

COUNTRY PROFILE

Quarterly update

July 2016



United Nations
Economic Commission for Africa

CENTRAL AFRICAN REPUBLIC

Introduction

The main objective of this document is to provide an update to the 2015 Central African Republic Country Profile, with a particular focus on the recently released annual data for 2015.

Recent developments: Key highlights

- Economic activity strengthened as a result of an improved security situation and constant support from technical and financial partners.
- The first government to be elected for nearly three years began work, putting an end to two years of political transition.
- Former Prime Minister Faustin-Archange Touadéra won the February 2016 presidential election.
- The United Kingdom's decision in June to leave the European Union could have an impact on the member countries of the Central African Economic and Monetary Union (CEMAC), to which the Central African Republic belongs.

Economic performance

Economic growth and performance by sector

According to data from the Bank of Central African States, the country's economy recovered slightly in 2014, achieving a growth rate of 0.7 per cent, after the collapse caused by the political crisis

(the economy shrank by 37.8 per cent in 2013). Economic activity strengthened further thanks to an improved security situation and the constant support of the country's development partners. Real GDP growth was 4.9 per cent in 2015.

Budgetary policy

Owing to continuing difficulties in mobilizing domestic resources, which stemmed from the prolonged poor security situation, budgetary revenue in 2014 was 5 per cent of GDP, down from the 5.9 per cent recorded the previous year. Total revenue for 2015 as a whole rose to 7.3 per cent of GDP, as a result of restoration of the framework for managing the public finances, the continued support of financial partners and the partial lifting of the embargo on the export of diamonds under the Kimberley Process.

Inflation and monetary policy

In 2014, inflationary pressures intensified, mainly owing to a shortfall in supplies of food products on the market amidst a continuing sociopolitical crisis. The annual inflation rate was 17.8 per cent, well above the 3 per cent threshold set under the CEMAC convergence criteria. As a result of the expected recovery in local production of food and the drop in international oil prices, inflation fell to 2 per cent in 2015. On 6 April 2016, after analysing recent developments in the liquidity of the banking system in the CEMAC region, the monetary policy committee of the Bank of Central African States decided to reduce by 50 per cent the reserve requirements for commercial banks

in countries belonging to CEMAC, including, therefore, banks in the Central African Republic.

Current account

The current account deficit worsened to -7.6 per cent of GDP in 2014, from -3.9 per cent in 2013. This adverse trend resulted from a deterioration in the balance on goods and services, which was not offset by the rise in the positive balance on

current transfers stemming from external financial inputs in the form of budgetary and humanitarian support. Sources of this support include the European Union, the African Development Bank, the World Bank, the International Monetary Fund, CEMAC, France and Angola. The current account deficit worsened further to 9.1 per cent of GDP in 2015.

Annex

Macroeconomic performance

	Value	Year
Nominal GDP (billions of CFA francs)	909.2	2015
Real GDP growth rate (per cent)	4.9	2015
Inflation (annual average) (per cent)	2	2015

Budgetary policy

Percentage of GDP	Value	Year
Total revenue	7.3	2015
Total expenditure	15.4	2015
Current expenditure	10.6	2015
Capital expenditure	4.8	2015
Primary fiscal balance (- = deficit)	-3.1	2015

Fiscal balance, commitment basis, excluding gifts (- = deficit)	-8.1	2015
Fiscal balance, commitment basis, including gifts (- = deficit)	0.5	2015
Basic fiscal balance (- = deficit)	-3.7	2015

Current account

Percentage of GDP	Value	Year
Imports	36.6	2015
Exports	13.1	2015
Trade balance (- = deficit)	-23.5	2015
Current account balance (- = deficit)	-9.1	2015

Source: Bank of Central African States, July 2016.

References

Bank of Central African States (2016). *Cadrage macroéconomique*.

Economist Intelligence Unit (2016). *Country report Central African Republic*.