

## CENTRAL AFRICAN REPUBLIC

### **PRELIMINARY STATEMENT OF THE GOVERNMENT ON THE POVERTY REDUCTION STRATEGY AND MEDIUM-TERM ECONOMIC POLICIES**

(Interim Poverty Reduction Strategy Paper—I-PRSP)

#### **1. INTRODUCTION**

For almost four decades, various plans and policies have been tried to improve socioeconomic development in the Central African Republic. The results, however, are mixed. At present, the situation in the Central African Republic is characterized by widening poverty, caused by weak economic growth that has failed to keep up with high population growth, and the social and economic consequences of AIDS. Moreover, the failure to adhere to prudent macroeconomic management, which weakened government revenue collection, together with the harmful effects of the negative terms of trade and an ever heavier debt burden, has prevented the government for many years from financing public investment in a satisfying manner. This was especially true for the priority social sectors, which are education, health, and social affairs in general.

Publications about human development<sup>1</sup> regularly place the Central African Republic amongst the poorest countries on earth, both in terms of sustainable human development and GDP per capita. The latter is about US\$300, which is one of the lowest levels in sub-Saharan Africa. Poverty, which stems from weak economic performance and dynamics, is rooted in various structural factors. These include an instable macroeconomic and financial environment; low productivity, due to a high degree of dependency on the traditional agricultural sector; and, finally, the country's low absorptive capacity.

These negative factors resulted in a fall of real GDP of about 0.9 percent annually between 1980 and 1993. Meanwhile, the population increased by 2.5 percent per annum over the same period, leading to wider poverty. Moreover, the country's three mutinies since 1996, in which productive assets were destroyed and looted, dealt a harsh blow to the economic turnaround that had followed the CFA franc devaluation and as a result of the structural and macroeconomic reforms launched as early as October 1993.

In view of this extremely serious situation, the government decided to redirect its priorities toward fighting poverty and social inequalities by renewing its relationship with the Bretton Woods institutions in 1998 and negotiating, with the help of the international

---

<sup>1</sup> These include the World Bank *World Development Reports*, and the UNDP *Human Development Reports*.

community, a return to peace. Initial results since 1999 indicate that the Central African Republic's economy is once again on the road to sustainable growth.

Despite these encouraging results, the national authorities still face many challenges. These include a low per capita GDP; a fragile political stability and public security; an excessive debt level; governance problems, such as corruption; the country's landlocked position; inadequate communications facilities; a deterioration of social infrastructure and of the quality of social services; and the AIDS pandemic.

The fight against poverty has been for some years a priority of the C.A.R. authorities. Thus, a National Poverty Reduction Plan (NPRP) was developed with the United Nations Development Program (UNDP) assistance and validated by all stakeholders in 1999. This should help in designing the poverty reduction strategy paper (PRSP), which is the new core reference for development projects financed either from own resources or with the participation of external partners. It could also enable the Central African Republic to benefit quickly from the Initiative for Heavily Indebted Poor Countries (HIPC Initiative), and from additional financial assistance, e.g., under the IMF's Poverty Reduction and Growth Facility (PRGF) and the World Bank's structural adjustment credits.

The new PRSP that the government intends to prepare is designed to refocus the country's development strategy, to enhance the impact of policies on the neediest groups of the population, and to provide them with the best possible opportunities to flourish. To this end, it is necessary to revise the way macroeconomic policies and structural reforms are carried out at present, and to adopt a more participatory approach that includes all stakeholders in the economic and social domain. This requires not only the pursuit of stronger and sustainable growth, i.e., growth that can sustain internal and external shocks, but also the adoption of new forms of regular consultations with the stakeholders in the development process. Such consultations would focus on policies to be implemented and the means to ensure ownership.

In order to finalize the PRSP, therefore, the government intends to adopt an iterative process of social dialogue to ensure a broad consultation within the public administration, and with civil society, nongovernmental organizations (NGOs), and development partners. These consultations will address macroeconomic and sector-specific policy priorities, as well as approaches to revise these priorities periodically.

## **2. PRELIMINARY DIAGNOSIS OF POVERTY IN THE CENTRAL AFRICAN REPUBLIC**

### **2.1 The nature of poverty**

The Central African Republic has little experience in collecting and analyzing poverty data. Accordingly, assistance will be sought from external partners to strengthen the production of national statistics in general, and improve the quality of data and indicators to

monitor poverty. Nonetheless, a number of studies<sup>2</sup> conducted in different parts of the country make it possible to identify certain features of poverty in the country. According to these studies, four key characteristics in particular appear to explain the spread of poverty. These are the following:

- political and social instability, which has obstructed the functioning of the country's institutions for more than a decade;
- poor governance, and mistaken or inconsistent choices of development priorities;
- the 1995 and 1996 mutinies, which aggravated the situation; and
- the economic and social consequences of HIV/AIDS and associated diseases.

The nature of the processes that have led to the spread of poverty, while rooted in these factors, are not yet fully understood.<sup>3</sup> However, available data confirm that poverty is a serious problem in the Central African Republic, which calls for greater national awareness, as well as bold and ambitious policies, to reduce it. To provide some illustrations, the Human Development Index (HDI) fell from 0.378 in 1997 to 0.371 in 1998, while its average for the least-developed countries increased from 0.430 to 0.435 over the same period. Moreover, life expectancy at birth, which was already low, has continued declining and reached 44.8 years in 1998, compared to 48.9 in sub-Saharan Africa as a whole.

Most studies available on poverty in the Central African Republic have highlighted the current trend toward further deterioration of social conditions. Data from 1995 on the poverty profile<sup>4</sup> in the Central African Republic indicate that 49 percent of the national population and 57.3 percent of the rural population lived below the poverty line. Women, young people looking for jobs, handicapped persons, and marginal groups<sup>5</sup> have been the hardest hit.

---

<sup>2</sup> These are: the general population census of 1988, which served as basis for the conception of all further social surveys; the priority survey of 1992/93, which produced a wider range of indicators on the living standards of households; the demographic and health survey (DHS) of 1994/95, which yielded important indicators on health; the multiple indicator survey (MICS) of 1996, which provided information on the access of households to various basic social services; the comprehensive survey of household consumption budgets (EIBC) of 1995/96; initial results of the United Nations' interagency poverty profiles in the regions of Ouham, Nana-Membéré, and Ombella-Mpoko and in four districts of Bangui (3<sup>rd</sup>, 4<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup>); and the 2000 report on sustainable human development.

<sup>3</sup> The upcoming results from the UNICEF's MICS 2000 survey, as well as the general population and living standards census of 2001, will improve the understanding of the extend of poverty in the Central African Republic.

<sup>4</sup> See EIBC, 1995/96.

<sup>5</sup> Pygmies and Peuhls (Mboros).

Concerning data on cash income poverty, based on the results of the EIBC survey,<sup>6</sup> the poverty line was set at CFAF 10,030 per month. However unsatisfying this indicator may be from a statistical perspective, it reveals the great difficulties the poor face in securing even minimal means of living (such as shelter, medical care, food, clothing, education, etc.).

## 2.2 Analysis of the situation

Living standards in the Central African Republic, as illustrated in Table 1, are a source of concern and an obstacle to the harmonious development of the country.

Regarding the political and institutional situation, the Central African Republic has, under great difficulties, attempted to regain a measure of stability. The situation remains fragile, however, due to i) numerous strikes, which periodically obstruct the functioning of the institutions; ii) a general decline in both the number and quality of care and training facilities; and iii) patterns of vote catching (*clientélisme*) and tribalism that further aggravate social inequalities.

Regarding the economy, real GDP growth fell from 7.2 percent in 1995 to -3 percent in 1996. Afterward, it proved difficult to return to the levels that preceded the 1996–97 crisis. Considering the difficulties facing the Central African Republic, it is crucial to return to a more ambitious trend of annual GDP growth, in the vicinity of 7 to 8 percent. Unfortunately, average annual GDP growth per capita<sup>7</sup> is too weak to allow for a significant improvement in the living standards of the C.A.R. citizens. During the period from 1995 to 2000, real GDP per capita has increased by only 1.6 percent, or 0.3 percent per annum; moreover, there are major social disparities across regions. The poor performance of public finances and the resulting low primary budget balance (see table on central government operations) have led to the accumulation of large arrears on domestic and external debt, with negative consequences for economic growth, the fight against corruption, the promotion of good governance, and the fight against poverty.

With respect to security, the situation is also worrisome. Chronic insecurity in neighboring countries and the consequences of the recent mutinies in Bangui have led to arms trafficking and banditry in the Central African Republic. This has hampered the mobility of people and goods, and thus affected economic activity in general.

---

<sup>6</sup> Based mainly on the EIBC, 1995/96. This survey covered the entire country, with a sample of 4,519 households belonging to all social categories. The indicator chosen to measure the standard of living and determine the poverty profile in the Central African Republic is average monthly per capita consumption. This comprises monthly current cash expenditure (purchases), which needs to be adjusted to take into account self-consumption, that is, consumption of commodities produced within the household.

<sup>7</sup> See socioeconomic indicator table in Annex A.

**Table 1: Some Poverty Indicators in the Central African Republic**

Indicators	Units	1994	1995	1996	1997	1998	1999	2000 Estim.	2001 Prog.
<b>1. General data</b>									
Total area	Km <sup>2</sup>							623,000	
Total population	Millions	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
Population growth rate	Percent	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Urban population	Percent	40	40	40	40	40	40	40	40
Rural population	Percent	60	60	60	60	60	60	60	60
<b>2. Macroeconomic data</b>									
GDP in current francs	Billions of CFA francs	473.6	560.0	547.6	574.9	621.1	652.3	690.3	745.2
Real GDP growth rate	Percent	4.9	4.3	-1.4	3.0	4.6	3.5	2.9	4.6
Real per capita GDP	CFA francs	121,203	123,304	118,593	119,163	121,487	122,665	123,168	125,631
Exports, f.o.b.	Billions of CFA francs	89.9	89.3	72.5	92.6	90.9	97.2	117	130.2
Imports, f.o.b.	Billions of CFA francs	83.8	89.2	64.2	84.5	94	86	85.9	102
Government debt outstanding	Billions of CFA francs	459.4	442.4	478.6	539.5	519.6	541.9	616.9	
<b>3. Health</b>									
Life expectancy at birth	Years	48.9	48.9		49.5	44.8			
Maternal mortality rate	Per 100,000		948		649				
Infant mortality rate	Per 1,000		97						
Under five mortality rate	Per 1,000		157		160				
AIDS prevalence (Bangui)	Percent						15	18	
Access to health services	Percent						45		
Access to safe drinking water									
Total	Percent						30		
Rural	Percent						35		
Urban	Percent						20		
<b>4. Education</b>									
Gross primary enrollment ratio	Percent	58	69	71	60	57			
Net primary enrollment ratio	Percent	41	60	46	42	44			
Net primary enrollment ratio for girls	Percent		50	39	27	37			
Student/teacher ratio in primary schools	Percent	85	95	108	109	85			
Literacy rate, total	Percent		46.6						
Men	Percent		60.6						
Women	Percent		33.3						

Sources: Census, 1998; World Bank, Central African Republic Poverty Note No. 18134-C4, June 1998; DHS 1994/95, Tableau de bord social MEPCI/UNICEF No. 2, March 2000; EIBC, 1995/96.

