS prevalence rate of 4.6% of the infected population remains the highest in Francophone sub-Saharan Africa. In 2012, when the crisis started, 7.8% of under-5 children suffered from acute malnutrition including 1.8% from severe acute malnutrition and 6% from moderate acute malnutrition. Technical support facilities and state-of-the-art equipment are cruelly lacking in the country's referral hospitals. For example, the country has never had a scanner or haemodialysis equipment since gaining independence. With Bank financing and by end-2012 the country was equipped with two (2) scanners and a haemodialysis machine and the capacity of the main medical laboratories was strengthened. To properly coordinate health sector operations, and pending the formulation of a new National Health Development Plan, the Ministry of Public Health, Hygiene and Population updated its transition plan for 2014-2016, which was extended to 2018.

C. Education Sector

Prior to the crisis, the student/teacher ratio in the education sector was 1/89. Forty per cent of teachers were recruited by parents (PTA teachers) with neither training nor qualification. School buildings and infrastructure are insufficient, the number of pupils per classroom is 87, the pupil/school-desk ratio is 1/32 and most of the time, there is only one

⁸ Emergency Food Security Assessment - EFSA, WFP, 2015

¹⁰ Proportion of the population living on USD 1 per day falls from 67% in 2003 to 62% in 2008; depth and intensity of poverty estimated respectively at 33.1% and 53.4% in 2008; 28.3% of under-5 children underweight in 2008 compared to 21% in 2003.

¹¹ UNDP 2015 Human Development Report

textbook for every ten pupils, which leads to poor learning results. Classrooms are overcrowded in government colleges where the ratio of students per classroom is 145. In 2011, no school had electricity, over three-quarters lacked drinking water and 45% were not equipped with latrines. The 2013 crisis worsened the situation: many schools were destroyed and require extensive rehabilitation or reconstruction work. The Ministry of Education adopted a transition plan covering the 2015-2017 period, extended to 2018, and meant to train 500 teachers every year from 2016 to 2018.

However, some schools started resuming normal activities in early 2015. The looting of professional training centres coupled with irregularities in the recruitment of new teachers further reduced the capacity of these centres. According to the CAR Education Cluster Survey, published in April 2015, enrolment rates fell by 6% in 2014-2015 relative to the pre-crisis period (2011-2012). The fear of violence, the shortage of teachers and insufficient school supplies are the main reasons for school dropouts. The school mapping, undertaken in April 2016, showed a clear improvement of the situation with nearly 76% of schools functional. The Ministry of Education adopted a transition plan covering the 2015-2017 period, extended to 2018, to train 500 teachers yearly from 2016 to 2018. Their effective recruitment was however hampered by limited budgetary resources. The capacities of the country's lone Government technical high school as well as the Government girls' professional high school and other technical and vocational schools were strengthened with Bank support perceptible in the construction and rehabilitation of the working environment, equipment and training through PARCB1.

D. Access to Drinking Water

Although CAR has significant renewable water resources, only 30% of the population has access to drinking water with rates of 36.5% in Bangui and 27% in rural areas. Water supply facilities in Bangui are old and poorly maintained. Even when operating at full capacity, supply does not match demand. Most rural households rely on wells equipped with manual pumps, since the supply networks are limited to Bangui and a handful of key urban centres. The CAR does not have an integrated sanitation system with a combined sewer and wastewater treatment network. Most urban households have private latrines unlike in rural areas, where open-air defecation is the common practice that spawns serious environmental and public health risks. Sanitation access rates vary from 44% in urban areas to just 7% in rural areas. According to estimates, the national average is 22%. The water public utility, *Société de Distribution d'Eau en Centrafrique* (CAR Water Distribution Company - SODECA) has suffered significant technical damage and business losses that could entail additional financial expenditure. On the whole, the inadequate water supply and sanitation services cost the CAR approximately USD 64 million yearly (or nearly 4.5% of GDP) in terms of higher health costs and productivity losses. The water and sanitation sector also benefits from Bank support to reduce community hardship as regards access to drinking water and sanitation.

