



PRSP 2008-2010

Poverty Reduction Strategy Paper

ANALYTICAL SUMMARY



Central African Republic
Unité – Dignité – Travail

PRSP 2008-2010

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Foreword

The Central African Republic's national strategy to tackle poverty, launched in 1999 under the name National Poverty Reduction Plan, has come a long way and has evolved over time into a genuine vector for dialogue and the pursuit of social cohesion. We put the finishing touches to a strategy welcomed with relief by the national and international community at a broad national consultation organised on 3 September 2007 during a workshop called the "National PRSP Day". The Minister of Economy, Planning and International Cooperation is therefore pleased to make this strategy available to our country's development partners. This strategy is now considered and acknowledged to be the single framework which serves as a reference for CAR's development activities which focus on tackling poverty.

The revival of this long participative process that has lasted nearly four years has made it possible to secure the involvement of all development stakeholders (populations, non-governmental organisations, civil society organisations, private sector, external partners) both at the regional and national levels. These different phases of consultation were based on a methodological approach and tools that have proved themselves and their effectiveness in many countries. The technical and financial support delivered, especially at critical times, by our most approached and unwavering partners has been highly appreciated.

The institutional steering mechanisms for this exercise (Steering Committee, multi-partner sectoral technical groups, contact and consultation group of technical and financial partners) has contributed effectively to mobilising the nation around this objective. All seven regions of the country were consulted between 2006 and 2007, using a participative and representative survey of Central African regions and populations. These consultations produced relevant information on the aspirations of Central Africans concerning their living conditions, collective and individual interdependences, security, justice, the role of the state, and more generally, governance. This survey, which reinforced the results of community consultations carried out between 2000 and 2006 and quantitative surveys carried out in 2003, has thus made it easier to define poverty and its determinants. It is important to note that the degree of this poverty was strongly affected by the intensity and length of the crises recorded in our country over the last fifteen years, and now poses enormous challenges for recovery; challenges which need to be addressed.

The PRSP, the key instrument for development planning, therefore integrates the demands of post-conflict recovery, whilst at the same time keeping in mind obvious concerns regarding the achievement of the Millennium Development Goals (MDGs). The macroeconomic and sectoral strategies set out in this document were therefore influenced by this dual approach. Similarly, the PRSP has, in terms of operational implementation, placed an emphasis on "quick win" measures to improve the living conditions of the poor and stimulate economic growth. The concept of "development hubs" will be implemented so as to ensure integrated regional development offering development opportunities to the different parts of the territory and their populations.

Due to the weakness of our internal resources, funding for these measures will depend to a large extent on the support of our technical and financial partners. The Central African Development Partner Round Table that will be held in Brussels, Belgium on 26 October 2007 represents an exceptional opportunity to establish new foundations for an active and effective partnership with all these partners.

The notification of our endorsement of the Paris Declaration in 2007 demonstrates the government's desire to implement the reforms needed to improve the conditions for aid management and coordination. Besides the key guiding principles of the said Declaration, the government will place special attention on certain forms of partnership in view of the specificity of CAR, a fragile country that has for a long time remained on the sidelines of the investment flows required for its transformation and development.

Our greatest wish in presenting this document is to show our desire to achieve tangible results over time, in terms of tackling poverty, which will allow Central Africans to see their living environment radically transform itself in a positive way, with determined strides towards economic and social progress.

Sylvain MALIKO
Minister of Economy, Planning and International Cooperation
September 2007

List of Acronyms and Abbreviations

ACDA	Central-African Agricultural Development Agency
ACFPE	Central-African Professional Training and Employment Agency
ADB	African Development Bank
AFD	French Development Agency
APER	Regional Economic Partnership Agreement
AREMIF	Support for Reform of the Ministry of Finance
BEAC	Bank of Central African States
BECDOR	Office of Gold and Diamond Evaluation and Coordination
BONUCA	United Nations Peace-Building Office in the Central African Republic
BTP	Buildings and public works
CAR	Central African Republic
CBO	Community-Based Organisation
CCIMA	Chamber of Commerce, Industry, Mining and Crafts
CDMT	Medium-term spending strategy
CNLS	National Committee for the Fight against AIDS
CNS	National Supervising Committee
CSADN	National Dialogue Acts Monitoring Committee
CSN	National strategic framework
CTP-PAS	Technical Committee with responsibility for Structural Adjustment Programmes
DEP	Director of studies and planning
DFID	UK Department for International Development
DRC	Democratic Republic of Congo
DSF	Defence and Security Forces
ECCAS	Economic Community of Central African States
ECVM	Survey on Household Living Conditions (Urban and Rural)
ECVR	Survey on Living Conditions in Rural Areas
ECVU	Survey on Living Conditions in Urban Areas
EDF	European Development Fund
EMCCAS	Economic and Monetary Community of Central African States
ENERCA	Central-African Energy
EPCA	Emergency Post-Conflict Assistance (IMF)
ESFPD	Economic and Social Policy Framework Document
EU	European Union
FACA	Central-African Armed Forces
FAO	Food and Agriculture Organisation (UN)
FBCF	Basic Training in Fixed Capital
FER	Road Maintenance Fund
FIDH	Human Rights Federation
FOMUC	CEMAC Multinational Force
FOSA	Healthcare Training
GDP	Gross Domestic Product
HCC	High Commission for Communication
HDI	Human Development Index
HIPC	Heavily-Indebted Poor Countries
HPI	Human Poverty Index
ICASEES	National Statistical Institute
ICT	Information and Communication Technologies
IDA	International Development Agency (World Bank)
ILO	International Labour Organisation
IMF	International Monetary Fund
ISRP	Information System for Poverty Reduction
LICUS	Low Income Country Under Stress

MDRI	Multilateral Debt Relief Initiative
MDRP	Multi-Country Demobilization and Reintegration Program
MEPCI	Ministry of Economy, Planning and International Cooperation
MICS	Multi-indicator Study
NEPAD	New Partnership for Africa's Development
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OHADA	Organisation for the Harmonisation of Business Law in Africa
ONM	National Materials Office
PAIA	Support Programme for Agricultural Institutions
PAPE	Economic Policy Support Programme
PARPAF	Support Programme for Forestry Management Plans
PCIME	Integrated Care for Childhood Diseases
PEA	Operation and Management Permits
PEV	Expanded Vaccination Programme
PLHIV	People Living with HIV
PNDS I + II	National Healthcare Development Plans
PPCT	Prevention of Parent-Child Transmission
PRAC	Project for the Reintegration of Ex-combattants and Community Support
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty reduction strategy
PRSP	Poverty Reduction Strategy Paper
PWS	Potable Water Supply
RAMICA	Reduction of CAR's Multilateral Arrears
RED	Reach every district
RESEN	Report of the Assessment of the National Education System
RGPH	General Census of Population and Housing
SAA-FTD	Special Allocation Account for Forestry and Tourism Development
SAP	Structural Adjustment Programme
SAR	School Attendance Rate
SCSA	Small Calibre Small Arms
SFFP	Strategic Framework for the Fight against Poverty
SMEs/SMIs	Small and Medium Enterprises/Industries
SNIS	National Healthcare Information System
SOCADETEX	Central-African Textile Development Association
SODECA	State Water Company
SOGAL	Logistical Asset Management Company
SSR	Security sector reform
TFP	Technical and Financial Partners
TOFE	Table of Financial and Economic Operations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNWTO	World Tourism Organisation
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation
XAF	Central African Franc (shared currency of CEMAC)
MDRI	Multilateral Debt Relief Initiative

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Current situation

Background and preparation of the PRSP

The Poverty Reduction Strategy Paper (PRSP) is the sole dialogue and reference framework for all issues relating to the national development policies of the Central African Republic (CAR). All the interested parties, including both national stakeholders and Central African Republic development partners, worked together to prepare the document.

Socio-demographic background

CAR is a landlocked country in Central Africa, with a surface area of close to 623,000 km². The main city, Bangui, is located 1,400 km from the port of Douala. According to the *Recensement Général de la Population et de l'Habitation 2003* (2003 General Population and Housing Census), CAR has 3,895,139 inhabitants, of whom 50.2% are women.

The country has a very young population with 49.4% of Central Africans being under the age of 18, and 38% aged between 20-59 years old. Only 4% of the population is aged 60 and over. Moreover, the workforce includes people aged 15-49 and represents around 76% of the total population. The high proportion of young people is a source of both opportunities and risks. It could provide the capacity needed for growth and reducing poverty, if the young people are in good health and are well trained. In addition to youth employment, the high prevalence of HIV/AIDS is also a challenge, with its demographic impact being very visible on the youngest age brackets.

The country is also characterised by a high fertility rate, with women having children from an early age and continuing to bear children until late on in life. On average, a Central African woman gives birth to 5.1 children before the end of her childbearing days. This level is higher in rural areas (5.4 children per woman) than in urban areas (4.7 children per woman). The risks of maternal mortality and morbidity are still high, while sterility remains a concern, particularly for population groups in the East of the country.

The urban population is concentrated in Bangui (622,771 inhabitants, 16% of the total population) and in Bimbo. Moreover, the expansion of cities is accompanied by a growing and anarchic form of urbanisation, which itself is a source of major difficulties. Inadequacies are already appearing in urban areas and are tending to worsen in a context of post-conflict recovery in which the resources of the state and local authorities are extremely limited. The shortcomings are visible in housing (especially social housing), collective infrastructure such as highways, sanitation, basic social services, the environment (including pollution and insalubrious conditions), and in the security situation in the country.

