

Djibouti: Poverty Reduction Strategy Paper—Annual Progress Report

Poverty Reduction Strategy Papers (PRSPs) are prepared by member countries in broad consultation with stakeholders and development partners, including the staffs of the World Bank and the IMF. Updated every three years with annual progress reports, they describe the country's macroeconomic, structural, and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing. This country document for Djibouti dated February 2010, is being made available on the IMF website by agreement with the member country as a service to users of the IMF website.

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Executive Summary of the INDS

1. Introduction

The Republic of Djibouti gained independence on June 27, 1977. Djibouti is situated at the Southern entrance to the Red Sea and covers a surface area of 23,000 km², with 370 kilometers of maritime coastlines. It shares borders with Eritrea, Ethiopia, and Somalia. The climate there is of the desert variety¹, and temperatures are high, particularly between May and September when the average temperature exceeds 40°C.

The Republic of Djibouti occupies a strategic position with major socioeconomic and political advantages at the regional and international levels. Its population is estimated at 800,000 inhabitants and its economy is primarily based on the services sector which accounts for over 80 percent of GDP and which employs something in the vicinity of 60 percent of the active population. The primary sector (approximately 3 percent of GDP) and manufacturing sector (around 16.3 percent of GDP) are weak and must cope with severe constraints and competition. Since 2006, the rate of growth in GDP has exceeded demographic growth; per capita GDP is of the order of US\$800 in PPP terms, According to the UN's Human Development Report, Djibouti was ranked 154th out of 177 countries in 2007.

Djibouti is classed among the group of less advanced countries. The structure of the economy, which had undergone no major shift in almost 20 years, is experiencing a significant change thanks to the economic growth recorded during the first decade of the 20th century. It continues to bear the hallmarks of a dualistic economy in which a modern economic rent-generating economy coexists alongside an informal economy.

The modern economy is based on rents directly or indirectly originating from the international port of Djibouti and from the country's strategic position in the form of port income, military revenues, and foreign aid. The informal economy constitutes a major proportion of the economic activities of Djibouti and provides a livelihood for much of the Djibouti population. Informal enterprises maintain active relations with the formal sector as customers and suppliers of goods and services. The bulk of the formal sector's economic activities are still under the control of the government, whether directly, or indirectly, through public enterprises. The foreign and domestic private sector is forging ahead.

The growth recorded over the last five years is essentially driven by the increase in FDI but especially by the activities of the Port of Djibouti, largely as a result of the recent opening of the Port of Doraleh, the development of the center for livestock re-exports, and the extension of the free trade zone.

In 2009, the expansion of the Djibouti economy was robust. Growth in GDP is estimated at approximately 5 percent, which bears witness to the strong growth of the private sector and the relatively limited impact of the global financial crisis. FDI remains substantial, and the Port of Djibouti has shown vigorous performance supported by the high rates of growth in Ethiopia and the growing role of transshipment activity. Inflation in 2009 is well down from 2008 levels thanks to a marked contraction in international prices of foodstuffs and commodities.

¹ Rainfall nearly everywhere is below 200 mm per year.

2. Review of the PRSP and status of poverty

The Djibouti economy has had a troubled history marked by a succession of political crises (regional wars, domestic armed conflict) and economic shocks (drought, in particular), which have resulted in a steady decline in the competitiveness of the country, in its financial situation, and in its economic and social infrastructures. As a consequence, per capita income has fallen by over 25 percent in relation to its 1984 levels, while the government budget deficit had reached 10.1 percent of GDP in 1995. At the same time, the main indicators of sustainable human development, namely, the gross enrollment ratio, the rates of infant mortality, infant-juvenile mortality, and maternal mortality, and access to drinking water, have steadily declined.

In response to this situation, in 1996 the government embarked upon economic restructuring and adjustment programs supported by the IMF and World Bank, and implemented reforms in several key domains, government finance, social security, public enterprises, education, health, etc. In May 2004, the government adopted a PRSP whose main objectives included the following measures: (i) supporting economic growth; (ii) developing human resources; (iii) strengthening social safety nets; and (iv) modernizing the government and promoting good governance.

The PRSP was adopted in an environment characterized by worsening poverty; the incidence of extreme monetary poverty had passed from 34.5 percent in 1996 to 42.2 percent in 2002 while the incidence of relative poverty had moved from 64.9 percent to 74.4 percent during the same period. Despite the improvement in social indicators, the situation remained worrying, for in 2002, the gross enrollment ratio in primary school education amounted to just 42.7 percent, the literacy rate for those aged 15 or older was 18.3 percent, and the infant mortality rate and the infant-juvenile mortality rate were 94.6‰ and 106.2‰, respectively. These trends were compounded by steadily worsening disparities, including the fact that the rural environment was at a serious disadvantage.

To address this worrying situation, the Djibouti PRSP had set long-term objectives in line with the goals set by the international community at the time of the Millennium Summit. The government had also established medium-term objectives (horizon 2006) which focused on the following areas in particular: (i) raising the rate of average growth in GDP to 4.6 percent over the period 2004-2006; (ii) bringing down the incidence of extreme poverty to 36.1 percent; (iii) raising the gross enrollment ratio to 73 percent; and (iv) raising the infant mortality rate to 90 permil and the infant-juvenile mortality rate to 110 per mil.

After three years of implementation of the PRSP, the fact remains that significant results have been achieved. Accordingly, economic growth turned out at 3.7 percent on average/averaged 3.7 percent over the period 2004-2006, falling short of the PRSP objective (4.6 percent on average) yet exceeding the rate of demographic growth (approximately 3 percent). In addition, the data of the 2006 EDIM (Djibouti Multiple Indicator Survey) show in particular that: (i) the net enrollment ratio in the primary education cycle is 66.2 percent, with a rate of parity between the sexes of 0.98; (ii) the rate of literacy of women in the age range 15-24 is 47.5 percent; and (iii) the infant mortality rate is 67 permil and the infant-juvenile mortality rate is 94 permil.

However, these encouraging results cannot hide the persistent reality of poverty and lingering social inequalities. In fact, even in the absence of recent data on poverty (particularly monetary data), observation of living conditions in the slums of Djibouti-Ville and in rural areas reveals that large segments of the population continue to live in difficult conditions of poverty and marginalization. All indications are that significant increases in the flow of FDI and the ongoing strengthening of Djibouti's position as a transit platform have benefited these segments of society only to a very limited extent.

The magnitude of the poverty observed in 2006 (EDIM survey) confirms the structural, widespread nature of poverty in Djibouti as observed in 2002. Generally speaking, poverty is pervasive, and it spans all geographic areas and all segments of society. In terms of concentration, it is the city of Djibouti that accounts for the largest number of poor people, with contributions of 65.2 percent and 57.4 percent, respectively, for by relative poverty and extreme poverty.

3. OMG status

As in any economy undergoing structural adjustment, during the PRSP period (2004-2006) maximum priority was given to maintaining macroeconomic fundamentals, which restricted the volume of social investment intended to improve MDG attainment. Nonetheless, thanks to the government's proactive policies, approximately 50 percent of the national budget is allocated to the social sectors. The resulting tradeoffs have facilitated efforts to attain MDG-2 (primary education), MDG-3 (empowering women and integrating them into the development process), and MDG-4-5-6 (health).

In other words, while the efforts to achieve MDGs-1, 7, and 8 (reduction of extreme poverty, sustainable development, global partnership) have achieved mixed results, the fact remains that Djibouti is on course for reaching MDGs-2, 4, 5, and 6 by 2015 (the deadline for the MDGs). Although significant progress has been made toward achieving MDG-3 since 1999, this goal ought to receive closer attention during the forthcoming developing cycles, if Djibouti is to be included among those countries that have achieved the successful development and integration of women into the social and economic process.

4. Strategic framework for poverty reduction: the INDS

The analysis of poverty shows that poverty has become structural in nature². Monetary poverty, linked to insufficient income and inadequate access to employment appears to be strongly correlated to poverty in living conditions, as well as linked to inadequacy in access to education, to health, to drinking water, and to basic infrastructure. Poverty in Djibouti, given its breadth and depth, is thus not merely a social problem but also a full-fledged development challenge. This underscores the crucial importance of clarifying Djibouti's future vision and of pressing ahead with policies and reforms that can lay the groundwork for strong and equitable economic growth, in addition to achieving sustainable reductions in unemployment. This vision was outlined by the President of the Republic on January 9, 2007, who officially launched the second generation PRSP, for which the country had taken full ownership, and

² The synthetic index of human poverty, which takes into account, not just monetary poverty, but also life expectancy, adult illiteracy, access to drinking water, and the malnutrition rate among children under 5 years of age is estimated at 42.5 percent, i.e., a rate very close to the incidence of extreme poverty (45 percent). In addition, the two indices are perfectly correlated for all regions of the country and all the districts of Djibouti-Ville.

entitled: the “National Initiative for Social Development” [Initiative Nationale pour le Développement Social (INDS)].

“The INDS is a societal project aimed at turning Djibouti by 2015 into a country that is peaceful, modern, fair, open, economically efficient, better managed, and where social disunity, poverty, marginalization, and exclusion are fought and ultimately overcome,”
President of the Republic, January 2007.

The National Initiative for Social Development (INDS) reaffirms the obligation of the government authorities to act in a sustained and integrated fashion, not only in order to expedite economic growth, but also—and above all—to create conditions for meaningful sustainable development from which poor communities can benefit and thus aspire to decent living conditions. Such development will further establish social justice and strengthen national unity. The INDS covers the period 2008-2012 and will be regularly updated on a rolling basis.

5. The INDS strategy:

The INDS strategy rests on four pillars:

The first pillar is designed to strengthen Djibouti’s competitiveness and to create conditions for strong and sustainable economic growth through: (i) policies aimed at stabilization of the macroeconomic framework and structural reforms; (ii) the establishment of a legal and institutional framework conducive to investment and elimination of obstacles to development of the private sector; (iii) promotion of the Djibouti market as an economic and financial platform that is competitive at the regional level and the harnessing of the country’s growth potential; (iv) development of infrastructures and the reduction of production factor costs,

The second pillar will expedite the optimal use of human resources as well as urban and rural development, in addition to preserving the environment. The purpose of this undertaking, in particular, will be: (i) to focus on quality in health and education; (ii) to implement a policy to foster employment and vocational training; (iii) to promote food security and improve access to water; (iv) to institute the National Strategy for Integrating Women into Development—a strategy which, while predicated on four priority areas (decision-making, health, education, and economics) also advocates measures to ensure that the full set of resulting sectoral strategies can incorporate a gender-oriented perspective.

The third pillar is specifically designed to reduce poverty and to assist highly vulnerable individuals or persons with special needs through programs targeted at poverty zones and vulnerable members of society. More specifically, efforts in this area will be made to combat unemployment by focusing on development of labor-intensive methods, promotion of microfinance, and establishment of social safety nets for the most vulnerable segments of the population (street children, nomads, displaced persons).

In particular, efforts will be made to improve access by poor people to water and to basic services. Policies and programs will be centered on the outskirts of Djibouti-Ville (districts 4 and 5, in particular), on regional towns, and on rural areas.

The fourth pillar promotes political, local, economic and financial governance, to enhance the government’s planning and management capacities, and to modernize its tools and

resources. The priority will be to strengthen government expenditure management and to improve its fairness and efficiency so that government expenditure management can serve a meaningful tool for combating poverty.

6. The overall cost of the INDS strategy over the period 2008-2012

As at January 31, 2010, the valuation of the overall cost of the Prior Actions Matrix in the INDS over the period 2008-2012 amounts to about DF 294.7 billion, i.e., US\$1.65 billion, or euros 1,17 billion. Of this amount, almost 41 percent (i.e., about US\$684.147 million) have been allocated for measures in support of the MDGs, thereby confirming the INDS's focus on the MDGs and further demonstrating the ambitious and proactive nature of the INDS strategy, with almost 59 percent of the investments representing efforts over and above the MDGs. The overall distribution of requirements by strategic pillar may be presented as follows:

General summary of the financial requirements of the INDS (2008-2012) (in thousands of DF)	Total needs	
	Value	%
GRAND TOTAL FOR THE INDS (thousands of DF)	294 630 638	100.00%
PILLAR 1: GROWTH, MACROECONOMIC STABILITY, COMPETITIVENESS	102 825 783	34.90%
PILLAR 2: PROMOTING ACCESS TO BASIC SOCIAL SERVICES	151 536 799	51.43%
PILLAR 3: COMBATTING EXTREME POVERTY AND MARGINALIZATION	26 254 947	8.91%
PILLAR 4: GOVERNANCE	14 013 110	4.76%

7. Financing for the INDS

The poverty reduction strategy embodied in the INDS calls for the mobilization of sizable domestic and external resources for comprehensive or sector-based action programs. The overall costs of the strategy over the period 2008-2012 amount to **DF 294.6 billion**. The itemized apportionment by strategic area is shown in the annex.

Domestically funded investments, excluding current expenditure (wages, equipment, etc.) envisaged in the government budget correspond to a total of about **DF 35 billion** over five years (i.e., US\$198 million), and represent approximately **12 percent** of the overall costs of the INDS.

Moreover, the external financing resources in place are estimated at **44 percent** of the overall cost of the strategy—i.e., **DF 128.5 billion**, equivalent to approximately **US\$723 million**.

Accordingly, the outstanding balance required to finance the INDS is estimated at **DF 130.9 billion**, equivalent to about **US\$736 million**.

The sectors of energy as well as water and sanitation—key factors in ensuring Djibouti's economic development—are in first place and account for **16 percent** and **14 percent** of the INDS's overall requirements, respectively.

According to the most recent estimates, Djibouti's stock of external public debt (outstanding amount payable) was estimated at over DF 100.9 billion in 2008, which corresponds to **58**

percent of GDP. The debt stock is trending upward, largely as a result of the ongoing public investment program.

This state of affairs is penalizing the Djibouti economy, which is thus obliged to allocate increasing (and finite) domestic resources to service its external debt. In common with nearly all African countries, Djibouti has not benefited from debt relief.

Consequently, in order to meet public deficit objectives and ensure macroeconomic stability, outstanding financing resources awaiting mobilization should be made available **in the form of grants**.

8. Implementing the INDS Strategy

Unlike the 2004-2006 PRSP, the implementation of the INDS will receive particularly close attention. Clearly defined principles have been identified, to wit: a local focus, transparency, participation, responsiveness, adherence to the program approach, nationwide implementation, performance-oriented management, the quest for synergies, harmonization and coordination. Moreover, implementation of the INDS as a benchmark framework for strategies and programs, be they sector-based or cross-cutting, is predicated on five complementary strategies: (i) optimal coordination of the implementation process through a comprehensive framework for the organization of the work and circulation of information among the various stakeholders; (ii) an enhanced environment for producing quality statistical information (in quantitative and qualitative terms), which should ultimately enhance the quality of policies and programs in relation to poverty reduction objectives; (iii) timely production of summary documents, analytical reports, and broad outreach regarding the national strategy and the policies and programs implemented; (iv) strengthening of the participatory process undertaken at the time the INDS is formulated, in the context of efforts to track the implementation of measures and to identify new political and strategic guidelines; and (v) ongoing dialogue between the government and its development partners.

Furthermore, three (3) implementation commissions are in the process of being set up, in particular: the “Economic and Social Development” Commission, the “Human Capital” Commission, and the “Governance” commission, co-chaired by the technical partners and national agencies, under the general supervision of the State Secretariat for the National Solidarity and the Ministry of Economy, Finance, Planning, and Privatization. The Economic Commission for Africa (CEA) has agreed to provide strategic technical assistance to support the entire framework for harmonizing and coordinating the implementation process, pursuant to a memorandum of cooperation. In addition, the Technical Steering Committee for the INDS, will liaise among the stakeholders and the commissions. Last but not least, a Technical Unit for Harmonization, Coordination, and Support for Implementation has been established to support efforts to strengthen the capacities of the various units engaged in project and program implementation. This unit is directly linked to the State Secretariat for National Solidarity. A detailed plan for the framework for coordination, harmonization, and support for the implementation process, has been prepared and will at all times serve as a benchmark and lodestar for the various stakeholders.

9. Monitoring and Evaluation of the INDS

The monitoring and evaluation of the 2004-2006 PRSP suffered from a number of handicaps, specifically: the unfamiliarity or lack of experience with performance-oriented management

principles, and in particular, monitoring and evaluation; the scarcity and unreliability of basic or current statistical data; the constraints affecting the Directorate of Statistics and Demographic Research (DISED), the lack of a General Census of Population and Housing; the minimal coordination, and the limited capacity demonstrated by human resources in regard to the implementation of the national framework for monitoring and evaluation; constraints on resource absorption, etc.

Upon completion of the implementation of the PRSP, the government drew a number of conclusions regarding these various handicaps and constraints and duly adopted bold and effective measures to ensure that the INDS would enjoy every possible chance for success. It follows that the new strategy for 2008-2012 will be predicated on the following measures:

- (i) Presidential Decree (N° **2007-0106/PRE**) of February 6, 2007 organizing the institutional framework for the design, implementation, monitoring and evaluation of the INDS,
- (ii) Creation of a State Secretariat for National Solidarity (SESN) (**Presidential Decree N° 2008-0093/PRE of April 3, 2008**), entrusted with the preparation, coordination, and in particular the monitoring and evaluation of government policy in the area of social development and poverty reduction. The SESN is the driving force behind the establishment of the framework mentioned in the previous item, in collaboration with the Ministry of Economy and Finance, as well as the Ministry of Foreign Affairs and International cooperation.
- (iii) The successful organization—with assistance from development partners and in particular, a sizable proportion of domestic financing (72 percent)—of the first General Survey of Population and Housing, in Djibouti in September 2009.
- (iv) The validation and promulgation by the government, in January 2010, of the Law on the National Strategy for the Development of Statistics, which enshrines and institutionalizes the full set of structural and institutional reforms intended to equip the national statistical system (and in particular, the DISED) with the tools and resources required to ensure its full functionality and maximum effectiveness.
- (v) Thanks to financial assistance from the World Bank, the national framework for monitoring and evaluation—overseen within the SESN (Office of the Prime Minister)—will be implemented and launched in the second half of 2010.

10. Risks and precautionary measures

The INDS is a highly proactive and ambitious poverty reduction strategy. While this approach may be the only possible response given the magnitude of the challenges posed by poverty, it is nonetheless subject to endogenous and exogenous risks.

The **endogenous risks** have to do with: (i) the requisite structural reforms and accompanying measures; (ii) the extent to which national stakeholders can effectively and professionally implement the projects and programs associated with the INDS; (iii) overall absorption capacity of the Djibouti economy; (iv) persistence of social and cultural rigidities and habits; (v) difficulties involved in mobilizing key stakeholders, such as trade unions and personnel in general, and enlisting their support for the established objectives, particularly in rural areas; and (vi) last but not least, viability of the taxation arrangements.

Exogenous risks are linked to the following factors: (i) climatic and ecological risks, natural disasters, and shocks linked to the prices of imports, particularly energy and foodstuffs; (ii) the geopolitical instability in the region, the complexity of the procedures used by Djibouti's

development partners, and the underlying assumptions concerning Djibouti's attractiveness; and (iii) last but not least, the sustainability of external debt, in light of the major expenditures required to accelerate growth, reduce poverty, and improve the living standards enjoyed by the general public.

Precautionary measures to address all of these risks have been identified and set forth in the strategy document, and some have already been implemented.

Annex

Overview of financial needs associated with the INDS (thousands of DF)	Total needs	Financing in place			Funds to be mobilized	Percentage		
		GOV_DJ	Donors and Lenders	Total		% in place technical and financial partners	% in place GOV	Identified
GRAND TOTAL FOR THE INDS	294 630 638	35 262 305	128 496 334	163 758 640	130 871 998	43.6%	12.0%	44.4%
PILLAR 1: GROWTH, MACROECONOMIC STABILITY, COMPETITIVENESS	102 825 783	13 204 153	62 261 690	75 465 843	27 359 939	60.6%	12.8%	26.6%
PILLAR 2: PROMOTING ACCESS TO BASIC SOCIAL SERVICES	151 536 799	13 357 270	56 071 099	69 428 370	82 108 429	37.0%	8.8%	54.2%
PILLAR 3: EFFORTS TO COMBAT EXTREME POVERTY AND MARGINALIZATION	26 254 947	5 000 000	7 642 931	12 642 931	13 612 016	29.1%	19.0%	51.8%
PILLAR 4: GOVERNANCE	14 013 110	3 700 882	2 520 614	6 221 496	7 791 613	18.0%	26.4%	55.6%

STRATEGIC PILLAR-1 in thousands of DF	Total needs	Financing in place			Funds to be identified	Percentage		
		GOV_DJ	Donors and Lenders	Total		% in place technical and financial partners	% in place GOV	Identified
PILLAR 1: GROWTH. MACROECONOMIC STABILITY. COMPETITIVENESS	102 825 783	13 204 153	62 261 690	75 465 843	27 359 939	60.6%	12.8%	26.6%
Macroeconomic framework and structural reforms	8 795 580	1 275 072	6 016 239	7 291 311	1 504 269	68.4%	14.5%	17.1%
Maritime and airport transportation. transport corridor	7 823 947	367 883	6 397 956	6 765 839	1 058 109	81.8%	4.7%	13.5%
Roads and highways	23 171 625	1 367 883	15 571 625	16 939 508	6 232 117	67.2%	5.9%	26.9%
Energy and natural resources	47 445 160	8 018 351	26 122 060	34 140 412	13 304 749	55.1%	16.90%	28.0%
Tourism	1 284 000	113 333		113 333	1 170 667		8.8%	91.2%
Telecommunications. and Information and Communications Technologies	2 858 000	285 746	1 651 000	1 936 746	921 254	57.8%	10.0%	32.2%
Industrial development and private sector promotion	9 923 470	1 331 914	5 577 810	6 909 724	3 013 746	56.2%	13.4%	30.4%
Trade and Regional Integration	1 524 000	443 971	925 000	1 368 971	155 029	60.7%	29.1%	10.2%

STRATEGIC PILLAR-2 in thousands of DF	Total needs	Financing in place			Funds to be identified	Percentage		
		GOV_DJ	Donors and Lenders	Total		% in place technical and financial partners	% in place GOV	Identified
PILLAR 2: PROMOTION OF ACCESS TO SOCIAL SERVICES	151 536 799	13 357 270	56 071 099	69 428 370	82 108 429	37.0%	8.8%	54.2%
Secondary Pillar 2-1 Development of Human Capital	57 704 852	6 280 446	27 332 958	33 613 404	24 091 448	47.4%	10.9%	41.7%
Health	28 241 518	2 887 297	13 172 136	16 059 433	12 182 085	46.6%	10.2%	43.1%
Education. Literacy	17 928 145	2 610 361	12 878 186	15 488 547	2 439 598	71.8%	14.6%	13.6%
Employment, training, and vocational training	3 943 137	374 742	23 637	398 379	3 544 758	0.6%	9.5%	89.9%
Integration of women into development	1 241 052	181 378	309 000	490 378	750 674	24.9%	14.6%	60.5%
Promotion of youth, sports, and leisure	6 351 000	226 667	950 000	1 176 667	5 174 333	15.0%	3.6%	81.5%
Secondary Pillar 2-2: Urban. Local. and Rural Development and Environment	93 831 947	7 076 825	28 738 141	35 814 965	58 016 981	30.6%	7.5%	61.8%
Water and sanitation	26 159 120	1 684 928	9 152 000	10 836 928	15 322 192	35.0%	6.4%	58.6%
Regional development	257 535	197 135		197 135	60 400		76.5%	23.5%
Urban development and housing	40 357 228	2 562 755	15 596 599	18 159 353	22 197 875	38.6%	6.4%	55.0%
Urban and interurban transportation	1 345 000	367 883		367 883	977 117		27.4%	72.6%
STRATEGIC PILLAR	23 895 231	1 869 855	2 920 738	4 790 593	19 104 638	12.2%	7.8%	80.0%
Environmental preservation	1 817 833	394 270	1 068 804	1 463 074	354 759	58.8%	21.7%	19.5%

STRATEGIC PILLAR-3 in thousands of DF	Total needs	Financing in place			Funds to be identified	Percentage		
		GOV_DJ	Donors and Lenders	Total		% in place technical and financial partners	% in place GOV	Identified
PILLAR 3: Efforts to Combat Extreme Poverty, Vulnerability, and Disparities	26 254 947	5 000 000	7 642 931	12 642 931	13 612 016	29.1%	19.0%	51.8%
Poverty reduction, social marginalization in urban areas	12 004 860	1 250 000	5 418 082	6 668 082	5 336 778	45.1%	10.4%	44.5%
Microfinance and income-generating activities	1 724 578	625 000	733 099	1 358 099	366 479	42.5%	36.2%	21.3%
Poverty reduction and social marginalization in rural areas	7 858 469	1 250 000	967 000	2 217 000	5 641 469	12.3%	15.9%	71.8%
Social protection	1 130 340	625 000		625 000	505 340		55.3%	44.7%
Protection for the vulnerable members of society (orphans, the elderly, abandoned children)	2 410 500	625 000	482 000	1 107 000	1 303 500	20.0%	25.9%	54.1%
Prevention and management of risks and catastrophes	1 126 200	625 000	42 750	667 750	458 450	3.8%	55.5%	40.7%

STRATEGIC PILLAR-4 in thousands of DF	Total needs	Financing in place			Funds to be identified	Percentage		
		GOV_DJ	Donors and Lenders	Total		% in place technical and financial partners	% in place GOV	Identified
ECONOMIC, ADMINISTRATIVE, AND LOCAL GOVERNANCE	14 013 110	3 700 882	2 520 614	6 221 496	7 791 613	18.0%	26.4%	55.6%
Political governance (democratic institutions and human rights)	3 143 663	854 878	1 534 400	2 389 278	754 385	48.8%	27.2%	24.0%
Administrative, economic, and financial governance	1 865 431	1 245 845	52 000	1 297 845	567 586	2.8%	66.8%	30.4%
Judicial governance	1 100 000	767 659	100 000	867 659	232 341	9.1%	69.8%	21.1%
Local governance	3 125 100	432 500	328 700	761 200	2 363 900	10.5%	13.8%	75.6%
National statistics system	4 115 104	300 000	348 000	648 000	3 467 104	8.5%	7.3%	84.3%
Framework for the National System for Monitoring and Evaluation the INDS	663 812	100 000	157 514	257 514	406 298	23.7%	15.1%	61.2%

REPUBLIC OF DJIBOUTI

Unity – Equality – Peace



National Initiative for Social Development (INDS 2008-2012)

Poverty Diagnosis and Status of MDGs

Strategic Approaches

Priority Action Plan 2008-2012

Macroeconomic Framing Exercise

Public Investment Program 2008-2012

Cost and Financing of the INDS

Implementation and Monitoring/Evaluation

Indicators

Djibouti, February 2010

“The INDS is a social project that seeks, by 2015, to transform Djibouti into a peaceful, modern, equitable, open, economically competitive, and well-managed country where social division, poverty, marginalization, and exclusion are reduced and, over time, eliminated.”

**His Excellency Mr. ISMAÏL OMAR GUELLEH,
President of the Republic of Djibouti,
January 9, 2007**

ACRONYMS AND ABBREVIATIONS

ADDS	Djibouti Social Development Agency
ADETIP	Djibouti Public Service Project Implementation Agency
ANEFIP	National Employment, Training, and Job Placement Agency
BCD	Central Bank of Djibouti
COMESA	Common Market for Eastern and Southern Africa
CSOs	Civil Society Organizations
DEFIP	Directorate of Employment, Training, and Job Placement (MESN)
DF	Djibouti Franc
DISED	Directorate of Statistics and Demographic Studies
EDAM-IS2	Djibouti Household Survey—Social Indicators II (2002)
EDIM	Djibouti Multiple Indicators Survey
EDSF/PAPFAM	Djibouti Family Health Survey (2002)
EU	European Union – Delegation of the European Commission in Djibouti
GDP	Gross domestic product
GEF	Global Environment Facility
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICMR	Infant and child mortality rate
IMF	International Monetary Fund
IMR	Infant mortality rate
INDS	National Initiative for Social Development
MAECI	Ministry of Foreign Affairs and International Cooperation
MAEMRH	Ministry of Agriculture, Livestock Production, and Marine Affairs, Responsible for Water Resources
MDGs	Millennium Development Goals
MEFPP	Ministry of Economy, Finance, and Planning, Responsible for Privatization
MESN	Ministry of Employment and National Solidarity
MFI	Microfinance institution
MHUEAT	Ministry of Housing, Urban Development, Environment, and Land Development
MID	Ministry of the Interior and Decentralization
MMR	Maternal mortality rate
NGO	Nongovernmental organization
NHDR	National Human Development Report
NICTs	New information and communications technologies
ONEAD	Djibouti National Water and Sanitation Office
PANE	National Environmental Action Plan
PARIS21	Partnership in Statistics for Development in the 21 st Century
PLCP	Program of Support for the Fight Against Poverty
PRGF	Poverty Reduction and Growth Facility
PRSF	Poverty Reduction Strategy Framework
PRSP	Poverty Reduction Strategy Paper
SNA	Modified National Service (Djibouti)
<i>SNA93</i>	<i>System of National Accounts, 1993 version</i>

SNDS	National Statistics Development Strategy
SSN	National Statistics System
STDs	Sexually transmitted diseases
TFPs	Technical and financial partners
TOFE	Government fiscal reporting table
TTG	Technical Thematic Group
UN	United Nations (agencies)
UNDAF	UN Development Assistance Planning Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNICEF	United Nations Children's Fund
USAID	US Agency for International Development
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization

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Executive Summary

The Republic of Djibouti gained its independence on June 27, 1977. It is located at the southern entrance to the Red Sea, and covers a surface area of 23,000 km². Its maritime coast is 370 km long. It shares its borders with Eritrea, Ethiopia, and Somalia. With a desert climate,¹ temperatures are high, particularly between May and September when they average above 40°C.

The Republic of Djibouti occupies an important strategic socioeconomic and political position, both regionally and internationally. Its population stands at 800,000 and its economy is based largely on the services sector, which accounts for more than 80 percent of GDP and is estimated to employ close to 60 percent of the working population. The primary sector (approximately 3 percent of GDP) and manufacturing sector (approximately 16.3 percent of GDP) are weak and face major constraints and strong competition. Since 2006, the GDP growth rate has surpassed the demographic growth rate. Per capita GDP is estimated at US\$800 in PPP terms. In 2007, the United Nations Human Development Report ranked Djibouti number 154 of 177 countries.

Djibouti is classified as an LDC. The structure of the economy, which had not changed significantly in close to 20 years, is undergoing a significant transformation with the economic growth recorded since 2000. It continues to have the characteristics of a dual economy, with a modern rent-based economy existing alongside an informal economy.

The modern economy is dependent on revenue derived directly or indirectly from the international Port of Djibouti and from the country's strategic position, which generates port and military revenue, and on foreign aid. The informal economy accounts for a major portion of the country's economic activity and provides a means of livelihood to a large percentage of the population. Informal enterprises have active relations with the formal sector as clients and providers of goods and services. Most economic activities in the formal sector are still controlled either directly by the State, or indirectly by public enterprises. The private sector, both foreign and domestic, is expanding rapidly.

Growth registered in the past five years is led essentially by the increase in foreign direct investment (FDI), in particular by activity at the Port of Djibouti resulting from the recent opening of the Port of Doraleh, the development of the livestock re-export facility, and expansion of the Free Zone.

In 2009, growth of the Djibouti economy was robust. GDP growth is estimated at approximately 5 percent, reflecting strong private sector growth and the relatively limited effects of the international financial crisis. Foreign direct investment remains sizeable and port activity was strong, supported by high growth rates in Ethiopia and the increasingly important role played by transshipment activity. There was a marked decline in inflation in 2009 compared to 2008, following a significant decline in international food and commodity prices.

1. PRSP and Poverty Situation Assessment

¹ Rainfall is less than 200mm per year virtually everywhere in the country.

Over the past two decades, the development of the Djibouti economy has been uneven and marked by a series of political crises (regional wars and domestic armed conflict) and economic shocks (drought, among others) which have undermined Djibouti's competitiveness, financial position, and economic and social infrastructure. As a result, per capita income has declined by more than 25 percent relative to 1984, while the State budget deficit climbed to 10.1 percent of GDP in 1995. At the same time, the main sustainable human development indicators (the school attendance rate, the infant, infant-child, and maternal mortality rates, and access to potable water) have deteriorated steadily.

To address this situation, the Government has been implementing, since 1996, economic adjustment and restructuring programs supported by the IMF and World Bank and has instituted reforms in several key areas, among them public finance, social security, public enterprises, education, and health. In May 2004, the Government adopted a PRSP, the main objectives of which were to: (i) support economic growth; (ii) develop human resources; (iii) strengthen social safety nets; and (iv) modernize the State and promote good governance.

This PRSP was adopted in a context marked by a worrying surge in poverty, with an incidence of extreme income poverty that rose from 34.5 percent in 1996 to 42.2 percent in 2002 and an incidence of relative poverty that climbed from 64.9 percent to 74.4 percent over the same period. In addition, the country's social indicators were improving but also remained a source of concern: in 2002, the gross enrollment ratio (GER) for primary schools was a mere 42.7 percent, the literacy rate for persons aged 15 or older was 18.3 percent, and the infant mortality rate (IMR) and infant-juvenile mortality rate (IJMR) were 94.6 and 106.2 per thousand respectively. This situation was exacerbated by glaring rural/urban disparities, with the rural areas lagging far behind.

To deal with this alarming situation, Djibouti's PRSP had set long-term goals similar to those established by the international community at the Millennium Summit. It had also set medium-term goals (2006 timeframe), including (i) increasing average GDP growth over the period 2004–2006 to 4.6 percent; (ii) reducing the incidence of extreme poverty to 36.1 percent; (iii) increasing the GER to 73 percent; and (iv) reducing the IMR to 90 per thousand and the IJMR to 110 per thousand.

After three years of PRSP implementation, significant progress has admittedly been made. For example, economic growth averaged 3.7 percent over the period 2004–2006, which is below the PRSP goal (average of 4.6 percent), but higher than demographic growth (approximately 3 percent). In addition, provisional data from the Djibouti Multiple-Indicator Survey (EDIM) conducted in 2006 show, among other things, that (i) net school enrollment in the primary cycle is 66.2 percent, with a gender parity index of 0.98; (ii) the literacy rate among women age 15 to 24 is 47.5 percent; and (iii) the IMR is 67 per thousand and the IJMR, 94 per thousand.

However, these encouraging advances cannot mask the persistent reality of poverty and social inequality. Even in the absence of recent data on poverty and particularly on income poverty, observation of living conditions in the poor districts of Djibouti City and in rural areas reveals that broad swaths of the population continue to live in difficult conditions of poverty and marginalization. There is every indication that the considerable increase in the inflow of FDI and the current strengthening of Djibouti's position as a transit hub have been of little benefit to these people.

The widespread nature of poverty noted in 2006 (EDIM survey) confirms the structural and extensive nature of poverty noted in Djibouti in 2002. In general terms, poverty is widespread,

affecting all geographic areas and social groups. Poverty is concentrated largely in Djibouti City, which accounts for 65.2 and 57.4 percent respectively, of relative and extreme poverty.

2. Status of the MDGs

As in any economy undergoing structural adjustment, during the PRSP period (2004-2006), top priority was accorded to maintaining major and fundamental macroeconomic equilibriums, which had the effect of limiting the volume of social investment to boost achievement of the MDGs. However, as a result of the Government's proactive stance, approximately 50 percent of the national budget has been allocated to the social sectors. This has fostered and facilitated favorable trade-offs that have had a positive impact on MDG-2 (primary education), MDG-3 (empowering and integrating women into the development process), and MDGs 4, 5 and 6 (health).

In other words, while the progress made with the achievement of MDGs 1, 7, and 8 (reduction of extreme poverty, environmental sustainability, global partnership for development) remains muted, Djibouti is on track to meet the 2015 MDG deadline for MDGs 2, 4, 5, and 6. Although significant progress has been made since 1999, greater attention should be paid to MDG-3 during the upcoming development cycles, so that Djibouti can be counted among those countries that have managed to value and integrate women into the socioeconomic process.

3. The Poverty Reduction Strategy Paper: the INDS

The analysis of poverty demonstrates that this phenomenon has become structural in nature.² Indeed, income poverty, linked to inadequate income and access to employment, appears to be closely correlated to poverty as it relates to living conditions, which is linked to insufficient access to education, health, potable water, and basic infrastructure. Given the depth and breadth of poverty in Djibouti, this problem is not only a social one but constitutes a veritable development challenge. This underscores the critical importance of clarifying the vision of the country's future and implementing in a sustained manner policies and reforms that pave the way for robust and equitable economic growth and for a sustainable reduction in unemployment. This vision was articulated by the President of Djibouti on January 9, 2007, at the official launch of the second generation PRSP, when ownership was taken of this process under the title **National Initiative for Social Development** [*Initiative Nationale pour le Développement Social INDS*].

“The INDS is a social project that seeks, by 2015, to transform Djibouti into a peaceful, modern, equitable, open, economically competitive, and well-managed country where social division, poverty, marginalization, and exclusion are reduced and, over time, eliminated.”
The President of the Republic of Djibouti, January 2007.

The National Initiative for Social Development (INDS) reaffirms the obligation of the public authorities to adopt sustained and integrated measures not only to accelerate economic growth but also, and above all, to create the conditions for true sustainable development from which the poor can benefit fully and thus aspire to decent living conditions. Such development will help to introduce greater social justice and to strengthen national unity. The INDS covers the 2008-2012 period and will be periodically updated on a rolling basis.

² The synthetic index of human poverty, which also includes income poverty, life expectancy, adult illiteracy, access to potable water, and the rate of malnutrition among children under age five, is estimated at 42.5 percent, a rate that is very close to the extreme poverty rate (45 percent). Furthermore, there is perfect correlation between these two rates in all regions of the country and all districts of Djibouti City.

4. The INDS Strategy

The INDS strategy is supported by four pillars:

The first pillar seeks to strengthen Djibouti's competitiveness and create the conditions for robust and sustainable growth by (i) continuing policies aimed at stabilizing the macroeconomic framework and achieving structural reforms; (ii) instituting an investment-friendly legal and institutional framework and eliminating the obstacles to private sector development; (iii) promoting Djibouti as a regionally competitive economic and financial hub and harnessing the country's growth potential more effectively; and (iv) developing infrastructure and reducing production factor cost.

The second pillar targets the investment in human resources, urban and rural development, and environmental protection. Specifically, this will entail (i) focusing on quality in the areas of health and education; (ii) implementing a policy of employment promotion and the development of professional training; (iii) promoting food security and improving access to water; and (iv) implementing the National Strategy for the integration of women into development, while stressing four priority areas (decision-making, health, education, and savings), which also recommends measures to ensure that all related sectoral strategies include a gender dimension.