E. Gender

According to World Bank statistics, the CAR population was estimated at 5,277,959 people in 2014, women making up 51.8%. The poverty profile indicates that the average household size is 4.6 and that there are 21.8% of female single-parent households (i.e. managed by a single woman). Furthermore, 84.6 % of households headed by women are poor, compared to 74% of households headed by men.

The CAR adhered to United Nations Security Council Resolution 1325 on the role of women in peacebuilding, placing emphasis on the protection of women and girl-children in times of conflict. Other Security Council resolutions were taken into account by the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA), in an effort to support the peacebuilding process and protect women: Resolution 1820 on the protection of civilians against violence during conflicts; Resolution 1888 on the protection of women against violence as weapons of war; and Resolution 1889 on the participation of women in the decision-making and peacebuilding process.

Conflicts affected women much more than men. Barbaric acts were perpetrated on women across the whole country and in conflict areas. Many of them fell victim to violence, mostly sexual violence, with disastrous consequences such as trauma, HIV infection, stigma endured by rape victims and children born of rape and repudiation from their marital home.

The negative impact of conflicts is also perceptible in the economic situation of women. In agriculture, poor yields are caused by insufficient manpower (since men and youth have left the villages) and the lack of seeds and foodstuffs. In the Public Service, unpaid salary arrears affect the livelihoods of entire households and the education of children. The insecurity that persists to this day in zones that are hotbeds of tension, prevent rural women from going about their daily production activities. Most women were forced by circumstances to take charge of the lives, if not the survival of their families. In the absence of men, they have taken over, relying on themselves to care for their families. Violence and "forced migrations" have aggravated poverty that affects a significant percentage of the population, mainly women and children. Women also played a significant role in the process of reconciliation and in spreading the culture of peace, participating in the national dialogue, the national dialogue monitoring committee and inclusive political dialogue. They were involved in both the national and regional reconciliation structures.

Annex 13 : Public Finance Management Systems: Fiduciary Risk Assessment and Bank's Intervention Strategy in the CAR

I. Introduction:

The Fiduciary Risk Assessment (FRA) of the public finance management (PFM) system in the CAR was performed by the Bank's Fiduciary Services Department in September 2016. The aim was to assess the fiduciary risk linked to the use of the national PFM system to manage the resources of Bank-funded projects. The exercise revealed significant shortcomings and a high fiduciary risk that made the Bank refrain from using the PFM system to manage AfDB-funded projects and programmes in the CAR. The current status of the system was considered during the midterm review of the Country Strategy Paper in March 2019 to assess the progress made with a view to determining whether most of the components of the national system could be used.

The country's current difficult circumstances, stemming from several years of political crises, do not facilitate the effective implementation of reforms.

II. Summary of the Assessment of the Public Finance Management System

a) *Budgeting: Budget Preparation, Implementation and Control*

Improvements are perceptible in budget preparation, implementation and control, thanks to reforms prompted by the CEMAC guidelines which require, inter alia, that the new budget nomenclature be transposed and harmonised with the accounting system, and to the multifaceted support provided by technical and financial partners. The country's financial difficulties led to budgetary indiscipline and forced the Government to use extraordinary expenditure procedures that undermined budget credibility. A quarterly budget implementation report was prepared, but frequent malfunctions of the information system made financial information unreliable. Expenditure during projects and programmes financed by external donors was not fully captured in the system. Also, information recorded in State accounts was generally incomplete and not sufficiently detailed.

b) *Treasury*

The control of State cashflow management is conducted within the framework of fiscal consolidation efforts in the CAR. The Ministry of Finance and the Budget, assisted by its technical and financial partners, took several actions to improve the performance of treasury services by improving work organisation, control and time frames. In a bid to comply with the principle of a single State account, a Single Treasury Account (STA) was opened in BEAC and several revenue accounts were opened in commercial banks. Bank reconciliation operations are carried out daily. However, IT system shortcomings, insufficient human resources and the near-permanent cashflow problems do not facilitate the control of State liquidity management.

