

Getting stuck in the recovery gap: analyzing aid in the Central African Republic

(KJ¹) Over the last two years, humanitarian assistance has made a decisive contribution to the stabilization the Central African Republic while the country's condition was at its most critical. Back from the brink of collapse, the benefits of peace and stability now would have to be spread much wider throughout this desperately poor country, if the patient were to recover successfully. However, while humanitarian assistance is levelling off and may well decrease in 2009, development support is still lacking too far behind to pick up the thread. The looming recovery gap now jeopardizes CAR's fragile progress, as data from the country's new aid management system shows.

Central African Republic quick facts

| Indicator | Value |
|--|----------------|
| Total population | 4.2m- |
| Area comparative | 1.1 x France |
| Human Development Index Rank | 178 out of 179 |
| Population living on less than \$1 a day | 67% |
| Gross domestic product per capita | \$402 |
| Life expectancy at birth | 43 years |
| Population without access to safe drinking water | 74% |
| Ease of Doing Business Rank | 180 out 181 |

Source: www.hdptcar.net

Improving aid effectiveness

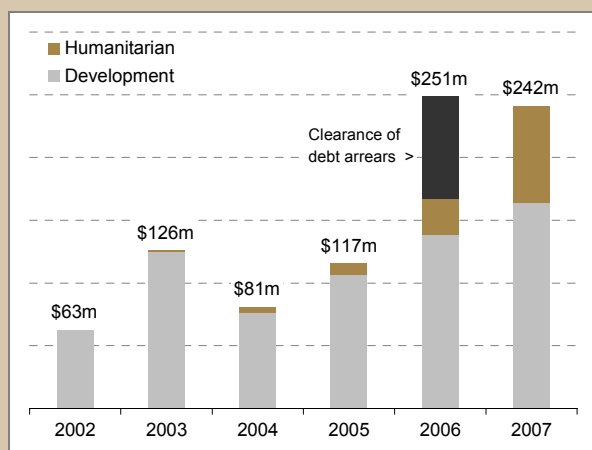
In November 2008, the Central African Republic (CAR) and its partners launched a new aid management system. Widely used in Asia but still rare in Africa, the goal of this online database is to make humanitarian and development aid more transparent, coordinated and effective. Previously, no central data source existed to help decision-makers understand who finances projects, who works in which sectors, in which locations, and where the gaps are. As in many other African states critically dependent on foreign support, the absence of reliable data was a stumbling block to improved aid effectiveness. Less than four months after the system's launch, detailed financial, sector and geographical data for almost 300 projects is now available online. While the usual caveats on aid statistics apply (the data will not account for 100 percent of all transfers), the numbers are nevertheless already a reasonably good reflection of the realities in CAR.

Good numbers on the surface

At first sight, the recent data on aid to the Central African Republic looks encouraging. Between 2005 and 2007, total foreign assistance to CAR more than doubled from about \$117m to \$242m. The increase is particularly significant, given that CAR had long been a forgotten crisis. While aid to Sub-Saharan Africa as a whole went up by more than 90 percent between 1985 and 2006, it fell by almost 50 percent for CAR. During this time, the country's development catastrophe slowly turned into a humanitarian emergency, directly affecting more than a million people and forcing up to 300,000 into displacement. CAR now ranks 178 out of 179 on the UN's Human Development Index. More than two thirds of the population live in poverty. Reaching the Millennium Development Goals has become a distant dream.

Aid is picking up

Multilateral and bilateral disbursements



Source: <http://dad.hdptcar.net> (2009)

¹ Kersten Jauer, UNDP CAR, The views expressed are those of the author and do not necessarily reflect the views of the United Nations.

The vital shift for aid to CAR came in late 2006, when the World Bank, the European Union and others helped clear much of the country's crushing debt arrears, paving the way for multilateral development re-engagement via the Bank, the IMF, and the African Development Bank. Greater international attention to CAR's crisis also led to a marked increase in humanitarian assistance. Between 2005 and 2007, humanitarian funding jumped almost 800 percent from \$10m to about \$78m, most of it additional resources from new or returning donors. Accounting for more than 30 percent of total assistance in 2007, humanitarian aid started to play a catalytic role in CAR's recovery struggle.

