

Emerging from crisis: The role of economic recovery in creating a durable peace for the Central African Republic

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List of acronyms

AU	African Union
CAR	Central African Republic
CFA	Communauté Financière Africaine (African Financial Community)
CPJP	Convention des patriotes pour la justice et la paix (Convention of Patriots for Justice and Peace)
CPSK	Convention patriotique pour le salut du Kodro (Patriotic Convention for the Salvation of Kodro)
DDR	Disarmament, demobilization, and reintegration
DRC	Democratic Republic of the Congo
ECCAS	Economic Community of Central African States
EU	European Union
FDPC	Front démocratique du peuple centrafricain (Democratic Front of the Central African People)
GDP	Gross domestic product
IMF	International Monetary Fund
MINUSCA	Mission Multidimensionnelle Intégrée des Nations Unies pour la Stabilisation en République Centrafricaine (United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic)
MISCA	Mission Internationale de Soutien à la Centrafrique sous Conduite Africaine (African-led International Support Mission in Central Africa)
PRAC	Programme de Réinsertion des ex-combattants et d'Appui aux Communautés (Ex-Combatant Reintegration and Community Support Project)
PURD	Programme d'urgence pour le relèvement durable (Emergency Program for Sustainable Recovery)
SSR	Security sector reform
UFDR	Union des forces démocratiques pour le rassemblement (Union of Democratic Forces for Unity)
U.N.	United Nations
UNDP	United Nations Development Program
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs

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Introduction

The Central African Republic (CAR), a landlocked country roughly the size of Texas, has endured a nearly constant state of political crisis since its independence from France in 1960. In fact, in the post-colonial era, the CAR has experienced only 10 years of rule under a democratically elected leader, Ange-Félix Patassé, from 1993 to 2003.ⁱ Four of the CAR's past five presidents have been removed from power through unconstitutional means, and each of these transitions has been marred by political instability and violence. Fragile attempts to build democratic political institutions and establish the rule of law have been undermined by coups, mutinies, and further lawlessness, making cycles of violence tragically the norm in the CAR.

The country's current crisis (2012–present) stems from political tensions and competition for power between the predominantly Muslim Séléka rebel coalition and the government of President Francois Bozizé, as well as unresolved grievances from the CAR's last conflict (2006–2007).ⁱ Since the Séléka's overthrow of the government in March 2013 and concurrent occupation of large areas of the country, the conflict has evolved to encompass an ethno-religious dimension: So-called Christian defense militias named the anti-balaka emerged to counter the Séléka alliance, but in effect sought revenge against the CAR's Muslim minority (about 15 percent of the population), including civilians. During a March 2014 trip to the Central African Republic, United Nations High Commissioner for Human Rights Navi Pillay remarked that “the inter-communal hatred remains at a terrifying level,” as reports of atrocities and pre-genocidal indicators continued to surface.ⁱⁱ Even today, horrific crimes against civilians are still being committed at a frightening frequency in one of the poorest countries in the world: The CAR has a per capita GNI of \$588 and a ranking of 185 out of 187 on 2013's United Nations Human Development Index.ⁱⁱⁱ

Amid the escalating insecurity in 2013, African Union (AU), French, and European forces were deployed under the auspices of the African-led International Support Mission in Central Africa (MISCA) to disarm militant groups and protect civilians at a critical juncture in December, and their efforts contributed to the relative stabilization of the capital in early 2014. Meanwhile, in January 2014, Séléka leaders relinquished power to a transitional government led by former mayor of Bangui, Catherine Samba-Panza, who was then tasked with preparing for national elections and establishing security throughout the country. In September 2014, the United Nations incorporated the MISCA forces into the larger Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) and then in 2015 extended and reinforced its presence through 2016, in response to the ongoing violence. Despite the international military intervention and efforts of the transitional authorities to address the pervasive insecurity, reprisal killings continue and mobile armed groups still freely attack particularly remote, rural areas in the central and western regions of the country. The unguarded,

ⁱ Varying datasets on intrastate war suggest that the CAR has experienced civil conflicts in 1996–1997, 2001–2003, and 2006–2007, according to Charles Call in *Why Peace Fails* (2012).

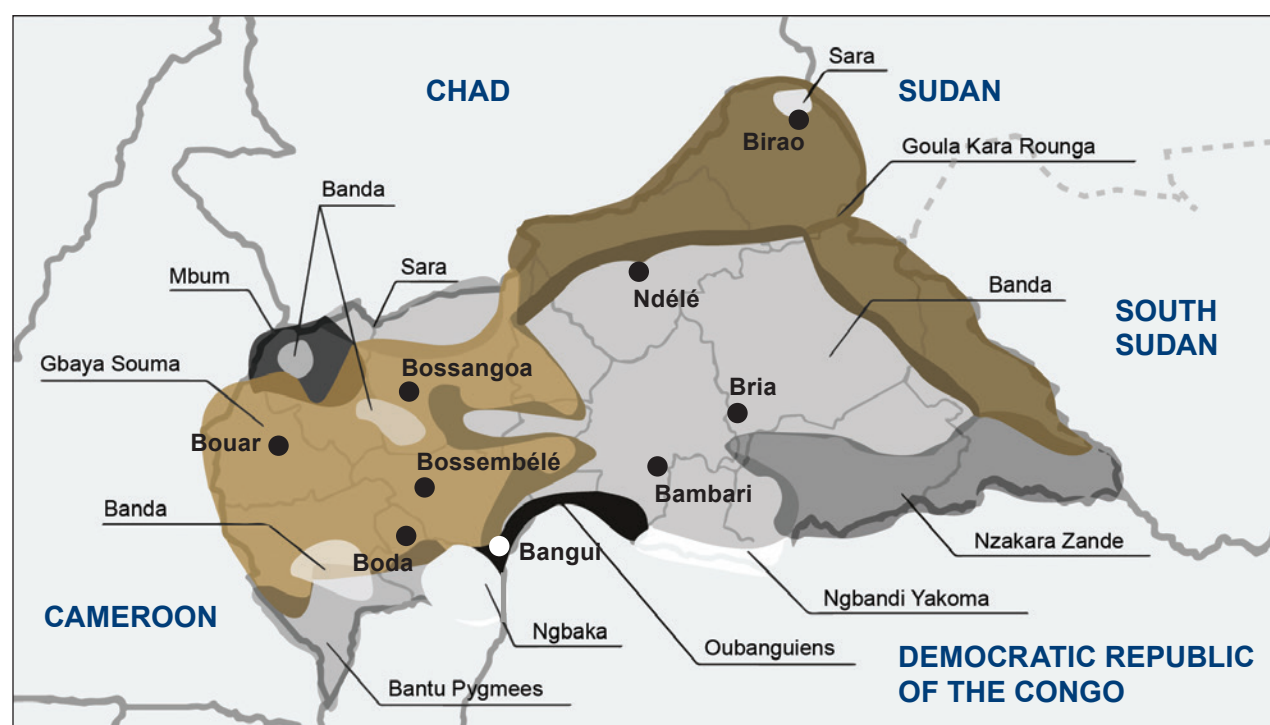
porous borders have also allowed rebel forces and criminal elements to flee into distant areas of neighboring countries, including Chad and South Sudan, in order to prepare their attacks and return to the CAR.

This paper will explore the origins of the complex emergency affecting the CAR, with a particular focus on the economic causes and potential economic strategies for its resolution. It will begin by providing an overview of the core issues at stake and enumerating the driving and sustaining factors perpetuating the violence. Then it will discuss the consequences of the conflict on the humanitarian, security, political, and economic landscape of the CAR. Finally, it will highlight strategies for addressing the underlying issues and persisting tensions in the CAR to begin building a durable peace, arguing that the national authorities and international partners adopt a holistic approach to peace building that prioritizes inclusive economic recovery given the economic roots of the crisis.

Why is the CAR in crisis?

To understand the complex political and humanitarian crisis affecting the CAR, one must first identify the key internal and external issues at the origin of the conflict, as well as the main factors driving and sustaining the violence.² In the following sub-sections, we first highlight the root cause of the conflict: the political and economic exclusion of the northern regions of the CAR that has given rise to multiple rebel groups, including the Séléka rebel alliance that precipitated the most recent conflict. Next, we enumerate the factors that are driving the conflict, including the country's colonial and authoritarian political history, geographic fragmentation and exclusion, the politicization of ethnicities and religious affiliations, and involvement from regional and other foreign actors in the development of its national political institutions. Finally, we discuss the factors sustaining the conflict, including the country's abundant natural resources and illicit trade.

Figure 1. Map of the Central African Republic



Source: Encyclopedia Britannica, 2015 and UNFPA, 2007.

² We have adopted a similar approach to conflict analysis as seen in the World Bank's 2011 World Development Report, *Conflict, Security, and Development*, (available at http://siteresources.worldbank.org/INTWDRS/Resources/WDR2011_Full_Text.pdf) and the 2015 report *The Challenge of Stability and Security in West Africa*, (available at <http://www.worldbank.org/en/topic/fragilityconflictviolence/publication/the-challenge-of-stability-and-security-in-west-africa>).

