

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



Central African Republic (CAR)

Completion Report:

**JOINT INTERIM STRATEGY NOTE (JISN) 2007-2008 OF THE
AFRICAN DEVELOPMENT BANK AND THE WORLD BANK**

COUNTRY REGIONAL DEPARTMENT, CENTER (ORCE)

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LIST OF ACRONYMS

ADF	:	African Development Fund
CAR	:	Central African Republic
CEMAC	:	Central African Economic and Monetary Community
CFAA	:	Country Financial Accountability Assessment
PTC-SAP	:	Permanent Technical Committee for Monitoring Structural Adjustment Programmes
DWSS	:	Drinking Water Supply and Sanitation
EITI	:	Extractive Industries Transparency Initiative
ERSP	:	Economic Reform Support Programme
ESFPF	:	Economic and Social Policy Framework Paper
EU	:	European Union
GDP	:	Gross Domestic Product
HDI	:	Human Development Index
HIPCI	:	Heavily Indebted Poor Countries Initiative
JCPSP	:	Joint Country Partnership Strategy Paper
JISN	:	Joint Interim Strategy Note
LICUS	:	Low Income Countries under Stress
MDG	:	Millennium Development Goals
MEPCI	:	Ministry of Economy, Planning and International Cooperation
MFB	:	Ministry of Finance and Budget
PARCPE	:	Economic Planning Capacity Rehabilitation Support Programme
PCCF	:	Post-Conflict Country Facility
PRGF	:	Poverty Reduction and Growth Facility
PRSP	:	Poverty Reduction Strategy Paper
PSEGV	:	Project for the Socio-Economic Promotion of Vulnerable Groups
PSES	:	Emergency AIDS, Education, Health Project
PURISU	:	Emergency Urban Infrastructure Rehabilitation and Maintenance Project
RIBSUP	:	Re-engagement and Institution-Building Support Programme
UA	:	Unit of Account
WB	:	World Bank

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EXECUTIVE SUMMARY

1. The African Development Bank (the Bank) and the World Bank (WB) prepared a Joint Interim Strategy Note (JISN) 2007-2008 with the aim of helping Central African Republic (CAR) recover and lay the foundation for sustained and shared economic growth. To this end, the JISN comprised *two pillars, namely (i) support economic recovery, as well as improve governance and build capacity in the public sector; and (ii) promote human capital, especially in favour of the underprivileged*. In order to monitor the implementation of the JISN, the Bank and the WB drew up a Results Matrix comprising five objectives and 13 outcomes that they expected to influence by 2008, as well as 22 activities (11 for the Bank and 12 for the WB) that they undertook to implement. Progress achieved under the JISN will be evaluated on the basis of this Results Matrix.

2. **The JISN has partially achieved its goal**, which is to *help CAR recover and lay the foundation for sustained and shared economic growth*. Although the economy is on the path to recovery, growth (4.1% in 2006-2007) is still low within the context of a post-conflict country, which is usually characterized by double-digit growth figures, and the socio-economic situation of the population continues to be a source of concern with an estimated incidence of poverty of over 67% and a low HDI ranking that places CAR 171 out of 177 countries, in terms of income, health and education.

3. **Pillar I:** This pillar comprised three strategic objectives, namely increased external assistance flows to underpin recovery, improved public sector governance and efficiency, and fostering recovery in key sectors. Significant strides were made, particularly in the area of improved public sector governance and efficiency. In terms of the six specific outcomes that the WB and the Bank expected to influence by 2008, four were achieved (clearance of CAR's external arrears to multilateral institutions, reaching HIPC decision point, bringing under control Treasury advances for non-wage expenditure by accounting for expenditure made, and adoption of an action plan based on the institutional assessment of the mining sector and initiation of the EITI membership process), one (drafting of standard agreements for the mining and energy sector) is expected to be achieved by the end of 2008 while the last one (reduction of travel time between Douala and Bangui) can only be achieved as from 2010-2011 (cf. Annex 1). It is worth pointing out, however, that the two specific outcomes prescribed by the JISN in the public sector (bringing under control Treasury advances for non-wage expenditure and drafting of standard agreements for the mining and energy sector) do not entirely reflect the significant achievements chalked up under this strategic objective. Furthermore, the two specific outcomes envisaged for the recovery of key sectors of the Central African economy (reduction of travel time between Douala and Bangui, adoption of an action plan based on the institutional assessment of the mining sector and initiation of the EITI membership process) are insufficient to attain the strategic objective targeted.

4. **Pillar II:** The strategic objectives of this pillar were to restore and strengthen the social capital and capacity at the community level and assist recovery in social services delivery. Pillar II recorded significant outcomes, which nonetheless still fall short of the enormous needs of the country in the post-conflict period. Three of the seven specific outcomes the WB and the Bank expected to influence by 2008 were achieved (socio-economic reintegration of 7,500 ex-combatants, improved capacity of community and stakeholders to take part effectively in formulating and implementing the PSRP, and increased use of Voluntary Counselling and

Testing services), two are ongoing (implementation of 80 micro-projects, and public works in three Bangui suburbs) while one was not implemented (rehabilitation of ten bridges in Mbomou and Haute Mbomou). With regard to maintaining and improving Phase II of the security status of the UN, this has been achieved in Bangui but not countrywide. Moreover, the choice of this specific outcome does not seem relevant inasmuch as the security sector, which is supported by the United Nations System, is not directly covered by the JISN.

5. **Performance of the Bank and the WB:** Preparation of the JISN was a close partnership exercise between the Bank and the WB, which allowed the two institutions to capitalize on their complementarity to provide a homogeneous response to the problems of CAR. However, the inadequacy of the performance of the Bank and the WB in the preparation of the JISN lies in the choice of the specific outcomes underpinning the five strategic objectives of the JISN. This choice was not entirely satisfactory as the achievement of these specific outcomes did not permit the attainment of certain strategic objectives of the JISN. Nonetheless, the performance of the Bank and the WB in the implementation of the JISN is satisfactory. Overall, the Bank and the WB fulfilled their commitments under the JISN, and even carried out additional operations that were originally not planned under the JISN such as the supplementary financing (UA 3.797 million) of the Economic Reform Support Programme (ERSP) in December 2007, ERSP II (UA 6.5 million) scheduled for September 2008 by the Bank, and the LICUS (Low Income Countries Under Stress) grant, which was an emergency assistance of US\$2 million in March 2008 as well as the WB's Economic Reform and Good Governance Support Programme (US\$8 million) in May 2008. The key factors that account for this performance are the collaboration between the Bank and the WB, and the capacity of the two institutions to remain attentive to the country's concerns and to respond speedily to the emergencies of this fragile State.

6. The performance of the Bank and the WB's portfolios were rated satisfactory by the respective missions of the two institutions and the joint review mission of March and April 2008. However, the main difficulties affecting implementation of projects were: (i) the weaknesses of the public procurement system in CAR; (ii) limited supply on the local market and lack of local expertise in certain areas; (iii) the high cost of inputs such as cement for construction or rehabilitation works; (iv) slow project start-ups and slippage on project implementation schedules; and (v) the presence of the WB and the Bank in CAR, which is still considered inadequate. The preparation of a monitoring plan for ongoing operations, the conduct henceforth of the joint Bank-World Bank review alongside the meetings of the National Strategic Committee (CNS) for the implementation of the PRSP, and the operationalization of the new public procurement code could contribute to improving the portfolio's performance.

7. The lessons learnt from the JISN including the need to strengthen the links between the specific outcomes and the strategic objectives of the pillars, to shift from an emergency approach to one of economic recovery, to consolidate peace and security and to strengthen the absorption and ownership capacity of reforms by CAR will enrich consultations on the new Bank/WB joint strategy in CAR for the period 2009-2013. This new strategy is part of a phase of strengthening economic growth and poverty reduction, which constitute the next set of challenges for CAR under the Poverty Reduction Strategy Paper (PRSP).

I. INTRODUCTION

1.1 The Completion Report of the African Development Bank (the Bank)/World Bank (WB) Joint Interim Strategy Note 2007-2008 (JISN) on the Central African Republic (CAR) is intended to assess the outcomes, relevance and impact of the JSIN, and to draw lessons for the new Joint Country Partnership Strategy Paper (JCPSP) that will replace the JISN from 2009.

1.2 The Bank's Boards of Directors approved the JISN 2007-2008 on 20 December 2006, and welcomed the coordinated approach by the development partners since their reengagement in CAR, spearheaded by the Bank and the WB. In line with the recommendation of the Boards, the two institutions continued to collaborate in the implementation of the JISN through the preparation of the Economic Reform Support Programme I (ERSP I) in 2007 with a joint matrix of measures, joint review of the JISN from March to April 2008, the preparation of ERSP II in 2008 with joint preparation missions and a common matrix, and the on-going preparation of the JCPSP 2009-2013. The Government hailed this collaboration as an example of harmonization to pursue.

1.3 The JISN Completion Report was prepared at the end of a joint Bank/WB mission in CAR in March-April 2008. Since the JISN is an interim strategy, WB procedures do not make provision for the preparation of a completion report. Consequently this report prepared by the Bank will take into account WB activities within the JISN framework.

1.4 The Report consists of: (i) the introduction; (ii) the background and recent developments in CAR; (iii) the implementation of the JISN and its outcomes; (iv) the performance of the Bank and CAR; (v) lessons for the next strategy; and (vi) conclusions and recommendations.

II. BACKGROUND AND RECENT DEVELOPMENTS

The Political and Security Situation

2.1 *The socio-political and security situation improved significantly in 2007 to 2008, but is still of concern.* Subsequent to the signing of the peace accords between the Government and the Union of Democratic Forces for Unity (UFDR) rebel group in 2007, some progress has been made in the preparation of the Inclusive Political Dialogue between the main political parties and the military leaders. The Preparatory Committee of the Inclusive Political Dialogue finished its work at the end of March 2008, and recommended the following themes for the Dialogue: governance, security and socio-economic development. Moreover, the Security Sector Reform Committee (SSR) organized a national SSR seminar from 14 to 17 April 2008, where a schedule of activities for short and medium-term implementation was drawn up. As the inclusive political dialogue meetings approached, the Government signed a peace accord in May 2008 with the People's Army for the Restoration of Democracy (PARAD), the only rebel group participant of the Dialogue which had not yet signed a cease-fire agreement.