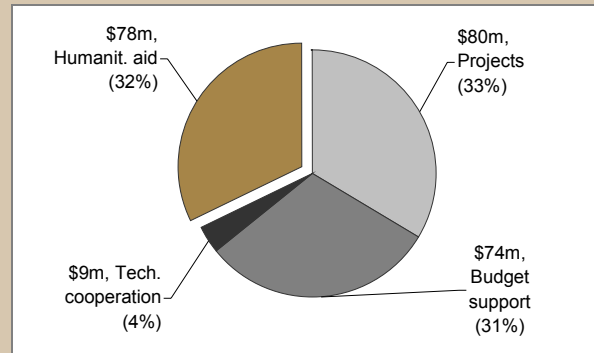
Development aid: too little, too late

A closer analysis of aid to CAR, based on 2007 data, shows that catching up on lost decades may well take much longer than hoped. The technicalities of aid play a role here. More often than not, long-term development aid is constrained by protracted planning and frequent implementation delays, particularly in low capacity countries such as CAR. A significant share of the \$160m disbursed for development activities in 2007 came years late, as many projects have grappled with restructuring, recruitment and procurement delays, as well as a general failure to show strong results. More importantly, large parts of the development machine had come to a standstill when the country's condition was most fragile. After a virtual halt to aid during CAR's civil war in 2002/03, it took almost four years for the first multilateral donors to return. In late 2007, donors pledged some \$600m for the period 2008-11 in support of the country's poverty reduction strategy during a first Round Table Conference, much of it burdened by lead-times of up to two years and only covering half of the strategy's \$1.3bn in basic needs for security sector reform, economic recovery, infrastructure, healthcare and education.

In 2007, the impact of higher development funding remained largely still invisible in many parts of the country. More than three quarters of the \$155m spent on development concerned only four sectors: debt alleviation and refinancing (30%), peacekeeping and rehabilitation of government capacity (23%), health (14%), and non-specific budget support (9%, specific budget support went mostly to debt and rehabilitation costs). Very little of direct project expenditure went beyond the capital.

Structure of aid in 2007

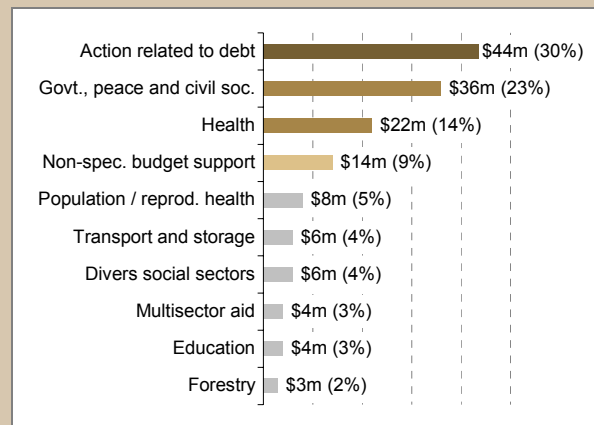
Disbursements by type



Source: <http://dad.hdptcar.net> (2009)

Top 4 sectors explain 75% of aid

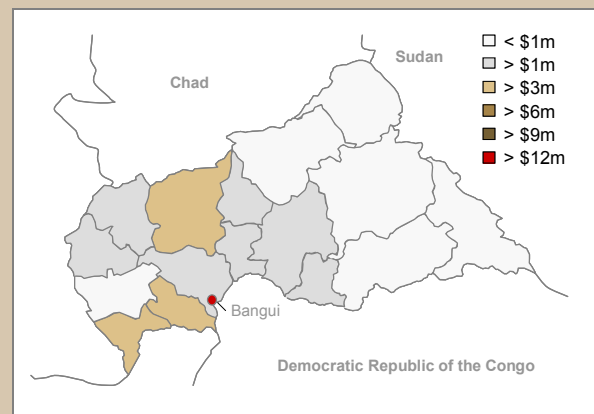
Expenditures by development (OECD) sector in 2007



Source: <http://dad.hdptcar.net> (2009)

Little development outside the capital

Development expenditure by prefecture in 2007



Source: <http://dad.hdptcar.net> (2009)

Only 20 percent of development aid was spent in the 15 prefectures outside Bangui. Merely three of them benefited from more than \$3m in direct expenditure. One could argue that the challenging security situation in the north, infested with rebel groups and bandits, moderates the harshness of these figures. Yet, it is the experience of tangible benefits that motivates most people to support a state or government arrangement. Development and security go hand in hand. In CAR, these benefits have been absent for too long, especially in the northern regions now infected with violence.