The third pillar is geared toward poverty reduction and assistance to persons living in very vulnerable conditions or having specific needs through the implementation of targeted programs covering poor areas and vulnerable population groups. More specifically, this entails reducing unemployment by according priority to the development of highly labor intensive practices, promoting microfinance, and establishing social safety nets for the most vulnerable population groups (street children, nomadic groups, and displaced persons).

In particular, this will require improving access for the poor to water and basic social services. Policies and programs will focus on the outlying neighborhoods of Djibouti City (districts 4 and 5, among others), on inland cities, and on rural areas.

The fourth pillar focuses on promoting political, local, economic, and financial good governance and on capacity-building in the areas of planning and [public] administration management, as well as modernizing the tools and resources used in these processes. Priority will be given to strengthening public expenditure management and enhancing its effectiveness so as to transform this into a true poverty reduction tool.

5. The Overall Cost of the INDS Strategy – 2008-2012

As of January 31, 2010, the overall cost of the INDS for the 2008-2012 period, based on the Matrix of Priority Actions, stands at **DF 293.7 billion (US\$1.65 billion or EUR 1.17 billion)**. Of this amount, close to **41 percent** (approximately **US\$684,147 million**) is earmarked for MDG activities, a factor that confirms the alignment of the INDS with the MDGs and also indicates the scope and proactive nature of this strategy, with close to **59 percent** of the investments being channeled toward additional MDG activities. The overall distribution of needs by strategic pillar is demonstrated below.

Overall Summary of INDS Financial Needs for the 2008-2012 Period (in DF thousands)	Total Needs	
	Value	%
INDS GRAND TOTAL (GROSS) (in DF thousands)	294,630,638	100.00%
PILLAR 1: GROWTH, MACROECONOMIC STABILITY AND COMPETITIVENESS	102,825,783	34.90%
PILLAR 2: PROMOTING ACCESS TO BASIC SOCIAL SERVICES	151,536,799	51.43%
PILLAR 3: REDUCING EXTREME POVERTY AND EXCLUSION	26,254,947	8.91%
PILLAR 4: GOVERNANCE	14,013,110	4.76%

6. Financing the Strategy

The poverty reduction strategy set forth in the INDS calls for the mobilization of significant domestic and external resources to carry out global or sectoral action programs. The overall cost of the strategy for the 2008-2012 period amounts to **DF 294.7 billion**. The breakdown by strategic pillar is indicated in the annex.

Investment using the Government's own resources, excluding operating expenses (salaries, materials, etc.) provided for in the State budget, stands at a total of approximately **DF 35 billion** (US\$198 million) over the five-year period and accounts for approximately **12 percent** of total INDS costs.

In addition, external financing secured is estimated at **44 percent** of the overall cost of the strategy (**DF 128.5 billion** or approximately **US\$723 million**).

Consequently, the outstanding amount to be mobilized to cover INDS financing stands at **DF 130.9 billion** (approximately **US\$736 million**).

The energy and water and sanitation sectors, which are key to Djibouti's economic development, are at the top of the list and account for **16 percent** and **14 percent** respectively, of overall INDS needs.

According to the most recent estimates, Djibouti's external public debt stock (remaining balance) stood at more than DF 100.9 billion in 2008, a figure that represents more than **58 percent** of GDP. It bears noting that the public debt warning alarm threshold is 60 percent of GDP. The public debt stock is trending upward, largely as a result of the public investment program underway.

This situation is having an adverse effect on Djibouti's economy, which is forced to channel increasingly scarce domestic resources toward foreign debt servicing. As is the case with virtually all African countries, Djibouti has not been a beneficiary of debt cancellation.

Consequently, to maintain the public deficit goals and ensure macroeconomic stability, it is of paramount importance that any remaining financing mobilized take the **form of grants**.

7. Implementation Strategy

Contrary to the approach adopted with the PRSP for the 2004-2006 period, special attention will be paid to INDS implementation. Indeed, clear principles have been identified such as a community-based approach, transparency, participation, speed, priority to the program approach, national execution, results-based management, the search for synergies, harmonization, and coordination. INDS implementation, as a frame of reference for sectoral or cross-cutting strategies and programs, is based on five complementary pillars: (i) sound coordination of the implementation process through the adoption of a comprehensive framework for the organization of work and the circulation of information among the various stakeholders; (ii) improvement of the conditions for the generation of reliable statistical information (both qualitative and quantitative), which should ultimately facilitate enhancement of the quality of policies and programs, bearing in mind poverty reduction goals; (iii) periodic production of summary documents and analytical reports, and greater communication on the national strategy and policies and programs implemented; (iv) strengthening of the participatory process undertaken at the time of INDS formulation, in the context of monitoring activities and outlining new political and strategic orientations; and (v) ongoing dialogue between the Government and development partners.

In addition, three implementation commissions are being established, namely, the Economic and Social Commission, the Human Capital Commission, and the Governance Commission, which are jointly chaired by the technical partners and national entities, under the general oversight of the Secretariat of State for National Solidarity and the Ministry of the Economy, Finance, Planning, and Privatization. The Economic Commission for Africa (ECA) has agreed to provide strategic technical support for the entire process of harmonization and coordination of implementation, through a memorandum of collaboration. Moreover, the INDS Technical Steering Committee will serve as a liaison between implementation actors and the various Commissions. Lastly, a Technical Unit for Implementation Harmonization, Coordination, and Support has been established to assist with capacity-building of the different project and program executing units. This technical unit has been placed under the direct supervision of the Secretariat of State for National Solidarity. A detailed outline of the implementation coordination, harmonization, and support process has been prepared and will serve, on an ongoing basis, as a frame of reference for the various stakeholders.

8. Monitoring and Evaluation of the INDS

PRSP Monitoring and Evaluation for the period 2004-2006 faced a number of obstacles, namely, lack of familiarity with or application of results-based management principles, in particular monitoring and evaluation principles; the paucity and unreliability of basic or current statistical data; the lack of recognition of the Directorate of Statistics and Demographic Studies (DISED); the failure to carry out a General Population and Housing Survey; the lack of coordination and low human resource capacity for implementation and the monitoring and evaluation of the INDS; and the lack of absorptive capacity of mobilized resources, among others.

At the end of PRSP implementation, the Government applied the lessons learned from these obstacles and weaknesses by taking effective and vigorous measures to give the INDS every chance to be successful. As a result, the new strategy for the period 2008-2012 will be executed against the backdrop of:

(i) Presidential Decree No. 2007-0106/PRE of February 6, 2007, organizing the institutional process for formulating the implementation of INDS monitoring and evaluation; (ii) the creation of a Secretariat of State for National Solidarity (SESN) (Presidential Decree No. **2008-0093/PRE of April 3, 2008**) responsible for the formulation, coordination, implementation and, above all, monitoring and evaluation of the Government's social development and poverty reduction policy. The SESN is spearheading the above-mentioned process, in collaboration with the Ministry of Economy and Finance and the Ministry of Foreign Affairs and International Cooperation; (iii) the successful organization, with the assistance of the development partners and, above all, a large amount of domestic financing (72 percent), of the General Population and Housing Survey in Djibouti in September 2009; (iv) the validation and promulgation by the Government in January 2010 of the National Statistics Development Strategy law, which establishes and formalizes all structural and institutional reforms intended to provide the national statistical system, in particular DISED, with the tools and resources needed for its optimal and effective operation; and (v) the establishment, during the second half of 2010, of the national monitoring and evaluation system, spearheaded by the SESN (Office of the Prime Minister), with World Bank financial assistance.

9. Risks and Prevention Measures

Without a doubt, the INDS is a very proactive and ambitious poverty reduction strategy. While such an approach is the only way to respond to the scope of the challenge posed by poverty, it is nonetheless subject to both endogenous and exogenous risks.

The **endogenous** risks relate to (i) implementation of the structural reforms necessary and support measures; (ii) the capacity of national actors to implement INDS-related projects and programs effectively and professionally; (iii) the overall absorptive capacity of the Djibouti economy; (iv) entrenched attitudes and socio-cultural practices; (v) problems mobilizing such important actors as trade unions and staff in general in order to achieve the goals set, particularly in rural areas; and (vi) lastly, the viability of taxation.

The **exogenous** risks are linked to the following factors: (i) climate and ecological events as well as natural disasters; shocks stemming from imported product prices, in particular energy and foodstuff; (ii) the geopolitical instability of the region, the complexity of the development partners' procedures, and the basic assumptions regarding Djibouti's appeal; and (iii) lastly, external debt sustainability, taking into account the significant expenditures needed to accelerate growth, reduce poverty, and improve the living conditions of the people.

Prevention measures to counter all these risks have been identified and outlined in the strategic document. A number of these measures are already being implemented.

Partnership for the INDS

The success of the INDS will depend on the full involvement of all development players (Administration, elected officials, civil society, private sector, public, donors) and the effective mobilization of their energies, in the context of a new partnership that will stimulate the country's economic and social development efforts. In particular, a considerable increase in official development assistance (ODA) from donors will be necessary.

Background

The Republic of Djibouti gained its independence on June 27, 1977. It is located at the southern entrance to the Red Sea, and covers a surface area of 23,000 km². Its maritime coast is 370 km long. It shares its borders with Eritrea, Ethiopia, and Somalia. With a desert climate,³ temperatures are high, particularly between May and September when they average above 40°C.

The Republic of Djibouti occupies an important strategic socioeconomic and political position, both regionally and internationally. Its population stands at 800,000 and its economy is based largely on the services sector, which accounts for more than 80 percent of GDP and is estimated to employ close to 60 percent of the working population. The primary sector (approximately 3 percent of GDP) and manufacturing sector (approximately 16.3 percent of GDP) are weak and face major constraints and strong competition. Since 2006, the GDP growth rate has surpassed the demographic growth rate. Per capita GDP is estimated at US\$800 in PPP terms. In 2007, the United Nations Human Development Report ranked Djibouti 154 of 177 countries.

Djibouti is classified as an LDC. The structure of the economy, which had not changed significantly in close to 20 years, is undergoing a significant transformation with the economic growth recorded since 2000. It continues to have the characteristics of a dual economy, with a modern rent-based economy existing alongside an informal economy.

The modern economy is dependent on revenue derived directly or indirectly from the international Port of Djibouti and from the country's strategic position, which generates port and military revenue, and on foreign aid. The informal economy accounts for a major portion of the country's economic activity and provides a means of livelihood to a large percentage of the population. Informal enterprises have active relations with the formal sector as clients and providers of goods and services. Most economic activities in the formal sector are still controlled either directly by the State or indirectly by public enterprises. The private sector, both foreign and domestic, is expanding rapidly.

Growth registered in the past five years is led essentially by the increase in foreign direct investment (FDI), in particular by activity at the Port of Djibouti resulting from the recent opening of the Port of Doraleh, the development of the livestock re-export facility, and expansion of the Free Zone.

In 2009, growth of the Djibouti economy was robust. GDP growth is estimated at approximately 5 percent, reflecting strong private sector growth and the relatively limited effects of the international financial crisis. Foreign direct investment remains sizeable and port activity was strong, supported by high growth rates in Ethiopia and the increasingly important role played by transshipment activity. There was a marked decline in inflation in 2009 compared to 2008, following a significant decline in international food and commodity prices.

³ Rainfall is less than 200mm per year virtually everywhere in the country.

Introduction

The Republic of Djibouti adopted its first PRSP in May 2004, in a context marked by a worrying surge in the phenomenon of poverty, with an incidence of extreme income poverty rising from 34.5 percent in 1996 to 42.2 percent in 2002 and an incidence of relative poverty rising from 64.9 percent to 74.4 percent over the same period. In addition, the situation of the country's social indicators was improving but also remained a source of concern: in 2002, the GER for primary schools was only 42.7 percent, the literacy rate for persons aged 15 or older was 18.3 percent and the IMR and ICMR were 94.6 and 106.2 per thousand, respectively. This situation was aggravated by glaring rural/urban disparities, in which the rural areas were lagging far behind.

To deal with this alarming situation, Djibouti's PRSP had set long-term goals similar to those established by the international community at the Millennium Summit. It had also set medium-term goals (by 2006), including: (i) increasing average GDP growth over the period 2004–2006 to 4.6 percent; (ii) reducing the incidence of extreme poverty to 36.1 per cent; (iii) increasing the GER to 73 percent; and (iv) reducing the IMR to 90 per thousand and the IJMR to 110 per thousand.

These goals were to be attained through four complementary strategic approaches: (i) resumption of economic growth and enhancement of competitiveness; (ii) development of human resources; (iii) promotion of integrated local development; and (iv) strengthening of governance.

After three years of PRSP implementation, significant progress has admittedly been made (see Box 1), but major obstacles still lie in the way of the country's advance toward sustainable economic and social development.

For example, economic growth averaged 3.7 percent over the period 2004–2006, which is below the PRSP goal (average of 4.6 percent), but is at least higher than demographic growth (about 3 percent). In addition, provisional data from the Djibouti Multiple-Indicator Survey (EDIM) conducted in 2006 show, among other things, that: (i) net school enrollment in the primary cycle is 66.2 percent, with a gender parity index of 0.98; (ii) the literacy rate among women between 15 and 24 years of age is 47.5 percent; and (iii) the IMR is 67 per thousand and the IJMR is 94 per thousand.

However, these encouraging advances cannot mask the persistent reality of poverty and inequality. Even in the absence of recent data on poverty and particularly on income poverty, observation of living conditions in the poor districts of Djibouti City and in rural areas reveals that large fringes of the population continue to live in difficult conditions of poverty and marginalization. There is every indication that the considerable increase in the inflow of FDI and the current strengthening of Djibouti's position as a transit hub have been of little benefit to these people.

Indeed, the National Initiative for Social Development (INSD), launched by the President of the Republic in January 2007, is based on these findings. It reaffirms the authorities' obligation to adopt sustained and integrated measures not only to accelerate economic growth but also, and above all, to create the conditions for true sustainable development from which the poor can benefit fully and thus aspire to decent living conditions. Such development will help to introduce greater social justice and to strengthen national unity.

1. PRSP, Poverty Situation Assessment, and the NGOs

1.1 Poverty in the Republic of Djibouti⁴

Income poverty and inequality

1. From 1996 to 2002, a significant increase in **individual** poverty was observed, with the incidence of relative poverty increasing from 45.1 percent to 74.0 percent and that of extreme poverty from 9.6 percent to 42.1 percent. The scope of the poverty observed in 2002 thus confirms the structural and massive nature of poverty in Djibouti and shows that it is generalized, affecting all geographic areas and all social categories.
2. In terms of concentration, Djibouti city has the greatest number of poor, with contributions of 65.2 percent and 57.4 percent for relative and extreme poverty, respectively. However, it is the neighborhoods in the peripheries of the urban areas where the concentration of the poor is the highest. *Arrondissements* 4 and 5 (which represent 41.8 percent of the total population) by themselves contribute 51.1 percent of the overall extreme poverty and 47.1 percent of the relative poverty of individuals. As regards the poverty of **households**, the 4th and 5th *arrondissements* by themselves contribute 41.6 percent of overall poverty and 45.7 percent of extreme poverty.
3. Unlike other African countries, poverty in Djibouti is primarily an urban phenomenon attributable to its specific context marked by the small size of the country and its high degree of urbanization, the absence of a sizable rural sector, conflicts, and migrations. But it is in rural areas where there are particular characteristics, with an incidence of relative poverty that can approach 95 percent, while more than three out of four rural residents live in extreme poverty. The incidence of poverty and extreme poverty is extremely high in the four districts in the interior. They account for 33.5 percent of overall poverty and 45.1 percent of extreme poverty while their demographic weight is 27.1 percent.

Table 3: Incidence of extreme poverty and relative poverty, by geographic area

Geographic area	Extreme poverty	Relative poverty	Adult illiteracy rate (2002)	% of individuals without access to safe water	Probability of death before age 40
<i>Arrondissement 1</i>	11.7	43.4	33.4	0.0	23.0
<i>Arrondissement 2</i>	23.1	63.3	44.6	0.0	49.1
<i>Arrondissement 3</i>	27.6	60.9	41.5	4.0	35.6
<i>Arrondissement 4</i>	56.3	86.1	61.3	2.4	43.4
<i>Arrondissement 5</i>	45.1	78.8	55.9	0.7	43.6
Ali Sabieh	71.8	92.4	57.7	5.5	64.3
Dikhil	76.8	94.1	64.0	21.0	34.9
Obock	63.1	88.1	58.2	27.5	36.2
Tadjourah	62.4	88.9	55.2	46.6	42.7
Total	42.1	74.0	51.0	4.6	42.3

Source: EDAM-IS2 (2002)

⁴ The analysis of the poverty situation was conducted primarily on the basis of the EDAM-IS surveys of 1996 and 2002, the EDSF/PAPFAM survey of 2002, and the EDAM-Energy survey of 2004, supplemented by the administrative data available in the sectoral departments.

4. Household size (6.3 persons) thus appears to be the main explanatory factor behind the pauperization process. Poor households, whether extreme or relative, have a large household size, an extremely young age structure, and extremely high unemployment rates compared to non-poor households. As a result, there are very high rates of dependency and increased pauperization. This factor is compounded by the relative youth of Djibouti's fixed-residence population: 48.5 percent are under the age of 20. These two factors mask significant disparities between the poor and non-poor, as shown by the following table:

	Extreme poor	Poor	Non-poor	Total
Household size	7.1	6.9	5.1	6.3
Number of children per household	4.2	3.9	2.5	3.5
Population aged 0-19 (%)	53.9	51.0	41.5	48.5
Population aged 65 and over (%)	1.9	1.8	2.2	1.9
Average age of head of household	44.0	43.7	42.9	43.4
Overall dependency rate (%)	4.9	4.0	1.9	3.2
Unemployment rate (%)	72.4	66.5	41.3	59.5
Labor force share (%)	53.9	53.1	52.7	53.0
Number of households	15,425	28,017	13,237	41,254

5. Poverty affects, to varying degrees, all socioeconomic categories. The incidence of extreme or relative poverty is the highest among households in which the head of household is unemployed and seeking a first job, unemployed but previously employed, an independent worker, or an inactive individuals. These four categories accounted for nearly 65 percent of overall extreme poverty. Households in which the head of household is a public sector wage earner have an incidence of relative poverty of 55 percent and an incidence of extreme poverty of 24 percent. This category accounts for 15 percent of overall extreme poverty and 19 percent of relative poverty. The sharp rise in poverty among public sector wage earners was probably linked to the wage reduction measures as well as the systematic accumulation of delays in the payment of compensation until April 2003. Both EDAM-IS1 and EDAM-IS2 note the small proportion from the employers category (1.3 percent of heads of household in 2002), bearing witness to the weakness of private initiative and the low development of the informal sector.
6. Furthermore, the increase in poverty and extreme poverty is closely associated with the growth of unemployment. Employment data effectively reveal a genuine crisis in the labor market, with an unemployment rate of 59.5 percent, sharply higher than its 1996 level of 44.1 percent. Of the unemployed, 50.4 percent state that they are seeking a first job. The unemployment rate is particularly high among those in extreme poverty (72.4 percent) and among the poor (66.5 percent). The greatest impact of unemployment is on young persons under the age of 30 (76.1 percent), who represent 60.5 percent of all the unemployed.
7. The unemployment rate declines with age until the 45-49 year old age bracket, and then rises thereafter. Low levels of formal education are associated with high unemployment rates: individuals with no education account for 51.6 percent of the labor force and have an unemployment rate of 62.9 percent; similarly, individuals with primary education only – from CE2 to CM2 –, who represent 26.7 percent of the labor force, have an unemployment rate of 67.6 percent. Conversely, those who have a secondary school or greater level of education, who represent 19.5 percent of the labor force, have an

unemployment rate of 45.9 percent. This high unemployment has an impact in particular on households headed by unmarried persons (76.6 percent) as compared to 39.9 percent for households headed by married persons. The unemployment rate for households headed by a woman is 68.6 percent.

8. While these unemployment figures mask the phenomenon of underemployment, they do reveal the structural nature of the phenomenon and clearly show that unemployment still constitutes, by far, Djibouti's most serious economic problem. Unemployment is explained by a number of factors: (i) insufficient economic activity; (ii) the high cost of labor; (iii) the weakness of human capital, limiting the possibilities for taking advantage of the opportunities offered by the economy; and (iv) the permanence of a sizable immigration flow and the effects of some of the stabilization measures, which have also contributed to the disequilibrium in the labor market.
9. In this context of structural poverty and a high unemployment rate, the overall

Box 1: Limits to poverty analysis in Djibouti

The information system on poverty in Djibouti and, more generally, the national statistics mechanism, suffer from many gaps, which pose serious obstacles to determining the real poverty situation and to formulating cohesive development programs and strategies. The data available on the problems of poverty date from 2002 and relate to the surveys conducted in connection with preparing the Poverty Reductions Strategy Paper (PRSP), namely the Djibouti Household Survey—Social Indicators (EDAM-IS2) and the Djibouti Survey on Family Health (EDSF/PAPFAM). Consequently, there is no objective way to assess changes in the poverty situation to date, owing to the lack of specific surveys with such a focus. Conducting the Djibouti Multiple Indicators Survey (EDIM 2006) may, however, make it possible to analyze the changes that have transpired in respect of human poverty. In this context, EDAM-IS2, the only relatively reliable general database, will service as reference for assessing the poverty situation in Djibouti and will be compared with the findings of EDIM in order to identify changes in respect of human poverty. Furthermore, there are no demographic data to speak of, as the latest general population census was published in 1983 and the various surveys conducted have produced divergent population estimates, this owing to the different survey methodologies used, to the special composition of Djibouti's population—fixed residents, nomads, and homeless persons—and to the magnitude of migratory flows.

dependency rate could not but be high: on average, the income of an employed member of the work force or of a retired person provides support for 3.2 inactive individuals of age 15 or more. The overall dependency rate rises to 4.9 individuals for the income of an extremely poor person, and 4.0 individuals for the income of a poor person.

Poverty in living conditions

10. Income poverty and human poverty go hand in hand. Indeed, the summary index of human poverty, calculated for the different zones of the country, and the incidence of extreme poverty, appear to be highly correlated. Overall, individuals living below the extreme poverty line also have high probabilities of registering deficits in terms of food intake, access to education, and access to healthcare and safe drinking water.

Education and literacy

11. In the area of access to basic education, there has been solid performance, with a net primary enrollment ratio (the proportion of children of 6-12 year-old school age who are effectively enrolled), which increased from 43.2 percent to 66.2 percent between 2002 and 2006. The pronounced disparities identified in 2002 in terms of access to primary education in urban areas (52.9 percent) and rural areas (12.4 percent) have been reduced, and are now 56 percent and 41.3 percent, respectively.
12. Similarly, the net enrollment ratio in secondary school (ages 13-19) has increased from 23.5 percent to 41.0 percent. There are still disparities at this level, however, between urban areas (ratio of 38.9 percent) and rural areas (18.1 percent). EDAM-IS2 indicated particularly pronounced disparities among the various *arrondissements* of Djibouti City,

where the gross enrollment ratios in middle and secondary education in *Arrondissements* 3, 4, and 5 were 44 percent, 30 percent, and 42 percent, respectively, lower than the enrollment ratio in *Arrondissement* 1. *Arrondissements* 4 and 5 include the poorest neighborhoods in the capital city. It is not possible to assess changes in this disparity between *arrondissements* in that the EDIM survey, which used a smaller polling base than EDAM-IS2, does not take these data into account. On the other hand, EDIM does reveal that the gaps in primary school enrollment ratios between the capital and the regions in the interior have declined considerably. Indeed, today these ratios are virtually equivalent. According to EDAM-IS2, independently of geographical location, average enrollment ratios in primary and secondary school among the extreme poor are, on average, more than 25 points lower than the ratios for the non-poor.

13. With regard to literacy, EDAM-IS2 and the data from EDSF/PAPFAM evaluated the share of the adult population aged 15 or above that knows how to read and write at 27.3 percent, 22.2 percent of which were women. This overall literacy rate placed Djibouti among the African countries with the least qualified human capital. The 2006 EDIM measuring only the literacy of adult females estimated the percentage of women aged 15 to 24 who know how to read and write at 47.5 percent, with sizable differences between the rural environment (14.2 percent) and the urban environment (48.4 percent).

Access to healthcare

14. In general, “the state of health of the Djibouti population is still mediocre” (EDIM 2006). However, comparison with the earlier data on health (EDS/PAPFAM 2002) shows clear improvement in most health indicators between 2002 and 2006.
15. Thus, in the area of maternal and child health, for example, the infant mortality rate and the infant-child mortality rate have declined from 103.1 and 128.9 per thousand in 2002 to 67 and 94 per thousand, respectively, in 2006. However, the disparities between boys and girls, on the one hand, and between areas of residence, on the other hand, still persist. The percentage of children having received all the recommended vaccinations (BCG, DPT, Polio, Measles) was 38.6 percent in 2006 as against 32.9 percent in 2002. The development of antibiotic treatments has tended to limit the consequences of acute respiratory infections, the most widespread causes of infant morbidity and mortality.
16. Moreover, major efforts have been made in the area of combating HIV/AIDS, making it possible to stabilize the rate of AIDS prevalence at its 2002 level (2.9 percent). Overall, the improvement in health indicators is attributable more to improvements in urban areas than in rural areas.

Access to safe drinking water

17. The situation with regard to access to water appears to have improved by comparison with 2002 (EDIM 2006). Only 4.4 percent of the rural population was without access to safe drinking water in 2006, as compared to 15.9 percent in 2002. Persons without access to water in Djibouti City currently amount to 2.1 percent, as against 7.4 percent in the preceding survey. The situation has slightly improved in the rural environment, where the population without access to water dropped from 49.1 percent in 2002 to 47.5 percent in 2006. However, 21.6 percent of the water consumed in these rural areas came from “unimproved water sources,” endangering the health of the persons thus served. Overall, 40 percent of the households residing in the Republic of Djibouti use tap water in the housing unit as the source for potable water, as compared to 39 percent who use tap water from the courtyard and 15 percent using water from a public tap or standpipe, according to EDIM. EDAM-IS2 estimated that the rate of coverage of water needs,

evaluated at 69 percent, was insufficient in the rural and peri-urban environments. This coverage rate is only 60.8 percent of the needs for human consumption and consumption by agriculture and livestock rearing. This shortfall in water quantities is accompanied as well by a quality shortfall, with a salinity ratio well above the tolerances in WHO standards. This quality shortfall has repercussions on the health of the population and hampers the development of agriculture and livestock rearing.

18. Moreover, water continues to be expensive for a significant minority of the poor urban population, particularly in those neighborhoods that lack a distribution network. Access to water is by tanker truck deliveries, at a price that can be as much as eight times higher than the price for the first consumption tranche of the rate structure charged by ONEAD (DF 500 per cubic meter as compared to the ONEAD tariff of DF 62 per cubic meter).
19. Consequently, the share of income in household budgets devoted to purchasing water limits the shares devoted to the purchase of medicine or other priority expenses such as education. On average, these poor households pay two to three times as much per cubic meter of water than do non-poor households. Delivery by truck accounts for a significant proportion of water supply (11 percent) for the people in the poor neighborhoods.
20. Furthermore, the time availability of women is often limited by household constraints and in particular by the chore of obtaining water, even in urban areas when the household does not have an individual connection—which is still frequent in the poor neighborhoods on the periphery of the capital city (the Balbala and PK12 suburb). In rural areas, the chore of obtaining water is an activity in and of itself when the distance to the water point is greater than ten kilometers or so.

Access to sanitation

21. According to EDIM 2006, the rate of urban household access to sanitation is estimated at 67.8 percent, which appears to be a slight improvement over the 2002 level of 66 percent. Except for a few neighborhoods in Djibouti City that access a community sewer system, sanitation everywhere is free-standing throughout the territory, consisting of septic tanks and dry latrines, the point sources of instances of soil and water table pollution.
22. Sanitation is a major problem in the capital city, which accounts for 80 percent of the fixed-residence households in the country: one of the main causes is the inadequate human and material resources of Technical Services (sewerage). Irregular garbage collection and the shortage of garbage containers are such that garbage piles up more or less everywhere in the neighborhoods in the capital city. The fact that over 60 percent of the waste collected daily is placed in the dump directly, without sorting or prior treatment, is a further reflection of these difficulties.

Access to housing

23. Despite the considerable efforts made in the construction of housing and the government's policies aimed at improving access to housing on the part of Djiboutians (a number of urban development projects have been carried out in recent years), there are still migratory housing zones, most on the periphery of the capital city. These zones, built without planning, have scant access to basic infrastructure such as safe drinking water, sanitation, and transportation, and are characterized by the rapid growth of phenomena such as poverty and exclusion, with a high prevalence of unemployment. The living conditions of the people living in these zones are all the more unstable as their land tenure status is irregular.

24. In Djibouti, the costs of building housing are high (six times the average annual household income for a housing unit made of solid materials and two and a half times the same amount for units made of light materials) because of the preponderance of imported materials. According to 2002 data, only 50 percent of households own the housing they occupy, and rental payments represent about 40 percent of household spending. In such a context, it becomes evident the least favored population groups find it difficult to access decent housing on satisfactory terms.

Access to energy

25. EDAM-IS2 reveals that 49.7 percent of the households with fixed residences in the country, of which 99.5 percent are urban, use electricity as their main source for lighting. However, only 15.9 percent of households in extreme poverty and 32.9 percent of those in relative poverty have access to electricity. According to EDIM 2006, over 80 percent of Djibouti's households use kerosene for household needs, but its high cost remains a factor limiting access on the part of poor households, for which firewood constitutes the substitute energy source, primarily in rural areas and in nomad encampments.

26. In the areas of education and health, and particularly in rural areas, the absence of access to energy has a negative impact on: (i) the training cycle for young people, owing to an inappropriate working environment; and (ii) the effectiveness of health centers and the regular availability of medical treatment.

27. The expansion of economic activities in rural areas is stymied by the non-availability of and/or limited access to adequate and suitable energy sources; the use of renewable energy sources, be they geothermal or wind-powered, could well provide solutions for local development and employment in particular.

Characterization and location of poverty

Location of extreme poverty

28. The set of problems associated with poverty in Djibouti is a rather complicated one, because the phenomenon is both widespread and localized. The rural and urban areas are affected above all by extreme poverty, but are affected unequally. While all rural areas are confronted by poverty, in urban areas it is tightly contained within particular neighborhoods in which niches of absolute poverty and profound social deprivation have developed.

29. A recent study⁵ on the localization of poverty by neighborhood in Djibouti City has enhanced our understanding of the phenomenon. This study has provided the first mapped multidimensional compilation of the poverty phenomenon in Djibouti City, which accounts for 80 percent of the population, 65.2 percent of relative poverty, and 57.4 percent of extreme poverty. It also took into account the variety of indicators⁶ identified by the various DISED surveys (EDS-PAPFAM, and EDAM-Energy, conducted between 2002 and 2004). The study proposed three major groups of urban poverty indicators.

⁵ Study conducted on behalf of ADETIP as part of the PDSTIP.

⁶ The three major groups of urban poverty indicators proposed by the study are: income poverty (three indicators: *percentage of poor in total population, percentage of extreme poor in the population, and neighborhood contribution to poverty in the city*); at-risk housing (four indicators: *overcrowded housing, unplanned housing, access to safe water, and access to electricity*); and infant health (four indicators: *infant mortality, malnutrition, underweight status, and failure to thrive*).

30. The poverty maps thus produced, which are based on 2002 and 2004 data, thus do not show the current poverty situation in Djibouti City, which has certainly evolved since surveys were conducted. Nevertheless, they do provide the most detailed image possible of the spatial distribution of poverty in the capital city, which should help better identify the sites for investments and poverty reduction programs in the future.

Box 2: Measuring poverty

Poverty is generally regarded as a multidimensional phenomenon that relates to insufficient income, the lack of jobs, and problems with fulfilling basic needs. For practical reasons (given that measuring the phenomenon is not a simple process), two approaches are taken to evaluating the scope of poverty:

- i. Income poverty, on the one hand; and
- ii. Poverty of living conditions and potentials, on the other hand.

Income poverty assesses an inadequacy of monetary income to cover essential expenditure for food and nonfood items. In particular, the terms “ absolute poverty” or “extreme poverty” are used when an individual, home, or household lacks the possibility of satisfying the minimum requirements for life. “Relative poverty” is used for individuals who are relatively better off than other members of the community. Income poverty is thus assessed on the basis of two thresholds, below which an individual is considered to be among the relative poor or extreme poor:

- A relative poverty threshold, calculated on the basis of the share of spending on food in the total expenditure of households in the second quintile of adult equivalent expenditure (that is, the top 20 to 40 percent of the poorest households); and
- An extreme poverty threshold, determined on the basis of the minimum food requirements corresponding to daily caloric intake of 2115 per adult equivalent.

Poverty of living conditions, for which the UNDP’s human poverty index constitutes a satisfactory proxy, tracks a series of shortcomings in the area of health, education, access to safe drinking water, sanitation, and food, access to energy, or even housing. Poverty may even manifest itself by shortfalls in potentials, by a low degree of participation in community life, which in the final analysis are reflected in the deprivation of human rights, marginalization and exclusion.

The relative poverty threshold has been estimated, in 2002, at DF 198,229, and the absolute poverty threshold at DF 114,096, both per year, corresponding to US\$3.3 and US\$1.8 per person per day, respectively. The somewhat high relative poverty threshold, when compared with the threshold set by the Millennium Declaration (\$2 per person per day), reflects the high level of prices in Djibouti and its impact on household living conditions. Thus, income poverty is engendered by inadequate incomes and limited buying power, in a context that is impacted strongly by a labor market crisis.

The Geography of Poverty

31. The first three maps show that the scope of observed poverty in Djibouti City is particularly attributable to the neighborhoods in the Balbala-PK12 zone. With the exception of the Barwaqo, Cheik Osman, and Cheik Moussa projects, the remainder of the neighborhoods in the Balbala suburb register income poverty rates in excess of 70 percent (Map 1). The situation is even more critical in the Wahlehdaba Nord, PK-12, Bâche-à-Eau, Phare d’Ambouli, Ancien Balbala, and Qarawil neighborhoods, in which the rates of extreme poverty often exceed 50 percent (Map 2). Given its overall size, it is of course the Hayabley neighborhood that has the greatest participation in poverty in the capital city, while it is followed up by Ancien Balbala and, a bit farther down the scale, by Bahache and Quartier 7 Bis (see Map 3).
32. East of the Ambouli wadi, the old city of Djibouti shows greater diversity in terms of poverty. Indeed, while it is characterized by an overall poverty level lower than that of Balbala, this portion of the city contains three distinctly different residential neighborhoods. The first consists of the residential districts to the north of the city (Héron, Marabout, Serpent, and République), within which poverty is nonexistent. The second group, which contributes rather substantially to poverty in the city, brings together what are commonly referred to as “the people’s districts,” (neighborhoods 1 to 7, Arhiba, Ambouli, and Djebel), and registers poverty rates ranging from 25 percent to over 75 percent for the poorest of them. This said, however, the extreme poverty rates in this group are generally below 40 percent. Finally, the third group of neighborhoods is made up of the housing estates or recent urban development projects using solid

materials (Cité du Stade, Cité du progrès, Quartier 7 Sud, Cité du Progrès, Poudrière, Einguela, Gabode 3, etc.), where the middle class of the city lives, with poverty levels lower than 25 percent of the population and extreme poverty levels below 10 percent.

Housing and facilities⁷

33. Housing quality is closely linked with the poverty level of residents. This is particularly the case for extreme poverty. Indeed, **Map No. 5** on the precariousness of housing, and **Map No. 2** on the extreme poverty rate, are in perfect correlation, with the neighborhoods of extreme poverty concentrated in the Balbala suburb accounting for over 80 percent of the housing units built with corrugated steel, planks, or metal panels retrieved from various sources.
34. Only **Map No. 6** on water access shows a different distribution for the neighborhoods within the former perimeter for Djibouti City, almost all of which have access to water. Even in the western part of the city, only peripheral zone PK12 did not have access to water in 2004, as it had not yet been connected to the grid. This relatively favorable image of water access is not confirmed by the data on electricity supply, given that access electricity, which is less essential and more costly, is more closely correlated with the poverty level (**Map No. 7**). With the exception of the well-to-do residential areas and the urban development projects and estates housing the middle class, the two large western and eastern parts of the city have similar situations with regard to overcrowding (**Map No. 4**); this stems from the high number of households, and from the shelter extended those close to the family, coming from neighboring countries or as a result of rural-to-urban migration.

Infant health⁸

35. Infant mortality rates are particularly high in Qarawil, Arhiba, and Cité FNP (**Map 8**). The highest malnutrition rates (20-40 percent) are found in the Cité FNP and Ancien Balbala neighborhoods (**Map 9**). The areas where the rates of underweight children are of most concern are in Quartier 1, Engueilla 2, and Bâche-à-Eau (45-75 percent), followed by Wahlehdaba Nord, Ancien Balbala, Quartier 7 Bis, Djebel, and Cité Cheik Osman (**Map 10**). The most troublesome rates of failure to thrive are found in PK-12, Wahlehdaba Nord, Phare d'Ambouli et Dejbél, and Arhiba (**Map 11**).
36. There is no clear correlation between infant health indicators by neighborhood. However, overall, these indicators provide a rather accurate reflection of those relating to income poverty. Nonetheless, the fact remains that some neighborhoods, such as Wahlehdaba Nord, Arhiba, and Djebel, are among the greatest sources of concern in both rankings. This neighborhoods are ranked among the poorest on the income poverty maps, confirming the existing of a rather close link between child health and the poverty phenomenon.
37. **The main conclusions** derived from this cartographic study of poverty in Djibouti City amply confirm the scope of the poverty affecting the vast majority of Djibouti's

⁷ Overcrowding is defined in terms of the number of individuals living more than three to a room (UN Habitat). Precarious housing has been defined as any housing unit that is not built with walls made of brick or concrete block. Housing units defined as having access to water and electricity are those with individual connections to ONEAD and EDD.

⁸ Infant mortality is defined as the number of live-birth children having died during the first 12 months of life. The anthropometric indicators (malnutrition, underweight, and failure to thrive) were calculated on the basis of a reference population made up of children under age 5 at the time of the survey, constructed in accordance with the guidelines and reference tables of the World Health Organization (WHO).

population. This situation is even more dramatic for some neighborhoods in the capital city on its periphery (the Balbala suburb and PK12). While other neighborhoods in the capital are in a similar situation, though to a lesser extent, those in the Balbala and PK12 not only are living in difficult conditions, but also suffer from social isolation. Indeed, these people suffer from geographical distancing and the high cost of transportation (the major centers of interest are in the inner city—the administration and other public institutions, jobs and economic activity centers, etc.) and have little or no access to infrastructure and basic social services (water, healthcare, health centers, cultural and sporting venues, etc.) All these disadvantages place these inhabitants at the margin of society, relegated to second class status, in short making them socially excluded. This situation can have negative consequences in terms of national social cohesiveness.

