Central Africa Economic Outlook 2019

Macroeconomic performance and prospects

Regional integration in Central Africa



AFRICAN DEVELOPMENT BANK GROUP

Central Africa Economic Outlook 2019



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EXECUTIVE SUMMARY

In 2018, the GDP growth rate in Central Africa (which includes Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, and Gabon) accelerated slightly, to 2.2 percent from 1.1 percent in 2017, but remained below the African average of 3.5 percent. Central Africa's growth was driven primarily by the rebound in raw material prices, principally oil.

Real GDP is projected to grow by 3.6 percent in 2019 and 3.5 percent in 2020 if Central Africa takes advantage of global economic growth, rising oil prices, macroeconomic reforms, and natural resources. But the region also faces several challenges: the security situation; a possible economic downturn linked to a fall in oil prices; and the need for economic diversification, improvements to the business climate and governance, and the development of human capital.

In general, Central Africa remains one of the continent's least integrated regions due mostly to an infrastructural deficit, tariff and nontariff barriers, low economic diversification, and weak human capacity.

Central Africa's fragility is characterized by a volatile security situation and political instability. The principal cause of this situation is several multifaceted conflicts for the control of natural resources or involving armed gangs. These conflicts have been exacerbated by countries' inability to tackle insecurity and reconstruction, high poverty, and a governance deficit.[1] Three countries in Central Africa are considered fragile: Central African Republic, Chad, and Democratic Republic of Congo. The four other countries may be seen as more resilient, though they have pockets of fragility.

Effective regional integration would increase business and investment flows, stimulate the development of national markets, mitigate institutional and infrastructural deficiencies, and spark structural transformation that would encourage fair and sustainable development and reduce fragility. To boost this structural transformation through regional integration, Central Africa should develop human capital, add value through infrastructure, improve commercial potential, promote an investment climate for private sector development, and establish a common market.

Central Africa is having difficulty prospering despite the legislation and various treaties and institutions established to govern regional integration. Implementation failures by member states, exogenous shocks, internal conflicts, natural resource dependence, poor economic diversification, and security issues continue to be obstacles. Yet regional integration is clearly a path to structural transformation that, in turn, should reduce factors of fragility in the region. In brief, fragility is closely linked to the poor governance of the region's natural resources, recurrent security

issues, and political instability. Strengthening the resilience of the countries in the region is essential to achieving inclusive growth.

Here are the report's main recommendations:

- Accelerate economic diversification of member states to reduce fragility due to exogenous shocks.
- Develop the financial system to promote inclusive finance and entrepreneurship, especially among young adults and women.
- Re-establish the rule of law and institutional order in fragile states.
- Strengthen the connectivity of infrastructure for electricity, transportation, and information and communication technology.
- Combine strengths among countries to develop human capital and enhance countries' comparative advantages.
- Formulate an effective strategy to implement and monitor regional integration projects.
- Accelerate the conditions for the creation of the future continental free trade area.

PART 1

MACROECONOMIC PERFORMANCE AND PROSPECTS

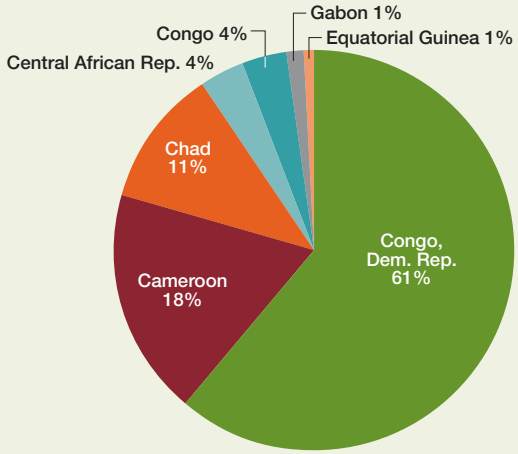
As part of the African Union's vision of creating an integrated continent, the Economic Community of Central African States (ECCAS) was set up in 1983. It comprises Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Rwanda, and São Tomé and Príncipe. ECCAS covers an area of 6.7 million square kilometers and had a population of about 185 million in 2017. It is one of the eight regional economic communities (RECs) that will serve as the foundation for the African Economic Community, as set out in the Abuja Treaty. Its mission is "to promote and strengthen harmonious cooperation and balanced and self-sustained development in all fields of economic and social activity, raise the standard of living of its peoples, increase and maintain economic stability, foster close and peaceful relations between Member States, and contribute to the progress and development of the African continent."[2] In addition, its actions are oriented toward promoting peace and stability, which present a major challenge for the region.

The Central African Economic and Monetary Community (CEMAC), another REC, comprises Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, and Gabon, which share a common currency, the Central African CFA franc. Created in 1994, CEMAC succeeded the Central African Customs and Economic Union. Its countries cover an area of 3 million square kilometers and have a population of about 50 million.

ECCAS and CEMAC overlap geographically and share similar origins and comparable mandates. ECCAS emerged when CEMAC member states and five other countries in the region joined together. Burundi and Rwanda also belong to the East African Community; Burundi, Democratic Republic of Congo, and Rwanda also belong to the Common Market of Eastern and Southern Africa and the Economic Community of the Great Lakes Region; and Angola and Democratic Republic of Congo also belong to the Southern African Development Community.

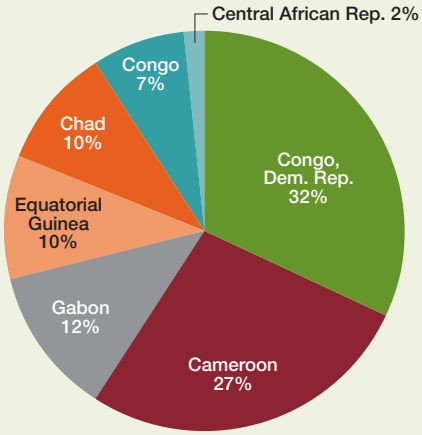
In this report, "Central Africa" refers to the six CEMAC countries and Democratic Republic of Congo. Burundi and Rwanda are considered part of East Africa, and Angola and São Tomé and Príncipe are considered part of Southern Africa. Central Africa thus covers an area of 5.4 million square kilometers and had a population of about 138 million and nominal GDP of $130 billion in 2018. Democratic Republic of Congo accounts for more than half the region's population (61 percent), followed by Cameroon (18 percent), Chad (11 percent), Central African Republic (4 percent), Congo (4 percent), Gabon (1 percent), and Equatorial Guinea (1 percent; figure 1).

FIGURE 1 Share of Central Africa's population, by country, 2018



Source: African Development Bank statistics.

FIGURE 2 Share of Central Africa's GDP, by country, 2018



Source: African Development Bank statistics.

In addition, Democratic Republic of Congo and Cameroon account for more than half the region's nominal GDP (32 percent for Democratic Republic of Congo and 27 percent for Cameroon), followed by Gabon (12 percent), Equatorial Guinea (10 percent), Chad (10 percent), Congo (7 percent), and Central African Republic (2 percent; figure 2). Central Africa has an abundance of natural resources for forestry, agriculture, and agribusiness thanks to its immense forests and plentiful arable and irrigable land. The Congo Basin countries (all Central African countries except Chad) have the second largest hydro-forest basin in the world after the Amazon and possess estimated internal renewable water reserves of 1,715 cubic kilometers, or 44 percent of Africa's total.

Central Africa is greatly affected by political instability and a volatile security environment. The situation can be attributed largely to terrorist group activities in the Lake Chad basin (northern Cameroon, western Chad, southeastern Niger, and northeastern Nigeria) and the outbreak of numerous conflicts originating in postelectoral unrest or in a desire to control natural resources.[3] These conflicts have created new humanitarian challenges, such as large-scale displacement and flows of refugees. Furthermore, the drop in both oil prices in 2014 and the price of other export raw materials abundant in Central Africa had a substantial effect on countries' macroeconomic balance. The situation, which is due largely to heavy dependence on the mining and oil sectors, makes Central African countries particularly vulnerable to volatility in the prices of those products. In short, the region is subject to major factors of fragility that affect economic performance and regional integration.

In addition to presenting Central Africa's economic developments and prospects, this report analyzes how regional integration can contribute to structural transformation and reduce fragility. Today more than ever, true regional integration has become necessary, even urgent, for countries to benefit from economies of scale and pooling of efforts to accelerate economic diversification and resilience.

This report is organized into two parts. The first analyzes recent macroeconomic performance and short-term perspectives in Central Africa, and the second explains how, based on their assets, these countries can concurrently deepen regional integration, accelerate structural transformation, and reduce fragility.

ECONOMIC PERFORMANCE AND OUTLOOK

This section analyzes the region's economic performance over the last decade along with the prospects for 2019 and 2020.

Gross domestic product

The real GDP growth rate in Central Africa rose from 1.1 percent in 2017 to an estimated 2.2 percent in 2018, below the rate for Africa as a whole (3.5 percent; figure 3). Despite having improved in 2018, Central Africa's growth rate remained below the 5.0 percent rate in 2011–13, which was slightly less than West Africa's 5.3 percent and East Africa's 5.2 percent over that period.

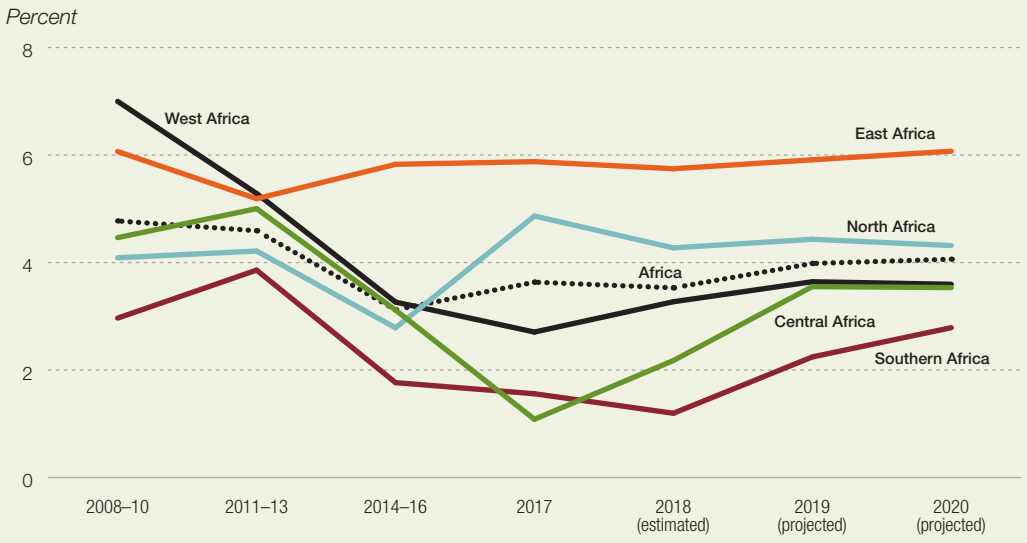
Growth in 2018 was driven primarily by the recovery in commodity prices, particularly for oil, and by domestic and external demand. High commodity exports and agricultural production enabled public infrastructure investment to propel growth. The economic recovery also came on the back of global economic growth and the diversification of trading partners, notably Asian countries such as China and India and, to a lesser degree, Brazil.

The strong 2018 performances by Cameroon, Central African Republic, and Democratic Republic of Congo offset the recession in Equatorial Guinea. In Cameroon, the region's second largest economy, real GDP growth was an estimated 3.8 percent in 2018, up from 3.5 percent in 2017 (figure 4). The security and humanitarian crises and the ongoing sociopolitical crisis in the northwest and southwest hampered the government's efforts to sustain the pace of growth. Central African Republic's economy continued its recovery after slowing under the sociopolitical and institutional crisis. Despite a challenging and volatile security situation, real GDP grew by an estimated 4.3 percent in 2018, up from 4.0 percent in 2017, driven by construction and public works, mining, and forestry. In Democratic Republic of Congo, the region's largest economy and source of a third of the region's GDP, the growth rate improved to an estimated 4.0 percent in 2018 from 3.7 percent in 2017 and 1.7 percent in 2016. Prices for the country's commodities rose, and between September 2017 and September 2018, mining production increased for crude oil (71 percent), cobalt (35 percent), raw gold (20 percent), and copper (9.2 percent). In Equatorial Guinea, despite rising oil prices, the recession continued as the economy's contraction widened from 2.9 percent in 2017 to an estimated 7.9 percent in 2018 due to declining oil production from wells in operation.

Chad returned to growth in 2018 (an estimated 2.8 percent), following contraction in 2016 (6.4 percent) and 2017 (3.8 percent) caused by falling oil prices. The improvement was the fruit of

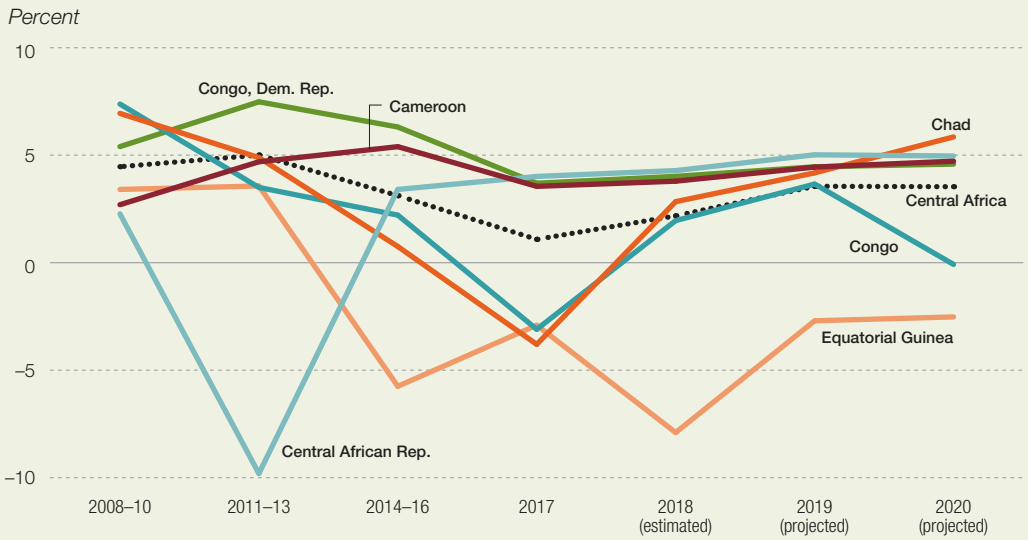
The real GDP growth rate in Central Africa rose from 1.1 percent in 2017 to an estimated 2.2 percent in 2018, below the rate for Africa as a whole

FIGURE 3 Real GDP growth in Africa, by region, 2008–20



Source: African Development Bank statistics.