Regarding social welfare, the situation is scarcely any better. The few data available on education indicate that access to basic education is limited and quality of teaching is low. From 1995 to 1998, the net primary enrollment rate fell from 60 percent to 44 percent, the average number of students per class declined from 127 to 98, and the student-teacher ratio fell from 95:1 to 85:1. Moreover, a gender analysis indicates sharp disparities between boy and girl enrollment rates. Net enrollment rates dropped from 70 percent in 1995 to 51 percent in 1998 for boys, and from 50 percent in 1995 to 37 percent in 1998 for girls (details are in Annex A).

With respect to secondary schooling, access is even more limited. In 1995, the net enrollment rate was only 6.3 percent for the country as a whole—7.5 percent for boys, and 5.1 percent for girls. In 1998, this figure had reached 10.6 percent for the country as a whole,<sup>8</sup> with 14 percent for boys and 7 percent for girls. The literacy rate for the population aged 15 years and older was 46.6 percent in 1995, with 60.6 percent for men and 33.3 percent for women.

With respect to health, the massive deterioration of basic health services, both qualitatively and quantitatively, has led to a general worsening of the country's social indicators. Life expectancy at birth was estimated at 44 years only in 1998, and during 1990–98 maternal and infant mortality rates remained among the highest in sub-Saharan Africa. Moreover, the prevalence of HIV/AIDS, which in 1999 was 15 percent in Bangui, 8 percent in smaller cities, and 4 percent in rural areas, is one of the major challenges the government will have to take on in the years to come (see details in Annex A).

All these data, however incomplete, highlight the precariousness of human and social life in the Central African Republic, and indicate great disparities across both regions and social groups. Because poverty is so widespread, as described above, **the government has begun with determination to define objectives and implement strategies for alleviating poverty.**

### 2.3 Measures implemented

Work on the National Poverty Reduction Plan (NPRP) started immediately after the World Summit for Social Development; the work comprised the following stages:

- The completion of a diagnostic study to establish the extent and nature of poverty. This diagnostic study was complemented by five sector studies to identify actions that would directly benefit the neediest part of the population. These five studies analyzed i) the conditions required for participatory development; ii) the promotion of women's activities; iii) the social integration of young people and marginalized

---

<sup>8</sup> Data from *Statistics Yearbook* of the Ministry of Education (1999), and demographic and health survey (1995).

groups; iv) the conditions required to encourage productive employment locally, based on highly labor-intensive techniques (HLIT); and v) the access to microfinance.

- The organization of workshops at the community and regional levels to bring together all stakeholders in the development process for the purpose of finalizing the NPRP. The main objectives of these workshops were to consolidate the results of the diagnostic studies and organize a participatory planning process with the local population. The outcome was an NPRP that identified major strategic orientations and concrete actions, as well as tools for monitoring and evaluation.

What remained to be done was to adopt a framework law, organize a donors' roundtable, and implement, monitor, and evaluate the NPRP. In elaborating the NPRP, the Central African Republic developed a key asset that should be capitalized upon. Indeed, the involvement of civil society and its active participation through local and regional workshops have raised awareness of poverty among village leaders, local and government authorities, heads of religious organizations, NGOs, women's and young people's associations, unions, and national political leaders. This is a major advantage in mobilizing energies and coordinating poverty alleviation at the grassroots level.

Some deficiencies were detected, however. Steps that could significantly contribute to the alleviation of poverty were identified, but no hierarchy of priorities was established. Knowledge of poverty in the Central African Republic is still incomplete, because the consultation with local communities did not involve some parts of the country. It is also limited in view of the inadequacy and unreliability of certain socioeconomic data. Finally, the NPRP was not embedded in a consistent macroeconomic and financial framework, and it resembled more a list of projects that was not part of a genuine poverty reduction strategy. As a result, there was little interest among development partners, whose assistance would be needed to finance and implement the plan.

Aware of these inadequacies, and bearing in mind the necessary links between growth and poverty alleviation, the government has undertaken to revisit the NPRP and arrive at a consistent framework for promoting growth and reducing poverty. This framework is the poverty reduction strategy paper, which will form the basis for the future cooperation of the government with its partners.

### **3. FROM THE NPRP TO THE POVERTY REDUCTION STRATEGY PAPER (PRSP)**

The preparation of the NPRP yielded a strategic plan covering 1999–2015. This plan described poverty reduction objectives over the medium and long run, as well as an action plan encompassing the main programs that could reduce poverty countrywide and within regions.

The new actions required to prepare the PRSP aim at integrating, within a consistent macroeconomic and financial framework, the economic development priorities for poverty reduction that were provided for in the NPRP, as well as all those that could help promote

strong economic growth. To this end, the process of preparing the PRSP will involve all development partners, especially the civil society, from the initial drafting through the finalization of the document. Thus, all institutions that represent C.A.R. society belong fully to the Steering Committee and will contribute not only to the finalization of the PRSP, but also to the iterative process of selecting, implementing, and revising policies to alleviate poverty and promote economic growth.

### **3.1 Objectives and strategies**

Given the extent of poverty in the Central African Republic, the authorities intend henceforth to mobilize all available economic entities to explore and adopt policies and strategies that address the essential needs of the majority of the population. The aim is to promote a sustainable increase of real per capita income and a general improvement of living conditions by facilitating access to public services, as well as to essential resources required for private sector activity. A Solidarity Fund has already been set up by the government, which will be complemented by further national and foreign resources to help the destitute and most poverty-stricken individuals.

#### **3.1.1 Objectives**

The government's objectives include macroeconomic and financial targets and structural reforms that are essential for promoting sustainable and equitable growth, on the one hand, and socioeconomic objectives aimed at achieving a fair distribution of income, on the other hand.

**The macroeconomic and financial objectives and envisaged structural reforms** are to i) promote a modern public administration based on good governance, decentralization, political stability, and democracy; ii) ensure economic growth of at least 5 percent per annum that creates new employment, while keeping the annual inflation rate at about 2 percent, and raise investment to at least 17 percent of GDP; iii) promote the integration of the C.A.R. economy into the Central African Economic and Monetary Community (CEMAC) zone; iv) improve the performance of revenue collection agencies and enhance control over government expenditure; and v) reduce imbalances and external indebtedness to levels that are compatible with these macroeconomic objectives. The macroeconomic, financial, and structural objectives will be reviewed periodically and will be updated on the occasion of IMF and World Bank missions, in collaboration with other multilateral and bilateral donors.

**As regards the socioeconomic well-being of the population**, the government aims to i) reduce the intensity of cash income poverty; ii) increase life expectancy at birth; iii) reduce maternal mortality; iv) reduce the infant death rate; v) raise the net primary school enrollment ratio; vi) raise access to drinking water in rural and urban areas; and vii) lower the incidence of HIV/AIDS. Quantitative objectives and target dates for social policies are shown in the matrix of measures in Annex D.

## Main Objectives and Strategic Orientations of Poverty Reduction

Areas Objectives/Strategies	Macroeconomic and Financial	Structural Reform	Socioeconomic Welfare
Objective 1	Management of public Finances	Real growth of 7–10 percent	Reduction of the prevalence of HIV/AIDS
Objective 2	Expenditure control and better quality of public expenditure	Improved redistribution of income	Increased life expectancy at birth
Objective 3	Efficiency of public investment	Competitiveness and profitability of key economic sectors	Easier access to production factors
Objective 4	Price stability and external competitiveness.	Competitiveness and integration within the regional economic area (CEMAC)	Easier access to public goods and services
Objective 5			Reduction of maternal and infant mortality
Objective 6			Reduction of cash income poverty
Objective 7			Social mobilization and communal actions
Objective 8			Access to basic education.
Strategy 1	Intense fight against corruption and fraud	Identification and promotion of new sources of growth	Coordinated program to fight HIV/AIDS and intensification of information campaigns, education, and communication about STD and HIV/AIDS
Strategy 2	Priority to regular wages payments to civil servants	Restructuring and liberalization of the productive sector and promotion of foreign direct investment	Sanitary map; programs to train/retrain health staff, restore/build health posts, and ensure the supply of medicines
Strategy 3	Strengthening of the institutional and human capacities of the economic and financial administration	Opening up of the country, both internally and to the outside world	Promotion of employment through the development of highly labor-intensive techniques (HLIT) and access to microcredit;
Strategy 4	Improvement of statistical system, and of design and assessment of economic and financial policies	Development of economic infrastructure and support for the promotion of the private sector	Popularization of socioeconomic infrastructures in rural zones and poor urban neighborhoods
Strategy 5	Strengthening of capacity and training of staff in sector with strong potential		Decentralization, and regional and local development
Strategy 6	Domestic and external debt level compatible with the macroeconomic framework.		Education map; programs to train teachers, restore/build schools.

### 3.1.2 Main strategic approaches

The NPRP adopted in 1999 identified strategies to improve access to basic social infrastructures within a legal framework guaranteeing human rights and democracy. Hence, the plan emphasized improving access to basic social services for the majority of people. However, insufficient attention was paid to macroeconomic and financial constraints that could prevent achievement of the above objectives, namely, a rapid and sustainable economic growth and a substantial reduction of poverty.

Accordingly, the C.A.R. government plans to define in the PRSP a medium-term strategy to promote economic growth and alleviate poverty, while taking into account its capacity to mobilize national and external resources for programs and sector projects of high priority.

**To achieve the macroeconomic, financial, and main structural reform objectives,** various measures need to be implemented along the following main themes:

- Pursue macroeconomic stability based on sound budgetary and monetary policies, consistent with the CEMAC's multilateral surveillance criteria—factors that are essential for a successful integration of the CEMAC economies.
- Reinforce the drive against corruption by revitalizing all existing structures for the fight against fraud and adopting an anticorruption law.
- Create an institutional and regulatory environment favorable to private initiative, and develop a more efficient financial system to mobilize savings and allocate it optimally within the economy.
- Improve the statistical data system and rely on it to design, implement, and evaluate economic policies.
- Accelerate economic growth by identifying new areas that provide opportunities for growth, restructuring and enhancing the competitiveness of industry, and promoting private sector development.
- Design and implement a public investment program that focuses on the social sector, and assess its impact on the profitability of private enterprises.
- Implement an ambitious policy aimed at improving capacity and training professionals in advanced fields, such as information technology and biotechnology.

**To achieve the social objectives and to enhance the welfare of the population**, the main themes are the following:

- Introduce decentralized administrative and political structures, with a view to strengthening democracy, encouraging good governance, and fostering wider participation of the population in the handling of public affairs.
- Strengthen the performance of revenue collection agencies and expenditure control, in order to increase government savings that can be allocated to social sectors such as basic education, primary health care, and the fight against the AIDS pandemic and malaria.
- Reduce unemployment by job creation, in particular through highly labor-intensive work schemes.
- Promote individual savings, develop cooperative credit and savings and loan associations, and broaden the access of the poor (mostly women and young people) to small business loans to help them implement development projects.
- Build up well-suited human resources and factors of production by means of a dynamic regional development policy characterized by the expansion of rural water management tools, rural electrification, and the equitable distribution of educational and health facilities in rural and poor urban areas.
- Restore promptly security by modernizing and reorganizing the armed forces.
- Mobilize social elements by encouraging community action.

### **3.1.3 Sector priorities for poverty reduction**

To achieve and sustain the social welfare and poverty reduction objectives, macroeconomic and structural reforms must be carried out, as these reforms will ensure strong and durable growth. The sector priorities for poverty reduction have been selected by the government in keeping with this approach, and, in addition to focusing on the social sectors, the government will give priority to stimulating the productive sector, which is a source of wealth for potential redistribution.

