

# Central African Republic

<b>Status Index</b> (Democracy: 3.22 / Market economy: 3.14) <b>3.18</b>		<b>Management Index</b> <b>3.91</b>	
<b>HDI</b>	0.355	<b>Population</b>	3.9 mn
<b>GDP per capita (\$, PPP)</b>	1.089	<b>Population growth<sup>1</sup></b>	2.3 %
<b>Unemployment rate</b>	-	<b>Women in Parliament</b>	-
<b>UN Education Index</b>	0.43	<b>Poverty<sup>2</sup></b>	66.6 %
		<b>Gini Index</b>	61.3 (1993)
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. <sup>1</sup> Annual growth between 1975 and 2003. <sup>2</sup> People living below \$ 1 a day (1990- 2003).			

## A. Executive summary

Following a constitutional referendum in late 2004, CAR conducted the first round of presidential elections in March 2005 and completed the second round on May 6, 2005 when voters cast their votes for legislative elections.<sup>1</sup> These elections mark the end of a transitional period after a military takeover by General François Bozizé. Bozizé stood as a presidential candidate in the first round and succeeded to gain an absolute majority in the second round, despite declaring earlier that he would step down after the transition phase. Initially, most competitors were barred from running and only after mediation by Gabon's President Bongo and the re-admittance of most candidate hopefuls were fair elections given a chance.

The Central African Republic (CAR) is a poor country according to all traditional, albeit rather unreliable indicators, yet it is rich in natural resources such as diamonds, timber and unconfirmed recent oil discoveries. However, the sparsely populated and only marginally accessible interior suffers from extremely poor governance. After a series of unsuccessful mutinies, coup attempts and rebellions, Ange-Félix Patassé was overthrown in March 2003. Managing transition following the coup has proven particularly difficult. The lack of security in large parts of the country and containing it from spreading are the key topical issues in the CAR's domestic affairs and socioeconomic development. Preparations for elections in 2005 required massive outside support.

In technical terms, presidential elections in June 1999 and parliamentary elections at the end of 1998 were acceptable. Patassé held on in the face of a divided opposition though unorthodox methods of bribery and coercion were used to secure a majority after the parliamentary elections.

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<sup>1</sup> The elections were held after the end of the period under investigation. Hence, although recent developments are covered to some extent by this report, general assessments and quantitative ratings refer exclusively to the period from January 2003 to January 2005.

Economic and administrative reforms were not possible due to the advanced disintegration of the state and the effects of civil war. The country's difficult starting conditions cannot be disputed. International donors are operating emergency programs that required some adjustment to take recent catastrophes into account. Managerial successes in 2003/04 were rare, a new (and essential) mining code adopted in early 2004 did not meet all expectations for increased transparency.

Democratic transformation has suffered significant setbacks from the use of violence on all sides and can only recover if upcoming elections prove significantly fair. CAR's transitional political system provides for a legislative body to criticize government action. The current system, at the time of writing, i.e. before the 2005 elections, is not a democracy, but the executive bodies lack power to impose its will. There are deficiencies in every transformation category: stateness, participation, rule of law, and political and social integration are insufficient.

## **B. History and characteristics of transformation**

After formal independence in 1960, the Central African Republic remained heavily dependent on outside, particularly French, influences with regard to economics and domestic and foreign policy. A first coup led by Jean-Bédél Bokassa took place in 1965; he later declared himself emperor and was ousted by a French commando following grave human rights violations. A short multiparty interlude was terminated by a second coup that brought General André Kolingba to power. He established a one-party system with some competitive elements, but refused to accept meaningful democratization.

The process of economic transformation first became relevant after France's withdrawal from segments of the state administration in the mid-1990s. Political transformation began in 1990 with an open letter by 253 prominent citizens calling for a sovereign National Conference, as established in Benin. Kolingba refused. He detained several prominent opponents and pointed visibly to his prime minister, so as not to be held accountable for management errors. Only belatedly and upon international pressure did he accept the principle of free elections, agreeing to hold them in October 1992. In the run-up to national elections, serious budget constraints led to salary arrears for the civil service and subsequently to strike actions and demonstrations that were violently suppressed. New elections were held in August 1993. In the first round, Kolingba came in fourth after Patassé, Goumba and Dacko and subsequently tried to modify the electoral code as well as alter the composition of the Supreme Court.

However, all major donor countries strongly opposed this step and Kolingba gave up his plans. The lead-up to the second round of elections did not bode well for the country's democratic future. For example, Goumba and Patassé signed a joint

declaration assuring each other the acceptance of any outcome. In the second round, Patassé was elected [resident, defeating veteran politician Goumba, in a largely free and transparent election. Patassé immediately abandoned the elite consensus of the transition phase by sidelining his main rivals and began a campaign of exclusion against the members of the old regime.