Geography and socio-demographics

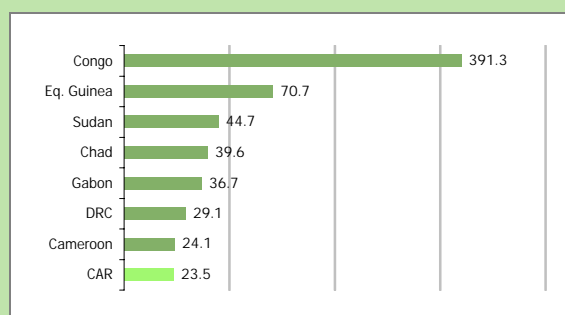


Total surface area (km ²)	622,984
Total population (2007)	4,216,664
Natural population growth (%)	2.3
Fertility rate (children per woman, aged 15-49)	5.1

Economic Indicators

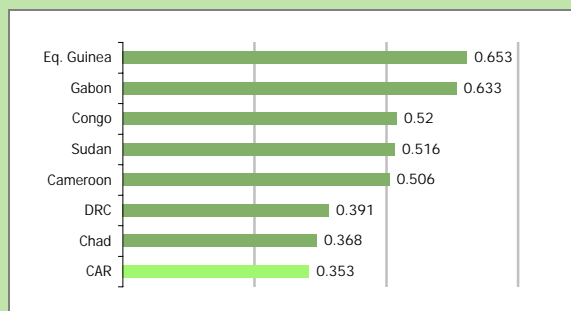
	2000	2003	2006
GDP (US\$ millions)	962	1,198	1,488
GDP per capita (US\$)	258.8	303.6	355.4
Growth of GDP (%)	1.9	-7.1	3.8
Inflation (%)	8.4	6.1	10.2
Agriculture (% of GDP)	2.0	4.2	3.3
Industry (% of GDP)	47.6	56.9	56.9
Services (% of GDP)	19.7	13.7	13.7
Revenue (XAF billions)	32.7	29.4	29.4
Tax burden (%)	60.6	54.2	67.3
Overall balance excluding donations (% of GDP)	6.7	7.5	9.0
External debt (% of GDP)		-4.6	-4.0
VAN debt / export (%)		96.5	74.4
Servicing debt / export (%)		464.7	489.3
Current account (% of GDP)		29.8	21.0
Current account (% of GDP)	-3.5	-4.7	-3.3

Overseas Development Aid per capita (2005)



Sources: see next page

Human Development Index (HDI, 2006)



Value	0.353
HDI ranking out of 177 countries	172
HDI variation from 1990-2003 (%)	-8.8

Social indicators

Poverty	67
Poverty in rural areas	72
Gini coefficient	0.43
Life expectancy (years)	43 ; 45 (f) ; 40 (m)
Child mortality (per 1,000)	132 ; 127 (f) ; 137 (m)
Over-fives mortality (per 1,000)	220 ; 210 (f) ; 230 (m)
Maternal mortality (per 100,000)	1,355
Births attended by qualified personnel (%)	44.0
Over-fives malnutrition weight / age (%)	24.3
HIV prevalence (% , 15-49 years)	6.2 ; 7.8 (f) , 4.3 (m)
Population affected by HIV (15-49 years)	230,000
AIDS orphans	140,000
Doctors per 100,000 inhabitants	7
Midwives per 100,000 inhabitants	8
Access to drinking water (% of the population)	26.0
Access to safe water (% of the population)	31.0
Access to adequate toilet facilities (% of the population)	87.8 ; 61.3 (f) ; 74.6 (m)
Enrolment in primary education (gross%)	55.5 ; 47.1 (f) ; 63.9 (m)
Enrolment in primary education (net%)	73.0
Girls / boys in primary education (%)	92
Pupil - teacher ratio in primary education	22.0 ; 10.5 (f) ; 16.0 (m)
Enrolment in secondary education (net%)	57.3 ; 68.0 (f) ; 46.2 (m)

Sources: CAR government, 2003; General Census of Population and Housing, 2003; Population Projections, UNFPA 2006; Human Development Report, UNDP 2006; Survey on Living Conditions in Urban Areas / Survey on Living Conditions in Rural Areas, UNDP 2003; World Economic Outlook, IMF 2006; Report on the Global AIDS Epidemic, UNAIDS, 2006; MICS 2000 and 2006; OECD DAC, 2007; RESEN, 2007

Economic and political background

Over the past years, CAR has suffered from chronic political instability characterised by repeated internal conflicts. Although the country has immense natural potential (a dense river system, a large forested area, major mineral resources), its social and economic indicators are very alarming. GDP per inhabitant dropped from an average of US\$ 280 for the 1980-85 period to US\$ 260 for the 1995-2001 period. The country's Human Development Index (HDI) ranking also fell by 8% between 1994 and 2004, meaning that CAR is ranked among the bottom five countries in the world.

At a political level, the change which took place in March 2003 was followed by a transition period marked by (i) the organisation of a national dialogue in September 2003, bringing together all the political parties and civil society organisations with a view to determining the priority areas and the political, economic and social institutions, (ii) the adoption via a referendum of a constitution in December 2004, and (iii) the holding of general and presidential elections in March and May 2005, enabling legal institutions to be put in place.

The return to constitutional legality enabled the government to present its General Policy Declaration in August 2005, underlining the need to (i) consolidate peace and security in the country, (ii) reinforce the macro-economic framework and the reforms, and (iii) rebuild the country's basic infrastructure and social services. These priorities were taken from the 2001 interim PRSP and the work on the final PRSP, which was interrupted by the conflicts. The government's work has not benefited from substantial financial aid due to the international financial community suspending payments as of 2002, notably due to the persistent arrears on foreign debt servicing.

The discharge of external arrears played a key role in enabling and targeting the reinvolvement of the international financial community in CAR. The government drew up a three-year Economic and Social Policy Framework Document (2006-2008) combined with an operational matrix, which was adopted in November 2006. On this basis, the World Bank and the African Development Bank drew up a Joint Reinvolve ment and Support Strategy for CAR.

Benefiting from the reestablishment of financial relations and exterior support, CAR decided to implement a virtuous economic and social policy with the aim of significantly improving the performance of the country's economy and putting the country on a path towards sustainable human development in order to cut poverty by half by 2015.

The PRSP participative drafting process

Learning from the critical analysis of Draft 00 of the PRSP, which was examined in July 2005, the government boosted the participative process via numerous consultations and evaluations with all the interested parties (population groups, NGOs, civil society organisations, the private sector, external partners). This enabled the preparation of the National Poverty Reduction Strategy to be completed, bringing it into line with

the major Millennium Development Goals (MDG), which have a deadline of 2015.

Institutional consultation mechanisms were created at central, regional and local level to promote participation and to ensure that all the parties adhere to the strategy and take it on board. All of CAR's seven regions were consulted as part of the process, thus ensuring that all the country's population groups were well represented. Within this framework, a dialogue was got underway with the population groups in the post-conflict period, with the aim of collecting their aspirations on living conditions, collective and individual solidarity, law and order, corruption, human rights and the role of the state. This survey supplemented the community consultations and quantitative surveys in order to better define the profile and the determining factors of poverty.

Diagnosing poverty

The diagnosis of poverty is mainly based on a monetary approach. It is the result of two surveys on household living conditions in urban and rural areas, which were carried out in 2003, supplemented by a participative survey carried out in 2006. This diagnostic sets out the determining factors, the scale, the location and the root causes of poverty. Population groups' perceptions of the poverty phenomenon are also included, as a supplementary and determining argument in the selection of public priority areas.

In accordance with the monetary approach, an individual is poor when his or her income (or expenditure) is lower than a fixed threshold. Expenditure per adult equivalent is used as an indicator of well-being. The estimation, using the "cost of basic needs" methods, gives a national threshold of XAF 156,079 per year and per adult equivalent in 2003.

Based on these figures, it appears that poverty is a massive phenomenon in CAR, as over two-thirds of the population (67.2% or 2,618,000 people) live below the national poverty threshold. Furthermore, poverty is deep rooted in the country, as the average poverty gap ratio is 32.3%, which corresponds to a consumption deficit of around 48%. In other words, the consumption level of poor people must be increased by 50% in order to bring them out of monetary poverty.

Geographical analysis shows that no area escapes the phenomenon, even though some areas are more affected than others. Rural areas are more affected than urban areas, and contain close to two-thirds of the country's poor people. Regions 3,6,4 and 2, which are also as badly affected as the rural areas, should be target areas for policies as part of a regional development approach.

