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# A.I.D. STRATEGY REVIEW

# CENTRAL AFRICAN REPUBLIC

FEBRUARY 2, 1988

TABLE OF CONTENTS

CAR STRATEGY REVIEW

Page

I Executive Summary .....

II. Analysis

A. U.S.- CAR Relations ..... 1

B. Other Donor Activities ..... 2

C. Economic Policy Framework ..... 2

D. Project Specific Analysis ..... 6

III. Revised Strategy Statement ..... 11

IV. Project Portfolio and Management Implications ..... 12

A. Project Portfolio ..... 12

B. Management and Staffing Implications of Proposed Strategy ..... 13

C. Management Options for Proposed Project ..... 14

Annexs

Annex A: Terms of Reference

Annex B: Other Donor Activities

Annex C: Structural Adjustment Program

Annex D: Project by Project Portfolio Analysis

# I. EXECUTIVE SUMMARY

In October 1987, A.I.D. decided to conduct a Program Strategy Review for its activities in the Central African Republic. The review would assess the appropriateness of the current program strategy and probable progress on implementation over the next three to five years, taking realistic account of Operating Expenses (OE) and Development Assistance budget availabilities.

A team, consisting of Abbe Fessenden, AFR/CCWA and Alan Getson, AFR/PD/CCWAP, visited CAR and Cameroon from January 19 to February 2, 1988. The team concluded that the GOCAR's support of the A.I.D. program was very strong and that relations between project staff and host government counterparts were excellent. A.I.D. projects complement other donor activites. Day to day interaction and mutual support at the project technical level were very strong, especially in agriculture. The GOCAR is implementing a stringent and complex Structural Adjustment Program which is already having an impact on the availabilities of goods and the economic well being of the rural hinterland. The team concluded that one of the key constraints to development in this food self sufficient country is the relative lack of agricultural marketing and distribution enterprises.

In general, the team found that projects were effective and contributed towards A.I.D.'s overall strategy objectives. Some regional projects however, represent essentially targets of opportunity and have a less direct relationship to the agriculturally based CAR strategy. The bilateral PVO implemented projects work well and impose relatively little workload on both the Embassy and USAID/Cameroon. The current PVO implementation modality is effective as a management tool. The regional projects have a much heavier workload requirement, particularly in terms of their small dollar value than the bilateral projects. The current program does not overload either USAID or the Embassy, but ~~several~~ a number of actions can be taken to make it more effective.

The current CAR program strategy should be revised to reflect more clearly a focus on agriculture marketing and processing activities. In the future, restraint must be excerised in incoporating targets of opportunity into the program unless they contribute directly to the core agriculture strategy of the CAR program. A major new project should be developed for FY 1989 approval which strengthens some of the agriculture marketing and processing activities in existing projects and incorporates a private sector oriented agriculture sector training program for voluntarily retired civil servants. Activities being carried out under the extended CCCD project should contribute directly to institutionalizing these programs and their eventual handover to the Government. Training programs, including HRD, should be focused more closely on the revised strategy centered on agriculture, particularly marketing and distribution training activities.

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# II. ANALYSIS

## A. U.S. - CAR RELATIONS

Bilateral relations with the CAR remain excellent. The country has maintained a strong pro-Western voting record in international fora. It ranked fifth highest among African states in coincidence with US votes at the 42nd UN General Assembly, and 47th overall. The CAR has consistently opposed both Libyan terrorism and Communist interference in Africa.

Political and physical support of the A.I.D. implemented projects is excellent including prompt provision of human and financial support of the US program.

Since the resumption of the AID program in FY 1982 after the overthrow of Bokassa, the bilateral U.S. assistance program has usually been between $1 to $2 million annually. The program has concentrated on the agricultural/rural development sectors since the FY 1982 Small Program Strategy Statement, with a concentration on agricultural production. Because of the small size of the program, arguments have been made that A.I.D. assistance should be discussed as individual projects rather than on a "development program," as long as those project interventions are consistent with Agency priorities and address specific CAR development opportunities. Advantage was taken of A.I.D. regional and central projects to address specific problems with childhood and communicable diseases, maternal/child health and population, human resources development and civil service reform, and to mount a dialogue on private sector development and economic reforms.

At present there are two active bilateral projects (Post Harvest Food Systems and Rural Enterprise Development by VITA-Africare and Africare respectively, and several regional or centrally funded activities (African Human Resources Development, Human Resources Development, and AFGRAD; Small Project Assistance, Special Self Help, and Human Rights; and JHPIEGO and CCCD) as well as the phasing out of an old agricultural development project and WASH.

The Peace Corps has 75 Volunteers in agriculture, health and education at present. Of the 19 in agriculture, eight work on A.I.D.'s VITA and Africare projects, nine in the fisheries activity under old agriculture project, and two with the West German financed rural development program in Ouham-Pende. Three health sector volunteers work on CCCD project activities.

No Small Project Assistance funds were obligated in FY 1987, since approximately $80,000 of the obligated funds had not been utilized. Project implementation has accelerated recently.

Peace Corps staff members state that relatively little management time is required for the A.I.D. projects, but the workload on fisheries is moderate and the small projects are very staff intensive. Working relations appear to be good.

Working relationships between ALO, the Embassy and the major voluntary agencies (Africare and VITA) appear to be solid and good. The relationship with USAID/Cameroon appears more distant as a result of less frequent personal contact between the Embassy and USAID.

B. Other Donor Activities (See Annex B for additional material)

The CAR receives a very high amount of assistance per capita. The World Bank is the major multilateral donor and France is the largest single bilateral donor. The major donor for the Structural Adjustment Program (SAP) is the World Bank (see below). Other donors of financial or technical assistance for aspects of Structural Adjustment Program include Japan, UNDP, Canada, France, Federal Republic of Germany and ILO.

In agriculture and livestock, the largest donor is the World Bank. Other major donors include France, Federal Republic of Germany, and the European Development Fund (FED). UNICEF, which has been very active in rural development, currently has a number of agriculture related community health programs. The major donors in health are France, the Peoples Republic of China, WHO and UNICEF. The IBRD, FED, France and West Germany have transportation, road reconstruction and maintenance programs.

Opportunities for cooperation with other donors exist in several directions, such as post harvest food technology, rural private enterprise development, child survival and AIDS.

C. Economic Policy Framework

1. The Inheritance

The CAR is a sparsely populated landlocked country, almost the size of Texas, with a population of about 2.7 million people. About 70 percent of the people live in rural areas but 89 percent of the labor force is active in agriculture. The CAR had a per capita income of $290 in 1986. Agriculture and forestry accounted for 41 percent of the GDP in 1984. Mining and manufacturing amount to 11 percent, utilities and construction 4 percent, and services for 44 percent.

Severe economic mismanagement resulted in declining output and per capita income between 1977 and 1982. The agriculture sector "reforms" starting in 1970 were implemented by parastatals and involved directive "cooperativization". This had a shattering effect on early stages of small scale private entrepreneurial activity. In addition to adverse external factors during 1977-1982, real producer prices for cash crops fell and the state intervened excessively in almost all economic activities. Deteriorating rural development services and disintegrating roads reduced agricultural production. Unsound public investments, excessive expansion of the civil service, creation of unviable public enterprises and expensive borrowing resulted in major internal and external imbalances which the Government attempted to finance through accumulating arrearages in payments. Donors lost confidence in the CAR's economic policies and reduced official and private capital inflows.

## 2. Economic Policies and Performance 1982-86

The CAR has made sustained economic stabilization and structural adjustment efforts since President Kolingba came to power in 1982. The country has received four standby agreements and a Structural Adjustment Facility Credit from the IMF. It received an IBRD Structural Adjustment Credit in August 1986, followed by a cotton subsector structural adjustment loan. It obtained substantial debt relief in a Paris Club debt rescheduling, and in alleviating the inherited public debt burden. By December 1986, outstanding external debt amounted to 43 percent of GDP, but after rescheduling the debt service ratio, was 13.8 percent.

Between 1981 and 1986, the GOCAR greatly reduced state intervention in agriculture, streamlined/or eliminated parastatals, reduced subsidies, and increased purchase prices of cotton to farmer in real terms. Agricultural production of cash and foodcrops grew rapidly and consumer goods became available in rural areas. Diamond and gold exports increased once export taxes were removed. The 1986 drought reduced cotton exports, and imports increased (especially consumer and capital goods). This caused the current account deficit of the balance of payments to deteriorate to about 16 percent of GDP in 1986.

Substantial progress has been made on public finance. Budget deficits have been reduced from 4.0 percent of GDP in 1981 to 1.6 percent in 1986 due to increased revenues and improved expenditure control. Between 1981 and 1985 fiscal revenues increased from 11.7 to 11.9 percent of GDP, but declined in 1986 to 11.1 percent because of a decline in coffee tax receipts and indirect taxes.

Personnel expenditures decreased from 86 percent of budgetary revenues in 1981 to 62 percent in 1986. Because domestic savings rates remain marginal, the investment program is mainly foreign financed, and the CAR still relies heavily on budgetary aid and debt rescheduling.

3. The Current Structural Adjustment Program (See Annex C)

The 1986-1990 Five Year Development Plan provided a sound strategic framework for fundamental policy reforms medium term growth. This was translated into a coherent and detailed action plan for structural adjustment. The first phase of the Structural Adjustment Program (SAP) is supported by: (1) a $30 million IDA credit (1986); (2) a 12 month standby with special drawing rights of SDR 8 million; and (3) a SDR 14.3 million drawing rights under the IMF Structural Adjustment Facility over a three year period. The SAP objectives include achieving some growth in real per capita income, while limiting the current account deficit to a sustainable level without inflation. Both the SAP and the Plan stress agriculture-led growth based on comparative advantage and creation of a favorable environment for private sector activities, trade and price liberalization, and an increased level of private investment in support of productive activities. About 80 percent of new starts in the 1987 and 1988 budgets were rural development and infrastructure activities that had an immediate impact on production.

The major components of the Structural Adjustment Program are:

a. Maintenance of an environment favorable to private sector development.

b. Disengage the State from operating productive and commercial enterprises and improve management of those remaining.

c. Improve management of public funds and public administration.

d. Strengthen the tools for planning, evaluation, management and project follow up.

e. Adapt education and training to the needs of society.

4. Whither Structural Adjustment

President Kolingba's government with donor assistance has managed to put into place the preliminary, relatively easier pieces of the economic reform and structural adjustment. The liberal price policies, freeing the

economy, and removing government intervention in food production has had a strong positive impact on agricultural production which should continue. The macro economic measures have been less successful than hoped largely due to world market prices which severely reduced government receipts and foreign exchange earnings. The GOCAR has started the harder tasks, which will initially cause increased unemployment, reduce benefits, place limits on scholarship levels and eligibily. This creates political liabilities. The GOCAR has to overcome the psychological impact of a directive, and domineering State controlled economy and handout mentality before the private sector can take the lead in the economy.

