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Report No. 150618-CF

**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

COUNTRY PARTNERSHIP FRAMEWORK

**FOR THE
CENTRAL AFRICAN REPUBLIC
FOR THE PERIOD FY21-FY25**

August 4, 2020

**Country Management Unit, AWCC1
Africa Western and Central Region**

The International Finance Corporation

The Multilateral Investment Guarantee Agency

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The date of the last Country Engagement Note (CEN) was July 30, 2015

CURRENCY EQUIVALENTS

(Exchange Rate Effective as July 31, 2020)

Currency Unit=CFAF (XAF)

US\$1.00 = XAF 559

FISCAL YEAR

January 1 – December 31

LIST OF ABBREVIATIONS

AfDB	African Development Bank
AFD	<i>Agence Française de Développement</i> (French Development Agency)
APPR	<i>Accord Politique pour la Paix et la Réconciliation</i> (Political Agreement for Peace and Reconciliation)
ASA	Advisory Services and Analytics
AU	African Union
CAR	Central African Republic
CEMAC	Central Africa Economic and Monetary Union
COVID-19	2019 Coronavirus Disease
CPF	Country Partnership Framework
CPIA	Country and Policy Institutional Assessment
CPSD	Country Private Sector Diagnostic
CSO	Civil Society Organizations
DB	Doing Business
DDR	Disarmament, Demobilization and Reintegration
DECA	Digital Economy Country Assessment
DPF	Development Policy Financing
DRC	Democratic Republic of Congo
DRM	Domestic Resource Mobilization
DSA	Debt Sustainability Analysis
ENERCA	<i>Energie Centrafricaine</i> (State-Owned Energy Company)
EU	European Union
FCI	Finance, Competitiveness and Innovation
FI	Financial Institutions
FY	Fiscal Year
FCV	Fragility, Conflict and Violence
GBV	Gender-Based Violence
GDP	Gross Domestic Product

GEF	Global Environment Facility
GEMS	Geo-Enabling Initiative for Monitoring and Supervision
GNI	Gross National Income
GP	Global Practice
GPE	Global Partnership for Education
ICASEES	<i>Institut Centrafricain des Statistiques et des Etudes Economiques et Sociales</i> (National Statistics Institute)
ICT	Information and Communications Technology
IDA	International Development Association
IDP	Internally Displaced Person
IFC	International Finance Corporation
IMF	International Monetary Fund
IOM	International Organization for Migration
IPF	Investment Project Financing
MFD	Maximizing Finance for Development
MIGA	Multilateral Investment Guarantee Agency
MINUSCA	Multidimensional Integrated Stabilization Mission in the Central African Republic
MOU	Memorandum of Understanding
MSMEs	Micro, Small, and Medium Enterprises
NGO	Non-Governmental Organization
PBF	Performance-Based Financing
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Financial Management
PIU	Project Implementation Unit
PLR	Performance and Learning Review
PPD	Public-Private Dialogue
PPP	Public-Private Partnerships
PSD	Private Sector Development
RCPCA	<i>Plan de Relèvement et de Consolidation de la Paix pour la République Centrafricaine</i> (National Peace and Recovery Consolidation Plan)
REDD	Reducing Emissions from Deforestation and forest Degradation
RRA	Risk and Resilience Assessment
SCD	Systematic Country Diagnostic
SDFP	Sustainable Development Finance Policy
SME	Small and Medium-sized Enterprises
SODECA	<i>Société de Distribution d'Eau de Centrafrique</i> (State-Owned Water Company)
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
TAA	Turn-Around Allocation

TAR	Turn-Around Regime
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations Children’s Fund
UNOPS	United Nations Office for Project Services
US\$	United States Dollars
USMS	<i>Unites Spéciales Mixtes de Sécurité</i> (Special Mixed Security Units)
WBG	World Bank Group
WHO	World Health Organization
WFP	World Food Program

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FY21-FY25 COUNTRY PARTNERSHIP FRAMEWORK FOR CENTRAL AFRICAN REPUBLIC

I. INTRODUCTION

1. **The Central African Republic (CAR), sparsely populated and landlocked in the heart of the continent, is one of the poorest and most fragile countries in the world despite its wealth in natural resources.** With a population of nearly 5.4 million in a territory the size of France and the Benelux, CAR finds itself at the very bottom of the Human Capital and Human Development indices. The country has been caught in a cycle of recurrent violence for over forty years. Institutions are weak, citizens lack access to basic services, the infrastructure deficit is enormous, gender-based violence (GBV) is widespread, more than one million people are displaced, and the social fabric is eroded. The country is endowed with impressive agricultural potential, minerals and forests, but their fruits have yet to benefit the population.

2. **The socio-economic and health impacts of the Coronavirus disease (COVID-19) will put additional strain on an already fragile system.** As of August 3, 2020, the number of confirmed cases of COVID-19 in CAR was 4,614, including 59 fatalities. However, these figures are likely to underestimate the true spread of the virus. CAR's outbreak is expanding, and the country is at heightened risk given its trade dependence on Cameroon where the outbreak is more advanced. The pandemic hits a population with high co-morbidities. The embryonic health system is under severe pressure. The Government has put in place a comprehensive and dynamic response strategy to save lives based on proactive testing, mandatory wearing of masks, social distancing measures and community-based surveillance. As a result of the COVID-19 pandemic, an additional 140,000 Central Africans are expected to be thrust into extreme poverty in 2020, adding to the 3.4 million people already below the international poverty line (US\$1.90 per day, 2011 PPP). The impact of COVID-19 is expected to result in a sharp economic downturn and stress public finances, with the economy projected to contract by 1.2 percent (3.1 percent in per-capita terms) in 2020, from growth of 3.1 percent in 2019, and the fiscal deficit will reach 4.1 percent of GDP in 2020. As the leading development partner, the World Bank Group (WBG) is at the core of the response, through a mix of new financing (Investment Policy Financing (IPF) and Development Policy Financing (DPF)), restructuring of existing projects and technical assistance. A conflict-sensitive recovery from COVID-19 drives the proposed WBG program. A "COVID-19 filter" will be applied to all existing and new financing, in accordance with the WBG Response Framework.

3. **CAR is at a critical inflection point, following the signature of an ambitious Peace Accord – with a subsequent sharp decline in violence - and ahead of a double electoral cycle.** The Political Agreement for Peace and Reconciliation (*Accord Politique pour la Paix et la Reconciliation - APPR*), signed in 2019 by the Government and the 14 officially recognized armed groups, articulates the country's detailed roadmap towards stabilization. The upcoming Presidential and General Elections, to be held before April 2021, and local elections in 2022, will constitute a major test for CAR. If held as scheduled, these elections hold the promise of putting the country on a long-term trajectory towards democratic governance and stabilization. Yet, there is also the risk that elections will not take place as planned, which could plunge CAR back into conflict and violence and wipe out the hard-earned gains of the past five years. Continued strong support from partners, including the WBG, is critical during this period.

4. **CAR's inflection point is the product of recent progress on security and development fronts, in an extremely challenging environment.** The APPR has held for 18 months – unprecedented for a peace accord in CAR. It has led to a sharp decline in conflict-related incidents and deaths. Armed groups are disarming in the West and have indicated their willingness to do so in the East. IDA resources were

mobilized for large investments in social development projects and the reconstruction of devastated basic service delivery assets. Foundational public sector and economic reforms were undertaken, with the goal of tackling the elite-driven poor governance environment. CAR'S score on the Country and Policy Institutional Assessment (CPIA) improved from 2.4 in 2014 to 2.6 in 2018. In 2019, the International Monetary Fund (IMF) completed a three-year program and agreed to a new one. CAR's longer-term economic outlook remains positive. However, all prospects hinge on a peaceful democratic transition, steadfast implementation of the APPR, and containing the socio-economic impacts of COVID-19.

5. **At face value, CAR's long-standing conflict expresses itself through repeated violent clashes between armed groups competing for resources, and with a state not capable of maintaining law and order.** The core business of the armed groups includes illegal exploitation of diamonds, smuggling of weapons, protection of or resistance against seasonal transhumance, and levying taxes on a population that is terrorized and victimized by widespread sexual violence. State attempts to impose itself throughout the vast territory are limited by weak capacity and legitimacy, coupled with poor connectivity and access. Deployment of civil servants and security forces poses huge challenges, leaving a void for the armed groups, whose interests and incentives are often fuelled by regional dynamics. CAR is under a United Nations (UN) arms embargo. The security of CAR's citizens rests with the UN peace-keeping force, the Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA), which not only struggles with logistical challenges of its own, but also faces the continuous trade-off between the use of dialogue versus the use of military force.

6. **Cycles of violence are deeply rooted in drivers of fragility, as identified by a 2018 Risk and Resilience Assessment (RRA).**¹ Those drivers include: (i) a lack of social cohesion at every level of society, which allows entrepreneurs of violence to capitalize on local grievances; (ii) concentration of political power in the hands of a small elite that is managing a state with little legitimacy and using institutions, including justice and security, to sustain itself; (iii) social and regional disparities between Bangui and the periphery, and between the East and the rest of the country, which have created grievances, fostered a perception of inequality and lack of inclusion, and contributed to the emergence of armed groups; (iv) elite capture and mismanagement of scarce natural resources - diamonds, gold, timber, grazing land; (v) a cycle of violence and trauma and a distressed population in an environment of violence and impunity; and (vi) a lasting state of insecurity fueled by a regional system of conflict and the failure of past security sector reform (SSR) and disarmament, demobilization and reintegration (DDR) processes.

7. **In 2015, CAR changed its trajectory, as it embarked on a path towards stabilization, marked by budding democratic institutions.** After two slash-and-burn civil wars left the country destroyed and the population traumatized, a transition in 2015 culminated in a new constitution and democratic elections in 2016, won by the current, reform-minded President Faustin-Archange Touadéra. An inclusive government was formed, and key check-and-balance institutions, such as the General Assembly and the Constitutional Court, began to play their respective roles.

8. **The international community, with the WBG in a leading role, recognized the turn-around opportunity for CAR and invested significantly.** In an unprecedented 2016 donor effort, the WBG emerged as the leading development partner. A national development plan was adopted, and donors deployed resources in support of CAR's stated priorities: the promotion of stabilization, a renewed social contract and economic recovery. CAR gained access to the IDA Turn-Around Regime (TAR) in the last year of IDA17 and throughout IDA18. In the space of only five years, the WBG more than tripled its portfolio

¹ Based on a 2016 Fragility Assessment, updated as an RRA in 2018.

commitments; more than doubled its in-country staff presence; and thanks to the strategic partnership with MINUSCA, dramatically expanded its geographic reach well beyond the capital, Bangui.

9. **The one lesson learned from the past years under the IDA18 TAR is that CAR's progress towards stabilization and sustainable development is not a straight line.** The country's turn-around is a slow process. In the initial years, the country did not see a decline but rather a spike in violence. Massive investments and promising reforms had much faster impact in Bangui than in remote areas, where armed groups continued to operate. As a result, despite the development progress, CAR's overall fragility outlook in 2018 was not substantially different from that of 2016.

10. **Nevertheless, under the Peace Accord, the window of opportunity remains open.** The RRA concluded in 2018 that the country faced two major risks: the absence of a credible peace process, and the increasing focus of the political elite on the upcoming election cycles. Now, in mid-2020, such a peace process does exist. Although it has its challenges, it does enjoy broad support from the international community and has reduced conflict-related violence. Political parties are indeed increasingly turning their attention to the elections, which must conclude before April 2021. Some political actors advocate for not having elections, which would put an end to the peace process.

11. **There is only one way forward for CAR: to seize this inflection point and continue its journey towards recovery and stabilization, with urgent and unwavering commitment of the international community.** In this critical moment, CAR, more than ever, needs strong support. The UN set the example by expanding MINUSCA's mandate to include implementation of the Peace Accord and organization of the elections. The UN Peace-building Commission has increased its engagement in the run-up to the elections. A high-level troika of the European Union (EU), UN and the African Union (AU) carefully guides and monitors the peace process. Development actors – including the WBG - need to maintain their strong response.

12. **To support the country at this critical stage in its turn-around, CAR seeks access to the IDA Turn-Around Allocation (TAA).** The Peace Accord, which lays out the country's path towards peace, security, inclusion, justice and development, combined with the upcoming general and local elections, which can cement the democratic, decentralized governance architecture of the country, provide the turn-around opportunity. To ensure full synergy between the TAA and the medium-term WBG strategic directions for CAR, the TAA eligibility note is embedded in this Country Partnership Framework (CPF). The importance of the TAA for CAR cannot be underestimated. First, by embracing the notion that tangible progress towards peace and democratic governance is essential to gain continued access to turn-around resources, the Government sends an unequivocal signal of its commitment - not only to the international community but also to all stakeholders in the country. In addition, as TAA investments start showing impact, the drivers of fragility and conflict should begin to recede, thereby cementing that progress towards peace. Nor can the risks of *not* investing be underestimated: the perception that the largest development partner is diminishing its support at this crucial time, would provide added fodder for those who are not pursuing peace for CAR.

13. **Progress under this exceptional TAA will be measured by formidable milestones, which define the path toward the completion of CAR's turn-around.** While CAR's turn-around is understandably slow, given the complexity of the conflict and the connectivity challenges in the country, there is a clear objective in sight: the completion in 2022 of the two upcoming electoral cycles, under a peace agreement that proves to be sustainable. Therefore, the TAA request is for three years, covering FY21 through FY23. However, continued eligibility will be evaluated on a yearly basis, according to an ambitious set of

milestones, directly drawn from the two processes that anchor this period - the APPR peace accord and the electoral cycles. A critical milestone will be holding the General and Presidential Elections, to be completed before April 2021. If they are not held in accordance with the Constitution, as ruled by the Constitutional Court, CAR will not seek further TAA eligibility. If they do take place and a new government is formed, CAR will have the opportunity, with two additional years of TAA and depending on further progress made, to accelerate the peace dividend and solidify the country's stabilization. By then, CAR will have had access to seven years of combined TAR and TAA resources, and the time will have come for the country to transition to IDA's Performance-Based Allocation system.

14. **In this context, the WBG proposes a five-year strategy for CAR focused on a resilient and inclusive COVID-19 recovery amid an historic turn-around opportunity.** The proposed program has been calibrated to fully address CAR's fragility drivers. With women's empowerment and digital development as cross-cutting priorities, the CPF is structured along two focus areas:

- **Focus Area 1 - Human Capital and Connectivity to Boost Stabilization, Inclusion and Resilience,** with direct support to the peace process; immediate social and health responses to COVID-19; sectoral engagements in health, education, energy, water and transport; and specific investments in the empowerment of women and girls.
- **Focus Area 2 - Economic Management and Improved Governance to Build State Legitimacy and Foster Growth,** with a strong program of reforms and targeted investments to strengthen public financial management (PFM) and debt management and transparency; support decentralization, increase domestic resource mobilization (DRM), and digitize the administration; and support the private sector.

15. **TAA resources will be used strategically to support the turn-around process, while accelerating development results in the context of a conflict-sensitive COVID-19 response.** Moreover, in designing the engagements, not only the *what*, but also the *how* will be important. For example, the Social Development project LONDO (P152512), which creates massive temporary employment opportunities, has temporarily redirected its activities from small infrastructure toward the production of 10 million fabric face masks, thus placing itself at the heart of both the sanitary and socio-economic dimensions of the COVID-19 response, all the while remaining faithful to its radically inclusive approach, which addresses a key driver of fragility. Demand-side projects, with community-driven approaches, Labor-Intensive Public Works (LIPW) and citizen engagement, have proven their success in the CAR context and will remain central to the approach. So, too, will partnerships along the security-development-humanitarian axis. The strong MINUSCA-WBG partnership provides a beacon for the path towards peace and sustainable development.

16. **During the CPF period, the WBG will be highly selective and flexible in its engagement, and regularly assess CAR's progress in addressing drivers of fragility, responding to COVID-19 and improving debt management, while collaborating as One WBG.** To maximize development outcomes and minimize COVID-19 impacts, selectivity will be driven by the WBG's COVID-19 Response Framework as well as a spatial lens. Continued eligibility for the IDA19 TAA will be assessed yearly against progress on indicators defined in the TAA monitoring framework. As a country at high risk of debt-distress, CAR has prepared Policy Performance Actions (PPA) which it will implement during IDA19. Under the World Bank-International Finance Corporation (IFC) memorandum of understanding (MOU), CAR is piloting the new One WBG country engagement model, with a dual-role status of the World Bank Country Manager also representing IFC in the country. In order to reflect changes in the country context, notably the outcome of the elections and COVID-19 response efforts, two Performance and Learning Reviews (PLR) will be conducted to inform adjustments that need to be made to the CPF.

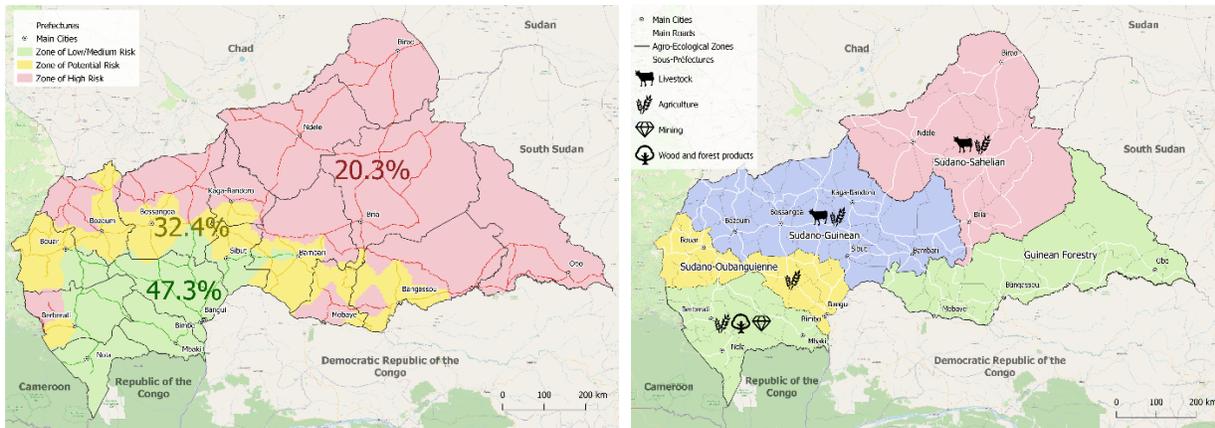
17. **The CPF is informed by a range of analytical work.** Despite an extreme paucity of data in CAR, a 2018 Systematic Country Diagnostic (SCD) was prepared to help set the strategic direction for the CPF, while a 2018 RRA provided critical context on drivers of fragility. The preparation of a CAR Digital Economy Country Assessment (DECA, P172683) and a Country Private Sector Diagnostic (CPSD) informed specific priorities and improved programmatic alignment between the IFC and the World Bank on the private sector development agenda. During the CPF period, the WBG will invest in core analytics such as a Country Economic Memorandum, Poverty Assessment, and a Public Expenditure Review (PER).

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

A. Natural, geographic and regional context

18. **CAR is an isolated and sparsely populated country, landlocked in the heart of Africa.** About the size of France and the Benelux combined, CAR is bordered by Chad to the north, Sudan to the northeast, South Sudan to the east, the Democratic Republic of Congo (DRC) and the Republic of Congo to the south, and Cameroon to the west. With an estimated population of 5.4 million², CAR counts eight inhabitants per km², compared to 42 per km² for Sub-Saharan Africa (SSA). Population density varies widely within the country. A large majority of people live in Bangui and the West – the most secure areas of the country (see Figure 1). Road density in CAR is 1.5 km per 100 km², one-tenth the SSA average. Many communities, especially in the East, are isolated for half of the year, as roads become impassable during the rainy season. CAR depends heavily on one trade corridor, the road between Bangui and the port of Douala in Cameroon, which is hobbled by formal and informal administrative barriers. River transport on the Ubangui River is limited to the rainy season, and continual silting of the riverbed necessitates costly dredging of the waterway.

Figure 1: Distribution of the population across security zones (left); agro-agricultural zones (right)



19. **CAR's population is diverse, youthful, and has been traumatized by recent episodes of violence.** The population is young, with a median age of 20 (mirroring the SSA average), and a literacy rate of 37 percent. Ethnic diversity is reflected in more than 80 ethnic groups. Traditional practices of sorcery are widespread. Despite its diversity, CAR does have a lingua franca, Sangho, which is spoken by over 90 percent of the population. The other official language, French, is spoken by less than 30 percent of the population, but is dominant in public administration and education. Religious affiliation – approximately 50 percent Christian, 35 percent indigenous faiths, and 15 percent Muslim – has been weaponized by warring factions in recent years, pitting Christian and Muslim communities, which had previously coexisted, against each other. It is estimated that over 600,000 citizens, mostly Muslims, live as refugees in neighboring countries, while about 700,000 are internally displaced.³ Many people have suffered or are suffering trauma as a result of the extreme violence that has terrorized the country in recent years.

20. **The country has a diverse agro-ecology (see Figure 1).** In the south there are two forest zones: the Guinean zone in the east, with rich potential in mining, wood, cash crops (including coffee, cocoa, and

² The commonly used figure of 4.9 million is from the 2003 census. A new census, under way, was suspended due to COVID-19. Preliminary projections indicate a total population closer to 5.4 million. Source: ICASEES (National Statistics Institute of CAR).

³ Source: OCHA

palm oil) and forest products; as well as cassava, maize, groundnuts and rice. The Sudano-Oubanguienne zone in the west, with fertile soil, features a denser population and a seven-month rainy season that allows for two maize harvests per year as well as cassava, groundnuts and sesame. The two savanna-type zones are the Sudano-Guinean in the east, a livestock and farming zone where most of the millet and sorghum are grown, along with cassava, groundnuts, maize and rice; as well as clusters of alluvial diamonds and gold. In the north, where cereal growing and raising livestock are the main economic activities in the Sudano-Sahelian zone, farmers also grow millet, sorghum, groundnuts, maize and sesame. Throughout the east and the north, poor roads severely limit access to markets.

21. **CAR has an impressive endowment of natural resources, including minerals and forests.** The country has plentiful deposits of gold, diamonds, iron ore, uranium, phosphates, nickel, cobalt, copper, coltan, tin and tungsten. CAR's two main diamond fields, accounting for nearly 70 percent of production, cover more than 80,000 km². Mining is predominantly artisanal and constitutes an important source of rural livelihoods. Forested areas provide for timber exports and are exceptionally rich in biodiversity - among the richest in Africa.⁴ Illegal exploitation of natural resources plays an important role in CAR's multiple on-going conflicts. These resources are one of the factors of resilience identified in the 2018 RRA.

22. **Transhumant pastoralism, the seasonal movement of herders and livestock in search of water and grazing resources, represents both an important value chain and a source of conflict and violence.** Every year pastoralists descend from Cameroon, Chad, Niger, Nigeria and Sudan through historic regional corridors to CAR with 2-4 million head of cattle.⁵ The absence of regulations is the cause of on-going conflict between farmers and herders, each of whom are protected by their own armed groups. Increasingly scarce water and grazing land, as a result of drought and desertification in the region, forces pastoralists further south, sparking competition and conflict.

23. **CAR is highly vulnerable to extreme climate hazards, primarily drought and floods.** CAR has three climatic zones: tropical climate in the equatorial forest of the south; inter-tropical climate in the center; and arid, sub-Saharan climate in the north. Prolonged droughts, mainly in the north, as well as excessive rains in the rest of the country, impact agriculture, food security, public health, sanitation, and livestock. Rapid urbanization and inadequate land-management practices, with rising concentration of settlements in hazard-prone areas, have heightened CAR's vulnerability to the effects of climate change, as demonstrated by the 2019 flooding, which impacted an estimated 100,000 people. The country ranks 178 (out of 181) on the ND-Gain Index, which adds to the urgency of adaptation actions to address land-use and urban development issues.⁶

B. Political, security and justice issues

24. **CAR has a long history of violence, with a population exploited by its rulers.** For centuries before colonial rule, the population was frequently subject to violent expeditions from neighboring sultanates or slave traders. From 1906 onwards, the French governed through concessions to private companies, making few sustainable investments. At independence in August 1960, the French left a state whose social contract was based on exploitation of the population. CAR's first leaders, David Dacko and Jean-Bedel

⁴ CAR's forests are home to rare species including western lowland gorillas; great mammals such as elephants, hippos, lions, giraffes and bongo; and numerous rare reptiles and birds.

⁵ <https://www.fws.gov/international/pdf/usfws-transhumant-pastoralism-issue-brief.pdf>

⁶ <https://gain.nd.edu/our-work/country-index/rankings/> The ND-GAIN Country Index illustrates a country's vulnerability to climate change, its resilience and its readiness to improve resilience.

Bokassa, aimed to enhance political independence through institution building and social and economic development, while adopting the clientelist and authoritarian governance style of the colonial power.

25. **Since the fall of Bokassa in 1979, CAR has been entangled in myriad conflicts with ever-changing alliances between political leaders, militias, self-defense groups, bandits and state actors.** The failure of peace agreements and Demobilization, Disarmament and Reintegration (DDR) programs led to increasing polarization, insecurity, impunity, spatial disparities and social discord. In 2013 and 2014, the conflict turned more violent than ever with two consecutive slash-and-burn civil wars. The Muslim Seleka coalition, led by Michel Djotodia, took control of large parts of the country and seized power in Bangui. A coalition of Christian and animist self-defense groups, the Anti-Balaka, supporting ousted President Bozizé, then rebelled against the Seleka, driving many Muslims out of the country. A transitional regime was installed, but the country was destroyed, and the population was left deeply traumatized.

26. **In 2015-2016, the return to constitutional order and the election of Faustin-Archange Touadéra as President marked the opportunity for a turn-around in CAR.** Under the transition government, formed in January 2014, a reconciliation process was launched which led to the 2015 Bangui Forum,⁷ a new constitution and presidential elections, won by reform-minded President Touadéra – an ex-ally of Bozizé - who formed an inclusive government. A donor conference in Brussels in November 2016, at which US\$2.2 billion was pledged, underscored the confidence and enthusiasm of the international community for a democratic re-start in CAR. The World Bank pledged US\$500 million, thanks to CAR's access to the IDA TAR, significantly boosting IDA resources in the last year of IDA17 and under IDA18.

27. **Despite massive investments in development projects and promising progress on reforms, conflict-related violence spiked in the first years after the turn-around opportunity.** CAR's state of fragility in 2018 was not fundamentally different than that of 2016. Outside Bangui, the conflict continued with widespread presence of armed groups and further erosion of the social fabric in which forced displacement had reached its peak in modern CAR history. There were no incentives for armed groups to stop the fighting. In the seven years leading up to 2019, six different peace accords were signed, each of which failed.

28. **However, since the 2019 APPR, the country's new roadmap to stabilization, conflict-related violence has sharply declined.** Signed in February 2019, the accord is based on the principle of cooptation and creates a framework for on-going dialogue between the 14 main armed groups and the

Figure 2: Evolution of conflict-related incidents and civilian deaths



Source: MINUSCA. Note: 2020 figures are an estimation based on an extrapolation of data from January to April 2020.

⁷ The Bangui Forum, a national reconciliation conference organized by the transitional government in May 2015, brought together more than 700 leaders from a diverse range of groups within CAR society to debate the peace-building agenda. The Forum was distinguished by its heavy reliance on grassroots consultations and the inclusion of citizens' voices.

Government.⁸ To date, it has led to significant stabilization in the more densely populated North-West, where DDR has made progress; and to legislative reforms such as the adoption of a decentralization law and the creation of a peace and reconciliation commission. In the East, where implementation of the APPR is lagging, violence has persisted. Nevertheless, 18 months after its signing, the agreement holds. Conflicted-related civilian deaths and incidents have sharply declined (Figure 2), and armed groups meet regularly with government and international partners to assess progress and discuss bottlenecks. Implementation of the APPR holds strong potential to slow down, and eventually break, the cycles of violence and ensuing trauma - deeply rooted drivers of fragility.

29. **As of today, armed group activity persists, and the situation remains fragile, underscoring the complex conflict dynamics.** The objectives of the armed groups are rooted in economic and territorial interests at the local and regional levels. They violently compete for control of natural resources, illegal trafficking, transhumance activities and the ability to levy taxes on the population.⁹ The resource-constrained government is focused on Bangui. Outside the capital, security forces and civil servants are largely absent,¹⁰ due to slow progress in restoring state authority across the territory, leaving a vacuum to be filled by armed groups. When violence erupts, the Government - which includes representatives of armed groups - relies exclusively on MINUSCA to respond. Restoring state authority is a major deliverable under the APPR as well as the country's National Peace and Recovery Consolidation Plan (*Plan de Relèvement et de Consolidation de la Paix pour la République Centrafricaine*, RCPCA). It is also critical to addressing the population's main grievance of restoring justice and accountability.¹¹

30. **The regional and geo-political dimensions of CAR's system of conflicts cannot be underestimated.** CAR, with its porous borders and near absence of security forces, lies at the center of a vibrant clandestine trade route for weapons and illegally exploited minerals, involving many of its neighboring countries. Transhumance activities add to the complexity, as most of the millions of cattle that graze in CAR belong to elites of neighboring countries. Trafficking and transhumance form the core business of many of the armed groups, often led by foreign warlords, who have no allegiance to CAR and recruit among local unemployed youth. The increasingly visible presence of Russia – at the political as well as economic level - has struck a nerve with the country's traditional partners such as France, the EU and the United States, in an apparent struggle for influence. Russia, which played a major role in brokering the most recent Peace Accord, supports CAR in its effort to have UN arms sanctions lifted, arguing that the country needs strong security forces to restore law and order across the territory, while traditional partners call for a more phased approach.

Box 1: Peace Accord – Implementation Progress

The APPR was signed in Khartoum on February 6, 2019 by President Touadéra and the leaders of the 14 recognized armed groups. The AU and the Economic Community of Central African States (*Communauté des États de l'Afrique Centrale* – CEAAC) act as guarantors for the accord, with MINUSCA serving as facilitator. A high-level troika of UN,

⁸ The APPR builds on efforts on-going since 2015. For example, the 2015 Bangui Forum led to the DDDR Principles Agreement as well as the National DDDR Strategy, which formed the basis for the World Bank-funded PREC project which finances socio-economic reintegration of ex-combatants.

⁹ Ethnic conflict has become an additional driver of violence in the North-East, among the Rounga, Kara and Goula ethnicities.

¹⁰ As of 2018, civil servants constituted 1.5 percent of the labor force in CAR. Of those 17,000 civil servants working as civilians, 77 percent remain based in Bangui (which accounts for only 18 percent of the total population). The Ministry of Defense counts 9,508 civil servants (35 percent of CAR's total), 5,050 of whom are soldiers and 1,566 are gendarmes *Source: Ministry of Finance and Budget, cartography of civil servants and agents of the state.*

¹¹<http://documents.worldbank.org/curated/en/459721563221464687/Central-African-Republic-Systematic-Country-Diagnostic-Priorities-for-Ending-Poverty-and-Boosting-Shared-Prosperty>.

AU and EU monitors the implementation of the accord. The agreement responds to the aspirations of the Central African people for peace, security, justice, reconciliation, inclusion and development. Its development component is based on the country's development plan RCPCA. There are numerous commitments in the APPR for the Government as well as the armed groups. Implementation of the accord is under way, with clear milestones already achieved, but is far from complete. A selection of key APPR commitments and their implementation status (as of May 31, 2020) are presented below.

Commitment	Status	Comment
End to all hostilities		In 2019, compared to 2018, conflicted-related incidents declined by 34% and conflict-related civilian deaths declined by 53%. Declining trend continues into 2020.
Full respect for CAR's laws and institutions		Widespread violations of the Accord continue (e.g., levying taxes, illegal occupation of public buildings), mostly by armed groups, but also by security forces. Sanctions regime adopted, but not enforced.
Disarmament, Demobilization, Reintegration, Reinsertion		Progress in the West with economic reintegration and USMS, but no progress in the East.
Inclusive government		Out of 39 cabinet positions, 14 are occupied by members of armed groups; 7 are women; 14 are Muslim.
Law on decentralization		First law on Territorial Administration has been adopted. Follow-up law on Administrative Districts is under consideration.
Law on political parties and the opposition		Approved. Allows transition by armed groups into political life.
Law on Truth, Justice and Reconciliation commission		Law adopted. Next step is to operationalize the commission. Membership under selection.
Voluntary return of IDPs and refugees		No progress. Conditions for voluntary return have not been created.
Dissolution of armed groups		No progress. On the contrary, indications of some new recruitments.
Governance mechanism for APPR		Executive committee and Implementation commission established. Regular meetings, the effectiveness of which can be improved.