Core issue: The rise of the Séléka and competition for power

The CAR's current conflict stems from the rise of a rebel movement called the Séléka, which means "coalition" in the local Sango language. The Séléka emerged onto the CAR's political scene in 2012 as an alliance of four main armed groups: the *Convention des patriotes pour la justice et la paix* (CPJP), the *Union des forces démocratiques pour le rassemblement* (UFDR), the *Convention patriotique pour le salut du Kodro* (CPSK), and the *Front démocratique du peuple centrafricain* (FDPC).³ These groups, mostly originating from the country's northern regions, formed a united front of malcontents dissatisfied with the administration of President Bozizé for failing to live up to the terms established in peace accords signed between 2007 and 2011.⁴ Especially frustrated by the bungled implementation of the disarmament, demobilization, and reintegration (DDR) program for former combatants established in a 2008 peace deal, they sought to compel the national government to fulfill its commitments under past treaties or surrender to the Séléka movement.^{iv} The current crisis equally reflects longstanding domestic and regional tensions that have given rise to past crises between the Central African government and various rebel factions, mostly from the politically and economically marginalized northwestern and northeastern regions of the country.^v

Against this backdrop of unresolved grievances, the country's most recent crisis erupted in December 2012 when the Séléka, spearheaded by Michel Djotodia, leader of the UFDR, began to march on Bangui.⁵ Although the government and Séléka reached a peace agreement to halt the march in January 2013, the Séléka recommenced their advance in March, claiming that the government failed to honor its obligations under the deal, namely to incorporate the Séléka into a transitional political government.⁶ Seizing an opportunity presented by the withdrawal of Chadian troops from Bozizé's presidential guard in early 2013, on March 25, 2013, the Séléka deposed President Bozizé

³ For more information on the development of the Séléka see the 2015 Enough Project report, *Warlord Business: CAR's Violent Armed Groups and their Criminal Operations for Profit and Power*, available at: <http://www.enoughproject.org/blogs/new-report-warlord-business-car%E2%80%99s-violent-armed-groups-and-their-criminal-operations-profit-an>.

⁴ Other groups that bolstered the ranks of the Séléka included various foreign elements (mostly from Chad and the Darfur region of Sudan) as well as some groups within the CAR, such as disenfranchised youths seeking financial gains, former Bozizé supporters who were never financially compensated for participating in the coup that brought him to power, and diamond collectors whose livelihoods were destroyed by Bozizé's policies.

⁵ For more information on the Séléka march on Bangui, please see: Africa Research Bulletin: Political, Social and Cultural Series. 2013. "CAR—Advance of the Séléka Collection." Africa Research Bulletin, 49:12, 19512A-19512B. <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-825X.2013.04829.x/abstract>; What's In Blue: Insights on the work of the U.N. Security Council. 2012. "Consultations on the Central African Republic." <http://www.whatsinblue.org/2012/12/consultations-on-the-central-african-republic.php>; and Global Centre for the Responsibility to Protect. 2015. "Timeline of the International Response to the Situation in the Central African Republic (CAR)." <http://www.globalr2p.org/media/files/car-tl-jan-v2.pdf>.

⁶ For more information on the terms of the deal that were broken, please see: Vircoulon, Thierry and Thibaud Lesueur. 2013. "Failure Has Many Fathers: The Coup in Central African Republic" International Crisis Group. <http://blog.crisis-group.org/africa/2013/03/27/failure-has-many-fathers-the-coup-in-central-african-republic/>.

and seized power from the national government. Djotodia proclaimed himself leader of the CAR, despite international criticism over his unconstitutional transition to power. He was formally sworn in as interim president in August 2013.⁷

Meanwhile, throughout the summer of 2013, reports of widespread destruction and abuses against civilians by Séléka combatants raised international alarm.^{vi} Djotodia officially disbanded the Séléka in September 2013, however, they continued to perpetrate acts of extreme violence, often targeting civilians. In turn, self-defense militias, calling themselves the anti-balaka (meaning “anti-machete” in Sango), rose up in opposition to the Séléka and began engaging in reprisal attacks against Séléka and former Séléka fighters, as well as the CAR’s Muslim civilians. In December 2013, the anti-balaka launched a major offensive against former Séléka and Muslim civilians, killing an estimated 1,000 people in two days.^{vii} Hostilities between the ex-Séléka and anti-balaka, as well as intercommunal killings between Christians and Muslims, continue to the present day and in total are estimated to have killed 3,000 to 6,000 civilians.⁸

Drivers of conflict

Predatory former regimes and a legacy of corruption

The CAR’s complex and violent political history, characterized by an era of rule under the French colonial administration and subsequent authoritarian leaders, built the foundation for the country’s weak political, security, and economic institutions. In 1905, France named what is now the Central African Republic the French colony of “Oubangi Chari” and coerced many Central Africans into an exploitative concessionary system of forced labor.⁹ Almost half of the CAR’s population between 1890 and 1940 died from either exposure to new disease or violence related to the colonial presence.^{viii}

⁷ Michel Djotodia’s transition to power was widely criticized: Sayare, Scott. 2013. “Michel Djotodia, Leader of Coup in Central African Republic, Holds On to Power.” New York Times. http://www.nytimes.com/2013/04/14/world/africa/michel-djotodia-leader-of-coup-in-central-african-republic-holds-on-to-power.html?_r=0, and Nako, Madjiasra. 2013. “Regional leaders refuse to recognize Central African Republic coup leader.” Reuters. <http://www.reuters.com/article/2013/04/03/us-centralafrica-rebels-summit-idUSBRE93216M20130403>.

⁸ According to a January 2015 U.N. Commission of Inquiry into the Central African Republic, these figures have been drastically underreported due to the absence of NGOs in large parts of the country and no system to report security incidents on a local level. See: United Nations Security Council. 2014. “The International Commission of Inquiry on the Central African Republic.” United Nations Security Council, S/2014/928, page 25. http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2014_928.pdf.

⁹ Nearly half of Central Africans during the colonial era were forced into the concessionary system, under which they were coerced into collecting rubber, hunting for animal skins and ivory, and working on colonial plantations to produce coffee, cotton, and food crops for French colonialists. They were also conscripted and sent to Southern Congo to build the Congo-Ocean Railway, which connected Brazzaville to the Congo’s eastern coast. An estimated 15,000 to 30,000 people perished in the construction of the railway. For more information, please see: Kalck, Pierre. 1992. *Histoire Centrafricaine, des origines à 1966*. Paris : l’Harmattan.

The Oubangi Chari was administered indirectly from Brazzaville (over 600 miles from Bangui in the Moyen Congo or today's Republic of the Congo), which served as the capital of France's provinces in the French Equatorial Africa region. As a result, colonial officials were disconnected from the realities facing their subjects and invested only in a small network of roads and mobile health facilities intended for use by colonialists. While Catholic missionaries built a handful of clinics and schools, a formal system of education was not introduced to the country until after World War II.

Upon independence in 1960 and following the short-lived presidency of Barthélemy Boganda (the so-called founding father of the CAR), David Dacko was elected president by members of parliament and quickly passed a series of laws stifling political rights and dissolving opposition parties, trade unions, and other organizations that he perceived to challenge his authority. Meanwhile, he established a neo-patrimonial system by which he provided financial and political rewards to members of his family and ethnic group, creating a "parasitic caste" of civil servants who enriched themselves on foreign assistance and the taxes of the middle and lower classes.^{ix}

In 1965, Colonel Jean-Bedel Bokassa, Dacko's chief of staff of the armed forces, overthrew Dacko and promised the Central African people he would tackle the blatant corruption, but in reality perpetuated it. Bokassa suspended the constitution, renamed the state the "Central African Empire," and during imperial celebrations that cost the state as much as its annual budget in just one day, declared himself emperor for life.^x Throughout his 14-year rule, Bokassa committed an array of political abuses and eventually fell out of favor with his supporters after his security forces repressed a group of school students during political protests in 1979. He was promptly removed from power in a French-backed coup (codenamed Operation Barracuda), and David Dacko was restored to the presidency. Dacko, however, never regained popularity, and his return to power provoked riots in the capital.

In 1981, André Kolingba, the chief of staff of the armed forces, ousted Dacko as president and ushered in a new era of ethnically charged politics, manipulating tribalism to achieve his strategic political and economic goals. A member of the Yakoma ethnic group, Kolingba placed his closest Yakoma allies in positions of power within the government and state companies. He also altered the composition of his presidential guard to be mostly of Yakoma loyalists. Yet, acknowledging the wave of democratization occurring throughout the continent during the post-Cold War era—and under pressure from national and international actors—Kolingba consented to holding national elections in 1993, ultimately losing to Ange-Félix Patassé, leader of the opposition Movement for the Liberation of the Central African People, and relinquishing the presidency.

Patassé, inheriting Kolingba's Yakoma-majority presidential guard and sensing that those forces may have remained loyal to Kolingba, attempted to secure his presidency by transferring Yakoma members from the guard to the armed forces and replacing them with members of his own eth-

nic group, the Sara-Kaba. Having lost their preferential treatment, the members of the old guard staged a series of mutinies and coups against Patassé until the ousted national army chief of staff, General Francois Bozizé, led a successful coup against Patassé in March 2003 with military assistance from Chad.

President Bozizé continued the legacy of providing family members and loyal associates with key state positions in order to reinforce his personal security and power. Rampant corruption marked by nepotism, bribery, and handouts, as well as leaky public institutions have created resentment among Central Africans toward their government and undermined the CAR's economic development. Even to this day, pervasive corruption still affects the country: Transparency International ranked the Central African Republic 150 out of 175 in its Corruptions Perceptions Index 2014.^{xi}

Low public investment

Throughout the 1980s and 1990s, the government made very few public investments in infrastructure, health, and education.^{xii} As a result, the CAR's population today has limited access to even basic public goods and services. Only 10 percent of the population has access to electricity, 30 percent has access to improved drinking water, and 5 percent has access to sanitation services.^{xii} A 2007 World Trade Organization report showed that of the 15,000 km of roads in the CAR's agricultural areas, only 5 percent could be considered in good condition, while 57 percent were in bad condition, and the remaining share impassable, seriously limiting transport and market function.^{xiii} Since nearly half of Central Africans earn their income through agricultural production and trading, poor roads seriously restrict the country's economic productivity.^{xiii} In addition, poverty rates remained high at 62 percent in 2008 (the year of the last national survey) while, as of its latest assessment in 2010, the country faced significant hurdles in its attempts to meet every one of the 12 Millennium Development Goals.^{xiv}

¹⁰ The country's low public investment during this period reflected deteriorating terms of trade and its sizable debt burden. See: Ghura, Dhaneshwar and Benoît Mercereau. 2004. "Political Instability and Growth: The Central African Republic." International Monetary Fund. <https://www.imf.org/external/pubs/ft/wp/2004/wp0480.pdf>.