FIGURE 4 Real GDP growth in Central Africa, by country, 2008–20



Source: African Development Bank statistics.

The secondary sector, primarily extractive industries, dominates Central Africa's economy, accounting for 42 percent of nominal GDP in 2018

renegotiation of commercial debt, more rigorous financial governance, and considerable external financing. Congo also returned to growth in 2018 thanks to rising oil prices and domestic production. Its estimated 2.0 percent growth followed two years of contraction (2.8 percent in 2016 and 3.1 percent in 2017) caused by falling oil prices. Gabon's GDP grew by an estimated 2.0 percent in 2018, up from 0.5 percent in 2017, despite a 4.3 percent drop in oil production. This situation suggests that the structural transformation efforts in recent years have made the national economy more resilient. In this oil-rich country, oil and gas accounted for only 19 percent of GDP in 2017, compared with 49 percent in 2012.

Supply-side sectoral breakdown of GDP

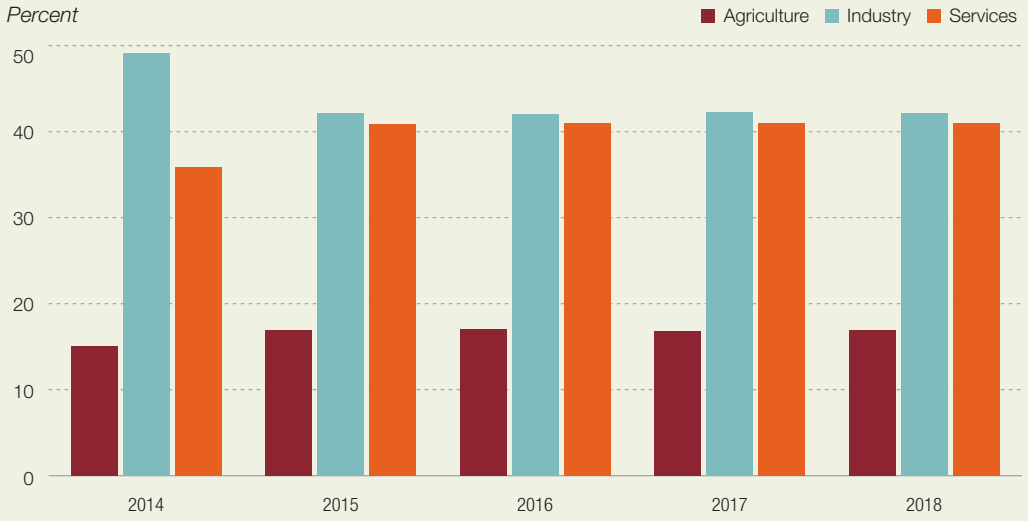
The secondary sector, primarily extractive industries, dominates Central Africa's economy, accounting for 42 percent of nominal GDP in 2018 (figure 5). But the sector's manufacturing value added accounts for less than 15 percent of GDP.[4] The construction and public works sector contracted by 0.2 percent in 2017, due mainly to reduced public investment, while the tertiary sector contributed 41 percent to GDP, driven by buoyant market services, commercial activities, telecommunications, and transportation services. The primary sector, accounting for only 17 percent of GDP, has changed little in the past decade. Cash crops lead production, highlighting the need to modernize agriculture so that it can contribute more to the region's economic diversification.

In 2018, industry contributed 1.4 points to the region's 2.2 percent real GDP growth, thanks to the rise in oil prices, compared with –0.2 point in 2017 (figure 6). Services contributed 0.8 point in 2018, about the same as the 0.7 point in 2017. Agriculture contributed a mere 0.3 point in 2018, compared with 0.5 point in 2017. All three sectors recorded positive growth in 2018 in Cameroon, Democratic Republic of Congo, and Gabon. Meanwhile, Equatorial Guinea posted the largest secondary sector contraction (5.6 percent). Services also contracted in Equatorial Guinea (1.5 percent), Chad (2.6 percent), and Central African Republic (1 percent).

Demand-side sources of growth

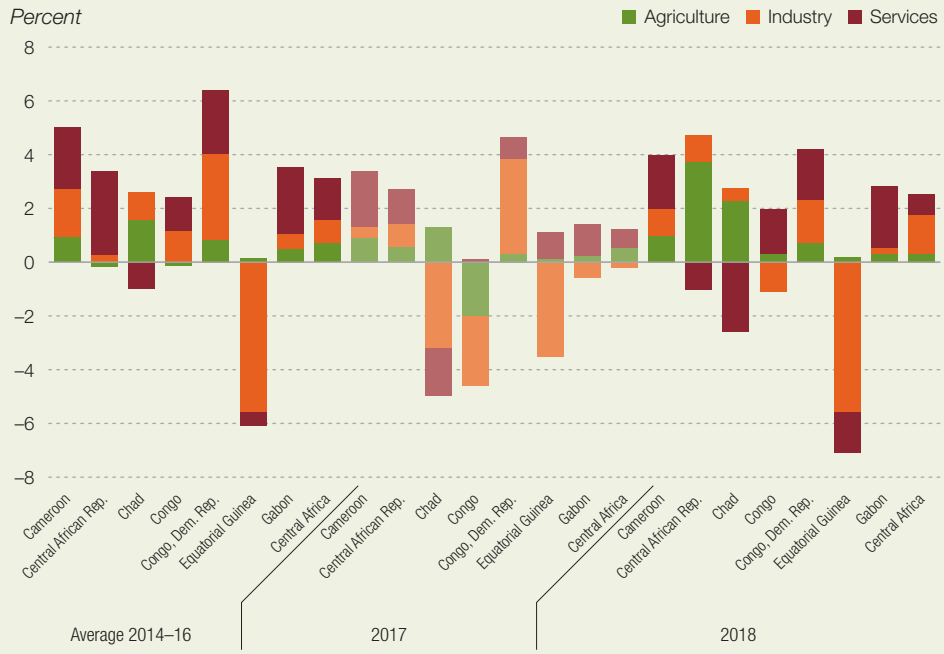
In 2018, as in 2017, private consumption accounted for the largest share of nominal GDP in Central Africa, if on a downward trend from 74 percent in 2016 to 66 percent in 2018 (figure 7).

FIGURE 5 Supply-side sectoral contributions to nominal GDP in Central Africa, 2014–18



Source: African Development Bank statistics.

FIGURE 6 Supply-side sectoral contribution to real GDP growth in Central Africa, by country, 2014–18



Source: African Development Bank statistics.

This trails the share in West Africa (77 percent) and East Africa (71 percent). Private consumption contributed 1.1 point to real GDP growth, compared with –3.1 point in 2017 (figure 8). Private consumption is sustained by the middle class,[5] which in Cameroon and Gabon is expanding by 2.5 percent a year. In Gabon, the middle class accounts for over 75 percent of the population.[6] Private consumption's share of GDP is highest in Central African Republic (94 percent), Cameroon (68 percent), and Congo (61 percent).

Public spending's share of nominal GDP in Central Africa also fell, from 14 percent in 2016 to 12 percent in 2018 (see figure 7), explained by lower public investment, which is often interrupted mid-execution when, say, falling oil prices force a reorientation of public spending. The 2018 value also trailed the average for Africa as a whole (14 percent). Across Central Africa, public spending's share of GDP in 2018 ranged from 7 percent in Democratic Republic of Congo to 24 percent in Congo.

Gross fixed capital formation accounted for 22 percent of GDP in 2018, down from 31 percent in 2015 (see figure 7), explained primarily by lower mining investment. Security constraints also curbed investment and impeded private entrepreneurship. In 2018, investment contributed 0.7 point to real GDP growth, down from 1.6 points in 2017 (see figure 8).

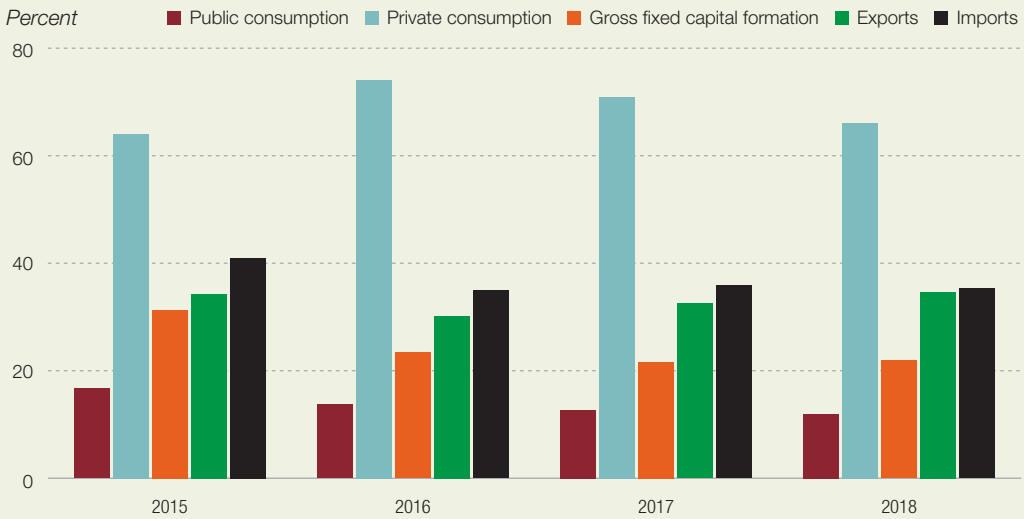
In 2018, as in 2017, the region imported almost as much as it exported (35 percent of GDP). However, unlike imports as a proportion of GDP, which remained constant, exports as a proportion of GDP increased by almost 3 percentage points. Behind this upturn was the rise in commodity prices, especially for oil. In Equatorial Guinea, exports as a proportion of GDP increased markedly, from 55 percent in 2016 to 67 percent in 2018. In Congo, the proportion was 57 percent, and in Gabon, 40 percent. This trend is projected to continue due to conducive international factors (rising commodity prices and external demand) and domestic circumstances (domestic security, business climate, and production capacity).

Central Africa's real GDP growth is projected to reach 3.6 percent in 2019 and 3.5 percent in 2020, taking advantage of global economic growth, rising oil prices, macroeconomic reforms, and its natural resources

Outlook, opportunities, and risks

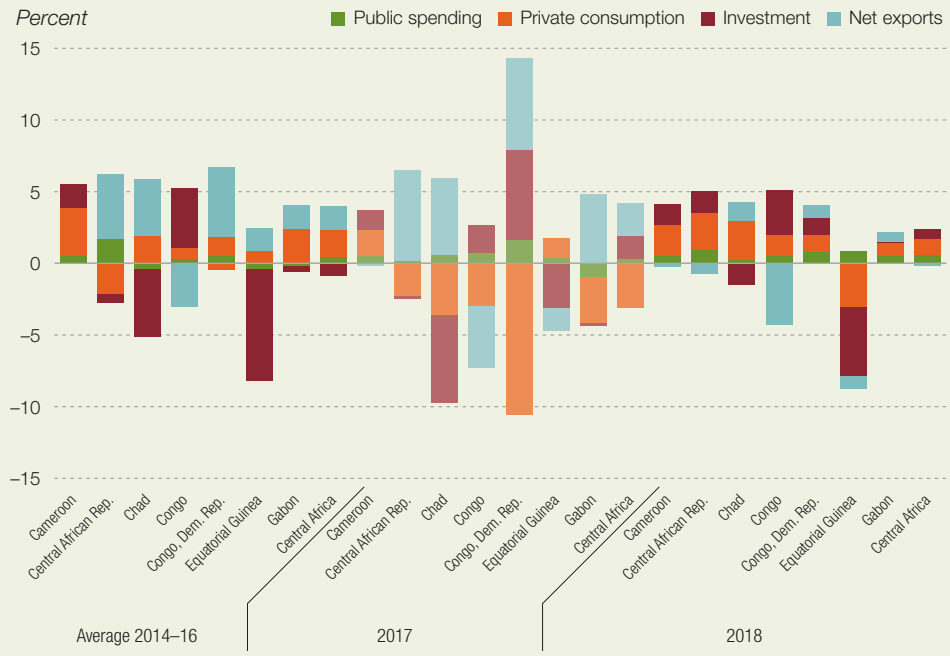
Real GDP growth is projected to be 3.6 percent in 2019 and 3.5 percent in 2020. Central Africa is expected to take advantage of global economic growth, rising oil prices, macroeconomic reforms, and natural resources. The International Monetary Fund forecasts global economic growth of 3.7 percent in 2019, 0.2 percentage point down from the initial forecast to factor in the trade war between China and the United States and

FIGURE 7 Demand-side contributions to nominal GDP in Central Africa, 2015–18



Source: African Development Bank statistics.

FIGURE 8 **Demand-side contributions to real GDP growth in Central Africa, by country, 2014–18**



Source: African Development Bank statistics.

uncertainty related to the post-Brexit United Kingdom. Emerging economies are forecast to post vigorous growth in 2019, notably India (7.5 percent) and China (6.2 percent). That should underpin external demand for Central Africa's main export products, primarily oil and minerals. In addition, oil prices, which rose above $75 a barrel in September–October 2018,[7] are expected to be at a favorable level for the region's economies. But this is conceivable only if major producer countries (Iran, Saudi Arabia, and Venezuela) do not increase supplies in the global market.

Almost all Central African countries have initiated reforms to stabilize and stimulate their economies. In 2017, CEMAC countries launched a regional strategy to remedy their budget and external imbalances after the fall in oil prices—the CEMAC Economic and Financial Reform Program. Supported by the International Monetary Fund, African Development Bank, and other development partners, the program has begun to show encouraging results. All countries except Equatorial Guinea returned to growth, stabilized reserves, and achieved fiscal consolidation. But additional coordinated efforts are required. Democratic Republic of Congo, the only non-CEMAC country in Central Africa, enacted a reform of its mining code in March 2018 that should help remedy structural deficiencies in domestic resource mobilization.

