

[CENTRAL AFRICAN REPUBLIC]
COUNTRY LEVEL INFORMATION

INDICATORS	EXPLANATION / POTENTIAL SOURCE OF INFORMATION
External measures of country risk	
C1. General country risk analysis <i>includes measures to weigh likelihood of political instability, regulatory interference, expropriation, etc.</i>	<ul style="list-style-type: none"> • Heavily indebted developing country • Lack of an investment guarantee agency • World Bank and IMF are about to sign an agreement on PPTE • No international bank or financial institution has made any commitment to support the CAR Government to-date
C2. Country sovereign credit rating	<p>CAR is among the Heavily Indebted Poor Countries. It currently ranks 163rd in the list of HIPCs. There is no information on investments in CAR available on a regular basis.</p> <ul style="list-style-type: none"> • The country's currency is the CFA Franc (FCFA) <p>Studies on corruption have evidenced that CAR remains a country where corruption is rampant, considering not only the recurrent military and socio-political crises since 1996 until now but also the cumulation of a decade of unpaid wages due to civil servants and Government workers.</p>
C3. Corruption index rating	<ul style="list-style-type: none"> • The living standard of CAR nationals is one of the lowest in Africa
C4. Included in Calpers Index of investment grade countries?	<ul style="list-style-type: none"> • In every Government Departments, corruption is a daily fact
C5. Other (Optional)	-
Quality of Infrastructure and Utilities relevant to Investment	
C11. Transportation systems	<p>CAR is one of the most remote countries since the distance between the capital city and the nearest port is 1,500 km.</p> <p>National roads, local roads and trails are in an advanced state of disrepair. In spite of the existence of a "Road Fund" made statutory by the IMF and the World Bank – the road network and infrastructure are not regularly maintained. In the overall road network, there are only six hundred ninety km of asphalted road. All other roads and trails are dirt road (indurated, laterite surfaces). In timber producing areas, only logging companies ought to regularly maintain trails to enable them to market their products to consumer markets via the Port of Douala, Cameroon.</p> <p>The European Union has just funded an asphaltting project for Road N°2 extension giving access to the Cameroonian border.</p> <ul style="list-style-type: none"> • The Minister of Equipment and Transports in charge of infrastructures does not have sufficient human, financial and material resources to regularly maintain road infrastructures
C12. Energy (electricity, gas,...)	<ul style="list-style-type: none"> • In addition to Energie Centrafricaine, which is a Government Organization, there are no other investors for electricity. The capital city Bangui receives its electricity power supply from two hydro-electric dams located 90 km away and having obsolete equipment. In some provinces, communities are supplied electricity by power-generating units backed-up by self-producers of electricity. • The Minister of Energy and Hydro-electricity runs into huge difficulties to meet the electricity needs of the government departments and households • During the past four years at least, there have been power sector lapses on a daily basis in the capital city. On average, it can be said that within any one month there are around seven days of power failure and/or insufficient power supply <p>The overall standard of communication can be rated as average with the emergence of portable telephone services with networks covering one third of the national territory.</p>
C13. Communications	

- Regarding the media, CAR television networks have a 100-km radius footprint around Bangui. No private operator has been registered in the media industry. The Ministerial Department of Education is beset by the same difficulties and hindrances as other Ministries.

C14. Water

- Although CAR has a well-drained territory with an extensive river network, the problem of drinking water availability has been a recurrent one in every type of environment: in addition to the wells dug in a number of rural centres through UNDP assistance, some communities suffer a chronic drinking water shortage. There is only one State Company to supply drinking water in a small number of cities (7 out of a total of 60) in CAR.
- The situation of the water supply is similar to that of the electrical power supply – drinking water shortage in the Capital City of Bangui is estimated to be prevalent around seven days in the month.

C15. Other (Optional)

Legal and Regulatory System

C21. Investment Regulations

There is an investment code for the diamond and forest industries. To-date these investment codes have not induced economic operators to engage in larger investments due to the wide range of direct and indirect tax burden they provide for.

- The recurrent socio-economic instability tend to keep investors away from CAR.

C22. Land Titling or Tenure

Existing laws and regulations are not respected by a group of CAR nationals who seem to be close to the major circles of power in the successive presidential regimes since the Independence. This trend is to harmonize the Laws and Regulations in compliance with the charter of the Communauté Economique et Monétaire en Afrique Centrale (CEMAC) but implementing the regulation is a serious challenge.