31. **Accelerated progress with the national DDRR¹² program in the East will be a major test of the peace accord.** There has been significant progress in Western CAR, where more than 1,300 ex-combatants have been disarmed and demobilized. To date, nearly 300 of these former fighters have completed the World Bank-funded economic reintegration program;¹³ in the rest of the country no such progress has yet been made. Deployment of the special mixed security units (*Unités Spéciales Mixtes de Sécurité*, USMS) has been extremely difficult. USMS are designed to be armed units, composed of select demobilized members of armed groups and security forces, deployed to resolve conflicts (e.g., pastoralists clashing with farmers). Low capacity and lack of unity within the Government, reluctance of armed groups to play by the rules, and demands of risk-conscious donors¹⁴ all make it difficult to achieve rapid progress with the national DDRR program.

32. **The UN peace-keeping force, MINUSCA, plays a major role in CAR's political and security dynamics.** MINUSCA has been present in the country since 2014 and currently deploys about 14,600 staff

¹² The latter "R" in DDRR ("Disarmament, Demobilization, Reintegration and Repatriation") refers to the return of combatants who joined from a variety of countries (e.g., Niger, Chad and others) to their countries of origin.

¹³ To date, 1,325 ex-combatants have been disarmed and demobilized; 295 ex-combatants in Western CAR have completed the DDR program under the PREC (P160272), 413 others will join the program under a COVID-19-compliant format. Government is looking to deploy the next phase of DDRR in Northeastern CAR, pending negotiations with armed groups.

¹⁴ The USMS are supported by EU, US, AU and MINUSCA; while Economic Reintegration is funded by the WB.

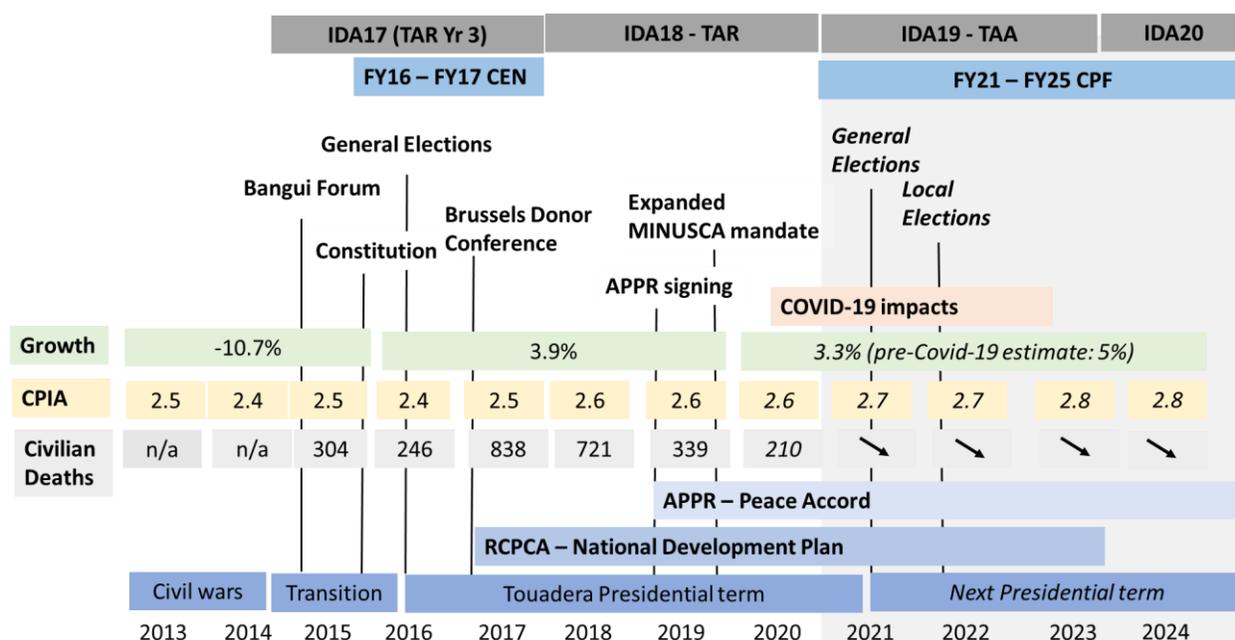
across the country, 13,252 of whom are uniformed.¹⁵ Even then, given logistical and resource challenges as well as the nature of the terrain, it proves to be difficult to comply with its primary mandate to provide security for CAR's citizens. Striking the right balance between the use of force and the use of dialogue is another key challenge for MINUSCA in dealing with security violations. Nevertheless, MINUSCA's mandate was enlarged in 2019 to include organization of the elections and implementation of the Peace Accord – a strong signal by the international community that CAR finds itself on a narrow path towards longer-term stabilization that must be supported at all cost. For development interventions in less-secure areas, MINUSCA's logistical and security support is essential.

33. **Under the renewed prospect for longer-term stabilization and peace, the upcoming double electoral cycle represents a critical inflection point for the country.** According to the deadlines foreseen by the constitution, a new President will take power no later than March 31, 2021.¹⁶ A democratically elected government that succeeds another would set an important precedent in CAR's history and bring the country a step closer to establishing democratic hand-overs as part of its DNA. This in turn would strengthen the chances of the APPR surviving and reaping the peace dividend. However, with the return to the country of ex-Presidents Bozizé and Djotodia, protagonists of the 2013-2014 civil wars, the political climate has become tense. The use of hate speech and disinformation is frequent, from across the spectrum. A large part of the opposition, backed by Bozizé, openly advocates for a new transition government, which would exclude Touadéra's party, rather than elections. However, the international community firmly believes that this could plunge the country back into violence. The COVID-19 epidemic adds uncertainty to an already fragile political landscape, as it might delay the elections. Nevertheless, election preparations remain largely on track in a security and political context which, after all, is still considerably more stable than when the 2016 elections were successfully held. After presidential elections, local elections would constitute the next step towards longer-term stabilization. The timing of those elections will depend on the completion of CAR's legislative framework for decentralization but should be expected no later than 2022. Successful local elections will dramatically reduce the concentration of political power in the hands of a small elite. *An overview of CAR's path toward long-term stabilization is presented in Figure 3.*

Figure 3: CAR's path towards stabilization

¹⁵ The top ten contributor countries as of March 2020 are Rwanda (1,369), Pakistan (1,222), Bangladesh (1,011), Egypt (992), Zambia (917), Morocco (752), Burundi (750), Cameroon (749), Nepal (725) and Mauritania (458).

¹⁶ The first round of the elections is foreseen for December 27, 2020.



Note: Growth numbers represent the average growth rate (real Gross Domestic Product (GDP)) as of August 2020.

34. **Successfully holding elections, while the peace accord holds, could potentially bring CAR’s seven-year turn-around to a close.** After successive turn-around opportunities, first in 2015-2016, and again in 2019-2020, supported by IDA TAR and TAA resources, CAR will have taken full advantage of the occasion to put itself on a trajectory toward long-term stability. The upcoming general and presidential elections will constitute the first milestone in that path. If those elections do not take place as planned, the country will signal that it needs to rethink what its path out of fragility will look like, and hence no longer qualify for Turn-Around resources.

C. Economic context

35. **Economic growth has been solid in CAR since 2015, but the COVID-19 pandemic is resulting in a sharp economic downturn in 2020.** With an average growth rate of 4.1 percent since 2015 – the highest five-year growth average since independence – CAR’s economic performance is on a sustainable path, although highly sensitive to the security environment. Inflation¹⁷ remains in compliance with the CEMAC¹⁷ convergence criterion. As the outbreak of COVID-19 lingers, containment measures remain in place for several additional months, and the global economy contracts sharply, CAR’s economic growth is expected to shrink by 1.2 percent, 5.6 percentage points below the growth rate anticipated prior to COVID-19.

36. **Dynamic private consumption and services served as the main drivers of economic growth between 2015 and 2019.** On the supply side, dynamism in services, which accounts for about half of GDP, supports economic activities. At the same time, high-potential productive sectors struggle. Persistent mismanagement, lack of vision, and limited access to finance continue to undermine the agriculture

¹⁷ The countries of the Central Africa Economic and Monetary Union (*Communauté Économique et Monétaire de l’Afrique Centrale* – CEMAC) are Cameroon, Chad, the Central African Republic, the Republic of Congo, and Equatorial Guinea. They share a common currency, the CFA franc, that is pegged to the euro, and a common central bank (the Bank of Central African States – *Banque Centrale des États de l’Afrique Centrale* - BEAC) that holds the region’s pool of foreign exchange reserves.

sector. Governance challenges in the mining industry, notably diamond sanctions arising from the Kimberley process,¹⁸ have led to a declining contribution to GDP over the past several years. On the demand side, private consumption remains the main driver of economic growth. Goods exports continue to contribute to growth, thanks to increased exports of wood products.

37. **Despite recent progress, structural weaknesses in the tax and customs systems undermine domestic revenue mobilization.** CAR's domestic revenues remain among the lowest in SSA, well below other fragile and conflict-affected (FCV) countries. Tax revenues are 4 percent of GDP below potential and under pre-crisis levels due to inefficient tax instruments, weak tax administration and control systems, high tax exemptions, persistently low capacity, and a deteriorated social contract. Tax revenues are likely to drop in the wake of COVID-19 because of containment measures, slowdown in economic activity and border closures.

38. **Public investment has increased, and reforms of state-owned enterprises (SOEs) and parastatals are under way.** Public investment has increased from 1.7 percent of GDP amid the 2013 crisis to 5.6 percent of GDP in 2019 but remains on average below pre-crisis levels. Several SOEs and parastatals in sectors such as energy, water, telecommunications, transport, agriculture, environment, and forestry face significant operational and financial challenges due primarily to weak governance, which the government has timidly begun to tackle.

39. **The financial sector has improved but access to finance remains low.** The financial sector is recovering gradually from the 2013 crisis. Non-performing loans have declined from 31 percent of the consolidated portfolio in 2015 to 21.5 percent in 2019, and banks remain adequately capitalized. Credit to the private sector remains low at 13 percent of GDP in 2018. CAR has one of the lowest levels of financial inclusion in the region: only 13.7 percent of adults have access to a bank account. Microfinance accounts for only one percent of total credit facilities and serves only 0.5 percent of the population. While mobile banking was recently introduced and could overcome some of CAR's spatial and infrastructure challenges, it is hampered by poor information and communication technology (ICT) infrastructure and low network coverage.

40. **The economic outlook for CAR has deteriorated sharply as a result of COVID-19 but is projected to rebound gradually, with a recovery of external demand, hinging on a peaceful democratic transition.** CAR's projected economic growth has been revised downward to -1.2 percent in 2020 – 5.6 percentage points below the pre-COVID-19 projections (Table 1). A deterioration of the political and security situation is possible if the country is not able to continue implementation of the peace agreement, ensure a peaceful democratic transition during the upcoming elections, and pursue the progressive redeployment of the State in provinces. As the negative impacts of COVID-19 dissipate, CAR's economy is projected to grow at an average rate of 2.6 percent over the period 2020-2023, 2.4 percentage points below pre-COVID-19 projections. The pandemic is projected to exert inflationary pressure on goods prices, pushing inflation to 3.5 percent before declining in the medium term. Improved distribution channels and increased agricultural output will support growth and help ease inflation to remain below CEMAC targets. However, given some predictions that Africa might be the next epicenter of COVID-19,¹⁹ medium-term projections remain difficult and will need to be revised frequently.

41. **The overall fiscal balance, including grants, is projected to move from a surplus to a deficit of**

¹⁸ The Kimberley Process is an international certification scheme that aims to prevent the flow of conflict diamonds, while helping to protect legitimate trade in rough diamonds.

¹⁹ As underscored by a recent Africa CDC commentary published in Nature Medicine <https://www.nature.com/articles/s41591-020-0961-x>, given the current trends in incidence and underlying health-care system vulnerabilities.

4.1 percent of GDP in 2020, as tax revenues decline and public expenditures rise to address the impacts of COVID-19. Capital expenditure is projected to increase in 2020 to 8.6 percent of GDP from 5.6 percent of GDP in 2019, driven by capital spending in the health and other social sectors in response to COVID-19. As the economic impacts of the pandemic recede, capital expenditure is projected to decline to 7.4 percent of GDP in the medium-term. Current transfers and public spending on goods and services are expected to increase in 2020 and decline afterward. On the revenue side, official grants are expected to increase and offset the fall in all types of tax revenues because of containment measures, slowdown in economic activities and the closure of borders with neighboring countries. The authorities are expected to undertake efforts to streamline public expenditure and improve tax collection by limiting exemptions and improving the efficiency of tax administration to contain the fiscal deficit in the medium term.

42. **CAR's external and overall debt continues to be at a high risk of distress but remains on a declining path.** CAR's efforts to resolve domestic arrears have enabled it to reduce its ratio of debt-to-GDP from 63 percent in 2014 to an estimated 47.8 percent in 2019²⁰. Contingent liabilities related to the debt held by the three largest SOEs (energy, water, and telecommunications) could exacerbate sustainability concerns as detailed information on these contingent liabilities is not available. The joint World Bank-IMF 2020 Debt Sustainability Analysis (DSA) shows that CAR remains at high risk of debt distress, unchanged from the 2019 DSA. Debt is projected to remain sustainable over the medium term provided that the authorities continue implementing structural reforms once the COVID-19 crisis abates (*see para 88 and Box 4 for additional discussion of debt issues in CAR*).

²⁰ <http://documents.worldbank.org/curated/en/721731580756079722/Central-African-Republic-Joint-World-Bank-IMF-Debt-Sustainability-Analysis>

Table 1: Key Macroeconomic and Financial Indicators, 2017-2023

	2017	2018	2019	2020	2021	2022	2020	2021	2022	2023
	Actual		Est.	Projections						
				pre-covid			post-covid			
<i>Annual percentage change, unless otherwise indicated</i>										
National income and prices										
Real GDP	4.5	3.7	3.1	4.4	5.2	5.3	-1.2	3.0	4.1	4.6
GDP deflator	6.5	1.4	2.3	3.2	2.9	3.1	2.8	2.5	2.5	2.9
CPI (annual average)	4.1	1.6	2.8	2.5	2.8	2.8	3.5	2.9	2.8	2.8
External sector										
Imports volume of goods	-2.0	-0.7	10.4	7.8	4.0	5.0	-8.7	0.8	2.5	3
Exports volume of goods	42.5	10.3	-6.7	14.9	6.0	7.0	-12.1	5.9	6.7	8.7
Terms of Trade (deterioration -)	-18.5	-12.4	13.6	3.5	2.2	0.5	-3.1	1.3	5.2	-0.2
<i>% of GDP, unless otherwise indicated</i>										
Fiscal Accounts										
Expenditure	13.8	17.6	16.9	18.1	18.1	17.7	21.6	18.8	18.6	18.8
Revenue and grants	12.8	16.6	18.4	18.3	16.7	16.2	17.5	17.9	18.2	18.0
Overall fiscal balance (incl. grants)	-1.0	-1.0	1.5	0.2	-1.4	-1.5	-4.1	-0.9	-0.4	-0.8
<i>Annual percentage change, unless otherwise indicated</i>										
Selected Monetary Accounts										
Base Money	10.3	14.0	1.9	14.9	5.8	8.9	10.3	1.7	5.6	5.8
Credit to the economy	1.4	11.5	-1.6	5.0	7.0	8.0	-3.0	6.0	8.0	8
<i>% of GDP, unless otherwise indicated</i>										
Balance of Payments										
Current Account Balance	-7.8	-8.0	-4.8	-8.0	-8.7	-8.6	-5.6	-6.5	-6.3	-6.0
Imports of goods and services	-33.8	-35.2	-35.8	34.5	32.7	30.8	33.0	32.7	32.3	31.8
Exports of goods and services	16.6	16.6	16.4	15.7	15.4	15.4	14.6	15.2	15.6	16.2
Foreign Direct Investment	0.8	0.8	1.1	1.4	1.4	1.4	0.4	1.0	1.5	1.5
<i>% of GDP, unless otherwise indicated</i>										
Public Debt										
Total government (end of period)	50.3	50.0	47.8	42.4	40.4	37.5	47.4	45.5	43.5	39.6
o/w External debt	35.4	37.2	37.2	35.6	35.0	34.0	39.0	37.9	36.9	34.2
Memo										
GDP nominal (US\$ millions)	1979.7	2181.4	2180.2	2323.8	2530.4	2761.5	2239.7	2356.6	2536.7	2729.8

Source: National authorities, IMF, and World Bank estimates, June 2020.

D. Private sector and the business environment

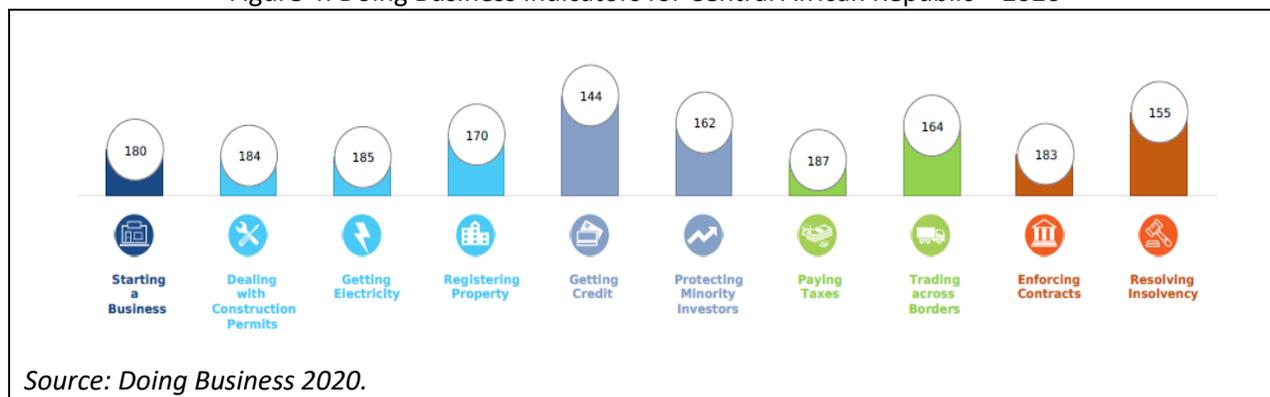
43. **The formal private sector, concentrated in Bangui, is small, while the informal sector is large, buoyant and complex.** CAR counts approximately 40 formal, sophisticated firms, accounting for less than 50 percent of GDP. These formal firms are largely family-owned conglomerates and subsidiaries of multinational corporations. The formal SME sector consists mostly of locally based business conglomerates descended from the Lebanese diaspora who continue to operate, due to their access to financing outside the formal financial sector. Most economic activity in CAR is informal, conducted by micro, small and medium-sized enterprises (MSME), representing 40-60 percent of GDP - above the SSA, FCV and CEMAC averages. While these MSMEs play a critical role in job creation and economic activity, they are vulnerable and tend to underinvest and underachieve.²¹

44. **CAR is among the most challenging places to do business in Africa.** The country ranks 184th out of 190 countries in the World Bank 2020 Doing Business (DB) report. Access to electricity, paying taxes, securing construction permits and enforcing contracts rank the lowest among CAR's DB rankings (see Figure 4), with major gaps in the legal and regulatory frameworks that govern economic activity.²²

²¹ IFC. Mapping of SMEs in the Central African Republic, 2017.

²² World Bank. 2020. Doing Business 2020. Washington, DC: World Bank.

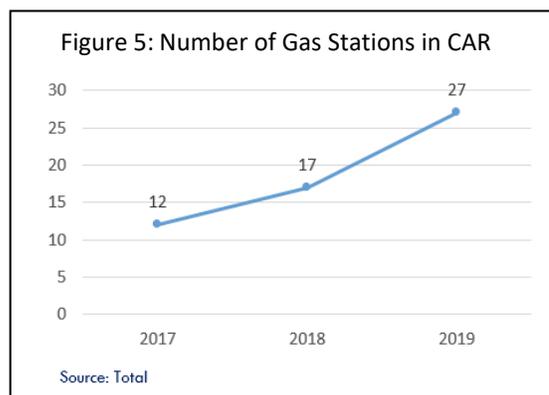
Figure 4: Doing Business Indicators for Central African Republic – 2020



45. **Limited infrastructure in energy, ICT, and transportation severely hampers private sector development.** CAR’s electricity access rate of 8 percent is among the lowest in SSA, with Bangui at 35 percent and the rest of the country at 2 percent. In 2019, estimated unmet demand in Bangui was 60 MW,²³ with blackouts of up to 18 hours per day. Road infrastructure is extremely poor,²⁴ putting much of the country beyond the reach of the road network and limiting access to services and markets. Transaction costs for firms are very high: the cost of moving a 40-foot container from Douala to Bangui is around US\$7,000 – more than double the typical sea freight from China to Cameroon. On the WBG’s Logistics Performance Index, CAR ranks 150 out of 167 countries. Digital infrastructure remains underdeveloped as well: mobile penetration of approximately 27 percent²⁵ is one of the lowest in SSA and globally. There is currently no 4G network²⁶ and mobile internet penetration (based mainly on 3G service) is just 6.3 percent, with marked spatial disparities in network coverage. A fiber optic connection to Bangui is expected by year-end 2021.

46. **Agriculture and construction are among key productive sectors with opportunities for development.**

CAR imports 70-90 percent of the food it consumes although the country has great agricultural potential. Water and land resources are abundant, and with modern inputs and techniques, a range of crops could be grown with commercially attractive yields. However, weak institutional arrangements, lack of infrastructure, high factor costs and low skills levels hamper the sector. The construction sector, in contrast, is growing, as is evident in Bangui and locations along transport corridors. The sector is becoming a source of employment for a



wide range of vocations. Linkages with value chains such as fuel, building materials, financial services, and logistics highlight the potential for construction to play a critical role in the development of the private sector. The emergence of the “aid economy” - the massive influx of aid resources and international aid workers - represents a source of increased private sector activity. It has generated spill-over effects to the

²³ 25 MWp in solar generation capacity, under construction in the World Bank PURACEL project (P164885), is due to be delivered by end-2021. AfDB is financing 10 MW of hydropower generation in the expansion of Boali 2; and capacity of the Boali 3 hydropower plant is estimated at 7.5 MW.

²⁴ CAR has a road network of less than 25,000 km, only 855 km of which is paved.

²⁵ This figure is also thought to be inflated, as many users own multiple SIM cards due to poor coverage.

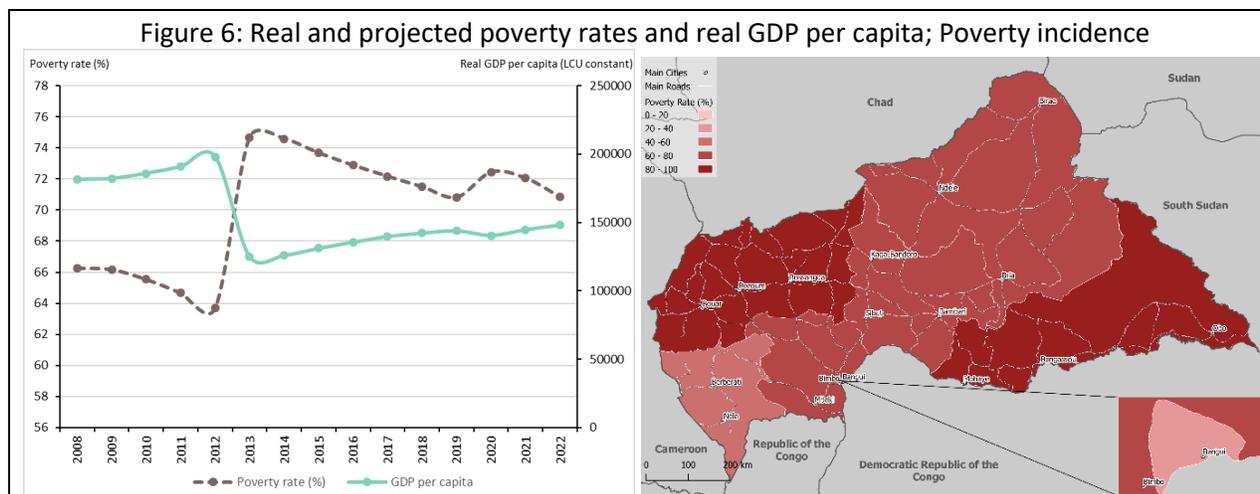
²⁶ Though operators plan to introduce 4G services.

local economy in commerce, food and hospitality services catering to the growing expat community in Bangui and beyond the capital. One indicator of increased economic activity is the more than doubling in the number of gasoline stations across CAR since 2017 (Figure 5).

47. **Public-private dialogue (PPD) in CAR is deficient.** While there are umbrella associations that represent large companies or MSMEs, there is no effective mechanism for engagement between the private sector and Government. On the Government side, there is no clear focal point for such a dialogue. Despite broad agreement in both the private sector and government on the type of measures required to mitigate COVID-19 impacts on the private sector, more than three months after the outbreak, no formal dialogue had taken place, nor had measures been announced. This poses additional challenges to an already-weak sector.

E. Poverty, vulnerability and human development

48. **Despite gradual improvements in recent years, poverty in CAR remains elevated following the sharp increase during the 2013-2014 crisis.** Measured at the international poverty line (US\$1.90 per day), the poverty rate surged from 64 percent in 2012 to 75 percent in 2013, then declined to an estimated 71 percent in 2019 – still among the highest in SSA. This equates to nearly 3.4 million people living in extreme poverty (Figure 6). In spatial terms, poverty rates range from 45 percent in Bangui, which accounts for 11 percent of the country’s poor, to 78 percent in the northwest of CAR (Figure 6). Insecurity and forced displacement have severely aggravated poverty, while accelerating urbanization places additional strain on already-limited infrastructure and services in host communities. Many of the displaced fail to return to their communities of origin for fear of retaliation and lack of economic opportunities.



49. **COVID-19 will exacerbate an already-precarious humanitarian situation.** Household impacts are likely to thrust an additional 140,000 Central Africans into extreme poverty, driving up poverty by 1 to 2 percent. Supply-chain disruptions at the Cameroon border have led to an increase in the price of basic necessities, with significant impact on households with limited income and savings.²⁷ Much of the labor force is self-employed in informal jobs such as street vendors and moto-taxi drivers, who face reduced

²⁷ Since late-March, the World Bank, jointly with WFP and CAR’s ICASEES, has issued a weekly monitor of food prices and traffic volume of trucks bringing merchandise from the Cameroon border. Supplies of certain food products have been limited, but overall, food prices are about 10 percent higher than late-March/early-April.

demand. Urban transport prices have risen by more than 60 percent since social-distancing measures went into effect.²⁸ COVID-19 impacts in other countries could also reduce remittances.

50. **COVID-19 is impacting income poverty quite rapidly across the lower quintiles of the population in the first year of the pandemic.** Yet the spillover effects on multi-dimensional poverty indicators - health and nutrition, education, living standards - will be manifested in the medium and long term. Therefore, equipping CAR with the capacities needed to develop, monitor and report multi-dimensional poverty measures remains critical, in accordance with the 2030 Agenda and SDG target 1.2²⁹.

51. **Social safety nets in CAR are administered by humanitarian agencies and development partners, while the Government develops its own capacity to do so.** A National Social Protection Strategy is under development, but not yet adopted; nor is there a functional single registry of social programs or beneficiaries. Despite promising efforts,³⁰ the Government does not yet have the capacity to run large-scale safety nets, and still depends on donors for funding and implementation. In the wake of COVID-19, there is an urgent need to scale up cash transfers, including through mobile money, while cementing government capacity to manage the sector in the future.

Table 2: Human Capital in CAR

Indicator	CAR	Sub-Saharan Africa	Low income	Fragile and conflict affected
Probability of survival to age 5	0.884	0.93	0.93	0.94
Expected years of school	4.6	8.15	7.76	8.64
Harmonized test scores (out of 600) ³¹	369	374.39	362.96	367.15
Learning adjusted years of schooling		4.94	4.53	5.13
Fraction of children under 5 not stunted	0.592	0.68	0.66	0.68
Adult survival rate	0.591	0.73	0.75	0.77
Human Capital Index	0.29	0.40	0.38	0.41

52. **The human capital needs in CAR are enormous, and women and girls face particular obstacles to reach their full potential.** The country ranks 188 out of 189 on the 2019 Human Development Index, with a Human Capital Index of 0.29 (see Table 2). This means that a child born in CAR today will be 29 percent as productive in adulthood as she could be if she enjoyed complete education and full health in her early years.³² With a Gender Inequality Index of 0.682, CAR is ranked 159 out of 162 countries.³³ There are extremely high levels of violence against women and girls, with 11,000 reported incidents per year, of which 74 percent of victims are children. Unreported violence against women, girls and boys is estimated to be even higher. Female economic empowerment is further limited by discriminatory laws and social

²⁸ Bus fares have increased by 60 percent and taxi fares have increased by 67 percent.

²⁹ UN definition: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

³⁰ Government's first safety net program, benefitting 3,200 households in the city of Berberati, successfully delivered payments to beneficiaries via Orange mobile money in late-March 2020. This was a prior action under the World Bank CPSID2 project.

³¹ Test scores as administered by the Program for the Analysis of Educational Systems for Francophone Countries – (*Programme d'Analyse des Systèmes Educatifs de la CONFEMEN – PASEC*).

³² The component indicators that make up the HCI score are: Probability of survival to age 5; Learning-adjusted years of school (the effective years of school when factoring for the quality of learning); Adult survival rate; and Healthy growth (the percentage of children who are stunted and at risk of lifelong cognitive and physical limitations).

³³ Gender Inequality Index 2018. <http://hdr.undp.org/en/content/gender-inequality-index-gii>.

norms, poor access to justice and high fertility rates, including teen pregnancy³⁴ (See Annex 8).

53. CAR's health system produces poor outcomes, as it suffers from low capacity, weak governance and inadequate financing. Health outcomes in CAR are among the lowest in the world, with life expectancy at birth of 52.2 years, infant mortality of 87.6 deaths per 1,000 live births, under-five mortality of 121.5 deaths per 1,000 live births, and maternal mortality of 882 deaths per 100,000 live births.³⁵ Just over half of the health facilities in the country are functional, only 25 percent have an energy source, and only 21 percent have potable water.³⁶ Pharmaceutical supply and delivery systems suffer from widespread lack of coordination and logistical obstacles. In conflict areas, humanitarian agencies substitute for the government in health service delivery. CAR has an acute shortage of essential medical personnel,³⁷ which cannot be met with the current level of government spending in the sector. Health services are mainly financed by households themselves (43.7 percent), followed by donors (whose funds account for 43.5 percent) and, lastly, the government (12.8 percent). In 2018, the government spent around US\$3 per capita on health, which represented less than 0.7 percent of nominal GDP.³⁸

54. Despite recent gains and strong government leadership, the road to a functional health care system remains long. Sector stewardship has improved since late-2017, in part by linking payments to results and through improved coordination under strong government leadership. Delivery and quality of essential health services have increased significantly, and vaccination campaigns have boosted immunization coverage for children under age five. The Government adopted a policy of free health care for all pregnant and breastfeeding women, children under-five and survivors of GBV. An accompanying Health-Sector Investment Case has been developed,³⁹ elaborating the need to expand infrastructure, strengthen human resources and improve governance. COVID-19, placing additional strain on the health care system, has highlighted the extreme lack of pandemic preparedness and presents an opportunity to accelerate progress on health security, given renewed attention to the sector.