#### **3.1.3.1 Actions with a direct poverty reduction impact**

Priority actions in favor of vulnerable groups to be included in the three-year investment program (PTI) must correspond to a number of criteria, such as i) increasing incomes; ii) providing access to public goods and services (water, health services, education, justice, and credit) at lower costs; and iii) strengthening democracy, the rule of law, and equal opportunities for all.

Based on the lessons learned from past experience with economic development, the C.A.R. government intends to concentrate its efforts on sectors known to have a decisive impact on poverty reduction. These include i) preventive medicine and primary health care; ii) basic education and vocational training; iii) management of local water resources in village areas; iv) sanitation in the urban periphery, including access to safe drinking water; v) rural development through the accessibility to production factors, organization of subsectors, and enhanced marketing; and vi) decentralization, local development, and microfinance.

In the area of national education, priority will be given to improving access to primary schooling, broadening access to vocational training, improving the school completion rate, and developing literacy campaigns. For technical and vocational training, discussions are under way that should lead to a better match between technical and vocational training programs and the needs expressed by the National Association of Employers (UNPC) and the Chamber of Commerce, Industry, Mining, and Handicrafts (CCIMA).

To achieve these objectives in the area of basic education, the government will use the school zone map to define its intervention activities, which will focus essentially on improving training programs for teachers, recruiting new trained teachers, renovating/building primary and secondary schools, and ensuring the availability of educational materials at lower cost. In addition, the educational partnership (NGOs, charity organizations, and private sector) will be used to broaden the government's efforts in the area of education. Literacy efforts will be targeted at segments of the population most affected by poverty, namely, women and uneducated young people. Finally, the promotion of training in the technical and vocational area will include vocational training that meets the regular needs of the economy, as identified in collaboration with the country's professional associations (construction and public works, mechanical engineering, welding, diamond trade and processing, etc.) and the training of advanced technicians for river transport, shipbuilding, wood processing, mechanical engineering, coffee processing, etc.

In the area of public health and social welfare, given the current state of the health system—despite the various kinds of assistance received in recent years—the government intends to pursue the health policy directions defined in the National Development Plan for Health (PNDS). The priority will be to fight HIV/AIDS, for which purpose the government is about to define a coherent strategy, with the support of its partners. Furthermore, based on the health map, the government will i) increase the availability, access, quality, and use of primary health care services, particularly for key target groups such as mothers and children, and the most disadvantaged segments of the population; ii) step up information, education and communication campaigns (IEC) on sexually transmitted diseases, especially HIV/AIDS, as well as malaria; and iii) strengthen health sector institutions by providing appropriate training for health personnel, as well as refresher courses, and improving the organization and management of the various structures.

Staffing needs in the health sector are such that there are no conceivable effective short-term solutions. Accordingly, the government plans to give preference to training essential nursing staff in primary health centers, so as to respond to the need for preventive care. Over time, it will add a training program for high-level medical personnel, who are essential for the proper operation of hospitals.

In addition to these objectives, the government will endeavor to develop integrated actions plans in the areas of village water management, sanitation in rural and suburban zones, and the reintegration of urban young people by developing highly labor-intensive activities and providing access to microcredit.

**Learning from past experience, especially in view of cash constraints, and in order to preserve in future those social objectives that have been defined as high priorities, the government intends to take the following measures. First, the poverty reduction monitoring committee will have an advisory capacity in the process of finalizing the draft government budget; its role will be to ensure that the draft budget is consistent with the government's priorities, especially in the area of poverty reduction, and it will issue an opinion that will be attached to the budget law as submitted to the Council of Ministers. Second, a mechanism to protect social expenditure will need to be established jointly by the treasury and budget directorates. Third, at the beginning of each fiscal year, quarterly floors for social expenditure in the education, health, and other social sectors will need to be established as part of the cash-flow plan agreed among the relevant units in the Ministry for the Economy, the treasury directorate, and budget directorate, and such expenditure should be effectively paid. Finally, the authorities and their development partners will then have access to quarterly budget and accounting statements of expenditure actually made in the social sectors.**

### **3.1.3.2 Direct action in favor of economic growth**

The promotion of the productive sector will continue as part of the economic deregulation and a greater mobilization of foreign and domestic private investment. In this context, investment priorities will be such as to create the economic and social infrastructure needed to ensure the viability of the production sectors. Export subsectors—timber, diamond, coffee, and cotton—will receive particular support in view of jobs created and foreign exchange resources generated.

In the areas of subsistence agriculture, livestock, water, and hunting and fishing, the policy directions will be based on the agriculture master plan (1999–2006) and will focus on the establishment of an efficient institutional and economic environment, as well as regional or sector support programs to ensure coverage of national needs and food self-sufficiency.

In the areas of industry, commerce, tourism, and crafts, the focus will be on promoting private initiative by reconstructing the network of small and medium-sized enterprises destroyed during the recent mutinies and creating new units, in view of their potential impact on employment and income. The country's potential in the areas of mining

(especially of diamonds) and tourism will be explored by reducing the constraints on their development, such as security problems in some areas of the country, and insufficient health and tourism infrastructures.

With respect to cash crops and timber, the Central African Republic enjoys a significant, untapped comparative advantage. In addition to the required reforms of these subsectors, the major development challenges are to implement trade policies and to increase the country's access to ports. The government hopes to make progress in these areas that affect the international competitiveness of C.A.R. products by pursuing an active policy to improve the country's external and domestic accessibility, both by road and river (see the transport sector plan, for which the leading donor is the European Union).

**Support sectors for production** also play a key role in the C.A.R. economy, not only from the perspective of economic growth, but also in terms of the welfare of the population. The domestic and external accessibility of the country is essential to access markets and sell the country's food and cash crops. The government therefore intends to pursue its policy of improving domestic and external accessibility by i) building/maintaining the priority road network, focusing essentially on the Bangui-Bossembélé-Garoua-Boulaï route toward Cameroon, and the two civil engineering structures on the Boda-Bambio route (alternate accessibility route); ii) maintaining the Bangui-Brazzaville river transport link by acquiring equipment to help the river transport agency (ACCF) and river transport company (SOCATRAF) improve productivity; and iii) deregulating the transport sector and maintaining the entire transportation network.

Likewise, the government will aim at facilitating ready access to water, energy, and modern communications systems at lower costs to help promote domestic and foreign direct investment. The government's divestment program in favor of private operators or through the leasing out of public enterprises will be continued; government involvement will be limited to the creation of a regulatory body to oversee companies providing public goods or services.

### **3.2 Steps involved in preparing the PRSP**

In view of the above, the government will review the relevance of the strategic orientations set under the NPRP, update the existing socioeconomic database, and prepare various diagnostic sector studies that will help it finalize the PRSP.

#### **3.2.1 Chronology of activities**

A steering committee will be supported by a standing executive secretariat comprising four national experts. It will serve as national coordinator of the actions described below:

- National and international experts will be recruited to prepare sector studies that improve the knowledge on the nature of poverty in the Central African Republic, and that identify possible remedies.

- The PRSP will be drafted in several phases:
  - i) Collection of social statistics. The social statistics currently used are based on surveys conducted between 1992 and 1996. These data, as well as the analysis of poverty, need to be updated to formulate adequate strategies. Work will focus on completing the inventory of available data and updating the analysis of the situation. Support from the country's development partners would be necessary to select priority indicators, and design a plan and methodology for regular data collection.
  - ii) Preparation of additional sector studies to update the information on poverty. As part of the NPRP process, five studies were already conducted, but they did not cover all aspects of poverty; moreover, they referred to the period before the mutinies. Hence, the PRSP process requires additional studies, which will cover sectors deemed crucial for poverty reduction, such as health, education, agriculture, water and forestry, mining, statistics development, and community participation. The detailed studies on the socioeconomic features made as part of the United Nations' interagencies program in three prefectures and four districts of Bangui provided interesting results. To finalize the PRSP, this exercise will be expanded to others prefectures, so as to draw a "national map of poverty" providing information on the entire country.
  - iii) Organization of meeting in which the conclusions of the sector studies are shared and reviewed with all stakeholders.<sup>9</sup>
  - iv) Preparation of a first draft PRSP by the steering committee. This draft will identify priority actions, with a view to integrating the government's social and poverty alleviation objectives into the three-year public investment program (PIP). The committee will make sure that the timetable of priority actions is consistent with the country's macroeconomic and financial framework.
  - v) Organization of local and regional workshops to collect views on, and contributions to, the first draft of the PRSP.
  - vi) Preparation of a second draft PRSP, taking into account the views and contributions gathered from the local and regional workshops.
  - vii) Opening of a national validation seminar.
  - viii) Adoption of the final version of the PRSP.

---

<sup>9</sup> The most important are the national organization of NGOs; the various labor unions; the organization of C.A.R. women; the private press association; the C.A.R. Chamber of Commerce; the National Federation of Livestock Breeders; village leaders; and the artisanal miners' group.

### **3.2.2 Implementation and follow-up—evaluation of the PRSP**

The preconditions for a sound monitoring and evaluation of the PRSP include an improved statistical apparatus and strengthened human capacities. To this end, the government will put into place its statistical development plan with the support of its partners.

The PRSP—which will replace the policy framework paper—will be the sole reference for collaboration between the Central African Republic and its principal development partners. To this end, the matrix of economic policies and structural reforms covering all the interventions planned by the government to meet its stated objectives, as well as the associated implementation time frames, will be appended to the PRSP. Revisions to the matrix will be made during periodic program review missions carried out by the Bretton Woods institutions and the country's other development partners. More specifically, attention will be paid to the process of selecting projects, and to project evaluation and monitoring. The potential beneficiaries will be involved in the process from the outset as much as possible, to maximize ownership and the sustainability of planned activities.

The PRSP will also be the point of departure for benefiting from the HIPC Initiative and financial assistance from the Bretton Woods institutions, as well as bilateral and other multilateral partners. In order to ensure rigorous monitoring of economic and social performance indicators, national, regional, and local committees will be set up to monitor poverty alleviation under the aegis of the National Poverty Monitoring Council (*Observatoire National de Lutte contre la Pauvreté*).

After finalizing the PRSP, the implementation and monitoring of measures to fight poverty will require an effective and dynamic institutional framework. Use will be made of the experience already acquired by the technical committee that monitored the preparation of the NPRP, and this will be enhanced by converting it into a national monitoring committee. The monitoring committee will be the operational unit of the national supervision agency for the fight against poverty, under the responsibility of the Ministry for the Economy, Planning, and International Cooperation. The strengthening of the statistical apparatus will be critical to the success of this committee. Likewise, the development of structural planning and regional statistics in the Ministry for the Economy, Planning and International Cooperation, once operational, will not only deliver timely information concerning the execution of regional development projects in the social sphere, but also provide statistics on poverty in the various regions of the country.

This will require raising awareness within the public administration. Furthermore, a new approach concerning the preparation and selection of development projects under the leadership of the division for programs and projects in the Ministry for the Economy will be adopted. The focus will be on observing criteria, such as strong growth and significant poverty reduction.

At the same time as a settlement law is established for the budget of the previous year, the national monitoring committee for poverty reduction will provide an annual report on the physical and financial execution of operations that relate to the fight against poverty. This report will be prepared for the national authorities, but will also be available to the country's development partners.