There never was a commission to promote investment in CAR. Since the country gained its independence CAR has had no tenure law. Land belongs to the first settler. When the ownership of a land plot is covered by a title, the title holder enjoys his owner's rights over the entirety of the allocated area

Three land uses have been identified to this day, i.e.: the use of timber and wildlife (in which case an annual rent is payable to the State and relevant communities); mining and housing development.

Owners of land titles are usually among the national elite who do not pay their land taxes on a regular basis.

Even in the capital city of Bangui, urban development is still conducted at random and/or lacks planning.

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C23. Firm Registration

C24. Law Enforcement and Court System

- Many regulations have been enacted but still not properly enforced. Corruption runs wild with impunity in CAR. The judicial system is enforced on the poorest while the elite and high-ranking dignitaries circumvent the rules.
- The existing Labour Laws (Code du Travail) date back from 1960. A project to update them has been submitted to the Government for appraisal and decision for three years now and this decision is still pending.

C25. Trade Regulations

Several legal text regulate trade on the national territory. For the basic commodities, deregulation is on the agenda.

The Ministry of Trade bases its policies on existing regulations.

C26. Labor Regulations

C27. Other (Optional)

Financial sector

Each year the budget bill sets forth the fiscal policies covering all activities related to imports and exports; this budget bill (Loi des Finances) sets forth the tax revenue distribution by beneficiaries. This implementation of this instrument is usually monitored by international institutions who periodically conduct performance assessment.

C31. Current Exchange or Convertibility

Except for the timber and mining industry, the economy of CAR is largely dependent on imports. Export revenues from agricultural commodities such as cotton, coffee and tobacco are declining due to declining price trends on the global market. For the past six years, the timber sector has been the economic driving force of the country.

The Central Bank periodically assesses the economic performance of the country based on the import and export flows.

There are no structures that could stimulate credit facilities for the few established investors. For the entire country there are only four banks – including three merchant banks and one CEMAC-linked Central Bank.

Merchant banks only extend loans to the elite/high dignitaries of the country.

The socio-political instability is not conducive to the granting of loans to all applicants.

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C32. Credit Products Available

C33. Financial Services Available

• *The Central Bank linked to CEMAC periodically assesses the financial performances of the CAR economy and draws the appropriate conclusions to provide policy guidance to the Government*

• *Three merchant banks are operational – CBCA, ECOBANK and Banque Maroco centrafricaine*

C34. Other

**** Note: For (large) countries with strong provincial or state authorities, a duplicate table may be needed for state or provincial issues ****

**[CENTRAL AFRICAN REPUBLIC]
COUNTRY LEVEL INFORMATION**

SUMMARY

SUMMARY TABLE: COUNTRY LEVEL INFORMATION

	Major Opportunities	Major Challenges
External Measures	Diversity of natural resources underused	To be more stimulated
Infrastructure	Diversified	To be developed
Legal & Regulatory	Available and a trend toward harmonization at sub-regional level	Institutional and legal capacity building
Financial Sector	Existing	Sound governance

Qualitative Description of Major Opportunities and Major Challenges: *Short description highlighting major issues.*

**[STATE OR PROVINCE]
STATE OR PROVINCE LEVEL INFORMATION**

SUMMARY

SUMMARY TABLE: STATE OR PROVINCE LEVEL INFORMATION

	Major Opportunities	Major Challenges
External Measures		
Infrastructure		
Legal & Regulatory		
Financial Sector		

Qualitative Description of Major Opportunities and Major Challenges: *Short description highlighting major issues.*

