

Stuck in the Recovery Gap: the Role of Humanitarian Aid in the Central African Republic

(KJ¹) Over the last two years, humanitarian assistance has made a decisive contribution to the stabilization of the Central African Republic while the country's condition was at its most critical. Back from the brink of collapse, the benefits of peace and stability now have to be spread much wider across this desperately poor country, if the patient is to recover successfully. However, while humanitarian assistance is levelling off and may well decrease in 2009, development support is still lacking too far behind to pick up the thread. The looming recovery gap now jeopardizes CAR's fragile progress, as data from the country's new aid management system shows.

Central African Republic quick facts

Indicator	Value
Total population ¹	4.3m
Area comparative	1.1 x France
Human Development Index Rank ²	178 out of 179
Population living on less than \$1 a day ³	67%
Gross domestic product per capita ⁴	\$402
Life expectancy at birth ⁵	43 years
Population without access to safe drinking water ⁶	74%
Ease of Doing Business Rank ⁷	180 out 181

Sources: (1) UNFPA (2007), Population projection based on General Census 2003; (2) UNDP (2008); (3) CAR Government (2003), General Census; (4) IMF (2008), World Economic Outlook; (5) CAR Government (2003), General Census; (6) UNDP (2007); (7) World Bank (2008)

Improving aid effectiveness

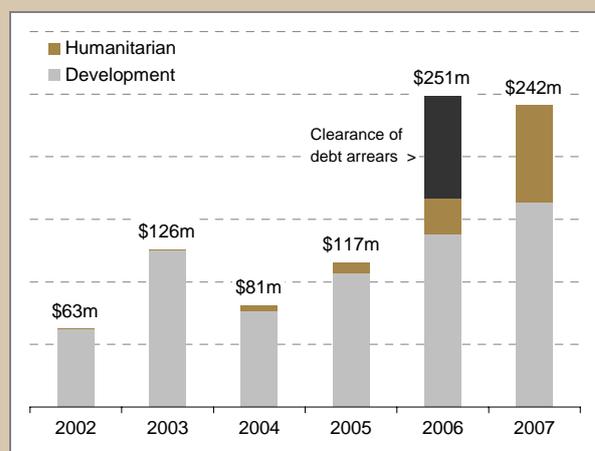
In November 2008, the Central African Republic (CAR) and its partners launched a new aid management system. Widely used in Asia but still rare in Africa, the goal of this online database – in line with the Paris Declaration – is to make humanitarian and development aid more transparent, coordinated and effective. Previously, no central data source existed to help decision-makers understand who finances projects, who works in which sectors, in which locations, and where the gaps are. As in many other African states critically dependent on foreign support, the absence of reliable data blocked aid effectiveness. Less than four months after the system's launch, detailed information on more than 300 projects is now available online.

Good numbers on the surface

At first sight, the recent data on aid to the Central African Republic looks encouraging. Between 2005 and 2007, total foreign assistance to CAR more than doubled from about \$117m to \$242m. The increase is particularly significant, given that CAR had long been a forgotten crisis. While aid to Sub-Saharan Africa as a whole went up by more than 50 percent between 1985 and 2005, it fell by almost 60 percent for CAR. During this time, the country's development catastrophe slowly turned into a humanitarian emergency, directly affecting more than a million people and forcing up to 300,000 into displacement. CAR now ranks 178 out of 179 on the UN's Human Development Index. It ranks 180 out 181 on the World Bank's 'Doing Business' Index. More than two thirds of the population live in poverty. Reaching the Millennium Development Goals has become a distant dream.

Aid is picking up

Multilateral and bilateral disbursements



Source: Aid Management System DAD CAR (2009), <http://dad.hdptcar.net>

¹ Kersten Jauer, UNDP CAR, The views expressed are those of the author and do not necessarily reflect the views of the United Nations.

A positive shift for aid to CAR came in late 2006, when the World Bank, the European Union and others helped clear much of the country's crushing debt arrears, paving the way for multilateral development re-engagement via the Bank, the IMF, and the African Development Bank. Greater international attention to CAR's humanitarian crisis also led to a further increase in foreign assistance. Between 2005 and 2007, humanitarian funding jumped almost 800 percent from \$10m to about \$78m. New or returning donors provided most of these additional resources. Accounting for more than 30 percent of total assistance in 2007, humanitarian aid started to play a catalytic role in CAR's recovery struggle.

