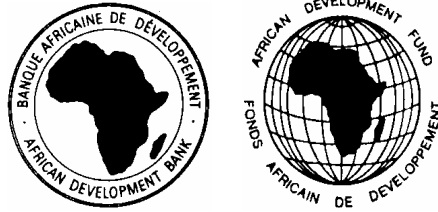


**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND**



**CENTRAL AFRICAN REPUBLIC**

**DIALOGUE PAPER 2001**

**COUNTRY DEPARTMENT  
CENTRAL REGION  
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## **CURRENCY EQUIVALENTS**

(February 2001)

1 UA	:	US \$ 1.29779
1 UA	:	CFA F 916.057

## **FISCAL YEAR**

1 January to 31 December

## **ACRONYMS AND ABBREVIATIONS**

ADB	:	African Development Bank
ADF	:	African Development Fund
BCAD	:	Banque pour le crédit agricole et le développement (Bank for Agricultural Credit and Development)
BCI	:	Banque centrafricaine des investissements (Central African Investment Bank)
BEAC	:	Banque des Etats de l'Afrique centrale (Bank of Central African States)
BIAO	:	Banque internationale pour l'Afrique occidentale (International Bank for West Africa)
BICA	:	Banque internationale pour la Centre Afrique (International Bank for Central Africa)
BNCD	:	Banque nationale centrafricaine de dépôts (National Central African Deposit Bank)
BND	:	Banque nationale de développement (National Development Bank)
BPMC	:	Banque populaire Maroc-centrafricaine
CEMAC	:	Communauté Economique et Monétaire de l'Afrique Centrale (Economic and Monetary Community of Central Africa)
CFA.F	:	Franc of the African Financial Community
DSRPC	:	Document de stratégie de réduction de la pauvreté et de croissance (Paper on Poverty Reduction and Growth)
ENERCA	:	Société d'énergie centrafricaine
ESAF	:	Enhanced Structural Adjustment Facility
EU	:	European Union
GDP	:	Gross Domestic Product
IDA	:	International Development Association
IMF	:	International Monetary Fund
NGO	:	Non governmental Organisation
OHADA	:	l'Organisation pour l'Harmonisation du Droit des Affaires en Afrique
PETROCA	:	La société centrafricaine de pétrole
PNAE	:	Plan national d'action pour l'environnement
PRGF	:	Poverty Reduction and Growth Facility
SAP	:	Structural Adjustment Programme
SNE	:	Société nationale des eaux
SOCATEL	:	Société centrafricaine de télécommunications
TAF	:	ADF Technical Assistance Fund
UA	:	Bank Unit of Account
UBAC	:	Union bancaire en Afrique centrale
UDEAC	:	Central African Customs and Economic Union
UNDP	:	United Nations Programme for Development
US	:	United States

## **I. INTRODUCTION**

This note is intended to propose, for the 2000-2001 period, a strategy to reinforce economic policy dialogue with the Central African Republic (CAR) and actions liable to foster the resumption of Bank Group operations in the country. In this regard, it presents recent economic developments in the CAR, the Government's development programme, the status of dialogue with the International Community and the Bank's strategy in the country. This document was prepared on the basis of information collected during Bank missions in the country in February 1999 and July 2000 (IMF Economic Reports 1998-2000 under article IV, Economic and Financial Policy Framework Paper 1998-2000, Annual ESAF Review Reports, the Government's medium term Development Programme and BEAC Financial Programming Annual Reports). It also takes into account information on the country available at the Bank.

## **II. RECENT DEVELOPMENTS**

### **2.1 Macro-economic Context**

2.1.1 The restoration of peace in 1997 after 3 rebellions of the army and socio-political unrest, followed by a relative resumption of economic activity, to encourage the adoption, by the Government in July 1998, of a Medium-Term Development Programme supported by the Bretton Woods Institutions and some bilateral donors.

2.1.2 **GDP:** Subsequent to the devaluation of the CFA F and the sharp rise in commodity prices on the international market, in 1994 economic activity started its recovery which continued in 1995 with growth rates of 4.9% and 7.2% respectively. In 1996, the growth rate dropped to -4.1% owing to the serious political and social crisis that resulted in a stalemate regarding economic activity. However, since 1997, production has increased steadily as a result of the restoration of peace, good agricultural production (cotton, tobacco, food and oil products) and resumption of production and service sector activities. Therefore, the GDP rose to a yearly average of 4.0% during the period 1997-2000 and 5.1% is projected in 2001 owing to the recovery of agricultural sector activities. Nevertheless, since 1999, economic growth is running out of steam with a yearly average rate of 3% over the period 1999-2000, due to: (i) the reduction of agricultural sector activity stemming from poor pluviometric conditions; ii) the increase of international hydrocarbon prices and the doubling of transport prices for oil products subsequent to the interruption of their transmission from Kinshasa; and (iii) the stagnation of trade.

2.1.3 **Inflation:** Thanks to the prudent management of currency and a reduction of the public finance deficit, the deflationary trend continued in 1996 (4.4%) and in 1997 (0.6%) after mechanical price increases due to the 1994 CFA F devaluation. Between 1998 and 1999, the negative development of prices (-1.7% on the average per annum) is explained by: (i) the downturn of domestic consumption, following the departure of French military troops; (ii) insolvency of a substantial number of households related to the persistence of salary arrears in the Civil Service; (iii) decline in farmers' purchasing power stemming from the decline in international prices of the country's major export commodities (cotton and coffee); and (v) the private sector's poor performance related to an unfavourable national context. On the other hand, in 2000, inflation (3%) resumed because of increased oil product prices and the decline in the supply of food products.

**2.1.4 Public Finances :** The situation of public finances was a source of concern over the period 1996-2000. After a drop of 35.0% in 1996, earnings increased on an average of 22% per year between 1997 and 1999, on the one hand, due to a slight resumption of economic activity and, on the other hand, implementation of a more efficient recovery policy and better monitoring of taxpayers. During the same period, expenditures increased at a yearly average of 13.2%. This slight increase of public expenditures stems from the accumulation of considerable arrears in salary payments to government employees and a reduction of expenditures for goods and services related to the country's financial difficulties. Despite an average increase of 8.4% of the GDP on earnings, between 1997 and 2000, the budget during that period generated a yearly 9.3% commitment based overall average deficit which was covered by the accumulation of arrears in domestic and external payments. The accumulation of external arrears brought about the suspension of disbursements by some donors including the African Development Bank.

**2.1.5 Currency and Credit:** Between 1994 and 1996, the CAR recorded an average increase of its assets of about 27% due to the increased export earnings after the devaluation of the CFA.F, the increase of international prices for basic commodities, and drawings on credits and structural adjustment facilities. However, the trend went into a slump with a rate of - 14.2% between 1997 and 1998 related to the poor performance of major export commodities (cotton, diamonds and coffee), the resumption of imports after upgrading road infrastructure and rehabilitating credit to the economy. In 1999, these same assets increased by 4.1%. As regards domestic credit, it declined on an average of 4.1% per year between 1994 and 1997, before climbing to 5.6% between 1998 and 2000. The money supply increased constantly by 5.7%, on a yearly average, between 1997 and 2000 against 4% over the period 1994-1996.

**2.1.6 Balance of payments:** The development of international trade in 1999 was marked by an improvement in the trade balance resulting from a 6.9% increase of exports and a concomitant decline of 8.5% of imports due to the end of road works. The services shortfall, owing to the negative impact of the land-locked territory and the increase of payments for public debt, has remained high and has had an impact on the current account balance which was structurally deficient at -6.4% of the GDP in 1999 against -5.6% in 1994. Between 1996 and 1998, the overall balance deteriorated, however in 1999, it was adjusted with CFAF 11.7 billion due to the slight resumption of foreign aid, against CFAF -31.5 billion in 1998.