2.2 At the regional level, the deployment of the international force, MINURCAT, whose objective is to help create safe conditions for a voluntary and lasting return of refugees and

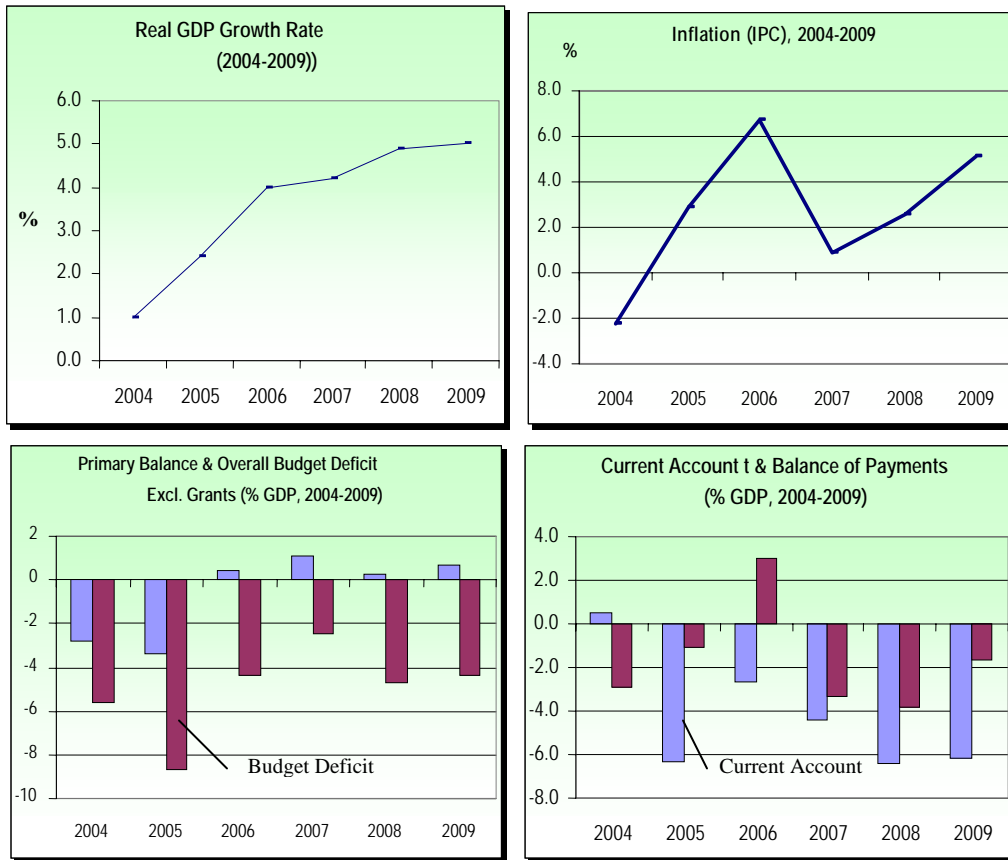
displaced persons in northern CAR and eastern Chad, is behind schedule. However, the European force, EUFOR Chad/CAR, which operates under the auspices of MINURCAT, has been in place since February 2008.

The Socio-Economic Situation

2.3 The drafting of CAR's Poverty-Reduction Strategy Paper (PRSP) 2008-2010 was in progress during the JISN preparation in 2006. In the interim, the Government produced an Economic and Social Policy Framework Paper (ESFPF), which was used to draw up its reform programmes and guide its economic policy dialogue with development partners, in particular, during the critical phase of reengagement of multilateral partners. The PRSP 2008-2010 was finalized with the Bank's support, and presented to the partners at the Brussels Round Table in October 2007. The four pillars of the PRSP are to: *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. **These four pillars are fully consistent with the four main themes of the ESFPF.***

2.4 Since the implementation of the ESFPF in 2006, **the macroeconomic situation has been improving.** From 2005 to 2007, GDP rose from 2.2% to 4.2%, inflation fell from 2.9% to 0.9%, and the budgetary position improved (the primary balance rose from -3.6% of GDP to +1.1%, and total budget balance (excluding grants) increased from about -8.7% to -2.5%, all within the same period). CAR's performance thus improved within the framework of the economic convergence in the CEMAC zone, by meeting the two primary criteria on basic budget balance and inflation, and by reducing the accumulated arrears on internal and external debt. This creditable performance is attributable to the gradual return to socio-political stability, the revival of the mining and forestry sectors, the increase in food production and improved distribution, with the rehabilitation of some highways and feeder roads and the strengthening of the mobile telephone sector with the arrival of a new operator.

2.5 Despite these gains, CAR does not appear capable of achieving the expected outcomes in the PRSP in terms of growth (8% by 2010) and poverty reduction (56.6% by 2010). In fact, growth is still relatively low for a post-conflict context that is usually characterized by double-digit growth figures. Moreover, tax revenues are low (7.3% of GDP) due to several factors, the most significant of which are the poor customs administration and rampant tax evasion, particularly in the mining sector. **The fiscal position is extremely fragile in 2008** and CAR faces the risk of accumulated arrears to the Bank and the WB. The balance of payments has declined from -1.1% of GDP in 2005 to -3.3% in 2007 even though the current account deficit (including grants) narrowed from 6.3% of GDP in 2005 to 4.4% of GDP in 2007. This situation calls for the continuation of the reforms for increased mobilization of additional own revenue and external funds.

Table 1: Key Macro-Economic Indicators, 2004-2009

2.6 With regard to the business climate, the WB's 'Doing Business' report indicates that CAR's ranking has gone down from 167th out of 175 in 2007 to 177th out of 178 countries in 2008, ahead of only DRC. This drop in the 'Doing Business' rankings is due to the fact that there were fewer gains in investment promotion and the private sector in CAR than in the other countries.

2.7 *CAR's social indicators generally fall short of CEMAC's and the continent's averages:* CAR is ranked 171 out of 177 countries in the Human Development Index (HDI). Moreover poverty continues to affect more than two thirds of the population, and it is not likely that CAR will achieve the Millennium Development Goals (MDGs) by 2015 (cf. Annex 6).

2.8 The Government is under pressure from the labour unions to pay six months of salary arrears and to lift the freeze on salary increases imposed since 1985. Within the framework of the Poverty Reduction and Growth Facility (PRGF), the Government adjusted the administered prices of petroleum products in June 2008 as a prelude to gradually removing subsidies for all the products except kerosene, thus generating an additional estimated CFAF 3 billion for the budget in 2008. This measure, which resulted in an increase of 15% in the pump price for super, 12% for diesel, 22% for fuel oil and 32% for kerosene, further weakened the purchasing power of households, which had already been greatly affected by the hike in food prices. To address this situation, the Government took the following support measures: reduction of VAT on staple foods and construction materials from 19% to 5%; reduction of withholding tax on revenues and companies from 5% to 2%; and control of the prices of essential goods.

III. IMPLEMENTATION OF JISN AND OUTCOMES ACHIEVED

3.1 The Bank and the WB prepared the JISN with the aim of helping CAR to recover and lay the foundation for sustained and shared economic growth. To this end, the JISN had *two pillars, namely (i) support economic recovery, as well as improve governance and build capacity in the public sector; and (ii) promote human capital, especially in favour of the underprivileged.* In order to monitor the implementation of the JISN, the Bank and the WB drew up a Results Matrix comprising five objectives and 13 outcomes that they expected to influence by 2008, as well as 22 activities (11 for Bank and 12 for the WB) that they were committed to implementing. Progress achieved under the JISN will be evaluated on the basis of this Results Matrix (cf. Annex 1).

Achievement of JISN Strategic Objectives and Specific Outcomes

Pillar I:

3.2 This pillar comprised three strategic objectives, namely increased external assistance flows to underpin recovery, improved public sector governance and efficiency and fostering recovery in key sectors. Significant strides have been made, particularly in the area of improved public sector governance and efficiency. In terms of the six specific outcomes that the WB and the Bank expected to influence by 2008, four have already been achieved and one more is expected to be achieved by the end of 2008.

3.3 **Increased external assistance flows:** The two specific outcomes that make up this JISN strategic objective have been fully achieved. These are the clearance of external arrears to multilateral institutions and reaching the HIPCI decision point in 2007. This JISN strategic objective has been fully achieved. In fact, the volume of Official Development Assistance (ODA) received by CAR more than doubled in 2006 as compared to 2005, following the reengagement of development partners, even though this trend declined from 2007 and financial commitments from development partners to assist the implementation of the PRSP have still not been made available in 2008. However, the increase in ODA flows and in the Bank and WB support, in particular, was mainly absorbed by the arrears clearance and the strengthening of public administration and economic management.

3.4 **Improve governance and build public sector capacity:** The two specific JISN outcomes concern control of Treasury advances for non-wage current expenditures and the drafting of standard agreements for the mining and energy sectors. The control of Treasury advances improved with the adoption of Order 1039 of the Minister of Finance and Budget on 10 November 2006, regulating advances spent. The draft decree regulating public expenditure execution procedures, which is in the process of being adopted, is intended to further control advances spent. The drafting of standard agreements was late, but will be done after the adoption of the Extractive Industry Transparency Initiative (EITI) action plan and a revision of the mining code planned for the end of 2008.

3.5 It should be noted that both these specific outcomes do not entirely reflect the significant progress achieved in the area of governance and strengthening public sector capacity. This includes audit of the one-stop window; audit of the Treasury and domestic debt; restructuring of the customs administration and placing it under the sole authority of the Ministry of Finance and Budget; establishment of a new budget classification for the 2008 fiscal year; formulation of a simplified procedure that combines personnel and payroll management, as part of the public service reform; preparation of an information system master plan; adoption of a new public procurement code; revision of the forestry code; initiation of the EITI membership process; creation of anti-corruption mechanisms; etc.

3.6 **Recovery of key sectors:** The specific outcomes targeted were aimed at reducing travel time between Douala and Bangui and the adoption of a plan of action based on the institutional evaluation of the mining sector and the initiation of the EITI membership process. The improvement of transport conditions on the Douala-Bangui highway, an essential factor for the development of international trade and economic activities, can only be carried out from 2010-2011 when related works are completed. With regard to the mining sector, the draft action plan is ready and will be finalized by the ongoing sector audit. The EITI membership process was initiated with the Bank's assistance. In fact, two of the four criteria for membership were met with the official declaration of intent by the Government in August 2007 and the organization of national workshops attended by representatives of all sections of society in February and April 2008 to present the EITI objectives and formulate the implementation strategy for the process. The 2nd phase of finalization of the action plan is ongoing.

3.7 On the whole, the two planned specific outcomes for the recovery of key sectors of CAR's economy are well on the way to being achieved, but are not enough to attain the planned strategic objective. More extensive measures are needed to promote the development of the private sector as well as the productive sectors such as agriculture, natural resources (forests, mines, etc), energy, telecommunications, etc.