55. Learning outcomes in CAR are very poor, but the 2020-2029 Sector Plan lays out the path forward. Nearly one-third of primary school-age children (approximately 235,000) are out-of-school, and only 59 percent complete primary education. On average, there are 125 primary-level students per classroom in good condition, and the student-teacher ratio is 91 (compared to 38 for SSA). Safe toilet facilities for girls are almost non-existent. The Government is unable to recruit, train, and deploy qualified teachers, especially outside the capital. At the primary level, this gap is filled by community teachers, who receive neither training nor remuneration from the Government. Although Sangho is the everyday language spoken by almost all Central-Africans, French remains the language of instruction at the lower levels. The 2018-2019 Early Grade Reading Assessment (EGRA) revealed that more than half of grade 4

³⁴ The CPF has been informed by a range of gender analyses that fulfil the requirements of OP/BP 4.20, including gender analysis drawn from: a World Bank Gender Diagnostic Study of CAR (2012), an African Development Bank (AfDB) CAR Country Gender Profile (2012), a World Bank GBV situation analysis for CAR (2018), a World Bank ASA on Skills Training and Youth Employability Assessment (2019), the OECD's Social Institutions and Gender Index CAR country profile (2019), and the gender analysis presented in the SCD. The team will explore opportunities for additional gender analytical work during the CPF period, which may include stand-alone gender diagnostics and gender analysis integrated into poverty analysis or other non-gender-specific ASA.

³⁵ World Bank. 2019. World Development Indicators.

³⁶ World Bank. 2019. Central African Republic – SCD: Priorities for Ending Poverty and Boosting Shared Prosperity.

³⁷ Directorate of Resources of the Ministry of Health and Population. With only one public medical and nursing school in Bangui, CAR does not produce enough qualified health workers to meet the country's needs.

³⁸ https://apps.who.int/nha/database/country_profile/index/en

³⁹ The World Bank engagement in supporting the health sector in CAR, through the SENI project and reforms under the DPF series, has been instrumental in driving these successes.

students in the academic district of Bangui could not read one single familiar word in one minute.⁴⁰ Public spending for education represented 1.9 percent of GDP in 2018 (compared to 4.6 percent of GDP for SSA). An Education Sector Plan for 2020-2029, adopted in May 2020, calls for: (i) increased access for girls and boys, (ii) massive recruitment and training of teachers, (iii) improved quality, and (iv) decentralized governance and increased funding.

F. Development challenges and opportunities

56. As CAR has been trapped in recurrent cycles of conflict and violence, development progress is inherently slow. The 2011 *World Development Report* concluded that the path to long-lasting stability following a violent conflict is rarely linear. Flare-ups of violence are inevitable, and exogenous shocks, such as the socio-economic impact of COVID-19 or climate-related natural disasters, can erase hard-fought gains. Nevertheless, tangible development progress has been made in recent years. LONDO's 1.3 million person-days of temporary employment led to long-term increases in earnings and household assets for beneficiaries.⁴¹ Policy dialogue and investments in the health sector under IDA18, funded in part by resources from the TAR, led to a government policy of free targeted health care, impacting three million beneficiaries. CAR's CPIA improved from 2.4 in 2016 to 2.6 in 2018, reflecting steady implementation of structural reforms that strengthened CAR's policies and institutions. The IMF successfully concluded an Extended Credit Facility Program in 2019, started a new program the same year, and disbursed on a Rapid Credit Facility in April 2020 (25 percent of quota).

57. Progress has been driven by CAR's budding democratic institutions, strong engagement of the international community in a climate of growing mutual trust, and critical steps towards stability. CAR's turn-around opportunity was created by the Bangui Forum in 2015 and democratic elections in 2016. Under President Touadéra's government, democratic institutions have begun to take hold. Development partners have dramatically scaled up their support,⁴² and the APPR has created a framework for dialogue with armed groups, with a steady decline in violence and fatalities. The fact that the APPR still holds, despite multiple violations, reflects the commitment to a settlement within a formal state context.

58. There is only one way forward for CAR: to continue the slow journey towards stabilization and recovery; the window of opportunity remains open. The upcoming general elections are a critical milestone to establish the precedent of a peaceful democratic transition. Local elections, in 2021 or 2022, can establish a legitimate system of local governance. If DDR can start in the East, conflict-related violence will decrease further, and increase the likelihood that the APPR will hold. That in turn will create opportunities for accelerated development and an improved institutional environment. And yet, CAR remains fragile, the stakes are high, and the path ahead will not be linear. If not addressed comprehensively and quickly, the socio-economic impacts of COVID-19 will deepen poverty and could lead to social unrest. Heightened political tensions could, in turn, jeopardize the elections, which would be a major setback for the country and the humanitarian and development gains to date.

⁴⁰ The results of this test are only representative of the academic district of Bangui. As this district is less disadvantaged than the rest of the country for all socio-economic and education indicators, the results of this EGRA must be considered an upper bound of the reading skills in the other regions.

⁴¹<http://documents.worldbank.org/curated/en/326111579630274654/Can-Public-Works-Enhance-Welfare-in-Fragile-Economies-The-Londo-Program-in-the-Central-African-Republic>.

⁴² The two main development partners are World Bank (IDA) and EU, each with cumulative investments of about US\$1 billion since 2016. Other partners include ADB, IMF, USA, Global Fund and AFD, each with US\$100-US\$200 million in cumulative investments.

Table 3: Drivers of fragility and opportunities to sustain CAR’s turn-around

CAR’s drivers of fragility	Opportunities to Sustain CAR’s Turn-Around at this Critical Inflection Point
A lack of social cohesion at every level of society, which allows entrepreneurs of violence to capitalize on local grievances	<ul style="list-style-type: none"> • Commitment to end all violence can progressively be realized as DDRR progresses from West to East • Through cooptation approach and creation of USMS, some armed group members become part of a peace-keeping system in areas of potential conflict (e.g. transhumance) • Less conflict creates space for more development programs that directly address grievances and social cohesion
The concentration of the political power in the hands of a very small elite that is managing a state with very little legitimacy and using institutions – including justice and security – to sustain itself	<ul style="list-style-type: none"> • Local elections will culminate the decentralized governance architecture and bring more power to locally elected officials with more legitimacy • Local elections and the law on political parties will transform mid- to high-level leaders of armed groups that are rooted in community-defense, into political actors • As APPR holds, deployment of civil servants and security forces can progress, strengthening legitimacy of institutions
Social and regional disparities between Bangui and the periphery and between the East and the rest of the country, which have created grievances, fostered a perception of inequality and lack of inclusion, and contributed to the emergence of armed groups	<ul style="list-style-type: none"> • Inclusive government, reflecting religious and territorial diversity and including representation of armed groups (until their dissolution) • The use of spatial approaches that take into account regional disparities allow for fit-for-purpose development interventions • Locally elected bodies will be more inclusive and more effective in addressing local grievances and development needs than centrally appointed district heads and mayors
Elite capture and mismanagement of scarce natural resources, whether diamonds, gold, timber or grazing land	<ul style="list-style-type: none"> • Creation, under the APPR, of bilateral commissions with neighboring countries is meant to address sources of conflict (such as mismanagement of resources) that have transnational drivers • Improved governance of natural resources, including revised mining code, are commitments under APPR and supported by development programs (including WBG)
A cycle of violence and trauma and a distressed population in an environment of violence and impunity	<ul style="list-style-type: none"> • Sustained decline in violence and voluntary return of refugees, foreseen under APPR, should allow the beginning of healing for traumatized communities and individuals • APPR sanctions regime, on-going justice reform and operationalization of the Truth, Justice and Reconciliation commission are meant to address impunity
A lasting state of insecurity fueled by a regional system of conflict and the failure of past SSR and DDR processes	<ul style="list-style-type: none"> • Bilateral commissions with neighboring countries address regional dimension of conflict • Progress made in 2019 and 2020 with DDRR and USMS in the West needs to be consolidated; DDRR efforts are planned to be rolled out in the Center and the East, starting mid 2020

59. **In this inflection point – after the signing of the APPR and before the double electoral cycle – longer-term stabilization is a realistic objective, if the underlying drivers of fragility are properly addressed** (see Table 3). The APPR expresses a vision for peace, security, justice, social cohesion and development through a set of milestones that address the root causes of CAR’s fragility. Development actors – and the WBG program, supported by the TAA – need to design their programs accordingly.

60. **Without the sustained commitment of the international community the opportunity for stability and a peace dividend will be lost.** The turn-around continues, but it is not yet complete. In this process, CAR needs strong support—which is also one of the recommendations of the 2018 RRA. Political and security support need to be complemented by sustained development action. For stabilization and peace to take root, large investments in human capital and service delivery are needed. Already secured areas of the country need to attract private sector activity to create jobs and increase domestic revenues. At the same time, reform programs to improve governance and economic management need to be sustained. Only through accelerated development efforts will CAR’s population reap the benefits of the peace dividend and thereby consolidate stability.

Box 2: Addressing the Binding Constraints to Poverty Reduction and Stabilization in CAR – the SCD

The 2018 SCD for CAR provided the analytic foundation for this CPF. The SCD emphasizes the importance of ensuring that public services get delivered. It identifies three major constraints to achieving the twin objectives of stabilization and poverty reduction, and proposes strategies to tackle them:

(i) *Low levels of security* can be addressed by supporting an inclusive settlement, security sector reform, incentives to come to and stay within a peace agreement, humanitarian assistance, and emergency stabilization (including through LIPW);

(ii) *Grievances and inequities in service provision* can be addressed by assistance to the most-vulnerable (youth, internally displaced persons (IDP)); better access to basic health and education services; increased productivity of substance farmers and herders; and development of secure towns and cities where growth can take place;

(iii) *Inadequate growth and job creation* can be addressed by a strategy rooted in traditional value chains (agriculture, mining, forestry) as well as investments in enabling sectors (financial sector, renewable energy, ICT, transport); complemented by reforms to improve the business environment; and cross-cutting governance issues (including PFM, statistics, DRM and deployment of the state).

III. WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK

A. Government Program: RCPCA and APPR

61. **CAR adopted a National Peace Recovery and Consolidation Plan (*Plan de Relèvement et de Consolidation de la Paix en RCA – RCPCA*) in October 2016.** The RCPCA, prepared with support of the international community with the World Bank in a leading role, is an ambitious framework for all consolidation and development efforts as pledged at the 2016 Brussels donors' conference. The Plan identifies the country's main priorities grouped in three pillars: (1) supporting peace, security, and reconciliation; (2) renewing the social contract between the state and the population; and (3) promoting economic recovery and boosting productive sectors. The RCPCA also identifies cross-cutting themes such as reducing regional imbalances, promoting transparency and accountability, building the capacity of public institutions and civil society organizations (CSOs), and promoting gender equity. Following the February 2019 APPR peace agreement, the Government decided to extend the RCPCA by two years, through 2023.

62. **The APPR, signed in February 2019, lays out the country's roadmap towards stabilization.** In the context of CAR's eligibility to access the IDA19 TAA, the commitments made by the Government and armed groups under the APPR (see Box 1) will allow for monitoring progress towards stabilization. Those milestones will, in turn, inform the ongoing assessment of CAR's continued eligibility for Turn-Around resources.

B. Stakeholder Consultations

63. **The CPF was informed by consultations with a wide range of stakeholders in Bangui - Government officials, development partners (including UN agencies), private sector representatives and non-governmental organizations (NGOs).** Together with analytical work, consideration of government priorities, and a review of the WBG's previous experience in CAR, consultations undertaken from November 2019 to June 2020 helped to shape the CPF program. Government officials emphasized the need for peace and security; improved connectivity, especially outside of Bangui; job creation and

private sector development; and human capital, particularly improved education. UN agencies lauded the strong and improved partnership (strategic and operational) between the WBG and the UN and highlighted the importance of the humanitarian-development nexus in a fragile country such as CAR. Collaboration on the COVID-19 response, notably by seeking synergies in the response to protect the poor and the vulnerable through cash transfers, was cited as paramount. The EU highlighted the complementarity between the EU and WBG programs. For example, EU supports areas that are critical to stabilization and peace which do not belong to the WBG comparative advantage in CAR, such as security reform, justice reform and support to the army. Similarly, in the digital agenda, the EU focuses on ICT infrastructure, while the WBG will focus on digital platforms. Private sector representatives highlighted the lack of enabling infrastructure, particularly in energy and transport, as an obstacle to private sector development. Agriculture and forestry were cited as promising areas to boost local incomes and support livelihoods for long-term growth. A Country Opinion Survey was conducted in February and March 2020 and the top three development priorities identified for the country were security/stabilization/reconstruction (81 percent), public sector governance (34 percent), and education (31 percent). Key conclusions emerging from these consultations are summarized in Annex 7.

C. Overview of the WBG Country Partnership Framework FY21-FY25

Selectivity and Alignment

64. **The WBG will work in two Focus Areas: Human Capital and Connectivity to Boost Stabilization, Inclusion and Resilience; and Economic Management and Improved Governance to Build State Legitimacy and Foster Growth.** In addition, there will be cross-cutting emphasis on Women's Empowerment and Digital Development.

65. **The proposed focus areas and cross-cutting priorities derive from a selectivity process, as depicted in Figure 7.** Together with the drivers of fragility, which not only inform the *what*, but also the *how* of the proposed program (see table on drivers of fragility in Annex 3), the strong, almost one-on-one overlap between the government priorities and those identified in the SCD (see Box 2) provides the apex of the selectivity process. Given the enormous needs, government demand for WBG support is broad. Yet for the upcoming programming cycle, specific requests have been made to invest in human capital (with a focus on women's empowerment), digital development, service delivery, rural roads and private sector development, while continuing support to the peace and stabilization process as well as public sector reforms. Two selectivity filters inform the WBG approach in formulating and implementing this CPF.

Filter 1: Mitigating COVID-19 Impacts

66. **As COVID-19 will have severe health, poverty and, should it lead to social unrest, potential security impacts, all new and existing engagements will consider a COVID-19 lens, based on the WBG COVID-19 Response Framework. emerging response framework.**⁴³ This will be reflected across Advisory Services and Analytics (ASA), investment lending, development policy operations, and the underlying policy dialogue with the government. Some new projects directly address pandemic impacts, such as the already-approved COVID-19 health project and a cash transfer program. Beyond the initial response, where WBG interventions are focused on saving lives and protecting the poor and the vulnerable, implementation of on-going projects will be reassessed and, where needed, restructured to better support a resilient recovery for CAR. For example, the LONDO project has directed resources towards the

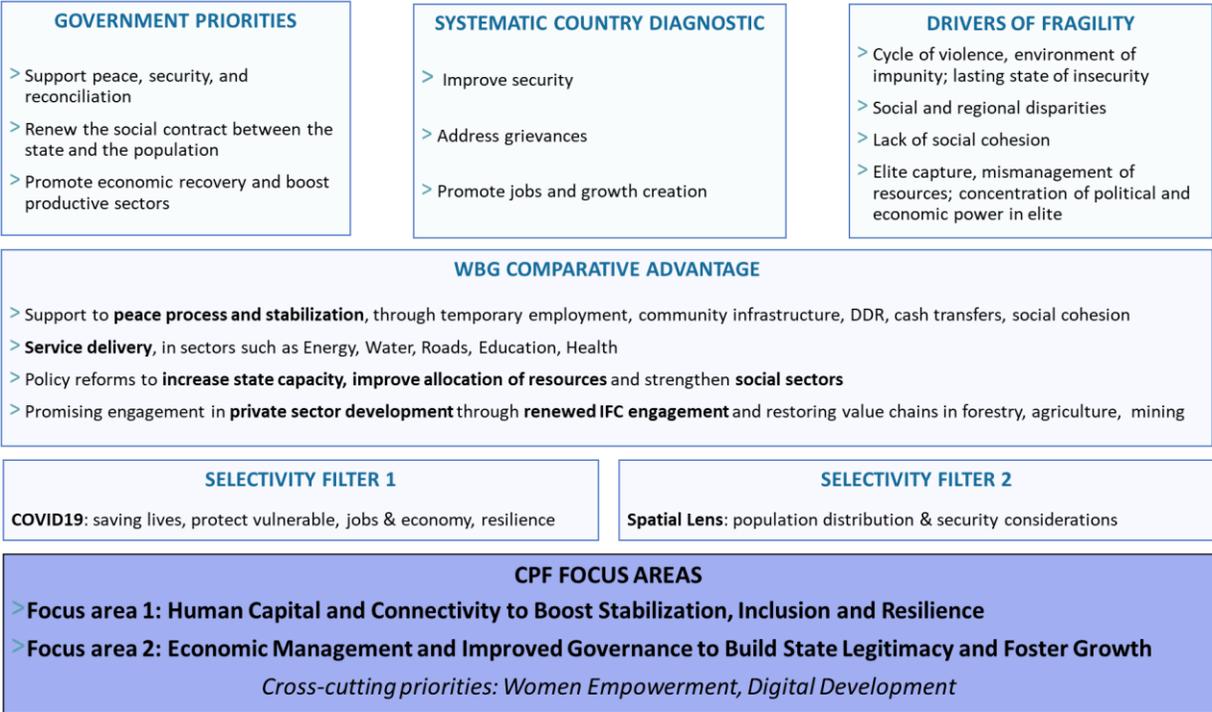
⁴³ The draft WBG COVID-19 response framework includes four pillars: 1) Saving lives; 2) Protection the poor and the vulnerable; 3) Ensuring sustainable business growth and job protection; and 4) Strengthen policies, institutions and investments for rebuilding better, along three stages (Relief – Restructuring – Resilient Recovery).

mass production of 10 million artisanal face masks in this immediate phase, while the Emergency Primary Education Support Project (PUSEB - P164295) will use contingency funds to support the re-opening of schools. Additional financing for the Health System Support and Strengthening Project (SENI – P164953) will be directed for longer-term interventions for health services in the post-pandemic period. Policy and institutional reforms will focus on resilience and rebuilding better. Recognizing the risk that COVID-19 can widen existing gender inequalities, priority attention will be given to gender impacts as well.

Filter 2: Spatial Lens

67. **The CPF will apply a spatial lens to consider the distribution of the population and the varying security circumstances, which influence the choice of development approaches.** The Western part of CAR is home to about 80 percent of the population and is at low to medium risk of conflict (see Figure 1). The South-West of the country has been secure for many years, while the North-West is the area where the APPR has been implemented first. While investments in human capital and basic service delivery continue to be essential in the West, the time has come to also invest in private sector development. In contrast, the East, where 20 percent of the people live in much more sparsely populated areas which are still in conflict, requires an immediate focus on stabilization and social cohesion, with investments in human capital, connectivity and service delivery where security conditions allow. This is essential to address grievances arising from regional disparities and to establish the presence of the state.

Figure 7: WBG Program Selectivity Process



68. **Selectivity is further informed by the WBG’s comparative advantage, which stems from experience gained during IDA18 and the division of labor between development partners.** For example, in support of the government priority to improve security - validated in the SCD and RRA - the WBG focuses on the socio-economic reintegration dimension of DDRR, based on experience in other countries, and on emergency investments using LIPW, based on experience developed during IDA18. The selectivity process also informs what the WBG will *not* do. Under the same priority, the WBG does not focus on justice reform,

security reform or the creation of the USMS – areas in which other partners, such as the EU, have made strong investments and which also do not belong to the WBG comparative advantage, as they touch on the boundaries of the WBG mandate. Similarly, in the cross-cutting priority area of digital development - an area of focus requested by the Government, identified in the SCD, and with clear potential to address drivers of fragility - the WBG will not focus on ICT infrastructure. This is already an area of focus for EU and ADB; rather, the WBG will focus on digital platforms and governance, building on a strong comparative advantage gained over the past three years of engagement.

CPF Focus Area 1: Human Capital and Connectivity to Boost Stabilization, Inclusion and Resilience

69. **In Focus Area I, WBG interventions will invest in people and communities, and their access to basic services and connectivity, with a focus on improving security, rebuilding social cohesion and reducing social and regional disparities.** This focus area will include direct support to stabilization efforts, in close coordination with the political developments and in accordance with the APPR. Specific emphasis will be given to human capital and women’s empowerment. The focus area is consistent with the Government’s RCPA, notably its emphasis on facilitating reconciliation and social cohesion, providing basic services, rebuilding the social contract and repairing basic infrastructure. Likewise, these interventions are consistent with the binding constraints identified in the SCD regarding the need to improve security, address grievances and inequitable service provision, and promoting growth and job creation. The COVID-19 response dimensions of Saving Lives and Protecting the Poor and the Vulnerable will be reflected in this focus area.

Strategic Objectives:

- 1.1 Support Stabilization Efforts for Improved Resilience
- 1.2 Improve Access to and Quality of Education
- 1.3 Deliver Quality and Inclusive Health Services
- 1.4 Put in Place Sustainable Safety Nets
- 1.5 Build Resilient Infrastructure (power, mobility, water) for Improved Connectivity

Objective 1.1 - Support Stabilization Efforts for Improved Resilience

Expected Results:

- *Strengthen social cohesion and support income-growth, by creating large-scale paid employment opportunities and delivering improved basic services and infrastructures through a participatory approach and citizen engagement process.*
- *Contribute to the dissolution of armed groups, by providing economic reintegration opportunities to ex-combatants.*

70. **Stabilization and security create the conditions for sustainable development.** As such, they remain the highest priority for CAR’s population and its development partners. The path to stabilization is charted by the APPR. Key areas of joint government-partner intervention towards stabilization and security include military action; negotiations with armed groups; DDRR; justice and security sector reform; restoration of state authority; legislative initiatives; humanitarian support (including to IDPs); and

rebuilding trust and social cohesion in fractured communities – with a clear division of labor between the humanitarian, development, political and military partners, according to their comparative advantage.⁴⁴

71. **The WBG will build on existing operations to scale up support to stabilization.** The Service Delivery and Support to Communities Affected by Displacement Project (PACAD – P161591) supports the re-integration of IDPs by providing cash to host communities and small infrastructure improvements identified through participatory approaches. The LONDO Project (P152512) – by now a household name in CAR – supports social cohesion as it brings together the population through large-scale temporary employment and community-identified small infrastructure works. In the wake of COVID-19, this project has begun mass production of 10 million artisanal face masks, creating 180,000 person-days of temporary employment and situating itself at the heart of both the health and socio-economic response to COVID-19. During the CPF period, additional financing to this innovative operation will be considered.⁴⁵

72. **WBG support to the DRR process remains a centerpiece of the Peace Accord.** While the EU, the US and the AU support CAR with training and deployment of the USMS, the WBG, through the Reintegration of Ex-combatants Project (PREC - P160272), supports the economic reintegration of more than 4,000 ex-combatants. Progress will depend on political circumstances. To reach the project objective, the current closing date of December 2020 will be extended.

Objective 1.2 – Improve Access to and Quality of Education

Expected Results:

- *Increase primary school completion rate, particularly for girls*
- *Improve learning outcomes at the primary level*

73. **The WBG program will continue to strengthen the education system in CAR.** The WBG focus on access to and equity of quality basic education through the ongoing Emergency Basic Education Support Project (PUSEB - P164295) will be scaled up through the GPE-funded Education Sector Plan Support Project (P173103). This will include efforts to improve access for vulnerable children including girls, children with disabilities and children from Internally Displaced Populations. The project interventions, particularly those related to using community members to deliver school construction activities and training of community teachers, promote social cohesion and peacebuilding and reduce territorial inequalities. The education sector benefits from a high-quality sector plan, which emphasizes the need for massive teacher recruitment. A Public Expenditure Review (PER) for the Health and Education sectors will provide the analytical basis for an ambitious, yet fiscally responsible recruitment strategy, supporting a resilient recovery and rebuilding these sectors post-pandemic. Increasing the presence of teaching staff and health workers across the territory will not only improve the quality of the services provided, but also increase the legitimacy of the state.

74. **During the CPF period, the WBG will prioritize investments in human capital, with an emphasis on women and girls.** A new multisectoral Human Capital Project (P171158) will build on community platforms to incentivize demand-side interventions to increase access to basic education, health and reproductive services for women and girls. It will also promote, on a large scale, life skills and behaviors that save and improve lives. The project will coordinate with sectors beyond human development such as energy, rural roads and infrastructure development, water, and emerging use of digital technologies.

⁴⁴ Key coordination and decision-making bodies include the *Comité Exécutif de Suivi* of the APPR as well as the *Comité Stratégique* for DRR, both chaired by the Prime Minister.

⁴⁵ LONDO was restructured in June 2020 to provide US\$25 million in IDA18 resources for the COVID-19 Supplemental DPF.

Objective 1.3 – Deliver Quality and Inclusive Health Services

Expected Results:

- *Strengthen the national event-based health surveillance system*
- *Improve health indicators through increased number of birth deliveries assisted by skilled personnel and basic childhood immunization coverage*
- *Reduce fertility rates by increasing number of women using modern contraceptive methods.*

75. **Responding to the health impacts of COVID-19, saving lives and protecting the poor and the vulnerable will be an immediate priority in this CPF period.** COVID-19 response investments are essential to preventing people from falling deeper into poverty and mitigating the negative human capital impacts of the pandemic. In the wake of COVID-19, the disruption of health systems due to the emergency response can have adverse effects on general access to primary health care, including maternal and child health interventions. Likewise, women represent the majority of frontline health personnel and household caregivers, placing them at greatly increased risk of exposure to COVID-19. The COVID-19 Emergency Project (P173832) was one of the first such projects approved by the Board in April 2020 and has proved to be a lifeline for the Government’s response. It finances the government system for case detection and contact tracing as well as quickly rehabilitating key infrastructure and procuring urgently needed medical supplies. CAR is also benefitting from the continent-wide capacity-building activities financed by the Africa CDC Regional Investment Financing Project (approved in December 2019) to support the AU in countering the spread of infectious diseases and addressing key regional and continent-wide public health issues. Such regional initiatives are especially critical for a resource-constrained country such as CAR.

76. **The WBG program will continue to strengthen the health system in CAR.** The ongoing Health System Support and Strengthening Project (SENI – P164953), the Government’s vehicle to mainstream results-based financing in the health sector, with a focus on improving maternal and child health services, represents the Restructuring phase of the COVID-19 Response Framework. It is complemented by a health sector reform program (CPSID2 – P160272). In close coordination with the EU, SENI ensures complementarity in geographic targeting as well as policy reforms. A new multi-sectoral Human Capital Project (P171158) will build on community platforms to incentivize demand-side interventions that will increase access to health and reproductive services for women and girls. The ongoing Regional Disease Surveillance System Enhancement Project Part IV (REDISSE IV – P167817), which will strengthen both CAR’s and the region’s ability to detect and respond to future epidemics, is well-aligned with the Resilient Recovery phase of the COVID-19 Response Framework. The health sector benefits from a high-quality sector plan, which emphasizes the need for massive recruitments. As mentioned above, the PER for the Health and Education sectors will provide the analytical basis for increasing the presence of state-employed health workers across the country.

Box 3: Opportunity Out of Crisis – Innovative Response to COVID-19

While the COVID-19 pandemic magnified the fragile state of CAR’s health system, and the difficulty of accessing scarce supplies, it also created opportunities for innovative response. CAR’s response was led by the Minister of Health, a public health expert with experience in fighting HIV/AIDS. Similar to the approach taken by countries such as South-Korea and New-Zealand, the government immediately adopted an aggressive strategy of testing and contact tracing. Based on this approach, the Douala-Bangui trade corridor, through which hundreds of trucks pass each week, was identified early on as a main vector of transmission. In a country where mandatory social distancing is impossible, CAR’s fit-for-purpose strategy includes a focus on the population with comorbidities, the mandatory wearing of masks, large-scale community-based surveillance, and sensitization campaigns.

The WBG, the only donor which directly finances the Government, has been at the heart of the COVID-19 response in CAR. In addition to the immediate financing response, through a US\$7.5-million COVID-19 health project (P173832) (approved in April 2020), a \$25-million Supplemental DPF (P173900) (approved in June 2020), and a cash transfer project – Additional Financing to the Service Delivery and Support to Communities Affected by Displacement Project (PACAD – P161591) (approval expected in Q1 of FY21), innovative solutions and partnerships emerged:

- In support of the government measure to mandate the wearing of masks in public spaces, the *LONDO Project* launched production of ten million fabric face masks, creating hundreds of thousands of person-days of temporary employment. By mid-June, two million masks had already been delivered.
- As early as end-March 2020, the *Data for Decision-Making Project*, together with World Food Program (WFP) and ICASEES (the national statistics institute), launched a weekly monitor of food and commodity prices at markets in Bangui and across the country, as well as the flow of commercial traffic on the Douala-Bangui corridor. By early-June 2020, rapid household surveys had been launched.
- An unprecedented partnership between the Ministry of Energy and Hydraulics, the City of Bangui, the World Bank *PASEEL Project*, the World Bank *LONDO Project*, MINUSCA, the Water Supply, Sanitation and Hygiene (WASH) cluster (led by the United Nations Children’s Fund (UNICEF)), and Sodeca (the water SOE), rallied behind one common objective: to provide drinking water across all of Greater Bangui. It was made possible by the collective sense of urgency emanating from the crisis, and it now offers important promise for long-term impact.

Objective 1.4 – Put in Place Sustainable Safety Nets

Expected Results:

- *Increase the resilience of vulnerable households through cash-transfers.*

77. **Immediate WBG support in social protection will focus on cash-transfers to alleviate COVID-19 impacts, through arrangements with partners.** Additional financing to the ongoing PACAD project (P161591), which currently supports communities affected by displacement, will finance cash transfers to those impacted by the pandemic. The project is designed in close collaboration with partners to maximize synergies with efforts by UN Agencies such as WFP, United National Office for Project Services (UNOPS) and United Nations Development Program (UNDP). For example, the targeting of beneficiaries will be done jointly based on rapid household surveys, funded by the WBG under the Data for Decision Making Project (P160717) and a COVID-19 impact study by UNDP. In the first few months, WFP will provide the assistance, until the WBG project becomes effective and takes over, in an implementation arrangement with UNOPS. Expanded use of mobile payments for cash transfers will be pursued.

78. **At the same time, the Government is committed to develop the building blocks for a national Safety Net System to protect poor and vulnerable households.** Under CPSID2 (P168474), the Government successfully piloted a limited number of cash transfers, following the PACAD model. The Additional Financing of PACAD will build on these achievements to put in place the foundations of a sustainable national Safety Net System. Throughout this process, the role of UNOPS will gradually transition from execution of cash transfers into capacity building of the Government.

Objective 1.5 – Build Resilient Infrastructure (Power, Mobility, Water) for Improved Connectivity

Expected Results:

- *Improve connectivity in rural and urban areas through improved access to all-weather season roads.*
- *Improve access to and quality of water and electricity delivery, including generation capacity of renewable energy.*

79. **In a country where access to electricity, water, roads and internet is scarce, investments in improved infrastructure and connectivity are a condition for development progress.** As the SCD asserts, improved infrastructure and connectivity will support service delivery in social sectors, facilitate income-generating activities and expand state presence by facilitating access between the capital and the regions. Inadequate electricity has important human capital and social implications, as it hobbles the functionality of hospitals, schools, and social service provision, especially outside Bangui. This further compounds socioeconomic disparities between CAR's urban and rural populations. In a country where the rainy season makes the roads impassable for half of the year, isolation and lack of connectivity are one of the most challenging sources of grievances and regional disparities. Impactful and swift progress in infrastructure and connectivity requires strong coordination, clear division of labor and innovative partnerships. The COVID-19 crisis has shown that this is possible. During the CPF period, options for private sector participation will be explored to complement IDA investment projects.

80. **Through roads projects, the WBG will support connectivity within the country while reducing dependence on the Douala-Bangui trade corridor.** The regional CEMAC Transport-Transit Facilitation Project (CEMAC - P079736) will complete paving of the Douala-Bangui road in the North-West, which is vital for CAR's economy. The Agriculture Recovery and Agribusiness Development Support Project (PRADAC - P165855) will build 250 km of rural roads to connect farmers to markets. The Rural Connectivity Project (PCR - P160500), through 1,250 km of roads, will provide year-round connectivity in the North-East, now isolated during the rainy season, and open a competing trade corridor to Port Sudan. The French Development Agency (*Agence Française de Développement, AFD*) provides additional financing to the project and other donors are considering doing so as well, given the high potential impact on stabilizing the East. During the CPF period, a new regional project will be considered to improve connectivity with Lake Chad in the North and DRC in the South, thereby creating new opportunities for commerce and trade. Additional financing for rural connectivity will be considered in the CPF period.