Like Kolingba, who had “tribalized” the security sector and the semi-public companies as the first president, Patassé favored those from his homeland in the Northwest. A new constitution was adopted by referendum. However, behind this facade, serious defects were developing in the political arena. From an economic perspective, the increasing amount of unpaid salaries—up to 36 months worth—owed to state workers was the clearest sign of failure. Without the various interventions of peacekeeping and other troops, Patassé would not have survived—in political terms—three mutinies in 1996–97, two attempted coups in 2001 or – in the first place – the rebellion of the chief of staff (Bozizé) in late 2001/2002. Finally, even Libyan backing was reduced and Bangui fell comparatively easily into the hands of the Bozizé rebels in March 2003. The population in vast stretches of the most densely populated western and northern part of the territory paid a heavy price in the armed conflicts.

## **C. Assessment**

### **1. Democracy**

The CAR has lost ground in its democratic standards during the evaluation period (January 2003 – January 2005), although there have been some gains since, which cannot be considered in this report. Individual institutions, such as the Conseil National de Transition (CNT), and key actors (trade unions, human rights activists) have attempted to safeguard democratic progress. This has resulted in a functioning parliament and increased freedom of expression. Democratic progress was made during the early 1990s and gradually reversed in the late 1990s. Ethnic polarization has not declined; it is reversible. The only outbreaks of violence based on ethnic divides occurred in 2001 and did not spread significantly in terms of geography or over time. The most serious transformation deficits lie in the area of stateness.

#### **1.1. Stateness**

There has never been a state monopoly on the use of force. The CAR is the epitome of an artificial state, from its purely geographical designation as a state, to its uncontrolled borders and decades of massive intervention by its former colonial ruler, France, to the complete lack of government presence in large sections of the eastern part of the republic. The lack of necessary infrastructure

renders parts of the country accessible only by helicopter, while vast stretches of the eastern part of the country are extremely sparsely populated.

The government cannot guarantee public safety and order. Basic citizenship rights cannot be guaranteed for entire population groups due to a weak penetration of the territory. Some population groups, such as Pygmies and Fulani cattle herders, are not considered citizens. The separation of church and state should be guaranteed by a secular constitution. Indeed, most politicians have secular credentials and religious dogmas do not play a major role. Some caveats must be made, though: The head of state backs his own protestant church (Christianisme Céleste-Nouvelle Jérusalem) while maintaining close contact with all major confessions. Joseph Binoua, a pastor active in the national dialogue process, is competing for the presidency. The latent (and at times open) Anti-Chadian resentment in the population can be associated with the Christian-Muslim divide, roughly reflected in a North-South divide, noticeable in Bangui itself.

The state infrastructure is extremely poor. It fails to deliver services and to allow for the maintenance of law and order. Large parts of the territory are not under state control (specifically the following regions: Northwest, North, Northeast, East). The recent rebellion bordering on civil war (2001-2003) caused further setbacks. The state would not be able to keep the still-fragile peace without considerable support by the Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC) peacekeepers (acting with French assistance). What little state substance is left serves to enrich the elite by providing a vehicle for a wide variety of funds misappropriation– from demobilization revenues, to diamond export licenses, to by-products of humanitarian aid.

## **1.2. Political participation**

The new constitution adopted by referendum in December 2004 legally establishes universal suffrage and the right to run for office. The technical standards of past multiparty elections are noteworthy in an African context. However, they were the result of international supporters' massive influence and logistics. There have been opportunities for public participation before the crisis of 2001, but former President Patassé held his office as an elected autocrat, and many representatives did not return to their constituency from Bangui after their election. Patassé is now excluded from the presidential race, which could be regarded as a constraint on participation.

In place until elections in March and May 2005, the transitional government was not elected but resulted from a military takeover. The military influence on political participation through the head of state is potentially high. However, the National Armed Forces are highly fragmented and cannot be regarded as a homogeneous body. The government is formally in charge of all executive duties; the scope of action is first and foremost limited by state capacity.

Civic groups can be established rather easily, but their potential is limited. Parties and organizations can assemble peacefully, this is true also for the former leading party, Mouvement pour la Libération du Peuple Centrafricain (MLPC). Partial restraints stem from pending processes against several former dignitaries including Patassé himself, currently in exile in Togo.