Pillar II:

3.8 The strategic objectives of this pillar were to restore and strengthen social capital and capacity at the community level and assist recovery in social service delivery. It recorded significant outcomes, which nonetheless still fall short of the enormous needs of the country in the post-conflict period. Three of the seven specific outcomes the WB and the Bank expected to influence by 2008 have been achieved, while two are ongoing.

3.9 **Restoration and consolidation of social capital and capacity at the community level:** Two of the three outcomes targeted have been achieved. These are the socio-economic reintegration of ex-combatants and community participation in the formulation and implementation of the PRSP. The United Nations Phase II Security Status was maintained and improved in Bangui, but not countrywide. Moreover, the choice of this specific outcome does not seem to be relevant inasmuch as the security sector, which is supported by the United Nations System, is not directly covered by the JISN.

3.10 **Recovery in social service delivery:** One out of the four specific outcomes targeted has been achieved, two are ongoing while one has not been implemented. Indeed, the use of HIV/AIDS voluntary counselling and testing services increased with over 200,000 people using these services. The 80 micro-projects planned in the sectors of education, health, water and sanitation, income-generating activities, and public works in Bangui's suburbs are progressing with the Emergency AIDS, Education, Health Project (PSES) and the World Bank's Emergency Urban Infrastructure Rehabilitation and Maintenance Project (PURISU). On the other hand, the rehabilitation of the 10 bridges in Mbomou and Haute Mbomou, with World Bank support, was not carried out.

Implementation of Activities Planned by the Bank and the World Bank

3.11 Seven of the eleven activities planned by the Bank have already been completed and the four others are ongoing (cf. Annex 1). The Bank also carried out other operations such as the supplementary financing (UA 3.797 million) of the Economic Reform Support Programme (ERSP) in December 2007, ERSP II (UA 6.5 million) and the short-term response to the food crisis (UA 3 million) planned for September 2008.

3.12 **Clearance of** the external debt *arrears*, aimed at paving the way for the total re-engagement of partners, took place in December 2006.

3.13 **Support to the PRSP** aimed to promote the participation of the population in the finalization and implementation of the PRSP. Under this activity, which was financed with a Japanese grant of US\$ 347,000 in July 2006, dissemination workshops were organized in all the regions of the country for civil society, NGOs, the media, the Administration, Members of Parliament, the private sector and associations representing specific social groups (youths, women and persons living with HIV/AIDS).

3.14 The objective of the **Economic Planning Capacity Rehabilitation Support Project** (PARCPE) was to contribute to the rehabilitation of the economic planning system, by building capacity in macro-economic and sector planning, PRSP monitoring, debt management, preparation of the national accounts and social data collection. The activities of the PARCPE, which was approved in July 2006, contributed to the start of improved planning and macro-economic management with: (i) the publication of the economic situation report and business bulletins in March 2008, (ii) training towards the preparation of a macro-economic model, (iii) introduction of public investment programming and project and program monitoring-evaluation mechanisms; (iv) training in basic administration for debt management and ongoing installation of the SYGAD software; (v) training in preparation of national accounts using the SN93 method and in data collection and codification; (vi) training in price statistics survey processing and analysis; (vii) publication of "Prix Info" (Price Update) for January 2008; (viii) preparation of a methodology manual for calculating the Industrial Production Index (IPI) and price index; (ix) collection of 2005 and 2006 data in March 2008 to calculate the IPI; (x) publication in January 2008 of the 2004-2005 school statistics yearbook; (xi) ongoing collection and consolidation of data for the 2005-2006 and 2006-2007 school statistics yearbook; (xii) publication in February 2008 of the 2005-2006 university yearbook; (xiii) creation of a multi-sector socio-demographical database combining all socio-economic surveys conducted since 1975.

3.15 The *Economic Reform Support Programme (ERSP)*, which was approved in June 2007, was to support the implementation of the Government's medium-term reform programme, through two components: (i) improving and strengthening public finance management; and (ii) strengthening good governance. Twelve of the 17 outcomes targeted jointly with the World Bank and IMF have been fully achieved, at a rate of nearly 70%. The other outcomes are well on the way to being achieved. This is true for the revision of the mining code and publication of standard agreements for the mining sector, operationalization of the new public procurement code, introduction of a new accounting nomenclature and signing of a memorandum of understanding on cross-debts between Government and parastatals.

3.16 The *Douala-Bangui/Douala-N'Djamena Regional Transport Facilitation Programme*, amounting to UA108.8 million, including UA 27.8 million to CAR, approved in July 2007, aims at improving the efficiency of the logistical transport chain, including roads, railways and accessibility along the Douala-N'Djamena and Douala-Bangui corridors, so as to bolster intra-community trade and trade with countries outside the CEMAC area. The programme is being launched and the outcomes are expected from 2010-2011.

3.17 The *Rural Sector Assessment* was conducted in October 2006, but the *Rural Sector Development Master Plan*, scheduled for 2007, was not prepared due to lack of resources to finance it. However, given the importance of the agricultural sector and rural development in general in CAR, the Bank decided in 2008 to allocate the country an amount of UA 3 million to be drawn from the Bank's surplus account, as a short-term measure against rising food prices. In the medium term, the Bank could support rehabilitation of the agricultural sector.

3.18 The *Study on Drinking Water Supply and Sanitation (DWSS) of 16 principal Prefecture towns* was financed in July 2007 by the African Water Facility, to the tune of UA 1.282 million, for the preparation of the DWSS Project. The report validation workshop for the first phase of the study was held in June 2008. However, the DWS project, planned for 2008, will only be approved in 2009, following the study.

3.19 The *Project for the Socio-Economic Promotion of Vulnerable Groups (PSEGV)* will be financed in 2009, with resources allocated to CAR under the Fragile States Facility (FSF). The PSEGV project will help step up efforts in reintegration and socio-economic rehabilitation and job creation. The project will target vulnerable groups and focus on the rehabilitation and equipping of healthcare training centres and educational institutions.

3.20 In 2007, the Bank began the groundwork for two economic and sector studies. *The Organizational and Institutional Audit of the Ministry of Economy, Planning and International Cooperation (MEPCI) and the Ministry of Finance and Budget (MFB)* was finalized in May 2008 and its outcomes and recommendations were used for the analyses of the Bank's ERSP II. The *Mining Sector HIV/AIDS Study* is being finalized as a contribution toward the overall mining sector study being prepared by the World Bank. Preparation for the *Governance Profile* slated for 2007 has been postponed to 2009 to take into account the various reforms underway.

3.21 The World Bank carried out all its planned activities, except for the rehabilitation of the 10 bridges at Mbomou and Haute Mbomou. It also carried out additional operations such as the LICUS grant (2 million USD) in March 2008 and support to economic reforms and governance (USD 8 million) in May 2008 (cf. Annex 1).

Resource Allocation Issues

3.22 The ADF-10 allocation to CAR was estimated at UA 9.88 million in 2006. UA 3.3 million of that amount was used to finance the Economic Planning Capacity Rehabilitation Support Project (PARCPE) and UA 6.5 million for the PARE (cf. Annex 3). CAR's final allocation under ADF-10 increased in 2007 to UA 13.75, but the surplus of UA 3.95 million (28.7% of the resources) was not used because of delays in communicating the iteration results, which only came in the fourth quarter 2007. However, it is important to note that the Bank took measures to address this problem under ADF-11. This led to the approval of PARE II in 2008. CAR was allocated UA 17.31 million under ADF-11 for the period 2008-2010. CAR is also eligible for additional resources from the FSF, estimated at UA 11.85 million. These resources will be used to finance the JISN as well as the operations of the new 2009-2013 Country Strategy Paper (CSP).

Portfolio Management

3.23 The Bank and World Bank's portfolios in CAR are under reconstitution with four active projects for each of them in 2008, as well as economic and sector studies. The performance of the two portfolios was deemed satisfactory by the respective supervision missions of the two institutions and the March-April 2006 JISN joint review mission (cf. Annex 4). The main difficulties affecting project implementation are: (i) the weaknesses of the public procurement system in CAR; (ii) limited supply on the local market and lack of local expertise in certain areas; (iii) the high cost of inputs such as cement for construction or rehabilitation works; (iv) slow project start-ups and slippage on project implementation schedules; and (v) the presence of the WB and the Bank in CAR, which is still considered inadequate. To improve the portfolio's performance, a monitoring plan of pending activities has been drawn up. Also, it was agreed that henceforth, the joint Bank-World Bank review should be conducted alongside the PRSP National Strategic Committee (CNS) meetings. The Government also undertook to adopt and implement the new public procurement code, prepared with the support of the partners.

Coordination and Harmonization of Development Assistance

3.24 The close collaboration between the Bank and other partners, particularly the World Bank, is an example of harmonization worth pursuing and strengthening. Since 2006, the Bank has played a catalytic role towards re-engagement of the international financial community, and has consistently worked in close partnership with its other partners, in line with its commitments under the Paris Declaration. This cooperation process started with the drafting of the "Joint Road Map" in March 2006, followed by the JISN, which was a true exercise in partnership with the World Bank. Collaboration with the World Bank was further consolidated with: (i) the implementation and monitoring of the JISN, with the joint review carried out in March-April 2008; (ii) the preparation of ERSP I and ERSP II; and (iii) preparation of a new 2009-2013 JCPSP.

Monitoring and Evaluation of the Bank Group's Assistance under the JISN

3.25 The JISN contains a matrix of priority Government operations and a Results Matrix for the Bank and the World Bank, which constitute an appropriate results-based monitoring and evaluation framework. Progress made under JISN was monitored through the Bank and the World Bank's project and programme supervision and completion missions as well as a joint review mission to CAR in March-April 2008. To enhance monitoring of the performance of the JISN, it would be necessary for all the sector departments of the Bank to participate in future joint review missions. Furthermore, weaknesses have been observed in the Permanent Technical Committee for Monitoring Structural Adjustment Programmes (PTC-SAP), the PARE executing agency, which has not submitted a monitoring report to the Bank. Consequently, the collaboration with this important structure of the Central African administration should be reinforced to ensure that the Bank is better informed about the implementation of the reforms it is supporting.

Dialogue-related Issues

3.26 Generally, the Bank stepped up dialogue and coordination with CAR, when it opened its Regional Office in Yaounde (CMFO), which was strengthened in 2008, with the transfer of a Country Programme Officer and an Economist and the recruitment of the remaining staff: Socio-Economist, Private Sector Expert, Administrative Assistant, and Executive Secretary. To ensure dialogue with Government, as part of the preparation of the 2009-2013 JCPSP, in June 2008, the Bank participated in the mid-term review of the conclusions of the Brussels Round Table on financing of the PRSP, and has also planned for dialogue and coordination missions for the HIPCI completion point.