**2.1.7 Key Structural Reforms** In addition to the public finances rehabilitation efforts undertaken, the structural reforms introduced within the framework of the Medium-Term Development Programme concern the State's withdrawal from productive activities by privatising some of the public enterprises and also by rehabilitating the banking sector. Thus, the oil products storage and distribution company (PETROCA) privatisation process resulted in the dissolution of this company, followed by the transfer, during a five-year period, of import and distribution rights for oil products in the CAR to a mixed company established by the State (10% of the shares) and 3 international oil companies. At the end of this period, the sector will be open to other private operators. The Société nationale des eaux (SNE) was dissolved whereas the water distribution company (SODECA) was restructured. The process intended to permit the privatisation of the electricity management company (ENERCA) continues. Considering the failure of the action undertaken to transfer 15% of the Government's shares in the capital of the Central African telecommunications company (SOCATEL) to the private sector, the State decided to carry out the operation again after the ongoing reorganisation of this company's management. However, the Government has already approved opening up the sector to private operators operating in the cellular telephone sector. Reorganisation of the banking sector, started a few years ago, is now in its final stage. It concerns the following three banks : (i) the Banque Internationale pour la Centrafrique (BICA); (ii) Union Bancaire en Afrique Centrale (UBAC); and (iii) Banque Populaire Maroc-centrafricaine (BPMC). On the other hand, 4 other banks were liquidated: the Banque

nationale centrafricaine de dépôts (BNCD), Banque centrafricaine des investissements (BCI), Banque pour le crédit agricole et le développement (BCAD) and the Banque nationale de développement (BND). In order to permit the rapid conclusion of processes underway and to efficiently launch new privatisation operations concerning public companies of lesser importance such as hotels, with the assistance of the World Bank, the Government is reinforcing the national structure responsible for the privatisation of public enterprises, while establishing a precise work programme.

### **Sectoral Situation**

2.1.8 The country's key economic sectors, which include agriculture (including stockbreeding and forestry), mining and transport, encounter many impediments to their development. Therefore, despite the substantial potentialities of the agricultural sector, its development is thwarted by the following constraints: (i) productions' heavy dependence on climatic contingencies; (ii) the sector's lack of organisation; (iii) systematic recourse to rudimentary techniques and the failure to use of modern inputs ; (iv) the absence of systems of credit to producers, breeders and traders of forest resources; (v) the little diversification of export crops; (vi) inadequate wells and pastoral drillings, and modern slaughter houses ; (vii) difficult access to forest areas; (viii) product drainage problems and the high costs of equipment and transportation.

2.1.9 Although its importance is not yet understood, because of inadequate surveying, CAR's underground allegedly contains several minerals including gold and diamonds which for the time being are the only ones exploited by traditional methods. Therefore mineral resources are insufficiently exploited, production is poorly organised and modern mining does not exist. In view of the lack of national investors, the Government is striving to develop the country's mining potential with foreign private investments by means of attractive legislative and fiscal framework. Without a shoreline and very far from the major maritime ports, the CAR suffers from being cut off from the external world, aggravated by the remoteness of domestic production areas in relation to urban markets, because of the shortage and the inappropriate quality of road transport infrastructure and means of road transportation. CAR's excessive isolation results in an important increase in its exports and imports and delays in trade with the rest of the world, which thwart the country's competitiveness. The major constraints to the country's development are the scattering of the population over a wide spans of territory, the high costs of maintenance for infrastructure, insecurity on certain priority roads and impracticability of some roads during the rainy season and some rivers during the dry season.

2.1.10 As regards the health and education sectors, their development, which is very weak, is plagued by the shortage of health and educational infrastructure, equipment, inadequate budgetary allocations, insufficient medicines and qualified and motivated teachers, in addition to substantial regional disparities, especially between towns and rural areas. Furthermore, HIV/AIDS is a serious public health problem, given the prevalence of HIV, which has attained 15% of the sexually active population in Bangui, 8% in secondary towns, and 4% in rural areas. Estimated in 1998 at about 3.5 million inhabitants including 51.4% women, the CAR's population is mainly affected by poverty. The latter has worsened with the downturn of international prices for key exports and the socio-political unrest of 1996/97, affect 63% of the total population including 75% in rural areas, 50% of the inhabitants in secondary towns and 12% of the residents of Bangui. Women are the most affected (56.6% of the country's poor) by this plague, followed by youths. The poverty of women stems mainly from the weight of tradition and customs, illiteracy, the unequal distribution of family responsibilities and their low level of participation in decision making because of a lack of qualification.

2.1.11 The private sector, quite underdeveloped, suffered from the rebellions of 1996/97 and the ensuing insecurity. Its expansion is encountering the following major constraints: (i) limited domestic market; (ii) high cost of the factors of production; (iii) enterprises' difficulties in obtaining financing; (iv) insufficient basic infrastructure, and (v) limited access to technological and economic data. Since 1998, the Government has been trying, within the framework of its medium-term programme, to make the macro-economic environment legal, regulatory, and institutionally conducive to the development of private investment. In this regard, reforms and the other measures recently taken concern public finances rehabilitation, rationalisation of customs tariffs and enterprises tax mitigation. They were reinforced by actions intended to rehabilitate the financial sector and to speed-up State withdrawal for some public companies. Nevertheless, these efforts are still inadequate to promote private sector development. In order to create a more attractive statutory and legal environment and a calm investment climate conducive to private sector promotion, the Government should: (i) restore the Government's authority; (ii) more vigorously pursue public finance rehabilitation; (iii) speed-up implementation of the public enterprise privatisation programme; and (iv) rationalise administrative procedures for the creation of private enterprises and revise the work and mining codes with a view to making them conform with initiatives taken within the framework of the Organisation for the Harmonisation of Business Law in Africa (OHADA) and the Communauté Economique et Monétaire de l'Afrique Centrale, CEMAC (Economic and Monetary Community of Central Africa).

## 2.2 **Political Situation and Status of Governance**

2.2.1 The politico-military and social unrest of 1996/97 revealed the limits to the Government's economic and administrative management introduced after the elections of 1993, as well as the weakness of the democratisation process undertaken since 1991. At the outcome of consultations that brought together the authorities, political opposition parties and civil society, a Government of National Unit was formed in 1997. In view of its inability to adopt and implement political and economic reforms required to rapidly end the crisis, socio-political tensions returned and legislative and presidential elections in 1998 and 1999 did not allow this crisis to be concluded. Consequently, the weakness of Central African Institutions persists and the authority's room to manoeuvre to normalise public life and to resume economic activity in the country, is still limited. In this regard, attempted rebellions by the army have resumed and strikes by Government employees to obtain the payment of several months salaries have been multiplied.

2.2.2 Scandals regarding the misappropriation of Government funds and/or goods belonging to State enterprises aggravate social and political tensions, which the legal system very rarely punishes. Despite the economic rehabilitation measures taken since 1998, the country's economic and administrative management is dominated by political favouritism and corruption in a context of budgetary crisis. Due to the fact that public administration is not very present in the interior of the country, some Government employees' comportment is not in keeping with the rigour needed to manage public funds required for the Programme's implementation. In the central administration, regulations for the Budget's implementation are not always respected, which does not allow for transparency in the State's financial operations. As a result, economic proceeds are unequally distributed among the regions and various categories of the population which tends favour strikes and political tensions.

2.2.3 Poor governance also affects the participation of populations and their organisations in defining the CAR's basic development choices and in designing and managing the projects for which they are the direct beneficiaries. About 50 non-governmental organisations (NGO) are officially registered in the CAR; 2/3 are local enterprises, a fact that is not well known. Few NGOs are established in the CAR, which stems from the centralised nature of the country's management and the very limited support provided by the Government. This tends to weaken and isolate existing

associations, except for those of denominational origin that operate in the educational sector. This situation seriously reduces the participation of the population and organisations from civil society in the country's development process.