Box 3: Poverty in Djibouti, a new assessment

“Sizable fringes of the population of Djibouti live in difficult conditions of poverty and marginalization that are incompatible with conditions for a dignified and decent life.”

The lack of recent data on **income poverty** makes it difficult to assess the exact impact of the PRSP on household income and expenditure. However, assuming that the relationship between economic growth, inequality, and the incidence of extreme poverty identified as a result of EDAM-IS2 (conducted in 2002) remains relevant, it seems that extreme income poverty may have decreased slightly, since per capita GDP grew by an annual average of 1.6 percent over the period 2004–2006. This increase corresponds to the average annual per capita GDP growth considered necessary for the attainment of the PRSP goal (36.1 percent).

As regards **poverty of living conditions**, the preliminary findings of **EDIM-2006** show a distinct improvement in certain social indicators, even if the overall situation remains far below what is acceptable.

In the area of **education**, net school enrollment has increased to 66.2 percent. This is an improvement over the 2001–2002 GER (42.7 percent), but is below the PRSP goal (73 percent). The good news is the virtual parity between boys and girls, as the gender parity index is 0.98. In addition, the literacy rate among women between 15 and 24 years of age is 47.5 percent. However, there are marked geographical disparities, particularly between urban and rural areas.

There are also positive developments as regards **health**. The IMR and ICMR are respectively 67 per thousand and 94 per thousand. As regards the IMR, the PRSP goal has already been exceeded (75 per thousand), but for the ICMR this goal has not been achieved (85 per thousand). The vaccination rate for children under 12 months of age varies from 46.2 percent (Polio 3) to 87.5 percent (BCG), depending on the disease concerned. As regards children’s nutritional status, 30 percent are stunted or short for their age and 20 percent are wasting away or underweight. In addition, as far as reproductive health is concerned, 92.3 percent of women who gave birth in the two years preceding the survey received prenatal care from qualified personnel and 87.4 percent of these women gave birth at a health center. Lastly, women are quite ignorant about ways of preventing HIV/AIDS, since only 40.8 percent say that they know of at least two methods of prevention. The percentage is higher in urban areas (41.2 percent) than in rural areas (28.1 percent).

The data on access to **safe drinking water** show that 93.5 percent of Djiboutians obtain water from upgraded sources. These data do not seem to reflect accurately the situation of the residents either of Djibouti City (where the rate is 95.5 percent) or of the other districts (83 percent). In rural areas, the rate seems to adequately reflect the situation (52.5 percent).

With regard to **sanitation**, 67 percent of the population use upgraded latrines, with some very marked disparities between the capital (68.8 percent) and the rest of the districts (57.5 percent) and between urban areas (69.1 percent) and rural areas (17.3 percent). This rate also seems to correlate with the educational level of the head of household.

Lastly, **khat** consumption remains a source of concern. The overall percentage of users is 25.3, with much heavier use among men (43.5 percent) and few disparities between urban and rural areas.

Overview of Djibouti's Status with respect to the MDGs

Goals	Will the development goals be achieved?				Conditions			
Extreme poverty Reduce by half, by 2015, the proportion of persons living below the national poverty line.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor
HIV/AIDS Halt and reverse the trend toward increased incidence of HIV/AIDS by 2015.	<u>Probably</u>	Potentially	Unlikely	Lack of data	<u>Strong</u>	Medium	Poor	Very poor
Hunger Reduce by half, by 2015, the proportion of children under 5 suffering from malnutrition.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor
Access to safe drinking water Reduce by half, by 2015, the proportion of persons living without access to safe drinking water.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor
Universal primary education Achieve universal primary education by 2015.	<u>Probably</u>	Potentially	Unlikely	Lack of data	<u>Strong</u>	Medium	Poor	Very poor
Gender equality Achieve parity in access to primary and secondary school by boys and girls by 2015.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor
Reproductive health Reduce the maternal mortality rate by three-fourths by 2015.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor
Mortality of children under 5 Reduce the mortality of children under 5 by two-thirds by 2015.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor
Environment Reverse the trend toward the loss of environmental resources.	Probably	<u>Potentially</u>	Unlikely	Lack of data	Strong	<u>Medium</u>	Poor	Very poor

1.2 Evaluation of PRSP implementation and the actions taken over the 2007-2008 period

“The short-term actions taken to provide a solution to this situation have failed, and the uneven distribution of economic growth has benefited one segment of the population while leaving another in a situation of social deprivation.”

38. To tackle an alarming upsurge in poverty, Djibouti’s first PRSP had set realistic long-term goals, seeking to the extent possible to achieve the goals set by the international community in the Millennium Summit in the context of the MDGs, including: decreasing by half the incidence of extreme poverty by 2015, achieving universal school enrollment, and reducing the IMR to 50 per thousand and the ICMR to 70 per thousand. For the medium term (by 2006), the main goals it set were to: (i) increase average GDP growth to 4.6 percent over the 2004-2006 period; (ii) reduce the incidence of extreme poverty to 36.1 percent; and (iii) increase the GER to 73 percent.
39. To achieve these goals, four complementary strategic pillars were identified: (i) to revitalize economic growth and enhance Djibouti’s competitiveness, through a series of structural measures and reforms in the macroeconomic area, in the legal environment for business, in the area of public enterprises, and in the transport sector; (ii) to promote the gradual development of human resources, by pursuing cohesive strategies in the education and health sectors and promoting the role of women, employment, and income-generating activities in the immediate environment of the poor, while protecting the vulnerable segments of society; (iii) to encourage sustainable local development and improve access to safe drinking water and universal basic services; and (iv) to promote good governance through the strengthening of democracy, decentralization, the transparent management of public resources, and improvement in their efficiency.
40. The PRSP was predicated on the observation that, because Djibouti lacks readily exploitable natural resources and has no significant rural sector, the prospects for economic growth needed basically to be built on making use of the geographical position of the country, in particular through the use of its port as a regional transit hub (largely toward Ethiopia) and through the development of services, especially transportation. The challenge for Djibouti is therefore to attract significant foreign direct investment that will enable it to position its economy at a level of competitiveness that establishes it as a genuine baseline commercial, economic and financial center in the region.
41. Growth should also stem from stepping up the pace of public investment in promising sectors such as fisheries, agriculture, livestock rearing, tourism, and mineral resources.
42. This said, the first prerequisite for economic competitiveness and faster growth is still the stability of the macroeconomic framework, with the following objectives: (i) maintaining control of the fiscal deficit, despite the pressure of increased public expenditure in the sectors with poverty reduction potential; (ii) controlling the external deficit; and (iii) strengthening the financial sector.
43. Analysis of PRSP implementation over the period 2004–2006 shows that noteworthy progress was made, particularly as regards governance, economic growth, and certain social indicators. As regards governance, mention should be made of the presidential elections (April 2005), the legislative elections (January 2003) and the regional/communal elections (March 2006), which were characterized by transparency and political pluralism. As regards economic growth, the sizable FDI

flows and the increasingly effective affirmation of Djibouti's place as a transit hub made it possible to achieve growth of 4.5 percent in 2006 and to envisage higher rates that are more compatible with the poverty reduction goals. Lastly, with regard to social indicators, the preliminary findings of EDIM-2006 show significant improvements as regards the enrollment ratio, the IMR, and female literacy (see Box 3).

44. However, this encouraging progress should not mask the persistent reality of poverty and social inequality. Indeed, even in the absence of recent data, particularly on income poverty, observation of the living conditions in at-risk neighborhoods in Djibouti City and in rural areas makes it clear that sizable groups of the population continue to live in difficult conditions of poverty and marginalization. Everything suggests that the significant increase in flows of foreign direct investment (FDI) and the ongoing strengthening of Djibouti's position as a transit hub have done very little to benefit these population groups.
45. Despite the particularly difficult international economic climate in the last three years, characterized in particular by the general increase in raw materials prices, especially petroleum, Djibouti's economy has nevertheless recorded encouraging results. The growth observed in the past three years is driven largely by the increase in foreign direct investment (FDI), but also by the activities of Djibouti Port, especially thanks to the recent opening of the Doraleh port, development of the cattle re-export center, and expansion of the free trade zone.

Economic growth and competitiveness

Macroeconomic framework

46. The economic environment in Djibouti has improved significantly in recent years. Economic growth was 3.7 percent on average in 2004-2006. The upward growth trend prevailing in the national economy since 2000 was thus continued despite the spike in petroleum prices. The Djibouti economy performed soundly in 2008, with real GDP up sharply to 5.8 percent after registering 5.3 percent the year before, despite a gloomy international climate marked by the financial crisis and the flaring prices of raw materials and oil. The projections for the 2009- 2011 estimate GDP growth of roughly 7 percent.
47. This strong growth is attributable to substantial inflows of foreign direct investment (30 percent) in the area of infrastructure/construction and public works (Doraleh port, hotel infrastructure, roads), the modernization of the transport sequence, investments in the area of telecommunications, the rebound in cattle exports, the increase in FDI volume, increased port activities and growth in the building sector, as well as the introduction of far-reaching macroeconomic reforms.
48. In 2009, growth of Djibouti's economy was robust. The acceleration in GDP growth continued (to about 5 percent), bearing witness to the strong growth of the private sector and the relatively limited effects of the international financial crisis. Foreign direct investment (FDI) continued to be significant, and port activity expanded dynamically, supported by high growth rates in Ethiopia and the growing role of transshipment activity.
49. Inflation in 2009 was significantly lower than in 2008, following the sharp contraction in international prices for foodstuffs and basic commodities. Nevertheless, given the tensions on the external market for petroleum products and food products, the increase

in consumer prices on a rolling 12-month basis was 9.2 percent at end-2008. Inflation calculated on the basis of the average index for the preceding 12 months was 12 percent in December 2008 as compared to 5 percent at end-December 2007 and 3.5 percent in 2006.

50. The share of investment in GDP doubled in just two years, increasing from 23 percent in 2005 to 42 percent in 2007. The share of investment in GDP doubled in the same two years, rising from 23 percent of GDP in 2005 to 42 percent in 2007. The rate of private sector investment increased from 13.9 percent of GDP in 2005 to 30.6 percent of GDP in 2007, and in the public sector from 7.5 percent of GDP in 2005 to 11.2 percent in 2007.
51. In contrast, the objective of controlling the current account deficit has not been met, in that the current transactions deficit deepened sharply to 39 percent of GDP in 2008 as against 25.6 percent in 2007, in reaction to the combined effect of FDI-related imports and the high prices of basic commodities. The services and revenue surpluses as well as the inflow of FDI partially covered the trade balance deficit.
52. With regard to public finance, performance in respect of fiscal discipline has been excellent, in that the average fiscal deficit has been only 1.3 percent of GDP as compared to the PRSP objective of 4.8 percent of GDP. In 2005, there was even a surplus of 0.2 percent of GDP and a substantial reduction of domestic arrears.
53. The overall fiscal deficit remained in the vicinity of 2.6 percent of GDP in 2007, even as the basic fiscal deficit (excluding externally financed revenue and expenditure) dropped from 7.2 percent in 2006 to 4.9 percent in 2007. Tax receipts declined by about 1 percent of GDP owing to the exemptions granted for new investments and the low level of job creation. This decline was offset by exceptional collections of overdue taxes. The cutback in current expenditure from 30 percent of GDP in 2006 to about 26.5 percent in 2007 was more than offset by a pronounced increase in public investment (3.7 percent of GDP). The government's external arrears as at end-2006 have been settled, but a new accumulation of arrears resulted in delays in the disbursement of some loans.
54. The external debt contracted or guaranteed by the government remained in the vicinity of 60 percent of GDP. The public external debt rose from DF 84 billion in 2007 to DF 101 billion in 2008, an increase of 20 percent. The sizable increase in the external public debt reflects the efforts made by the Djibouti authorities to create a growth dynamic needed to improve the competitiveness of the economy, but also reduce poverty.
55. The financial sector, energized and diversified by the arrival of new operators, distinguished itself by expanding domestic liquidity while substantially improving bank lending activity. After several years of contraction, domestic lending grew significantly, by 8 percent in 2006 over the 2005 level, in a context of declining interest rates.
56. After several years of stagnation, credit to the private sector increased by 23 percent in 2007 and 32 percent in 2008, thanks in part to strong expansion in housing and construction and to intensified competition. The arrival of three new foreign banks in 2006–2007, bringing their total number to eight, intensified competition by reducing margins and broadening the range of available financial instruments.
57. This expansion of domestic liquidity is the consequence of favorable economic conditions, the regularity noted in the payment of government wages, and an attractive interest rate policy.
58. Considerable progress has been made in the implementation of structural reforms. In particular, progress was made in the areas of public finance transparency, civil service

reform, the legal regime for private enterprises, and combating money laundering and the financing of terrorism.

Private investment

59. The strategy adopted to attract private investment was based on three pillars: (i) creation of a legal framework conducive to private investment; (ii) pursuit of reforms designed to reduce production factor costs and to improve the management of public enterprises; and (iii) improvement of the labor environment.
60. The implementation of these strategic approaches during the period 2004–2006 was signaled by the adoption in December 2005 of a new Labor Code making recruitment requirements much more flexible and favoring investment.
61. The promotion efforts have started to bear fruit: as the main engine of economic growth in recent years, private investment has grown considerably. For example, the share of private investment in GDP, under the influence of FDI, reached 42 percent of GDP in 2007 and 22 percent in 2006, compared with 9.7 percent of GDP in 2005. In addition to the port sector, where most of these investments are concentrated (the oil terminal and container terminal, representing a cumulative total of over US\$400 million), the banking and hotel sectors received sizable funding during the period 2004–2006.
62. In the hotel and tourism sector, investments amounted to US\$294 million. In particular, the construction of the Kempinski hotel cost US\$75 million and the facilities on Moucha and Maskali Islands will require an investment of US\$100 million by 2012.
63. Despite the efforts made and the results achieved, efforts to promote private investment in Djibouti are still facing obstacles. In general, the legal and institutional resources available to businesses are inadequate and sometimes inconsistent. In addition, the delays in the adoption of a Commercial Code and in the creation of the International Arbitration Center within the Chamber of Commerce and Industry will limit prospects for FDI expansion.
64. As did all countries, the Republic of Djibouti was experiencing inflationary pressures into 2008. Indeed, the consumer price index rose by 9.2 percent in annual average terms in 2008, as compared to 5 percent in 2007 and 3.5 percent a year earlier. However, the bold measures taken by the government (elimination of taxes, distribution of foodstuffs, subsidies, etc.) have made it possible to attenuate the effects of this inflation on the most vulnerable households.

Positioning of Djibouti as a regional market of note

65. Efforts to promote Djibouti as a commercial, financial, and economic market of note in the region will include, in addition to the efforts to attract private investment described above, efforts to develop, improve the quality of, and reduce the costs of: (i) transport; (ii) Information and Communications Technologies (ICTs); and (iii) energy.
66. In the area of transport, construction of the new Doraleh port facilities with a container terminal and oil terminal will consolidate Djibouti's position as a key corridor for Ethiopian transit and as a trans-shipment port. This new port will make it possible not only to serve Ethiopia better, but also to diversify port activity by expanding activities involving trans-shipment to other countries in the region, for which a considerable market is being created at present. In addition, the new Doraleh port makes it possible for Djibouti to emerge as a regional and continental platform for maritime trade.

67. In addition, the road network has been almost completely upgraded on the segments linking Djibouti to Ethiopia and Eritrea (South Corridor and RN 14 between Tadjourah and Obock, almost 80 percent) and the urban and peri-urban bypasses.
68. With regard to air transport, Djibouti has had an open skies policy since 2000. This has resulted in ongoing development of air transport, both of passengers (increase of over 10 percent between 2004 and 2006) and of goods (increase of over 11 percent during the same period).
69. Despite these impressive achievements, the position of Djibouti as a regional market of note depends largely on the high cost of production factors (lack of skilled labor, cost of energy, etc.). In addition, the spillover effects on the living conditions of the people and on Djibouti's businesses are still limited.

Other growth sources

70. The diversification of sources of growth is not only a guarantee that the heavy dependence on the services sector will decrease, but also an opportunity for Djiboutians to benefit from activities within their reach and therefore to become stakeholders in economic growth themselves. The areas identified in this connection include tourism, fisheries, agriculture,⁹ livestock breeding, and mining.
71. Adequate infrastructures are in place with respect to tourism. In addition, access to a number of tourist sites has been improved. The goal of promoting Djibouti as a tourist destination has been partially achieved, since the country now appears on the programs of about a dozen tour operators specializing in theme travel. However, there has been no improvement in access to the main tourist sites, with the exception of the resurfacing of some trails used by motor vehicles. As regards training, the closing of the Arta hotel school, which was integral to the provision of qualified personnel for the sector, resulted in higher training costs, which create a problem of competitiveness for persons aspiring to employment in the sector. In addition, the financing of tourism projects and the promotion of local initiatives are sometimes at odds with one another. The contribution of the sector to job creation is far from satisfactory, with about 1,500 persons employed.
72. The primary sector makes but a small contribution to GDP formation (3.6 percent a year), and this small share would appear not to favor the coverage of the food needs of the general public (food security) and food self-sufficiency in animal proteins in particular. Nevertheless, the sector performed solidly in 2007 (25.8 percent growth over 2006 levels) thanks to rising exports of cattle on the hoof from Djibouti Port.
73. This sector has enormous potential, particularly the livestock breeding and fisheries subsectors. Generally, however, its development is running up against major constraints: the country's poor endowment of natural resources, harsh climatic conditions, etc.
74. The growth of agriculture is particularly limited by the scarcity of rainfall, but also by the poor condition and salinity of soils. This major constraint thus compels Djiboutian farmers to practice an oasis-type irrigated agriculture, mobilizing and making the most of underground water resources rather than surface water or reservoirs. The potentially cultivable agricultural land is estimated at 10,000 hectares, but only about 1,000 hectares is currently being used (a tenth of all arable land), with 1,600 farmers employing nearly 3,600 persons. The crops raised thus require sufficient availability of water, while the irrigation systems managed to provide only 50 percent of the water

⁹ The agricultural sector, while listed among the key sectors with growth potential, has not been dealt with in this part of the PRSP.

needs of the parcels owing to deficiencies in the canals. This is compounded by the low yields attributable to the lack of experience and the use of rudimentary practices by farmers, on the one hand, and, on the other, to flaws in garden improvements. Agricultural production is thus limited to the production of fruits and vegetables on private plots with a surface area ranging between 2,000 and 3,000 square meters. For the 2004/2005 season, horticultural production is estimated at 5,369 metric tons, compared to 5,000 metric tons in 2001 and 4,400 metric tons in 1995. Production covers barely 10 percent of national requirements for fruits and vegetables.

75. The main objective of Djibouti's agricultural policy is food security. To fulfill this objective, the government intends to expand the areas under irrigation, diversify livestock breeding activities, and secure the supply of safe drinking water in rural areas in order to improve the food security of the most vulnerable population groups.
76. Fisheries currently constitute the weak link in Djibouti's primary sector, despite their considerable potential (a long 372 kilometers of coast line, and abundant fisheries resources estimated at nearly 50,000 metric tons a year). Fisheries production is currently about 1,000 metric tons a year, compared with a potential of 48,000 metric tons, or an exploitation rate of less than 3 percent. The distribution network is not operational because it has no refrigerated transport equipment. In addition, fish consumption occupies a very small place in the culinary habits of the population. Lastly, the sector employs only about a thousand people. Exports, principally toward Ethiopia and the countries of the Gulf, amount to no more than 20 metric tons a year in the absence of a policy on the promotion and large-scale sale of Djiboutian marine products abroad.
77. The government's priority for developing the fisheries sector consists of significantly increasing supply so as to meet domestic as well as international demand. To this end, the public authorities envisage, as part of the government's food security strategy, to rehabilitate and modernize the production facilities, to develop exports by bringing marine products up to standards, and to introduce a system of co-management between the administration and the fisheries communities. Investors are rather rare in the fisheries sector owing to a lack of interest, but also because of the lack of understanding of the sector's potential. Moreover, Djibouti's failure to meet European standards does nothing to encourage investors. The labor necessary for this sector is abundantly available, but needs to be strengthened in terms of capacities as well as improved access to new financing modes.
78. The development of livestock breeding has been significantly affected in recent years by droughts and epidemics, especially Rift Valley fever, which decimated part of the herd in the countries of the Horn of Africa.¹⁰ Since 2003, the Republic of Djibouti has once again been serving as the transit hub for regional livestock trade, with the resumption of cattle exports, in particular to Yemen and Egypt. In addition to the aridity of the climate, the main obstacles to the development of cattle trade that meets international standards originated principally in the inadequacy of the infrastructure for receiving animals. This latter issue has now been resolved, because Djibouti recently opened a regional center for live cattle exports to countries of the Arabian peninsula, a center that is outfitted with modern equipment and meets relevant production and quality standards. The quality control carried out by this center is an additional asset for promoting food security, both for local consumers and for ensuring that Djibouti becomes a regional market for live cattle exports.

¹⁰ According to the authorities' estimates, since 1992 the impact of these catastrophes has wiped out nearly a fourth of the herds.

79. The activities of the livestock sector employ nearly a third of the labor force. Cattle exports in fiscal year 2007 came to 1,952,542 head of cattle for the countries of the Arabian Peninsula and the Gulf, as compared to 357,396 and 39,129 head in 2006 and 2005, respectively.
80. In the area of mining, the government priorities were: (i) to exploit the potential of salt and maximize its impact on employment and regional development; (ii) to promote the integrated economic pole project designed to develop salt exports from Lake Assal and to maximize the tourist potential of the region; (iii) to map mineral-bearing sectors and conduct the necessary geological surveys to promote the mining sector with private international operators; and (iv) to conduct surveys on the use of geothermal resources and promote their exploitation, in partnership with the foreign private sector.
81. In connection with the first priority, it should be noted that current salt production consists of raw non-iodized salt, with little added value, destined for industrial use and exported to Ethiopia. Production increased between 1998 and 2001 and then trended downward. In 2005, salt-producing activities picked up because of the resumption of exports to Spain and Ethiopia. Local salt consumption is only 5,000 metric tons a year. Ethiopia remains the main destination for Djibouti's salt exports (128,494 metric tons in 2003).
82. In the case of the second priority, a program for the integrated development of the Lake Assal region was recently formulated and should create an economic pole capable of developing salt production and tapping the local tourism potential.

Human capital

83. Human capital development is one of the major pillar's of Djibouti's socioeconomic development policy, owing to its key importance to the sustainable development of the country. In this connection, the education and health sectors have benefited from particularly close government attention over the past decade. In this context, the main goal has been to ensure that the people, and particularly the poor, have access to high-quality education and basic services, and to reduce inequalities.

Education

84. Education efforts were to be concentrated on improving education access, equity and quality at all levels: (i) basic; (ii) technical and vocational; (iii) secondary; (iv) higher; and (v) adult, particularly female literacy. In addition, institutional capacity building for reform implementation and development of genuine partnerships between the various players were also the focus of government concern.
85. With regard to **basic education**, the gross enrollment ratio (GER) at the primary level increased from 54.8 percent to 68.9 percent from 2005 to 2007, an increase of 12.1 percentage points in a two-year period. The average GER rose from 33.6 percent in 2005 to 47.4 percent in 2007, an increase of 13.8 percentage points. In 2005/2006, primary school admissions increased from 54.9 percent to 63.5 percent. In 2006/2007, gross admissions reached 67.5 percent, with some slippage for girls. In 2007/2008 the gross intake rate (GIR) for the first year of primary school jumped 10 points, to reach 78 percent. With regard to dropouts, the data show considerable education wastage at the end of the first and second years (4.1 percent and 4.6 percent, respectively). The percentage of students repeating a year is high as well: 5.5 percent between the first and fifth years, and 6.3 percent in the seventh year. Because of the considerable differences

between schools and regions, the factors determining the quality of education, retention, dropping out, and repeating require more detailed study.

86. In addition, although the goal of increasing the enrollment rate to 73 percent in 2006 does not appear to have been met,¹¹ noteworthy progress has been made on all fronts. For example, gender disparities have been virtually eliminated, with a gender parity index of 0.98, which is a sign that the social mobilization in favor of girls' education is beginning to bear fruit. In addition, the construction of new schools and classrooms and the "school canteen" and "school supplies" programs make it easier to send children to school, particularly for poor rural families, and to keep them in school.
87. To provide high-quality education, new curricula are being developed for the basic cycle at the National Education, Research, Information, and Production Center (CRIPEN), using a new "competence-based" approach. In addition, school textbooks and teaching guides are designed locally and distributed without charge to students and teachers. Furthermore, procedures for final examinations have been overhauled with a new policy of ongoing evaluation designed to reduce educational wastage.
88. In the area of **technical and vocational education**, the priority measures implemented have consisted mainly of construction of several post-primary vocational training centers.
89. As regards **secondary education**, the net enrollment ratio increased from 15.1 percent in 2000/2001 to 36.7 percent in 2006/2007, with 39.5 percent for boys and 33.8 percent for girls, respectively, and a marked difference between urban areas (37.4 percent) and rural areas (17.0 percent).
90. **Higher education** has experienced remarkable expansion, as the education statistics show; the number of students at the University has grown from 477 in 2000 to 1,928 in 2006 (including 771 women), which is an average annual increase on the order of 25 percent. In 2008, the number of students grew to 2,453. The University Center [*Pôle universitaire*] established in 2000 has become the University of Djibouti.
91. For **adult education**, female literacy efforts are beginning to bear fruit: for example, according to EDIM-2006 figures, the literacy rate for women between 15 and 24 years of age increased to 47.5 percent. A national strategy for literacy and non-formal education has been adopted.
92. **Institutional capacity-building** in the sector has taken various forms, including: (i) training of teachers and professors at the National Education Personnel Training Center (CFPEN); (ii) closer educational supervision of teachers and heads of schools; and (iii) upgrading of inspections.
93. With regard to **partnership development**, a system of partnership and co-management of school life has been introduced in schools, colleges, and *lycées*, and regional education committees have been set up in the districts. This arrangement allows parents and teaching staff to discuss openly the various problems that arise in the school environment and to find agreed solutions. In addition, the involvement of development partners has expanded in response to the clear determination of the authorities to develop the country's human resources on a sustainable basis.
94. As to financing, the education sector has received substantially larger budget allocations: over the five-year period 1999-2004, these increased from 16 percent to 24.8 percent of the State budget. The priority measures adopted for the period 2004–

¹¹ The EDIM-2006 figures should be compared with those of the Ministry of Education.

2006 cost US\$93 million. Financing under projects and programs amounts to US\$57 million. In 2006, the sector also received a grant of US\$3 million from the World Bank to support primary education, in the context of a Poverty Eradication Action Plan-Fast Track Initiative (FTI).

95. However, despite the commendable efforts made, the education system is still facing challenges of several kinds, primarily the fact that education has little relevance and little suitability to the country's development needs.
96. As regards access, preschools remain optional and are more accessible for the well-to-do segments of the population in the private schools of Djibouti City. A large proportion¹² of children do not attend primary school. The main reasons are the shortage and/or unsuitability of facilities and the high opportunity costs.
97. As far as equity is concerned, marked disparities still exist, depending on the standard of living or place of residence. The number of students from poor classes in general, and the number of girls in particular, diminishes as one moves higher in the education cycles and hierarchy.
98. Quality remains poor because of the crowded classes (on average, over 40 students per class), the shortage of qualified teachers, and the inadequacy of supervision and ongoing training of teachers.
99. The main literacy difficulties are connected with: (i) school dropouts; (ii) the lack of a policy and action framework promoting curriculum synergy; and (iii) insufficient coordination, monitoring, and evaluation of results in an area involving a large number of people. However, the national conference on literacy and non-formal education held in September 2006 proposed new strategic approaches, which will have to be put into practice.
100. As for financing, although the share of education in the national budget has increased considerably, it remains insufficient to meet the challenges of expansion and quality. Lastly, the sector's capacity to absorb funding, even if it has improved considerably over the last three years, could prove to be limited for the timely implementation of the new activities receiving additional financing.
101. Resolutely continuing to implement the 2001-2010 Master Plan produced by the States-General on Education, the government devoted budget allocations to the education sector estimated at 25.6 percent in 2006, 27.9 percent in 2007, and 29.3 percent in 2008.

Health

102. Health care had been identified as one of the top PRSP development priorities. The main goal in this connection was significantly to increase access to health care, particularly on the part of the poor, to improve the quality of health care, and to make the system more equitable. The strategy was based on four pillars: (i) reform of the institutional framework; (ii) improvement of global health care coverage and access by the poor to health; (iii) creation of a viable mechanism for financing health care; and (iv) decentralization and greater community participation in management of the system.
103. After three years of implementation of the PRSP in the health sector, the results achieved are encouraging (see Box 3), with in particular: (i) a considerable improvement in the IMR, down to 67 per thousand, which was better than expected; (ii)

¹² Forty-five percent, according to the Ministry of Education, or almost 34 percent according to EDIM-2006.

the percentage of children who had received all vaccinations (BCG, DCT3, Polio3, measles) increased from 32.9 percent to 38.6 percent in 2006; and (iii) the proportion of pregnant women who had received prenatal care from skilled staff increased to 92.3 percent in 2006.

104. ***Reform of the institutional framework*** took the form of the adoption of official texts restructuring the health care system.
105. The efforts to ***improve global health coverage*** and access to health care by the poor focused on: (i) introduction of the reproductive health program designed to improve obstetrical care, prenatal and postnatal examinations, equipment of maternity clinics, improvement of family planning and prevention of female genital mutilation (FGM); (ii) intensification of vaccination efforts under the Expanded Program on Immunization (EPI); (iii) implementation of the plan to eliminate measles and the plan to eradicate polio, as well as launching of the national strategy for the comprehensive treatment of childhood diseases; (iv) implementation of the protocol for the treatment of malnutrition at the level of the community health centers; and (v) the treatment of pathologies such as diarrhea and pneumonia.
106. Other important achievements include: (i) creation of a central office for the procurement of essential equipment and medicines; (ii) creation of community pharmacies providing generic medicines at affordable prices; (iii) creation of mobile medical teams for areas that are difficult to access; (iv) creation of the program “Essential development needs” in disadvantaged communities; (v) greater efforts to combat malaria (treated mosquito nets, etc.); (vi) adoption of a national anti-tuberculosis plan for 2006-2010; and (vii) continuation of the 2003–2007 framework plan to combat HIV/AIDS.
107. Lastly, the level of budget allocations for health has increased considerably, from 7.1 percent in 2004 to about 10 percent in 2006.
108. Despite all these achievements, the health situation is still very alarming. Although some of the indicators are improving, they have not yet reached acceptable levels and raise serious questions about the country’s ability to achieve the MDGs in this sector by 2015. A genuine national mobilization for health is needed.
109. For this mobilization to be effective, it will clearly be necessary to step up efforts relating to infrastructure, qualified human resources, medicines (high-quality and affordable), and the decentralization of and public involvement in the management of health structures. In addition, capacity for data collection and analysis, monitoring and evaluation mechanisms, and the system of oversight must be strengthened. Lastly, the sector is affected by inefficient budget programming and the failure to prepare a budget that is consistent with specific and measurable targets.

Integration of women in development

110. The advancement of women has always been a central concern of the Government of Djibouti. The PRSP confirmed the progress made in this regard, set as a major goal tackling in the medium term the causes of the slow advancement of the female population and described the broad outlines of the government’s strategy in this area in terms of four priority issues: (i) decision-making; (ii) health; (iii) education; and (iv) economics.
111. As regards **decision-making**, there has been progress in the representation of women in Parliament (9 out of 65 members, or almost 14 percent) and in various

high-level posts such as Ministers (two), members of Regional Councils, or assistant district heads, which were previously reserved for men.

112. In the area of **health**, efforts to eliminate harmful traditional practices have been bolstered, in particular by the ratification of the Maputo Protocol and the organization of numerous information and awareness campaigns throughout the country with the participation of civil society organizations, and the prohibition of genital mutilation practices.
113. As far as **education** is concerned, several literacy campaigns have been conducted jointly by the Ministry for the Advancement of Women and the Ministry of Education, in partnership with NGOs and local associations including the National Union of Djiboutian Women (UNFD), and the EDIM findings show that 47.5 percent of women between 15 and 24 years of age were literate in 2006, but only 14.2 percent in rural areas and 48.4 percent in urban areas.
114. With regard to **economics**, a public microfinance body, the Social Fund for Development (FSD), was also created to improve women's socioeconomic life by granting microcredit for income-generating activities. In 2008, the FSD was merged with the ADDS. However, according to data from EDAM-IS 2002, unemployment affects women (68.8 percent) more than men (54.6 percent). Nevertheless, in the informal sector women play an active and leading role.
115. It is estimated that the National Strategy for Women's Integration into Development (SNIFD) will require financing of US\$15.551 million, but only 33 percent of the investments needed at the midpoint of the strategy have been mobilized. The remaining 67 percent must therefore be found to cover the activities scheduled for the period 2007–2012.
116. Despite the progress made as regards the advancement of women, major obstacles remain, in particular regarding: (i) the representation of women in the decision-making process and in senior posts; (ii) education, in particular the enrollment of girls and female literacy; (iii) health, where the results achieved still fall short of the MDGs; (iv) employment; and (v) access to capital, were the experiences with microcredit for women are still of recent vintage and their impact has not yet been felt.
117. However, the biggest challenges still relate to prejudice, socio-cultural constraints, tradition, and misinterpretation of religion – a series of factors still hampering women's full participation in development.
118. Lastly, mention should be made of weaknesses in the SNIFD monitoring and evaluation system, in particular the lack of performance indicators and quantified targets for measuring the progress made and the distance still to be covered.

Access to basic services

Access to water

119. Djibouti has always had a water problem and no viable solutions have yet been found. The main difficulty is that the only available water sources are groundwater and wadi runoff, which are adversely affected by the arid climate and the saltwater wedge flowing in from the sea (salinity is much higher than the limits set by the World Health Organization). The alternative solution of seawater desalination is complicated because of the initial investment required, the considerable energy that is needed but not yet available, and the possibility of a high cost per cubic meter produced.

120. An evaluation of water projects¹³ for the period 2004-2008 reveals commendable efforts, which have undoubtedly improved the situation but which remain limited. In respect of the rural water supply, there has been an identification and inventory of water points, the rehabilitation or renovation of deteriorated works, and the promotion of suitably adapted dewatering (rehabilitation of water points and boreholes equipped with solar panels). Wells have been dug, for the most part in rural areas highly exposed to desertification and to reduce water shortages harmful to agricultural production. Retaining ponds and buried cisterns have also been established in a number of regions. Development of the participatory approach before, during, and after the works phase has made it possible to make users accountable and to transfer the task of oversight and light maintenance of the works to local water point management committees. As regards urban water systems, managed by ONEAD (the former ONED augmented by the Sanitation Directorate), the projects targeted increasing the production of safe drinking water.
121. In 2008, the government officially launched the program for the mobilization of surface water and sustainable land management (PROMES-GDT). This is a major program aimed at eliminating the specter of thirst and reducing poverty in rural areas. The overall cost of this project is estimated at US\$11 million.
122. Serious obstacles remain, however, particularly as regards: (i) production, which meets only 75 percent of needs, estimated at almost 20 million cubic meters a year; (ii) the high cost of production (DF 136); (iii) disparities in delivery costs, which range from DF 62/m³ for pipes connected to the ONED network to DF 500/m³ for tanker trucks; and (iv) the technical, financial, and organizational capacities of ONED.
123. Generally, progress was made in the 2002-2006 period. Indeed, comparison of the findings of the EDAM-IS2-2002 and EDIM-2006 shows that 93.5 percent of the population has access to an improved source of safe drinking water, the figures being 95.2 percent in urban areas and 52.5 percent in rural areas in 2006, as compared to 84.1 percent of the population (92.6 percent in rural areas and 50.9 percent in rural areas) in 2002. However, in the absence of additional information on cost and the volumes available and effectively used by households, it is not possible to provide a comprehensive overview of the situation.

Access to sanitation and housing

124. In the **sanitation and housing** area, the achievements noted relate principally to urban development, including the strengthening of rain water drainage networks and the construction of subsidized housing units. However, the major urban centers of the country, especially Djibouti City, are experiencing rapid expansion of unplanned migratory settlements, in which access to basic infrastructure remains extremely inadequate. Unhealthful conditions, brought about by deficient sanitation facilities, engenders a deterioration in living conditions, particularly in urban areas, that is harmful to the health of the inhabitants. The sanitary conditions and living conditions of the populations there remain sources of concern. Better sanitation systems would have the advantage of improving preventive health situations and reducing the pressure of congestion on health facilities.

¹³ To follow the layout of the first PRSP, a separate evaluation is provided for urban water supply and rural water supply, in pillar 3 on local development. However, the main obstacles are mentioned here, because the issue is one of access to basic services.

125. A number of actions taken—including the reorganization of the Ministry of Housing, Urban Planning, and Territorial Development, the preparation of a master plan for urban planning and improvement for Djibouti City and the regional urban centers, and the implementation of a national sanitation policy with the creation of ONEAD—have contributed to establishing the institutional and fiscal framework for the sector with a view to bringing about sustainable improvement in the living conditions of the residents of many neighborhoods affected by the unhealthy conditions associated with a defective or nonexistent water supply environment.
126. Rehabilitation works in the older neighborhoods with a view to improving primary drainage of rain water in the capital city and secondary cities have been pursued, principally focusing on the off-site drainage of neighborhoods (*arrondissements*)¹ to 6 in the capital. Resources have been devoted to strengthening the collection, treatment, and evacuation of waste water, eliminating direct disposal to the sea, and improving environmental hygiene in the poorer neighborhoods of Djibouti City. Sanitation efforts in the Arhiba, Einguela, and Peltier hospital neighborhoods, as well as the elimination of all waste water disposal in the sea from Wadajir and Makka Moukarama estates, have contributed considerably to improving the urban and maritime environment. Enhancing the drainage and viability of Gabode 4 and 5 estates are in progress.
127. With regard to the **urban environment**, progress has been made in respect of sanitation, as the findings of EDIM-2006 show that 67.8 percent of households live in houses furnished with improved sanitary facilities, that is, use sanitary facilities for the elimination of human waste. In 2002, 20 percent were connected to collective sanitation systems in selected neighborhoods of Djibouti City, while 80 percent were using individual sanitation approaches involving dry latrines, cesspools, or septic tanks resulting in spot instances of soil and water table pollution.
128. In connection with the policy on access to housing by all population groups, and particularly by low income households, the government has permitted the construction of several subsidized housing estates.
129. Accordingly, over the period 2004-2008, several housing estates were built: 842 units (Hodane1), 285 units (Gargaar), 44 units (Doumeira), and 340 units built for the reintegration of the people displaced in the localities affected by the armed conflict. To this should be added the Hodane 2 estate (642 units) and Chebelley estate (200 units) on which work began in October 2008 and which will be inaugurated in the near future. Furthermore, the relocation of the population affected by the flooding of the Ambouli wadi in April 2004 encouraged the government to continue its efforts in PK 12 with the creation of 400 new housing units.
130. Despite the efforts made, the housing situation remains precarious. Only slightly less than 50 percent of households own the housing units they occupy. Rents account for 40 percent of household expenditure. Annual needs have been estimated at 2,500 housing units for the country as a whole, of which 2,000 are in the capital city. It is currently estimated that only a third of needs are met by the existing housing stock. Moreover, construction costs are high, amounting to six times the average annual household income for a housing unit made of solid materials and 2.5 times for a unit made of light materials, this because of the preponderance of imported materials and the high cost of labor.
131. Moreover, the constant rise in urban populations (3 percent a year) and the low capacity for response with improved and developed land equipped with basic infrastructure and equipment triggers the proliferation of illegal and unplanned

migratory settlements. Finally, major weaknesses continue to impede the development of observation systems in the urban centers that would enhance understanding of the main factors behind their growth (consumption of available land, urban dynamics, the density of migratory settlements, and the dimension of urban poverty).

