

CENTRAL AFRICAN REPUBLIC

**Public Expenditure
Review in Key Human
Development Sectors**

SUMMARY

August 2023



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Review in Key Human
Development Sectors**

S U M M A R Y

ABBREVIATIONS

| | |
|---------|--|
| ACS | Agents and civil servants |
| CAR | Central African Republic |
| CEMAC | Economic and Monetary Community of Central Africa |
| DALY | Disability-Adjusted Life Year |
| DHIS2 | District Health Information Software 2 |
| DHS | Demographic and Health Surveys |
| EGRA | Early Grade Reading Assessment |
| EMIS | Education Management Information System |
| FCV | Fragile, conflict, and violence |
| GER | Gross enrollment rate |
| GPE | Global Partnership for Education |
| HCI | Human Capital Index |
| HD | Human development |
| HER | Higher education and research |
| HeRAMS | Health Resources and Services Availability Monitoring System |
| HMIS | Health Management Information System |
| HR | Human resources |
| HRM | Human Resource Management |
| IDP | Internally displaced persons |
| LIC | Low-income county |
| MICS | Multiple Indicator Cluster Surveys |
| MINUSCA | UN Multidimensional Integrated Stabilization Mission |
| MMR | Maternal mortality ratio |
| NGO | nongovernmental organization |
| PER | Public Expenditure Review |
| PFM | Public financial management |
| RCPCA | Plan de Relèvement et de Consolidation de la Paix en République Centrafricaine |
| RMCH | Reproductive, Maternal, and Child Health |
| SARA | Service Availability and Readiness Assessment |
| SCR | Student-classroom ratio |
| SDG | Sustainable Development Goal |
| SP | Social protection |
| SSA | Sub-Saharan Africa |
| SSN | Social safety net |
| STR | Student-teacher ratio |
| TFP | Technical and financial partners |
| TVET | Technical vocational education and training |
| WDI | World Development Indicators |



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INTRODUCTION

The Central African Republic (CAR) is one of the poorest and most fragile countries in the world, marked by successive episodes of conflict and violence that have led to a dire humanitarian situation. Signs of positive economic growth and peace building, seen since 2015, have faltered in the face of a deteriorating security environment and the COVID-19 pandemic. An estimated 71.4 percent of the population lived below the international poverty line (US\$1.90 per day, 2011 PP) in 2019—about 3.4 million people (World Bank 2022a). Despite the high level of poverty, social safety net (SSN) coverage is very low (just over 20 percent of the population received an SSN benefit in 2020) and consists mainly of emergency projects. Progress toward Sustainable Development Goals (SDGs) is also limited — CAR ranked 166 out of 193 countries in 2020. As of January 20, 2021, more than half of the population needed humanitarian assistance and protection and 40 percent of Central African households are in a situation of acute food insecurity (OCHA 2021). As of April 30, 2021, the number of internally displaced persons (IDPs) due to the post-election unrest was estimated at 729,005, which is 6.9 percent higher than in end-December 2020. In addition, as of May 31, 2021, there were 694,904 refugees representing approximately 14 percent of CAR's population.¹

Decades of conflict have limited fiscal space and undermined the government's investments in human capital. One of the root causes of the country's conflicts is the struggle to capture natural resources. The absence of the state and its security forces, particularly outside Bangui, perpetuates a vicious cycle of fragility. CAR recently saw a renewed bout of unrest following the presidential elections held in December 2020, during which six rebel groups that controlled roughly two-thirds of the country formed a coalition and accused the outgoing president, Touadera, of rigging the election process. Touadera was reelected for a second term as president on December 27, 2020 (World Bank 2022a). By the end of May 2021, the government, with the support of allied troops from the Russian Federation and Rwanda, had pushed back the rebels and reported that most of the country was under government control and the new government was formed in June 2021. However, instability and insecurity remain key constraints to revenue mobilization and CAR's ability to leverage domestic resources for human capital accumulation.

CAR's economic activity stagnated in 2021, mainly due to the protracted effects of COVID-19 and renewed violence and insecurity amid election disputes. Trade and agricultural production suffered from the forced displacement of labor to safety zones, particularly in the first quarter of 2021, when conflict broke out between the government and armed groups. As trade resumed on the country's main road, Douala-Bangui, due to improved security throughout the country, economic activity performed better in the 2021H2. Timber and mining production (mainly gold) also accelerated in H2 primarily owing to improved security around production and mining sites. Private consumption grew by 2.9 percent in 2021 as the gradual return of the population to certain localities led to an increase in domestic demand. However, public investment fell from 11.3 percent of GDP in 2020 to 7.4 percent of GDP in 2021, as uncertainties about donor budget support prompted the government to freeze non-priority spending and unwind its COVID-19 fiscal stimulus package. Despite a rebound in 2022H1 driven by extractive activities, persistent fuel shortages slowed economic activity in 2022H2 and contributed to price pressures. Rising inflation is expected to erode households purchasing power and worsen their living condition. As a result, poverty is projected to remain high, with 70.5 percent of the population living in extreme poverty in 2022 (i.e. US\$ 2.15 per day, 2017 PPP).

Investing in human capital development will be key to tackling extreme poverty and accelerating economic growth in CAR. Human capital—the knowledge, skills, and health that people accumulate throughout their lives, enabling them to achieve their potential as productive members of society—is pivotal to the development of individuals and communities, and to economic growth. Countries can accelerate their economic growth by building and utilizing human capital and leveraging a favorable business climate and good governance. Healthy and well-educated people, free of poverty, contribute not only to economic growth as productive workers but can also bring about a range of positive social and economic externalities such as social cohesion and environmental protection (World Bank 2021b).

Public finance—understood as government financing and development assistance—has the potential to play a critical role in generating more and better human capital investments in CAR (World Bank 2021b). CAR's young – 49 percent of the country's population is youth under 18 years old representing approximately 2.4 million people in 2019 (UN data) – and fast-growing population (at an annual rate of 2.5 percent) creates a deep sense of urgency

to invest in human capital development now. Encouragingly, the CAR's leadership has made human capital development a key priority in its National Peace Recovery and Consolidation Plan and the Mutual Commitment Framework 2017–2023 (*Plan de Relèvement et de Consolidation de la Paix en République Centrafricaine et le Cadre d'Engagement Mutuel*—RCPCA-CEM).

Moreover, providing public goods and services, especially in the social sectors, will be crucial to restore the legitimacy of state authority in CAR (World Bank 2021a). The provision of public service delivery signals the presence of the state and could improve social cohesion. Addressing grievances, inequality (especially spatial disparities between Bangui and the provinces), and corruption will be essential to strengthen the trust CAR's population have in their government and to help establish solid foundations for social contract and ensure long-lasting peace. The vicious cycle of fragility, inequality, and poverty has resulted in public frustration and mistrust. Expanding public services—including in health and education—to the most vulnerable, including IDPs, youth-at-risk, and food insecure households will be critical (World Bank 2022a).

This is an overview of the CAR Human Development (HD) Public Expenditure Review (PER). This overview provides an analytical basis to decision-makers and stakeholders for the formulation of ambitious yet fiscally responsible interventions to improve human capital outcomes in CAR. The PER examines public expenditure trends of the education, health, and social protection (SP) sectors with a focus on adequacy, efficiency, and equity of expenditures as well as human resource management (HRM). The primary objective is to provide analytical insights for government policy development and prioritization strategy as it seeks to achieve a resilient recovery and rebuild its education and health sectors and establish a strong SP system which will help the poorest households invest and protect their own human capital. The PER can also serve as a useful source of knowledge and information to development partners seeking to deepen the impact of their support to the human capital development sectors. The recommendations put forth by the PER are those identified as fiscally sustainable and most important for rebuilding and strengthening human capital development sectors, including a focus on future human resource (HR) recruitment needed in the education and health sectors.

Data availability and timeliness has presented some challenges to the analysis in this report. First, there are several constraints in tracking budget expenditure data on allocations and executions. Due to the limited capacity, the details on budget data come with a substantial lag and lack rigorous quality assurance. For example, the latest data available for the health national accounts is from 2018. Furthermore, the current budget nomenclature does not allow tracking of the budget allocation at the regional level and cannot be disaggregated, for example, by level of education. The multi-sectoral nature of SP and the lack of consensus on a common definition among national and international partners add another strain on data collection. Furthermore, it is challenging to link different datasets. For example, there are discrepancies between the information provided on the payroll data and wages and salaries as recorded on the budget data extracted from Ges'Co², constraining the analysis on the wage bill. Second, there are significant challenges in data collection to assess the performance outcomes of the HD sectors. For example, the education management information system (EMIS) is lacking critical data needed for decision-making and geo-referencing of schools for infrastructure development. It relies on a questionnaire that is manually completed by school administrators, uses centralized data entry, and lacks a system for quality control. Lack of nationally representative household expenditure surveys doesn't allow proper assessment of private spending on education, health, and SP.

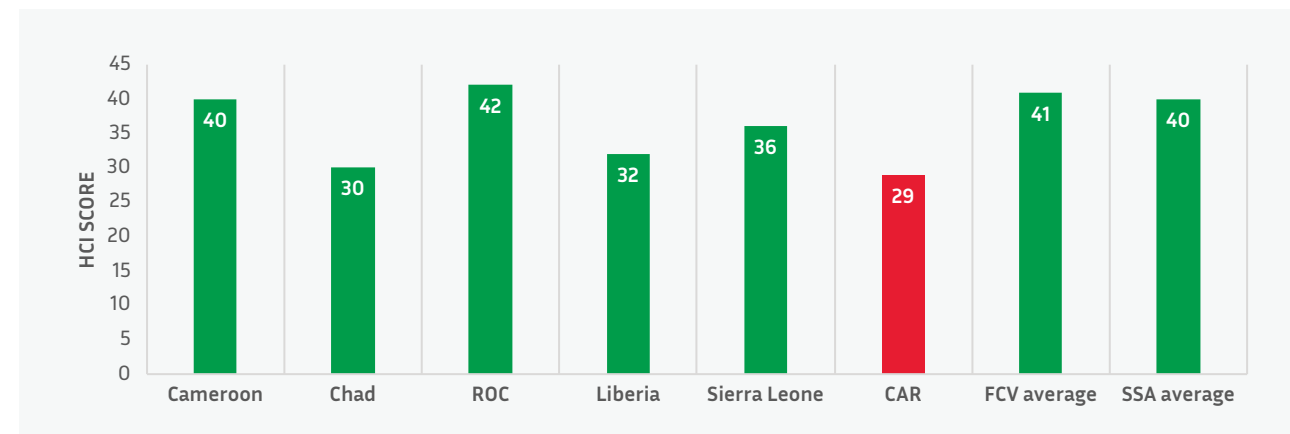
This overview is structured as follows. It presents an overview of human capital outcomes in the country and sectoral challenges that contribute to these. It then examines the adequacy of human capital development spending in CAR, set within the macro fiscal context of the country. It presents key findings on the efficiency of this spending, including public financial management (PFM) issues, and subsequently reviews the equity of human capital development spending. The overview also focuses on challenges related to human resource management (HRM) in the human capital key development sectors, including health and education. Recommendations are proposed, along with an overview of financing needs and sustainability.



**I. AN OVERVIEW
OF HUMAN CAPITAL
OUTCOMES IN CAR**

Human capital gaps in CAR are large. Life expectancy remains the second lowest worldwide: it was 52.9 years in 2017 (World Bank 2019b). CAR's maternal mortality ratio (MMR) is one of the highest in the world with 829 deaths per 100,000 live births in 2017 (World Bank 2020a,b). Its Human Capital Index (HCI) score of 29 percent places CAR below the fragile, conflict, and violence affected (FCV) countries' average of 41 percent and Sub-Saharan African (SSA) countries' average of 40 percent, and below its peers in the region (figure 1). Unsurprisingly, CAR performs poorly on most of the health and education HCI component indicators compared to its peers, reflective of the serious systemic issues present and a chronic lack of investment in human capital key sectors.

FIGURE 1. HCI SCORES (2019)



Source: Human Capital Index 2020 Country Data.

HEALTH OUTCOMES ARE POOR

Only 88 out of 100 children born in CAR survive to age 5. This is lower than the average survival rates of SSA, Economic and Monetary Community of Central Africa (CEMAC), and FCV countries. Contributors to child mortality include food insecurity, inadequate feeding practices, lack of hygiene and access to safe water, female illiteracy, early pregnancy, and low access to essential health and nutrition services and commodities.