## **2.3 External and Domestic Debt**

2.3.1 After the Club de Paris' cancellation, in September 1998, of 67% of bilateral debt contracted from its member countries, the level of outstanding foreign debt was reduced to about 81.5% of the GDP between 1998 and 2000 against 94% in 1997 and its service to 12.7% of export earnings on unaccounted goods and services against 17.4% in 1997. In 1999, this outstanding debt amounted to 69% for multilateral institutions and 28.2% for bilateral donors. At the same time, the stock of arrears due external creditors amounted to about CFAF 42.7 billion including 46.3% due multilateral institutions and 53.7% due bilateral institutions. As at 31 December 2000, amounts due the Bank Group amounted to UA 12.37 million (US \$ 16.06 million) including UA 9.39 million to ADF and UA 2.98 million to the ADB. In the event the Government should not be able to settle its arrears and to ensure regular payment of its debt service to the Bank Group, the development of the foreseeable volume of arrears would be as follows: UA 15.5 million at 31/12/2001; UA 18.0 million at 31/12/2002; UA 20.7 million at 31/12/2003; UA 23.6 million at 31/12/2004; and UA 26.5 million at 31/12/2005. The structural deficit of public finances, some multilateral and bilateral loan disbursement suspensions and the mixed performances of exports limit the State's capacity to meet its debts due dates. Assuming satisfactory implementation of the ongoing reform programme and, normalisation at latest, during the first quarter of 2002, of CAR's relations with its creditors, in particular multilateral creditors, in the second half of 2002, the country should decide on its eligibility for the international facility in favour of the most heavily indebted poor countries (PPTE).

2.3.2 At the end of December 1999, outstanding domestic debt amounted to about CFAF 15.5 billion. About 80% of this debt was for the banking system and 20% for delays in salary and pension payments. The Government intends to settle this debt in 2001 from the expected increase in State earnings within the framework of the ongoing public finance rehabilitation.

## **2.4 Major Constraints to Development**

2.4.1 The CAR's economic and social development is confronted with macro-economic, structural and institutional constraints, in particular:

2.4.2 **Macro-economic Constraints** : The CAR suffers from inadequate domestic savings and inadequate monetisation of the economy. This reality obliges the country to resort to foreign aid to finance its capital expenditures and even to cover part of the State's operating budget. This situation is at the origin of the current balance's structural deficit. Inadequate Government resources and their poor allocation, explain the accumulation of payment arrears for public debt, which, in turn, reduces the country's mobilisation of foreign resources necessary to finance development.

2.4.3 **Structural Constraints**: The Central African territory is totally landlocked and very far from major transit ports. That results in expensive supply costs and slowness in commerce between the CAR and the rest of the world. This external constraint is aggravated, inside the country, by roads that are impracticable during the rainy season, rivers that are not navigable in the dry season and a highly dispersed population throughout the vast territory. Furthermore, existing road infrastructure provides mediocre level of service.

2.4.4 **Institutional Constraints:** The Central African administration suffers from weakness in defining macro-economic policies and in implementation of the programmes adopted. Its major shortcomings concern: (i) low level of staff members' competence; (ii) absence of coherence in the planning system; (iii) inadequate national Budget and PIP preparation and implementation capacity; (iv) inefficient domestic resource mobilisation; and (v) inadequate cash flow and debt management.

### **III. GOVERNMENT DEVELOPMENT PROGRAMME**

#### **3.1 Basic Elements of the Government Programme**

3.1.1 The development strategy for the period 1999 to 2001 is focused on implementation of the medium-term programme supported by the International Community. It aims at restoring the country's macro-economic balances and promoting sustainable growth able to substantially reduce poverty. In quantitative terms, the programme's objectives are to: (i) attain an average annual growth rate of 3.7% per annum of the real GDP, in order to increase the per capita real annual income by about 1.8%; (ii) maintain an average rate of annual inflation at about 2.5%; (iii) limit the external current account deficit and overall public finance deficit at -4.4% and -8.4% respectively of the GDP by the year 2001; (iv) normalise relations with external and internal creditors; and (v) increase gross investments from 9% of the GDP in 1997 to 14.6% in 2001. To attain these objectives, the programme will focus on the following components: (i) budgetary policy; (ii) monetary and credit policy; (iii) structural reforms; and (iv) sector policy.

3.1.2 **Budgetary Policy :** It aims at improving the budget's primary balance. Therefore, the overall budgetary deficit would be brought to a bearable level, resources would be generated to settle domestic and external arrears, make the necessary public investments, and promote the allocation of a growing proportion of credit to the economy in the private sector. As regards the mobilisation of earnings, the objective is to enhance total earnings. In this regard, the Government's policy will be based on the following three points: a) centralisation of all fiscal and para-fiscal earnings under the sole authority of the Ministry of Finance and Budget; b) reinforcement of fiscal administration with a view to intensifying the recovery of taxes and customs duties; and c) implementation of CEMAC fiscal and customs reforms. With regard to public expenditures, the major objectives are: control of the level of expenditures, especially limitation of the wage bill and improvement of the quality of expenditures while giving priority to social sectors and to the maintenance of basic infrastructure. Substantial efforts will be made to settle external payment arrears, in order to encourage wide support of CAR's foreign partners to the programme's implementation. However, in view of the inadequacy of internal resources, the settlement of all arrears will depend, to a large extent, on donors' aid, including in the form of debt service reduction.

3.1.3 **Monetary and Credit Policy:** The CAR's monetary policy will continue to be conducted within the framework of the CEMAC. It will strive to preserve the money's stability while conciliating the development of domestic credit with the objectives fixed with regard to foreign exchange reserves. In this regard, the authorities will respect the statutory ceiling for to Central Bank advances to the State. This will permit sufficient resources to be generated to ensure private sector and economic development.

#### **Structural Reforms**

3.1.4 **Civil Service Reform:** The objective sought is to improve the public administration's efficiency by implementing the Government service statutes adopted in 1994 which will first be revised. In this regard, a single file will be prepared on the balance and the civil service, on the one hand and, on the other, on targeted training programmes for Government employees. Furthermore,

the Government will revise the labour code with a view to adapting it to the needs of a market economy.

**3.1.5 Public Enterprise Reform and Financial Sector Restructuring:** State withdrawal from commercial and industrial enterprises will be pursued in order to reduce its currently preponderant role in productive and distribution activities. For this reason, a privatisation programme for several public enterprises will be implemented, whereas rationalisation of activities of bodies remaining in the public sector will be undertaken. Close co-operation with the regional banking supervisory agency, the Central African Banking Commission (COBAC) will be maintained so as to ensure banking establishments' strict compliance with prudent ratios and regulations and the latter's maintenance of adequate provisions to cover bad credit.

**3.1.6 Foreign Sector Policy:** The authorities will carry out a foreign sector policy promoting the opening up and competition within the regional and international framework while avoiding quantitative restrictions on exchanges and while further reducing the average level of protection. Furthermore, they will continue to promote and implement measures determined within the framework of the Regional Reform Programme of the Economic and Monetary Community of Central African States.

**3.1.7 Introduction of a Legislative and Statutory Framework Conducive to Private Sector Development:** Measures have been envisaged to improve the legal and statutory framework in which the private sector develops. In this regard, the efficiency of the legal system will be reinforced and laws and regulations that thwart development of private initiatives will be revised. Furthermore, the authorities will maintain their liberal pricing policy, eliminate the monopolies that still exist and will facilitate other private operators' access to the market, while simplifying administrative formalities. To ensure greater flexibility of the labour market, they will negotiate with social partners on questions related to the labour market with a view to preparing a new labour code. Lastly, the Government will introduce an investment charter that will clearly stipulate the provisions in favour of investors, in compliance with the General Tax Code and the Customs Code.