Employment and income-generating activities

132. Combating unemployment was the government's top priority. Indeed, the chronic problem of unemployment in Djibouti, according to EDAM-IS2/2002, affected nearly 60 percent of the labor force, the majority of them women and young people. While this figure may appear to be exaggerated, in that it fails to take into account the informal sector, which employs a great many people, it does reflect the extent of the problem.
133. In this connection, the government implemented a package of programs addressing the various manifestations of the unemployment phenomenon. The programs concerned: (i) highly labor-intensive infrastructure; (ii) vocational training; (iii) the development of small and medium-sized enterprises (SMEs); and (iv) the development of microfinance.
134. As regards the **labor-intensive program**, the boom in the country's construction and public works sector and the numerous construction sites that have sprung up over the past five years enabled ADETIP to create a large number of temporary jobs. The annual average of temporary jobs created in this way comes to nearly 30,155 person/days for the period 2004-2006, or an increase of almost 21 percent compared with 2003.
135. As regards the **vocational training** program, the employment promotion strategy based on job-oriented training has yet to be launched.¹⁴ This said, the CFPA's capacities have been strengthened and the range and variety of the training paths offered have been broadened. Moreover, services to provide assistance to job-seekers are offered both by ANEFIP and by several private agencies. The latter have been active since the deregulation of the job market, but no information is currently available on the scope of their operations.
136. In addition, there is a new initiative to facilitate the insertion of young people (15-24 years old) and unmarried adults without diplomas. This Modified National Service (SNA) consists of three stages: (i) three-month military training; (ii) nine-month vocational training; and (iii) practical knowledge application in the Army or in civilian life. Initially, the SNA should cost DF 225 million in 2004 and will then expand in subsequent years (for example, DF 449 million in 2005). However, there are a number of questions about the cost-effectiveness of this program.
137. Currently, the FSD project by itself has made it possible to finance roughly 3,000 income-generating activities for women in the informal sector thanks to the extension of microcredit in amounts ranging from DF 30,000 to DF 200,000. The loans are distributed through NGOs/associations on the ground, and to date, the FSD has granted approximately 5,640 microcredits to almost 3,020 women for an amount of DF 282,819,000. All of the poor neighborhoods in the capital city (including Balbala and PK12) and the five regions in the interior have benefited from microcredits from the FSD, but the rural zone does not yet have access to them.
138. However, at this stage of FSD activities and achievements, the results of an impact study conducted by DISED (February 2007) shed light on the significant impact of the microcredit program on the living conditions and immediate environment of the

¹⁴ It bears noting that DEFIP did produce a note entitled "Development of Insertion Possibilities for Young People" in August 2006.

recipients and their households. Thus, over 95 percent of the women surveyed state that they were able to create their activities thanks to the loans they obtained, about 2,800 jobs were created or sustained between 2001 and 2006, for an average of 560 jobs a year. Seventy-four percent of the recipients appreciated the ease of access to credit by comparison with the banking system, to which they do not even have access.

139. Despite Djibouti's macroeconomic performance and microfinance programs, there has still not been a substantial reduction of poverty. Cognizant of this situation, beginning in 2008 the government has been establishing savings and credit unions, two of which (CPEC and CNEC) have opened for business. The establishment of these unions by the ADDS in Djibouti and in the regions is the government's logical response to its desire to promote microfinance by offering financial and non-financial services to customers from the disadvantaged social strata, which had previously been excluded from the conventional banking system. This network of people's banks throughout all the regions in the interior is intended in particular to combat poverty and the alarming precariousness of people's living conditions in these zones.

Social welfare

140. The social welfare system is taking shape in Djibouti, especially following the merger of the social security funds (OPS) and the national retirement fund (CNR) (2007), and the subsequent creation of the National Social Security Fund (CNSS) in late 2009.
141. The reform of the retirement regime in 2001 made it possible to rebalance the distribution of jobs between young and older personnel, particularly in the Civil Service. By restructuring and streamlining the retirement system, the government made it possible for many workers to take early retirement and thereby created conditions conducive to the hiring of young people.
142. In addition to the above-mentioned programs geared toward the labor market (vocational training, assistance to job seekers), social welfare programs are being started (pensions and medical insurance, provision of microcredit for income-generating activities, distribution of school supplies, food, medicines, etc.). It should be noted, however, that there is still no unemployment insurance.
143. Total spending on social welfare programs amounts to 10 percent of GDP, with 5.1 percent devoted to pensions and medical insurance, 4.3 percent to subsidies (private schools, public media, scholarships for study abroad, housing subsidies for civil servants), and only 0.5 percent to programs targeting the poor and vulnerable.
144. Other ministries, such as the Ministry for the Advancement of Women, Agriculture, Education, and Health, are engaged in or preparing programs that fall within the social welfare area (granting of microcredit for income-generating activities, distribution of school supplies, food, medicines, etc.). Similarly, the ADDS (Djibouti Social Development Agency) has implemented job-creating social projects under the National Solidarity Fund established in 2008.

Protection of vulnerable groups

145. **Nomads** have benefited from several rural development programs, particularly pastureland water supply programs and animal health programs to improve their livestock and create forage perimeters. However, because of the persistence of drought, which has become cyclical, nomads live in a state of chronic food insecurity. Nevertheless, they have been able to benefit from a food aid program and have access to basic infrastructure (education, health care, and safe drinking water).

146. With regard to **street children**, little is yet known about the real scope of the problem. There is no protection strategy in place. Only a few welfare associations are providing assistance to some of the children.
147. For **orphans and vulnerable children (OVCs)**, the Ministry for the Advancement of Women and Family Welfare has devised a policy for their care within the general framework of protection of the child. A pilot care arrangement has been established. A national cooperation commission for the care of OVCs was created in December 2008 in order to ensure coordination and synergy between the various initiatives and actions taken by the different stakeholders in this field.
148. **Displaced persons** have also received food aid in rural areas and urban centers, with access to medical care and safe drinking water.
149. It should be noted that a BND (basic needs for development) program initiated by the Ministry of Health and the Regional Directorate of the WHO currently covers 21 sites in zones with vulnerable populations over 100 persons. This program has four components: (i) social (training); (ii) economic (AGR, granting of microcredit in the amount of DF 30,000 to DF 50,000, with never more than 10 simultaneous borrowers, and with interest paid to a village fund); (iii) rural development (improvement of agricultural perimeters and water points for food security); and (iv) the promotion of health.
150. In implementation of the INDS, in 2008 the government established a Djibouti Social Development Agency (ADDS) by merging ADETIP and the FSD. This Agency is focused on reducing the impact of poverty on the disadvantaged and vulnerable groups, in particular in rural and peri-urban areas. It is tasked with implementing sustainable social and economic development programs financed by the resources made available to it in connection with PREPUD Projects, as well as by the funding collected by the National Solidarity Fund (FSN).
151. Also noteworthy is the March 2008 creation of a Secretariat of State for National Solidarity (SESN), which reflects the government's desire to reduce the social fracture and combat poverty and social exclusion, in particular by coming to the aid of the most vulnerable social strata.

Promotion of young people

152. The government has made a real effort to help young people in several ways, particularly: (i) insertion (see above, for example, regarding the SNA); (ii) increasing their involvement in the decision-making process; and (iii) promotion of participation in sports.
153. With regard to the involvement of young people in the decision-making process, a national youth consultation was held in January 2007 and a Djibouti National Youth Council (CNJD) was created in March 2007. In addition, the creation of Community Development Centers (CDCs) resulted in a bigger neighborhood role for young people and the transfer of responsibility for certain activities to civil society. Six centers were refurbished and nearly one new center is being built for each neighborhood of Djibouti City and the regions in the interior.
154. Activities to promote participation in sports throughout the territory included, in particular, rehabilitation of the former Djibouti municipal stadium (Project Goal of the International Federation of Association Football), which led to the idea of creating a Technical Training Center there. In addition, a program to rehabilitate sports facilities in the districts has been gradually introduced and vacant lots have been

equipped in poor neighborhoods. In addition, sports professionals and community socio-cultural leaders have been trained.

155. However, these efforts have no strategic focus, reference framework, or coordination, and cannot suffice to meet the legitimate expectations of young people or to solve the problems facing them. These problems include: (i) access to an education that responds to the needs of the market; (ii) unemployment – over 90 percent of young people between 15 and 24 years of age are idle; and (iii) confidence in the future of the country – more than half of the young people are thinking of emigrating.

Basic socioeconomic infrastructure and equipment

156. Water and energy constitute the two greatest challenges facing the Government of Djibouti. The country has been unable to provide these two services with the requisite quality while at the same time facilitating access on the part of the majority of the population. For each of these sectors, the government has established programs intended to resolve these issues in the short term.

157. Within this framework, a vast program has been initiated to increase water resources, with assistance from several technical and financial partners. Some components of this program relate to: the construction of new boreholes; sea water desalination; the recovery or rain water (dams, lakes, wadis, etc.); and the recovery of surface water.

158. With regard to electrical power, a number of initiatives are under way with a view to providing Djibouti with sufficient sustainable, high-quality energy that matches the needs of development as delivered with adequate security at affordable prices. The actions and programs planned relate to: improving the supply of electricity (installation of a new power plant in Balbala and the procurement of new power generation systems); electrification of disadvantaged neighborhoods and villages using solar power; establishing a connection with the Ethiopian grid; construction of a geothermal plant at Assal; and the development of alternative energy sources (wind, solar, etc.).

159. However, microfinance alone cannot resolve all of Djibouti's poverty problems. Out of its desire to support the efforts being made by the poor, the government has introduced, with support from its partners, a number of projects and programs intended to ease the suffering of the poorest in urban and rural areas. Thus the Djibouti Social Development Agency, the government's operational arm for combating poverty, is implementing PREPUD (Project to Reduce Urban Poverty in Djibouti), with funding of about US\$30 million, with the objective of "increasing access to infrastructure, basic services and equipment, community development, and microcredit for the poor populations of the urban neighborhoods of Djibouti City and the administrative centers of the Districts."

Food Security and Combating and Unpredictable Climate

160. Food insecurity appears to have become an Achilles' heel. It has been aggravated by the cyclical problems of global inflation and compounded by the problems of recurrent drought; hence the persistence of the difficulties affecting the people, especially the nomadic population. To address this situation the government has introduced a number of focused measures that have borne fruit: (i) grants of agricultural equipment (pedal-powered pumps) to market garden cooperatives; (ii) exemption from taxes on agricultural equipment and inputs; (iii) the abolition of taxes to bring down the prices of basic commodities; (iv) control of surface water and the promotion of forage crops; (v) early warning systems introduced in at-risk zones, in partnership with FewNet; (vi)

price subsidies on essential commodities; and (vii) distribution of basic foodstuffs to needy populations, etc.

161. The government has also taken innovative steps to promote food security and reduce the country's dependence on food imports. The government has improved a perimeter devoted to food crops in cooperation with Sudan (which granted the Republic of Djibouti a 16,000-hectare land area at Khadaref). In addition, 5,000 hectares of arable land at Baleh, in the Oromiya region 400 kilometers southeast of Addis Ababa, were made available to Djibouti by the Ethiopian government in 2008. The aim is for these land areas to be used to **lay the groundwork for the first strategic food security stock** the country has ever had, in order to address price fluctuations for these basic commodities and thereby reduce the country's dependence on food imports.

Governance

162. Djibouti's PRSP had identified modernization of the State and the promotion of good governance as two major prerequisites for success of the development and poverty reduction strategy and for the long-term maintenance of the country's democratic, economic, and social achievements. The main pillars of government strategy in this area were: (i) consolidation of democratic achievements; (ii) promotion of good local governance; (iii) reform of justice; (iv) continuation of administrative reform; and (v) promotion of good economic and financial governance.

Consolidation of democratic achievements

163. As regards the **democratic process**, free, transparent, and pluralistic presidential elections were held in April 2005 and March 2006, respectively. A coalition of [*number*] parties governs the country, and Parliament includes opposition deputies. An independent electoral commission has been established.

164. Institutional consolidation has affected the **human rights** situation, with: (i) the creation of a ministerial department responsible for the promotion and protection of human rights; (ii) inclusion in the Constitution of a chapter devoted exclusively to human rights; (iii) ratification of a number of international conventions; and (iv) creation of a National Human Rights Commission and its Executive Office.

165. With regard more specifically to **women's rights**, implementation of SNIFID resulted in some progress with regard to the main types of discrimination against women. For example, the representation of women in politics improved considerably, even if it is still insufficient, with the introduction of a quota of at least 10 percent, which enabled seven women to enter Parliament following the most recent legislative elections. In addition, women are beginning to occupy top posts in the public sector (two Ministers, President of the Supreme Court) and in the private sector.

166. However, despite the promulgation and enforcement of the Family Code, women are still suffering from domestic violence and harmful traditional practices, such as FGM.

Local governance and participatory development

167. The promotion and strengthening of decentralization and of the participation of civil society and the public were both a priority and a prerequisite for the success of the poverty reduction strategy.

168. The strategy of the government as regards **decentralization** was: (i) to ensure the gradual transfer of powers, depending on the resources available and the actual capacities of the new local governments; (ii) to create a capacity-building program

using training and logistical support for the new regional councils; and (iii) to promote partnership and twinning agreements in the context of decentralized international cooperation.

169. In this framework and pursuant to the Decentralization Law (promulgated in 2002) making the region into a commune, territorial government now has a Regional Council and Djibouti City has a special status (three communes, the Djibouti Council, and an elected mayor). A gradual transfer of powers should take place as soon as possible.

170. With regard to **civil society**, the priority actions were: (i) adoption of a legal and regulatory framework governing associations and NGOs following the diagnostic analysis already completed; (ii) adoption of arrangements for the coordination of NGO actions and development of a State-Regions-NGO tripartite partnership; and (iii) formulation and implementation of a capacity-building program for development associations, by means of training, support, and guidance of NGOs.

Reform of justice system

171. The program of justice reforms was to include: (i) transformation of the Supreme Court into a court of cassation; (ii) gradual elimination of dual jurisdictions (integration of Sharia courts and abolition of indigenous courts); (iii) reform of the Appeals Court; and (iv) decentralization of justice.

172. Since his accession to power, the President of the Republic, being aware of the problems in the justice sector, included it among his government's national priorities. This political will was rapidly reflected in the holding of the States-General on Justice (2000), with the participation of all stakeholders in the judicial system as well as civil society representatives. At the end of this meeting, the participants made recommendations in the form of a ***road map for judicial policy***.

173. The action plan drawn up in this context has already resulted in the adoption of several measures involving:

- Reorganization and relocation of the Ministry of Justice;
- Promulgation of the statute of the judiciary and reform of the High Council of the Judiciary;
- Creation of the Court of Audit and Budgetary Discipline;
- Revision of the remuneration of the judiciary;
- The promulgation of the Family Code and the creation of the personal status tribunals and of the "Maadoun al charia" significantly improved family law, submitting family disputes to full members of the judiciary specializing in personal status issues;
- Rehabilitation of the *Palais de Justice* and of the prison system.

174. Despite these considerable efforts, there are still many dysfunctions and shortcomings that may jeopardize attainment of the goals set and therefore affect the smooth running of this public service. The main problem areas are:

- Outdated legal texts, which need to be completely overhauled and adapted to current needs;
- Limited incorporation of the provisions of international conventions into domestic law;
- Inadequate training of judicial staff;
- Problems of management and access of individuals to justice;
- Inadequate compilation and dissemination of judicial statistics;

- Lack of evaluation of judicial staff;
- Irregular or inadequate reporting to permit an accurate assessment of the quality and efficiency of justice.

Administrative reform

175. The priority actions in this area were to focus on: (i) introduction of a reliable system for management of civil servants, with the creation of a single computerized register of civil servants, accessible to all user services; (ii) enhancement of transparency in recruitment, with systematic use of competitive examinations; and (iii) upgrading of the National Institute of Public Administration (INAP) to make it an efficient instrument for training and retraining officials of the State and the local communities and a structure supporting reform.

Economic and financial governance

176. The government's goals in this area were to: (i) improve transparency in the management of public expenditure, and tighten controls and accountability for the use of public funds; and (ii) optimize the use of the financial resources of the state and improve the effectiveness of public expenditure.

Box 2: INDS, a second-generation PRSP

Djibouti's economic and social development process has just reached a major milestone with the recent initiative of the President of the Republic, which is the cornerstone of the project for a democratic and modern society. This National Initiative for Social Development (INDS) is now the frame of reference for the country's development.

The INDS guidelines already raise the issue of poverty reduction and exclusion, list a number of findings, and set the directions to be followed in the efforts to be made for rapid implementation of the Initiative:

- Sizable fringes of the Djibouti population live in difficult conditions of poverty and marginalization that are incompatible with the conditions of a dignified and decent life;
- The short-term measures adopted to resolve this situation have failed and the unequal distribution of economic growth has benefitted one category of the population and left another in a situation of social destitution;
- The Initiative must find a solution to the social problems by means of integrated government policies that will be part of a comprehensive and coherent project in which the political, social, economic, educational, cultural and environmental dimensions are complementary;
- This Initiative has three pillars: (i) promotion of access to basic social services; (ii) restructuring of the national productive base to create necessary jobs that will be sufficient to eradicate poverty and reduce unemployment; and (iii) assistance to persons in a situation of great vulnerability or with specific needs;
- The government will have to adopt an action plan based on the principles of good governance: accountability, transparency, rules of professionalism, broad participation of all players (political parties, trade unions, local communities, civil society, private sector, public), integration and rationalization of public institutions and agencies, as well as follow-up and ongoing evaluation of achievements;
- The Initiative should be financed by a specific mechanism, with no increase in taxes or tax burdens, to ensure the viability of resources, with flexible implementation procedures;
- INDS is not a one-time project or an ad hoc program. It is an ongoing project for a term of office.

Thus the President of the Republic has essentially based INDS on the same principles as those governing the Poverty Reduction Strategy Paper process adopted by a very large number of poor countries since 2000 and by Djibouti since 2004. In fact, it follows the main outline of the second-generation PRSPs.

Preparation of the complete INDS document must necessarily be a gradual process, in view of the capacities of the main players (Administration, civil society, private sector) and also, above all, the lack of reliable and current statistical data on population, poverty and living conditions in general. The finalization of this important document could therefore be envisaged after the General Population and Housing Census (RGPH-2) and the Djibouti Household Survey (EDAM-3) scheduled for 2008. Meanwhile, this report describes the main directions of INDS for the medium term.

2 Strategic Vision, Priorities, and Directions of the INDS 2008-2012

2-1 Government's Vision

“The INDS is a social project that seeks, by 2015, to transform Djibouti into a peaceful, modern, equitable, open, economically competitive, and well-managed country where social division, poverty, marginalization, and exclusion are reduced and, over time, eliminated,”
President of the Republic, January 2007

2-2 National Priorities

- To promote the accessibility of basic social services by strengthening social policies in the areas of education, health, energy, and housing. There is also a need to promote the development of road, cultural, and sporting infrastructures;
- To restructure the national productive mechanisms in order to create the employment necessary and sufficient to eradicate poverty and reduce unemployment, particularly among youth. To this end, taking the informal sector into account in the national debate on employment should be part of an initiative that is not only governmental but also involves the various stakeholders in the employment policy;
- To provide assistance to persons exposed to major vulnerabilities, or address specific needs so as to enable them to meet their daily requirements and emerge from isolation while being integrated into society with dignity.

2-3 Strategic Objectives

177. The Government of Djibouti reaffirms its commitment to achieving the Millennium Development Goals to which the entire international community subscribed in September 2000. The sustained economic and social development and environmental protection efforts that the government plans to make with the help of its development partners will be centered on making this major commitment a reality.

178. For the medium term (horizon 2012), the government has adopted the following objectives: (i) to reduce poverty; (ii) to accelerate growth while safeguarding macroeconomic stability; (iii) to achieve a marked improvement in access to and the quality of basic services, while ensuring that disparities are reduced; (iv) to foster harmonious and balanced land development; and (v) to consolidate the rule of law while anchoring the principles of good governance in the management of public affairs.

179. In this context, the main quantified objectives are:

- (i) To reduce the incidence of extreme poverty and relative poverty;
- (ii) To increase the annual average rate of economic growth to 7 percent;
- (iii) To increase the GER to 83 percent at the primary level and 61 percent at the secondary level, while continuing to reduce the gender and spatial disparities;
- (iv) To increase the literacy rate among 15-24 year-olds to 65 percent;

- (v) To reduce the IMR to 60 percent, the ICMR to 80 percent, and the MMR to 400 per 100,000 live births; and
- (vi) To increase the rate of health coverage within a 5 kilometer radius to 90 percent.

180. To achieve these objectives, the guidelines imparted by the President of the Republic under the INDS require extensive mobilization of all stakeholders—public and private, national and foreign. A new partnership should emerge. Already, a decree issued by the President of the Republic has established the framework of this partnership and is helping to determine the distribution of roles.¹⁵

181. For the objectives to be achieved, there must also be a reconfiguration of the strategic pillars to take full account of INDS guidelines and the main lessons drawn from implementation of the first PRSP. The INDS will be implemented in accordance with four complementary and closely correlated strategic pillars:

- The first pillar is aimed at accelerating growth and preserving the major macroeconomic balances;
- The second pillar brings together all the efforts being made to develop human resources and to ensure universal access to basic services;
- The third pillar promotes solidarity, poverty reduction, combats exclusion and vulnerability, and pursues achievement of the MDGs; and
- The fourth pillar is confirmation of the dual need to anchor the principles of good governance and to build the capacities of public and private stakeholders to ensure the success of the new initiative.

Overall intervention strategies

- To improve the social standing of the poorest localities in rural areas, and the poor neighborhoods in urban and peri-urban areas, where the most alarming manifestations of social exclusion, unemployment, delinquency, and distress hold sway.
- To promote the creation and strengthening of existing intake structures, both qualitatively and in terms of capacity, in order to come to the assistance of persons in situations of social distress, such as abandoned children, impoverished women lacking support and shelter, and the elderly and orphans living on their own.
- To integrate the temporal dimension of the INDS by identifying emergency actions as well as short- and medium-term actions so as to cover all horizons in time and space.

3. Priority Action Plan 2008-2012

3.1 Pillar 1: Accelerate growth and preserve the major macroeconomic balances

182. The acceleration of growth and preservation of the major macroeconomic balances will continue to occupy a place of choice in Djibouti's economic and social development policy. In this context, the government is adopting objectives that are more far-reaching than in the past, encouraged in this by the growing flow of: (i) foreign direct investment, which is expected to double between 2006 and 2011 and reach unprecedented levels (40

¹⁵ Decree No. 2007-0106/PR of February 6, 2007, spelling out the institutional arrangements for formulating, implementing, monitoring, and evaluating the INDS.

percent on average); and (ii) goods transiting through Djibouti to and from the COMESA countries.

183. The strategy pursued will continue to focus on: (i) stability of the macroeconomic framework; (ii) the strengthening of Djibouti's position as a commercial, financial, and economic market of note in the region; (iii) diversification of the sources of growth; and (iv) the promotion of private investment.

Policies to consolidate macroeconomic stability

As regards the *macroeconomic framework*, emphasis will be placed on pursuing:

- Policies to accelerate growth;
- Fiscal and tax policies that are prudent but at the same time leave room for massive financing of public investment in the social and growth-supporting sectors; and
- Policies to control the external deficit and strengthen the financial sector.

184. Moreover, and with a view to combating poverty, the government will endeavor to strengthen the purchasing power of low-income Djiboutian households. To this end, the government will boost the purchasing power of low-income wage earners. Furthermore, the Ministry of Economy, Finance, and Planning, in charge of Privatization, with the Ministry of Commerce, will intensify price controls in order to limit the abuses engendered by speculative phenomena. This latter measure will make it possible to maintain the prices of basic foodstuffs at a level that can be tolerated by low-income households. The regular publication of statistics on the prices of food products will make it possible to verify the effectiveness of the measures taken to combat the inappropriate increases in these prices. The government will also implement the provisions of the law on competitiveness in order to combat monopolistic behaviors and unlawful agreements that favor price increases.

185. The optimistic growth scenario assumes that wide-ranging structural reforms will be undertaken with a view to attracting private investment and to confirming the Djibouti market as a premier hub in the region. In this scenario, the average annual growth rate is expected to exceed 7 percent for the period 2009–2012. Meanwhile, it is anticipated that public investment will represent about 6 percent of GDP and that the fiscal position will show an overall balance surplus equal to 0.9 percent of GDP in 2011. The inflation rate is expected to remain below 3 percent. The current account deficit will worsen as a result of the marked increase in development imports associated with the ongoing major projects (Doraleh Port, etc.), from 9 percent of GDP in 2006 to 14.2 percent of GDP in 2012, with a maximum of 18 percent in 2009. Also, debt is expected to climb from 58 percent of GDP in 2006 to 71 percent of GDP in 2012. Lastly, the domestic credit growth rate, at 8.3 percent above the 2005 rate, is expected to continue its upward trend, increasing by 15 percent a year between 2009 and 2012.

Development of infrastructures supporting the productive sectors (transport, energy, telecommunications)

186. Concern with strengthening Djibouti's position as a premier commercial, financial, and economic hub in the region will remain central to the government. Indeed, despite undeniable assets such as being a gateway to vast areas of the African hinterland, having a stable convertible currency, being a member of several regional groupings, and being located on major sea routes, the country is not yet attractive enough to become a regional market that cannot be overlooked.

187. In the circumstances, the ongoing efforts to develop transportation (port, sea, road, rail, and air) links, information and communications technologies (ICTs), and energy should be pursued and intensified.
188. As regards port and sea transport, the government's strategic partnership with Dubai Ports International (DPI) has led to a remarkable improvement in the profitability and outlook for development of the Port of Djibouti. The private operator's management has heightened the quality of the services provided, because of increased yields and an enormous easing of administrative red tape. The upgrading of the road and rail segments linking the country to Ethiopia and the construction of Doraleh Port will strengthen the position of the Port of Djibouti as a regional transshipment platform. Completion of the Doraleh project will further increase the appeal of the port, as it will then include: (i) a container wharf meeting current international standards, (ii) an oil tanker port, and (iii) a commercial free trade zone likely to triple container traffic and facilitate specialization in bulk processing.
189. In order to promote trade within the country and reduce the isolation of the Nord region, the maritime connections (Djibouti-Tadjourah-Obock/Tadjourah-Obock) have been strengthened, in particular by bringing a new ferry (kindly provided by Japan) on line.
190. The impact of the road transport activities on employment and poverty reduction remains limited. A huge financial handicap limits the potential of this subsector, which is characterized by deficient road maintenance and the long distances poor people have to travel to reach places of business. The policies being adopted in this regard are expected to facilitate: (i) organization of the development of the international corridor by providing it with private management; (ii) opening up of poverty areas to release their energy and support their development, through the mobilization of appropriate financing; and (iii) support for national operators to acquire heavy equipment, through access to low-interest loans and training in the transport trades.
191. The government will continue its efforts to rehabilitate and maintain urban and rural roads. In addition, motor terminals will be created in the administrative centers of each of the five regions.
192. The railway represents a strategic link between Djibouti and Ethiopia. However, in light of the serious financial and technical problems it faces, it cannot fully perform its role. A reformulation of its current bi-national status in order to permit its privatization and the renewal of its equipment should make it competitive for container transport and enable it to capture the market for merchandise and passenger transport. In order to promote the development of cross-border trade, the government will endeavor to restore the activities of the Djibouti-Ethiopia railroad.
193. Traditionally playing a small role in the network, air transport is becoming more significant, as a result of the open sky policy adopted and the emergence of tourism. Its management has been entrusted to DPI, and this should lead to the airport obtaining modern infrastructures (new control tower, expansion of the aircraft parking facilities, establishment of a cargo village, etc.) to become a transit corridor for the landlocked Great Lakes African countries through the development of sea-air trans-shipment. In addition, the construction of a new international airport with foreign partners is under study.
194. As regards the ICTs, the future of Djibouti's competitiveness as a service economy depends largely on the role of telecommunications. Despite the strategic location of the

country and its state-of-the-art amenities, the sector has not performed satisfactorily, as the dissuasive rates applied limit their dissemination. The initiatives taken by the government to infuse momentum into the sector have not sufficed, and the current operator is experiencing management and development policy problems. The government is aware of the central role of the sector and has therefore formulated a series of measures aimed primarily at providing universal access to ICTs and improving their quality, through a substantial and continuous reduction of rates and an increase in the autonomy and human and operational capacities of the operator, Djibouti-Telecom. The government will take measures to expand and improve telecommunications services, in particular with regard to access, performance, and coverage, especially in rural areas. It will also endeavor to provide the broadest possible access to New Information and Communications Technologies.

195. Finally, energy, a decisive factor in the quest for economic development and competitiveness, is characterized in Djibouti by its scarcity and high costs. It is accessible to only 50 percent of the population, almost exclusively in urban areas. This configuration of the sector considerably hampers the country's development and forces the authorities to seek alternatives. Their strategy consists of first using the geothermal and wind energy available in the country and supplementing this production with imports from Ethiopia. The electricity grid will be integrated at the national level around the energy production plants at Ali Sabieh (wind) and the Goubet sector (geothermal). The principal electricity distribution route will be the segment between Ali Sabieh and Djibouti, which will serve as the backbone around which the other connections will be installed, including the link with the Ethiopian power grid. The government will continue its efforts to identify renewable energy sources, such as geothermal energy and wind power, and to greatly expand the use of solar power in the villages in the interior and in rural areas. The rural village electrification projects will be expanded in cooperation with the other departments concerned. Moreover, the government will endeavor to address the demand for energy by implementing an action plan for controlling energy consumption by State agencies, public establishments, and semipublic entities. The government also plans to reduce energy costs for low-income households by introducing social rate structures. Furthermore, measures will be taken to improve the working conditions of EDD personnel and to enhance their motivation and productivity through the introduction of a more attractive pay scale.

New sources of growth (tourism, mining resources, agriculture, livestock production, fisheries)

196. Diversification of the sources of growth was already identified as a key factor in the first PRSP, and will be focused on the sectors of tourism, mining resources, agriculture, livestock production, and fisheries.

197. As regards tourism, efforts to promote Djibouti as a destination will be bolstered within the framework of a partnership between the Administration and private operators. In addition, the priority actions planned previously but not implemented will be reactivated. These are: (i) opening up access to tourism sites and the installation of adequate infrastructures; (ii) training, especially for women; (iii) the financing of tourism projects by the FDED, itself undergoing restructuring; and (iv) the promotion of local initiatives and a welcoming environment of openness conducive to development of the sector. Efforts will also focus on enhancing the awareness of Djiboutians about welcoming the increasingly numerous tourists and improving the image of our country as a gracious host. The government will accelerate implementation of the training program on tourism trades in order to ensure that young Djiboutians are the primary beneficiaries

of tourism development. Finally, with a view to attracting tourists, an aquarium will be established in Djibouti City.

198. As regards the exploitation of mining resources, the government's strategy is aimed at promoting and developing the nation's mining wealth, in particular salt, gypsum, and perlite. Prospecting efforts are also under way to determine the existence of gold reserves. In this context, the government is giving preference to joint ventures with foreign investors.

199. Concerning the agricultural livestock production, and fisheries sectors, the government's involvement will be aimed at increasing productivity in the three sectors, thereby contributing to economic growth. In the agricultural sector, the plan is to further strengthen agricultural development, especially in areas with known potential such as Hanlé, Gobaad, and Bissidiro, on the basis of integrated management allowing for the sustainable use of water resources and soils. The government will provide assistance to farmers in combating insects and pests.

200. For fisheries, it is planned to promote development of this sector by providing fishermen with canoes, nets, and means of preserving and marketing fish. With involvement on the part of the fishermen themselves, it is also planned to ensure the proper functioning of fishing boat repair facilities.

201. In the area of livestock production, steps will be taken to develop water points, streamline the use of grazing land, and improve animal health, this with the objective of promoting the flow of livestock products and maintaining cattle production so as to avoid disorderly changes in meat prices. Moreover, a study will be conducted in order to ensure better marketing of agro-pastoral products throughout the country. On the basis of this study, an action plan will be drawn up with a view to improving the marketing of agro-pastoral products. There will also be a study on the impact of climate change on agricultural activities, to be conducted in collaboration with the CERD and the ministry responsible for the environment. Finally, the Ministry of Agriculture, in collaboration with the Ministries of Education and Health, will participate in the creation of vegetable gardens in the proximity of schools and dispensaries in rural areas. The availability of water for these gardens should be studied first.

Promotion of private investment

202. With respect to the promotion of private investment, an area in which performance has been encouraging, activities will be geared toward advancing further with the efforts already made to:

- Improve the legal and regulatory framework for business;
- Reduce the costs of production factors; and
- Improve the work environment.

203. Improving the legal and regulatory framework for business will involve in particular: (i) the adoption of a new Commercial Code; (ii) the creation of the International Arbitration Center within the Chamber of Commerce and Industry; and (iii) the simplification of enterprise creation procedures.

204. The persistently high costs of the principal factors of production (energy, telecommunications, etc.) continue to hamper private sector development and the attraction of more FDI. Overcoming these obstacles requires steps to: (i) clean up the financial position of the public enterprises with sectoral oversight; (ii) promote privatization of

the national electricity corporation (EDD), based on specifications that guarantee development of the sector; (iii) encourage the use of alternatives to thermal energy through studies of the comparative advantages of linkage to the Ethiopian power grid and of geothermal development; (iv) reduce in phases the rates applicable to international telecommunications; and (v) redress the shortcomings noted in Djibouti-Telecom's performance.

205. Meanwhile, efforts to develop the national private sector will also be pursued, especially through: (i) creation of the conditions for improving the match between training and market requirements; (ii) support for the upgrading of enterprises in Djibouti; (iii) tax incentives for hiring; and (iv) continued involvement of the private sector in the management and financing of the production-supporting sectors such as energy and telecommunications.

206. To support the private sector, the government will conduct awareness and information campaigns on the reforms introduced (General Tax Code, VAT, Investment Code, etc.). It will also further improve the processing of administrative procedures at the Ministry of Economy, Finance, and Planning, responsible for Privatization.

207. The Government will strive to further encourage Djiboutian SMEs and SMIs by introducing tax measures that provide incentives for investment and job creation. Steps will be taken to encourage the development of joint ventures between national firms and the foreign corporations established in Djibouti. The Investment Code will be revised, in particular to raise the threshold for Regime A and broaden its scope of application to include crafts businesses. A Crafts Village will be created to promote the development of crafts activities.

208. The government will take measures to promote access to bank financing on the part of households and SMEs/SMIs while facilitating access to banking services on the part of Djibouti's population, promoting microfinance and developing microcredit.

3-2 Strategic Pillar 2: Promotion of Universal Access to Social Services

Local Development, Rural Development, and Environmental Preservation

209. The development of human resources and the provision of universal access to basic services represent both a governance requirement and a prerequisite to any lasting economic and social development. The principal objective in this area is to ensure equitable access to: (i) quality education, in conformity with the requirements of the market; (ii) employment, especially for young people; and (iii) essential services (health, water resources, energy, ICTs, etc.), bringing together quality, availability, and affordability. This objective cannot be achieved without the active promotion of women as central players in development and an effective taking into account of the legitimate aspirations of young people.

Improving Human Capital

Health

210. As regards health, the main objective is to expand physical and financial accessibility and to ensure quality services, so as to help improve the state of health of the people. In this context, the priority interventions will seek to:

- Accelerate the reform and establish a new, more suitable regulatory framework;
- Introduce the cost recovery system;
- Improve access to primary care in rural areas, after conducting prior studies;
- Promote healthy lifestyles in urban areas, by: (i) combating the use of hard and current drugs; (ii) providing access to care, with the introduction of the health card for the provision of basic care; (iii) prevention; (iv) covering therapy; and (v) establishing itinerant teams in urban health sectors;
- Establish mobile medical evacuation teams, with the creation of field medical emergency units (SMURs) in Djibouti City and the surrounding areas, and set up: (i) operating theatre units; (ii) means of communication; and (iii) arrangements for medical evacuations to other countries;
- Combat mental illness;
- Expand the Essential Development Needs Program;
- Promote education for health through the production of appropriate educational media, integrated, multi-sectoral, and concerted social mobilization, and the training of health professionals and community leaders in communications;
- Strengthen the “Health Promotion” component by increasing the number of public awareness campaigns (information, education, communications) in partnership with civil society (local associations, NGOs, CDCs, etc.);
- Introduce free medical care for students upon the presentation of a student ID card;
- Introduce free care for retired persons;
- Revise the terms for granting certificates of indigence to ensure that frequent renewals do not constitute an obstacle to accessing care;
- Strengthen the health control procedures in localities near the border in order to combat transmissible diseases;
- Transform the existing health centers in the capital into polyvalent clinics;
- Establish infirmaries in rural schools;
- Train medical staff on the importance of welcoming and showing compassion to the ill;
- Build a regional hospital in each administrative center of the regions in the interior; and
- Train medical personnel in sign language in order to facilitate communication with the deaf and hard of hearing.