Private media were occasionally subject to state repression in 2003 and 2004. New press legislation (in the form of an ordinance) was passed on freedom of the press, thus suppressing all imprisonment penalties for press crimes. This could be a major step forward toward guaranteeing press freedom. However, the CAR still ranked 135th of 193 countries (“not free,” value 64) in the Global Press Freedom Survey in 2004 by Freedom House while most neighboring countries enjoy even less freedom of the press. The private media cannot be regarded as independent, simply because they cannot sustain themselves financially and rely on political stakeholders who pay for articles. The arrest of journalists continues.

### **1.3. Rule of law**

Rule of law was by definition weak when the constitution was suspended from March 2003 to December 2004. The new constitution is close to the suspended one, meaning *inter alia* that the legislative branch will enjoy a wide range of constitutionally guaranteed prerogatives. A new national assembly was elected recently in May 2005. In the preceding two periods (1993-2003), the National Assembly tried hard to act as a counterweight to the executive branch of government and succeeded in some respects (better than in all neighboring countries).

The judiciary continues to lack minimum resources. Its functional deficits are linked among other things to inadequate territorial penetration but also to the judiciary’s meager capacity and inability to sustain or implement any judiciary decision. The Transitional Constitutional Court was heavily criticized for disenfranchising most presidential candidates in the run-up to elections in December 2004. It is suspected to obey orders from the head of state.

Previously, corruption by high-ranking officeholders was a main feature of the Patassé regime. Corruption spread vertically and horizontally across all aspects of the administration. Under Bozizé, new corruption affairs were exposed and attracted adverse publicity from civil society, the media and opposition parties. There is no clear indication how the government will proceed in these cases. One of the potential reasons for the resignation of Finance Minister Lebouder (a former World Bank agent) is corruption at the top of the hierarchy, even though the new authorities are believed to be involved in diamond smuggling.

Civil rights are protected only within limited enclaves of state penetration. Official and unofficial security forces (“liberators”) violate civil rights frequently.

#### **1.4. Stability of democratic institutions**

By definition the stability of transitional institutions is limited; even prior to this report (in 2002 – 2003) it was regarded as very low. The state’s institutional structures have never been particularly effective since independence.

By the end of January 2005, the CAR was not a democratic state. Individual transitional institutions (the Transitional Constitutional Court, see above in section 1.3) are not fully accepted by all relevant players. The head of state is heavily contested by parts of the former leading party, MLPC, and first and foremost by the former President Patassé, who remains in exile.

#### **1.5. Political and social integration**

The party system currently plays no autonomous role in the process of forming opinions and political will. A comparison of election outcomes (1993 and 1998-1999) shows more continuity than change; it is difficult to predict more instability in the party system. However, the personal charisma of Patassé should account for a good part of the MLPC’s appeal to the electorate.

Important social interests, especially of the rural population, youth and women, are underrepresented. There are very few active NGOs and other civic associations. The CAR does not have a diverse range of interest groups, although it does have remarkably active unions in Bangui, which are its only social structures. The cooperation between the government and social interest groups leaves much to be desired. Very few of these organizations are efficient and committed to the transformation process. The Central African Human Rights League (LCDH), a local human rights league, is the most significant organization in this respect. The Catholic Church supports democracy and reconciliation with mixed results but was the only organization present across the country until 2003. Churches reopened health centers, and with two to three humanitarian NGOs, they are the only ones present in the country’s eastern and northern regions.

Given the lack of survey data, the population’s attitudes toward democracy cannot be adequately evaluated in this report.

Socioeconomic and other barriers restrict self-organization in civil society. Subsistence farmers are notoriously difficult to organize. Rural cooperatives and agriculture support structures were prominent under Bokassa and missed under the current administration. Rural cooperatives have disappeared entirely, causing a significant decrease in crop production. There is extremely low trust among the

population after violent episodes in 2001. Thousands of people were forced to temporarily take refuge outside Bangui or even in the neighboring Democratic Republic of Congo. The most recent outbreaks of violence between October 2002 and March 2003 have had the highest intensity in terms of fighting but also in terms of destruction of the social capital: in addition to the formation of armed groups, systematic looting has been the result (even in the same village).

## **2. Market economy**

The CAR's economic order and performance do not meet minimal criteria for a socially responsible market democracy. Growth rates were negative in 2002/2003. In the following period (2003/2004) productivity remained low due to persistent insecurity. Due to threats of violence, agro-pastoral producers were still hiding in the bush or in semi-urban areas, only returning to their fields after carefully assessing the risks of attacks. The distribution of goods was made virtually impossible. There were fears that farmers could lose a third consecutive planting season due to displacement.

### **2.1. Level of socioeconomic development**

The CAR is a very poor country with uniformly low values on relevant indicators. However, for all quantitative economic data, it seems crucial to warn that statistics and data collection in general in the CAR is extremely difficult, poorly done and therefore far from reliable.