81. **Access to energy and water, in Bangui and other towns, will improve service delivery and the conditions for private sector development.** The CPF aims to help CAR reach a renewable energy generation capacity of 80 MW. The Emergency Electricity Supply and Access Project (PURACEL - P164885) will add 25 MW of solar energy (with storage capacity) to Bangui by December 2021. The project is designed to accommodate an additional 15 MW in Bangui, for which private sector participation, with IFC support, will be explored. World Bank-financed studies for electrification in secondary cities (mainly through solar energy) are under way and additional financing will be considered in the context of a broader national energy strategy, including climate resilience, which the WBG will help the government develop. Through the Water and Electricity Upgrading Project (PASEEL - P162245), water production capacity will be upgraded in Bangui, Bambari and Berberati. Both projects have institutional components to improve the management of the energy utility (Enerca) and the water utility (Sodeca). Trust Funds will be explored to strengthen these utilities' capacity to develop Private-Public Partnerships for future investments.

82. **Investments in digital connectivity are required to support access to finance and basic services across the country.** The CAR DECA (P172683) identified connectivity gaps and needed investments. As a result of donor coordination, the EU and the AfDB are focusing on reducing the ICT infrastructure gap. They are not only investing in VSAT solutions in the short term, but also in the build-out of CAR’s terrestrial fiber-optic backbone network (to be completed by end-2021), which will bring high-speed internet from the borders with Cameroon and Republic of Congo to Bangui, as well as a metro ring in the capital. This will still leave major cities beyond Bangui poorly connected, with no “middle-mile” network to facilitate access across the country or “last mile” local-access networks, potentially reinforcing spatial disparities. Telecommunications can also serve as a critical tool for infectious disease surveillance and response, making interventions to address the digital divide more timely than ever. CAR is one of the least-equipped to use ICT to adjust to COVID-19-related disruptions such as school closures. During the CPF period, IFC will explore investment opportunities to connect the unconnected and establish digital platforms for service delivery such as digital financial services (e.g., mobile money) and education, while World Bank engagement will focus on digital governance, as described in Focus Area 2, and thereby help bridge the remaining gaps.

83. **Given the growth of CAR’s cities, urban planning will be a medium- to longer-term area of focus as recommended in the SCD.** In the latter years of the CPF period, ASA on Urban Planning in Bangui may be undertaken to assess options for a more sustainable growth path for the capital, which can address the needs of a buoyant informal sector with sustainable approaches to housing, transport, water and sanitation, and energy. An IPF may follow this analytical work, to help CAR rebuild better and support a resilient recovery from COVID-19. This may also include ASA on Economic Geography and Territorial Characteristics, a Programmatic ASA on the Energy sector, as well as an Infrastructure Sector Assessment Program (InfraSAP).

CPF Focus Area 2: Economic Management and Improved Governance to Build State Legitimacy and Foster Growth

84. **In Focus Area 2, the WBG will support increased legitimacy of the state and foster growth through improved governance and institutions, as well as private sector development for job creation and DRM, in a deepened engagement with IFC and IMF.** Building state legitimacy and fostering growth are critical to the long-term stability and peace prospects for the country while addressing the key drivers of fragility. Reforms to improve governance, including support to decentralization to bring the State closer to citizens, boost transparency and accountability, and strengthen PFM, including debt management, will be accelerated. At the same time, conflict-sensitive private sector development, where possible, will become an important area of focus, as it creates jobs and supports economic transformation, both of which are critical to mitigate COVID-19 impacts. WBG interventions under Focus Area 2 aim to create the conditions for sustainable and inclusive growth, which is critical to poverty reduction and a pre-requisite to sustain any voluntary and inclusive peace settlement as highlighted in the SCD. The focus area is fully consistent with the SCD and the third pillar of the RCPCA, which addresses the need to promote economic recovery and boost productive sectors. DRM will be a specific area of focus, as it strengthens state legitimacy by creating fiscal space for increased service delivery, and investments needed to foster growth, thereby increasing resilience. The CPF aims to achieve resilient, inclusive and sustainable recovery following the COVID-19 crisis through strengthened policies and institutions, and improved private sector development.

Strategic Objectives:

- 2.1 Improve Core Government Functions and Institutions for Effective Service Delivery
- 2.2 Improve Domestic Resource Mobilization for Adequate Investments to Rebuild Better
- 2.3 Enhance the Business Environment and Support Job Creation

Objective 2.1 – Improve Core Government Functions and Institutions for Effective Service Delivery*Expected Results:*

- *Improve transparency of public finances and fiscal sustainability*
- *Increase effectiveness and efficiency of government functions and services through digitalization*

85. **The WBG will build on reforms in public sector governance to strengthen PFM, core government institutions, access to legal services, citizen engagement, and service delivery.** In coordination with other partners, policy reforms under the Consolidation and Social Inclusion Development Program (CSIDP 2 – P168474) support core government functions and institutions to enable effective service delivery directly to citizens, including health, education and social protection. For example, CSIDP 2 supports implementation of the Government’s first social safety net program using mobile payments for poor and vulnerable people such as displaced, returning refugees and host families. CSIDP 2 also supports the redeployment of the State in provinces through adoption of the legal framework enabling digital and mobile payments of civil servants’ salaries, and the deployment of teachers. This reform contributes to overcoming some of CAR’s infrastructure challenges and spatial disparities while ensuring continuity of service delivery by reducing civil servants’ absenteeism. CSIDP 2 also supports a monitoring mechanism to strengthen transparency and accountability in utilization of funds for the COVID-19 response. A new DPF series will support policies and institutions to rebuild better, including reforms to strengthen PFM, tax and expenditure reforms that will contribute to expanding fiscal space for service delivery; deepen public finances transparency; reduce corruption; promote legal aid and access to legal services to address grievances, especially for GBV victims; and the adoption of legislation on participatory budgeting. These reforms are critical to foster trust, improve social cohesion and state legitimacy, and strengthen policies and institutions needed for an effective COVID-19 crisis response and recovery.

86. **Policy reforms will continue to be accompanied by technical assistance.** The Public Expenditure and Investment Management Reform Project - P161730 (*Appui a la Gestion des Depenses et Investissements Publics et aux Reforms* -AGIR) aims to build the capacity of key public administration and institutions and lay the foundation for citizen engagement through preparation and publication of the first citizen budget. The project also supports the Secretariat of the national peace recovery plan, which is the government mechanism for donor coordination. As a follow-up to AGIR, a citizen-oriented Digital Governance Project will continue strengthening the systems underpinning core government functions which are essential for service delivery to citizens (e.g., PFM, Procurement, Human Resources Management, G2P Government-to-Persons Payments) with fit-to-context digitization; build a framework for effective citizen feedback and recourse mechanisms to improve service delivery and accountability and the foundations of identity management systems; scale-up e-government; and ensure continuity of citizen-centric service delivery, especially in provinces. Moreover, the project will build the capacity of key Government agencies, mobile network operators and financial sector partners to enable and expand (i) payment of civil servants’ salaries through mobile money; (ii) mobile payments of cash transfers to the poor and most vulnerable; and (iii) electronic payment of taxes to improve tax enforcement, and reduce risks of corruption and elite capture. These interventions will address the drivers of fragility through the restoration and strengthening of State authority (redeployment of civil servants and reduced absenteeism) while improving social cohesion and reducing social and regional disparities. Lessons learned from AGIR,

together with the analytical study, DECA (P172493), which is under preparation, will inform the technical assistance. A new ASA on justice and accountability institutions will be prepared during the CPF period to inform future WBG engagement on the justice system and rule of law, along with the Data for Decision Making (P160717).

87. In FY20, CAR became a member of the Global Partnership for Social Accountability (GPSA),⁴⁶ thereby allowing CSOs in CAR to receive direct GPSA support.⁴⁷ By participating in the GPSA, avenues will be explored to strengthen citizen engagement throughout the portfolio. For example, as the Government puts in place a system to monitor COVID-19-related expenditures – by the Government as well as directly by donors - civil society will be included in the governance mechanism. GPSA resources, through direct funding to CSOs, will be explored to support civil society in playing its role as an accountability mechanism. Strengthening citizen engagement and social accountability will help close the gap between what citizens want and what governments actually do, and will start to address the deep-rooted perceptions of inequality and lack of inclusion.

88. The CPF will support actions to improve debt management and transparency in line with the new World Bank SDFP (see Box 4). CSIDP 2 enhances debt transparency by supporting preparation and publication of annual debt reports including debt statistics. The SDFP will further deepen these reforms. Among the PPAs under preparation, the authorities will undertake audits of the three largest SOEs (in the energy, telecommunications and water sectors) to assess their financial sustainability and reduce contingent liabilities related to the debt they each hold. The SDFP and WBG's program will contribute to protecting the future by ensuring fiscal and macroeconomic sustainability, encouraging the authorities to borrow on sustainable terms, and promoting coordinated action by IDA and other creditors.

89. CAR's decentralization process is essential for long-term peace and stabilization, and will continue to be supported through technical assistance. A well-functioning decentralized state structure which brings decision-making by locally elected rather than centrally-appointed public officials closer to the population and addresses their grievances, will not only increase state legitimacy, but also reduce the concentration of power in Bangui. In the APPR spirit of cooptation, it also provides opportunities to mid- to high-level members of armed groups – especially those driven by community-defense – to transition from violent into politically legitimate activities. Through the Rebuilding State Presence and Local Governance in CAR ASA (Decentralization ASA - P172625), the World Bank played a critical advisory role in supporting the National Assembly to pass the first Decentralization Law on Territorial Administration in early-2020 – a key commitment of the Peace Accord. Under the same ASA, supported by the Human Rights Trust Fund, the process will be further supported (including passage of the second Decentralization Law which will create administrative districts) with attention to achieving a realistic and phased decentralization which is fiscally responsible and meets the demands of the local population and armed groups, with a specific focus on human rights and citizen engagement. The process will culminate in local elections, scheduled around the late-2021/2022 timeframe – a key milestone under the TAA.

⁴⁶ The WBG established the Global Partnership for Social Accountability (GPSA) in 2012 to create an enabling environment in which citizen feedback is used to solve fundamental problems in service delivery and to strengthen the performance of public institutions.

⁴⁷ Through the Ministry of Humanitarian Affairs and National Reconciliation, which serves as focal point in CAR.

Box 4: CAR and the Sustainable Development Finance Policy (SDFP)

Although CAR's public debt continues to decline, the country remains at high risk of debt distress. The joint World Bank-IMF 2020 DSA concluded that CAR remains at high risk of debt distress. Debt indicators deteriorated significantly following the 2013 crisis with the accumulation of domestic and external arrears. The ratio of public debt-to-GDP fell from 63 percent in 2014 to 47.8 percent in 2019, thanks to the progressive economic recovery, arrears clearance, and limited new borrowing. Domestic debt declined from 14.2 percent of GDP in 2017 to 10.6 percent in 2019 with the payment of domestic arrears, while external debt increased from 35.4 percent of GDP in 2017 to 37.2 percent of GDP in 2019.

Debt management conditions remain bleak, despite recent progress. With support from development partners, CAR has stepped up efforts to improve debt management and transparency. The authorities have adopted a comprehensive and time-bound strategy to clear validated wage and commercial arrears with safeguard measures. While they have produced and published the 2018 debt statistics report, the first of its kind since the 2013 crisis, debt reporting remains an issue. A debt recording system (DMFAS) is in place, but no maintenance or data validation has been carried out for several years. More generally, debt management capacity remains weak, and many staff in the Debt Unit lack training in several key functions. The most recent Debt Management Performance Assessment (DeMPA) was completed in 2011, and there has been no fiscal risk assessment in CAR, although one is needed – and planned for during the CPF period.

CAR is adhering to the SDFP,⁴⁸ which presents a unique opportunity to strengthen debt management and transparency. The new policy, which is an element of IDA19, was presented to the authorities, and a Focal Point has been designated by the Minister of Finance to ensure high-level commitment and engagement. Two Performance and Policy Actions (PPAs), which are a requirement of the SDFP, were discussed: (i) prepare and publish the 2019 and 2020 debt reports, including debt statistics of stock (debt composition, maturity profile, currency distribution, and holders) and flows (future principal and interest payments); and (ii) conduct audits of the three largest SOEs in the energy, telecommunications and water sectors to assess their financial sustainability and reduce contingent liabilities related to their debt. These PPAs took effect on July 1, 2020. CAR is also participating in the Debt Service Suspension Initiative (DSSI) and benefited from the IMF's Catastrophe Containment and Relief Trust (CCRT) which was approved in the wake of COVID-19.

The WBG will provide additional support during the CPF period. WBG's debt management assistance has consisted of just-in-time support such as assessing the stock of domestic arrears and monitoring the associated payment plan. In late 2019, CAR requested further assistance from the WBG, which will be provided during the CPF period. The WBG's Debt Unit, in collaboration with the IMF, will support an update of the DeMPA, capacity building and hands-on training for staff, and a fiscal risk assessment.

Objective 2.2 – Improve Domestic Resource Mobilization for Adequate Investments to Rebuild Better

Expected Results:

- *Strengthen the efficiency of customs and tax administration and limit tax exemptions.*
- *Improve the data management of mining revenues and the taxation of natural resources.*

90. **Increasing domestic revenues will allow the Government to invest in its people and its development, and strengthen social cohesion.** The WBG's policy reform program will focus on strengthening collection of tax revenues, as recommended by the SCD. The program calls for reducing tax privileges of the elite and limiting corruption, thereby increasing the legitimacy of the state and strengthening the social contract. To increase customs revenues, CSIDP 2 supports the use of Automated System for Customs Data (ASYCUDA), where available, for payment of all customs duties and taxes,

⁴⁸ The SDFP was introduced in the context of the IDA19 replenishment and replaces the 2006 Non-Concessional Borrowing Policy. SDFP aims to incentivize IDA countries towards transparent, sustainable debt management; while promoting coordination between IDA and other creditors in supporting borrowing countries' efforts.

specifically for customs clearance of petroleum products. This reform aims to increase tax revenues while reducing smuggling and facilitating trade. During the CPF period, a new DPF series will support electronic payment of taxes to improve the efficiency of customs and tax administration, reduce corruption, enhance the equity of the tax system, and improve the taxation of natural resources. New DPF series will address tax equity concerns by (i) supporting an increase in excise taxes on luxury goods to compel wealthy households to contribute more to the budget, and (ii) harmonizing personal tax rates for self-employed workers across sectors. Moreover, the WBG will support CAR to restore compliance with the Extractive Industries Transparency Initiative (EITI), which was suspended in 2013, to improve management of mining revenues and the country's reputation among investors. The second Economic Update (P164365), with a special topic on DRM, and the joint IFC/WB/MIGA CPSD will inform these reforms. The Digital Governance Project will contribute to building capacity in both customs and tax administration while preventing leakages. These interventions will create fiscal space and enable investments to protect livelihoods and build resilience to future crises such as COVID-19.

Objective 2.3 – Enhance the Business Environment and Support Job Creation

Expected Results:

- *Enhance conflict-sensitive private sector development for job creation and economic transformation.*
- *Improve the investment climate in CAR via streamlined procedures to start a business, reduced cost to open a business, and increased access to financial services through digital technologies.*

91. **The WBG will enhance private sector development to reduce vulnerabilities.** Growing CAR's private sector is critical to supporting livelihoods, ensuring the reintegration of ex-combatants, and alleviating the misery that contributes to periodic episodes of violence. The combination of weak governance and state legitimacy, ineffective institutions, underdeveloped infrastructure, armed groups and insecurity pose significant challenges to private sector development (PSD). WBG interventions during the CPF period will aim to support conflict-sensitive and sustainable PSD to address the deep mistrust between the government and the private sector and tackle key bottlenecks to the investment climate as identified in recent DB reports and the CPSD. Through a combination of DPF series and IPF, the WBG will help to put in place a well-functioning PPD platform, which is critical to engage the private sector in the reform agenda, compensate for the lack of legitimate institutions, and create transparency and trust among stakeholders; adopt new laws regulating land and property rights; accelerate payments and clearance of domestic areas to private suppliers, especially MSMEs; revise the law on public-private partnerships, which is a critical step toward maximizing finance for development (MFD); invest in critical infrastructure such as electricity, roads, telecommunications; and promote tailored financing and access to finance that de-risk investments. The WBG will seize immediate PSD opportunities outside Bangui, especially in agribusiness and forestry sectors, to promote local communities' development and reduce regional disparities. CPF objectives, which are consistent with the needs of the private sector during the COVID-19 period of restructuring and resilient recovery, will promote PSD while contributing to economic recovery and reducing vulnerabilities.

92. **During the CPF period, a new MFD-enhancing private sector development project will help build an ecosystem to increase services available for MSMEs, investors and entrepreneurs.** First, this project will identify, train, and develop entrepreneurs, managers, and employees to increase productivity, grow businesses, and enhance the availability of skills needed in the economy. Second, the project will strengthen and encourage the development of business support service providers through performance-based grants. Third, the project will provide seed funding and assistance for entrepreneurs to bring to

market technology-enabled solutions and create public goods, particularly those that can enhance productivity. The project presents the opportunity to create linkages between more and less sophisticated businesses and financial institutions (FIs) to strengthen value chains. Finally, this operation will support FIs to reduce their costs of serving clients, de-risking the operations of FIs and investment funds willing to invest in small and medium-sized enterprises (SME) in CAR, and facilitating the creation and operation of risk-sharing mechanisms such as partial credit guarantees, collateral registries, and credit information services. World Bank and will work closely together, and IFC will explore how to best leverage its investment and advisory services, with a focus on SMEs, including mobilizing additional resources along with donors, foundations, and other organizations with shared objectives. The project will address private sector needs through a well-tailored approach to rebuilding better post-COVID-19.

93. **Investments in the mining, forestry and agriculture sectors aim to restore traditional value chains, as called for by the SCD, while addressing governance challenges, as committed under the APPR.** The Natural Resources Governance Project (PGRN - P161973) uses community-driven local development approaches to develop sustainable livelihoods in the mining and forestry sectors, with a special focus on gender issues. At the same time, the project addresses institutional and governance challenges. For example, it provides technical assistance to the development of a new mining code, a commitment flowing out of the APPR, which calls for equitable exploitation of the country’s natural resources. By bringing in international expertise, the goal is to develop a new code which is aligned with international

Box 5: IFC Strategic Priorities in CAR

IFC and the World Bank, through their MoU, have adopted a uniquely integrated approach in CAR, leveraging their respective comparative advantage for maximum impact. Priority sectors for IFC engagement were identified through the Country Private Sector Diagnostic (CPSD), a joint product of IFC and the World Bank’s FCI GP. The CPSD was informed by extensive consultations with private sector representatives, NGOs and government agencies to assess key constraints to private sector development as well as exploring investment opportunities. The enabling policy actions and reforms (supported by IDA) to create a conducive business climate for potential IFC investment are summarized in the “If-Then” Matrix in Annex 5. IFC and MIGA will also seek to support private sector investment by accessing the IDA-IFC-MIGA Private Sector Window.

In the wake of COVID-19, IFC’s short-term focus will be on advisory efforts to help protect the local private sector from the impacts of the pandemic. Post-COVID-19, IFC will leverage the CPSD findings to unlock the constraints to private sector development while exploring sources of growth and employment creation. This will include scaling up Digital Financial Services, support for food supply chains and rehabilitating the cotton sector, helping to prepare a PPP opportunity to expand a solar power project, and setting up a PPD platform and reviewing CAR’s investment charter.

Priority Sectors for IFC’s Country Strategy for CAR: Given its landlocked and remote location, significant access gaps in critical enabling sectors such as power and transportation, and the role of poverty and disenfranchisement in fueling the cycles of conflict, IFC’s strategy in CAR will focus on the following 3 pillars:

Job Creation	Connectivity	Cross-Cutting Theme
Inclusive Finance Agriculture & Agribusiness	Enabling Infrastructure (Power, Transport/Logistics and ICT)	Improving the Business Enabling Environment

best practice on fiscal, environmental, social and technical standards applied in jurisdictions worldwide; promotes greater benefit for the people of CAR from the extraction of their resources; ensures effective

management of the sector by the government; and, attracts responsible international mining investments to the country. The Agriculture Recovery and Agribusiness Development Support Project (PRADAC - P165855) aims to build on the rich agricultural potential of CAR, bringing together agri-business approaches through a system of matching grants, rehabilitation of rural roads to increase access to markets and, especially in the cotton sector through collaboration with IFC, access to dedicated financial products.

94. Obstacles to private sector growth and job creation call for collaboration across the entire WBG.

This approach is enabled by CAR serving as a pilot country for a new organizational structure whereby the World Bank Country Manager is also representing IFC in the country, enabling a greater level of institutional collaboration and client orientation. IFC will adopt an advisory-led approach, working closely with the World Bank and leveraging de-risking instruments whenever possible - through the use of the Private Sector Window (PSW) and other blended finance mechanisms, Multilateral Investment Guarantee Agency (MIGA) guarantees, and partnering with other development finance institutions (DFIs) - to create new investment opportunities and increase the role of the private sector in improving service delivery in CAR. CPF objectives will be implemented via existing operations and IFC Advisory activities. These include IFC's Investment Climate Advisory Project (604087), the CAR Agriculture Recovery and Agribusiness Development Support Project, the Natural Resources Governance Project, the Water and Electricity Upgrading Project, the CAR Emergency Electricity Supply and Access Project, the CEMAC Transport Transit Facilitation and the CAR Rural Connectivity Project. Some reforms will be implemented in conjunction with policy reforms under DPF. MIGA will continue to look for opportunities to encourage and support private investment by means of its political risk insurance instruments. The IDA-IFC-MIGA PSW, which enables MIGA to support fragile states under the MIGA Guarantee Facility, may help facilitate support of private cross-border investments.

D. Turn-Around Milestones and Portfolio Calibration

95. As CAR accesses IDA19 turn-around resources, the proposed program will be calibrated to directly address drivers of fragility. This manifests itself not just in the *what* of the WBG program, as described above and in Table 9, but also the *how*. For example, community driven approaches and citizen engagement will be central to the approach in programs that directly support social cohesion, aim to reduce violence, improve service delivery and restore traditional value chains. Community infrastructure to be rehabilitated are chosen by the communities and realized by members of those communities through temporary employment programs that foster social cohesion. A well-functioning Public-Private-Dialogue platform will be established to address the deep mistrust between the government and the private sector and compensate for the lack of legitimate institutions while promoting conflict-sensitive private sector development. WBG interventions will also strengthen public financial transparency, accountability, and decentralization which are critical to reduce elite capture, reinforce social cohesion, and build long-term peace and stabilization. Programs in mining and forestry will invest in local development plans. Where the Government is unable to deliver services, the WBG will not only invest in the Government's capacity to do so in the future, but ensure delivery of those services through strengthened collaboration with UN agencies and other partners (e.g., for delivery of cash transfers). Investments in governance will focus on generating benefits for citizens, through decentralized decision-making and IT-enabled services.

96. CAR's access to the TAA will be conditional on an ambitious set of milestones which are critical for the long-term stabilization of the country. The milestones are primarily drawn from the bookends that define CAR's inflection point – the recent peace accord and the upcoming electoral cycles. First and

foremost, there is broad consensus that CAR’s long-term stabilization will pass through the achievement of full democratic governance and institutions, at both the national and local levels. Therefore, the completion, under normal conditions, of general and local elections as well as the completion of the legal framework for decentralization will be monitored under a first set of TAA milestones. Secondly, there is no doubt that consolidating early progress in implementation of the peace accord is a condition for CAR’s peaceful development. Hence, the TAA monitoring framework will draw on APPR commitments that aim to improve security, restore state authority and improve the management of natural resources. Finally, laying the foundation of a more resilient socio-economic environment will allow the country to reap the benefits of a peace dividend, and thereby consolidate a new, more peaceful status quo. This informs the third and final set of TAA milestones. The TAA monitoring framework, as well as CAR’s eligibility criteria, are presented in Annex 3.

Figure 8: Turn-Around Allocation Milestones⁴⁹

	TAA Milestones	Support by key partners and alignment with WBG program
Achieving full democratic governance and institutions, at both the national and local levels	Presidential and general elections	UNDP, with support of all partners
	New government	
	Decentralization	WBG Decentralization ASA
	Local elections	UNDP, with support of all partners
Improving the security situation for greater stability, state presence and management of resources	Disarmament and Demobilization	Minusca
	Socio-economic reintegration	WBG PREC project
	USMS	EU, AU, Minusca
	Redeployment of the state	All partners. WBG through Digital Governance project, CPSID, new DPO series, Decentralization ASA
	Truth, Justice and Reconciliation Commission	Minusca and EU
	Mining code	WBG PGRN project
Building a more stable and resilient socio-economic environment	Presence of civil servants in secure areas	WBG CPSID
	Concessional Debt	IMF ECF and WBG SDFP
	Domestic arrears	IMF

97. **While the TAA monitoring framework is meant to monitor the country’s accelerated progress out of fragility – and *not* the progress towards CPF objectives - the WBG program is calibrated to support various milestones.** TAA milestones are directly supported where they meet the CPF selectivity criteria (Figure 8). For example, under the CPF, the WBG will support CAR in achieving the milestone on decentralization, given its alignment with the WBG comparative advantage, the drivers of fragility, the SCD as well as a direct request from the government. Conversely, the launch of the USMS will not be supported by the WBG program, given that the WBG in CAR does not work with the army while other donors, such as the EU and the AU, do so and have made it their priority.

⁴⁹ Full descriptions of the TAA milestones are presented in Annex 3.

98. **The value of IDA19 TAA resources will manifest itself at various levels.** First, by embracing the notion that tangible progress towards peace and democratic governance is essential to gain continued access to turn-around resources, the Government sends an unequivocal signal of its commitment - not only to the international community but also to all stakeholders in the country. Secondly, TAA resources will be used directly to tackle deeply rooted drivers of fragility (see Table 9). As people across the country see that armed groups are demobilizing, basic services are improving, traditional value chains are being restored, the state increases its presence and its ability to make investments of its own, employment opportunities increase, the voice of citizens is being heard and local political structures become functional, the peace dividend will provide fertile ground for stabilization to take root. The opportunity to embark on that virtuous circle is what the population wants, and is what the IDA TAA provides. Finally, the risks of *not* providing TAA resources should not be underestimated. At this hopeful yet very fragile political moment, any sign of diminishing support would provide ammunition to those actors – some of whom are very influential - who do not want to pursue the path towards democratic governance and stabilization. It would also not be understood by international partners such as MINUSCA, which has recently expanded its mandate; or the EU, which expects to continue to invest at similar levels as they have over the past few years.

E. Response to COVID-19

99. **The WBG COVID-19 Crisis Response Framework will guide programming decisions for new operations and implementation - or restructuring, as appropriate - of existing projects and analytical work.** This will afford the CPF maximum flexibility to respond to pandemic impacts, while continuing to support critical policy reforms that will form the foundation of a resilient and conflict-sensitive recovery.

100. **In responding to COVID-19, the CPF will take account of CAR's social, economic, and political context to provide targeted support throughout each of the three phases of the WBG Response Framework – Relief, Restructuring, and Resilient Recovery.** Within each of these three pillars, operations will respond to the immediate emergency posed by COVID-19, the opportunity to restructure systems and improve service delivery, and support the country to transition to a more resilient system. The portfolio will be revisited to take stock of evolving pandemic impacts. Operations will be designed to address the three stages of attenuating the impact of COVID-19, with a focus on the most vulnerable.

- In response to the outbreak of COVID-19 and the immediate focus on saving lives, a COVID-19 Emergency Preparedness and Response Project was prepared in April 2020, to support testing, prepare care centers and procure urgently needed medical supplies. The existing LONDO Project was restructured to support the local production of 10 million masks to implement protective and social-distancing measures, and to drill boreholes to increase access to potable water. In support of livelihoods, the PACAD Project will receive additional financing to provide cash transfers to the most vulnerable. A supplemental DPF has been prepared to afford greater fiscal space to the government during the crisis. The Data for Decision Making Project is financing a real-time price monitoring mechanism and rapid household surveys. The Primary Education Project (PUSEB) supports the reopening of schools, while the CEMAC Transport Project supports the reopening of the airport. Policy dialogue to mitigate the impact of the pandemic on the private sector continues as well.
- To support CAR in the restructuring phase, existing operations (Health Systems Strengthening Project, COVID-19 Emergency Project, Primary Education Project, Agribusiness Project) and new operations (Human Capital Project, Digital Governance Project, Private Sector Support Project) will aim to restore livelihoods and support enhanced quality and access to basic services. Lending will be complemented by analytical work including a PER to ensure more effective government spending in health and education, while engaging on policy dialogue and strengthening institutions.

- The transition toward a more resilient recovery will be supported through the REDISSE IV project, which aims to build a robust pandemic-preparedness system that is integrated with those of other countries (DRC, Republic of Congo, Chad); CSIDP 2 (which supports free health care and teacher recruitments); the PACAD AF which will build government capacity to manage safety net programs; the Rural Connectivity Project; PASEEL (to expand access to water and electricity, including solar energy); business environment reforms; and improved debt management (in accord with the SDFP). Lending will be accompanied by policy reforms to enhance the business environment, improve DRM, and increase public spending for social sectors and boost deployment of civil servants for greater state presence and legitimacy.

IV. IMPLEMENTING THE COUNTRY PARTNERSHIP FRAMEWORK

101. **The CPF implementation period is FY21-FY25.** This coincides with two electoral cycles (Presidential and General Elections due to take place before April 2021; local elections due to take place end-2021 or 2022), and straddles two IDA cycles (IDA19 and IDA20). Two PLRs are planned, one of which will be prepared soon after the presidential elections, allowing for an evaluation of the TAA alignment with post-election priorities, adjustments to reflect COVID-19 realities, as well as potential fine-tuning based on CAR’s performance under the SDFP.

A. Lessons from the implementation of the portfolio⁵⁰

102. **The CPF builds on lessons derived from WBG engagement in CAR since scaling up under the IDA18 TAR.** At the most general level, lessons learned relate to the resilience required from all actors to work in high-fragility settings as well as the importance of the link between development and associated political processes.

- *The path out of fragility is not a straight line, even with turn-around resources.* Setbacks will happen and all stakeholders, including the WBG and its staff, need to be prepared for them. After the enthusiasm provided by the initial turn-around opportunity in 2015/2016 and the subsequent massive investments by donors, the increase in violence in 2017 and 2018 left many hopes shattered. Reforms and development projects take time to show results. It was not until 2019 that the conditions were fulfilled for a Peace Accord that proved to be sustainable (to date). This was only possible because government and partners stayed the course.

- *To influence political milestones, close interaction with the corresponding political process is essential.* Some of the TAR milestones are related to highly political processes, such as DDRR and security reforms. To influence those and use the leverage that the WBG “buys” through the IDA turn-around resources, active and productive engagement with relevant political structures is essential. All in all, it remains easier to influence processes where IDA financing is relevant (e.g., DDRR) than in those where there is no WBG financing (e.g., security sector reform).

103. **A second group of lessons relates to the multitude of partners who tend to operate in a fragile setting.** Speed, flexibility and coordination are essential.

⁵⁰ The World Bank did not prepare a Completion and Learning Review (CLR) given that the previous strategy was an Interim Strategy Note (ISN). Lessons learned are based on four-monthly Country Portfolio Performance Reviews (CPPRs) with Government counterparts (the most recent of which was held on February 19, 2020). These workshops identify key implementation and disbursement challenges, and allow for experience-sharing between the Ministers, their technical advisors, and the WBG team.

