

9. Country profile: Central African Republic



1. Development profile

Despite its ample supply of natural resources – including gold, diamonds, timber, uranium and fertile soil – economic development in the Central African Republic is hampered by its landlocked geographic position, poor basic infrastructure, unskilled workforce, high levels of poverty and rising HIV/AIDS levels.¹ The country also suffers from regular periods of political instability, with its most recent coup in 2003. Since then, “factional fighting between the government and its opponents remains a drag on economic revitalisation”.² In December 2008, political discussions that included the government and leaders of rebel groups resulted in a peaceful agreement that a consensus government would be formed and operate until elections in 2010; however, these elections have since been postponed to 2011.

According to the World Bank, the government has a history of “misguided” policies. Notably, it has failed to effectively collect revenue, and recent accounts indicate that the government has fallen behind in civilian and military payrolls.³ The government has also had persistent problems with economic growth and poverty reduction within the country. Many of these problems can reasonably be attributed to instability caused by rebel groups in the country, as well as instability in neighbouring nations.

All of this has resulted in the Central African Republic being one of the least developed countries in the world. An estimated 62.4 percent of the population lives below the poverty line, and life expectancy is only 46.7 years. Moreover, CAR has a very young population, with a child dependency ratio of 72.3. While education is compulsory for six years and the literacy rate is 48.6 percent, there are few viable economic opportunities for CAR’s youth. Its poor development places the country near the bottom of the Human Development Index, ranking 179 out of 182 countries.⁴

¹ World Bank. (2010, September). *Central African Republic: Country Brief*. Retrieved from World Bank: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/CENTRALAFREXTN/0,,menuPK:350009~pagePK:141132~piPK:141107~theSitePK:349999,00.html>

² CIA. (November, 2010). *Central African Republic*. Retrieved from United States Central Intelligence Agency: <https://www.cia.gov/library/publications/the-world-factbook/geos/ct.html>

³ Ibid.

⁴ World Bank (2010).

Before the 2008 global crisis, it appeared that CAR was beginning to overcome the barriers to its development: “from 2005 to 2007, GDP rose from 2.2 percent to 4.2 percent, inflation fell from 2.9 percent to 0.9 percent, and the budgetary position improved”.⁵ Unfortunately, however, much of this progress can be attributed to the rising commodity prices for diamonds, cotton and timber, which have since fallen.

Socioeconomic indicators⁶	
Population (millions)	4.4
GNI per capita, PPP (current USD)	\$730
GDP (current USD) (billions)	\$2.0
GDP composition by sector (%)	Agriculture – 53 Industry- 14 Services- 32
GDP growth rate (%)	3.9
Percent below poverty line (%)	62.4
Inflation (%)	4.6
GINI index	43.6
Adult literacy rate (%)	48.6
Life expectancy (years)	47
Child dependency ratio	72.3
Elderly dependency ratio	6.9
HIV prevalence (%)	6.3
Overseas development aid per capita (current USD)	\$41
Net official development assistance 2005 (USD Millions)	\$95
Remittances as % of GDP	Unknown
2009 Human Development Index (HDI) ranking	179/182

2. Vulnerability analysis

2.1 External shocks

Central African Republic’s industries have been severely hurt by the recent global crisis: “export volume declined by 18.2 percent in 2008 and is projected to decrease further in 2009 (-21 percent) against a pre-crisis projected increase of 6.9 percent in 2009”.⁷ The decreases in government revenue are sure to put pressure on social sector investments at the national level. Moreover, the nation’s

⁵ ADB. (2008, October). *Central African Republic (CAR) Completion Report: Joint Interim Strategy Note (JISN) 2007-2008 of the African Development Bank and the World Bank*. Retrieved from African Development Bank: <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/ADB-BD-IF-2008-251-EN-CAR-PCR-OF-THE-JOINT-INTERIM-STRATEGY-NOTE-JISN.PDF>

⁶ World Bank. (2010). *World Development Indicators*. Retrieved from World Bank: <http://data.worldbank.org/indicator>

⁷ World Bank (2010). *Central African Republic: Country Brief*.

citizens already suffer from high levels of food insecurity; estimates point to chronic malnutrition rates of 30 percent in the year 2006.⁸

2.2 HIV/AIDS

CAR's HIV/AIDS levels are above the regional average and are expected to worsen as a result of an ongoing lack of initiative by the national government to limit the spread of the disease. If left unchecked, rising prevalence levels will begin to impact CAR's labour-intensive industries.