In CAR, 59 percent of 15-year-olds will survive until age 60, one of the lowest adult survival rates in the world. In 2019, the average for FCV and SSA countries was 77 percent and 73 percent, respectively. Prevalent causes of high adult mortality in CAR are preventable, treatable, and curable—reflective of the historic underinvestment in the country's health system. Among the major causes of adult mortality are conflict, HIV/AIDS, malaria, malnutrition, and tuberculosis.

Healthy growth among children under five years old (not stunted rate or chronic malnutrition) is 60.2 percent (MICS 2018, 2019), which means that four out of ten children under five years of age are stunted—higher than the FCV and SSA averages in 2018. These children are at risk of cognitive and physical limitations that could last a lifetime, thus hampering CAR's human capital development. The primary causes of stunting are a lack of food (quality and quantity), frequent illness, poor maternal and childcare practices including early pregnancy and high fertility, inadequate access to nutrition and health services, and unhygienic environments.

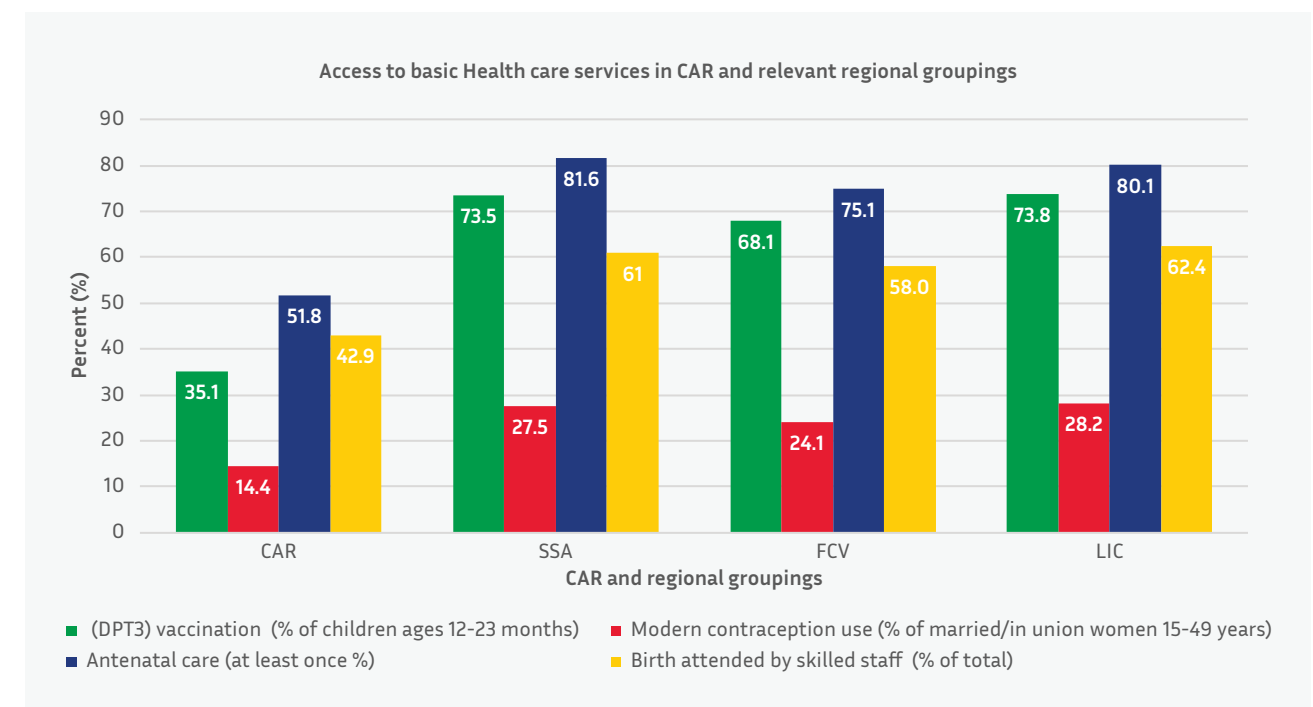
Poor health sector performance is attributable to several factors.

Supply-side challenges include the lack of availability and quality of care (medical supplies, human resources for health, infrastructure).

The availability of health infrastructure is low, with the density of health facilities estimated on average at 1.6 health facilities per 10,000 inhabitants. One in four Central Africans have to walk for over an hour to reach the nearest clinic. There is a scarcity of essential drugs and diagnostic capacity. Like many other developing countries in SSA, CAR has a serious shortage of qualified health workers, and those available are not sufficiently trained or deployed across the country equitably. International migration, career changes among health workers, premature

retirement, morbidity, and premature mortality are often cited as the main reasons behind the shortage of health workers in CAR.³ The lack of a reliable source of electricity and clean water are other major challenges hampering the delivery of health services in CAR. According to the latest 2019 SARA/HeRAMS survey dataset, 68.8 percent of health facilities lack access to any source of energy while 43.31 percent lack access to any source of water. Bad weather also often disrupts water and electricity supply at the health facility level. For instance, the torrential rains on April 23, 2021 that plunged the entire capital into darkness for weeks and made water scarcer also seriously impacted health facilities. The electricity supply to 12 out of 16 health facilities in Bangui and Bimbo was completely interrupted or regularly cut off due to a lack of fuel or functioning generators and more than half of the 16 main health facilities in Bangui and Bimbo had their water supply interrupted.

FIGURE 2. COMPARISON OF HEALTH OUTCOMES INDICATORS IN CAR WITH REGIONAL AVERAGES



Source: WDI⁴ and CAR 2018/2019 MICS survey⁵.

Demand-side constraints also play a role in the country's poor health outcomes.

High out-of-pocket expenditures and limited health insurance coverage mean that the demand for health services is adversely impacted, especially for the poorest households. For many CAR households, the bills for consultations and medications are unaffordable. Women who have no or little education are less likely to access healthcare services. In addition, people living outside Bangui have challenges in accessing services due to a lack of road infrastructure, and in some parts of the country security threats compound this issue. Finally, socio-cultural constraints, in particular traditional harmful health practices, are another major obstacle for accessing basic health services such as nutrition and reproductive health. Even though the practice of traditional medicine is officially accepted,⁶ some traditional healers only refer patients to medical services in cases of serious illness (Ministry of Health and Population 2019).

³ See <https://www.who.int/workforcealliance/countries/caf/en/>

⁴ Data for CAR come from the latest 2018/2019 MICS; the other regional groupings average come from either the 2017 WDI (mainly for Pregnant women receiving antenatal care (%) at least once; % of modern contraceptive uses (which include female and male sterilization, oral hormonal pills, the intra-uterine device (IUD), the male condom, injectables, the implant (including Norplant), vaginal barrier methods, the female condom and emergency contraception); the 2018 WDI (% of births attended by skilled staff) and the 2019 WDI (immunization rate of children for Pentavalent).

⁵ <https://mics.unicef.org/surveys>

⁶ In September 2020, the Ministry of Health reaffirmed their support and engagement towards traditional healers by pushing for the implementation of traditional medicines and pharmacopoeia within the framework of the health system.

Institutional challenges:

Governance of the health system in CAR needs to be strengthened as there is only limited administrative capacity, regulations, and mechanisms to promote accountability and transparency, as well as low and inefficient health spending with high reliance on donor funding. The presence of multiple humanitarian actors in the country, with 70 percent of health services being provided by humanitarian organizations, also poses several coordination challenges. In 2019, The Ministry of Health enacted a decree to ensure that all nongovernmental organizations (NGOs) are approved by the ministry before being able to work in the country. While this has been a critical, milestone in improving government oversight of the country's numerous humanitarian health actors, there are still health- and nutrition-focused NGOs working in the country without the government's knowledge.

The absence of a clear mechanism to securely transfer and distribute funds to health facilities for health supplies and essential medicines undermines health service delivery. Less than 50 percent of health facilities have access to bank accounts, implying that person-to-person and cash payments are the main channels used, leading to an increased risk of theft or misappropriation of funds. Person-to-person payments also cause delays in the transfer of funds to health facilities, which then pay staff in cash. The use of a digitalized mobile form of payment could substantially improve cash management at the health facility level.

Lastly, the Health Management Information System (HMIS) in CAR needs to be strengthened to ensure the availability of routine data for informed and evidence-based decision making in the sector. After almost a decade without a major population survey, the second Multiple Indicator Cluster Survey (MICS) 2018–2019 was officially released in early 2021; the latest Demographic and Health Survey (DHS) was completed in 1994–1995. A health facility Service Availability and Readiness Assessment (SARA) survey was also conducted in 2019, and preparations are underway for another one to be conducted in 2021. The current HMIS is based on paper forms, poorly administered questionnaires, and Excel spreadsheets with a lack of quality control mechanism during data entry. The new district health information system version 2 (DHIS2) is being rolled out with major challenges ranging from no internet connectivity in many districts to low staff capacity for data collection and analysis. There is a need for more interoperability between the electronic Performance-Based Financing (PBF) database and the DHIS2 as the two rely on the same data sources (paper registers and forms).

CAR'S EDUCATIONAL OUTCOMES ARE ALSO POOR AND LOWER COMPARED TO NEIGHBORING COUNTRIES AND SSA.

A child who starts school at age four can expect to complete 4.6 years of school by her 18th birthday—half the SSA average. Factoring in what children actually learn, only 2.7 learning-adjusted years of schooling are provided, about half of the levels in peer countries such as Cameroon and the Republic of Congo.

The quality of education is very poor. Results from the 2018–19 Early Grade Reading Assessment (EGRA) carried out in Bangui revealed that the proportion of students who could not read a single familiar word in French in one minute was 57 percent in grade 2, 41 percent in grade 3, and 20 percent in grade 4.

The drivers behind poor education performance are many, and include challenges related to access and completion of schooling, quality, and sector management.

Access and completion of schooling: While CAR has made some progress in ensuring access to education for all school-age children and adolescents since 2000,⁷ the high primary gross enrollment rate (GER) in 2019 (117 percent) is reflective of high repetition rates, delayed entry, and a large proportion of over-age children. As of 2019, access to education remains inequitable and limited at all levels of education, with the poor, girls, and students living outside of Bangui areas especially affected. Approximately half a million children and youth ages 6–18 years in CAR are not in school, with girls being the most disadvantaged (MICS 2019⁸).

A mix of critical demand and supply-side constraints to accessing and completing basic education exist in the country. On the supply side, CAR has: (a) an insufficient number of schools and a huge deficit of classrooms at the



⁷ The primary gross enrollment rate increased from 72 percent in 2000 to 117 percent in 2019 (MICS data).

⁸ <https://mics.unicef.org/surveys>

primary and secondary levels and (b) a huge lack of qualified teachers, especially outside Bangui, which proves to be a major bottleneck in terms of access to education. On the demand side, there are multidimensional barriers in accessing and completing basic education: (a) low enrollments, especially at the post-primary level, can be primarily explained by households' financial constraints and low returns to education; and (b) social and gender norms are unfavorable to girls' schooling.

Quality: In addition to poor learning outcomes as measured by test scores, the poor quality of education in CAR is reflected by the high repetition and dropout rates at all levels of schooling. Repetition rates were 21 percent at both primary and lower secondary levels—higher than most African countries such as Ghana (1.8 percent at primary) and Cameroon (12.1 percent at lower secondary).⁹ The poor quality of education is largely attributable to (a) poor learning conditions as shown by high Student Classroom Ratios (SCR) and high Student Teacher Ratios (STR); (b) the relative high proportion of community teachers who are often unqualified with little or no pedagogical training; (c) malnutrition, which is a major cause of absenteeism and attention deficit in the classroom; and (d) unprepared children due to abysmal early childhood development and poor child health (high rates of maternal and infant mortality, stunting).

Institutional challenges: Governance of the education system is fragmented across several ministries and is too centralized to be effective in a large and sparsely populated country. The number of ministries in charge of education has changed six times from 2012 to 2021. The fragmentation of the governance of the system has created duplication of roles with limited qualified human resources (HR) to manage the sector and support schools. For instance, at the central level, four ministries relied on the General Directorate for Studies, Statistics, and Planning (*Direction générale des études, des statistiques et de la planification—DGESP*), to produce the Education Management Information System (EMIS), rendering the statistical units under the other ministries redundant.

