

DJIBOUTI

**COUNTRY DEVELOPMENT
STRATEGY STATEMENT**

FY 82

Small Program Statement

January 1980

BEST AVAILABLE

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memorandum

DATE: 25 January 1980

REPLY TO
ATTN OF: Walter S. Clarke, Chargé d'Affaires, a.i.

SUBJECT: DJIBOUTI COUNTRY DEVELOPMENT STRATEGY STATEMENT

TO: Mrs. Goler Butcher, Assistant Administrator, Bureau for Africa

I fully endorse the contents of the proposed USAID/Djibouti Assistance Program, as described in the accompanying Strategy Statement.

Moreover, there can be little dispute of the fact that a USAID presence is an essential element to attaining the goals of the United States Government in Djibouti and the Horn of Africa. The degree to which our USAID program can successfully address the economic plight of Djibouti's poor and reinforcement of Governmental institutions will be critical in the struggle to maintain Djibouti's western-leaning, neutral sovereignty.

Assuming timely support from Washington and regional aid supporting elements, I am confident that our exceptionally competent and professional USAID staff can manage a program of the scope described and do credit to our presence here.



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

OPTIONAL FORM NO. 10
REV. 7-76
GSA FPMR 41 CFR 101-11.6
5010-112

USAID/DJIBOUTI
COUNTRY DEVELOPMENT
STRATEGY STATEMENT
(1982-1986)

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I. COUNTRY OVERVIEW

A. Political

The Republic of Djibouti attained independence in June 1977, after one hundred and fifteen years of French colonial control. The Republic is a democracy consisting of an elected President, presently Hassan Gouled Aptidon (in office since independence) and a Prime Minister with limited powers selected from a legislative assembly comprised of 65 elected members, who all, like the President retain their seats for five years. Representation in the Assembly is about equally divided between the Afars and Issas, the two major tribes in Djibouti. The city (primarily ethnic Somali) is probably under-represented in the Assembly in order to assure proper ethnic balance at the national level.

Djibouti is a non-aligned state maintaining good relations with Ethiopia, westward-leaning Somalia, the Soviet Union, People's Republic of China, Saudi Arabia, South and North Yemen, the PLO, Libya and the U.S. as well as others. Its importance to France and the U.S. lies in its strategic location as a ship refueling point for naval vessels in the Indian Ocean and Persian Gulf. For other countries in the region, and Somalia and Ethiopia specifically, the country serves as a buffer and stabilizing influence as well as a point of contact for very diverse political tendencies within the region. The continued independence and viability of Djibouti is probably essential to prevent escalation of warfare and reinforced Soviet presence in the Horn of Africa. Djibouti's importance has increased dramatically due to recent events in Iran, southern Arabia and the continuing hostilities in the Ogaden and Eritrea. The Government's record on human rights is best characterized by their willingness to maintain open borders and to provide refuge

to young refugees from Ethiopia. This assistance is offered despite the heavy obligations this places upon scarce resources. The Government, however, has increasingly viewed some of these refugees as a political risk more than an economic burden.

B. Social

Traditionally Djibouti has been split by ethnic rivalries which originated because of the competition for grazing territory between two primary ethnic groups, the Issas (of Somali origin) and the Afars (of Ethiopian origin). The continuing seriousness of this problem is manifested within the country by informal territorial demarcations within the countryside (the South predominantly Issa, the North predominantly Afar), and within the government itself where great care is taken to ensure both groups' equal representation within the executive and legislative branches. Both groups are predominantly Moslem.

C. Economic

1. Natural Resource Base - The territory of Djibouti comprises 23,000 square kilometers (about the size of the state of Massachusetts) and is bifurcated by the Gulf of Tadjoura. The climate is arid with the exception of some high altitude zones that are essentially semi-arid. Average rainfall ranges between 100 and 200 mm, and is characterized by extreme irregularity. Temperatures range from 30-35°C on the plains. Winds are strong and frequent, particularly during the hottest season (May-Sept), and consequently water evaporation intense.

a). The terrain is marked by numerous mountains and several plains composed primarily of rock (basalt) and sand with alluvial deposits representing an estimated 10% of the country's surface

Of this, an estimated 1% is believed to have potential for agricultural development. No significant resources are known to exist outside of heavy concentration of salts which are extracted in limited quantity. Commercial exploitation of limestone and gypsum is planned. Extensive reserves of perlite may permit utilization of that valuable aggregate.

b). Water resources are confined principally to underground aquifers. No permanent surface flows exist. Surface run off from heavy rains and subsurface flow is weak and of a quantity that satisfies only limited human and animal consumption on an irregular basis. Of the estimated numerous subterranean water sources only deep wells (in excess of 80m) seem to possess sufficient quantity and recharge to be adequate for human and agricultural use. The extent of such resources is unknown as is the quality. However, based upon limited analysis the available water, particularly in Tadjoura has proven exceptionally high in minerals. Hence mineral water production in certain areas has potential. Abundant geo-thermal sources have been located for possible exploitation.

c). Vegetation is a function of rainfall and consequently limited to higher altitudes. The accacia bush predominates and is the principal food source for petit ruminants, particularly during times of drought. The countryside is severely eroded.

d). The Red Sea seems to be Djibouti's greatest resource as evidenced by plentiful food fish along the coast and in open waters. Crustaceans are also plentiful and recent experiments in red seaweed culture have been promising.

2. Human Resources - As part of the WHO small-pox eradication program a rather detailed dwelling/inhabitant census was undertaken in January 1978. The results of that survey significantly deflate previous estimates which had an estimated population of 300,000 (77) forecasted to rise to 367,000 by 80. The unofficial WHO census arrived at a population total of 260,000 for end of CY 77, giving rise to a re-estimated population total (2.5% growth) of approximately 284,000 by 1980. The WHO study gave the following 1977 population profile (and will be used as the population base throughout this document).^{XX}

90,000 rural inhabitants (35% of populace) comprising:

60,000 Nomads (23% of total population)
10,000 refugees
20,000 towns/villages

170,000 Djibouti city (65% of populace) comprising:

135,000 Djiboutians (51% of total population)
10,000 refugees
25,000 French/foreigners (approx. 10% of total population)