The country's development status, ranked at 169th in the Human Development Index, is telling. It is 15 ranks below its GDP rank (2002 figures, today probably more parallel). Women are particularly disadvantaged. Their access to services and education in particular is limited. Women do not get their share in terms of representation and participation. Almost all relevant indicators point to severe problems. Two-thirds of the population is believed to live on or below \$1 per day. The probability at birth of not surviving to age 40 is particularly high (55.3%; worldwide only Mozambique and Sierra Leone, as well as the HIV-hit states of Botswana, Malawi, Lesotho and Zimbabwe rate worse). In 2002, the CAR ranked 84th of 95 in the Human Poverty Index for developing countries, ranked 138th of 144 in the Gender Development Index (lower than all neighboring states), and scores poorly on the U.N. Education Index. The CAR may therefore lack the socioeconomic prerequisites for an adequate freedom of choice.

### **2.2. Organization of the market and competition**

The institutional setting for free markets and competition is poor. The CAR ranks 80th of 123 countries ("mostly unfree") on the Index of Economic Freedom.

Poorly functioning public institutions cannot prevent corruption and enforce the rule of law in the economic field. However, the state takes relatively few formal steps to intervene in the economy.

The formation of monopolies and oligopolies is occasionally regulated. A major gain in transparency was expected by a decision in 2004 to publish all applications for exploitation permits in the timber and mining sectors. A new mining code adopted in February 2004 should have allowed for more transparency, but did not meet all expectations by the IMF. The new law gave the government the right to be directly involved in buying and export activities. The state-owned enterprise SOCOCA (cotton production), earmarked for privatization, will be difficult to sell after the break-up of its assets during recent civil unrest, political upheaval and military activities.

State regulation, special rules, and tariff barriers somehow distort foreign trade. The CAR is selectively integrated into the world market – and the parallel global shadow market, not least through smuggling of diamonds. On the other hand, the CAR's membership in the Central African Economic and Monetary Union (Communauté économique et monétaire de l'Afrique centrale, CEMAC) leads to some common trade rules. Rampant corruption among customs officials could be regarded as an obstacle to the free circulation of goods. Widespread insecurity is even more noteworthy in this regard.

The legal underpinnings for the banking system and capital market exist, under the supervision and control of the Commission Bancaire de l'Afrique Centrale (COBAC) associated with the Bank of Central African States (Banque des États de l'Afrique centrale, BEAC), but the market is poorly differentiated and offers scant opportunities for domestic investors. Political pressure is occasionally misused to grant bad loans that are almost never repaid. In addition to arrears to internal suppliers (FCFA 93 billion) the state debt to the national banking system was FCFA 35.1 billion by the end of March 2004. The country has not been servicing its external debt for almost two years (external debt servicing amounted to FCFA 563 billion in April 2004).

### **2.3. Currency and price stability**

As a member of the CFA franc monetary union, the CAR cannot pursue an independent policy on currency and foreign exchange rates. The currency is pegged to the euro (formerly pegged to the French franc), and the BEAC is the competent authority. The technical competence of the BEAC has helped to maintain a relatively low inflation rate.

The government displays serious problems with setting objectives and achieving a consistent policy for stability. The government's fiscal policy is criticized for ineffectively mobilizing tax revenues, showing one of the lowest collection levels

in Africa (see table below). This is compounded by the government's extremely limited ability to enforce customs laws (especially with diamonds and timber). The CAR has not qualified for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative due to persistent political instability.

#### **2.4. Private property**

Conditions to support a functional private sector are insufficient. Property rights are formally defined but cannot be considered satisfactorily safeguarded because of rule of law shortcomings, especially due to corruption.

Private companies can act freely in principle, but encounter economic and conflict-related barriers to development. In comparison to some neighboring countries, the government has never been a particularly vigorous economic actor. Neither the state nor anyone else was able to protect private property sufficiently during past crises; plundering was a common occurrence. Thus, the country's attractiveness to domestic and foreign investors is extremely limited.

#### **2.5. Welfare regime**

State measures to avert and alleviate social risks are minimal. Family structures and other primary solidarity networks are the only viable options to reduce risks, but they are extremely weak. The country cannot combat poverty systematically on its own. The social security agency, OCSS, is in arrears to its recipients. In some areas there are equivalent safeguards offered through informal savings groups or the solidarity of church congregations. The residents of Bangui were dependent upon aid from the international community during the worst crises of recent years.

There are informal institutions to compensate for gross social differences – the dominant ethos of repartition – but they are limited in scope and quality. When the government, which is notoriously unable to pay accumulated wage arrears (unpaid, overdue debt), decided to cut the salaries of senior civil servants by 30% in spring 2004, the labor unions claimed that this would hit extended families who live on those salaries. The move was highly unpopular although the effective payment of lower salaries would have had beneficial effects. In addition to these limitations, it is important to note women have limited access to education and public office. The GDI stands at 0.345; the CAR ranks 138th worldwide.