Sector management is weak and driven by critical constraints in teacher management and payment. First, HR management is inadequate and characterized by irregular pre-service training, absence of regular and sustainable recruitment practices, and inefficient deployment. Second, providing and accessing salary payments remains a major challenge in CAR, with teachers based in rural areas having to travel long distances to receive their salaries in one of the provincial capitals with a bank. Lastly, the EMIS lacks critical data needed for decision-making and geo-referencing of schools for infrastructure development. It relies on a questionnaire that is manually completed by school administrators, uses centralized data entry, and lacks a system for quality control.

CAR'S SOCIAL PROTECTION (SP) SYSTEM IS NASCENT

Social safety nets are the first line of defense to protect the poor and vulnerable in a FCV context such as CAR. FCV countries are affected by recurrent crises, mass displacement, and low or collapsed service delivery and institutional capacities. In this context, the SSN consists mainly of humanitarian aid from different partners. Effectively tackling the challenges of FCV countries requires taking a long-term development approach and working in concert with humanitarian actors (Rutkowski and Bousquet 2019).

More than 70 percent of the population lives in poverty, yet SSN coverage is low, consisting mainly of emergency short-term projects. Coverage gaps remain important, and interventions are not in line with regional poverty levels. In 2020, an estimated 20.7 percent of the population received an SSN benefit, while 71 percent of the population, representing nearly 3.4 million people, lives on less than US\$1.90 per day. Administrative data coverage represents an upper-bound estimate: one household may in fact benefit from several interventions and be counted twice as administrative records do not capture programs' overlap. Some regions benefit from little or no support while facing higher poverty rates, such as the Eastern regions. While coverage gaps are partly driven by security challenges, a better distribution of interventions and resources could be envisioned. In addition, the analysis of the current set of programs shows that most of them are short-term interventions, representing a lifeline for beneficiaries, but with limited focus on human capital building and resilience.

There is a lack of clear strategy or leadership in the sector. Preliminary steps towards the adoption of a national SP strategy have been taken, with a draft strategy prepared in 2019. The draft strategy aims to bridge the gap between donor-driven emergency programs and long-term approaches to resilience. However, it has not yet been adopted and will have to build consensus amongst national actors involved in SP and set the stage for coordinated interventions. Currently, there is no clear leadership of SP in the country, with several ministries involved in the SP system leading to a lack of clarity on the responsibilities of each actor. There is also no formal coordination mechanism for SSN programs, although some efforts have been made in recently in this regard. Given the number of international partners involved in SP in CAR,¹⁰ and the heavy reliance on external funding for SSN interventions, effective coordination is critical to reduce fragmentation in the sector, waste of resources and avoid overlap and duplication of efforts.

IMPORTANT DIFFERENCES IN ACCESS TO BASIC SERVICES BETWEEN BANGUI AND THE REST OF THE COUNTRY FUEL TENSIONS AND FEELINGS OF SOCIAL EXCLUSION

District administration offices are understaffed and short of funding—in fact, a third of districts indicated not having received any budget allocation for 2016. Most districts do not have security staff. Access to infrastructure—electricity, mobile phone coverage, banking services, and road networks—is low. For instance, only 10 percent of districts have network electricity, and only 40 percent of district capitals have at least one mobile phone provider in the district capital. Half of the districts report that roads to Bangui are not accessible throughout the year. Access to basic social services such as public primary schools, health centers, and clean water is limited, particularly outside district capitals. Even in the 10 largest localities (villages/quartiers) in every district, only half have a functional primary school and 18 percent have functional health centers, implying that many people are deprived of any access to education and health services. Access to clean water and sanitation systems is a challenge even in the district capitals. Only 36 percent of the districts report having clean water access points in the capitals. Several provinces in the country have been economically and politically neglected, leading to deep-seated grievances and a conducive environment for the emergence of armed groups and conflict. The provision of public services has often been constrained by the lack of legitimacy of state institutions, weak central and local government capacity, poor logistical infrastructure, and the status quo of power coalitions (World Bank 2022a).

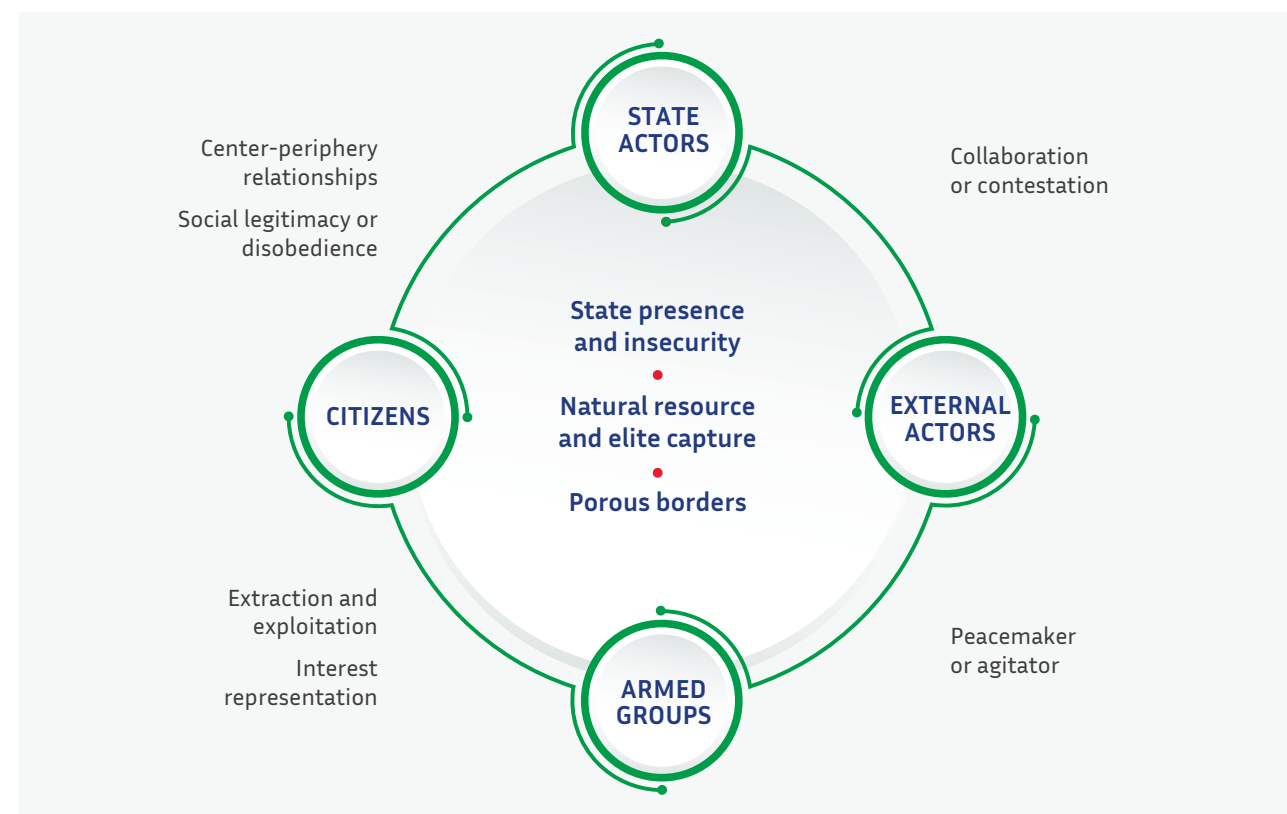
This translates to inequalities of opportunity on many fronts. A preference for spending in Bangui and the difficulty of serving a highly dispersed population living in low-density areas has always been a challenge to service delivery in CAR. This means that it is largely poor households, overwhelmingly located in rural areas, which bear the consequences of these challenges. In 2008, nearly two-thirds of CAR's population lived in rural areas, which were home to about 70 percent of the country's poor. The country's Gini coefficient, estimated at 0.543 in 2008, puts CAR among the most unequal countries in the world.

Disparities are seen across geography, income, and gender. For instance, among those 18 years and older, two out of every five individuals in rural areas have never gone to primary school, and only one out of every five individuals in rural areas has at least completed primary school and acquired some secondary schooling (World Bank 2019a). In primary education, there are twice as many children from the wealthiest households than from the poorest households. These disparities are even more pronounced at post-primary levels—more than 8 out of every 10 students enrolled in higher education is likely to belong to a household from the wealthiest quintile. Overall, girls are likelier to drop out of primary school or remain illiterate, and only a quarter of tertiary-level enrollment is female.

CAR'S FRAGILITY EXPLAINS ITS LOWER-THAN-EXPECTED HUMAN CAPITAL OUTCOMES

The struggle for natural resources and its impact on social cohesion is one of the root causes of the country's conflict. The weak presence of the state and its security forces outside Bangui has contributed to a vicious cycle of fragility, which in turn affects the ability of the government to provide adequate public services. CAR's vast natural resource wealth and dependency, coupled with weak governance and management of the natural resource sector, are prevailing sources of fragility. Furthermore, the country's porous borders and dependency on foreign security, humanitarian, and development assistance make it prone to regional and international geopolitical tensions—unconducive to stability, peace, and much-needed structural reforms for sustained growth and development (World Bank 2022a).

FIGURE 3. A FRAMEWORK FOR ANALYZING FRAGILITY AND CONFLICT IN CAR



Source: World Bank 2022.

Prolonged conflict has hampered the government's capacity to deliver education services, which has contributed to poor management of the education sector. Education service delivery in a FCV context tends to collapse in the event of crises or emergencies and takes a long time to recover. Even though the Ministry of Primary and Secondary Education has had an emergency unit (*Cellule d'Urgence*) in place since 2017, there are no effective mechanisms to ensure continuity of education in case of emergencies and the system takes a long time to respond to the needs of the affected students. For example, following the flood in October 2019 in Bangui: (a) temporary classrooms were installed but only several weeks after the construction of the IDP camps; and (b) blackboards were still missing in most temporary classrooms as of March 3, 2020. The situation is still more complicated when emergencies occur outside Bangui. Successive cycles of violence and conflict have meant that CAR was not able to achieve the Millennium Development Goals in 2015 and is not on track to achieve the education goals of the Sustainable Development Goals in 2030 (SDG 4).¹¹ The country's most recent major conflict

began in early 2013, leading to the formal system ceasing to function for two years in most regions of the country. In 2020, the COVID-19 pandemic led to the closure of schools from March 2020 until the start of the school year in October 2020, and a few weeks after returning to school, learning was again interrupted by pre- and post-election unrest in late 2020. Many schools were forcibly shut, occupied, or damaged in 11 out of 16 of the country's prefectures.

Conflict has also been very disruptive to the provision of health services across the country. Data from the 2019 Service Availability and Readiness Assessment (SARA) and the Health Resources and Services Availability Monitoring System (HeRAMS) survey reveal that approximately over one fifth of the country's health facilities are considered to be totally or partially destroyed due to the various episodes of conflicts. Various attacks by secessionist groups have also been perpetrated against health workers and medical staff. In August 2017, a devastating reprisal attack was perpetrated on a local health center in Gambo, killing at least 45 civilians and medical staff, including 10 Red Cross workers (International Peace Information Service 2018). This was known as the highest humanitarian death toll in a single incident since the start of the political crisis in CAR. Since January 2021, nutrition programs have been seriously disrupted by the latest episode of violence linked to the recent election. Malnutrition rates have continued to soar, particularly among displaced populations and in conflict-affected areas, where already very limited access to essential health and nutrition services became further restricted. Since January 2021, UNICEF is reported to have treated at least 12,000 children suffering from severe acute malnutrition, especially in the most conflict-affected areas and in camps for the displaced. At the end of May 2021, 77 nutrition units (20 percent of the total) and 30 health facilities were closed, of which 14 were attacked. A dozen mobile clinics also remained temporarily closed throughout the country.