The timetable of all planned actions can be found in Annex D.

#### **4. MACROECONOMIC AND FINANCIAL FRAMEWORK**

The government has prepared a memorandum of economic and financial policies, with the support of the International Monetary Fund (IMF). This document reviews the progress made in the program supported by the first annual arrangement under the Enhanced Structural Adjustment Facility (ESAF), which has now become the Poverty Reduction and Growth Facility (PRGF). It also describes the main elements of the program the authorities intend to implement in 2001.

Despite difficulties in implementing certain structural measures, significant progress has been made in the first year of the program. For 2001, the objective is a growth rate of about 5 percent, mainly owing to vigorous growth in forestry, construction, and industry. Inflation will be held at about 3 percent, taking into account current difficulties of Central African Republic's economy that have resulted from the increase in petroleum prices and shortages of some basic food items. The external current account deficit will remain at about 4.5 percent of GDP, as a projected rise in exports will be offset by improvements the income and current transfers balances.

Because of the difficult circumstances at present, the budget deficit (excluding grants) will be 8 percent of GDP in 2001, compared with 7.4 percent in 2000. Nevertheless, the government is committed to mobilizing a primary surplus of CFAF 7.4 billion, or 1 percent of GDP, compared with 0.5 percent in 2000. To that end, the following key measures will be implemented:

- As regards fiscal policy, public finances will be reinforced by improving the performance of revenue collection agencies and strengthening expenditure control, while giving priority to the social sectors.
- Monetary and credit policies will be conducted under the broad directions set by the Bank of Central African States (BEAC), and will aim at keeping inflation under control and enforcing prudential regulation in the management of the banking system. The net claims of the banking system on the government are projected to decline in 2001, and the government plans over time to reduce the amount of statutory advances drawn from the BEAC.
- In the area of structural reform, the government intends to speed up the privatization of the large public enterprises, restructure the cotton sector, implement the new civil

service statute, finalize the labor code, revise the mining code, and put into place a regulatory agency for water, electricity, telecommunications, and petroleum products.

- With respect to good governance, security, and the judiciary, the government will endeavor to reinforce the rule of law, combat corruption, harmonize business law with the provisions of the OHADA (Organization for the Harmonization of Business Law in Africa) treaty, and rehabilitate prisons and barracks while strengthening the training of the armed forces. At the same time, the government will prepare a budget settlement law for 1999.
- As regards debt management and statistics, the government intends to strengthen procedures for monitoring public debt (a complete database will be set up in the format required for preparing a request under the HIPC Initiative), and to adopt a statistics law, followed by the establishment of a National Statistics Council (CNS) during the program year.

## CONCLUSION

Henceforth, the poverty reduction strategy paper (PRSP) will be the reference point for discussions on the country's development programs, including for i) a concerted action within the administration to strengthen institutional and human capacities; ii) broad ownership, not only of the process of finalizing this document, but also of the monitoring of actions carried out in collaboration with all layers of society, including all institutions of the republic, political parties, civil society, grassroots communities, etc.; and iii) a single framework for conducting a dialogue with all development partners.

Accordingly, the social dialogue will constitute the core vehicle for the aforementioned broad ownership of the objectives for the fight against poverty and the promotion of growth, as well as the associated strategies. It will enable i) the reorientation of development policies toward priority objectives, supported by performance indicators and periodic reviews; ii) a clarification of the role of the state in redistributing growth equitably, with a view to improving both the quality of expenditure and good governance policy; and iii) a framework for the basic development of communities, which will restore confidence and hope, and encourage the population to take its fate into its own hands. Aware of the overriding importance of launching this social dialogue, the government is seeking assistance from its partners to help strengthen national capacity and carry out such a process.

The government priorities listed in the PRSP are numerous, as they take into account the constraints and challenges facing the country. However, in view of the present social, economic, and political context, a focus must be found on a limited number of essential actions. In the area of health, the main efforts need to center on the fight against HIV/AIDS, as its consequences are extremely tragic for the country. In the area of education, the government intends to improve teaching at the base level, that is, primary and secondary education, as well as vocational training, so as to turn around the current trend of school failure and rebuild human capital—an outcome that is essential to the national economic and

social development. As regards the production sector, the main challenge is to identify new sources of growth and to create employment, so as to ensure a high rate of GDP growth, which is the only way to achieve a lasting reduction of poverty.

Counting on support from its partners to put into place these actions of strategic priority, the government is committed to strengthening its economic and financial administration, so as to ensure the timely implementation of the planned measures, and to monitoring the execution, as well as the achievement, of the set objectives. Access to the HIPC Initiative, which constitutes a major opportunity for reducing poverty, will be key among the government's objectives, and will entail a transfer of resources thus freed up to the priority social sectors.

**ANNEXES:**

- A. Socioeconomic Indicators
- B. Economic and Financial Indicators
- C. Proposed Timetable for Implementation of Activities
- D. Matrix of Economic and Structural Measures, 2000–02

### Annex A: Socioeconomic Indicators

	Units	1994	1995	1996	1997	1998	1999	2000	2001
<b>I—BASIC INDICATORS</b>									
Area of country	Km <sup>2</sup>							623,000	
Total population	Million	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
Population density	Inh/km <sup>2</sup>	5.1	5.3	5.5	5.6	5.8	5.9	6.1	6.3
Population growth	Percent	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Percentage men	Percent	49	49	49	49	49	49	49	49
Percentage women	Percent	51	51	51	51	51	51	51	51
Percentage under age 15	Percent		42						
<b>II—ECONOMY</b>									
Nominal gross domestic product (GDP)	Billions CFAF	473.6	560	547.6	574.9	621.1	652.3	690.3	745.2
GDP growth (real)	Percent	4.8	4.2	-1.4	3.0	4.5	3.5	2.9	4.6
Real per capita GDP	CFAF	121,300	123,300	118,590	116,160	121,480	122,660	123,160	125,630
Percent of pop. below poverty line	Percent		49	49					
Exports (percent of GDP), f.o.b.	Billions	19	16	13	16	15	15	17	17
Imports (percent of GDP), f.o.b.	Billions	18	16	12	15	15	13	12	14
Investments financed from foreign sources	Billions CFAF	43	51	11	27	29	45	33	46
as percent of GDP	Percent	9	9	2	5	8	7	5	6
as percent of loan	Percent	46	30	24	10	1	3	2	16
as percent of grant	Percent	54	70	76	90	99	97	98	84
Foreign debt	Billions CFAF	459.4	442.4	478.6	539.5	519.6	541.9	616.9	
<b>III—EDUCATION</b>									
Gross primary enrollment	Percent	58	69	71	60	57			
Net primary enrollment	Percent	41	60	46	46	44			
Number of students per teacher	Number	85	95	108	109	85			
Net enrollment, girls	Percent		50	39	27	37			
Net enrollment, boys	Percent		70	53	51	51			
Number of students per class	Number		127	95	98	...			
Net secondary enrollment	Percent		6.3			10.6			
Net secondary enrollment (girls)	Percent		5.1			7			
Net secondary enrollment (boys)	Percent		7.5			14			
Girls to boys	Per 100 boys		68	71	68	69			
Adult literacy	Percent		46.6						
Adult literacy—men	Percent		60.6						
Adult literacy—women	Percent		33.3						

**Annex A: Socioeconomic Indicators**

	Units	1994	1995	1996	1997	1998	1999	2000	2001
<b>IV—HEALTH</b>									
Life expectancy at birth	Years	48.9	48.9		49.5	44.0			
Percent of population likely to die before age 40	Percent					40.4	40.4		
Infant mortality	Per 1,000		157						
Health service access < 5 km	Percent						45		
Nb. inhabitants per doctor	Nb. inh.		25,000	25,000	26,000	26,000		21,000	
Nb. inhabitants per midwife	Nb. inh.							16,000	
Percent of population with access to safe drinking water	Percent			30		38			
Percent of population with access to sanitation	Percent						26	26	
Maternal mortality	Per 100,000		948						1,000
Percent births assisted by health personnel	Percent		45.9						
Wasting	Percent	23							
Stunting	Percent	28							
Under five mortality	Per 1,000		157	157					
AIDS prevalence in Bangui	Percent							15	
<b>V—STATUS OF WOMEN</b>									
Percent of women in parliament	Percent	4					7.3		
Percent of women in civil service	Percent						17		
Percent of women in executive and technical positions	Percent					8.5			
Adult literacy—women	Percent		33.3						
<b>VI—FOOD SECURITY</b>									
Food prod. per inh. Agriculture output as percent of GDP	Index								
Daily caloric intake/inh. Food import dependency ratio (percent)	Percent	23.8	25.2	29.2	29.8	29.0	28.4	27.8	

**Annex A: Socioeconomic Indicators**

	Units	1994	1995	1996	1997	1998	1999	2000	2001
<b>VII—EMPLOYMENT</b>									
Working population	Percent	53	53	53	53	53	53	53	
Women working population	Percent	52.6	52.6	52.6	52.6	52.6	52.6	52.6	
Children < age 15 working	Percent								
Unemployment									
<b>VIII—SOCIAL INVESTMENT</b>									
Public expenditure on education	Percent of total	9	9	10	10	9	9		
Public health expenditure	Percent of total	8	7	10	9	7	8		
ODA as percent of DHD expenses									
ODA to DHD priorities as percent of total ODA									
<b>IX—COMPOSITE INDICATORS</b>									
Human Development Index (HDI)					0.378	0.371			
Human Poverty Index (HPI)							53		
Sex-specific Human Development Index (SHDI)							0.359		
Female Participation Index (FPI)								0.242	