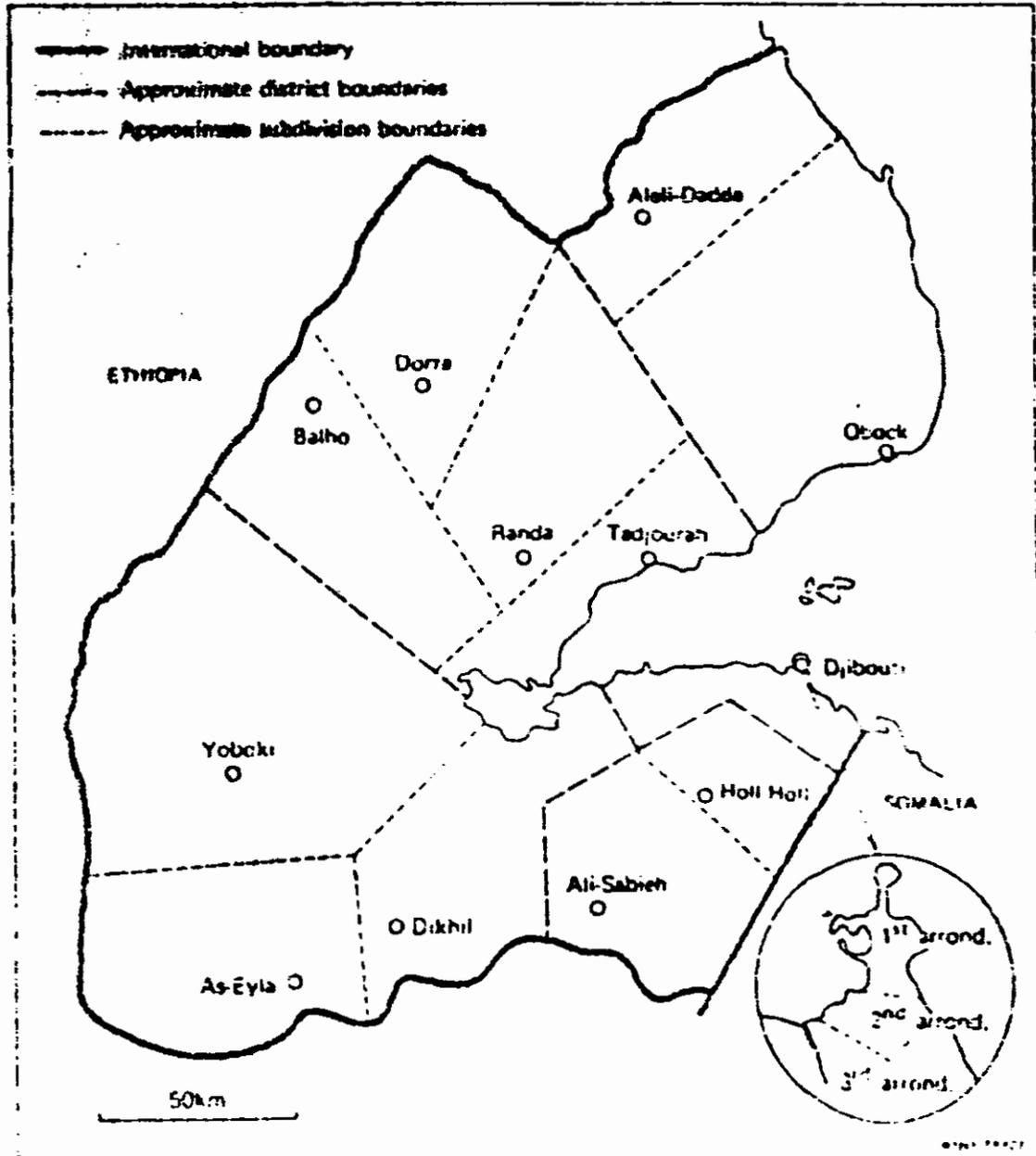
^{XX} Although UNDP uses a population figure of 300,000, and will be conducting a formal census in 1980, at the recent meeting of Heads of State of African Nations, Foreign Minister Moumin Bahdon Farah stated Djibouti's population as 500,000. This exaggerated figure is an attempt to adjust the previous French efforts to show a lesser Issa population for purposes of political control.

Based upon the above, one arrives at a native population of 215,000 (83% of total population). The nomads comprise 27% of the indigenous populace and are characterized by small widely separated groups. Their activities contribute little to the economy. They subsist largely off their goats/sheep - both meat and milk being supplemented by grain obtained in trade with rural towns of Djibouti and Somalia. No agriculture is practiced. They are illiterate and due to transhumance are unable to tap educational facilities in the outlying towns. Health/police facilities at border areas provide their prime source of contact with the government. Beyond the above, the extent of nomad activities is imprecisely known. It is believed that Issas, who comprise about 20-25,000 of the total nomad population migrate extensively across borders in search of pasturage and therefore do not appear to overtax the limited resources. Afars (35-40,000) generally restrict their activities to a fifty mile radius and consequently in times of severe drought possibly pose problems to resources within their area. Both populations are largely inaccessible due to lack of road links, their constant movement and in the case of the northernmost Afar groups, security. It is believed that due to favorable rains in recent years, the nomad populace has increased slightly. The rural town population comprises 15 settlements in excess of 100 people. The four main settlements (and the only ones with a population in excess of 1,000) are Dikhil, Ali Sabieh, Tadjoura, and Obock with populations of 6,000, 6,000, 4,000, and 1,500 respectively. The bulk of these rural townspeople, formerly nomads, who have themselves or their parents immigrated from Somalia and Ethiopia within the last 25 years, maintain their livelihood via trade/barter between Ethiopia, Somalia, outlying nomads and Djibouti. They contribute virtually nothing to the productive sector. Approximately 20% are dependent

The refugees (8% of the population) represent a drain on public resources. Ten to twelve thousand are in settlement camps: Dikhil and Ali Sabieh. They are almost totally reliant upon international organizations' food relief and tax limited host country public services such as health, education, and surrounding natural resources (water). These refugees, a mixture of nomads, tradesmen, and low-level government bureaucrats are from Ethiopia's Ogaden and therefore the possibility of most returning seems dependent upon a complete cessation in hostilities between Somalia and Ethiopia, if not a change in the Ethiopian Government. A much worse fate befalls the city's refugees (est. 10,000) who are political refugees from Ethiopia and have neither access to formal employment or government donor relief efforts, (a government policy to discourage immigration into the city). Their eventual repatriation depends upon a change in the present Ethiopian Government or a significant change in English speaking country immigration procedures.

The city's native population (135,000) is divided about equally between Issas and non-Issa Somalis (Darod, Gadaboursi, Issak). A large percentage have immigrated from Somalia within the past 20 years in anticipation of employment in the transport and commercial sectors. This immigration continues, although at a declining rate. The majority of these are first generation Djiboutians. Of an estimated indigenous workforce (18-59 years) of 35-40,000, 11,000 are salaried (6,000 of these within the public sector), 8,000 unemployed and an estimated 15-20,000 under or informally employed.^x The latter two are composed chiefly of unskilled illiterates. Assuming three persons dependent (3.5 per SEDES report) upon each wage earner or seeker, one arrives at the following population breakdown by income source:

FIG. 2
 REPUBLIC OF DJIBOUTI
 ADMINISTRATION



44,000 people supported by a regular source of income and earner contributing to the economy;

60,000 people supported by irregular source of income and earner contributing little to the economy; and

32,000 without any reliable source of income.

The foreign population, 10,000 French and 15,000 Arab/other are the prime contributors to the productive sector. The French labor force consists of 4,500 military, and 1,000 within the public and private sectors. The other foreign labor force 3-4,000 is composed largely of Indians and Arabs who are most prominent in banking and general commercial activities.