#### **2.6. Economic performance**

The economy thoroughly shrunk in recent years (particularly in 2003) due to political turmoil and civil unrest. The national economy continues to be shaped by

traditional agriculture. This sector employs 56% of the working population, generating about 27.9% of the GDP (2003). Agriculture was severely hit by civil unrest. Agro-pastoral producers continue to hide in the bush or in semi-urban areas, due to risks of attacks. There are fears that farmers could lose a third consecutive planting season due to displacement. Without peace and fundamental change in the structure of the state budget, and seriously combating corruption and attracting investment, there is no long-term hope for improvement. Even the (officially unconfirmed) oil deposits discovered in 2002 will have little effect on the situation in the medium term (if ever exploited). The exploration report was never made public; doubts as well as possibly unfounded expectations continue to persist.

## **2.7. Sustainability**

As a rule, environmental concerns are ignored, but economic practices currently put little strain on the environment. The timber industry is a mainstay of foreign trade (51% value share of all exports in 2003). Currently, a moderate 0.4% of forested land is lost per year, but without any prospect for better management. The easy availability of weapons since the mutinies of 1996 – 1997 and incursions from Sudan have led to an alarming increase in poaching, threatening the numbers of forest elephants and other animals.

The state health system is overtaxed, and strikes over unpaid salaries have rocked this sector as well. There is not even a minimum of service delivery. The public health indicators also show cause for concern. Average life expectancy is currently 40 years. Doctors are distributed extremely unevenly throughout the country. The growing rate of HIV infections is also cause for alarm. It is officially at 13.5% (2003) and rated 15% by UNOCHA - nearly double the African average. International donors or NGO programs supply basic care to the population.

There is certainly a disparity in educational opportunities between men and women. Only about 30-35% of girls attend primary schools. The primary and secondary education system is extremely underdeveloped and has been neglected for a decade. The effects of the AIDS pandemic are especially dramatic here. According to World Bank data, AIDS is the cause of death for 85% of fatalities amongst teachers. In addition, there are numerous teacher strikes because of unpaid wages. Without teachers, many schools have had to close. Schoolteachers again went on strike in April 2004 and asked for the payment of the last three months of their salaries. University students violently protested against the non-payment of their allowances and bad working conditions at the same time. While receiving a disproportionate 24% of educational spending, the university (with approximately 7000 students) offers few programs in the most-needed fields of study (agriculture, medicine and veterinary medicine). Classes were regularly cancelled during the evaluation period because of strikes and political unrest. There are no current statistics for the state's true educational spending in relation

to the GNP (1985-1987: 2.6%). The illiteracy rate is 51.4% – 33.5% for men and 64.7% for women, 17% and 6%, respectively, attend secondary school.

### **3. Management**

There is clearly a high level of difficulty in governance. The country is landlocked, devoid of infrastructure and surrounded by conflict zones (Sudan, DR Congo, Chad, at times: Congo-Brazzaville). In addition, the country's governance record remains poor, only adding to difficult circumstances. Elites acting not in their personal interest are hard to find. Government ministers are motivated by short-term, personal gains. Some technocratic skills exist in the state administration. However, they are frequently siphoned off by donor organizations in need of local personnel.

#### **3.1. Level of difficulty**

The CAR's governance capacity is extremely limited; the level of difficulty is very high. The country is landlocked; its infrastructure is poorly developed and is only rarely focused by assistance programs of major donors.

The following factors made for extremely difficult conditions for continuing the transformation at the beginning of the evaluation period: insignificant economic development, the lack of basic market economy structures, poor education, ethno-regional conflicts, inefficient administration of the state and the state's lack of a monopoly over the use of force. The condition of the country's interior, with its very rudimentary infrastructure, contributes to this as well.

In terms of structural socioeconomic conditions that shape the political process in the long term, the level of difficulty of transformation must be seen as relatively high. The citizens' experience with different post-colonial regimes is more or less consistently negative. Value systems are tainted by variations of traditional political cultures and institutions. Most communities previously observed rules of consensus. In contrast, colonial rule was ruthless and mostly driven by private business interests. The CAR was in fact the least administered French colony while "compagnies concessionnaires" had no limits to the exploitation of the population, using the most brutal methods without providing any form of assistance. Two successful coups d'état, the repression under Bokassa, neo-colonial intervention, three mutinies in 1996-1997, a bloody coup attempt in 2001 and a successful violent rebellion in 2002-2003 account for difficult experiences. Two factors, a multiparty system from 1979 to 1981 (while all neighboring countries were under authoritarian rule) and one successful transition in 1993, account for the few positive episodes in recent history.