¹¹ The figure on electricity access is the most recent available figure from the World Bank databank (2012), available at <http://data.worldbank.org/indicator/EG.ELC.ACCS.ZS>, while the water and sanitation figures are from the 2008 *Water Supply and Sanitation in Central African Republic* report by the World Bank's Water and Sanitation Program (WSP), African Development Bank (AfDB), the United Nations Children's Fund (UNICEF), and the World Health Organization (WHO), available at <https://www.wsp.org/sites/wsp.org/files/publications/CSO-CAR.pdf>.

¹² The 2010 UNDP report listed potable water as the only one of the 12 goals that it would "probably" meet, while it listed the prevalence of malaria and ratio of girls to boys as two other goals that it could possibly meet. It is available at: http://www.undp.org/content/dam/undp/library/MDG/english/MDG%20Country%20Reports/Central%20African%20Republic/CAR_MDGReport_2010_FR.pdf.

Social fragmentation and geographic exclusion

Geographic conditions, historical patterns of human settlement, and interactions between Muslim and Christian groups have strongly influenced regional, ethnic, and religious identities as well as relationships among the diverse groups within the CAR.^{13, 14} The CAR's territory is vast (623,000 km²) and has one of the lowest population densities in Africa (7 inhabitants per km²). The country is composed of three distinct demographic zones: the east, with less than 1 inhabitant per km²; the center, with 4 to 5 inhabitants per km²; and the west, with no more than 12 inhabitants per km², while nearly 16 percent of the CAR's population (650,000 people) resides in the capital of Bangui. Infrastructure, basic public services, and state institutions are also concentrated in Bangui, with little penetration into rural areas, creating isolated enclaves and exacerbating poverty in these regions.^{xiv}

The northern regions of the country are particularly marginalized from interactions with the state as well as access to public services due to the lack of government officials, who have fled the area because of unpaid salaries and rebel activity. Communities in these regions have limited engagement with government entities or influence in decision-making processes affecting their localities. Thus, since it remains disconnected from their voices and the needs of more remote areas, Bangui lacks legitimacy in these citizens' eyes. The government also has little capacity to mitigate inter-communal issues in these areas, and, as a result, minor tensions can quickly escalate and produce grave repercussions for the already fragile social cohesion. In their isolation, these communities have developed a self-reliance and resiliency despite the absence of state actors. Therefore, ethno-regional and ethno-religious ties are particularly strong relative to the weak sense of nationalism felt by many Central Africans.

Politicization of ethnicity and religion

Throughout its history, several leaders of the CAR have instrumentalized regional, ethnic, or religious allegiances to reinforce their own positions of power. Former Presidents Kolingba, Patassé, and Bozizé all altered the composition of the national army or presidential guard to

¹³ The CAR is comprised of several ethnic groups including the Gbaya (33 percent), Banda (27 percent), Mandjia (13 percent), Sara (10 percent), Mboum (7 percent), M'Baka (4 percent), Yakoma (4 percent), and other (2 percent). See: Call, Charles. (2012). *Why peace fails: the causes and prevention of civil war recurrence*. Washington DC: Georgetown University Press.

¹⁴ Throughout its history, the CAR experienced numerous Islamic raids and periods of enslavement of the south by the north, which comprised part of the Islamic Kanem Empire starting in the 11th century. The Yakoma fled Arab raids in Upper Egypt to settle in the CAR and DRC while the Baya settled mostly in the CAR but also in Cameroon. In the 19th century, the Baya were Islamized due to their commercial interactions with the Islamic Fulani and Hausa. The CAR's other ethnic groups were Christianized in the 1920s by European missionaries. Hugon, Philippe. (2014). *Les défis de la stabilité en Centrafrique*. L'institut des relations internationales et stratégiques: Paris, France. http://www.iris-france.org/docs/kfm_docs/docs/philippe-hugon---centrafrique---fvrier-2014mise-en-page-1.pdf.

align with their own ethnic, regional, and religious groups in order to protect themselves from potential juntas. Under President Kolingba of the Yakoma ethnicity, the dominant ethnic group in the CAR's army was the Yakoma—at 70 percent—despite the fact that the Yakoma represented less than 5 percent of the country's population at the time. For Presidents Patassé and Bozizé of the Gbaya ethnicity, the army was structured to be 70 percent Gbaya as well, although the Gbaya comprise only about a third of the CAR's population.^{xv} The warring parties in the current conflict have also harnessed these allegiances to achieve strategic military alliances. For example, the Séléka have formed coalitions among the Muslims from the northeast (Banda, Gula, Fulani, Runga, and other Arabized groups) and people from the river region, as well as part of the Yakoma, whereas the anti-balakas have created an alliance including the Gbaya, many Christians and animists, and other groups with affiliations to former Presidents Patassé and Bozizé.^{xvi}

Weak national security forces

The Central African army has largely not been operational in decades (as few as 2,000 of 6,000 soldiers were combat ready in Bozizé's era) due to insufficient funding to fully equip and train the soldiers.^{xvii} During Patassé's and Bozizé's administrations, unpaid (or inequitably distributed) wages for soldiers were a source of repeated mutinies.^{xviii} In addition, owing to the long history of coups and mutinies in the CAR, its security sector has been oriented to protect the national government, rather than to protect the citizens within the state. The limited number of operational forces has enabled local criminal groups as well as transnational armed actors, such as the Lord's Resistance Army, to occupy and terrorize large areas of the country. It has also made the CAR largely reliant on foreign backers for security assistance. Thus, France, Chad, and South Africa have played considerable roles in determining the country's security and defense outcomes.

Regional dynamics and foreign interests

International and regional actors have played pivotal roles in determining the trajectory of the current conflict. The Séléka itself is an alliance composed partially of foreign elements from Chad, Sudan, and the CAR borderlands. In the initial phase of the conflict, the withdrawal by Chadian President Idriss Déby of Chadian troops from Bozizé's presidential guard immediately before the coup tipped the military advantage in favor of the Séléka and provided the impetus for its march on Bangui, according to the International Crisis Group.^{xix} Meanwhile, soured relations with the CAR's other neighbors—Cameroon, Equatorial Guinea, and Gabon—left Bozizé with few options for security assistance other than to seek wider international support. Western powers largely did not respond to Bozizé's pleas. In the past France has provided military support to CAR leaders (notably through Operation Barracuda, the coup that ousted Bokassa); however, this time France only pro-

vided a small neutral force to protect French nationals and business interests within the country. South Africa agreed to provide troops under a 2007 bilateral agreement, however, the force was insufficient to stop the advance of the Séléka.

The Economic Community of Central African States (ECCAS) has served as the first responder to the crisis, a crucial mediator, and provider of peacekeeping forces. Given its significant hand in facilitating political negotiations and providing military support, it has been influential in the selection process of the CAR's transitional political leaders. However, the extent to which other leaders in the region, such as Chad's Idriss Déby, are able to exert their economic and security interests in the CAR is a source of some concern for the Central African leadership.^{xx}

Nevertheless, the involvement of foreign actors in the internal politics and security of the CAR is hardly new. The CAR is located within a volatile region, neighbored by six countries: Cameroon, Chad, the Democratic Republic of the Congo (DRC), the Republic of the Congo, South Sudan, and Sudan. Chad, South Sudan, and Sudan form a transnational conflict system¹⁵, as does the DRC within the Great Lakes region. Due to the CAR's expansive unprotected border and unpatrolled rural areas, it has been a safe haven for transnational armed groups and criminal networks, which has led to the deployment of multiple foreign armies throughout the country over the past decade. For example, U.S. and Ugandan troops have been tracking the Lord's Resistance Army in the south since 2008, while in the north the CAR has been working to repel Chadian rebels since 2006.

Factors sustaining the conflict

Illicit trade of natural resources

While poaching is illegal and the official diamond trade was halted with the suspension of the CAR from the Kimberley process in May 2013,¹⁶ the CAR's significant mineral, timber, and animal resources have become key commodities in the illicit war economy. Séléka leaders have ordered the mass killing of elephants in the CAR's two northern national parks for the purpose of selling their ivory in Asian markets.^{xxi} Séléka fighters also control the diamond- and gold-rich northeastern regions bordering Chad and Sudan, and sell the riches they mine to local traders who smuggle them through Chad, Sudan, Cameroon, and the DRC into international markets. They then use their revenues to pay their soldiers and procure equipment, according to the Enough Project. A 2015 Voice of America special report indicated that the anti-balaka similarly control mines in the southwestern

¹⁵ Transnational conflict systems are conflicts that span national boundaries and typically involve non-state armed actors.

¹⁶ Until June 2015, the CAR's Kimberley Process suspension completely prohibited the exportation of diamonds from the CAR. Since then, the CAR has been reinstated within the process so that it can export diamonds from verified "green zones" within the country that do not contribute to illicit trade that may fuel the conflict.

region of the country.^{xxii} In November 2014, the U.N. reported that \$24 million worth of diamonds have been smuggled illegally from the CAR since 2013.^{xxiii}

Both the Séléka and anti-balaka have also profited from the logging industry during the conflict by establishing checkpoints throughout the areas under their control and charging international commercial loggers small fees as they transport their goods. According to a Global Witness report, logging firms have paid sums amounting to \$140,337 (€127,864) to the anti-balaka in 2014 and more than \$1.3 million (€1.2 million) to the Séléka in 2013. Furthermore, the international companies paid the Séléka for protection which cost them \$1.94 million (€1.77 million) in total.^{xxiv}

What are the consequences of the conflict?

The various factors that have given rise to the current conflict have generated a complex humanitarian, political, and security crisis. The following section provides an overview of the main effects of the crisis on the security, political, and economic landscape in the country, focusing particularly on persistent violence and humanitarian crisis, political uncertainty, and economic vulnerability at the macro and micro levels.

Persistent insecurity despite international intervention

With the escalating attacks following the March 2013 coup, the U.N. Security Council authorized the deployment of the African-led International Support Mission in Central Africa (MISCA) in December 2013 with an overall strength of 3,652 personnel including 2,475 military and 1,025 police for one year.^{xxv} The regional force was tasked with protecting civilians, establishing an environment conducive to humanitarian assistance, and supporting political and economic reforms. At the same time, France established Operation Sangaris, which provided 1,600 French troops to support the MISCA's efforts to stabilize the country. In reaction to the surge in violence in late 2013, a small force from the European Union (European Union Force Central African Republic or EUFOR RCA) also joined the mission to secure the capital of Bangui in February 2014.