- *To be effective on the security-development nexus, development actors need to be nimble, flexible and fast.* Conflict situations are unpredictable. Supporting stabilization requires an adaptive mindset so that activities such as DRR and cash-for-work can be deployed quickly when and where they are most needed. It is the only way to rapidly deliver a peace dividend. This requires close coordination with security actors and active engagement in relevant decision-making bodies. Coordination with humanitarian actors is equally important. At the same time, projects need to be able to cancel and redeploy activities when the security situation worsens. In this regard, flexibility is key.
- *Division of labor between development partners is a must.* In a context where there are few development partners and where the needs far exceed the available resources, donor coordination is essential. Such coordination can take the shape of parallel financing (as is being planned with AFD to bring connectivity to the North-East), or a geographical division of labor (as is the case with EU for results-based financing in the health sector). Where government coordination mechanisms fail, donors need to coordinate among themselves to substitute for such mechanisms.
- *Working in remote or less-secure areas requires a close partnership with MINUSCA.* The UN peacekeeping force is the only partner who can reach remote areas or provide security in high-risk zones. A fluid day-to-day partnership, cemented in MoUs as needed, is essential.

104. **Implementation challenges in a fragile context such as CAR are phenomenal.** The IDA18 engagement provides important lessons for future engagements.

- *In a low-capacity environment, hands-on implementation support is a must, and this requires staff on the ground.* Counterparts are often not familiar with the World Bank's approach and procedures, which can lead to bottlenecks; or, they are tempted by the availability of resources provided under World Bank projects, which can lead to fraudulent practices. To move projects forward, hands-on support is essential, not just for fiduciary matters, but for a wide range of implementation issues. Every step in the process requires follow-up. Every interaction with the counterpart is an opportunity for capacity building, not just to familiarize counterparts with World Bank procedures, but also to familiarize them with the notion of using development resources for development gain, not for personal or political gain. In order to be effective at this, staff need to be capable and willing to go outside the traditional terms of reference for a task team leader (TTL).
- *Political ownership of development projects is also critical in a low-capacity environment.* In countries like CAR, the temptation might exist to work only through Project Implementation Units (PIUs) or through direct implementation arrangements. It is important however, especially in sectoral projects, to engage at the political level and with ministry staff. World Bank projects demonstrate in real time how tangible results are achieved. They are an effective means to transform institutions, however challenging this may be, and to build lasting capacity at the political level as well. To engage effectively at the political level, seamless and transparent collaboration between the CMU and the Global Practice (GP) is essential.
- *Enhanced World Bank/IFC coordination is essential to support private sector development.* Analytical work such as the CPSD and Country Economic Updates highlighted the constraints to private sector-led growth in CAR. Under the World Bank/IFC MoU, the World Bank Country Manager also represents IFC in the country. This dual role reflects opportunities to mobilize IDA and IFC products in pursuit of the key strategic objective of improving the business environment and strengthening the private sector. The WB/IFC will also seek to work closely with MIGA to identify opportunities for cross-border private investment where MIGA's de-risking instruments may be critical to making impactful projects viable.

105. **Lessons learned derive from experiences that have worked well and *not* so well, especially the contrast between both.** One mechanism that has worked particularly well to unblock implementation challenges is to set up ad hoc opportunistic, yet inclusive, governance mechanisms that bring together all

stakeholders, from the highest political level to the implementation level. During FY20, such mechanisms were successfully used to resolve bottlenecks in energy, water and transport projects. For example, when progress in the regional CEMAC project was entirely stalled, solutions were identified through a series of meetings, co-chaired by the Governor and the WBG Country Manager, with participation of relevant ministers, contractors, PIU and World Bank staff, as well as any other actor needed to resolve a specific issue – in this case the French Ambassador and the Ministers of Mining and Defense. However, when bottlenecks in an agriculture project were identified, it was not possible to put in place such a mechanism, not only because of weak political leadership and ownership, but also because of the absence of staff on the ground. As a first step to remedy the situation, the GP has proceeded to recruit a locally based staff.

B. Financing the CPF

106. **The CPF will be financed by two IDA cycles (IDA19 and IDA20) as well as some Trust Funds.** Under IDA19, the PBA allocation for CAR is US\$158.0 million equivalent.⁵¹ If CAR accesses the TAA those resources will potentially increase to US\$355.5 million, depending on a yearly assessment of continued eligibility to the TAA (see Table 4). Under IDA19, CAR will be subject to the SDFP, which might impact the available resources. Additional resources could potentially be accessed through IDA19 special windows and regional IDA projects. The IDA-IFC-MIGA Private Sector Window is also available to help de-risk potential IFC- and MIGA-supported private sector projects. IDA financing will be complemented by Recipient-Executed Trust Funds, including through the Global Partnership for Education (GPE) and the Global Environment Facility (GEF). The WBG will also seek climate financing, particularly through the Green Climate Fund (GCF), to support CAR in preparing bankable renewable energy projects (e.g., increasing electricity access through mini-grid and off-grid renewable energy solutions). Other trust fund resources will be explored as opportunities arise in line with the strategic directions of the CPF, including from the Global Partnership for Social Accountability (GPSA) to strengthen citizen engagement and from partners who support PPPs. During the CPF period, it is foreseen that the number of projects in the portfolio will decrease, while the average project size will increase. This evolution reflects the strategic objective of consolidating the portfolio with fewer, but larger projects over the course of the CPF period.

107. **Resources will be deployed for maximum impact.** The deployment of IDA19 (and, eventually, IDA20) resources will emphasize operations where the WBG can support the greatest development impact in CAR. Additional Financing operations feature prominently in indicative lending projections (see Table 4) as the most efficient mode of scaling up well-performing projects that have demonstrated clear results. DPF will be used to support essential reforms, to strengthen PFM, to improve the business climate (in close collaboration with IFC), and create an enabling environment for sectoral investments.

⁵¹ IDA allocations are determined annually, and depends on: (i) total IDA resources available; (ii) number of IDA-eligible countries; (iii) the country's performance rating, per capita GNI and population; (iv) implementation of IDA's forthcoming Sustainable Development Finance Policy and (v) the performance and other allocation parameters for other IDA borrowers.

Table 4: Active and Indicative Lending Program

	Active Portfolio	Pipeline Portfolio (FY21-FY25)
Focus Area 1. Human Capital and Connectivity to Boost Stabilization, Inclusion and Resilience	Service Delivery and Support to Communities Affected by Displacement Project	Additional Financing to Service Delivery and Support to Communities Affected by Displacement Project
	LONDO Project	Additional Financing LONDO Project
	Reintegration of Ex-Combatants Project	Human Capital Project
	Emergency Basic Education Support Project	Education Sector Plan Support Project (GPE)
	Health System Support and Strengthening Project	Additional Financing Health System Support and Strengthening Project
	Regional Disease Surveillance System Enhancement Project Part IV*	CAR-DRC Cross-Border Electrification Project or Regional Transport Project*
	Rural Connectivity Project	Additional Financing Rural Connectivity Project
	Agriculture Recovery and Agribusiness Development Support Project	Second Consolidation and Social Inclusion Development Project
	Water and Electricity Upgrading Project	Additional Financing Water and Electricity Upgrading Project
	Emergency Electricity Supply and Access Project	Regional connectivity project (electrification or roads)*
	CEMAC Transport Transit Facilitation*	Potential engagement in urban / climate resilience
	COVID-19 Emergency Project	Additional Financing Support to Communities Affected by Displacement Project (PACAD)
Focus Area 2. Economic Management and Improved Governance to Build State Legitimacy and Foster Growth	Consolidation and Social Inclusion Development Program Supplemental Financing	Second Consolidation and Social Inclusion Development Program
	Emergency Electricity Supply and Access Project	New series of DPFs
	Public Expenditure and Investment Management Reform Project	Digital Governance Project
	Data for Decision Making	Private Sector Development Project
	IFC-CAR IC II Advisory Project	Integrated Natural Resources Management in Ngotto Forest and Mbaéré-Bodingué National Park (GEF)
	Natural Resources Governance Project	Potential CSO support on citizen engagement (GPSA)
	REDD+ Readiness	
	Agriculture Recovery and Agribusiness Development Support Project	

Note: Regional projects are marked with an asterisk (*).

Table 5: Indicative ASA Program

	Name of Advisory Services and Analytics
Focus Area 1. Human Capital and Connectivity to Boost Inclusion and Resilience	Human Development Public Expenditure Review (PER)
	Poverty Update
	Programmatic ASA on the Energy Sector
	Urban planning / climate resilience in Bangui
	InfraSAP (Infrastructure Sector Assessment Program)
Focus Area 2. Economic Management and Improved Governance to Build State Legitimacy and Foster Growth	Economic Update
	Country Economic and Poverty Monitoring
	Country Economic Memorandum
	State-Owned Enterprises Assessment
	Tax Administration Diagnostic (TADAT)
	CAR CIIP Private Sector Support Services Delivery Design
	Public Expenditure and Financial Accountability (PEFA)
	Civil service pay and reform
	Debt Management Performance Assessment (DeMPA)
	Innovations on Tax Compliance
	Justice and Accountability of Institutions
	Country Private Sector Diagnostic (CPSD)
	Government-to-Persons (G2P) payment systems

108. **Regional projects feature prominently in the CPF.** Enhanced cross-border cooperation and regional integration can support CAR’s efforts towards stabilization and in dealing with the consequences of COVID-19 by supporting the detection and response capacity of the health sector through the recently approved REDISSE IV project (P167817); maintaining and enhancing food and medication supply chains, notably by finalizing rehabilitation of the Douala-Bangui corridor initiated under the CEMAC Transport Transit Facilitation (P079736); and further developing the integration of CAR in regional trade and economic flows as conditions allow under the Recovery phase, through a potential Cross-Border Electrification Project or a Regional Transport Project.

109. **This CPF addresses each of the IDA19 special themes.** *FCV* is central to the CPF. As Table 9 shows, the drivers of fragility, identified in the RRA, underpin the strategic choices as well as the interventions of the program. *Gender* is equally central to the CPF, given the emphasis on human capital as well as the cross-cutting priority of women’s empowerment. *Jobs and Economic Transformation* and *Governance and Institutions* are reflected in Focus Area 2 – Economic Management and Improved Governance to Foster Growth - which aims to strengthen good governance and PFM, and, through close World Bank/IFC collaboration, support reforms to improve the business climate for investments and job creation. *Climate Change* is addressed in line with corporate commitments, including the WBG 2025 Targets to Step Up Climate Action and Action Plan on Climate Change Adaptation and Resilience. The CPF focuses on biodiversity and will explore engagements to address CAR’s vulnerability to increasingly frequent and intense floods, per the climate change commitments as articulated in their Intended Nationally Determined Contribution (INDC) (see Annex 10). The cross-cutting theme of *Disability* is reflected in the Education Sector Plan Support Project (P173103), whose sub-component to increase the school retention

rate for girls and children with disabilities includes plans to construct/rehabilitate classrooms with accessible ramps and latrines for students with disabilities.

110. **Likewise, the CPF is aligned with the pillars and guiding principles of the recently endorsed WBG FCV Strategy 2020-2025.** Through close and effective partnerships with UN agencies and a range of humanitarian and development actors on the ground, this CPF is informed by an RRA to address drivers of fragility, reduce risks of renewed conflict, and seek to build social cohesion and trust between government, citizens, and the private sector to improve potential for investments, job creation and poverty reduction.

C. Partnerships and Donor Coordination

111. **CAR is highly dependent on foreign assistance across the security-humanitarian-development axis, dwarfing the country's own resources.** Over the past two years, MINUSCA has run a yearly budget of about US\$1 billion, humanitarian actors have received yearly contributions of about US\$280 million, while development actors have disbursed about US\$1 billion per year. The combined expenditures along the security-humanitarian-development spectrum of about US\$2.3 billion dwarf the country's own resources, with an average yearly budget of about US\$190 million, excluding budget support provided by donors.⁵² In such a context, country ownership poses obvious challenges and partner coordination is key.

112. **Partners have a strong influence in critical decision making, reflecting the country's dependence on external actors.** Political processes that are essential to CAR's turn-around have their own joint government-partner governance mechanisms. The APPR is governed by an Executive Committee, co-chaired by the Prime Minister and the AU. It provides the venue for armed groups, government and partners to follow-up on implementation of the Peace Accord. Organization of the elections and DDDR have similar governance mechanisms of their own. Likewise, the COVID-19 response is managed jointly, through a triple mechanism, with a Strategic Committee, presided by the Minister of Health, to recommend actions to a Technical Committee, presided by the Prime Minister, for decision by the Crisis Committee, chaired by the President. Except for Russia and China, each of which prefers bilateral interactions with the Government, all diplomatic, development and humanitarian partners actively participate when requested. A small group called "G5", chaired by the Special Representative of the Secretary General and head of MINUSCA, brings together on a weekly basis the most influential partners across the political, security, development and humanitarian sectors to share information and coordinate positions. The G5 is composed of MINUSCA, EU, AU, US, Russia, CEAAC and the WBG. China is invited but does not participate.

113. **The quality of development coordination varies by sector.** Improved sector coordination is an important objective of the RCPCA, which has its own governance mechanism and a secretariat funded by the AGIR project. The country has developed strategies for most sectors, including some that are critical for the country's turn-around, such as the strategy to restore state authority and reforming the security sector. Sector coordination works best where there is a high-quality strategy, often developed with donor resources, under strong government leadership. The health sector provides a good example: strong government ownership and leadership led to the adoption of results-based financing as a strategic approach for the country. The WBG and the EU, as the two main donors and in coordination with the government, have developed a geographical division of labor for their respective health projects, and coordinate closely on policy actions under their respective budget support programs. In some sectors where government capacity and ownership are weaker, such as education, partners work well together,

⁵² Sources: UN Secretary General, OCHA, RCPCA Secretariat, Ministry of Finance.

when there is a strong donor mechanism such as the GPE. In other areas, where both government capacity is weak and global partnerships are absent, coordination occurs on a project-by-project basis, such as in transport and public works. During the CPF period, the WBG will use its presence on the ground to strengthen donor coordination through policy dialogue.

114. Under the RCPCA, donors are strengthening coordination by adopting geo-enabled technology, following the WBG’s example. The adoption by all donors in CAR of the Geo-Enabling Initiative for Monitoring and Supervision (GEMS), based on the open-source Kobo Toolbox platform, will allow real-time identification of project implementation progress across all development programs monitored under the RCPCA. The adoption of geo-enabled monitoring will complement existing coordination at the level of funding priorities and sector strategies and allow for a comprehensive spatial understanding of where development results are materializing, and where they are not (see Box 6).

Box 6: GEMS - Digital Supervision and Digital Donor Coordination

GEMS enables project teams to use simple, free, open-source tools, on smart phones or tablets, to monitor project activities from afar. GEMS is a WBG initiative based on the KoBo Toolbox platform, a suite of tools for field-data collection based out of the Harvard Humanitarian Initiative. In an FCV context such as CAR, the tool provides a valuable option for remote supervision, real-time risk and safeguards monitoring, and portfolio mapping across projects and across partners. In CAR, the use of the platform is rapidly expanding, under WBG leadership.

-- In February 2020, the RCPCA formally adopted the use of GEMS across all development partners and programs. The initial goal is to develop a cartography of all development interventions across the country. A common questionnaire has been developed. After a pilot phase, the tool will be systematically rolled out in FY21. The repository of project data will provide valuable insights on implementation progress in the field of all development initiatives in the country. This will include photographs, GPS coordinates, and site-specific details such as the number of beneficiaries reached, and problems encountered (such as security issues). The data will be used to facilitate greater coordination between interventions, identify gaps, and avoid counter-productive or unnecessary interventions. The RCPCA Secretariat, with WBG funding through the AGIR Project, is building its own capacity to manage the country-wide and partner-wide deployment of the tool, setting a worldwide precedent.

-- As part of the COVID-19 response, GEMS has been deployed to monitor the distribution of medication from Bangui to health centers across the country. In CAR the distribution of medication is plagued by logistical challenges and corrupt practices. The use of GEMS now allows for remote, real-time verification, using geo-tagging and photographs. The system is now able to say whether and when the medication arrived and places accountability with the director of the health center. Using SENI funds, the system will be expanded for use also beyond COVID-19 response.

115. The WBG-MINUSCA partnership is robust and produces innovative approaches that strengthen the security-development nexus and seek to capitalize on the peace dividend. At a logistical level, the partnership with MINUSCA allows the WBG to work in less-secure areas, where the use of community-driven approaches is prevalent. However, the strategic value-add of the partnership lies in the opportunity to integrate development interventions into on-going peace negotiations, with the goal of bringing development results and a peace dividend as a powerful incentive to end hostilities. Under WBG and MINUSCA leadership, an approach called “package of development interventions” was developed. The package offers immediate, concrete development results, pooled from existing projects of all development partners that can be flexibly deployed on a tight timeline, as long as warring factions agree to conditions of security (i.e. putting down arms) and inclusion (i.e. dialogue with the adversary). Interventions build on consultations with the population and start with cash-for-work schemes and LIPW, which can be deployed immediately; followed by rural roads, support to farmers, and rehabilitation of

schools and health centers, all within a 6-to-12-month timeframe. Thus far, the package has been developed for the Vakaga prefecture in the North-East, where it was used by the guarantors of the APPR as part of negotiations with leaders of armed groups; and for the Muslim-dominated PK5 area of Bangui, where violence flared up in December 2019 and the package was launched by the Prime Minister in May 2020.

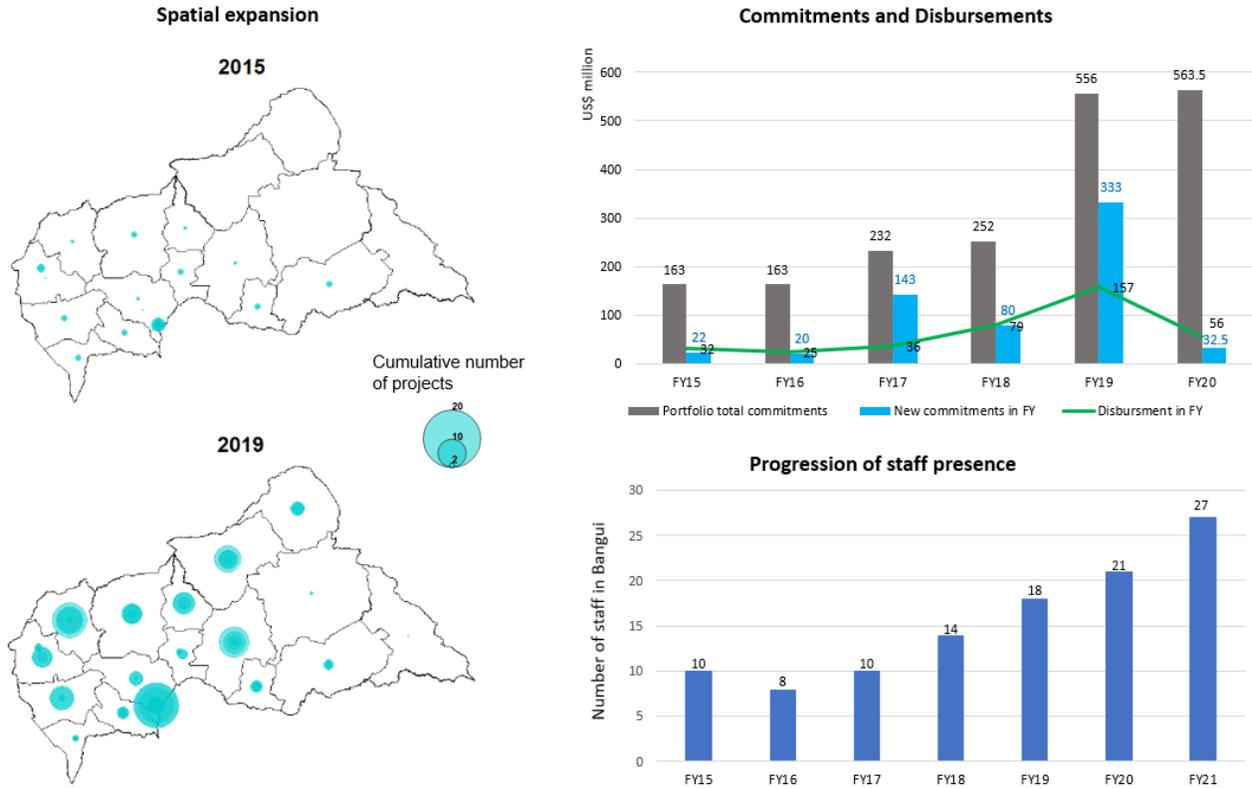
D. Managing CPF Operations

116. **Since 2015, the World Bank has significantly scaled up its engagement and its presence in CAR, especially under the IDA18 TAR** (see Figure 9). Commitment levels have more than tripled under the TAR, from US\$163 million in FY15 to US\$563.5 million in FY20.⁵³ Disbursement levels have increased accordingly, except for FY20, due to COVID-19-related delays. In the same period, in-country presence has more than doubled. For FY21, post-COVID-19, the country office expects to have 27 staff. Sufficient staff presence is essential in a low-capacity environment such as CAR, to support both policy dialogue and project implementation. To accommodate this larger team, and to incorporate enhanced IT and security capabilities, a parcel of land has been identified in Bangui on which a new WBG building will be constructed later in the CPF period.

117. **In a poorly connected country with varying and unpredictable security circumstances, project supervision for an expanded portfolio poses enormous challenges and requires creative solutions adapted to an FCV setting.** First, GP staff will continue to increase staff presence. By end FY21, all sectors with major engagements will have staff present in the country. Second, a strong partnership with MINUSCA allows for project supervision to take place in less-secure areas. Finally, geo-enabled monitoring technology is being deployed systematically across the portfolio – a practice that other development partners will adopt, under the umbrella of the RCPCA, and following the World Bank example (see Box 6).

⁵³ DPOs approved in FY17 (US\$20 million); FY19 (US\$100 million); and FY20 (US\$25 million – Supplemental DPF COVID-19).

Figure 9: Evolution of WB engagement in CAR since 2015



118. **As CAR emerged from conflict following the crisis in 2013, project implementation capacity was extremely limited, and a centralized approach was adopted.** In order to implement the RCPCA, and effectively deploy the massive resources pledged by development partners at the 2016 Brussels Donors' Conference, the authorities implemented a 2016–2017 PFM reform plan. As one outcome of this plan, two central entities, CEMAC-PFTT and AGETIP-CAF, were established to manage the procurement and financial management processes of WBG projects. The objective was to concentrate risky fiduciary transactions within a few trusted agencies, while technical project-related tasks would be carried out by line ministries, mostly through dedicated project-financed units. This arrangement worked well while the portfolio was small.

119. **With a larger portfolio and an increased fiduciary capacity available in-country, a devolution of fiduciary functions to line ministries is under way.** An internal assessment of the PIUs, conducted end 2019,⁵⁴ revealed that the two central entities had not been able to enhance their fiduciary capacity at the same pace as the growing portfolio under their responsibility. Fiduciary services to project units in line ministries were unreliable and slow, becoming a hurdle rather than a facilitator in project implementation. At the same time, the availability of high-quality fiduciary experts in the local and sub-regional markets has grown. As a result, the government and WBG management jointly decided to devolve fiduciary project responsibilities to line ministries and restructure six projects accordingly - LONDO, PUSEB and PRADAC (to become independent from AGETIP-CAF) and PASEEL, PURACEL and PGRN (to become independent from

⁵⁴ Central African Republic, "Assessment of Project Implementation Unit Fiduciary Capacity", October 2019.

CEMAC-PFTT).⁵⁵ To encourage harmonization across PIUs, to avoid competition between PIUs on the job market, and to limit the scope for inappropriate practices, a guide was formally adopted and issued in February 2020 with mandatory salary scales and directives on benefits.⁵⁶ A growing in-country fiduciary team will accompany the devolution from the WBG side.

Financial Management

120. **Financial Management at the project level is mostly handled by PIUs, as government systems are still too weak.** Although anti-corruption regulations are in place, national systems are still beset by high levels of mismanagement, fraud, and lack of transparency. Financial oversight is handled by dedicated PIUs using sub-regional Financial Management Information Systems (TOMPRO and SUCESS) to prepare and publish project-level financial reports. External audits are performed by international audit firms rather than the offices of the Supreme Audit Institution (*Cour des Comptes*), as it lacks the staff capacity to conduct audits on par with international standards. Advanced disbursement methods, administered through Designated Accounts (DA), will continue to be used and will be monitored closely, as this direct payment method is used extensively across the portfolio. As an added safeguard, the World Bank's FM team will continue to carry out detailed review and monitoring of funds flows from the WBG to final project beneficiaries. Over time, as the country's financial management capacity increases, the goal is to progressively rely on country systems where possible, as is currently being done for the Data for Decision Making Project.

Procurement

121. **Public procurement in CAR faces systemic deficiencies, with implications for WBG projects.** The lack of an appropriate regulatory framework for procurement, leading to widespread practices of fraud and corruption, will be addressed through WBG operational engagement during this CPF. At the project level, Bangui-based procurement staff, which will double starting FY21, will provide hands-on expanded implementation support (HEIS). WBG teams will provide PIUs with proactive support throughout the procurement process, including frequent supervision missions and training programs. HEIS is already used for the Solar Energy project, PURACEL and the COVID-19 emergency response project. Operations will apply the Systematic Tracking of Exchange in Procurement (STEP) system and provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance.

Results tracking and monitoring

122. **The CPF results framework will be used as a tool to monitor milestones and outcomes.** The results framework (see Annex 1) captures a combination of portfolio and pipeline activities over the CPF period. In line with the lessons identified from the World Bank's engagement over the past five years, the results framework balances the medium-term policy reform objectives of the CPF and more immediate project-level results. A strong focus on data-gathering activities (such as GEMS) will generate data that can be used for tracking progress. The team will prepare two PLRs over the course of this five-year CPF period: the first PLR will take place just after the elections to assess changes in government and the need for additional responses to COVID-19; while the second PLR will likely be timed to take account of IDA20 resources and further changes in the country context.

⁵⁵ These restructurings are scheduled to be completed in Q1 of FY21.

⁵⁶ «*Guide d'Harmonisation des salaires et autres frais de fonctionnement au sein des unités d'exécution des projets financés par la Banque mondiale en RCA*», February 2020.

V. MANAGING RISKS TO THE CPF

Table 6: Systematic Operations Risk-Rating Tool (SORT)

Risk Category	Rating (H, S, M, L)
1. Political and Governance	High
2. Macroeconomics	High
3. Sector strategies and policies	Substantial
4. Technical design of project	Moderate
5. Institutional capacity for implementation and sustainability	High
6. Fiduciary	Substantial
7. Environment and Social	High
8. Stakeholders	Moderate
9. Conflict and Violence	High
Overall	High

123. **CAR's path towards stability and sustainable development is narrow, slow and fraught with risks.** A return to widespread conflict and violence constitutes the highest risk for a country that has seen recurrent cycles of violence for the last forty years. In the tense electoral period to come, a break-down of democratic institutions and routines also constitutes a significant risk, highly correlated with the security risk. All other risks are strongly correlated with the Political and Governance and the Conflict and Violence risks. In addition, COVID-19 and its health and socio-economic impacts add significant uncertainty, unpredictability and strain to an already fragile equilibrium. In this context, the overall risk to the CPF achieving its objectives over the next five years is *High* (see Table 6), with five high-level and two substantial-level risks.

124. **Political and governance risks are rated *High*.** In 2021 and 2022, the country will go through a protracted period of elections, which are likely to be highly contested, potentially via non-democratic means. Political tension will put pressure on the Peace Accord, as political actors have alliances with armed groups. In a country with weak institutions and illegal exploitation of natural resources, the governance environment is extremely challenging. The electoral climate might lower the appetite of the otherwise reform-minded government to push through meaningful reforms. If elections do take place, the new government may not be as committed to reform. To mitigate these risks, the WBG will use its position as leading development partner and its close working relationship with the IMF to keep reform programs on track despite difficult circumstances. In addition, the SDFP and the TAA will provide yearly opportunities to evaluate progress in key reform areas and, if needed, scale down the level of ambition expressed in the CPF.

125. **Macroeconomic and fiscal risks are rated *High*.** CAR faces a high risk of debt distress, limiting its ability to finance investment programs and social spending. At the same time, domestic revenues remain insufficient to cover priority expenditures and finance the growing needs of the population, leaving the economy highly dependent on foreign aid. The socio-economic impacts of COVID-19 have amplified such risks. To mitigate those risks, the CPF puts the macroeconomic and fiscal agenda front and center. A debt management strategy will be pursued under the SDFP as well as reforms and investments to improve PFM, increase DRM, and improve the business environment.

126. **Sector strategies and policies-related risks are rated *Substantial*.** Under the RCPCA, the government has enacted 23 sector strategies or plans in 12 sectors, and 13 more are under preparation.⁵⁷ However, the risk lies in the implementation of these strategies. Often, the buy-in at the political level is limited and capacity of ministry staff below the most senior levels is low. Close donor coordination and flexibility is required to mitigate this risk. Where government capacity or leadership is missing, a more hands-on donor-led sector coordination will exploit synergies and reduce overlaps. In sectors where the Ministry does take a leadership role, donors cede the initiative and provide constructive support to the government.

127. **Institutional capacity for implementation and sustainability risks are rated *High*.** Fiduciary and technical capacity of the government is generally weak and hence government systems cannot be relied on for project implementation. Most projects are implemented by dedicated PIUs. While the use of such PIUs enhances project implementation and compliance with WBG processes and procedures, it can hamper political ownership and hence sustainability. Collaboration between PIU staff and technical staff at the ministry is often difficult, not least because of skewed incentives as PIU staff are financially rewarded to work on WBG projects. To mitigate these risks, the World Bank, relying on increased in-country GP staff, will intensify the policy dialogue and proactively engage at the political and technical levels of government in project implementation. This approach has been successfully piloted in FY20 through a series of high-level meetings, including the Governor, the World Bank Country Manager and the relevant line minister, for complex projects where political ownership was low. In addition, institution-strengthening components are systematically included in each project.

128. **Fiduciary risks are rated *Substantial*.** Portfolio implementation in CAR suffers from a wide range of fiduciary risks, caused by a weak regulatory environment, low capacity and a small financial sector. A comprehensive set of mitigation measures is being put in place, including the use of dedicated PIUs; the use of Hands-on Expanded Implementation Support in procurement; the increase of in-country fiduciary staff (from one Senior Operations Officer in FY19 to two Senior Operations Officers and two consultants in FY21); formal harmonization of PIU practices; fiduciary training for PIU staff; and use of international agencies for audits.

129. **Environmental/social risks are rated *High*.** CAR is increasingly vulnerable to the effects of climate change, in the form of increased frequency and intensity of floods as well as drought. Social risks are plentiful, including socio-economic impacts of COVID-19; the fragility of the peace accord during a protracted electoral cycle; and widespread GBV. Environmental and social risks collide when droughts push transhumance further south, creating new sources of conflict between pastoralists and farmers. The low quality of media, in which rumors, conspiracy theories and misinformation are spread, shows distrust and unrest among already-fragile communities. Mitigation measures are two-fold. First, through increased in-country staffing the country team will have enhanced capacity to follow-up on implementation of social and environmental measures in the context of WBG projects. Second, the CPF portfolio expressly addresses some of the risks, through projects that directly support the Peace Process, mitigate COVID-19 impacts or have strong GBV components (such as SENI and the Human Capital Project).

130. **Conflict and violence risks are rated *High*.** The Peace Accord, APPR, has led to a sharp decline in conflict-related incidents and civilian deaths (see Figure 2). However, the accord remains fragile, given the

⁵⁷ *Tableau de Bord, Secrétariat Permanent du RCPCA-CEM, RCA, Mai 2020.*

lack of implementation in the eastern part of the country. Moreover, there is strong political opposition to holding the 2020/2021 elections. Social unrest might be used as a political weapon to undermine the elections. The socio-economic impacts of COVID-19 could potentially add to the climate of tension and uncertainty. On CAR's path towards stabilization, it is expected that sporadic and localized violent episodes will continue to occur for some time to come. However, widespread violence could potentially set back the country to the scenario of 2015, or before. In such an event, the WBG engagement could be restructured to reorient resources towards projects that support communities under stress. Depending on the situation, the engagement could also be scaled back and, if need be, a hiatus would be taken until the situation stabilizes.