Table 1: Indices of poverty by area (urban/rural) and region, and Gini coefficients

	PO - Poverty incidence (%)	P1 - Poverty gap (%)	Population structure (%)	Distribution of poor (%)	Gini coefficient
National	67.2	32.3	100	100	0.42
Urban	59.9	26.4	37.9	33.8	0.419
Rural	71.7	36.0	62.1	66.2	0.439
Region 1	66.0	31.8	10.4	10.2	0.463
Region 2	65.1	29.5	22.2	21.5	0.416
Region 3	79.3	42.4	21.9	25.9	0.424
Region 4	70.2	34.4	13.8	14.4	0.415
Region 5	50.1	21.6	4.1	3.1	0.433
Region 6	76.1	37.5	11.6	13.1	0.395
Bangui	49.7	20.1	16.0	11.8	0.419

Region 1: Ombella-Mpoko and Lobaye; Region 2: Nana-Mambéré, Mambéré-Kadéï and Sangha-Mbaéré; Region 3: Ouham and Ouham-Pendé; Region 4: Kémo, Nana-Gribizi and Ouaka; Region 5: Haute-Kotto Bamingui-Bangoran and Vakaga; Region 6: Basse-Kotto, Haut-Mbomou and Mbomou; Region 7: Bangui.
Source: SFFP Technical Committee, World Bank

Moreover, analysis of poverty, based on the socio-demographic characteristics of the head of the household, reveals that large households with low educational levels are more affected than other types of household. This is also the case for households

whose main activity is farming, with agriculture in CAR being dominated by family smallholdings, which generally provide a low income, and which in turn largely explains the scale of poverty in rural areas. These observations suggest that, as part of poverty reduction work, voluntarist employment promotion policies should be implemented, particularly in the agricultural sector, and issues relating to education should be dealt with in an appropriate fashion with a view to raising the educational level of Central Africans.

Apart from income, other factors enable population groups' standard of living to be measured in a more satisfactory fashion. The poverty of living conditions provides an insight into the difficulties experienced by the population groups to satisfy their basic needs such as access to drinking water, decent housing, a household waste removal system, an energy source for cooking, health centres, etc. This analysis shows that in addition to monetary poverty, the population throughout the country (Figure 1) is severely affected by a lack of access to healthcare, drinking water and adequate sanitation, and by an absence of basic infrastructure and facilities. Following the regional distribution, the impact of the poverty of living conditions seems to correlate with the impact of monetary poverty, even if this form of poverty seems to be less marked.

Figure 1: Incidence of poverty of living conditions by prefecture



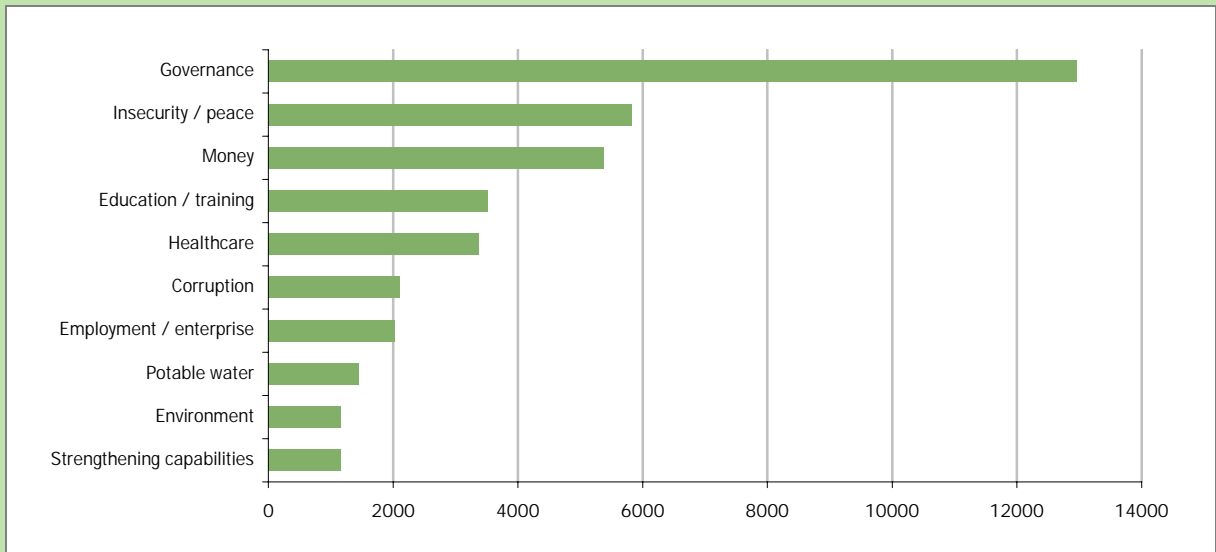
Source: SFFP Technical Committee

During the national participative survey carried out with the support of the World Bank across the seven regions of the country, the population groups clearly stated the major determining factors of poverty that greatly affect their well-being. These include poor governance, a lack of security and the absence of peace, low incomes and the difficulties in accessing education and health infrastructures.

Via this overview of the different dimensions of poverty provided by the opinions of the population groups and the results of quantitative analysis, it transpires that all CAR development stakeholders should focus on the following challenges in order to reduce poverty: (i) restoring law and order throughout the country, (ii) transparent and effective management of public resources, (iii) increase the income of population groups, particularly in rural areas, and (iv) improve population groups' access to basic social services (education, healthcare, housing, drinking water and sanitation).

This will be achieved by rebuilding and restoring the foundations of a broken economy, with the aim of giving the economy a major boost and achieving sustainable development. This process will require major resources, particularly financial resources for the priority reconstruction initiatives. The implementation of the government's plans based on its vision, and rolled out in the form of sectoral strategies and long-term strategies, will ensure that these major challenges are met.

Figure 2: Areas of priority problems identified by participative enquiry



Source: SFFP Technical Committee

Vision, strategic orientations and macroeconomic and budgetary framework

Long-term vision

The Poverty Reduction Strategy is part of the Central African government's vision, which is based on the will of the country to **build a strong, united and prosperous nation** fulfilling the population's deep-seated desire for **peace, security, and good governance**.

In order to substantially reduce poverty, the Poverty Reduction Strategy has selected the following major long-term objectives: (i) double per capita revenue by 2015 based on strong, sustainable, balanced and equitable growth, (ii) widen access to basic social services in order to boost human capital, and (iii) establish gender equality, particularly in primary and secondary education by 2015, and eradicate all forms of exclusion.

Foundations of the reconstruction and poverty reduction strategy

The analysis of poverty in CAR and the numerous participative consultations of the population groups and the country's development partners have led the government to base its national reconstruction and poverty reduction strategy on the following four major pillars: (i) restore security, consolidate peace and prevent conflict, (ii) promote good governance and the rule of law, (iii) rebuild and diversify the economy, and (iv) develop human capital.

Faced with the scale of the population groups' poverty and its destabilising effect on the country's social capital, peace and security, the government's strategy is based on the implementation of programmes of initiatives which - while aiming to put the economy on a new path towards strong and sustainable growth - will lead to rapid improvements in the population groups' living conditions. This requires resources to be concentrated in the short-term on basic infrastructures and essential collective amenities in order to remove the bottlenecks which are hampering the recovery of the country's economic and social life. Their impact on the living conditions of poor people is clear to see: easier access to markets, the collection and transporting of agricultural products upon which the majority of poor people in CAR depend, bringing schools and health centres closer, reinforcing security via greater defence force mobility and improved capacity.

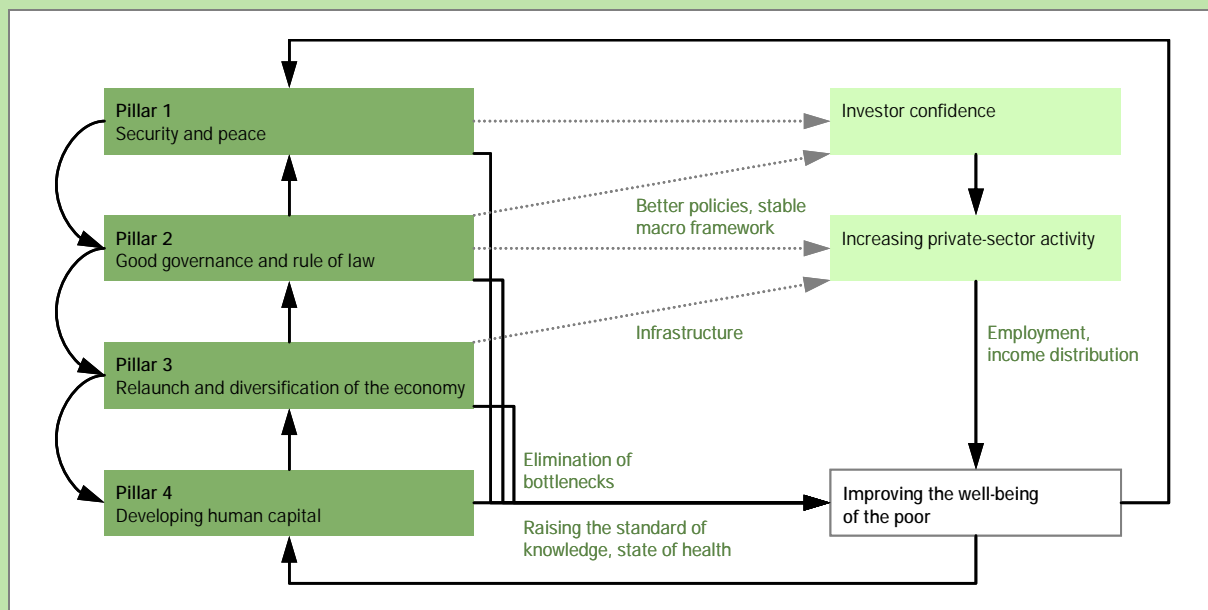
These initiatives, which will give an impetus and a foundation for an upturn in growth and the reduction of poverty, will be accompanied by the reinforcement of the operational capacity of the public services and the availability of basic social services, as well as by the continuation of reforms in the fields of justice, economic and financial governance, and by the improvement of the business environment. This change will be made possible thanks to a new integrated regional development policy based on the creation of development clusters, particularly by freeing-up the economic potential, and the restoration of the economic and financial functions of smaller cities.