**Profile of the Political System**

Regime type:	<i>Autocracy</i>	Constraints to executive authority:	1
		Latest parliamentary election:	13.03./08.05.2005
		Effective number of parties:	5.6
1. Head of State:	<i>Ange- Felix Patassé</i>	Cabinet duration:	04/01-03/03
Head of Government:	<i>Martin Ziguele</i>	Parties in government:	5
2. Head of State:	<i>Francois Bozizé</i>	Cabinet duration:	04/03-12/03
Head of Government:	<i>Abel Goumba</i>	Parties in government:	7
3. Prime Minister:	<i>Celestin Gaombalet</i>	Cabinet duration:	12/03-04/05
4. President:	<i>Francois Bozizé</i>	Cabinet duration:	06/05-present
Prime Minister:	<i>Elie Dote</i>		
		Number of ministries:	24
		Number of ministers:	24

Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Effective number of parties denotes the number of parties represented in the legislature, taking into consideration their relative weight (Laakso/Taagepera index) =  $1 / (\sum p_i^2)$ ;  $p_i$  is the share of parliamentary mandates controlled by party  $i$ . Number of ministries/ ministers denotes the situation on 1 January 2005.

Traditions of civil society are virtually non-existent. The landscape of voluntary organizations remains meager (see section 1.2 Political participation). Existing “traditional” community structures are in fact a result of those imposed by the French.

Social trust has suffered a major setback considering violent episodes starting in 1996, the process accelerated after 2001 and exacerbated in 2002-2003. The violent conflicts associated with the rebellion led by Bozizé clearly had features of a civil war. Memories of severe human rights violations and episodes of ethnic cleansing, even isolated, heavily influence social behavior.

**3.2. Steering capability**

The government has low steering capacities. It has only limited access to staffing and organizational resources for its economic transformation policy. The best-educated personnel of the state are regularly recruited by donor organizations. The government’s commitment to economic reforms is also questionable in the eyes of the donor community. The resignation of Finance Minister Lebouder in August 2004 has added to the climate of mistrust. The main priority of the head of state is to maintain power. Long-term strategies are not well-developed and only exclusively developed in international cooperation frameworks.

The government seeks to achieve reforms advocated and prescribed by major donor organizations, but fails to implement most of them. The IMF approved a credit of SDR 5.57 million in emergency post-conflict assistance in early summer

2004 to stabilize the macroeconomic situation, support the ongoing reform process, and to catalyze external assistance. A rather optimistic judgment about the current reform trend led to this decision. It relied on the authorities' plans to strengthen public expenditure management and to maintain strict control on non-priority spending. Only a few months later this enthusiasm had completely vanished.

The political leadership shows little willingness and ability to learn. In particular, the ignorance of the strongly expressed wish of many external forces that Bozizé should not stand as a presidential candidate is a good indication. The same may apply to other veterans in the political game (Kolingba, Goumba). A small ambitious elite in Bangui (the country's elite is estimated at 300 – 400 people only) does not take care of the fate of ordinary citizens. Institutions figure less importantly than the actual political dynamic engendered by state actors seeking to maintain and increase power. A practice of zero-sum and exclusionary politics has been the *modus operandi* by the state elite during the democratic era. The Poverty Reduction Strategy Papers (PRSP) process, which targeted a more widespread integration of societal groups and organizations, remains more or less suspended. An optimistic view to complete a full PRSP by December 2004 held during summer is no longer of actuality.

### **3.3. Resource efficiency**

The government uses only some of the available resources efficiently. Embezzlement of public funds still occurs regularly in some areas, with inquiries and punishment a rarity. Like the Patassé regime the new government has shown little interest in seriously combating corruption, as some of its leading figures face similar allegations themselves. This was particularly visible when the director of the most important independent paper *Le Citoyen*, Maka Gbossokotto, was arrested in July 2004 for allegedly defaming a former director of a government controlled company close to the president. The secret sources of funding for the successful rebellion raise additional suspicions that extra-legal gratifications will have to be handed out by Bozizé. There can be no progress in the fight against crime without strengthening the customs agencies (diamond smuggling deprives the state of approximately 50% of export revenues).

The government conducted a fairly circumspect dialogue process in 2003. However, because of its composite nature, it cannot act coherently. Some leaders of political parties associated in government are in open opposition to the president.