Building an effective national SP system is particularly challenging in FCV contexts such as in CAR. While the interest and commitment toward establishing a national SP system has been growing recently in CAR, the years of conflict have eroded institutional capacities and put strain on developing a medium-term vision of SP. Like in many FCV contexts, most interventions focus on short-term safety net approaches that address shocks related to conflict and displacement, with limited attention to building human capital and breaking the intergenerational transmission of poverty. The current set of SSN interventions consists mainly of donor-funded emergency responses, in the form of humanitarian cash or voucher transfers. The numerous interventions could serve as leverage for building an SP system and support a transition from humanitarian-based assistance to a national approach of SP. The transition has been successful in other FCV contexts, such as in Somalia (where the humanitarian projects have converged into a medium-term SSN that was in line with the government's vision of SP) and in Mali (where humanitarian partners have aligned their design and administrative process to the ones of the nascent national cash transfer program) (Cherrier 2021). In such a multi-dimensional sector as SP, strong leadership is needed to ensure coordination across the different national and international actors involved in program delivery, as well as a close collaboration between the humanitarian partners. The recent SP working group (including international and national partners, initiated in late 2020) could be a steppingstone toward the transition to a national approach of SP.

The safe delivery of cash, vouchers, or in-kind programs represents a challenge for CAR and other FCV countries.¹²

The LONDO project for instance faced security issues that required the support of the UN Multidimensional Integrated Stabilization Mission (MINUSCA) for the delivery of the daily wage to reduce the risk of theft. The cost associated with ensuring secure delivery of the benefits undermines the system efficiency. Electronic transfer of SSN benefits appears to be a promising delivery mechanism given the security context, with the national CT program (in Berberati) having successfully disbursed benefits through mobile phones. Mobile payments have the potential to reduce the costs of security challenges related to the physical transport and delivery of cash, and therefore increase overall efficiency. In addition, providing mobile phones to beneficiary households would help link them to communication, financial, and education services (such as accompanying measuring messages transmitted via SMS) (World Bank 2020b).

¹¹ Target 1 of the SDG 4 states that "By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes." See <https://sustainabledevelopment.un.org/sdg4>.

¹² See Gentilini (2016) for a review of comparative evidence of cash versus in-kind transfer in humanitarian situations.

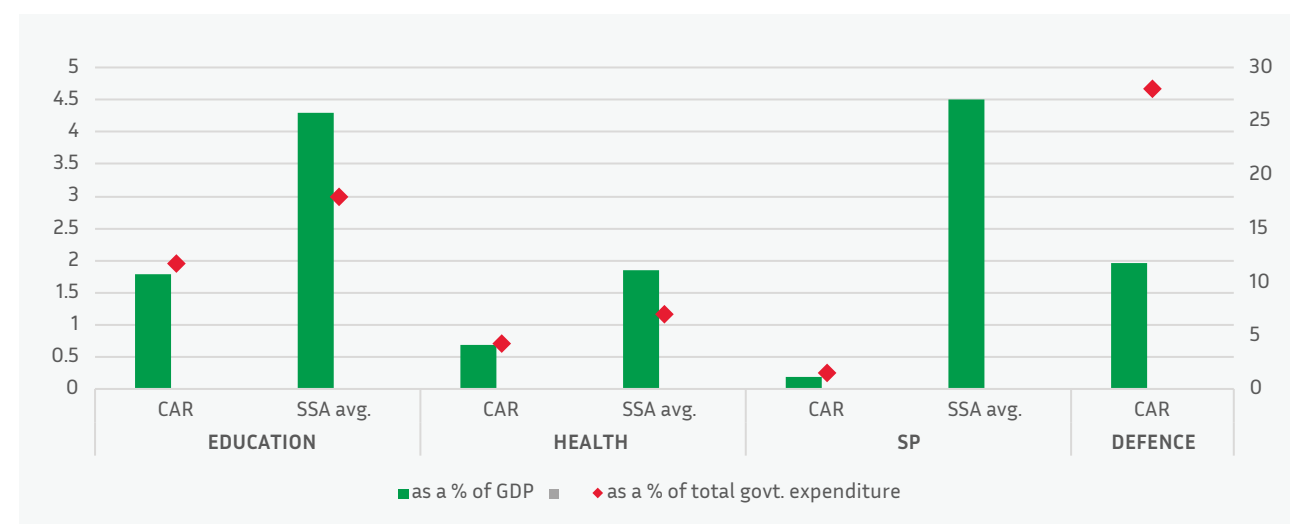


**II. THE ADEQUACY
OF HUMAN
DEVELOPMENT
SPENDING IN CAR**

THE LEVEL OF GOVERNMENT SPENDING ON HUMAN CAPITAL KEY SECTORS IS LOW

Spending on human capital development in CAR is low.¹³ Human capital development is a stated government priority as stipulated in the National Peace Recovery and Consolidation Plan and the Mutual Commitment Framework 2017–2023 (Plan de Relèvement et de Consolidation de la Paix en République Centrafricaine et le Cadre d'Engagement Mutuel—RCPCA-CEM). However, despite this commitment, CAR devoted a lower proportion of its budget on key sectors such as health, education, and SP (21.4 percent) than on defense and public order (28 percent) over the last two years (2019–2020) (Figure 4).

FIGURE 4. SPENDING ON HUMAN CAPITAL DEVELOPMENT VS DEFENSE, CAR AND SSA AVERAGE



Sources: Calculations from Ministry of Finance and Budget data, World Development Indicators (WDI) 10/2021, WHO Expenditure Database, ILO (2017).

Note: Data for Education (CAR, 2020, SSA, 2018); Health (CAR, 2018, SSA, 2018); SP (CAR, 2019, SSA, 2017–19); Defense (average for 2019–20).

Investments in human development are below regional averages and international benchmarks, exacerbating the serious challenges of service delivery in a FCV context such as CAR's. In education, sector financing is inadequate and does not cover the cost of providing the necessary numbers of schools, classrooms, textbooks, and most importantly, trained teachers as evidenced by extremely high SCR, students to textbook ratio, and STR. The share of actual government expenditure allocated to the sector accounted on average for only 1.8 percent of GDP and 11.7 percent of total government spending in 2020.¹⁴ This puts CAR below the SSA average (4.3 percent and 17.9 percent respectively, in 2018) but also the Global Partnership for Education (GPE) recommended level of 20 percent for countries that have not yet achieved universal primary education. CAR general government health expenditure was 0.7 percent of GDP in 2018, less than the SSA average (1.86 percent) or low-income countries (LIC) average (1.11 percent).¹⁵ In the SP sector, total SSN spending, from national budget and international partners, represents 1.65 percent of GDP, in line with SSA regional average (1.53 percent) and the low-income countries group average (1.5 percent).¹⁶

¹³ Public spending assessed in this paper focused on spending in three key social sectors: education, health and social protection. This public expenditure review does not cover other significant expenditure that has an impact on human capital, for example, electricity, water, sanitation and hygiene, transport, etc.

¹⁴ For the period of 2018–2020 the average for CAR is 1.8 percent of GDP and 13.3 percent of total public expenditure and for SSA - 4.6 percent of GDP and 17.8 percent of total public expenditure. Calculations based on data from Ministry of Finance and Budget (2018–2020) for CAR and World Development Indicators (WDI), 10/2021 for SSA average.

¹⁵ See <https://apps.who.int/nha/database>

¹⁶ Based on ASPIRE database for regional and income group average. See <https://www.worldbank.org/en/data/datatopics/aspire>

CAR POSSESSES A WEAK MACRO FISCAL ENVIRONMENT

Hit by COVID-19, economic activity decelerated in 2020 and continued economic recovery remains strongly dependent on improved security conditions and the availability of adequate fiscal support. Real GDP growth decelerated from 3.1 percent in 2019 to 0.9 percent in 2020 and 1 percent in 2021,¹⁷ driven by disruption in global value chains that delayed private investments in the construction, telecommunication, and manufacturing sectors. With 1 percent GDP growth, economic activity stagnated in 2021, mainly due to the protracted effects of COVID-19 and renewed violence and insecurity amid election disputes. Trade and agricultural production suffered from the forced displacement of labor to safety zones, particularly in the first quarter of 2021, when conflict broke out between the government and armed groups. As trade resumed on the country's main road, Douala-Bangui, due to improved security throughout the country, economic activity performed better in the second half (H2) of 2021. Timber and mining production (mainly gold) also accelerated in H2 primarily owing to improved security around production and mining sites. Private consumption grew by 2.9 percent in 2021 as the gradual return of the population to certain localities led to an increase in domestic demand. However, public investment fell from 11.3 percent of GDP in 2020 to 7.4 percent of GDP in 2021, as uncertainties about donor budget support prompted the government to freeze non-priority spending and to unwind its COVID-19 fiscal stimulus package.

CAR's current fiscal projection is dire, reflecting recent spending and revenue trends as well as recent domestic and world events. The overall fiscal deficit soared to 6.0 percent of GDP in 2021, up from a surplus of 1.4 percent of GDP in 2019. The deficit widened as donor appetite for budget support waned due to geopolitical tensions and the lack of transparency of the country's security expenditures, while domestic revenues declined from 7.5 percent of GDP in 2020 to 7.1 percent of GDP in 2021. Despite cuts in non-priority spending, pressures from the expenditures side were high throughout 2021, forcing the government to rely on bridge financing on the domestic market. Hence, amidst an extremely challenging environment, dominated by a volatile security condition, CAR must create much-needed fiscal space to finance human capital outcomes. First, the country's level of domestic revenue is heavily dependent on foreign grants, the outlook for which is very uncertain. Grants accounted for about 13.3 percent of GDP in 2020 (up from 9.6 percent of GDP in 2019)—representing more than half of total government revenues in 2020 and making the country vulnerable to cuts in donors financing. Also, the country's domestic revenues are among the lowest in SSA and well below other FCV countries. Tax revenue performance is weak and worsened in the face of the COVID-19 pandemic. For instance, if CAR were to finance the low-income country average per capita spending on health (US\$40, World Bank 2019a) from its domestic budget, this would amount to US\$187 million, equivalent to almost its entire domestic resource mobilization (World Bank 2021b). Second, public spending in CAR is very inefficient and heavily weighted towards rigid expenditures, including wages and transfers.

The rigid and procyclical stance of CAR's budget continues to exacerbate economic volatility. CAR's budget is strongly dominated by a high level of rigid expenditures. Wages and transfers amounted to CFAF 132.2 billion in 2020 (US\$236.3 million), exceeding CAR's total domestic revenue. Hence, this spending often relies on donor financing which, as indicated earlier, is uncertain. When donor funding is limited, paused, or cancelled, non-rigid spending, including capital investment or investment into human capital sectors, must be cut drastically to balance the fiscal position. It turns out that CAR's public spending mimics the dynamic of donor financing, hence exacerbating boom and bust cycles in the economy.

¹⁷ See <https://www.imf.org/en/Countries/CAF#countrydata>

Box 1. Sierra Leone: A post-conflict country with a strong commitment to investing in human capital

Sierra Leone is a small low-income country on the west coast of Africa with a population of approximately 7.8 million people, of which almost three-quarters are below the age of 25. In the 15 years since the end of the civil war in 2002, there has been notable progress in poverty reduction, and improvements in education and health outcomes (although it has a long way to go—the country ranks 151st out of 157 countries on the HCI).

Despite tough economic challenges posed by successive epidemic (Ebola and COVID-19), economic, and climatic shocks, the country has shown a strong commitment to investing in its people. Over the period 2015–19, education expenditure is the largest proportion of the budget compared to any single sector, accounting for on average 16 percent of total expenditures.

Education is at the heart of the government's medium-term National Development Plan 2019–2023. In 2018, the government launched a national flagship program—Free Quality School Education Program—with an aim of ensuring free quality education to all children of school-going age, from pre-primary to secondary school. To finance the program, the government has raised the education sector budget to 21 percent of the overall budget in 2020 and reaffirms its commitment to increase the budgetary allocation on education annually over the years at least till 2023.

Sources: World Bank 2022a; World Bank 2018.

TECHNICAL AND FINANCIAL PARTNERS (TFPS) AND HOUSEHOLDS CONTRIBUTE TO HUMAN DEVELOPMENT FUNDING IN VARYING DEGREES

Government expenditure in human development is supplemented by external financing to different extents in each sector. Given its high share in the country's domestic revenue, massive cuts in foreign grants could affect CAR's ability to meet its domestic commitments, including the payment of agents and civil servants (ACS). In education, between 2018 and 2020, external financing had accounted on average for only 11.7 percent of total actual public spending on education and it was mostly focus on primary education.¹⁸ The sector also receives indirect funding from TFPS via budget support conditional on specific indicators, but they do little to increase education funding as these indicators are related to governance reforms that do not involve significant expenses. In contrast, external financing to the health sector constitutes the bulk of the sector expenditures, standing at about half of total health expenditures in 2018 (compared to 12.6 percent in SSA and 29.2 percent in LICs). In SP, there is a heavy reliance on external assistance and the majority of SSN programs are externally financed (constituting 76 percent of total SSN funding in 2019).