## Annex B: Economic and Financial Indicators, 1997–2003

	1997	1998 Est.	1999		2000		2001 Prog.	2002 Proj.	2003 Proj.
			Prog.	Est.	Proj. 1/	Rev. pr.			
(Annual percentage change, unless otherwise indicated)									
National income and prices									
GDP at constant prices	4.3	4.8	5.0	3.4	5.2	2.6	5.1	5.0	5.4
GDP at current prices	6.6	8.0	7.3	4.9	6.8	5.4	7.9	7.1	7.7
GDP deflator	2.1	3.0	2.2	1.4	1.5	2.8	2.7	2.0	2.1
Consumer prices									
Yearly average	1.6	-1.9	2.4	-1.5	2.3	3.0	3.3	2.5	2.5
End of period	0.5	-3.0	2.4	-5.5	2.1	9.1	2.5	2.5	2.5
Central government finance									
Total revenue	35.4	25.2	15.4	6.0	15.6	5.0	15.3	14.1	14.9
Total expenditure	24.8	33.7	1.5	6.1	7.9	-11.7	16.7	6.9	7.8
Money and credit									
Net domestic assets 2/	-0.3	4.6	15.3	6.4	5.1	2.6	21.5	2.9	3.7
Domestic credit	-1.1	5.7	14.7	9.3	6.3	7.5	16.5	2.0	2.6
Broad money	-7.7	-16.2	11.3	7.9	7.7	6.4	9.7	7.1	7.7
Velocity of broad money (average)	4.7	5.7	6.3	6.4	6.0	6.1	6.1	6.1	6.1
External sector									
Exports, f.o.b. (CFA franc basis)	24.1	-1.9	15.9	6.9	16.1	20.4	11.2	7.3	7.3
Export volume	29.3	-12.7	18.7	12.0	8.0	19.0	3.2	4.5	4.4
Imports, f.o.b. (CFA franc basis)	12.9	11.1	5.1	-8.5	11.2	-0.1	18.7	17.5	7.6
Import volume	4.7	12.2	7.1	-6.8	0.0	-11.4	15.2	18.6	6.7
Terms of trade	-10.9	13.6	-0.5	-2.8	-3.4	-10.3	4.6	3.8	1.9
Nominal effective exchange rate 3/	-0.5	1.1	...	-0.6	...	0.3	...	...	...
Real effective exchange rate 3/	-3.5	-1.7	...	-4.9	...	-2.9	...	...	...
(In percent of GDP, unless otherwise indicated)									
Gross national savings	6.4	11.8	5.9	10.9	9.4	8.8	10.2	10.1	11.0
<i>Of which:</i> current official transfers	2.9	3.7	2.8	4.7	1.8	3.4	3.3	3.6	3.4
Gross domestic savings	6.2	11.4	5.6	9.2	9.6	8.3	9.3	8.7	9.6
Government	-1.8	-0.8	0.5	-0.9	0.3	-0.3	0.1	0.8	1.6
Private sector	8.0	12.3	5.0	10.1	9.4	8.6	9.2	7.9	8.0
Consumption	93.8	88.6	94.4	90.8	90.4	91.7	90.7	91.3	90.4
Government	3.9	4.6	4.3	4.7	4.5	4.0	4.6	4.8	5.0
Private sector	89.9	84.0	90.2	86.0	85.9	87.7	86.1	86.5	85.5
Gross investment	9.6	16.1	12.5	14.5	16.1	13.4	14.6	15.3	15.9
Government	5.3	8.8	8.3	8.7	7.0	5.8	7.4	7.6	7.8
Private sector	4.3	7.3	4.2	5.8	9.1	7.6	7.2	7.7	8.2
Resource gap	-3.4	-4.7	-6.9	-5.3	-6.5	-5.0	-5.2	-6.6	-6.4
Current transfers and factor income (net)	0.1	0.4	0.3	1.7	0.1	0.5	0.9	1.4	1.4
External current account balance	-3.3	-4.3	-6.6	-3.6	-6.4	-4.6	-4.4	-5.1	-5.0
Overall balance of payments	-4.7	-5.1	-1.8	-1.8	-1.1	-2.1	-2.4	-1.8	-1.1
Central government finance									
Total revenue	7.9	9.1	9.7	9.2	10.0	9.2	9.8	10.5	11.2
Total expenditure	-16.0	-19.8	-18.7	-20.1	-18.1	-16.8	-18.2	-18.2	-18.2
Overall balance (commitment basis)									
Excluding grants	-8.1	-10.7	-8.9	-10.8	-8.1	-7.6	-8.4	-7.7	-7.0
Including grants	-1.6	0.0	-0.4	-0.5	-0.8	-1.2	-1.2	-0.6	-0.2
Narrow primary balance 4/	-0.5	0.6	1.0	-0.4	1.1	0.4	1.1	1.7	2.1
External public debt	94.4	84.2	78.2	83.6	78.6	81.4	75.9	67.0	63.6
Net present value of total debt 5/	222.1	233.2	257.0	241.9	235.4	226.9	176.5	172.3	164.9
Scheduled debt-service ratio 5/	17.4	15.3	13.3	12.3	11.9	10.6	11.9	11.9	11.5
Scheduled debt-service ratio, excluding IMF 6/	40.3	23.2	20.3	20.8	20.4	21.0	23.6	22.1	19.8
Actual debt-service ratio 5/	4.7	8.9	13.3	6.9	11.9	5.8	11.9	11.9	11.5
Scheduled debt-service ratio (before debt relief) 6/	54.9	43.0	34.8	40.2	34.6	42.4	31.9	31.2	27.6
Gross official foreign reserves									
(in millions of U.S. dollars)	185.6	147.9	149.0	138.9	152.9	132.7	140.9	149.6	158.4
Nominal GDP (in billions of CFA francs)	571.7	617.3	668.7	647.4	692.1	682.6	736.4	788.3	848.8
Exchange rate (CFA francs per U.S. dollar)	583.7	590.0	...	614.9	...	699.2	...	...	...

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

1/ Projections based on the 2000 budget.

2/ In percent of broad money at beginning of the period.

3/ Actual data through June 2000.

4/ Excludes interest payments and externally financed investment.

5/ In percent of exports of goods and services.

6/ In percent of government revenue (excluding grants).

### Annex C: Proposed Timetable for Implementation of Activities

No.	ACTIVITY	RESPONSIBLE BODY	Apr.	Jan.	Mar.	May	July	Nov.	Jan.	Mar.	May	July	RESULTS	
			2000	Feb. 2001	Apr. 2001	June 2001	Aug. 2001	Dec. 2001	Feb. 2002	Apr. 2002	June 2002	Aug. 2002		Sept. 2002
<b>01</b>	<b>Establishment of Steering Committee</b>	Planning Ministry	X										Committee set up and operating.	
<b>02</b>	<b>Preparation of 1st draft PRSP</b>	Steering Committee												
	Data updated				X								Data updated.	
	Experts recruited; terms of reference prepared			X	X								Experts recruited.	
	Additional studies completed; consultation; assembly of findings					X	X						Studies done. Consulting organized.	
	Finalization of 1st draft PRSP	Planning Ministry						X					1st draft PRSP ready.	
<b>03</b>	<b>Preparation 2nd draft PRSP</b>	Steering Committee												
	Local and regional workshops									X			Consultation broadened.	
	Finalization of 2nd draft PRSP	Planning Ministry									X		2 <sup>nd</sup> draft PRSP ready.	
<b>04</b>	<b>PRSP finalized</b>	Steering Committee												
	National Validation Seminar	Planning Ministry										X		
	Final Version of PRSP	Planning Ministry											X	Seminar held; final version ready.

### Annex C: Proposed Timetable for Implementation of Activities

No.	ACTIVITY	RESPONSIBLE BODY	Apr.	Jan.	Mar.	May	July	Nov.	Jan.	Mar.	May	July	RESULTS
			2000	Feb. 2001	Apr. 2001	June 2001	Aug. 2001	Dec. 2001	Feb. 2002	Apr. 2002	June 2002	Aug. 2002	
<b>05</b>	<b>Monitoring poverty reduction activities</b>												All ministry departments aware of the importance of the PRSP and of new approaches to elaborating and selecting public investment projects.
	Sensitization of administration to considering the PRSP as the core of reference for all poverty reduction actions	PRSP Steering Committee											X National Steering Committee, local and regional committees set up.
	Establishment of a national monitoring committee for regional committees	PRSP Steering Committee											Budget taking into account poverty reduction. (Permanent actions.)
	Participation of the monitoring committee in the budget elaboration and approval process	Steering Committee for Poverty reduction											Effective execution of social sectors budget. (Permanent actions.)
	Monitoring of the execution of social sectors' budget	Steering Committee for Poverty reduction											Physical poverty reduction actions realized. Poverty reduction taken into account in developing programs and projects of the country.
	Physical monitoring of poverty reduction actions	Steering Committee for Poverty reduction											(Permanent actions.)

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
1. ECONOMIC AND FINANCIAL MANAGEMENT			
1.1	Strengthening of economic management		
1.1.1	Organize monthly meetings of the Inter-ministerial Committee on Economic Adjustment and Structural Reform; weekly meetings of the Technical Committee.	Interministerial Committee will meet on a bi-monthly basis, and Technical Committee on a monthly basis.	Ongoing. Technical Committee meets every month, and Interministerial Committee meets every two to three months.
1.1.2	Prepare quarterly reports on program implementation; communicate reports regularly to multilateral institutions and active members of the donor community.	Reports on program implementation are prepared on a regular basis. However, the Standing Technical Committee faces material problems in communicating them systematically to the country's development partners.	Ongoing. Reports are communicated twice a year.
1.2	Strengthening of the statistical base and public information		
1.2.1	Implement program to improve overall macroeconomic and financial data.	Following the IMF's multitopic mission in November 1999, a matrix of measures to implement the country's statistical development program was prepared.	2000–01. A program for the development of statistics (PDS) has been prepared with assistance from the IMF and AFRISTAT. Moreover, as part of the World Bank's Policy Support Project (PSP), the Statistics Division in the Planning Ministry will be strengthened.
1.2.2	Draw up work program for the National Statistical Council.	This program will be prepared when the relevant implementation decree has been signed.	Rather than a statistical law, the legal council suggested a decree, but the government has appealed to the constitutional court to seek a reinterpretation of the constitution, with a view to adopting a law.
1.3	Publish regularly statistics on public finances, national accounts, balance of payments, and social indicators on poverty.	Fiscal data are monthly; others data are quarterly.	
2. PUBLIC FINANCES			
2.1	Public sector resource management; strengthening of competence and efficiency of personnel		

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
2.1.1	Implement staffing plans for professional staff based on the organizational chart adopted in 1997. Update training programs.	Ongoing.	Basic regulations regarding the Finance Ministry have been updated and will be submitted in the coming weeks for cabinet approval.
2.2	Improvement in revenue collection		
2.2.1	Establish and monitor monthly revenue targets for the collection of taxes and duties.	Monitoring of the revenue component of the cash management plan is done on a regular basis.	2000. This instrument is now part of the management system.
2.2.2	Set up databases for all taxpayers subject to return-based taxation (fiscal database). Review tax bases, assessment procedures, and payment methods (technical assistance from IMF).	The plan to rationalize the registration of taxpayers and improve the management of forms-based taxation is being implemented, in line with IMF technical assistance recommendations.	2000. Computerization of the large enterprises unit has been completed. Computerization of other units will be launched in 2001. Staff training has already been initiated.
2.2.3	Ban new company agreements that would provide exemptions from the common regime of taxes and duties.	In place. There are no more company agreements. The wood exporting company SESAM is now subject to the normal regime.	2000. All exemptions must now have a basis in law.
2.3	Tax and indirect tax directorate		
2.3.1	Prepare a procedure handbook at the tax directorate.	Preliminary work has been done.	2000. Technical assistance is required.
2.3.2	Introduce a value-added tax (VAT), with a single rate, to replace the turnover tax.	A technical assistance mission from the IMF's Fiscal Affairs Department took place in June. It identified reasons for the postponed introduction of VAT and drafted an action plan for the forthcoming introduction date.	2000. The introduction of VAT was deferred until January 1, 2001.
2.3.3	Update tax return forms.	Samples of these updated forms are already available.	2000. The use of these forms is will be effective once VAT has been introduced.
2.3.4	Finalize study on simplifying the income tax system and implement its recommendations.	Studies have been conducted by the directorate for small and medium-sized companies.	2000. IMF technical assistance helped finalize the study.
2.3.5	Implement simplified and extended lump-sum taxation system ( <i>impôt synthétique</i> ).	Implementation of this taxation system is provided for in the 2001 finance law.	2001.
2.4	Customs directorate		

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
2.4.1 Improve the computerized system; develop document-based controls in collaboration with Cameroon's custom directorate.	The software system (SYDONIA) has already been installed. Networking was completed in November 2000.	2000.	
2.4.2 Implement a tracking system for goods with the CEMAC zone (TIPAC).	The timetable set by the Central African Economical Monetary Community (CEMAC) is being adhered to.	2001–02.	Tracking is required to clear various customs documents (D15, D25, etc.).
2.4.3 Assess the efficiency of the company (SGS) responsible for import supervision; widen SGS's responsibilities if needed.	Reports prepared by the SGS and customs are routinely exchanged. Moreover, these two entities have strengthened their cooperation, based on formal correspondence.	2000.	
2.4.4 Collect taxes and duties when petroleum products leave storage facilities; ensure payments due are made on a weekly basis.	For 2000, taxes and duties have been collected upon delivery at storage facilities, but in view of the country's oil crisis this year, transfers to customs and the Road Fund have not been timely.	2000.	VAT has been eliminated on petroleum products. Tax collection is made on a weekly basis.
2.4.5 Conduct a study on diamond taxation; implement its recommendations after consultation with the relevant partners.	This study is planned as part of the World Bank's PSP.	2000.	The revision of the mining code is under way with the help of consultants (ICM), and with World Bank financial assistance. A conference on the sector took place earlier in 2000.
2.4.6 Implement systematic controls and strengthen monitoring procedures for wood exports, through joint efforts of the Ministry of Water, Forestry, Hunting, and Fishing and the SGS.	Adequate measures have been taken at customs and SGS: the comparison of data is made on a regular basis.	2000.	Data provided by the Ministry of Water and Forestry are close to those prepared by SGS.
2.4.7 Implement measures recommended by the IMF technical assistance mission of December 1999.	Actions are under preparation to make these measures more effective in practice.	2000.	A matrix containing the IMF mission's recommendations has been prepared by the technical monitoring committee (CTP-PAS) to improve monitoring.
2.5 Treasury directorate			
2.5.1 Prepare a procedure handbook.	There is a procedure handbook (accounting procedures of the treasury).	2000.	