These priority programmes will use public investment, mainly supported by the country's development partners, and will be implemented by the private sector. Promising prospects already exist with major reserves in the forests, and especially the very large projects planned in the mining sector (uranium, gold and diamond mines), construction materials (planned cement works) and energy infrastructures (a hydroelectric plant on the Kotto).

In addition, other specific large-scale initiatives will be needed to support the development of human capital by providing improved national coverage for the basic social services, and particularly focusing on vulnerable social groups: children, women, orphans, people with disabilities, conflict victims and ethnic minorities, whose capacity for action is affected. This requires the development of the participative approach in order to enable population groups to be responsible for and involved in the management of local, town and regional community affairs.

The initiatives and measures set out in the PRSP were selected in order to ensure a maximum impact on poor people via mutual reinforcement of the four pillar programmes and projects. The effects and logical relations that underpin the PRS are set out in Figure 3.

Figure 3: Schema of the poverty reduction strategy



Source: SFFP Technical Committee

Poverty reduction sectoral strategies and priority initiatives

Pillar 1: Restore security, consolidate peace and prevent conflict

The March 2007 workshop on the issue of “conflict and poverty” highlighted the major weaknesses of the sector: (i) low numbers in relation to the size of the country, (ii) the disparate nature of the security forces, (iii) the lack of military discipline, (iv) the absence of key documents and archives destroyed during repeated pillaging, (v) inadequate training, and (vi) inadequately equipped troops.

While awaiting the holding of the National Seminar on the Reform of the Security Sector, which will take place before the end of 2007, and which will be organised with the support of the international community - in particular the UNDP, France, the European Union and the World Bank - strategic areas and measures have been proposed in the PRSP with the aim of restoring law and order and consolidating peace and political stability in the country. These measures are part of the wider security sector reform (SSR) process, which will specify the roles and responsibilities of each of the stakeholders in question using an integrated and coherent approach.

The implementation of the proposed measures should enable CAR to have more modern, republican and professional Defence and Security Forces by 2013. The Defence and Security Forces (DSF) will ensure the security of population groups and of the country's assets on the main thoroughfares in CAR, thanks to increased human resources and operational capacities. The security and justice services will be more effective, and crime will decrease across the country, just as the circulation of small calibre light weapons will also be better controlled. These initiatives are based on the following four strategic priority areas:

- **Reinforcing the human and equipment capacity of the Defence and Security Forces (DSF).** The Central African army is ageing and has practically no resources. By combining retirements with recruitment, the government should be able to progressively and considerably modify the makeup of the Central African army, in order to make it more representative of the country, and consequently more republican. Tables of troop numbers are currently being drawn up, and will give a more precise view of the requirements in terms of personnel, training and equipment, by the last quarter of 2007. As regards the police, current calculations show that between 600 - 800 police cadets need to be recruited and trained every year, in order to attain the ratio of one police officer per 1,971 inhabitants by 2009.
- **Reform, restructuring, regional reorganisation and participative and coordinated transformation of the security sector.** A study has just got underway on the total reorganisation of the regional system, with the aim of equipping each military region with the resources it requires to combat the latent insecurity which reigns in the provinces. In order to be effective, the strategy of relocating the DSF to the interior of the country will be linked to the setting-up of the

development clusters as planned by the government, with the aim of gaining the support of all the development partners. The strategic areas of the 10th European Union EDF programmes espouse the broad lines of this strategic decision, but have a limited scope, due to the low level of resources in relation to the scale of the challenges involved in the implementation of this vast integrated regional development programme.

- **Sub-regional security, preventing the proliferation of light and small calibre weapons.** The recurrent conflicts in the neighbouring countries (especially the Democratic Republic of the Congo, Chad and Sudan with Darfur) have led in particular to a proliferation of the uncontrolled movement of light and small calibre weapons. The effectiveness of the planned initiatives - notably the reduction of light weapons, the fight against organised crime (wayside robbers and poachers), sub-regional cooperation for security issues, the disarmament of ex-combatants, the demobilisation and reintegration of combatants - hinges upon a sub-regional and national approach, with cross-border peace consolidation initiatives.
- **Re-establishing and developing trust between the population and the DSF.** The analysis available on the political-military crises in CAR highlights various deep-rooted causes, including the decay of the security and justice system and a breaking-down of the link and trust between the various social groups and between these groups and the local and national authorities, particularly the members of the Defence and Security Forces. These factors are hampering reconciliation, lasting peace and a true economic recovery. In order to remove these constraints, the main action areas will be the protection of the population, educating population groups about the role of the Defence and Security Forces, and the development of a prevention and community police force.

While significant and on-going improvements are being achieved in terms of establishing a safe environment and conflict prevention, strengthening governance, the rule of law and institutional capacities also remains vital.

Pillar 2: Promote good governance and the rule of law

Good governance and re-establishing the rule of law are vital to restoring the confidence of the private sector and boosting private investment. In addition, improvements to this area should manifest themselves through the implementation of improved policies, particularly for stabilising the economy and in terms of channelling public spending towards the most deprived population groups, and promoting gender equality. The strategic areas will include the promotion of a culture of democracy and peace, restoring the rule of law, improving and providing quality public services, the stabilisation of public finances and the promotion of gender equality and equity.

Promotion of a culture of democracy and peace

The aim is to establish a climate that is favourable to lasting peace, and to establish an on-going democratic dialogue between all the stakeholders in society. The main initiatives envisaged are:

- Building the capacities of members of parliament and of the parliamentary administration focusing on: (i) parliamentary work, drafting and voting laws, (ii) budgetary issues, and supervising the work of the government, (iii) promoting human rights, and (iv) conflict resolution and national reconciliation.
- Building the capacities of other institutions provided for by the Constitution, namely the Constitutional Court, the *Haut Conseil de la Communication* (the Broadcasting Authority), and the State Mediator.
- The implementation of a national strategy raising awareness and promoting the culture of democracy and peace.

Restoring the rule of law

Respecting human rights is the cornerstone of human and economic development, and in order to ensure that they are respected in CAR, the government will draft and implement an Advocacy Strategy so that the National Human Rights Institutions operate more effectively. Within this framework, the National Human Rights Commission will be given a fresh boost and a National Action Plan for the Promotion and Protection of Human Rights, based on the recommendations made by the United Nations Commission on Human Rights, will be implemented.

The government has planned to organise a justice consultation in 2007, in order to carry out an exhaustive diagnosis of the sector and to draw up an action plan, which will mainly focus on the reconstruction and rehabilitation of judicial infrastructures and the prison service, as well as training for justice personnel and representatives of the law in some cities in the interior of the country.

Improving and providing quality public services

The Central African Public Administration is characterised by serious operating problems which are at the root of the inefficient public services delivered to the population groups. Pillaging and destruction during the periods of crisis have reduced the services provided by the public services, particularly in the basic sectors such as education and healthcare.

The reform of the civil service will focus on bringing the public services closer to the population groups in order to make them more effective and efficient. This will be based on four sets of priority initiatives:

- The reorganisation of the civil service and the management of jobs and skills.
- The setting-up of an integrated State HR management system.
- The reworking of the regulatory framework which governs the civil service in order to tailor it to the real needs.
- The redeployment of services and personnel to the interior of the country.

Stabilisation of public finances

The stabilisation of public finances, one of the government and its development partners' priorities for promoting a stable macroeconomic framework which is favourable to economic recovery, is part of the continuation and reinforcement of reforms which got underway in 2005. The main initiatives will focus on:

- Improving the security of tax revenue collection systems.
- Reinforcing budgetary control.
- Fighting corruption.

Promotion of gender equality and equity

The government plans to "create an adequate macro-economic, legal, cultural and political framework so as to give men and women equal opportunities and to measure the impact on these two social groups", in accordance with the National Equality and Equity Promotion Policy, and its Action Plan, which is currently being finalised. It is hoped that as a result of these initiatives, gender inequality will be considerably reduced by 2015, assuming adequate resources are provided. The following initiatives are planned in order to achieve these results:

- Increase women's participation in decision-making by involving women's leaders in the formulation of development policies, programmes and projects.
- Improve the juridical, legal and institutional framework for gender equality and equity.
- Increase the involvement of women in the peace and conflict resolution process.
- Reinforce technical and institutional capacities and advocacy so that population and gender issues are incorporated into a National Population Policy.

Pillar 3: Rebuild and diversify the economy

The fight against poverty in urban and rural areas will be based on strong economic growth, which is needed to reverse the pernicious effects of poverty at both national and regional level. This growth strategy will be based on a stable macro-economic framework, in accordance with the broad outline of the programmes concluded with the Bretton Woods institutions. This growth will stem from sectors which (directly or indirectly) induce a major, quick and lasting improvement in incomes, and which will create jobs. Both public and private investment will be used to achieve this objective.

Associated with the restoring of law and order, the initiatives will focus on infrastructures in order to open up the country and clear the bottlenecks that are hampering economic revival. Operational infrastructure initiatives will focus on the following areas:

- Reinforcement of the institutional framework and the capacities of the structures responsible for formulating management policies in the sector and the implementation of sector policy.
- Infrastructure restoration, construction and service provision.