The region could base its development on natural assets. Its abundant natural resources can drive social and economic development and produce a demographic dividend thanks to its young population (45 percent under age 14). However, this dividend will materialize only if governments invest to increase human capital. Central Africa has large oil resources, precious metal and mineral deposits, huge cross-border water resources, and the continent's greatest hydroelectric potential. Substantial forest resources in the Congo Basin countries also have potential for structural transformation and regional integration.[8] Trade integration, so far very slow, would have a greater impact with more joint infrastructure development and natural resources management.

The region's abundant natural resources can drive social and economic development and produce a demographic dividend thanks to its young population

There also are major risks. First, the slowdown in Chinese growth, from 6.9 percent in 2017 to 6.2 percent forecast in 2019, could reduce the Central Africa's exports and lessen China's financial commitments to infrastructure investments. And another fall in oil prices could jeopardize the fragile progress to date in Central African economies, as it did after 2014.

Security, a major brake on development, remains the main challenge to continuing strong growth. In Cameroon's southwest and northwest, the security crisis, which began with peaceful marches in October 2016, gradually turned into armed clashes between separatists and the regular army.[9] In 2018, Central African Republic was still struggling to secure its borders and natural resource–rich areas. The southwest, east, and north are rich in gold and raw diamonds, with Birao, Boda, Carnot, N'Délé, and Obo prefectures accounting for 80 percent of the country's precious stones. But several armed groups[10] control three-quarters of the diamond-producing areas. Between May and September 2018, 249 civilians were killed, 601,000 were displaced internally, and 538,400 refugees fled the country, including 248,900 to Cameroon.[11] About 2.4 million people of a population of 4.6 million require emergency humanitarian aid estimated at $516 million.

Improving security, diversifying economies, improving governance and developing human capital are the main challenges in Central Africa

This situation is mirrored in Democratic Republic of Congo. Bordering nine other countries and Africa's largest producer of cobalt, the country remains plagued by heightened insecurity in resource-rich areas. The Kasai province and eastern areas are the site of armed conflict. Kasai province is the scene of intercommunity conflicts that have led to mass population displacements. The Kamwina Nsapu rebellion is being waged against the regular armed forces in the provinces of Kasai, Kasai–Central, Kasai–Oriental, Lomami, and Sankuru. The eastern region (Province Orientale, North Kivu, South Kivu, and Northern Katanga) continues to see action by various armed groups.

Social protest and discontent have heightened insecurity in Chad, which also has to contend with repeated attacks by Boko Haram. The insecurity also makes it impossible to collect taxes in all regions, eroding tax revenue and weakening public investment.

Diversifying economies, improving governance and the business climate, and developing human capital are other challenges in Central Africa. Given heavy reliance on oil and mining resources, the region's economies' lack of resilience when oil prices fell highlighted the need to diversify. Governance—and economic governance more specifically, in particular the return to macroeconomic equilibrium and a sustainable debt trajectory—are prerequisites for growth and structural transformation. A conducive business climate could be a catalyst. Improved governance therefore remains a key element in mitigating risks to the sustainability of public finances, the efficiency of spending, and the management of debt as well as the creation of an enabling business environment. Weak human resource capacities in the government, the private sector, and the RECs require much more human capital. All such improvements are essential to respond to the demands for economywide competitiveness facing Central African countries.

MACROECONOMIC STABILITY

Macroeconomic stability is necessary for stronger economic and financial integration in Central Africa. The analysis here focuses primarily on price fluctuations and fiscal and current account deficits.

Price fluctuations

Price fluctuations are captured through changes in the general consumer price index (inflation), exchange rates, and terms of trade.

Inflation

The six CEMAC countries share a single currency, the Central African CFA franc, managed by the Bank of Central African States. By contrast, Democratic Republic of Congo is not a member of any monetary union and has its own currency, the Congolese franc, managed by the Central Bank of the Congo. This split is mirrored by their respective inflation rates. In CEMAC countries, inflation is generally under control, reflecting the policy of stable prices conducted by the shared central bank. Inflation rates range from 0.6 percent in

Equatorial Guinea to 3.9 percent in Central African Republic. Meanwhile, in Democratic Republic of Congo, the inflation rate stood at 27.7 percent in 2018, down from 41.5 percent in 2017.

Except in Central African Republic (3.9 percent), inflation in 2018 was below the CEMAC target of 3 percent in all the community's countries: Cameroon (1.1 percent), Chad (2.1 percent), Congo (1.5 percent), Equatorial Guinea (0.6 percent), and Gabon (2.8 percent; figure 9). The fixed exchange rate policy in the CFA franc zone helps CEMAC countries weather the distortions created by the dominance of their extractive industries by maintaining a stable inflation rate below 3 percent. The region's seven countries recorded an average inflation rate of 7.3 percent in 2018, lower than the 14.5 percent in East Africa, the 12.8 percent in North Africa, the 7.4 percent in Southern Africa, and the 9.5 percent in West Africa.

At the end of March 2018, general price differences were favorable between Central Africa and its main trading partners—the United States (–1.0 percent), France (–0.7 percent), the Eurozone (–0.3 percent), and Nigeria (–12.3 percent)—but were unfavorable with the West African Economic and Monetary Union (0.1 percent).[12]

Exchange rates

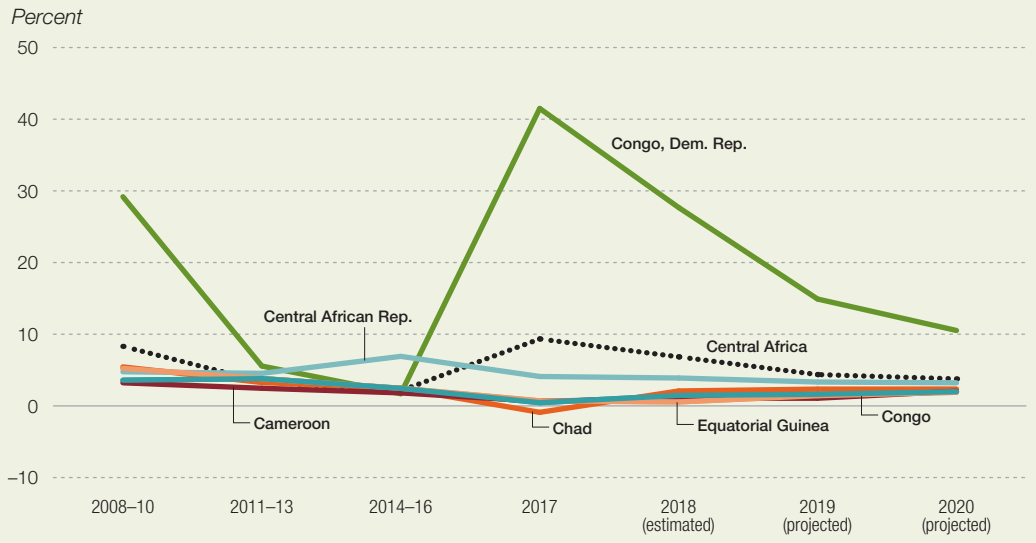
The CFA franc of the six CEMAC countries is pegged to the euro,[13] but it has appreciated 8.9 percent against the US dollar—from 580 CFA francs per US dollar in 2017 to 529 in 2018—as the euro strengthened against the dollar (figure 10). Democratic Republic of Congo's currency has depreciated 10.3 percent against the US dollar—from 1,403 Congolese franc per US dollar in 2017 to 1,763 in 2018. This has been accompanied by ongoing dollarization of the country's economy.

Terms of trade

Because of dependence on natural resources and cash commodities, Central Africa has unfavorable terms of trade: the index of the ratio of export prices to import prices deteriorated from 158 in 2010 to 100 in 2017, under the effect of lower commodity prices and weak diversification and economic integration. The terms of trade index was below 100 for Central African Republic between 2010 and 2014, has been below 100 for Cameroon and Equatorial Guinea since 2015, and has remained above 100 for the four other countries between 2010 and 2017. Terms of trade are volatile for countries that export oil and mining products given the shifts in price in international

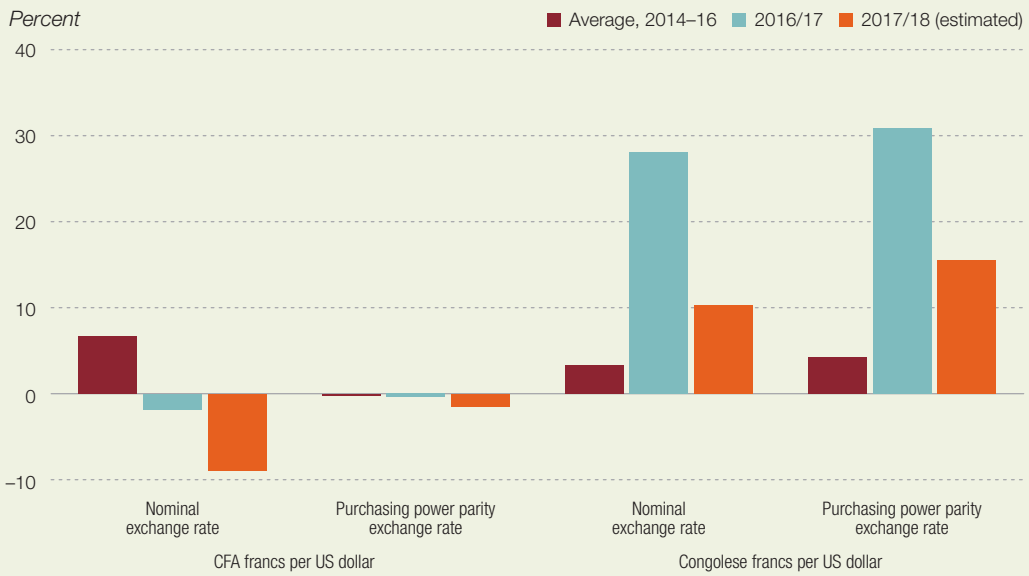
Inflation rates range from 0.6 percent in Equatorial Guinea to 3.9 percent in Central African Republic. Meanwhile, in Democratic Republic of Congo, the inflation rate stood at 27.7 percent in 2018, down from 41.5 percent in 2017

FIGURE 9 Inflation in Central Africa, by country, 2008–20



Source: African Development Bank statistics.

FIGURE 10 Average exchange rates in Central Africa, 2004–18



Source: African Development Bank statistics.

In 2018, the overall budget balance for Central Africa was an estimated deficit of 1.4 percent of GDP, down from a deficit of 3.0 percent in 2017

markets, while prices of imported manufactured products are generally more stable.

Public finance

This section analyzes the dynamics in the budget balances and debt along with domestic resource mobilization.

Budget balances

In 2018, the overall budget balance for Central Africa was an estimated deficit of 1.4 percent of GDP, down from a deficit of 3.0 percent in 2017, attributable primarily to buoyant oil prices and fiscal consolidation under the CEMAC Economic and Financial Reform Program (figure 11). This positive trend is projected to continue, with the deficit narrowing to 1.0 percent in 2019 and 0.3 percent in 2020. Noteworthy were surpluses in Central African Republic (1.0 percent) and Chad (0.1 percent). Over 2019–20, all the region's countries are projected to post reduced deficits or continued surpluses.

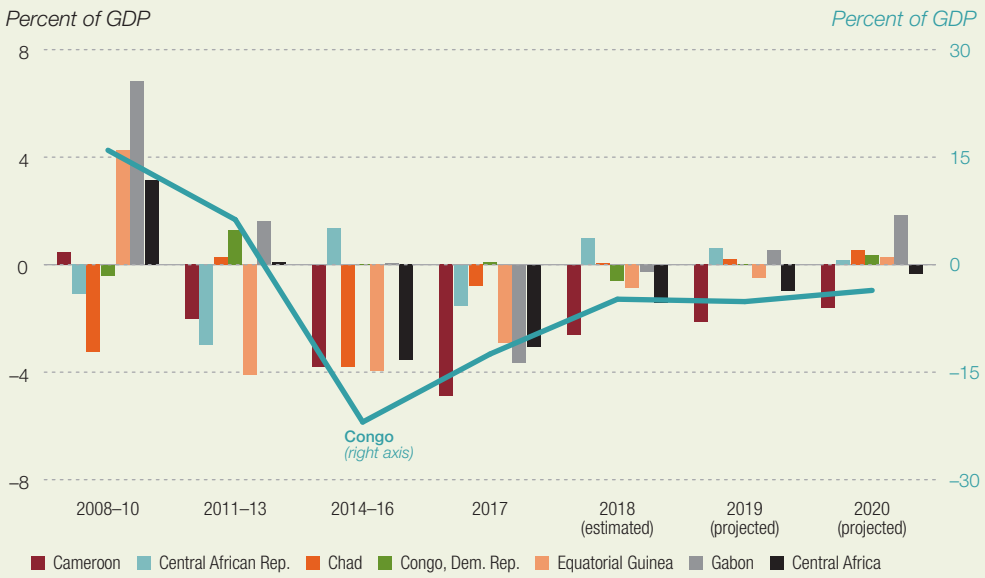
Debt dynamics

In 2018, external debt in Central Africa stood at 27 percent of GDP (figure 12). Congo's debt, at 67 percent of GDP remains a major concern. It rose from 32 percent of GDP in 2013 to 87 percent in 2016, partly a result of high public spending for political decentralization. Gabon's debt climbed from 15 percent of GDP in 2011 to 25 percent in 2015 and 41 percent in 2017 but has fallen back to 37 percent in 2018. For other countries, external debt ratios have generally fluctuated between 20 percent and 30 percent, except in Equatorial Guinea, at 10 percent.

Total public debt (external and domestic debt combined) in the region is mixed, and some consolidation will be required. Congo's total public debt was about €10.6 billion at the end of 2017, or 118.5 percent of GDP, an almost sixfold increase since 2010's 20 percent. While Congo's debt ratio declined to 86 percent in 2018 thanks to recovering growth and rising fiscal revenue, it was well in excess of the 70 percent community standard, and debt restructuring remains necessary to restore medium-term sustainability. Congo was also deemed overindebted in the International Monetary Fund's 2017 Debt Sustainability Analysis.