The Government also must overcome the attitude of many expatriate enterprises, which aimed at extracting a profit by trade or exploiting natural resources, rather than reinvesting them. Capital flight remains a major problem in both the Lebanese and the French business community. Serious corruption problems also hamper efforts to increase revenues.

In the near term, the IBRD intends to negotiate a new SAP in March 1988, as well as a coffee subsector structural adjustment loan. The new program will focus on civil service reform, private sector development and small and medium-sized enterprises. Another debt rescheduling agreement is likely.

President Kolingba and senior government officials consistently voice their intentions to pursue structural adjustment, remove the state from economically production activities, and promote private sector and individual economic activities. The question is whether it is politically feasible to implement such economic restructuring.

5. Key Constraints to Economic Development.

It is clear that many constraints to development remain . The CAR is a high cost producer of cotton and coffee facing depressed world market prices. The CAR grows sufficient quantities of food. Foodcrop production has profited greatly from removal of price and other restrictions while roads have improved. The residual effect of fertilizers used in cotton production campaigns has also contributed to increased foodcrop production. The livestock sector is doing well and should continue to do so. Timber is depressed and can do better with attention being given to quality and increasing value added.

Although research is badly needed to increase the agricultural productivity, poor agriculture marketing and distribution networks are clearly the key constraints hampering farmers from increasing their cash incomes through diversification. Increased rural purchasing power is essential for small enterprise development. Market towns have grown in economic importance over the past decade, but they are not yet well integrated into the hinterland. There are few wholesalers, but trade is taking place, as demonstrated by the reduced price differentials for key commodities between regional centers. Market information and intelligence are dismal. Agricultural marketing and processing should continue to evolve apace, the question is enabling the rural producer to profit from it.

Health remains a major constraint, with unacceptably high infant and child mortality rates. Major investments in social and preventive medicine are needed to achieve any real progress.

In education, the adult literacy rate has increased from about 15 to 30 percent in a decade, because of the former government's plunge into primary and academic education. This investment has not been efficient or particularly well directed for economic development purposes, witness the swollen civil service and the large number of educated unemployed.

Prospects for industrial and commercial development are low, due to soured expatriate presence, and the limited involvement in private sector enterprise of Central African citizens. Minimal banking and financial sector structure or activities exist outside Bangui, and the very small regional markets have severely limited purchasing power. Success in ventures which are not agriculturally based will be difficult. It will also depend on achieving attitudinal changes at mid and lower levels of government as well as the urban population to wean people away from handouts.

## D. PROJECT PORTFOLIO

### 1. General Observations

A.I.D.'s program in the CAR consists of two active bilateral projects, and up to nine regional, central or phase out activities. The team's observations confirm Embassy/Bangui and A.I.D. Liaison Office (ALO) statements that A.I.D. projects have strong GOCAR support. The GOCAR provides prompt and adequate counterpart financing to A.I.D. projects, although other donors have reported difficulties. The Ministry of Public Health probably provides more effective support than other Ministries due to its internal organizational and staff strengths.

The bilateral and regional projects are deemed to be important or critical for achieving current strategy objectives, with the partial exception of Small Project Assistance and Self Help Activities. Agriculture projects are clearly ranked highest, with some difference of opinion between the Mission and the Strategy Review Team on whether health or training come next. Health is, in our view, less important to achieving the CAR strategy objectives, since it is primarily a target of opportunity related to A.I.D.'s global strategy.

The CAR projects do not impose a heavy burden on the Embassy, ALO, or USAID/Cameroon. The two PVO managed agriculture sector projects require less ALO staff time than the remainder of the portfolio. Except for the start of the Rural Enterprise project, both AMDP and CCCD consume more time than either PVO activity. Within USAID/Cameroon, more time is spent on non-agricultural projects, even though they have a smaller share of the portfolio's dollar value. Self Help and Small Project Activities consume a disproportionate amount of controller office time for their value, while the agriculture projects require much less.

The CAR program workload on USAID/Cameroon is relatively light, but it does conflict with higher priority programs in a few key offices. Reorganizing certain management activities could reduce the workload in these offices. The USAID/Cameroon Agriculture office spends about five percent of the time of the four USDH available to it on CAR activities. The Education and Human Resources professional staff use about a tenth of a workyear available to its six professionals for CAR activities. CCCD activities currently occupy about 15 to 20 percent of the time of the USDH Health Officer, primarily because the incumbent is personally interested in the program and the CCCD project recently changed technical officers in Bangui.

The Supervisory Program Officer in USAID/Cameroon spends about 15 percent of his time on the CAR matters, since he is responsible for ensuring that Yaounde carries out actions to support the CAR program. Relatively little of his workload concerns the agricultural projects. He spends 40 percent of his worktime for CAR on project operations, 30 percent on policy/program direction, 20 percent on supervision overview matters and 10 percent on OE budget matters. The Mission Director spends about 11 percent of his time on CAR program supervision and program direction/policy. Projects occupy 3 percent of his worktime.

Hugh Smith, the A.I.D. Liaison Officer assigned to the Bangui Embassy, spends about 30 percent of his time on project implementation matters and 10 percent on project design and evaluation. Program strategy, budget, and standard implementation reports account for another tenth. Half of his workload this past year has concerned Embassy economic and commercial functions(a new economic officer has just arrived which will cause a change), other donor liaison, staff supervision and internal administrative and management matters. One local hire employee spends 50 percent of his time on participant training.

During CY 1987 USAID/Cameroon staff made five trips to CAR and the ALO visited Yaounde once.

2. Project Specific Analysis Summary (See Annex D)

a. Post Harvest Food Systems (PHFS) (676-0016) current LOP $ 3.7 million. The purpose of the PHFS project is to develop and extend to farmers post harvest food technologies that will reduce food losses and labor requirements for post harvest processing. VITA implements the project and has a subgrant to AFRICARE. PHFS began in August 1984 and will end in September 1989. Project activities include surveying appropriate technologies and needs in Ouham and Ouham-Pende prefectures, improving post harvest technologies, and extending and institutionalizing the results.

VITA has resolved its earlier logistic problems in implementing PHFS under remote and difficult conditions. The Labat-Anderson's mid term evaluation was generally positive; recommendations have already been incorporated into the workplan. PHFS should probably achieve or surpass its vaguely stated project objectives and VITA is taking actions to correct weaknesses in project design concerning staff training and institutionalization. The project needs an additional $610,000 to compensate for depreciation of the US dollar and for correcting gaps in the original project design.

The project profits from excellent GOCAR support, is coordinated with other donors, is both effective and of critical importance to achieving A.I.D's current strategy, has strong management and requires little support from the ALO or USAID/Cameroon.

b. Rural Enterprise Development (RED) (676-0017) authorized LOP $ 3.5 million. The purpose of RED is to increase the effectiveness of small scale farmers by: (1) studying and improving marketing mechanisms for agricultural products and food crops; and (2) providing technical and managerial assistance to farmers in Ouham and Ouham-Pende prefectures to increase their efficiency in food crop production. RED, which

is implemented by AFRICARE, was authorized in September 1986 with completion scheduled for September 1991. The project has had a difficult start up, but staff are now on board, including Peace Corps Volunteers.

Except for the beekeeping activity picked up from another project, RED is behind schedule. It cannot physically complete fieldwork analyses and recommendations for marketing system improvements before mid 1989, thus leaving slightly more than two years remaining to implement and institutionalize marketing interventions. Other project components have also faced delays. The project design and current implementation activities may be overly focused on intra-regional trade in a zone which produces sufficient food. More attention should be given to finding markets outside the project zone. Consequently, the proposed new project should pick up selected elements of RED for completion under the new project.

The AFRICARE project has received outstanding physical and financial support from the GOCAR. RED is relatively vulnerable to the pending reorganization of the Ministry of Rural Development. The project makes a very important contribution to A.I.D.'s strategy, but it is too early to tell how effective the project is. AFRICARE has profited from VITA's logisitic support expertise. Relations with other donors are good. RED's workload on ALO is lessening and the project requires little USAID/Cameroon staff time. RED staff should receive more technical contact and support from USAID/Cameroon particularly in the area of agricultural economics.

c. Child Survival (Combatting Communicable Childhood Diseases). The purpose of the CAR program of the regional Combatting Communicable Childhood Diseases project is to help the GOCAR reduce childhood morbidity and mortality due to preventable diseases such as measles, polio, pertussis, etc. Activities in the CAR program include immunizations, diarrheal disease control and malaria treatment. CCCD is managed by a CDC technical officer under contract. THe CAR activity was approved in May 1984, with a total cost of $ 691,000. A design team is visiting the CAR in February 1988 to plan for a one year extension visited beyond the current 5/89 PACD of the CAR activity.

The project started slowly but has accelerated its implementation to become one of the most effective projects in the CAR portfolio as well as a strong CCCD country programs. The project has high levels of GOCAR commitment and effective financial and human support, with an exemplary national program plan, government financial support and sensitivitiy to cost recovery needs. The CDC technical officer is doing an

excellent job and USAID/Cameroon does non-local procurement. The project's workload is manageable. However, the project poses a dilemma in that it does not fit into the current or proposed agriculture oriented strategy. Despite the project's progress and enormous potential, CCCD project assistance should begin to scale down and eventually phase out since the GOCAR management capability appears stronger and better developed for this project than in any other CAR program.

d. Human Resources Development (AMDP, HRD, AFRGRAD and JHPIEGO) Training is a vital element in all CAR projects, including the two PVO implemented projects, CCCD and the regional JHPIEGO population training project. In addition, the CAR participates in the African Manpower Development and new Human Resources Development projects. Although the ALO states that all training is aimed at meeting agriculture sector related objectives, the review team noted that about half of the 20 long term degree participants sent to the U.S. had programs that emphasized management, finance and economics, with the remainder in forestry, engineering and agriculture disciplines. Approximately 100 people received management training under Pittsburgh seminars, another 100 were trained under CCCD, and 30 people have attented JHPIEGO programs. The PHFS and RED project training is highly specific.

A training needs assessment was just completed and in late 1987 an additional $ 500,000 of AMDP funds were obligated to provide training to support the civil service Reform program. AID/W is awaiting a revised Country Training Program for CAR.

The GOCAR has strongly supported A.I.D. financed training, especially for civil service reform, and it also pays half of participant travel costs to the U.S. A local Embassy employee spends half his time on training matters. Dossiers are submitted to Yaounde where PIO's and final documents are prepared. The workload on USAID Cameroon is light. The JHPIEGO participants are handled between Bangui and Baltimore.

e. Special Self Help. The Embassy administers the Self Help Fund, which runs about $80,000 a year. The activity supports other objectives than A.I.D.'s program, and demands considerable Embassy staff time. The A.I.D. Controller's staff also spend a disproportionate amount of time on this activity.

f. Small Project Activities. This program, which the Peace Corps administers has similar problems. Its normal annual obligation level is $ 40,000, but no finds were obligated in 1987 because of a substantial pipeline. The project requires considerable inputs from Peace Corps staff, but it is marginally less demanding of Controller Office time than the Self Help activities.

f. Human Rights. In the past A.I.D. has financed human rights activities in CAR. Any future programs should be managed the Embassy.