**[CENTRAL AFRICAN REPUBLIC]
FOREST SECTOR AND INDUSTRY INFORMATION**

INDICATORS	EXPLANATION / POTENTIAL SOURCE OF INFORMATION
Quality of the forest resource base	<i>Diversified and rich in valuable commercial species</i>
F1. Extent and Quality of Natural Forest	<ul style="list-style-type: none"> • 5,000,000 ha of natural production forest • 539,550,000 ha of dry natural forest
F2. % Land under Protected Area Status or classified as High Conservation Value Forest (HCVF)	<ul style="list-style-type: none"> • 70,000,000 ha of protected areas, i.e. 12 per cent of the national territory
F3. National Standards for Certification, Verification of Legality	<p>Three forest companies have embarked upon the forest certification process. They are SEFCA, IFB and Thanry Centrafrique. IFB and SEFCA export timber of "Legal Origin". One independent auditor issues the seal of legality for the exported timber. Pre-audit processes are under way for the two companies engaged in the certification process.</p>
F4. Other (optional)	
Market Demand and Trade	<p>Consumers of CAR timber sign agreements with the logging companies after inspecting them. After signing the contract, timber is shipped to consumers – mainly from Europe and Asia. The share of domestic market is very small (5 per cent) compared the share of exported timber. The balance sheet of each firm is an internal and confidential matter.</p>
F11. Domestic vs. International Sales	
F12. Structure of Industry	<p>Timber processing plants are mainly first stage processing units producing sawn wood. The trend is to shift to second- or third-stage processing.</p>
F13. International Trade Volumes & Major Trading Partners	<ul style="list-style-type: none"> • For 2006, volume forecasts were 5,500 m³ but timber flow statistics for 2006 show 6,200 m³ of exported timber.
F14. Country Share of Global Market	<ul style="list-style-type: none"> • China, Spain, Italy, Japan, USA, Netherlands, Belgium, Russia ...
F15. Price Trends	<ul style="list-style-type: none"> • Prices are set based on their price value defined by the market value identified twice a year by one Inter-ministerial Committee with the participation of representatives from all logging companies operating in the market place. Prices are set based on international market trends in US dollars. In some instances logging companies promote some timber species with their potential customers.
F16. Market Demand Trends	<ul style="list-style-type: none"> • Demand fluctuates with market trends. Demand has been generally sliding since 2001.
F17. New Product & Production Trends	<ul style="list-style-type: none"> • Apart from sawn wood there has been no CAR timber products marketed on the international market.
F18. Major forest companies + what they produce	<p>SEFCA produces sawn wood, logs and will soon produce dried square-edged timber IFB also produces square-edged timber, logs and beams SCAD produces logs, sawn wood and a small quantity of plywood</p>

F19. Markets for Ecosystem Services

The process to establish a carbon market has just been initiated through the Central African Forest Commission (COMIFAC)
The development and implementation of the management plan incorporate the biodiversity conservation concept.

- The CAR Government has not yet developed a market for ecosystem services at national level.

F19a. Other (optional)

Regulatory Structure (specific to forest sector)

F20. Regulatory Requirements

- Management planning
- Concessions
- Environmental
- Workers

A tendering process to award forest concessions.
A list of documents to be furnished is established by order of the relevant ministry.
The Tender Award Committee is convened to appraise the bids submitted.
The bids having satisfied all conditions for acceptance are rated by each member of the TAC.
The TAC submits a report to the relevant Department Head who present the report to the Council of Ministers
An Award Decree is signed by the head of State.
The awardee who becomes holders of a logging permit signs a provisional Forest Management Agreement and establishes a Forest Management Unit.
The Management Plan for the Concession is validated by the Administration through a final Management Agreement.
Within the three years following the award, the concessionaire must establish a timber processing unit and a base camp for his personnel.
The enforcement of the Management Plan is monitored by the Administration des Eaux et Forêts (Water and Forest Resources Department).
A joint monitoring team undertakes a physical inspection of the company's facilities every six months to verify all fiscal documents including the work contracts for all members of the personnel.

F21. Royalties & Tax Legislation

- The Loi des Finances sets forth the distribution of forest revenue according to the following rates:

POURCENTAGE ALLOCATED TO BENEFICIARIES

TAXES	TREASURY	CAS-DFT	COMMUNITIES
Rent	70	30	
Felling	40	30	30
Reforestation	25	50	25
Transfer	100	---	--
Forest Clearing Royalty	100	---	--
Survey Royalty	100	---	--
Export Duties		100	---

There are other taxes payable incl. : CDS, IFPP, OCSS ; PP, IMF, TVA, Patente etc...

F22. Subsidies and other Incentives

- There is a trend to harmonize legislations at sub-regional level in order to reduce fiscal disparities between national timber industries.

F23. Regulations specific to small and medium sized enterprises

In the forest sector, no partner has expressed interest to process timber by-products.
However, there are a number of initiatives to use mobile sawmills to saw obéché logs (Triplochiton scleroxylon) which remains an illegal activity. Perpetrators are prosecuted.

F24. Allegations of Major Irregularities in Law Enforcement

Joint monitoring and control missions undertaken so far have shown that a number of logging companies do not abide by the clauses of the Collective Agreement governing logging companies and under-report timber traffic. Cases of fraudulent reporting are investigated and penalties and fines are enforced.