2.3 Foreign aid and remittances

Foreign aid accounts for roughly 10 percent of GDP, or \$41 USD per capita.⁹ This puts CAR at risk in the face of governments' and international donors' constrained ability to provide aid.

2.4 Infrastructure

CAR lacks an efficient and regular supply of electricity, limiting foreign direct investment flows and impeding the government's attempts to diversify its exports. This stems from multiple infrastructure problems the nation faces, including the breakdown of a major hydro-power plant within the country.

2.5 Political conflict

Since achieving independence in 1960, the Central African Republic has been marred by internal political conflict. Numerous coups and rebellions have inhibited the establishment of consistent and well-planned economic development strategies. The government is set to face elections in 2011, but security issues are increasingly becoming a problem for a truly democratic election.¹⁰

3. Monitoring and evaluation

The Central African Republic is still in the early stages of developing M&E systems. According to the 2007 Analytical Summary of the *Poverty Reduction Strategy Paper (PRSP) 2008-2010*, the government, in collaboration with the World Bank and IMF, has selected 33 results indicators with which to measure its future progress.¹¹ Reporting mechanisms will include midterm reviews, sector reports, budget assessments and performance evaluations of government initiatives.¹²

⁸ WFP. (2010). *Central African Republic*. Retrieved from World Food Programme: <http://www.wfp.org/countries/central-african-republic>

⁹ World Bank. (2010, April). *Central African Republic: Data Profile*. Retrieved from World Bank: http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=&REPORT_ID=9147&REQUEST_TYPE=VIEWADVANCED

¹⁰ World Bank (2010). *Central African Republic: Country Brief*.

¹¹ Government of Central African Republic. (2007). *PRSP 2008-2010: Poverty Reduction Strategy Paper Analytical Summary*. Retrieved from Ministry of Economic Planning and International Coordination, Government of Central African Republic: http://hdptcar.net/files/documents/CAR_PRSP_AnalyticalSummary_ENG.pdf

¹² Ibid.

4. Social assistance programmes overview

*All currency conversions based on:

- XAF = 0.0021 USD
- 1 GBP = 1.57 USD
- 1 EUR = 1.36 USD¹³

Programme# 1: in-kind food transfer	Programme name	Food Response Programme¹⁴
	Programme components	<ul style="list-style-type: none"> ▪ School feeding programmes will provide two meals a day to children at the pre- and primary-school level. ▪ Agricultural supplies and improved techniques will be provided to producers, organisations and rural communities to help increase agriculture supply.
	Programme duration	<ul style="list-style-type: none"> ▪ The project was to run from August 2008 to August 2010. However, in April 2010, the World Bank announced an extension of the programme until 2012.¹⁵
	Programme coverage	<ul style="list-style-type: none"> ▪ 153,000 out of 443,263 enrolled primary school children in Central African Republic. ▪ 70,000 rural producers and groups designated as economically vulnerable.
	Beneficiary determination process	<ul style="list-style-type: none"> ▪ Geographic targeting will be based primarily on the prevalence of food insecurity and rural development potential. ▪ Only 12 of 17 prefectures will be eligible for support. ▪ Those excluded include people in rural areas who do not own land and are unemployed.
	Finance	<ul style="list-style-type: none"> ▪ \$6.5 million USD. ▪ Project funded by the Global Food Crisis Response Programme, World Bank, and World Food Programme.
	Legal framework	<ul style="list-style-type: none"> ▪ The Comprehensive Development Framework is a National Government development plan, which targets poverty reduction and macroeconomic growth. ▪ The Development Plan started in 2000 and is still being implemented. There have been changes on the course.