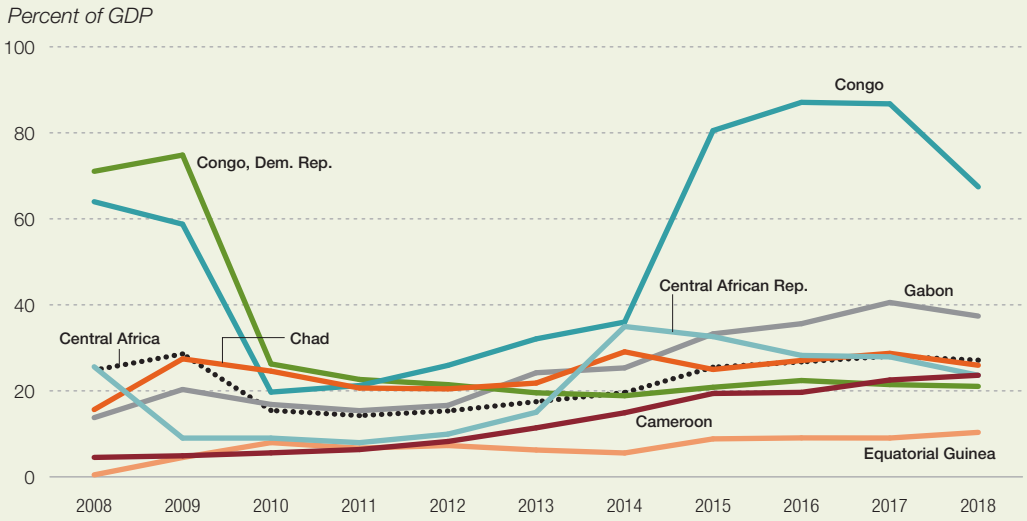
Various anchor projects over the past decade have also boosted debt ratios. Cameroon, Congo,

FIGURE 11 Fiscal deficits in Central African countries, 2008–20



Source: African Development Bank statistics.

FIGURE 12 External debt in Central Africa, by country 2008–18



Source: African Development Bank statistics.

Equatorial Guinea, and Gabon have undertaken major public spending projects to renovate and modernize their road, port, and airport infrastructure.

Domestic resource mobilization

Central African economies struggle to mobilize nonoil domestic resources, which are less susceptible to the vagaries of international prices. In

2018, public revenue did not cover public spending, leaving an estimated deficit of 2.1 percent of GDP. Public revenue is projected to dip slightly in 2019 to 16 percent of GDP. Fiscal deficits in the region's other countries are below 20 percent of GDP except in Congo, where they were a record 33 percent of GDP in 2018 and are projected to reach 36 percent in 2019. Congo's improvement is explained by the expected rise in oil prices and increased oil production thanks to the Moho Nord project.

Gross national savings in Central Africa reached an estimated 16 percent of GDP in 2018, up from 5 percent in 2016 and 12 percent in 2017, and is projected to reach 17 percent in 2019, with a favorable international environment and the rise in oil prices. Budget consolidation by regional governments is another contributing factor.

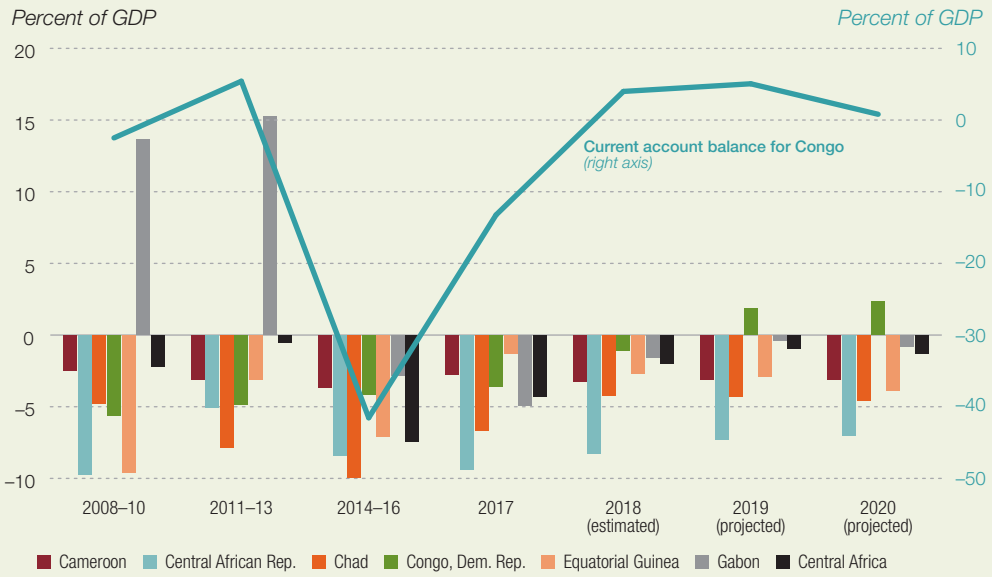
The region urgently needs to increase its tax revenues, especially those from nonoil sources, to ensure greater resilience and reduce exposure to price fluctuations for its commodity exports. To increase tax revenue, countries should identify activities that offer potential for high taxation, review the legal framework and reformulate tax policy, evaluate the relevant institutions and strengthen good governance, and diversify production to reduce dependence on natural resources.

Central Africa's current account balance improved thanks to higher commodity prices, with external deficit falling from 9.3 percent of GDP to 2.0 percent in 2018

Current account balance

Central Africa's current account balance improved thanks to higher commodity prices, with the external deficit falling from 9.3 percent of GDP in 2016 to an estimated 2.0 percent in 2018 (figure 13). With an operating surplus in natural resources, Congo's current account surplus reached 4 percent of GDP in 2018. As in 2015–17, other CEMAC countries recorded a current account deficit. Central African Republic (deficit of 8.3 percent of GDP) and Chad (deficit of 4.3 percent) dragged the region's average current account balance down, and Cameroon's deficit worsened from 2.7 percent of GDP in 2017 to 3.2 percent in 2018, due to imports of equipment, geared mainly toward stadiums and other infrastructure to prepare for the 2019 Africa Cup of Nations. Food imports were also higher than in the past thanks to rising private consumption. Gabon's current account deficit fell from 4.9 percent of GDP in 2017 to 1.5 percent in 2018 on the back of higher oil exports. But high imports, owing to weak domestic product diversification, risk curbing the momentum.

FIGURE 13 Current account balances in Central Africa, by country, 2008–20



Source: African Development Bank statistics.

For the region, the current account is projected to turn to a surplus of 1.0 percent in 2019 and 1.3 percent in 2020, with Congo and Democratic Republic of Congo driving the trend. Congo is projected to see a surplus of 5.1 percent of GDP in 2019, and Democratic Republic of Congo is projected to see a surplus of 2.4 percent in 2020, thanks to higher natural resource exports.

POVERTY, INEQUALITY, AND EMPLOYMENT

The population below the poverty line in Central Africa declined from around 76 percent in 1996 to 60 percent in 2013.[14] But conflicts and sociopolitical tensions, especially in southwestern Cameroon, Central African Republic, and Democratic Republic of Congo, could reverse the progress. Income inequality in Central Africa—and in Africa generally—results from three main factors. With the economy having a dual structure, a highly paid minority of jobs are in senior levels of government and multinational corporations, and most workers settle for precarious and underpaid jobs in the informal sector. Land, human capital, and physical capital are highly concentrated. And the redistributive role of the state is limited, often manifesting itself in a "resource curse," with infrastructure disproportionately favoring urban areas.[15]

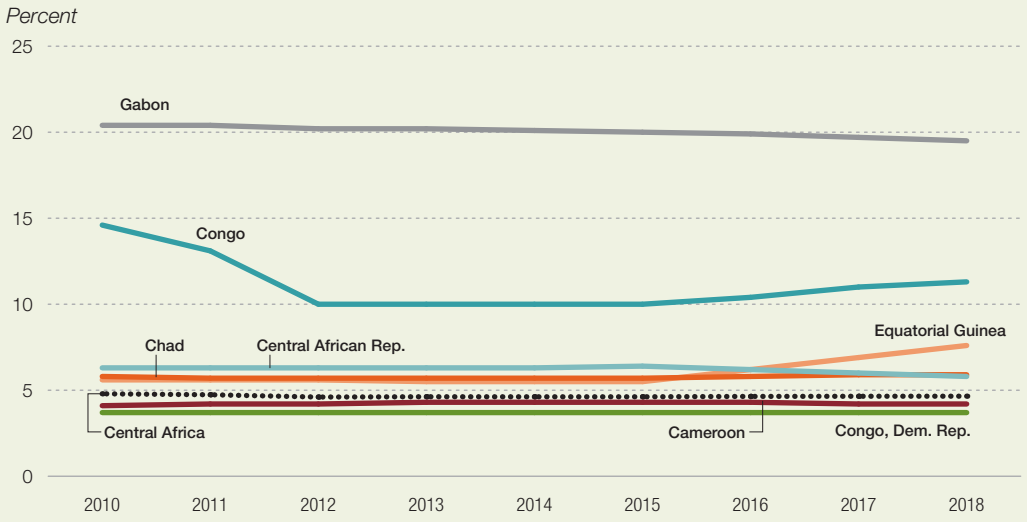
High inequality erodes the effect of growth on poverty reduction. Despite annual economic growth of about 5 percent over the past 25 years, the poverty rate in Sub-Saharan Africa remains at 41 percent, higher than in other developing regions. In addition, although Sub-Saharan Africa's unweighted Gini coefficient declined from 0.47 in 1991 to 0.43 in 2011, Central Africa (defined in this instance as ECCAS members) remains among the least egalitarian world regions, with 10 countries among the 19 most unequal globally.[16] In sum, economic growth has not significantly reduced unemployment and inequality.

From 2010 to 2017, agriculture was the largest source of employment in Central Africa, accounting for close to 70 percent of employment compared with 20 percent for services and 11 percent for industry. This situation is characteristic of resource-rich developing economies that lack large-scale local processing.

The informal sector constitutes a sizable and sometimes dominant share of all developing economies. Rapid urbanization, lack of social welfare, and shortfalls in human and social capital are structural factors that explain the proliferation of

From 2010 to 2017, agriculture was the largest source of employment in Central Africa, accounting for close to 70 percent of employment compared with 20 percent for services and 11 percent for industry

FIGURE 14 Unemployment in Central Africa, by country, 2010–18



Source: African Development Bank statistics.

low-productivity jobs, mainly in small domestic production units, particularly in agriculture.

In Central Africa, the unemployment rate was 4.7 percent in 2018 (figure 14). Gabon has the highest rate (20 percent), followed by Congo (11 percent), Equatorial Guinea (7.6 percent), Chad (5.9 percent), Central African Republic (5.8 percent), Cameroon (4.2 percent), and Democratic Republic of Congo (3.7 percent). Given the duality of these economies (formal versus informal or rural versus urban), a sector can employ many workers and still pay incomes below the poverty line. That makes it essential to distinguish between the dynamics and sources of employment and the dynamics of incomes and poverty. Central Africa urgently needs a transformative industrial revolution, which is the only way to create decent jobs and retain increasing numbers of young people, many of them likely to emigrate.

PART 2

REGIONAL INTEGRATION IN CENTRAL AFRICA

Regional integration strives to unify economic policies on five fronts: a free trade area, customs union, common market, economic union, and economic and monetary union.[17] In Africa and in Central Africa, broader integration has been under way among member states, aiming at collective autonomy and economic development and independence via the Lagos Action Plan, the establishment of the African Union, and the launch of the New Partnership for Africa's Development. Table 1 summarizes the Central Africa countries' participation in regional economic communities.

PROGRESS REPORT

Social integration

Coordination among Central African countries for training and education has improved slightly. With the support of the United Nations Educational, Scientific and Cultural Organization, ECCAS has a program to create University Centers of Technological Excellence, with each country focusing on specializations that reflect their priorities. A pilot phase creating such centers as part of the regional project to promote youth entrepreneurship in Central Africa is being contractualized with the African Development Bank. The completion in October 2018 of the facilities and campus of the Université Inter-États Cameroun-Congo in Ouesso, Congo, and Sangmélima, Cameroon, is a major advance.

For healthcare, ECCAS governments and heads of state approved the creation of the Central African Health Organization in 2015. A joint fund, the Community Healthcare Fund for Central Africa, was also created to mobilize resources to implement common healthcare policies and actions.

In 2014, CEMAC adopted a common pharmaceutical policy to improve access to healthcare services by ensuring that safe, effective, and low-cost drugs are available to all. Implemented by the Organization for the Coordination of the Control of Endemic Diseases in Africa, the policy has led to seizures of many counterfeit drugs in member countries and systematic controls on imports of pharmaceutical products. A program to combat human African trypanosomiasis (sleeping sickness) across all six CEMAC countries and Angola and Democratic Republic of Congo has trained healthcare workers in how to diagnose the disease.

Central Africa has made the least progress in enabling the free movement of people. Despite having ratified the protocol for such a measure, ECCAS member states have not yet embodied it in an ECCAS passport. But six ECCAS member states agreed to the free movement of people within the CEMAC region, which still needs to materaialize.

Moving Across CENTRAL AFRICA



To learn about border crossing times and processes for people and goods, the African Development Bank fielded a mission that traveled in early 2019 by road from Yaoundé to Bata and Oyem—and again from Douala to Bangui.

Tariff and nontariff barriers impede the movement of goods, and obstacles persist in the free movement of persons.

1 Yaoundé to Bata via border posts of Kye Ossi and Ebebiyín

- Many consular, customs, police, sanitary, and phytosanitary checkpoints.
- Payment of numerous fees, without receipt amounting to $60—up to $150.
- CEMAC identity card and passport accepted to cross the Cameroon–Equatorial Guinea border on the Cameroonian side.
- On the Equatorial Guinea side, passage without a visa is allowed only to Ebebiyín.
- Entry visa required to go beyond the border city of Ebebiyín in Equatorial Guinea.
- Poor road and vehicle conditions increase travel times (2 hours to travel less than 100 km in places).

Ebebiyín–Bata

- Up to nine police and military checkpoints for a distance of 212 km.
- Required transit fees, called "land rights" by Equatorial Guineans: $60 without receipt.
- Fee-paying checkpoints: minimum $10 per checkpoint for truck drivers and traders, or $90 for checkpoints between Ebebiyín and Bata, without receipt.

Bata–Woleu Ntem–Oyem section

- For non–Equatorial Guineans, payment of $80 to the driver for the "management" of checkpoints, without receipt.
- Paid "exit" stamp at Mongomo border post: $20, without receipt.
- Registration by an internal security officer: $26, without receipt.