- *There also have been allegations by a number of NGOs that logging companies destroy forests but these allegations were not substantiated. However the non-compliance with a number of provisions of the terms of reference is an established fact.*

F25. Other (optional)

**[CENTRAL AFRICAN REPUBLIC]
FOREST SECTOR AND INDUSTRY LEVEL INFORMATION**

SUMMARY

SUMMARY TABLE: FOREST SECTOR / INDUSTRY LEVEL INFORMATION

	Major Opportunities	Major Challenges
Quality of Forest Resource	Abundant and diversified	Overexploitation of valuable species
Market Demand & Trade	Limit	To be promoted
Regulatory Structure	Limit	To be promoted

Qualitative Description of Major Opportunities and Major Challenges: *Short description highlighting major issues.*

**[CAR]
FOREST SECTOR AND INDUSTRY LEVEL INFORMATION**

SUMMARY

SUMMARY TABLE: CAR

	Major Opportunities	Major Challenges
External Measures	Support provided by development partners	Further processing
Infrastructure	Limit	To be promoted
Legal & Regulatory	Model	To be adapted to the sub-regional and international context
Forest Sector	Available, not yet overexploited	To develop research activities in applied silviculture

**[CENTRAL AFRICAN REPUBLIC]
[FIRM – INDUSTRIES FORESTIERES DE BATALIMO (IFB)]
FIRM LEVEL FACTORS**

INDICATOR

General Information	
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E1. Name & address of business	<i>Industries Forestières de Batalimo (IFB) B.P. 517 Bangui, CAR please refer to IFB Concession map in Annexes DLAF-p17 and 20</i>
E2. Kind of business	<i>Sustainable Management of the Ngotto Forest in the Central African Republic Sawn wood and forest management in Forest Concession "Permis d'Exploitation et d'Aménagement 169 - Forêt de Ngotto" ("PEA 169")</i>
E3. Brief description of investment needs, opportunity and risks	<i>Saw mills and related facilities and services</i>
E4. Ownership or concession: years of cutting rights	<i>1997</i>
E5. Other (optional)	<i>Other pertinent information</i>
Asset quality and capacity	
E11. Timber assets: description	<i>Primeval forest for the first time under logging. It is rich in valuable species, especially red wood species. Loggable areas is estimate to be 160,000 ha Minimum Girth Limit trees are many and diversified. Pre-certification studies are under way. Timber from this forest has received one "Origine Légale du Bois (OLB)" label (Timber of Legal Origin) awarded by an independent environment auditor – BIV AC.</i>
E12. Timber assets: valuation	<i>The allocated concession comes with a Forest Management Plan made enforceable by Ministerial Decision. This Management Plan was the very first one for a Congo Basin country and it was used as a model for other forest concessions in the Sub-Region – please refer to the map showing main species distribution in Annexes DLAF_p 66 and p 75.</i>
E13. High value or special woods	<i>The table in Annex 1 introduces the species inventoried. The value of the timber concerned is identified each semester by a Ministerial Order estimating the market value for each timber species. The price of timber changes according to international market prices.</i>
E14. Forestland under permanent conservation	<i>The Concession is subdivided into a number of separate blocks: production; human use and settlement; sustainable development and conservation</i>
E15. Non-timber forest products:	<i>PEA 169 is abounds with several non timber forest products, including: leguminosae, edible caterpillars, mushrooms, tubers, fruits, spices, wrapping leaves, fauna, etc.</i>
E16. Accounts receivable	<i>A national park is included in the concession</i>
E17. Finished goods inventory	<i>Average sawn wood production is estimated around 3,200 m³</i>
E18. Other inventories	<i>Multi-resources inventory prior to the management plan</i>
E19. Real estate and property	<i>The IFB company has a forest concession covered by logging and management permits, one complete sawmill and both expatriate and locally-hired personnel</i>
E20. Plant facilities	<i>IFB does not plant trees but reforestation taxes are paid to a Government organization responsible for reforestation work on the entire territory</i>
E21. Equipment quality	<i>The sawmill was established in 1998. The vehicle fleet is been gradually renewed.</i>
E22. Plant capacity utilization	<i>[Source: annual reports ;management reports]</i>
E23. Insurance	<i>The entire road vehicle fleet is insured.</i>