The AU, French, and EU forces arrived at a critical juncture in the conflict and put boots on the ground when other countries lacked the resources or political will to commit to a military intervention. In large part they managed to stabilize the capital; however, since the CAR is a large country with vast areas of uncontrolled land, the troop numbers were too limited to keep the violence from spreading to more isolated areas throughout the countryside. Mobile armed groups were thus able to continue to freely attack particularly remote, rural areas in the central and western regions and continued to do so throughout 2014. In response to the continuing hostilities in 2014, peacekeeping forces in the CAR were subsumed under United Nations leadership into the Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) in September 2014.^{xxvi} The MINUSCA force was comprised of 6,000 re-hatted members of the African Union and 2,000 French troops—some of whom had been in the CAR since December 2013—as well as new troops from Morocco, Bangladesh, Pakistan, and other countries.^{xxvii}

Despite the increase in troop levels, little progress has been made in establishing security throughout the entire country. The humanitarian consequences of the conflict have been massive: More than 436,000 people are internally displaced and 462,000 have fled to Cameroon, Chad, the DRC, and the Republic of the Congo as of May 2015.^{xxviii} By mid-2015, approximately

2.7 million people were in need of humanitarian assistance out of a total population of 4.6 million in the Central African Republic.^{xxix} On April 28, 2015, the U.N. Security Council adopted a resolution to extend the MINUSCA for an additional year, until April 2016, at even higher troop levels of 10,750 military personnel and 2,080 police. It called for MINUSCA's mandate to maintain its original scope—to continue to protect civilians, provide humanitarian support, and facilitate the political transitional process—prioritizing civilian protection and DDR activities.^{xxx}

The international security personnel, while crucial to restoring peace in several parts of the country, have come under criticism from Central Africans and the international community on multiple fronts. Some Muslim groups have protested that international peacekeepers have sided with the anti-balaka in incidences where ex-Séléka members were killed in firefights during disarmament operations.^{xxxi} They also allege that the French troops have left disarmed ex-Séléka groups vulnerable to reprisal attacks. Furthermore, in early 2015, allegations of child sexual abuse and indiscriminate killing of civilians by international peacekeepers came to light, causing U.N. Secretary-General Ban Ki-moon and French President Francois Hollande to call for swift investigations into these allegations.^{xxxii} All of these charges have contributed to a growing feeling of distrust between Central Africans and international peacekeepers.

Political uncertainty amid electoral preparations

While the security situation remains tenuous, the CAR has already begun taking steps toward national reconciliation. After Djotodia's resignation in January 2014 and the appointment of Catherine Samba-Panza as leader of transitional government, the country has focused on ending the violence in order to pave the way for national elections. From late January through April 2015, the transitional government held grassroots consultations with communities in the country's 16 prefectures as well as with refugees in Cameroon, Chad, the DRC, and the Republic of the Congo. These meetings helped identify the grievances among communities affected by the conflict and allowed them to provide their perspectives on the CAR's future in preparation for a national forum on the topic.^{xxxiii}

From May 4–11, 2015, the CAR held a week-long Forum on National Reconciliation in Bangui, which convened approximately 700 leaders from diverse groups in the CAR's society, including the transitional government, national political parties, the main armed groups (the Séléka and anti-balaka), the private sector, civil society, traditional chieftaincies, and religious groups. Among the measures adopted at the forum was a new disarmament agreement signed between 10 factions of the Séléka and anti-balaka, which called for all combatants to give up their weapons by the time of the national elections. According to the agreement, former combatants (who have not been charged with war crimes) will either be integrated into state security institutions—the army, police, or national forestry and water commission—or become beneficiaries of income-generat-

ing community development projects. Meanwhile, armed actors from other countries who did not commit war crimes will be repatriated to their countries of origin.

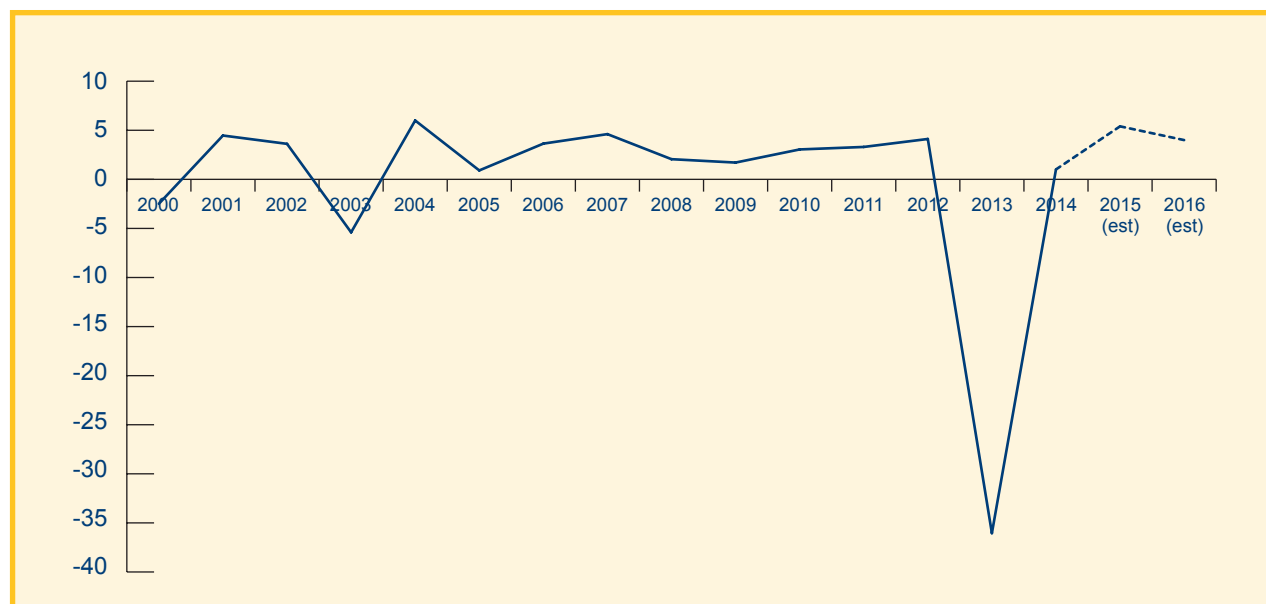
The forum also established a timeline for elections and extension of the current government's mandate. The elections were to be held in June and July 2015 for parliamentary elections and August 2015 for the presidential election, but in June 2015 the national electoral authorities decided to postpone the parliamentary and presidential elections to October and November, respectively. This move did not come as a surprise considering the sheer number of conditions that must be met in order to hold fair, free, and transparent elections (e.g., establishing a threshold of security, obtaining polling equipment, and training electoral staff and observers), especially given the limited funding (from the national budget and international financial support) made available to fulfill these conditions. As the election dates near, candidates, including ousted President Bozizé, have put forward their bids for the presidency.

While the forum and its subsequent agreements indicate a growing and broad-based momentum to move beyond the conflict and build a more peaceful, cohesive society, Interim President Catherine Samba-Panza herself noted that the CAR has a history of holding national debates on peace and reconciliation—five since 1980—and then descending again into crisis. Even on the forum's last day, disorder broke out as some members of the anti-balaka walked out of the closing ceremony to express their dissatisfaction with the forum's final recommendations. In addition, 200 to 300 anti-balaka and Séléka protesters gathered outside the forum to voice frustrations over the fact that several of their members have been put under house arrest and will face criminal trials for crimes that they committed during the conflict. As the ceremony ended, shots sounded in the street, underscoring the still tenuous nature of the current peace accord.

Economic collapse and disruption of livelihoods

Macroeconomic shocks and aid dependence

While most of the CAR's economic challenges pre-date the 2012 crisis, the conflict has certainly exacerbated pre-existing issues and created new problems for the CAR's economy. After experiencing positive GDP growth from 2004 to 2012, real GDP fell by 36 percent from 2012 to 2013 following the escalation of the crisis and the collapse of economic activity, led by a steep contraction in agricultural production. Economic growth subsequently recovered somewhat in 2014, reaching 1 percent as the security situation stabilized slightly and economic activity, especially in the services sector, resumed. In the near term, GDP growth is set to improve further, reaching an estimated 5.4 percent and 4.0 percent in 2015 and 2016, respectively (see Figure 2).

Figure 2. GDP growth (annual %)

Source: World Bank databank.

The performances of macroeconomic and sectoral indicators illustrate the extent of economic collapse in the CAR as a result of the crisis. In 2013, the fiscal accounts deteriorated as government revenues declined by 63 percent (in part due to the loss in revenues from the country's lucrative diamond trade that dropped to zero as it was suspended from the Kimberley Process). Domestic primary spending dropped by 22 percent, widening the domestic primary deficit to nearly 7 percent of GDP in 2013 (compared to the positive balance of 0.5 percent in 2012). From 2012 to 2013, exports and imports decreased by 44 percent and 27 percent, respectively, drastically diminishing national income.^{xxxiv}

Under Michel Djotodia's rule (March 2013 to January 2014) and due to the country's unconstitutional regime change, the CAR's major development partners withdrew foreign aid. With a widening fiscal gap, the government was unable to pay public wages and salaries for five months until February 2014, paralyzing government administration and public financial management.^{xxxv} Following Catherine Samba-Panza's appointment as president, however, foreign aid to the country resumed. The return of international financial support (particularly budgetary assistance) enabled government officials to receive their salaries and resume their responsibilities, at which point public financial management began to progressively improve.