3. Infrastructure

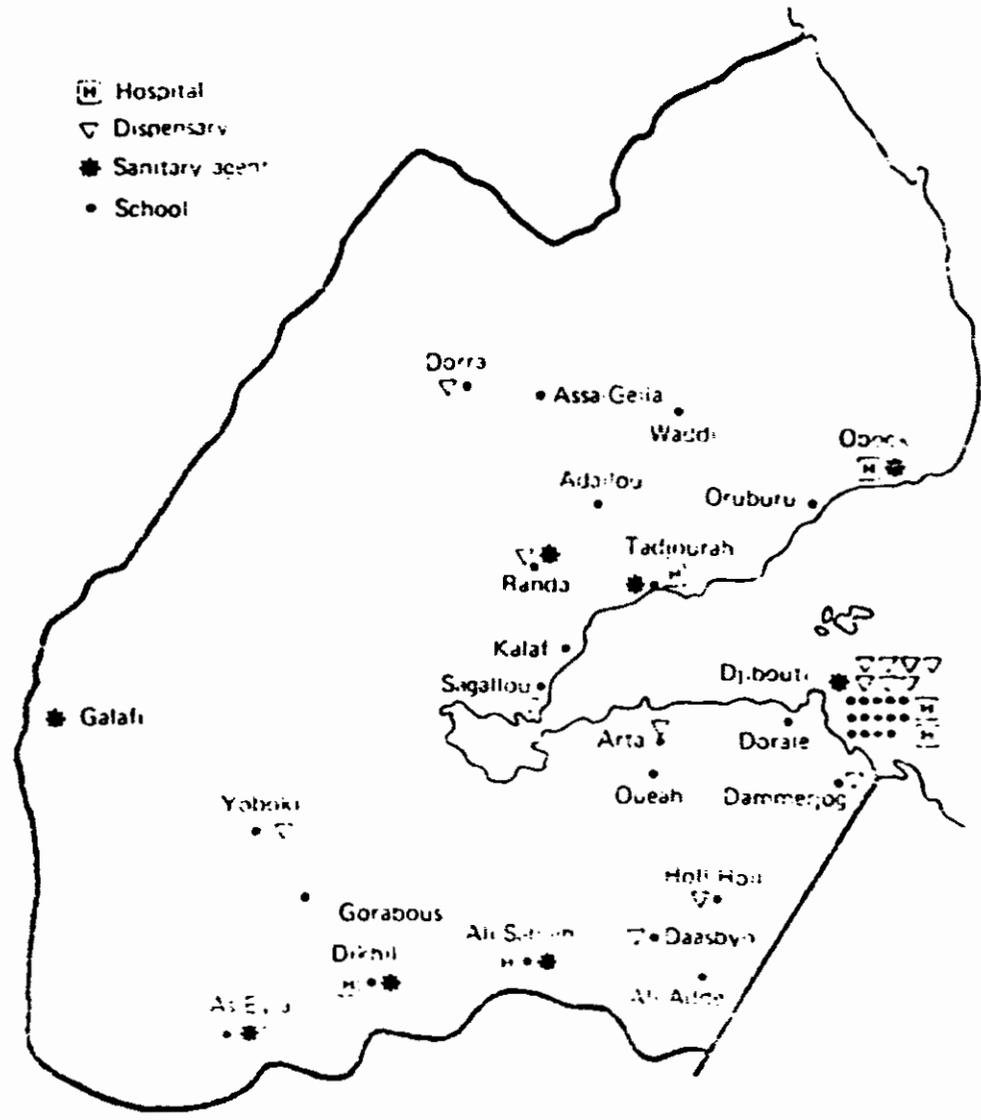
a). Administration - the country is divided into five districts each administered by a Governor appointed by the President. Each district has several sub divisions, headed by a deputy administrator. Villages are headed by a village chief, who receives a government salary.

The nomads retain their traditional chiefs, who also receive a government salary. Responsibility for traditional civil law rests with the "cadis" with each district possessing its own Moslem court.

b). Education - A French system relying on foreign instructors: 177 foreigners of the 192 instructors in the secondary schools in 78-79; 160 foreigners of the 260 instructors in primary. Thirteen thousand primary students in 399 classes (37 schools) and 3,408 secondary students in 84 classes (6 schools) were enrolled in 78/79.

REPUBLIC OF DJIBOUTI
HEALTH AND EDUCATIONAL STRUCTURE

- ☒ Hospital
- ▽ Dispensary
- ✱ Sanitary agent
- School



An additional 100 students are in the vocational training center. This accounts for roughly 25% of the total population's school age population. An additional ten per cent of the primary students attend only Koranic schools. French is the medium of instruction with Arabic being gradually introduced. Fifty per cent of the primary school facilities and 90% of the secondary are in Djibouti city and service what amounts to 80% of the enrollment total (13,000 of 16,500). Sixty per cent of the students are male.

c). Health - Medical care and drugs are provided free of charge in the hospitals and public dispensaries. Djibouti has a military and civilian hospital (both within the city). The chief town of each district (4) has a rural hospital with outpatient, surgical, maternity, and maternal child care units. Each has from 30 to 50 beds, about half of which are for TB. Additional TB units are presently being built. Eight rural and five city dispensaries provide nominal diagnostic care and midwifery services. There are a total of about 1,200 beds giving a population to bed ratio of 216 in '78. In 1977, 450 persons were working for the civilian health services. Thirty two were physicians of whom 3 were Djiboutian.

d). Transport - There are approximately 250 + kms of surfaced road leading from the city to the Ethiopian border. The remaining road system consists of good and bad tracks. Access to the North is extremely poor necessitating ferry service. Until recently, a 115 m.t. capacity ferry had been servicing bi-weekly cargo/passenger traffic between Djibouti, Tadjoura and Obock. Local dhows⁽⁶⁾ supplement this traffic.

- Prior to the Suez Canal's closing in 1967, the port serviced nearly 3,000 ships per year, primarily for bunkering. This total declined rapidly thereafter. Over the past few years in response to increasing Ethiopian transshipment traffic and concurrent congestion in other Red Sea/Persian Gulf ports, traffic again rose to half its previous annual totals. Rail disruption to Ethiopia (77) and the construction of new improved ports in the Red Sea region, Aden, Mocha, Assab, Salif and Jeddah adversely affected Djibouti's international port traffic. Coastal traffic (approximately 1,400 dhows p.a.) has increased over the past four years.

- the railroad is the main means of bulk cargo transport between Addis and Djibouti - averaging 600,000 m.t. p.a. (73-76) but dropping off to 400,000 m.t. in 77-78.

- airlines account for approximately 7.5 thousand m.t. freight (80% of which is imports) and service approximately 200,000 passengers p.a. through Djibouti (50% of which are transit).

- of the estimated 8,000 vehicles presently operating in the country, approximately 10% are for passenger/cargo transport.

e). Communications - Radio via standard and medium wave covers the entire country. Programs are on several frequencies in French, Somali, Arabic and Afar. Content is both educationally and entertainment orientated.

T.V. program content is similar although coverage is limited to the surrounding city and broadcast times average 3 - 4 hours daily.

It is estimated that almost the entire population (including nomads) possess radios and listens regularly.

Telephone communications exist between the city and all district capitals.

f). Housing - With the growth of the city and the continuing influx of poor people, many inadequate dwellings were built in a disorderly fashion at or below sea level around the original site. The low lying zones, where nearly 2/3 of the city's population live, is comprised of wood houses with the exception of the "Cité du Stade" Ariba, Enguela and "Cité du Progrès". These are low cost housing neighborhoods comprising families (populations of 2000, 2000, 3500, 1500 respectively), who are inhabiting 1 - 3 room cement block houses built through Société Immobilière de Djibouti (SID) financing in 1964/68/70/72 respectively. High immigration to the city, and subsequent creation of slum housing have rendered the first town development plan (1968) obsolete.

g). Water and Sewerage Supply - It has been estimated that 51% of the population is being served by public water distribution networks, with the rate in the urban centers attaining 53%. The rural population served by public water systems is approximately 20% and includes numerous water sources, developed by the French for nomads over the past decade. An autonomous authority supplies 21,000m³ water daily for Djibouti. Potable albeit brackish water is drawn from sunken wells. Only the more modern houses and the Cité du Stade, Ariba, Enguela, and Cité du Progrès areas have city water connections. The rest of the population is inadequately served by 30 public stand-pipes. Progressive water tariffs apply. Large consumers (hotel, foreigners) account for roughly 60% of the consumption. In the city as in the other four major towns 43% of the population have either piped sewerage, septic tanks or latrines. Solid waste disposal is irregular if non existent.