IV. PERFORMANCE OF THE BANK, THE WORLD BANK AND CAR

Performance of the Bank and the World Bank

4.1 **Preparation of the JISN:** Preparation of the JISN was a close partnership exercise between the Bank and the WB, which allowed the two institutions to capitalize on their complementarity to provide a homogeneous response to the problems of CAR. The two institutions also applied the principle of selectivity by focusing on the more serious challenges of the rebuilding of Government capacity and the rehabilitation of basic social services. However, the weakness in the preparation of the JISN lies in the choice of the specific outcomes underlying the five strategic objectives of the JISN. Achievement of these specific outcomes did not permit attainment of certain strategic objectives of the JISN.

4.2 **Implementation of JISN:** The performance of the Bank and the WB in the implementation of the JISN is satisfactory. Overall, the Bank and the WB fulfilled their commitments under the JISN, and even carried out additional operations that were originally not planned under the JISN (cf. paras 3.11 and 3.21). The key factors that account for this performance are the collaboration between the Bank and the WB, and the capacity of the two institutions to remain attentive to the country's concerns and to respond promptly to the emergencies of this fragile State.

Performance of CAR

4.3 The Government's ownership of the various actions backed by the JISN and its commitment to implementing them were considered satisfactory by the major partners of CAR during the joint JISN review. Additionally, the Government's efforts towards the consolidation of peace and security helped create the conditions for the revival of economic activities and the rehabilitation of basic social services. However, the implementation of the JISN was beset with certain weaknesses in project and programme management. (cf. para 3.24).

V. LESSONS FOR NEXT STRATEGY

Lessons for the Bank and the WB

5.1 It emerges from the review of JISN 2007-2008 that despite achievement of most of the 13 interim outcomes that the Bank and the Work Bank targeted, the strategic objectives of the JISN were only partially achieved. Thus, even though some progress was recorded in terms of restored external assistance flows, this increased flow was mainly absorbed by the clearance of arrears and the strengthening of public sector governance. Furthermore, the JISN had a limited impact on the recovery of key sectors and social service delivery.

5.2 This raises the issue of the relevance of linkages between the different levels of the JISN logical framework, and the positioning and selectivity approach of the Bank. Two major deficiencies are observed in this regard: (i) the gaps between the strategic objectives and the specific outcomes that those objectives underpin within the logical framework of the JISN; and (ii) the paucity of the resources earmarked for the revival of the economy and the development of the social services.

5.3 With regard to the linkages between the different levels of the Results Matrix, it is worth indicating that the specific outcomes targeted by the Bank and the WB do not permit attainment of the JISN's strategic objectives relating to the recovery of key sectors and social service delivery. Consequently, the choice of specific outcomes for those strategic objectives of the JISN was unsatisfactory. In terms of resource allocation, pillars 3 and 4 of the PRSP relating to the rehabilitation and diversification of the economy and development of the human capital did not receive adequate support under the JISN. The strategic positioning of the Bank in CAR, therefore, needs to be reassessed within the context of the support provided by development partners to the implementation of the PRSP. It will, in particular, require the Bank to shift from an emergency approach to one of economic recovery, which is the next challenge for CAR under the PRSP.

Lessons for the Government

5.4 **Consolidation of Peace and Security:** Buttressing the gains of the JISN remains dependent on the consolidation of peace and security countrywide. The Government should therefore pursue efforts at restoring peace and security in the various provinces of CAR so as to ensure the revival of economic activities, increased mobilization of internal resources and improved basic services in the most disadvantaged areas.

5.5 **Absorptive Capacity:** In order to build the absorptive capacity of CAR, the Government needs to pursue efforts geared towards addressing the inadequacies in project and programme management. To this end, operationalizing the new public procurement system, improving the supply of inputs and expertise locally and the capacity building of national personnel and their involvement in all stages of the project cycle are all actions that could contribute to building CAR's absorptive capacity.

5.6 **Ownership of Reforms:** Ownership by the Government and social partners was an essential condition for the success of the reforms supported by development partners. Consequently, the Government must maintain its political will and commitment to the reforms, and adopt a proactive and effective communication policy towards social actors and the population.

VI. CONCLUSION AND RECOMMENDATION

Conclusion

6.1 **The JISN partially achieved its goal**, which was to *help CAR to recover and lay the foundation for sustained and shared economic growth*. Of the 13 interim outcomes the WB and the Bank expected to influence by 2008, seven were achieved (54%), three (drafting of standard agreements for the mining and energy sector, execution of 80 micro-projects and public works completed in three Bangui suburbs) could be completed by end of 2008, while one (reduction of travel time between Douala and Bangui) will be carried out as from 2010-2011 (cf. Annex 1).

6.2 The performance of the Bank, WB and the Government in the preparation and implementation was satisfactory overall, despite the inadequacies observed (cf. paragraphs 4.1 and 4.3). The main factors that account for this performance are the close collaboration between the Bank and the WB, the application of the principle of complementarity and the capacity of the two institutions to remain attentive to the country's concerns and to respond speedily to concerns of this fragile State, as well as ownership by the Government and its commitment to implement the various activities financed by the JISN.

6.3 The JISN, which constituted an interim phase, is expected to be replaced by a new Bank-WB joint strategy for period 2009-2013. This new strategy forms part of a phase of strengthening economic growth and poverty reduction, which constitute the next set of challenges for CAR under the Poverty Reduction Strategy Paper (PRSP).

Recommendation

6.4 The Boards are invited to take note of the Completion Report on the JISN 2007-2008 of the Bank and WB in CAR.

JISN Results Monitoring Matrix

Overarching Goal: Help CAR recover and lay the foundation of sustained and shared economic growth

Country Goals	Outcomes WB and ADB expect to Influence by 2008	Outcomes achieved in March 2008	Bank Activities		WB Activities	
			Planned	Situation in March 2008	Planned	Situation in March 2008
Restore more substantial external assistance flows to underpin recovery	Outcome 1: Clearance of IDA and Bank arrears and positive net transfers from other MDBs	✓ Achieved, but risk of accumulation of fresh arrears	<ul style="list-style-type: none"> - Clearance of 50% of all arrears by end 2007: US\$23 million - Reform Programme Support: US\$9.7 million, FY07. - PRSP Support: US\$0.4 million 	<ul style="list-style-type: none"> ✓ Achieved in December 2006: FPPC (49.5%), Partners (49.5%), and CAR (1%). Available net surplus (US\$ 6.03 million) ✓ PARE: June 2007 (UA 6.5 million) ✓ Japanese Grant – PRSP Support: July 2006 (US\$ 347 000) 	<ul style="list-style-type: none"> - Reengagement and Institution-Building Programme (RIBSUP) FY07 - HIPCI Support - PRSP Support 	<ul style="list-style-type: none"> ✓ RIBSUP : November 2006 (US\$82 million of which US\$75 million for clearance of arrears) ✓ US\$1.3 million ✓ US\$0.7 million
	Outcome 2: Attainment of HIPCI Decision point by Q1/FY08	✓ Achieved in September 2007				
Improve public sector governance and effectiveness	Outcome 3: Treasury advances for non-wage current expenditure brought under control, by accounting for advances spent	✓ Implemented. Audit ongoing	<ul style="list-style-type: none"> - Reform Support Program US\$9.7 million - Economic Management Support US\$4.9 million FY06 - Governance profile AAA 	<ul style="list-style-type: none"> ✓ PARE: June 2007 (UA 6.5 million) ✓ PARCPE: July 2006 (UA 3.3 million) ➤ Scheduled for 2009 in order to factor in ongoing reforms 	<ul style="list-style-type: none"> - RIBSUP FY07 - LICUS II FY07 - Country Financial Accountability Assessment (CFAA) FY07 - CPIP FY07 	<ul style="list-style-type: none"> ✓ RIBSUP : November 2006 (US\$82 million including US\$ 7 million for budgetary support) ✓ LICUS II: October 2006 (6.4 million \$EU) – public finance component ✓ CFAA finalized in October 2007 ✓ The CPIP was completed in April 2006
	Outcome 4: Standard agreement conventions for the mining and energy sector drafted on the basis of recommendations from a panel of international experts	➤ Pending. The standard agreements will be drafted after the review of the mining code scheduled for 2008				

Country Goals	Outcomes WB and ADB expect to Influence by 2008	Outcomes achieved in March 2008	Bank Activities		WB Activities	
			Planned	Situation in March 2008	Planned	Situation in March 2008
Facilitate and support economic recovery in key sectors	Outcome 5: Reduce travel time between Douala and Bangui	➤ Not yet. Completion of the Transport Facilitation Programme is scheduled for 2010-2011	- Regional Trade and Transport Facilitation Programme FY07	✓ Douala-Bangui/Douala-N'Djamena Regional Programme: July 2007 (UA 27.8 million)	- Regional Trade and Transport Facilitation Programme FY07 US\$ 12-21million	✓ Regional Transport Facilitation Programme: June 2007 (US\$24 million)
	Outcome 6: Adoption of an action plan based on the institutional assessment of the mining sector and initiation of the EITI membership process	✓ Draft action plan to be finalized with a sector audit. EITI membership process underway	- Rural Sector Assessment FY06 - Rural Sector Development Framework FY07	✓ Implemented in October 2006 ➤ Not implemented. The Bank intends to conduct a study in 2009 in preparation of its support to the rehabilitation of the agricultural sector in 2010	- RIBSUP FY07 - Small-scale emergency investment project FY07 (US\$11-14 million) - Integrated Trade Diagnostic Study FY07, AAA - Rural Sector Strategy FY08, AAA	✓ RIBSUP : November 2006 (US\$82 million including US\$ 7 million of budget support) ✓ PURISU: May 2007 (US\$18 million) ✓ Implemented in 2008 ✓ Not yet implemented. Dialogue on sector initiated
Restore and strengthen social capital and capacity at the community level	Outcome 7: Socio-economic reintegration of 7 500 ex-combatants	✓ Implemented. Difficulties with identification of ex-combatants	- PRSP Support US\$0.4 million FY07	✓ Japanese Grant – PRSP Support: July 2006 (US\$347 000)	- MDRP Project: US\$9.8 million (FY04)	✓ Implemented in 2008
	Outcome 8: UN Phase II security status maintained or improved	➤ Achieved in Bangui, but not countrywide	- Economic Management Support: US\$4.9 million FY06	✓ PARCPE: July 2006 (UA 3.3 million)	- Poverty Assessment FY07	✓ Implemented in 2007
	Outcome 9: Improved capacity of community and stakeholders to take part effectively in PRSP formulation and implementation	✓ Communities participated in the formulation of the PRSP, awareness campaigns are underway to mobilize the communities for its implementation			- LICUS II CDD, Human Development component	✓ LICUS II : October 2006 (US\$6.4 million) – CDD component
Assist recovery in social service	Outcome 10: 80 micro-projects completed in the education, health, water and	➤ Ongoing: micro-projects launched	- Socio-economic Reintegration Project: US\$15	➤ Approval scheduled for fourth quarter of 2008	- HIV/AIDS Project MAP	✓ Project restructured in May 2007