The CAR remains highly dependent on external aid following the onset of the crisis, with external resources comprising approximately 74 percent of the CAR's budget.¹⁷ Government revenues markedly increased with the resumption of external funds in 2014 and reached 154.1 billion CFA franc, the currency of the Communauté Financière Africaine, (equivalent to nearly \$311.2 million and 18.8 percent of GDP) up from 63.8 billion CFA in 2013 (about \$130 million and 8.4 percent of GDP).¹⁸

Due to the crisis and its adverse effects on production and external trade, as well as the scarcity of food goods, inflationary pressures have increased. The consumer price index rose to 11.2 percent in 2014, a level much higher than the 3.0 percent criteria of convergence of the Economic Community of Central African States (ECCAS), of which the CAR is a member. Furthermore, as the IMF and World Bank joint evaluation report on the viability of the CAR's debt indicates, the economic crisis perceptibly deteriorated its public debt situation, with the ratio of public debt to GDP reaching approximately 40 percent. The banking sector in the CAR (which represents the essence of the financial system) also suffered from the consequences of the crisis in 2013, with credit and deposit activities slowing; however, they are progressively returning to normal, and the sector is gradually stabilizing. The financing of the elections scheduled in 2014 and the considerable increase in debt servicing in 2015 will continue to strain public finances for the foreseeable future. As a result, the CAR will remain heavily dependent on foreign financial assistance in the medium term.

Primary sector declines and a growing external trade deficit

The effects of the conflict on the CAR's economy were particularly pronounced for the primary sector, which was hit by declines in agricultural, logging, and mining activities.

Agricultural activity declined by 46.5 percent in 2013, which especially devastated the country since agriculture constitutes nearly 50 percent of the CAR's GDP and employs up to 80 percent of the workforce.^{xxxvi} Now, nearly one-fifth of the population is internally displaced or has fled the country, and many of the individuals who have fled are farmers who no longer have access to their lands or other productive assets. The abandonment of farms and reduction in the crop areas planted led to the sharp drops in agricultural production in 2013 and 2014 with huge implications on livelihoods and food security throughout the country. Furthermore, livestock production has been drastically undercut by theft and the slaughter of animals, which has reduced the head of cattle in the CAR by

¹⁷ According to World Bank data, net official development assistance (ODA) received as a percent of central government expense averaged 92 percent from 2008 to 2012, indicating high aid dependency even before the onset of the conflict.

¹⁸ The average exchange rate in 2013 was 1 USD/494.1 XAF, while in 2014 it was 1 USD/494.3 XAF. Budgetary support to the CAR has come mostly from multilateral financial institutions including the African Development Bank, the World Bank, and the European Union and bilateral partners, including the Republic of the Congo, France, and Angola.

approximately two-thirds and the number of small ruminants and poultry by 77 percent.^{xxxvii} In 2015, the agricultural sector still suffers from the continuing insecurity, which has prevented the return of farmers as well as the transportation of crucial agricultural inputs.

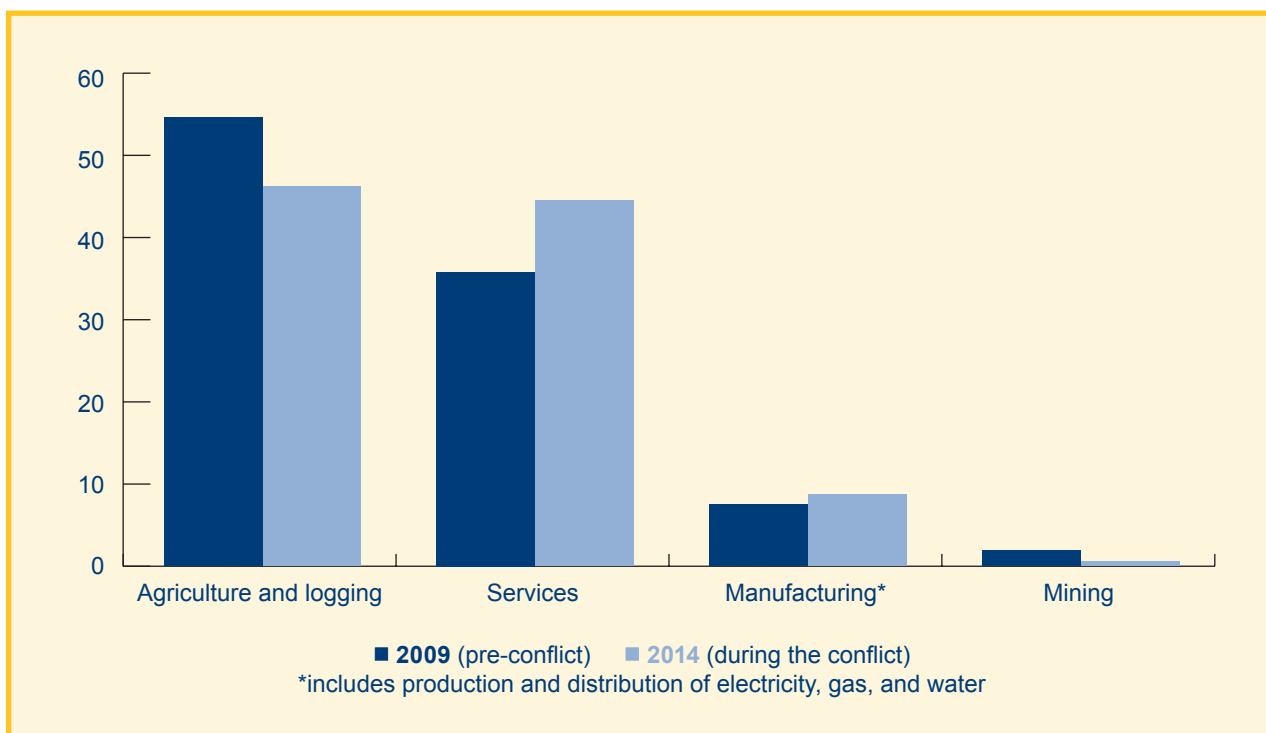
The logging industry, which has historically comprised a large proportion of the government's export revenues, has also suffered from the insecurity and declined by about 17 percent in both 2013 and 2014.^{xxxviii} Prior to the conflict, nearly 4,000 people were employed in the commercial logging sector, which also contributed to an additional 6,000 jobs indirectly. Throughout the conflict, and specifically as the Séléka came to power in 2013, three of the six major commercial logging firms in the CAR had their logging permits revoked by the CAR's Council of Ministers. The firms that continued to operate during the conflict reached financial arrangements with the Séléka in order to sustain their activities. Their exports fell minimally at 6.1 percent from 2012 to 2013. Additionally, for a number of years, the commercial firms operating in the CAR have neglected to pay their taxes to government forest account and local authorities, and as of July 2014 were estimated to owe the government 2.2 billion CFA in arrears.^{xxxix}

Mining of the CAR's vast natural resource reserves—particularly diamonds, but also gold, uranium, and oil—is another major economic activity in the CAR that has been seriously undermined by the crisis. The CAR was ranked the 12th largest diamond exporter in the world in 2012, renowned for its uniquely high-quality gems. The CAR's diamonds are largely mined in the informal, artisanal sector since industrial mining firms face a number of challenges to implementing and sustaining their operations there.¹⁹ Before the crisis, the artisanal sector employed an estimated 80,000 to 100,000 people and supported nearly 600,000 people (13 percent of the population) through indirect jobs (including trading and transporting).^{xl} In 2013, the CAR's diamond exporters were banned by the Kimberley Process from participating in the diamond trade in an attempt to prevent illicit diamond revenues from financing the conflict. Nevertheless, illegal mining continues and control over diamond-rich areas remains a source of tension among armed groups as well as with civilians in the country.

The balance of external trade continues to suffer in 2015 from the challenges facing the principal export sectors (diamond and wood) as well as the dependence on food and petroleum imports. In effect, the CAR is still constrained by the Kimberley Process ban while disruptions to the forestry sector also weigh heavily on the export of logs. In turn, the current account balance in 2015 reached a deficit of 54.4 billion CFA, more than doubling in size since 2013 when the deficit stood at 22.7 billion CFA.

¹⁹ These issues include the wide distribution of small alluvial diamond and gold deposits, (which are more conducive to artisanal than industrial production), lack of adequate transport (rail and road) and energy infrastructure, and high import costs on equipment and materials to conduct mining operations.

Figure 3. Sectoral shares of GDP preceding and during the conflict



Source: African Economic Outlook 2015 from national agencies.

Resilience in services and manufacturing

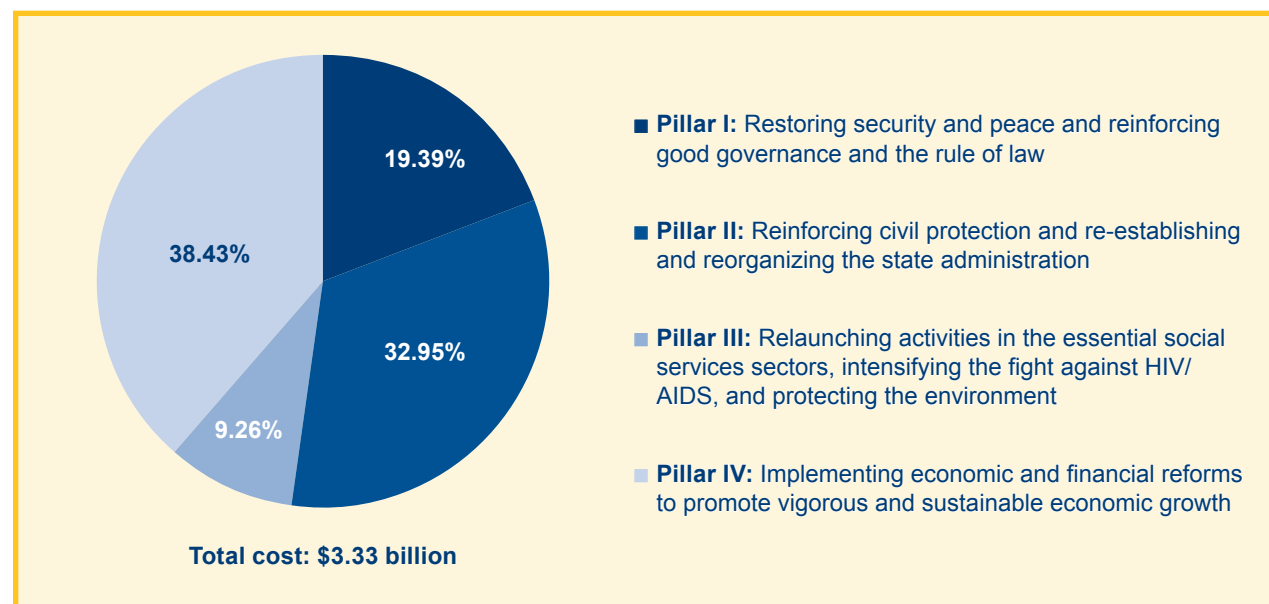
The services and manufacturing sectors experienced fewer impacts from the conflict than did agriculture and have even begun to rebound since 2013. The increased security presence along the Bangui-Douala corridor (the CAR's main transit route) has enabled transport and commerce to largely resume—although throughout 2015, transporters conducted several strikes over continuing attacks by armed groups along the corridor. The production of metals, beer, and cigarettes has also recommenced and led to growth in the manufacturing sector in 2014.