Only the newly constructed concrete houses possess sewage facilities. A large percentage of the city discharges its waste into the drain water system of the sea. Dry pits are used to some limited extent in the more densely populated neighborhoods. (ADF).

h). Electricity - All the country's power is supplied by thermal power stations with an installed capacity of 29,300 kw. In 1978, peak consumption reached 17,100 kw in August.

i). Public Finance - The national budget (\$61 million in 79) derives the bulk of its revenues from direct and indirect taxation. Income tax revenue, which accounts for roughly 30% of revenues in 1979, is primarily a factor of expatriate salaries. Indirect tax receipts (50% of revenues) are a product of domestic consumption taxes which have been levied at 22% since 1 January 1977, and are again largely derived from expatriate consumption. Salaries account for approximately 55% of the expenditures of the national budget (MF).

j). Banking - There are plans to establish a central bank by 1981. The Director of the Central Bank has been chosen and employed. At present, there are six commercial banks. There are no other financial institutions except the Société Immobilière. No precise knowledge exists regarding the informal banking/credit sector. Banks operate under no official regulation and follow an interbank protocol for scheduling of interest and exchange rates. Most commercial bank credit is short-term and in support of financing regional trade as reflected in up to 60% of bank loans and 50% of deposits denominated in foreign, mainly U.S. currency. Ending in 1977, private sector credit, bank deposits and domestic liquidity had increased over the preceding two years (MF). The Djibouti franc has been pegged to the U.S. dollar since 1949, covered by U.S. dollar reserves in New York.

The decline in U.S. dollar purchasing value in recent years has adversely affected the Djibouti balance of trade and has been a major factor in local inflation.

4. Productive Sector - The main economic activity centers around the port of Djibouti, the railway to Ethiopia and the trade communication, and service activities generated in the domestic market by the presence in Djibouti of French military and civilian personnel.

a). Production - Per Capita agricultural production has increased slightly while food production has declined in recent years owing to increased population and no additional land being brought under cultivation. At present there are some 300 actives practicing intensive cash crop irrigated farming on approximately 60 hectares. Vegetable production approaching approximately 300 m.t. per annum (FAO) represents 3% of total imports (76 ECA), and livestock rearing (with total animal production estimated at 700,000 head) provides 200 m.t. meat annually (ECA) and satisfies 2/5 of total annual local meat consumption. Local milk production satisfies 1/4 of demand. Of 700 m.t. fish caught annually almost half (300 m.t.) is consumed by Europeans within the city. The balance is consumed in the indigenous fishing villages of the north. Egg and chicken production again almost exclusively consumed by expatriates is partially satisfied (20%) locally.

Industrial production consists almost exclusively of bottling plants. A main contributor to domestic product is trade, largely consisting of servicing the transit trade through Djibouti to and from neighboring countries and providing the imports to meet the

consumer demands of expatriates and educated Djiboutians.

On account of the lack of domestic production, Djibouti imports virtually all consumer items it needs. The expenditures of resident French personnel as well as of French marines during the periodic port calls of the French Ocean Fleet also to a large extent determine the value added in the services sector (restaurants, bars, banking, insurance), and in transport and communications. It is estimated that the expenditure of these groups contribute approximately 50% and 75% of the value added in trade and other services respectively. Because of the limited size of the market (primarily foreigners) mark-ups in the trade sector are on average 100 per cent. (IMF).

b). Value Added - As can be seen from Table 1, trade contributes about half of the total added in the private sector, while services, transport and communications together contribute another quarter to the total. Another major contributor to total GDP is the public sector, which consists mostly of salaries paid by France to French military and civilian personnel and provides about 40% to GDP. (IMF).

c). National Income - Netting out the salaries paid to French in the public sector and estimated French contributions in value added within the private sector, MF arrives at a GNP (1976) of approximately \$110 million or one third of the estimated \$341 million GDP. This yields a per capita GNP of \$363.

d). Cost of Living - Inflation has averaged 14% p.a. over the past decade. Price controls confined to food items largely used by Djiboutians, e.g. rice, flour, cereals, sugar, cooking oil, bulk meat, have dampened inflationary effect on Djiboutians. However, controlled prices are subject to import prices and operating expenses. "The controlled items account for 50% of the average Djiboutian family's budget. Another 20% of a family's budget is estimated to support kat consumption (a semi-narcotic leaf imported from Ethiopia)." (MF). Since independence no general increases in salaries have been awarded in the public sector although this is compensated somewhat by changes in grade classification. Minimum government salary (clerical) has been established at \$80 per month. However, anyone with even limited skills earns from \$8,000 to \$18,000 per year in the private sector.

5. Trade - Djibouti is a free trade zone, goods being imported and exported without taxes or customs duties. Most exports, live animals, skins are re-exports to neighboring countries. Imports, on the other hand, are substantial, averaging 15 times that of export value (f.o.b.) over the past six years. In 1976, of the total imports, 46% were food items, 17% other consumption goods, 23% equipment and chemical, 9% raw materials, and 5% transport equipment. France is Djibouti's most important supplier, providing as much as 85% of Djibouti's imports.

The trade deficit has been substantial. Current account receipts have not usually been sufficient to offset this deficit. Capital receipts, official transfers from France or borrowing from French institutions were sufficient to produce a trade balance in 75 and surplus in 76, however.

II. ANALYSIS OF DJIBOUTI'S POOR

The single most visible symptom of poverty is the lack of employment or chronic underemployment. It is manifested and impacts in differing degrees upon various groups within the country. Because of the heavy foreign presence and attendant high consumption pattern/purchasing power, poverty is most severely felt by Djiboutians who lack a wage earner, and hence a dependable source of income to sustain themselves - especially within the city. The following profile indicates that approximately 170,000 or 72% of the native population is poor and living at or below poverty level of \$200 per person per annum. Also it indicates the uniqueness of Djibouti compared to other African countries wherein the majority of the poor are rural. Sixty per cent of Djibouti's indigenous population lives in Djibouti city.

A. Profile of the Poor

1. Poorest of the Poor

- a). Ten thousand refugees living in Djibouti city, who are without any formal means of income, being officially denied access to work permits, and who for the most part (excluding 500 + settled refugees) are without access to formal relief programs (food and shelter) and are generally discriminated against by Djiboutians. Of all groups they have least access to basic services such as hospitals and schools.
- b). Approximately 32,000 native Djiboutians living in the city who are either without employment or have only very irregular employment opportunities and hence no access to income.

2. Very Poor

a). Approximately 60,000 native Djiboutians within Djibouti city who are dependent upon underemployed wage earner(s) and hence largely upon irregular income coming from the informal employment sector. In the event of extreme financial difficulties, it is assumed that the majority of these people, largely first and second generation Somali/Ethiopian rural townspeople can and do return to Somalia/Ethiopia to temporarily work or place their families with relatives still living there.

b). Ten thousand refugees who have settled in rural towns and have no access to formal employment (as in the case of the city's refugees) but are afforded food and shelter under formal government and international donor relief efforts.

c). Sixty thousand nomads who since they are not subject to the market economy to extent of others do not suffer inadequacies of income in meeting felt needs. Their poverty is more a function of lack of access to health and educational services that are judged a pre-requisite to quality living in a modern world. They are basically illiterate, suffering from high TB, polio and infant mortality rates. They are estimated to average approximately \$100-\$150 p.c. income/annum.

B. Identification and Causes of Poverty

Djibouti's poor are a product of their weak resource base, transhumance in the case of nomads, and colonial France's emphasis upon the port and railway in lieu of development of Government infrastructure and social services (formal/informal vocational training

and health), as well as regional politics as it effects Djibouti's very fragile service economy.

Historically, Djibouti was sparsely populated. The last official census in 1961, indicated a total population of 81,000. Half of the population were nomads. The remaining 40,000 were inhabitants of Djibouti. Since then, the nomadic population has grown by one-half while that of the city has quadrupled in response to employment opportunities in and around the port.