### **Sectoral Policies**

**3.1.8 Agriculture:** The programme's objective is to rehabilitate and diversify agricultural production, and to develop forest properties, within the framework of a policy to decentralise and regionalise the sector. In this regard, the financial and administrative development agencies will be increased and the role of the State will be limited to services strictly required to support the development process carried out by agencies or projects. Producer prices for the leading export products should reflect the fixing mechanisms on international markets.

**3.1.9 Mining:** The most important actions envisaged to make the mining sector profitable focus on creation of a technical research unit and diversification studies in order to be more aware of the country's potentialities. As regards the improvement of the sector's management, assessors will be trained. These actions will be reinforced by fiscal incentives, to improve the sector's competitiveness, reinforce fraud control and rehabilitate diamond production by grouping and organising craft associations or co-operatives, their adoption of new mining techniques and creation of centres for the provision of equipment. Lastly, the procedures for the allocation of permits and legal texts should be simplified and grouped.

**3.1.10 Transports:** The objectives of the transport policy are to: (i) reinforce the complementarity of means of transport; (ii) ensure road transport priority network maintenance; (iii) encourage preventive maintenance work on the priority network, studies and works control by the private

sector; and (iv) limit the role of the public sector to the duties of developer and applicant of regulations.

**3.1.11 Poverty Control and Environmental Conservation:** The decline of production, together with the destruction of several economic and social infrastructure following the socio-political unrest of 1996/1997, gave rise to the extension and worsening of poverty in the CAR. The State's serious financial crisis, along with several donors freeze on their countries' aid because of the persistence of debt repayment arrears, does not permit a significant increase in health and education expenditures, and rehabilitation of the different social infrastructure destroyed previously, which makes the most vulnerable segments of the population's living conditions even more precarious. Furthermore, unemployment continues to affect several thousand people. In order to reduce this evil, the Programme aims at the attainment of sustained economic growth, able to promote the creation of remunerative jobs and the development of social sectors. It is in this context that the Government, in May 2000, prepared a preliminary declaration of its poverty reduction strategy. The latter, which is recorded within the framework of the Poverty Reduction and Growth Strategy Paper (DSRPC) of international and regional financial institutions, is being prepared on the basis of the participative approach, by the Central African authorities with the aid of the World Bank. Furthermore, to safeguard the country's productive capacity and its ecological estate, the Government selected environmental protection from among the priorities of its social and economic policy.

**3.1.12 External Resource Requirements:** Carrying out the Government's Programme requires external resources for the 1999/2001 period estimated at a total of CFAF 200.0 billion including 59.8 billion for the current balance of payments deficit, 106.5 billion for debt amortisation including the reduction of arrears and IMF buy offs, 17.6 billion for net internal transactions of the private sector and CFA F 16.1 billion for reserves. These requirements will be covered by identified resources which amount to CFA F 143.3 billion including 117.6 billion for project and programme loans and grants, and 25.7 billion for the utilisation of Fund resources. The balance totals CFA F 46.7 billion, comes from debt rescheduling and the accumulation of external arrears.

## **3.2 Evaluation of the Government Programme**

**3.2.1** The Programme will be evaluated, according to its consistence, its realism and pertinence to ensure a stable macro-economic framework, promote sustainable and equitable growth and good governance.

**3.2.2 Coherence and realism of the Government Programme:** The general objectives of the medium-term programme are pertinent and coherent. They take into consideration the imperatives of poverty reduction through regular and sustainable per capita revenue increases within the context of macro-economic stability. Combined with the creation of an environment conducive to the development of business and to the State's withdrawal from the productive sector, such a strategy also encourages job creation and guarantees the country's security and political stability by reducing poverty. Lastly, attainment of this policy's objectives can restore the country's external creditors' confidence and promote the resumption of foreign aid to the CAR. However, in view of the Government's limited institutional capacity, some quantitative objectives are too ambitious, in particular reform of the civil service, application of the State's withdrawal programme from productive activities and privatisation of public enterprises and introduction of a conducive legal and statutory framework conducive to the promotion of private investment. However, the Government is determined to successfully carry out the above mentioned reforms that the Bank should follow closely in its economic policy dialogue with Central African authorities.

**3.2.3 Sustainable Growth:** The Government's strategy takes into account the demands of efforts to control galloping poverty in the country. However, because of the weak institutional capacity, the Government is advancing very slowly in the preparation of its specific strategy to combat this problem. Nevertheless, with the assistance of UNDP, it has already prepared a national plan of action for the environment which aims at ensuring sustainable management of national ecosystems.

**3.2.4 Promotion of Good Governance:** The Government Programme selected some actions likely to promote the country's rationalisation of financial, economic and administrative management: (i) more efficient allocation of State resources, with a view to making economic growth sustainable and poverty reduction efficient; (ii) introduction of budgetary transparency, creation of a business environment conducive to private sector development. Although these actions do not cover all of the pertinent areas likely to promote good governance, in particular, fraud control, decentralisation of development actions and the association of the population in decision-making which commits the country's future; they nevertheless represent an encouraging contribution to the realisation of this objective.

### **3.3 Challenges and Risks**

**3.3.1** In order to efficiently carry out its Programme, the CAR should take up the following challenges: (i) normalisation of relations with creditors; (ii) reinforcement of institutional capacities. Since July 1998, the CAR has been implementing a medium-term development programme. Despite the financial support that the country has already received from Bretton Woods Institutions and some bilateral donors, implementation of the different reforms encounters inadequate resources mobilised by the Government. In fact, several foreign partners are maintaining the freeze on their assistance to the CAR because of the failure to repay the country's debt for several years. In order to be able to receive the aid needed to carry out its ongoing programme under the best conditions, the Government should give priority to settling the sums due to foreign creditors, especially to multilateral institutions. In this regard, support provided on the 8 January 2001 by the IMF worth US \$ 10 million for the 2<sup>nd</sup> year of the FRPC along with the acceleration of reforms, should contribute to the gradual regularisation of relations between the CAR and its foreign partners.

**3.3.2** Due to the shortage of competent and experienced human resources and the lack of motivation of many employees, because of the repeated delays in the payment of salaries and the glaring lack of material resources, the Central African Administration has become inefficient. This weak institutional capacity concerns all the State's services, in particular economic and financial administrations responsible for preparing and implementing the Programme's selected economic, structural and institutional reforms. This results in particular, to inadequate mobilization of domestic resources and substantial delays in the implementation of most reforms. Consequently, rapid reinforcement of the administration's institutional capacities by the authorities with the assistance of their external partners, should be a top priority, to permit efficient implementation to the end of the Programme.

**3.3.3** Since the end of the rebellions of 1996/97 and the restoration of peace by the United Nations, the authorities have made progress in the areas of organising and holding elections. However, in view of repeated political tension, union strikes related to the budget crisis, misappropriation of State funds, embezzlement and persistent salary arrears to the civil service, the risks of destabilising the Government and institutions are very high. The Programme's implementation, which might be affected, in turn, is likely to bring about donors' suspension of co-operation with the country while awaiting the restoration of law and order and democratic institutions. To minimise these risks, the Government should intensify the political dialogue with the opposing party, reorganise security and defence forces and speed up the rehabilitation of public finances.

#### **IV. DIALOGUE WITH THE DONOR COMMUNITY**

The CAR is heavily dependent on foreign aid for its development and even for assuming part of the Administration's operating costs and repayment of its external debt. However, its resource mobilisation strategy from external partners, has become inefficient, despite the implementation of its medium-term programme. On the national level, aid co-ordination is ensured by the Ministry of State to the Economy, Planning and International Co-operation whereas with regards to donors it is implemented mainly under the auspices of the World Bank and the UNDP.