According to the 2015 African Economic Outlook report, the CAR's GDP growth rates are projected to turn positive yet again and reach 5.4 percent in 2015 and 4.0 percent in 2016. These estimates, however, are founded on the assumptions that the security situation will improve; internally displaced people and refugees will return to their communities of origin or resettle elsewhere in the CAR; agriculture and commerce will resume; external financing will be effectively mobilized; and elections will be held in 2015.

What are the next steps to resolving the crisis?

In July 2014, the CAR's transitional government produced a policy document on the national emergency program for sustainable recovery (2014–2016), also known in French as the *Programme d'urgence pour le relèvement durable (PURD)*.^{xlii} This agenda contains four strategic pillars for transitioning the country out of conflict, including: i) restoring security and peace and reinforcing good governance and the rule of law; ii) reinforcing civil protection and re-establishing and reorganizing the state administration; iii) relaunching activities in the essential social services sectors, intensifying the fight against HIV/AIDS, and protecting the environment; and iv) implementing economic and financial reforms to promote vigorous and sustainable economic growth. The entire plan is projected to cost \$3.33 billion over the span of three years (2014–2016), 8.73 percent of which will be covered by the government. To support the remaining budget of the PURD, the CAR government is seeking financial assistance from its international partners. The following section details how the CAR's transitional authorities plan to address the country's security, political, and economic challenges (see Figure 4 for a breakdown of the PURD's budget by pillar), as well as some recommendations on the key priorities for the CAR moving forward.

Figure 4. Financing the CAR's national recovery agenda



Source: Programme d'urgence pour le relèvement durable (PURD) 2014–2016.

Security concerns: A sustainable peace agreement, DDR, and SSR

The CAR's history of recurrent conflict and failed peace processes highlights how past peace-building efforts—including political dialogue, disarmament, demobilization, and reintegration (DDR), and security sector reform (SSR), among other activities—have largely excluded certain armed actors and civil society groups, heightening grievances among these segments of the population that in some cases have prolonged political crises, and in other cases have reignited violence after peace had ostensibly been achieved. In the CAR's past crises—even when all armed groups were incorporated into peace-building activities and offered economic incentives to end hostilities—the processes did not ultimately result in a durable peace because they did not rectify the underlying imbalances of power among ethnic and regional groups within the national governance and security systems.²⁰

The inequitable distribution of power among these groups has allowed economic and political gains to accrue to certain elite groups and not to others. By insufficiently addressing this reality in DDR and SSR programming, peace activities have further consolidated and institutionalized the imbalances, enabling corruption to persist and amplifying grievances even more. Past peace programs have also practically rewarded armed groups for engaging in violent behavior by giving more weight to the concerns of “potential spoilers” of the peace during negotiations than to more moderate groups and civil society members. Some discontented groups have taken this practice as an indication that only brutality will grant them a voice in the process, leading to more bloodshed and fractionalization among armed actors.

A durable peace deal, emphasizing incentives for disarmament

While a cease-fire was reached between the transitional government and the warring groups at the Bangui Forum for National Reconciliation in May 2015,^{xlii} pockets of violence still exist within the country, and it is possible that another wave of widespread unrest could occur if the warring factions become dissatisfied by the implementation of the latest agreement. Moving forward, some guidance for the ongoing peace process includes raising the bar for who receives a seat at political negotiations—only groups that abstain from attacking (but rather provide forms of support and relief to) civilians should be treated as legitimate political actors who could effectively govern the country and provide goods and services of the state. Armed actors who do not meet this minimum threshold should be incorporated into the process to the extent that they alter their violent behavior. They

²⁰ For example, the southern Yakoma dominated the military and political institutions during Kolingba's administration, and the northerners were in control during Patassé's administration, as discussed in the 2004 IMF Working Paper, *Political Instability and Growth: The Central African Republic*, available at: <https://www.imf.org/external/pubs/ft/wp/2004/wp0480.pdf>.

could be incentivized to do so through mechanisms such as a compensatory DDR programs²¹ or otherwise criminal prosecutions and a robust military offensive from state security actors strengthened by regional and international troops.

In terms of DDR, applying lessons from past experiences could assist in attaining more sustainable peace outcomes. The last DDR program implemented in the CAR, the Ex-Combatant Reintegration and Community Support Project (also known by its French acronym as PRAC), was largely considered unsuccessful for several reasons: i) the trainings and reintegration packages offered to former combatants did not align with their skill sets or the needs of the local economies and ii) local economic conditions prevented beneficiaries from fully capitalizing on their training or reintegration packages (e.g., destroyed infrastructure made it impossible for traders to transport their goods and lack of storage facilities prevented farmers and fishers from properly storing their produce).^{xliii} Using a community-driven approach (discussed further in the following section), whereby donors closely collaborate with local community representatives to design and implement DDR programming, taking into consideration the unique socio-economic conditions of specific communities, could provide more sustainable results.

Civil society participation

Furthermore, the CAR needs to ensure that civil society members have a seat at the negotiating table so that the benefits of peace (including social safety programs and employment opportunities) expand beyond just the reaches of the government and rebel groups. All of these policy prescriptions, however, depend on the ability of the state to garner national and international (political and financial) support for such initiatives. Given the transitional government's extremely limited financial resources, this will require creative financing solutions (from external donors or existing domestic resources) for state capacity-building activities.

Political steps: Inclusive governance

After more than a half-century of rule by the exclusionary French colonial administration, and then, after independence, subsequent authoritarian regimes, it is no surprise that the CAR has developed weak, extractive political and social institutions that, in turn, have led to imbalances, grievances, and recurrent political crises. The CAR's modern political institutions have lacked legitimacy in the eyes of

²¹ Past DDR processes have been limited in their success. For example, the last DDR process undertaken in the CAR resulted in very low levels of disarmament, with just 190 of the 7,556 demobilized ex-combatants giving up their weapons. Still, groups that did disarm agreed to demobilize in order to benefit from the demobilization kits which at first were comprised of a cash package but later in the program became associated with in-kind kits, see: <http://documents.worldbank.org/curated/en/2008/09/9969696/central-african-republic-lessons-disarmament-demobilization-reintegration-program>.

its citizens because their foundational principles have not reflected the wider beliefs and expectations of the population, but rather those of the political and military elites, as well as external actors. The national government has been largely unable to deliver goods and services to promote shared social goals—while political and military leaders have become enriched—which is a fundamental problem stemming from the state’s history and sociopolitical structures. The weak legitimacy of the state has resulted in a rejection of the rule of law and an increased likelihood that dissatisfied groups will join armed opposition to the state. In addition, citizens are reluctant to pay taxes to the state due to its inability to deliver public goods and services, which, in a vicious circle, further undercuts government capacity and effectiveness.^{xliv} Domestic revenue mobilization, therefore is an important priority for the CAR in terms of establishing its legitimacy and developing sustainable political institutions.

State building in concept

Although there is no common template for addressing issues of state legitimacy, international state-building efforts in the CAR and many fragile states have historically (and still predominantly do) employ the liberal model of state building. Liberal state-building efforts focus on promoting democratic institutions and opening markets; improving the capacity of governments to deliver public goods and services; strengthening the rule of law, transparency, and effectiveness; and holding credible elections to legitimize a new government. Not all states, however, are prepared to adopt the liberal approach, which at its core strives to enhance government authority. For example, if citizens perceive the state to be demonstrating biases in its provision of public goods and services, they may reject interventions aiming to consolidate state authority as unfair and destabilizing to pre-established balances of power. Moreover, liberal peace-building and state-building initiatives tend to be top-down in nature, which can lead some stakeholders to feel marginalized and cause them to use violence in opposition to a new political order.

Some scholars have argued that the lack of a legitimate political authority in the CAR should be addressed through the establishment of an internationally (specifically U.N.) supervised transitional government, which could lead the country until it holds elections to establish a new legitimate government.^{xlv} Although there are a few precedents for U.N. involvement in the development of national political institutions (e.g., East Timor, Iraq, and Kosovo), these types of interventions have taken place after the complete collapse of their governments and were deemed necessary in order to fill a power vacuum. Since the CAR has already established a nationally led transitional government as well as a timeline for elections to determine the country’s next administration, a significantly enhanced role for the U.N. in the CAR through direct supervision of the transitional government would undermine the legitimacy of national institutions by creating parallel structures that would sap local talent and international financial and political support. Moreover, a U.N.-supervised government would likely encounter resistance and resentment from current political leaders, armed groups, and civilians, who might feel that their nationally led political agenda had been once more supplanted by foreign interests.