From 1961, to the closing of the Suez Canal in 1967, Djibouti's port was the only adequate refueling point along the Red Sea route. At its peak, it was servicing nearly 3,000 ships per year. This activity was responsible for the heavy immigration of Somalis and their families (nomads) to the city in search of unskilled jobs both in the port and in the attendant building and commercial sectors, which were expanding along with the port. With the closing of the Canal, a temporary economic decline set in. However, beginning in the early 1970's, there was a resurgence in the port resulting from its increasing use by Ethiopia. This in turn encouraged an additional stream of immigrant families. At the time of Djibouti's national independence, hostilities between Ethiopia and Somalia impacted heavily upon Djibouti's economy and its population. Rail disruption (May 1977-July 1978) with Addis effectively reduced by one-half the former transit trade. Refugees streamed into a stagnating economy (76-77) and an environment where resources for self-sustenance were non-existent and government infrastructure embryonic and unable to cope. Although rail connections were re-established in 1978, neither the port nor the economy has recovered to 1967 levels. This is primarily due to the upgrading of other regional deep water ports during the mid-seventies

(Jedda, Hodeida, Salif, Mocha, Aden and Assab) as a response to those areas accounting for an increasing percentage of imports within the region. Assab has become Ethiopia's main sea port and is presently responsible for handling the bulk of Ethiopian imports and exports to the detriment of Djibouti. Faced with stiff competition within the region, the future of Djibouti's port seems dependent upon rapid modernization, i.e. upgrading its containerization capability to the point that it will again attract international transit trade. However, 1978 and 1979 have again shown an upswing in port traffic. A German credit of \$3,000,000 has been given for upgrading container facilities. In addition private sector investments in the port have been substantial. Such undertakings imply that the port itself will depend less and less upon skilled labor, and hence employment opportunities for the poorer Djiboutians appear likely to continue to decline. However, semi-skilled and skilled positions within the attendant commercial and service sectors, should expand in direct proportion to the expected increase in the use of the port.

Since the rural townspeople depend on trade between the city and neighboring towns of Somalia and Ethiopia, they should benefit to the extent the port prospers and borders remain open. The nomads however, will not accrue any immediate economic benefits. Efforts to increase their income earnings will be largely a function of slowly evolving social change as characterized by their willingness to enter the market economy and concurrent adoption of improved grazing methods. A dynamic port and economy will provide the opportunities however for the government to focus increased attention upon this element of the population. One of the major constraints to the nomads' precarious

existence is sufficient water for themselves and their flocks. French provision of already well spaced water points could be augmented in the near future pending outcome of a U.S. Government/FRC financed water resources inventory.

The above gives a background of the cause of poverty as seen today in Djibouti. It also implies the creation of a rather vicious circle in terms of Djibouti's long term development prospects.

For instance, although upgrading skills is the obvious means of encouraging greater economic participation by the poor majority, it is fraught with severe consequences in the event of mistiming. As previously indicated foreign (principally French) presence (and their consumption patterns) is one of the key elements in sustaining the present economy. Their displacement by Djiboutians at a time when they the Djiboutians possess only a fraction of the buying power is likely to severely depress the economy and restrict the public sector's ability to maintain increasing high-cost service oriented interventions such as schooling and health.

Therefore, in the short term, Djibouti appears destined to rely on foreign intervention as much as for the technical wherewithall they bring as for the purchasing power and indirect revenues they provide to sustain a country that is largely without an indigenous tax base.

It is USAID's hypothesis that lacking a viable resource base and the opportunity for a diversified economy, and its potential for absorbing labor, Djibouti will have to develop an economy relying on creation of indigenous manpower to meet specific but yet undefined internal commercial sector requirements and eventual export of surplus unskilled and semi-skilled labor within the region.

III. HOST COUNTRY DEVELOPMENT PLAN AND BUDGET

A. Plan

Djibouti has no Economic Development Plan. Early this year two French advisors were assigned to the President's office to establish the nucleus of what may become a central planning organization. For all intents and purposes, the "Report to Economic and Social Council of the U.N. Assistance to Djibouti" 5/31/78 and 7/17/79 serves as the document most approaching a development plan. It was prepared by the U.N. in response to Djibouti's request for mobilization of financial, technical and economic assistance from the international community in order to meet both the short and long-term needs of Djibouti. The document provides an economic overview of Djibouti and then proceeds to prioritize development initiatives based upon joint Government and U.N. mission review/analysis. Development assistance is broken out into six areas of concentration:

Projects to improve (1) the port, (2) the service economy, (3) transport links (4) to benefit the poor, (5) pilot projects and feasibility studies, and (6) refugee support. Project interventions and funding requirements are presented therein.

B. Budget^x

"For a number of years Djibouti has maintained a surplus of revenue over expenditure in the Government's recurrent budget as a result of French subventions. The surplus automatically becomes available for the relatively small items of capital expenditure which are covered by an extraordinary budget. This year's budget increase (10% over 79's) will largely cover increased recurrent costs.

x See Table 2 for CRON 79 budget details

The budget surplus is commonly as much as 8 to 10 percent of total revenue. This favorable position, however, is also vulnerable. About 15 percent of total revenue is income tax, much of which is paid by the foreign community from incomes of foreign origin. Fifty percent of total revenue is indirect taxation, most of this being import duties. Again, expenditure by the foreign community contributes largely to these indirect tax revenues. In addition, there are direct subventions from external sources which in 1979 are expected to account for about 6 percent of revenue. Total dependence upon foreign subventions and taxes paid by the foreign community is estimated at about 35 percent of total revenue.

Despite the drop in traffic through the port of Djibouti the level of external assistance and of external financed activity has been such that the country has at least been able to maintain a stable currency. The Djibouti franc is fully convertible and the franc remains covered by 100% foreign exchange reserves. Nevertheless, this favorable, though fragile budgetary and financial situation does no more than put Djibouti in a relatively advantageous position for drawing upon external assistance." (UN report).

IV. PROGRESS AND COMMITMENT TO AN EQUITABLE GROWTH STRATEGY

Available indicators (through 1977) depict colonial Djibouti. Since 1977, economic progress has largely stagnated due to reduced trade resulting from regional problems cited. As a result, living conditions, employment opportunities and productivity have deteriorated. This has been exacerbated by significant increases in population, due not so much to a high indigenous growth rate (2.5%) but because of the recent influx of refugees. While the number of physicians and dispensaries has increased by roughly 1/3 since independence, and schools and teachers expanded by roughly 1/5, both have proved inadequate in the face of the expanding population, particularly in the urban areas, e.g. a 33% increase in school enrollment (78).

The Government "commitment" to its own development is a product of French and other international donor interest and generosity. Djibouti has a balanced budget, but only because it relies heavily on external sources for budgetary support. Direct transfers (\$4 million from Saudi-Arabi and France in '79) were able to finance the costs attendant to government operation i.e. salaries and capital expenditures in support of routine operations. Special development activities such as agricultural pilot projects, road construction, industrial ventures, construction of new educational and health facilities, not to mention port and rail modernization are all elements beyond the administrative and financial scope of present day Djiboutian government resources. Their assuming financial and operational responsibility for new development initiatives in the short-term will be further inhibited by the high recurrent costs of facilities and activities they assume from prior year donor activities.

The Government's concern for equitable growth is best reflected in the priority it places on those initiatives that will have greatest potential for impact on the poor, e.g. urban waste disposal, research to determine the feasibility of agricultural production, fisheries development, upgrading of rural health dispensaries and initial steps in support of para medical personnel and MCH program developments, TB inoculation campaign, and most important, expansion of formal and non-formal education programs, and primary teacher training.

Within the annual budget allocations (1976) 2% was for agriculture, or \$14 per active (nomads included), 11% for health, 5% for education. In 1979, the percentages were unchanged except for education which rose to 7%. The military and police represented the highest allocated service at 16% in 1979. (Little infrastructure was in place at the time of independence. Hence the necessity of purchasing police vehicles, uniforms, livery facilities, etc. etc. is apparent. It is expected that as infrastructure is put into place, expenditures in the police and military areas will decrease). [See table 3].