c) *Accounting and Reporting*

The General Directorate of Treasury and Public Accounting (DGTCP) keeps the State's general accounting using the GESCO computerised accounting system based on the OHADA chart of accounts. Although the GESCO software package has built-in budget and treasury management modules, it has proven to be fragile and not user-friendly. Generally, it was observed that financial reports are produced late due mainly to lateness in catching up with previous years' accounts and problems linked to the information system. The accounting of externally-funded projects is done based on information provided by project managers and some donors, but without any means of verifying the accuracy of the figures given.

d) *Internal Audit*

The internal audit of State operations is performed via the management arrangement in place, including: the definition of all stakeholders' responsibilities in the chain along with the means of tracking control and prior approval of transactions by authorized persons in the GESCO management system. Internal control also comprises ex-post controls by the General Inspectorate of Finance (GIF) which is competent to audit the accounts of all central and devolved/decentralised entities of the Ministry of Finance and the Budget (MFB). However, the effectiveness of the control system is constrained by the limited number of qualified staff and effective working tools.

e) *External Audit*

The Court of Auditors performs an independent external audit of the accounts of the State, public/semi-public organisations, local authorities, associations and political parties benefiting from State subsidies. However, given the huge difficulties now facing the Court, in particular, the absence of material and financial resources and qualified personnel, the Court cannot accomplish its mission at the present time.

f) **Conclusion**

The CAR Public Finance Management System review has not revealed any major improvements since the last fiduciary risk assessment conducted in September 2016, despite Government efforts and TFP support. Since the country's current economic and political context makes the rapid and effective implementation of reforms difficult, the fiduciary risk level remains high. Consequently, no component of the current PFM system can be used for the financial management of Bank-funded projects. Like other TFPs, the Bank will continue to support the country's efforts to improve the system so that at least a part thereof can be used within the shortest possible time, for the management of Bank-funded projects in the Central African Republic.

Summary Table of the Country Fiduciary Risk Assessment by Risk Factor

| Item | Indicators | Score | Initial risk assessment | Main shortcomings | Mitigation Measures |
|---------------------------------------|---|-----------------|-------------------------|--|---|
| 1. Budgeting | The capacities of the budget sub-system are adequate for budget planning (preparation) | 1 | Substantial | <ul style="list-style-type: none"> ▪ Absence of formal guide to budget preparation and implementation ▪ Inadequacy of the budget preparation process in ministries ▪ Absence of programme budgeting, (MTEF) aligned with the objectives and outcomes of the different State entities ▪ Absence of reliable information on annual budgets of externally-funded projects | <ul style="list-style-type: none"> ▪ Expedite the implementation of the budgetary procedures manual ▪ Put in place budget preparation procedures in ministries to ensure the involvement of all services and the alignment of objectives with the ministry's priorities |
| | The capacities of the budget sub-system are adequate for budgetary control | 0.72 | High | <ul style="list-style-type: none"> ▪ Absence of a system that makes it possible to obtain reliable information on the budgetary management of projects and programmes financed by external partners | <ul style="list-style-type: none"> ▪ Incorporate project/programme budgets in the budget management system to ensure the constant and effective monitoring of the said budgets up to the various components thereof ▪ Harmonise the projects budgetary schedule with that of the State ▪ Harmonise the budgetary classifications of projects and programmes of various donors and link it to the budgetary classification of the national system |
| 2. Treasury | <p>The capacities of the treasury sub-system are adequate to manage resource flows and disbursements of funds as aid</p> <p>The single treasury account is an appropriate way of managing aid resources</p> | 0.5 1.42 | High Substantial | <ul style="list-style-type: none"> ▪ Absence of formal cashflow management guide ▪ Poor articulation of commitment plans and cashflow plans ▪ Poor mastery of cashflows (unreliable payment and disbursement forecasts) ▪ Poor mastery of payments and debt arrears in general ▪ Inadequate preparation of bank reconciliation statements ▪ Absence of a formal mechanism for the management of external aid funds ▪ Unavailability of exhaustive external debt data in real time | <ul style="list-style-type: none"> ▪ Expedite the implementation of the procedures manual ▪ Improve the quality of the cashflow plan |
| 3. Accounting and financial reporting | <p>The capacities of the accounting sub-system are adequate to record all transactions and serve as basis for exhaustive financial reporting subsequently.</p> <p>Integrated financial management systems are sufficiently flexible to meet specific reporting requirements and are</p> | 1 | Substantial | <ul style="list-style-type: none"> ▪ Inefficient IT accounting system ▪ Absence of real time, reliable and accurate information on the situation of State accounts ▪ Insufficient qualified human resources ▪ Absence of accounting procedures for externally-funded project operations ▪ Late production of financial statements | <ul style="list-style-type: none"> ▪ Establish a more efficient integrated PFM system based on precise specifications ▪ Build the technical capacity of human resources ▪ Design a mechanism for recording transactions of projects financed by external donors ▪ Improve the system of accounting, monitoring and safeguard of assets ▪ Improve State debt management |
| | | 0.5 | High | | |
| | | 0.25 | | | |