E24. Long-term sales contracts	<i>Logs and sawn wood for export are covered by a contract signed with buyers in Europe, United-States and Asia.</i>
E25. Other (optional)	<i>Occasionally, buyers inspect logging sites to appraise the timber being extracted. The concession remains rich with marketable species.</i>
Management Skills	
E31. Years in business	<i>1997</i>
E32. Key personnel experience and age	<i>Forty-seven years experience in CAR's forest industries</i>
E33. Ownership and governance	<i>The IFB Company is managed by a Managing Director and a General Manager, one Site Manager, one Operations Manager and one External Relations Officer; one Domestic Sales Department and one Export Sales Department. The Accounting Department is managed by an expatriate.</i>
E34. Number of permanent and part-time employees	<i>Three hundred full-time staff and a hundred seasonal workers.</i>
E35. Financial management systems	<i>"Autonomous" according to the CEMAC financial management standards</i>
E36. Business plan and strategy	<i>Complies with the land-use plan and forest management plan</i>
E37. Audited financial statements	<i>Monitoring missions by the General State Inspection are regularly carried out in the company to verify fiscal documents.</i>
E38. Communications tools	<i>Technical Meetings; Capacity-building Workshops, Union's Meetings Fax : 00 236 61 33 93</i>
E39. Customer relationship management	<i>The Accounting and Sales Department manages [both the national and overseas customers' accounts]</i>
E40. Sources of working capital	<i>Timber, local and expatriate manpower make up the resource base (capital) of the IFB Company</i>
E41. Additional technical assistance required	<i>In case of financial difficulties, IFB seeks the assistance of partners abroad</i>
E42. Other (optional)	
Marketing strategy	<i>Sales are predominantly undertaken abroad. Local sales account for very little.</i>
E51. Competition	<i>Considering the high transport costs, IFB sells high-quality timber</i>
E52. Competitive strategy	<i>Timber sold on to international buyers is of high quality standard</i>
E53. Marketing strategy objectives	<i>Sales are carried out under contract in the case of exports and are payable in cash on the local market</i>
E54. Marketing responsibility	<i>One Sales Manager supervises this activity</i>
E55. Market research methods	<i>IFB has marketing managers who canvass the European market to promote the sales of its timber products</i>
E56. Local market share	<i>Timber species with lower market value are sold locally. Red timber is more likely to supply the export market.</i>
E57. Export sales channels	<i>Export timber is forwarded by overland routes to the port of Donala, Cameroon, to be loaded on sea-going vessels and shipped to consumer markets overseas.</i>

E58. Export terms & policy	<i>Timber export procedures enforceable on the national territory are set down in regulations</i>
E59. Chain of Custody System	<i>Yes</i>
E60. Certified or legally verified?	<i>Timber (logs and lumber) from PEA 169 is covered by a TIMBER OF LEGAL ORIGIN label issued by an independent auditor – the Bureau VERITAS</i>
E61. Other (optional)	<i>IFB is moving towards the certification of its export products</i>
Company environmental & social factors	
E71. Environmental policy	<i>Addressed in the Management Plan. Socio-economic and environmental studies are integrated in the Management Plan</i>
E72. Workers Policy	<i>Complies with the Labour Laws of the Central African Republic</i>
E73. Other (optional)	
Resource Management	
E81. Forest management plans	<i>The Management Plan for PEA 169 is available</i>
E82. Payments for Environmental Services	<i>In addition to implementing and abiding by the agreed terms of reference and scope of works, IFB provides support to local communities in specific community actions and efforts to rehabilitate infrastructures located outside the concession area. Forest research activities, including tree species phenology, are addressed in the forest management plan.</i>
E83. Set-aides and biodiversity issues	<i>Pilot regeneration sites have been regularly monitored by the company and the forest administration</i>
E84. Timber theft and other criminal losses	<i>On account of the distance between the industrial site and the base camp, timber theft has been rare</i>
E85. Relationship with local community	<i>Since the installation of IFB in Ngotto, strong migration flows of job-seekers have been recorded; and there have been population increase and a growth in farm production in the local area.</i>
E86. Other (optional)	
Revenues, costs & profitability	
E91. Proximity to markets / site of export	<i>There are some local, on-site sales. But larger timber volumes are forwarded in consignments from PEA 196 where logging is conducted to a very distant port of embarkment, which has a strong impact on transport cost.</i>
E92. Total sales revenues	<i>IFB total annual sales revenue is close to two billion FCFA</i>
E93. Trend of sales growth	<i>Sales trends are according to international market conditions and the socio-political situation in CAR</i>
E94. Trend of prices	<i>Declining price trends influenced by international market trends and very high transport costs for products leaving CAR by overland routes towards the port of Douala, Cameroon.</i>