Country Goals	Outcomes WB and ADB expect to Influence by 2008	Outcomes achieved in March 2008	Bank Activities		WB Activities	
			Planned	Situation in March 2008	Planned	Situation in March 2008
delivery	sanitation and income-generating activities sectors					
	Outcome 11: Increased usage of Voluntary Counselling and Testing services	✓ Achieved: 200 000 persons used its services	million (ADF XI-FY08)	➤ Approval scheduled for 2009 after finalization of the DWSS study for 16 centres	- LICUS II FY07	(US\$17.5 million)
	Outcome 12 : 10 key bridges in Mbomou and Haute Mbomou rehabilitated or under rehabilitation	➤ Not implemented	- Water and Sanitation Project: Up to US\$3.4 (FY08)	✓ DWSS study for 16 centres: August 2007 (UA 1.282 million)	- Social Fund/CDD operation US\$10 million FY07	✓ LICUS II : October 2006 (US\$6.4 million) - CDD component
	Outcome 13: Public Works in three Bangui suburbs completed	➤ The public works in Bangui suburbs started with PURISU (WB). Bank project scheduled for 2008.	- Study on Water and Sanitation AAC FY07			

Economic and Financial Indicators

Key Economic and Financial Indicators 2004-2013

	2004	2005	2006	2007		2008			2009	2010	2011	2012	2013
				Est.	Prog.	Est.	Prog.	Proj.					
(Annual percentage change, unless otherwise indicated)													
National income and prices													
GDP at constant prices	1.0	2.4	4.0	4.0	4.2	4.3	4.9	5.0	5.0	5.0	5.0	5.0	5.0
GDP at current prices	1.3	6.2	8.4	6.6	6.3	6.9	7.4	8.5	7.5	7.5	7.5	7.5	7.5
GDP deflator	0.3	3.8	4.4	2.5	2.1	2.5	2.5	3.5	2.5	2.5	2.5	2.5	2.5
CPI (annual average)	-2.2	2.9	6.7	3.0	0.9	2.3	2.6	5.1	3.3	2.5	2.5	2.5	2.5
CPI (end-of-period)	-0.3	1.7	7.1	3.1	-0.2	3.0	4.6	5.0	2.5	2.5	2.5	2.5	2.5
Central government finance													
Total revenue and grants	23.1	12.2	100.3	-20.2	-33.6	-4.3	13.3	15.0	9.7	9.5	9.4	9.4	9.4
Total expenditure	9.2	28.9	-11.0	0.8	-2.7	9.2	28.0	15.3	7.8	15.9	8.4	9.0	9.0
Money and credit													
Net domestic assets ²	12.0	10.4	6.0	3.0	4.3	...	6.9	...	...	...	...	...	...
Domestic credit ²	13.6	9.8	7.5	1.9	6.5	...	4.9	...	...	...	...	...	...
Broad money	14.2	16.5	-4.2	9.2	-3.7	...	-7.0	...	...	...	...	...	...
Velocity of broad money (end-of-period)	6.1	5.5	6.3	6.2	6.9	...	8.0	...	...	...	...	...	...
External sector													
Exports, f.o.b. (US\$ basis)	-1.4	1.5	22.8	18.3	22.8	6.8	10.8	9.0	8.7	9.1	9.5	9.2	9.2
Export volume	-1.6	-8.1	15.1	14.8	13.5	6.1	7.8	9.0	8.7	8.8	9.2	8.2	8.2
Imports, f.o.b. (US\$ basis)	25.7	16.2	18.3	7.1	16.1	12.4	19.9	3.5	7.0	9.7	6.6	6.7	6.7
Import volume	15.7	8.2	11.3	3.4	11.5	10.2	12.3	1.6	5.2	7.9	4.7	6.0	6.0
Terms of trade	-7.7	2.8	0.4	-0.5	4.0	-1.3	-3.7	-1.9	-1.6	-1.4	-1.5	0.3	0.3
Nominal effective exchange rate	1.7	-0.2	0.2	...	1.9	...	...	...	...	...	...	...	...
Real effective exchange rate	-0.9	0.7	5.7	...	0.1	...	...	...	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)													
Gross national savings	4.4	2.3	6.6	4.9	4.5	5.2	3.9	4.4	4.5	5.1	5.4	5.8	5.8
<i>Of which</i> : current official transfers	2.2	0.4	3.5	1.4	1.6	1.4	1.4	0.5	0.5	0.5	0.4	0.4	0.4
Gross domestic savings	0.0	0.1	1.4	2.2	1.5	2.3	1.6	2.7	2.9	3.6	4.1	4.6	4.6
Government	0.6	0.0	13.2	5.9	4.7	4.4	4.6	4.5	4.8	4.7	5.0	5.2	5.2
Private sector	-0.6	0.1	-11.8	-3.7	-3.2	-2.1	-3.0	-1.9	-1.9	-1.1	-0.9	-0.7	-0.7
Consumption	100.0	99.9	98.6	97.8	98.5	97.7	98.4	97.3	97.1	96.4	95.9	95.4	95.4
Government	3.3	4.5	3.2	3.0	2.7	3.7	3.5	4.4	4.5	4.8	4.9	5.0	5.0
Private sector	96.7	95.4	95.4	94.9	95.9	94.0	94.9	92.9	92.6	91.6	91.1	90.5	90.5
Gross investment	6.2	8.9	9.2	9.1	8.9	10.1	10.3	10.5	10.5	11.4	11.6	11.8	11.8
Government	2.0	4.0	3.7	2.9	2.7	3.4	3.7	3.7	3.7	4.6	4.7	5.0	5.0
Private sector	4.1	4.9	5.6	6.2	6.2	6.6	6.6	6.9	6.9	6.9	6.9	6.9	6.9
Current transfers and factor income (net)	6.6	2.5	5.2	2.7	3.0	2.9	2.3	1.7	1.6	1.5	1.4	1.3	1.3
External current account balance	0.5	-6.3	-2.7	-4.1	-4.4	-4.8	-6.4	-6.2	-6.0	-6.3	-6.2	-6.0	-6.0
Overall balance of payments	-2.9	-1.1	3.0	-0.3	-3.3	-1.7	-3.8	-1.7	-2.8	-1.9	-1.9	-1.6	-1.6
Central government finance													
Total revenue	11.7	12.4	22.8	15.8	14.3	14.1	15.0	15.9	16.3	16.6	16.9	17.2	17.2
Total expenditure ³	-13.9	-16.9	-13.9	-13.3	-12.7	-13.6	-15.1	-16.1	-16.1	-17.4	-17.5	-17.8	-17.8
Overall balance ³													
Excluding grants	-5.6	-8.7	-4.4	-2.7	-2.5	-2.7	-4.7	-4.4	-4.1	-5.0	-4.8	-4.7	-4.7
Including grants	-2.2	-4.5	9.0	2.5	1.6	0.6	-0.1	-0.1	0.1	-0.8	-0.7	-0.6	-0.6
Domestic primary balance ⁴	-2.8	-3.6	0.4	1.2	1.1	1.1	0.3	0.7	0.9	0.9	1.0	1.1	1.1
NPV of external public and guaranteed debt	...	...	...	...	42.1	...	36.8	34.5	29.7	25.8	22.2	18.7	18.7
Public sector debt	109.2	95.6	89.5	77.8	79.7	71.1	71.7	64.8	56.7	50.9	45.6	40.6	40.6
<i>Of which</i> : domestic debt ⁵	24.1	24.4	23.8	19.3	23.1	16.7	21.5	13.5	17.4	16.5	15.5	14.6	14.6
Gross official foreign reserves													
(millions of US\$, end-of-period)	148.4	147.1	129.9	135.1	90.3	139.4	69.3	78.9	83.8	91.6	97.3	103.5	103.5
(months of imports, f.o.b.)	11.2	10.6	7.3	7.4	4.3	6.8	2.9	3.2	3.2	3.2	3.2	3.2	3.2
Nominal GDP (CFA francs billions)	670.7	712.1	772.2	832.5	820.6	890.0	881.3	956.2	1,028	1,105	1,188	1,277	1,277
Exchange rate (average; CFA francs per US\$)	528.3	527.5	522.9	...	478.7	...	...	...	...	...	...	...	...

Sources: C.A.R. authorities; and IMF staff estimates and projections.

¹ The macroeconomic framework assumes that the C.A.R. reaches the HIPC completion point in 2009; the balance of payments projections incorporate debt relief expected to be delivered at the completion point.

² Percent of broad money at beginning of the period.

³ Expenditures are on a cash basis for current period expenditures.

⁴ Excludes grants, interest payments, and externally financed capital expenditure.

⁵ Comprises government debt to BEAC and commercial banks, government arrears and public enterprises' domestic debt.