¹³ *Universal Currency Converter*. (2010). Retrieved from XE: <http://www.xe.com/ucc/full/>

¹⁴ Table drawn from World Bank. (2008, July 31). *Food Price Crisis Response Trust Fund Emergency Project Paper on a Proposed Grant Under the Global Food Crisis Reponse Program in the Amount of US\$7.0 Million to the Central African Republic for a Food Response Project*. Retrieved from World Bank: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/08/07/000334955_20080807040329/Rendered/PDF/448200PJPR0P111Y10IDA1SecM200810533.pdf

¹⁵ World Bank. (2010, April 12). *Restructuring Paper on a Proposed Project Restructuring of Food Response Project TF092672*. Retrieved from World Bank: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/05/18/000333037_20100518005216/Rendered/PDF/544800PJPR0P111OX0349416B001PUBLIC1.pdf

	Administrative framework	<ul style="list-style-type: none"> ▪ Led by World Food Programme. ▪ Government-led agricultural supply component.
	Monitoring and evaluation	<ul style="list-style-type: none"> ▪ The World Bank is leading the M&E for the project. ▪ The government is expected to assist in M&E efforts, particularly in selecting NGOs to implement the Agricultural Supply Response component of the FRP. ▪ Internal arrangements will be made in order to authorise and control every transaction undertaken in the name of the programme.
	Programme barriers	<ul style="list-style-type: none"> ▪ Financing has proven to be insufficient. ▪ Programme coverage is minimal.

Programme# 2: social insurance	Programme name	Old Age, Disability and Survivors¹⁶
	Programme components	<ul style="list-style-type: none"> ▪ Old-age pension: The pension is equal to 40% of the insured's average monthly earnings in the last 3 or 5 years (whichever amount is greater) plus 1% of average monthly earnings for each 12-month period of contributions from 280 to 350 months. ▪ Old-age allowance: A lump sum is paid equal to 1 month of average earnings for each 12-month period of coverage. ▪ Disability pension: The pension is equal to 40% of average monthly earnings in the last 3 or 5 years (whichever amount is greater) plus 1% of average monthly earnings for each 12-month period of contributions from 280 to 350 months. The insured is credited with 6 months of coverage for each year that a claim is made before the normal retirement age. ▪ Survivor pension: the spouse receives 50% of the deceased's pension. If there is more than one widow, the amount is split equally. ▪ Orphan's pension: all orphans' pensions combined are equal to 50% of the deceased's pension; 100% for full orphans. ▪ Survivor settlement: a lump sum is paid equal to 1 month of the old-age pension the deceased received or would have been entitled to receive for each 6-month period of coverage.
	Programme coverage	<ul style="list-style-type: none"> ▪ Employed persons, including employees of the national public service and local authorities, students in professional schools, trainees, and apprentices. ▪ Voluntary coverage for self-employed persons. ▪ Exclusions: agricultural, temporary, and occasional workers.

¹⁶ Table text from ISSA. (2009, August). *Social Security Programs Throughout the World: Africa 2009*. Retrieved from International Social Security Administration: <http://www.socialsecurity.gov/policy/docs/progdsc/ssptw/2008-2009/africa/ssptw09africa.pdf>

	Beneficiary determination process	<ul style="list-style-type: none"> ▪ Old-age pension: Age 60 (age 55 if prematurely aged) with at least 180 months of contributions. Retirement from gainful employment is necessary ▪ Old-age allowance: Age 60 (age 55 if prematurely aged) with at least 12 months of coverage but does not satisfy the qualifying conditions for the old-age pension. ▪ Disability pension: The insured must be assessed with a loss of earning capacity of at least 66.7%, be registered with the fund for at least 5 years, and have at least 6 months of contributions in the year before the disability began (conditions are waived for employed persons if the disability is a result of a non-occupational accident). The pension is paid after 6 consecutive months of disability provided that the disability is expected to last for at least another 6 months. ▪ Survivor pension: Paid to the survivor if the deceased met the requirements for a pension or was a pensioner at the time of death. ▪ Survivor settlement: Paid to the survivor if the deceased was insured but did not meet the qualifying conditions for a pension.
	Finance	<ul style="list-style-type: none"> ▪ Insured person: 4% of gross earnings. ▪ Self-employed: voluntary. ▪ Employer: 3% of gross payroll.
	Legal framework	<ul style="list-style-type: none"> ▪ Current law passed in 2006.
	Administrative framework	<ul style="list-style-type: none"> ▪ Ministry of Public Administration, Labor, Social Security, and Professional Placement provides general supervision. ▪ Central African Social Security Office administers the program.