Road, river and air transport

As regards the opening-up of the country to the outside world, particular emphasis will be put on restoring and then asphaltting the regional roads linking CAR to its neighbours (Cameroon, Chad, Congo, DRC and Sudan). The strategic initiatives for opening

up the interior of the country will involve three main sets of measures revolving around. making safe the connecting engineering structures, maintaining and renovating the national road network and finally renovating the network of regional and rural roads.

In the river transport sector, the measures will focus on the revitalisation of the Oubangui Sangha complex as an exit point from CAR. Finally, in the air transport sector, three strategic initiatives have been planned: make Bangui M'Poko Airport safe by upgrading it to comply with standards, and also upgrade Berberati Airport in the West of the Central African Republic so that it can act as an alternative airport and serve the area, the progressive development of nine airports to cover the whole country, and the provision of satisfactory meteorological and air traffic control data for the whole country.

Telecommunications

The reconstruction of the country and the opening-up of rural areas, national companies trading internationally, and poverty reduction all require the quick development of telecommunications. The government has already started to clarify the regulatory framework for the sector, notably by specifying rules for awarding telecommunications licences, and by creating a Telecommunications Regulation Agency (TRA). A new law setting out the legal framework for the sector, which was based on an extensive consultation of sector stakeholders and which guarantees the rights of investors, has been submitted to Parliament for approval. Thanks to an improved climate, several telecoms operators, including Orange which arrived in the country this year, will take part in the development of the sector. A Sector Master Plan has also been adopted. The first stage in its implementation will be the setting-up of broadband infrastructure with a view to linking up all the areas of the country, and the construction of a fibre optic broadband infrastructure linking Bangui to the SAT-3/WASC undersea cable, scheduled for mid-2009.

Energy

The energy sector is key to improving the national infrastructure. Reliable access to energy services is essential in order to ensure that the planned provision of services to infrastructures can be carried out, as well as guaranteeing the improvement of the population's economic life.

Major short and medium-term emergency measures will be implemented so that (i) population groups in urban and rural areas can access quality energy services at a lower cost, and (ii) resources are managed in a sustainable fashion via public - private partnership initiatives.

To this end, initiatives will be taken, and even boosted in the following areas: (i) reforms will be continued in the electricity and hydrocarbon sub-sectors, (ii) ENERCA (the main energy company in CAR) will be restructured, (iii) an energy information system will be created and made operational, (iv) the electricity production, transport and distribution capacity of the interconnected (Boali-Bangui) network will be increased, (v) power transfer at sub-regional and regional level will be promoted, (vi) the electrification of rural areas will be promoted, (vii) micro hydroelectric dams will be constructed, (viii) the regulation capacity of the hydrocarbons markets will be developed, (ix) the decentralisation and reinforcement of storage capacities and the diversification of supply channels, and (x) reducing the country's energy dependence. In addition, the government is planning to build a dam on the Kotto at Kembé to produce electricity to supply the uranium and gold mining sites.

The reduction of transit times and of freight, energy and telecommunications costs will improve the competitiveness and the integration of sub-regional markets. The development clusters will speed up the exploitation of the country and each region's own economic potential.

The improvement of infrastructures will result in a reduction in transit times and of freight, energy and telecommunications costs, which is vital for the development of key sectors in CAR economy (agriculture, forestry, mining and tourism). In order to successfully develop these sectors, the government plans to give the private sector a particularly significant role.

Agriculture

The reinforcement of the institutions and of their planning, research and supervisory capacities will ensure that operational initiatives are given a fresh boost and made effective. The objectives of intensifying and diversifying agriculture, which will be based on the specific features and potential of each development cluster, will be carried out via:

- The development of an adapted funding system for the re-provision of agricultural equipment, the supply of inputs and the marketing of products.
- The relaunch of production and seed multiplication chains for high added value speculations with growth potential, both for crop (manioc, groundnut, sesame, oil palm, maize, rice and sesame) and livestock (poultry and other non-standard short cycle breeding in outlying urban and rural areas).

- The promotion of agricultural products processing via support for the purchase of small processing units.
- Product marketing support (packaging, storage and transporting) via the promotion of secure contracts between producers and private operators, technical and management training for producers, the purchase of adapted transport equipment (carts), and the setting-up of an appropriate information system.

In the breeding sub-sector, these initiatives will be supplemented by the promotion of public and private animal health services, improving the management of agropastoral zones, and by giving a fresh boost to local consultation systems and proactive conflict management schemes to resolve farmer-breeder conflicts.

Moreover, cotton growing will also be relaunched by: (i) Settling producers' debts in order to regain their trust, (ii) the creation of a new company to replace SOCADETEX, and (iii) the adoption of incentive-based policies, with a significant level of starting investment to upgrade production facilities and budgetary provision to cover the deficit which is inevitable in the short-term, being required. Finally, the state will facilitate the involvement of the private sector via the implementation of: (i) an incentive-based framework for equipment, development work, supply, production and marketing, and (ii) the stabilisation of commercial intransit and agricultural product networks in order to improve the competitiveness of sectors with high growth potential.

The setting-up of production, distribution and marketing support infrastructures, reducing other factors which make farming vulnerable via the design and execution of a vast rural infrastructure programme, including the construction of hydraulic structures and micro-dams, the reclaiming and development of lowland areas, and the modernisation of abattoirs in rural areas with great pastoral potential.

Forestry

Good governance in the management of the country's forest and fauna resources will be continued and reinforced in order to increase the sector's added value. This programme will be based on four types of priority initiatives:

- Increasing and diversifying production, combined with the promotion of a successful and competitive wood industry. The Small-Scale Forestry Permits award and management procedure will continue to be reorganised in order to support the creation of forestry development plans. With the support of PARPAF (a support project for forestry management schemes), several plans covering around 850,000 ha have already been drawn up. The government is aiming to implement forestry development plans covering the country's 3.5 million ha of forest by 2010. Investment in artificial seasoning and secondary treatment will benefit from schemes that are attractive and effective in terms of the effectiveness - cost ratio.
- The active involvement of population groups in the sustainable management of sector resources with a view to increasing the positive knock-on effects on poor people: the aim is to channel the Compte d'Affectation Spéciale de Développement Forestier et Touristique (a funding mechanism for forestry and tourism development) towards a more social objective, bringing together local communities and the private sector. The planning and management standards for village hunting grounds will be updated in order to ensure sustainable development.
- The capacities of the public institutions will be reinforced and laws will be applied. In addition to reinforcing management capacity on the ground, the aim is to activate the sector's analytical and planning capacity. Finally, numerous laws have been adopted but not yet implemented.
- The setting-up of environmental impact studies as part of all the development projects, the prevention of biotechnological risks and the application of the principles of Clean Development Mechanisms (CDM) will enable the natural resources to be managed in a sustainable manner.

Mining

The Central African mining sector relaunch and development strategy is based on a significant and sustainable increase in mining production so that the sector's share of state revenue is increased two-fold (6%) and that the poverty rate of communities living in mining areas is significantly reduced by 2010. To this end, an exhaustive diagnostic of the mining sector will be carried out with the support of the World Bank so that the main constraints can be pinpointed. The setting-up of an institutional framework and incentive-based and consensual management regulations for investors was considered to be vital, with a view to encouraging transparent sector management and to ensuring that local communities and authorities benefit from the resources generated by mining. In this respect, on-going discussions with partners will lead to the current Mining Law being supplemented in order to make it more effective.

The priority will be to develop SME/SMI and large mining companies in order to stimulate mining production, increase the employment of the rural population and prepare the ground for industrialisation. The priority initiatives will be: (i) set up a geological database, (ii) create a climate which is favourable to mining for SME / SMI and large mining companies, and (iii)

reopen the Bangui International Diamond Exchange. The setting-up of large-scale projects such as UraMin which was bought out by AREVA and Aurafrique, and which will begin production in 2009 and 2010, is a major source of hope for the sector.

With the aim of increasing the income of rural populations and promoting business diversity in mining areas, initiatives will be carried out in order to build the capacities of the people involved, to improve their access to credit, to raise their awareness about work-related, environmental and health risks (particularly HIV / AIDS), and to enable them to better manage migration problems. Similarly, measures will be taken to build the human and material capacities of the public bodies responsible for the sector (the Ministry of Mines, the structure responsible for the Kimberley Process, the mines squad and the creation of a dedicated mines police force.)

Tourism

CAR's rich and diverse fauna and flora has enabled numerous parks and reserves to be set up. These parks and reserves are teeming with rare animal and plant species, but are not sufficiently developed due to numerous constraints. The constraints include the sites not being developed, a lack of hotel accommodation, low institutional and human capacities, as well as little promotion of CAR as a tourist destination. Furthermore, there is no incentive-based scheme for investors in this sector. In addition, the majority of tourist facilities (accommodations and restaurants) are located in Bangui and do not meet international standards.

The following initiatives are set out in the PRSP: (i) the creation of an institutional and regulatory climate favourable to private sector development, (ii) the development of tourist infrastructures (construction of a conference centre, a cultural visitor centre, budget accommodation and eating places, and luxury hotels in three prefectures), (iii) development of natural and cultural sites as well as historic monuments (six tourist sites in rural areas and four in urban areas), and (iv) the setting-up of community projects, the promotion of products such as safaris, eco-tourism, and cultural tourism, and positioning CAR in the international market. In this respect, it will be necessary to improve the capacities of industry professionals and to incorporate the issue of gender into the development of eco-tourism. The involvement of local communities in the management of tourist businesses would enable natural resources to be used viably, poverty to be reduced, the environment to be protected and awareness-raising work about the scourge of HIV / AIDS to be carried out.