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations	
2.5.2	Submit monthly accounting statements on the situation of the treasury (including and excluding autonomous budgets and the Road Fund) within ten days of the end of each month.	The treasury's accounting statements are available on a monthly basis. The Road Fund's accounting statements are also available, and published in a monthly report.	2000.	
2.5.3	Collect tax arrears; use the procedure of seizure of monetary assets ( <i>avis à tiers détenteur</i> ) in a systematic way for arrears of six months or more.	The schedule for the clearance of arrears and overdue tax bills has already been passed on to the treasury.	2000.	
2.6	Payroll directorate			
2.6.1	Update the single roster and cross-check public employment data between the Ministry of Civil Service and the Ministry of Finance on a monthly basis; settle wage arrears.	Public employment data are cross-checked every month by the payroll directorate with the Ministry of Civil Service.	2000.	The single roster is being updated. The payroll directorate is to be computerized. New wage arrears accumulated in 2000 because of a lack of funds.
2.7	Budget directorate			
2.7.1	Prepare the budget consistent with the finance law and submit budget for the next year to the National Assembly by December at the latest.	Measure in place.	2000.	The draft budget law for 2001 was submitted to the National Assembly on November 15, 2000.
2.7.2	Strengthen expenditure control procedures. Several measures were provided for in the 2000 budget:			
	<ul style="list-style-type: none"> <li>• draft executive order to set up joint committees between the government and public enterprises;</li> </ul>	The draft executive orders setting up the committees with the water company SODECA, the electricity company (ENERCA) and the telecommunication company (SOCATEL) were signed by the Prime Minister in April 2000 (Orders No. 010, 011, and 012, dated April 8, 2000).	2000.	The listing of actual government utility bills is under way. A number of them (water, communications) have already been restricted.
	<ul style="list-style-type: none"> <li>• renewed actual census of civil servants</li> </ul>	The census was completed in Bangui in 1999. The census in the provinces was completed in 2000.		The actual census of civil servants and temporary employees has been completed. A report is available.

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
<ul style="list-style-type: none"> <li>• mandatory prior authorization from the Finance Minister for all recruitment of temporary personnel; and</li> <li>• centralized management of temporary personnel at the Ministry of Civil Service.</li> </ul>			Measures aimed at making mandatory the prior authorization for the recruitment of temporary personnel and centralized monitoring at the Ministry of Civil Service are under way, and will take into account the result of the actual census of civil servants.
2.7.3 Ban all extrabudgetary operations; sustain the ban on all earmarking, except as regards the road tax (which is paid to the Road Fund).	Measure in place.	2000.	
2.7.4 Prepare monthly reports on budget execution (including autonomous budgets and earmarked funds), with a breakdown by ministry and by main economic categories of expenditure, on a commitment and on a cash basis.	The report on budget execution is prepared on a monthly basis.	2000.	
2.7.5 Prepare quarterly reports on the financial and real execution of the public investment program within one month of each quarter.	The report prepared by the Planning Ministry is annual, because of practical and financial difficulties.	2000.	Improved compilation of data is part of the PSP (World Bank).
2.7.6 Prepare quarterly reports on budget execution of the Road Fund, within one month of each quarter.	Accounting reports on the situation of the Road Fund are prepared on a monthly basis.	2000.	
2.7.7 Prepare a study on the administrative and financial management of local authorities.	Request for external assistance.	2001–02.	This measure requires technical and financial assistance.
2.7.8 Adopt, at the central government level, a blueprint for local authorities (regarding resource transfers and expenditure tracking).	This measure depends upon No. 2.7.7.	2001–02.	
2.8 Computerization			
2.8.1 Restructure the national computer office (ONI) and transfer it to the Finance Ministry.	Under way.	2000.	Technical and financial support needed.

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
2.8.2 Set up a computerized connection among all revenue collection agencies, as well as with the import verification agency.	Under way.	2000.	Need technical assistance from the IMF, French cooperation agency (AFD), and World Bank. Computer equipment was purchased in October 2000.
2.8.3 Implement automatic accounting procedures to monitor delinquent taxpayers effectively.	See No. 2.8.2.	2000.	Need technical and financial assistance.
2.8.4 Rationalize and computerize cash operations and accounting at the treasury.	Measure under consideration.	2000.	Technical assistance from the IMF and the European Union is expected in 2001.
2.8.5 Set up a new management system for both domestic and external debt; check the external debt database extensively in preparation for the HIPC Initiative request (debt reduction).	Progress has been slow because of the lack of equipment and competence.	2000.	Need technical assistance from the IMF and the World Bank.
2.9 Fiscal policy—Objective: increase the primary surplus to 1 percent of GDP by 2001			
2.9.1 Implement fiscal policy designed to achieve sustainability in the medium run.		2000.	Need technical assistance from the IMF and the World Bank.
2.9.2 Monitor tax and customs reforms through the office of the Minister of Finance in charge of the budget.	Under way.	2000.	Monitoring with technical support from the IMF.
2.10 Government expenditure—priority for the health and education sectors, and infrastructure maintenance			
2.10.1 Review all public expenditure annually, including the three-year public investment program (PTIP).	Measure implemented on an annual basis.	2000.	Implementation by the CTP-PAS, in collaboration with the Ministries of Planning and Finance. A report on the PTIP is published annually.
2.10.2 Monitor the execution of current expenditure with respect to the priorities set in the poverty reduction program.	The execution of current expenditure is monitored daily, on a commitment basis, by the financial audit and budget directorates.	2001–02.	Budget allocations for the social sectors have been raised in the 2001 finance law.
2.10.3 Implement systematic evaluation procedures for projects in the PTIP.	Measure under consideration.	2000.	Need technical assistance from the World Bank.

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
2.10.4 Transfer the national procurement office to the Ministry of Finance; make purchasing decisions based on data provided by the procurement committee.	The procurement office has already been transferred to the Ministry of Finance. The decision-making procurement committee is chaired by the Prime Minister.	2000.	Procurement decisions are made on the basis of technical recommendations prepared by the procurement office.
<b>3. PUBLIC DEBT MANAGEMENT</b>			
3.1 Avoid building up new domestic arrears.		2000.	Adherence to these commitments was problematic in 2000. Because of a cash crunch at the treasury directorate, a buildup of domestic arrears could not be avoided.
3.2 Update and certify the stock of domestic arrears at end-December 1997.	The inventory and certification of arrears predating December 31, 1997 was completed; about 15 conventions were signed in this context.	2000.	These conventions provided for a schedule of repayments and to offset cross-debts, which contributed to the settlement of domestic arrears in 2000.
3.2.1 analyze cross-debts within the public sector;	Discussions are held on a regular basis between these companies and the ad hoc cross-debt monitoring committee.		Assessments have been conducted for the following public enterprises: SOCATEL, SODECA, ENERCA, and the oil company (PETROCA).
3.2.2 prepare payments schedule for domestic debt, based on established priorities; and	This is agreed in principle as part of the projected government operations for 2001. However, a precise schedule has not yet been finalized.		A joint committee was set up for this purpose, which is preparing a complete inventory of arrears accumulated in 2000.
3.2.3 securitize commercial arrears.	Need for technical assistance.		The government has requested IMF assistance in this context. Background documentation and a questionnaire needed ahead of a technical assistance mission have been sent.
3.3 Regularize all external arrears.	Solutions are under consideration.	2001–02.	The clearance of arrears will depend upon improved government revenue.
3.4 Improve the external debt-management system.	A study to computerize debt management was prepared by a consultant from UNCTAD in 1999 and his report is available. It remains to be implemented.	2001–02.	Financial assistance is required to purchase debt-management software, as well as computer equipment.

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
<b>4. MONETARY AND CREDIT POLICIES</b>			
4.1	Move gradually toward using indirect monetary policy instruments.	Reliance on mandatory reserve requirements, which has been approved by the Executive Council, awaits implementation decision.	2001–02.
4.2	Eliminate ceiling on lending rates and floor on deposit rate.	Need to retain the minimum rate insofar as banks apply the maximum rate allowed.	2001–02.
4.3	Eliminate the refinancing facility for medium-term credits (“B” window).	The decision to abolish this facility was approved by the Bank of Central African States (BEAC) Executive Council.	A financial market in the BEAC zone should be established prior to abolishing the “B” window.
4.4	Reduction of state role in banking sector. Refrain from interfering with banks’ decisions; do not acquire new shares in the capital of financial institutions; do not provide credit guarantees (except in the case of SOCOCA, through December 2000 at the latest).	Measure implemented.	2000.
4.4.1	Strengthening of bank supervision. Monitor the performance of banks, in accordance with rules set by the banking commission (COBAC).	Banks prepare monthly reports with respect to prudential requirements. These reports are regularly forwarded by the central bank to the COBAC, which is responsible for monitoring prudential requirements.	2000.
4.4.2	Assess the position of nonbank financial institutions (cooperatives and insurances); draw up recommendations.	The BEAC has processed a request for approval from the CMCA with the COBAC, but no decision has yet been taken.	2001–02. Need technical assistance from the World Bank.
4.4.3	Implement recommendations.		2001–02. This measure depends upon No. 4.4.2
<b>5. EXTERNAL SECTOR POLICIES</b>			
5.1	Eliminate temporary import surcharge on the list of goods (1-B) that were previously subject to quantitative restrictions (in line with the CEMAC timetable).	The timetable set by the CEMAC is being adhered to.	2001–02.

