

USAID/Djibouti

Annual Report

FY 2005

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Please Note:

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Djibouti

Performance:

Background: Djibouti is a key U.S. ally in the war against terrorism. It hosts the only U.S. military base in Africa, and has demonstrated unconditional support. Djibouti also plays a crucial role in promoting regional stability. It serves as Ethiopia's main seaport for commercial trade and humanitarian aid. It has acted as a peace broker in conflicts between neighboring Eritrea and Ethiopia and has played a lead role in the regional peace and reconciliation efforts for Somalia. Djibouti also is the location of the Intergovernmental Authority for Development (IGAD) Secretariat, a regional USAID partner. Djibouti is a potential terrorist target because of its porous borders with Somalia and Ethiopia and the Middle East, as well as the presence of the U.S. military base. Djibouti's extreme poverty, high unemployment, chronic food deficits, and humanitarian and social needs make it susceptible to instability and social and economic collapse.

Djibouti's population is estimated to be between 500,000 and 700,000. Eighty percent live in urban areas, and approximately 15 percent of the total population is composed of refugees from Somalia and Ethiopia. According to the 2004 IMF report, Djibouti's economy registered modest improvements in major sectors due in part to implementation of the Poverty Reduction Strategy Program (PRSP) and a medium-term Structural Adjustment Program (SAP), begun in 1996. The Government of the Republic of Djibouti (GORD) has adhered to the PRSP and the SAP, albeit unevenly. Djibouti has also developed new strategies for economic and communication sector liberalization as well as education and health reforms in conformity with established poverty reduction strategy guidelines. These sector reforms are components of a larger strategy by the GORD to transform Djibouti into a modern commercial center for the Horn of Africa and the Middle East, similar to Dubai or Shanghai. The GORD has taken important first steps to implement this ambitious plan, lowering the costs of communications (information technology and telephone), and developing strategies to upgrade its work force. Nonetheless, Djibouti lacks a productive sector and the arid climate and rocky soil are inhospitable to agricultural and/or large-scale livestock production. Except for large salt deposits, Djibouti has no known natural resources.

Djibouti's real GDP grew by 3.5 percent by end of calendar year 2003; population growth was at 2.8 percent, and inflation at 2.1 percent, up from 1.5 percent in 2002. Most of the GDP is made up of the service sector through port, transport and banking services for Ethiopia and northern Somalia. The transportation sector, which is the highest revenue earner for Djibouti and backbone of the country's economic activity, grew significantly in 2003. Port traffic increased by 40 percent, while air transportation increased by 96 percent. Public investment increased by 58 percent during the same period. These investments focused on infrastructure, roads, housing and education. Government revenues grew by 22.7 percent as a result of additional revenues collected from foreign military forces. Donor assistance increased substantially. In 2004, the French Government re-negotiated its budgetary support (including base lease agreement, balance of payments support, development assistance, income taxes and custom charges) to 30 million Euros per year for the next ten years.

Although social indicators are showing modest improvements due to increased donor and government investments, Djibouti is still ranked 157 among 174 countries in the UNDP's Human Development Index. Low human capacity levels and poor health are central to Djibouti's development challenges. Over 45 percent of the primary school age population or 51,000 children do not attend school. Although Djibouti has made primary school free and mandatory since 1999 when education reforms began, gross enrollment at primary school level was only at 53 percent at the end of calendar year 2003, up from 38 percent in 1999. Girls' primary school enrollment remains low at 40 percent in 2004 (compared to 32 percent in 1999). There are only four middle schools in the rural areas, one per district. Only about 40 percent of boys and 33 percent of girls who enroll in school at age six go on to complete primary school.

Health indicators are equally low. Life expectancy remains low at 46. Djibouti exhibits high rates of infant and under-five child mortality, estimated at 114 and 165 live births respectively. Maternal mortality is estimated at 740 per 100,000 live births, one of the highest rates in the world. Thirty-one percent of the under-five population suffers from malnutrition and 70 percent of first-graders are malnourished. The vaccination rate is less than 11 per cent for the under-five in the rural areas, although the gross immunization rate is 45 per cent in children under five. The HIV/AIDS prevalence rate is 3.0 percent in the general population. Knowledge of HIV/AIDS transmission also is low. Tuberculosis and malaria are widespread. Djibouti currently has the second highest rate of TB in the world.