4.1 Status of Dialogue with Bilateral Partners: The CAR's major donors are the European Union, France, Germany and Japan. The European Union operates mainly in the transport, health, education and rural development sectors. Bilateral agencies, especially France, Germany and Japan, operate mainly in social and transport sectors. However, because of the country's weak absorptive capacity and the inadequate institutional capacity, the structural aid of the European Union and Japan has only been slightly mobilised by the Government during the last five years.

4.2 Status of the Dialogue with Financial Institutions and Multilateral Agencies: Since 1998, the operations of CAR's major donors fall mainly within the framework of the Government's medium-term programme. The World Bank co-finances with the IMF ongoing economic and structural reform programme and intends to intervene, in 2001, in areas to reinforce the country's capacities, develop the human resources and transport. The UNDP contributes to the formulation of poverty reduction strategies and/or programmes, ecosystems sustainable management and the reinforcement of institutional capacities.

#### **V. BANK GROUP STRATEGY**

5.1 Bank Group Portfolio and its Management: The Bank has not yet financed projects in the CAR from its private sector window; consequently, all its operations in the country are in the public sector. Since 1972, the beginning of Bank Group operations in the CAR, 23 operations have been financed among which 21 have been completed and 2 cancelled. The Bank Group co-financed two economic reform programmes with the Bretton Woods Institutions. As at 31 December 2000, the total amount of commitments came to UA 106.84 million (UA 13.72 million from the ADB and UA 96.26 million from ADF) divided as follows: multi-sector (30.12%); agricultural sector (25.12%), public utilities (23.72%); transport (11.95%) and the social sector (9.09%). As at 31 December 2000, the cumulative amount of disbursements came to UA 106.84 million. The overall disbursement rate comes to 100%. The high level of this ratio reflects the cancellation and completion of all Bank Group operations in the country and the new projects, since 1994, that were not approved because of sanctions due to chronic arrears more so than the portfolio's performance.

#### 5.2 Strategies and Actions to Reinforce the Economic Policy Dialogue as Well As the Settlement of Arrears

5.2.1 Since July 1998, the Government adopted a programme of economic and structural reforms intended to rehabilitate public finances, reorganise the economy and put the country on the path to sustainable development. However, despite the support given by the IMF, the World Bank and the European Union, its implementation has not been sufficiently successful to attract widespread support from other CAR development partners. Consequently, the annual volume of domestic and foreign resources mobilised up to the present time by the Government were quite inadequate to support the realisation of several selected reforms under the three year programme, and allow the CAR to normalise its relations with its bilateral and multilateral creditors. Different donors, in

particular multilateral, continue to freeze their assistance to the country until the outstanding amounts are repaid. The Bank Group, is part of this category of donors since the CAR has had arrears since 1994.

### **Actions Undertaken by the Bank, With a View to Permitting Settlement of Arrears**

5.2.2 In order to enable the settlement of amounts due, the Bank intensified its dialogue with the authorities of the CAR and reinforced its co-operation with the Bretton Woods Institutions. In this context, it carried out several missions to the CAR to monitor arrears and took advantage of all the opportunities offered by the visits of delegations from the CAR to its headquarters in Abidjan, to sensitise the Government to the interest it has in rapidly normalising its relations with the Institution. Therefore, in co-ordination with the Bretton Woods Institutions, the Bank, between 1998 and 2000, participated in ESAF negotiations and the different review missions with regard to the Programme's implementation. It is in this context that, in July 1998 in Washington, the Government agreed to resume the settlement of all current maturities in respect of its debt due the Bank Group and the World Bank and settle the arrears stock. The Government, during the second half of 1998, regularised its relations with the World Bank. However, up to the present, it has settled only the maturity for July 1998 for the repayment of its debt to the Bank. In 1999, the Central African Government tried to set up a bridging facility to solve the CAR's problem of arrears due the Bank Group. However, this solution was disregarded by the Bank because of its very high cost and its negative impact on public finances and the country's medium-term development. Actions intended for certain donors to assume responsibility for the CAR's arrears also failed. In addition, within the framework of solidarity between financial institutions, the Bank, on several occasions, requested the assistance of the IMF and the World Bank in order to permit the CAR to settle its arrears.

5.2.3 In view of the State's persistent financial crisis, the settlement of the CAR's arrears from domestic resources due multilateral and bilateral creditors appears to be difficult to envisage in the short term. Despite the Programme's implementation, since October 2000 the Government has been confronted almost permanently with strikes and social unrest initiated by several professional categories of Government employees seeking the payment of 12 months of salary that have not yet been paid. Furthermore, the country's provisioning difficulties in 2000 in petroleum products caused frequent shortages creating a substantial shortfall in the State's petroleum earnings. The deterioration of public finances made difficult the normalisation of the CAR's relations with foreign creditors including the African Development Bank. However, in October 2000 the dialogue between the Government and the IMF resumed and in January 2001 the IMF approved the second year of its support to the Programme under its poverty reduction and growth facility (PRGF); this boosted prospects of solving the CAR's problem of arrears to its foreign partners, including in particular the Bank Group.

5.2.4 It is in this framework that, in agreement with the Fund, in December 2000, it was agreed that a plan for the settlement of arrears would be set up that planned for the resumption in 2001 of current maturities (about UA 3.05 million for 20010 and the payment, on a quarterly basis, of CFA F 1.5 billion (UA 1.63 million) of the arrears stock estimated at a total of UA 12.32 million as at 31/12/2000. Application of this plan should permit the payment, in 2001, of about 50% of the arrears stock and the remaining balance should be settled in 2002. In this context, the Bank Group strategy in the CAR for 2001 concerned reinforcing the economic policy dialogue with the CAR and reinforcement of its institutional capacities with a view to permitting the settlement of arrears and to improve its economic management including the external debt. In this regard, the authorities should note of the CAR's need to intensify application of reforms and to accelerate the normalisation of its financial relations with the Bank Group, in order to permit a rapid resumption of its operations in the country.

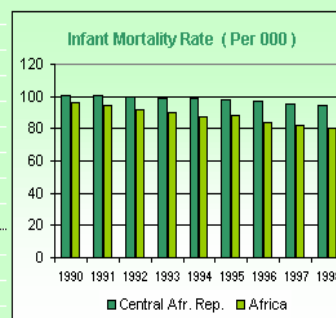
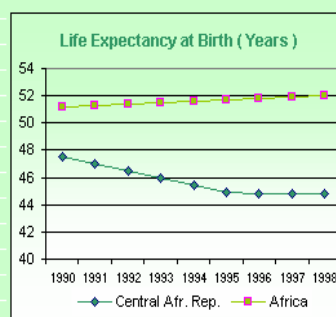
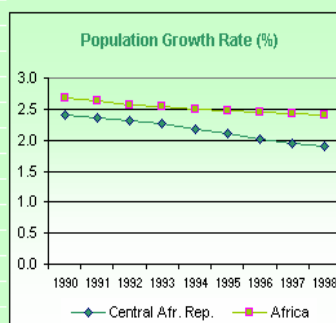
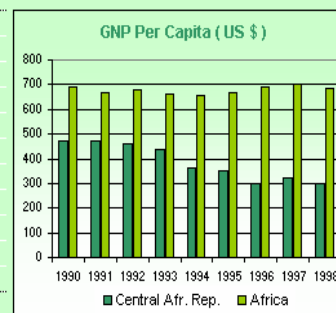
## VI. CONCLUSION AND RECOMMENDATIONS

6.1 **Conclusion:** In October 2000 the Government confirmed its determination to reinforce and accelerate the implementation of its medium-term programme with a view to backing economic growth and reducing poverty. This programme which is supported by Bretton Woods Institutions is not always supported by the Bank Group because of the persistence of debt repayment arrears. However, the Programme's plan for the settlement of arrears approved with the IMF in December 2000 indicates the prospects of normalising the CAR's relation with the Bank Group by 2002. In this context, the Bank's strategy in the CAR for 2001 will concern the reinforcement of the economic policy dialogue with the country, the actions liable to promote strict application of the arrears settlement plan and the reinforcement of its economic and debt management capacities, based on the mobilisation of TAF resources, for the country allocation of ADF VIII funds.