E95. Trend of export sales/total sales	<i>Exports are dominant</i>
E96. Trend of gross margins	Not available
E97. Profits last 5 years	<i>Around FCFA 100,000,000</i>
E98. Other (optional)	
Investment Needs	
E101. Amount of investment required	<i>FCFA 4.000.000.000</i>
E102. Use of investment proceeds	<i>IFB seeks to engage in second- and/or third-stage processing activities, and this target will require new production facilities and tools</i>
E103. Type of investment needed	<i>Drier; raw material recovery unit; joinery/ construction timber; new boiler, etc.</i>
E104. Exit opportunities for investors	<i>IFB is a family business with few external capital share holders</i>
E105. Minimum 3 years of financial statements	<i>Yes</i>
E106. Other (optional)	

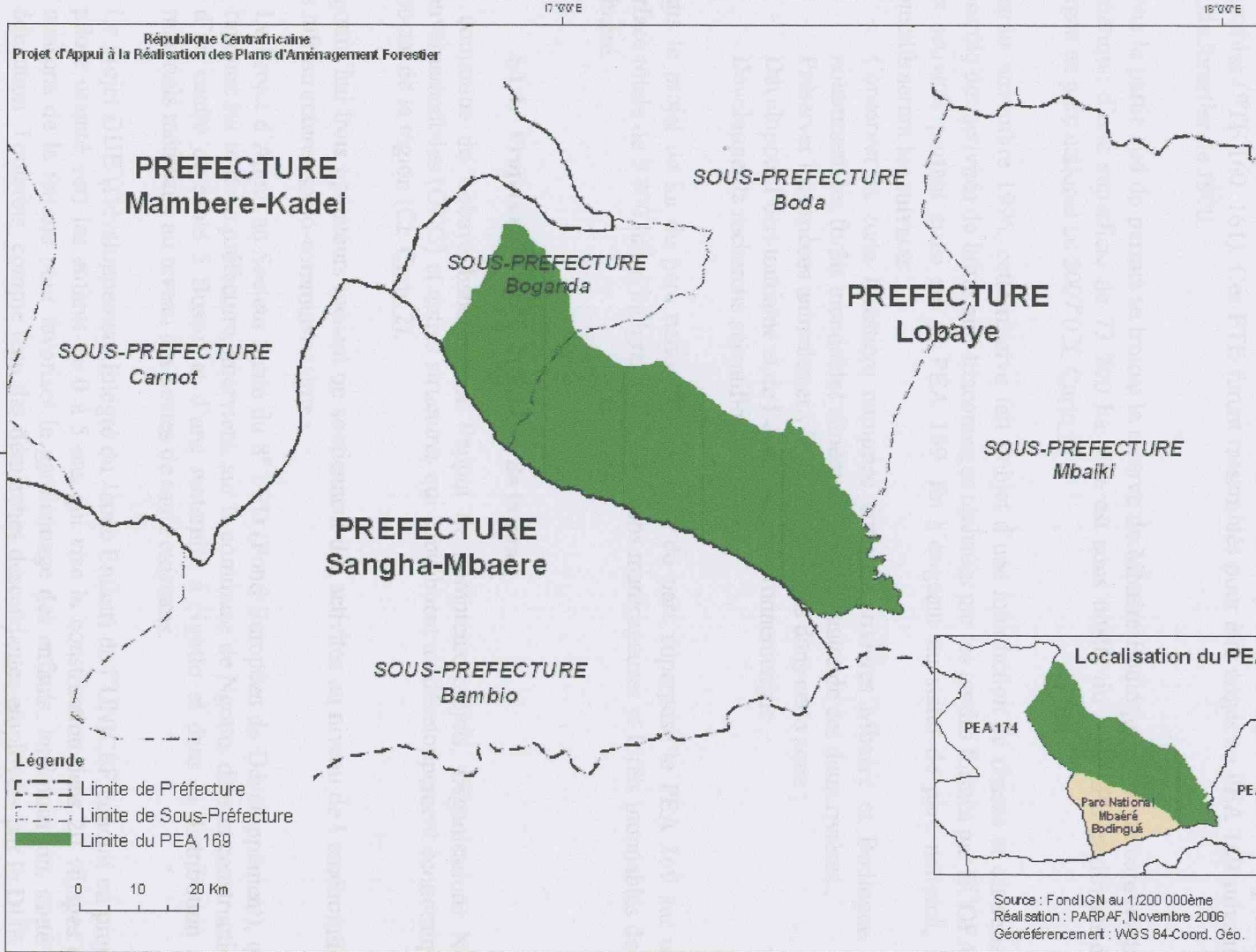
**[NGOTTO]
INFORMATION ON IFB**

SUMMARY

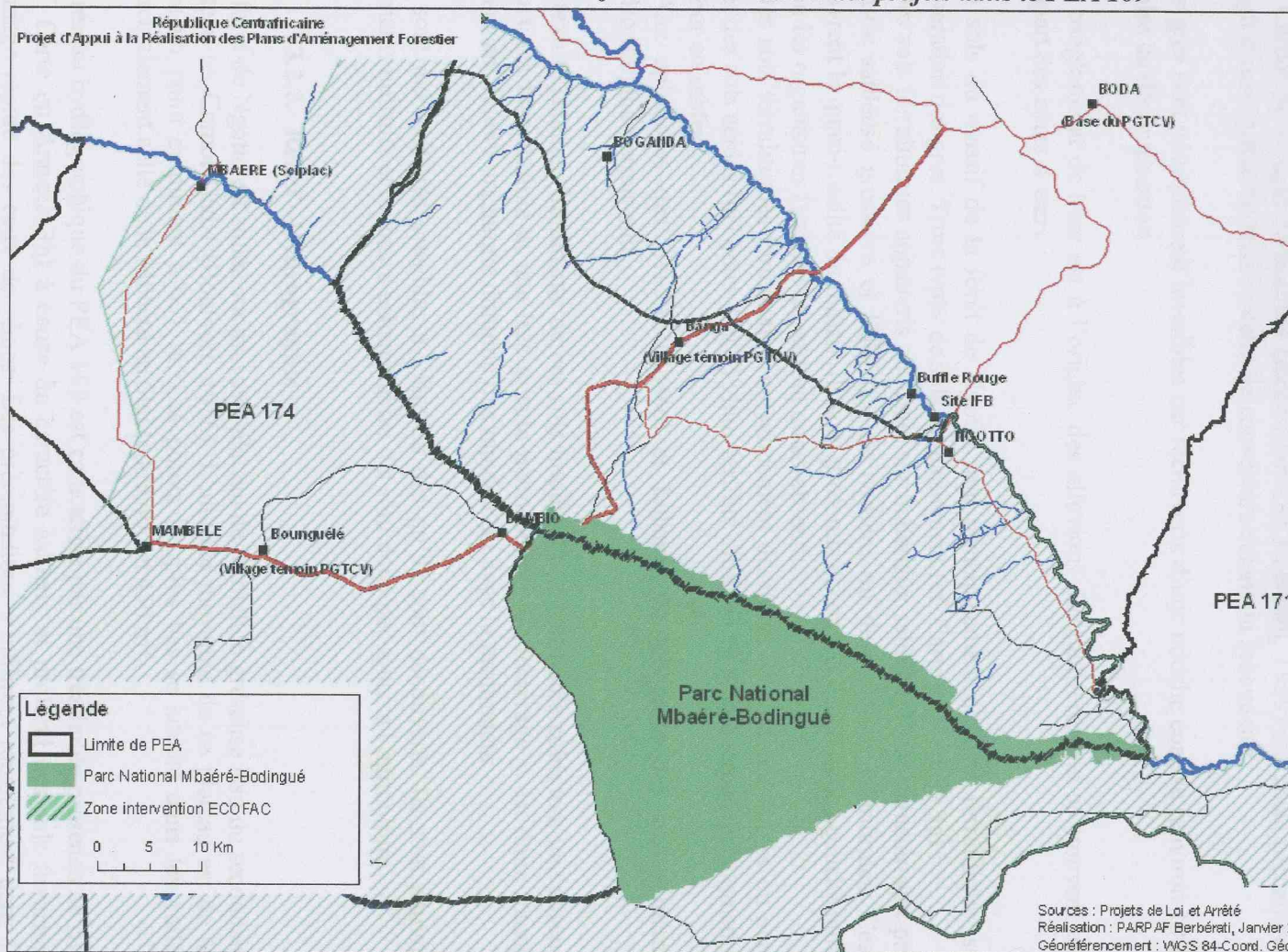
SUMMARY TABLE: FIRM LEVEL INFORMATION

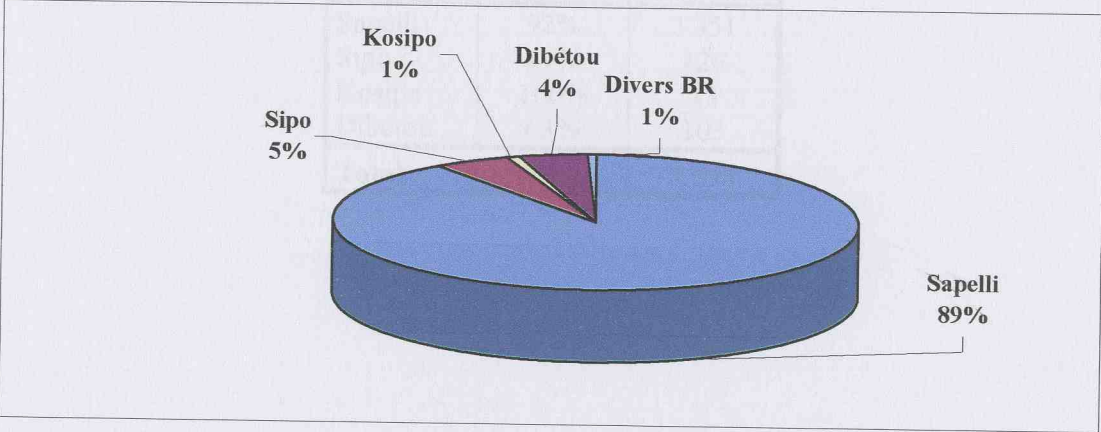