Annex 1: Central African Republic CPF (FY21-FY25) Results Matrix

Focus Area 1: Human Capital and Connectivity to Boost Stabilization, Inclusion and Resilience

Definition of the Focus Area: WBG interventions will invest in people and their access to basic services, infrastructure and connectivity, thereby helping to rebuild social cohesion and confidence in government. A specific focus will be given to human capital and women’s empowerment. Investing in human capital is determinant of increased labour productivity with concurrent positive effects for improved livelihoods, jobs, and economic growth. The emergency response to COVID-19, as well as the medium- to long-term support to face the consequences of the pandemic, will be included in this focus area.

Links between the Focus Area and the WBG Corporate Goals: The SCD underscores that improving the security and addressing grievances are essential to the development of the country. The nation needs stability for development to take place. Addressing grievances is critical for poverty reduction as doing so improves human capital (the main source of capital for the poor) and the ability of households to get jobs or engage in productive self-employment activities. By addressing grievances, the vicious cycle of fragility, insecurity, and poverty gets broken and is replaced by a virtuous cycle of confidence building, institutional strengthening, economic growth, and realized opportunities. Increased levels of education, especially for women and girls, more child and maternal lives-saved, and enhanced health conditions for the community through access to basic essential health and family planning services will increase human capital and enhance social cohesion.

Country Development Goals: This first focus area is fully aligned with the Government’s National Recovery and Peacebuilding Plan (2017-2021), in particular regarding facilitating reconciliation and social cohesion (under pillar 1), providing basic services (under pillar 2), and repairing basic infrastructure like transport, electricity, water (under pillar 3).

CPF Objective 1.1. Support Stabilization Efforts for Improved Resilience

Intervention Logic: Improving security, i.e., creating the conditions for sustainable development to take place, remains the first priority for CAR’s population, its government and its development partners, and was recognized by the SCD as one of the three pillars to attain the twin objective of stabilization and income growth. The APPR Peace Accord provides the current, overarching framework for dialogue between armed groups, government and partners. Key areas of joint partner-government intervention, mainly in areas of low security, include military action and police intervention (preventive and reactive interventions by MINUSCA); negotiations with armed groups; restoration of state authority (security forces and civil servants); demobilization and reintegration of ex-combatants; justice reform; legislative initiatives; humanitarian support, including to IDPs; efforts to rebuild trust and social cohesion in fractured communities. These joint interventions are all the more important in the context of a resilient recovery from COVID-19.

WBG Support: To support stabilization, the WBG’s role, in complementarity with partners and government, focuses on four areas: 1) economic reintegration of ex-combatants; 2) large-scale temporary employment while strengthening social cohesion; 3) reintegration of IDPs; and, 4) social infrastructure through participatory and community approaches. The WBG will build on existing operations to scale up support to stabilization: the Service Delivery and Support to Communities Affected by Displacement Project supports the re-integration of IDPs by providing cash to host families and small infrastructure improvements identified through participatory approaches. The LONDO Project supports social cohesion as it brings together the population through large-scale temporary employment and community-identified small infrastructure works. WBG also supports the DDR process through the Reintegration of Ex-combatants Project

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
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<p>1. Number of people benefitting from temporary employment (disaggregated by gender) Baseline: 50,982 (2020) – 36,250 (LONDO) + 14,732 (PACAD) Target: More than 150,000 (2025)</p> <p>2. Number of demobilized ex-combatants who completed vocational training and accessed livelihood opportunities Baseline: 950 (2020) Target: More than 4,000 (2025)</p>	<p>Number of social infrastructures rehabilitated or constructed with a participatory approach and citizen engagement process Baseline: 0 (2020) Target: At least 350 (2025) – <i>PREC LONDO + PACAD</i></p> <p>Grievances registered related to delivery of projects services and benefits addressed Baseline: 0 % (2020) Target: 100 % (2025)</p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P152512 LONDO Project - P161591 Service Delivery and Support to Communities Affected by Displacement Project (PACAD) - P160272 Reintegration of Ex-combatants Project <p>Financing: Indicative:</p> <ul style="list-style-type: none"> - Additional Financing Service Delivery and Support to Communities Affected by Displacement Project - Additional Financing LONDO Project <p>ASA: Indicative</p> <ul style="list-style-type: none"> - P172625 Rebuilding state presence and local governance in the CAR ASA
<p>CPF Objective 1.2. Improve Access to and Quality of Education</p>		
<p>Intervention Logic: Increased levels of education, especially for women and girls are one of the essential factors increasing human capital and enhancing social cohesion. Girls who complete secondary schools are more likely to be healthier as adults, have healthier families, lower and controlled fertility and greater economic independence. Increasing educational levels, knowledge and skills through formal and alternative vocational training for adolescents and women will enable them to increase their capacity to gain access to the job market.</p> <p>WBG Support: The WBG’s program, through policy reform and investment lending, will focus on access to and equity of quality basic education through the ongoing Emergency Basic Education Support Project, which will be scaled up through the GPE-funded project (CAR Education Sector Plan Support Project). This will include efforts to improve access for vulnerable children including girls, children with disabilities and children from IDPs. A new multisectoral Human Capital project will build on community platforms to incentivize demand-side interventions that will provide greater access to basic education.</p>		
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>
<p>3. Primary completion rate (gender parity index) Baseline: 74.1% (2020) Target: 86.5% (2025)</p> <p>4. Percentage of grade 2 students meeting the minimum reading fluency benchmark Baseline: National Learning Assessment Test score in reading in 2020 (NLAS 2020) Target: National Learning Assessment Test score in reading in 2020 + 20% (NLAS 2025)</p>	<p>Number of primary teachers trained based on new harmonized curricula (including school principals using e-readers with pre-loaded lessons to enhance teaching effectiveness and pedagogical supervision) Baseline: 0 (2019) Target: 7,000 (2025) – 25% of school principals using e-readers</p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P164295 Emergency Basic Education Support Project (PUSEB) - P173832 COVID-19 Emergency Project <p>Financing: Indicative:</p> <ul style="list-style-type: none"> - P171158 CAR Human Capital project (Maïngo) - P173103 CAR Education Sector Plan Support Project (GPE) <p>ASA: Indicative</p> <ul style="list-style-type: none"> - Human Development Public Expenditure Review (PER) - Poverty Update [Ongoing]
<p>CPF Objective 1.3. Deliver Quality and Inclusive Health Services</p>		
<p>Intervention Logic: Poverty incidence in CAR is estimated to exceed 70 percent, and the human capital needs in CAR are enormous, made all the more profound in the wake of COVID-19. The country ranks 188 out of 189 in the human development ranking globally (2019). Investing in human capital is determinant for more child and maternal lives saved, and enhanced health conditions for the community through access to basic essential health and family planning services. A mother’s ability to make informed choices and take meaningful actions have a direct impact on the</p>		

health and well-being of her children. Maternal and child deaths decrease when women use of modern contraceptives because they are better able to space their pregnancies. This objective spans all three phases of the COVID-19 response: relief, restructuring, and resilient recovery.

WBG Support: Responding to the health impacts of COVID-19 will be the most immediate priority in this CPF period. The WBG's program, through policy reform and investment lending, will prioritize investments in Human Capital (demand-side), with an emphasis on women and girls, to provide greater access to health and reproductive services for women and girls. It will also promote, on a large scale, life-skills and behaviors that save and improve lives. At the same time, the WBG program will continue to strengthen the health system in CAR through the ongoing Health System Support and Strengthening Project.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>5. Number of birth deliveries assisted by skilled personnel Baseline: 0 (2020) Target: More than 50,000 (50% of target, in 15 districts) (2025)</p> <p>6. Number of women (aged 15-49) using modern methods of contraceptives (cumulative) Baseline: 0 (2020) Target: More than 200,000 (50% of target in 15 districts) (2025)</p> <p>7. Progress in strengthening indicator and event-based surveillance systems (Joint External Evaluation (JEE) score of 4 or higher) Baseline: 0 (2020) Target: 4 (2025)</p>	<p>Percentage of basic childhood immunization coverage (pentavalent 3) Baseline: 74% (reported national data, 2019) Target: 80% (2025)</p> <p>Number of health staff trained in infection prevention per Ministry of Health-approved protocols Baseline: 0 (2020) Target: 400 (2025)</p> <p>A National Action Plan for Health Security is costed, endorsed by National Health steering Committee and adopted Baseline: No (2020) Target: Yes (2025) <i>NB: The Plan should be endorsed by World Health Organization (WHO) and the National Health Steering Committee (including the World Bank) and posted on the WHO website</i></p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P164953 Health System Support and Strengthening Project (SENI) - P167817 Regional Disease Surveillance System Enhancement Project Part IV (REDISSE IV) - P173832 COVID-19 Emergency Project <p>Financing: Indicative:</p> <ul style="list-style-type: none"> - P171158 CAR Human Capital project (Maïngo) - P168474 Second Consolidation and Social Inclusion Development Program - Additional Financing Health System Support and Strengthening Project <p>ASA: Indicative</p> <ul style="list-style-type: none"> - Human Development Public Expenditure Review (PER) - Poverty Update [Ongoing]

CPF Objective 1.4. Put in Place Sustainable Safety Nets

Intervention Logic: As part of the socio-economic response to COVID-19, cash transfers are essential to limit the impacts on the most vulnerable populations. However, CAR's institutional capacity to manage safety net programs is so far limited to one pilot executed following a prior action under the CSIDP. Therefore, partners – mostly WBG, WFP and UNOPS - need to work together in the pursuit of the double objective of immediate relief to those who suffer most from the fall-out of COVID-19, while further building government capacity to manage such programs in the future.

WBG Support: Additional financing to the ongoing PACAD project (support to communities affected by displacement) will finance cash transfers to those who are impacted by the pandemic. In conjunction with reforms under the Second Consolidation and Social Inclusion Development Program, this project will strengthen the government's capacity to implement social safety net programs. It will be designed in close collaboration with partners, to maximize synergies with efforts by donors and humanitarian actors including UN Agencies.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>8. Number of people receiving cash-transfers (disaggregated by gender) Baseline: 77,000 (2020) Target: 300,000 (2025)</p>	<p>Establishment of a well-functioning national agency on safety nets/social protection Baseline: No (2020) Target: Yes (2025)</p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P161591 Service Delivery and Support to Communities Affected by Displacement (PACAD) - P160717 Data for Decision Making

	<p>Number of municipalities with adopted Local Development Plans Baseline: 5 (2020) Target: At least 15 (2025) - <i>Nat Res Gov + PACAD</i></p>	<ul style="list-style-type: none"> - P173832 COVID-19 Emergency Project <p>Financing: Indicative:</p> <ul style="list-style-type: none"> - P168474 Second Consolidation and Social Inclusion Development Program - Additional Financing to Service Delivery and Support to Communities Affected by Displacement Project (PACAD) <p>ASA: Indicative</p> <ul style="list-style-type: none"> - Human Development Public Expenditure Review (PER) - Poverty Update [Ongoing]
<p>CPF Objective 1.5. Build Resilient Infrastructure (power, mobility, water) for Improved Connectivity</p>		
<p>Intervention Logic: In a country where access to electricity, water, roads and internet is very scarce, investments in resilient infrastructure and improved connectivity are a condition for development progress, and addressing grievances arising from spatial disparities, per the RRA. As the SCD asserts, improved infrastructure and connectivity will support service delivery in social sectors, facilitate income-generating activities and allow the state to assert its presence by facilitating access between the capital and the regions. Impactful, swift progress in infrastructure and connectivity requires strong coordination, clear division of labor and innovative partnerships. In addition, and in the context of COVID-19, clean water and improved hygiene practices are crucial to containing the spread of the virus.</p> <p>WBG Support: Through a mix of policy reform and investment lending, the WBG’s program will support the CAR Government’s efforts in building and maintaining its infrastructure, in particular regarding energy, roads and water. Investing in the transport infrastructures (in urban as well as rural areas) will enable human and economic development in the country through improved connectivity and transport services. During the CPF period, increasingly options for private sector participation will be explored to complement investment projects.</p>		
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>
<p>9. Number of people with improved access to all-weather season roads (inter urban, urban and rural) and transport services (living within 2 km of the road) Baseline: 37,000 (2020) Target: More than 100,000 (2025)</p> <p>10. Number of people provided with new or improved electricity services Baseline: 250,000 (2020) Target: At least 2,000,000 (2025)</p> <p>11. Number of people provided with access to improved water sources (based on UNICEF-WHO Joint Monitoring Program) Baseline: 0 (2020) Target: At least 80,000 (2025)</p>	<p>Number of kilometers of roads constructed and/or rehabilitated (rural and non-rural) Baseline: 147 (2020) Target: 1500 km (2025) – <i>1250 km Rural Connectivity Project + 250km Agriculture Project</i></p> <p>Number of person-days created through Labor Intensive Public Works and roads works related jobs Baseline: 100,000 person-days (2020) Target: 250,000 person-days (2025)</p> <p>Baseline: 41% (2020) Target: 100% (2025)</p> <p>Generation capacity of renewable energy constructed or rehabilitated Baseline: 20 MWp (2020) – <i>existing hydropower capacity installed</i> Target: 80 MWp (2025)</p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P160500 Rural Connectivity Project - P162245 Water and Electricity Upgrading Project (PASEEL) - P164885 Emergency Electricity Supply and Access Project (PURACEL) - P079736 CEMAC - Transport-Transit Facilitation - P165855 Agriculture Recovery and Agribusiness Development Support Project <p>Financing: Indicative</p> <ul style="list-style-type: none"> - P162245 Additional Financing Water and Electricity Upgrading Project - Additional Financing Rural Connectivity - CAR-DRC Regional Integration Project for Connectivity and Diversification <p>ASA: Indicative</p> <ul style="list-style-type: none"> - Economic Geography and Territorial Characteristics - Programmatic ASA on Energy sector [Ongoing] - Urban mobility in Bangui - InfraSAP (Infrastructure Sector Assessment Program)

	<p>Establishment of an energy sector-led strategy coordinated with other actors and mobilization of investors in the energy sector Baseline: No strategy (2020) Target: Strategy completed + 1 IPP in generation (2025)</p> <p>Water production capacity constructed or rehabilitated Baseline: 300 m³ / hour (2020) Target: 600 m³ / hour (2025)</p> <p>Building a national sanitation strategy Baseline: No strategy (2020) Target: Strategy completed and 1 master plan for sanitation available for major towns (2025)</p>	
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Focus Area 2: Economic Management and Improved Governance to Build State Legitimacy and Foster Growth

Definition of the Focus Area: This focus area aims to support private sector development for job creation for DRM and further strengthen good governance and PFM, through deepened engagement and collaboration with IFC and IMF. This will include investments in developing the digital economy and e-government as well as promoting investments in key economic sectors to create jobs and growth. This focus area will mainly concentrate on stable areas, such as Bangui, the Bangui-Beloko corridor, and the South-Western part of the country. The economic and social impacts of COVID-19 in CAR are likely to be enormous. The crisis response requires coordinated action (particularly between IDA and IFC/MIGA) to protect lives and livelihoods, ensure food security, and invest in policies for more inclusive, sustainable, and resilient growth.

Links between the Focus Area and WBG Corporate Goals: The SCD recognizes that growth is not only critical to poverty reduction but also necessary to sustain any voluntary and inclusive peace settlement. It is evident that creating an accountable state presence across the territory starts by successfully delivering interventions in an inclusive manner. Addressing multisectoral policy reform and governance issues will strengthen government capacity and deploy the state across the territory, as part of the COVID-19 response. The proposed growth strategy should be rooted in CAR’s traditional value chains (mining, forestry, selected cash crops) that are supported by strategies that create an enabling business environment through investments in financial sector development, energy, ICT, and transport while also strengthening the capacity of the public sector. Most of these investments will be oriented toward cities as these are the first areas that can be secured, where growth can take place and higher-order services are provided.

Country Development Goals: The Government’s National Recovery and Peacebuilding Plan (2017-2021) underscores the importance of strengthening macroeconomic stability and good governance (under pillar 2) as well as promoting economic recovery and boosting productive sectors (pillar 3). This third pillar can be attained by investing in key economic sectors (agriculture, mining, forestry) as well as private sector development and employment (including in financial services).

CPF Objective 2.1. Improve Government Accountability and Strengthen Institutions for Effective Service Delivery

Intervention Logic: According to the SCD, the latest crisis was the result of a long-lasting, structural fragility fuelled by inadequate public sector governance and clientelist institutions. Over time, fragility has developed a cyclical aspect whereby each unresolved crisis reinforces its causes, laying the foundation for the next one. In addition, the COVID-19 shock might create conditions for a full-blown macroeconomic crisis that would deepen the collapse in economic activity and might impede a faster recovery, with devastating consequences for poverty levels. With the support and coordination among development partners, the Government has implemented PFM reforms over the past few years to improve the credibility of the budget, decentralize the expenditure chain,

improve the oversight of SOEs, strengthen the treasury function, and improve governance of public finance. Despite these recent improvements, the PFM system remains weak, the public administration is still highly centralized in Bangui, and public debt management remains insufficient – CAR remains at high risk of debt distress. There is still room to further enhance PFM and public sector governance, which is critical to reduce clientelism, establish sound macroeconomic policies, ensure basic service delivery, and improve the social contract per the recommendations of the RRA. Strengthening institutions will also support the broader goal of a Resilient Recovery from COVID-19.

WBG Support: The WBG will build on recent improvements in public sector governance to strengthen PFM, institutions, and service delivery, including the digitization of public administration and e-governance. The WBG will continue to discuss macroeconomic and fiscal policy with the Central African authorities to encourage adoption of sound macroeconomic policies. It will continue to provide real-time information on macroeconomic policy through the CAR Economic Update series, semi-annual Macro-Poverty Outlook assessments, short policy notes, and comprehensive analyses of macroeconomic and sector spending.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>12. Transparency of public finances (according to PEFA indicators) Baseline: 1 out of 6 indicators score B or above (2010) Target: 4 out of 6 indicators score B or above (2025) <i>NB: The baseline is based on the 2011 PEFA framework and refers to Pillar II: Exhaustivity and Budget Transparency while the target is based on based on the 2016 PEFA framework Pillar II: Transparency of Public Finances.</i></p> <p>13. Digitizing the administration: Number of digital services (internal and towards citizens) Baseline: 0 (2020) Target: At least 40 (2025)</p> <p>14. Percentage of civil servants accessing salaries through digital technology Baseline: 0 (2020) Target: 50% (2025)</p> <p>15. Fiscal risk assessment (Debt management and transparency) Baseline: 0 (2020) Target: 1 (2025)</p>	<p>Predictability and control in budget execution Baseline: 1 out of 8 aggregate indicators score B or above (2010) Target: 4 out of 8 aggregate indicators score B or above <i>NB: The baseline is based on the 2011 PEFA framework and refers to Pillar IV Predictability and control in budget execution while the target is based on based on the 2016 PEFA framework Pillar V: Predictability and control in budget execution.</i></p> <p>Exclusive use of SIMBA for full budget cycle (from preparation to annual reporting) Baseline: No (2020) Target: Yes (2025)</p> <p>Adoption of a debt management strategy Baseline: No (2020) Target: Yes 1 (2025)</p> <p>Government Digital Adoption Index Baseline: 0.10 (out of 1) (2016) Target: 0.25 (out of 1) (2025)</p> <p>Adoption of essential legal framework for digitalization (digital signature/e-transaction legislation, cybercriminality, data privacy and protection) Baseline: 0 (2020) Target: 3 (2025)</p> <p>PEFA indicator Accounting and Reporting Baseline: 4 out of 4 Indicators score D (2010) Target: 2 out of 4 indicators score C or above (2025) <i>NB: The baseline is based on the 2011 PEFA framework and refers to Pillar V: Accounting and financial reporting while the</i></p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P160717 Data for Decision Making - P161730 Public Expenditure and Investment Management Reform Project - P173900 Consolidation and Social Inclusion Development Program Supplemental Financing <p>Financing: Indicative</p> <ul style="list-style-type: none"> - P168474 Second Consolidation and Social Inclusion Development Program - Digital Governance Project - New DPF series <p>ASA: Ongoing</p> <ul style="list-style-type: none"> - P171519 Economic Update (yearly) - Country Economic and Poverty Monitoring (yearly) - Human Development Public Expenditure Review (PER) [Indicative] - State-Owned Enterprises Assessment - Public Expenditure and Financial Accountability (PEFA) - Civil service pay and reform - Debt Management Performance Assessment (DeMPPA) (follow-up to the DPF) - Justice and Accountability of Institutions

	<i>target is based on based on the 2016 PEFA framework Pillar VI: accounting and reporting.</i>	
CPF Objective 2.2. Improve Domestic Resource Mobilization for Adequate Investments to Rebuild Better		
<p>Intervention Logic: CAR is very much dependent on foreign assistance as grants from the international community represented 55 percent of government revenue or 7.6 percent of GDP in 2019. Although tax revenues have increased gradually since 2013—and are estimated to reach 8.1 percent of GDP in 2018—this is still not enough to meet the growing needs of the population and reduce poverty and improve service delivery. Tax revenues are about 4 percent of GDP below the potential of the country and under their 2012 level due mainly to the low tax base, inefficient tax administrations, and a large and active informal sector that remains outside official tax channels. One of the certain COVID-19 consequences will be the sharp decline in revenues. Despite this fall, the Government needs to maintain the provision of key goods and services.</p> <p>WBG Support: The WBG program will focus on strengthening the revenue administration and enhancing DRM by 2024. Policy reforms during the CPF period will support the digitization of tax payments to boost taxes on profits and property, update the legislation on property taxes, and streamline tax exemptions through the revision of the investment charter. The WBG will help to strengthen tax revenues collection through DPFs, and also contribute to strengthening DRM through the Natural Resources Governance Project.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>16. Tax exemptions to the private sector and exceptional exemptions as percentage of tax revenues Baseline: 3.4% (2018) Target: 1.5% (2025)</p> <p>17. Number of businesses filling out and paying tax returns electronically Baseline: 0 (2020) Target: 50% (2025)</p>	<p>Taxes on profits and property as a percentage of GDP Baseline: 2.1% (2018) Target: 3.5% (2025)</p> <p>Tax revenues as percentage of GDP Baseline: 7.6 % (2019) Target: 10 % (2025)</p> <p>Data management system for forestry taxes established and operational Baseline: 0 (2020) Target: 1 (2025)</p> <p>Compliance with the Extractive Industries Transparency Initiative (EITI) Baseline: 0 (2020) Target: 1 (2025)</p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P161730 Public Expenditure and Investment Management Reform Project - P161973 Natural Resources Governance Project - P173900 Consolidation and Social Inclusion Development Program Supplemental Financing <p>Financing: Indicative</p> <ul style="list-style-type: none"> - P168474 Second Consolidation and Social Inclusion Development Program - Digital Governance Project - New DPF series <p>ASA: Ongoing/Indicative</p> <ul style="list-style-type: none"> - IFC Country Private Sector Diagnostic (CPSD) - Tax Administration Diagnostic (TADAT) - State-Owned Enterprises Assessment - Innovations on Tax Compliance - Government-to-Persons (G2P) payment systems
CPF Objective 2.3. Enhance the Business Environment and Support Job Creation		
<p>Intervention Logic: Sustainable economic growth and job creation in CAR are only possible through private sector growth and investment. Growing CAR's private sector is critical to supporting livelihoods, ensuring the reintegration of ex-combatants, and alleviating the misery that contributes to periodic episodes of violence. There is a need to intensify efforts to strengthen institutions that intermediate economic activity in CAR and enable businesses, entrepreneurs, and investors. Economic reforms and capacity building are required to lower investment risks, reduce operating costs for firms, and encourage entrepreneurial behaviour. Firms in CAR, particularly informal MSMEs which account for 40-60 % of GDP, require technical assistance, financing, information and business support services, well-functioning Public-Private Dialogue, to increase their competitiveness, grow and create jobs.</p> <p>WBG Support: WBG Country Private Sector Diagnostic (CPSD) and a Maximizing Financing for Development (MFD) approach will support private sector development. The interrelated nature of obstacles to private sector growth and job creation endorse collaboration across World Bank Global Practices and IFC/MIGA. During the CPF period, a new MFD-enhancing private sector development project will help build an ecosystem to increase services available for MSMEs, investors and entrepreneurs need. WBG interventions will also support revision of the law on PPPs, help to put in place PPD platforms, improve the investment charter to better align it with current tax regulations, improve the regulatory environment for digital financial services, and adopt new</p>		

laws regulating land rights. The CPF objectives, which are also consistent with the impending needs of the private sector during the COVID-19 crisis and recovery periods – will promote private sector development.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>18. Percentage of people accessing financial services using digital technologies Baseline: 2% (2019) Target: 8% (2025)</p> <p>19. Public-Private-Dialogue platform Baseline: 0 (2020) Target: 1 (2025)</p> <p>20. Jobs created by beneficiary SMEs – including agriculture and forestry sectors (disaggregated by gender) Baseline: 0 (2020) Target: More than 30,000 – 50% of women (2025)</p> <p>21. Number of procedures to start a business Baseline: 10 (DB 2020) Target: 6 (DB 2025 released in 2025) <i>NB: 6 is the current average of number of procedures of the 17 OHADA Member States</i></p>	<p>National REDD+ Investment Framework 2020-2025 adopted Baseline:0 (2020) Target:1 (2025)</p> <p>Private investment directly leveraged through project activities (co-investments from SMEs, start-ups supported by the WBG, investments facilitated) Baseline: 0 (2020) Target: USD20 million (2025)</p> <p>Starting a Business distance to the frontier score Baseline: 63.2 (DB 2020) Target: 87 (Doing Business 2025) <i>NB: 87 is the current score from Cameroon ranked 8 out of 17 OHADA Member States</i></p> <p>Reduce time to start a business Baseline: 22 (DB 2020) Target: 11 (DB 2025) <i>NB: 11 is the current performance from Mali ranked 9 out of 17 OHADA Member States</i></p> <p>Reduce cost to open a business Baseline: 127.8 Target: 63.9 (DB 2025) <i>NB: 69.3 represents 50% of business registration costs.</i></p> <p>Private Investment Facilitated Baseline: 0 (2020) Target: At least US\$50,000,000 (2025)</p>	<p>Financing: Ongoing</p> <ul style="list-style-type: none"> - P165855 Agriculture Recovery and Agribusiness Development Support Project - P164885 Emergency Electricity Supply and Access Project - P162245 Water and Electricity Upgrading Project - P161973 Natural Resources Governance Project - P156721 REDD+ Readiness (TF) - IFC- CAR IC-II Advisory Project (604087) <p>Financing: Indicative</p> <ul style="list-style-type: none"> - P171723 Integrated Natural resources Management in the Ngotto Forest and Mbaere-Bodingue National Park (TF) - Private Sector Development Project <p>ASA: Ongoing/Indicative</p> <ul style="list-style-type: none"> - IFC CPSD - IFC advisory support to local financial sector and SMEs to respond to COVID-19 consequences - IFC- CAR IC-II Advisory Project (604087) - P170903 Private Sector Support Services Delivery Design - State-Owned Enterprises Assessment

Annex 2: CAR Portfolio (as of end FY 20)

National Portfolio

Project ID	Project Name	Lead GP	Len. Inst. Type	Bank Approval Date	Closing Date	Commit. Total (\$M)	Commit. IDA (\$M)	Commit. Others (\$M)	Undisb. Bal. (\$M)	Cofinancing Amt. (\$M)	Age (Months)	DO	IP	At Risk?	Prob. Proj. ?
P152512	Central African Republic- LONDO Project	Social	IPF	30-Jul-2015	30-Jul-2024	95.00	95.00	0.00	68.76	0.00	58.6	S	S		
P160272	Reintegration of Ex-combatants Project	Social	IPF	13-Apr-2017	31-Dec-2020	30.00	30.00	0.00	17.80	0.00	38.2	MS	MS		
P160500	CAR Rural Connectivity Project	Transport	IPF	30-Jun-2017	30-Dec-2022	45.00	45.00	0.00	22.52	0.00	35.6	S	S	Y	
P160717	Data for Decision Making	Poverty and Equity	IPF	31-Mar-2017	31-May-2022	10.00	10.00	0.00	7.21	0.49	38.6	MS	MS		
P161591	Service Delivery and Support to Communities Affected by Displacement Project	Social Protection & Jobs	IPF	16-May-2017	30-Jun-2021	28.00	28.00	0.00	4.03	0.00	37.1	MS	MS	Y	
P161730	Public Expenditure and Investment Management Reform Project	Governance	IPF	19-Jun-2017	30-Jun-2021	10.00	10.00	0.00	2.88	0.00	36.0	S	S	Y	
P161973	Natural Resources Governance Project in CAR	Environment, Natural Resources & the Blue Economy	IPF	12-Mar-2018	30-Jun-2023	10.00	10.00	0.00	7.50	0.00	27.2	S	MS		
P162245	Water and Electricity Upgrading Project	Water	IPF	17-Jan-2018	30-Jun-2022	20.00	20.00	0.00	15.30	0.00	29.0	MS	MU	Y	Y
P164295	Central African Republic Emergency Basic Education Support Project	Education	IPF	6-Jun-2018	30-Jun-2023	25.00	25.00	0.00	19.16	0.00	24.4	S	S		
P164885	CAR Emergency Electricity Supply and Access Project	Energy & Extractives	IPF	28-Feb-2019	28-Feb-2024	65.00	65.00	0.00	61.57	0.00	15.6	MS	MS	Y	
P164953	Health System Support and Strengthening Project	Health, Nutrition & Population	IPF	27-Sep-2018	31-Dec-2021	43.00	43.00	0.00	29.96	10.00	20.7	S	MS	Y	
P165855	CAR-Agriculture Recovery and Agribusiness Development Support Project (ARADSP)	Agriculture and Food	IPF	17-May-2019	30-May-2024	25.00	25.00	0.00	20.77	0.00	13.1	S	MS		
P168035	First Consolidation and Social Inclusion Development Program	Governance	DPF	6-May-2019	31-May-2021	125.00	125.00	0.00	25.86	0.00	13.4				
P173832	Central African Republic COVID-19 Preparedness and Response Project	Health, Nutrition & Population	IPF	20-Apr-2020	30-Jun-2022	7.50	7.50	0.00	4.61	0.00	1.9				
P173900	Consolidation and Social Inclusion Development Program: Supplemental Financing	Governance	DPF	10-Jun-2020		25.00	0.00	25.00	0.00	0.00	0.3				
15	TOTAL					563.50	538.50	25.00	307.91	10.49	26.0			6	1

Regional Portfolio

Project ID	Project Name	Lead GP	Len. Inst. Type	Bank Approval Date	Closing Date	Commit. Total (\$M)	Commit. IDA (\$M)	Commit. Others (\$M)	Undisb. Bal. (\$M)	Cofinancing Amt. (\$M)	Age (Months)	DO	IP	At Risk?	Prob. Proj. ?
P079736	CEMAC - Transport-Transit Facilitation	Transport	IPF	26-Jun-2007	30-Jun-2020	216.00	216.00	0.00	47.83	0.00		MU	MU	Y	Y
P167817	Regional Disease Surveillance Systems Enhancement Project (REDISSE) Phase IV	Health, Nutrition & Population	IPF	1-Oct-2019	31-Jul-2024	15.00	15.00	0.00	15.00	0.00		S	S		
2	TOTAL					231.00	231.00	0.00	62.83	0.00				1	1

Annex 3: IDA19 Turn-Around Allocation FY21-FY23 - Proposed Eligibility and Monitoring Framework

1. **Following the signing of an ambitious Peace Accord in February 2019, and a sharp decline in violence, CAR finds itself at a critical inflection point ahead of an electoral cycle beginning in December 2020.** The *Accord Politique pour la Paix et la Reconciliation* (APPR), signed by the government and the 14 officially recognized armed groups, articulates CAR's detailed roadmap towards stabilization. The APPR has been accompanied by a sharp decline in conflict-related incidents and deaths. Further progress in implementing the agreement is fraught with risks, given the complex nature of CAR's system of conflicts and inherent fragility. The upcoming Presidential and general elections, to be held before April 2021, followed by local elections in 2022, constitute a major test for CAR. If these elections are held as scheduled, they hold the promise of putting the country on a trajectory towards democratic governance and stabilization. There is a risk, however, that elections will not take place as planned, which could plunge CAR back into conflict and violence and wipe out the hard-earned gains of the past five years. Continued strong support from development partners, particularly the WBG, is critical at this time.