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
5.2	Ratify the legislation harmonizing foreign exchange regulations within the CEMAC zone (in line with the set timetable).	Legislation has been adopted by the Central African Republic.	2000.
5.3	Launch revision of tariff positions (fewer categories, reduced average rate, and correction of abnormalities within the classification system).	Measure under way as part of the regional arrangement.	2000.
<b>6. PRICING POLICIES</b>			
6.1	Eliminate existing controls over prices or margins, including those relating to petroleum, electricity, water, transportation, and telecommunications, as the relevant companies are privatized.	This measure is already in place as regards the transportation of goods. It is under way for the petroleum sector and under consideration for the telecommunications and water sectors.	2001–02.
<b>7. STRUCTURAL REFORMS</b>			
7.1	Civil service		
7.1.1	Set an annual ceiling on the overall number of government employees (19,500 in 2000), including contractual and temporary employees.	This ceiling is to be maintained in 2001.	2000.
7.1.2	Implement the new civil service statute, including new rules for promotions (replacement of system of automatic salary adjustments by a flexible system with merit-based salary increases) and new career development plans.	The new civil service statute has been in force since January 1, 2000. The implementation decree was signed on July 10, 2000. The disciplinary board at the Ministry of Civil Service is operational.	2000. Information seminars will be held in all ministries.
7.1.3	Based on the census conducted in 1999, reassign staff positions according to sector priorities and needs, within the established ceiling.	Measure carried out by the Ministry of Civil Service.	2000. An audit is expected to take place in 2001 with financing from the UNDP.
7.2	Revision of the labor code		

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
7.2.1 Simplify the labor code and adapt it to the requirements of a market economy. Consult with trade unions, business association and the ILO. Implement new code.	A conference will be convened to validate the draft code. The proposal will then be forwarded to the government and the National Assembly.	2000.	Need financing to organize validating conference. Submission for cabinet approval expected in February 2001.
7.3 Privatization and reforms of nonfinancial public enterprises—reduction of the role of the state in trade and manufacturing			
7.3.1 Prepare complete annual accounts for 1998-99 and establish work program for public enterprises at the state enterprise directorate.	Measure under way.	2000.	
7.3.2 Issue final call for bids for leasing out ENERCA; select contractor and finalize negotiations.	Initial mission from consultants (Ernst & Young) took place in February 2000; they will prepare the call for bids for complete leasing out of ENERCA.	2000.	Selection of the operator could be somewhat delayed as compared with the set timetable (by about three months).
7.3.3 Restructure SODECA based on the technical study conducted in 1998.	The liquidation of the water management agency (SNE) is being finalized (draft decree under consideration).	2000.	Discussions with the government's partner in SODECA (SAUR International) have not been concluded yet. The partner wishes to withdraw from the company and to transfer its claims on the government as part of SODECA's capital.
7.3.4 Develop a strategy for the water sector and adopt a law.	The final consultants' (ICEA) report on reorganizing the water sector is available.	2000.	The report was not endorsed by the government, and thus not adopted.
7.3.5 Issue call for bids for majority holding in SOCATEL (discuss transitional arrangements with present partner).	During January-September 2000, several World Bank missions helped initiate discussions on reforming the telecommunications sector and, in particular, privatizing SOCATEL.	2001–02.	Since the World Bank assumed an advising role in the reform of the telecommunications sector, the timetable for privatizing SOCATEL has been changed extensively. It is now planned for December 2002.
Other public enterprises and mixed companies			
7.3.6 Select new operators, finalize audits and/or evaluations, and issue calls for bids for the following enterprises:		2000–02.	The World Bank is providing technical assistance to the privatization committee (hiring of expert advisors).

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
<ul style="list-style-type: none"> <li>• ICA (printing press);</li> <li>• SOFITEL and Hôtel du Centre (Bangui hotels);</li> <li>• BARC (road transport company);</li> <li>• SEGA (Bangui slaughterhouse)</li> </ul>	<p>Looking for a new operator.</p> <p>Need financing to conduct audits and/or evaluation of these hotels.</p> <p>The government already has minority ownership in this company.</p> <p>The assets of this company must be assessed.</p>		<p>Private partners own 70 percent of the capital.</p> <p>This company is no longer in operation; the government does not have resources to assess its situation.</p>
<ul style="list-style-type: none"> <li>• SOCOCA (cotton company); and</li> <li>• SOGESCA (sugar company).</li> </ul>	<p>A timetable for the government to withdraw from the sector will be drawn up in the coming months.</p> <p>Terms of references for a complete assessment have been finalized, as a prerequisite to liquidation of the company.</p>		<p>It is proposed to transfer the government's shares (27 percent) in the company to SUDCAF rather than liquidating the company.</p>
7.3.7	Sell the government's minority share in tourism agency (MANOVO).	The government sold its share for a token CFAF 1.	1999–2000.
7.3.8	Review audits of the C.A.R. companies for river transportation (SOCATRAF and ACCF).	Terms of reference for these audits were drafted. However, the financing to conduct these exercises remains to be identified.	2000.
7.3.9	Finalize merger between SOCATRAF and ACCF; reduce government share below 33 percent.	This undertaking has been set back by the halt in navigation on the Ubangui River.	2000.  In view of the problems facing the company since navigation on the Ubangui River was suspended, its capital is to be raised to help the company deal with its financial problems. This transaction will not be finalized until March 2001. The government's share will thereby increase to 51 percent.
7.4	Social security—objective: improved financial situation of the Social Security Fund		

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
7.4.1 Conduct a thorough study of the financial and actuarial situation of the Social Security Fund (OCSS), as a follow-up to the strategic audit of 1995 prepared by the ILO.	Work on this study has not yet begun because of a lack of resources.	2000.	Need financial assistance.
7.4.2 Revise legislation relating to the social security system.	Work on reforming the social security legislation is under way.	2001–02.	Need financial assistance.
7.4.3 Pay contributions for government employees on a regular basis.	The government's current cash-flow problems prevented achievement of this measure.	2001–02.	Because of the problems it faces, OCSS cannot meet its commitments.
7.4.4 Reform OCSS's management.		2001–02.	OCSS reform, to be conducted by the Ministry of Civil Service, will proceed along the lines of the ILO report's proposals.

### 8. SOCIAL POLICIES

Objectives: reduce poverty and provide for basic needs

8.1 Set priorities for public expenditure and strengthen collaboration with private groups and organizations, including NGOs, regarding the supply of social and commercial services.	The steering committee to monitor poverty reduction activities, which was set up in April 2000, will be a consultative body as part of the budgetary process, beginning in 2001. It will ensure that the budget is consistent with the key orientations of government policies in the area of poverty reduction. A system designed to protect government expenditure allocated for the social sectors will be designed (with quarterly floors on expenditure).	2001–02.	Primary current expenditure for health and education account for 11 percent and 17 percent, respectively, of total expenditure.
---	--	----------	---

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
<p>8.2 Adopt and submit to the National Assembly a general policy statement that provides for the seven commitments for sustainable and fair development:</p> <ul style="list-style-type: none"> <li>• Halve extreme poverty by 2015.</li> <li>• Provide universal access to primary education by 2015.</li> <li>• Eliminate gender disparity in primary and secondary education by 2005.</li> <li>• Reduce infant mortality by half, relative to the 1990 level, by 2015.</li> <li>• Reduce maternal mortality by three-fourths relative to the 1990 level.</li> <li>• Provide universal access to prenatal health services by 2015.</li> <li>• Reverse environmental degradation by 2015.</li> </ul>	<p>The government adopted in April 2000 a preliminary statement on the poverty reduction strategy. In this context, it committed itself to reviewing the relevance of the main orientations set under the national poverty reduction program (PNLCP), in light of recent progress regarding the fight against poverty, updating the existing socioeconomic database, and conducting diagnostic studies in various sectors as a basis for defining the future poverty reduction strategy.</p>	<p>2001–02.</p>	<p>In this context, a steering committee responsible for monitoring the preparation of the PRSP was set up in April 2000.</p> <p>The government is committed to preparing the PRSP in 2001.</p>
<p>8.3 Organize consultation with all social and external partners on poverty reduction policies.</p>	<p>The PRSP preparation process will involve all development partners and, in particular, the civil society.</p>	<p>2000.</p>	<p>Civil society will fully participate in the discussions on policy priorities, strategies, and planned actions, as it is an essential component of the steering committee on poverty reduction.</p>

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations	
8.4	Set up an adequate database: data collection and processing as required to monitor social policies (health, education, access to basic services, etc.); publish these data annually.	Social data are regularly updated by the sector departments. Studies and surveys will be conducted or are under preparation (survey on multiple indicators, census of population and housing, study about street children, study on the social and health situation of older people, and impact of HIV/AIDS on the education system).	2001–02.	Finalization of these studies and surveys should enable the Central African Republic to build a vast social database and help design poverty reduction strategies.
<b>9. PUBLIC HEALTH</b>				
Objective: increase access to drinking water				
9.1	Identify financing required and implement national water policy.	Under way.	2001–02.	A donors' meeting is planned to seek financing in the health sector.
9.2	Improve availability of, and access to, primary health care and generic medicine, with external financial support.			
9.2.1	Draw up three-year health action plan (PTAS); set priorities taking into available resources.	The PTAS was developed in December 1999 and discussed at a seminar in March 2000.	2001–02.	Partners have provided comments on this document. The final version was submitted to the government, ahead of the conference planned at year's end.
9.2.2	Map out the health situation (index of needs, revised standards, inventory of resources, implementation of the map).	This will be part of the 8 <sup>th</sup> European Development Fund. Work is expected to begin at the end of the year, when technical assistance is available.	2000.	The health map is one of the priorities in the European Union's financing plan. Its completion is an objective of the three-year plan.
9.2.3	Implement progressively a tracking system on cost recovery.	Guidelines on cost recovery and a database by ministry have been set up. Measures have been taken to improve the accounts of COGES.	2001–02.	The list of indicators in the national health information system (SNIS) has been revised and includes elements on cost recovery.

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
9.2.4 Draw up new National Development Plan for Health (PNDS) covering 2003–07.	A preliminary workshop for the seminar on health reform in the Central African Republic took place in M’Baiki in July 1999. In this workshop, the main orientations of the interim plan and those of the national policies were defined. The final document for the interim health plan (PIS) and the document on national health policies will be submitted to donors following the roundtable planned in the first quarter of 2001.	2001–02.	Following adoption of the interim health plan, the Ministry of Health will launch the process to develop the next PNDS.
9.3 The fight against AIDS			
9.3.1 Intensify awareness campaign and strengthen screening programs.	<p>A conference took place in July 1999 to raise the authorities’ awareness of the magnitude of the AIDS pandemic. It was decided to set up a therapeutic solidarity fund. Awareness campaigns are still ongoing. The second medium-term plan in the fight against AIDS has now been completed.</p> <p>This plan will be assessed with the help of UNAIDS and other partners. This assessment will lay the basis for developing a strategic plan to strengthen the fight against AIDS.</p>	2000–01.	<p>The government, together with some partners (such as UNICEF and the French cooperation agency), is developing a project aimed at reducing the transmission of HIV from mother to child. This project will be tested in Bangui.</p> <p>Institutional reform of the departments responsible for STD, HIV/AIDS, and tuberculosis is under way. It will aim at combining various actions to improve the efficiency in the fight against these pandemics.</p>
9.4 Legal and regulatory framework			
9.4.1 Adopt regulations to define management guidelines and supervisory authorities for the national fund for medicines, and reorganize the agency selling medicines.	Management of the national fund for medicine has been entrusted to the medicine transfer unit. Draft regulations were submitted a first time to the government in March 2000, but were sent back to the Ministry of Health with a request for additional information.	2000.	Technical assistance from the European Union is expected, which would help the Ministry of Health to finalize these regulations and organize a donors’ conference to review the national health plan.