Government Flow-of-Funds Table 2004-2013 (CFAF Billion)

	2004	2005	2006 Est.	2007			2008			2009 Proj.	2010 Proj.	2011 Proj.	2012 Proj.	2013 Proj.
				Prog.	Est.	Est.	Prog.	Budget	Proj.					
Revenue	78.5	88.0	176.3	131.5	117.0	117.0	125.9	126.8	132.6	152.5	167.3	183.1	200.4	219.3
Domestic revenue	55.8	58.6	73.4	88.2	83.6	83.6	96.6	98.5	92.3	112.3	124.1	137.0	151.2	166.8
Tax revenue	48.3	50.6	60.4	71.2	65.3	59.5	81.3	77.1	67.8	91.2	101.5	112.7	125.1	138.7
Taxes on profits and property	15.6	14.7	17.5	19.7	21.9	14.4	22.9	15.2	17.7	18.7	21.2	23.9	26.8	30.1
Taxes on goods and services	32.7	35.9	42.9	51.5	43.5	45.1	58.5	61.9	50.2	72.5	80.3	88.8	98.2	108.5
Of which: taxes on international trade	10.6	9.5	15.3	17.4	13.0	14.5	20.4	21.6	18.2	20.6	23.1	26.0	29.1	32.6
Nontax revenue	7.5	8.0	12.9	17.0	18.3	24.1	15.3	21.4	24.4	21.0	22.6	24.3	26.1	28.1
Grants	22.7	29.5	102.9	43.3	33.4	33.4	29.3	28.3	40.4	40.3	43.2	46.1	49.2	52.5
Program	14.8	2.7	75.7	21.3	13.2	13.2	5.0	0.0	12.1	5.0	5.0	5.0	5.0	5.0
Project	7.9	26.7	27.2	22.0	20.2	20.2	24.3	28.3	28.3	35.3	38.2	41.1	44.2	47.5
Expenditure ²	-93.4	-120.4	-107.2	-110.7	-104.3	-104.3	-120.9	-127.1	-133.5	-153.9	-166.0	-192.4	-208.5	-227.2
Current primary expenditure	-66.7	-75.4	-62.5	-68.6	-65.9	-65.4	-73.4	-76.7	-77.4	-94.2	-102.2	-111.6	-120.0	-129.0
Wages and salaries	-38.9	-39.2	-37.2	-35.0	-36.3	-36.3	-34.0	-37.5	-37.5	-41.1	-44.2	-47.5	-51.1	-54.9
Transfers and subsidies	-10.0	-14.0	-10.2	-16.9	-14.5	-14.7	-16.8	-20.1	-20.1	-22.5	-24.1	-27.6	-29.7	-31.9
Goods and services	-17.8	-22.2	-15.2	-16.7	-15.1	-14.4	-22.6	-19.1	-19.8	-30.6	-33.9	-36.5	-39.2	-42.1
Interest due	-8.5	-6.6	-6.9	-10.1	-9.5	-9.5	-6.6	-7.1	-12.8	-13.0	-13.2	-13.1	-13.4	-13.7
External	-5.5	-3.6	-4.2	-3.9	-3.7	-3.7	-3.6	-2.8	-9.2	-9.7	-10.1	-10.2	-10.8	-11.4
Domestic	-3.0	-3.0	-2.7	-6.2	-5.8	-5.8	-3.0	-4.3	-3.6	-3.3	-3.1	-2.9	-2.6	-2.3
Capital expenditure	-18.2	-38.4	-37.7	-32.0	-28.9	-29.4	-40.8	-43.2	-43.3	-46.7	-50.6	-67.6	-75.1	-84.5
Domestically financed	-7.7	-8.4	-7.5	-10.0	-8.7	-9.2	-13.7	-11.8	-11.8	-11.5	-12.3	-15.5	-19.0	-24.3
Externally financed	-10.5	-29.9	-30.2	-22.0	-20.2	-20.2	-27.1	-31.5	-31.5	-35.3	-38.2	-52.2	-56.1	-60.3
Overall balance ²														
Excluding grants	-37.7	-61.8	-33.8	-22.5	-20.6	-20.6	-24.3	-28.6	-41.2	-41.7	-41.9	-55.4	-57.2	-60.4
Of which: domestic primary balance ³	-18.6	-25.3	3.3	9.6	9.0	9.0	9.4	10.0	3.1	6.6	9.5	9.9	12.2	13.5
Including grants	-15.0	-32.4	69.1	20.8	12.8	12.8	5.0	-0.3	-0.8	-1.4	1.3	-9.2	-8.0	-7.9
Change in arrears (net; (-) = reduction)	21.1	26.9	-50.2	-18.1	-11.0	-11.0	-13.4	0.0	-15.0	-15.0	-10.0	-10.0	-10.0	-10.0
Domestic	2.9	9.4	-9.7	-18.1	-8.6	-8.6	-13.4	0.0	-15.0	-15.0	-10.0	-10.0	-10.0	-10.0
External ⁴	18.2	17.5	-40.5	0.0	-2.4	-2.4	0.0	...	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, cash basis	6.1	-5.5	18.9	2.7	1.8	1.8	-8.4	-0.3	-15.8	-16.4	-8.7	-19.2	-18.0	-17.9
Identified financing	-6.1	5.5	-8.8	-5.1	0.5	0.5	3.7	-6.0	6.1	9.8	8.7	19.2	18.0	17.9
External, net	-14.6	-4.5	-12.9	-5.0	-9.5	-9.5	6.6	-2.7	9.2	4.3	2.3	6.3	7.0	7.4
Project loans	2.6	3.2	3.0	0.0	0.0	0.0	2.8	3.2	3.2	0.0	0.0	11.0	11.9	12.8
Program loans	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-17.2	-11.8	-15.9	-13.1	-12.4	-12.4	-13.9	-5.9	-11.4	-12.0	-29.5	-29.6	-30.4	-30.5
Exceptional financing	0.0	0.0	0.0	8.1	2.9	2.9	17.7	0.0	17.4	16.3	31.8	24.8	25.5	25.2
Paris Club ⁵	0.0	0.0	0.0	1.5	1.5	1.5	1.5	0.0	1.0	1.0	1.3	0.9	0.9	0.4
Other ⁶	0.0	0.0	0.0	6.6	1.4	1.4	16.2	0.0	16.4	15.3	30.5	24.0	24.7	24.8
Domestic, net	8.5	10.0	4.1	-0.1	10.0	10.0	-2.9	-3.3	-3.2	5.6	6.4	13.0	11.0	10.5
Banking system	8.5	10.0	4.1	-0.1	10.0	10.0	-2.9	-3.3	-9.0	-2.3	-4.1	-4.4	-7.7	-9.4
Counterpart to IMF resources (BEAC)	3.1	-2.6	2.2	-4.2	2.4	2.4	-5.8	3.7	-3.5	-2.3	-1.1	-0.6	-1.2	-2.9
Central Bank	6.7	10.2	-2.3	6.1	6.6	6.6	3.7	-4.0	-5.6	0.0	0.0	-0.9	-3.5	-3.6
Commercial banks	-1.4	2.4	4.2	-2.0	1.0	1.0	-0.9	-3.0	0.0	0.0	-3.0	-3.0	-3.0	-3.0
Of which: bonds	...	...	...	...	...	...	...	...	14.8	0.0	-3.0	-3.0	-3.0	-3.0
Nonbank	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0	5.9	7.9	10.5	17.3	18.7	19.9
Residual financing need ⁷	0.0	0.0	0.0	2.4	0.0	0.0	4.7	6.3	9.8	6.6	0.0	0.0	0.0	0.0
Memorandum items:														
Government domestic debt	161.6	173.4	183.9	160.7	189.2	189.2	148.6	...	189.4	182.6	178.7	182.0	183.9	187.1
Of which: domestic arrears	109.7	109.7	109.7	...	109.7	109.7	96.3	...	94.7	79.7	69.7	59.7	49.7	39.7

Sources: C.A.R. authorities; and IMF staff estimates and projections.

¹ The new classification affects mainly revenues. Some fees originally recorded as taxes are now included as nontax revenue.

² Expenditures are on a cash basis for current period expenditures, except for interest, which is recorded on a due-basis.

³ Excludes grants, interest payments, and externally financed capital expenditure.

⁴ Figure for 2008 reflects arrears clearance by the World Bank and the AfDB (CFAF 47.5 billion) and the increase in arrears to bilateral and a few multilateral creditors (CFAF 6.9 billion).

⁵ Reflects Paris Club rescheduling and moratorium agreement in April 2007.

⁶ Includes HIPC debt relief from multilateral and other bilateral creditors. For 2008–09, also includes debt service to non-Paris Club and commercial creditors.

⁷ This gap is equivalent to the proposed PRGF disbursement, including the requested augmentation.

Government Flow-of-Funds Table 2004-2013 (% GDP)