The Central African Republic is not listed in the Corruption Perception Index, but corruption is believed to be rampant. As a part of a wider plan to stamp out corruption and to ditch the reputation as a smuggler's den, the CAR has joined the Kimberley Process in 2003, a global initiative aimed at ending trade in so called

“blood diamonds” by establishing that exported gems have not come from conflict areas. The effects of this move have yet to be evaluated.

### **3.4. Consensus-building**

There is a rudimentary consensus between elite groups about democracy and market economy as vague principles. All major political actors have other preoccupations: maintaining or gaining power and/or preserving peace. Major transformation processes are simply not at the top of their agenda, although they are not contested as such. Achieving consensus-building is possible with regard to coalition-building, as most parties remain open to participation in government. However, several important reform subjects found the CNT and the government on opposing sides during 2004.

Veto actors exist in different parts of the army or parallel armed groups with personal loyalties to Kolingba, Patassé or Bozizé. They are not overwhelmingly powerful since they are split. However, whoever can be termed “reformer” in today’s CAR has no control over these actors.

The government cannot easily reduce existing divisions after recent escalations of violence. However, the “national dialogue” process in September-October 2003 was fairly successful and led to a set of consensus decisions in major fields of public life (particularly on the electoral process). Reconciliation ceremonies between historic rivals (e.g. Goumba-Dacko) had high symbolical value. Hearings had a great impact on society; they were followed by the population on the radio. However, most of the important questions were not addressed; forgiveness was asked and given but no debate on the underlying causes ensued.

The political leadership fails to promote social capital. It is largely indifferent with respect to the role of civic engagement.

The government frequently ignores civil society with the notable exception of the powerful trade unions who are readily accepted as negotiation partners.

The political leadership does not address past acts of injustice. Crimes against humanity and individual crimes were perpetrated by different parties from 2001 to 2003. These crimes were committed by the former rebels and/or Bozizé’s men (more so by ex-President Patassé and his military supporters from a Congolese rebel movement). Until now, no major activities to initiate a process of reconciliation beyond the elite (present during the national dialogue - with the notable exception of Patassé) are noticeable. No war crimes tribunal, reconciliation commission, compensation schemes or equivalent institutions have been established to deal with past horrors and trauma.

### **3.5. International cooperation**

The political leadership does not refuse to work with bilateral or multilateral international donors. Quite to the contrary, it was very eager to re-establish cooperation programs with the Bretton Woods Institutions and the EU after their suspension due to the violent overthrow of Patassé. Only parts of these programs were re-instated in 2003/2004. The government tries to make use of international assistance for largely shortsighted strategies to maintain power; in that respect it is no different from its predecessor. The dependence on foreign assistance is particularly high. Without budget support civil service wages cannot be paid. This leads to a high (superficial) flexibility to accept any foreign recipe as long as it provides fresh money. Commitment to reform agendas remains low, though, in the eyes of most observers.

The typical attitude of the government was visible when Haiti's President Jean-Bertrand Aristide was ex-filtrated by force to Bangui in a joint action by U.S. and French intelligence services in 2004. He was granted asylum by the authorities on a request by Gabon's President Bongo who had earlier refused to be the host himself. Aristide soon gave interviews judged problematic by the authorities, since he claimed to have been victim of a coup d'état and a modern form of kidnapping. Part of the Central African elite wanted to see Aristide leave quickly while the government hoped to win some material favor by important donors in keeping him for a longer period. Finally, Aristide left for Jamaica. It was unclear whether diverse demands of the CAR government were met by the U.S. administration. Washington had earlier taken the CAR off the list of eligible countries for the so-called African Growth and Opportunity Act (AGOA) because of lack of progress towards free trade and poverty reduction. The step was interpreted as a strong disapproval of the military takeover in March 2003.

The government tries to present itself as a credible partner, but the international community does not trust it. A recent country risk poll (Euromoney 2004) attests to the low esteem of the CAR. Investment risks are rated only worse in North Korea and Afghanistan.

The political leadership cooperates with many neighboring states. It has secured military and material support by the sub-regional body CEMAC and maintains good relations with other nations in the Libya-dominated CEN-SAD framework. All major neighbors have better relations with the CAR today than during Patassé's rule. The most influential but ambivalent neighbor is Chad; Gabon's President Bongo is very active in managing political conflicts in the CAR. However, the African Union (AU) has suspended the participation of the CAR in its statutory meetings after the violent accession to power of Bozizé in March 2003. The AU's President Alpha Oumar Konaré visited Bangui in March 2004 and advised Bozizé not to stand for elections in 2005. The head of state thereafter accused Konaré openly of interference. African Foreign ministers recommended not readmitting the Bozizé government pending the restoration of constitutional

legality. The CAR depends more on good relationship with its neighbors than with the African Union as such. In balance, Bozizé was successful with respect to cooperation in the regional framework.