V. HOST COUNTRY ABSORPTIVE CAPACITY

As previously indicated, the Government's budget is becoming increasingly burdened with high recurrent cost development initiatives. It is highly improbable that Government revenues will keep pace without a surge in port activity. Therefore the country is likely to become increasingly dependent upon direct budgetary support from external sources. Frankly, the French appear to be (un)knowingly tightening their economic hold on Djibouti in the absence of former direct administrative/colonial control. The French technical assistance program appears to play a major role in this:

increasing number of advisors, development program projects, which require further increases in technical expatriates (French) to operate and manage in the absence of Djiboutian trained technicians/bureaucrats. Furthermore, due to often inappropriate high cost technologies provided, increased government budget shortfall will have to be met externally, presumably by the French. This in turn assumes the need for additional French expatriates who are taxed and hence can contribute to annual revenues and GDP [through high (luxurious) consumption patterns]. As stated previously, a vicious cycle appears to have been created. Its resolution will not necessarily be so simplistic as providing trained Djiboutians to replace the French.

Another factor to be considered is the degree to which other donor assistance and methodologies further contribute to ineconomies and host country absorptive problems in the near and long-term. While it can be

argued that choices between development methodologies are good, in Djibouti's case it is extremely difficult to justify, in that different systems require additional bureaucratic time and skill to manage. This is untenable in the face of the shortage of Djiboutian personnel. At present the Lycée graduates annually 40-50 Djiboutians, (most of whom are provided scholarships in France). This does not represent a sufficient number for assuming the expanding bureaucratic and technical responsibilities thrust upon the newly emerging country, and implies a continuing reliance throughout the 80's upon a massive technical assistance input such as the French are providing (480 French funded technicians presently in the country).

Any AID program must seriously weigh the above implications vis-a-vis project assistance. Specifically, in the short-term, assistance in support of the public sector, should 1) maximize use of existing indigenous manpower and government infrastructure. Where this is not feasible, the implications are clear that technical assistance will be largely operational in nature and continue as such until the economy has developed to the point that the government can accept the additional financial burden attendant to staffing. Also implied is the urgent need to provide training/upgrading of government infrastructure only in those areas where the government has assigned clear priority; 2) provide training in Francophone or Arab setting; 3) complement French and other donor advisory capital assistance programs; 4) procure commodities for which operational and maintenance capability is extant. Regarding the latter different project systems also tend to utilize different equipment/spare parts which is difficult to envision the economies of scale and future O&M in view of almost all imports being of French/Japanese manufacture.

VI. OTHER DONOR ACTIVITIES

Other donor commitments to Djibouti followed fairly swiftly and in large amounts upon Djibouti's gaining independence. The most notable of these was the Saudi Arabian commitment of \$60 + million. Some of the aid is "tied" to support of religious undertakings (construction and maintenance of mosques and an Islamic Institute) but the bulk is for school, hospital construction, airport expansion, drilling equipment and road surveys.

The French Assistance Cooperation (FAC) is the second most important donor. The bulk of their assistance (not depicted in Table 3) consists of technical assistance and has and will continue to average approximately \$14 million per year.

The European Development Fund will contribute \$17 million during FY 79-81. Three quarters of their assistance will go to reorganization of the railway.

The African Development Fund will finance the sewerage system for Djibouti city (\$2.6 million) as well as assisting in maintenance and repairs of the port (\$5 million).

Other Arab States, Abu Dhabi, Oman and Iraq are assisting in school, dispensary and hotel construction totalling \$4.7 million in FY 78-80.

West Germany is one of the few non Arab countries with any sizeable bilateral program. They are assisting Djibouti with a water resource inventory, upgrading of radio facilities, the port and existing hospital facilities.

The Dutch, the most recent donor, have proposed to construct 5,000 houses within the city. Timing, target group, type of housing and method of funding remain to be defined.

The World Bank has not as yet made any commitments to the government but the bank has completed its country survey and is preparing its draft report. It is expected that the bank will offer some assistance to the port and railway.

Djibouti has been accepted as a member of the IMF and the IMF is providing assistance in support of creating a Central Bank.

The United Nations is just establishing a development program in Djibouti with its major intent being to coordinate donor activity. Two U.N. missions have previously visited the country and have assisted the government in identifying development projects and seeking donors. Other U.N. organizations, UNHCR and UNICEF are active in assisting refugees, with the latter focussing on material assistance in support of MCH initiatives.

Table 3 indicates that there is approximately \$120 million in capital assistance already allocated for development projects from 1978 thru 1981. What is not depicted is the massive amount of technical assistance forthcoming from the French, particularly in the Education and Health Sectors. Furthermore, it is anticipated that although funding has been provided for certain activities, no precise implementation plan and/or contractor has been identified to undertake many of them. Hence the expenditure rate is expected to be extremely low over the next 3 - 4 years. Also the table indicates that donor efforts have been spread across sectors with no one major donor focussing on a particular sector.

Mission observation of other donor assistance indicates that it can be characterized as follows:

- no recurrent cost analysis undertaken as part of most projects;

- inappropriate technology as evidenced by many equipment donations that are extremely sophisticated requiring high degree of skills to operate/maintain and hence necessitating increased expatriate assistance;
- unconscious (or conscious) effort to avoid coming to grips with institutionalization within project activities based upon trend to undertake projects concurrent with formal overseas training of Djiboutian personnel thereby leaving expatriate technicians effectively working in vacuum in the short-term;
- disregard for potential environmental and long-run consequences similar to those suffered in the Sahel. For instance, the success of many intensive ag/resettlement schemes to address the nomads is premised on their accepting a sedentary environment, and, limiting their numbers (human, animal alike) to a prescribed area/resources;
- fairly high cost inefficiencies, particularly in such areas as (1) secondary schools, vocational training (sophisticated equipment and high teacher to student ratio), (2) intensive agriculture irrigation pilot schemes, many of which lack any prior feasibility study regarding long-run potential, (3) refugee shelter/resettlement (UNHCR in particular), (4) health care up to now with emphasis on curative rather than preventive medicine;
- duplication which results from: political expediencies, i.e. a dispensary for an Issa settlement will require one for an Afar group even if the latter will have less impact at higher cost; poor donor coordination;

- tendency of donors to negotiate large block grant agreements in a given sector/sub sector, but with little planning as to how the project(s) will be undertaken.

In the face of the above, the most urgent requirement is to coordinate donor actions vis-a-vis an overall development plan for Djibouti. With such a plan it is hoped that many of the above failings can be recognized and resolved in terms of future donor implementation efforts. UNDP has assumed responsibility for coordinating donor activities and is expected to help initiate the first Government-donor planning session in early CY 80.

VII. STRATEGY

A. Development Prospects (A Scenario)

1. The very existence of Djibouti as an independent republic is premised on ...
 - a continuing high level of French Assistance (both military and economic) to effectively operate and support the governmental functions in the absence of trained Djiboutians;
 - ability of the port to continue to attract, service and profit from present levels of shipping.
2. Djibouti's continued economic development requires ...
 - significant external assistance to upgrade the port and attendant arterial transport facilities (air, rail and road) in order that the port can compete/augment traffic;
 - adequate supply of skilled manpower to meet a commercial and service sector's demand that should expand in direct proportion to the port.
3. Djibouti's long-term development and the participation of its citizens implies the need for ...
 - cessation of hostilities within the region which would be conducive to increased use by a developing Ethiopia of Djibouti's port facilities;
 - increased numbers of trained Djiboutians within the public and private sectors and inherent therein the development of a tax base that can support enhanced social service delivery;
 - the development of a limited agricultural base and small industries that can:
 - (i) limit dependence on imports
 - (ii) provide additional employment opportunities
 - and in event of limited attainment of the above, the development of

B. Rationale for USAID Program/Presence

1. A continuing USAID Program is justified by the following:
 - (a) the enormity of poverty in Djibouti as evidenced by up to 70% of the population below the poverty level and receiving less than 15% of the national income;
 - (b) the inability of the new country to cope with the 20,000 refugees that represent an 8% increase in population within the past two years;
 - (c) in spite of heavy external capital assistance that will provide the basis for an improved economy much remains to be done to assure that the poor can participate and contribute effectively. USAID contends that such opportunity is a function of employment potential and requisite skills.
 - (d) to provide the data base and analysis essential to permitting the government to channel limited indigenous manpower and natural resources into the most productive (least-cost) areas.

