The Central African Republic’s economic freedom score is 45.7, making its economy the 168th freest in the 2022 Index. The Central African Republic is ranked 43rd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, the Central African Republic’s economic growth slowed to zero in 2020 but rebounded in 2021. A five-year trend of deteriorating economic freedom has accelerated. Depressed by significant score decreases in rule of law indicators, the Central African Republic has recorded a 6.1-point overall loss of economic freedom since 2017 and has fallen from the “Mostly Unfree” category to the “Repressed” category. Fiscal health is strong, but most other indicators exhibit weaknesses.

**IMPACT OF COVID-19:** As of December 1, 2021, 101 deaths had been attributed to the pandemic in the Central African Republic, and the government’s response to the crisis ranked 168th among the countries included in this Index in terms of its stringency. The economy experienced no growth in 2020.

**BACKGROUND:** A former French colony, the Central African Republic became independent in 1960. In 1993, after more than 30 years of mostly incompetent and frequently brutal military regimes, a democracy was established. It ended in 2003 with a military coup led by François Bozizé, who was later elected president. In 2013, mostly Muslim Séléka rebels led by Michel Djotodia overthrew Bozizé. Subsequent sectarian violence precipitated French military intervention and the deployment of U.N. peacekeepers. Djotodia stepped down in 2014, and former Prime Minister Faustin-Archange Touadéra was elected president in 2016 and reelected in December 2020. Militia violence continues to fuel population displacement and hunger. The Central African Republic has abundant timber, gold, diamonds, and uranium.
Protection of property rights is weak. Businesses and homes are regularly looted or extorted by armed militants, who enter homes without judicial authorization, seize and damage property without due process, and evict persons from their places of residence in the capital city of Bangui and throughout the country. Courts are inefficient and politicized, and they do not enforce their rulings. Corruption, bribery, extortion, and nepotism remain pervasive.

The top individual income tax rate is 50 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 8.6 percent of total domestic income. Government spending has amounted to 19.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.7 percent of GDP. Public debt is equivalent to 44.9 percent of GDP.

Military skirmishes inhibit business freedom. Only about 4 percent of the population used the Internet in 2018; 31 in 100 had cell phones. Children may be forced into labor or the sex trade. Women are subjected to forced prostitution, and adults are subjected to forced labor. Government distortions of the economy through subsidies and price controls are aggravated by ongoing political fragility that undermines the basic functioning of state institutions.

The Central African Republic has one preferential trade agreement in force. The trade-weighted average tariff rate is 16.9 percent, and nontariff barriers further impede trade. Openness to foreign investment remains severely constrained by institutional weakness. The high cost of credit and scarce access to financing deter private-sector development. A large part of the population remains outside of the formal banking sector.