	Major Opportunities	Major Challenges
Asset Quality and Capacity	Good	To be consolidated
Employee and Management Skills	Available but lesser qualified	To be build seasonal/periodical capacities
Marketing Strategy	Substantial	To be promoted
Environmental & social factors	Appropriate to the logging and forest management context	To be made sustainable
Resource management	Appropriate to the national context	Diversification required
Revenues, costs & profit	Variable according to the condition of the international timber market	Improvement required

Carte 1 : Limites administratives du PEA 169



Carte 2 : Localisation des zones d'intervention des projets dans le PEA 169





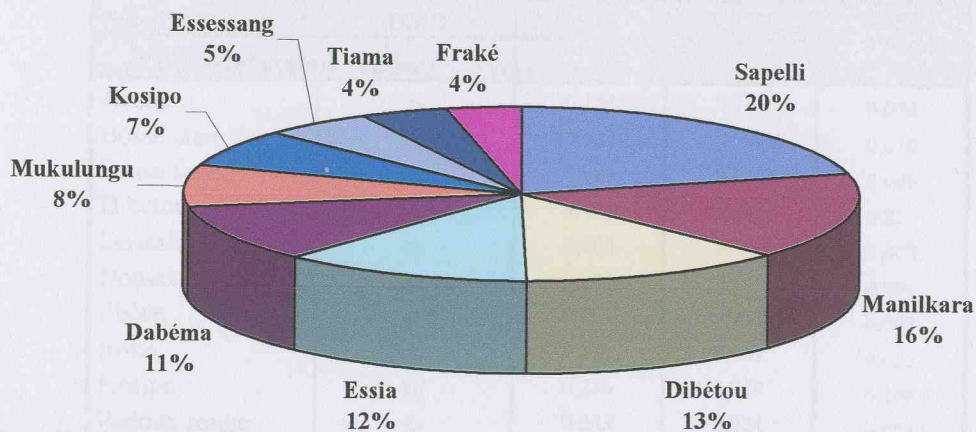


Figure 8 : Répartition par essence des tiges de plus de 80 cm pour les 10 essences présentant les volumes par hectare les plus élevés sur le PEA 169

Le pourcentage en volume de ces dix essences par rapport au total du volume des autres essences représente 55% du volume total. Quatre d'entre-elles sont exploitées régulièrement par la société (Sapelli, Dibétou, Kosipo et Tiama).

6.3.3.3 Surfaces terrières

La surface terrière est la somme des surfaces des sections des arbres à hauteur de 1,30 m du sol. Elle peut être un indice de qualité, de richesse et de vigueur des peuplements.

Les surfaces terrières sont présentées dans un premier temps pour toutes les strates et toutes les qualités par groupe, en distinguant les classes de diamètre supérieures ou égales à 10, 30 et 80 cm (Cf. [Tableau 21](#)).

Le détail pour les autres classes de diamètre et pour l'ensemble des essences est fourni en [Annexe 12](#).

Les surfaces terrières sont ensuite présentées par zone d'inventaire, en ne tenant compte que des strates utiles (Cf. [Tableau 22](#)).

Zone	Surface terrière (m²/ha)	Nombre d'arbres/ha
Z1	2500	150
Z2	2000	120
Total	2400	130