2. **In 2015, CAR altered its stabilization trajectory, as it embarked on a path towards a democratic transition.** After two slash-and-burn civil wars left the country destroyed and the population traumatized, a transition in 2015 culminated in a new constitution and democratic elections in 2016, won by the current, reform-minded President Faustin-Archange Touadéra. An inclusive government was formed (including members of armed groups in the Cabinet), and key check-and-balance institutions, such as the General Assembly and the Constitutional Court, began to play their respective roles.

3. **The international community, with the WBG in a leading role, recognized the turn-around opportunity for CAR and investments are yielding early results.** In an unprecedented 2016 donor effort in Brussels, with US\$2.2 billion pledged, a national development plan was adopted (the RCPCA), and donors deployed resources in support of CAR's stated priorities: promotion of stabilization, a renewed social contract and economic recovery. CAR gained access to the IDA TAR in the last year of IDA17 and throughout IDA18. TAR resources were used to address spatial disparities and lack of social cohesion through large investments in social development projects and reconstruction of devastated basic service delivery sectors. They were also used to support foundational reforms, aimed at tackling the elite-driven poor governance environment. During the TAR period, the country's CPIA score improved from 2.4 in 2014 to 2.6 in 2018. The IMF successfully concluded an Extended Credit Facility Program in 2019, started a new program the same year, and disbursed on a Rapid Credit Facility in April 2020 (25 percent of quota). CAR's longer-term economic outlook remains positive, although subject to significant downside risks hinging on a peaceful democratic transition, steadfast implementation of the APPR, and containing the socio-economic impacts of COVID-19.

4. **The one lesson learned from the past years under the IDA18 TAR is that CAR's progress towards stabilization and sustainable development is *not* a straight line.** The country's turn-around is a slow process. In the initial years of the turn-around, the country did not see a decline but rather a spike in violence. Massive investments and promising reforms had much faster impact on Bangui than on remote areas, where armed groups continued to operate. As a result, despite the development progress, CAR's overall fragility outlook in 2018 was not substantially different from that of 2016.

5. **Nevertheless, under the Peace Accord, the window of opportunity remains open.** The RRA concluded in 2018 that the country faced two major risks: the absence of a credible peace process; and,

the increasing focus of the political elite on the upcoming election cycles. Now, however, in mid-2020, such a peace process does exist. Although it has its challenges, it does enjoy broad support from the international community and has decreased conflict-related violence. Political parties are indeed increasingly turning their attention to the elections, which need to conclude by April 2021. Some political actors advocate for not having elections, which would put an end to the peace process.

6. **There is only one way forward for CAR: to seize this inflection point and continue its journey towards recovery and stabilization, with immediate and unwavering commitment of the international community.** In this critical moment, CAR, more than ever, needs strong support. The UN set the example by expanding MINUSCA’s mandate to include implementation of the Peace Accord and organization of the elections. The UN Peace-building Commission has increased its engagement in the run-up to the elections. A high-level troika of EU, UN and AU carefully guides and monitors the peace process. Development actors – including the WBG - need to maintain their strong response.

7. **To support the country at this critical junction in its ongoing turn-around, CAR will seek access to the IDA19 TAA.** The Peace Accord, which lays out the country’s path towards peace, security, inclusion, justice and development combined with the upcoming general and local elections, which can cement the democratic, decentralized governance architecture of the country, presents the elements of a continued turn-around. To ensure full synergy between the TAA and the medium-term WBG strategic directions for CAR, the TAA eligibility note is embedded in the CPF. Table 7 presents eligibility criteria for CAR to access the TAA.

Table 7: Turn-Around Allocation Eligibility Criteria

TAA Eligibility Criteria	Eligibility Background
<p>i. CPIA < 3.0 or a period of disengagement</p>	<ul style="list-style-type: none"> • CAR has a CPIA of 2.6 (2018) reflecting a gradual yet steady improvement from the CPIA of 2.4 in 2016. The democratic General Elections in late-2015 as well as a strong donors support including the Brussels Donors Forum in November 2016, the IDA18 TAR and the IMF Extended Credit Facility supported a steadfast implementation of structural reforms leading to an improvement in CAR’s policies and institutions.
<p>ii. Government has in place a strategy or plan acceptable to IDA that describes concrete steps that the country will take to implement a reform agenda that can accelerate its transition out of fragility and build resilience, and corresponding milestones the Government commits to implement with support from the TAA</p>	<ul style="list-style-type: none"> • While the country’s national development plan (RCPCA) lays out the country’s development priorities, the Peace Accord (APPR) lays out the country’s agenda towards long-term stabilization. • The Accord Politique pour la Paix et la Reconciliation (APPR) was signed in February 2019 between the government and the 14 officially recognized armed groups. The accord is based on the principle of co-optation and contains the country’s vision for the country to achieve peace, justice, security, social cohesion and development. The plan features commitments by both the Government and the 14 Armed Groups which signed it. The AU and the CEEAC stand as guarantors for the Accord, while MINUSCA acts as a facilitator. A governance

	<p>mechanism, which brings together government and armed groups, monitors progress. A high-level troika (AU, EU, UN) serves as external monitoring mechanism.</p> <ul style="list-style-type: none"> • The <i>Plan National de Relèvement et de Consolidation de la Paix</i> (RCPCA) is the Government’s National Development Plan. It was developed in 2016 and, after the signing of the APPR, extended to 2023. The development components of the APPR draw from the RCPCA. The RCPCA is anchored around three pillars: (i) improving peace, security and reconciliation; (ii) renewing the social contract between State and citizens, and (iii) promoting economic recovery and stimulate productive sectors. A cross-cutting element calls for restoration of government institutions. The RCPCA drives all interventions by development partners through its coordination mechanism and secretariat, financed by the World Bank.
<p>iii. CPF that makes a compelling case for WBG support to the Government’s reform agenda</p>	<ul style="list-style-type: none"> • CAR’s eligibility to the IDA19 TAA is embedded into the FY21-FY25 CPF. • This CPF is the first country engagement product since the July 2015 CEN, and is informed by the SCD, RRA, a Spatial Development Analysis as well as a CPSD and DECA. It is fully aligned with the RCPCA and strategically supports the APPR. • The focus area on <i>Human Capital and Connectivity to boost stabilization, resilience and inclusion</i> provides direct support to the peace process (e.g., through DDDR and support to IDPs); addresses long-standing grievances of the population (through water, energy, road, education and health projects); and explicitly tackles social cohesion (through social development). • The focus area on <i>Economic management and improved governance to foster growth</i> will stimulate essential reforms that improve the governance environment in the country, while increasing the country’s own resource mobilization. This will allow the government to make investments of its own that will strengthen the social contract, which is essential to stabilization. In addition, improvements in the private sector environment are designed to create jobs and stimulate high-potential productive sectors, addressing important grievances of the population. • The CPF builds on the WBG’s work in CAR, where ongoing operations and analytical work are helping to support livelihoods and human development, service delivery, improved governance, and the recovery of critical economic sectors.

Monitoring

8. **This ongoing turn-around for CAR will not be a straight line; flare-ups of violence and other setbacks are inevitable.** While this process is understandably slow, given the characteristics of the conflict and the country, there is a clear objective in sight: the completion in 2022 of two electoral cycles, under a peace agreement that proves to be sustainable. To bridge that period of landmark events, this TAA request is for a period of three years, covering FY21 through FY23 (coinciding with IDA19).

9. **Progress under this exceptional TAA will be measured against ambitious milestones, which define the path toward the completion of CAR's turn-around, under an Annual Review process.** This monitoring framework (Table 8) is intended to be a living document. As the situation in CAR evolves, new milestones can be added (or existing milestones can be refined) as part of the annual review process and as landmark events and accomplishments emerge in the course of CAR's turn-around. The Country Management Unit will continue to work closely with government counterparts, with UN agencies, particularly MINUSCA, and with bilateral donors to leverage existing coordination groups to assess developments in CAR.

10. **Most indicators and milestones in Table 8 below are directly linked to the two processes that mark this critical inflection point – the APPR peace accord and the electoral cycles.** A major milestone will be the General and Presidential elections to be completed before April 2021, as well as the formation of a new government. If the elections are not held in accordance with the Constitution, as ruled by the Constitutional Court, CAR will not seek further TAA eligibility. If elections do take place and a government is operational, two additional years of access to TAA resources will allow CAR to accelerate the peace dividend and solidify the country's stabilization. By end-FY23, CAR will have had access to a total of seven years of combined TAR and TAA resources, by which time the country will transition to IDA's Performance-Based Allocation system.

11. **The value of IDA19 TAA resources will manifest itself at various levels.** First, by embracing the notion that tangible progress towards peace and democratic governance is essential to gain continued access to turn-around resources, the government sends an unequivocal signal of its commitment - not only to the international community but also to all stakeholders in the country. Secondly, TAA resources will be used directly to tackle deeply rooted drivers of fragility (see table 8). As people across the country feel and see that armed groups are demobilizing, basic services are improving, traditional value chains are being restored, the state increases its presence and its ability to make investments of its own, employment opportunities increase, the voice of citizens is being heard and local political structures become functional, the opportunities and the peace dividend will provide fertile ground for the stabilization to take root. The opportunity to embark on that virtuous circle is what the country wants, and what the IDA TAA provides. Finally, the risks of not providing TAA resources should not be underestimated. At this hopeful yet very fragile political moment, any sign of diminishing support would provide ammunition to those actors, some of whom are very influential, who do not want to pursue the path towards democratic governance and stabilization. It would also not be understood by international partners such as MINUSCA, which has recently expanded its mandate, or the EU, which expects to continue to invest at similar levels as it has over the past few years.

12. **The milestones are linked to the underlying drivers of fragility and related opportunities provided by this turn-around window.**

- a. *Achievement of the milestones related to the strategic goal of full democratic governance and institutions, nationally and locally, will increase state legitimacy, reduce the concentration of power in the hands of the elite, address grievances caused by regional disparities and, if leaders of armed groups transition from violence into the local political scene, reduce violence, and potentially improve the management of natural resources.*
- b. *Achievement of the milestones related to the improvement of the security situation for greater stability, state presence and management of natural resources, will progressively reduce the state of insecurity and the cycles of violence, improve the management of natural resources, strengthen social cohesion and increase confidence in the state.*
- c. *Achievement of the milestones related to building a more stable and resilient socio-economic environment will improve state legitimacy, reduce the power in the hands of the political elite and create an environment in which grievances related to service delivery can be addressed.*

13. **While the milestones do not derive from the WBG program per se, some are supported by WBG interventions.** The decentralization process is supported by the Decentralization ASA, which has already been fundamental in shaping the Law on Territorial Communities. Under the ASA program, the WBG is undertaking a costing exercise of the decentralization process to ensure a fiscally responsible approach. The WBG, through the PREC project, provides extensive support to the DRR process, by financing the *Unité Exécutive du Programme National du DRR (UENDPRR)*, which serves as the government implementation unit for the DRR process; by financing the socio-economic reintegration of ex-combatants; and through participation in all levels of the DRR governance mechanism. The redeployment of civil servants is supported through the on-going CPISD budget support program and will be further supported through new budget support operations and the Digital Governance project. The revision of the mining code is supported by technical assistance under the PGRN project. It is core to the APPR and aims to address the rampant mismanagement of resources in the mining sector. The actual presence of civil servants in secure areas is supported by the CPISD budget support operation, while the milestone on concessional lending is part of the SDFP PPAs. More generally, the WBG forms part of the joint government-partner governance mechanisms that have been put in place to monitor reforms and processes that are critical on CAR's path towards stabilization.

14. **Milestones that were only partially met under the previous TAR program, will continue to be monitored under the TAA.** This applies to the milestones related to the DRR program, the reduction in violence and the clearance of domestic arrears.

Table 8: IDA 19 Turn-Around Allocation Monitoring Framework⁵⁸

Strategic Goal	Indicator/Milestone	Timing	Source	Comments
Achieving full democratic governance and institutions, at both the national and local levels	General and Presidential Elections are held within constitutional deadlines	FY21	Electoral Commission	APPR commitment (article 20). New President inaugurated by March 31, 2021, unless Constitutional Court issues delay. Most critical milestone which will determine further eligibility to TAA. Election process is governed through inclusive governance mechanism (government, opposition, partners, civil society). Funded through UNDP-managed basket fund.
	Government is formed following general elections	FY22	Government	New government officially inaugurated and functional. Critical milestones to determine further eligibility to TAA.
	Enactment of Part 2 of the Decentralization Law	FY22	National Assembly	APPR commitment (article 4b). The Law on Territorial Administration (Part 1) was adopted by the National Assembly on February 26, 2020. Part 2 will define the Administrative Districts. Supported by World Bank Decentralization ASA.
	Local Elections are held and elected local governance bodies are operational.	FY22	Government	APPR commitment (article 20). FY22 expected for local elections. Local governance bodies in place might run into FY23. Election process is governed through inclusive governance mechanism (government, opposition, partners, civil society). Funded through UNDP-managed basket fund.
Improving the security situation for greater stability, state presence and management of resources	Reduction in conflict-related civilian deaths by 25% per year			Flows from APPR (article 5b). As counted by MINUSCA's Human Rights department. Not under government control. Indicates intensity of conflict irrespective of formal actions undertaken by government. Continuation of TAR milestone on civilian conflict.
	Disarmament and demobilization of 5,000 ex-combatants	FY23	UEPNDDRR ⁵⁹	Flows from APPR, which contains multiple commitments to implement DDDR. Number of 5,000 is based on estimates of total number of combatants in national DDDR strategy. Target to be modified if new estimates reveal different numbers. Supported by CEEAC. Governed by the Strategic Committee for the National DDDR

⁵⁸ The milestone that is not under government control (decline in violence) is marked grey and its monitoring will only serve the purpose of informing the overall progress assessment. For milestones related to DDDR, which are partially under the government's control, for the yearly progress assessment, the government's contribution will be highlighted separately.

⁵⁹ UEPNDDRR is the national management unit responsible for DDDR implementation. It is largely funded by the WBG PREC project.

				program. Continuation of TAR milestone on demobilization. Only partially under control of the government.
	Socio-economic reintegration completed for 5,000 ex-combatants, including in the North-east	FY23	UEPNDDRR	APPR commitment (article 4j and 6c). Number of 5,000 is based on estimates of total number of combatants in national DDRR strategy. Target to be modified if new estimates reveal different numbers. Supported by World Bank PREC project. Governed by the Strategic Committee for the National DDRR program. Continuation of TAR milestone on economic reintegration. Only partially under control of the government.
	All USMS launched	FY22	UEPNDDRR	APPR commitment (article 16). USMS have been launched in the West. Two more to be launched in the East. Supported by EU, AU and MINUSCA. Governed by the Strategic Committee for the National DDRR program. Only partially under control of the government.
	Re-deployment of civil servants and national security forces (FACA) across the territory – increase of 25 percent per year	FY23	APPR	Flows from APPR (article 4c). Progress will be measured every year. Redeployment of civil servants supported by all development partners through various projects. Redeployment of security forces supported by MINUSCA.
	Truth, Justice & Reconciliation Commission is operational	FY21	Government	APPR commitment (article 4s, 9, 10, 11). The commission has been created by law on February 27, 2020. Will be measured by formal selection of members, followed by official start of activities of the commission. Supported by MINUSCA and EU.
	Submission of new mining code to National Assembly	FY21	Government	Flows from APPR (article 4l). The revised mining code should reflect international best practice on environmental, social and fiscal matters and address resource mismanagement in the sector. Supported by World Bank PGRN Project and AfDB.
Building a more stable and resilient socio-economic environment	Actual presence rate (in percentage) of Civil Servants and Agents of the State in secured areas: 80 percent	FY22	Government	Monitor the actual presence of civil servants and restore state presence in provinces and improve State legitimacy, reduce absenteeism and improve service delivery, especially in health, education and justice sectors.

	Concessional loans limited to 5% of GDP	FY23	Government	Monitored under IMF RCF and SDFP . Progress will be measured every year. The IMF condition on the debt ceiling is that concessional borrowing should not exceed 5 percent of GDP over the period of the IMF program (2019-2022) to avoid compromising fiscal sustainability. The ECF program defines concessional lending as financing with a grant element of at least 35 percent. The condition does not include a limit on non-concessional borrowing. However, as part of the ECF program and in line with the conclusion of the joint World Bank/IMF DSA, the Government undertakes not to contract or guarantee non-concessional loans.
	Reduce domestic arrears through the adoption and implementation of a domestic arrears-clearance plan	FY21	Government	A domestic arrears-clearance plan was adopted under the IMF program and authorities have dedicated efforts to clear arrears. The performance criteria for arrears clearance have not yet been met, but authorities are committed to pursue the clearance of domestic arrears. Continuation of IDA18 TAR milestone.

Portfolio calibration

15. **As CAR accesses IDA turn-around resources, the proposed program will be calibrated to directly address drivers of fragility.** This expresses itself not just in the *what* of the WBG program, as described in Table 9, but also the *how*. For example, community driven approaches and citizen engagement will be central to the approach in programs that directly support social cohesion, aim to reduce violence, improve service delivery and restore traditional value chains. Community infrastructure to be rehabilitated are chosen by the communities and realized by members of those communities through temporary employment programs that foster social cohesion. A well-functioning Public-Private-Dialogue platform will be established to address the deep mistrust between the government and the private sector and compensate for the lack of legitimate institutions while promoting conflict-sensitive private sector PSD. WBG interventions will also strengthen public financial transparency, accountability, and decentralization which are critical to reduce elite capture, reinforce social cohesion, and build long-term peace and stabilization. Programs in mining and forestry will invest in local development plans. Where the government is unable to deliver services, the WBG will not only invest in the government’s capacity to do so in the future, but above all ensure the delivery of those services through strengthened collaboration with UN agencies and other partners (e.g., for the delivery of cash transfers). Investments in governance will focus on generating benefits for citizens through, for example, decentralized decision-making and IT-enabled services.

Table 9: Turn-Around Allocation Portfolio Calibration – Key activities

Drivers of fragility	Key activities	Indicative lending/ASAs
<p>A lack of social cohesion at every level of society, which allows entrepreneurs of violence to capitalize on local grievances</p>	<p>Promote a large-scale life skills and behaviors that save and improve lives to empower women and girls to make better life choices, as well as reduce fertility rates by increasing number of women using modern contraceptive methods. Build on community platforms to incentivize demand-side interventions that will increase access to basic education, health and reproductive services for women and girls. Provide the analytical basis for an ambitious and fiscally responsible recruitment strategy to increase the presence of teaching staff and health workers across the territory (improve the quality of the services provided and increase the legitimacy of the state).</p>	<p>Focus Area 1 & 2:</p> <ul style="list-style-type: none"> • CAR Human Capital Project • Second Consolidation and Social Inclusion Development Program • Human Development Public Expenditure Review (PER) – Health and Education
	<p>Improve access to education for vulnerable children including girls, children with disabilities and children from Internally Displaced Populations. Improve education quality by using community members to deliver school construction activities. Improve teacher effectiveness by training of community teachers to promote social cohesion and peacebuilding and reduces territorial inequalities.</p>	<p>Focus Area 1:</p> <ul style="list-style-type: none"> • Emergency Basic Education Support Project (PUSEB) • Education Sector Plan Support Project (GPE)
	<p>Improve health indicators through increased number of birth deliveries assisted by skilled personnel and basic childhood immunization coverage. The health project is the Government’s vehicle to mainstream results-based financing in the health sector, with a focus on improving maternal and child health services</p>	<p>Focus Area 1:</p> <ul style="list-style-type: none"> • Health System Support and Strengthening Project (SENI)
	<p>Quickly rehabilitate key infrastructure and procure urgently needed medical supplies. Finance the Government system for case detection and contact tracing, strengthen the national event-based health surveillance system and develop, cost and endorse the National public health emergency preparedness and response plan to increase the ability to detect and respond to future epidemics</p>	<p>Focus Area 1:</p> <ul style="list-style-type: none"> • COVID-19 Emergency Project • Regional Disease Surveillance System Enhancement Project IV (REDISSE IV)
	<p>Build the foundations of a social protection system through (i) social safety net program using mobile payments for poor and vulnerable people such as displaced, returning refugees and host families, and (ii) mandated the use of a harmonized questionnaire to collect data on social assistance and humanitarian programs through the Inter-ministerial Social Safety Net Unit</p>	<p>Focus Area 1 & 2:</p> <ul style="list-style-type: none"> • Service Delivery and Support to Communities Affected by Displacement Project (PACAD) • Second Consolidation and Social Inclusion Development Program • Digital Economy Country Assessment • Country Economic and Poverty Monitoring
	<p>Support conflict-sensitive and sustainable PSD through (i) the establishment of a well-functioning Public-Private-Dialogue platform, (ii) investment in critical infrastructure such as electricity, roads, telecommunications, to address the deep mistrust between the government and the private sector, while compensating for the lack of state legitimacy</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • Private Sector Development Project • Economic Update
	<p>Fostering trust by strengthening core government functions, notably through resource mobilization, improved management of public expenditures and human resources, and public finance transparency and accountability – all of which are preconditions for achieving effective service delivery</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • New DPF series • Digital Governance Project • Public Expenditure and Financial Accountability (PEFA)
	<p>Strengthen social cohesion and service delivery by reducing the tax privileges of the elite and limiting corruption, enhancing the equity of the tax system, and improve the taxation of natural resources.</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • New series of DPFs • Digital Governance Project • Country Economic and Poverty Monitoring
	<p>Promote community managed productive infrastructure to reinforce social cohesion and help smallholder farmers to have better access to productive infrastructure and increase their productivity and agriculture output, including agro-pastoral and fisheries production based on specific community demand.</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • Agriculture Recovery and Agribusiness Development Support Project

Drivers of fragility	Key activities	Indicative lending/ASAs
A lasting state of insecurity fueled by a regional system of conflict and the failure of past security sector reform (SSR) and disarmament, demobilization and reintegration (DDR) processes	Support large-scale temporary employment and community-identified small infrastructure works to strengthen social cohesion and support income-growth (through a participatory approach and citizen engagement process), including the COVID-19 response (mass production of 10 million artisanal face masks, creating 180,000 person-days of temporary employment).	Focus Area 1: <ul style="list-style-type: none"> LONDO Project
	Promote the re-integration of IDPs by providing cash to host communities and small infrastructure improvements identified through participatory approaches	Focus Area 1: Service Delivery and Support to Communities Affected by Displacement Project (PACAD)
	Promote the economic re-integration of more than 4,000 ex-combatants to contribute to the dissolution of armed groups	Focus Area 1: Reintegration of Ex-combatants Project
Social and regional disparities between Bangui and the periphery and between the East and the rest of the country, which have created grievances, fostered a perception of inequality and lack of inclusion, and contributed to the emergence of armed groups	Reach a renewable energy generation capacity of 80 MW, including by adding 25 MW of solar energy (with storage capacity) to Bangui and accommodating an additional 15 MW in Bangui (through private sector participation, with IFC support). Increase water production capacity in Bangui, Bambari and Berberati. Improve the management of the energy utility (Enerca) and the water utility (Sodeca) and support the Government to develop a broader national energy strategy, including climate resilience.	Focus Area 1 & 2: <ul style="list-style-type: none"> Water and Electricity Upgrading Project (PASEEL) Emergency Electricity Supply and Access Project (PURACEL) Programmatic ASA on Energy sector Infrastructure Sector Assessment Program)
	Improve connectivity in rural and urban areas through construction and improved access to 1250 km of all-weather season roads. Provide year-round connectivity in the North-East (now isolated during the rainy season) and open a competing trade corridor to Port Sudan.	Focus Area 1: <ul style="list-style-type: none"> Rural Connectivity Project
	Complete paving of the Douala-Bangui road in the North-West Construct roads to improve connectivity with Lake Chad in the North and DRC in the South, thereby creating new opportunities for commerce and trade.	Focus Area 1: <ul style="list-style-type: none"> CEMAC - Transport-Transit Facilitation CAR-DRC Regional Integration Project for Connectivity
	Improve connectivity, mobility, and access to local markets and associated agri-logistics services	Focus Area 1 & 2: <ul style="list-style-type: none"> Agriculture Recovery and Agribusiness Development Support Project
	Support the redeployment of civil servants throughout the national territory through the mobile payments of salaries, which the continuity of service delivery while reducing civil servants' absenteeism.	Focus Area 2: <ul style="list-style-type: none"> Second Consolidation and Social Inclusion Development Program Digital Governance Project Digital Economy Country Assessment
	Develop sustainable livelihoods in the mining and forestry sectors, improve governance and strengthen capacity in the forest and mining sectors and support socioeconomic development of forest communities	Focus Area 2: <ul style="list-style-type: none"> Natural Resources Governance Project
	Increase the capacity of the national statistical institute (ICASEES) to produce data to inform policy actions on poverty, inequality, local development, and socioeconomic indicators	Focus Area 2: <ul style="list-style-type: none"> Data for Decision Making
A cycle of violence and trauma and a distressed population in an environment of violence and impunity	Support the decentralization process in CAR in peaceful and effective way.	Focus Area 1: <ul style="list-style-type: none"> Rebuilding state presence and local governance in the CAR ASA
	Inform future interventions on the rule of laws and flaws of the justice system	Focus Area 2: <ul style="list-style-type: none"> Justice and Accountability of Institutions
	Support livelihoods ensure the reintegration of ex-combatants and reduce vulnerabilities by creating an ecosystem to stimulate private sector development, increase services available for MSMEs, investors, and entrepreneurs.	Focus Area 2: <ul style="list-style-type: none"> Private Sector Development Project CAR CIIP Private Sector Support Services Delivery Design

Drivers of fragility	Key activities	Indicative lending/ASAs
<p>The concentration of the political power in the hands of a very small elite that is managing a state with very little legitimacy and using institutions – including justice and security – to sustain itself</p>	<p>Decentralized recruitment and management of teachers at the level of local Academic Inspection Directorates to improve the deployment and retention of teachers in underserved areas.</p>	<p>Focus Area 2: Second Consolidation and Social Inclusion Development Program</p>
	<p>Reduce the concentration of power in Bangui and state legitimacy by supporting a well-functioning decentralized state structure which brings decision-making by locally elected rather than centrally appointed public officials closer to the population and addresses their grievances</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • Rebuilding State Presence and Local Governance <p>REDD+ Readiness</p>
	<p>Build the capacity of key Government’s agencies, mobile network operators and financial sector partners to enable and expand (i) the payment of civil servants salaries through mobile money, and (ii) mobile payments of cash transfers to the poor and most vulnerable, (iii) electronic payment of taxes to improve tax enforcement, reduce risks of corruption and elite capture, (iv) supply and demand mechanisms of transparency over use of public resources.</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • Digital Governance Project • Economic Update • Country Economic and Poverty Monitoring • Tax Administration Diagnostic (TADAT) • Government-to-Persons (G2P) payment systems
	<p>Assess the options for a more sustainable growth path for Bangui, which can address the needs of a buoyant informal sector, with sustainable approaches to housing, transport, water and sanitation, and energy</p>	<p>Focus Area 1 & 2: Urban mobility in Bangui ASA</p>
<p>Elite capture and mismanagement of scarce natural resources, whether diamonds, gold, timber or grazing land</p>	<p>Support the use of Automated System for Customs Data (ASYCUDA) for customs clearance of petroleum products to reduce smuggling, elite capture, corruption, and facilitate trade.</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • Second Consolidation and Social Inclusion Development Program
	<p>Improve the management and governance of natural resources by supporting CAR to restore compliance with the Extractive Industries Transparency Initiative (EITI)</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • Natural Resources Governance Project
	<p>Support the country to restore compliance with the Extractive Industries Transparency Initiative (EITI), which was suspended in 2013, to improve management of mining revenues Improve the transparency, oversight, and accountability of SOEs for effective service delivery</p>	<p>Focus Area 2:</p> <ul style="list-style-type: none"> • New series of DPFs • Digital Governance Project • Tax Administration Diagnostic (TADAT) • State-Owned Enterprises Assessment

Annex 4: IDA Turn-Around Regime FY17- FY20 -- Monitoring Framework

As CAR's access to the resources of the IDA18 IDA TAR has drawn to a close, the monitoring framework indicates that out of the 21 milestones, 17 were met. The four milestones that have been partially met will continue to be monitored under the IDA19 TAA. The full monitoring framework is below.

Figure 10: TAR monitoring framework for CAR at-a-glance

Security

Commitment	status
Incidents with civilians	
DDRR strategy	
DDRR beneficiaries evaluated	
Disarmament / demobilization complete	
Reintegration complete	
Security sector reform strategy	
Temporary jobs	
Rural roads	

Political / governance

Commitment	status
New HR Framework	
Clean-up of wage bill	
Audit of wage bill	
Budget execution reports	
Asset declarations	
Security sector reform strategy	

Economic

Commitment	status
Budget deficit in line with IMF	
External debt service to revenue ratio	
Domestic arrears clearance	
Non-accrual of external arrears	
Increase in domestic revenues	
Financial statements	
Reduction in exceptional spending procedures	

Table 10: IDA18 Turn-Around Regime Monitoring Framework

Milestone/indicators	Timeline	Met / Not met	Key Partners
Stabilized security efforts			
<i>Ongoing security efforts</i>			
<ul style="list-style-type: none"> Reducing the number of incidents involving civilians, international NGOs, MINUSCA and other forces 	Review monthly	<p>Partially met. The number of conflict-related incidents with civilians is decreasing, especially since the signing of Khartoum Peace Accord in February 2019. Since March 2019, incidents with civilians have steadily declined every month (except May), from 256 in March to 135 in November.</p> <p>However, the number of incidents with UN and NGO are stagnating on average 28 incidents with UN and 13 incidents with NGO each month since The Peace agreement.</p>	MINUSCA
<i>Implementation of the DDR</i>			
<ul style="list-style-type: none"> Formal adoption of the DDR national strategy by the authorities 	End of 2016	Met, adopted in November 2016	MINUSCA EU USA France
<ul style="list-style-type: none"> Evaluation of the number of beneficiaries for each reintegration program 	End of 2016	Met. Figures estimated jointly by Gov and MINUSCA and revised periodically based on the ground realities and the fiscal situation of the country	
<ul style="list-style-type: none"> Disarmament and demobilization completed 	End of 2020	In progress. Initial progress since peace agreement signed in February 2019, with about 1,321 combatants demobilized in the northwest of the country. 295 of them benefited of reintegration program and around 413 additional ex-combatants are expected to benefit of reintegration.	
<ul style="list-style-type: none"> Reintegration completed 	End of 2020	In progress. Reintegration follows disarmament and demobilization. The availability of IDA TAR resources for further reintegration remains a critical element in the sensitive DDR process.	