Programme # 3: social insurance	Programme name	Maternity Benefit¹⁷
	Programme components	<ul style="list-style-type: none"> ▪ Maternity benefit: The benefit is equal to 50% of the insured's daily earnings and is paid for up to 8 weeks before and 6 weeks after the expected date of childbirth; may be extended up to 9 weeks in the event of complications arising from pregnancy or childbirth.
	Programme coverage	<ul style="list-style-type: none"> ▪ Employed women.
	Beneficiary determination process	<ul style="list-style-type: none"> ▪ The insured must have at least 6 months of insured employment.
	Finance	<ul style="list-style-type: none"> ▪ Employer: 12% of payroll.
	Legal framework	<ul style="list-style-type: none"> ▪ Current law passed in 2006.
	Administrative framework	<ul style="list-style-type: none"> ▪ Ministry of Public Administration, Labour, Social Security, and Professional Placement provides general supervision. ▪ Central African Social Security Office administers the program.

¹⁷ Ibid.

Programme# 4: social insurance	Programme name	Work Injury¹⁸
	Programme components	<ul style="list-style-type: none"> ▪ Temporary disability benefits: The monthly benefit is equal to 50% of the insured's average daily earnings in the 30 days before the disability began for the first 28 days of disability; thereafter, 66.7% of average daily earnings. The benefit is paid from the day after the disability began until full recovery or certification of permanent disability. ▪ Permanent disability pension: If the insured is assessed with a total disability, the pension is equal to 100% of the insured's average monthly earnings, up to a maximum. ▪ Constant-attendance supplement: If the insured requires the constant attendance of others to perform daily functions, 40% of the pension is paid. ▪ Workers' medical benefits: Benefits include medical and surgical care, hospitalisation, medicines, appliances, rehabilitation, and transportation. ▪ Survivor pension: The pension is equal to 30% of the deceased's average monthly earnings, up to a maximum. If there is more than one widow, the pension is split equally. ▪ Orphan's pension: 15% of the deceased's average monthly earnings, up to a maximum, is paid for each of the first two orphans; 10% for each additional orphan; 20% for each full orphan. ▪ Dependent parent's and grandparent's pension: Each dependent parent and grandparent receives a pension equal to 10% of the deceased's average monthly earnings. ▪ Funeral grant: The grant is equal to 0.02% of the deceased's annual income.
	Programme coverage	<ul style="list-style-type: none"> ▪ Employed persons and members of producers' cooperatives. ▪ Exclusions: agricultural, temporary, and occasional workers; and self-employed persons.
	Beneficiary determination process	<ul style="list-style-type: none"> ▪ No minimum qualifying period.
	Finance	<ul style="list-style-type: none"> ▪ Employer: 3% of payroll.
	Legal framework	<ul style="list-style-type: none"> ▪ Current law passed in 2006.
Administrative framework	<ul style="list-style-type: none"> ▪ Ministry of Public Administration, Labour, Social Security, and Professional Placement provides general supervision. ▪ Central African Social Security Office administers the program. 	

¹⁸ Ibid.

Programme# 5: social insurance	Programme name	Family Allowance¹⁹
	Programme components	<ul style="list-style-type: none"> ▪ Family allowance: 1,500 CFA francs (\$3.10 USD) a month is paid for each child. ▪ Prenatal allowance: 1,500 CFA francs (\$3.10 USD) a month is paid for 9 months. ▪ Birth grant: A lump sum of 30,000 CFA francs (\$62.06 USD) is paid for each of the first three births. ▪ Some health and welfare services are also provided to mothers and children.
	Programme coverage	<ul style="list-style-type: none"> ▪ Employed persons and social insurance beneficiaries. ▪ Self-employed persons are excluded.
	Beneficiary determination process	<ul style="list-style-type: none"> ▪ Family allowance: <ul style="list-style-type: none"> ○ The child must be younger than age 15 (age 18 if an apprentice, age 21 if a student or disabled). ○ School attendance is required for children of school age. ○ The parent must have at least 6 months of employment and be currently working at least 20 days or 133 hours a month or be a social insurance beneficiary. ○ The number of eligible dependent children is limited to six. ○ Children who reach the age limit may be replaced by another eligible minor child. ▪ Prenatal allowance: The insured must undergo regular prescribed medical examinations. ▪ Birth grant: Paid for each of the first three births.
	Finance	<ul style="list-style-type: none"> ▪ Employer: 12% of payroll.
	Legal framework	<ul style="list-style-type: none"> ▪ Current law passed in 2006.
	Administrative framework	<ul style="list-style-type: none"> ▪ Ministry of Public Administration, Labour, Social Security, and Professional Placement provides general supervision. ▪ Central African Social Security Office administers the program.

¹⁹ Ibid.