2 Douala–Bangui

- This 1,500 km corridor is the main road on the Douala–Yaoundé–Bonis–Bertoua–Garoua Boulaï–Bangui segment.
- Travel times can easily reach 5–8 days, with numerous checkpoints and weigh stations.
- This corridor and the Douala–N'Djamena corridor are served by about 5,000 trucks.
- There is an agreement for 60 percent Cameroonian truck drivers and 40 percent Central African truck drivers, but only five Central African carriers were observed.

Douala–Garoua Boulaï–Beloko–Bangui segment

- Payment of customs fees in Bangui after pre-liquidation at the Port of Douala.
- Constant questioning by law enforcement authorities about residence permits.
- Regulations establishing only two checkpoints along the Douala–Bangui corridor and two along the Douala–Ndjamena corridor.
- 60 checkpoints recorded between Douala and Garoua Boulaï.
- Each truck driver regularly pays $6–10 at each checkpoint, for a total of $360–$600.
- No rest areas for freight carriers, with the potential for accidents.

Security costs

- Lack of security between Garoua Boulaï and Bangui requires convoys to travel under UN or Central African armed forces escort three times a week.
- Escort costs of $50 per truck per trip from both Garoua Boulaï and Bangui.
- Payment of $10 per driver to Central African rebels on departure from Garoua Boulaï, despite UN or Central African escorts.

Costs due to the lack of enforcement of axle load control regulations

- At weigh stations or weighbridges, few sanctions or penalties in case of overload.
- No unloading devices available in case of overload.
- Drivers pay a penalty of $50 per ton of excess loads to continue the journey, thus damaging roads.
- Discrepancies between the actual weight on the bill of lading upon departure of the goods from Europe and the weight recorded at each weighing station.

Douala–Bangui segment

- At the Beloko border post on both the Cameroonian and Central African Republic sides, each driver has to pay $32 to pass through, without receipt.
- Pass required for each person crossing the border on both the Cameroonian and Central African sides, by paying $12–$20.

TABLE 1 Participation of Central African countries in regional economic communities

Name	Type	Scope of integration	Effective date	Central African members	Goals
Common Market for Eastern and Southern Africa	Free trade area	Goods, services, investment, migration	8 December 1994	Democratic Republic of Congo	Common market
Community of Sahel-Saharan States	Free trade area	Goods, services, investment, migration	4 February 1998	Central African Republic, Chad	Free trade area and integration in certain sectors
Central African Economic and Monetary Community[a]	Free trade area	Goods, services, investment, migration, monetary, infrastructure	24 September 1999	Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon	Full economic union
Southern African Development Community	Free trade area	Goods, services, investment, migration	1 September 2000	Democratic Republic of Congo	Full economic union
Economic Community of Central African States	Free trade area	Goods, services, investment, migration, peace, security, infrastructure, agriculture	1 July 2007	Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon	Full economic union

a. Successor to the Central African Customs and Economic Union, which was established on 8 December 1964.

Source: Compiled by the Central Africa Economic Outlook team.

BOX 1 The Central African Economic and Monetary Community's common external tariff

The common external tariff has four rates: 5 percent for basic necessities (such as medicines), 10 percent for commodities and capital goods, 20 percent for intermediate goods, and 30 percent for consumer goods. Member states are not permitted to modify the tariff unless they invoke the hardship clause. The tariff was restructured in January 2002 to include the community integration tax, a 1 percent levy on all products imported from third countries.

The regional accords treat trade with member countries differently from trade with third countries. It is expected that Central African Economic and Monetary Community integration will increase the relative proportion of trade with member countries, possibly the result of a substitution effect as trade with member countries replaces trade with third countries. But it could also be the result of trade between member countries growing faster than trade with third countries. The second possibility is preferable for the economic well-being of member countries because it minimizes the risk of skewed trade (reductions in imports of more competitive goods produced by third countries to the benefit of less competitive imports from member countries).

Source: CEMAC 2009.

Commercial integration

Intraregional trade in Central Africa in 2016 (1.5 percent of total trade) lagged far behind the average for Africa as a whole (10 percent) as well as for East Africa (16 percent), Southern Africa (15 percent), West Africa (11 percent), and North Africa (5.9 percent; table 2).[18] This underperformance is attributable to delays in setting up an effective free trade area. Since it was created in 2004, the ECCAS free trade area has never been operational due to bureaucratic red tape, particularly:

- Not including community decisions in member state legislation.
- Not enforcing domestic regulations, compromising community norms.
- Not establishing free trade area instruments and tools for government agencies, economic operators, intermediary organizations, and so on.

Trade integration depends on CEMAC, which introduced a common external tariff in 2000 and has gradually reduced customs duties for member countries (box 1). To encourage intracommunity trade, in 2000, duties were finally removed.

TABLE 2 Intracommunity trade as a share of total trade, by region, 2000–16 *(%)*

Region	2000	2010	2015	2016
Central Africa	0.9	2.0	1.5	1.5
East Africa	12.3	13.6	17.1	16.1
North Africa	2.6	3.8	5.8	5.9
Southern Africa	3.0	14.8	17.1	15.2
West Africa	9.3	7.6	9.1	10.7
Africa	9.3	8.3	10.1	9.9

Source: UNCTADstat database (http://unctadstat.unctad.org).

Integration of production capacities

ECCAS efforts to develop production capacity have consisted of:

- A regional strategy for industrialization, private sector development, and economic diversification.
- High-potential vectors for growth, regional trade development, and job creation, particularly for women and young people.
- Two strategies for promoting value chains in the coffee and palm oil industries.
- A regional strategy for improving the business climate in Central Africa.

In agriculture and rural development, the Comprehensive Agriculture Development Program for Central Africa and the Central African Cotton Initiative have spawned two further initiatives:

- National agriculture, food, and nutrition security investment programs have been developed in each member state to mobilize financial resources through business meetings.
- The Central African Common Agricultural Policy has been developed as part of national programs with financial support from the World Bank and technical assistance from The Rural Hub supporting rural development and food security in West and Central Africa.

Economic, financial, and monetary integration

CEMAC takes a harmonized approach to establishing a macroeconomic framework, public finance management, and financial integration tools. The six CEMAC countries have a formal framework aimed at convergence in national macroeconomic policies, hinging on four priorities:

- Fiscal balances must be positive or nil. This criterion was replaced in 2017 by an indicator based on the reference fiscal balance,[19] which must not exceed a deficit of 1.5 percent of GDP.
- Year-on-year inflation must be 3 percent or less.
- Public debt must be 70 percent of GDP or less.
- Domestic or foreign arrears should not be accumulated over the current management period.

Other second-tier criteria supplement the top-tier criteria (table 3).

CEMAC countries also have institutions to deepen the financial sector and support economic integration. The Financial Markets Monitoring Commission regulates a regional stock exchange and financial markets to protect the savings invested in securities and other financial instruments. The Development Bank of Central African States, the Action Group against Money Laundering in Central Africa, and the Institute of Economy and Finance also operate in the community.

But having two stock exchanges in the CEMAC zone limits financial integration. In addition to the Central Africa Stock Exchange, Cameroon has the Douala Stock Exchange. This duplication generates unease among investors due to two overlapping financial market regulations and additional running costs for two institutions whose activities could be centralized. The region is working on merging the two stock exchanges with African Development Bank support.

Central Africa has made very limited progress in enabling the free movement of people. Despite having ratified the protocol for such a measure, ECCAS member states have not yet embodied it in an ECCAS passport. But six ECCAS member states agreed to the free movement of people within the CEMAC region, which still needs to materialize

TABLE 3 Adherence to Central African Economic and Monetary Community convergence criteria, 2017

Criterion	Cameroon	Central African Republic	Chad	Congo	Equatorial Guinea	Gabon	CEMAC	Number of countries meeting criterion
Top-tier criteria								
Reference fiscal balance ≥ –1.5% of GDP	–2.1	1.1	–0.8	–4.7	2.0	–1.9	–1.3	3
Inflation rate ≤ 3%	1.2	4.0	1.7	1.6	0.6	2.6	1.6	5
Total outstanding public debt ≤ 70% of nominal GDP	30.5	36.2	35.0	112.3	52.4	55.8	50.4	5
Domestic or foreign arrears = 0	na	na	na	na	na	na	na	0
Number of criteria achieved	2	2	3	1	3	2	3	
Second-tier criteria								
Wage bill ≤ 35% of tax revenue (excluding oil)	37.0	58.1	65.4	48.4	30.1	70.9	48.7	
Primary fiscal balance excluding oil (% of nonoil GDP)	–3.7	–6.1	–6.6	–27.4	–21.4	–6.3	–8.1	
Underlying external current account balance ≥ –5% of GDP	–2.3	–13.8	–7.7	8.1	–4.6	–1.3	–2.1	
Fiscal pressure rate ≥ 17%	12.8	8.6	6.3	11.5	4.4	13.8	11.5	
External coverage rate of currency by foreign exchange holdings ≥ 20%	72.2	85.1	7.8	42.9	18.5	67.3	63.6	

na is not applicable.

Source: CEMAC 2018.

Environmental integration

ECCAS has made some progress in water resource management, notably through the Regional Action Plan for Integrated Water Resources Management in Central Africa. An integrated water resource management unit, operating since 2015 within the ECCAS General Secretariat, manages an information system covering water resources, water use in the region, and knowledge sharing among stakeholders. In addition, the Congo-Oubangui-Sangha Basin International Commission operates a geospatial data collection center that monitors navigability on regional cross-border waterways.

To preserve ecosystems and protect biodiversity, the Central African Green Economy System set up sectoral programs for hydropower, the solar economy, forestry management, agribusiness, the timber economy, ecotourism, and the protected areas economy, supported by a fund at the ECCAS General Secretariat. To make the Central African Anti-Poaching System, the Extreme Emergency Anti-Poaching Plan, and the Emergency Anti-Poaching Action Plan operational, seven grant agreements have been signed with operators.

Regarding disaster risk management and climate change adaptation, ECCAS has a regional strategy for risk prevention, disaster management, and climate change adaptation. It also has a Satellite and Weather Information Center for Disaster Resilience, based in Douala, Cameroon. The ECCAS General Secretariat supports better regional management through:

- The Parliamentary Network for Disaster Resilience.
- Annual consultations for more-effective disaster preparation and response.
- The biannual ministerial conference on disaster risk reduction, now in its second round.
- The biannual ministerial conference on meteorology, also in its second round.

Physical integration: Transportation, energy, and information and communication technology infrastructure

ECCAS's transport infrastructure strategy, based on a consensual transport development plan for Central Africa, supports 14 major ports, international airports, railways, waterways, and lake systems. Its main efforts:

- A feasibility study for the road–rail bridge between Brazzaville (Congo) and Kinshasa (Democratic Republic of Congo) and financial resources for construction.
- A study of the major multimodal corridor including the Ouesso (Congo)–Bangui (Central African Republic)–Ndjamena (Chad) highway and navigation on the Congo River and its Oubangui and Sangha tributaries.
- A study of the Ntem River bridge to link Cameroon and the continental portion of Equatorial Guinea.
- Initial work on the Ketta (Congo)–Djoum (Cameroon) highway to link the capitals of Brazzaville and Yaoundé.
- Roadworks in the Bamenda–Enugu corridor.

The Central African Energy Pool coordinates ECCAS energy-related activities and is setting up a regional energy market, interconnecting electricity grids, and increasing member states' energy capacity. Its successes include:

- A Central African Electricity Procurement Code.
- Studies on connecting electricity grids between the region's countries and the rest of Africa, particularly from Democratic Republic of Congo's Inga Dam.
- A development fund for Central Africa's electricity sector.
- ECCAS adherence to the Tokyo International Energy Charter.

CEMAC also recently established a Central African Energy Policy for 2035 to ensure reliable, efficient energy infrastructure for the region's physical integration.

ECCAS also has programs to harmonize domestic regulations and develop fiber optic broadband infrastructure. Results include:

- Model laws on telecoms, information and communication technology, and cybersecurity as well as the regulatory framework for cross-border interconnections between ECCAS member states.
- The Brazzaville Declaration to create a favorable environment for attracting private investors in fiber optic broadband infrastructure and for providing security for end-users.
- The migration of the internet exchange points in Congo and Gabon to regional internet exchange points.
- Feasibility studies and business plans for the consensual action plan to deploy electronic communication infrastructure.

Political and institutional integration

The main ECCAS tools for political and institutional cohesion are the Non-Aggression Pact, the Peace and Security Council, and the Mutual Assistance Pact. Signed in July 1996 in Yaoundé, the Non-Aggression Pact is meant to dissuade signatories from using threats, force, or aggression against the territorial integrity or independence of other member states or in any way committing, encouraging, or supporting hostile or aggressive acts against the territorial integrity or independence of other member states.

To promote coordination, the Peace and Security Council seeks to avert crises, resolve conflicts, and take action to preserve and consolidate peace and security. The council functions as the ECCAS member states' political and military consultation body. It is equipped with a Central African Early Warning System and a Central African Multinational Force in keeping with the African Peace and Security Architecture set up by the African Union. The council covers both interstate and internal conflicts. The ECCAS General Secretariat also has a Comprehensive Multidimensional Training Service, which creates training courses and curricula for military personnel, police, and civilians. Six centers of excellence have been set up to provide such training, and others are being identified and certified.

The third tool is the Mutual Assistance Pact, signed by ECCAS member states in February 2000 to promote collective security in Central Africa. Its primary duty is the defense of every country in the region, even though it would be more effective if it were to pool and coordinate resources.

The Central African Energy Pool coordinates ECCAS energy-related activities and is setting up a regional energy market, interconnecting electricity grids, and increasing member states' energy capacity

CHALLENGES TO AND OPPORTUNITIES FROM REGIONAL INTEGRATION

Despite the progress with treaties, laws, and strategies to drive regional integration, results on the ground do not always meet expectations. In 2016, ECCAS ranked sixth in regional integration among the eight RECs recognized by the African Union.[20] The Common Market of Eastern and Southern Africa and the Community of Sahel-Saharan States ranked lower.