Household spending on education and health is significant, especially for a country where most households live in poverty. In education, parents cover not only direct costs and indirect costs but also the remuneration of community teachers, who represented about 63 percent of public school primary teachers in 2018–19, the proportion of which has since increased. Since the beginning of the COVID-19 pandemic, parents have also started paying the salaries of secondary temporary teachers in areas outside Bangui. Similarly, in health, there are high out-of-pocket (OOP) expenses, over six times more than government spending per capita (in 2018). OOPs more than doubled between 2015 and 2018, from only US\$9.3 per capita to US\$22.4 per capita in 2018. The sector's heavy reliance on external donors and OOPs by households is a threat to the stability, sustainability, and predictability of health financing in CAR.

There is no question that overall spending levels on human capital development need to be increased in CAR. Spending increases will need to be accompanied by strong improvements in the efficiency and effectiveness of that spending.

Box 2. How can human capital spending be protected in the face of COVID-19?

The pandemic poses substantial risks to human capital through several pathways. The provision of basic services (health, nutrition, and education) has been disrupted. Containment measures have had dire consequences for livelihoods and food security. Supply disruptions have increased the price of essential commodities, including nutritious food. As a result, the COVID-19 crisis is expected to result in an increased number of stunted children, as well as widespread learning losses as children have lost out on learning time due to school closures. Many kids may never return to school. Global poverty is expected to rise for the first time in two decades.

The fiscal impact of the pandemic is already leading to significant budget cuts across sectors, including education. Education budgets declined after the onset of COVID-19 in 65 percent of low-income countries. Government spending on health and SP is expected to decline in many countries as overall fiscal capacity shrinks, unless governments can take steps to protect spending in those sectors.

Sustainable recovery from the impact of the COVID-19 crisis, especially for the poorest countries, will require efforts on several fronts:

- To mitigate the risk of permanent human capital losses, the focus should be on identifying and financing clear policy priorities. These priorities can include restoring health, protecting and investing in young children, minimizing learning losses, and supporting livelihoods.
- In parallel, investments are needed to make service delivery systems resilient and inclusive in building, protecting, and utilizing human capital.
- Additional spending may not necessarily lead to better outcomes unless there are positive elements of broader governance in place, such as a whole-of-government approach to agree on and manage priority actions and improving public financial management with a focus on results.
- Along with prioritizing essential human capital development expenditures, human capital development must be placed at the center of the budget process. These expenditures should be recognized as an investment in a country's productive capacity.
- In countries with tight fiscal positions, a multi-year, outcome-oriented approach to budgeting is important to protect human capital expenditure from fiscal adjustment. Pursuing cost-effective reforms and refocusing budgets towards priorities can help protect critical spending lines from budget cuts.

Source: World Bank 2021b.



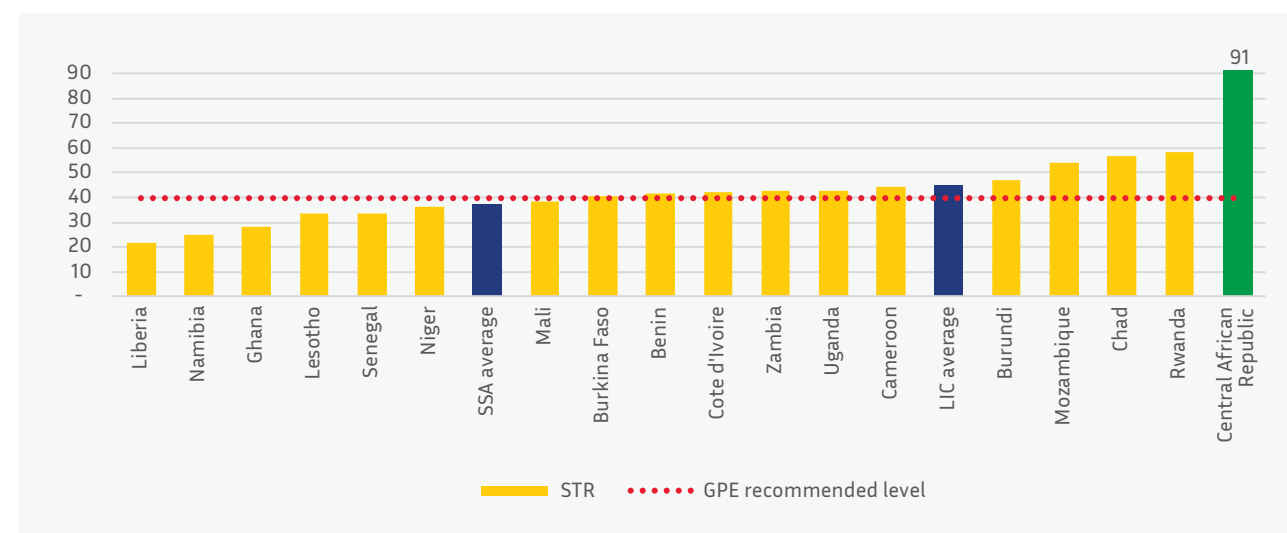
III. THE EFFICIENCY OF HUMAN DEVELOPMENT SPENDING IN CAR

GOVERNMENT SPENDING ON HUMAN CAPITAL DEVELOPMENT IS CHARACTERIZED BY HIGH ALLOCATIVE, TECHNICAL, INTERNAL, AND EXTERNAL INEFFICIENCIES

Intra-sectoral allocations within the human capital development sectors tend to be inefficient. In education, intra-sectoral government spending is highly skewed towards higher education, which represented 37.3 percent of spending on average during the period 2018–20¹⁹ (the average for SSA countries is 23.1 percent, and for low-income countries 23.7 percent). This allocation is at the expense of preschool, literacy, and nonformal education, as well as secondary education, including technical vocational education and training (TVET). Spending on preschool education is almost nonexistent, even though this subsector has the potential to provide the highest return on investment of all subsectors (UNICEF 2019). Likewise, CAR spent less than one percent (0.6 percent) of the education budget on TVET over the period 2018–20 on average, despite the important need for skill development among youth. In health, allocative inefficiencies are suggested by (i) the high share of expenditure allocated to diseases that do not contribute to the overall country disease burden; (ii) the high share of expenditure to Bangui relative to the rest of the regions, despite its having much better health outcomes and access to basic health services; and (iii) a high mortality rate despite a high share of current health expenditure in the budget. In SP, almost half of government funding goes to higher education scholarships, thus not benefitting the poor and vulnerable.

Spending on education is also characterized by high technical, internal, and external inefficiencies. First, CAR has one of the highest STR in the world, standing at 91 in 2018–19, while the SSA average STR is 37 (Figure 7).²⁰ The ratio of students per government-paid teacher is 271:1 in public primary schools, also reflective of technical inefficiencies in spending. Second, repetition and dropout rates are quite high both at the primary and secondary levels, leading to low completion rates. These internal inefficiencies point to a substantial waste of financial resources, including dedicating classrooms and teachers each year to repeaters, even if research has found that repetition does not have any benefits (UNESCO 2012). Lastly, CAR is caught in a “low-skill, bad-job trap,” (Snower 1994) whereby very low skills come from the low quality of education and are reflected by illiteracy of most of those who reached grade 6 but have not attained education beyond the primary level (76 percent and 84 percent of men and women aged 25–49, respectively, MICS 2019). The country suffers from two interrelated issues: (i) limited availability of skilled labor and (ii) a labor market with limited job opportunities for graduates.

FIGURE 7. TECHNICAL INEFFICIENCY: STR AT THE PRIMARY EDUCATION LEVEL, CAR 2019 AND PEERS (AVERAGE 2016–19)



Source: World Development Indicators (WDI) consulted on May 2021.

¹⁹ Calculations based on data from the Ministry of Finance and Budget.

²⁰ The STR in CAR is more than twice the GPE-recommended level (40:1) to ensure adequate learning and teaching conditions.

In health, there are suggestions of macro-level technical inefficiencies²¹. Government spending per capita doubled between 2015 and 2018 from US\$1.70 per capita to US\$3.40 per capita whereas the infant mortality rate only decreased by 7 percent from 89.7 per 1,000 live births to 83.4 per 1,000 live births over the same period. In addition, relevant comparator countries that allocate a much lower share of their domestic government general expenditure to health achieve much lower under-five mortality rates.

LIKE OTHER FCV COUNTRIES, CAR RELIES HEAVILY ON TFPS TO FINANCE CAPITAL INVESTMENTS IN THE SOCIAL SECTORS

Government spending on human capital development sectors has been heavily geared toward current expenditure, with little to no space for capital expenditures. In education, most of CAR’s spending was allocated to wages and salaries (62.6 percent) followed by spending on goods and services (20.9 percent) between 2018–20.²² Only 4.3 percent of government expenditure on education was allocated to capital spending over the same period. In health, although capital spending has increased substantially over the past five years, it still represents an exceptionally low share of total government health spending—about two percent. Infections and parasitic diseases are the main cause of current health care costs (72.8 percent of current health expenditure in 2016), with malaria alone accounting for 30.8 percent of these costs in the same year. The nature of SP-related expenditure is similar, dominated by operating expenses and some investment expenditure—although the latter is spent on office furniture, cars, and construction of offices, reflecting how newly established the SP-related ministries are. Direct transfers to beneficiaries represent a relatively small share of SSN expenditure, mostly financed by international partners.

DEFICIENCIES IN CORE PFM FUNCTIONS IMPEDE THE DELIVERY OF SOCIAL SERVICES

Poor budget planning and evaluation in the human capital development sectors causes poor allocative efficiency, with budget-setting relying mostly on historical budget allocations. Any major funding changes are expected to be met through external funding.

The lack of public investment capacity will constrain the sectors when/if external funds diminish. The domestically financed public investment management system has not developed the capacity to manage infrastructure projects but rather focuses on lower-cost short-term interventions that could hardly be transformational for the sector.

CAR’s procurement system has little capacity to meet minimum standards of efficiency and transparency, and poor procurement practices are seen in all three sectors, affecting them differently. For instance, an example of lack of transparency in the education sector is illustrated by the high cost of textbooks, which is partly attributed to procurement bottlenecks. Targeted requests for proposals have led to the selection of one particularly expensive international publishing company – a practice often symptomatic of corruption. The health sector, however, has bypassed the immediate consequences of poor (domestically funded) procurement practices, as most of its service-oriented purchases, like medicines, are done through external funding tied to external procurement processes.

²¹ Technical efficiency in health refers to the physical relationship between resources (financial, capital and labor) and health outcomes. To act efficiently, a country should use their level of health financial inputs to obtain a maximum level of health outcomes

²² Calculations based on data from the Ministry of Finance and Budget.