6.2 **Recommendation:** The Boards are invited to consider and adopt this dialogue paper for 2001 with the CAR.

**CENTRAL AFRICAN REPUBLIC : BASIC DATA SHEET**  
**COMPARATIVE SOCIO-ECONOMIC INDICATORS**

	Year	Central Afr. Rep.	Africa Developing Countries	Developed Countries
<b>Basic Indicators</b>				
Area ('000 Km <sup>2</sup> )		623	30,061	80,976
Total Population (millions)	1998	3.5	748.0	4,718.9
Urban Population (% of Total)	1998	40.5	38.2	39.6
Population Density (per Km <sup>2</sup> )	1998	5.6	24.9	58.3
GNP per Capita (US \$)	1998	300	687	1,250
Labor Force Participation - Total (%)	1998	...	43.7	...
Labor Force Participation - Female (%)	1998	...	37.0	...
Gender -Related Development Index Value	1997	0.4	0.5	0.6
Human Development Index (Rank among 174 countries)	1997	165	n.a.	n.a.
Population Living Below \$ 1 a Day (% of Population)	1989-94	...	45.0	32.2
<b>Demographic Indicators</b>				
Population Growth Rate - Total (%)	1998	1.9	2.4	1.6
Population Growth Rate - Urban (%)	1998	3.2	4.3	3.1
Population < 15 years (%)	1998	42.7	42.9	33.2
Population >= 65 years (%)	1998	4.0	3.2	19.7
Dependency Ratio (%)	1998	82.7	86.9	61.7
Sex Ratio (per 100 female)	1998	94.5	99.3	103.3
Female Population 15-49 years (millions)	1998	0.8	176.2	1,213.4
Life Expectancy at Birth - Total (years)	1998	44.8	52.7	64.0
Life Expectancy at Birth - Female (years)	1998	46.8	53.4	65.8
Crude Birth Rate (per 1,000)	1998	36.9	37.7	23.8
Crude Death Rate (per 1,000)	1998	18.5	13.7	8.4
Infant Mortality Rate (per 1,000)	1998	94.5	80.7	58.9
Child Mortality Rate (per 1,000)	1998	141.0	116.1	76.2
Maternal Mortality Rate (per 100,000)	1996	700	698	488
Total Fertility Rate (per woman)	1998	4.7	5.0	2.9
Women Using Contraception (%)	1994-95	14.8	...	56.0
<b>Health &amp; Nutrition Indicators</b>				
Physicians (per 100,000 people)	1990-96	6	23	76
Nurses (per 100,000 people)	1988-96	45	89	85
Births attended by Trained Health Personnel (%)	1986-87	66	...	54
Access to Safe Water (% of Population)	1990-97	...	55	72
Access to Health Services (% of Population)	1995	52	60	80
Access to Sanitation (% of Population)	1990-97	27	45	43
Percentage of Adults (aged 15-49) Living with HIV/AIDS	1997	10.8	5.7	...
Incidence of Tuberculosis (per 100,000)	1995	139	201	157
Child Immunization Against Tuberculosis (%)	1996	94	77	88
Child Immunization Against Measles (%)	1996	46	63	79
Underweight Children (% of children under 5 years)	1990-97	27	26	31
Daily Calorie Supply	1996	1,952	2,406	2,650
Public Expenditure on Health (as % of GDP)	1995-97	1.9	1.4	1.8
<b>Education Indicators</b>				
Gross Enrolment Ratio (%)				
Primary School - Total	1991	56.9	79.5	100.0
Primary School - Female	1991	45.0	73.0	93.8
Secondary School - Total	1991	10.2	28.3	50.4
Secondary School - Female	1991	5.9	25.7	45.3
Primary School Female Teaching Staff (% of Total)	1991	...	45.0	51.0
Adult Illiteracy Rate - Total (%)	1997	57.6	43.5	28.2
Adult Illiteracy Rate - Male (%)	1997	44.0	33.0	19.6
Adult Illiteracy Rate - Female (%)	1997	69.9	51.6	35.8
Percentage of GDP Spent on Education	1995	1.5	3.5	3.9
<b>Environmental Indicators</b>				
Land Use (Arable Land as % of Total Land Area)	1996	3.1	5.9	9.9
Annual Rate of Deforestation (%)	1990-95	0.4	0.7	0.4
Annual Rate of Reforestation (%)	1980-90	48.0	4.0	...
Per Capita CO2 Emissions (metric tons)	1996	0.1	1.1	2.1



Source : Compiled by the Statistics Division from ADB databases; UNAIDS; World Bank Live Database and United Nations Population Division.

Notes: n.a. Not Applicable  
 ... Data Not Available

## Macro-economic and Financial Indicators

Indicators	1996	1997	1998	1999	2000	2001
<b>(In annual growth rate except where otherwise indicated )</b>						
<u>National Revenue &amp; Prices</u>						
GDP at constant prices	-4.1	5.2	4.7	3.4	2.6	5.1
GDP at current prices	-2.3	6.9	6.5	4.8	5.4	7.9
Deflator of GDP	1.9	1.6	1.7	1.3	2.8	2.7
Consumer Prices	4.4	0.6	-1.9	-1.5	3.0	3.3
<u>Public Finances</u>						
Total earnings	-35.0	35.4	25.2	6.0	5.0	15.3
Total public expenditures	-47.5	35.0	33.9	5.8	-11.7	16.7
<u>Currency and Credit</u>						
Net domestic assets	-1.3	-0.3	4.6	6.4	2.6	21.5
Domestic credit	-4.9	-2.2	5.7	9.3	7.5	16.5
Government credit	-3.3	-1.8	1.4	9.7	8.7	17.3
Commercial Credit	-0.4	0.1	4.6	7.7	1.4	0.5
Currency and quasi money	4.9	-7.7	-16.2	7.9	6.4	9.7
<u>External Sector</u>						
Exports f.o.b. (in CFA)	-18.8	24.9	9.8	2.0	21.3	10.3
Imports f.o.b. (in CFA)	-28.0	31.6	11.1	-8.5	-0.1	18.7
Terms of trade	-2.5	-10.8	-0.5	-2.8	-10.3	4.6
Real effective exchange rate	2.3	-3.5	-1.7	-4.9	-2.9	...
<b>(In percent of GDP except where indicated otherwise)</b>						
<u>Savings and Investments</u>						
Domestic Savings	0.2	6.2	11.4	9.2	8.3	9.3
Public	-1.6	-1.8	-0.8	-0.9	-0.3	0.1
Private	1.8	8.0	12.3	10.1	8.6	9.2
Investments	3.9	9.6	16.1	14.5	13.4	14.6
Publics	1.8	5.3	8.8	8.7	5.8	7.4
Private	2.1	4.3	7.3	5.8	7.6	7.2
<u>External sector</u>						
Current account balance	-5.9	-3.3	-4.3	-3.6	-4.6	-4.4
Overall balance of payments	-1.2	-4.7	-5.1	-1.8	-2.1	-2.4
<u>Public Finances</u>						
Total earnings	6.1	9.1	9.7	9.2	9.2	9.8
Total Expenditures	-11.1	-19.8	-18.7	-20.1	-16.8	-18.2
Deficit (base commitment)	-5.0	-10.7	-8.9	-10.8	-7.6	-8.4
<u>External Debt</u>						
External public debt	87.5	94.4	84.2	83.6	81.4	75.9
Debt service (% exp BSNF)	25.1	17.4	15.3	12.3	10.6	11.9
<b>Gross official holdings (in M US \$ )</b>	234.3	185.6	147.9	138.9	132.7	140.9
<b>Nominal GDP (in billion CFAF)</b>	549.3	571.7	617.3	647.4	682.6	736.4