Local ownership as a precondition to effective state building and sustainable political institutions

Many state-building experts have found that local ownership, rather than international leadership, is more important to the sustainability and legitimacy of national institutions. Of particular importance is the involvement of local leaders and citizens in the design and implementation of national institutions that build and maintain local capacity (rather than create parallel and counterproductive structures). One example of how international and national actors have operationalized the concept of local ownership is through compacts between international and national stakeholders, for example the World Bank's Poverty Reduction Strategy Papers, which are agreements jointly developed with national governments. While these types of efforts are thought to be more locally appropriate and ultimately sustainable—since they combine the technical experience of international actors with the practical knowledge of national leaders—some experts have voiced concerns about the mutual accountability between international and national partners that they offer. Additionally, in attempting to provide apolitical, technical advice to governments, international institutions have also sometimes neglected domestic politics, trusting that their national advisers will implement policy advice in an impartial manner; however, in some cases they have actually reinforced structures permeated by inequalities.^{xlvi}

Another approach that seeks to address issues of local ownership is the community-driven approach to security, development, and reconstruction. These types of programs, implemented jointly by international and local partners, aim to give communities (usually at the smallest administrative level) direct control over local investments, as well as the design, management, implementation, and monitoring of local peace-building and state-building programs. While these programs have been implemented in various ways—and their evaluations have yielded mixed results—some impact assessments have shown notable improvements in good governance; community empowerment; efficient and cost-effective needs fulfillment; the rebuilding of trust and social capital; and improved trust in the government. At the same time, their effectiveness is often challenged by a number of issues including elite capture; the perception of bias through targeting particularly vulnerable groups; preconditions that may not support social cohesion; the creation of parallel structures undermining federal government legitimacy; and the risk of government interference.^{xlvii}

Some criteria for assessing the contexts in which community-based approaches are more likely to succeed include: a base level of security that enables populations to move around the community and conduct meetings safely; a minimal risk that funding directed toward the community could be incorporated into the illicit war economy; a basic level of institutional capacity that provides representation and protection to community members; and conflict lines at the communal rather than regional or national level. Furthermore, the stakeholders implementing a community-based intervention should take into consideration the stability of the community and its degree of willingness

to cooperate and participate in the efforts when determining the timeline for implementing said initiative. Importantly, where community leaders have been involved in the violence or abuse, the approach will almost certainly not work.^{xlviii} The criteria by which communities are selected to become beneficiaries of these programs must be transparent and decisions must be made publically available to prevent perceptions of partiality and exclusion from worsening the conflict.

Many of the CAR's communities may already be well poised to take advantage of or in the process of meeting the criteria for becoming eligible for such a program—although a thorough analysis must be completed at the community level to determine a locality's eligibility or preparedness for such a program. Further research could assess the viability of community-driven initiatives in various communities throughout the CAR. Moreover, developing pilots in certain communities before bringing programs to scale may help adapt the programming to local contexts.

Economic recovery: Transitioning from foreign assistance to nationally led development

On the economic front, the CAR's national PURD agenda proposed six priority areas that the transitional authorities will need to address in order to move the country from economic crisis toward its strategic national objectives: i) promoting foreign economic assistance; ii) improving the business environment; iii) promoting economic growth; iv) developing infrastructure to promote growth; v) promoting good financial governance and pursuing financial reforms; and vi) reinforcing regional economic integration. In the following sub-sections, we highlight how the transitional administration and subsequent governments can address urgent economic needs of the country and some of the steps required to achieve these longer-term goals.

Managing urgent funding priorities and foreign economic assistance

Table 1. Funding gaps in 2015

Activity	Requested Funding	Current Funding	Percent Funded
Humanitarian assistance	\$613	\$185.2	30%
Electoral assistance	\$44	\$22.8	52%
Peacekeeping operations	\$628.7	*	*
DDR programming	\$55.9	*	*

*unknown

Sources: UNOCHA Humanitarian Response Plan and Financial Tracking Service, 2015; UNDP, 2015; U.N. General Assembly, 2015; and PURD 2014–2016.

According to the PURD, it is essential that the government work with external partners (public and private) to secure emergency humanitarian, budgetary, and longer-term development assistance to implement the national agenda. The United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) has requested \$613 million for its Strategic Response Plan covering the country's humanitarian needs for 2015—only 30 percent (\$185.2 million) of which has been funded as of July 2015.^{xlix} To move forward with the electoral process, a UNDP-led program (funded by the EU, France, and the Central African Republic) has requested \$44 million in funding, but still urgently needs \$21.2 million (almost half of the request amount) to meet its minimum budget requirements.^l With the signing of the cease-fire between the warring factions and the agreement to begin the DDR process, ex-combatants will either be directed into the state security system or become beneficiaries of community development initiatives in their areas of origin. The overall budget for such an initiative is projected to cost about \$55.9 million in 2014–2015 or \$73.7 million (36.4 billion CFA) in total from 2014–2016 according to the PURD. The U.N.'s peacekeeping budget for the CAR from July 2014 to June 2015 was \$628.7 million, and while members are obligated to fund the peace-building budget (by way of their membership) the outstanding dues to the total U.N. peacekeeping budget

at the end of 2014 still amounted to \$1.28 billion, so it is unclear whether the CAR's peacekeeping budget has been fully disbursed.^{li}

These activities essential to the CAR's peace-building agenda require creative financing solutions in order to fill the outstanding gaps. Diverse actors have used different aid modalities in order to channel funding to the CAR in the past with mixed results; however, some mechanisms are better aligned for the CAR's fragile-country context and specific donor partnerships. Mechanisms that maximize local ownership while providing both mutual accountability and flexibility for countries to pursue multi-sectoral approaches are the most appropriate for disbursing funds to the government of the CAR. One example of such a mechanism in the CAR is the EU's first multi-donor trust fund called Bêkou (meaning "hope" in Sango), which was founded in July 2014. The Bêkou Fund is derived from contributions from France, Germany, and the Netherlands, as well as several communal EU funds (Fonds Européen de Développement, ECHO, and the thematic program on food security). This multilateral source pools risk and provides rapid, flexible funding to the CAR with minimal overhead (5 percent). At the donor meeting in Brussels on May 26, 2015, the EU mobilized an additional €10 million for the CAR, bringing the total EU contributions to €74 million, or roughly \$80.2 million. While this is a significant contribution, the international community still has not fulfilled its humanitarian and peace-building commitments to the CAR, nor has it used all the tools available to leverage the funds necessary to help meet the CAR's urgent needs, which according to the national plan are estimated at \$1 billion a year through 2016. The PURD highlights improving donor coordination as essential to ensure the gaps in humanitarian, budgetary, and development assistance are covered.

Fostering an enabling business environment

Even before the onset of the crisis, the constraints to establishing and operating a business in the CAR were high: In 2012, the CAR ranked second to last of 183 countries in the World Bank's Ease of Doing Business Index, indicating that its regulatory environment deters business development and property rights are not adequately enforced.²² Throughout the crisis, the private sector suffered a major blow from the displacement of many economic actors, including many foreign businessmen and women who fled the country.

The businessmen and women who stayed in the CAR throughout the conflict are still attempting to restart their businesses following the rebel attacks in 2013, with losses estimated to be more than 45 percent for large enterprises. The PURD stresses the importance of improving confidence in the country's business environment in order to promote foreign direct investment. It calls for relaunching productive, employment-intensive sectors; enhancing public-private partnerships; increasing ac-

²² In 2015, the CAR ranked 187 out of 189 in the *Ease of Doing Business* Index. Figures are from the World Bank's 2012 and 2015 Doing Business reports, available here: <http://www.doingbusiness.org/rankings>.

cess to financing; and further developing a private sector development plan. There are many linkages between improving the environment for business development and enhancing growth throughout the country. For example, if agriculture becomes more productive, develops greater linkages with businesses, and ultimately is integrated into regional and global agricultural value chains, it could lead to substantial gains for the country's many farmers.

Relaunching vital economic activities for inclusive growth

In considering how to rebuild the country's economy and expand the benefits of growth broadly among the CAR's population, a sectoral approach that focuses on the CAR's main economic activities, agriculture, mining, and forestry, is essential. Making longer-term investments in these employment-intensive sectors now will help transform the country's economic institutions, creating jobs for the victims of conflict and former armed actors alike in order to avoid future relapse into crisis. In the following sections, we highlight both immediate and longer-term strategies for restarting and sustaining these key sectors.

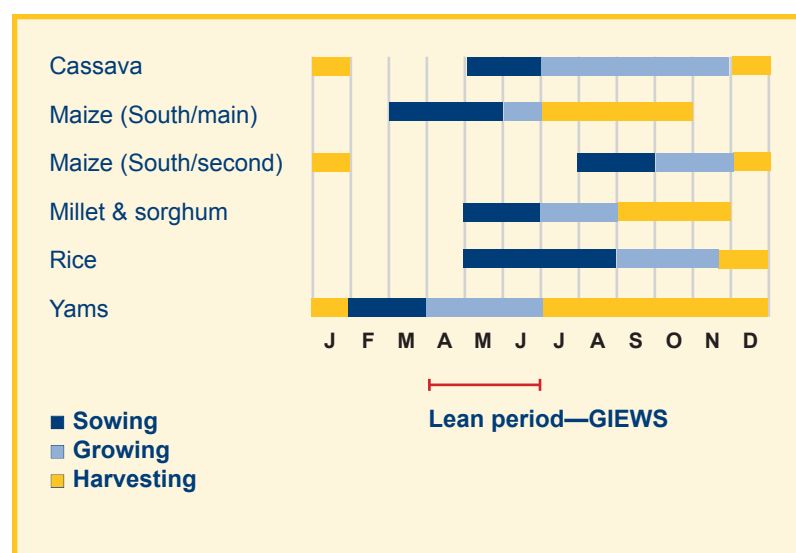
Agriculture

Agriculture and livestock rearing and trading is the largest sector by employment and will be the most important sector to revitalize to ensure broad-based gains for the people of the CAR. Incentivizing farmers to restart agricultural activities by providing them with key inputs such as seeds and tools is crucial, but such interventions must be timed appropriately so that they are consistent with the CAR's crop calendar; for example, providing inputs to farmers in advance of the sowing season for the crops that

they intend to produce (see Figure 5). However, until a certain level of security is reached, investments in livestock and other capital goods may put farmers at risk, as theft and seizure of assets has been a common occurrence during the conflict.