## III REVISED STRATEGY STATEMENT

The team recommends that the program strategy for the A.I.D. program in CAR be revised as follows:

1. Improve marketing and distribution of agricultural production, expecially food crops, in order to diversify and increase rural incomes by:

   --Institutionalizing technology transfer process for increasing value added and income generated for marketing production; and

   --Concentrating private sector promotion on strengthening marketing processing and distribution of agricultural products.

2. Phase out the regional health project at a pace that will enable management and implementation responsibility to be turned over to host country and/or other donors.

3. Carry out participant training programs through the agriculture marketing strategy based activities, with limited training being made available through regional projects primarily in key agriculture disciplines.

The team recommends that A.I.D.'s future program in the CAR concentrate fully on the agriculture sector. The strategy should, however, shift away from agriculture production towards the distribution and marketing of agriculture based products. GOCAR officials and other donors stated repeatedly that distribution and marketing of increased food (and other crop) production was the greatest single problem in increasing and diversifying rural incomes, thus improving the well being of the rural population. The CAR is self sufficient in terms of food quantity. Economic reforms and road construction/ rehabilitation have combined to produce substantial increases in food crop production over the past three years. Other donors have major programs related to increasing quantity and quality of food production. Markets in rural CAR are fragmented and lack purchasing power; therefore, regions must use comparative advantage and export food towards Bangui (pop. 650,000), and neighboring parts of Chad and Cameroon, or livestock to Brazzaville and Gabon.

Transfer of technologies is closely related to marketing and distribution, particularly efforts to reduce losses and increase value added in rural areas. Technology transfer enhances marketing and distribution efforts. Food preservation and processing is predominately a woman's activity. Technology testing and training of trainers process must be institutionalized, or VITA-Africare efforts will not be replicable and transfer easily to other regions, due to the need for local adaptive work and dispersion of population in several distinct regions, with unpopulated lands in between.

Because of limited A.I.D. resources and the fact that many other donors plan to contribute to civil service reform and small enterprise development, A.I.D.'s private sector effort should be limited to developing private sector capabilities to carry out agriculture distribution and marketing functions.

In health, the strategic reason for reducing health sector involvement is heavy other donor contributions to this sector and the fact that the Government's capability for management are further developed in health than in any other sector.

## IV. PROJECT PORTFOLIO AND MANAGEMENT IMPLICATIONS

### A. PROJECT PORTFOLIO

The team recommends that this strategy should be implemented by revising the project portfolio. An agricultural marketing and processing project should be designed for late FY 1989 authorization. This project would build upon the experience gained in Rural Enterprise Development and the Post Harvest Food Systems projects. It would concentrate on strengthening marketing and processing by the private sector and voluntary associations. It would include market information, training of potential and actual small and medium scale entrepreneurs, especially former Ministry of Rural Development staff on voluntary early departure schemes (credit obtained from other sources), training of micro entrepreneurs (with a small PVO administered credit component of PfP type), and institutionalizing technology transfer testing and training of trainers (linked with World Bank Agriculture Research and Extension Project). During project design particular attention must be paid to simplifying the project components and lightening the management load on the implementing organization (probably a PVO)

The Post Harvest Food System project should end in September 1989 as originally scheduled. The Rural Enterprise Development project (PACD 9/91) will act as a bridging mechanism until the new project is fully operational and then selected residual RED activities should be transferred to the new project.

The AMDP and HRD training activities and the Country Training Plan should be reoriented to contribute directly to agriculture marketing before the new project is developed. Training of entrepreneurs should be incorporated into the new project, leaving a small regionally funded training activity primarily oriented towards agricultural development.

Plans should be developed for gradual phase down and turnover of health activities to the GOCAR and other donors. WHO and the French should take major responsibility for AIDS activities. The CCCD project extension proposes a termination target of May 1991 for the CAR activity (i.e. a two year extension from present CAR PACD).

Less manpower intensive financial management procedures should be initiated for Small Projects and Special Self Help.

## B. Management and Staffing Implications of the Proposed Strategy

The strategy proposed above should be easily managed by the ALO/CAR and USAID/Yaounde under the current staffing arrangement. The review team believes that the revised strategy, when fully implemented, should reduce the management burden of both ALO/CAR and USAID/Yaounde. Reducing the project portfolio to one bilateral project, phasing out of the health sector and developing a more focused training effort should require less staff time over the long term. Although initially more time may be required for the design and early implementation of the new project, the team expects the management burden to be eased significantly once the new project is fully operational. By mid FY 91 the new project should be under way, and activities in the health sector should be tapering off, thereby requiring less management time than the current project portfolio.

If State does not continue the ALO position, USAID/Yaounde will have an increased management burden, but management of the CAR portfolio by USAID/Yaounde would still be feasible. Without the ALO/CAR position, the team believes that USAID/Yaounde would need to assign one staff person to devote approximately 25 percent of his/her time to the CAR. Although USAID/Yaounde Program Office currently manages the CAR program, USAID may wish to consider re-assigning responsibility for the CAR program to the ARD office given the revised strategy's focus on Agriculture and staff changes in Program. In addition, if the USDH health officer position is not retained, actions should be taken to shift more of the procurement workload for the CCCD project to the local project staff in Bangui (assuming CCCD hires a local PSC).

C. Program Management Options for the Future Project

There are a variety of possible management options for the new project. Selecting the most appropriate option should be determined during project design. However, some options to be considered include:

U.S. PVO - ALO/CAR and USAID/Yaounde have had very good experience with PVO implementation of AID projects in the CAR. The Africare - VITA arrangement has worked quite well and there is no reason a similar mechanism couldn't be developed for the new project. Given the nature of the new project, it seems that a consortia of PVO's may be required to handle the diverse project elements and it might be desirable to have some limited competition among PVO's if possible. Contract office or RLA guidance should be sought to determine whether this is possible. Ultimately, the U.S. PVO/OPG mechanism may be the most expeditious way of developing and implementing the new project. If, during the design stage, it appears that the scope of the proposed project is too broad or complex to be handled by a PVO, the design team should consider scaling back planned activities to make the new project more manageable.

U.S. For-Profit Institutional Contract - There are a number of U.S. for-profit organizations which could handle this new project. If USAID/Yaounde determines that a PVO/OPG mechaniosm is not possible for the new project then a competitive procurement with a U.S. for-profit group should be considered. Full and open competition would be required and the contracting process would be more time-consuming than the PVO/OPG mechanism.

Personal Services Contractor - In addition to the above, consideration should be given to hiring a local PSC to handle the management burden of the new project. This person would be in addition to whatever contractor/PVO staff are working on the new project. The PSC should ease the management burden on USAID/Yaounde staff.

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ANNEX A.

# CENTRAL AFRICAN REPUBLIC PROGRAM STRATEGY REVIEW

## Scope of Work

1. The scope of work for the CAR Program Strategy Review has been drafted in A.I.D./W and is being sent to USAID/Cameroon and the U.S. Embassy in Bangui for further comments. A.I.D./W has selected Abbe Fessenden (AFR/CCWA) as team leader and Alan Getson (AFR/PD/CCWAP) as a member of the team. USAID/Cameroon is asked to name an individual from Yaounde or Bangui to participate in the team's work. The team will arrive on January 19, 1988.

2. The team will review all available basic documents (ABS, Small Country Strategy Statement, Project Papers, evaluations, audits, cables, Project Implementation Reports, IBRD reports, etc.) prior to departure. There will undoubtedly be other items which USAID/Cameroon and AmEmbassy Bangui may wish to make available to the team, including recent implementation documents, cables not available in A.I.D./W, and contractor evaluations and reports as appropriate.

3. Proposed specific scope of work for the CAR program strategy review follows:

a. General Objective: To assess the appropriateness of the current program strategy content and implementation mode in the CAR over the next three to five years, taking account of current OE and Development Assistance budget realities.

b. Program Levels: It is expected that the CAR program will remain at a level of $ 2 million, including regionally and centrally funded projects, for the foreseeable future. Nevertheless, the team will look at the programmatic options for further concentrating the program within a single sector.

c. Management: Given these OE and DFA budget constraints, A.I.D. is not able to establish a separate A.I.D. Office in Bangui and the responsibility for program management and support must remain with USAID/Cameroon for the foreseeable future. The team will make recommendations on program composition and mode of implementation, within the authorized Direct Hire personnel ceilings of USAID/Cameroon and AmEmbassy Bangui, to improve the efficiency of resource use and minimize the management and oversight responsibilities needed for the program in CAR.

d. Specific Tasks:

(1) U.S.- CAR Relations: Discuss the Central African Republic's current situation with AFR Bureau, AF Bureau, USAID/Cameroon and Embassy Bangui officials and prepare an assessment of the status of U.S.- CAR bilateral relations (including other USG activities in CAR, such as the Peace Corps program), and the likely course of future bilateral relations.

(2) Other Donors: Review present and probable future programs of other donors and how these programs affect or complement the current A.I.D. program in CAR. Examine the possibilities for parallel or joint funding of projects and the implications of such projects in reducing management oversight responsibilities.

(3) Economic Policy Performance: Given current economic performance, review existing GOCAR economic policy framework and current and prospective economic reforms, and appraise likely economic policy environment for the next three to five years.

(4) Current A.I.D. Programs: Evaluate the A.I.D. program (direct bilateral DFA, regional and centrally funded DA projects) with reference to:

-- utility and implementation performance to date;

-- level of GOCAR support for and involvement with each ongoing project; and

-- implications for management in both Yaounde and CAR of the current program portfolio.

(5) Develop recommendations regarding A.I.D.'s future program strategy, the sector(s) of program concentration and project portfolio.

(6) Evaluate staffing and management/oversight responsibility implications of the proposed strategy and how the program modifications would affect A.I.D.'s ability to carry out its strategy.

(7) Review various management options for the proposed future program implementation, including:

-- U.S. PVO organizations;

-- self managed institutional contract projects; and

-- reallocation of project monitoring and management responsibilities within USAID/Cameroon.

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AFR/DP: EGreeley/JWestley (draft)
AFR/EMS:CMcGraw (draft)
AF/C:KBrown (draft)
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ANNEX B.

## Other Donor Activities

The CAR receives a very high rate of assistance per capita. The World Bank is the major multilateral donor. France is by far the largest single bilateral donor with approximately $90 million in all forms of direct assistance. There are about 400 technical assistance personnel, as well as scholarships. France also contributes to the European Development Fund (FED).