Role of the private sector

The government wishes to promote the private sector's role in the economic revival of the country. It has already taken measures aiming to improve the business environment in CAR, notably by bringing the country's business law into line with the OHADA (Organisation for the Harmonisation of Business Law in Africa) Treaty and by setting-up a consultation mechanism with the private sector. The reforms will be further extended, particularly in order to remove the main obstacles to investment, as well as to the good management of natural resources.

Investors will benefit from measures taken to reduce corruption and to ensure improved legal and judicial security for investments, including the creation of a Financial Justice Department, a one-stop shop, and the removal of administrative barriers. Furthermore, investors' rights will be better guaranteed following the introduction of a new telecommunications law reflecting the consensus between the government and the private operators, and the revision of the Investment Law, in order to make it compatible with the CEMAC Common Charter.

More specifically, best practice will be used on draft standard contracts for the mining and energy sectors which will be published on the government's website and CAR will resolutely enter into the EITI process launch phase (The Extractive Industries Transparency Initiative). Finally, forest resources will be protected by the banning of special logging permits, as part of the process of ensuring sustainable forest management. Calls for tender for operating and development plans will be used systematically.

Pillar 4: Develop human capital

CAR's low HDI score (0.373 in 2004) and its drop over the past decade (-8%) reflect deteriorating life expectancy (43 years in 2003) and a low percentage of children in full-time education (net rate of 55% in 2003), with both being among the lowest scores in Sub-Saharan Africa. Explanations for this situation include low levels of spending on social service provision, for example on health, nutrition and education. However, it is acknowledged throughout the world that good policies and appropriate investment in boosting human capital have a definite medium and long-term impact on the level and stability of growth, due to the availability of a qualified labour force which enables productivity gains to be achieved. Increased resources should be allocated to programmes in this sector.

Health

The worsening state of the country's health system comes at a time when the health sector is also facing new challenges. These include: (i) HIV/AIDS with prevalence continuing to rise and which is decimating the labour force in particular, (ii) the new outbreak of tuberculosis which generally accompanies HIV/AIDS, and (iii) the persistence of malaria. Despite insufficient funding, remarkable progress was recorded by the last MICS survey in certain areas, notably the vaccination rate. However, major efforts still need to be made to reduce HIV/AIDS, maternal and child mortality, and to improve access to quality healthcare.

The priority health initiatives aim to: (i) revitalise the health system: train and recruit qualified staff, construct / renovate and equip health establishments, revitalise the governance of health work and programmes, and (ii) fund the implementation of the following priority programmes: a) HIV/AIDS, tuberculosis and malaria prevention, b) maternal and neonatal care, c) essential paediatric care (malnutrition, diarrhoea, respiratory infections, malaria, tuberculosis and HIV), d) vaccination of children aged 0-5 years and pregnant women, e) controlling epidemics (measles, meningitis and haemorrhagic fever) and neglected diseases (high blood pressure, diabetes etc.), and f) family planning (modern methods of contraception).

Education

With regard to the general employment context in the Central African Republic, the national education system is not producing school leavers who fit the needs of the economy. On the one hand, the agricultural and non-formal sector requires literate people to increase its productiveness (and to contribute to the reduction of poverty), and on the other, the modern sector needs a significantly lower number of people who have received quality training. Currently, the majority of young people (70% of a school year) join the labour force without having permanent literacy skills. On the other hand, the annual number of higher education leavers is six times higher than the number of management-level posts on offer. This imbalance between training and employment exacerbates unemployment and underemployment. Only 25% of higher education leavers find a management-level post, with the others taking jobs requiring fewer qualifications (50%) or being unemployed (25%).

In order to maximise the economic and social impact of education, progress towards universal improved quality primary education needs to be made. For the other levels of education (general and technical secondary education, higher education), the emphasis will be laid on the quality and relevance of teaching (diversification, more professional training, improving internal effectiveness), which should be at the heart of future education policy. From this angle, the measuring and monitoring of the "external" performance of the system should enable education to be better tailored to the needs of the national economy.

More specifically, the strategies and programmes in the Education Sector are aiming for quality education via the following initiatives:

- Recruit ready-trained *Fondamental 1* (primary) teachers, train new teachers, provide them with teaching kits, and award them teaching grants in order to bring education to the population and to reduce the pupil - teacher ratio.
- Provide textbooks and pupil learning kits in order to improve the quality of
- teaching and reduce the number of pupils sharing a book.
- Create and boost short professional integration training courses
- for pupils leaving the general education system.
- Renovate and construct classrooms and school buildings
- in order to adapt the supply to the demand.

Employment

Over the past decades, available employment has continuously dropped due to poor economic growth, the lack of security, which has had a negative impact on the population's activity level, and to the deteriorating economic fabric. Unemployment rose from 6.8% in 1988¹ to 7.6% in 2003², with young people being particularly hard hit. This relatively low rate hides the under-employment situation in which the majority of the working population finds itself.

The government's employment strategy is mainly based on developing: (i) self-employment and income generating activities, (ii) highly labour intensive work, and (iii) the promotion of employment in the modern private sector by adapting qualifications

¹ RGPH 1988

² UNDP 2003 ECVR and ECVU

to available jobs. The government will use the following instruments to implement the strategy: the Central African Agency for Professional Training and Employment (CAPTE) and the Public Works and Employment Agency (AGETIP), as well as the Presidency High Commission responsible for the Jeunesse Pionnière Nationale (Youth Welfare and Employment Support Organisation).

More specifically, the government will improve the regulatory and institutional framework in order to adapt it to the socio-economic context. This will include: (i) organising the National Employment and Professional Training Forum with the aim of defining a coherent policy, (ii) updating the legal and regulatory texts on employment and business creation with the aim of bringing them into line with international labour standards, (iii) making the ILO conventions and treaties ratified by CAR (Conventions 122, 142 and 144) more accessible, (iv) promoting social dialogue and a tripartite system in the decision-making bodies, and (v) setting up self-employment and income generating activity support structures and business supervision structures.

Macroeconomic and budgetary framework, financing the strategy

The main objective is to accelerate growth over the 2008-2010 period (annual average GDP volume growth rate of at least 8%) with a low level of inflation and with productivity playing a growing role, thus guaranteeing an improvement in living conditions. In order to achieve this, the investment rate would rise from 10.3% of GDP in 2006 to over 30% in 2010-11, a period during which there would be a high concentration of development projects such as productive projects, and would then stabilise at around 20%, with a growing contribution from private investment, particularly from abroad.

The current economic environment is showing some positive signs thanks to the arrival of new operators in the mining (uranium, gold and diamond) and telecommunications sectors. This environment will also benefit from the positive repercussions of reforms aiming to improve public finances and the business climate, as well as the renovation of basic infrastructures. From a different angle, the financial environment also appears favourable due to improved macroeconomic stability.

The public spending requirements, estimated at XAF 750 billion, are similar to amounts raised in other post-conflict countries. This amount constitutes the critical threshold needed to bolster the revival of the country's economy. The main results expected from these resources over the 2008-2010 period are: (i) strong growth (9.5% per year on average over the period), (ii) an increase in public investment, and (iii) a significant reduction of poverty incidence to 56.6% in 2010.

The financing of this spending requires both an increased domestic effort to harness the country's resources, and a major contribution of aid from partners, as well as genuine and vigorous involvement from private investors.

Mobilisation of resources

Domestic resources

Although the dynamic scenario makes provision for a substantial increase in the state's own revenue, this in itself would not be enough to cover all the additional expenditure. There are two difficulties: (i) the low tax burden which is mainly connected to a weak economic fabric, which itself is caused by a marked decline in the urban economy, poor governance (ineffective collection services and corruption), the lack of public spiritedness on the part of economic operators, and (ii) the foreseeable negative effect on income of the removal of tariff barriers as part of the Regional Economic Partnership Agreement (REPA) with the European Union. Indeed, the annual loss of revenue caused by the REPA would be between XFA 3.4 billion (on the basis of the recorded rate of taxation) and XAF 6.7 billion (on the basis of the notional rate of taxation).

Tax income initiatives will be implemented in order to: (i) expand the tax base, (ii) better tax natural resources via mining and forestry taxation, (iii) improve collection, and (iv) continue the reinforcement of tax authorities, particularly the modernisation of Customs.

The tax burden would rise from 10.2% in 2007 to 12.9% in 2010, making for XAF 80 billion of additional revenue, based on a rise of a third of the nominal GDP over the period. This additional revenue will not cover the planned expenditure for the 2008-2010 period. The resulting global deficit would mainly be financed by foreign countries, in the form of donations and loans at highly favourable rates, in order to maintain the solvency of the country.

Foreign resources

Net foreign financing requirements (after servicing the country's debt) for the 2008-2010 period have been evaluated at a critical threshold of XAF 750 billion (US\$ 1.5 billion). This amount will mainly be allocated to the priority sectors, in order to step up the rehabilitation of infrastructures, the agricultural sector and social services.

A comparison of the planned aid and requirements reveals that the additional resources can be used for projects and budgetary support.