| Item | Indicators | Score | Initial risk assessment | Main shortcomings | Mitigation Measures |
|---------------------------------------|--|------------------------------|-------------------------------------|--|--|
| | <p>governed by procedures that guarantee compliance with deadlines and the quality of information produced.</p> <p>The financial accounting sub-system has an integrated assets-related module for proper entry and control of acquired assets</p> <p>The accounting sub-system keeps updated files on the country's borrowings.</p> <p>Accounting systems are protected against deliberate mishandling of data and/or accidental loss of corruption of data</p> | 0.33 0.6 | High High | | <ul style="list-style-type: none"> ▪ Implement reforms envisaged as part of donors' support |
| 4. Internal audit | <p>The capacity of the internal audit sub-system is adequate</p> <p>Mechanisms for competitive bidding, optimum resource use and procurement control are suitable.</p> <p>Internal audit services' capacities are adequate.</p> | 0.22 0.33 1.33 | High High Substantial | <ul style="list-style-type: none"> ▪ Insufficient human resources ▪ Weak GIF capacity ▪ Absence of Code of Conduct in the administration ▪ Procedures manuals are ignored and unsuited to the current context ▪ Gaps in applying procedures including the safeguard of assets ▪ Inadequate expenditure control ▪ Absence of internal control of projects and programmes ▪ Absence of transparency and control in contract award ▪ Poor monitoring of internal audit missions' recommendations | <ul style="list-style-type: none"> ▪ Prepare or update the audit procedures manual based on internationally recognised audit standards ▪ Strengthen the GIF's capacities following a global training plan ▪ Prepare and disseminate a Code of Conduct ▪ Put in place a mechanism for monitoring GIF mission recommendations ▪ Include in GIF's responsibilities the audit of externally-funded projects |
| 5. External audit | <p>SAI enjoys the requisite degree of "independence" to effectively discharge its missions.</p> <p>SAI has the requisite capacity to discharge its audit mission.</p> | 0 0 | High High | <ul style="list-style-type: none"> ▪ The weak autonomy of the Court of Auditors' (CA) considerably limits its independence ▪ Poor knowledge of the CA's mission by the Administration and citizens ▪ Insufficient qualified staff and poor application of internationally-accepted standards ▪ Insufficient financial resources ▪ Absence of formal procedures | <ul style="list-style-type: none"> ▪ Provide CA with the necessary means to effectively discharge its mission ▪ Update the Court of Auditors' organic instruments to strengthen its independence and financial autonomy ▪ Prepare the procedures manual of the Court ▪ Join INTOSAI ▪ Adequately staff the Court with qualified personnel and ensure their continuing training ▪ Publicise the Court's value added to the citizenry and administration |
| Global Initial Risk Assessment | | 0.6 | High | | |

Annex 14 : CAR – Assessing Eligibility to the Transition Support Facility (TSF) Pillar I

A. COUNTRY ASSESSMENT

In March 2013, the CAR experienced the fiercest political and military crisis of its history, judging from the intensity of the violence and the socioeconomic and security consequences that ensued from it. Although significant efforts and progress was made in the peacebuilding and security process as well as in carrying out economic and financial reforms and improving the living conditions of the population, the CAR remains one of the most fragile and poorest countries in sub-Saharan Africa. Fragility became near-structural after a long series of military/political crises. In 2016, the Country Performance and Institutional Assessment (CPIA) score averaged 3. Thus, CAR is eligible for supplementary support (Pillar I) under the Transition Support Facility (TSF) for cycle 14 (ADF14).