The major donor for the Structural Adjustment Program (SAP) is the World Bank. Japan also contributes towards the Cotton Subsector Structural Adjustment Program. The IBRD provides technical assistance for the SAP. The UNDP is providing assistance for establishing revised civil service employment rosters, designing reforms and plans for restructuring the ministries as are the Canadians. The French are launching a reform program in customs collection, as well as computerizing the Finance Ministry. ILO and IBRD advisors are developing the package for retraining civil servants into new fields, and for voluntary retirement and training in skills for private sector enterprise. The IBRD and the French have just agreed to finance the major portion of the cash benefits to the voluntary retirement program.

The UNDP has been the major donor providing technical assistance for parastatal reform. To this should be added planned IBRD and ILO assistance to small and medium sized enterprises, and France, West Germany and others have expressed interest in training in this field.

In addition to the SAP, the World Bank is a major donor in agriculture. They intend to start an agricultural research and extension project this year. The French have truck gardening, forestry research, cotton production, rural radio (with the FRG) and farm to market road projects (with the FED). The West Germans have a major integrated rural development project (ACADOP) in Ouham-Pende , which soon will expand to Ouham prefecture. UNICEF has a number of agriculture related community health activities. Under Lome III, the EEC will launch the large agriculture development project for the Center-South and the environmentally oriented development program for the north east. The IBRD is a major donor in livestock development, with French participation.

The major donors in curative health are the French (all aspects), the Chinese (a hospital) and WHO and UNICEF. The French intend to take a major role, along with WHO, in assistance related to AIDS. On the preventive side, UNICEF and WHO have active programs in in malaria suppression, vaccination and diarrheal diseases.

The IBRD, the European Development Fund and the French provide major assistance for road construction and maintenance, with German, French and a number of others are involved in farm to market roads. The Danes and UNICEF work on rural water supply projects.

Opportunities for cooperation with other donors exist in several directions. The FAC, FAO and FED have indicated interests in extending the PHFS project. The West Germans are already working with the post harvest food systems extension in the ACADOP rural development project. The proposed World Bank Research and Extention project may offer a nitch for institutionalizing VITA's technology transfer activities.

A number of donors in rural development, including PVO's are interested in rural enterprises but whether they would be interested in joint financing is not clear. Many feel marketing is important, but it is not a major part of their project. An exception may be German and French work on rural radio education. Some rural development programs have credit activities, which should be contacted. There is a UN volunteer doing pre-credit union work in the Ouham.

Most donors working in small and medium sized enterprises (SME's) and civil service reform would welcome USAID participation. A.I.D. should probably work with them in cross arrangements on credit programs for SME credit. A.I.D. could provide training in rural enterprise management in exchange for providing access to credit for program graduates.

In health, both UNICEF and WHO are candidates through which AID could channel funds for CCCD activities once the current programs have "graduated" from the CCCD project. The French want to undertake major AIDS program. AIDSTECH and AIDSCOM projects should work through WHO or the French, depending on the activity and timing. They need condoms right now.

ANNEX C

## The 1986-1988 Structural Adjustment Program

The 1986-1990 Five Year Development Plan provided a sound strategic framework for fundamental policy reforms medium term growth. This was translated into a coherent and detailed action plan for structural adjustment. The first phase of the Structural Adjustment Program (SAP) is supported by: (1) a $30 million IDA credit (1986); (2) a 12 month standby special drawing rights of SDR 8 million; and (3) SDR 14.3 million under the IMF structural adjustment facility over a three year period. The SAP objectives include achieving some growth in real per capita income, while limiting the current account deficit to a sustainable level without inflation. Both the SAP and Plan stress agriculture led growth based on comparative advantage and creation of a favorable environment for private sector activities, trade and price liberalization, and an increased level of private investment in support of productive activities.

About 80 percent of new starts in the 1987 and 1988 budgets went to rural development/infrastructure activities with immediate impact on production.

The 1987 investment budget of $182.5 million (which includes donor financed activities) has 22.6 percent in agriculture, 6.4 percent in livestock/fisheries, 6.3 percent in manufactures and commerce, 13 percent in energy and water. Almost two thirds of infrastructure investment goes into roads (13.3 percent of total investments). Education and public health receive 12 and 9.8 percent respectively, while urbanism suffers (1.0 percent).

The major elements of the Structural Adjustment Program and some of the achievements thus far are as follows:

a. Maintenance of an environment favorable to private sector development. The GOCAR has steadily reformed the pricing system, including abolishment of fixed margins on some parts and imported goods and liberalizing prices on local manufactures. There are no controls on foodcrop prices, timber taxes lowered, some export taxes removed. Import quotas and licensing system was abolished and an export declarations replaced an export authorization system.

b. Disengage the State from operating productive and commercial enterprises and improve management of those remaining. The GOCAR is conducting a ruthless weeding out exercise. They are tackling the bloated cotton parastatal with 2500 employees in 1985 (including 38 non African expatriates) which consumes nearly 49 percent of the 1987 agriculture investment budget. IDA granted a cotton subsector structural adjustment loan in 1986 but progress

is uneven in meeting the objective of full export parity pricing. In addition to 25 percent of the parastatal is owned by French commercial interests, thus bringing domestic French political factors into play. Prior to 1987, the GOCAR had already liquidated two wood sector public enterprises, three state banks and the national airline. They have found private partners for petroleum and textile companies. The palm oil/soap company, the insurance company, a slaughter house and printing office are all slated for privatization.

c. Improve management of public funds and public administration. The GOCAR's target of reducing the budget deficit from 1.6 percent of GDP to 0.2 percent in 1987 have probably been dashed by reduced receipts due to the drop in world market prices for cotton and coffee. The Government introduced additional tough fiscal revenue and other measures in 1986 to meet these problems.

It is implementing a program that will reduce the number of civil servants from about 27,000 to 17,000 at the end of the period, and the salary bill to 50 percent of fiscal revenues. Before the SAP, the GOCAR established recruitment quotas, froze salaries, reduced the number of children eligible for family allowances, and introduced procedures to dismiss civil servants for incompetence. It carried out a strict employment verification exercise, backed by computers, and then restructuring ministries. Personnel made redundant will go into a manpower pool and (1) be transferred to another ministry immediately that can use their skills; or (2) retrained and transferred; or (3) offered voluntary retirement. Seven out of 21 ministries have completed reorganization plans. Rural Development will become an agriculture development coordinating ministry that concentrates on project/program strategy planning, budgeting and evaluation, with some agriculture support services, such as research, extension training, etc. Private sector and individuals, voluntary groups, associations, credit unions, precooperatives, regional/local development agencies, PVO's and donor projects will implement development programs.

d. Strengthen the tools for planning, evaluation, management and project follow up. The planning and budget process was strengthened during the Five Year Plan preparation, using IBRD assistance, and there will be an IBRD Resident Representative.

e. Adapt education and training to the needs of society. The CAR now has about 3,000 unemployed people with university training who cannot be absorbed into the civil service.

There is also a shortage of technically trained specialists (highly skilled mechanics, accountants, statisticians, nurses, etc.). This objective requires restructuring the entire education system, starting at the primary school level. The forthcoming IBRD education development sector loan will extend to education the gains under the SAP, by implementing a management reform program and improved use of educational resources over three years.

ANNEX D

Project by Project Portfolio Analysis

Post Harvest Food Systems (PHFS)

The purpose of the PHFS project is to develop and extend to farmers post harvest food technologies which will reduce food losses as well as labor requirements for post harvest processing. The $ 3.7 million project, which is implemented by VITA with a subgrant to AFRICARE, began in August 1984 and will end in September 1989. Project activities include surveying appropriate technologies and needs in Ouham and Ouham-Pende prefectures in northwestern CAR, then improving the post harvest technologies, extending them and institutionalizing the results. VITA encountered extreme logistic difficulties in managing the project due to its remote location and the necessity of replacing a key staff member for medical reasons. These problems have been resolved successfully. PHFS uses Peace Corps Volunteers and works closely with indigenous and foreign PVO's.

Review

Implementation -- Labat-Anderson carried out an external mid term evaluation of HFS in 1987. The evaluation of the project was generally positive despite the non-specificity of of the project objectives in the original project design. A number of recommendations are incorporated in the revised workplan. The project has completed the Phase I studies of post harvest food systems. It is ahead of schedule on identifying improved village technologies ready for extension, thus permitting merging Phase II and III. Other components which are on schedule are the development of sustainable training and extension programs, design and implementation of the monitoring and evaluation systems, and implementation of activities to sensitize government and the public on post harvest food storage and processing problems. Work has started on developing a program to transfer the technologies to other regions. The project should easily accomplish, and probably surpass, the vague objectives established in the original design. VITA has started correcting deficiencies in the original design regarding insufficient training of extension agents and lack of institutionalization of the technology transfer process.

VITA estimates that it needs approximately $ 610,000 to complete the project. More than 60 percent of the increase is due to the drop in the US dollar. The remainder is caused by keeping extension staff on board through year 5, personnel replacement and training requirements.

The GOCAR has provided excellent counterpart support, both human and financial. The project has forged strong links with both the Community Development Service in the Ministry of

Social Affairs and the Ministry of Rural Development, which should faciliate work during the ministerial restructuring. PHFS has integrated its technical and training activities with other donor projects, most notably FAO-UNDP, UNICEF and the West German ACADOP integrated rural development project.

The project ranks very high on both effectiveness and importance in achieving A.I.D.'s strategic objectives.

Management -- VITA provides strong management for its project and has successfully overcome its early problems. It shares office facilities with AFRICARE, including the all important radio net, and provides considerable advice and support. The ALO spends very little time on the project, and the Embassy almost none. The projects workload on USAID Cameroon, from Controller, technical backstop, Program and Director are very slight.

Recommendations

PHFS should continue through its original PACD. Increased attention should be given to the institutionalization of the process of adaptive technology testing and training of trainers. This includes participant training for key GOCAR staff, and location of an institutional home, ideally the technology transfer component of a "research testing and liaison" unit in the proposed IBRD agriculture research and extension project. Future A.I.D. financial support for the successful elements of the project should come from the proposed new agriculture project.

The Grant Agreement should be amended immediately to add funds and include a plan for institutionalization. The next workplan revision should incorporate a more specific and quantifiable workplan statement of output level objectives.

Although VITA has a good network for peer exchange on technologies, USAID should increase its efforts to bring PHFS staff into contact with USAID Cameroon project staff and advisors. PHFS has processing and storage technologies which are relevant to Cameroon and its work is well ahead of that done under NCRE (which has its strengths in phytopathology, entomology and genetics). PHFS should also establish links with ARMA in Niger regarding agricultural equipment developed under the Niamey Department Development Project.

Rural Enterprise Development (676-0017)

The Rural Enterprise Development Project is designed to increase the effectiveness of small scale farmers by (a) studying and improving the market mechanisms for agricultural products and food crops; and (b) providing technical and

managerial assistance to farmers in Ouham and Ouham Pende prefectures to increase their efficiency in food crop production. The $ 3.5 million project, implemented by AFRICARE, was authorized in September 1986, and its planned completion date is September 1991. The project has had a difficult start up period, and only now has its staff on board. The AFRICARE CHief of Party will not be able to move permanently to Bossangoa until housing and offices are completed in May 1988. The project has Peace Corps volunteers assigned to it.