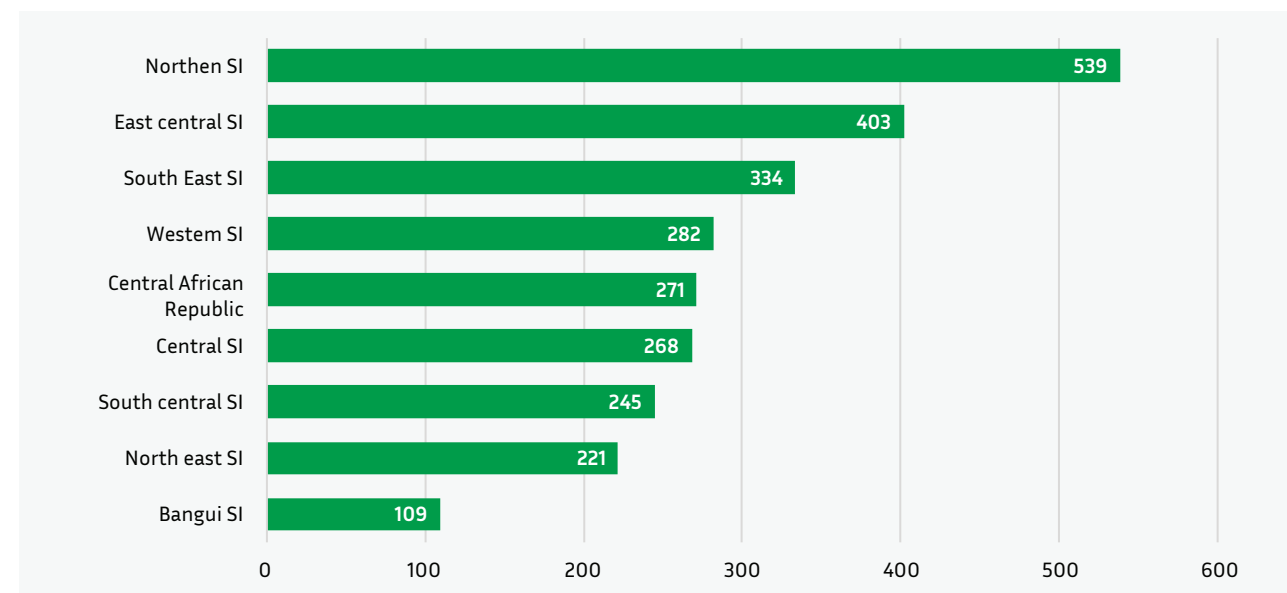


IV. THE EQUITY OF HUMAN DEVELOPMENT SPENDING IN CAR

GOVERNMENT SPENDING PERPETUATES INEQUALITY IN ACCESS TO BASIC SOCIAL SERVICES, WHICH CAN IN TURN FUEL CONFLICTS AND GRIEVANCES

With regards to education, the inequity of government spending is reflected by several factors. First, schooling at all levels of education in CAR is not free and the cost of education is often an insurmountable barrier for poor families. Students and their families are charged school fees and have to cover indirect and opportunity costs. However, there is not yet government spending on family assistance programs or scholarships to enable poor families to send their children to schools. Second, there are huge disparities in STR and SCR across school inspectorates, which point to inequity in the provision of primary education. Children living outside Bangui, especially in rural areas, are disadvantaged both in terms of provision of government-paid teachers and adequate classrooms (Figure 8). Third, the very limited and uneven provision of TVET and general secondary education across the country raises serious equity issues, as many of the youth have few opportunities to acquire the skills that match their needs and desires. Fourth, there are limited second chance opportunities programs, although many school-age children and youth (including those who are displaced) are out-of-school. Lastly, inequalities exist across gender: girls are more likely to be out of school than boys and have lower completion and literacy rates.

FIGURE 8. INEQUITY IN THE PROVISION OF PRIMARY EDUCATION: STR AT THE PRIMARY LEVEL WITH ONLY GOVERNMENT-PAID TEACHERS

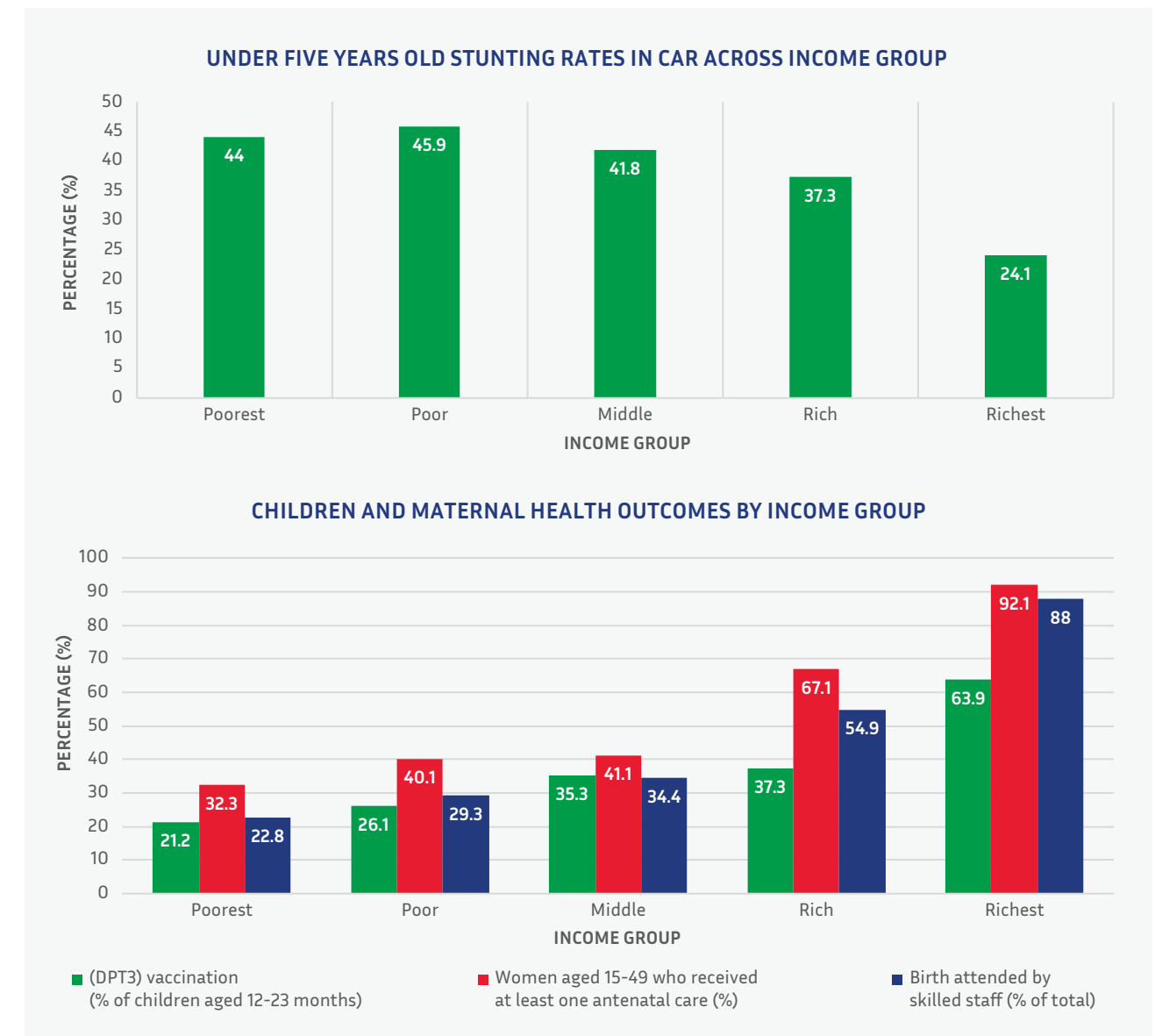


Source: Authors' calculations based on EMIS 2018-2019.

In the health sector, public spending does not translate into outcomes and perpetuates inequalities in access to services. Outcomes vary substantially across regions, with Bangui performing better relative to the rest of the country. The country's latest National Health Accounts (NHA) suggest that total and per capita health budget allocation is unequal across regions. Bangui and its suburbs (region 7), which have the lowest under-five mortality rate in the country, receive the highest budget per capita, four times the budget per capita received by region 4 (which has the highest under-five mortality rate in the country)²³ Health outcomes also vary substantially across income quintiles—the stunting rate of children in the poorest quintile is roughly two times higher than the stunting rate of children in the richest quintile (Figure 9). The percentage of children (aged 12–23 months) in the poorest quintile who have not received vaccinations (DPT3) is also three times higher than the percentage of children (aged 12–23 months) in the richest quintile.

²³ Region 7 (under-five mortality rate 59.55 per 1,000 live births) receives CFAF 68,512 per capita while region 4 (under-five mortality rate 122.57 per 1,000 live births) receives CFAF 16,111.1 per capita.

FIGURE 9. KEY HEALTH OUTCOMES BY SOCIOECONOMIC STATUS



Source: CAR MICS 2018/2019 survey.

The lack of an established SP system does not allow for improvements in poverty and inequality reduction. Even though more than 70 percent of the population lives in poverty, just over 20 percent of the population received an SSN benefit in 2020, financed mainly by donors and via emergency projects. Some regions with higher poverty rates receive little or no support. This is especially true for regions that face security challenges, as distributing either cash transfers or food may come at a high cost when the risk of theft or other security threats are present. From the institutional side, there is no sectorial leadership, nor a targeting strategy.



V. THE MANAGEMENT OF HUMAN RESOURCES

THERE IS AN ACUTE SHORTAGE OF GOVERNMENT-PAID QUALIFIED TEACHERS AND HEALTH WORKERS, ESPECIALLY OUTSIDE OF THE BANGUI METROPOLITAN AREA

Poor HRM practices bind the deployment of civil servants outside Bangui. The combination of hyper-centralization of HR administrative capacity, lack of local payment capacity, and lack of incentives to work outside of Bangui causes absenteeism, which affects the quality of education and health services outside of Bangui.

A huge deficit of qualified teachers—the result of weak and inadequate teacher management and lack of financing—presents a major bottleneck to accessing quality education in CAR. First, current total teacher training capacity falls far short of CAR's needs for the next decade. To reach an STR of 50 by 2030 in public primary schools, it will be necessary to quadruple the current number of qualified teachers (to about 16,082). Second, there is no fixed budget line to ensure regular pre-service training for *maîtres d'enseignement*.²⁴ Third, since 2009, there have not been any regular and sustainable teacher recruitment practices in place; approximately 4,032 teachers were awaiting integration into civil service as of May 2021. Fourth, the government's ability to deploy teachers outside of the Bangui metropolitan area is weak due to the absence of incentives and monitoring mechanisms. Lastly, in comparison with other SSA countries with a comparable level of development, CAR has both a low number of government-paid teachers per capita and a relatively high salary level for them at the primary level. Increasing the presence of teachers and health workers across the territory will not only improve the access and quality of the services provided, but also increase the legitimacy of the state.

Like many developing countries in SSA, CAR has a serious shortage of qualified health workers. They are not sufficiently trained and their salaries are low, adversely affecting their motivation and performance. International migration, career changes among health workers, premature retirement, morbidity, and premature mortality are often cited as the main reasons behind the shortage of health workers in CAR (WHO 2019). There is an acute shortage/lack of health workers (including doctors, obstetric care workers, nurses, midwives) who are unevenly distributed across the seven regions of the country, with a greater concentration of health workers in Bangui. There are only 7.3 health professionals per 10,000 inhabitants in CAR (0.8 general practitioners, 2.5 nursing professionals, 2.4 other nursing professionals, 1.6 obstetric care professionals), which is well below the WHO standard of 23 health workers per 10,000 inhabitants. Health workers are not located where they are needed most. For instance, region 3 is one of the most densely inhabited health regions (with 20 percent of CAR's population) and has the third-highest rate of under-five mortality and stunting in the country. Nevertheless, region 3 has only one health professional per 10,000 inhabitants compared to 31 health professionals per 10,000 inhabitants in Bangui (SARA/HeRAMS Survey 2019).

²⁴ Current lowest category of civil-servant primary teachers.



VI. RECOMMENDATIONS

In the short to medium term, CAR could take the following policy actions related to public expenditures to improve its human capital outcomes. Table 1 provides a summary of prioritized policy recommendations in each sector. For a more detailed reform agenda please refer to the respective chapters of the PER.

Creating more fiscal space for spending on human capital development will be critical. In the short to medium term, CAR could undertake policy reforms to improve its tax revenue mobilization for sustained human capital accumulation. Government expenditures should be consolidated and streamlined to help reduce inefficient spending to create fiscal space and resources, which can be efficiently channeled towards social sectors. Also, ensuring that CAR's fiscal policy is countercyclical will be fundamental for human capital accumulation even in periods of recession. This is critical for economic recovery and to maintain a minimum level of human capital accumulation irrespective of the business cycle. To this end, the country's macroeconomic framework should be improved to better monitor short-term economic development, leading in turn to more efficient fiscal policy that supports CAR's development outcomes.

Improving PFM is a necessary condition for improving human capital outcomes and the efficiency of social spending. The capacity of the social ministries will have to be strengthened to evaluate the effectiveness of their own budgets and prepare budget proposals that include learnings from these evaluations. In addition, building the capacity of the same ministries to manage public investment projects will be key. Procurement processes will have to be streamlined, and technical assistance will be required to build the capacity of procurement focal points and agencies in the respective ministries.