With regard to crisis resolution and peacebuilding efforts, progress was made in: (i) the organisation of a National Reconciliation and Social Dialogue Forum in May 2015; (ii) the adoption by referendum and promulgation of the new Constitution; and (iii) the holding of presidential and legislative elections deemed to be credible and fair by the international community and which culminated in the restoration of institutional order. The country also prepared a Recovery and Peacebuilding Plan in CAR (RCPCA) 2017-2021, which resulted from the consultation of all national components and stakeholders. Also, in implementing the resolutions of the National Forum of May 2015, the Government, under the auspices of the President of the Republic, established a DDRR (Disarmament, Demobilisation, Reintegration and Repatriation) arrangement and continued negotiations with armed groups to involve them in its effective implementation.

From the economic standpoint, the country is gradually recovering from the sharp decline in growth recorded in 2013 (-37%), thanks to an upturn in all economic sectors, particularly in agricultural and services. Economic growth prospects for the 2017-2019 period are favourable with average real GDP growth above 5%, and a gradual drop of inflation towards the community threshold of 3% against an average of about 6% over the last three years. The CAR faces enormous public finance problems arising mainly from its limited domestic revenue which cannot fund its mounting reconstruction needs. Since the crisis started in 2013, the primary deficit has remained above 3% of GDP. With the support of technical and financial partners, the Government was able to partly meet its financing needs for more urgent expenditure, improve tax and customs revenue collection and restore the public finance management system. Thus, domestic public revenue increased from 4.9% of GDP in 2014 to 7.1% in 2015 and then to 8% in 2016. Although a Public Expenditure and Financial Accountability (PEFA) review has not yet been conducted, significant progress has been made to restore public finance management standards.

The March 2013 crisis exacerbated the precarious living conditions of the population. The CAR did not succeed in achieving any of the eight Millennium Development Goals (MDGs) by 2015, as evident from the final MDG assessment report drafted jointly by the CAR authorities and UNDP. Furthermore, in terms of human development, the CAR was ranked 187th out of 188 countries, mainly due to the further decline in poverty incidence (estimated at 70%) and a life expectancy of only 49 years. The CAR's Human Development Index of 0.35 is lower than the average of 0.505 for the low human-development countries group and 0.518 for sub-Saharan countries. The country adopted a Transition Road Map and a CAR Emergency Sustainable Recovery Programme (PURD) for the 2014-2016 period which benefited from TFP support through projects in the social and humanitarian sectors. Some good but limited progress was achieved, viz: the construction and rehabilitation of social (education, health, water and sanitation) and production infrastructure, the revival of income-generating activities and production sectors, support for women's empowerment and combating of gender-based violence. Implementing RCPCA will enable the CAR to step its crisis-resolution efforts and improve the living conditions of the population.

B. ASSESSING ELIGIBILITY FOR TSF PILLAR I UNDER ADF 14

| Indicator | Window I: Supplementary Support – First Screening Criteria |
|---|--|
| Commitment to peacebuilding and security | <p>The CAR's harmonised average CPIA score of 3 confirms its eligibility for supplementary support under Pillar I of the Transition Support Facility (TSF).</p> <p>After the March 2013 crisis which was the most lethal in its history, the CAR organised a national forum on reconciliation and dialogue in May 2015 that led to the conclusion of a republican pact for peace, national reconciliation and reconstruction by all stakeholders and the signing of a disarmament agreement by the main structured political/military movements, the government and civil society.</p> <p>The political situation improved thanks to (i) the promulgation of the Constitution after the 2015 referendum; (ii) the holding in 2016, of presidential and legislative elections deemed to be credible and fair by the international community. These elections enabled the return to institutional order. The country's institutions (Government and National Assembly) operate normally.</p> |