Review

Implementation - RED is behind schedule. Aside from the beekeeping activities picked up from previous projects, it is just starting its fieldwork on the food marketing study. The project cannot complete fieldwork analyses and recommendations for marketing improvements before mid 1989. Slightly more than two years then remain for implementing and institutionalizing marketing interventions. Although work has begun to determine producer and merchant training requirements as well as market information diffusion systems, these components cannot begin full implementation until the market studies are completed. AFRICARE has started identifying animal traction equipment repair and maintenance workshop needs. No work has yet been done in establishing accounting systems for farmer groups.

The market study and the project may be overly focused on intra-regional trade in a small area which is self sufficient in food. Cash incomes are extremely low. Relatively few commodities are produced throughout the region, so farmers cannot made use of comparative advantage inside the project zone. Probably markets must be sought outside the immediate area in order to permit farmers to diversify successfully.

RED has received outstanding support from central and local government officials, including prompt provision of counterpart. The project is vulnerable to the pending re-organization of the Ministry of Rural Development.

Embassy, A.I.D. and this team believe that the project makes a very important contribution to the A.I.D. agricultural strategy. It is still too early to determine project effectiveness.

Management - RED generated workload on the ALO has decreased to more moderate levels once the AFRICARE Chief of Party arrived. The project imposes only a light workload on USAID/Cameroon. RED staff probably suffer from a lack of contact with AID technical officers and peer groups who conduct agriculture economics fieldwork in the region. Increased contact might help alleviate conceptual and execution difficulties in

conducting studies and designing workplans. The ADO staff has made only one visit to CAR in 1987.

Despite concerns about potential difficulties expressed herein, the implementation rate is increasing quite rapidly. The self managed VOLAG implementation modality appears effective in that it allows a relatively low level of OE financed backstopping.

Recommendations:

The AFRICARE project should continue until its PACD of September 1991, thus overlapping with the new rural markets and technologies project proposed for late 1989 authorization. The new project will concentrate on institutionalizng strong private sector/ voluntary association activities in agricultural marketing and distribution of products with increased value added by rural producers. Certain elements of RED may continue under the new project.

The AFRICARE project staff should revise the workplan timetable as soon as possible. This will facilitate scheduling technical support from USAID, Africare consultants and nearby low cost sources. This should not await the October evaluation.

An ARD staff member should take a TDY for technical technical oversight/consultation as soon as possible. The agenda should include review/update of the implementation plan timetable, preparing the PIR, drafting a grant agreement amendment to obligate the balance of the mortgage, and general technical consultations.

USAID and ALO should work closely with AFRICARE in designing the October mid project evaluation to include analysis of concerns about trade and transport evolution, distribution networks and management implications of the reorganization of the Ministry of Rural Development.

AFRICARE and VITA project staff and counterparts should participate in peer exchange and advice networking activities of agriculture economics and research projects in Cameroon, and agricultural equipment research in Niger and cooperative marketing activities in Equatorial Guinea.

## CCCD Project

### Background

The CAR CCCD project is designed to assist the GOCAR in reducing childhood morbidity and mortality due to preventable diseases such as measles, polio, pertussis, etc. Major project activities include immunizations, diarrheal disease control (through oral rehydration therapy) and the presumptive

treatment of malaria. The four-year activity was authorized obligated in May 1984 at a total project cost of $691,000. To date, approximately $600,000 has been expended/committed. Due to a prolonged start-up period of almost two years, the PACD was extended to May 1989 with no additional increase in LOP costs. A CDC technical officer and began work in January 1986. UNICEF is the other major donor contributing to this project and provides significant levels of commodity and technical support particularly to the vaccination component of the project. In February 1988, a joint CDC/USAID design team will visit the CAR to plan for a one-year extension of the project (to May 1990) at an estimated cost of $275,000 which has already been budgeted in the FY 88 OYB.

Review

Implementation - There is no doubt that the CCCD Project is one of the most effective projects in the CAR portfolio. The project is beginning to see some positive results in terms of small increases in vaccination coverage and decreases in disease-specific (particularly measles) morbidity and mortality rates. There is strong other donor support through UNICEF and a high level of GOCAR interest and participation as evidenced by the creation of a specific line item in the government budget for the support of this project and the assignment of a top-notch physician to supervise the project and work as a counterpart to the CDC technical officer. Other notable elements of this project include an excellent CAR multi-year national program plan and sincere GOCAR sensitivity to sustainability issues such as the need to develop a cost recovery mechanism for this project. (A recent cost study done by project consultants indicates that there is a strong potential for developing a cost recovery/fee for service system in this project.)

Management - Day to day technical management of the AID-financed portion of the project is provided by a full-time CDC technical officer. Other technical and administrative support is provided by the ALO (an estimated 10% of his time). All non-local procurement is done by USAID/Yaounde. Neither the ALO/CAR or USAID/Yaounde health officer feel that the levels of supervisory/administrative support required by this project is a problem and that there is no need for any major change in the way the project is currently managed.

The CCCD Project poses a dilemma in terms of the current CAR program strategy. It is clear that the main AID sector of emphasis in the CAR is in agriculture and the CCCD Project doesn't "fit" into this strategy. Despite the current progress and enormous potential of this project, in order to have a strong, focused program of assistance in the agricultural

sector, assistance in the health sector (CCCD Project) will need to begin scaling down and eventually phase out. However, this phasing out process needs to be carefully planned to avoid any premature disengagement that might jeopardize the gains already achieved by the project.

Recommendations

Assistance provided through the CCCD Project should be continued on a progressively diminishing basis. The GOCAR and other donors, particularly UNICEF, should be encouraged to assume increasing responsibility for the AID-financed elements of this project. The extension design team should proceed with the development of the project extension until 1990 as recommended by the 1986 evaluation team, and the design team should make clear to all concerned that AID intends to phase out of this project. The design team should also assess the extent of progress in implementing evaluation recommendations to determine whether a two year extension to 1991 would be more appropriate. This would assure that sufficient time would be available for an orderly A.I.D phase out of the CAR subproject. The PACD of the regional CCCD Project is September 1991 so that there would be sufficient time remaining to accommodate a two year CAR extension. The strategy review team believes that one of the key factors in making this decision will be an estimation of the GOCAR progress in developing a cost recovery element for the CCCD Project. Sufficient time should be planned in the extension for cost recovery elements to become fully operational.

ALO/CAR and USAID/Yaounde staff time to manage this project has not been cited as a major problem so no recommendations are being made for any changes at the present time. However, ALO/CAR and USAID/Yaounde should continue to monitor the management time required by this project in terms of the increased staff time which will be required to develop and implement the recommended new Agricultural project in FY 1990. It may be prudent to include provisions in the CCCD extension budget to hire a local PSC to assist with providing logistical and administrative support. At the present time, however, the workload seems manageable and an additional PSC does not seem necessary.

## Human Resources Development

Background

Training has been a vital element of all CAR projects. There are training elements included in the two bilateral projects (Rural Enterprise Development/Africare and Post Harvest Food Systems/VITA-Africare), training provided through the three

regionally funded projects (AMDP, AFGRAD, and CCCD) and training provided through the ST/POP centrally-funded JHPIEGO program. There has been a combination of long and short-term U.S. and third country training and a significant amount of in-country short-term training.

Over the past four years there have been about twenty long-term participants sent to the U.S. for bachelors and masters level. This long-term training has emphasized management, finance and economics (about 50 percent of the participants). The remaining participants have studied for degrees in forestry, engineering and agriculture. Short-term in-country training has focussed on general management and health topics. Approximately one hundred persons have received management training by the University of Pittsburgh in five in-country seminars. An additional one hundred plus persons have been trained in-country as part of the CCCD project and there are plans to train as many as one thousand persons by the PACD for this project. The training provided by the two bilateral projects has emphasized highly specific technology related topics such as proper bee-keeping practices, how to make and use rat guards, the maintenance and use of peanut grinders, etc. The training provided by JHPIEGO (about thirty persons over the past four years) has been in reproductive health topics such a laparoscopy and anesthesia techniques, and family planning program administration.

Towards the end of FY 87, the CAR received an additional allocation of $500,000 from the AMDP Project to provide training in support of the GOCAR civil service reform program. Currently there is no specific plan for use of these funds, but a training needs assessment has been completed recently and ALO/CAR and USAID/Yaounde hope to use this assessment to develop more specific training plans for use of these funds. No problem is anticipated in programming these supplemental funds as originally planned.

Review

Implementation - In general, the AID-financed training provided to date appears to have been of good quality and has been well received by the GOCAR. Given the current CAR program strategy, one would have expected to see more agricultural degrees and more agricultural topics among the short-term training programs than has occurred to date. In any event, it appears that the training element of the CAR portfolio has been moving along quite nicely and there appears to have been no major difficulties.

There has been strong GOCAR support for and interest in AID-financed training. Despite the current GOCAR budget difficulties the government finances one half of each

participant's travel costs to the U.S. In view of the importance of training to the current civil service reform the GOCAR is keenly interested in the training assistance to be provided by AID in this area.

Management - The Embassy assigned to the ALO a full-time local program assistant who devotes approximately fifty percent of his time to participant training activities. This individual is responsible for all participant identification (with the review/concurrence of the ALO), screening, interviewing, training program identification and general processing. Participant dossiers are prepared and forwarded by cable to USAID/Yaounde where necessary PIO/P's are prepared and final processing is done. Processing CAR participants accounts for about five percent of a USAID/Yaounde staff person's time. Since there have been only about twenty long-term CAR participants over the past four years, the workload on ALO/CAR and USAID/Yaounde has been easily managed. (About 75 participants per year including CAR, Equatorial Guinea and Cameroon are processed by USAID/Yaounde with the majority being from Cameroon). The participants financed by JHPIEGO (about 5 or 6 a year) are processed by the ALO/CAR and have not required much management time since the numbers are relatively small. The JHPIEGO Baltimore staff handle most of the administrative details. In summary, there appears to be no unusual management burden imposed by the CAR participants and therefore there seems to be no need to modify how the current training activities are managed.

Recommendations

Training assistance to the CAR should continue to use a combination of bilateral, regional and central funding mechanisms. A strong training component should be included inthe new Agriculture project with regional/central projects being used to supplement the bilateral training. Given the need to more narrowly focus the overall AID program strategy for the CAR, training assistance should begin also to hone in on the agriculture sector.

A more sharply focused training strategy would not be inconsistent with current plans to assist the GOCAR with its civil service reform program. AID training support for civil service reform would still be provided but training should be limited to candidates that come from the Ministry of Rural Development and related organizations and training topics should focus on agriculture or agriculturally-related topics.

