

**Report of the Chair of the Central African Republic (CAR) configuration
to the World Bank and the International Monetary Fund
13 February 2020**

1. On 5 February 2020, the Chair visited Washington D.C. to meet with high-level World Bank and International Monetary Fund (IMF) officials on the situation in CAR. UN Peacebuilding Support Office (PBSO) accompanied him. The purpose of the visit was to discuss the political and socio-economic situation in CAR one year after the signature of the Political Agreement for Peace and Reconciliation (APPR), with a particular focus on the planned elections in 2020-2021, ahead of the Chair's visit to Bangui on 12-13 February 2020.

2. At the World Bank, the Chair met with Mr. Hafez Ghanem, Vice President for Africa, Mr. Franck Bousquet, Senior Director of the Fragility, Conflict, and Violence (FCV) Group, Mr. Christophe Carret, Country Director for DRC (via VTC), Mr. Han Fraeters, Country Manager for CAR (via VTC) and Aileen Marshall, Partnership Adviser for the Africa region. At the IMF, the Chair had a meeting with Mr. Abebe Aemro Selassie Director of the African Department.

The political, security and socio-economic climate on the first anniversary of the APPR:

3. The delegation heard cautious optimism from both the Bank and IMF on the socio-economic situation, as long as the security situation continues to hold. Since the signature of the APPR, economic growth has recovered to % 4.5, mainly driven by the mining, forestry and construction sectors. However, risks of political instability, the unclear implications of the return of former Presidents François Bozizé and Michel Djotodia, the strong grievances sharpened by years of conflict and the extremely low human development indicators requires keeping a close eye on CAR in the years to come. For these reasons, although the potential for macroeconomic reform remains low, on December 20, 2019, the Executive Board of the International Monetary Fund (IMF) has managed to approve a three-year arrangement under the IMF's Extended Credit Facility (ECF) for the Central African Republic (CAR) equivalent to US\$115.1 million. Similarly, the World Bank has been able to approve four new projects since the signature of the peace agreement: A \$100 million LONDO "Stand Up" Employment project that aims to provide temporary employment to vulnerable people throughout the entire territory of the country, an \$25 million agriculture recovery and agribusiness development support project, a \$100 million social inclusion development project and a \$65 million emergency electricity supply and access projects. The Bank explained that all these projects were strategic, with the objective of providing vulnerable populations the opportunity to benefit from peace dividends.

4. Both World Bank and IMF counterparts underscored that progress has been uneven across the country. There are large swaths of the territory where there is still no government control and mostly out of reach in terms of programmatic investment. In parts like the northeast, where MINUSCA is creating space for programming, the Bank and other actors are increasingly able to find entry points for investing in areas such as employment, infrastructure and reintegration of combatants. However, these are high risk areas where the continuation of programming relies on lasting stability – which is not always a given. The delegation was glad to hear increasingly fruitful collaboration between the Bank and the UN in general and MINUSCA particularly in

these types of settings, where the coordination of security and development partners are slowly but surely producing tangible results.

5. Both the Bank and the IMF voiced concerns on the establishment of the special mixed units (USMS) and delays in their deployment. The delegation heard concerns that the process is facing some challenges and the delays can potentially damage the credibility of the administration and benefit the armed groups as well as mercenaries from the region. The Chair plans to raise the importance of the rapid operationalization of the USMS in Bangui with the CAR government, which might help mitigate security risks created particularly by transhumance dynamics and to create conditions for programmatic activities. The Chair also heard concerns regarding the resource and logistical constraints that MINUSCA is increasingly facing on the ground.

6. On the other hand, economic progress seems to be visible in Bangui and other areas where violence has considerably subsided over the past year. In these areas – where most of the population resides – streets seem to be booming with economic activity and programming is easier. However, the cessation of the violence had laid bare the enormous needs in the education, health and agriculture sectors and donors often need to make difficult choices in terms of funding priorities. Similarly, while the demand for electricity is growing, supply has remained constant, creating untenable pressure on the energy infrastructure which the Bank is trying to address through a large technical assistance program, as well as investing in increasing the production of electricity. A solar plant near Bangui will soon double the production of the country. There are some early conversations on a new donors conference for CAR; the Chair will follow up on these ideas in Bangui.

The opportunities and challenges surrounding the 2020-2021 electoral process:

7. The meetings with international financial institutions provided interesting insights on the 2020-2021 electoral process and the resource constraints. The Chair stressed the importance of fully funding the UNDP Basket Fund in a timely manner, to ensure voter registration and other preparations can proceed in a way that enables elections taking place from December 2020, in line with the constitutional timeline. He underscored that the international community cannot allow a funding gap of \$20 million exacerbate risks of relapse, after all the investments made for peace in CAR in the past years. It is crucial for the international community to accelerate its efforts to finance electoral preparations.

8. Both the Bank and IMF made it clear that their respective mandates do not allow them to provide direct funding to the 2020-2021 elections. On the other hand, both institutions fully agree that the elections will be a litmus test for the political process and all international actors should join hands to facilitate successful and timely elections. While indirect support remains a possibility, Bank officials emphasize that they are hoping for international donors to step in to help finance the elections, so they can continue utilizing their comparative advantage of providing peace and economic dividends to newly peaceful areas through infrastructure, employment and support to reintegration, which is equally important for the sustainability of peace deals. Similarly, the IMF sees their value added as supporting government capacities in revenue collection and support to macroeconomic stability. The IMF informed the delegation

that they are also dispatching a delegation to CAR next week when the PBC is in Bangui. While the immediate purpose will be to discuss the implementation of the new three-year Extended Credit Facility (ECF) arrangement equivalent to \$115.1 million, the IMF will also have meetings with international donors and development partners to see what the immediate needs are, including electoral support.

9. Bank officials raised concerns on the increasing prevalence of hate speech and divisive rhetoric in the electoral context. They voiced their fear that the pervasiveness of such negative rhetoric can contribute to increased divisions in the society, including at the ethnic level. They stressed that in places like Birao, where the conflict used to be about economic issues, ethnic sentiments are now taking over and negative electoral dynamics can contribute to the worsening of the situation. The Chair will focus on addressing hate speech particularly in the media during his trip to Bangui.

Other issues:

10. As the UN's relationship with international financial institutions is intensifying, both World Bank and IMF officials emphasized the potential to benefit more from the advisory role of the PBC to the Security Council, as well as from the PBC's advocacy function towards national and regional actors and the international community. They stressed that the PBC could increasingly be used as a channel to foster communication between different levels of the Bank and IMF and the Council, with a view to further enhancing the already good partnership between the UN and IFIs on the ground and at headquarters level.

11. Finally, during the meetings, the delegation discussed how the emerging Bank – UN – AU partnership in newly secure fragile areas can be seen as a “model approach” for working across the peace – development divide. The African Union and ECCAS are negotiating peace with armed groups on a daily basis, the Bank is presenting information on the types of peace and development dividends that can be made available, and the coordination with the UN is enabling the launch of key employment and infrastructure projects that strategically aim to contribute to the sustainability of local peace agreements and the restoration of state authority. The upcoming Fragility Forum on 2-3 March will be a good opportunity to look at such models of collaboration that produce results in high-risk settings, including CAR.