2. A USAID presence in Djibouti is essential
 - (a) in order to assure the government of U.S. concern for the continuing stability and economic development of Djibouti;
 - (b) to ascertain long-term development needs and respond in a timely fashion;
 - (c) to initially support and monitor U.S. Volags and institutions making long-term commitments to Djibouti;
 - (d) to continue to develop joint program projects with other donors.

3. AID Assistance Delivery Capability

Any planned USAID assistance must consider the following constraints and respond accordingly:

(a) In view of comparatively large resources flowing to Djibouti, USG assistance must be geared to either complementing other donor efforts or filling a vacuum where they are non-existent;

(b) Djibouti's absorptive capacity is limited in view of its existing trained manpower and those on stream, its infrastructure and institutional experience. Therefore, a modest annual USG funding level averaging \$4 million in country assistance, and \$2 million in regional assistance by 1984 appears reasonable;

(c) the hospitality of the Government in their providing U.S. Navy access to the port facilities warrants visible aid beyond normal AID technical assistance activities. Therefore, the Special Self Help program as well as other sources will be required to finance high priority, low-cost developmental undertakings. AID/W and other supporting elements must be prepared to expedite their efforts to bring programs to the implementation stage in order to dramatize U.S. interest in Djibouti's development.

(d) Difficulty recruiting American technicians for projects, in that any technical assistance provided must function within a French administrative environment, thus necessitating the technicians' prior experience in Francophone countries and language fluency.

(e) Cost-inefficiencies of assistance, in view of high support costs for fielding technicians e.g. \$24,000 for flat rental and utilities per annum and a spiralling inflation rate.

(f) Waiver requirements in view of commodities to be of local origin, French-Japanese manufacture to assure local maintenance/operational capability;

(g) Given above, and limited USAID direct hire backstopping, entities providing technical assistance under USAID contracting should possess organizational capability to support technicians logistically and to design/develop programs with minimal AID assistance.

In this context, USAID recommends (i) that future USG technical assistance interventions be exclusively VOLAGs or institutions with Francophone experience capable of fielding a vast array of technical services vis-a-vis program development within and across sectors, (ii) that ties be developed with an AID graduate such as Tunisia (it already has a development assistance relationship here) and the means found for further upgrading/channeling such assistance, (iii) that once a coordinated donor assistance effort is achieved and specific objectives defined, to work closely with multilateral donors such as UNDP, (FAO) to assist in implementing program objectives in keeping with the AID strategy, (iv) that introduction of a Peace Corps program whose volunteers working in support of the USAID/GROD activities would diminish overall project costs, (v) that pending the outcome/recommendations of the initial human resources projects that a block grant covering subsequent interventions in the human resources area through 1987 and beyond be considered.

The above would offer AID the option to maintain present level direct hire staff without jeopardizing program increases or to reduce direct USAID presence here if volags and institutions eventually develop to the point that they can effectively carry out programs/projects

relying on minimal regional backstopping. (It is significant to note that Djibouti does not attract well organized experienced Volags, or institutions. Furthermore, it has been the USAID's experience that volags send their least experienced personnel to this difficult environment).

C. USAID Sectoral Analysis and Development Assistance Targets

For the Government to pursue rational sectoral development alternatives presupposes the existence of a fairly accurate knowledge base of one's internal and external environment. Such does not exist for the moment in Djibouti. With no precise information on Djibouti's potential natural resources (soil, water and energy) and human resources (no manpower analysis to date), it is difficult to proceed to conceive a development strategy based upon diversification. Similarly, external events are sufficiently fluid to make exact predictions impossible.

Given the above, it is USAID's contention (and the Government's based upon present actions) that a long-term development strategy, (ten + years), is inappropriate pending attainment of a sound understanding of options available - the underlying objective of any short-term Djibouti development strategy.

Therefore, USAID will support/participate in a Government-donor short-term (4 - 5 years) strategy to

- (i) analyse the natural and human resource potential in order to assist the government in articulating a long-term development policy;
- (ii) immediately implement initiatives in those areas which given extant data, indicate greatest potential for increasing

(iii) provide humanitarian food relief to the most distressed segments of the population;

(iv) assess and respond where appropriate to meeting poor's basic needs in form of adequate nutrition and shelter

Agriculture

Besides artisanal fishing, no labor intensive activity is presently foreseeable. Although cash crop (vegetable and fruit) production has definite potential for reducing Djibouti's dependence on imports, it is expected that it will occur only through high rates of investment in irrigation equipment, fertilizer, and technical manpower.

Nevertheless, FAO gives tacit approval to on-going donor-Government experimental activities, but implies that these efforts are extremely high risk given the lack of an adequate inventory of resources and indigenous manpower to assure their effective exploitation in the long-term.

Of only 300 active farmers, the majority are salaried employees managing the bulk of the sixty + hectares under cultivation. The lack of any traditional farmers is serious enough according to FAO to warrant consideration of utilizing expatriate farmers to achieve maximum production over the short-term.

Similarly, FAO sees social constraints inhibiting any major effort at improving nomadic livestock production. Improvements are predicated upon initially reducing animal numbers and employing more regimented movement to and use of available pasturage.

FAO views fishing as offering the most immediate potential from the standpoint of:

(i) increased harvest and subsequent decrease in imports;

- (ii) offering additional employment with minimum investment,
and finally,
- (iii) benefitting the entire population in terms of facilitating
increased protein intake.

Again however, a social constraint in the form of the local reluctance to consume fish requires a dynamic marketing program to create an increasing indigenous demand and thereby encourage greater use of improved methods and increased manpower to supply.

Given the above, USAID will defer any assistance to agricultural production pending ...

- (i) the results of its and West Germany's soils and water inventory
- (ii) the outcome of several high-risk donor initiatives in perimeter farming.

Any future support to nomadic livestock production will be based upon the results of the resource inventory and will then most likely consist of satellite time lapse analysis to provide the Government with additional information for developing a forage program relying on available pasturage.

USAID will continue support to the fishing sub-sector. The primary objectives will be to:

- (i) assist the fishermen of the north to more effectively enter into the market economy by increasing their catch using artisanal practices;
- (ii) stimulate demand/consumption through improved marketing and mass-media techniques.

Rural Development

USAID believes that the degree to which limited indigenous personnel and funds are applied to rural development initiatives is largely a question of impact to be derived.

Therefore, presently USAID does not intend to undertake any rural development initiatives per se and sees its involvement primarily in urban Djibouti in view of:

- (i) limited numbers (20,000 rural townspeople and 60,000 nomads implying limited impact;
- (ii) difficult of access;
- (iii) heavy recurrent costs attendant to normal RD efforts;
- (iv) lack of precise knowledge regarding the natural resource base and the nomad society.