Development aid: too little, too late

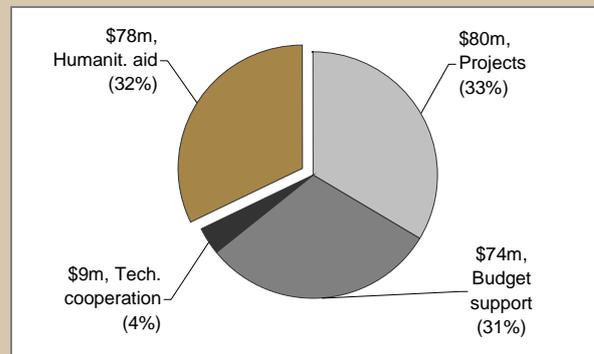
Yet, a closer analysis of aid, looking separately at development and humanitarian support, shows that catching up on lost decades may well take much longer than hoped. For long-term development aid, project technicalities play a role. More often than not, development projects are constrained by protracted planning and frequent implementation delays, particularly in low capacity countries such as CAR. A significant share of the \$163m disbursed for development activities in 2007 came years late, as many projects have grappled with restructuring, recruitment and procurement delays, as well as a general failure to show satisfactory results.

More importantly, large parts of the development machine had come to a standstill when the country's condition was most fragile. After a virtual halt to long-term aid during CAR's civil war in 2002/03, it took almost four years for development donors to return. In late 2007, they finally pledged some \$600m over three years in support of the country's first poverty reduction strategy. Yet, large parts of these resources are burdened with lead-times of up to two years. In addition, they only cover half of the country's basic needs of \$1.3bn for security sector reform, economic recovery, infrastructure, healthcare and education.

In 2007, the impact of increasing development funding still remained largely invisible in many parts of the country. More than three quarters of the \$155m spent² on development concerned only four sectors: debt alleviation and refinancing (30%),

Structure of aid in 2007

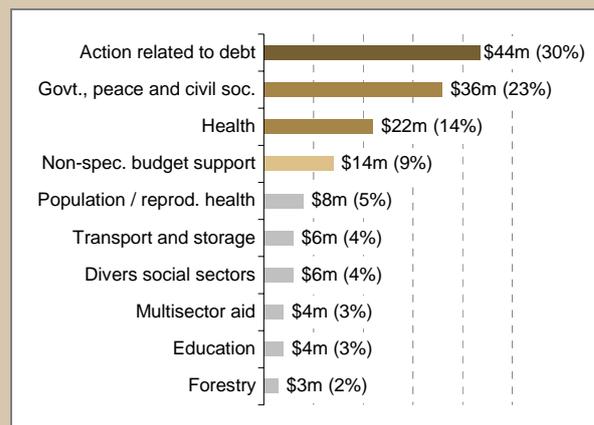
Disbursements by type



Source: Aid Management System DAD CAR (2009), <http://dad.hdptcar.net>

Top 4 sectors explain 75% of aid

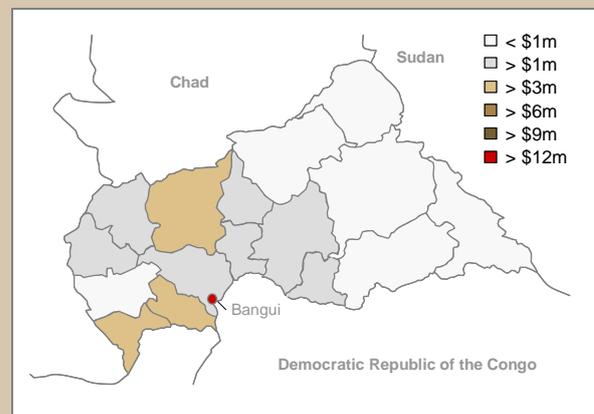
Expenditures by development (OECD) sector in 2007



Source: Aid Management System DAD CAR (2009), <http://dad.hdptcar.net>

Little development outside the capital

Development expenditure by prefecture in 2007



Source: Aid Management System DAD CAR (2009), <http://dad.hdptcar.net>

² In 2007, donors disbursed about \$163m for development activities, while implementing partners spent about \$155m. Disbursements for multi-year projects, as well as implementation delays account for most of the difference.

peacekeeping and rehabilitation of government capacity (23%), health (14%), and non-specific budget support (9%)³. Very little of direct project expenditure went beyond the capital. Only 20 percent of development aid was spent in the 15 prefectures outside Bangui. Merely three of them benefited from more than \$3m in direct development expenditure.