Some lessons from Mali and Nigeria on which assets are less risky in conflict-affected areas reveal that fisheries, which make up 5 percent of GDP in the CAR, remain low-risk (since armed groups may perceive this to be an unprofitable activity) and small animal rearing, including poultry and ruminants

Figure 5. The CAR's crop calendar



Source: Food and Agriculture Organization (FAO)/Global Information and Early Warning System (GIEWS).

(since populations may be able to hide these animals within their compounds and homes).^{lii} Still, past employment initiatives related to fisheries in the CAR did not produce the desired outcomes of providing livelihoods and sustenance to beneficiaries: These initiatives failed to consider the entire value chain of fish production and were unable to provide beneficiaries with proper facilities to process, store, or transport fish, which led to wasted produce and lost incomes.^{liii}

Mining

Since the CAR's warring factions have resorted to diamond trafficking to finance their operations, a major priority for the transitional authorities and their successors must be to reign in the illicit diamond trade and make the mining sector more accountable. With a partial lifting of the Kimberley Process ban on the CAR's diamonds in June 2015, the CAR can now legally export diamonds from "green zones" in the western region of the country, where diamond exports are verified not to be financing armed groups. However, many of the diamond-producing areas in the north of the country are not incorporated into these green zones, which could further economically marginalize these regions—one of the issues that served as an impetus for the conflict in the first place. Determining how to ensure that the CAR continues to generate revenues from the legal diamond trade without economically excluding the already aggrieved north will require targeted action to bring control of the mines under accountable management and ultimately extend these green zones into the north. Until this is achieved, however, the national government—in collaboration with local governments, non-governmental organizations, and civil society organizations—should provide support for diamond producers and traders in the north to explore alternative economic opportunities.

Furthermore, the majority of the CAR's mining is done informally, at the artisanal level, and there is little potential for large industrial-scale mining due to the lack of economic viability. Thus, a focus on the artisanal sector would be an appropriate strategy and could entail the development (or reform) of regulation related to working standards, including safety and wages, as well as environmental sustainability, based on criteria suggested by the Extractive Industries Transparency Initiative (EITI).²³ Finally, reducing the barriers to participation in formal mining could serve the dual purpose of providing more formal employment opportunities to the CAR's artisanal miners while providing the government with additional revenues from permits and taxes to finance its development priorities.

Forestry

The forestry sector is also a major contributor to GDP, although levels of production and trade have declined due to the conflict. Much like in the mining sector, the first priority for the national authorities is to stop logging companies and artisanal loggers from funding armed actors in the conflict. However, the government should also consider how to collect the vast sums of arrears that international logging

²³ The EITI is an international group of governments, businesses, and civil society organizations that aims to increase transparency in mining, gas, and oil sectors.

companies owe them, and, transitioning out of the conflict, should consider strategies to incentivize companies to pay these arrears. The government also plans to develop rural agroforestry activities to create employment opportunities for youth in rural areas. New models of community-based forest management could inform these employment initiatives to ensure their environmental and economic sustainability as well as inclusiveness, unlike the exclusively profit-driven models set up by international firms in the past. Models that enhance land rights and empower local populations are more likely to reduce poverty, lead to sustainable forest management, and generate positive development outcomes for the CAR than previous models have.

Establishing the infrastructure for economic growth

The CAR's already minimal infrastructure (road, transport, energy, water and sanitation, etc.) has been further undermined by the destruction associated with the conflict. In the PURD, the CAR authorities highlight energy and transport infrastructure as high priority areas for reconstruction to create a more business-friendly environment, attract domestic and international private sector investment, and improve access to national and regional markets. The CAR is strategically placed at the crossroads of eight countries and could become a hub of regional trade if its road and transport infrastructure were rebuilt and further explorations into the viability of rail and river transport were conducted.

Already, rebounding growth in the trade and transport sectors due to the securitization of the main trade route, the Bangui-Douala Corridor, indicate these sectors could drive growth in the services sector for years to come if the road infrastructure is repaired and adequately maintained, and security along the route enables transport to continue. Moreover, the government is in the process of launching its Pôles de Développement (Development Poles) strategy in collaboration with the European Union, which will promote social infrastructure in eight cities throughout the country and aim to: i) relaunch economic activities and promote initiatives by civil society organizations; ii) restore basic essential social services; and iii) promote governance, reinforce democracy, and restore the state's authority. Providing citizens with the health, education, communications, and transport infrastructure that they need will be a crucial component of solidifying the state's social contract.

Implementing financial governance reforms for longer-term development needs

Beyond the immediate funding issues, the country will need to formulate a strategy to secure longer-term investments and enhance domestic resource mobilization to address a number of broader development challenges in the years ahead. As highlighted in the 2015 *Financing for Development* (FfD) conference in Addis Ababa, increasing domestic revenues is a crucial step to financing a country's development priorities. Governments can increase their revenues through both direct and indirect taxes, customs receipts, and export earnings, including those from natural resources. They

can also reduce their expenditures by spending resources more cost effectively. Improving public financial management—namely, enhancing the technical capacity of public officials to efficiently manage the government budget—is key to both increasing revenues and reducing expenditures. The CAR’s current low levels of domestic resource mobilization can in part be attributed to the lack of confidence and legitimacy that the government faces: Citizens are wary of paying taxes to a government that provides them with little or no public goods and services. Making government spending more transparent and accountable, and establishing a clear connection between taxation and local benefits will be essential to building the “tax morale” of citizens.^{liv}

Re-engaging with regional integration efforts

The CAR is a member of the regional body, the Economic Community of Central African States (ECCAS), which has served as a key actor in mediating the conflict. As the country’s security situation slowly stabilizes, ECCAS could play a bigger role in advancing programs for regional integration in order to mitigate the CAR’s enclaved nature. Similarly, the CAR could leverage ECCAS common institutions and resources as it rebuilds its trade and infrastructure. For example, the PURD highlights a potential role for ECCAS in pushing forward its regional economic program, which includes reducing the prohibitive cost of transporting goods between Central African countries—a significant deterrence to investment in the region. Building on these types of regional programs using the collective resources of the community could provide greater gains at a lower cost to the CAR.

Conclusion: A holistic approach is needed

In establishing their vision for the end to the conflict in their national agenda, the CAR authorities have given significant weight to the economic conditions and policies required for sustaining peace. Approximately 38 percent of the budget for the national plan for sustainable recovery is allocated toward economic aims—more than the proportion designated for civil protection and re-establishing the administration throughout the state, at 32 percent—a fact that clearly reflects the economic underpinnings of the current conflict (e.g., low public investment, poverty, corruption, and illicit trade) and the need for economic transformation and revitalization in order to prevent recurrent conflict. Beyond the exact details of how much of the budget should be allocated to economic recovery relative to other important areas of the agenda, international partners of the CAR must not be myopic and should recognize that achieving the security and political outcomes and restarting the economy are mutually reinforcing objectives. For example, securitizing the Bangui-Douala corridor has already led to some growth in the services sector in 2014. Similarly, the inadequacies of past DDR initiatives to provide viable economic opportunities to former combatants have led them to retake up arms. Thus, rebuilding agriculture, mining, forestry, and other employment-intensive sectors could provide job opportunities to both former combatants and victims of the conflict—diminishing the likelihood that future violence could erupt.

While total economic transformation cannot occur in a complete way in conflict-affected areas—where fear of injury or theft causes individuals to abandon their economic activities, for example—in communities and industries that have been secured, economic activity can start to rebound with a view to establishing a positive environment to attract further private sector and foreign investment. Making the investments to restructure and revitalize the country's economy now, particularly in the marginalized northern regions, could sow the seeds for more inclusive economic growth in the future and prevent the country from relapsing into crisis.

Past peace processes in the CAR have not been successful in producing a durable peace for two key reasons. First, they have failed to address the longstanding issues of political and economic exclusion along ethnic and regional lines (the root causes of the conflict). This is sometimes due to the design of peace-building and state-building activities, but more often their inadequate implementation. Peace-building and state-building efforts (including DDR, SSR, and political power-sharing arrangements) outlined in peace agreements have never been fully implemented due to insufficient funding^{lv} as well as changes in political will (influenced by shifting national power dynamics, often caused by the involvement of regional and international actors). A community-driven approach to DDR that undertakes a thorough analysis of the skill sets of individuals and the needs of their communities is necessary for such a program to be effective.

While development practitioners and researchers are still assessing the varying potential of different programs aiming to promote employment opportunities in conflict-affected environments, there are some programs that have demonstrated marked improvements in livelihoods following their implementation. A recent study that undertook a comprehensive review of employment programs in conflict-affected countries showed that programs providing beneficiaries with capital (including goods, cash, or livestock) rather than training initiatives and microfinance are generally more cost-effective in terms of supporting self-employment and raising livelihoods over the long term.^{lvi} Small-scale pilots in sectors with demonstrated potential for growth in the CAR (including timber, mining, agriculture, and livestock rearing) could provide more insight on whether capital-centric initiatives could be brought to scale or if efforts should be redirected into other types of programming.

Second, the country's limited peace-building and state-building efforts have been subject to influences from regional (Chad, DRC, Libya, South Africa, ECCAS) and international (French, U.N.) actors that have altered the course of political institution-building in CAR—in many instances undermining the legitimacy, local ownership, and, in turn, sustainability of these institutions. The current peace process in the CAR shows a lot of promise—with an inclusive peace agreement, DDR process outline, and elections timeline—however, it could falter as similar processes have in the past if insufficient funding is put forth for the full implementation of these activities, or if power dynamics shift enabling one group to consider continued violence more economically or politically profitable than peace. To avoid these outcomes, the international community can assist to a certain extent with financing these efforts and providing technical support for the country's national development agenda; however, the external funding must eventually be supplanted by homegrown economic resources and political institutions. What is clear, however, is that peacemakers should not consider a cease-fire or peace agreement to be the end to the conflict, but rather take advantage of its momentum to rally support and attention to addressing the underlying concerns of armed groups and civil society members to sustain a durable peace.

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