Humanitarians pick up some pieces

In 2007, it was humanitarian assistance (not yet development aid) that made a visible difference in the fragile regions where development progress would have been most needed. Throughout the north, conflict and neglect had destroyed health posts, schools, water pumps, farms and infrastructure. Almost 90 percent of humanitarian funds were spent in the six northern conflict-affected prefectures, home to more than 1.2 million people. None of these regions received less than \$3m in direct spending. Most benefited from more than \$6m in concrete, visible project expenditure. During 2007, the number of international humanitarian NGOs working in CAR jumped from five to almost twenty. In hand with humanitarian donors and UN agencies, it was largely the work of these organizations that sent a signal of positive change, thereby starting to re-stabilize the north.

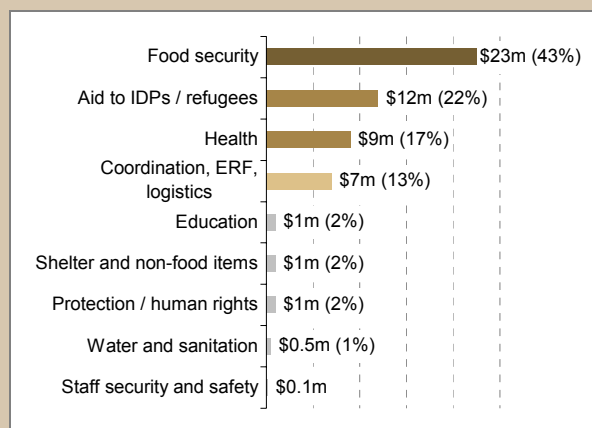
Yet, for a number of reasons, the difference remained smaller than first-sight numbers suggest. Of the about \$78m donors disbursed in humanitarian aid in 2007, only some \$54m could be spent before the end of the year, as significant parts of funding only arrived in November and December. Most humanitarian organizations only started their operations in 2007. They had to devote considerable funds to start-up investments. More importantly though, almost half of humanitarian aid went to only one sector: food security (43%). Donor priorities certainly had an impact here. Fortunately, a locally set up pooled fund (Emergency Response Fund), serving underfunded priority projects, helped to redress this imbalance. Overall, the funds available for health, education, or water and sanitation projects remained relatively limited. Yet, in a protracted crisis such as CAR, where development aid is not yet ready to take over from humanitarian assistance, it would be vital for humanitarian aid to build a bridge towards recovery, with impact and results that last longer than 6 months.

Stuck in the recovery gap

Preliminary data on aid flows in 2008 suggests that the picture did not change significantly in the following year. Much of the long-term development aid remained heavily concentrated on very few sectors and too

Heavy concentration on food security

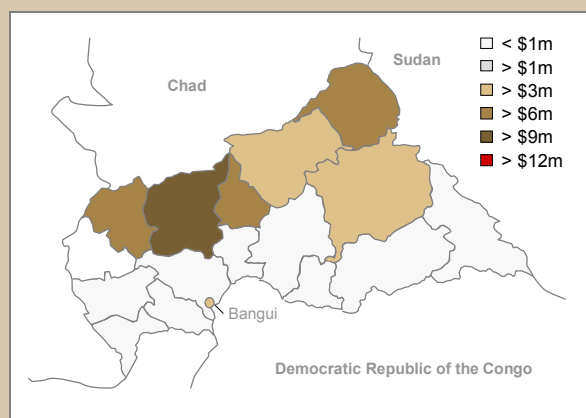
Expenditures by humanitarian sector in 2007



Source: <http://dad.hdptcar.net> (2009)

Humanitarian assistance in the north

Humanitarian expenditure by prefecture in 2007



Source: <http://dad.hdptcar.net> (2009)

little went directly into the regions. Humanitarian funding picked up even further (though some statistics overstate the progress, double-counting some donor contributions). However, food security (much of it food distribution, not seeds and tools) accounted for an even higher share of humanitarian expenditure than in 2007.

Meanwhile, economic conditions in the Central African Republic deteriorated as the global economic crisis hit the country hard. Tax receipts from the mining and timber industries (the two most important economic sectors) fell by almost 90 percent in 2008. The country's first poverty reduction strategy and donor round table had raised enormous expectations among the destitute population. Yet, with a probable decrease in humanitarian funding in the current year and development projects still stuck in the planning phase, 2009 may well become the year when CAR gets fully stuck in the recovery gap.

For more information on the aid management system in the Central African Republic:

Websites:

<http://dad.hdptcar.net>

<http://www.hdptcar.net>

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