Education

211. As regards education, the public authorities have adopted far-reaching objectives, namely: (i) to improve access and quality; (ii) to reduce disparities; (iii) to reduce repeats and dropouts; (iv) to improve management of the sector; and (v) to strengthen partnership. These objectives relate to all levels of education: preschool, basic (primary and midlevel), secondary, higher education and research, and informal education and literacy.
212. The planned priority actions, which fall within the dual perspective of consolidating past gains and intensifying ongoing efforts, are aimed at making appreciable improvements in the following areas:
- Access, with: (i) an increase in accommodation capacities; (ii) continuation of the double-shift system at the primary level; (iii) the initiation of innovative approaches in rural areas; and (iv) the strengthening of private education;

- Equity, with: (i) the gradual elimination of the obstacles to the enrollment of girls, especially at levels other than the primary level; (ii) the involvement of civil society organizations in the efforts to enhance awareness; and (iii) combating poverty among parents, to free up the energies of their children and devote them to their schooling;
- Quality, effectiveness, and relevance, with: (i) curriculum reforms; (ii) the provision of school textbooks; (iii) teacher training and motivation; (iv) the improvement of pedagogical oversight; and (v) evaluation reforms;
- Institutional capacities, with: (i) the strengthening of essential functions such as organization, school planning, and human resource management; and (ii) the deepening of decentralization and deconcentration;
- Partnership, with: (i) the strengthening of the frameworks for cooperation and partnership as established by the policy orientation law and instituted some years ago;
- Improvement of the integration of handicapped children into the educational system, putting the appropriate structures in place;
- Support for ‘head start’ activities for children by creating vegetable gardens at schools in rural areas;
- Reduction in the cost of textbooks, where these are borne by parents with more than four children in school;
- Perpetuation and improvement of student food services and lodging in rural areas;
- Introduction of ‘head start’ programs for students in rural areas;
- Continuation of the process of democratizing basic education;
- Creation of a teacher training institute for faculty in the colleges and *lycées*, namely a Higher Institute of Education;
- Adaptation of technical, vocational, and university training to the needs of the job market;
- Improvement of access to the New Information and Communications Technologies (NICTs) at all levels of education; and
- Introduction of student loans at a reduced rate for the purchase of portable computers by students, by reaching agreement with the banks, and with the state standing as guarantor of such loans.

Employment, Training, and Job Placement

213. In the area of employment promotion, a new thrust is required, given the observation of extremely low levels of implementation of the priority measures included in the first PRSP. However, it remains relevant to pursue the four programs identified previously, as follows:

- The labor-intensive infrastructure program, which should be intensified in light of the prospects for massive investments planned in support of growth and the expansion of basic services;
- The vocational training and job placement program, with: (i) the formulation and implementation of an employment promotion strategy based on matching training with employment opportunities; (ii) the development of self-employment, through financing to assist with start-ups; (iii) continuation of the SNA; (iv) building the capacities of the vocational training centers, in particular the CFPA (organization, adaptation of training programs, modernization of equipment, etc.); and (v) the development of partnerships with the private sector;

- The small and medium-sized enterprise (SME) development program, with: (i) the establishment of a unit to assist and support private operators; (ii) the promotion of special financing mechanisms (FDED, ADDS); and (iii) tax incentives; and
 - The microfinance development program, with implementation of the microfinance promotion strategy adopted in 2006.
214. In addition, these actions will be enhanced through: (i) the creation of the National Employment, Training, and Job Placement Agency (ANEFIP), a body with administrative and financial autonomy; (ii) the establishment of an efficient system to provide information on employment; (iii) the use of job creation as an essential criterion for selecting public investment programs; and (iv) the upgrading of placement services.
215. Finally, the prospect of organizing national consultations on employment will make it possible better to define objectives and priorities and to improve the involvement of the various partners. The result could be a National Employment Pact, which would be the framework for partnership and action in the years ahead.
216. In the short term, the public authorities will take steps to promote job creation and to improve the understanding of the labor market. These will involve in particular building the operational capacities of the units of ANEFIP (of recent creation), in particular by improving and or strengthening:
- Welcoming the public and providing service to users, in particular for young graduates;
 - The information service provided to users, reducing file processing time; and
 - The human and material resources of ANEFIP.
217. In order to improve understanding of the labor market, the government will: (i) make the employment observatory created within ANEFIP operational; (ii) update a bulletin on labor market statistics with the support and collaboration of DISED; (iii) publish monthly or bimonthly information bulletins on the jobs available or to be sought; and (iv) launch a study of the impact of the informal sector on job creation.
218. To strengthen vocational training, the government will: (i) refurbish the CFPA premises and impart new dynamism to the training policy; (ii) enhance the technical and professional qualifications of those emerging from the education system; (iii) encourage uncompensated internships; and (iv) institute incentive measures to promote apprenticeships.
219. The government will also take steps to help handicapped children become incorporated into the professional world. Furthermore, there are plans to establish a working party to develop hiring incentives for businesses.
220. The government will endeavor to increase the effectiveness of the administration by: (i) redeploying government employees; (ii) relaunching the organizational audit; (iii) initiating consideration of a new policy aimed at obtaining better performance from public administration; (iv) revitalizing INAP; and (v) introducing new public management methods by providing civil servants with incentives to work more effectively (“performance contracts,” “obligatory results,” etc.).
221. The government will ensure that the labor law is observed by: (i) training the inspectors and controllers of the relevant administration on professional ethics and morality and on labor law; (ii) enhancing the resources available to this category of

workers so as to enable them to have better control over work sites and enterprises; and (iii) assigning inspectors to the regions in the interior.

222. Finally, the government will create an insurance plan under the OPS to cover risks for trainees and speed the process of effectively introducing the CNSS.

Inclusion of women in development

223. The promotion of women will be reinitiated, with account taken of the recommendations emerging from the SNIFD assessment conducted in December 2006. These recommendations relate to the most important aspects of the lives of Djibouti's women, as follows:

224. As regards decision-making: (i) ensure observance of the quota of at least 10 percent women in elective functions and in all sectors and ministerial departments, with the availability of reliable statistical data that take account of related gender-specific indicators; (ii) enhance the role of women in decision-making, in particular through improving their representation in diplomatic positions and in higher state functions; (iii) build the Ministry's capacity to advocate in favor of the gender concept; (iv) train media personnel in the appropriate communications techniques suited to the dissemination of the relevant legal instruments (such as the Family Code); (v) enhance stakeholder awareness of gender equality with a view to meeting the Millennium Development Goals; and (vi) make all participants in the social sphere aware of the need to eliminate any form of discrimination.

225. In the area of health: (i) increase the use and frequenting of health units by women and girls; (ii) accord national priority to preventing and combating the use of drugs and other harmful substances (khat, chicha, hashish, etc.); (iii) build communications capacity for encouraging prenatal and postnatal consultations, as well as family planning, with pride of place given to men in supporting the strategy to cease all forms of excision (FGM); (iv) seek to bring water points closer to residences in order to ease the burdensome tasks performed by women and girls; and (v) re-discuss with the social partners the length of maternity leaves, taking account of the socio-cultural realities in light of new health data on the duration and benefits of breastfeeding.

226. With regard to education: (i) continue and strengthen the advocacy and social mobilization efforts in favor of education, training, and the socioeconomic integration of women in general; (ii) remove the factors preventing the schooling of girls, in particular the costs for those belonging to the underprivileged classes; (iii) revitalize the vocational training sector; (iv) establish literacy programs in French; (v) take the needs of the handicapped into account and promote the training and vocational inclusion of women living with disabilities; (vi) make sufficient resources available for the implementation of education projects and programs for girls at the formal and non-formal levels; (vii) increase the capacity for accepting students at the training centers, in particular the one in Balbala, and build vocational training centers in the regions of the interior; and (viii) train social assistants.

227. With respect to the economy: (i) pass the draft microfinance law; (ii) accelerate the establishment of a system of savings and microcredit banks in urban and rural areas, in the context of the Microfinance and Microenterprise Development Project (PDMM) and of the FSN; (iii) facilitate the access of rural women to microfinance; and (iv) develop the entrepreneurship of women with a view to creating income-generating activities, in particular through the introduction of qualifying training programs and enhancing the light trades engaged in by women.

228. In the area of family well-being: (i) make couples more accountable with regard to their duties and obligations within their homes; (ii) establish a public awareness program to strengthen the family unit; (iii) set up a working party to monitor child custody and care after parents are divorced; (iv) create a Women's Center where young mothers will receive training in raising their children in keeping with tradition (lessons on lullabies, storytelling, imparting the mother tongue, etc.).

Promotion of young people

229. With respect to the promotion of young people, the consultation of January 2007 led to a number of sectoral recommendations, the implementation of which will facilitate responses to the aspirations of this import segment of the population in the following areas:

- Education: (i) promote non-formal education and validate lessons learned on the job and acquired experience; (ii) set up programs to grant scholarships to young persons with physical handicaps; develop vocational training for unskilled young persons (such as the SNA); (iv) facilitate access to ICTS; and (v) train professional leadership and supervisory personnel to improve the care of young people.
- Health: (i) increase the number of reproductive health programs for women; (ii) encourage the training of young people regarding STDs/AIDS, malaria, and tuberculosis, through peer training; (iii) grant food assistance to impoverished youth living with HIV/AIDS; (iv) enhance youth awareness of the dangers of soft drugs (khat, tobacco, etc.) and expand the program to combat tobacco and drug use; and (v) improve the availability of condoms at the CDCs and youth centers.
- Employment: (i) encourage the self-employment of young people; (ii) develop vocational training arrangements for young school dropouts; (iii) establish mechanisms to provide financial support for the initiatives of young people (e.g., the creation of a fund for the integration of young people); (iv) develop programs to provide skill enhancement programs for young dropouts and youth with no schooling; (v) create an enterprise fair for young entrepreneurs; (vi) create a prize for excellence among young entrepreneurs; (vii) facilitate the recruitment of young people trained at the CDCs; and (viii) accelerate the establishment, at the CDCs, of a jobs or professional integration window where young persons from the neighborhood may obtain information and receive orientation and guidance.
- Decision-making: (i) encourage the participation of young people, particularly young women, in decision-making; and (ii) include youth representatives in Parliament for the passage of legislation on issues relating to young people.
- Environment: (i) foster the training and awareness of young people on the stakes at issue with respect to the environment, at CDCs and youth associations; and (ii) encourage the CDCs to undertake neighborhood cleanup programs in collaboration with the associations.
- Culture and sports: (i) organize youth festivals throughout the country; (ii) make participation in sports mandatory at school; (iii) organize youth tournaments; (iv) continue the policy on early identification of talented youth and the oversight of highly skilled sports participants (in progress) and foster aspirations to sports academies abroad; (v) encourage exchanges among young people of the various countries in the region; (vi) build CDCs in each neighborhood and region in the interior in order to prevent juvenile delinquency, and renovate those CDCs that are in poor condition; (vii) increase the competitiveness of Djiboutian athletes; (viii) draw conclusions from the sports-study school and draw up an action program in this area; (ix) establish leisure and sports spaces in the new housing estates; (x) create tennis courts for young people; (xi) promote water sports (sailboarding, swimming, etc.); and (xii) create playgrounds for families.

Local Development, Rural Development and Environmental Preservation

Access to safe drinking water and Sanitation

230. With regard to water supply, the priority actions will relate primarily to: (i) the promotion of works making it possible to make use of surface water; (ii) the construction of dams where the topology of the terrain makes it possible to develop large reserves of surface runoff; (iii) the rehabilitation of boreholes, wells, and existing springs, as well as the improvement of springs; and (iv) the conduct of studies on the country's potential for water resources and the establishment of a water and climate network. The specific problem of supplying safe drinking water to Djibouti City is in the process of being resolved thanks to Chinese technical assistance, under which it has been proposed to build a seawater desalination plant with a maximum capacity of 100,000 cubic meters per day, to be developed in three phases.

231. With regard to water access, the strategy entails:

- Developing a program for the comprehensive water supply of rural sites, indicating the methods such as concrete-reinforced wells, boreholes, reservoirs, and supply systems;
- Establishing a program for mobilizing surface water;
- Improving the supply of safe drinking water to neighborhoods; and
- Taking due account of extremely low-income households.

232. More specifically, ONEAD should take the actions necessary to:

- Remedy the problems of water availability, especially in the cities of Arta and Dikhil;
- Establish a reliable sanitation network in the neighborhoods of the capital city;
- Rehabilitate the dilapidated ONEAD water networks in order to prevent waste and water losses; and
- Prioritize the supply of water for industries (agro-food industries, processing industries, etc.).

Access to energy and ICTs

233. The promotion of universal access also includes essential services such as energy and ICTs. The issue here is not one of production or of support for enterprise, which are discussed above (see Pillar 1), but rather one of providing the people with access to these services, which are essential to quality of life and to the flourishing of individuals and society. With regard to energy, priority will be given to: (i) setting up utility branches in underprivileged neighborhoods; (ii) providing access to alternative energy sources suited to the local context; and (iii) promoting the use of clean gas for cooking. Concerning ICTs, the efforts undertaken should also make it possible to improve quality and reduce costs. In addition, steps will have to be taken to promote the emergence of small repair enterprises or units, so as to provide this important service and create jobs.

Land Development and Environmental Preservation

234. Poverty reduction and, more generally, economic and social development are time-consuming endeavors, requiring the definition of a very long-term prospective and territorial vision for the country. This is a goal that must be adopted by the various governments, and the movement toward its achievement must be guided gradually by

multi-year strategic frameworks such as the PRSP over the period 2004–2006 and the 2008–2012 INDS.

235. The principal objective of formulating a prospective and territorial vision of the development of Djibouti is to set, for the very long term (horizon 2030, for example), the major policies that will guide public action related to the organization and structuring of national affairs in such a way as to create the conditions for lasting economic and social development. Naturally, this effort requires full involvement and effective ownership by all the stakeholders (political, social, economic) and the people themselves, who are the principal guarantors of the success of an enterprise as far-reaching and as defining for the country's future.

236. Indeed, the task is to join together to identify realistic approaches so as to enable the country to leave the ranks of the poor countries once and for all, by taking up the numerous and diverse challenges (geographic, urban, rural, environmental, social, poverty-related, etc.) in a lasting way. Over time, this process will lead to: (i) the adoption of a national charter on the prospective and territorial vision of development; (ii) the drafting of a national land development plan, complemented by regional plans, veritable land planning and spatialized management tools; and (iii) the formulation of a comprehensive infrastructure program (covering roads, railways, ports, dams, energy, telecommunications, etc.), including major projects that will change the face of Djibouti.

237. Along with this exercise, poverty reduction and efforts to secure lasting development will continue, addressing a territorial situation marked by: (i) deep imbalances between urban centers and, within those very centers, between neighborhoods; (ii) far-flung rural areas, essentially inhabited by the poor; and (iii) excessive environmental deterioration. This situation is exacerbated by the fact that numerous poor and vulnerable Djibouti nationals have been unable to benefit from the impact of economic growth and the individual programs that were intended to target them.

238. These alarming observations accordingly indicate the need for more in-depth interventions aimed at urban development, rural development, and environmental preservation. They also require—and this is the main novelty of the INDS—the implementation of targeted poverty reduction programs to serve the poorest and most vulnerable segments of the population, in an integrated approach that takes account of all the manifestations of poverty.

239. As for environmental preservation, it will constitute one of the major priorities of the INDS. The objective in this area is to introduce an integrated approach that makes it possible to take into consideration all aspects of the issue (the urban, rural, and mining environments, atmospheric pollution, etc.). In this connection, revision of the PANE adopted in 2001 should permit better federation and coordination of the efforts made in this regard. Specific actions will be undertaken in the context of combating the harmful effects of climate change as well as conserving biodiversity.

240. In the short term, it will be necessary to strengthen the coordination of actions between the state and the stakeholders responsible for managing environmental projects.

241. The government will take the steps necessary for addressing the environmental aspect of public policies, in particular by conducting environmental impact studies for all major projects.

Integrated urban development

242. The bulk of the actions to be taken by the public authorities concerning urban development will be hinged upon the following main objectives:

- To combat urban poverty, by implementing targeted programs that can address its various manifestations (income, employment, housing, etc.) and use innovative approaches tailored to each context (see Pillar 3);
- To restructure desperately poor neighborhoods, by implementing infrastructure programs to facilitate their integration with the urban base;
- To redress the imbalances in the country's urban setting, by gradually upgrading the secondary towns—district capitals first—to make them veritable centers of development, able to absorb a part of the migratory flow toward Djibouti City;
- To promote access to decent housing, by amplifying and accelerating the activities of the Housing Fund and the SID;
- To clean up urban living conditions and the environment, in particular by implementing programs for the evacuation of used and rain water and for the collection and treatment of solid waste;
- To improve the regulatory and organizational framework, by specifically apportioning roles, increasing the involvement of communes and civil society organizations, and building urban planning capacities;
- To organize public information campaigns on the various possibilities for access to property ownership;
- To ease the conditions for access to ownership on the part of low-income households;
- To reduce the transfer and registration fees for sales by mutual agreement;
- To reactivate the land ownership commission in order to establish a rational framework for managing land assets;
- To study an adequate mechanism to facilitate heirs paying for houses upon the death of parents, in support of low-income young people;
- To improve the master plans for land improvement and urban planning in Djibouti City and secondary towns, in particular by establishing a cadastral plan for the country;
- To ensure compliance with the regulations in force on the procedure for obtaining building permits; and
- To facilitate access to administrative buildings by persons with disabilities.

Rural Development

243. In the area of **rural development**, the tasks will be to:

- Reduce the grain shortfall in a lasting way, through the development of arable plots, the control of water, the improvement of yields, the development of special loan facilities, the enlargement of stocking capacity, and support for the marketing of production;
- Improve the productivity of livestock breeding, by increasing pastoral wells, vaccination centers, and abattoirs and slaughter areas, and by strengthening the control of hygiene and the surveillance of serious diseases;

- Increase the production of artisanal fishing, by supporting the modernization and maintenance of production tools and the acquisition of freezing methods, and providing support for the marketing of products;
- Provide better access to basic services, especially through the promotion of innovative approaches that take account of the specific characteristics of the rural areas compared with the general measures falling within Pillar 2 (see also Pillar 3); and
- Protect natural resources within the framework of an overall vision of environmental preservation (see the paragraph below), especially by creating protected areas and rehabilitating ecosystems that have deteriorated.

3-3-Strategic Pillar 3: Reduce Social Exclusion, Vulnerability, and Regional Disparities

244. Despite a substantial GDP growth rate over the last five years, Djibouti has witnessed a dramatic increase in the poverty of individuals, with the incidence of relative poverty increasing from 45.1 to 74.0 percent, and that of extreme poverty from 9.6 to 42.1 percent. This confirms the structural and massive nature of poverty in Djibouti. The survey results also show that poverty is rampant, affecting all geographic areas and all social categories. In terms of concentration, the city of Djibouti hosts the greatest number of the poor, accounting for 65.2 percent of relative poverty and 57.4 percent of extreme poverty. However, the highest concentration of the poor can be found in the outlying neighborhoods that surround the urban areas. Districts 4 and 5 alone (with 41.8 percent of the total population) account for 51.1 percent of overall extreme poverty and 47.1 percent of relative poverty for individuals. As for household poverty, these two districts account for 41.6 percent of overall poverty and 45.7 percent of extreme poverty. Unlike other countries of Africa, poverty in Djibouti is primarily an urban phenomenon relating to a specific context, marked by the country's small size and great urbanization, the absence of a large rural sector, and the existence of conflicts and migrations. Still, it is in the rural areas that the phenomenon is assuming the dimensions of a true catastrophe, with an incidence of relative poverty that could reach close to 95 percent, and with more than three of every four rural inhabitants living in extreme poverty. The incidence of poverty and extreme poverty is very high in the four inland districts. Together, they account for 33.5 percent of overall poverty and 45.1 percent of extreme poverty, with a demographic weight of just 27.1 percent. The unemployment rate remains very high, with 59 percent of the working population lacking any paid employment. The informal sector of course absorbs a share of the great masses of unemployed workers, but its absorptive capacities remain limited and unemployment constitutes the main cause of poverty.

245. The Government's objective is to reduce poverty and extreme poverty both in the urban centers (particularly the outlying neighborhoods of the capital city) and in the rural areas. The fight against poverty needs to begin by targeting a given space: Balbala and the old neighborhoods, on the one hand, and the inland regions, on the other.

246. Poverty reduction should revolve around five main pillars:

- access to basic social services (education, health, water, energy, housing) for the underprivileged

- labor-intensive projects conducive to job creation for individuals with limited qualifications
- food security
- development of the private sector, particularly SME/SMIs
- microfinance

Targeted Poverty Reduction Programs

247. In regard to targeted poverty reduction programs, the intention, in conjunction with efforts planned under the other strategic pillars, is to give special attention to the implementation of targeted, specific, and integrated actions designed to: (i) provide the poor with access to basic social services, (ii) promote income and employment generating activities within their spheres, and (iii) establish social safety nets for the underprivileged.

Provide the poor with access to basic social services

248. Access of the poor to basic social services will be promoted by a series of specific measures that will complement those discussed above (see Pillar 2). Innovative solutions need to be found that take into account the specific characteristics of the country's poorest areas. These solutions might include: (i) training for health auxiliaries from these areas, who could dispense advice and basic health care, monitor health status, and sound the alarm in the event of a difficult situation, (ii) implementation of mobile dispensaries, which would visit these areas at regular intervals, (iii) adoption of the system of multilevel classes in primary education, (iv) provision of solar (or wind) power, particularly for pumping water and to permit adult education and school support in the classroom during the evening, and (v) efforts to promote access to decent housing, built from local materials and relying on village solidarity to supply the labor.

Promote microfinance and income- and employment-generating activities

249. The importance of income- and employment-generating activities stems from the observation that very poor populations do not suffer from a lack of self-potentiality, but rather from the fact that the environment accessible to them does not provide them with opportunities to fully express their potential. In response to this situation, the recommended approach calls for differentiated treatment, depending on whether the context involves extreme poverty in rural areas or extreme poverty in urban areas.

250. In rural areas, income and employment generating activities will largely revolve around the opportunities offered by agriculture, stock-raising, and small-scale fishing. Within this framework, agricultural interventions will include: (i) support for the emergence of cooperatives, particularly women's cooperatives, (ii) development of lands suitable for cultivation, (iii) access to water and improved seeds, (iv) advice on agricultural production, and (v) assistance in marketing the output. Stock-raising efforts will focus on implementing: (i) the pilot phase of a program to grant small ruminants to the most underprivileged families so they can engage in subsistence stock-raising, (ii) development of vaccination yards and water points, and (iii) assistance in marketing livestock products (creation of a stockyard in each region). With respect to small-scale fishing, efforts will be focused in particular on: (i) acquiring or rehabilitating pirogues, (ii) providing nets, and (iii) preserving and marketing the output.

251. In urban areas, the interventions will also take into account the specificities of the environment and the opportunities that it provides. They will include, in particular, the following efforts: (i) provide vocational training in weaving, embroidery, hairdressing,

and other urban trades (mason, carpenter, plumber, etc.) with the stepped-up involvement of ANEFIP, created for this purpose, (ii) grant microcredit so that persons who have received vocational training can obtain the tools they need, and for the purpose of financing promising projects, (iii) support the emergence of cooperatives, particularly women's cooperatives, (iv) expand social projects to all neighborhoods and into the regions, (v) develop infrastructure for the most underprivileged petty traders, especially in PK12, Sans Fil, etc., (vi) establish ADDS field units in working-class neighborhoods and in the chief towns of inland regions, (vii) expand electrification projects to encompass renewable energy in inland regions, (viii) promote a culture of savings through awareness-raising and by setting up banks, and (ix) implement a partnership policy with local banks to facilitate access to credit, particularly for young graduates. The *Caisse Nationale de Développement* will be one of the instruments involved in granting credit to young graduates or to SMEs.

252. The Government will promote employment by: (i) building the institutional and human resource capacities of ANEFIP; (ii) setting up the Employment and Qualifications Watchdog; (iii) implementing the National Program on Youth Adaptation and Integration (PNIAP); (iv) analyzing the job market in Djibouti; (v) setting up an information and vocational guidance system for youth; (vi) developing specific computer applications for job market intermediation and managing an information system; (vii) setting up professional retraining programs for employment-seeking graduates of higher education; (viii) developing a support mechanism for microenterprises and independent activities such as *Espace Entreprendre*; and (ix) strengthening the partnership and level of consultation with the private sector.

253. The Government will develop vocational training by: (i) conducting a study on the national apparatus of vocational training in Djibouti; (ii) conducting a survey on the future of young graduates of vocational training institutions; (iii) bringing the public system of vocational training up to standard; (iv) providing targeted training to youth who have left school, revolving around the needs of the labor market; (v) strengthening the existing training capacities and developing new expertise; and (vi) setting up vocational training programs for job seekers who have few qualifications or little education or who come from underprivileged backgrounds.

254. Djibouti's food problems can be summed up in a few key points:

- a very weak contribution to food supply from national output, but good growth potential in this area which could lessen food dependency;
- a major crisis in traditional pastoral systems, heightened by the recurrent drought conditions affecting the entire sub-region;
- a highly urbanized population, with a very high unemployment rate and a dependency on a very limited array of service activities;
- in both rural and urban areas, a very high household dependency on the marketplace to obtain food, suggesting that accessibility is the main food security problem in Djibouti;
- a very high dependency on imports from regional and international markets to cover food requirements, and thus significant vulnerability to external factors that lie beyond the country's control;
- catastrophic nutritional status, particularly among young children, pointing to the need for broad, multidimensional action that combines rehabilitation with long-term interventions.

255. The country's chronic lack of food security is dominated by the problem of access to food for poor households, whether rural or urban. Households depend on the market for their food security. This characteristic is heightened by urbanization.
256. Given the extent of income poverty, a very significant proportion of households are struck by hunger and malnutrition. The food situation has only worsened as poverty has increased in recent years. Food insecurity typically goes hand in hand with problems of access to safe drinking water, education, and health care.
257. In rural areas, households are confronted with the degradation of natural resources and they lack adequate means of production for producing their own food and marketing the surplus. The very limited diversification of economic activities, and the low incomes derived from same, place households in a position of great vulnerability whenever the situation deteriorates (drought, rising commodity prices, etc.).
258. In urban areas, income poverty is the reason for most of the food difficulties encountered by households. Underemployment and unemployment, limited opportunities for developing economic activities, and weak neighborhood coverage in terms of basic social services lie at the heart of household food difficulties.
259. The food crisis has resulted in a seriously degraded nutritional status, with very high malnutrition rates, comparable to those typically found in war zones, particularly among children. Whether one speaks of moderate or acute malnutrition, the rates observed in Djibouti are far above the international standards, and growing worse.
260. The primary sector makes but a very small contribution to the country's food supply (under 10 percent), and the bulk of the food is purchased abroad, both from neighboring countries, especially Ethiopia, and the world market. The proportion of agro-food imports in relation to total imports has grown substantially in recent years. Rising commodity prices on world markets immediately result in greater hardship for households.
261. At the national level, the food problem manifests itself in terms of an extreme dependency on imports for the country's food supply. The country is highly integrated into the regional and international economy. This facilitates food supply, but also creates a certain fragility toward external factors over which the country has no influence (deterioration of the situation in neighboring countries, rising world prices, etc.).
262. The general objective of the national strategy is based on the widely accepted definition of food security and thus encompasses the four dimensions corresponding to the main determinants of food security: (a) the availability of foods of good quality in terms of health and nutrition; (b) their accessibility to all population groups, including the most vulnerable ones; (c) the stability of food supply over time and space; and (d) the optimal use of foods by individuals (nutritional dimension).
263. The food security strategy in urban areas involves an approach based on the development of worker social safety nets, meaning that assistance in the form of cash or food is given as compensation for projects undertaken by households or for their participation in large-scale, labor-intensive public works. This approach thus means relying on underemployed and unemployed workers to provide the labor force needed to carry out large-scale works, and financing these works under a cash for work or food for work formula. Likewise, other types of support in addition to the tools typically used to facilitate economic integration (microcredit, for example) may be included as part of the food security strategy, thus consolidating and strengthening the approach developed by

the INDS. For example, vocational training for developers of economic projects could be considered, based on a food for training formula.

264. The food security strategy identified for rural areas is to strive for a boost in the output of farming households, so as to reduce their need to rely on the marketplace for their food supply. This approach is complemented by a strategy of diversification of food production and other income-generating activities. Taken as a whole, the approach aims to reduce the vulnerability of households and strengthen their endogenous capacity to withstand external shocks. Successful implementation of the strategy in rural areas should make the country less dependent on imports, help stabilize migratory movements, and reduce the flow of resources from the cities to the countryside.
265. To that end, the strategy will be implemented through action plans set up for each subsector of the primary sector, aimed at expanding and stabilizing output, boosting productivity, and improving competitiveness. These sectoral action plans should reflect an underlying cohesiveness by adopting cross-cutting approaches, organized by geographical area and aimed at improving household living conditions and reducing vulnerability through the diversification of activities, the integration of farming, stock-raising, and other rural activities, and the promotion of income-generating activities connected to investment programs in collective facilities: land and water supply development, roads, construction of schools and health centers, etc.
266. As in urban areas, the implementation of labor-intensive projects that rely on available rural labor provides an opportunity to inject purchasing power in rural areas, on a non-welfare basis; furthermore, this is a way to expand investment in public services.
267. Each of these dimensions of food security should be looked at on three different levels: (i) individuals and households; (ii) communities and local territories; and (iii) the country as a whole.
268. To address the food crisis, the Government will undertake priority actions revolving around five strategic goals:
- Develop agriculture, stock-raising, and fishing;
 - Increase the income of poor and vulnerable population groups;
 - Expand access to water and health and nutrition services;
 - Improve emergency response capacities;
 - Improve the design and the monitoring and evaluation of targeted poverty and vulnerability reduction programs.
269. The development of agriculture, stock-raising, and fishing essentially targets two major objectives: reduce the country's dependency on imports, and stabilize rural populations in their communities. The actions envisioned in this regard include the following:
- Development of water impoundment schemes and water saving techniques;
 - Development of farming schemes both in Djibouti and in neighboring countries (Ethiopia, Sudan), better systems of agricultural advice, and improved capacities for storing, preserving, and marketing agricultural products;
 - Implementation of an integrated program including the development of pastoral water points, the vaccination and medical surveillance of livestock, the provision of livestock feed, etc.;

- The provision of 100 fully equipped pirogues for fishermen, along with vocational training and microcredit.
270. Within this framework, the goal is to make the best possible use of the country's potential, first by carrying out feasibility studies and then by implementing the pilot phases of projects in the following areas:
- Use of Prosopis and Somalian bay leaf as livestock feed;
 - Reforestation, by replanting rangelands after the rainy season, thereby building on an experiment conducted with the assistance of a Japanese university;
 - Treatment of livestock manure (in transit on the coastal plain of Loyada) in order to recover methane and turn it into fuel;
 - Promotion of oasis farming to the benefit of cooperatives, by setting in place cement-lined wells, solar pumps, and composters;
 - Promotion of poultry farming.
271. In regard to the objective of boosting the income of poor and vulnerable population groups, the following actions are planned: (i) implementation of income-generating activities that take full advantage of the potential of each geographical zone, (ii) promotion of a labor-intensive approach to infrastructure development, (iii) implementation of 'cash for work' or 'food for work' programs for the construction of community facilities, and (iv) development of microcredit. A study of appropriate and sustainable mechanisms for cash transfers is also planned (see below). In addition, from the perspective of poor households, any and all measures likely to reduce school and health services access costs will help ease the weight of expenses related to such services and thus free up money for nutritional needs.
272. With respect to access to specific essential services, i.e. water, health care, and nutrition, the following actions are proposed: (i) deepen wells and equip them with solar pumps, (ii) provide water quality test kits, (iii) strengthen the mobile teams, (iv) make anti-diarrhea kits available, (v) continue food distribution efforts, and (vi) continue the nutrition program, particularly for community nutrition centers and school meal programs.
273. Emergency response capacities will be improved through the following actions: (i) build up strategic food security reserves, (ii) upgrade storage and distribution capacities, (iii) institute an early warning system, (iv) continue to provide emergency assistance to the population afflicted by drought and price spikes; and (v) adopt rules and regulations as to how emergency services are organized. In this context, the tax breaks on foodstuffs, adopted in 2008, should be maintained in 2009, and market surveillance and price and re-export controls should be strengthened.
274. Improving the design and the monitoring and evaluation of targeted poverty and vulnerability reduction programs requires, first of all, better knowledge of data pertaining to demographics, income poverty, and household living conditions. This will be achieved gradually, by setting up an appropriate information system, in the following stages:
- Completion of the General Census of Population and Housing (RGPH) (June-October 2009);
 - Completion of the EDAM-3 Household Survey, right after RGPH;
 - Development of a new poverty profile based on the results of EDAM-3 (2010);
 - Updating of the poverty map (2010).

275. Food insecurity is one of the visible manifestations of extreme poverty, particularly in rural areas. To combat this phenomenon, the Government will strengthen operations on farms set up for this purpose in Ethiopia and Sudan. In addition, the proliferation of date palm plantations (from seedlings produced in vitro by the CERD laboratory) will help reduce the nutritional deficiency in coming years. Also, the Government will continue to vigorously fight against speculation by some traders, causing food prices to rise despite the elimination of taxes on these products. The Ministries of Finance and Commerce will step up controls over the prices charged by traders.

Establish social safety nets for the underprivileged

276. Social safety nets are for the most underprivileged population groups, such as street children, displaced persons, and nomadic groups, for whom specific actions were in fact planned under the first PRSP, although these were not implemented in a satisfactory manner.

277. Concerning street children, the Government's priorities revolve around: (i) children's legal protection, (ii) implementation of a social protection program that encompasses housing, access to health care and education, and social and psychological assistance for children in difficulty, and (iii) training and support for the integration of children of working age.

278. The strategy for assisting nomadic groups, on the other hand, includes: (i) pastoral water supply and animal health programs for herd protection and development, (ii) creation of forage schemes, (iii) food assistance, and (iv) access to basic infrastructure (education, health care, safe drinking water, solar and wind power, etc.), as part of a policy of semi-sedentation.

279. With respect to displaced persons, the focus will be on: (i) food assistance, (ii) access to basic social services (education, health care, safe drinking water, etc.), and (iii) finding a definitive solution to this problem.

280. However, all these plans cannot be legitimately implemented unless the institutional arrangements are in place to ensure that they will receive serious and lasting support involving massive and well-targeted interventions. In this regard, creation of the Djibouti Social Development Agency (ADDS), resulting from the merger of ADETIP and FSD, completed before the end of 2007, will be a first step in the right direction. See Microcredit Project, Wahlé-Daba Project, Quartier 7 Project, etc.

281. Aware that a strong and well-developed **private sector** irrefutably constitutes a source of sustained growth capable of stemming the poverty that afflicts a large proportion of the population, the Government is determined to establish a legal, institutional, and macroeconomic framework that is favorable to the private sector. The Government will undertake thoroughgoing reforms and tidy up the legal arsenal determining the business environment and will also institute a program of privatization of public enterprises in order to improve their competitiveness and remove the obstacles weighing on private initiative.

282. The Government has already taken new steps to facilitate awareness on the part of legal professionals and economic operators: economic framework law (1990-2000 and 2001-2010), investment codes (1994), laws on businesses in free trade zones (1994), laws on trading companies (1994), laws on export processing zones (1994), membership in the Multilateral Investment Guarantee Agency (MIGA) (2007), new labor laws (2005). The Government will take the following new measures to encourage private sector development.

- Harmonize and publicize the business laws in effect, specifically by adopting a new commercial law, the law on competition, and the law on industrial development;
- Publicize recourse to arbitration as a way to alleviate the courts' backlog in handling business disputes;
- Formulate incentives for SMEs so they can coexist with large businesses;
- Accelerate the processing of business disputes lodged with the court system;
- Improve the quality and availability of commercial statistics and connect commercial information services into a network (MCI, ANPI, CCD, DISED, BCD);
- Make the one-stop service for creating a business fully operational;
- Facilitate private sector financing through the Djibouti Economic Development Fund, which may be used to finance any and all projects by granting loans directly to local private developers, with a priority placed on financing for projects in the following areas: (i) agro-pastoralism, (ii) production, distribution, and marketing, (iii) service provision, and (iv) small and medium processing industries;
- Develop the energy sector so as to remove this obstacle to private sector development: build a new thermal power plant in Doraleh, implement the electric interconnection project with Ethiopia, develop geothermal energy (installation of a plant at Lac Assal);
- Promote private sector development in growth sectors such as salt, perlite, fisheries (aquaculture), stock-raising, and tourism.

Social Protection and Protection of Vulnerable Population Groups

283. Social protection efforts will be focused in particular on rehabilitating the institutional framework, with the merger of the National Retirement Fund (CNR) and the Social Protection Organization (OPS) giving rise to the National Social Security Fund (CNSS). Along the same lines, innovative actions will be undertaken on behalf of the most vulnerable social strata, namely the elderly, women, abandoned children, the disabled, beggars, and, more broadly, all those who are excluded from the fruits of growth and thus from society.

Disaster Prevention and Management

284. The two main actions planned in this area are: (i) technical and political validation followed by implementation of the National Food Security Strategy, and (ii) updating and financing of the ORSEC emergency management plan.

3-4 Strategic Pillar 4: Good Governance

“The Government will have to adopt an action plan based on the principles of good governance: accountability, transparency, rules of professional conduct, broad participation by all stakeholders (political parties, trade unions, local government, civil society, private sector, citizens), the integration and streamlining of public institutions and organizations, and continuous monitoring and evaluation of outputs.”

285. The position of the President of the Republic is very clear: the principles of good governance and capacity-building shall be the cornerstone of the National Initiative for Social Development (INDS) (see quotation). In this context, interventions will revolve around the following objectives: (i) consolidate democratic experience, (ii) pursue judicial reform, (iii) modernize public administration, (iv) manage public property more

effectively, (v) step up decentralization, (vi) systematize participation and communication, and (vii) institute an effective monitoring and evaluation system.

Consolidation of Democratic Institutions and Human Rights

286. Efforts to consolidate democratic experience require first of all strengthening accountability at the political level. In this context, the electoral system for legislative elections will need to be revised so as to permit a greater presence of deputies from the republican opposition in the National Assembly and thereby create the right conditions for a true debate with conflicting opinions, which helps ensure the durability of institutions. There is also a need to strengthen the role and the human and material capacities of this institution with respect to analyzing bills and providing oversight of government action. In addition, the capacities of the Constitutional Council and the Mediator of the Republic, the institution charged with bridging the gap between governor and governed, will also be strengthened.
287. Finally, the activities planned in this area will also include the advancement and defense of human rights, especially those of women and children, through: (i) awareness-raising campaigns targeting relevant stakeholders (judges, government services, general public, etc.), (ii) ratification of as yet unratified international conventions, and (iii) capacity-building at the ministry in charge of such issues.

Djibouti's Membership in APRM

288. At the Summit of Heads of State and Government of AU member countries held in Accra, Ghana, the Republic of Djibouti joined the African Peer Review Mechanism (APRM), following the example of the 26 African countries participating in this process.
289. APRM is a NEPAD project under which member countries agree to promote good governance and democracy in order to create the conditions for sustainable development. APRM is a noncompulsory instrument for tracking compliance with commitments, as well as for promoting good governance.
290. The main objective of APRM is to permit the adoption of appropriate laws, policies, standards, and practices which can pave the way for political stability, strong economic growth, sustainable development, and accelerated economic integration at the sub-regional and continental levels.
291. The Ministry of Foreign Affairs and International Cooperation (MAECI) is the focal point of APRM and, as such, has begun to implement the process by raising the awareness of national stakeholders. Thus, MAECI has organized awareness-raising and informational activities for key players in the process, but also continues to carry out conceptualization activities concerning the national entities that will be in charge of implementing the APRM process in the Republic of Djibouti. The earlier awareness-raising workshop on APRM, co-organized by MAECI and CEA in partnership with UNDP in December 2008, played a crucial role in broadening the process and served to expand the debate to include civil society.
292. Institutionalization led to adoption of a decree on August 30, 2009 to ensure optimal preparation for undertaking the process in Djibouti. Two regional awareness-raising workshops are now being prepared.