U.S. Interests and Goals: The U.S. has significant national interests in Djibouti, which focus on the war on terrorism and advancing sustainable development in Djibouti. The U.S. has established the only American military base on the African continent in Djibouti, as part of the Global War Against Terrorism. While the U.S. government's economic assistance program to Djibouti is linked to the GORD's key role in the Global War Against Terrorism, it is also targeted to assist in the economic development and social reforms to improve the quality of life for all Djiboutians.

Donor Relations: The establishment of the USAID office in Djibouti has boosted donor coordination in Djibouti at the sectoral level, particularly in education, health and food security. Under USAID leadership, the Ministry of Education (MOE) established the practice of working meetings with relevant donors to coordinate their activities. There are informal monthly coordinating meetings among key donors (USAID, French Cooperation and UNICEF) and MOE aimed at improving quality and access to education. General donor meetings are held every quarter. Similar coordination exists among key donors (USAID, WHO, UNICEF and French Cooperation) in the health sector. USAID often leads these meetings and presides over a number of subcommittees. However, donor coordination at the national level is lacking.

Donors provided approximately \$100 million in development and other assistance to Djibouti in 2003. Currently the largest donors are USAID, France, the World Bank and Saudi Arabia. These countries have committed approximately \$60 million for multi-year education and \$40 in health programs respectively. Saudi Arabia's assistance is for Islamic education. The African Development Bank and the Italian Government have provided support in secondary school and hospital construction.

USAID/Djibouti and the U.S. Department of Defense collaborate closely in implementation of development programs. USAID and the Civil Affairs Unit at Camp Lemonier, the U.S. military base in Djibouti, collaborate in the rehabilitation of education infrastructure, health facilities and community infrastructure and USAID provides the equipment and training of service providers. USAID/Djibouti is in the process of developing a Memorandum of Understanding with the Civil Affairs Unit in order to formalize collaborative arrangements.

Gender implications: While Djibouti is less conservative than many Muslim states in terms of gender roles, women nevertheless are severely disadvantaged in terms of health, education and in the formal economy. The USAID program addresses these problems through its emphasis on girls' education and women's literacy programs, training in life skills and improving maternal and child health.

Challenges: During the past four years, the GORD made significant strides in developing and implementing a vision to create a modern and stable commercial state. Nonetheless, Djibouti faces formidable challenges. Among the most important are Djibouti's low health and human capacity levels, high population growth rate and sluggish economic growth. Djibouti suffers from high unemployment, bloated civil service rolls, poor governance and weak institutions that lack transparency. Labor, commercial and investment codes do not exist. The judicial system is weak. Chewing "khat" (a narcotic leaf) is rampant among men and is on the increase among women and children. Most Djiboutians have yet to benefit from the poverty reduction programs. Funding for the PRSP is not assured. The challenge for the GORD, and a prerequisite to maintaining internal stability, is to show real progress in bringing the benefits of reforms to the Djiboutian people, to increase literacy, improve the health system, and in the longer term, create jobs. The GORD appears committed to the PRSP. The USAID program supports these objectives.

Other USAID Programs: P.L. 480. Djibouti is a chronic food deficit country requiring over 13,000 metric tons (MT) of food assistance annually to meet shortfalls. USAID has worked closely with the World Food Program (WFP) to develop an operation encompassing a variety of activities that target different groups through rural food for work activities and urban institutional feeding, in addition to providing relief to Somali refugees in Djibouti. In FY 2004, USAID provided 1,700 MT of commodities valued at \$1.0 million to this program. Prospects for food aid assistance in FY 2005 are slim. Discussions are ongoing for the FY 2005 program and to repatriate most the refugees to their country of origin. The target group is an estimated 43,000 Djiboutians and refugees.

The AFR/SD/Education office financed six volunteer English language teachers to Djibouti. This program supports the GORD's strategy for increasing English language teaching at its schools at all levels. REDSO/ESA's regional trade program, working through the African Union's Intergovernmental Bureau for Animal Resources (AU/IBAR)) and funded with \$4.0 million FY 2003 ESF for Djibouti, is working with the regional Red Sea Livestock Commission (RSLC) and the Djibouti Chamber of Commerce (CoC) to establish a regional livestock marketing facility in Djibouti for livestock export/import certification. The facility will be privately run and will service Somali, Ethiopian and Djiboutian livestock exports to the Middle East and other countries in the region. Also through REDSO/ESA, and with \$1.0 million FY 2003 ESF, a Djibouti office of the regional FEWSNET program was established in FY 2004 to monitor food security in Djibouti by providing critically needed famine early warning data, changes in household expenditure, and related information to decision/policy makers, donors and public sector entities in the country.