Central Africa faces three major types of constraints:

Central Africa faces three major types of constraints: structural, institutional, and international

- Structural constraints are manifest in the quantitative and qualitative inadequacy of socioeconomic infrastructure, a technological gap, a largely undiversified productive structure, an unevenly distributed and largely unskilled workforce, and a lack of industrial complementarity between member states (petroleum products, husbandry, agriculture, and the like).
- Institutional constraints consist of the resurgence of terrorism and heightened border insecurity, which threaten member states' stability, and a lack of coordination and harmonization of policies and regulations. Added to that are poor governance, constraints on the free movement of goods and people, and institutional and economic inefficiencies.
- International constraints include environmental regulations and market restrictions.

Central Africa has massive water resources, with some 60 percent of Africa's total potential.[21] All countries in the region except Equatorial Guinea have high hydropower potential. With a potential 100,000 megawatts, Democratic Republic of Congo has the highest technically realizable hydropower resources in Africa. This also offers opportunities to undertake transport and energy projects, with hydropower capacity of some 17 percent of world potential and a vast network of 12,000 kilometers of navigable waterways.

FRAGILITY

Fragility describes imbalances between tensions and challenges (internal and external) confronting government and society and in the ability to manage them. A country is in a state of fragility when pressures become too powerful for the political process to manage, creating a risk of violence or conflict.

In September 2018, the African Development Bank created the Country Resilience and Fragility Assessment as a tool for assessing a country's resilience and fragility. It complements the Country Policy and Institution Assessments developed jointly by the World Bank and the African Development Bank. The Country Resilience and Fragility Assessment pays more attention to dynamic factors not (or barely) tackled in the Country Policy and Institution Assessments, such as conflicts, poverty, environment, political stability, and social unity. It brings new, quantitative rigor to the assessment of capacities and pressures, and it assesses resilience based on the structural capacities of governments as well as drivers of fragility based on internal and external pressures on regional member states, an aspect that no other tool in multilateral development has used.

The Country Resilience and Fragility Assessment analyzes inclusive policies, security, the law, economic and social inclusion, social cohesion, external factors and regional repercussions, and climate and environmental impacts (see annex).

Volatile security and political instability in Central Africa are due mainly to several multidimensional conflicts for the control of natural resources and with links to terrorism, especially Boko Haram and the Lord's Resistance Army. These conflicts have been exacerbated by government inability to confront insecurity and reconstruction, high poverty rates, and the lack of good governance. In Democratic Republic of Congo, the crisis in the Kasai region is another factor, causing huge displacements of people and creating new humanitarian needs.[22]

Fragility therefore implies that safety, security, well-being, and nation building are exposed to the risk of falling—or falling back—into crisis or violent conflict. Today, more than 1.6 billion people, or 22 percent of the world's population, live in fragile situations. By 2050, that number is expected to reach 3 billion, or 32 percent of the world's population. Africa is the continent most affected by fragility. Of 56 fragile situations identified by the Organisation for Economic Co-operation

and Development, 37 are in Africa, with almost 300 million people affected.

In Central Africa, three countries are considered fragile: Central African Republic, Chad, and Democratic Republic of Congo. The other four—Cameroon, Congo, Equatorial Guinea, and Gabon—may be considered more resilient, though they have pockets of fragility (box 2).

TRANSFORMING ECONOMIES AND REDUCING FRAGILITY

Structural transformation has three dimensions: economic, social, and interindustrial and is made possible by economic diversification and technological modernization, the creation of decent and productive jobs, and equitable social

BOX 2 Fragility in the Economic Community of Central African States

Fragility in the Economic Community of Central African States (ECCAS) is multidimensional, revealed largely at the political security, socioeconomic, and institutional levels.

The region's political fragility in the Great Lakes region, the Lake Chad Basin, and the Gulf of Guinea are closely linked to political divisions, inadequate protection of human rights, limited transparency in resource management, and electoral processes that worsen political fragility by creating social tensions. The extreme material poverty of the population, inadequate governance of surface and subsurface resources (hydrocarbons and mineral ore), porous borders, and the breakdown of public services in some areas are aggravating factors.

Most countries (except Burundi and Rwanda) depend heavily on oil. This dependence is a barrier to economic diversification and is largely caused by a reduced production base and inadequate transport infrastructure, poor competitiveness and inadequate investment, and numerous tariff and nontariff trade barriers. On average, 35 percent of the region's GDP is generated by oil and mining. Crude oil is the region's primary export and main source of budget revenue, at an average of 70 percent. Many obstacles lie in the path of economic transformation in ECCAS, linked mostly to governance and poor institutional capacity.

Burundi, Central African Republic, Chad, and Democratic Republic of Congo are among the 10 lowest performers on the United Nations Development Programme's Human Development Index, and Burundi, Central African Republic, and Democratic Republic of Congo are among the 10 countries with the lowest GDP per capita. Burundi, Central African Republic, and Democratic Republic of Congo, which have a combined population of almost 100 million, pull the regional average down for both measures. Social indicators are much worse in war-torn countries, where degradation in the humanitarian situation of displaced people and conflict victims has greatly increased, leading to potentially greater social exclusion and inequality.

Inequalities in wealth distribution are considerable: the average Gini coefficient is 0.456. The unemployment rate ranges from 20 percent to 35 percent. The public sector is the major formal employer, and the informal economy employs more than half the active population (80 percent in Democratic Republic of Congo and 70 percent in Chad and Congo). Precarious livelihoods and youth unemployment are major factors in the instability of some parts of the region. Women are among the most affected by fragile situations due to high sexual and gender-based violence.

The lack of suitable infrastructure, particularly in energy and transportation, acts as a barrier to private sector growth and regional exports. ECCAS has the continent's greatest hydroelectric potential, with 60 percent of Africa's hydroelectric resources. But the energy situation in member states is far from satisfactory and handicaps the establishment of an effective industrial base.

Governance is greatly inadequate and, combined with the poor capacity of institutions, is a barrier to economic transformation. Transparency and accountability in public resources management are limited, due to the weakness of civil society and public institutions responsible for monitoring the government's actions and to the lack of information on revenues from the exploitation of natural resources.

Most countries in the region remain near the bottom of the World Bank's Doing Business rankings. Private investment is well below what is required to drive the region's economies. Despite the desire to improve the business climate, conditions remain unfavorable, and external shocks and sociopolitical problems put off private investors.

Finally, the region suffers food insecurity overall, with malnutrition prevalent in some areas. The agricultural sector accounts for only 21 percent of the region's GDP and 9 percent of export revenue. Moreover, most governments allocate less than 5 percent of their budget to agriculture, half the 10 percent recommended in the 2003 Maputo Declaration.

Source: African Development Bank 2019.

development. In turn, structural transformation reduces the drivers of fragility.

To transform economies through regional integration, Central Africa can develop human capital, add value through infrastructure, improve commercial potential, promote an investment climate for private sector development, and establish a common market.

Developing human capital

In Central Africa, too few scientists and engineers work in sectors promoting economic change. In 2010, the share of students in engineering, manufacturing, and construction programs was 4.3 percent in Cameroon and 12.8 percent in Morocco.[23] To overcome the lack of qualifications in the active population (mainly among the unemployed) and to create economies of scale, it is important to identify the supply of human capital in relation to industrial structures. Regional integration should increase the cross-border mobility of human capital, creating greater added value. Change depends on implementing techniques designed to produce goods and ensure sustainable trade. Regional integration stimulates structural transformation through more workforce mobility, higher demand for goods and services, and thus greater regional trade.

Growth in interstate universities for vocational training contributes to better qualified human resources and meets shortfalls in the supply of young graduates, specifically engineers. Cohesion among institutional networks, human resources, and regional markets enables innovation and connected activities, with positive impact on competitiveness, trade, and economic growth—and thus structural transformation. The greater the quality of human capital, the greater the capacity to innovate, the more competitiveness, the more transfers of technology, and the greater the likelihood of structural transformation. The redistribution of qualified human capital among the various segments of the economy promotes inclusive development, added value, diversification, and productivity and industrialization.

The greater the quality of human capital, the more the capacity to innovate grows, the more competitiveness is effective, the more transfers of technology are recorded, and the more likely there is structural transformation

Adding value through infrastructure

Central Africa is notable for low access to electricity, poor interconnections between countries, extremely poor electricity coverage, and poor quality service (table 4). A regional approach to energy supply in general, and electricity in particular, is particularly appropriate considering the links between energy consumption and economic growth, the unequal endowments in key resources for the production of energy, the gaps between supply and demand, and the high installation costs. In terms of access to electricity, only Gabon (91 percent) did better in 2016 than the global average (87 percent). Since energy plays a fundamental role in diversification, industrialization, and development strategies, member states should continue to make every effort to catch up in electrification. Energy makes it possible to take advantage of the service sector in order to realize the full potential of transformative economic growth and support the transition from low- to high-producing activities, reducing agriculture's

TABLE 4 Electricity use in Africa, by region, 2016

Region	Electricity consumption (kWh per capita)	Electrification (%)		
		Total	Urban	Rural
Central Africa	92	18	37	6
East Africa	351	41	43	30
North Africa	961	99	97	93
Southern Africa	1,010	37	46	16
West Africa	128	40	64	19

Source: World Bank 2017.

share of production and employment and increasing the shares of manufacturing and modern services.

The regional approach will provide industry with energy in general, and electricity in particular, and markets for expansion. Moreover, energy can foster technology transfers and interaction with other sectors of the economy. The Central African Energy Pool aims to increase electricity interconnections, set up regional energy markets, and harmonize energy policy. This will allow an integrated Central Africa to prosper, pacify relations, and create a dynamic force on the regional, continental, and global scene.

Roads can also compensate for the isolation of some Central African countries by connecting them to ports. Douala is the maritime entryway for landlocked countries. But exports from Congo via the port of Douala amounted to little more than 50,000 tons in 2016, down from 270,000 tons in 2013. Similarly, the volume of imported merchandise going through Douala into Central African Republic went from 100,000 tons in 2013 to 75,000 tons in 2016. And while 610,000 tons of imported merchandise went through Douala into Chad in 2014, only 220,000 tons did so in 2016.[24] These drops can be explained by bottlenecks, unloading times, and unethical practices of customs officials.

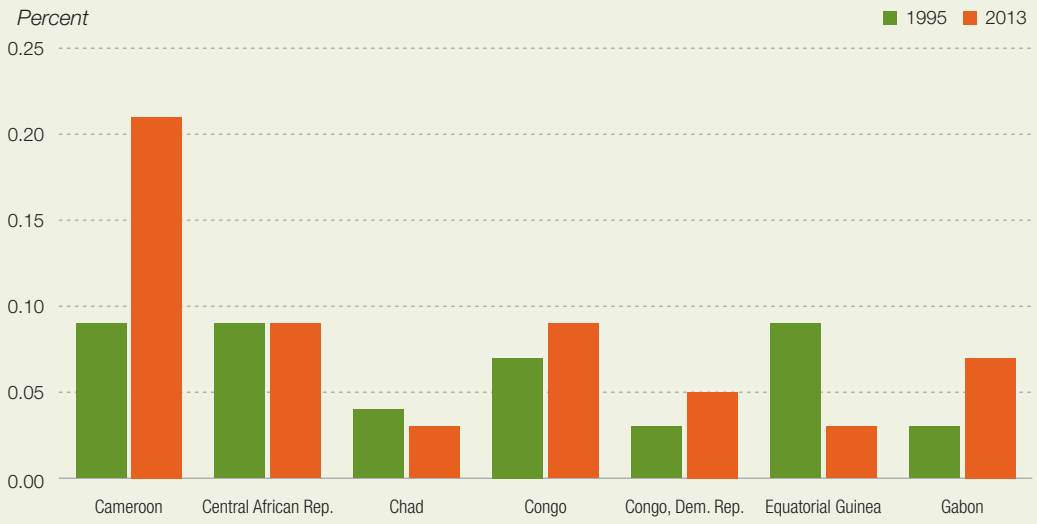
Improving commercial potential

Central African countries record poor complementarity in their trade profiles, with indices much closer to 0 than to 1 (figure 15). Few goods imported by one country are exported by another. However, the development of commercial potential could increase complementarity among member states. Links could then be stronger among services, manufacturing, and agriculture in both production and demand. This would achieve structural transformation at the regional level, which is essential in industrial and manufacturing development as well as production and sales chains. Developing commercial potential requires a more predictable and robust trade environment. It improves cost-effectiveness by simplifying and harmonizing trade, transport, and documentation and information exchange procedures. Such development can be facilitated by regional, continental, and global initiatives promoting cooperation and integration to facilitate trade, transportation, and logistical services.

To fit into global markets, Central Africa must consolidate intracommunity trade by eliminating protectionism. Regional integration can facilitate trade between member states, promoting the production and consumption of manufactured goods. Increasing regional integration should revitalize

To fit into global markets, Central Africa must consolidate intracommunity trade by eliminating protectionism

FIGURE 15 Bilateral complementarity indices in Central Africa, by country, 1995 and 2013



Source: Avom and Mignamissi 2017.

trade in industrial goods and thus promote industrialization and improve people's living conditions.

Promoting an investment climate for private sector development

Central Africa needs a viable institutional environment to support the private sector. State monopolies are being replaced by greater competition in telecommunications, transportation, finance, and many other areas. Central Africa should guarantee a stable long-term macroeconomic environment, reducing the uncertainty typically associated with investment and supporting a relative price structure that is less sensitive to distortion. Optimizing complementarities requires the coordinated management of macroeconomic and sector stabilization policies. To minimize uncertainties, good governance must guarantee the long-term stabilization of the business climate, the effectiveness of all forms of public intervention, and economic regulation centered on the most productive sectors and businesses.

Central Africa integration is having difficulty prospering despite the legislation and various treaties and institutions established to govern regional integration, which however fail to be implemented by member states

Establishing a common market

Regional integration merges national markets and increases their size. Merging national markets is supported by building new ports; modernizing existing ones; creating new hydroelectric plants, telecommunication channels, and railway infrastructure projects; and harmonizing policies to improve the environment for productive investments—all important in promoting structural transformation.

KEY RECOMMENDATIONS

Central Africa is having difficulty prospering despite the legislation and various treaties and institutions established to govern regional integration. Implementation failures by member states, exogenous shocks, internal conflicts, natural resource dependence, poor economic diversification, and security issues continue to be obstacles. Yet regional integration is clearly a path to structural transformation that, in turn, should reduce factors of fragility in the region. In brief, fragility is closely linked to the poor governance of the region's natural resources, recurrent security issues, and political instability. Strengthening the resilience of the countries in the region is essential to achieving inclusive growth.