Administrative, Economic, and Financial Governance

293. Modernization of **public administration** is a critical requirement because government bears the heavy responsibility of planning, implementing, and monitoring and evaluating

public policy. Efforts in this area will target substantial improvements in the quality of public services and will revolve around the following: (i) institutional reform, including efforts to reorganize government services and revise statutes, in order to adjust to the new requirements of development, introduce greater clarity of mission, and avoid redundancy, and (ii) more effective human resources management, specifically through the establishment of a career path, an impartial rating system, productivity incentives, and a single data base of civil servants and government employees, along with in-service training.

294. In regard to the **management of public property**, the objective is to achieve greater efficiency and greater transparency in programming, implementation, and oversight.
295. First of all, the programming process will be strengthened by preparing a Medium-Term Budget Framework (MTBF) and a Medium-Term Expenditure Framework (MTEF) for key sectors (education, health care, water supply, energy, transport, etc.). These tools will permit medium-term visibility (with a sliding timeframe) in revenue and spending and will also be very useful to development partners in programming their official development assistance to the country. They will form the basis of the budget laws and will be updated annually.
296. Next, the government procurement code will be revised to ensure greater fairness, and the capacities of the National Procurement Commission will be strengthened to permit greater diligence in the procurement process, while ensuring compliance with the statutes in effect.
297. Lastly, the requirement of accountability in the use of public moneys will be systematized, with no exceptions, and the capacities of all the oversight bodies (Inspector General of State, Audit and Budget Discipline Office, and Inspector of Finance) will be strengthened.

Coordination and Effectiveness of Assistance

298. Since the Monterrey Consensus in March 2002, followed by the Paris and Rome Forums, the international community has pledged to bring official development assistance in line with the strategies of partner countries and improve the systems of the latter, as well as to strive for consistency among development assistance policies and procedures. This new era led the Republic of Djibouti to sign the Paris Declaration in April 2008.
299. The Government of Djibouti, in exercising the responsibility of implementing the various reforms, is determined to coordinate these actions. To that end, the Ministry of Foreign Affairs and International Cooperation and the Ministry of Finance have agreed, through the project to coordinate assistance in partnership with the United Nations Development Programme (UNDP), to set in place a mechanism for coordinating multilateral and bilateral aid. The objective of this project is to make development assistance more effective and to facilitate harmonization and coordination of development assistance programs and projects. An action plan to make assistance more effective is now being prepared.

Judicial Governance

300. In regard to the justice system, the requisite reform of the legal and judicial frameworks necessarily entails: (i) building the capacities of the Ministry of Justice and training the various actors in the judicial system, (ii) harmonizing and updating the

various statutes, so as to adapt them to modern requirements, and (iii) improving legal and judicial security.

Local Governance

301. In terms of **decentralization**, the priority is to give concrete form to the transfer of greater powers and more human and financial resources to local governments, thereby making them genuine participants in local development, a key factor in ensuring the success of the National Initiative for Social Development (INDS). Accordingly, priority actions will include the following: (i) establish a National Commission on Decentralization, (ii) build the capacities of local governments, (iii) establish civil servant status at the local government level, and (iv) strengthen, if necessary, the presence and quality of deconcentrated services of government agencies and public institutions.
302. The objective of **systematizing participation and communication** addresses a dual imperative: (i) the imperative of governance, since an established right is at stake, namely the right to participate in and be informed about public affairs, and (ii) the imperative of effectiveness, which alone provides a guarantee of program and project ownership, thus pointing the way to a lasting impact on living conditions.
303. The participatory approach will be adopted at all levels (elected officials, government officials, civil society, private sector, development partners) and throughout the INDS process (formulation, implementation, monitoring, evaluation). In addition, citizen oversight of government action will be introduced. Communication efforts will be stepped up under an integrated communication strategy, which will make use of all media (press, audiovisual, etc.) and which will permit all citizens to remain abreast of the progress of the INDS process. Each and every citizen has a stake in development and poverty reduction.
304. This approach cannot yield optimal results unless the capacities of civil society organizations are strengthened, thus allowing them to fully play their role in the public policy dialogue and in the implementation of development and poverty reduction programs and projects.

4. Macroeconomic Framework, Costs, and Financing of the INDS

4-1 Basic Macroeconomic Framework

305. Given the country's strategic objectives and the drastic increase in oil and food product prices, Djibouti's medium-term economic policy will seek to: (a) raise the real GDP annual growth rate to about 7 percent, thanks to projected inflows of direct foreign investment and their repercussions on the economy, plus the effects of budget stabilization and structural reforms, (b) control the inflation rate and bring it down to a level close to 3 or 3.5 percent, through rigorous budget management, structural measures designed to boost productivity, and the introduction of new monetary management instruments, and (c) support the integrity and credibility of the bank of issue by maintaining a coverage rate of at least 105 percent. Improving the competitiveness of the economy and bolstering the production and transport infrastructure should result in accelerated growth in exports of goods and services. Since medium-term financing requirements will continue to be covered by grants,

concessional loans, and ongoing flows of private capital in the form of direct foreign investment, the country's external position should be manageable. BCD gross foreign currency holdings should grow only gradually, reaching the equivalent of 1.9 months of imports of goods and services by the end of 2011.

306. To increase spending on poverty reduction, while simultaneously ensuring the viability of the budget and greater competitiveness for the economy, the medium-term budgetary and structural framework seeks to balance the overall budget over the period 2008-2011 and enhance competitiveness. To that end, the following measures will be taken: (i) implement a general reform of the tax system in order to optimize effectiveness, expand the tax base, control exemptions, increase tax revenue by about 1.8 percent of GDP between 2008 and 2011, and bring the tax system in line with the country's international commitments under COMESA and WTO, (ii) strengthen the tax department, (iii) reduce the relative weight of wages as a proportion of current expenditures by containing nominal wage increases (with the exception of merit-based raises) and freezing all public sector hiring (except in the social sectors), which will serve to reduce the size of the wage bill, in relation to GDP, from 12.4 percent in 2007 to 10.3 percent in 2011, (iv) adopt spending controls on goods and services, (v) adopt measures designed to contain the contingent liabilities of public enterprises operating at a deficit (especially EDD) by improving their competitiveness and reducing their operating costs, and (vi) improve the level of communication concerning the management of government finance, particularly through prompt dissemination of budget data. Steps will also be taken to improve human resources management in the public sector, based on indications provided by the physical audit of the civil service and the organizational and strategic audits currently under way, with the strategic goal of modernizing and optimizing the effectiveness of public administration, while at the same time containing labor costs. Modernization of the civil service is a key element of the Government's strategy. General improvements in human resources management could include bringing staffing levels in line with actual needs, strengthening the criteria of competence and merit in hiring, compensation, and promotions, updating the general civil servant status, and adopting a new code of ethics. To build its capacities, the Government intends to request technical assistance from development partners at the round table scheduled for March 2010 in Dubai.
307. Other structural measures will seek to strengthen the statistical framework, improve the business climate, and strengthen governance and the labor market. In order to enhance BCD capacities in the areas of supervision and monetary management, attention will be given straightaway to implementation of the PESF recommendations in areas deemed urgent, and medium-term policy will be shaped by the guidelines provided in the program.

Projected and Estimated Macroeconomic Indicators and Magnitudes

Table 1. Djibouti: Key Economic Indicators, 2007-2014

(Quota: SDR 15.9 million)
 (Population: 0.82 million; 2007)
 (GDP per capita: US\$ 1,150; 2008)
 (Poverty rate: 42%; 2002)

	2007	2008	2009	2010	2011	2012	2013	2014
	Act.	Act.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)							
National accounts								
Real GDP (annual % change)	5.1	5.8	5.0	4.5	5.4	6.3	6.7	7.0
Consumer price (annual average)	5.0	12.0	2.0	4.5	4.0	3.5	3.0	3.0
	8.2	9.2	1.8	4.0	3.5	3.0	3.0	3.0
	(As a percentage of GDP)							
Investments and savings								
Total investments in fixed capital	43.0	46.7	39.9	34.7	35.7	37.2	38.1	39.1
Private	31.0	32.9	26.2	21.8	23.5	25.6	26.9	28.5
Public	12.0	13.8	13.7	12.8	12.2	11.7	11.2	10.6
Savings/investment balance	17.3	7.5	20.0	21.5	17.5	18.5	16.5	15.8
Budgetary transactions								
Total revenue and grants 1/	35.2	41.9	36.2	37.3	35.5	34.9	34.0	33.1
<i>Of which: Tax revenue</i>	20.5	20.0	19.6	20.5	21.2	21.6	21.7	21.8
Net expenditures and loans	37.7	40.6	37.3	37.1	35.2	34.1	33.0	31.7
Current expenditures	25.8	26.8	23.6	24.2	23.0	22.4	21.8	21.2
Capital expenditures	12.0	13.8	13.7	12.8	12.2	11.7	11.2	10.6
Balance (based on orders to pay) 1/	-2.6	1.3	-1.1	0.2	0.3	0.8	1.0	1.3
Domestic financing	-0.2	-0.6	-3.1	-1.2	-1.1	-1.7	-2.5	-3.0
External financing	3.3	2.6	5.5	2.1	1.8	1.8	2.3	2.4
Change in arrears (decrease -)	-0.6	-3.2	-1.3	-1.1	-1.0	-0.9	-0.8	-0.7
	(Change in relation to the previous year, as a percentage of broad money)							
Monetary sector								
Net external holdings	4.0	23.1	15.2	7.7	8.5	7.9	9.2	10.4
Net domestic holdings	41.4	10.0	4.8	16.2	15.5	17.9	10.6	10.5
Debt on private sector	23.1	27.3	19.0	20.3	20.1	17.9	17.7	18.4
Broad money	9.6	20.6	13.4	9.1	9.7	9.7	9.4	10.4
Broad money circulation speed (ratio)	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Average interest rate on commercial loans (%)	10.9	11.4	...	...	...	...	...	...
	(DF millions)							
External sector								
Exports of goods and services	323	390	485	637	749	841	894	1022
Imports of goods and services	-601	-836	-736	-828	-1,030	-1,167	-1,300	-1,485
Current account balance (% of GDP)	-25.7	-39.2	-19.9	-13.2	-18.2	-18.8	-21.7	-23.2
Direct foreign investment (% of GDP)	23.0	23.8	18.0	15.5	17.1	15.6	15.4	15.0
External public debt stock secured by the Government	63.6	60.2	63.2	59.9	57.2	60.4	67.3	66.8
Gross official reserves 2/	130	174	265	297	338	379	435	512
(months of imports of goods and services)	1.9	2.8	3.8	3.5	3.5	3.5	3.5	...
N.B.:								
Nominal GDP (DF millions)	150,693	174,617	186,969	204,219	223,884	246,361	270,759	298,515
Coverage rate of the bank of issue (%) 3/	116.3	120.9	137.4	142.0	145.0	145.0	147.0	147.9
Exchange rate (DF/\$US), end of period	177.7	177.7	...	...	...	...	...	...
Real effective exchange rate (annual average, 2000=100)	84.4	84.7	...	...	...	...	...	...
(% change; depreciation -)	-3.9	0.4	...	...	...	...	...	...

Sources: Djibouti authorities and IMF estimates and projections.

1/ For 2009, includes public enterprise loans and subsidies.

2/ In 2009, appropriation of SDR 14 million.

3/ Gross foreign assets of CDB as a percentage of monetary commitments (reserve currency and government deposits at CDB).

Table 2. Djibouti: Central Government Budgetary Transactions, 2008-2010

(DF millions)

	2008		2009				2010	
	Est.	H1	Q2	Q3	EBS/09/72	Proj.	EBS/09/72	Proj.
		EBS/09/72						
Revenues and grants 1/	73,092	30,236	28,985	45,735	69,763	67,677	71,950	76,150
Tax revenue	35,005	20,028	16,306	25,264	37,699	36,616	42,983	41,942
Direct taxes 2/	15,673	8,935	7,521	11,615	16,254	15,855	18,189	18,290
Indirect and other taxes	19,331	11,093	8,785	13,649	21,445	20,761	24,793	23,652
Indirect taxes	17,721	9,857	7,758	12,176	19,384	18,501	22,522	21,380
Other taxes	1,610	1,237	1,027	1,473	2,061	2,260	2,271	2,272
Nonfiscal domestic revenues	4,618	2,659	3,283	5,234	7,183	9,191	6,333	8,194
Nonfiscal external revenues 3/	10,631	4,439	3,725	7,206	10,652	11,235	10,634	11,276
Grants 1/	22,838	3,111	5,671	8,031	14,320	10,635	12,000	14,739
Investment	13,105	5,626	4,893	6,953	11,252	8,445	9,022	9,968
Budget support	9,733	-2,515	779	1,079	3,068	2,190	2,978	4,771
Total expenditures	70,903	36,221	37,142	54,691	73,208	69,812	75,607	75,696
Current expenditures	46,738	23,417	20,796	33,656	44,785	44,175	48,896	49,457
Wages and other expenditures	22,176	17,330	12,419	18,597	24,065	24,069	25,160	25,497
Goods and services	16,467	6,656	4,971	9,823	11,581	11,369	13,774	12,617
Civil expenditures	12,044	6,070	4,527	8,813	10,116	9,900	11,149	10,890
Military expenditures 4/	4,424	586	444	1,010	1,465	1,469	2,625	1,727
Maintenance	660	637	120	180	1,113	895	1,226	1,227
Transfers 5/	5,503	3,031	2,351	3,621	5,961	5,765	6,557	7,004
Interest	558	401	334	534	864	876	977	1,103
Externally financed current expenditures	1,374	661	601	901	1,201	1,201	1,201	2,009
Capital expenditures	24,164	12,804	16,346	21,035	28,423	25,637	26,711	26,239
Financed domestically	5,709	2,111	2,803	4,475	7,037	5,595	7,241	9,704
Financed externally 1/	18,455	10,693	13,543	16,560	21,386	20,042	19,470	16,535
Grants	13,105	5,626	4,893	6,953	11,252	8,445	9,022	9,968
Loans	5,350	5,067	8,650	9,607	10,134	11,597	10,448	6,567
Overall balance (based on orders to pay, grants included)1/	2,189	-5,985	-8,156	-8,956	-3,445	-2,135	-3,657	454
Overall balance (based on orders to pay, grants excluded)	-20,649	-9,096	-13,828	-16,987	-17,765	-12,770	-15,657	-14,285
Changes in arrears (cash payments = -)	-5,657	-400	-735	-473	-2,500	-2,500	-2,200	-2,200
Domestic arrears	-5,560	-400	-699	-482	-2,500	-2,500	-2,200	-2,200
External arrears (interest)	-97	0	-49	-46	0	-50	0	0
Overall balance (cash basis)	-3,468	-6,385	-8,892	-9,429	-5,945	-4,635	-5,857	-1,746
Financing	3,360	6,385	8,887	8,562	5,945	4,635	5,857	1,746
Domestic financing (net)	-1,103	2,935	780	653	-2,133	-5,740	-2,337	-2,514
Bank financing	-1,007	2,983	828	749	-2,037	-5,644	-2,241	-2,418
Central Bank	-1,267	2,983	1,022	428	-1,912	-6,367	-2,241	-1,918
Commercial banks	260	0	-194	321	-125	723	0	-500
Nonbank financing	-96	-48	-48	-96	-96	-96	-96	-96
External financing (net)	4,463	3,450	8,107	7,909	8,078	10,375	8,194	4,260
Disbursements	5,616	5,067	8,035	8,758	10,134	11,597	10,448	6,567
Amortization payments	-1,153	-1,617	-615	-849	-2,056	-1,222	-2,254	-2,307
Residual deficit/funding gap	108	0	-5	-867	0	0	0	0
<i>N.B.:</i>								
Social current expenditures	16,058	...	1,860	2,727	20,511	3,636	22,241	6,103
Basic fiscal balance 6/	-10,451	-2,181	-3,409	-6,732	-5,740	-2,762	-4,460	-7,017
Domestic revenues	39,623	22,687	19,589	30,498	44,882	45,807	49,316	50,135
Domestically financed expenditures	50,073	24,868	22,998	37,230	50,621	48,569	53,776	57,152

Sources: Djibouti authorities and IMF estimates and projections.

1 / For 2009, includes public enterprise loans and subsidies.

2 / Including € 7.5 million in ITS, the tax on individuals, French servicemen, as per leasing arrangement.

3 / Annual leasing fees from the French (€ 30 million) and the Americans (US \$30 million) for military bases, which include TIC payments for French soldiers.

4 / In 2008 and 2010, includes € 5 million (out of a total of € 30 million) from foreigners for financing French servicemen current expenditures as per leasing arrangement.

5 / Does not include housing subsidies.

6 / Defined as domestic revenues minus expenditures financed by domestic sources.

4-2 INDS Macroeconomic and Budget Framework, 2008-2012

INDS MACROECONOMIC FRAMEWORK, 2008-2012

Growth outlook drawn from IMF estimates							
	2007	2008	2009	2010	2011	2012	
National accounts							
Nominal GDP (DF millions)	151,033	171,271	192,509	214,263	238,046	263,517	
Nominal GDP per capita (US dollars)	1,020	1,124	1,234	1,346	1,465	1,585	
Real GDP per capita	579	602	629	959	704	739	
GDP growth rate and deflators							
Real GDP per capita (annual % change)	2.7%	3.9%	4.6%	4.7%	6.7%	5.0%	
Real GDP (annual % change)	5.3%	5.9%	6.9%	7.3%	7.9%	7.7%	
Consumer price (annual average)	5.0%	6.6%	5.5%	4.3%	3.5%	3.0%	
Consumer price (end of period)	8.2%	7.5%	5.5%	4.0%	3.2%	3.0%	
(as a percentage of GDP)							
Investment and savings							
Total investments in fixed capital	42.1%	43.8%	45.4%	39.5%	38.1%	34.0%	
Private	30.9%	30.6%	30.3%	27.5%	28.2%	24.8%	
Public	11.2%	13.2%	15.1%	11.9%	9.9%	9.2%	
Gross national savings	17.3%	14.7%	15.5%	16.2%	20.5%	20.7%	
Savings/investment balance	-24.8%	-29.1%	-29.9%	-23.2%	-17.6%	-13.3%	
Nominal GDP by sector (DF millions)							
GDP origin and structure	%	2007	2008	2009	2010	2011	2012
Primary	3.19%	4,821	5,467	6,145	6,840	7,599	8,412
Industry	2.47%	3,725	4,224	4,748	5,284	5,871	6,499
Construction and public works	7.28%	10,996	12,469	14,016	15,599	17,331	19,185
Water and energy	5.12%	7,735	8,771	9,859	10,973	12,191	13,495
Trade and tourism	16.83%	25,419	28,825	32,399	36,060	40,063	44,350
Transport and telecommunications	23.57%	35,602	40,373	45,379	50,507	56,114	62,118
Banks and insurance	11.78%	17,796	20,180	22,683	25,246	28,048	31,049
Nonmarket services	16.79%	25,356	28,754	32,319	35,971	39,964	44,240
Other market services	1.66%	2,502	2,837	3,189	3,549	3,943	4,365

State master budget

Budget line items	2007	2008	2009	2010	2011	2012
Project grants and bequests	6,268	6,238	14,997	11,878	10,725	10,567
Program grants	1,201	2,355	3,665	2,647	2,631	2,623
Budget support		784	2,000	2,100	2,000	1,000
Grants subtotal	7,469	9,377	20,662	16,625	15,356	14,190
Percentage of tax revenue	20.5%	18.4%	18.6%	19.1%	20.2%	21.2%
Tax revenue	30,962	31,514	35,807	40,924	48,085	55,866
Domestic nontax revenue	3,633	4,425	4,841	3,629	4,015	4,743
Nontax revenue of foreign origin	10,999	11,305	11,331	11,376	11,437	11,502
Tax and nontax revenue subtotal	45,594	47,244	51,979	55,929	63,537	72,111
Revenue and grants subtotal	53,063	56,621	72,641	72,554	78,893	86,301
Other resources subtotal	3,883	3,113	2,877	1,370	589	210
Revenue, grants, borrowing grand total	56,946	59,734	75,518	73,924	79,482	86,511
Expenditures grand total	57,271	60,594	76,951	74,710	80,768	87,071

Breakdown of total expenditures (DF millions)

Title 1: Public debt retirement + interest		706	720	818	918	1,864
Title 2: Staff	18,747	19,852	20,633	21,488	22,958	24,046
Title 3: Operations (materials + maintenance)	11,585	11,396	13,695	13,790	16,896	19,380
Title 4a: Transfers	5,754	5,261	7,127	8,169	11,356	12,890
Title 4b: Housing assistance	2,054	2,272	2,156	2,179	2,201	2,245
Title 5: Direct public investment	19,131	21,107	32,620	28,266	26,439	26,646

Breakdown of capital expenditures at the macroeconomic level (DF millions)

Title 5-1: Using domestic resources (own funds)	4,790	5,202	4,654	5,226	6,392	7,418
Title 5-2: National counterpart project funds	570	665	846	774	608	582
Title 5-3: Using grants	6,268	6,238	14,997	11,878	10,725	10,567
Title 5-4: Using loans	5,231	6,647	8,458	7,741	6,083	5,818
Title 5-5: Development program using external financing	2,272	2,355	3,665	2,647	2,631	2,261
	2007	2008	2009	2010	2011	2012

Government as a whole

Staff	18,747	19,852	20,633	21,488	22,958	24,046
Operations	11,585	11,396	13,695	13,790	16,896	19,380
Total investment	26,939	28,640	41,903	38,614	39,996	41,781

4-3 Secured Financing and Net INDS Funding Needs for 2008-2012

308. By comparing the summary table of global INDS needs (Point 3-5-1; 3-5-2: pages...) and the table above (Investment column), the gross funding needs of the Government's development strategy can be calculated.

309. The volume of resources already mobilized by the Government, as presented in the Public Investment Program (PIP), can then be deducted from these gross funding needs to determine the net funding that still needs to be mobilized in order to meet the full financial requirements of the INDS strategy.

310. The series of tables below indicates these net funding needs at the global level and then broken down by strategic and thematic pillar. A further breakdown by project and action of the entire Matrix of Priority Actions is also available.

311. A look at these tables shows that, over the period 2008-2012:

- Total INDS funding needs come to approximately **DF 294.6 billion**, i.e. **US\$1.65 billion**.
- Domestic investment efforts pledged by the Government excluding operating expenses (materials, wages, etc.) represent **12 percent** of total needs.
- The international community, through the Public Investment Program, has agreed to cover **44 percent** of the needs indicated above.
- The funding gap, or net funding needs, of the INDS thus amounts to **44 percent** of total needs, i.e. approximately **DF 130.9 billion** or **US\$736 million**.
- The INDS is squarely in line with the MDGs, for which the cost estimates come respectively to US\$1.118 billion over the period 2008-2015 and US\$686.4 million over the period 2008-2012 covered by the INDS.
- Projected investments related to MDGs over the INDS period thus represent **42 percent** of total INDS investments, reflecting genuine attention to MDG concerns in the national strategies.
- Strategic Pillar-2 of the INDS, **Promotion of Access to Social Services**, accounts all by itself for **51.43 percent** of total investment needs on behalf of population groups. This is consistent with the priorities laid out by the Government when the INDS was launched in January 2007.
- The proportion of investments targeting Strategic Pillar-1, **Growth, Macroeconomic Stabilization, and Competitiveness**, comes to **34.9 percent**, which also reflects the Government's concern about learning from and building on Djibouti's experience in terms of macroeconomic performance.
- In addition to social services (Strategic Pillar-2), vulnerable population groups and the poor are specifically targeted under Strategic Pillar-3, **Reducing Extreme Poverty, Exclusion, and Inequality**, which, over the INDS period, receives approximately DF 26 billion, i.e. US\$147 million, equivalent to **8.91 percent** of total needs.
- Finally, the INDS earmarks **4.76 percent** (roughly **DF 14 billion**) for good governance.

GLOBAL SUMMARY OF INDS FUNDING NEEDS (DF thousands)	Total needs	Secured financing			Funds to be mobilized	Percentage		
		Gov. DJ	Donors	Total		% obtained - TFPs	% obtained - Govt.	Funding sought
INDS GRAND TOTAL (GROSS) (DF thousands)	294,630,638	35,262,305	128,496,334	163,758,640	130,871,998	43.6%	12%	44.4%
PILLAR 1: GROWTH, MACROECONOMIC STABILITY AND COMPETITIVENESS	102,825,783	13,204,153	62,261,690	75,465,843	27,359,939	60.6%	12.8%	26.6%
PILLAR 2: PROMOTING ACCESS TO BASIC SOCIAL SERVICES	151,536,799	13,357,270	56,071,099	69,428,370	82,108,429	37%	8.8%	54.2%
PILLAR 3: REDUCING EXTREME POVERTY AND EXCLUSION	26,254,947	5,000,000	7,642,931	12,642,931	13,612,016	29.1%	19%	51.8%
PILLAR 4: GOVERNANCE	14, 013,110	3,700,882	2,520,614	6,221,496	7,791,613	18%	26.4%	55.6%

STRATEGIC PILLAR – 1 (DF THOUSANDS)	Total needs	Secured financing			Funds to be mobilized	Percentage		
		Gov. DJ	Donors	Total		% obtained - TFPs	% obtained - Govt.	Funding sought
PILLAR 1: GROWTH, MACROECONOMIC STABILITY AND COMPETITIVENESS	102,825,783	13,204,153	62,261,690	75,465,843	27,359,939	60.6%	12.8%	26.6%
Macroeconomic framework and structural reforms	8,795,580	1,275,072	6,016,239	7,291,311	1,504,269	68.4%	14.5%	17.1%
Maritime transport, air transport, transport corridor	7,823,947	367,883	6,397,956	6,765,839	1,058,109	81.8%	4.7%	13.5%
Highways and minor roads	23,171,625	1,367,883	15,571,625	16,939,508	6,232,117	67.2%	5.9%	26.9%
Energy and natural resources	47,445,160	8,018,351	26,122,060	34,140,412	13,304,749	55.1%	16.90%	28.0%
Tourism	1,284,000	113,333		113,333	1,170,667		8.8%	91.2%
Telecommunications and information and communications technologies	2,858,000	285,746	1,651,000	1,936,746	921,254	57.8%	10.0%	32.2%
Industrial development and promotion of the private sector	9,923,470	1,331,914	5,577,810	6,909,724	3,013,746	56.2%	13.4%	30.4%
Trade and regional integration	1,524,000	443,971	925,000	1,368,971	155,029	60.7%	29.1%	10.2%

STRATEGIC PILLAR – 2 (DF THOUSANDS)	Total needs	Secured financing	Funds to be mobilized	Percentage
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		Gov. DJ	Donors	Total	mobilized	% obtained-TFPs	% obtained-Govt.	Funding sought
PILLAR 2: PROMOTION OF ACCESS TO SOCIAL SERVICES	151,536,799	13,357,270	56,071,099	69,428,370	82,108,429	37.0%	8.8%	54.2%
SUBPILLAR - 2 -1: Development of Human Capital	57,704,852	6,280,446	27,332,958	33,613,404	24,091,448	47.4%	10.9%	41.7%
Health	28,241,518	2,887,297	13,172,136	16,059,433	12,182,085	46.6%	10.2%	43.1%
Education and literacy	17,928,145	2,610,361	12,878,186	15,488,547	2,439,598	71.8%	14.6%	13.6%
Employment, training, and workforce integration	3,943,137	374,742	23,637	398,379	3,544,758	0.6%	9.5%	89.9%
Women's participation in development	1,241,052	181,378	309,000	490,378	750,674	24.9%	14.6%	60.5%
Promotion of young people, sports, and leisure activities	6,351,000	226,667	950,000	1,176,667	5,174,333	15.0%	3.6%	81.5%
SUBPILLAR - 2-2: Urban, Local, and Rural Development and the Environment	93,831,947	7,076,825	28,738,141	35,814,965	58,016,981	30.6%	7.5%	61.8%
Water and sanitation	26,159,120	1,684,928	9,152,000	10,836,928	15,322,192	35.0%	6.4%	58.6%
Land development	257,535	197,135		197,135	60,400		76.5%	23.5%
Urban and habitat development	40,357,228	2,562,755	15,596,599	18,159,353	22,197,875	38.6%	6.4%	55.0%
Urban and interurban transport	1,345,000	367,883		367,883	977,117		27.4%	72.6%
Food security and rural water	23,895,231	1,869,855	2,920,738	4,790,593	19,104,638	12.2%	7.8%	80.0%
Environmental protection	1,817,833	394,270	1,068,804	1,463,074	354,759	58.8%	21.7%	19.5%

STRATEGIC PILLAR – 3 (DF THOUSANDS)

	Total needs	Secured financing			Funds to be mobilized	Percentage		
		Gov. DJ	Donors	Total		% obtained - TFPs	% obtained - Govt.	Funding sought
PILLAR 3: REDUCING EXTREME POVERTY, VULNERABILITY, AND INEQUALITY	26,254,947	5,000,000	7,642,931	12,642,931	13,612,016	29.1%	19.0%	51.8%
Combating urban poverty and social exclusion	12,004,860	1,250,000	5,418,082	6,668,082	5,336,778	45.1%	10.4%	44.5%
Microfinance and income-generating activities	1,724,578	625,000	733,099	1,358,099	366,479	42.5%	36.2%	21.3%
Combating rural poverty and social exclusion	7,858,469	1,250,000	967,000	2,217,000	5,641,469	12.3%	15.9%	71.8%
Social protection	1,130,340	625,000		625,000	505,340		55.3%	44.7%
Protection of vulnerable population groups (orphans, the elderly, abandoned children, etc.)	2,410,500	625,000	482,000	1,107,000	1,303,500	20.0%	25.9%	54.1%
Risk and disaster prevention and management	1,126,200	625,000	42,750	667,750	458,450	3.8%	55.5%	40.7%

STRATEGIC PILLAR – 4 (DF THOUSANDS)	Total needs	Secured financing			Funds to be mobilized	Percentage		
		Gov. DJ	Donors	Total		% obtained - TFPs	% obtained - Govt.	Funding sought
PILLAR 4: ECONOMIC, ADMINISTRATIVE, AND LOCAL GOVERNANCE	14,013,110	3,700,882	2,520,614	6,221,496	7,791,613	18.0%	26.4%	55.6%
Political governance (democratic institutions and human rights)	3,143,663	854,878	1,534,400	2,389,278	754,385	48.8%	27.2%	24.0%
Administrative, economic, and local governance	1,865,431	1,245,845	52,000	1,297,845	567,586	2.8%	66.8%	30.4%
Judicial governance	1,100,000	767,659	100,000	867,659	232,341	9.1%	69.8%	21.1%
Local governance	3,125,100	432,500	328,700	761,200	2,363,900	10.5%	13.8%	75.6%
National statistical system	4,115,104	300,000	348,000	648,000	3,467,104	8.5%	7.3%	84.3%
INDS national monitoring and evaluation system	663,812	100,000	157,514	257,514	406,298	23.7%	15.1%	61.2%

Advocacy for a Structural Transformation of Assistance to Djibouti

312. According to the latest estimates by the authorities, Djibouti's external public debt stood at roughly 58 percent of GDP in 2008 and was trending upward. This proportion penalizes the Djiboutian economy, which is obliged to devote more and more of the country's scarce domestic resources to debt retirement. Thus, the gains in economic performance achieved by the Government, rather than being directed primarily to poverty reduction, are instead being cut back drastically in order to honor its international financial commitments (repayment of debt principal and interest). Obviously, debt service requirements seriously jeopardize achievement of the MDGs.
313. Furthermore, since 2007, the World Bank and the African Development Bank have classified Djibouti among countries eligible for grants only, which will improve its debt position and thereby give a breath of fresh air to investments in support of the INDS and the MDGs.
314. Accordingly, the Government is appealing to the entire international community and to multilateral donors to take Djibouti's specific circumstances into account and, if necessary, to review the country's debt portfolio with an eye to its structural transformation. Also, in view of the above, the Government calls upon Technical and Financial Partners to make their contributions to INDS funding solely in the form of grants.

5- Implementation

315. As in any development program or strategy, implementation of the INDS will rely on planned macroeconomic policies and actions, structural reforms, capital expenditures by the Government, sectoral projects and programs financed either domestically or by Technical and Financial Partners (TFPs), investments by the local private sector, direct foreign investments, and the actions of NGOs and civil society. It is thus important, indeed indispensable, to ensure programmatic and financial consistency among all these different interventions, so as to maximize the impact of these actions and thereby achieve maximum efficiency for the INDS. To that end, the INDS Technical Steering Committee has instituted, in collaboration with a few development partners, a mechanism for operational coordination and harmonization of the interventions. This chapter gives a detailed description of INDS implementation.

5-1 General INDS Implementation Framework

316. To achieve optimal ownership of INDS programs and projects and ensure that target population groups are actually reached, there is a need to establish networks of spokespersons and representatives of the target groups including, in particular, agents of deconcentrated or decentralized services, local elected officials, and leaders of community-based organizations such as village development associations, women's groups, young people's organizations, trade organizations, and civil society organizations in general.
317. By relying on the basic principles of the strategy, and by subscribing to a dynamic of consistency with the options strongly embraced in the context of decentralization, on the one hand, and at the national seminar on evaluating government action, on the other, the

institutional framework for implementing the INDS and achieving the MDGs involves two different levels: the **strategic level** and the **operational level**.

318. The strategic level encompasses policy formulation and updating and will engage the following entities: (i) the inter-ministerial steering committee, chaired by the Prime Minister, (ii) the National Technical Steering Committee, chaired by the Secretariat of State for National Solidarity and including representatives of technical ministries, civil society organizations, local governments, the private sector, and trade unions, and (iii) the regional steering committees, chaired by the Chiefs of Regions and including deconcentrated government services, civil society organizations, and local governments. Given the lack of qualified personnel, these entities will be set in place gradually, in step with the availability of competent human resources and capacity building.
319. The operational level involves coordinating concrete deployment and execution of operational activities designed to flesh out various projects and programs in the field. Upstream, this level will fall under the responsibility of three operational and thematic commissions, while downstream, all the stakeholders listed above will be involved.

5-2. Implementation Guidelines

320. INDS implementation will be governed by the following guiding principles, which were broadly approved by stakeholders and reaffirmed by them at the national seminar on evaluating government action (May 2009): proximity, farming out, transparency, participation, fairness, promptness, subsidiarity, complementarity and synergy, program approach, national execution, results-oriented management, and harmonization and coordination.
- The principle of **proximity** means that the locus of decision-making about the implementation of interventions related to the INDS should fall as close as possible to beneficiaries and their place of residence in order to ensure optimal targeting of the interventions.
 - The principle of **farming out** means that the Government recognizes that implementation of the INDS is not solely a matter for official and administrative bodies, but also for local communities, civil society stakeholders, and the private sector.
 - The principle of **transparency** means that a series of mechanisms guaranteeing visibility and oversight should be set in place at all the different levels of intervention, so as to strike a balance between accountability and autonomy.
 - The principle of **participation** means that beneficiaries of poverty projects and programs should be involved in all decisions affecting them.
 - The principle of **fairness** points to the necessity of guaranteeing equal rights and responsibilities in the involvement of all the different stakeholders, taking into account gender differences, social disparities, and regional and local specificities in steering and executing the INDS and in addressing all the different areas of poverty reduction activities.
 - The principle of **promptness** means that procedures should be adopted to ensure both speed and transparency in disbursements, procurement, and contract execution.
 - The principle of **subsidiarity** means that implementation should be organized in such a way as to give responsibility to actors involved at different administrative levels,

both locally and nationally, based on comparative advantages in terms of effectiveness, targeting, economies of scale, etc.

- The principle of **complementarity and synergy** means that the strategy should aim for an efficient combination of means and resources in order to optimize the results.
- The principle of the **program approach**, which systematizes the preceding principle, is a way to avoid, or at least discourage (unless absolutely necessary, depending on the specific actions to be carried out), unwarranted fragmentation of development activities in multiple projects, which can result in a loss of scale and in inefficiency. Priority will be given to programs of broad scope, broken down into relatively autonomous components or subprograms, so as to facilitate implementation while also striving for maximum impact and, above all, efficiency.
- **National execution**, a necessary corollary of the Paris Declaration, seeks to encourage real ownership of development actions by national entities and stakeholders. In this context, it will be promoted as the preferred approach to INDS implementation. However, this will not exclude the use of international expertise when justified, necessary, and available.
- **Results-oriented management**, which does not necessarily conflict with means-oriented management, will be gradually introduced as the MTBF and MTEF principles are put into operation. Each project or program will then be required to provide a Logical Framework clearly indicating the objectives pursued, the expected results, the activities needed to achieve these results, indicators of outputs, effect, and impact, the roles and responsibilities of the various stakeholders, and, later on, a careful assessment of the funding requirements.
- **Harmonization and coordination**, directly derived from the principles of the Paris Declaration, will systematically guide the spirit in which the INDS is implemented and the MDGs pursued. Above and beyond the quest for synergy and the program approach, the point here is to set in place an actual mechanism to ensure compliance with these two cardinal principles. This specific issue has drawn serious attention from the Government.

5-3. Implementation Instruments and Procedures

321. Since 2007, the INDS has become the official frame of reference for preparing sectoral development plans and investment programs and for contributions to poverty reduction from development partners. Putting this policy decision into practice requires a number of instruments, entities, and procedures.

INDS implementation instruments

322. Sectoral and multi-sectoral programs will be considered the principal instruments for implementing the INDS. Such programs will describe in detail, and for all sectors involved, the objectives to be achieved, the type of activities to be carried out, the areas of intervention, the schedule of activities, and the expected results. These programs will provide a sufficiently flexible framework to permit better coordination of the activities of the various stakeholders, who will then have the opportunity to make their

contribution in areas where they possess comparative advantages. To that end, the sectoral Medium-Term Expenditure Frameworks (MTEFs) will provide a programming and budget execution framework. After a test phase in the education, health, and environmental sectors, the Government will gradually expand the MTEF approach to other sectors by 2011. Until these MTEFs have become generalized, Sectoral Operations Plans (POSs) and Regional Operations Plans (PORs) will provide an operational programming framework for ministries and regions.

INDS implementation procedures

323. INDS implementation will conform to the procedures laid out in the various financing agreements governing the strategy's projects and programs. However, given the spirit of the principles of the Paris Declaration, and until national procedures are themselves harmonized, a gradual simplification of these procedures will be undertaken to promote growth in the absorptive capacities of the Djibouti economy. Along similar lines, a capacity-building program is planned, aimed at all government entities and officials, on the implementation of results-oriented management. As for the harmonization and simplification of partners' procedures, this will be a regular matter of discussion for the implementation commissions.