Mechanisms for implementation, monitoring and evaluation

Implementation, monitoring and evaluation

The implementation, monitoring and evaluation strategy is based on a participative, nationally relevant and results-based approach. It involves all the development stakeholders (states, civil society, the private sector, local communities, foreign partners). To this end, an institutional mechanism has been created, bringing together the stakeholders at central, regional and local level, with the aim of promoting the participation of all the interested parties.

The global monitoring and evaluation mechanism includes a set of institutional measures and an information system for poverty reduction. The instruments needed for this task are periodic reports, the reporting mechanism and the evaluation system.

An institutional set of measures organises the committees involved in the implementation and monitoring of the PRSP. The interministerial committee is responsible for setting out the main strategic areas, with the National Technical Committee being the mainspring. A poverty reduction information system, comprising three sub-systems, will enable (i) changes in household living conditions to be monitored, (ii) the carrying-out of PRSP programmes and projects to be monitored, and (iii) the impact of the implementation of the PRSP on the living conditions of population groups to be evaluated.

Within this results-based monitoring system, a list of thirty-three results indicators connected to the policies and programmes of the four pillars of the PRSP has been selected. The list includes: (i) political and security indicators measuring progress in peace consolidation, security, the rule of law, governance, and the decentralisation and reform of the justice system, (ii) economic indicators showing progress made in terms of economic growth, and mobilising resources, and (iii) social indicators measuring improvements to the quality of and access to basic services and infrastructures. These indicators will be periodically updated via the statistics collection scheme planned for the entire period of the PRSP, namely from 2008-2010.

The reporting mechanism involves global and sectoral mid-term reviews of the policies and reforms, the performance of the portfolio of projects and programmes, the execution of the budget and reviews of expenditure, and dialogue with development partners. This will enable all the stakeholders to evaluate, monitor, and if necessary, refocus the initiatives in a completely transparent manner.

The emphasis will be put on results, as evidence of success and of the interested parties' trust being restored, notably that of population groups and the private sector. In this way, the government will obtain the population groups' assessment of the effectiveness and efficiency of public spending. To this end, the government will set up training and supervision initiatives for the population groups in order to enable them to better monitor the programmes. Furthermore, the state will begin an on-going dialogue with the private sector and development partners to reinforce their participation in the implementation of the PRSP. Within this context, the state will ensure better coordination of foreign aid so that it is more effective and benefits the population groups.

Constraints, issues at stake and risks

The PRSP will be implemented in a relatively favourable context, in which the risk factors can be identified and controlled.

The balanced development approach based on clusters should enable inequalities, which are sources of social tension, to be reduced, and could consequently help to reduce the likelihood of conflicts occurring in CAR, and to increase resources. Moreover, the reorganisation of the army and its redeployment to the interior of the country would be major assets for the state as it seeks to win back the national territory and increase national cohesion. Finally, all the efforts made to stop conflicts in neighbouring countries from affecting CAR are also risk reduction factors.

Reforms undertaken to stabilise public finances are worth continuing in order to secure resources, control spending and ensure the transparency of tender awarding procedures. However, in terms of external finance, the low absorption capacity could seriously hamper the process.

Funding the PRSP greatly relies on the contributions of foreign partners. These contributions will be facilitated during the PRSP period by the settlement of arrears, good governance, security, and the effective and transparent implementation of programmes and projects. The Central African state is relying heavily on the ability of its technical and financial partners (TFP) to act in accordance with the undertakings made in the Paris Declaration on Aid Effectiveness (2005).

Conclusion

This PRSP is the result of a wide-scale consultation of all the country's socio-political stakeholders, and now constitutes the reference framework for all economic, social, political and cultural development initiatives with the development partners. Its aim is to reduce poverty incidence, which should drop from 67.2% in 2003 to 56.6% in 2010.

The expected results for the four strategic pillars contained in the PRSP are as follows: (i) an average annual growth rate of 9.5% during the 2008-2010 period due to a substantial increase in public spending, (ii) development of productive sectors, aiming to revive the rural sector, (iii) access for population groups to basic social services, (iv) building human and institutional capacities and promoting good governance, and (v) an improvement in the business environment encouraging an inflow of private investment and an increase in job opportunities.

Due to the scale of the impoverishment of the Central African population, particularly in rural areas (where around 72% of the inhabitants are classified as poor), and the very dilapidated state of the basic economic infrastructures, there is an urgent need to act to meet the PRSP objectives and ensure that the situation of the population of Central Africa has clearly progressed by the deadline for the MDGs (2015).

Appendices

Table A

Bringing cross-sectoral coherence to the PRSP for CAR - cautious scenario

GDP growth rate (%)

	2006	2007	2008	2009	2010
GDP growth rate at constant prices	3.8	4.4	3.8	4.0	3.9
Agriculture for domestic food production	2.9	3.5	2.5	2.5	2.5
Export-oriented agriculture	2.6	44.1	6.1	6.2	9.7
Livestock breeding	0.8	1.5	2.0	2.0	3.0
Hunting and fishing	1.0	1.5	2.0	2.0	3.0
Timber, logging	30.0	7.2	5.0	5.0	5.0
Other forestry products	10.3	6.9	5.0	5.0	5.0
Extractive industry	8.0	8.4	0.0	0.0	5.0
Manufacturing industry	6.5	5.0	7.0	7.0	8.0
Water	5.1	3.0	4.0	5.0	6.0
Electricity	0.0	0.0	15.0	15.0	15.0
Public buildings and works	4.0	6.4	6.5	7.0	4.4
Trading services	7.1	4.0	3.9	4.7	4.9
Transport and communication	17.9	4.0	7.0	7.0	8.0
Commerce	5.0	4.0	3.0	4.0	4.0
Other	3.0	4.0	3.0	4.0	4.0
Government departments	-8.5	-4.6	0.5	0.5	0.5
International co-operation	7.7	7.0	5.0	13.0	2.2
GDP per capita (annual variation)	1.2	1.8	1.2	1.4	1.3

Estimated incidence of poverty (%)

	2006	2007	2008	2009	2010
Total population	64.4	63.4	62.7	62.1	61.3
Urban population	57.0	56.1	55.3	54.7	54.3
Rural population	69.2	68.2	67.5	67.0	66.0

Use of GDP (%)

	2006	2007	2008	2009	2010
Final private consumption	87.6	85.0	84.4	83.9	83.5
Final public consumption	9.7	9.4	9.6	9.5	10.2
Private BTFC	5.3	5.8	6.6	6.8	6.8
Public BTFC	4.9	4.5	4.6	4.8	4.8
Exports	14.6	14.6	14.7	14.3	14.1
Imports of goods and services	22.1	19.3	19.8	19.3	19.5

TOFE (%)

	2006	2007	2008	2009	2010
Revenues (excluding aid)	9.0	10.2	10.9	11.4	11.5
Current spending	10.0	8.9	9.0	9.1	9.8
Salaries	4.8	4.3	3.9	3.5	3.7
Transfers	1.5	1.7	1.9	2.1	2.4
Goods and services	1.7	2.0	2.6	2.9	3.1
Capital spending	3.7	4.5	4.6	4.8	4.8

Source: SFFP Technical committee, Technical departments

Table B

Bringing cross-sectoral coherence to the PRSP for CAR – dynamic scenario

GDP growth rate (%)

	2006	2007	2008	2009	2010
GDP growth rate at constant prices	3.8	4.4	8.5	9.7	11.4
Agriculture for domestic food production	2.9	3.5	3.5	4.0	4.5
Export-oriented agriculture	2.6	47.0	79.9	25.0	59.7
Livestock breeding	0.8	1.5	2.0	3.0	3.0
Hunting and fishing	1.0	1.5	2.0	2.5	2.5
Timber, logging	30.0	7.2	24.4	13.3	2.0
Other forestry products	10.3	6.9	11.4	11.8	2.0
Extractive industry	8.0	8.4	11.3	90.0	93.9
Manufacturing industry	6.5	5.0	8.0	8.0	10.0
Water	5.1	3.0	4.0	4.5	6.0
Electricity	0.0	0.0	15.0	15.0	15.0
Public buildings and works	4.0	6.4	37.1	25.7	17.6
Trading services	7.1	4.0	4.7	5.5	6.7
Transport and communication	17.9	4.0	6.0	7.0	9.0
Commerce	5.0	4.0	4.5	5.0	6.0
Other	3.0	4.0	4.0	5.0	6.0
Government departments	-8.5	-4.6	18.9	8.5	8.6
International co-operation	7.7	7.0	7.0	8.0	8.0
GDP per capita (annual variation)	1.2	1.8	5.8	7.0	8.6

Estimated incidence of poverty (%)

	2006	2007	2008	2009	2010
Total population	64.4	63.4	61.8	60.0	56.8
Urban population	57.0	56.1	54.1	52.5	49.7
Rural population	69.2	68.2	66.9	65.0	61.6

Use of GDP (%)

	2006	2007	2008	2009	2010
Final private consumption	87.6	85.0	80.4	75.3	70.6
Final public consumption	9.7	9.4	11.8	12.4	13.1
Private BTFC	5.3	5.8	6.0	6.3	6.7
Public BTFC	4.9	4.5	17.8	22.0	24.7
Exports	14.6	14.8	15.5	19.4	26.6
Imports of goods and services	22.1	19.5	31.5	35.4	41.7

TOFE (%)