Some argue that the challenging security situation in the north, infested with rebel groups and bandits, moderates the harshness of these figures: Too fragile for development. Yet, the opposite is the case. It is the experience of tangible benefits that motivates most people to support a state or government. Poverty is a breeding ground for rebel groups. Development and security go hand in hand. In CAR, visible progress has been absent for too long, especially in the northern regions now infected with violence.

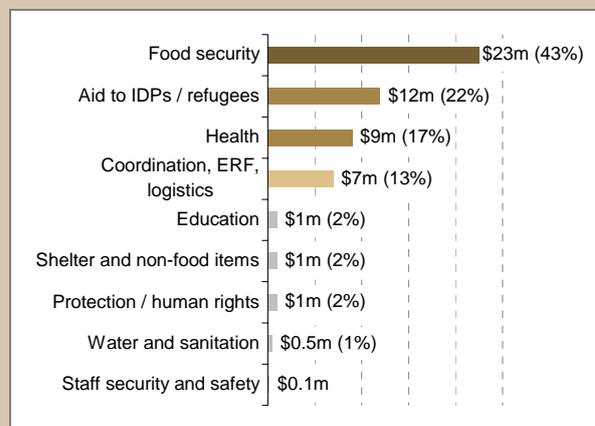
Humanitarians pick up some pieces

In 2007, it was humanitarian assistance (not yet development aid) that made a concrete difference in the fragile regions where development progress would have been most needed. Throughout the north, conflict and neglect had destroyed health posts, schools, water pumps, farms and infrastructure. Almost 90 percent of humanitarian funds were spent in the six northern conflict-affected prefectures, home to more than 1.2 million people. None of these regions received less than \$3m in direct humanitarian spending. Most benefited from more than \$6m in concrete, visible project expenditure. During 2007, the number of international humanitarian NGOs working in CAR jumped from five to almost twenty. In hand with humanitarian donors and UN agencies, it was largely the work of these organizations that sent a positive, stabilizing signal of change to the population.

Yet, for a number of reasons, the impact remained smaller than first-sight numbers suggest. Of the about \$78m donors disbursed in humanitarian aid in 2007, only some \$54m could be spent before the end of the year, as significant parts of funding only arrived in November and December. Most humanitarian organizations only started their operations in 2007. They had to devote considerable funds to start-up investments. More importantly though, donors directed half of humanitarian aid to only one sector: food security (43%). Fortunately, a locally set up pooled fund (Emergency Response Fund), serving underfunded priority projects, helped to redress this imbalance. Overall, however, the resources available for health, education, or water and sanitation projects remained relatively limited.

Heavy concentration on food security

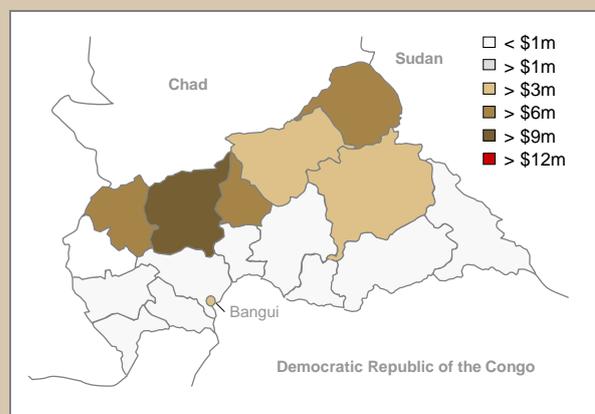
Expenditures by humanitarian sector in 2007



Source: Aid Management System DAD CAR (2009), <http://dad.hdptcar.net>

Humanitarian assistance in the north

Humanitarian expenditure by prefecture in 2007



Source: Aid Management System DAD CAR (2009), <http://dad.hdptcar.net>

³ , Specific budget support went mostly to debt and rehabilitation costs

In fact, it already became apparent in 2007 that the Central African Republic would risk falling into a 'recovery gap'. Humanitarian aid brought a rapid, stabilizing impact, but development aid failed to pick up the thread quickly enough. Thus, once humanitarian support fades out, what seemed like a catalyst for long-term support, may turn out a one-off blip.

Nothing new in 2008

In fact, the sorry picture in CAR did not change significantly in 2008, as preliminary data on aid flows suggests. Total aid increased by about 20 percent. Yet, much of the long-term development support remained heavily concentrated on very few sectors. An even lower percentage than in 2007 went directly into the regions. Humanitarian funding picked up further (some statistics overstate the progress, double-counting donor contributions). Yet, food distributions accounted for an even higher share of humanitarian expenditure.