5-4 Coordination and Harmonization of INDS Interventions

324. To be both effective and efficient, INDS implementation will need to be coordinated and harmonized in the field. The Government intends to meet this significant challenge through: (i) the INDS-MDG Technical Steering Committee, (ii) a Technical Coordination Unit, (iii) three commissions charged with harmonizing the operations, (iv) a judicious breakdown of the matrix of priority actions among the commissions, and (v) a legal framework for the commissions' interventions.

Coordination and Harmonization Commissions

325. Similar to the technical unit, which is an operational form of the Technical Steering Committee, the Coordination and Harmonization Commissions give substance to the Government-Donor Consultation Committee, which the above-mentioned decree also calls for. Creating these commissions is vital in order to ensure dynamic implementation of the INDS and visibility for the cardinal principles of the Paris Declaration.

Designation of Commissions

- Economic and Social Development Commission
- Human Capital Commission
- Governance Commission

Commission Objectives

- (i) Basic objective

Lead discussions, coordinate interventions, and promote dynamic implementation of INDS themes falling under their respective expertise, through pilot and federative projects and programs.

(ii) Specific objectives and expected results

Contribute to effective implementation of projects and programs contained in the strategic pillars of INDS falling under their thematic expertise and points of entry.

Contribute to improved coordination of field activities.

Enhance the visibility of coordination via communication and advocacy on behalf of the INDS.

Help strengthen the platform of cooperation, in particular through agendas supported by specific memorandums.

Support the resource mobilization process for the INDS Matrix of Priority Actions and achievement of the MDGs in Djibouti, by strengthening the mechanisms of coordination, monitoring and evaluation, and communication and advocacy.

(iii) Expected results

A visible impact from INDS projects and programs, particularly with respect to poverty reduction and, more specifically, the targeted thematic areas.

Better coordinated, and therefore more effective, TFP interventions on behalf of poor and vulnerable population groups.

A well-developed, validated, and available strategy of communication, advocacy, and resource mobilization.

Mobilization of the additional financial resources required for the INDS and the MDGs.

6. INDS and MDG Monitoring and Evaluation

326. The history of PRSPs (first generation) in many countries shows, apart from a low rate of achievement of programmed activities, that the most critical point was the limited, nonexistent, or in any case weak performance of monitoring and evaluation mechanisms and systems. Djibouti's first PRSP (2004-2006) was no exception. Therefore, while it is important to fully finance the INDS and ensure efficient implementation, it is just as important and vital to the Government of Djibouti, in order to convince partners and beneficiaries of success, that an effective monitoring and evaluation system be set in place.

327. To achieve this objective, the INDS and MDG monitoring and evaluation system was carefully analyzed, culminating in a three-part report. In addition to the institutional and technical system and the operating arrangements, this report describes the specific tools (performance charts and matrices) required for monitoring and evaluation to be fully operational.

328. Implementation of a monitoring and evaluation system is essential for assessing the progress made toward achieving the stated objectives and expected results. The system has the following objectives: monitor the strategy implementation process, assess its impacts based on intermediate indicators and indicators of results, monitor and evaluate financial execution, and, lastly, set in place an information system.

329. This chapter describes the monitoring and evaluation system set in place by the Government of Djibouti in terms of: (i) the legal framework and the various functions pertaining to coordination and monitoring and evaluation, (ii) the different levels of monitoring, (iii) tools and systems, (iv) reporting and communication, and (v) the overall scheme of the monitoring and evaluation system.

6.1 Legal and Regulatory Framework for Monitoring and Evaluation

330. This framework is set forth in Decree 2007-0106/PRE of February 6, 2007, establishing the organizational structure of the institutional mechanism for formulation, implementation, and monitoring and evaluation of the National Initiative for Social Development. The decree calls for a number of entities and clearly lays out their respective roles and responsibilities. The monitoring and evaluation system comprises the following entities:

(i) An umbrella structure

Interministerial Committee of the National Initiative for Social Development (CI-INDS)

(ii) Two consultative structures

- Committee for Internal Consultation on the INDS between Government, Private Sector, and Civil Society (CCI)
- Committee for Government-Donor Consultation on the INDS (CCED)

(iii) Three technical support structures

- Secretariat of State for National Solidarity (SESN)
- INDS Technical Committee (CT-INDS)
- Thematic Technical Groups (GTTs) (one group for each strategic pillar of the INDS)

(iv) Monitoring and evaluation units or departments at the **sectoral and regional levels**. The presidential decree spells out the composition of each of these entities and how they are to function in relation to INDS and MDG monitoring and evaluation.

6.2 Statistics: A National Problem

331. The Achilles' heel of the monitoring and evaluation system of Djibouti's first PRSP (2004-2006) was undeniably the statistical system, inasmuch as the dearth of adequate and reliable data made it impossible to fill in the various tables needed in this context. This produced the paradoxical result that ultimately typified PRSP-1: an honorable macroeconomic performance and a parallel, concomitant increase in the poverty rate which escaped the attention of the authorities, for lack of available, reliable statistics. Drawing a lesson from this experience, in 2008-2009 the Government placed new emphasis on definitively resolving the problems with statistics in Djibouti. Thus, the various projects aimed at improving the situation in Djibouti regarding the production and publication of statistical data, initiated in 2007, showed significant progress by 2009. This will facilitate better monitoring and evaluation of the INDS and the MDGs, as well as more reliable strategic planning. To the Government's credit – and, most

importantly, to the benefit of the Directorate of Statistics and Demographic Studies (DISED) – significant advances include the following:

- Development and validation of the National Statistics Development Strategy (SNDS), the implementation of which is an integral part of the INDS.
- Successful organization (in 2009) of the General Census of Population and Housing, in itself the most important operation of the statistics strategy, although analyzing and exploiting the raw data will still require major resources. Mobilization of these resources is programmed under the INDS.
- The vote by the National Representation of the Statistics Law establishing and validating all the institutional, organizational, and technical reforms contained in the SNDS.
- Organization, in progress, of a number of sectoral studies, statistical surveys, and other activities intended to improve the quality of INDS and MDG statistical indicators.
- It is thus clear that in 2010, 2011, and 2012, the situation will be greatly improved in terms of the production, availability, reliability, and publication of national, macroeconomic, and sectoral statistical data. This will facilitate effective monitoring of the INDS and the MDGs.

Box 3: National Statistics Development Strategy (SNDS)

The production of reliable, relevant, and updated statistics is a prerequisite for the success of any economic and social development policy. Yet the situation in Djibouti is such that the National Statistics System (SSN) is unable to produce these statistics and related analyses, due to problems on a number of levels: (i) institutional (anchorage, independence, coordination, etc.), (ii) human (weak capacities, staff shortage, lack of motivation, etc.), and (iii) material (insufficient funding levels and visibility, etc.).

These observations underlie the entire process of preparing the SNDS. The process involves a thorough assessment of the SSN's situation, sets medium-term objectives (2006-2010), and defines strategies and priority actions that should help achieve the objectives.

The SNDS proposes a broad vision of public statistics development in response to the ever growing need for statistical data, particularly concerning the country's development. It is based on the principal international recommendations for statistics development, especially the United Nations Fundamental Principles of Official Statistics, and the guidelines of the IMF's General Data Dissemination System (GDDS).

Giving this vision concrete form means implementing an ambitious program of action in line with the four following strategic objectives:

- Establish a new framework regulating statistics activities and organizing coordination of the national statistics system;
- Increase both the quantity and quality of human resources assigned to the national statistics system;
- Improve the overall quality and the regularity of the statistics produced;
- Facilitate access to data and promote a culture of statistics.

Achieving these four strategic objectives requires that 13 operational objectives be met, concerning the overall statistics system, along with 13 sectoral objectives in areas ranging from economic statistics to demographic and social statistics. For all these objectives, 50 results to be achieved were identified by 106 statistics development priority action groups, and a cost estimate was prepared.

Based on the assumptions made, the estimated total cost of implementing the SNDS in 2006-2010 stands at roughly DF 3,275 million, i.e. US\$18.4 million. This figure can be broken down by order of importance as follows: economic statistics (27.7 percent), demographic and social statistics (16.1 percent), institution building and revision of the legal and regulatory framework of the national statistics system (15.7 percent), general census of population and housing (12.7 percent), monitoring of household living conditions (9.7 percent), human resources development (7.4 percent), civil status statistics (5.3 percent), and publication and dissemination (3.5 percent).

The Government proposes to organize a round table on financing the strategy, with the participation of all SSN stakeholders (producers, analysts, other users) and the principal development partners.

The General Census of Population and Housing, a key part of the SNDS, was organized during the last quarter of 2009 and data processing is now under way.

In addition, the statistics law was ratified by the Government in January 2010, and this will enable DISED to lay claim to the legal, institutional, and financial means to accomplish its mission in peace, at the service of the national economy.

7. Risks Associated with the INDS and Measures Planned

332. Implementation of the INDS involves elements of risk, mainly related to endogenous and exogenous factors.

7-1 Endogenous Risks

333. These relate to implementation of the structural reforms necessary and support measures; the capacity of national actors to implement INDS-related projects and programs effectively and professionally; the overall absorptive capacity of the Djibouti economy and entrenched attitudes and socio-cultural practices; problems mobilizing such important actors as trade unions and staff in general in order to achieve the goals set, particularly in rural areas; and lastly, the viability of taxation.

334. The implementation of structural reforms carries a dual risk: (a) government red tape, and (b) resistance from pressure groups or individuals who think they stand to lose from the reforms envisioned.

335. The capacities of national actors also constitute a major risk factor. The difficulty lies in the fact that prompt implementation of the INDS is necessary to achieve the stated goals of poverty reduction and better living conditions, yet implementation cannot go forward without the needed capacities, which must be built up at the same time.

336. Attention to these risks is reflected in the document and in the various mechanisms planned, witness the scheduling of regular IMF and World Bank missions, with assessments and regular communications on the status of the reforms, and initial reliance on international expertise and South-South cooperation, parallel to an intensive and systematic capacity-building program. Lastly, a large-scale program of awareness-raising, communication, and social mobilization is planned by the Government to reduce other endogenous risks.

7-2 Exogenous Risks

337. These are linked to the following factors: (a) climate and ecological events as well as natural disasters; (b) shocks stemming from imported product prices, in particular energy and foodstuff; (c) the geopolitical instability of the region; (d) the complexity of the development partners' procedures; (e) the basic assumptions regarding Djibouti's appeal; and (f) external debt sustainability, taking into account the significant expenditures needed to accelerate growth, reduce poverty, and improve the living conditions of the people.

338. The basic assumptions count on a very substantial flow of direct foreign investment, some US\$800 million, between 2007 and 2012, unprecedented in the country's history. Thus, any dwindling of prospects for foreign investment would be grounds for lowering the projected growth rates and, as a consequence, the income poverty reduction targets.

339. The Government hopes to reduce exogenous risk factors through a range of actions including South-South cooperation, specifically on agricultural matters (cf. foreign-based farms); systematic implementation and updating of an emergency management plan (ORSEC); diversification of sources of energy supply (solar, wind, geothermal, interconnection with Ethiopia, biomass, etc.); continuation and furtherance of the international and sub-regional dialogue; implementation of the principles of the Paris

Declaration and the African Peer Review Mechanism (APRM); improvement of the business environment; advocacy for structural transformation of Djibouti's debts into grants; and the development of alternative scenarios.

ANNEXES

Annex 1: Short- and Medium-Term Objectives¹⁶

Priority objectives and performance indicators	Baseline situation		Specific targets				
	Date	Value	2007	2008	2009	2010	2011
Accelerate economic growth							
1. Nominal GDP per capita (in US dollars)	2006	947	1,002	1,070	1,156	1,244	1,331
2. Real growth rate (%)	2006	4.8	5.1	5.7	7	6.6	5.9
3. Real GDP growth rate per capita per year (%)	2006	2.3	2.2	3.1	4.4	4	3.3
4. Public investment ratio (% of GDP)	2006	7.5	12.4	12.4	10.1	8	6
5. Unemployment rate (%)	2002	60.0					
6. Share of women in wage employment in the non-agricultural sector (%)							
Preserve macroeconomic stability							
7. Inflation rate (%)	2006	3.5	3.5	3.5	3.5	3.5	3.5
8. Global fiscal balance (based on orders to pay, grants included, as a % of GDP)	2006	-2.3	-3.4	-5.4	-3.4	-1.8	0.1
9. Current transaction balance (official transfers excluded, as a % of GDP)							
10. External current balance (official transfers included, as a % of GDP)	2006	-8.9	-13.9	-16.9	-17.9	-15.9	-13.7
11. Official gross reserves (in months of imports)	2006	3.2	2.4	2.4	2.4	2.4	2.4
12. Debt/GDP ratio (%)	2006	55.5	58.2	64.3	71.3	73.1	71
<i>13. Official development assistance as a % of GDP</i>							
Improve the overall level of education							
14. Gross primary school enrollment ratio (%)	2006	55.9	57.5	66.2	70.6	76.8	82.9

¹⁶ MDGs are in italics.

Priority objectives and performance indicators	Baseline situation		Specific targets				
	Date	Value	2007	2008	2009	2010	2011
15. Net primary school enrollment ratio (%)	2006	66.2					
16. Girl/boy ratio in primary education	2006	0.81	0.84	0.88	0.92	0.97	1
<i>Girl/boy ratio in secondary education</i>	2006	0.65	0.70	0.73	0.76	0.78	0.81
<i>Girl/boy ratio in higher education</i>	2006	0.67	0.68	0.67			
17. Proportion of children reaching the 6 th year of basic education (%)	2006	65.8	70.2	74.9	80.0	80.7	81.4
18. Proportion of girls reaching the 6 th year of basic education (%)							
19. Adult illiteracy rate (aged 15 years and above, as a %)	2002	27.2					
20. Adult illiteracy rate (aged 15–24 years, as a %)							
21. Women's illiteracy rate (aged 15–24 years) compared to men (%)							
22. Current education spending as a % of GDP (nominal GDP = GDP estimated by the IMF)	2006	7.1	6.7	6.2	5.9	5.7	5.6
Improve the overall health status							
23. Life expectancy at birth (years)	2002	49	–	–	–	–	–
24. Total fertility rate	2002	4.2	4.1	3.9	3.7	3.6	3.5
25. Infant mortality rate (%)	2006	67	65	63	61	58	55
26. Infant–juvenile mortality rate (%)	2006	94	92	90	87	84	82
27. Proportion of one–year–old children immunized against measles (%)	2006	53	65	70	75	85	90
28. Maternal mortality rate (per 100,000 live births)	2006	550	530	510	490	480	460
29. Proportion of births attended by skilled health personnel (%)	2006	87	89	91	93	94	95
30. HIV/AIDS prevalence rate (%)	2006	2.9	2.8	2.7	2.5	2.4	2.3
31. HIV/AIDS prevalence rate among women aged 15–24 years (%)	2002	2.4	2.4	2.3	2.2	2.1	2

Priority objectives and performance indicators	Baseline situation		Specific targets				
	Date	Value	2007	2008	2009	2010	2011
32. Rate of contraception use among men (%)	2006	44	46	48	50	52	54
33. Number of children orphaned by AIDS	2006	500	-	-	-	-	-
34. Malaria prevalence rate (%)	-	-	-	-	-	-	-
35. Tuberculosis prevalence rate (per 100,000 inhabitants)	2005	1161	1000	800	700	600	500
36. Proportion of tuberculosis cases detected and cured under directly observed treatment short course (%)	2006	100	100	100	100	100	100
37. Rate of coverage within a 5 km radius (%)	2006	80	83	85	87	88	90
38. Proportion of the population with access to affordable essential drugs on a sustainable basis (%)	2006	80	81	82	83	84	85
39. Proportion of the population below the minimum caloric intake level (%)	-	-	-	-	-	-	-
40. Malnutrition rate (body weight by age) among children under 5 years of age (%)	2006	28.6	17	16	14	12	10
Expand access to safe drinking water							
41. Interior spigot water supply rate (%)	2006	22	24	26	28	30	32
42. Price of water per m ³ (US dollars)							
43. Proportion of the population using an improved drinking water source (%)	2006	96.4	97.4	98.36	99.32	100	100
44. Rate of service coverage in urban areas (%)	2006	75	78	81	84	87	90
45. Rate of coverage in rural and semi-urban areas (%)	2006	72					80
46. Proportion of the population using an improved sanitation facility (toilets with a sanitary system) (%)							
Ensure environmental sustainability							
47. Proportion of land area covered by forest (%)							
48. Amount of land area protected to preserve biodiversity							
49. GDP per energy unit consumed							
50. CO ₂ emissions (per capita)							

Priority objectives and performance indicators	Baseline situation		Specific targets				
	Date	Value	2007	2008	2009	2010	2011
<i>51. Consumption of ozone-depleting chlorofluorocarbons</i>							
Improve governance and strengthen institutional capacities							
<i>52. Proportion of seats held by women in national parliament (%)</i>	2006	10.8	10.8	13.8			15
<i>53. Public services user satisfaction rate (%)</i>							
General administration							
Health							
Education							
Justice							
Market services							

Annex 2: Long-Term INDS Objectives¹⁷

Priority objectives and performance indicators	Baseline situation		Specific targets	
	Date	Value	2011	2015
<i>Living standards and conditions</i>				
Reduce poverty				
1. Number of poor (thousands)				
2. Incidence of relative poverty (%)	2002			
3. <i>Incidence of extreme poverty (%)</i>	2002	42.2		
4. <i>Depth of extreme poverty (%)</i>	2002			
5. Gini index (%)	2002	40.9		
6. <i>Share of poorest quintile in national consumption (%)</i>	2002			
<i>Growth levers</i>				
Accelerate economic growth				
7. Nominal GDP per capita (US dollars)	2006	947	1,331	
8. Real growth rate (%)	2006	4.8	5.9	
9. Real GDP growth rate per capita per year (%)	2006	2	3.3	
10. Investment ratio (% of GDP)	2006	29.5	33.5	
11. <i>Unemployment rate (%)</i>	2002	60		
12. <i>Share of women in wage employment in the non-agricultural sector (%)</i>				
Preserve macroeconomic stability				
13. Inflation rate (%)	2006	3.5	3.5	
14. Global fiscal balance (based on orders to pay, grants included, as a % of GDP)	2006	-2.3	0.1	
15. Current transaction balance (official transfers excluded, as a % of GDP)	2006	-6.4	-13.2	
16. External current balance (official transfers included, as a % of GDP)	2006	-8.9	-14.2	
17. Official gross reserves (in months of imports)	2006	3.2	2.4	
18. Debt/GDP ratio (%)				
19. <i>Official development assistance as a % of GDP</i>				
<i>Education and literacy</i>				
Improve the overall level of education				
20. Gross primary school enrollment ratio (%)	2006	55.9	82.9	100
21. <i>Net primary school enrollment ratio (%)</i>	2006	66.2		
22. <i>Girl/boy ratio in primary education</i>	2006	0.81	0.93	1
<i>Girl/boy ratio in secondary education</i>	2006	0.65	0.81	0.91
<i>Girl/boy ratio in higher education</i>	2006	0.4		

¹⁷ MDGs are in italics.

Priority objectives and performance indicators	Baseline situation		Specific targets	
	Date	Value	2011	2015
23. Proportion of children reaching the 6 th year of basic education (%)	2006	65.8	81.4	84.3
24. Proportion of girls reaching the 6th year of basic education (%)				
25. Adult illiteracy rate (aged 15 years and above, as a %)	2002	27.2		
26. Adult illiteracy rate (aged 15–24 years, as a %)				
27. Women's illiteracy rate (aged 15–24 years) compared to men (%)				
28. Current education spending as a % of GDP (nominal GDP = GDP estimated by the IMF)	2006	7.1	5.6	
Health and nutrition				
Improve the overall health status				
29. Life expectancy at birth (years)	2002	49		
30. Total fertility rate	2002	4.2	3.5	3
31. Infant mortality rate (%)	2006	67	55	40
32. Infant–juvenile mortality rate (%)	2006	94	80	75
33. Proportion of one-year-old children immunized against measles (%)	2006	53	90	95
34. Maternal mortality rate (per 100,000 live births)	2006	550	470	400
35. Proportion of births attended by skilled health personnel (%)	2006	87	90	95
36. HIV/AIDS prevalence rate (%)	2002	2.9	2.3	2.3
37. HIV/AIDS prevalence rate among women aged 15–24 years (%)	2002	2.4	2	2
38. Rate of contraception use among men (%)	2006	44	54	62
39. Number of children orphaned by AIDS	2006	5000	–	–
40. Malaria prevalence rate (%)	–	–	–	–
41. Tuberculosis prevalence rate (per 100,000 inhabitants)	2006	1161	500	400
42. Proportion of tuberculosis cases detected and cured under directly observed treatment short course (%)	2006	100	100	100
43. Rate of coverage within a 5 km radius (%)	2006	80	90	100
44. Proportion of the population with access to affordable essential drugs on a sustainable basis (%)	2006	80	85	90
45. Proportion of the population below the minimum caloric intake level (%)	2006	–	–	–
46. Malnutrition rate (body weight by age) among children under 5 years of age (%)	2002	18	10	6

Priority objectives and performance indicators	Baseline situation		Specific targets	
	Date	Value	2011	2015
<i>Safe drinking water</i>				
Expand access to safe drinking water				
47. Interior spigot water supply rate (%)	2006	22	32	42
48. Price of water per m ³ (US dollars)	2006	0.87	1	2
49. Proportion of the population using an improved drinking water source (%)	2006	96.3	100	100
50. Rate of service coverage in urban areas (%)	2006	75	90	100
51. Rate of coverage in rural and semi-urban areas (%)				
52. Proportion of the population using an improved sanitation facility (toilets with a sanitary system) (%)	2006	20	23	26
<i>Environmental protection and sustainable natural resource management</i>				
Ensure environmental sustainability				
53. Proportion of land area covered by forest (%)				
54. Amount of land area protected to preserve biodiversity				
55. GDP per energy unit consumed				
56. CO ₂ emissions (per capita)				
57. Consumption of ozone-depleting chlorofluorocarbons				
<i>Good governance and institutional capacities</i>				
Improve governance and strengthen institutional capacities				
58. Proportion of seats held by women in national parliament (%)	2006	10.8	10.8	20
59. Public services user satisfaction rate (%)				
General administration				
Health				
Education				
Justice				
Market services				

Annex 3: MILLENNIUM DEVELOPMENT GOAL (MDG) INDICATORS

PRINCIPAL GOALS	INDICATORS	2000	2002	2005	2006 18	2008	2015
GOAL 1: Eradicate extreme poverty The proportion of people living in extreme poverty should be halved by 2015.	<ul style="list-style-type: none"> ▪ Incidence of extreme poverty (%) <i>(people whose income is less than \$1 a day)</i> ▪ Inequality (%) <i>(share of poorest quintile in national consumption)</i> ▪ Child malnutrition (%) <i>(prevalence of underweight children under 5 years of age)</i> 	10	42	–	–		21
		–	5	–	–		2
		25.7	26.8	–	28.6		15
GOAL 2: Achieve universal primary education By 2015, primary schooling should be universal.	<ul style="list-style-type: none"> ▪ Gross enrollment ratio (%) ▪ Net primary school enrollment ratio (%) ▪ Proportion of pupils starting grade 1 who complete the fifth year of schooling ▪ Literacy rate of 15–24 year old women (%) 	39	42.7	53.8	54.8	68.8	100
		33.6	41.1	–	66.2		
		87.5	80.0	–	–		
		–	–	–	47.5		100
GOAL 3: Promote gender equality and empower women Eliminate gender disparity in primary and secondary education by 2005.	<ul style="list-style-type: none"> ▪ Girl/boy ratio <i>(in public and private primary education)</i> ▪ Girl/boy ratio <i>(in public and private secondary education)</i> ▪ Female/male literacy ratio <i>(15–24 years of age)</i> ▪ Percentage of women holding seats in parliament <i>(out of 65 seats)</i> 	0.70	0.76	0.81	0.98		1
		0.60	0.62	0.65	0.82		1
		0.7	0.7				1
		0	10.8		10.8	13.8	15
GOAL 4: Reduce infant and child mortality Infant and under-five mortality rates should be reduced by two thirds (1990–2015).	<ul style="list-style-type: none"> ▪ Infant mortality rate per 1,000 live births <i>(under 1 year of age)</i> ▪ Infant–juvenile mortality rate per 1,000 live births <i>(under 5 years of age)</i> ▪ Proportion of 1 year old children immunized against measles 	107.0	103.1	–	67.0		50
		136.0	124.4	–	94.0		70
		–	58.1		65.0		95.0
GOAL 5: Improve maternal health The maternal mortality rate should be reduced by three quarters (1990–2015).	<ul style="list-style-type: none"> ▪ Maternal mortality rate <i>(per 100,000 live births)</i> ▪ Proportion of births attended by skilled health personnel (%) ▪ Contraceptive prevalence rate (%) 	740	546	–	550		400
		56	74.1	–	92.2		95
			15.3	–	17.8		
GOAL 6: Combat HIV/AIDS,							

¹⁸ The INDS Permanent Secretariat prepared an MDG update for 2006.

<p>malaria, and other diseases</p> <p>Universal access to reproductive health services should be achieved by 2015.</p>	<ul style="list-style-type: none"> ▪ HIV prevalence rate among pregnant women of 15–24 years of age (%) ▪ Rate of contraception use (%) ▪ Number of children orphaned by AIDS ▪ Tuberculosis prevalence rate (per 100,000 inhabitants) ▪ Proportion of tuberculosis cases detected and cured under directly observed treatment short course 	<p>3</p> <p>–</p> <p>4100</p> <p>700</p> <p>86.0</p>	<p>2.4</p> <p>–</p> <p>–</p> <p>–</p> <p>100.0</p>	<p>–</p> <p>–</p> <p>–</p> <p>–</p> <p>–</p>	<p>2.4</p> <p>44.0</p> <p>5000</p> <p>1161</p> <p>100.0</p>	<p>2.0</p> <p>62.0</p> <p>–</p> <p>400</p> <p>100.0</p>	<p>–</p> <p>–</p> <p>–</p> <p>–</p> <p>–</p>
<p>GOAL 7: Ensure environmental sustainability</p> <p>By 2005, the country should have a national sustainable development strategy.</p>	<ul style="list-style-type: none"> ▪ Proportion of the population that has access to safe drinking water (%) <i>(entire country)</i> 	<p>88</p>	<p>91.2</p>	<p>–</p>	<p>97.4</p>	<p>–</p>	<p>100</p>
<p>GOAL 8: Develop a global partnership for development</p> <p>Key macroeconomic indicators</p>	<p>Real GDP growth rate (%)</p> <p>Public investment ratio (% of GDP)</p> <p>Inflation rate (%)</p>	<p>0.7</p> <p>–</p> <p>2.4</p>	<p>2.6</p> <p>–</p> <p>0.6</p>	<p>3.2</p> <p>9.3</p> <p>3.1</p>	<p>4.8</p> <p>7.5</p> <p>3.5</p>	<p>6.0</p> <p>–</p> <p>9.2</p>	<p>–</p> <p>–</p> <p>–</p>

Annex 4: National Statistics Development Strategy (SNDS) Executive Summary

Background

- **Poverty reduction**

Implementation of development and poverty reduction strategies as set forth in the Poverty Reduction Strategy Paper (PRSP) in 2003, and then carried out through the National Initiative for Social Development (INDS) which was launched by the Government in January 2007, requires a sustainable system for the monitoring and evaluation of economic and social development policies and programs. To be effective, this system should be built around reliable, available, and up-to-date statistics. Indeed, the INDS redefines the top priorities of government action as a social project “*intended to reduce social division, exclusion, and poverty.*” However, it “*is neither a short-term project nor a topical program linked to the present economic climate. Its mandate is ongoing and open-ended.*”¹⁹

- **Competitiveness of the economy**

Another strategic pillar of economic development is to “*improve the country’s competitiveness and create the conditions for strong and sustainable economic growth*”²⁰ aimed at promoting the Djibouti market as a competitive economic and financial platform at the regional and international levels. This necessarily requires the development of effective, permanent mechanisms for collecting, processing, and analyzing statistical data on Djibouti and regular observation of economic dynamics in countries of the region, through a well performing general, economic, and financial data collection network.

- **Regional decentralization**

The decentralization process – under way since 2005 in the context of good governance and promotion of regional hubs of economic, social, and cultural development – requires disaggregated statistical data on demographics and on economic and socio-cultural activity in different regions of the country.

- **Fundamental principles of official statistics**

Application of the first fundamental principle of official statistics, i.e. the principle that “*official statistics provide an indispensable element in the information system of a democratic society,*” has as its corollary the importance of access to information of all types and in all forms. Such access is considered a fundamental right of citizens and an essential element of good governance.

- **International commitments of the Republic of Djibouti**

The Republic of Djibouti has embraced achievement of the Millennium Development Goals (MDGs). Apart from its role in catalyzing official development assistance, this commitment to the MDGs falls in line with a worldwide need of statistical monitoring, which requires

¹⁹ From the January 2007 speech by the President of the Republic of Djibouti

²⁰ Poverty Reduction Strategy Paper, 2004

commitments from countries and, in particular, a total commitment from the national statistics system, in terms of satisfying the monitoring and evaluation needs of official development programs.

Djibouti's adherence to the IMF's General Data Dissemination System (GDDS) and to the requirements of sub-regional organizations including, in particular, the Common Market for Eastern and Southern Africa (COMESA) and the Intergovernmental Authority on Development (IGAD), signifies that the country is committed to producing statistics that meet international standards in the following respects: (i) data (scope of application, periodicity, dissemination time); (ii) quality; (iii) integrity of data production; (iv) utility; and (v) public access to the data.

Status of the National Statistics System (SSN)

The current status of the National Statistics System (SSN), described as “underdeveloped,” is insufficient for meeting the new needs for quality statistics generated by new stakes and challenges in the political, economic, social, and cultural spheres. The main characteristics of Djibouti's SSN are:

- **Inappropriate legal and regulatory framework**

The effectiveness of the statistics system hinges first of all on its legal foundations set forth in statistics law 196/AN/81, which is outdated, not applied with respect to its provisions on the obligation to respond, and not explicit about the use of sources for statistical purposes. In addition, the Statistics Coordinating Committee created at the Directorate of Statistics (DISED) by this law is not functional, nor is it representative of stakeholders, producers, and users of statistics. This accounts for the lack of effective statistics coordination and, as a corollary, the nonexistence of a dialogue between producers and users of statistical data.

This lack of coordination is further compounded by a lack of harmonization of data collection methods, resulting in a lack of discipline with respect to data production, all within a context marked by the absence of a statistical activities monitoring and evaluation tradition.

- **Quantitatively and qualitatively weak human resources**

DISED and all the country's statistics-producing entities are confronted with a critical shortage of statisticians at all levels for carrying out regular technical activities. This delicate human resources situation is the result of: (i) the absence of high- and mid-level statisticians in the job market, a problem which may grow worse inasmuch as it appears that there is currently no statistics training staff, and (ii) the absence of incentives for working statisticians. To illustrate the problem, DISED currently has only three statistical works engineers and two statistics technical assistants, whereas it needs some eight economist statisticians and demographers, 20 statistical works engineers or the equivalent, and 40 statistics technical assistants or the equivalent if it is to be able to meet the objectives set in terms of satisfying the need for statistics.

- **Limited budget resources**

Among all the entities that produce statistics, only DISED states that it has a specific budget for producing statistics, yet even this budget is almost entirely devoted to labor costs.

This weak domestic financing of statistics activities has a negative impact on data collection and processing and results in systematic recourse to external financing for surveys required by “circumstantial” conditions, but which, as the only available funding, gets indirectly funneled toward day-to-day operations of statistics units.

National Statistics Development Strategy

The necessity and urgency of undertaking the process of formulating a National Statistics Development Strategy (SNDS), the first step of which is development of the 2009-2013 Statistics Master Plan, stem from the underdeveloped status of the National Statistics System and the new challenges associated with the strategic vision of Djibouti’s development and compliance with international commitments, for example monitoring progress toward MDGs and adherence to GDDS principles.

- **Objectives and expected results**

The National Statistics Development Strategy aims to restructure and revitalize the National Statistics System in order to create on a sustainable basis the capability of responding to requests for statistics and to the monitoring and evaluation requirements of development policies, programs, and projects, by making quality statistics available that meet international standards and are disseminated on a timely basis.

If the Statistics Master Plan is properly implemented, the following results will be achieved:

- revitalization of the National Statistics System by adopting the new statistics law to ensure effective coordination of statistics activities, methodological validation of efforts upstream, and a dialogue between users and producers;
- strengthening of administrative statistics systems, particularly at the regional level;
- reliability and use of improved data through the dissemination of data, metadata, and analyses;
- consistency in how statistical surveys are organized and statistics are produced to meet poverty and household living conditions monitoring and evaluation needs;
- effective donor support by incorporating their activities in the overall program of statistics production;
- implementation of a training and human resources development plan for the statistics system; and
- implementation of a dissemination and computerization plan for the development of statistics production.

- **Costs of the Statistics Master Plan**

The total estimated cost of implementing the SDS 2009-2013 project stands at roughly DF 4,115 million, i.e. US\$23.1 million. The breakdown emphasizes economic statistics (26.3 percent), the general census of population and housing (16.8 percent), demographic and social statistics (15.4 percent), institution building and the legal and regulatory framework of the National Statistics System (15.0 percent), monitoring of household living conditions (9.3 percent), human resources development (7.1 percent), civil status statistics (5.0 percent), and publication and dissemination (3.3 percent).

Cost breakdown of the SDS 2009-2013 project by statistics category

Statistics category	Costs (DF thousands)					
	Total	2009	2010	2011	2012	2013
Pillar 1: Legal and regulatory framework	615,838	85,487	305,308	85,469	63,821	75,754
Pillar 2: Training	293,413	28,289	90,600	115,004	40,920	18,600
Pillar 3: Quality and regularity of statistics	3,070,002	1,281,570	423,322	460,568	490,634	413,906
<i>Of which:</i>						
<i>Population (census of the population and civil status statistics)</i>	897,294	695,985	94,002	30,210	36,008	41,088
<i>Household living conditions</i>	381,914	85,440	12,218	65,447	168,625	50,184
<i>Methodologies</i>	74,814	26,113	8,117	11,641	16,234	12,709
<i>Economic statistics</i>	1,081,590	328,642	191,674	213,322	161,278	186,676
<i>Demographic and social statistics</i>	634,390	145,391	117,311	139,949	108,490	123,250
Pillar 4: Publication and dissemination	135,851	13,328	48,470	24,684	24,684	24,684
Grand total	4,115,103	1,408,674	867,700	685,726	620,059	532,944

To date, with the exception of budget programming for health and education sector statistics already included in the overall funding programs of the relevant ministries, and for which funds are already being mobilized, the problem of financing for the SDS 2009-2013 project remains wide open, since the financing acquired to date or under negotiation is estimated to total just 16 percent and solely concerns the general census of population and housing and the household time budget survey.

- **Conditions of success for the SNDS**

- **Political commitment**

The process of formulating the SNDS and developing the 2009-2013 Statistics Master Plan has shown that the most important pillar on which successful implementation of the Master Plan rests is, first and foremost, the commitment of the political authorities and their

awareness of the important role of statistics and the need for strengthening the statistics system on a sustainable basis.

It will be up to the authorities to put their political commitment to statistics development into concrete form by declaring and implementing a clear statistics policy that takes the new statistics law and the Statistics Master Plan as the sole frame of reference for national statistics policy. This will require setting in place the High Council on Statistics and related technical entities, along with the financing and monitoring of all the action plans under the Statistics Master Plan.

- **Coordination of statistics financing**

Another important requirement for the success of the National Statistics Development Strategy and implementation of the Statistics Master Plan is the coordination of external financing of statistics operations, by creating a Group of Statistics Partners (with one partner chosen as group leader), which will bring international partners together and strive to coordinate and discuss with the SDS steering bodies the statistics operations programs and the mobilization of funds for carrying them out.