	2006	2007	2008	2009	2010
Revenues (excluding aid)	9.0	10.2	11.4	12.3	12.9
Current spending	10.0	8.9	10.7	11.4	12.0
Salaries	4.8	4.3	4.8	4.9	5.0
Transfers	1.5	1.7	2.1	2.4	2.4
Goods and services	1.7	2.0	3.1	3.5	3.8
Capital spending	3.7	4.5	17.8	22.0	24.7

Source: SFFP Technical committee, Technical departments

Table C

Overall cost of the PRSP Action Plan by pillar (millions)

Pillar	A			B			C			D (A+B+C)		
	Financing acquired in 2007			Financing to be sought in 2008-2010			Financing to be sought after 2010			Global cost of programmes and projects		
	XAF	EUR	USD	XAF	EUR	USD	XAF	EUR	USD	XAF	EUR	USD
1	0	0.0	0.0	34,673	52.9	73.2	97,980	149.4	206.7	132,653	202.2	279.9
	0	0.0	0.0	34,673	52.9	73.2	97,980	149.4	206.7	132,653	202.2	279.9
2	12,182	18.6	25.7	35,751	54.5	75.4	83,926	127.9	177.1	131,858	201.0	278.2
	0	0.0	0.0	35,751	54.5	75.4	83,926	127.9	177.1	119,677	182.4	252.5
Acquired	12,182	18.6	25.7	0	0.0	0.0	0	0.0	0.0	12,182	18.6	25.7
3	71,155	108.5	150.1	419,663	639.8	885.4	695,161	1,059.8	1,466.6	1,185,979	1,808.0	2,502.1
	0	0.0	0.0	419,663	639.8	885.4	695,161	1,059.8	1,466.6	1,114,824	1,699.5	2,351.9
Acquired	71,155	108.5	150.1	0	0.0	0.0	0	0.0	0.0	71,155	108.5	150.1
4	56,575	86.2	119.4	143,369	218.6	302.5	88,582	135.0	186.9	288,527	439.9	608.7
	0	0.0	0.0	143,369	218.6	302.5	88,582	135.0	186.9	231,952	353.6	489.3
Acquired	56,575	86.2	119.4	0	0.0	0.0	0	0.0	0.0	56,575	86.2	119.4
Total	139,912	213.3	295.2	633,457	965.7	1,336.4	965,649	1,472.1	2,037.2	1,739,018	2,651.1	3,668.8

1 EUR = XAF 655.957

1 USD = XAF 47.4 at the BEAC XAF rate on 17 September 2007

Table D

Global cost of each area of the PRSP Action Plan (millions)

Area	A			B			C			D (A+B+C)		
	Financing acquired in 2007			Financing to be sought in 2008-2010			Financing to be sought after 2010			Global cost of programmes and projects		
	XAF	EUR	USD	XAF	EUR	USD	XAF	EUR	USD	XAF	EUR	USD
Governance	182	0.3	0.4	39,617	60.4	83.6	96,094	146.5	202.7	135,892	207.2	286.7
Security, peace and justice	0	0.0	0.0	18,292	27.9	38.6	50,699	77.3	107.0	68,991	105.2	145.6
Economic and financial governance	30	0.0	0.1	13,801	21.0	29.1	27,194	41.5	57.4	41,025	62.5	86.6
Institutional reforms	152	0.2	0.3	4,983	7.6	10.5	10,742	16.4	22.7	15,877	24.2	33.5
Consolidating democracy	0	0.0	0.0	2,542	3.9	5.4	7,458	11.4	15.7	10,000	15.2	21.1
Infrastructure	69,043	105.3	145.7	416,468	634.9	878.6	696,454	1,061.7	1,469.3	1,181,966	1,801.9	2,493.6
Transport infrastructure	66,000	100.6	139.2	174,504	266.0	368.2	347,530	529.8	733.2	588,034	896.5	1,240.6
Energy infrastructure	0	0.0	0.0	146,985	224.1	310.1	193,165	294.5	407.5	340,151	518.6	717.6
Telecommunications infrastructure	0	0.0	0.0	27,499	41.9	58.0	101,779	155.2	214.7	129,278	197.1	272.7
Health infrastructure	2,834	4.3	6.0	42,617	65.0	89.9	29,134	44.4	61.5	74,585	113.7	157.4
Educational infrastructure	209	0.3	0.4	17,487	26.7	36.9	11,192	17.1	23.6	28,888	44.0	60.9
Administrative infrastructure	0	0.0	0.0	5,043	7.7	10.6	10,314	15.7	21.8	15,357	23.4	32.4
Communications infrastructure	0	0.0	0.0	1,870	2.9	3.9	1,982	3.0	4.2	3,853	5.9	8.1
Sports infrastructure	0	0.0	0.0	463	0.7	1.0	1,358	2.1	2.9	1,821	2.8	3.8
Rural development	2,229	3.4	4.7	63,168	96.3	133.3	1,633	2.5	3.4	67,030	102.2	141.4
Village hydraulic systems	2,229	3.4	4.7	21,756	33.2	45.9	1,633	2.5	3.4	25,618	39.1	54.0
Food self-sufficiency	0	0.0	0.0	19,990	30.5	42.2	0	0.0	0.0	19,990	30.5	42.2
Revival of stock-breeding	0	0.0	0.0	16,197	24.7	34.2	0	0.0	0.0	16,197	24.7	34.2
Forest production	0	0.0	0.0	5,225	8.0	11.0	0	0.0	0.0	5,225	8.0	11.0
Health and social affairs	49,826	76.0	105.1	19,326	29.5	40.8	12,368	18.9	26.1	81,520	124.3	172.0
Screening and treatment	49,826	76.0	105.1	18,840	28.7	39.7	12,058	18.4	25.4	80,724	123.1	170.3
Social affairs	0	0.0	0.0	485	0.7	1.0	311	0.5	0.7	796	1.2	1.7
Town Planning and Housing	9,000	13.7	19.0	10,925	16.7	23.0	31,075	47.4	65.6	51,000	77.7	107.6
Urban development	9,000	13.7	19.0	10,498	16.0	22.1	30,802	47.0	65.0	50,300	76.7	106.1
Sanitation	0	0.0	0.0	427	0.7	0.9	273	0.4	0.6	700	1.1	1.5
Culture and tourism	0	0.0	0.0	5,464	8.3	11.5	6,293	9.6	13.3	11,757	17.9	24.8
Environment	5,155	7.9	10.9	3,290	5.0	6.9	310	0.5	0.7	8,755	13.3	18.5
Gender	0	0.0	0.0	3,812	5.8	8.0	2,439	3.7	5.1	6,251	9.5	13.2
Building capacities	4,477	6.8	9.4	71,388	108.8	150.6	118,982	181.4	251.0	194,847	297.0	411.1
Total	139,912	213.3	295.2	633,457	965.7	1,336.4	965,649	1,472.1	2,037.2	1,739,018	2,651.1	3,668.8

1 EUR = XAF 655.957

1 USD = XAF 474 at the BEAC XAF rate on 17 September 2007

Table E

Global cost of the PRSP Action Plan by pillar and by programme (millions)

Pillar	Strategy	A			B			C			D (A+B+C)		
		Financing acquired in 2007			Financing to be sought in 2008-2010			Financing to be sought after 2010			Global cost of programmes and projects		
		XAF	EUR	USD	XAF	EUR	USD	XAF	EUR	USD	XAF	EUR	USD
1	Restoring security, consolidating peace, and preventing conflict	0	0.0	0.0	34,673	52.9	73.2	97,980	149.4	206.7	132,653	202.2	279.9
	Reinforce the human and equipment capacity of the Defence and Security Forces	0	0.0	0.0	17,823	27.2	37.6	52,295	79.7	110.3	70,119	106.9	147.9
	Restructure and regionally reorganise the DSF	0	0.0	0.0	11,901	18.1	25.1	34,919	53.2	73.7	46,820	71.4	98.8
	Re-establish and build up the trust of the population	0	0.0	0.0	4,237	6.5	8.9	8,678	13.2	18.3	12,915	19.7	27.2
	Sub-regional security and prevent the proliferation of small arms	0	0.0	0.0	712	1.1	1.5	2,088	3.2	4.4	2,800	4.3	5.9
2	Promoting good governance and the rule of law	12,182	18.6	25.7	35,751	54.5	75.4	83,926	127.9	177.1	131,858	201.0	278.2
	Improve and make the public services effective	12,152	18.5	25.6	17,774	27.1	37.5	46,586	71.0	98.3	76,511	116.6	161.4
	Improve the management of public finances	0	0.0	0.0	350	0.5	0.7	1,028	1.6	2.2	1,378	2.1	2.9
	Create a climate favourable to the development of the private sector	30	0.0	0.1	1,518	2.3	3.2	2,785	4.2	5.9	4,333	6.6	9.1
	Promote a culture of democracy	0	0.0	0.0	9,761	14.9	20.6	17,870	27.2	37.7	27,631	42.1	58.3
Promote the respect of human rights	0	0.0	0.0	178	0.3	0.4	523	0.8	1.1	702	1.1	1.5	
Give a fresh boost to the process of decentralisation	0	0.0	0.0	3,127	4.8	6.6	9,176	14.0	19.4	12,304	18.8	26.0	
Renovate, construct and provide services to urban areas	0	0.0	0.0	3,043	4.6	6.4	5,957	9.1	12.6	9,000	13.7	19.0	

1 EUR = XAF 655.957

1 USD = XAF 47.4 at the BEAC XAF rate on 17 September 2007