Source : IMF

## Annex III

**National Accounts : GDP Resources and Applications**  
**At 1987 constant price**  
(in billion CFAF)

Indicators	1997	1998	1999	2000	2001
GDP at constant market price	397.5	416.2	430.3	452.7	475.3
Indirect net taxes	32.8	37.2	43.9	50.1	51.7
GDP factor cost	364.7	379.0	386.4	402.6	423.7
Agriculture	182.2	186.4	191.1	195.9	203.7
Industry	52.4	54.1	57.7	61.1	63.6
Service	130.1	138.4	137.6	145.6	156.4
Balance of trade	-58.1	-53.6	-50.7	-48.7	-47.2
BSNF Exports	60.2	60.8	61.7	62.4	63.9
BSNF Imports	118.3	114.4	112.4	111.1	111.1
Total Expenditures	455.6	469.8	481.0	501.4	522.5
Including : Gross Internal Investments	43.2	44.5	44.9	44.8	44.7

Source : Central African authorities

## Annex IV

### Summary Table of State Financial Operations, 1996-2001 (in billion CFAF)

	1996	1997	1998	1999	2000	2001
<b>Earnings</b>	<b>33.2</b>	<b>45.0</b>	<b>56.3</b>	<b>59.7</b>	<b>62.7</b>	<b>72.4</b>
Fiscal Earnings	33.0	42.4	50.3	53.5	55.8	65.4
Income taxes	8.1	11.7	13.9	14.7	14.9	18.9
Indirect taxes	12.0	21.5	27.2	29.0	30.7	34.5
Tax of foreign trade	12.9	9.1	9.2	9.9	10.2	11.9
Non Fiscal Earnings	0.3	2.6	6.1	6.2	7.0	7.0
<b>Expenditures</b>	<b>60.7</b>	<b>91.6</b>	<b>122.5</b>	<b>129.9</b>	<b>114.8</b>	<b>133.9</b>
Current Expenditures	36.9	43.3	41.9	45.4	50.1	51.9
Salaries and emoluments	25.3	26.6	26.5	26.4	27.0	27.6
Transfers and subsidies	4.0	4.8	5.1	7.3	9.4	8.5
Goods and services	7.6	11.9	10.3	11.7	13.7	15.7
Non-Budgetary	0.0	2.7	0.0	0.0	0.0	0.0
Interest due	10.5	7.8	8.3	9.1	11.5	9.6
External	8.4	6.1	6.9	8.1	10.2	8.3
Internal	2.2	1.7	1.4	1	1.3	1.6
Capital expenses	13.2	40.4	72.3	75.4	53.1	72.4
Under internal financing	1.9	4.4	10.6	16.8	10.0	12.8
Under external financing	11.3	36.0	61.7	58.6	43.1	59.7
<b>Overall balance (commitment base)</b>	<b>-27.</b>	<b>-46.6</b>	<b>-66.1</b>	<b>-70.2</b>	<b>-52.0</b>	<b>-61.5</b>
Variation of arrears (- reduction)	-20.7	20.6	-70.1	-3.0	-0.9	-31.6
Overall balance (cash base)	-48.2	-26.0	-136.2	-73.2	-52.9	-93.1
<b>Financing</b>	<b>48.2</b>	<b>17.0</b>	<b>124.2</b>	<b>55.3</b>	<b>37.8</b>	<b>44.1</b>
External net	18.4	28.4	132.7	69.9	50.3	50.9
Projects	11.3	36.0	61.7	58.6	43.1	59.7
Programmes	15.3	4.4	5.0	9.9	10.1	0
Amortizations due	-11.9	-12.0	-10.4	-13.7	-15.8	-15.0
Rescheduling	3.7	0.0	76.4	15.1	12.8	6.2
Internal net	29.7	-2.4	3.5	3.3	2.6	-0.2
Bank Financing	-6.1	-1.4	1.8	4.3	2.6	-1.7
Non-Bank Financing	35.8	-1.0	1.7	-1.1	0.0	1.6
Residual financing gap	0.0	0.0	0.0	0.0	0.0	42.4
(in percent of GDP)						
Budgetary Earnings	6.1	7.9	9.1	9.2	9.2	9.8
Public expenditures	-11.1	-16.0	-19.8	-20.1	-16.8	-18.2
Including : Military expenditures	-1.2	-1.1	-1.0	-1.0	-1.0	-1.0
Budgetary balance (deficit-)	-5.0	-8.1	-10.7	-10.8	-7.6	-8.4
Current GDP (in billion CFAF)	549.3	571.7	617.3	647.4	682.6	736.4

Source : IMF

**Balance of Payments 1996-2001 (in billion CFAF except where otherwise indicated)**

	1996	1997	1998	1999	2000	2001
<b>Current Balance</b>	<b>-32.2</b>	<b>-18.6</b>	<b>-26.3</b>	<b>-23.3</b>	<b>-31.2</b>	<b>-32.1</b>
Trade Balance	8.3	8.0	-3.1	11.2	31.1	28.2
Exports f.o.b. including :	72.5	92.6	90.9	97.2	117.0	130.2
Diamonds	36.0	39.1	34.9	38.2	47.0	50.5
Lumber	10.2	15.0	24.2	29.6	47.7	55.4
Cotton	13.2	16.0	16.2	9.8	6.0	9.1
Coffee	3.6	10.0	5.2	8.7	6.1	4.5
Imports f.o.b. including :	-64.2	-84.6	-94.0	-86.0	-85.9	-102.0
Petroleum products	-6.9	-10.6	-8.7	-10.2	-12.0	-17.4
Public Investment Prog.	-6.6	-13.8	-26.4	-25.9	-13.1	-19.5
Net Services	-28.7	-27.3	-25.7	-45.4	-65.6	-66.6
Income including :	-10.8	-9.2	-12.0	-13.0	-13.5	-11.7
Public debt interests	-8.8	-6.5	-7.2	-8.2	-10.3	-8.4
Net Transfers nets including :	-1.1	9.9	14.5	23.9	16.7	18.0
Official Transfers	4.0	16.5	23.0	30.2	23.2	24.2
<b>Capital Account</b>	<b>21.8</b>	<b>21.2</b>	<b>45.1</b>	<b>37.4</b>	<b>20.9</b>	<b>28.5</b>
Project Grants	8.4	23.6	48.1	32.8	43.0	41.3
Project and Programme Grants	13.4	21.2	43.1	37.0	20.4	28.3
Debt Cancellation	0.0	0.0	2.0	0.4	0.5	0.2
<b>Financial Account</b>	<b>-0.8</b>	<b>-37.5</b>	<b>-36.6</b>	<b>-25.4</b>	<b>-4.0</b>	<b>-14.4</b>
Net Public Sector	-7.1	-9.3	-9.8	-12.3	-6.2	-7.9
Project Drawings	2.9	2.7	0.5	1.4	0.7	7.2
Programme Drawings	1.9	0.0	0.0	0.0	8.9	0.0
Amortization	-11.9	-12.0	-10.4	-13.7	-15.8	-15.0
Private Sector	6.3	-28.2	-26.8	-13.1	2.2	-6.5
Errors and Omissions	4.8	8.0	-13.7	-0.2	0.0	0.0
<b>Overall Balance</b>	<b>-6.4</b>	<b>-26.9</b>	<b>-31.5</b>	<b>-11.5</b>	<b>-14.3</b>	<b>-18.0</b>
Financing	6.4	26.9	31.5	11.5	14.3	-24.5
Net official holdings variations	-10.3	10.7	24.4	-3.7	-4.3	-4.9
Exceptional Financing	16.7	16.2	7.1	15.2	18.6	-19.6
Residual financing gap	0.0	0.0	0.0	0.0	0.0	42.4
<b>FOR THE RECORD</b>						
Gross official holdings	132.7	108.6	83.1	90.7	94.4	99.3
<b>Current Balance (in % GDP)</b>	<b>-5.9</b>	<b>-3.3</b>	<b>-4.3</b>	<b>-3.6</b>	<b>-4.6</b>	<b>-4.4</b>