| | |
|---|--|
| | <p>The international community and the key technical and financial partners continue to rally behind the CAR in order to support it in its reconstruction and peacebuilding/security efforts. The country has prepared and adopted a Recovery and Peacebuilding Plan in the CAR (RCPCA), 2017-2021, with three pillars, namely: (i) support peace, reconciliation and security; (ii) renew the social pact between the State and the population; and (iii) ensure economic recovery and relaunch the production sectors.</p> <p>Thanks to CAR efforts, the security situation has improved, but remains volatile and shaky mostly in the interior of the country where armed groups operate. However, the country set up a DDRR (Disarmament Demobilisation, Reintegration and Repatriation) mechanism and, under the auspices of the President of the Republic, continued negotiations with the main armed groups to effectively involve them in the process. Thirteen of the 14 armed groups participate in the DDRR advisory committee whose success is crucial to peacebuilding and security.</p> |
| <p>Unfulfilled socioeconomic needs</p> | <p>The March 2013 crisis worsened the country's precarious socioeconomic situation. In 2016, the poverty rate stood at 70% and the Human Development Index at 0.35, which is below the average of 0.505 for the low human development countries group and the average of 0.518 for sub-Saharan African countries. In 2016, the CAR was ranked 187th out of 188 countries in terms of human development.</p> <p>On account of such degradation of the social and humanitarian situation, particularly with the outbreak of the politico-security crisis in March 2013, the CAR was unable to achieve any of the Millennium Development Goals (MDGs) by 2015, as shown in the MDG final assessment report drafted jointly by the CAR authorities and UNDP. Yet progress was made between 2004 and 2012, especially in terms of the primary school enrolment ratio for girls, the promotion of gender equality, drinking water supply, streamlining of the macroeconomic framework with attainment of the completion point in June 2009, and normalisation of international cooperation with TFPs.</p> <p>All socioeconomic sectors were hard hit by the March 2013 crisis and the country is in dire need of reconstruction:</p> <ul style="list-style-type: none"> (i) According to the Education Cluster Survey in CAR, published in April 2015, enrolment rates dropped by 6% in 2014-15 compared to the pre-crisis period (2011-2012), but improved markedly in 2016 (76% of schools functional); the gross enrolment ratio was 17% against a net ratio of 13%, and only 3% of students accede to higher education (1.4% for girls against 4% for boys). The pre-crisis gaps widened between the North and the South where high school dropout rates were recorded owing <i>inter alia</i> to the absence of teachers. (ii) The situation in the health sector remains uncertain despite the efforts of Government and the support of multilateral and bilateral partners through projects and programmes. The last Health Resource Availability Monitoring Systems (HeRAMS) survey revealed that about one-third of the 1,008 health institutions in the country were partially or totally destroyed while 22% of health establishments are dysfunctional and 43% of staff are community health workers without any consistent training. Looting of cold chain equipment and transport means limited the number of functional EPI centres to 290. Health sector indicators remain alarming: (i) less than 50% of children were vaccinated (before age one) against the main vaccine-preventable diseases at end-2015 and only 30% at mid-2016; (ii) 6.6% of under-5 children suffer from global acute malnutrition (GAM) with 1.9% of them having severe acute form (SAM) ; (iii) 40.8% of the children are prone to stunting; (iv) 45% of deaths are caused by malaria; (v) HIV prevalence among adults aged 15 to 49 years is 4.9%; and (vi) life expectancy at birth is 51 years. (iii) As regards gender, high inequality ratios were noted. Although women make up 53.7% of the labour force, they are more illiterate than men; 80% of women aged from 15 to 49 altogether lack access to education. However, in terms of legal framework, the country adopted: (i) Law No. 06.005 of 20 June 2006 relating to reproductive health that "guarantees the equality in law and dignity of all individuals in matters of reproductive health without discrimination based on gender"; (ii) the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) ratified in 1991; (iii) the Convention on the Rights of the Child, ratified in 1992; and (iv) the African Charter on Human and People's Rights and its additional Protocol. With regard to security, the country adhered to UN Security Council Resolution 1325 on the role of women in peacebuilding, placing emphasis on the protection of women and girls in times of conflicts. Other resolutions taken to support the peacebuilding process and the protection of women include Resolution 1820 on the protection of civilians against violence during conflicts, Resolution 1888 on protecting women against violence and their use as weapons of war, and Resolution 1889 on women's participation in the decision-making and peacebuilding processes. |
| <p>Better macroeconomic conditions and</p> | <p>The economic upturn in CAR since 2014 was largely due to the agricultural sector which accounts for almost 45% of GDP. Economic growth prospects for 2017 are bright with an annual real GDP growth</p> |