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
9.4.2 Revise regulations concerning access NGOs, nonprofit associations, communities and private enterprises to the supply of medical care and the distribution of medicine.	The design of health policy takes into account private sector activities in the health sector, whether for profit or not. Following adoption and promulgation of the law on the national policy, regulatory decisions will be issued to allow the nonprofit private sector to participate actively in health activities.	2000.	Provisions have already been made to facilitate relations with the private sector, whether for profit or not. In particular, as part of the 8 <sup>th</sup> European Development Fund, the European Union accepted the principle of joint management of health services between the government and NGOs (within each health region, the chief physician will be officially responsible for provisional spending, and management will be entrusted to an NGO).
10. EDUCATION			
Objectives: improve school attendance and increase literacy rates, as well as the number of students graduating in primary schools			
10.1 Implement the new regulatory framework.	<p>The implementation decree for the new organization of the Ministry of Education was signed on April 13, 2000.</p> <p>The new regulations that were provided for under the framework law on education, which was promulgated in December 1997, were signed in July-September 2000.</p>	2001–02.	<p>The regulations are the following:</p> <ul style="list-style-type: none"> <li>• decree setting up the national education council;</li> <li>• decree setting up regional and city committees on education;</li> <li>• order setting up the technical coordinating committee for the PNDE; and</li> <li>• order setting up the technical monitoring committee for the PNDE;</li> <li>• order setting up a group of national and international partners.</li> </ul>
10.2 Finalize the national plan to develop education (PNDE).	Implementation of the various components of the PNDE depends upon the conclusions of a donors' meeting, for which no date has yet been set.	2000.	The timetable for implementing the PNDE is available.

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
10.3 Prepare staffing plans for all school districts.	A committee responsible for revising staffing plans in the Ministry of Education was established through a decree (No. 0032, June 30, 2000). Its first report is available.	2000.	Training for district inspectors and other inspectors is essential in order to implement the staffing plans effectively (need financial assistance).
10.4 Implement the staffing plan; allocate schoolteaching positions based on the staffing plan.	This measure depends upon the conclusions of the report.	2000.	
10.5 Draw up training plan for school managers.	The cost for training school managers is estimated at CFAF 11.4 million.	2000.	Financing is required.
10.6 Implement the plan.	This measure depends on the implementation of No. 10.4.	2001.	Implementation of the amended PNDE is conditioned by the donors' meeting, which will need to mobilize the required resources.
10.7 Draw up inventory of schooling infrastructure by district.	This measure has not yet been implemented, as it requires logistic and financial support.	2001–02.	
10.8 Set up a directorate for private education and the promotion of partnership in education.	The directorate for private education and the promotion of partnership in education is part of the new organizational framework. It will be set up once the implementation decree has been signed.	2000.	
10.9 Finalize plans to associate communities in the financing and management of personnel and infrastructures in primary and secondary education.	This measure was provided for in the framework law, which is already in effect.	2000.	Measure requires financial assistance.
<b>11. LEGAL AND REGULATORY FRAMEWORK</b>			
11.1 Implement framework law aimed at encouraging the participation of NGOs, non-profit associations, communities, and the private sector in the provision of educational services.	This law is in effect, and the relevant institutions are being set up (village communities are becoming responsible for school buildings and equipment).	2001–02.	

## 12. CITY PLANNING

Objective: promote regional development around the main activity centers

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
12.1 Implement the new regulatory framework on land property and restructuring of urban organization.	A request has been made to the French cooperation agency to provide a consultant who will finalize a study on this topic.	2000.	This issue has high priority, and is monitored by the Ministry for City Planning and Housing.
12.2 Review and strengthen the role of the city development and equipment fund (FAE—suitability of city areas).	The FAE was financed through earmarked revenue; it was disbanded and replaced by a special earmarked account for “city development and equipment.”	2000.	Measure already under way.
12.3 Strengthen city administration, through the mobilization of own resources to finance infrastructure maintenance (roads, sewers, etc.)	An experimental project to support development in the city of Bambari has been launched with European Union financing.	2001.	The city development project initially began in 1995 and closed in March 2000. An assessment is projected for its extension to the city of Berbérati.
<b>13. SECTOR POLICIES</b>			
13.1 Agriculture and livestock—objectives: promote greater efficiency and variety in agricultural production and exports			
13.1.1 Enlarge the scope of activities of extension and organization services, and improve the supply of seeds and other agricultural inputs.	Measure under way: extension and organization services are operational. A national extension service is under preparation as part of the Agricultural Development Plan (PDA).	2000.	Need financial support.
13.1.2 Strengthen agricultural and livestock associations and federations, as well as credit cooperatives, and establish agricultural zones.	Measure in place. Strengthened agricultural and livestock associations and federations are operational.	2000–01.	Setting up of livestock associations (GIP), local livestock associations (FELGIP), and regional organizations at district and subdistrict levels.
13.1.3 Reinforce the licensing system for agriculture, hunting, and grazing, in line with the PDA.	Measure taken into account in the PDA.	2000.	Implementation of this plan requires financing. This would allow launching a reform of the legislation on property rights, in order to secure property rights for cattle breeders and farmers and help them acquire equipment.
13.1.4 Implement savings measures at the national cotton company (SOCOCA); adjust the producer price to limit the budget subsidy (CFAF 1 billion at most).	Since the 1998/99 crop year, the government has implemented savings measures to lower SOCOCA’s deficit gradually (the producer price for cotton was revised through executive order No. 042 MAE/MFB, November 3, 1999). No subsidy is planned in 2000/01.	2000.	

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
13.1.5 Adopt a flexible formula to set the producer price in order to ensure ex ante financial balance in the sector.	From the 2000/01 crop year onward, the principle of a flexible purchasing price for cotton will be implemented (Order No. 041 MAE/MFB, October 29, 1999). Thus, a joint committee was established to set the price flexibly; each crop year, it will announce a minimum guaranteed price and a final purchasing price for raw cotton.	2000.	The government is conducting an information campaign in the cotton-producing zone. The committee will meet several times so that its members learn the system's inner working, while agriculture information services (ACDA) will help producers understand the new system.
13.1.6 Prepare a fundamental reform of the cotton sector implying the government's withdrawal, discontinuation of the fixed price system, and opening of the sector to competition.	The government plans to withdrawal gradually. The elimination of input subsidies was a first step, that showed the government's determination to withdraw from this sector (Order No. 001, January 6, 2000).	2000.	Consultants (SOFRECO) are preparing a study with World Bank support to help the government prepare this reform.
13.1.7 Implement cotton sector reform.	Implementation will depend on the conclusion of the ongoing cotton sector study.	2001–02.	
13.2 Forestry—objective: sustainable methods of permits management			
13.2.1 Implement recommendations of the forestry sector survey: <ul style="list-style-type: none"> <li>• Continue inventory of species by concession.</li> <li>• Apply variable rents.</li> <li>• Prepare plans for land development and use (PAE) based on the recommendations from fiscal and forestry audits.</li> </ul>	The support project to implement plans for land development and use is operational in Berbérati. The same project is also responsible for the National Environmental Action Plan.	2000–01.	Detailed elements are provided in a technical note on the forestry sector.
13.3 Mining—objective: prepare medium-term strategy for mining development			
13.3.1 Submit revised mining code to the National Assembly.	A draft prepared by consultants (ICM) is available. A broad discussion will be held to endorse this plan before its transmission to the Council of Ministers.	2000.	The World Bank has provided assistance to the government in preparing a general mining policy statement and the labor code, and in strengthening the National Diamond Valuation Office (BECDOR).

## Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
13.3.2 Prepare mining policy statement.	The draft statement will be submitted to the government once it has been reviewed by the relevant technical departments.	2000.	
13.3.3 Strengthen monitoring of diamond production; reinforce controls over diamond exports, in collaboration with SGS.	This measure is provided for in the mining policy statement.	2000.	
13.3.4 Conduct an inventory and prepare studies on overall medium- and long-term strategies regarding industrial mining activities.	This measure will depend on the mining policy statement.	2001–02.	
13.4 Transportation—objective: reduction of transportation costs through an improved road network.			
13.4.1 Restructure the Road Fund and improve its operations.	Reports on the organizational audit, adjustment of accounts, and evaluation of public works equipment are available.	2000.	In February 2000, donors committed to provide the financing required to restructure the Road Fund.
13.4.2 Prepare an appropriate methodology for road network programming.	Road network programming will be part of the implementation of the PST-2 (Second Transport Sector Program).	2000.	Donors are considering favorably the provision of the resources required to finance this program.
13.4.3 Elaborate a strategy for the transport sector.	The strategy is part of the PST-2 document.	2000.	
13.4.4 Implement the strategy.	This measure depends on the availability of financing.	2001–02.	
13.5 Environment—objective: strengthen management			
13.5.1 Implement the National Environmental Action Plan (PNAE)	The support project for forestry development is responsible for implementing the PNAE.	2001–02.	This project is already operational.
<b>14. GOVERNANCE</b>			
14.1 Armed forces—objective: set up a republican army; maintain peace			
14.1.1 Finalize orientation law of the restructuring of armed forces.	The three laws regarding the restructuring of armed forces are Law No. 99–017, which provides for the overall reorganization of defense and the army; Law No. 99–018, which establishes a high council for defense; and Law No. 99–019, which deals with risks.	2000.	Implementation decrees for these laws have been signed by the Head of State (Decrees No. 00/31, 00/32, 00/33, and 00/95). These have been in force since January 26, 2000. The finalized orientation law is therefore implemented.

### Annex D: Matrix of Macroeconomic and Structural Measures, 2000–02

Strategy / Measures	Progress	Timetable	Observations
14.1.2 Implement program to restructure the armed forces: retirement, voluntary departure, and recruitment of new soldiers.	630 staff in the army and military police have retired. All studies and operations for the demobilization await the availability of financing.	2000.	Financing commitments for the restructuring of armed and security forces were identified at the time of the New York donors' meeting, on May 15–16, 2000. A new two-year redeployment support project (PAREC) has been adopted. The Ministers of Planning and Defense intend to conduct a mission as a follow-up to the New York meeting.
14.2 Judiciary system—objectives: improve the functioning and reliability of the judiciary system			
14.2.1 Review operations and assess future needs of judiciary system.	A revised code of criminal procedure is being prepared and will be submitted to the National Assembly by October 2001, together with the code of civil procedure.	2000.	In order to develop and launch a national rehabilitation plan for justice in the Central African Republic, external financial support is required, which is not available at present. Needs are broadly known.
14.2.2 Strengthen property rights, especially for women.	The civil element has already been incorporated in the family code. The criminal element will be part of the revised criminal code.	2001–02.	Progress will depend on availability of financing.
14.2.3 Adapt and complement legislation and regulations on business activities, in line with regional initiatives such as the Organization for the Harmonization of Business Law in Africa (OHADA).	Business laws and regulations are consistent with multilateral commitments under OHADA. However, criminal provisions will need to be enacted.	2000.	Likely to be finalized in 2002.
14.3 Fight against corruption—objectives: transparency, and respect for the legal and regulatory order			
14.3.1 Strengthen control procedures and reinforce the surveillance of staff in revenue collection agencies.	Efforts are under way to improve work procedures, based on recommendations from IMF technical assistance.	2000.	
14.3.2 Establish within the auditing court a department responsible for tracking the sources of corruption.	Infrastructure and equipment are lacking for the court to work effectively.	2000.	Practical constraints on the auditing court call for financial support, which is presently lacking.