Also, it appears that, as a result of the civil service reform and GOCAR efforts to reduce the size of the civil service, there will be large numbers of well-educated Central Africans

who will not have a job and who will need retraining. This means that there may be less of a need for long-term U.S. degree training and more of a need for short-term, highly-specific training in areas such as agricultural marketing and distribution. Long-term degree training should continue to be part of the CAR program but it should be limited in favor of short-term, in-country, non-degree training.

## Special Self Help and Small Project Activities

### Analysis

Special Self Help is a continuing activity, averaging about $ 80,000 dollars a year. It is administered by the Embassy. Small Project Activities, run by the Peace Corps, has received $ 160,000 to date, but no funds were obligated in FY 1987 due to the large unexpended funding balance. These activities are for objectives outside of the country specific AID development strategy. A.I.D. has ultimate oversight responsibility for for these funds. Special self help, which works with local groupings, has less inherent formal government support in terms of counterpart funds than other projects, but government cooperation is good when needed. Small project activities are designed so that they don't require much formal GOCAR support. Although the Embassy gave higher ranking to these projects for their importance in achieving strategy objectives than the ALO did, it is clear that these two projects are of lesser importance to the program. Both require more input by the Embassy or Peace Corps than by the ALO, and each requires considerable time and effort by the AID Controller staff. Together, they consume half the time that AID controllers office spends on CAR projects.

### Recommendation

Although the situation has improved and both projects involve only .03 percent of a workyear for one member of the controller staff, these projects are administratively very expensive for AID in comparison with their size. Because USAID/Cameroon has no substantive first hand knowledge of the activities, we strongly recommend that alternative financial control procedures be established, along the lines recommended in 87 Yaounde 10556.

We also suggest that AA/AFR request examination of simpler, less time consuming control mechanisms be established fpr all Africa Bureau Special Self Help and Small Project Activities to save scarce administrative resources.

## Human Rights

Any Human Rights activities should be implementated and managed by the Embassy in Bangui. Administrative arrangements should be made so that USAID Cameroon Executive and Controllers office workload is minimized.

## Central African Republic

### Economic Situation and Structural Adjustment Program

The Central African Republic is a sparsely populated landlocked country in the heart of Africa, with a population of about 2.6 million people. About 70 percent of the population live in rural areas. CAR had a per capita income of $ 290 in 1986. Agriculture and forestry account for 41 percent of the GDP in 1984. Mining and manufacturing amount to 11 percent, utilities and construction for four percent, and services for 44 percent.

The major constraints to CAR's development are the country's landlocked position, difficult transport conditions, sparse population, limited domestic market and weak human resource base. Transport bottlenecks raise production and inventory costs and reduce export competitiveness.

Severe economic mismanagement resulted in declining output and per capita income between 1977 and 1982. The agriculture sector, reforms starting in 1970 were implemented by parastatals through the use of directive cooperativization and shattered the early stages of private entrepreneurial activity. In addition to adverse external factors, real producer prices for cash crops fell, the state intervened excessively in almost all economic activities, and deteriorating rural development services and disintegrating roads reduced agricultural production. Excessive expansion of the civil service resulted in personnel expenditure levels which were 89 percent of fiscal revenues in 1981. Unsound public investments, creation of uneconomic public enterprises and borrowing at high interest rates resulted in major internal and external imbalances which the Government attempted to finance through accumulating arrearages in payments. This resulted in donors and investors losing confidence in the CAR's economic policies and reduced official and private capital inflows, with the result that public investments averaged only 7 percent of GDP.

### Economic Stabilization Efforts 1982-1986

Serious attempts at economic recovery began early in 1982 under President Kolingba's leadership. The CAR has made sustained economic stabilization and structural adjustment efforts for the past six years. From the IMF the CAR has received four standbys and a Structural Adjustment Facility credit. The IBRD has given the CAR a Structural Adjustment Credit in August 1986 followed by a Cotton Sector Structural Adjustment Loan. In late 1985, the CAR obtained substantial relief in the Paris Club debt rescheduling. The UNDP sponsorted a donors' conference in June 1987, as the start to the Round Table process. One of the most important signs of progress during the past five years has been the steady improvement in the economic dialogue and policy discussions at all levels from donors meetings to project design and implementation exercises.

Between 1981 and 1986, the CAR concentrated on promoting exports, agricultural production and reducing fiscal imbalances. During that period, cotton producer prices were increased in real terms, fertilizer subsidies reduced, and the performance of the rural development agency (SOCADA) was improved by reducing its overhead costs and labor force, cotton transport was subcontracted to the private sector and a number of ginneries were closed. Production and average yields more than doubled, between 1981 and 1985, and food crop production rose in line with cotton production in line with the CAR's decision to reduce its intervention in food crop marketing and the reappearance of consumer goods in rural areas. Real GDP and agricultural value added rose at average annual rate of 2.1 percent and 1.9 percent respectively.

Official diamond and gold exports increased after export taxes were removed. Because of drought and the drop of cotton production in 1986, exports have declined by 0.6 percent per annum, while imports have increased by the same amount in real terms, due mainly to sharp increases in consumer and capital goods imports in 1985. The current account deficit deteriorated to about 16.0 percent of GDP in 1986 from 15.0 percent in 1983 and 1984.

During 1982-1986, the GOCAR took a number of actions to reform the parastatal sector. The Government liquidated two timber and wood processing enterprises, three state banks, and the national airline. They have abolished government run cooperatives and found private partners for petroleum and textile companies. The palm oil/soap company, the insurance company, a slaughterhouse and a printing office are all stated for privatization.

Substantial progress has been made on public finance. Budgetary deficits on a commitments basis before amortization of public debt (excluding official transfers and foreign financed investment outlays) have been reduced drastically from about 4.0 percent of GDP in 1981 to 1.6 percent in 1986 due to increased revenues and improved expenditure control. Between 1982 and 1985, fiscal revenues have risen in nominal terms by 32 percent, or from 11.7 to 11.9 percent of GDP, due to several tax increases, reductions in customs duty exemptions and strengthened tax collection. In 1986, fiscal revenues declined to 11.1 percent of GDP because of a decline in coffee tax recepits and indirect taxes. On the expenditure side, wage and salary payments declined from 66 percent of budgetary revenues in 1982 to 62 percent in 1986. The GOCAR established recruitment quotas, froze salaries, reduced the number of children eligible for family allowances, and introduced procedures to dismiss civil servants for incompetence. The public sector continues to be burdened with excessively high personnel costs which severely limit the availability of resources for operational and development purposes.

The Government has succeeeded in alleviating the inherited public debt burden. At the end of 1986 the CAR's outstanding external debt(including the IMF), amounted to US $ 414 million, or about 43 percent of estimated GDP. Following the Paris Club rescheduling of November 1985, at which the CAR received debt relief of US $ 15.2 million for payments due between July 1985 and December 1986, external debt service obligations, including IMF purchases, fell from an average of US $ 33 million before rescheduling to US $23.8 million in 1985 and US $ 27.2 million in 1986. The debt servicing to exports ratio after rescheduling was 13.8 percent (including debt to the IMF).

The economy has responded and per capita income grew slightly in the past two years, although economic performance remains well below potential. Despite these reform efforts, the CAR is still constrained by a number of major structural problems which impede increasing per capita GDP and obtaining a sustainable external payments position. Problems include:

-- weaknesses in economic planning and procedures;

-- poor performance in revenue collection;

-- civil service wage bill which is still excessive compared with government revenue;

-- inefficiencies in parastatal enterprises;

-- a low level of participation of the private sector in economic activity;

-- an agricultural policy which provides inadequate support services to the population and relatively weak incentives to increase productivity and output; and

-- an educational system poorly adapted to the country's social and economic needs.

Because domestic saving rates remain marginal, the investment program is mainly foreign financed, and the CAR still relies heavily on budgetary aid and debt rescheduling.

## The Current Structural Adjustment Program

The Five Year Development Plan for 1986-1990 was a major turning point. It provided a sound strategic framework for fundamental policy reforms necessary to achieve sustainable medium term growth. The IBRD, IMF and several key donors worked with the GOCAR to translate the plan into a coherent and detailed action program for structural adjustment. The first phase of the Structural Adjustment Program (SAP) is supported

by: (1) an IDA credit of $30 million (1986) from the Special Facility for Sub-Saharan Africa for disbursement over 18 months; (2) 12 month Standby for special drawing rights (SDR 8 million); and (3) under the IMF Structural Adjustment Facility a total of SDR 14.3 million for a three year period.

The SAP aims to achieve some growth in real per capita income during 1987-1990, while limiting the current account deficit to a sustainable level without inflation. The SAP and the Plan stress an agriculture led growth strategy based on comparative advantage and the creation of a favorable environment for private sector activities, trade and price liberalization, and increasing the level of public investments in support of productive activities.

The current SAP objectives and achievements under the program are:

(1) Maintain an environment favorable to private sector development, by liberalizing prices, suppressing unnecessary administrative controls, searching for means to increase private sector domestic savings and direct them towards productive investments and promoting small and medium size enterprises.

Achievements

-- To date, the pricing system has been steadily reformed, including liberalized fixed margins on luxury goods, fixed margins on spare parts have been abolished, prices on locally manufactured goods have been liberalized, and margins on imported goods eliminated;

-- Foodcrop pricing has been liberalized, accounting reforms have been made, timber taxes lowered and other measures taken;

-- Import quotas were abolished, and the licensing system removed, and the export authorization system was replaced by export declaration system;

-- In 1987 and 1988 budgets, 80 percent of the new starts went to rural development and infrastructure activities that have an immediate impact on production;

-- The IBRD fifth transport project focuses on improving transportation services, reducing costs, assuring maintenance of infrastructure;

-- The second tranche of Structural Adjustment program is planned for FY 1988.

(2) Disengage the State from operating productive and commercial enterprises and improve management of enterprises remaining in the public sector.

Achievements:

-- negotiated and started implementing cotton subsector Structural Adjustment Credit, which supports reform of institutions and incentives for the cotton industry, with the objective of full export parity pricing by the end of project. The cotton mixed enterprise had 2500 employees in 1985 (including 38 non-African expatriates) and it consumed nearly 47 percent of the 1987 agriculture investment budget. At present, 25 percent of the company is owned by French commercial interests, thus bringing domestic French commercial factors into play. Progress has been uneven, particularly in meeting full export parity pricing given low world market prices.

-- efforts to reform and restructure parastatals are continuing.

(3) Improve management of public funds and increase efficiency of public administration, including reduction of the budget deficit, improvements in revenue collection and reduction in the number of public servants, while providing better training and motivation for those who remain in public service.

Achievements:

-- The Government had hoped to reduce the budget deficit from 1.6 percent of GDP in 1986 to 0.2 percent in 1987, with a positive balance thereafter. However, the drop in World cotton and cocoa prices has resulted in severely reduced deficits. The current account budget deficit was expected to worsen from 15.8 percent to 16.1 percent because of low world commodity prices, but the current account budget deficit was expected to decline to about 13 percent in 1990.