Annex 5: Public Investment Program

PROGRAMME D'INVESTISSEMENT PUBLIC 2009

Mis à jour le 05 Décembre 2009

INTITULE/SECTEURS	Avalisés	Bailleur	Fin.	Coût	Réal. 31/12/08	LFI 2009	Janv-08	févr-08	mars-08	avr-08	mai-08	juin-08	juil-08	août-08	sept-08	oct-08	nov-08	CUMUL 08
AGRICULTURE, ELEVAGE, PECHE				2 171	879	559	0	32	111	129	43	28	0	15	35	25	14	433
Programme de Sécurité Alimentaire		BD	PHÉT	269	91	131	0	21	60	42	0	0	0	0	36	0	14	172
Programme de Sécurité Alimentaire		BD	DON	79	36	0	0	0	0	0	0	0	0	0	0	0	0	0
Part de Pêche (abo d'hygiène)		BAD	PHÉT	444	438	0	0	0	0	0	0	0	0	0	0	0	0	0
FOMM		FIDA	PHÉT	619	314	200	0	6	61	28	0	10	0	15	0	28	0	133
Projet Palmier Dattier		BD	DON	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet Appui au labo de Palmiers Dattiers		BD	DON	36	0	78	0	6	0	0	0	18	0	0	0	0	0	23
Programme de contrôle des Epiphyties		FED	DON	146	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet BORENDELE		Abu Dhabi	DON	142	0	0	0	0	0	43	0	0	0	0	0	0	0	43
Projet mobilisation des eaux de surface et gestion durable des terres		FIDA	DON	346	0	192	0	0	0	62	0	0	0	0	0	0	0	62
EAMENERGIE				26 357	3228	6272	1911	93	36	0	582	885	230	305	387	1062	96	5187
Projet Eau / Energie		IDA	PHÉT	1 239	354	450	18	0	0	0	562	21	0	190	0	0	0	801
Plan directeur alimentation en ville de Djibouti		FADES	DON	120	94	0	0	0	0	0	0	0	0	0	0	0	0	0
Réhabilitation des infrastructures d'Eau		FADES	PHÉT	4 270	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet de forages et installation de panneaux solaires		FSD	PHÉT	533	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interconnexion avec l'Ethiopie *		BAD	PHÉT	4 621	2505	1967	20	31	36	0	826	221	88	281	836	76	2461	
Projet Interconnexion électrique *		BAD	DON	4 306	0	2414	1473	0	0	0	16	0	36	126	154	20	1837	
Projet DEF ENERGIE		IDA	DON	53	43	0	0	0	0	0	0	0	0	0	0	0	0	0
Programme Investissement Eau + Assainissement		FED	DON	4400	0	700	0	0	0	0	0	0	0	0	0	0	0	0
Projet Energie Solaire		PNLD	DON	6	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet Appui Etude Assainissement		BD	DON	50	0	30	0	0	0	0	0	0	0	0	0	0	0	0
Projet d'Assainissement de la ville de Djibouti		BAD	DON	1 890	5	405	0	62	0	0	0	17	0	0	0	0	0	75
Projet d'Appui à la Mobilisation des eaux à usage domestique et agricole en milieu rural		BAD	DON	477	215	177	0	0	0	0	0	0	0	0	0	0	0	0
Projet EAU / ASSAINISSEMENT		UNICEF	DON	294	0	144	0	0	0	0	0	0	0	0	0	0	0	0
Projet de réseau d'eau Potable		FADES	PHÉT	4 306	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENVIRONNEMENT				90	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Structure nationale de la Biodiversité		FEM	DON	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conservation des Mouches et Mésaki		FEM	DON	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Programme Nationale d'Adaptation PANA		FEM	DON	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ROUTES / EQUIPEMENTS PUBLICS				32 089	17 856	4 409	370	754	937	297	3 448	499	457	118	6	434	7	7321
Aménagement des Routes Urbaines		FED	DON	2 952	2125	0	0	0	0	0	0	0	0	0	0	0	0	0
Réhabilitation routier Sud (Arta-Galala)		FED	DON	7 046	5 395	700	271	284	389	267	280	240	96	118	0	434	0	2360
Route Tadjouah-Obock + PHET complémentaire		KOWBIT	PHÉT	5 248	3570	840	96	0	210	0	292	322	0	0	0	0	0	891
Aménagement quartier PK12		AFD	DON	775	701	69	0	0	0	0	0	0	0	0	0	0	0	0
Équipement Imprimerie Nationale *		OPEP	PHÉT	566	562	0	0	0	0	0	0	0	0	0	0	0	0	0
Cimetière d'Al-Galala 2ème Ligne de Crédit		INDE	PHÉT	1 777	0	0	0	0	338	0	0	0	0	0	0	0	0	338
Extension Centrale de Boulece (Phase 4) *		FADES	PHÉT	2 448	2321	0	0	0	0	0	0	0	0	0	0	0	0	0
Extension centrale de Boulece(Phase 4) *		OPEP	PHÉT	889	889	0	0	0	0	0	0	0	0	0	0	0	0	0
Extension centrale de Boulece (Phase 3) *		BD	PHÉT	1 915	705	1000	0	0	0	1403	0	0	0	0	0	0	0	1403
Djibouti Télécom (Phase 2) *		CHINE	PHÉT	3250	1595	1500	0	500	0	0	0	0	0	0	0	0	0	500
Équipement Technique stade Hassan Gouled		CHINE	DON	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet de Construction de la Route Djibouti /Loyada(Construction de la Route)		BD	PHÉT	1 777	0	300	0	0	0	0	0	0	0	0	0	0	0	0
Projet d'actualisation de l'étude de la Route Tadjouah-Randa-Doma-Belho		KFAD	PHÉT	30	7	0	0	21	0	0	0	36	0	0	0	0	7	64
Projet de réhabilitation des équipements de la RTD		Japon	DON	1 734	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Réhabilitation de la centrale de Boulece *		OPEP	PHÉT	1364	0	0	0	0	0	1676	0	0	0	0	0	0	0	1676
URBANISME ET LOGEMENTS				15 588	7 366	3 985	44	200	357	64	56	580	156	56	192	78	178	2063

Etude Stratégique Logement		BAD	DON	118	114	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amenagement quartier 4		FED	DON	2 378	417	800	44	98	37	64	56	313	88	56	88	77	0	0	0	858
Mille logements sociaux phase 1 *	*	FADES	PRÉT	2 944	3681	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mille logements sociaux phase 1 **	**	A.D.H.A.S	PRÉT	1 432	1562	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mille Logement sociaux phase 2 *	*	A.D.H.A.S	PRÉT	1 288	122	300	0	0	138	0	0	0	70	0	194	0	103	0	0	410
Mille logements sociaux phase 2 **	**	FADES	PRÉT	3 576	428	1500	0	2	187	0	0	100	40	0	22	0	75	0	0	428
Fonds de développement Economique	*	KFAED	PRÉT	338	490	356	0	0	0	0	0	0	0	0	0	1	0	0	0	1
Refaire/Centre commercial		IRAN	PRÉT	2 300	618	800	0	203	0	0	0	188	0	0	0	0	0	0	0	368
Refaire/Centre commercial		IRAN	DON	388	0	210	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet Appui à l'Urbanisme et l'aménagement		BD	DON	38	10	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developpement des Infrastructures Hydrauliques		UNICEF	DON	148	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maintenance et Gestion des Puits d'eau		UNICEF	DON	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renforcement capacité d'intervention du MAEM-AM		UNICEF	DON	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Préparation à la réponse aux situations d'urgences		UNICEF	DON	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

AFFAIRES SOCIALES

15 307 6 383 2 133 0 296 63 89 0 60 929 0 0 0 0 1427

ACTEP+Complément (Travaux d'intérêt public)		IDA	PRÉT	3 587	3514	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Réhabilitation d'urgence Inondation (PRUS)		IDA	PRÉT	532	691	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Réhabilitation d'urgence Inondation (PRUS)		IDA	DON	532	532	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Réhabilitation d'urgence Inondation Complémentaire(PRUS)		IDA	DON	378	348	33	0	0	54	0	0	0	0	0	0	0	0	0	0	54
Projet de Réduction de la Pauvreté urbaine de Djibouti (PREPUDI) ADDS		BD	PRÉT	1 422	0	300	0	0	9	0	0	80	0	0	0	0	0	0	0	89
Projet de Réduction de la Pauvreté urbaine de Djibouti (PREPUDI) ADDS		BAD	DON	1 422	0	300	0	0	0	0	0	0	193	0	0	0	0	0	0	193
Projet de Réduction de la Pauvreté urbaine de Djibouti (PREPUDI) ADDS		IDA	DON	533	0	185	0	0	0	89	0	0	0	0	0	0	0	0	0	89
Projet de dev. Social et d'aménagement urbain des quartiers de Beletta (PREPUDI) ADDS		AFD	DON	1 908	0	303	0	0	0	0	0	0	0	0	0	0	0	0	0	303
Projet Appui des politiques de développement en réponse à la crise alimentaire		IDA	DON	880	880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet de lutte contre la crise alimentaire (Appui à la balance de paiement)		BAD	DON	298	0	298	0	298	0	0	0	0	0	0	0	0	0	0	0	298
Projet de lutte contre la crise alimentaire		BAD	DON	676	0	400	0	0	0	0	0	0	683	0	0	0	0	0	0	683
Projet d'Aide Alimentaire aux réfugiés et aux groupes vulnérables		FED	DON	462	412	70	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet Aide alimentaire		CHNE	DON	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aide financière non remboursable		CHNE	DON	330	0	120	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aide financière non remboursable		CHNE	DON	440	0	120	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conception du bâtiment de la présidence		CHNE	DON	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Echanges de notes sur l'Aide Alimentaire		CHNE	DON	280	0	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lutte contre les Mutations Génitales Féminines		UNICEF	DON	88	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Les Enfants Orphelins et Vulnérables sont Protégés		UNICEF	DON	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Promotion des droits		UNICEF	DON	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
L'application de la convention relatives aux droits des enfants		UNICEF	DON	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enregistrement des Naissances		UNICEF	DON	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet d'Aide Alimentaire		Japon	DON	1 811	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projet de Construction de la route Djibouti/renforcement des capacités et dev. Insttu. De		BD	PRÉT	384	0	0	0	0	0	0	0	0	63	0	0	0	0	0	0	63

EDUCATION

19 154 7 682 4 431 23 219 93 185 94 69 46 134 39 29 225 1156

Education II (construction écoles et collèges)		BAD	PRÉT	1 028	156	300	0	0	0	0	0	0	2	0	1	0	0	0	0	0
Education II (construction écoles et collèges)		BAD	DON	82	0	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction écoles et lycées Projet Education II + Complémentaire		BD	PRÉT	886	256	444	0	20	33	0	56	7	0	96	0	13	0	0	0	224
Amélioration capacité des écoles 2ème phase		IDA	PRÉT	1 777	952	594	0	0	36	98	33	27	27	0	34	0	0	0	0	258
Construction écoles et lycées		FADES	PRÉT	2 380	1790	630	0	80	8	82	0	0	0	0	0	0	0	0	0	1790
Construction écoles et lycées		FSO	PRÉT	1 246	790	405	0	10	8	0	0	19	17	0	0	12	7	0	0	69
Accès équitable à l'éducation de base		USAID	DON	1 790	1428	165	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction écoles et lycées (PAEFD)		AFD	DON	646	624	24	0	99	5	17	0	26	0	0	0	0	0	0	0	61
Projet Education pour tous à Djibouti (EPTD)		AFD	DON	1 923	157	600	0	74	2	4	0	0	0	0	4	0	0	0	0	42
Appui au pôle universitaire (PARCE/DS)		AFD	DON	938	332	263	0	88	0	0	0	0	0	0	0	0	0	0	0	16
Alphabétisation des filles		BD	DON	45	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Alphabétisation des filles		BD	PRÉT	180	208	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Augmentation de la scolarisation des Enfants		UNICEF	DON	178	85	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Équipement du CRPEP *	*	CRPEP	PRÉT	242	34	30	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Alphabétisation des filles II		BD	PRÉT	249	130	19	0	0	4	0	0	0	0	0	0	4	0	0	0	23
Projet Fast Track ou MOA		IDA	DON	1 088	638	139	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Universelle		FADES	PRÉT	2 932	46	700	0	0	0	0	0	0	31	0	0	0	0	0	0	31
Accès Accru à l'éducation de base de qualité		USAID	DON	890	108	184	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amélioration de la qualité de l'éducation Primaire		UNICEF	DON	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education non formelle		UNICEF	DON	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Projet de Développement Education National				BID	PRÉT	1 213	0	0	13	0	0	0	0	0	0	0	0	0	13	
SANTÉ						21 858	11 821	3 908	42	154	350	124	101	59	139	680	135	111	88	1875
Divers Projets de santé		OMS	DON	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Santé de la reproduction		FNLIAP	DON	300	84	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RHD Hôpital Pelletier		France	DON	540	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Développement services de Santé		IDA	PRÉT	2 570	3143	222	30	0	105	55	89	0	28	0	58	0	13	358		
Développement services de Santé		IDA	DON	1 244	0	0	0	0	0	0	0	0	0	0	0	0	89	0	89	
Lutte contre le VIH/SIDA		IDA	DON	2 136	2294	0	0	49	0	27	0	0	0	0	0	0	0	1	77	
Lutte contre le VIH/SIDA		Fonds Mondial	DON	2 124	2125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lutte contre le VIH/SIDA RS		Fonds Mondial	DON	1 960	430	300	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lutte contre le Malaria RS		Fonds Mondial	DON	890	430	100	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lutte contre la Tuberculose RS		Fonds Mondial	DON	832	144	100	0	0	0	0	0	0	0	0	0	0	0	0	0	
Fourniture d'équipements de santé		USAID	DON	2 136	1132	91	0	0	0	0	0	0	0	0	0	0	0	0	0	
Prise en charge intégrée des maladies de l'enfant(PCIME)		UNICEF	DON	218	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Renforcement service de santé		BAD	DON	222	173	49	0	0	0	0	0	0	0	0	0	0	0	0	0	
Renforcement service de santé		BAD	PRÉT	686	226	300	6	0	172	9	58	81	0	0	22	0	0	380		
Renforcement service de santé		OPEP	PRÉT	444	138	307	0	0	20	0	25	0	0	27	0	0	0	72		
Développement services de Santé		BID	PRÉT	840	296	400	6	1	22	13	5	0	0	2	4	0	0	53		
Construction d'un Hôpital à Al-Gabieh		BID	PRÉT	1 012	26	400	0	2	0	0	2	4	0	2	0	0	0	10		
Lutte contre le VIH/SIDA		AFD	DON	1 200	539	803	0	100	2	21	0	0	0	73	0	0	58	256		
Lutte contre le grippe aviaire		IDA	DON	337	36	0	0	29	0	30	0	0	0	0	0	0	0	59		
Lutte contre le grippe aviaire		BAD	DON	86	40	0	0	0	0	0	0	0	0	0	0	0	0	0		
Construction Hôpital de Balbala		Italie	DON	2028	0	1000	0	0	0	0	0	0	0	0	649	0	0	649		
Santé Maternelle et Néonatale		UNICEF	DON	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Prévention de la Transmission de la Mère à l'Enfant		UNICEF	DON	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Prévention du Sida en milieu des Jeunes		UNICEF	DON	85	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
APPUI A LA GESTION DE L'ECONOMIE						3 900	1 803	676	13	42	22	21	36	51	5	3	3	12	29	237
Recensement de la Population et de l'habitat		FNLIAP	DON	200	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appui à la cour des comptes		BAD	DON	272	86	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appui à la cour des comptes		ACBF	DON	193	89	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appui à l'Inspection Générale de l'Etat		ACBF	DON	200	137	63	13	0	21	0	7	5	3	0	3	23	75			
Appui à la bonne gouvernance		PNLD	DON	100	74	0	0	0	0	0	0	0	0	0	0	0	0	0		
Appui à la lutte contre la pauvreté		PNLD	DON	130	25	0	0	0	0	0	0	0	0	0	0	0	0	0		
Appui Conseil à la DISED et Dir. Eco		PNLD	DON	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Appui à la DFE		BID	DON	46	46	0	0	0	0	0	0	0	0	0	0	0	0	0		
Réhabilitation des Zones affectées		FED	DON	419	403	0	0	0	0	0	0	0	0	0	0	0	0	0		
Appui à la DFE		FED	DON	66	28	38	0	0	0	0	0	0	0	0	0	0	0	0		
Projet Fonds d'Etude N1		AFD	DON	120	37	83	0	0	0	0	0	0	0	0	0	0	0	0		
Projet Fonds d'Etude et de Renforcement des Capacités N1		AFD	DON	120	108	0	0	26	0	0	0	0	0	0	3	0	0	28		
Projet Fonds d'Etude N2		AFD	DON	112	0	0	0	11	0	0	0	0	0	0	0	0	0	0		
Appui à la Direction du Budget		IDA	DON	81	61	0	0	6	0	0	0	0	0	0	0	0	0	0		
Réforme Inst. Marchés publics		IDA	DON	83	45	0	0	0	0	0	0	0	0	0	0	0	0	0		
Projet Appui à l'INDG		IDA	DON	51	0	31	0	0	0	0	0	0	0	0	0	0	0	0		
Appui à la décentralisation		FED	DON	130	74	57	0	0	0	0	0	0	0	0	0	0	0	0		
Facilité de Coopération Technique		FED	DON	561	498	65	0	0	0	0	0	0	0	0	0	0	0	0		
Projet Appui à la DISED		IDA	DON	45	21	20	0	0	0	0	36	0	0	0	0	0	0	36		
Facilité Paix UA + Echo		FED	DON	196	0	50	0	0	0	0	0	0	0	0	0	0	0	0		
Appui à la société civile dt/ Projet ALBANE		FED	DON	126	0	95	0	0	0	0	0	30	0	0	0	0	0	30		
Projet PCI AFRIQUE		BAD	DON	177	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Nouvelle Facilité de Coopération Technique		FED	DON	312	53	190	0	0	0	0	0	0	0	0	0	0	0	0		
Projet Appui à la Réforme de la Protection Sociale		IDA	DON	43	9	23	0	0	4	0	6	0	0	0	9	0	19			
Projet démocratie et bonne gouvernance		USAID	DON	142	32	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL				138 814	58 820	26 373	2 003	1 820	1 888	908	4 380	2 251	2 004	1 311	781	1 762	828	18 788		
* Projet Avalées																				

Source DFE

Annex 6: Government Action Plan

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p align="center">Ministry of Economy and Finance, Responsible for Privatization</p>	<ul style="list-style-type: none"> • Maintain sustainable growth • Redistribution of wealth • Contain the wage bill • Diversify the national economy 	<p><u>Very short term</u></p> <ul style="list-style-type: none"> • Develop the purchasing power of low-income wage-earners. • Form a national committee composed of economists, the private and public sectors, and civil society, tasked with reexamining the country’s economic policy. • Facilitate and institutionalize the dialogue with private operators. • Carry out awareness-raising and informational campaigns on the reforms undertaken (General Tax Code, VAT, Investment Code, etc.). • Further improve the performance of administrative procedures at the Ministry of Finance. • Intensify price controls to avoid abuses by traders in collaboration with the Ministry of Commerce <p><u>Medium term</u></p> <ul style="list-style-type: none"> • Revive the organizational audit. • Further encourage Djibouti SME/SMIs by instituting tax incentives to promote investment and job creation. • Increase the bankarization rate in Djibouti. • Facilitate access to bank financing for households and SME/SMIs. • Strengthen the national statistics system and disseminate statistical information. <p><u>Long term</u></p> <ul style="list-style-type: none"> • Set in place incentives to improve the investment context and conditions in Djibouti.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p>Ministry of Commerce and Industry</p>	<ul style="list-style-type: none"> • Revitalize the industrial and handicrafts sector • Promote regional economic integration • Diversify sources of supply 	<p><i><u>Very short term</u></i></p> <ul style="list-style-type: none"> • Revitalize the Commerce, Industry, and Handicrafts sectors by adopting a development strategy for each sector, while giving priority to industrialization. • Establish a National Day of Djibouti Handicrafts as a way to promote the learning of trades, with equal attention given to apprenticeship and occupational integration. • Create a Craftsmen’s Village. • Adopt new measures to facilitate trade and implement those already taken to position Djibouti as a commercial platform, in particular through regional integration. • Implement the provisions of the law on competition to combat monopolistic behavior and illicit agreements. • Study ways and means to stimulate the private sector to invest more and create more jobs in order to bring down massive unemployment. <p><i><u>Medium and long term</u></i></p> <ul style="list-style-type: none"> • Organize subsectors that import and export so they can achieve economies of scale. • Ensure the reliability of market price data and disseminate the posted values in local languages by making use of all available media.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Investment Promotion</p>	<ul style="list-style-type: none"> • Transfer skills and technologies • Improve the business climate • Facilitate and speed up approval procedures • Promote investments and the country's image abroad 	<p><u>Very short term</u></p> <ul style="list-style-type: none"> • Encourage the creation of joint ventures between national and foreign companies. • Expand the Investment Code to include handicraft businesses. • Revise the Investment Code and, in particular, raise the Scheme A threshold in the Investment Code. • Promote the assets and advantages offered to national and foreign investors by Djibouti. • Restructure ANPI ; expand its partnership with CCD and APZF. • Increase the supply of financing for private operators. • Regularly produce sectoral statistical data. • Create an office and website to orient and facilitate communication with the diaspora and young Djiboutian developers. • Coordinate the activities of government entities responsible for promoting investments in cooperation with diplomatic missions.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Equipment and Transport</p>	<ul style="list-style-type: none"> • Ensure the availability of reliable meteorological data • Continue to build and upgrade new roads • Continue to reduce regional isolation 	<p><u>Very short term</u></p> <ul style="list-style-type: none"> • Create a National Directorate of Meteorology and focus efforts on the rehabilitation of weather stations located in the different regions of the country. • Redefine the road systems. • Implement speed reducing systems around schools and in areas frequented by children. • Improve road safety through rigorous enforcement of existing laws by the traffic police and greater awareness-raising about the dangers of traffic through public service announcements. • Accelerate route development. • Raise the awareness of bus trade unions about the necessity and usefulness of bus shelters (in progress). • Assist and support students taking transport courses at UD for better integration in the transport sector (in partnership with MEIFP). • Organize the Ministry's archives and open them to the general public. <p><u>Medium term</u></p> <ul style="list-style-type: none"> • Create bus stations. • Make ample documentation available and readily accessible to students. • Develop and modernize transport chains so they can keep pace with the emergence of cross-border trade, particularly the Djibouti-Ethiopia railroad. • Continue efforts to rehabilitate and maintain urban and rural roads. • Reactivate sea links (Djibouti-Tadjourah-Obock/Tadjourah-Obock); promote this mode of transport.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Communication and Culture</p>	<ul style="list-style-type: none"> • See to copyright protection • Reduce the digital divide • Make the National Printing Office competitive • Promote the cultural heritage 	<p><i>Short term</i></p> <ul style="list-style-type: none"> • See to artwork and copyright protection. • Modify the current organizational structure of RTD by creating distinct branches for radio and television (in progress). • Increase the number and quality of telecommunications services, especially in terms of access, performance, and coverage in rural areas in particular. • Develop and diversify the supply of services offered by the Djibouti National Printing Office (IND), and require the Government and public institutions to make use of IND's services. • Build another theater, with high capacity, in the municipality of Balbala. • Develop awareness-raising programs on the rights of the disabled (radio, television, La Nation newspaper) and arrange broadcasting air time. • Harmonize the status of journalists. <p><i>Medium and long term</i></p> <ul style="list-style-type: none"> • Establish decentralized cultural services and see to protection of the cultural and regional heritage. • Expand general access to new information and communications technologies.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Energy and Natural Resources</p>	<ul style="list-style-type: none"> • Strengthen the production capacity of EDD • Develop own energy sources • Reduce energy dependency • Develop human resources 	<p><i>Medium and long term</i></p> <ul style="list-style-type: none"> • Continue the quest for renewable energy such as geothermal and wind, and pursue widespread use of solar energy in inland villages and rural areas. • Expand rural village electrification projects in cooperation with other ministries. • Implement an action plan to manage energy use by government services and in public and semipublic institutions. • Improve working conditions of EDD production staff and raise their wage scale. • Institute social fare reductions. • Strengthen the capacities of EDD.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p>Ministry of Health</p>	<ul style="list-style-type: none"> • Strengthen universal access to health care • Coverage of the disabled • Ensure health monitoring 	<p><u>Short term</u></p> <ul style="list-style-type: none"> • Strengthen the Health Promotion component by stepping up awareness-raising campaigns (information, education, communication) in partnership with civil society (local associations, NGOs, CDCs, etc.) (in progress). • Provide free care to students upon presentation of a student identity card. • Provide free care to retired persons. • Review the requirements for issuing certificates of indigence. • Strengthen health controls in border towns to fight transmissible diseases. • Transform existing health centers in the capital into polyclinics. • Set up an infirmary in rural schools. <p><u>Medium term</u></p> <ul style="list-style-type: none"> • Train medical staff about the importance of welcoming and displaying compassion to patients. • Build a regional hospital in each of the chief towns of inland regions. • Train medical staff in sign language to facilitate communication with the deaf and hearing-impaired.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Education</p>	<ul style="list-style-type: none"> • Improve the quality of basic education • School enrollment for children with special educational needs • Implementation of a strategy to improve the quality of education 	<p><u>Short and medium term</u></p> <ul style="list-style-type: none"> • Improve access to education for children. • Improve integration of disabled children in the educational system by creating appropriate facilities. • Support early-learning activities by creating vegetable gardens around rural schools. • Lower textbook costs for parents who have more than four children in primary, middle, or high school. • Improve and ensure the sustainability of school dining and housing facilities in rural areas. • Establish early-learning programs for pupils in rural areas. • Continue the process of working to democratize basic education. • Create a training institute for middle and high school teachers, i.e. an Advanced Education Institute. • Adapt technical, vocational, and university education in line with job market needs. • Improve access to new information and communications technologies at all levels of education. • Introduce a reduced-rate student loan for purchasing a portable computer by working out an agreement with the banks; the Government would guarantee these loans. <p><u>Long term</u></p> <ul style="list-style-type: none"> • Ensure the sustainability of financing for education reform.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Agriculture, Livestock Production, and Marine Affairs, Responsible for Water Resources</p>	<ul style="list-style-type: none"> • Ensure food security countrywide • Promote the primary sector • Further promote fishery activities • Promote and support the livestock industry 	<p><u>Short term</u></p> <p style="text-align: center;"><u>Water and Sanitation</u></p> <ul style="list-style-type: none"> • Develop a comprehensive rural water supply program, specifying means such as cement-lined wells, tube-wells, dams, and water supply systems. • Establish a surface water mobilization program. • Improve neighborhood supply of safe drinking water, with attention given to low-income households. • ONEAD should move quickly to solve the problems of water availability, particularly in the city of Artá and the town of Dikhil. • Develop a reliable sanitation system in neighborhoods of the capital. • Upgrade the sanitation system. • Rehabilitate dilapidated ONEAD facilities to avoid water waste and loss. • Prioritize water supply for industry (food processing, etc.). <p style="text-align: center;"><u>Agriculture</u></p> <ul style="list-style-type: none"> • Provide assistance in fighting insects and pests. • Further strengthen agricultural development, especially in areas of know potential such as Hanlé and Gobaad, based on integrated management to ensure sustainable use of water and soil resources. <p style="text-align: center;"><u>Fisheries</u></p> <ul style="list-style-type: none"> • Set up a fisheries development system. • With the involvement of fishermen themselves, ensure that boat repair shops function smoothly. • Set up an effective system of fisheries promotion. <p style="text-align: center;"><u>Livestock</u></p> <ul style="list-style-type: none"> • Institute coercive measures aimed at livestock exporters to ensure a local market supply of meat in the event of high demand. <p><u>Medium term</u></p> <p style="text-align: center;"><u>Water</u></p> <ul style="list-style-type: none"> • Conduct hydrogeological studies for urban centers to ensure sustainable water supply. Expand well fields or identify new ones.

<p>(cont.)</p> <p>Ministry of Agriculture, Livestock Production, and Marine Affairs, Responsible for Water Resources</p>	<ul style="list-style-type: none"> • Continue actions to ensure water supply • Diversify agricultural production 	<p style="text-align: center;"><u>Agriculture</u></p> <ul style="list-style-type: none"> • The Ministry of Agriculture, in collaboration with the Ministry of Education and the Ministry of Health, will participate in the creation of vegetable gardens around schools and dispensaries in rural areas. Water availability will need to be studied in advance. • Set up an appropriate information system for groups involved in agro-pastoral activities. • Conduct a study to ensure optimal flow of agro-pastoral products nationwide; look at the cost of agro-pastoral products and propose a relevant action program. • Conduct a study on the impact of climate change on agricultural activities in collaboration with CERD and the Ministry of the Environment. • Develop an action program and specifically a training component for farmers.
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Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Housing, Urban Development, and Environment, Responsible for Land Development</p>	<ul style="list-style-type: none"> • Ensure universal access to ownership • Adopt an efficient policy on cities • Protect the environment 	<p><i>Short term</i></p> <p style="text-align: center;"><u>Habitat</u></p> <ul style="list-style-type: none"> • Organize campaigns to inform the general public about all possible forms of access to ownership. • Facilitate conditions of access to ownership for low-income households. • Reduce the expenses of transferring and registering property in the case of private sales. • Reactivate the lands commission and work to develop a rational framework for managing land assets. • Study an appropriate mechanism for facilitating house payments by heirs upon the parents' death and also by low-income young people. <p style="text-align: center;"><u>Urban and land development</u></p> <ul style="list-style-type: none"> • Establish urban development master plans for the city of Djibouti and for secondary cities and, more specifically, establish a cadastral map of the country. • Enforce the regulations in effect regarding the procedure for obtaining a building permit. • Facilitate access to government buildings for persons with reduced mobility. <p style="text-align: center;"><u>Environment</u></p> <ul style="list-style-type: none"> • Strengthen coordination of activities between the Government and actors involved in managing environmental projects. • Take environmental concerns into consideration in public policy.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Youth, Sports, and Leisure</p>	<ul style="list-style-type: none"> ● Develop social structures that will allow young people to flourish ● Support high-level sports development ● Promote access to sporting activities to combat juvenile delinquency ● Improve Djibouti's image as a destination 	<p><u>Short and medium term</u></p> <p style="text-align: center;"><u>Youth</u></p> <ol style="list-style-type: none"> 1. Build Community Development Centers (CDCs) in each neighborhood and inland region to prevent juvenile delinquency. Renovate those that are in poor condition. 2. Train professional outreach officials for better coverage of youth. Facilitate the hiring of young people trained in the CDCs. 3. Conduct a social survey of changes in Djibouti youth and their behavior. 4. Provide greater resources to CDC extension workers. 5. Accelerate the opening, at each CDC, of an occupational integration or job service where local youth can obtain information and receive counseling and advice. 6. Raise the awareness of youth about the ill effects of soft drugs (khat, tobacco, etc.). <p style="text-align: center;"><u>Sports</u></p> <ol style="list-style-type: none"> 7. Continue the policy of early detection of young talent and training for high-level athletes (in progress) and arrange training for hopefuls at sports academies abroad. 8. Improve the competitiveness of Djibouti's athletes. 9. Draw conclusions from the sports-and-studies school and develop an action program. 10. Create spaces for relaxation and sports in new housing developments. 11. Create playgrounds for families. 12. Build tennis courts for youth (in progress). 13. Promote water sports (windsurfing, swimming, etc.). <p style="text-align: center;"><u>Tourism</u></p> <ol style="list-style-type: none"> 14. Raise citizens' awareness about the importance of extending a friendly welcome to tourists coming in greater and greater numbers to Djibouti, and of improving the country's image as a land of hospitality. 15. Accelerate implementation of the tourism trades training program so Djiboutian youth will be the main beneficiaries of tourism development. 16. Install an aquarium in the city of Djibouti.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Employment and Occupational Training and Integration</p>	<ul style="list-style-type: none"> • Reduce youth unemployment • Ensure fair access to employment • Establish a privileged partnership with the private sector • Develop job and occupational integration opportunities for young people • Make public administration more effective 	<p><i>Short and medium term</i></p> <ul style="list-style-type: none"> • Form a working group to stimulate businesses to hire. • Reassign government employees. • Revive the organizational audit. • Reflect on a new policy to improve public administration performance. • Revitalize INAP. • Reexamine public management and encourage civil servants to work efficiently (through performance contracts, output requirements, etc.). • Upgrade the operational capacities of ANEFIP services, in particular by improving and/or strengthening: <ul style="list-style-type: none"> - reception of the general public and user services, especially for young graduates; - information services for users, while reducing the time taken to process applications; - ANEFIP's material and human resources. • Make the employment watchdog unit created within ANEFIP fully operational. • Create more ties with businesses. • Regularly update a bulletin of labor market statistics with the support and collaboration of DISED. • Publish monthly or bimonthly news bulletins on available jobs and jobs to look for. • Train agency inspectors and auditors in professional ethics and labor law. • Improve the average level of this category of employee so they can provide better oversight of worksites and businesses. • Place inspectors in all the regions. • Rehabilitate CFPA facilities and revitalize the training policy. • Strengthen the technical and professional qualifications of those leaving the education system. • Help disabled children become integrated into the working world. • Encourage unpaid internships. • Institute apprenticeship incentives. • Undertake a study of the informal sector's impact on job creation. • Set up insurance within OPS to cover risks for interns. • Speed up the process of actual CNSS implementation.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Muslim Affairs and Mosque Properties</p>	<ul style="list-style-type: none"> • Further promote religion and maintain places of worship • Improve organization of the pilgrimage 	<p><u>Short term</u></p> <ul style="list-style-type: none"> • Create a residential complex and center at Sans Fil. • Finish construction of the PK12 cemetery enclosure; establish a tomb alignment plan; earmark a charitable bequest for the cemetery; and create a registry of the deceased. • Further promote religion and learning centers in the regions. • Improve management of the pilgrimage, especially in terms of logistics and, more specifically, the issue of air transport for pilgrims. • Make places of worship accessible to persons of limited mobility. • Rehabilitate Ambouli cemetery. • Optimize management of mosque properties in regard to cost recovery. • Create an Islamic Center in Quartier 7. <p><u>Medium and long term</u></p> <ul style="list-style-type: none"> • Renovate places of worship and plan expansions as needed. • Enlarge certain mosques and plan expansions of rooms designated for women. • Build a mosque in Einguela. • Create centers for Koranic education and memorization in all the regions.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Secretariat of State for National Solidarity</p>	<ul style="list-style-type: none"> • Continue the policy of fighting poverty through the INDS • Reduce the social divide from a geographic standpoint • Facilitate access to credit for young graduates • Improve the living conditions of vulnerable groups 	<p><i><u>Short and medium term</u></i></p> <ul style="list-style-type: none"> • Ensure the sustainability of poverty reduction activities. • Expand social projects to all neighborhoods and into the regions. • Promote employment of young graduates and occupational integration of the disabled. • Provide solar-powered public lighting at the Ambouli cemetery. • Create infrastructure for the most underprivileged petty traders, especially in PK12, Sans Fil, etc. • Establish ADDS field units in working-class neighborhoods. • Expand electrification projects to encompass renewable energy in inland regions. • Support farmers in rural areas to ensure the viability of their farms. • Promote a culture of savings. <ul style="list-style-type: none"> • Further develop income-generating activities. • Implement a partnership policy with local banks. • Increase and expand access to credit.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry for the Promotion of Women and Family Well-Being</p>	<ul style="list-style-type: none"> • Encourage women's entrepreneurship • Promote women's integration in the public and private spheres • Raise awareness of gender equality on the part of all stakeholders 	<p><u>Short and medium term</u></p> <p style="text-align: center;"><u>Women's entrepreneurship and training</u></p> <ul style="list-style-type: none"> • Continue to ramp up advocacy and social mobilization activities for women's education, training, and socioeconomic integration. • Implement a large-scale literacy education program in national languages and study the impact. • Take the needs of the disabled into account and promote training and occupational integration for women living with a disability. • Make adequate resources available for the implementation of formal and nonformal education projects and programs for girls. • Promote women's entrepreneurship as a way to create income-generating activities, particularly through training actions to build qualifications in small trades practiced by women. • Facilitate women's access to microfinance in rural areas. • Increase the enrollment capacity of training centers, particularly the one in Balbala, and build vocational training centers in the inland districts. <p style="text-align: center;"><u>Gender equality</u></p> <ul style="list-style-type: none"> • Strengthen the role of women in decision-making, particularly through improved representation in diplomatic posts and senior government positions. • Raise the awareness of gender equality on the part of all stakeholders with a view to achieving the Millennium Development Goals. • Raise the awareness of all social actors in order to eliminate all forms of discrimination. <p style="text-align: center;"><u>Family well-being</u></p> <ul style="list-style-type: none"> • Make couples more aware of their domestic duties and obligations. • Raise awareness with an eye to strengthening the family unit.

<p>(cont.)</p> <p>Ministry for the Promotion of Women and Family Well- Being</p>	<ul style="list-style-type: none">• Strengthen the family unit	<ul style="list-style-type: none">• Strive to shorten the distance between water points and homes as a way to lighten the work of women and young girls in rural areas.• Place a national priority on the prevention and control of drugs and harmful products, aimed in particular at adolescents, young people, and women.• Revisit with social partners the issue of the duration of maternity leave, taking into account the socio-cultural realities and new health data on the duration and benefits of breastfeeding.• Create a Women’s Center where young mothers will be trained to raise their children according to tradition (by learning lullabies, stories, the mother tongue, etc.).• Train social workers.• Form a working group to monitor children’s custody after their parents’ divorce, in collaboration with the Ministry of Justice and the Ministry of Mosque Properties.
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Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of the Interior and Decentralization</p>	<ul style="list-style-type: none"> • Enhance public security • Implement prevention and awareness-raising strategies to combat delinquency and vandalism • Put decentralization into effect 	<p><i>Short term</i></p> <ul style="list-style-type: none"> • Develop neighborhood police activity with a greater emphasis on prevention. • Reexamine policy on clandestine immigration and the foreign population. • Implement the 2007 decree transferring competence and, in particular: <ul style="list-style-type: none"> ➢ Review the scope of competence and the actual means; ➢ Redefine and delimit the prerogatives of each of the institutions responsible for decentralization, namely the prefecture, the central government, and the regional councils. • Provide the regional councils with their own resources, intended to support them in performing their mission. • Reactivate, under the Office of the Prime Minister, the commission responsible for monitoring the decentralization process. • Strengthen the human and material capacities of OVD and regularize the status of women employed by OVD to clean public facilities. <p><i>Medium term</i></p> <ul style="list-style-type: none"> • Form a committee of representatives from the Ministry of Mosque Properties, the Ministry of Communication, and the Ministry of Education to raise the awareness of young people in a positive way. • Improve the security situation in urban areas for the benefit of all.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Defense</p>	<ul style="list-style-type: none"> • Develop an action plan for modernizing the army • Enhance the status of servicemen 	<p><i>Short term</i></p> <ul style="list-style-type: none"> • Form a corps of reservists in case of armed threat. • Designate a national home for retired servicemen (in progress). • Extend the duration of service before retirement. • Improve the living conditions of servicemen living at isolated posts. • Increase the retirement benefits of servicemen and provide free health coverage to retirees. • Conduct a study on the management of CMR and its organizational structure. • Boost the capacities and staffing of FAD to ensure rigorous border controls. • Train soldiers in the use of new information and communications technologies. • Continue the SNA efforts.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Justice</p>	<ul style="list-style-type: none"> • Improve the functioning of the justice system • Achieve better social and occupational integration of prisoners when they are released • Facilitate the accessibility of justice for low-income persons 	<p><u>Short term</u></p> <ul style="list-style-type: none"> • Establish an international arbitration center. • Raise the pay of clerks of the court. • Put the reform of the Administrative Tribunal into effect. • Create jurisdictional branch offices in all the inland regions. • Report more effectively on justice system activities by creating a website and publishing case law on a regular basis. • Boost judicial assistance by increasing the number of officially appointed lawyers. • Establish a directorate responsible for collecting fines imposed by the courts. • Place occupational outreach workers in detention centers. • Rehabilitate prisons in the inland regions. <p><u>Medium term</u></p> <ul style="list-style-type: none"> • Speed up the reforms under way, particularly in regard to the civil code, the code of civil procedure, etc. • Bring to fruition the project to expand the prison facility for women and minors in Gabode and create a training center to ensure better integration. • Bring the justice system close to the people in inland regions by encouraging the mobility of judges.

Sphere of Activity	Objectives	Recommendations from the Day Retreat and Seminar
<p style="text-align: center;">Ministry of Foreign Affairs and International Cooperation</p> <p style="text-align: center;">and</p> <p style="text-align: center;">Min.-Del. for International Cooperation</p>	<ul style="list-style-type: none"> • Revitalize diplomacy • To attract direct foreign investment, promote the country's economic potential 	<p><i>Short and medium term</i></p> <ul style="list-style-type: none"> • Create a position of economic advisor in each embassy to promote the country's economic image and bring in direct foreign investment. • Train Djibouti diplomats by creating an Institute of Diplomacy Studies. • Put the principle of diplomat mobility into effect by maintaining a rotation of officials of the Ministry of Foreign Affairs; develop a career plan for diplomats when they return to the country. • Take greater advantage of the presence of military forces stationed in the country, economically, socially, and politically. • Support and encourage Somalian institutions set up as part of the Djibouti 2008 process to consolidate peace in the region. • Streamline diplomatic representation and place a priority on potentially opening diplomatic representations based on national interests. • Improve coordination of activities between technical ministries and embassies. • Coordinate Ministry of Foreign Affairs information by improving communication with embassies, particularly through the use of tools such as intranet.