

INTERNATIONAL MONETARY FUND



Staff Country Reports

**Central African Republic: Poverty Reduction Strategy Paper—
Preparation Status Report—Joint Staff Advisory Note**

The attached Joint Staff Advisory Note (JSAN) on the Preparation Status Report on the Poverty Reduction Strategy Paper for the Central African Republic, prepared jointly by the staffs of the World Bank and the IMF, was distributed with the member country's Poverty Reduction Strategy Paper (PRSP) Preparation Status Report to the Executive Boards of the two institutions. The objective of the JSAN is to provide focused, frank, and constructive feedback to the country on progress in implementing its Poverty Reduction Strategy (PRS).

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org.

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INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

CENTRAL AFRICAN REPUBLIC

Joint Staff Assessment of the PRSP Preparation Status Report

Prepared by Staffs of the International Monetary Fund
and the International Development Association

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September 11, 2007

1. **The staffs agree that the preparation status report on the Poverty Reduction Strategy Paper (PRSP) that was prepared in November 2006 provided an accurate account of the process, and that progress since then has been substantial.** The authorities have recently shared with stakeholders, including Bank and Fund staffs, their latest version of the PRSP, which should be completed shortly.
2. **The authorities' PRSP permanent secretariat is now fully operational and has gathered considerable experience in guiding the process, and collaborating with the various stakeholders.** With technical assistance—provided by IDA, the African Development Bank, and the UNDP—the capacity constraints that contributed to delays in formulating the strategy have now been mostly overcome. Also, the underlying studies and analyses needed for the strategy have been completed.
 - The poverty analyses and the Participatory Poverty Assessment completed over the last year are of good quality; these studies provide an in-depth description of the determinants of poverty in the C.A.R. and the poverty profile.
 - The Diagnostic Trade Integration Analysis and the Education Country Status Report carried out with IDA assistance have informed the policy debate across the country, and sector strategies have been discussed and agreed upon in significant detail.
 - A Country Financial Accountability Assessment (CFAA) and a Country Procurement Issues Paper have been completed with assistance from IDA. An action plan for the CFAA is expected to be finalized in October 2007, and a costing exercise based on sector needs and programs is close to completion.
3. **The government's priorities emerging from the draft PRSP are consistent with the aspirations of the population.** The strategy's first objective of consolidating peace and security is appropriate and well received by domestic and external partners. A positive

outcome of the slow but consultative preparation process over the past several years has been the emergence of strong ownership, which bodes well for the strategy's implementation.

4. The staffs agree with the authorities' diagnostic of areas where further work needs to be conducted. First, the linkages between some of the sectoral and national strategies could be strengthened. And the number of measures could be prioritized better, in recognition of the country's relatively weak administrative and institutional capacity, and financial constraints. In this regard, the staffs have encouraged the authorities to narrow the focus and selectively choose reforms with a high pay-off, but also with an eye on the feasibility of implementation, at least during the first few years of the strategy—and especially since it will be essential to restore trust and confidence in the government's commitment and ability to deliver results to the population. Second, the baseline macroeconomic framework underlying the draft PRSP is broadly in line with the authorities PRGF arrangement, although an alternative scenario identifies substantial financing needs to successfully implement the strategy. In this regard, the staffs expressed the importance of establishing policy priorities. Third, the strategy must also provide for a monitoring and evaluation system, that is workable. Such a system is proposed in the draft, but it could be simplified with more emphasis placed on community participation.

5. During a roundtable discussion in Brussels in mid-June 2007, the authorities were provided broad-based feedback on their draft strategy by their development partners. This feedback was helpful in identifying further areas for refinement, such as the need to enhance governance, address corruption, and strengthen the rule of law. The staffs welcome the authorities' plan to formally present the finalized paper at a further donor meeting at end-October 2007, where they anticipate additional financial support to be forthcoming.

6. The remaining PRSP preparation process will focus on finalizing the document and on receiving endorsement from the Council of Ministers. The Council was already formally apprised of the progress in June 2007. President Bozizé presented the latest version of the draft PRSP to donors and civil society in Bangui in a national workshop that took place on September 3, 2007. A final version taking account of the workshop's feedback is expected to be completed in the coming weeks. Subsequently, the government plans to present the strategy nationally through conferences, regional seminars, and through the media.

7. The staffs of the World Bank and IMF concur that achieving the objectives in the PRSP will be a challenge given the ongoing regional and domestic security issues, as well as the capacity and financial constraints facing the C.A.R. In this regard, the smooth implementation of the PRSP will depend heavily on scaled up aid inflows and technical assistance across a broad range of areas. Progress on the development of the full PRSP, as evidenced by the preparation progress status report, is satisfactory and provides a sound basis for continued access to concessional assistance. The staffs recommend that the Executive Directors of the World Bank and the IMF reach the same conclusion.