#### **4. Trend of development**

In the period covered by this study, the Central African Republic has not made progress in terms of democratic and economic transformation. It must be stressed that these were less important to citizens, elites, neighbors and the international community as a whole than immediate security concerns and state decline in general.

##### **4.1. Democratic development**

The CAR is still in a transition phase, which should end with national elections in 2005. Depending on their conduct and outcome, a new step in the direction of democracy is possible. However, free and fair elections will not guarantee a democratic government. The situation at this writing at the end of January 2005 is difficult to judge. The unconstitutional removal of Patassé was certainly undemocratic, but the rule of Patassé had severely divided the population and harmed democracy in the first place. The balance sheet of the transition cannot yet be established.

Stateness, political participation and the rule of law have all deteriorated significantly in several respects. The state's monopoly on the use of force was never established in the CAR but state authority declined even further early in 2004. The fact that Bozizé used "liberators" of Chadian origin to impose his rule was strongly resented by the population. It reminded them the similar use of Congolese mercenaries and Libyan troops by Patassé in former times.

Because the CAR did not qualify as a democracy until the end of the period under investigation, no comment can be made on the consolidation of democracy.

##### **4.2. Market economy development**

The CAR has not made progress concerning a socially responsible market economy during the evaluation period.

Starting from an extremely low level as one of the poorest countries in the world, the CAR's level of development has likely not improved in the past five years. There are no data available for 2000, but the HDI changed by -0.005 from 1995 (0.366) to 2002 (0.361).

The institutional framework has changed formally with the introduction of transitional bodies. The administration and most rules were not changed significantly.

Overall economic development has deteriorated severely, both quantitatively and qualitatively. GDP has declined by 7% in 2003 and major infrastructures were destroyed during the civil war.

#### Development of macroeconomic fundamentals (2000–04)

	2000 <sup>a</sup>	2001 <sup>a</sup>	2002 <sup>a</sup>	2003 <sup>b</sup>	2004 <sup>c</sup>
Growth of GDP in %	0.9	0.5	-1.1	-7.2	0.5
Exports of goods fob (\$ millions)	155.7	142.0	145.3	116.8	161.2
Imports of goods fob (\$ millions)	118.4	107.1	117.2	108.2	119.9
Inflation in % (CPI)	3.1	3.8	2.3	4.2	3.2
Investment in % of GDP	n/a	n/a	n/a	n/a	N/a
Tax Revenue in % of GDP	n/a	n/a	15.8	12.3	11.0 <sup>d</sup>
Unemployment in %	n/a	n/a	n/a	n/a	N/a
Government balance as % of GDP	N/a	N/a	-1.2	-3,1	N/a
Current account balance, in \$ millions	-29.1	-24.4	-25.0	-57.3	-37.0

Source: EIU Country Report November 2004; EIU Country Profile 2004; a. actual; b. official estimates, c. EIU estimates, d. IMF forecast

#### D. Strategic perspective

The CAR will not establish a consolidated democracy or a socially responsible market economy in the near future. However, the 2005 elections will be crucial to the short-term future of both. For average citizens, peace and stability are the key issues. Whoever provides both will enjoy legitimacy. While further state decline seems difficult to imagine, it is possible.

Bozizé's victory in the 2005 presidential elections was expected; he maintains control over a much of the country's strategic resources, including international acceptance, state funds and most of the armed forces. However, when Bozizé competed for the presidency in 1993, he received a meager 1.5% of the vote. Future developments will depend to a great deal on Bozizé's future conduct.

Threats to the CAR government include state inversion and the use of force as a means of achieving power. Opposition parties will remain fractured, but are capable of forming powerful alliances against Bozizé. Further risks are associated

with the development of crises in neighboring countries. In particular, a fragile situation in the DR Congo may seriously affect CAR.

Expectations associated with entering oil production—like that in neighboring Chad—have thus far affected the CAR negatively. The premium for being head of state has grown, potentially increasing the likelihood of greed-related violence. However, and in contrast to the small-scale and difficult to control production of alluvial diamonds, oil earnings could, if used appropriately, help combat poverty. This would entail learning from the experience of Chad and implementing institutional precautions.

Assistance from major donors will be needed for a long time in most key sectors of the economy. However, this is a situation fraught with ambivalence. A highly developed aid dependency syndrome is likely to continue or be reinforced. Only a careful balance of assistance with control and transfer of responsibility can have positive effects here. For strategic reasons, it is important to stabilize a comparatively small economy and a sparsely populated territory before it extends into a vast stretch of land extending from the Kivu Provinces in DR Congo to the Chad/Sudan border largely lacking in state control.