Linked to improvements in PFM is the development of a fiscally sustainable HR policy that will create incentives for health and education workers to accept and complete postings outside Bangui. Sector-appropriate policies that build incentive structures with financial and non-financial benefits should be developed. The implementation of these policies will hinge on the development of an effective HR information system, an attendance records system, and HR administrative hubs outside Bangui. Increasing the presence of teachers and health workers across the territory will not only improve the access and quality of the services provided, but also increase the legitimacy of the state.

In education, increasing the allocation of the overall government budget to the sector will be essential to address huge financing needs, in conjunction with improvements in allocative efficiency and provision of government-paid teachers. Spending on education should gradually increase from an average of 13.3 percent (as a total government spending) during 2018–20 to 20 percent (which is the GPE recommended level) and beyond if feasible, as committed by the government in its 2021–2029 Education Sector Plan.²⁵ In addition, the distribution of the education budget across subsectors will need to improve so that underdeveloped sectors such as pre-primary, secondary (including TVET), literacy, and nonformal education are adequately funded. Lastly, the proportion of government-paid and qualified teachers should be increased in public schools to lessen the burden on poor communities. This is especially important to reduce inequities in the provision of education in poor and remote regions where communities pay for unqualified community teachers.

In health, enhancing the delivery of essential services and improving the health outcomes of the regions most in need is critical. This will improve equity in access to health services as a key intermediate objective in achieving universal health coverage. To address the shortage of health professionals in regions outside of Bangui, community health workers (CHWs) should be recruited in regions 1 and 3, which have poorer health outcomes and lower CHWs per capita. Investments should be made in decentralized training for nursing, midwifery and community health workers, building on existing models that have been used by NGOs in remote and rural areas. People who are already from rural areas are more likely to stay in those regions after their training is complete. Reallocation of current health spending to regions with the most pressing health needs will also be an important step to promoting equity and fairness in access to health services. Furthermore, improvements could be made in the allocative efficiency of the health sector by redirecting resources to fighting diseases with the highest Disability-Adjusted Life Year (DALYs). Specifically, tuberculosis, diarrhea, and acute respiratory infections, which are dominant in the country's disease profile, could be targeted.

Given the nascent stage of the SP system in CAR, only one-quarter of the total expenditure on SSN is financed from the national budget, representing only 0.38 percent of GDP in 2020. The impact of SSN expenditure

(representing 1.65 percent of GDP combining national and international funding) would benefit from improved targeting and sector leadership. Budget allocations to the sector should increase substantially, accompanied by improvements in execution. In addition, moving national expenditure away from regressive programs (such as scholarship programs for higher education) and redirecting spending towards programs with high returns could improve the allocative efficiency of national resources. Most importantly, CAR needs an actionable SP strategy targeting the poor and vulnerable, executed under the leadership of a national institution that can effectively coordinate efforts in the sector. While targeting in the context of widespread poverty is not an easy task, developing targeting mechanisms that address coverage gaps and focus on the neediest is imperative, especially given the limited resources available. Given the number of international partners involved in SP in CAR, and the heavy reliance on external funding for SSN interventions, effective coordination is critical to reduce fragmentation in the sector and avoid overlap and duplication of efforts.

Overall, it is critical to strengthen the government's capacity to collect, analyze, and use data for policy making. As highlighted above, capacity strengthening is required at the overall level of the budget at the Ministry of Economy, Planning and Cooperation and the Ministry of Finance and Budget to be able to track expenditure and execution data on a timely basis. It is also critical for the line ministry level to be able to link social sector outcomes with budgets, improve efficiency of spending, and understand bottlenecks. Finally, building culture and capacity across the whole government on utilizing the data for evidence-based policy making is critical.

TABLE 1. OVERVIEW OF KEY RECOMMENDATIONS

| PROPOSED REFORMS | TIMEFRAME | EXPECTED IMPACT(S) | INSTITUTION(S) |
|--|----------------------|---|--|
| Macro/Fiscal | | | |
| Curtail and monitor tax exemption, especially on Value Added Tax (VAT) and Corporate Income Tax (CIT) | Short term. | Minimize revenue losses due to tax exemption | <ul style="list-style-type: none"> Ministry of Finance and Budget Ministry of Trade |
| Increase tax recovery rates through targeted audits and other verification measures | Short term | Improve tax recovery | <ul style="list-style-type: none"> Ministry of Economy Ministry of Finance and Budget Ministry of Trade Ministry of Industry |
| Tap into the informal sector and implement business-friendly reforms | Long term | Attract private sector investments Reduce revenue losses due to the informal sector | <ul style="list-style-type: none"> Ministry of Economy Ministry of Finance and Budget Ministry of Trade Ministry of Industry Communities and Civil Society Economic and social council |
| Harness the potential of property taxes | Long term | Increase the contribution of property tax to domestic revenue | <ul style="list-style-type: none"> Ministry of Economy Ministry of Finance and Budget Ministry of Industry Ministry of Housing ICASEES (National Institute of Statistics) |
| Enhance tax policy and administration and modernize the country's tax system | Medium term | Reduce fraud and corruption in tax administration Increase efficiency of tax and customs administration | <ul style="list-style-type: none"> Ministry of Finance Customs department Tax department Ministry of Economy |
| Governance, including PFM, Procurement, HR | | | |
| Strengthen the procurement chain with a sector-focused approach | Short to medium term | Train Civil servants to carry out effective procurement processes The 2023 budget will be informed by the respective procurement plans | <ul style="list-style-type: none"> Ministry of Health and Education's DPMPs DGMP and ARMP ENAM |
| Develop an HR information management system (HRMIS) and an effective attendance records system in human capital development sectors | Short to medium term | Effectively manage civil servants' long-term careers | <ul style="list-style-type: none"> Ministries of Education and Health Ministry of Civil Service ONI |
| Address local payment capacity through innovative methods, including, but not limited to, mobile payments | Short to medium term | Increase access to salary payments outside of Bangui | <ul style="list-style-type: none"> Ministries of Education and Health Ministry of Finance and budget |

²⁵ In the updated simulation model of the ESP, the 20 percent threshold is reached in 2028 and the target is 22 percent in 2030.

| PROPOSED REFORMS | TIMEFRAME | EXPECTED IMPACT(S) | INSTITUTION(S) |
|--|----------------------|---|---|
| Education | | | |
| Increase the allocation to the education sector budget to address huge financing needs, and reach the GPE recommended threshold of 20 percent of the total government budget in the medium term followed by 22 percent by 2030 | Short to medium term | Improve access to education, quality of education, equity in the provision of education, and increased education outcomes for all boys and girls | <ul style="list-style-type: none"> • Presidency of the Republic • Ministry of Finance and Budget/MPEC • All ministries of education • TFPs |
| Improve the allocative efficiency of the education budget to ensure that underdeveloped subsectors (pre-primary, secondary levels including TVET, and literacy) are adequately funded | Short to medium term | <p>Develop and improve pre-primary education, TVET, nonformal education and literacy, and general secondary education</p> <p>Increase efficiency and equity in higher education and research spending</p> | <ul style="list-style-type: none"> • Ministry of Finance and Budget • All ministries of education |
| Increase the proportion of government-paid and qualified teachers in public schools to improve the quality of education and reduce the financial burden on families | Short to long term | <p>Increase number of qualified teachers which will contribute to improving access to education</p> <p>Reduce inequities in the provision of education as poor and remote regions will have access to government-paid qualified teachers instead of having to pay for unqualified community teachers</p> <p>Improve learning outcomes though the availability of qualified teachers</p> | <ul style="list-style-type: none"> • Ministry of Finance and Budget • All ministries of education • School inspectorates • Ministry of Civil Service |
| Health | | | |
| Compensate the uneven distribution of health workers between health region 7 (Bangui) and the remaining 6 health regions by: <i>i) recruiting more community health workers (CHWs) in regions with poorer health outcomes and lower CHWs per capita, namely regions 3 and 1</i> <i>ii) making other health regions outside of Bangui attractive to new graduate health workers by granting a special premium to those willing to relocate to safe health regions with a higher health facilities ratio per 10,000 inhabitants compared to Bangui (regions 3, 4, and 6) or to experienced health workers willing to relocate</i> <i>iii) Invest in the decentralized training of nurses, midwives and community health workers, as individuals who are already living in remote and rural areas are more likely to stay there upon graduation.</i> | Short to medium term | Enhance the delivery of essential health services and improve health outcomes in regions most in need. This will also improve equity of access to health services which is a key intermediate objective towards reaching UHC in CAR | <ul style="list-style-type: none"> • Ministry of Health (CHW strategy) • Ministry of Finance • Ministry of Civil Service • Ministry of Higher Education |
| Re-allocate a larger share of current health spending to understaffed health regions with sufficient health facilities and the most pressing health needs in particular health regions 3, 4, and 6 in lieu of region 7 and increase the share of government spending on health outcomes for under five years old children | Short to medium term | <p>Improve the delivery of essential health services and enhance health outcomes by promoting equity and fairness in access to healthcare</p> <p>Improve long-term human capital outcomes likely to yield higher economic returns in the long run</p> | <ul style="list-style-type: none"> • Ministry of Finance • Ministry of Health |

| PROPOSED REFORMS | TIMEFRAME | EXPECTED IMPACT(S) | INSTITUTION(S) |
|---|----------------------|--|--|
| Re-allocate a greater share of government health spending to the fight against diseases playing an important role on the country's global burden of disease | Short to medium term | Improve the allocative efficiency in the health sector by redirecting resources to fighting diseases with the highest DALYs and their major underlying causes such as children's malnutrition/stunting | <ul style="list-style-type: none"> • Ministry of Finance • Ministry of Health |
| Allocate a greater share of public spending to capital/ investment spending, hence shifting away from current type of spending and adopt accompanying measures to improve the involvement of the private sector in the provision of health services | Medium term | <p>Improve the predictability of public health spending by substantially decreasing the heavy reliance of the health sector on external loans and grants, hence changing the revenue raising mechanism paradigm in the country</p> <p>Lower the level of out-of-pocket payments, one of the highest in the CEMAC subregion</p> | <ul style="list-style-type: none"> • Ministry of Finance • Ministry of Health |
| Social Protection | | | |
| Shift national expenditure away from regressive programs and redirect spending towards programs that yield high returns on investments | Short term | Improve allocative efficiency of national resources, given potential regressiveness of national SP spending (half of them goes to higher education scholarship) and tight budget constraint | <ul style="list-style-type: none"> • MAHRN • MES • MSP • MPFFPE • MTEPS |
| Take stock of SP-related interventions to give a better overview of the range and types of interventions, and help more accurately size the level of spending in the sector | | Create a roadmap towards building resilience and reducing vulnerability—by adopting a coherent SP strategy based on a programmatic umbrella ('up') built on what exists and what works ('bottom') | <ul style="list-style-type: none"> • Need to identify who will be in charge of the coordination mechanism |
| Adopt a coherent SP strategy and move away from short-term projects to build an SSN system that includes medium-term interventions | Short to medium term | Ensure the gradual transition from donor-managed system to government system and reduce coverage gaps by aligning interventions on the most pressing needs | <ul style="list-style-type: none"> • To be identified |
| Build leadership and redefine attributions and stewardship towards a national SP system | Short to medium term | Identify a line ministry responsible for SSN interventions | <ul style="list-style-type: none"> • To be identified |
| Set-up a national coordination and ex post monitoring system | Medium term | Increase spending efficiency by reducing duplication and identify bottlenecks and delivery constraints by comparing the budgeted and executed spending of SP interventions | <ul style="list-style-type: none"> • To be identified |



VII. AN OVERVIEW OF CAR'S FINANCING NEEDS AND HOW THEY RELATE TO SUSTAINABILITY

In the education sector, the results presented in this section are based on the simulation model developed for the ESP 2020–2029, updated to reflect the impact of the COVID-19 pandemic and the effect of the tumultuous 2020–21 elections on government revenues and education sector. Further details are available in the technical background paper on the education sector.

THE GOVERNMENT HAS COMMITTED TO INCREASE PUBLIC SPENDING ON EDUCATION TO REALIZE ESP 2020–2030 TARGETS

When adopting the ESP, the government committed to increase the proportion of spending on education in total government spending from 13.3 percent in 2019²⁶ to 20.1 percent in 2026 (the recommended GPE level) and 23 percent in 2029. Following the COVID-19 pandemic and 2020–21 elections turmoil, it appeared necessary to revise the final target to 22 percent (instead of 23 percent as originally planned) and to postpone its achievement by one year (2030 instead of 2029). These targets correspond to an increase from 1.9 percent in 2020 to 3.3 percent of GDP in 2030.