Meanwhile, economic conditions in the Central African Republic deteriorated as the global economic crisis hit the country hard. According to government records, tax receipts from the diamond mining and timber industries (the two most important economic sectors) fell by almost 90 percent in 2008. The country's first poverty reduction strategy and donor round table in 2007 had raised enormous expectations among the destitute population. However, with a probable decrease in humanitarian funding in the current year and development projects still trapped in the planning phase, 2009 may well become the year when CAR gets fully stuck in the recovery gap.

Stuck in the recovery gap

Why is the transition from a catalytic humanitarian phase to effective development support so difficult for a country like CAR? The reasons are manifold, but three arguably stand out: First, once foreign aid networks have broken down, it is very difficult to re-establish them. Second, fragile countries such as CAR, do not match well with the big, traditional donor funding mechanism. As a result of both, aid remains too low. The frequent lack of appropriately qualified international staff in fragile states is of no help either.

Over the last twenty years, CAR has suffered a severe case of organizational 'network loss'. The more fragile the political and economic situation became, the more development donors disengaged. CAR fell off the official priority country lists, western embassies closed, country representatives left, and most desk officers stopped reporting. By 2007, probably only a handful of officials in northern development ministries had more than a slight knowledge of CAR. Getting access to decision-makers was even harder. Once such a development aid structure collapses, enormous amounts of time and resources are required to rebuild it. Re-establishing field presences, regaining knowledge and reconnecting decision-makers takes years. Meanwhile, countries such as CAR fall into risky funding gaps.

CAR has also fallen victim to an unfortunate aid 'category mismatch'. Often deemed unfit for long-term support, the country can no longer knock on the doors of western development ministries. Due to massive internal displacement, CAR has become a humanitarian case since 2006. Yet, unlike some might believe, the country was not befallen by some sudden illness, from which it could quickly 'recover'. CAR has been chronically sick for decades. Recovery implies the resumption of normal services. In CAR, there have hardly ever been any. Rather, the country is part of a group of about 50 states where, according to Oxford Professor Paul Collier, the 'bottom billion' of the world's population seem irredeemably stuck in poverty.

Finally, CAR is a prime example of the frequent 'skill paradox' in human and development work. Challenging, hard-to-get-to, low-capacity countries such as francophone CAR rarely receive the best international staff. Though it is here, where effective help would be needed most. Outsiders often assume the best people are assigned to work on the most difficult cases. Not so. While certainly not the root cause of CAR's problems, the lack of appropriately qualified international staff has certainly contributed to the country's disastrous development results. The vital UN Resident and Humanitarian Coordinator post has been left vacant for more than eight months. The vacancy stands as a testament to a UN recruitment system that is dysfunctional in too many cases.

What to do

Putting CAR (and countries like it) back on track requires more and better support. First, it is important to fight organizational 'network loss'. A country that stands at the very bottom of all important development indicators should never be left without dedicated, specialized assistance. Research, field presence, headquarters support, and bilateral relations are critical. Development decision-makers should never forget checking the bottom of the major indices, when planning for the years ahead.

Second, new (and large) funding categories and mechanisms need to be created, to better match the problems of fragile or failing states such as CAR. These countries do not face sudden crises, requiring quick humanitarian action, with disengagement six months later. Similarly, they often do not have the ability to execute large development programmes themselves, which renders them 'unattractive' for many development donors. Easy 'work-arounds', such as using humanitarian funds for quasi-development projects, are not the answer. Rather, these 'bottom billion' countries require new forms of funding, for long-term and hands-on support.

Finally, it is time for donors to engage with humanitarian and development agencies, especially in the UN system, to fix dysfunctional recruitment systems. Staff selection must be based on qualifications, skills, and merit. Seniority and length of service may sometimes be an indicator of qualification, but not always. Where country offices are unable to satisfactorily perform staff selection, headquarters need to support.

The surge in humanitarian activity in CAR since 2007 has done a lot to raise the country's profile, and bring some help to those who need it most. Now is the time to do more to ensure that progress is not lost in the looming recovery gap; that development aid quickly reaches beyond the capital, becomes more effective, and is put in the hands of qualified personnel.

For more information on the aid management system in the Central African Republic:

Websites:

<http://dad.hdptcar.net>

<http://www.hdptcar.net>

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