-- Public debt (including debt to the IMF) would go from 13.8 percent of export earnings and non-factor services in 1986 to 18.3 percent in 1989, but are expected to decline to 15.9 percent in 1990.

-- The Government introduced a tough series of fiscal revenue and other measures in late 1986 to meet the deepening problems due to falling commodity prices.

36

-- The Government is implementing a program of reducing civil service employees, and strictly limiting new hires. From September 1986 to March 1987, 260 civil servants left the state payroll and only 110 new ones were hired. It is presently implementing a program which will reduce the number of civil servants from about 27,000 to 17,000 at the end of the period, and the salary bill to 50 percent of fiscal revenues. The GOCAR carried out a strict employment verification exercise, backed by computers, and has completed reorganization plans for seven out of 21 Ministries. Personnel made redundant will go into a manpower pool and (1) be transferred immediately to another Ministry that can use their skills; or (2) retrained and transferred, or (3) offered voluntary retirement.

(4) Strengthen the tools for planning, evaluation, management and follow up of projects, including establishment of the three year rolling program within the Five Year Plan, and a regular report on progress under the current annual investment plan.

Achievements

-- In the process of preparing the new plan with its strengthened analysis, the GOCAR strengthened and revamped its planning and budget process.

-- A resident IBRD staffer has been assisting the Planning Ministry in revamping the planning process, and will be there for two years.

-- The IBRD will post a full time Resident Representative to Bangui.

(5) Adapt education and training to the needs of society and economy, beginning with primary education and proceeding through higher education.

Achievements:

-- The CAR now has about 3,000 unemployed people with university training which cannot be absorbed into the civil service. At the same time there is a shortage of technically trained specialists.

-- An IBRD education sector project is up for approval this December. It is designed to extend to education the gains made in public management and administration under the Structural Adjustment Program, thus increasing the efficiency of education sector through a program of management reform and improved use of resources. The project requires a three year action plan, which includes:

(a) annual review of sector budget targets (proportion allocated to education, raising primary education to 60 percent and materials to 8 percent of education operating budget);

(b) reduction of government expenditure on scholarships from 16 to 8 percent of recurrent education budget;

(c) concentration of overseas scholarships on key scientific, management and technical fields not available in Bangui;

(d) reduction of the proportion of non-teachers through staff redeployment, in-service training, and personnel planning; and

(e) classroom rehabilitation/maintenance.

Conclusions

The Structural Adjustment Program is running into difficulties in CAR, particularly due to low world commodity prices, exchange and reduced reduced rainfall which have severely affected both government and foreign exchange earnings. A debt rescheduling program in 1988 is a near certainty. Although the reforms have apparently had the impact of strengthening rural economy compared to the pre Kolingba era, the urban (Bangui) economy is not as strong. Austerity measures have hit home. The civil reforms and especially the recent reductions of scholarship and academic reform have caused unease and student strikes. The President is sticking determinedly to implementing his structural adjustment reforms and has been very open regarding the economic problems of CAR.

It should be noted however, that the availablility of commodities and the standard of living in rural Central Africa have improved considerably over the past decade. This is a result of policy reform measures and improved transportation. Adult literacy is now over 30 percent rather than under 20. More government and private sector economic and social services activities are clearly available. The urban economy has stagnated, however, and physical conditions have not improved.

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CENTRAL AFRICAN REPUBLIC - ECONOMIC INDICATORS



Mid-1986 Population (mils.) 3.00
1986 Per Capita GNP in US$: 290.00

| | A. Shares of Gross Domestic Product (from current price data) | | | | | | B. Growth Rates (% per annum) (from constant price data) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1965 | 1973 | 1980 | 1984 | 1985 | 1986p | 1965-73 | 1973-80 | 1980-85 | 1985 | 1986p |
| Gross Domestic Product c.p. | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 2.9 | 1.7 | 0.3 | 2.9 | .. |
| Net Indirect Taxes | 5.7 | 7.9 | 5.9 | 5.7 | 5.4 | 5.2 | .. | .. | .. | .. | .. |
| Agriculture | 43.6 | 36.1 | 37.6 | 39.1 | 38.8 | 39.1 | 2.1 | 1.8 | 2.2 | 3.0 | .. |
| Industry | 14.6 | 24.7 | 18.9 | 14.0 | 13.6 | 14.5 | 7.1 | 3.2 | 1.0 | 1.2 | .. |
| (of which Manufacturing) | 3.8 | 7.2 | 6.8 | 7.9 | 7.6 | 7.8 | .. | 3.8 | -1.8 | 1.4 | .. |
| Services | 36.0 | 31.3 | 37.6 | 41.2 | 42.2 | 41.4 | 1.6 | 1.9 | -1.4 | 3.7 | .. |
| Resource Balance | -10.6 | -14.2 | -16.6 | -12.2 | -13.9 | -12.8 | .. | .. | .. | .. | .. |
| Exports of GNFS | 27.1 | 25.2 | 26.1 | 23.3 | 25.3 | 20.3 | 0.8 | 2.7 | 1.2 | 7.7 | -11.1 |
| Imports of GNFS | 37.7 | 39.4 | 42.8 | 35.5 | 39.2 | 33.1 | 1.7 | 6.2 | 0.1 | 3.7 | 4.2 |
| Total Expenditures | 110.6 | 114.2 | 116.6 | 112.2 | 113.9 | 112.8 | 2.8 | 2.9 | 0.0 | 2.0 | .. |
| Total Consumption | 89.2 | 92.1 | 109.6 | 100.4 | 97.5 | 99.1 | 3.0 | 4.8 | -1.3 | 1.9 | .. |
| Private Consumption | 66.9 | 71.5 | 94.5 | 86.4 | 84.5 | 86.3 | 3.4 | 6.0 | -0.7 | 2.0 | .. |
| General Government | 22.2 | 20.7 | 15.1 | 14.0 | 12.9 | 12.8 | 1.7 | -0.9 | -4.6 | 1.4 | 4.5 |
| Gross Domestic Investment | 21.4 | 22.1 | 7.0 | 11.8 | 16.4 | 13.7 | 2.3 | -10.6 | 14.3 | 2.7 | 0.9 |
| Fixed Investment | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Changes in Stock | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Gross Domestic Saving | 10.8 | 7.9 | -9.6 | -0.4 | 2.5 | 0.9 | 4.6 | .. | .. | .. | .. |
| Net Factor Income | -0.3 | -0.2 | 0.3 | 1.6 | 1.8 | 2.0 | .. | .. | .. | .. | .. |
| Net Current Transfers | .. | 8.4 | 10.1 | 8.4 | 8.1 | 8.5 | .. | .. | .. | .. | .. |
| Gross National Saving | .. | 16.1 | 0.8 | 9.7 | 12.4 | 11.4 | 12.0 | .. | .. | -10.0 | .. |
| In millions of LCU's (at constant 1980 prices) | 1965 | 1973 | 1980 | 1984 | 1985 | 1986p | | | | | |
| Gross Domestic Product | 125.00 | 154.00 | 168.00 | 168.00 | 173.00 | .. | 2.90 | 1.70 | 0.30 | 2.90 | .. |
| Capacity to Import | 28.00 | 32.00 | 44.00 | 44.00 | 45.00 | 44.00 | 0.90 | 5.90 | 0.40 | 1.90 | -1.00 |
| Terms of Trade Adjustment | 7.00 | 5.00 | 0.00 | -1.00 | -4.00 | 1.00 | .. | .. | .. | .. | .. |
| Gross Domestic Income | 132.00 | 158.00 | 168.00 | 167.00 | 169.00 | .. | 2.80 | 2.40 | 0.10 | 1.30 | .. |
| Gross National Product | 124.00 | 153.00 | 169.00 | 171.00 | 176.00 | .. | 3.00 | 1.80 | 0.70 | 2.80 | .. |
| Gross National Income | 131.00 | 158.00 | 169.00 | 171.00 | 173.00 | .. | 3.00 | 2.50 | 0.50 | 1.20 | .. |

| C. Price Indices | (1980 = 100) 1980 | 1982 | 1983 | 1984 | 1985 | 1986p | Inflation Rates (% p.a.) 1965-73 | 1973-80 | 1980-85 | 1985 | 1986p |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Consumer Prices (IFS 64) | 100.0 | 127.3 | 144.3 | 157.4 | 171.3 | 184.3 | 4.3 | 11.9 | 11.5 | 8.8 | 7.6 |
| Wholesale Prices (IFS 63) | 100.0 | 131.1 | 142.5 | 151.1 | 161.2 | 167.5 | 3.4 | 10.8 | 9.9 | 6.7 | 3.9 |
| Implicit GDP Deflator | 100.0 | 130.9 | 149.4 | 166.4 | 183.6 | .. | 3.0 | 14.8 | 13.0 | 10.3 | .. |
| Implicit Expenditures Deflator | 100.0 | 137.7 | 157.1 | 165.0 | 186.4 | .. | 3.1 | 13.6 | 13.1 | 13.0 | .. |

| D. Other Indicators | 1965-73 | 1973-80 | 1980-85 |
|---|---|---|---|
| Growth Rates (% p.a.): | | | |
| Population | 1.6 | 2.2 | 2.5 |
| Labor Force | .. | .. | .. |
| Gross National Income p.c. | 1.4 | 0.3 | -2.0 |
| Private Consumption p.c. | 1.8 | 3.8 | -3.1 |
| Import Elasticity: | | | |
| Imports (G+NFS) / GDP (mp) | 0.6 | 3.6 | 0.2 |
| Marginal Savings Rates: | | | |
| Gross National Saving | .. | -154.8 | 556.4 |
| Gross Domestic Saving | -7.2 | -197.7 | 2006.8 |
| ICOR (period averages): | .. | .. | .. |

| Share of Total Labor Force in: | 1965 | 1973 | 1980 | 1985 |
|---|---|---|---|---|
| Agriculture | | | | |
| Industry | | | | |
| Services | | | | |
| Total | | | | |