Milestone/indicators	Timeline	Met / Not met	Key Partners
<u>Implementation of the Security Sector Reform (SSR)</u> <ul style="list-style-type: none"> Adoption of the SSR strategy 	1 st semester 2017	Met.	MINUSCA EU USA France
<u>Stabilization effort support</u> <ul style="list-style-type: none"> Create 1,844,794 temporary jobs 850 km of rural roads maintained 	30 June 2020 30 June 2020	Met. Met.	MINUSCA
<u>Implementation of the Security Sector Reform (SSR)</u> <ul style="list-style-type: none"> Adoption of the SSR strategy 	1 st semester 2017	Met.	
Political & Governance Turn-Around			
<u>Public sector reform</u> <ul style="list-style-type: none"> Adopt new organic human resources frameworks All non-eligible “hors-statuts” have been removed from the payroll, retirement of all eligible civil servants, return of all civil servants in foreign service whose service has ended. Undertake an audit of the wage-bill and pursue the work to remove ineligible civil servants from the wage bill. 	End 2016 End- 1 st semester 2017 End-2016	Met Met. Met	IMF, EU, France, AFD, AfDB
<u>Fight against rent capture and increase transparency</u> <ul style="list-style-type: none"> Budget execution reports are produced and published on a quarterly basis Asset declarations of the President and the Ministers 	2016-2019 End-2016	Met. Quarterly Budget execution reports are produced and published on the Ministry of Finance website in 2016, 2017 and 2018. Met	EU, AFD

Milestone/indicators	Timeline	Met / Not met	Key Partners
Economic turnaround			
<u>Maintain macroeconomic stability</u>			
<ul style="list-style-type: none"> Budget deficit in line with the IMF program 	Review on a semester basis, 2016-2019	Met. The domestic primary deficit narrowed substantially from an average of 3.7 percent of GDP in 2014-15 to 1.6 percent in 2016-18, lower than the initial target 2.1 percent of the overall program. Domestic primary deficit is estimated at 3.5 percent as domestic revenues were lower than expected in 2019.	IMF, EU, France, AFD
<ul style="list-style-type: none"> External debt-service-to-revenue ratio (including grants): of 17 percent 	2019	Met. External debt-service-to-revenue ratio (including grants) is projected to reach 10.8 percent in 2019	
<ul style="list-style-type: none"> Reduce domestic arrears through the adoption and implementation of a domestic arrears-clearance plan 	2020	Partially met. A domestic arrears clearance plan was adopted under the IMF program and authorities have dedicated efforts to clear arrears. The performance criteria for arrears clearance was not met at end-December 2019, but authorities are committed to pursue the clearance of domestic arrears.	
<ul style="list-style-type: none"> Non accumulation of external payments arrears 	2020	Met. As CAR is already at high risk of debt distress, the accumulation of external payment arrears is likely to put the country in debt distress. The milestone aims to non-accumulation of external payments arrears	
<u>Increase revenue mobilization</u>			
<ul style="list-style-type: none"> Increase in domestic revenues as a percentage of GDP 	Review on a semester basis, 2016 - 2020	Met. Domestic revenues remain low, although they increased from 8.2 percent of GDP in 2016 to 8.7 percent in 2020.	IMF, EU, France, AFD

Milestone/indicators	Timeline	Met / Not met	Key Partners
<p><u>Implement priority PFM reforms</u></p> <ul style="list-style-type: none"> • Financial statements for 2015 are produced • Financial statement for 2016 are produced • The use of exceptional spending procedures reduced from 80 percent in 2015 to 5 percent in 2019 	<p>3Q2016</p> <p>June 2017</p> <p>Review on a yearly basis.</p>	<p>Met with delay.</p> <p>Met with delays, the statements were sent to the Court of Accounts.</p> <p>Met. The share of exceptional spending in total spending declined significantly, from 24 percent in 2017 to 5 percent as of the end of 2019.</p>	<p>IMF, EU, France, AFD</p>

Annex 5. IFC

Table 11: IFC Portfolio

Advisory Portfolio

Project Name	Primary Business Line Name	Total Funds Managed by IFC (US\$ m)
Central Africa Investment Climate 2 Project (ICP2)	EFI and FIG	1.0
Total		1.0

1. This CAR-ICP2 supports the implementation of private-sector led approaches to increase competitiveness and investment in the cotton value chain and the overall business enabling environment. The advisory project comprises three components: (i) Improving investment in the cotton sector, (ii) Promoting MSMEs and cooperatives growth, and (iii) Facilitating PPD. The Project recognizes the importance of an additional component on improving market access to cotton producers but it is beyond the scope of this technical assistance. In cooperation with the IDA Agriculture GP, the Agriculture Recovery and Agribusiness Development Support Project (P#PAD2566) will include: (a) provision of financial support to government to develop and/or improve the genetics of cotton varieties that are suitable for current lint market demand, and (b) support for improved inputs (seeds, fertilizer and pesticides) and quality assurance. There are also discussions underway with IFC-FIG to finance an off-taker to procure ginnery facilities to improve ginning of lint cotton.
2. In parallel with the preparation of this CPF, IFC has undertaken their own country strategy process for CAR. This was informed to a great extent by the CPSD, which identified priority sectors for IFC engagement, along with the underlying challenges which require World Bank policy engagement to create a more conducive business climate. This complementary and sequenced process of addressing reforms, to facilitate private investment, is embodied in the IFC 3.0 “Creating Markets” approach. This “If-Then” matrix (below) presents the range of policy reforms that are necessary to unlock opportunities for potential investments, with the respective roles of the World Bank, Government of CAR, and IFC in supporting this process.
3. As referenced under IFC’s strategic priorities (Box 5), IFC will focus on the sectors of inclusive finance, agribusiness, and physical and virtual connectivity, focusing initially on advisory services and leveraging targeted reforms and de-risking tools (such as PSW) to create the necessary conditions for private investments.

Figure 11: IFC “If-Then Matrix” for CAR

		POLICY ASKS / REFORMS TO UNLOCK PRIVATE SECTOR DEVELOPMENT (“IF...”)	POTENTIAL INVESTMENT/PROJECT DESCRIPTION (“...THEN”)	ROLE OF WBG AND GOVERNMENT AUTHORITY/AGENCY
JOB CREATION	INCLUSIVE FINANCE	Improve interoperability between the banking sector, telcos and regulators	Scale-up access to digital financial services in collaboration with local telco operators (e.g. Orange, Telecel).	WB: Roll-out of e-government project, including e-payments
		Review restrictions on digital transfers to allow processing of transfers outside CEMAC region.		IFC: Provision of DFS advisory services to private telco operators
		Implement national identification system to support KYC compliance	Support the digitization of payments across the value chain (for key value-chains in agriculture, extractives, etc.)	GoCAR Counterpart: Ministry of Finance (Coordinating unit)
	AGRICULTURE & AGRIBUSINESS	Improve tax regime related to inputs and equipment	Support commercial agribusiness operations in selected value-chains (cotton, maize, poultry) through AS and IS, seeking to establish successful proof-of-concept for large scale commercial agriculture operations in CAR	WB: Implementation of ARADSP/PRADAC project.
		Operationalize a one-stop service windows for rural enterprises		IFC: AS to commercial agribusiness players through IC2 project.
		Improve trade facilitation to allow for more efficient access to markets and agricultural inputs.		GoCAR Counterpart: Ministry of Agriculture and Rural Development (MARD)
CONNECTIVITY	INFRASTRUCTURE & LOGISTICS	Update of the legal and regulatory framework needed to promote private sector participation in renewable generation (on-grid and off-grid) and energy efficiency.	Support 1 solar IPP, during phase 2 of WB program	WB: Implementation of power and road sector projects, including support to PPP-enabling reforms and utility company (ENERCA) rehabilitation
		Strengthen weak institutional framework (policy, organizations and mechanisms) to ensure the quality and maintenance of the roads post rehabilitation.	Support engineering contractors with structuring investment package to perform road maintenance contract	IFC: Use PPP AS to support GoCAR in structuring one PPP transaction (e.g. solar)
		Development of a management, operation and maintenance (MOM) contract to be signed with the private sector under a PPP agreement.		GoCAR Counterpart: Ministry of Development of Energy and Water Resources
	DIGITAL INFRASTRUCTURE / ICT	Update legal and regulatory framework in the ICT sector, leveraging Central African fiberoptic backbone project to improve broadband connectivity.	Development of ICT backbone including broadband in Bangui	WB: Support regional policy coordination on Central African Fiberoptic Backbone Project, alongside the AfDB
			Investment in mobile operators to increase mobile coverage	IFC: Support GoCAR in establishing PPP to manage the national fibre-optic backbone. GoCAR Counterpart: Ministry of Posts & Telecoms

Annex 6: IMF Engagement with the Central African Republic

1. On December 20, 2019, the International Monetary Fund (IMF) approved a three-year arrangement under the **Extended Credit Facility (ECF)**. IMF support to CAR, totaling the equivalent of \$115.1 million, began with an immediate disbursement of \$16.4 million and includes efforts to address:

- Maintaining macroeconomic stability, strengthening administrative capacity, governance and the business climate, promoting robust and sustainable growth, and reducing poverty.
- Fiscal policy will focus on enhanced revenue mobilization, spending prioritization, and strengthened PFM to ensure the sustainability of CAR's security, social, and infrastructure spending needs.
- Revenue mobilization measures will include daily reconciliation of revenue data, digitalization of tax returns and payments, and enhanced coordination between revenue administrations.
- Further strengthening of PFM will involve the elimination of the remaining public agencies with no economic justification, finalization of the audit of domestic arrears, and enhancing SOEs' oversight and management.
- Structural reforms will aim at improving government's capacity to design and implement policies and reforms, enhancing governance, including through strengthening anticorruption institutions, and removing bottlenecks and regulatory impediments to private investment.

2. CAR was one of 25 IMF member countries to be granted debt-service relief under **Catastrophe Containment and Relief Trust (CCRT)**, for debt service falling due to the IMF over the next six months, from April 14, 2020. Relief on debt service is intended to free up scarce financial resources that can be directed toward emergency medical and other relief efforts while member countries such as CAR combat the impact of the COVID-19 pandemic.

3. Most recently, as the authorities adopted a comprehensive response plan to contain the spread of COVID-19, strengthen the national health system and mitigate the impact of the virus on the economy, the IMF Board approved US\$38 million in emergency assistance under the **Rapid Credit Facility**. This financing from the Fund is intended to help preserve fiscal sustainability and catalyze further assistance from the international community, in the form of grants.

Annex 7: Summary of CPF Consultations

1. **Public Consultations:** Extensive consultations were held across a wide range of stakeholders in Bangui between November 2019 and June 2020. The most commonly cited issues were: (i) peace and security are prerequisites for any possible development in the country (humanitarian-development nexus); (ii) improved connectivity and infrastructure outside of Bangui; (iii) increased DRM and good governance of public institutions; (iv) private sector development and job creation; and (v) human capital development, particularly health and education.

- **Government Officials:** Ministry officials from 18 different ministries highlighted that **security** is a basic requirement for restoring the State's presence and authority across the entire territory. As long as there is no security, it will be impossible to work on development and only humanitarian aid will be possible. Government representatives also emphasized the urgent need to: (i) improve connectivity in the whole country; (ii) invest in education and skills training; (iii) improve governance and DRM; (iv) support and invest in the energy sector; (v) promote digital technology; and (vi) simplify the complex WBG policies and procedures. **Connectivity** is a fundamental problem in CAR, particularly in the East, as currently basic services such as water, health, education are almost non-existent. Development cannot be achieved without roads and basic infrastructure, and the State presence cannot be deployed without connectivity. In addition, if connectivity is improved outside of Bangui, private sector development will be more likely to follow (e.g., transformation and export of corn, sesame, palm oil). **Education** is also a priority and the basis for any development. Officials acknowledged the positive impact of World Bank support for the education sector strategy as this document has also leveraged additional resources (such as those from GPE). **Good governance** was cited as the responsibility of the State and it is essential to optimizing existing resources. Recruitment of trained civil servants to build the presence and capacity of the State was also cited as essential. PFM has already improved substantially in recent years, but more support is needed to improve DRM. CAR continues to lose enormous amounts of potential resources and government officials called for additional World Bank support to help Government to enact regulations to better capture these resources. The support and engagement of IFC was also cited as very important to increase the country's tax base. The **energy sector** has an investment backlog of forty years – this is dramatically evidenced by the fact that only 8 percent of CAR is currently electrified. There is enormous potential for investments, and a ten-year strategic plan in the energy sector is needed which would help mobilize additional development partners and funding. **Digital development** has the potential to substantially improve governance and transparency, through e-government applications and in the mining and forestry sectors, making this a suitable time to develop a sector strategy and improve stakeholder coordination. However, electricity is needed to develop a digital economy. Finally, Government officials insisted on improvements to the cumbersome **institutional arrangements** of the WBG. These procedures are often too odious or not adapted to the fragile country context with limited capacity (notably in the area of procurement). Government officials noted that institutional arrangements are a major bottleneck for project implementation, particularly in the water, energy and roads sectors.
- **Private Sector:** In the context of launching the **CAR CPSD**, two joint missions by IFC and WB/FCI were conducted in November 2019 and February 2020 in Bangui. The missions met with a wide range of private sector representatives, NGOs and Government agencies. The primary message that emerged from these meetings is that **overall fragility** coupled with remote/landlocked status presents formidable challenges for private sector development in CAR. In addition, **key enabling infrastructure** is not available, and transport and energy are considered key binding constraints to unleashing private

sector-led growth. However, reconstruction efforts should provide opportunities for local economic operators, and the **agriculture and forestry sectors** offer potential to boost local income and support long-term growth. Other cross-cutting issues that came out of the consultations are a **challenging business environment** (CAR is ranked 184/190 on DB), poor financial sector development (and a very low level of financial inclusion), limited ICT/digital connectivity, and lack of skilled labor.

- **UN Agencies:** A virtual consultation took place in Bangui in early-June 2020 with all the UN agencies represented in the United Nations Country Team (UNCT). UN Agencies noted that the **partnership and coordination** between the WBG and the UN has improved substantially over the last year, particularly since the onset of the COVID-19 pandemic. This crisis has been an opportunity for innovative partnership (e.g. in the effort to provide drinking water across Greater Bangui or the rapid price monitoring surveys). This renewed partnership needs to continue and improve, including in the political dialogue and support to sectoral policies, as well as in analytical work. The WBG has better direct access to the government and that access can be used to transmit important joint messages. The UNCT also stressed peace as a prerequisite for development and called for an inclusive dialogue among political actors and effective policies to achieve and consolidate peace. The **humanitarian-development nexus** is paramount in a fragile country such as CAR. UN participants noted the WBG can support humanitarian and community resilience initiatives by scaling up activities that UN implements on the ground with limited financing. This can have a multiplier effect for more sustainable support for economic growth, job creation and poverty reduction. Immediate opportunities suggested for joint WBG-UN actions (including in the context of COVID-19) include: (i) cash transfers to vulnerable people, (ii) construction of the North-East road to open-up this region of the country, and (iii) improved distribution chain and logistics.
- **European Union:** The new EU programming cycle for seven years will start in 2021, around two priorities: (i) Sustainable Development and Digitization, and (ii) Peace and Security. The new programming will take into consideration the current COVID-19 pandemic. The proposed EU and EBG programs are strongly complimentary in the following areas: (i) **peace and security**, where EU works on security reform, support to the FACA and justice reform, while the WBG focuses on social cohesion, community infrastructure, economic reintegration, and IDPs; (ii) **digital agenda**, where EU focuses on ICT infrastructure while WBG works on digital platforms; and (iii) **rural connectivity**, which EU considers as a key priority for the country, but mainly relies on WB. In other areas, EU and the WBG collaborate and coordinate. For example, both EU and WBG support CAR with **budget support and policy reforms** that are well coordinated and build on each other. In the **health sector**, both EU and WBG use the same methodology of RBF, but have agreed on a geographical division of labor. **Rural energy** will be a new sector of intervention for both EU and World Bank and both partners have agreed to develop a joint approach.

2. **Country Opinion Survey (COS):** A COS was conducted in February and March 2020 and includes feedback from 257 stakeholders who responded to the survey. The majority of responses came from the office of the President/Prime Minister/Minister, Government institutions, and civil society. This COS data was collected prior to the outbreak of COVID-19, and therefore some shifts in stakeholder perceptions and priorities are to be expected. Key findings from this COS include:

- (i) The top three development priorities identified are **security/stabilization/reconstruction** (81 percent), **public sector governance** (34 percent), and **education** (31 percent).
- (ii) The greatest contributors to poverty reduction in CAR are considered to be agriculture and rural development (57 percent).

- (iii) Stakeholders would like to see the WBG’s interventions emphasize education (41 percent), agriculture and rural development (39 percent), transport (31 percent), public sector governance (27 percent), energy (26 percent) and private sector development (21 percent). When asked about areas that would benefit most from the WBG playing a leading role among international partners in CAR, respondents indicated “human capital (education, health, social protection)” (60 percent) as the top area.

The WBG is perceived by respondents to be a “long-term partner”, implementing a “respectful approach with stakeholders”, “straightforward and honest”, and an institution which collaborates with the government, the UN and other development partners.

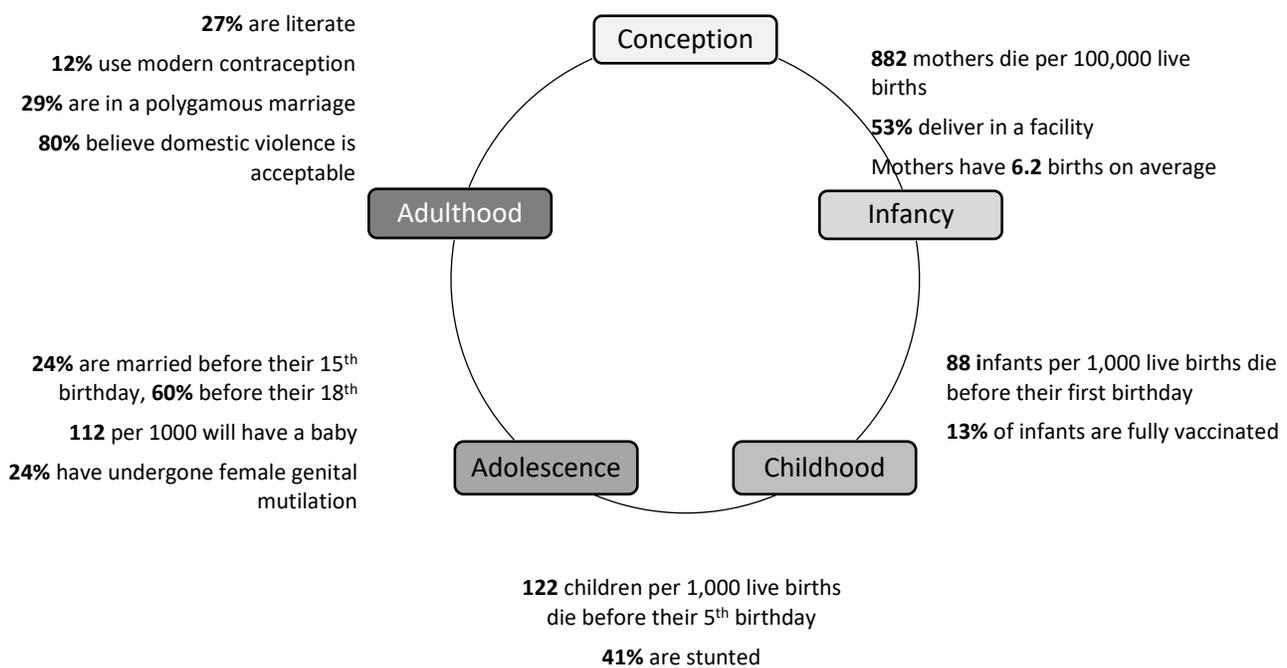
Annex 8: Donor Mapping

Sectors	AFD	AfDB	BDEAC	China	EU/ Fonds	IMF	France	Russia	UN	USA	WB	Total
I Governance												
Peace and security					x		x	x	x	x		5
Human Rights	x				x		x			x		4
Public finances	x	x			x	x			x		x	6
Statistics		x			x	x			x		x	5
Local/regional development	x				x				x		x	4
II Productive sectors												
Agriculture	x	x	x		x				x		x	6
Forest	x				x				x		x	4
Animal husbandry	x	x			x		x		x	x	x	7
Mining		x					x			x	x	4
Business environment	x	x				x			x		x	5
Financial sector and Micro finance	x				x	x			x			4
III Infrastructure												
Water and Irrigation	x	x	x		x				x		x	6
Energy	x	x		x					x		x	5
Transport	x	x							x		x	4
Telecommunications/ICT		x							x			2
IV. Social sectors												
Education	x	x			x		x		x		x	6
Health	x	x		x	x		x		x		x	7
Sanitation	x	x	x		x				x			5
Gender	x	x			x		x		x	x	x	7
Total	15	14	3	2	14	4	7	1	17	5	14	

Annex 9: Gender issues in the CPF for Central African Republic

1. **Women and girls in CAR face obstacles to reaching their full potential.** Female economic empowerment is limited by discriminatory laws and social norms, poor access to justice, and being subjected to domestic violence. Furthermore, GBV and rape as a weapon of war were prevalent during the crisis, and those practices persist. Economic opportunities are further constrained by poor educational outcomes, low rates of literacy, and stubbornly high rates of fertility (including teen pregnancy). The figure below presents the challenges that women and their children face throughout their lifecycle.

Figure 11: Lifecycle of a Woman in CAR



2. **Recent analytical work, including the SCD and project gender analyses, cited gender constraints in CAR.** These include adolescent fertility and maternal health, gaps in access to education and skills, GBV, and women's low labor-force participation rate and their concentration in subsistence agriculture and the informal sector. These analyses also reflect that women and men experience differential impacts of conflict and violence. While women suffer from lack of access to basic social services, exposure to GBV, and lack of geographic mobility because of personal safety concerns; men are more likely to be killed or injured in conflict activities and are vulnerable to recruitment into violent and illicit activities, given the lack of viable economic opportunities.

3. **Analytical foundation of the CPF includes a range of gender diagnostics.** The CPF is informed by a range of gender analyses that fulfill the requirements of OP/BP 4.20, including a World Bank Gender Diagnostic Study of CAR (2012), an AfDB CAR Country Gender Profile (2012), a World Bank GBV situation analysis for CAR (2018), World Bank ASA on Skills Training and Youth Employability Assessment (2019), the OECD's Social Institutions and Gender Index CAR Country Profile (2019), and gender analysis in the SCD. The team will explore opportunities for further gender analyses during the CPF period.

4. **Gender gaps in CAR emerge as early as a young woman's teen years.** A series of issues emerges around adolescence that contributes to high population growth, women's low economic empowerment and poor maternal and child health outcomes. Data from the 2010 MICS show that 27 percent of young women had sexual relations before the age of 15, compared to only 11 percent of young men. This is reflected in a high rate of adolescent fertility, with 104 births per 1,000 women ages 15-19. Early childbearing leads to school drop-out, higher lifetime fertility, and poor maternal health (due to the number of children per woman and the higher risk of births during adolescence), with obvious negative implications for lifetime economic empowerment. Maternal mortality is estimated at 882 per 100,000 live births.

5. **Education gender gaps are significant.** There are wide gender gaps in access to schooling across all levels. The number of out-of-school children age 6-18, including children in CAR who have never attended school, is huge. Violence and conflict have exacerbated the situation by increasing dropouts. For those who have never been to school, girls are more likely than boys to cite family refusal (34 percent vs 19 percent) and cost (29 percent vs 23 percent). Supply-side factors, such as the lack of teachers, also appear to have a greater impact on young girls who have never attended school. For youth who have already dropped out of school, cost is the most common reason cited by both girls and boys, but girls are more likely than boys to cite marriage (10 percent vs 2 percent), while 18 percent cite pregnancy. Historical gender gaps continue to affect CAR's human capital: 68 percent of women are illiterate, compared to 48 percent of men.

6. **GBV adds to disparities in opportunity.** While comprehensive, national-level data are limited, various studies indicate high levels of GBV in CAR. A UNECO study that was conducted in six cities where armed groups were present (Bangui, Bossangoa, Bambari, Boda, Sibut, and Kaga-Bandoro) found prevalence rates of over 70 percent for various types of sexual and domestic violence, over 60 percent for physical violence, and 40-50 percent for forced and early marriage (World Bank, 2018). Conflict may also contribute to a normalization of GBV, with over 80 percent of women saying that they believe wife beating is acceptable, compared to an average of 45 percent across SSA. Ongoing insecurity heightens GBV risks, and dampens women's ability to seek justice. Access to justice is limited by lack of funding for GBV-related services, financial constraints of victims, lack of faith in the justice system, and the perception that women's opinions and problems are not treated equally to those of men by the justice system (SCD).

7. **Women's labor force participation rate is only 61 percent, compared to 80 percent for men.** Most (96 percent) women are engaged in agriculture, with 55 percent of workers in the sector being women. As of 2018, women constitute only 20 percent of the labor force engaged in wage employment, which suggests that there are fewer women than men working in formal economic activities. Within agriculture, not only is there a division of tasks along gender lines, but also a division of crops - women are more likely to grow food crops rather than cash crops. Women farmers also face challenges due to lower access to land (for which they rely on their husbands) and lower access to local development decision-making processes.

8. **Gender issues are well-integrated across the portfolio.** The CPF will address women's health through a body of ongoing and pipeline work focusing on maternal health, reproductive health/demographics, and GBV. The ongoing Health System Support and Strengthening Project (SENI - P164953) has a strong focus on improving the utilization and quality of maternal and reproductive health through performance-based financing (PBF) and sensitization. The CPF also leverages DPF to address GBV, through the Second Consolidation and Social Inclusion Development Program (CSIDP2 - P168474). The prior actions for this DPF include the addition of a budget line in the 2020 Finance Law for targeted free

health care for children under-five, pregnant and breastfeeding women and the provision of free, integrated services and care for victims of GBV. This follows the presidential decree of targeted free health care to benefit pregnant women, children under five and survivors of GBV, which was enacted in December 2018, under CSIDP 1.

9. **The CPF is responding to GBV in CAR through risk mitigation.** During preparation, all new projects will use the GBV Risk Assessment tool to screen for GBV risks at the concept stage and include GBV risk assessments in their ESAs. Where appropriate, projects will also follow the World Bank's (2018) Good Practice Note on Addressing GBV in IPF involving Major Civil Works. Projects have already adopted projects such as grievance redress mechanisms (GRMs), codes of conduct, GBV response protocols, mapping of GBV response services, and community sensitization efforts.

Annex 10: CAR Climate Context: Vulnerability and Adaptation

Main climate and disaster risks – current trends and future projections

- 1. CAR is characterized by a humid, tropical climate with a distinct rainy and dry season; and mean annual temperatures have risen since 1978, at a faster rate in northeastern CAR than in southwestern CAR.**⁶⁰ Projections indicate an increase of between 0.7-3°C by 2080 for low, medium, and high emissions scenarios. Total annual days of temperatures above 35°C would rise by 60.6 days in 2050, while total annual days of temperatures above 40°C would be 14.5 days by mid-century and 50.7 by end of century.⁶¹
- 2. Mean annual rainfall in CAR has increased slightly since the end of the 1990s,** as recorded by a 4-percent increase over the 1995-2017 average in Bangui. Similar trends have been observed in the western and northern parts of the country.⁶² Rainfall is projected to become more erratic, in terms of duration, intensity, and frequency.⁶³

Climate Vulnerability Context – Areas of Adaptation and Resilience

- 3. CAR is vulnerable to a range of climate and disaster risks acting as a threat multiplier to achieving development gains and for the most vulnerable populations.** The country ranks 178 (out of 181) on the ND-Gain Index.⁶⁴ According to CAR's Nationally Determined Contribution (NDC), the entire national territory is exposed to extreme climate hazards, mainly drought and torrential rains followed by floods.⁶⁵ Vulnerable groups such as rural communities, women, children, and the elderly are most exposed.
- 4. Floods account for the largest share of natural disaster-related losses in CAR.** Torrential rains and floods affect principally the southern part of the country, impacting housing, buildings, roads, and other infrastructure. Unusually heavy rains in late-2019 caused flooding and damage across eight prefectures, impacting 57,000 people, with 20,000 people displaced and over 10,000 homes destroyed (International Organization for Migration (IOM), 2019; NRC, 2019).⁶⁶ Annual losses due to recurring floods in Bangui were estimated at US\$7 million.⁶⁷

⁶⁰ Ibid.

⁶¹ World Bank Climate Change Knowledge Portal – CAR Country Page.

<https://climateknowledgeportal.worldbank.org/country/central-african-republic/climate-data-projections>

⁶² CAR Third National Communication to the UNFCCC (draft version). Ch. 4 Evaluation of vulnerabilities and adaptation to climate change.

⁶³ WB Climate Change Knowledge Portal – CAR Country Page. <https://climateknowledgeportal.worldbank.org/country/central-african-republic/climate-data-projections>

⁶⁴ <https://gain.nd.edu/our-work/country-index/rankings/> The ND-GAIN Country Index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

⁶⁵ CAR NDC, 2016.

https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Central%20African%20Republic%20First/INDC_R%C3%A9publique%20Centrafricaine_EN.pdf

⁶⁶ <https://reliefweb.int/report/central-african-republic/over-20600-people-displaced-floods-bangui-central-african-republic> ; <https://reliefweb.int/report/central-african-republic/57000-people-affected-severe-flooding-central-african-republic>

⁶⁷ Joint Needs Assessment Report, 2009. <https://www.gfdrr.org/en/central-african-republic-2009-subsequent-floods-bangui-which-left-14500-people-homeless-gfdr>

5. Drought is common in CAR, more prevalent in the north and northeast, impacting agricultural and water resources.⁶⁸ Access to clean water is especially difficult in the dry season and during droughts, impacting agriculture, food security, public health, and sanitation. Drought can decimate yields of maize and peanut, while excessive rains can lead to rotting of manioc and sesame, degrading of cotton, and affect crop drying and storage. Prolonged drought affects livestock, with proliferation of various diseases.⁶⁹ It may also impact hydropower capacity, while extreme temperatures may affect power transmission and distribution networks.⁷⁰ Adaptive capacity, drought-tolerant crops, improved access to safe drinking water and water management, and enhancing agricultural practices are all needed for CAR's climate resilience.⁷¹

6. CAR is also vulnerable to many diseases which thrive during the dry season (typhoid, respiratory infections, acute meningitis, diarrhea, malaria). CAR lies within the Meningitis Belt, with a high likelihood of annual outbreaks during the dry season, and scarce water supplies and poor water quality enhance the likelihood of these diseases. More erratic rainfall may also increase malaria breeding sites and transmission. Vaccination programs, widespread drug distribution, public awareness campaigns, access to safe water supplies, and improved sanitation will be imperative to reduce vulnerability.⁷²

7. CAR's NDC recognizes the need to increase resilience. Agriculture, livestock and food security, health, basic infrastructure, and natural resource management (including forests) are priorities. Adaptation options include improving policy frameworks; knowledge of climate change; sustainable management of agricultural, forestry and livestock systems; land-use planning; development of infrastructure; energy security; public health systems; waste management; and sustainable management of water resources.

Mitigation of greenhouse gas emissions

8. According to CAR's Third National Communication to the UNFCCC (covering 2011-2016), 93 percent of national emissions are attributable to the Agriculture, Forestry and Land Use (AFOLU) sectors.⁷³ These include: land-use changes from forest land to cultivated land represent the most emissions (60 percent of national emissions in 2016; emissions related to burning biomass in grassland and agricultural land; emissions linked to agricultural practices; and to livestock, which are negligible. Other emissions are linked to energy use, particularly fossil-fuels (contributing up to 3 percent of CAR's emissions), the waste sector in Bangui (1 percent), and industrial processes (with negligible emissions).

9. CAR's NDC sets the country's aspiration to reduce emissions by 5 percent and 25 percent by 2030 and 2050, respectively, compared to Business as Usual, and to increase sequestration potential. The NDC highlights high potential for climate change mitigation by reducing GHG emissions from deforestation and forest degradation (REDD+). CAR REDD+ Readiness (P156721) (2017-2020) provides a

⁶⁸ These include including babesiosis, trypanosomiasis, blackleg, brucellosis, and foot-and-mouth disease. CAR NDC, 2016. https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Central%20African%20Republic%20First/INDC_R%3%A9publique%20Centrafricaine_EN.pdf

⁶⁹ CAR Third National Communication to the UNFCCC. Ch. 4 Evaluation of vulnerabilities and adaptation to climate change.

⁷⁰ Ibid.

⁷¹ CAR NDC, 2016.

https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Central%20African%20Republic%20First/INDC_R%3%A9publique%20Centrafricaine_EN.pdf

⁷² . <https://climateknowledgeportal.worldbank.org/country/central-african-republic/vulnerability>

⁷³ CAR's annual emissions represent less than 0.002 percent of global emissions.

strong engagement base and analytics to streamline CAR's REDD+ objectives across policies and investment.

10. CAR's REDD+ National Investment Framework 2020-2025⁷⁴ defines priority measures to address drivers of deforestation and forest degradation. This includes sustainable forestry (artisanal logging, reduced-impact industrial logging, landscape restoration); sustainable agriculture (agroecology, agroforestry, sustainable coffee, cacao and palm oil); sustainable energy (wood-energy plantations, improved cookstoves); and sustainable mining (promoting low-impact practices and restoration of mining sites).

⁷⁴ *Cadre National d'Investissement REDD+ 2020-2025 de la RCA, 2019 (draft).*

Annex 11: Map of Central African Republic