	2004	2005	2006	2007			2008			2009	2010	2011	2012	2013
		Old Classification ¹	Est.	Prog.	Est.	Est.	Prog.	Budget	Proj.	Proj.	Proj.	Proj.	Proj.	
			New Cl. ¹	Old Cl. ¹	New Classification ¹									
Revenue	11.7	12.4	22.8	15.8	14.3	14.3	14.1	14.4	15.0	15.9	16.3	16.6	16.9	17.2
Domestic revenue	8.3	8.2	9.5	10.6	10.2	10.2	10.8	11.2	10.5	11.7	12.1	12.4	12.7	13.1
Tax revenue	7.2	7.1	7.8	8.6	8.0	7.3	9.1	8.7	7.7	9.5	9.9	10.2	10.5	10.9
Taxes on profits and property	2.3	2.1	2.3	2.4	2.7	1.8	2.6	1.7	2.0	2.0	2.1	2.2	2.3	2.4
Taxes on goods and services	4.9	5.0	5.6	4.1	5.3	5.5	4.3	7.0	5.7	7.6	7.8	8.0	8.3	8.5
Of which: taxes on international trade	1.6	1.3	2.0	2.1	1.6	1.8	2.3	2.5	2.1	2.2	2.3	2.4	2.5	2.6
Nontax revenue	1.1	1.1	1.7	2.0	2.2	2.9	1.7	2.4	2.8	2.2	2.2	2.2	2.2	2.2
Grants	3.4	4.1	13.3	5.2	4.1	4.1	3.3	3.2	4.6	4.2	4.2	4.2	4.1	4.1
Program	2.2	0.4	9.8	2.6	1.6	1.6	0.6	0.0	1.4	0.5	0.5	0.5	0.4	0.4
Project	1.2	3.8	3.5	2.6	2.5	2.5	2.7	3.2	3.2	3.7	3.7	3.7	3.7	3.7
Expenditure ²	-13.9	-16.9	-13.9	-13.3	-12.7	-12.7	-13.6	-14.4	-15.1	-16.1	-16.1	-17.4	-17.5	-17.8
Current primary expenditure	-9.9	-10.6	-8.1	-8.2	-8.0	-8.0	-8.3	-8.7	-8.8	-9.9	-9.9	-10.1	-10.1	-10.1
Wages and salaries	-5.8	-5.5	-4.8	-4.2	-4.4	-4.4	-3.8	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3
Transfers and subsidies	-1.5	-2.0	-1.3	-2.0	-1.8	-1.8	-1.9	-2.3	-2.3	-2.4	-2.3	-2.5	-2.5	-2.5
Goods and services	-2.7	-3.1	-2.0	-2.0	-1.8	-1.8	-2.5	-2.2	-2.2	-3.2	-3.3	-3.3	-3.3	-3.3
Interest due	-1.3	-0.9	-0.9	-1.2	-1.2	-1.2	-0.7	-0.8	-1.4	-1.4	-1.3	-1.2	-1.1	-1.1
External	-0.8	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9
Domestic	-0.5	-0.4	-0.4	-0.7	-0.7	-0.7	-0.3	-0.5	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2
Capital expenditure	-2.7	-5.4	-4.9	-3.8	-3.5	-3.6	-4.6	-4.9	-4.9	-4.9	-4.9	-6.1	-6.3	-6.6
Domestically financed	-1.1	-1.2	-1.0	-1.2	-1.1	-1.1	-1.5	-1.3	-1.3	-1.2	-1.2	-1.4	-1.6	-1.9
Externally financed	-1.6	-4.2	-3.9	-2.6	-2.5	-2.5	-3.0	-3.6	-3.6	-3.7	-3.7	-4.7	-4.7	-4.7
Overall balance ²														
Excluding grants	-5.6	-8.7	-4.4	-2.7	-2.5	-2.5	-2.7	-3.2	-4.7	-4.4	-4.1	-5.0	-4.8	-4.7
Of which: domestic primary balance ³	-2.8	-3.6	0.4	1.2	1.1	1.1	1.1	1.1	0.3	0.7	0.9	0.9	1.0	1.1
Including grants	-2.2	-4.5	9.0	2.5	1.6	1.6	0.6	0.0	-0.1	-0.1	0.1	-0.8	-0.7	-0.6
Change in arrears (net; (-) = reduction)	3.1	3.8	-6.5	-2.2	-1.3	-1.3	-1.5	0.0	-1.7	-1.6	-1.0	-0.9	-0.8	-0.8
Domestic	0.4	1.3	-1.3	-2.2	-1.0	-1.0	-1.5	0.0	-1.7	-1.6	-1.0	-0.9	-0.8	-0.8
External ⁴	2.7	2.5	-5.3	0.0	-0.3	-0.3	0.0	...	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, cash basis	0.9	-0.8	2.4	0.3	0.2	0.2	-0.9	0.0	-1.8	-1.7	-0.8	-1.7	-1.5	-1.4
Identified financing	-0.9	0.8	-1.1	-0.6	0.1	0.1	0.4	-0.7	0.7	1.0	0.8	1.7	1.5	1.4
External, net	-2.2	-0.6	-1.7	-0.6	-1.2	-1.2	0.7	-0.3	1.0	0.4	0.2	0.6	0.6	0.6
Project loans	0.4	0.5	0.4	0.0	0.0	0.0	0.3	0.4	0.4	0.0	0.0	1.0	1.0	1.0
Program loans	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-2.6	-1.7	-2.1	-1.6	-1.5	-1.5	-1.6	0.0	-1.3	-1.3	-2.9	-2.7	-2.6	-2.4
Exceptional financing	0.0	0.0	0.0	1.0	0.4	0.4	2.0	0.0	2.0	1.7	3.1	2.2	2.1	2.0
Paris Club ⁵	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Other ⁶	0.0	0.0	0.0	0.8	0.2	0.2	1.8	0.0	1.9	1.6	3.0	2.2	2.1	1.9
Domestic, net	1.3	1.4	0.5	0.0	1.2	1.2	-0.3	-0.4	-0.4	0.6	0.6	1.2	0.9	0.8
Banking system	1.3	1.4	0.5	0.0	1.2	1.2	-0.3	-0.4	-1.0	-0.2	-0.4	-0.4	-0.6	-0.7
Counterpart to IMF resources (BEAC)	0.5	-0.4	0.3	-0.5	0.3	0.3	-0.7	0.4	-0.4	-0.2	-0.1	-0.1	-0.1	-0.2
Central Bank	1.0	1.4	-0.3	0.7	0.8	0.8	0.4	-0.5	-0.6	0.0	0.0	-0.1	-0.3	-0.3
Commercial banks	-0.2	0.3	0.5	-0.2	0.1	0.1	-0.1	-0.3	0.0	0.0	-0.3	-0.3	-0.2	-0.2
Of which: bonds	...	...	...	...	...	...	...	...	1.7	0.0	-0.3	-0.3	-0.2	-0.2
Nonbank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.8	1.0	1.6	1.6	1.6
Residual financing need ⁷	0.0	0.0	0.0	0.3	0.0	0.0	0.5	0.7	1.1	0.7	0.0	0.0	0.0	0.0
<i>Memorandum items:</i>														
Government domestic debt	24.1	24.4	23.8	19.3	23.1	23.1	16.7	...	21.5	19.1	17.4	16.5	15.5	14.6
Of which: domestic arrears	16.4	15.4	14.2	...	13.4	13.4	...	...	10.7	8.3	6.8	5.4	4.2	3.1

Sources: C.A.R. authorities; and IMF staff estimates and projections.

¹ The new classification affects mainly revenues. Some fees originally recorded as taxes are now included as nontax revenue.

² Expenditures are on a cash basis for current period expenditures, except for interest, which is recorded on a due-basis.

³ Excludes grants, interest payments, and externally financed capital expenditure.

⁴ Figure for 2006 reflects arrears clearance by the World Bank and the AfDB (CFAP 47.5 billion) and the increase in arrears to bilateral and a few multilateral creditors (CFAP 6.9 billion).

⁵ Reflects Paris Club rescheduling and moratorium agreement in April 2007.

⁶ Includes HIPC debt relief from multilateral and other bilateral creditors. For 2008-09, also includes debt service to non-Paris Club and commercial creditors.

⁷ This gap is equivalent to the proposed PRGF disbursement, including the requested augmentation.

Balance of Payments 2004-2013

	2004	2005	2006		2007			2008			2009	2010	2011	2012	2013
			Est.	Prog.	Est.	Prog.	Proj. ²	Proj.	Proj.	Proj.					
(CFAF billions)															
Current account	3.0	-44.6	-20.7	-34.5	-36.3	-38.1	-56.3	-58.8	-62.0	-70.0	-73.2	-76.4			
Balance on goods	-11.3	-22.9	-23.8	-15.8	-20.3	-22.9	-30.8	-26.5	-26.4	-29.3	-27.4	-25.7			
Exports, f.o.b., of which:	66.7	67.5	82.4	94.1	92.7	100.0	96.7	104.9	113.2	122.5	132.9	143.8			
Diamonds	27.8	32.8	32.7	34.5	34.0	36.3	36.3	38.5	40.8	43.3	45.9	48.6			
Wood products	28.8	25.8	39.9	45.9	45.2	48.9	46.6	49.5	52.6	55.7	58.9	62.1			
Imports, f.o.b.	-78.1	-90.3	-106.2	-109.8	-113.0	-123.0	-127.5	-131.4	-139.6	-151.8	-160.3	-169.4			
Petroleum products	-17.8	-17.7	-26.0	-26.3	-25.5	-29.5	-33.8	-34.9	-35.9	-37.1	-38.5	-40.1			
Public investment program	-3.9	-11.2	-13.9	-11.5	-11.6	-17.2	-13.4	-14.0	-15.2	-20.7	-22.3	-23.9			
Other	-56.3	-61.4	-66.3	-72.0	-75.9	-76.3	-80.3	-82.5	-88.5	-94.0	-99.5	-105.4			
Services (net)	-30.1	-39.6	-37.0	-41.6	-40.7	-46.2	-45.8	-48.7	-52.1	-57.4	-62.2	-66.9			
Income (net)	-0.9	-1.1	-2.1	-1.9	-4.9	-1.5	-10.6	-11.3	-11.8	-12.1	-12.9	-13.7			
Credit	5.1	5.2	5.5	4.9	6.1	6.2	6.2	6.4	6.6	6.7	6.9	7.1			
Debit	-6.0	-6.3	-7.6	-5.3	-11.0	-7.7	-16.8	-17.7	-18.3	-18.9	-19.8	-20.8			
Of which: interest due on public debt	-5.6	-3.7	-4.5	-4.5	-3.8	-4.1	-9.3	-9.8	-10.1	-10.3	-10.8	-11.5			
Current transfers (net)	45.3	18.9	42.2	24.8	29.6	32.5	30.8	27.7	28.3	28.8	29.3	29.9			
Of which: official grants	14.8	2.7	26.8	...	13.2	5.0	12.1	5.0	5.0	5.0	5.0	5.0			
Capital account	3.8	12.7	41.6	31.8	33.0	11.5	13.4	16.7	18.2	19.5	38.7	41.6			
Project grants ³	3.8	12.7	15.9	10.5	9.6	11.5	13.4	16.7	18.2	19.5	38.7	41.6			
Capital grants and transfers	0.0	0.0	25.6	21.3	23.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Financial account	-26.3	24.0	2.3	0.0	-23.5	11.7	9.6	25.7	15.1	29.3	12.3	14.8			
Public sector (net)	-14.6	-4.5	-12.9	-13.1	-5.2	-11.1	-8.2	-12.0	-29.5	-18.6	-18.5	-17.8			
Project disbursements	2.6	3.2	3.0	0.0	3.2	2.8	3.2	0.0	0.0	11.0	11.9	12.8			
Program disbursements	0.0	4.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Scheduled amortization	-17.2	-11.8	-15.9	-13.1	-12.4	-13.9	-11.4	-12.0	-29.5	-29.6	-30.4	-30.5			
Private sector (net)	-11.7	28.6	15.2	13.0	-18.3	22.8	17.8	37.7	44.6	47.9	30.8	32.6			
Of which: nonresident purchases of T-bills	...	...	...	...	...	...	5.9	7.9	10.5	17.3	18.7	19.9			
Overall balance	-19.5	-7.9	23.2	-2.7	-26.8	-14.8	-33.3	-16.4	-28.7	-21.2	-22.2	-20.0			
Identified financing	19.5	7.9	-23.2	0.3	26.8	10.1	23.5	9.8	28.7	21.2	22.2	20.0			
Net official reserves movements	1.4	-9.6	17.3	-7.8	26.2	-7.6	6.1	-6.4	-3.1	-3.6	-3.4	-5.2			
Net IMF credit	3.1	-2.6	2.2	-4.2	2.4	-5.8	-3.5	-2.3	-1.1	-0.6	-1.2	-2.9			
Purchases and loans	4.4	0.0	5.4	0.0	15.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Repayments (cash basis)	-1.3	-2.6	-3.1	-4.2	-12.8	-5.8	-3.5	-2.3	-1.1	-0.6	-1.2	-2.9			
Other reserves (increase=)	-1.8	-7.1	15.1	-3.5	23.8	-1.8	9.5	-4.1	-1.9	-3.1	-2.1	-2.3			
Exceptional financing	18.2	17.5	-40.5	8.1	0.5	17.7	17.4	16.3	31.8	24.8	25.5	25.2			
Debt rescheduling	...	...	...	8.1	2.9	17.7	17.4	16.3	31.8	24.8	25.5	25.2			
Paris Club	...	...	...	1.5	1.5	1.5	1.0	1.0	1.3	3.6	4.6	5.6			
Other exceptional financing ⁴	...	...	...	6.6	1.4	16.2	16.4	15.3	30.5	21.2	20.9	19.6			
Debt payments arrears (decrease=) ⁵	18.2	17.5	-40.5	0.0	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Residual financing need ⁶	0.0	0.0	0.0	2.4	0.0	4.7	9.8	6.6	0.0	0.0	0.0	0.0			
Memorandum items:	(Annual percentage change, unless otherwise indicated)														
Terms of trade	-7.7	2.8	0.4	-0.5	4.0	-1.3	-3.7	-1.9	-1.6	-1.4	-1.5	0.3			
Unit price of exports (US\$ basis)	0.2	10.4	6.7	3.1	8.3	0.7	2.8	-0.1	0.0	0.3	0.3	0.9			
Unit price of imports (US\$ basis)	8.6	7.4	6.3	3.6	4.1	2.0	6.7	1.9	1.6	1.7	1.8	0.6			
Export volumes	-1.6	-8.1	15.1	14.8	13.5	6.1	7.8	9.0	8.7	8.8	9.2	8.2			
Import volumes	15.7	8.2	11.3	3.4	11.5	10.2	12.3	1.6	5.2	7.9	4.7	6.0			
Export values in CFA francs	-10.3	1.1	22.2	14.2	12.5	7.8	4.3	8.5	7.9	8.2	8.5	8.2			
Import values in CFA francs	14.3	15.7	17.6	3.4	6.4	8.9	12.8	3.1	6.2	8.7	5.6	5.7			
Gross official reserves															
(CFAF billions, end-of-period)	72.6	79.6	64.5	68.0	40.7	69.9	31.1	35.3	37.2	40.3	42.4	44.7			
(months of imports, f.o.b.)	11.2	10.6	7.3	7.4	4.3	6.8	2.9	3.2	3.2	3.2	3.2	3.2			
Current account (percent of GDP)	0.5	-6.3	-2.7	-4.1	-4.4	-4.8	-6.4	-6.2	-6.0	-6.3	-6.2	-6.0			
Trade balance (percent of GDP)	-1.7	-3.2	-3.1	-1.9	-2.5	-2.6	-3.5	-2.8	-2.6	-2.7	-2.3	-2.0			
Capital account (percent of GDP)	0.6	1.8	5.4	3.8	4.0	1.3	1.5	1.8	1.8	1.8	3.3	3.3			
Total external debt (percent of GDP)	85.0	79.2	73.5	58.5	56.6	54.4	50.2	45.7	39.3	34.5	30.1	26.0			
Nominal GDP (CFAF billions)	670.7	712.1	772.2	832.5	820.6	890.0	881.3	956.2	1,028	1,105	1,188	1,277			