Notes: p = preliminary data

## CENTRAL AFRICAN REPUBLIC - ECONOMIC INDICATORS

| | Volume Index (1980 = 100): | | | | | | Value at Current Prices (millions US$): | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E. Merchandise Exports | 1980 | 1982 | 1983 | 1984 | 1985 | 1986p | 1980 | 1982 | 1983 | 1984 | 1985 | 1986p |
| Commodity 1 - Diamonds | .. | .. | .. | 100 | 105 | 103 | .. | .. | .. | 32.57 | 33.72 | 36.47 |
| Commodity 2 - coffee | .. | .. | .. | 100 | 145 | 100 | .. | .. | .. | 24.14 | 41.18 | 29.34 |
| Commodity 3 - Wood | .. | .. | .. | 100 | 81 | 77 | .. | .. | .. | 20.6 | 20.03 | 23.27 |
| Commodity 4 - Cotton | .. | .. | .. | 100 | 110 | 102 | .. | .. | .. | 20.6 | 15.14 | 12.68 |
| Manufactures | .. | .. | .. | 100 | .. | .. | .. | .. | .. | .. | .. | .. |
| Other Exports | .. | .. | .. | 100 | 126 | 126 | .. | .. | .. | 17.09 | 21.26 | 29.51 |
| Total Merchandise Exports FOB | .. | .. | .. | 100 | .. | .. | .. | .. | .. | 114.96 | 131.33 | 131.27 |
| F. Merchandise Imports | | | | | | | | | | | | |
| Food | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| POL and Other Energy | .. | .. | .. | .. | .. | .. | .. | .. | .. | 13.27 | 17.81 | 20.16 |
| Other Imports | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Other Consumer Goods | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Other Intermediate Goods | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Capital Goods | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Total Merchandise Imports FOB | .. | .. | .. | .. | .. | .. | .. | .. | .. | 140.06 | 168.05 | 180.07 |

| G. Terms of Trade (1980 = 100) | 1980 | 1982 | 1983 | 1984 | 1985 | 1986p |
|---|---|---|---|---|---|---|
| Merch. Exports Price Index | 100.0 | 86.7 | 84.9 | 87.8 | 82.2 | 92.00 |
| Merch. Imports Price Index | 100.0 | 98.0 | 95.7 | 94.3 | 94.3 | 104.6 |
| Merchandise Terms of Trade | 100.0 | 88.5 | 88.7 | 93.1 | 87.2 | 87.9 |

Notes: p = preliminary data

| | US$ millions (at current prices): | | | | | |
|---|---|---|---|---|---|---|
| H. Balance of Payments | 1980 | 1982 | 1983 | 1984 | 1985 | 1986p |
| Exports of Goods and NFS | 201 | 166 | 159 | 149 | 178 | 197 |
| Merchandise (FOB) | 147 | 124 | 123 | 114 | 131 | 131 |
| Non-Factor Services | 54 | 42 | 35 | 35 | 47 | 66 |
| Imports of Goods and NFS | 327 | 255 | 239 | 226 | 276 | 322 |
| Merchandise (FOB) | 185 | 150 | 137 | 140 | 168 | 180 |
| Non-Factor Services | 142 | 105 | 101 | 86 | 108 | 142 |
| Resource Balance | -126 | -89 | -80 | -77 | -98 | -125 |
| Net Factor Income | 3 | -7 | -11 | -10 | -7 | -12 |
| (interest per DRS) | 1 | 2 | 7 | 6 | 7 | 7 |
| Net Current Transfers | 81 | 55 | 63 | 53 | 59 | 69 |
| (workers remittances) | .. | .. | .. | .. | .. | .. |
| Current Account Balance | -43 | -41 | -27 | -33 | -46 | -68 |
| Long-Term Capital Inflow | 56 | 3 | 43 | 50 | 55 | 63 |
| Direct Investment | 5 | 9 | 4 | 5 | -1 | .. |
| Official Capital Grants | .. | .. | .. | .. | .. | .. |
| Net LT Loans (DRS data) | 40 | 17 | 22 | 24 | 47 | 63 |
| Other LT inflows (Net) | 11 | -22 | 18 | 21 | 9 | .. |
| Total Other Items (Net) | -2 | 30 | -19 | -10 | -29 | 6 |
| Net Short-term Capital | -5 | 23 | -16 | -15 | -17 | 6 |
| Capital Flows N.E.I. | 0 | 0 | 0 | 0 | 0 | 0 |
| Errors and Omissions | 3 | 8 | -3 | 5 | -12 | 0 |
| Changes in Net Reserves | -10 | 7 | 2 | -7 | 20 | -1 |
| Net Credit from IMF | -3 | 2 | 4 | -1 | 2 | 0 |
| Other Reserve Changes ( - indicates increase) | -7 | 5 | -2 | -6 | 18 | -1 |
| As shares of GDP: | | | | | | |
| Resource Balance | -15.9 | -13.5 | -13.2 | -12.0 | -13.9 | -12.9 |
| Interest Payments | 0.1 | 0.4 | 1.1 | 0.9 | 1.0 | 0.7 |
| Current Account Balance | -5.4 | -6.3 | -4.4 | -5.1 | -6.5 | -7.0 |
| Memorandum Items: | | | | | | |
| Internat'l Reserves (mil. US$) | 55 | 46 | 47 | 53 | 50 | 64 |
| Reserves incl. Gold (mil. US$) | 62 | 52 | 51 | 56 | 53 | 69 |
| Official X-Rate (LCU's/US$) | 211.30 | 328.62 | 381.07 | 436.96 | 449.26 | 346.30 |
| Index Real Eff. X-R Base 1980 | 100.00 | 95.77 | 93.30 | 90.82 | 93.07 | 99.06 |
| GDP (millions of current US$) | 797 | 658 | 604 | 639 | 705 | 967 |

40

CENTRAL AFRICAN REPUBLIC - ECONOMIC INDICATORS

| I. Budget (specify level) | Shares of GDP (%) 1980 | 1982 | 1983 | 1984 | 1985 | 1986p | Growth Rates (% c.a.) 1980 - 83 | 1984 | 1985 | 1986p |
|---|---|---|---|---|---|---|---|---|---|---|
| Current Receipts | .. | .. | .. | 0.14 | 0.13 | 0.12 | .. | 0.00 | -0.07 | -0.09 |
| Current Expenditures | .. | .. | .. | 0.13 | 0.13 | 0.13 | .. | 0.00 | 0.00 | 0.00 |
| Current Budget Balance | .. | .. | .. | 0.01 | 0.00 | -0.02 | .. | 0.00 | -0.56 | -4.84 |
| Capital Receipts | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Capital Expenditures | .. | .. | .. | 0.10 | 0.14 | 0.11 | .. | 0.00 | 0.36 | -0.16 |
| Overall Balance (com. basis) | .. | .. | .. | -0.09 | -0.13 | -0.13 | .. | 0.00 | 0.45 | -0.02 |
| Official Capital Grants | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| External Borrowing (net) | .. | .. | .. | 0.10 | 0.13 | 0.12 | .. | 0.00 | 0.30 | -0.10 |
| Domestic Non-Bank Financing | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Domestic Bank Financing | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |

| J. External Capital Flows, Debt and Debt Burden Ratios | Net Disbursements (US$ millions) 1980 | 1982 | 1983 | 1984 | 1985 | 1986p | Debt Outstanding & Disbursed (US$ mil.) 1980 | 1982 | 1983 | 1984 | 1985 | 1986p |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Public & Publicly Guaranteed LT | 40 | 17 | 22 | 24 | 42 | .. | 160 | 208 | 215 | 223 | 296 | .. |
| Official Creditors | 40 | 17 | 23 | 25 | 43 | .. | 123 | 181 | 190 | 200 | 273 | .. |
| Multilateral | 23 | 8 | 12 | 20 | 26 | .. | 59 | 74 | 82 | 98 | 135 | .. |
| of which IBRD | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| of which IDA | 10 | 2 | 4 | 12 | 11 | 19 | 29 | 35 | 38 | 49 | 63 | 86 |
| Bilateral | 17 | 9 | 11 | 4 | 18 | .. | 64 | 108 | 108 | 101 | 138 | .. |
| Private Creditors | 0 | 0 | -1 | -1 | -1 | .. | 37 | 27 | 25 | 24 | 23 | .. |
| Suppliers | 0 | -1 | -1 | -1 | -1 | .. | 32 | 24 | 22 | 21 | 21 | .. |
| Financial Markets | 0 | 1 | 0 | 0 | 0 | .. | 5 | 3 | 3 | 2 | 3 | .. |
| Private Non-Guaranteed LT | .. | .. | .. | .. | .. | .. | 0 | 0 | 0 | 0 | 0 | .. |
| Total LT | 40 | 17 | 22 | 24 | 42 | .. | 160 | 208 | 215 | 223 | 296 | .. |
| IMF Net Credit | -1 | 2 | 5 | -1 | 2 | 1 | 7 | 24 | 27 | 24 | 28 | 33 |
| Net Short-Term Capital | -5 | 23 | -16 | -15 | -17 | 17 | 14 | 12 | 10 | 12 | 17 | .. |
| Total including IMF & Net ST | 34 | 41 | 10 | 8 | 27 | .. | 181 | 244 | 252 | 259 | 341 | .. |

| Bank and IDA Ratios | 1980 | 1982 | 1983 | 1984 | 1985 | 1986p |
|---|---|---|---|---|---|---|
| **Share of Total Long-Term DOD** | | | | | | |
| 1. IBRD as % of Total | .. | .. | .. | .. | .. | .. |
| 2. IDA as % of Total | 18.02 | 16.78 | 17.73 | 22.02 | 21.18 | .. |
| 3. IBRD+IDA as % of Total | 18.02 | 16.78 | 17.73 | 22.02 | 21.18 | .. |
| **Share of Total LT Debt Services** | | | | | | |
| 1. IBRD as % of Total | .. | .. | .. | .. | .. | .. |
| 2. IDA as % of Total | 18.75 | 8.51 | 2.23 | 3.27 | 4.44 | .. |
| 3. IBRD+IDA as % of Total | 18.75 | 8.51 | 2.23 | 3.27 | 4.44 | .. |
| **DOD-to-Exports Ratios** | | | | | | |
| 1. Long-Term Debt/Exports | 77.81 | 121.63 | 133.00 | 146.80 | 160.33 | .. |
| 2. IMF Credit/Exports | 3.60 | 13.66 | 16.61 | 15.73 | 15.38 | 13.78 |
| 3. Short-Term Debt/Exports | 6.82 | 7.02 | 6.17 | 7.90 | 9.21 | .. |
| 4. LT+IMF+ST DOD/Exports | 88.23 | 142.51 | 155.79 | 170.43 | 184.92 | .. |
| **DOD-to-GDP Ratios** | | | | | | |
| 1. Long-Term Debt/GDP | 20.05 | 31.62 | 35.66 | 34.93 | 41.99 | .. |
| 2. IMF Credit/GDP | 0.93 | 3.60 | 4.45 | 3.74 | 4.03 | 3.41 |
| 3. Short-Term Debt/GDP | 1.76 | 1.82 | 1.66 | 1.88 | 2.41 | .. |
| 4. LT+IMF+ST DOD/GDP | 22.74 | 37.04 | 41.77 | 40.55 | 48.43 | .. |
| **Debt Service/Exports** | | | | | | |
| 1. Public & Guaranteed LT | 0.78 | 2.75 | 11.05 | 10.07 | 7.31 | .. |
| 2. Private Non-Guaranteed LT | .. | .. | .. | .. | .. | .. |
| 3. Total LT Debt Service | 0.78 | 2.75 | 11.05 | 10.07 | 7.31 | .. |
| 4. IMF Repurchases + Serv Chgs. | | | | | | |
| 5. Interest Only on ST Debt | | | | | | |
| 6. Total (LT+IMF+ST Int.) | | | | | | |

Notes: p = preliminary data

41