Central African Republic

After suffering the full effects of the global economic crisis in 2009, the economy is recovering, and this recovery should be consolidated in 2011 and 2012. The Central African Republic remains a fragile, post-conflict country faced with serious structural constraints resulting in particular from poor infrastructure (transport, energy and telecommunications). Its people are among the poorest in Africa.

Despite the reforms being made, the priorities remain to improve governance and strengthen human skills.

The Central African Republic has few partner countries, either traditional or emerging.

The economic recovery in the Central African Republic (CAR) was confirmed in 2010, with real gross domestic product (GDP) growth estimated at 3.4%. This positive growth came a year after the economy had suffered the full effects of the global economic and financial crisis that broke out in 2008. In 2010, the CAR also achieved the objectives set out in the 2008-10 poverty reduction strategy paper (PRSP) and the year saw its economic and financial programme negotiated with the International Monetary Fund (IMF), supported through the Extended Fund Facility (EFF) agreed upon with the IMF in December 2006. The sixth and final review of the EFF was approved by the IMF board on 25 August 2010, thus rewarding the efforts made in terms of economic and financial reform. The CAR reached the completion point of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI).

The recurring social, political and military crises of the past two decades have made the CAR a "fragile", "post-conflict" state. These crises have damaged the economic fabric and destroyed the basic socio-economic infrastructure. Since 2005, the CAR has been experiencing an economic recovery and political transition that culminated in the presidential and parliamentary elections on 23 January 2011. Blessed with abundant natural resources, the country is seeing an increase in economic stability and the implementation of financial and structural reforms, as well as the rehabilitation of basic social services.

Whether these economic and social improvements will be consolidated will depend largely on the country's capacity to complete the political stabilisation process and respect the peace agreements, notably through the Disarmament, Demobilisation and Reintegration (DDR) programme adopted during the "Inclusive Political Dialogue" (DPI) conference held in December 2008. The DPI conference brought together the presidential majority, the opposition, politico-military movements, civil society and public bodies. The success of the transition from a period of prolonged instability towards growth and development will also depend on the country's capacity to mobilise more resources than is currently the case. This concern has led the government, in agreement with its main development partners, to organise a roundtable meeting for donors, which is due to take place in 2011.

Table 1: Macroeconomic indicators

	2009	2010	2011	2012
Real GDP growth	1.7	3.4	4.3	4.5
CPI inflation	3.5	1.8	2.5	1.8
Budget balance % GDP	0.7	-0.3	-0.3	-0.5
Current account % GDP	-9.2	-9.9	-12.3	-12.7

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

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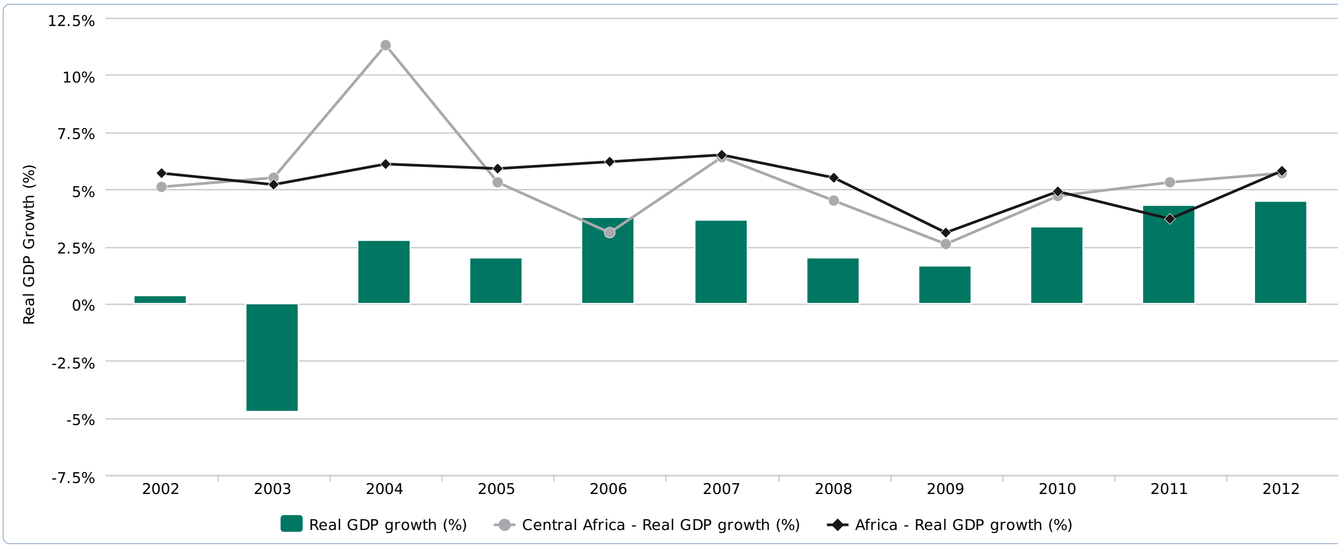
Figure 1: Real GDP growth (C)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

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