Key Achievements: FY 2004 was the first full year of implementation for the Djibouti program. Achievements include the quick startup of the program, including establishment of the USAID/Djibouti office as a satellite of REDSO, recruitment of staff, development of the program and selection of implementation partners; the establishment of strong relationships with education, health and foreign affairs ministries; and development of a collaborative approach with other U.S. Government departments such as State (including Public Affairs) and U.S. military. USAID and the Civil Affairs Unit of the U.S. Military rehabilitate school, health and community infrastructure while USAID, and to a small extent the Public Affairs Unit, furnish and equip them, and train service providers. USAID is in the process of executing a Memorandum of Understanding with the Civil Affairs Unit in order to formalize the collaborative arrangements. With support from the U.S. Ambassador, USAID strengthened donor coordination in education, health and food security sectors where USAID assistance is focused. Other key achievements include:

1. Basic Education: The basic education SpO focuses on increasing access to quality basic education and non-formal education for out-of-school girls and women. The primary beneficiaries are 100,000 primary and middle schools children who will receive quality education in rehabilitated schools. Out-of-school girls will benefit from life skills and non-formal literacy training. FY 2004 was a successful implementation year for the program. Five schools were renovated throughout the country. As a result of the rehabilitation, enrollment in the five schools increased by more than 40 per cent from 3,500 pupils to over 5,000 pupils. To improve teaching and learning, a Technical Committee on Quality Improvement was established at the MOE. The Committee ensures that quality teaching and learning practices are ensured in the education reform program. A national strategy for continuing teacher professional development was developed and published and a national education reform awareness media campaign was launched. To increase opportunities for girls' education, USAID conducted a national study on impediments to girls' education. USAID will use the results as the basis for an incentive and a competitive small grants program to encourage strong school-community linkages. USAID provided 46,500 pupil and 750 teacher/classroom kits for the primary schools.

2. Expanded Coverage of Essential Health Services: The health SpO, which began in May 2004, seeks to increase supply of essential health services, improve quality of services and enhance local capacity to sustain health services. The program will directly benefit over 150,000 Djiboutian women and children who live in the rural areas. In collaboration with the Ministry of Health (MOH), USAID assessed all 25 rural health centers, established an essential health-services package and procured a list of necessary

equipment for each health center. Plans are underway for the rehabilitation of the centers. USAID initiated coordination meetings with MOH, UNICEF, WHO and other partners to support the National Polio Vaccination Days, expected in January 2005. USAID and the U.S. military have agreed on which health facilities each party will rehabilitate. To enhance local capacity to sustain health services, USAID conducted an assessment and developed strategies for community mobilization. A survey was organized in communities to develop health messages in the three main local languages (Afar, Somali, and Arabic) and the first radio broadcast spots on child and maternal health have been developed and are ready to be launched.

3. Regional Livestock Marketing and FEWSNET: Through support to AU/IBAR, USAID is constructing a Regional Livestock Marketing Facility in Djibouti. The GORD donated 605 hectares of land, valued at approximately \$300,000 to the Djiboutian Chamber of Commerce (CoC) for the construction of a quarantine/holding pen for livestock. The CoC and the Red Sea Livestock Trading Commission (LTC) have signed an MOU with regard to ownership and management of the holding pen, which allows LTC to oversee operations.

4. FEWSNET: The Djibouti FEWSNET country office was established in February 2004. The program seeks to improve food security early warning analyses and products through increased knowledge of livelihoods and vulnerable groups in the country. USAID started production and distribution of high quality monthly food security bulletins in both French and English in June 2004 to government officials, decision makers, donors and NGOs. USAID established baseline indicators and livelihood maps for rural Djibouti and trained 15 GORD technicians on GIS and Remote Sensing applications. USAID completed digitalization of 12 key map layers for Djibouti that will be used as baselines for monitoring land-use changes in urban and rural areas.

USAID WEBSITE:<http://www.usaid.gov>

Results Framework

603-001 Basic Education Improved

IR 1 Increased Equitable Access to Basic Education

IR 2 Improved Quality of Teaching and Learning

IR 3 Improved Opportunities for Girls' Education

603-002 Expanded Coverage of Essential Health Services

IR 1 Increased Supply of Essential Health Services

IR 2 Improved Quality of Services

IR 3 Enhanced Local Capacity to Sustain Health Services