Sources: C.A.R. authorities; and IMF staff estimates and projections.

¹ The macroeconomic framework assumes that the C.A.R. reaches the HIPC completion point in 2009; the balance of payments projections incorporate debt relief expected to be delivered at the completion point.

² The external debt service includes payments to some multilateral creditors.

³ A portion (52.5 percent) of project grants is included under current transfers to reflect funds for technical assistance, expatriate military pensions, and UN programs.

⁴ Includes HIPC debt relief from multilateral and other bilateral creditors. For 2008–09, includes debt service to non-Paris Club and commercial creditors.

⁵ Figure for 2006 reflects arrears clearance by the World Bank and the AfDB (CFAF 47.5 billion) and the increase in arrears to bilateral and a few multilateral creditors (CFAF 6.9 billion).

⁶ This gap is equivalent to the proposed PRGF disbursement, including the requested augmentation.

Ongoing Bank Group Operations

Instrument	Sector	Project Name	Approval Date	Amount Approved (UA million)	Amount Disbursed (UA million)	Disbursement Rate
ADF-10	Multi-sectoral	Economic Planning Capacity Rehabilitation Support Project (PARCPE)	07/21/2006	3.3	1.69	51%
AWF	Water and Sanitation	Study on Drinking Water Supply and Sanitation (DWSS) for 16 centres	08/09/2007	1.282	0.635	50%
ADF-10	Multi-sectoral	Economic Reform Support Programme (PARE)	06/15/2007	6.5	6.5	100%
ADF-10 Regional Allocation	Transport	CAR – Regional Transport Facilitation Programme	07/05/2007	27.8	0	0%
Arrears clearance surplus	Multi-sectoral	Supplementary Funding (surplus generated from clearance of arrears) to back PARE	24/12/2007	3.797	3.797	100%
		Total		42.679	12.622	30%*

* The disbursement rate would be 85%, if the Regional Transport Facilitation Programme, approved in July 2007 for an amount of UA 27.8 million (43% of the portfolio) and which is yet to be disbursed, were not taken into consideration.

Performance and Portfolio Management Indicators of the Bank

Indicators	Baseline (December 2006)	Mid-term Situation (March 2008)
Portfolio Review		
Number of ongoing projects	1	4
Average implementation duration (year)	3	2
Percentage of problem projects	0%	0%
Percentage of projects at risk	0%	0%
Commitments at risk	0%	0%
Disbursement Rate	0% *	30% **
Portfolio Management		
CPPR during the year (yes/no)	No	Yes
Supervision average	1	1
Average size of operations	3.3	18.25

* The PARCPE was approved in July 2006, but started disbursing in 2007.

** The disbursement rate would be 85%, if the Regional Transport Facilitation Programme, approved in July 2007 for an amount of UA 27.8 million (43% of the portfolio) and which is yet to be disbursed, were not taken into consideration.

Assessment of Development Assistance Effectiveness in 2007

Aspect	Indicator	Rating	Challenge	Priority Action
Ownership	1. Operational development strategy	D	- Implementation of sector strategies - Absence of strategic linkages to budget	- Formulate and validate strategies and action plans for priority sectors - Draw up medium-term expenditure frameworks, in general and at sector level
Alignment	2. Reliable national Public Finance Management (PFM) systems 3. Reliable national procurement systems 4. Assistance aligned with national priorities 5. Capacity building through coordinated support 6. Use of national PFM systems 7. Use of national procurement systems 8. Avoidance of parallel implementation structures 9. More predictable assistance 10. Assistance is untied	2.0 - 36% 37% 24% 10% 11 45% 87%	- Assistance disbursed is not factored into budget - Donors rarely use national PFM systems	- Prepare manuals and procedure guides - Build capacity - Improve and reform national PFM systems
Harmonization	11. Common mechanisms 12. Joint missions 13. Joint analytic work	30% 15% 31%	- Donors rarely use common mechanisms	- Centralize and disseminate information
Results-based Management	14. Performance assessment framework exists	D	- Lack of statistical capacity	- Establish a proper monitoring & evaluation system
Mutual Accountability	15. Mechanism for mutual review of progress exists	Yes	- Lack of mutual review system	- Draw up a mutual review system

1. Rating from A to E
2. Rating from 6 to 1
4. Objective: at least 85% of official assistance declared by donors is recorded in the budget by 2010
5. Objective: at least 50% of technical cooperation is implemented through coordinated programmes by 2010
6. Percentage of official assistance passing through national PFM systems
7. Percentage of official assistance passing through national procurement systems
8. Objective: at most 11 parallel implementation structures by 2010
9. Objective: 100% of scheduled assistance disbursements are recorded in national accounts
10. Percentage of untied assistance
11. Objective: at least 66% official assistance is implemented within the framework of programme-based approaches by 2010
12. Objective: at least 40% of field missions are conducted jointly by 2010
13. Objective: at least 66% of analytic works are undertaken jointly by 2010
14. Rating from A to E

Progress towards MDGs

	1990	1995	2000	2005	Likelihood/Possibility of Achieving MDGs
Goal 1: Eradicate extreme poverty and hunger					
Income share held by lowest 20%	..	2.0	Insufficient Information
Malnutrition prevalence, weight for age (% of children under 5)	..	23.2	24.3	..	
Poverty gap at \$1 a day (PPP) (%)	..	38.1	..	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	66.6	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)	50	52	..	44	
Goal 2: Achieve universal primary education					
Literacy rate, youth total (% of people ages 15-24)	52	59	Unlikely
Persistence to grade 5, total (% of cohort)	23	..	..	..
Primary completion rate, total (% of relevant age group)	29	..	..	23
School enrolment, primary (% net)	52	..	..	..
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliament (%)	4	4	7	11	Unlikely
Ratio of girls to boys in primary and secondary education (%)	59	..	65	65	
Ratio of young literate females to males (% ages 15-24)	60	..	..	67
Women non-agricultural employment (% of total non-agricultural)	30.4	..	..	..
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)	83	46	36	35	Unlikely
Mortality rate, infant (per 1,000 live births)	102	107	115	115	
Mortality rate, under-5 (per 1,000)	168	180	193	193	
Goal 5: Improve maternal health					
Births attended by skilled health staff (% of total)	..	46	44	..	Insufficient Information
Maternal mortality ratio (modelled estimate, per 100,000 live births)	..	..	1,100	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children orphaned by HIV/AIDS	..	15	28	..	Unlikely
Contraceptive prevalence (% of women ages 15-49)	117	205	280	314	
Incidence of tuberculosis (per 100,000 people)	..	..	..	7.3
Prevalence of HIV, female (% ages 15-24)	..	..	..	10.7
Prevalence of HIV, total (% of population ages 15-49)	..	61	9	40	
Tuberculosis cases detected under DOTS (%)	0.1	0.1	0.1	0.1	
Goal 7: Ensure environmental sustainability					
CO2 emissions (metric tons per capita)	37	..	37	37	Insufficient Information
Forest area (% of land area)	..	..	..	..
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	23	..	..	27
Improved sanitation facilities (% of population with access)	52	..	..	75
Improved water source (% of population with access)	..	..	..	16.6
Nationally protected areas (% of total land area)	83	49	20	24	
Goal 8: Develop a global partnership for development					
Aid per capita (current US\$)	12.5	11.8	Unlikely
Debt service (PPG and IMF only, % of exports of G&S, excl. remittances)	2	2	4	27	
Fixed line and mobile phone subscribers (per 1,000 people)	..	0	1	3	
Internet users (per 1,000 people)	..	..	2	3
Personal computers (per 1,000 people)	13.2	12.9	..	..
Total debt service (% of exports of goods, services and income)	..	..	..	..
Unemployment, youth female (% of female labour force ages 15-24)	..	..	..	..
Unemployment, youth male (% of male labour force ages 15-24)	..	..	..	..
Unemployment, youth total (% of total labour force ages 15-24)	5.6	5.4	5.1	4.7	

Source: World Development Indicators database

Figures in italics refer to periods other than those specified.