Here are the report's main recommendations:

- Accelerate economic diversification of member states to reduce fragility due to exogenous shocks.
- Develop the financial system to promote inclusive finance and entrepreneurship, especially among young adults and women.
- Strengthen the connectivity of infrastructure for electricity, transportation, and information and communication technology.
- Combine strengths among countries to develop human capital and enhance countries' comparative advantages.
- Formulate an effective strategy to implement and monitor regional integration projects.
- Accelerate the conditions for the creation of the future continental free trade area.

NOTES

1. African Development Bank 2019.
2. As defined in article 4, chapter 2 of the treaty establishing ECCAS.
3. African Development Bank 2019.
4. African Development Bank 2018a.
5. The middle class refers to households with an income that covers basic needs and a discretionary income that can be spent on nonessential goods and services.
6. CFAO 2015.
7. https://www.oilmonster.com/crude-oil-prices/opec–basket-price/102/3.
8. African Development Bank 2018c.
9. The southwest accounts for 45 percent of the country's cocoa production, and the northwest accounts for 70 percent of Arabica coffee production.
10. Anti-balaka armed militias; Patriotic Movement for Central Africa; Return, Reclaim, Rehabilitation; Popular Front for the Renaissance of Central Africa; and Union for Peace in Central Africa (formerly Séléka).
11. UNHCR 2018.
12. BEAC 2018.
13. 1 euro equals 655.96 CFA francs.
14. African Development Bank 2018a.
15. UNDP 2017.
16. UNDP 2017.
17. Balassa 1991.
18. UNCTADstat database (http://unctadstat.unctad.org).
19. The reference fiscal balance is the difference between the overall budget balance (grants included) and oil resources to be saved in financial form. It incorporates an oil resources financial savings rule corresponding to 20 percent of oil revenues in the year under review. This saving is adjusted by 80 percent of the average three-year change in oil revenues.
20. UNECA, AU, and African Development Bank 2016.
21. IRENA 2015.
22. African Development Bank 2019.
23. African Development Bank 2018a.
24. Bove et al. 2018.

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ANNEX

TABLE A1 African Development Bank's dimensions of fragility and Country Resilience and Fragility Assessment tool

Dimension	Subdimension		Indicators
Inclusive politics	Capacity	Representation in the political system (government and public institutions)	Regional representation in the political system
			Proportion of seats held by women in national parliaments
			Proportion of seats held by the party in power in national parliaments
			Involvement or representation of young people in political exchanges
			Proportion of seats held by the party in power in infra-national parliaments
		Political participation	Citizen participation in political dialogue and the electoral process
	Pressure	Corruption and bribery	Degree to which corruption practices undermine the credibility and legitimacy of public institutions
		Political instability	Degree of blockage and brinkmanship between political actors
			Level of political instability
Security	Capacity	Capacity of judicial institutions	Number of police officers in proportion to the population
			Degree to which citizens trust the police to enforce the law and public order
			Police budget per inhabitant
		Capacity of defense institutions	Recurrent defense budget per inhabitant
			Number of armed military personnel per inhabitant
			Presence of or dependence on internationally-deployed peace operations
	Pressure	Presence of criminal violence	Prevalence of violent crime
		Presence of armed conflict	Number of deaths due to collective violence in proportion to the population
			Presence of collective violence organized during the past five years
			Number of refugees and nationally displaced people in proportion to the population and by country of origin
Justice	Capacity	Independence and fairness of judicial institutions	Independence of the judiciary in comparison to interference from the executive
		Capacity and effectiveness of judicial institutions	Budget of the judiciary system per inhabitant
			Number of backlogged and pending civil and criminal cases
			Duration of backlogged and pending civil and criminal cases
			Property law and contract law
	Pressure	Impunity of high government officials	Accountability of public office holders in cases of abuse of power
		Exclusion from/access to justice and the popular perceptions	Ease of access to civil justice
			Cost of basic legal services

(continued)

TABLE A1 African Development Bank's dimensions of fragility and Country Resilience and Fragility Assessment tool *(continued)*

Dimension	Subdimension		Indicators
Economic and social inclusiveness	Capacity	Economic policies and effectiveness	Economic management
			Business climate
		Distribution of and access to public services	Access to public services (education, health, nutrition)
			Access to electricity
			Level of telecommunications and Internet connectivity
			Difference between rural and urban zones in terms of access to water and sanitation
	Pressure	Economic and income inequality	Gini coefficient
			Share of income of the highest 10 percent of the population
			Share of income of the middle class
		Poverty	Purchasing power parity
			Lack of economic opportunities
Social cohesion	Capacity	Ease of civil society association and organization	Freedom of expression, association, and assembly
		Ease of movement for population	Access to national and international air travel
	Pressure	Polarization or sectarian or group-based exclusion	Level of regional marginalization based on sectarian or group identity
		Youth and gender-based marginalization	Gender equality
			Degree of youth representation in political platforms
			Overall youth unemployment (percentage of the overall active population aged 15 to 24)
Externalities and regional spillover effects	Capacity	Resistance to economic shocks	Economic diversification
		Regional integration	Regional integration and economic cooperation
	Pressure	Insecurity originating in neighboring countries	Regional and cross-border tensions and insecurity
			Cross-border water management disputes
			Average Country Resilience and Fragility Assessment insecurity score for neighboring countries
		Transnational crime	Effectiveness of governmental efforts to eliminate human trafficking
Climate and environmental impacts	Capacity	Environmental conservation policy	Environmental policies for the protection and sustainable use of natural resources
		Preparation for emergency situations	Prevention and response to natural disasters and complex humanitarian emergency situations
	Pressure	Environmental pressures and vulnerability to natural disasters	Number of deaths in proportion to the population due to natural disasters and cost relative to GDP
			Water shortage
		Access to food and nutrition	Malnutrition and undernourishment
			Price volatility of food products

Source: African Development Bank 2018b.

TABLE A2 Country Resilience and Fragility Assessment scores for Central African countries, 2016

Dimension		Angola	Burundi	Cameroon	Central African Rep.	Chad	Congo	Congo, Dem. Rep.	Equatorial Guinea	Gabon	Rwanda	São Tomé and Príncipe	ECCAS average	CEMAC average	Central Africa average
Inclusive politics	Capacity	3.6	3.5	2.8	2.9	2.5	2.2	2.7	2.3	1.4	5.5	2.8	2.9	2.3	2.4
	Pressure	2.5	1.3	4.0	5.6	3.8	3.6	4.7	1.3	3.4	1.5	1.2	3.0	3.6	3.8
Security	Capacity	4.9			1.0	1.9		1.0					2.2	1.5	1.3
	Pressure	2.2	3.3	3.2	5.9	3.4	2.8	4.8	1.1	1.5	2.9	1.0	2.9	3.0	3.2
Justice	Capacity	2.3	2.3	2.3	1.3	1.6	1.4	1.7	1.0	3.1	4.1	2.1	2.1	1.8	1.8
	Pressure	5.9	4.2	5.1	5.9	5.9	5.9	5.9			2.0		5.1	5.7	5.7
Economic and social inclusiveness	Capacity	2.2	2.8	3.2	1.7	2.2	2.1	2.7	3.2	4.2	4.1	3.9	2.9	2.7	2.7
	Pressure	4.3	4.3	3.0	5.1	4.9	4.4	5.4	1.7	3.0	5.0	4.9	4.2	3.7	3.9
Social cohesion	Capacity	1.6	2.2	1.8	2.0	1.6	1.8	1.5	1.3	2.0	2.3	4.6	2.1	1.7	1.7
	Pressure	2.4	1.8	3.3	4.0	4.0	4.0	4.1	3.6	4.9	1.6	4.5	3.5	4.0	4.0
Externalities and regional spillover effects	Capacity	1.2	2.7	3.2	2.4	2.1	2.5	1.6	1.7	3.3	3.4	1.2	2.3	2.5	2.4
	Pressure	4.3	4.8	3.9	4.8	4.5	3.9	4.7	3.3	2.2	4.9	1.8	3.9	3.8	3.9
Climate and environmental impacts	Capacity	3.5	2.3	3.7	2.3	3.0	5.8	2.8	4.9	4.1	3.8	2.1	3.5	4.0	3.8
	Pressure	3.2	2.6	3.1	2.5	3.9	3.4	3.3	3.3	2.7	4.2	2.2	3.1	3.2	3.2

Source: African Development Bank 2018b.

STATISTICAL ANNEX

STATISTICAL TABLE 1 Basic indicators, 2018

	Population (thousands)	Land area (km^2 thousands)	Population density (people per km^2)	Gross domestic product[a] ($ millions)	Gross domestic product per capita[a] ($)	Average annual real GDP growth, 2010–20 (%)
Cameroon	24,678	475	52	95,068	3,852	4.5
Central African Rep.	4,737	623	8	3,620	764	0.2
Chad	15,353	1,284	12	30,320	1,975	3.6
Congo	5,400	342	16	30,665	5,679	2.6
Congo, Dem. Rep.	84,005	2,345	36	72,872	867	5.9
Equatorial Guinea	1,314	28	47	29,764	22,654	–2.9
Gabon	2,068	268	8	38,280	18,515	4.0
Central Africa	137,555	5,365	26	300,588	2,185	3.5
Africa	1,286,206	30,049	43	6,764,685	5,259	4.0

a. Based on purchasing power parity valuation.

Source: UNDESA 2017, African Development Bank statistics and estimates, and various domestic authorities.

STATISTICAL TABLE 2 Real GDP growth, 2010–20 *(%)*

	2010	2011	2012	2013	2014	2015	2016	2017	2018 (estimated)	2019 (projected)	2020 (projected)
Cameroon	3.3	4.1	4.5	5.4	5.9	5.7	4.6	3.5	3.8	4.4	4.7
Central African Rep.	3.0	3.3	4.0	–36.7	1.0	4.8	4.5	4.0	4.3	5.0	5.0
Chad	13.6	0.1	8.9	5.7	6.9	1.8	–6.4	–3.8	2.8	4.2	5.8
Congo	8.7	3.4	3.8	3.3	6.8	2.6	–2.8	–3.1	2.0	3.7	–0.1
Congo, Dem. Rep.	7.1	6.9	7.1	8.5	9.5	7.7	1.7	3.7	4.0	4.5	4.6
Equatorial Guinea	–8.9	6.5	8.3	–4.1	0.4	–9.1	–8.6	–2.9	–7.9	–2.7	–2.5
Gabon	6.3	7.1	5.3	5.5	4.4	3.9	2.1	0.5	2.0	3.4	3.4
Central Africa	4.2	4.9	6.1	4.0	5.9	3.3	0.2	1.1	2.2	3.6	3.5
Africa	5.8	2.9	7.3	3.6	3.7	3.5	2.1	3.6	3.5	4.0	4.1

Source: African Development Bank statistics, estimates, and projections and various domestic authorities.

STATISTICAL TABLE 3 Demand composition and growth rate, 2017–20

	2017						2018 (estimated)				2019 (projected)				2020 (projected)			
	Final consumption		Gross capital formation		External sector		Total final consumption	Total gross capital formation	Exports	Imports	Total final consumption	Total gross capital formation	Exports	Imports	Total final consumption	Total gross capital formation	Exports	Imports
	Private	Public	Private	Public	Exports	Imports												
	(% of GDP)						(% real growth)				(% real growth)				(% real growth)			
Cameroon	68.5	19.1	28.2	9.1	39.1	63.9	4.4	8.2	3.9	7.0	4.0	8.0	4.0	6.1	4.7	8.3	4.4	6.4
Central African Rep.	93.5	14.1	8.0	6.6	17.0	39.2	3.2	6.8	4.9	3.3	4.1	8.8	4.5	4.6	4.4	9.1	3.7	5.2
Chad	85.8	10.0	1.5	4.8	26.2	28.4	2.2	5.0	5.1	4.3	2.1	6.0	7.2	2.2	4.3	6.0	8.4	4.7
Congo	51.5	21.6	20.2	9.3	65.5	68.1	–2.3	–21.9	4.0	–12.9	–2.6	–0.3	1.9	–10.1	–4.3	–27.2	1.1	–18.1
Congo, Dem. Rep.	73.9	5.5	22.0	2.4	35.5	39.3	–22.9	9.8	22.7	–25.8	–8.5	4.6	11.1	–10.4	–2.8	4.6	8.1	–3.1
Equatorial Guinea	49.0	19.8	4.1	10.7	42.4	26.0	–1.3	–0.2	–13.9	0.4	–2.5	–1.4	–3.1	–2.4	–4.4	–2.0	–0.7	–3.8
Gabon	47.5	16.1	28.9	5.0	40.6	38.1	3.3	1.6	0.7	2.0	3.6	0.1	3.5	1.1	2.7	1.6	3.5	0.9
Central Africa	66.8	11.5	18.0	4.9	32.9	34.1	–4.2	2.2	6.2	–10.4	–0.1	2.8	5.3	–4.0	1.0	–0.1	4.6	–2.8
Africa	68.7	13.6	13.7	9.5	22.7	28.1	1.3	4.4	2.9	–1.4	2.7	5.3	3.4	2.3	3.5	5.1	2.9	3.3

Source: African Development Bank statistics, estimates, and projections and various domestic authorities.

STATISTICAL TABLE 4 Public finances, 2017–20 *(% of GDP)*

	2017			2018 (estimated)			2019 (projected)			2020 (projected)		
	Total revenue and grants	Total expenditure and net lending	Overall balance	Total revenue and grants	Total expenditure and net lending	Overall balance	Total revenue and grants	Total expenditure and net lending	Overall balance	Total revenue and grants	Total expenditure and net lending	Overall balance
Cameroon	15.6	20.4	–4.9	16.4	19.0	–2.6	16.3	18.4	–2.1	15.8	17.4	–1.6
Central African Rep.	14.5	16.0	–1.5	16.8	15.8	1.0	16.4	15.7	0.6	15.7	15.6	0.2
Chad	14.4	15.2	–0.8	14.9	14.8	0.1	14.6	14.4	0.2	14.7	14.1	0.5
Congo	32.7	45.1	–12.5	30.8	35.6	–4.8	29.2	34.4	–5.2	27.8	31.3	–3.6
Congo, Dem. Rep.	11.6	11.5	0.1	9.5	10.1	–0.6	8.9	8.9	0.0	8.6	8.2	0.3
Equatorial Guinea	21.8	24.7	–2.9	22.0	22.9	–0.9	21.6	22.1	–0.5	21.6	21.4	0.3
Gabon	18.8	22.5	–3.6	19.2	19.4	–0.3	19.7	19.2	0.5	22.4	20.5	1.8
Central Africa	16.4	19.4	–3.0	16.4	17.8	–1.4	16.1	17.0	–1.0	16.0	16.3	–0.3
Africa	21.7	27.5	–5.8	21.2	25.7	–4.5	21.3	25.3	–4.0	22.2	25.9	–3.7

Source: African Development Bank statistics, estimates, and projections and various domestic authorities.