This estimate is to address financing needs, in particular:

- Expected increase in student enrollment at all levels of education, from preschool to higher education, over the period 2022–30.
- Adequate number and composition of the teacher force needed to provide teaching and learning at all levels of education while reducing high STRs from 101 in public primary schools and 54 in public secondary schools in 2018–19 to 50 in 2030–31 at both the primary and secondary levels.
- Adequate number of classrooms needed to improve access and learning conditions in public schools at all levels of education at the beginning of the 2030–31 school year, while reducing high SCR.
- Goods and services needed to ensure quality of education including teachers' training, learning, and teaching materials, and textbooks.
- Transfers and potential demand-side interventions such as scholarships (especially for girls), as well as nonformal education programs such as literacy and nonformal and informal TVET for out-of-school youth.

At 3.3 percent of GDP, this level of spending would remain below the SSA's average in 2018²⁷ (4.6 percent), but it will require increased spending on education as a percentage of total government spending. The funding would be used (among other interventions) to (i) train and recruit a total of 16,082 primary teachers, 7,375 secondary teachers, and 5,445 public preschool teachers by 2030; and (ii) build 11,441 classrooms and rehabilitate a further 4,749 classrooms at the preschool, primary, secondary, and TVET levels.

To achieve ESP targets, capital expenditures as a proportion of total education spending are projected to gradually increase, and the share of salaries and wage expenditures to decrease over the period 2021–30. Intra-sectoral allocations are also projected to change. The proportion of spending allocated to primary education is expected to remain at 38.3 percent on average during the 2021–30 period.²⁸ Spending will increase for preschool (from 0.2 percent in 2020 to 12 percent of the education budget in 2030) and secondary subsectors (to 32.9 percent in 2030). Lastly, spending in the higher education and research (HER) subsector is projected to fall from 29.1 percent in 2021 to 17.2 percent of the education budget in 2030. Despite this significant reduction as a share of total education spending, the absolute level of HER spending will increase by 31 percentage points over the 2021–30 period.



THE FINANCING GAP²⁹ FOR THE PERIOD 2021–30 IS EXPECTED TO BE COVERED BY TFPs

According to the baseline scenario, the average annual financing gap over the period 2021–30 amounts to CFAF 7.4 billion in constant prices (US\$13.7 million). When endorsing the ESP in July 2020, TFPs pledged to support the government in meeting the financing gap through project grants and credits. The GPE grant (US\$30.85 million) used to finance the ESP covers 56 percent of the average annual financing gap during the 2021–24 period. Assuming there will be additional GPE financing in 2025, and taking into account grants provided by other TFPs (including EU, AfDB, AFD, WB, and others), it is feasible to cover the financing gap to ensure implementation of the ESP. Lastly, the proportion of external financing allocated to the education sector, which stood at 4.1 percent on average during 2018–20, will have to increase to 13.0 percent over the 2021–30 period (from 6.5 percent in 2021 to 18.7 percent in 2030) to cover the financing gap, which seems realistic given the importance of education in consolidating peace efforts in CAR.

THE IMPLEMENTATION OF THE ESP REFORMS CAN BE SUSTAINABLE

The fiscal sustainability of the implementation of the ESP reforms to rebuild the education system is addressed through the following considerations and measures:

- The commitment of the government to gradually increase the proportion of its total spending in the education sector will provide the funds needed to address sector challenges. Investing in education yields important benefits such as stability, peace, and social cohesion, which in return reduces spending needs on defense and public order.
- Containing HER spending will allow for a more efficient allocation of the education budget across subsectors and will help finance expanded provision of preschool and secondary education (including TVET) and literacy.
- The implementation of the overall teacher recruitment strategy is expected to lead to a reduction of the average salary of a government-paid teacher at the primary level by 15.2 percent in real terms during the next 10 years. Payroll reductions will result from (i) measures to contain the salary of existing teachers; and (ii) rejuvenation of the teaching staff due to new recruits, including the creation of new teacher ranks with lower salaries³⁰ and the introduction of a lower initial salary for *maîtres d'enseignements*. Moreover, the improvement in teacher management policy also yields important efficiency gains that contribute to containing the wage bill.
- The launch of a community-based approach to build and rehabilitate classrooms and schools will also yield efficiency gains. This approach has been known to be cost-effective as it significantly reduces transaction costs, builds local capacity, and contributes to reducing implementation delays.

²⁶ The average during 2018–20 was 13.3 percent.

²⁷ But higher than the CEMAC countries average, exclusive of CAR, during the same period (3 percent).

²⁸ This share is a little below the GPE recommended level (45 percent), but the rationale behind this proportion is provided by the following points

²⁹ The financing gap is the difference between (a) government spending on education financed through domestic resources and budget support and, (b) total public spending required to address sector needs in order to rebuild the education system based on the targets set under the simulation model

³⁰ For example, *agent d'éducation*, a teaching rank reserved for community teachers are expected to make up a large proportion of the new recruits to be hired in the next decade and would be paid at a lower rate than the two existing teaching ranks at the primary level.

ADDITIONAL FINANCING IS REQUIRED TO MEET THE LATEST HEALTH INVESTMENT CASE'S (IC) TARGETS

In the health sector, financing needs and sustainability analyses are based on the latest Investment Case validated by the CAR government in 2019 and currently being updated by the Global Financial Facility with the latest 2018/2019 MICS data released early 2021.

CAR has some of the highest maternal, neonatal, child mortality, and adolescent fertility rates in Sub-Saharan Africa. The 2019 IC, which mainly relied on the 2010 MICS data, focuses on improving maternal mortality, neonatal mortality, under-five years old mortality, stunting, and adolescent fertility rates with different targets set for 2022 through a range of high-impact RMNCAH interventions. More specifically, the 2019 IC aims at reducing:

- maternal mortality ratio from 882 per 100,000 livebirths (in 2015, now 829 per 100,000 livebirths) to 593 per 100,000 livebirths by 2022;
- neonatal mortality from 46 per 1,000 livebirths (in 2010, now 28 per 1,000 livebirths) to 29 per 1,000 livebirths by 2022;
- under 5 child mortality rate from 150 per 1,000 livebirths (in 2010, now 99 per 1,000 livebirths) to 90 per 1,000 livebirths by 2022;
- under 5 child stunting rate from 40.7 percent (in 2010, now 39.8 percent) to 31 percent by 2022; and
- adolescent fertility rate from 229 per 1,000 women aged 15–19 (in 2010, now 184 births per 1,000) to 90 per 1,000 women by 2022.

The set of RMNCAH interventions in the IC targets women of reproductive age (15–49 years), pregnant women, infants, and children under the age of 5 years. These interventions will help prevent the deaths of 513 mothers, 3,050 newborns, and 6,832 children under 5 years in three *priority* areas of the country—for a total of more than 10,395 lives saved by 2022.

A Global Financing Facility (GFF) resource mapping undertaken in 2019 estimated that achieving the IC by 2022 will require a total funding of US\$150,621,801 for the 2020–22 period. The government's total financial engagement is estimated at US\$8,020,668 (6 percent of total funding requirements) and contributions from other key external partners are estimated at US\$86,492,696, with the World Bank/GFF (12 percent of total funding requirements) and the EU (21 percent of total funding requirements) being the major donors. Thus, the funding gap is estimated at US\$56,108,438.³¹ Detailed analyses are available in the technical health background paper.

To improve health services delivery in underserved areas of the country and address the shortage of health professionals in regions outside of Bangui, the government should recruit more CHWs in the regions most in need. Based on recent estimates from the Ministry of Health, there is a total of 5,070 CHWs in CAR, equivalent to roughly 1 CHW per 1,000 inhabitants. One of the most immediate priority actions the government should undertake is filling the gaps of CHWs in regions with poorer health outcomes and with the lowest share of CHWs per capita. The three health regions with less than 1 CHW per 1,000 inhabitants are region 7 (Bangui and suburbs) with 0.2 per 1,000 inhabitants, region 3 (0.9 per 1,000 inhabitants), and region 1 (0.7 per 1,000 inhabitants). The latter two regions should be the focus. Bangui, considered the region with the best health outcomes with the lowest under five mortality rate (59.5 per 1000 live births), already has 30.9 health professionals per 10,000 inhabitants, well beyond the WHO threshold of 23. The government will need to recruit 218 CHWs in region 1 (with the fourth highest mortality rate of the country of 101.48 per 1,000 live births) and 104 CHWs in region 3 (with the third highest mortality rate of the country of 105.10 per 1,000 live births).

To achieve this, assuming one CHW has a monthly remuneration of CFAF 25,000 CFA³² (~US\$45), the total costs for a year³³ is an estimated CFAF 97 million (US\$174,300) (excluding Bangui³⁴), equivalent to 0.2 percent of the current total allocated budget for health in 2020.³⁵ This is roughly 11 times the current budget allocated to CHWs in CAR, which has remained constant at CFAF 8,500,000³⁶ (approximately US\$15,522 or only 0.034 percent of the allocated budget for health the same year). At 0.2 percent of the health sector budget, CAR's increased CHW expenditures will still be lower than the CHW health budget share in comparable countries, namely Burkina Faso (1.56 percent) and Sierra Leone (16.5 percent). The current amount (if disbursed by the government) should help cover at least the costs of remuneration for CHWs, hence tapping into the main incentive driving their motivation to deliver quality health services.

Currently, management committees (COGES) at the health facility level contribute to the remuneration of CHWs, but COGES funding is insufficient. Most CHW interventions come from donors and technical partners, resulting in the lack of sustainability of interventions and strategies. With the support of UNICEF, the government is currently finalizing the 2022–2026 Community Health Worker Strategy with a detailed costing. The preliminary estimates presented above could serve as initial guidance in the strategy's finalization.

SPENDING ON SSNS IS VOLATILE AND SHOWS SUSTAINABILITY ISSUES, WHICH COULD BE ADDRESSED BY A PROGRAMMATIC APPROACH TO SP

More than 75 percent of SSN programs are financed by external partners, mainly under the form of emergency and humanitarian support. This kind of aid is quite volatile and has been fluctuating greatly over the past years. A programmatic approach to the SSN could improve sustainability. Federating interventions around one or several large national SSN programs has the potential to increase the system sustainability. International partners could directly contribute to the financing of such a program. The government would then be able to plan and secure funding for larger-scale programs while using national systems.

The current level of total expenditure on SP, reaching 1.65 percent of GDP, is in line with the regional average, but its impact may be limited due to the lack of coordination, potential duplication, and coverage gaps. Improving the sustainability of the sector involves putting in place the building blocks of a national SP system with the adoption of an actionable SP strategy. Simulations using the forthcoming household survey data would help evaluate the cost of several scenarios for SSNs. Such simulations have been used by policy makers to develop or expand their SP strategy. For instance, simulations of several SSN programs in Burkina Faso show that closing the poverty gap was technically feasible with a better targeting of beneficiaries (Vandeninden et al. 2019). Similar simulations in the context of CAR would allow tailoring of different targeting options and levels of cash transfers in order to maximize the impact at a given cost.

³¹ These are conservative estimates and must be interpreted with caution. The World Bank Global Financing Facility (GFF) is currently conducting series of workshops with the government to update the 2022 IC using the recent 2018/2019 MICS data released earlier this year. The updated IC was scheduled to be finalized end of July 2021 but was postponed and is now scheduled to be released by the end of October 2021.

³² The monthly financial or nonfinancial compensation of CHWs in CAR was found to substantially vary between CFAF 10,000 (~US\$18) to CFAF 75,000 (~US\$135) for the same package of services offered and working time. However, the current proposal made by the Ministry of Health under the CHW draft strategy supported by UNICEF is CFAF 25,000 (~US\$45). The current variability of CHWs' remuneration hinders the sustainability of activities and the delivery of basic health services.

³³ These are only remuneration costs that do not include training, equipment, and supervision costs. The main rationale is allowing CHWs in CAR to provide a full package of services in areas most in need to improve delivery and cover the deficit in health professionals concentrated in Bangui.

³⁴ The total cost including Bangui should be CFAF 316 million (~US\$569,182).

³⁵ The 2020 allocated health budget was 47530367000 CFA Franc

³⁶ According to the latest figure from 2017 found by UNICEF (October 2019).

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