Source : IMF

**External Financial Resource Requirements (1999-2001)**

(In billion CFAF)

<b>Indicators</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>Total</b>
Current Balance (excluding public debt interests)	15.2	20.9	23.7	<b>59.8</b>
Net private sector transactions (errors and omissions included)	13.3	- 2.2	6.5	<b>17.6</b>
Variation of international holdings (- : increase)	7.5	3.7	4.9	<b>16.1</b>
Public Debt Service (arrears and IMF redemption included)	30.8	26.7	49.0	<b>106.5</b>
<b>Total Financial Requirements</b>	<b>66.8</b>	<b>49.1</b>	<b>84.1</b>	<b>200.0</b>
Project loans and grants (excluding technical assistance grants)	28.5	19.9	35.5	<b>83.9</b>
Programme loans and grants	9.9	10.1	13.7	<b>33.7</b>
External Arrears Accumulation	6.4	6.2	0.0	<b>12.6</b>
Debt rescheduling (including arrears consolidation )	15.1	12.8	6.2	<b>34.1</b>
Utilisation of IMF resources	6.9	0.1	18.7	<b>25.7</b>
<b>Total Financing</b>	<b>66.8</b>	<b>49.1</b>	<b>84.1</b>	<b>200.0</b>
<b>Residual Financing gap</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source : IMF

## CAR : BANK GROUP OPERATIONS AS AT 31 DECEMBER 2000

(in million UA)

SECTOR/Project	SOURCE	DATE OF APPROVAL	DATE OF SIGNATURE	DATE OF ENTRY INTO FORCE	AMOUNT (MILLION UA)	AMOUNT DISBURSED	% DISBURSED	DEADLINE LAST DISBURSEMENT	BALANCE	STATUS OF PROGRESS
<b>AGRICULTURE</b>										
1. Bossongo Oil Palm	ADF	18-Sept-75	20-Oct-75	31-Dec-77	4.61	4.61	100.0	31-Dec-83	0.00	Completed
2. Animal Production Development	ADF	30-May-79	04-July-79	24-Jan-80	2.95	2.95	100.0	31-Dec-88	0.00	"
3. Bossongo II Oil Palm	ADF	21-Oct-82	10-Dec-82	05-Jan-83	4.17	4.17	100.0	17-July-91	0.00	"
4. Bossongo II Oil Palm	ADB	24-Aug-82	01-Oct-82	02-June-83	4.17	4.17	100.0	31-Dec-82	0.00	"
5. M'Baki coffee region development Berberati	ADF	25-Aug-82	20-Jan-84	02-July-86	9.76	9.68	99.0	31-Dec-95	0.10	"
6. BCAD line of credit	ADF	27-Oct-87	08-March-88	07-Nov-89	4.61	0.64	13.9	3.97	3.97	Cancelled
7. Study on agricultural master plan	TAF	25-June-93	05-Aug-94	17-Oct-95	0.68	0.51	75	0.17	0.17	Completed and balance Cancelled
SUB-TOTAL					30.95	26.71	86.27		4.76	
<b>TRANSPORT</b>										
1. Bangui-Bossembélé Road	ADF	24-Aug-78	18-Sept-79	03-April-79	4.79	4.79	100.0	30-April-87	0.00	Completed
2. Road Maintenance	ADF	07-Sept-82	01-March-83	19-July-83	8.10	8.00	98.8	31-Dec-87	0.10	Completed and balance Cancelled
SUB-TOTAL					12.89	12.79	99.2		0.10	
<b>PUBLIC UTILITIES</b>										
1. Bangui thermal centre increase	ADB	12-July-72	05-July-73	01-Sept-73	1.00	1.00	100.0	31-Dec-74	0.00	Completed
2. Bangui used water drainage and solid waste evacuation	ADF	14-Feb-75	17-June-75	14-June-75	4.61	98.7	98.7	30-June-82	0.06	Completed and balance Cancelled
3. Extension and modernisation of the Bangui telephone network	ADB	29-Nov-81	05-March-82	07-Sept-82	10.00	8.58	8.58	31-Dec-89	1.42	Cancelled
4. Bangui Electricity Network Study	TAF	15-June-84	19-July-84	19-March-86	0.30	66.7	66.7	31-Dec-87	0.10	
5. M'Bali Electricity II Dam.	ADF	23-Nov-88	28-May-89	16-June-89	11.05	100.0	100.0	31-Dec-93	0.00	Completed and balance Cancelled Completed and balance Cancelled Completed
SUB-TOTAL					26.96	25.38	94.1		1.58	
<b>SOCIAL</b>										
1. Bambari Primary School and ENI Construction (Education I)	ADF	20-Oct-77	16-Nov-77	31-Dec-78	5.28	5.28	100.0	30-June-81	0.00	Completed
2. Faculty of Health Science and Community Hospital (Health I)	ADF	23-Nov-77	16-Dec-77	03-Feb-82	5.34	5.34	100.0	01-April-82	0.00	Completed
3. Faculty of Health Science and Community Hospital (Health I)	ADF	10-Nov-83	20-Jan-84	16-April-94	4.85	4.23	87.2	31-Dec-92	0.62	Completed and balance Cancelled
4. Reinforce Primary, Technical and Vocational Education (Education II)	TAF	26-Sept-885	27-Feb-86	04-July-85	0.83	0.83	100.0	31-Dec-95	0.00	Cancelled
5. Pharmaceutical Sub-Sector Study and Institutional Reinforcement	ADF	26-Sept-85	27-Feb-86	04-July-85	6.35	5.74	90.4	31-Dec-95	0.61	
6. Social Dimension of Adjustment and Development (DSAD)	TAF	20-Sept-88	28-May-89	25-Nov-90	1.72	1.54	89.5	31-Dec-95	0.18	Completed
7. Scientific and Vocational Education Reinforcement (Education III)	ADF	16-Dec-91	18-Dec-91	18-Dec-91	1.57	0.65	431.4	31-Dec-97	0.92	Completed t balance
	TAF	16-Dec-91	18-Dec-91	18-Dec-91	1.19	0.94	79.0	31-Dec-97	0.25	Cancelled
	ADF	26-Feb-992	22-July94	22-July-94	9.21	0.03	0.3	31-Dec-97	9.18	"
SUB-TOTAL					36.34	9.73	46.6		11.14	
<b>MULTI-SECTEUR</b>										
1. Structural Adjustment Programme (SAP II)	ADF	18-Jan-89	25-April-89	25-April-89	18.42	18.42	100.0	31-Dec-90	0.00	Completed
2. Structural Adjustment Programme (SAP III)	ADF	16-Dec-91	18-Dec-91	18-Dec-91	13.81	13.81	100.0	31-Dec-91	0.00	
SUB-TOTAL					32.23	32.23	100.0		0.00	
GRAND TOTAL					138.37	106.84	86.22		17.58	