STATISTICAL TABLE 5 Monetary indicators

	Inflation (%)				Exchange rate (local currency unit per US dollar)			
	2017	2018 (estimated)	2019 (projected)	2020 (projected)	2015	2016	2017	2018 (estimated)
Cameroon	0.6	1.1	1.1	2.0	591.4	593.0	582.1	530.2
Central African Rep.	4.1	3.9	3.3	3.2	591.4	593.0	582.1	530.2
Chad	–0.9	2.1	2.3	2.3	591.4	593.0	582.1	530.2
Congo	0.5	1.5	1.6	2.0	591.4	593.0	582.1	530.2
Congo, Dem. Rep.	41.5	27.7	14.9	10.5	926.0	1,010.3	1,464.4	1,839.4
Equatorial Guinea	0.7	0.6	1.4	1.9	591.4	593.0	582.1	530.2
Gabon	3.0	2.8	2.3	2.5	591.4	593.0	582.1	530.2
Central Africa	9.3	7.3	4.7	4.1	…	…	…	…
Africa	12.6	10.9	9.2	8.1	…	…	…	…

... is not available.

Source: African Development Bank statistics, estimates, and projections; various domestic authorities; and the International Monetary Fund International Financial Statistics database.

STATISTICAL TABLE 6 Balance of payments indicators

	Trade balance ($ millions)				Current account balance ($ millions)				Current account balance (% of GDP)			
	2017	2018 (estimated)	2019 (projected)	2020 (projected)	2017	2018 (estimated)	2019 (projected)	2020 (projected)	2017	2018 (estimated)	2019 (projected)	2020 (projected)
Cameroon	–426	–418	–746	–1,166	–922	–1,257	–1,306	–1,398	–2.7	–3.2	–3.1	–3.1
Central African Rep.	–244	–281	–296	–314	–161	–160	–154	–159	–9.4	–8.3	–7.3	–7.0
Chad	306	777	917	1,074	–656	–549	–588	–672	–6.6	–4.3	–4.3	–4.5
Congo	1,970	3,877	4,268	4,794	–1,048	383	506	82	–13.2	4.0	5.1	0.8
Congo, Dem. Rep.	–158	3,157	5,228	6,879	–1,349	–385	686	929	–3.6	–1.1	1.9	2.4
Equatorial Guinea	2,913	3,441	3,196	3,182	–149	–344	–369	–490	–1.3	–2.7	–2.9	–3.9
Gabon	2,549	3,593	3,739	3,966	–713	–267	–66	–161	–4.9	–1.5	–0.4	–0.8
Central Africa	6,909	14,144	16,305	18,414	–4,999	–2,579	–1,291	–1,870	–4.3	–2.0	–1.0	–1.3
Africa	–76,217	–69,644	–76,739	–87,419	–81,227	–70,979	–69,596	–78,510	–3.6	–3.0	–2.8	–3.0

Source: African Development Bank statistics, estimates, and projections.

STATISTICAL TABLE 7 Intraregional trade, 2017 *($ millions)*

	Exports to									
	Cameroon	Central African Rep.	Chad	Congo	Congo, Dem. Rep.	Equatorial Guinea	Gabon	Central Africa	Africa	World
Cameroon	na	27.7	135.5	49.4	18.5	38.4	43.9	313.4	480.5	3,233.0
Central African Rep.	3.3	na	1.6	0.1	…	…	0.0	5.0	17.8	124.3
Chad	7.5	0.5	na	0.3	…	…	0.1	8.3	10.8	1,343.7
Congo	145.7	1.2	0.1	na	19.5	6.2	40.3	213.0	656.9	5,428.0
Congo, Dem. Rep.	0.0	…	…	97.0	na	…	…	97.0	2,199.1	7,764.6
Equatorial Guinea	27.4	…	…	265.1	…	na	…	292.5	387.1	5,200.0
Gabon	16.7	5.9	3.7	54.1	3.6	22.9	na	106.9	325.7	5,477.0

	Imports from									
	Cameroon	Central African Rep.	Chad	Congo	Congo, Dem. Rep.	Equatorial Guinea	Gabon	Central Africa	Africa	World
Cameroon	na	1.6	5.6	147.8	0.0	28.5	6.5	190.0	973.9	5,104.7
Central African Rep.	27.5	na	0.6	1.6	…	…	1.6	31.2	61.1	351.0
Chad	247.4	1.8	na	0.1	…	…	40.5	289.8	426.7	1,964.5
Congo	96.8	0.1	0.3	na	99.4	281.6	154.9	633.1	1,979.3	6,398.2
Congo, Dem. Rep.	22.4	…	…	23.2	na	…	…	45.7	2,362.1	5,215.9
Equatorial Guinea	110.6	…	…	16.8	…	na	…	127.4	169.0	3,108.6
Gabon	62.6	0.0	0.1	23.4	0.0	8.5	na	94.7	269.1	2,822.6

... is not available.

na is not applicable.

Source: United Nations Conference on Trade and Development.

STATISTICAL TABLE 8 Demographic indicators, 2018

	Population growth rate (%)	Urban population (% of total)	Age distribution (% of population)			Fertility rate (births per woman)
			0–14	15–64	65 and older	
Cameroon	2.6	56.4	42.5	54.3	3.2	4.6
Central African Rep.	1.7	41.4	42.8	53.5	3.6	4.7
Chad	3.0	23.1	46.9	50.6	2.5	5.7
Congo	2.6	66.9	42.1	54.5	3.4	4.5
Congo, Dem. Rep.	3.3	44.5	46.2	50.8	3.0	5.9
Equatorial Guinea	3.6	72.1	37.0	60.1	2.8	4.5
Gabon	2.1	89.4	35.9	59.7	4.4	3.7
Central Africa	3.0	46.0	45.1	51.9	3.0	5.5
Africa	2.5	42.5	40.6	55.8	3.5	4.4

Source: African Development Bank statistics and estimates, UNDESA 2017, and various domestic authorities.

STATISTICAL TABLE 9 Poverty and income distribution indicators

	National poverty line[a]		International poverty line ($1.90 a day)		Gini index[b]	
	Survey year	Population below the poverty line (%)	Survey year	Population below the poverty line (%)	Survey year	Value
Cameroon	2014	37.5	2014	23.8	2014	46.6
Central African Rep.	2008	62.0	2008	66.3	2008	56.2
Chad	2011	46.7	2011	38.4	2011	43.3
Congo	2012	63.9	2011	37.0	2011	48.9
Congo, Dem. Rep.	2011	46.5	2012	77.1	2012	42.1
Equatorial Guinea	2006	76.8		...		...
Gabon	2017	33.4	2017	3.4	2017	38.0
Central Africa		...		...		...
Africa		...		...		...

... is not available.

a. Defined as two-thirds of average consumption.

b. Based on income distribution.

Source: Various domestic authorities and the World Bank.

STATISTICAL TABLE 10 Access to services

	Telecommunications, 2016					
	Main telephone lines (per 100 people)	Mobile telephone lines (per 100 people)	Population using the Internet (%)	Access to electricity, 2016 (% of population)	Population using at least basic drinking water services, 2015 (%)	Population using at least basic sanitation services, 2015 (%)
Cameroon	4.5	79.9	25.0	60.1	65.3	38.8
Central African Rep.	0.0	27.2	4.0	14.0	54.1	25.1
Chad	0.1	38.6	5.0	8.8	42.5	9.5
Congo	0.3	105.8	8.1	56.6	68.3	15.0
Congo, Dem. Rep.	...	36.7	6.2	17.1	41.8	19.7
Equatorial Guinea	0.9	47.1	23.8	67.9	49.6	74.5
Gabon	1.0	149.6	48.1	91.4	87.5	40.9
Central Africa	0.9	49.0	10.3	27.1	48.5	22.9
Africa	2.1	78.5	23.7	51.6	63.3	38.0

... is not available.

Source: African Development Bank statistics, the International Telecommunication Union World Telecommunication/ICT Indicators database, the United Nations Statistics Division Energy Statistics Database, WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation 2015, and various domestic authorities.

STATISTICAL TABLE 11 Health indicators

	Life expectancy at birth, 2018 (years)			Prevalence of undernourished, 2016 (% of population)	Health personnel, 2010–16 (per 100,000 people)	
	Total	Male	Female		Physicians	Nurses and midwives
Cameroon	59.1	58.0	60.2	7.3	8.3	52.0
Central African Rep.	53.6	51.6	55.6	61.8	...	...
Chad	53.5	52.3	54.8	39.7	4.4	30.9
Congo	65.5	63.9	67.2	37.5	9.5	82.4
Congo, Dem. Rep.	60.4	58.9	62.0	...	...	...
Equatorial Guinea	58.2	57.0	59.7	...	...	...
Gabon	66.8	65.2	68.5	9.4	40.6	289.8
Central Africa	59.5	58.0	60.9	24.9	8.5	58.0
Africa	63.1	61.4	64.9	18.5	33.6	123.3

... is not available.

Source: African Development Bank statistics, UNDESA 2017, the Food and Agriculture Organization, and the World Health Organization.

STATISTICAL TABLE 12 Major diseases

	Healthy life expectancy at birth, 2016 (years)			Prevalence of HIV, ages 15–49, 2017 (%)	Infant mortality rate, 2017 (per 1,000 live births)	Under-five mortality rate, 2015 (per 1,000 live births)
	Total	Male	Female			
Cameroon	51.1	50.1	52.0	3.7	55.1	84.0
Central African Rep.	44.9	43.9	45.9	4.0	87.6	121.5
Chad	47.2	46.5	48.0	1.3	73.4	123.2
Congo	56.7	55.9	57.6	3.1	34.7	47.5
Congo, Dem. Rep.	52.5	51.3	53.8	0.7	70.0	91.1
Equatorial Guinea	53.8	52.5	55.3	6.5	65.3	89.6
Gabon	58.7	57.8	59.7	4.2	35.1	48.3
Central Africa	51.7	50.6	52.8	1.7	66.9	92.5
Africa	55.1	54.0	56.3	3.5	47.7	68.7

Source: UNAIDS 2018, the UN Inter-agency Group for Child Mortality Estimation CME Info database, and the World Health Organization Global Health Observatory Data Repository.

STATISTICAL TABLE 13 Education indicators

	Estimated adult literacy rate, 2010–17 (% ages 15 and older)			Gross enrollment ratio, primary, 2010–17 (%)			Public expenditure on education, 2010–17 (% of GDP)
	Total	Male	Female	Total	Male	Female	
Cameroon	71.3	78.3	64.8	113.2	119.0	107.2	3.0
Central African Rep.	36.8	50.7	24.4	105.7	120.0	91.5	1.2
Chad	22.3	31.3	14.0	88.1	99.0	77.0	2.8
Congo	79.3	86.4	72.9	104.2	100.6	107.8	6.2
Congo, Dem. Rep.	77.0	88.5	66.5	108.0	108.4	107.6	2.2
Equatorial Guinea	95.0	97.3	92.4	61.6	61.8	61.3	...
Gabon	82.3	84.9	79.9	138.7	140.8	136.6	2.7
Central Africa	68.8	78.9	59.5	106.5	109.5	103.5	2.1
Africa	65.5	77.0	62.6	99.5	101.6	97.4	4.9

... is not available.

Source: African Development Bank statistics, the United Nations Educational, Scientific and Cultural Organization Institute for Statistics database, and various domestic authorities.

STATISTICAL TABLE 14 Labor indicators, 2018

	Employment to population ratio, ages 15 and older (%)			Labor force participation rate, ages 15 and older (%)			Unemployment rate, total (%)
	Total	Female	Youth	Total	Female	Male	
Cameroon	73.0	67.6	50.6	76.4	71.4	81.4	4.2
Central African Rep.	67.4	59.2	48.4	76.8	70.8	83.1	5.8
Chad	66.9	60.3	49.7	71.6	64.0	79.3	5.9
Congo	61.8	59.2	34.3	70.4	67.6	73.2	11.3
Congo, Dem. Rep.	69.7	68.3	43.9	71.4	70.6	72.3	3.7
Equatorial Guinea	54.7	51.3	24.7	83.1	72.0	92.9	7.6
Gabon	41.6	31.2	10.8	52.4	42.9	61.7	19.5
Central Africa	69.1	65.9	45.1	72.3	69.5	75.3	4.7
Africa	59.6	51.0	40.1	65.9	55.5	75.9	7.8

Source: International Labour Organization ILOSTAT database.



In 2018, the GDP growth rate in Central Africa accelerated slightly, to 2.2 percent from 1.1 percent in 2017, but remained below the African average of 3.5 percent. Central Africa's growth was driven primarily by the rebound in raw material prices, principally oil. Real GDP is projected to grow by 3.6 percent in 2019 and 3.5 percent in 2020 if Central Africa takes advantage of global economic growth, rising oil prices, macroeconomic reforms, and natural resources.

Yet regional integration is clearly a path to structural transformation that, in turn, should reduce factors of fragility in the region. In brief, fragility is closely linked to the poor governance of the region's natural resources, recurrent security issues, and political instability. Strengthening the resilience of the countries in the region is essential to achieving inclusive growth.

Here are the Outlook's main recommendations:

- Accelerate economic diversification of member states to reduce fragility due to exogenous shocks.
- Develop the financial system to promote inclusive finance and entrepreneurship, especially among young adults and women.
- Strengthen the connectivity of infrastructure for electricity, transportation, and information and communication technology.
- Combine strengths among countries to develop human capital and enhance countries' comparative advantages.
- Formulate an effective strategy to implement and monitor regional integration projects.
- Accelerate the conditions for the creation of the future continental free trade area.

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