| | |
|--|---|
| <p>sound debt management</p> | <p>rate expected to reach 5.5%, while average annual inflation rate will fall to 3.5% and the public primary deficit brought to 1.8% of GDP.</p> <p>The measures taken in 2015 to rehabilitate public finances helped to tackle the poor debt situation of 2014, even though pension arrears accumulated for three quarters in 2015. The recent deterioration of the CAR's public debt situation, highlighted in the joint analysis of the International Monetary Fund (IMF) and the World Bank, led to a higher public debt/GDP ratio of approximately 40% in 2014 compared to 25% in 2009, thanks to debt relief. The sharp contraction of GDP and exports moved the CAR from a moderate-risk to a high-risk situation. As indicated in the IMF/World Bank report, "the baseline present value (PV) of the external-debt-to-exports ratio and the debt-service-to-exports ratio will breach the policy-related threshold during 2013-2019 and 2013-2015 respectively". The rehabilitation measures undertaken in 2015, coupled with external budget support operations, not only made it possible to deal with public debt servicing but to also pay a good part of arrears. Consequently, the medium-term debt prospects improved, aided by massive external assistance and concessional loans. The Bank supported the country's efforts to improve public finance management by supporting technically and financially the rolling out of an updated version of the SYGADE 6 debt management software, alongside building the capacity of the staff of the Public Debt Directorate.</p> |
| <p>Commitment to practice sound public finance management</p> | <p>With regard to public finance, CAR undertook actions with TFP support to restore the public finance management system. These efforts were subsequently strengthened by measures that entailed improving the mobilisation of internal public revenue and strengthening the public expenditure management framework.</p> <p>Internal public revenue improved from 4.9% of GDP in 2014 to 7.1% in 2015 and 8% in 2016. Although a new Public Expenditure and Financial Accountability (PEFA) review has not yet been conducted, the national authorities are committed to a return to standard public finance management practices. For instance, the cashflow committee is tasked with the definition and monthly monitoring of management while the public finance monitoring and management committee is tasked with the monthly or more frequent monitoring of the use of public resources and the proper implementation of the cashflow plan. These public finance management committees enhance the transparent use of public resources since TFPs providing budget support participate in their proceedings. Furthermore, the operationalisation of the Central Accounting Office of the Treasury with a single Treasury account at the central bank as well as the interconnection of budget IT systems are likely to enhance the effectiveness of the finance management system even in crisis situations. The efforts continue, with less frequent use of exceptional public expenditure execution procedures and the update of public accounting records to facilitate accountability.</p> |
| <p>Transparency in public management</p> | <p>In 2015, the natural resources and environment sector situation in CAR was marked by the partial lifting of the country's suspension from the Kimberley Process in July. That decision, limited to the South-Western geographic zone, was prompted by the reassuring measures taken by the transitional authorities, with the support of the international community, to combat the illegal diamond trade as well as the need to satisfy the country's significant financial resource needs. Provisional suspension of the CAR from the Kimberley Process Certification Scheme, (KPCS), to which it acceded in 2003, came immediately after the outbreak of the crisis due to suspicions and the risks that criminal activities will be financed through mining of the country's diamond resources.</p> <p>The country's suspension from the Extractive Industries Transparency Initiative (EITI), which came at the same time as its suspension from the Kimberley Process Certification Scheme, still remains in force. The last mining revenue declaration report submitted to EITI dates back to 2010. CAR became a member of the EITI in August 2007 and was declared candidate country in November 2008, after gaining the compliant country status in March 2011.</p> <p>With regard to forestry resources and timber, the Voluntary Partnership Agreement (VPA) signed with the European Union in 2011 on Forest Law Enforcement, Governance and Trade, (FLEGT) has remained in force.</p> |