However, USAID does expect that results of its other activities will impact on the rural populace; namely, upgrading MCH units and developing more effective nutrition programs therein; distribution of fish to town outlets; and eventually expanded radio broadcasts or informational programs beginning in health and nutrition. Moreover, PD & S funds will be used (81) to conduct social analysis of nomadic life - a prerequisite to any future assistance to this group.

Health

Tuberculosis, intestinal disease, marasmus and kwashiorkor are the most common diseases among Djibouti's children and are most prevalent among refugees, nomads and the city's unemployed.

Although assistance to this sector is prodigious, it has, to date, largely focused on upgrading curative facilities. WHO has formally

proposed to the Ministry of Health their assistance in developing a preventive health program aimed at:

- launching an expanded immunization program against six main childhood diseases, reinforcement of MCH services and treatment of malnutrition through oral rehydration;
- formation of necessary health personnel and auxiliaries through a practical training plan which aims to create a sufficient number of rural health agents over a period of five years;
- developing a program of primary health care.

The Ministry of Health has recognized the importance of preventive health and the delivery system it entails by its initiation of a Health Auxiliaries training program. Fifty students are undergoing a three year program in general health education and midwifery. An additional 42 trainees are attending a one year course to meet immediate health service needs upon graduation. (UNICEF).

USAID will complement UNICEF and WHO programs addressing the nutritional requirements of the poor through a cooperative food sponsor (CRS). PL-480 will be supplied to all refugees who are without any source of employment/income. MCH centers will be supported which are already adequately staffed and evidence capability to upgrade their consultative capacity to mothers and children using a CRS endorsed growth surveillance system. USAID will provide additional assistance in the development of a formal health/nutrition outreach program pending success of the growth surveillance program and subsequent donor involvement.

Family Planning

Given the high growth rate, USAID will, where feasible, support any informal family planning efforts that are forthcoming in this traditionally conservative Moslem society.

Human Resources Development

USAID believes that the major constraint to Djibouti's long-term development is access to education and the quality of that education in terms of equipping Djiboutians with necessary life skills.

As noted earlier, the Government, France and other donors are making belated efforts at providing basic education to a greater percentage of the school-aged population. That this has not been done in the past is indicated by a 13.5% literacy rate. This is abnormally low for a state that is geared to a service economy with over 60% of its population urban.

Consequently, a massive effort will be required over the next decade to expand formal basic education facilities. All indications are that this will be accomplished, through other donor assistance.

Similarly, it is expected that the new primary teacher training institute will prove an effective mechanism for eventually reducing Djibouti's overwhelming dependence on foreign instructors.

The plethora of academic scholarships awarded by France for academic training will be adequate in the short-term to satisfy the needs of the limited number of graduating secondary school students who will require further education prior to assuming responsible positions within the government.

What has been largely unaddressed to date is the mechanism for providing the bulk of Djibouti's primary school leaving population (and generally the poor) with the life skills to earn an income and make a direct contribution to the economy. In essence, what is needed is to provide the right person with the right type of job at a given point in time. Non-formal training facilities that do exist are inappropriate in that they do not take into consideration present or future market demand and due to the nature of the French educational system by-pass a large number of school leavers who are destined to become unemployable.

Given the above, USAID intends to focus its initial effort on assisting the government to better ascertain the extent of its unemployment problem. A comprehensive analysis of manpower demand and supply both within the country and external to it will provide the basis for an anticipated long-term effort by USAID to provide a more responsive non-formal training capability within Djibouti.

Moreover, based on present data, USAID is assuming that the country's immediate need lies in commercial skills training as opposed to vocational and will undertake a pilot initiative in this area to be modified pending the outcome of the manpower analysis effort.

Realizing the Government's ever-increasing recurrent cost burden USAID will investigate the possibility of the private sector's directly or indirectly contributing to the support of the training institutions eventually developed as a result of the project activities.

Concurrent with all its project initiatives, USAID will provide specialized training to personnel where the government has given clear indication of funding and commitment to institutionalization. In instances where project specific training is unavailable but acquisition of skills by government personnel in key areas is warranted, USAID will rely on regional organizations and funding for training in franco-phone countries.

To assure that a small number of anglophone personnel will be eventually entering the public and private sector, AUB regional training will also be tapped. This is justified on the grounds that a service economy will have to possess a modicum of managers who have been exposed to other than French oriented training.

Housing

With two-thirds of the city's indigenous population residing in sub-standard housing, it is obvious that improved shelter should contribute significantly to improving the poor's condition and thereby the overall social and political stability within the city.

Proposed Dutch assistance for the construction of 5,000 housing units could have some negative effects. If the units proposed will be prefab, it will offer little employment potential. Moreover, with stringent financing terms it would appear that few if any poor will be able to afford the new housing. The added possibility that the sites will not include key services such as water and sewerage would severely negate its advantage vis-a-vis upgrading urban services for the city's population in general.

USAID believes the housing sector is of critical importance to the basic welfare of the poor and to their long-term contribution to the economy. In the absence of a housing policy and extant but outdated town plan, USAID suggests that a shelter assessment should be undertaken within the next year. Such an assessment could provide an invaluable tool to the Government in developing a much needed housing policy, the credit facilities supportive thereto, a revised urban plan that would take into consideration present water and sewerage activities as well as future requirements in anticipation of an expanding city population. Moreover, it would complement on-going manpower analysis and provide a sufficient basis upon which USAID could determine any future assistance, e.g. a Housing Investment Guarantee Program (HIG).

Industry

Small industries which are labor intensive utilizing available indigenous resources could provide a valuable foreign exchange earner and further enhance trade and port activities. At present Djibouti's industrial sector is confined to bottling. The prospects for cement production and milk reconstitution are areas undergoing study, but these as well as other proposals on the horizon will require intensive analysis to determine if comparative advantages do in fact exist/justify them.

Refugees

As noted earlier some of the most disadvantaged people in Djibouti are the approximate 20,000 political refugees. Their predicament will not be easily resolved and consequently continuing food relief will be required until they return or are resettled in Djibouti. The United Nations High Commissioner for Refugees is working closely with

the Government National Office for Refugees and Distressed People in coordinating food relief by CRS, the WFP and others to registered refugees, upgrading shelter in the camps, obtaining scholarships for placement outside of Djibouti, providing basic education facilities, managing the creation of a transit vocational center for upgrading skills of refugees who could eventually immigrate to other countries within the region, and directly developing pilot agricultural resettlement schemes.

The USAID does not believe resettlement is a viable option for the majority of these refugees. Moreover, in view of the Government's quite understandable decision to discourage refugee employment and immigration to the city, USAID is convinced that a long-term relief program will be required. In that context, CRS will provide long-term technical assistance and logistical support to the National Office for Refugees in upgrading that institution's ability to better orchestrate U.S. and other donor assistance destined for refugees and the needy.

The Phelps-Stokes Program under grant to AID will prove a most valuable mechanism for directly addressing some of the poorest but more educated urban refugees. Approximately 20 refugees per year will be sponsored for para-medical training in the U.S. and eventual placement in other third world countries in the region.

PL-480 Title II

Title II foods consisting of rice, soy-fortified sorghum grits, vegetable oil and non-fat dried milk will be provided based upon proven acceptability. Initial recipients will be refugees, with eventual

program expansion to include mothers and children, pre and school children. In all cases, CRS will be the responsible manager of the commodities and will assess nutritional needs of the target groups and recommend individual distribution rates based upon a growth surveillance system. This system will be established and operated out of MCH centers and will form the basis for a CRS nutrition education program.

Given that Djibouti produces no staple foods and is dependent upon food imports for the future, PL-480 Title II food relief will in no way prove a disincentive to local production.

Special Concerns

Women represent a very important force in the service economy, given that they account for 20% of the salaried Djiboutian work force. Indications are that the same holds true in the informal labor sector, where however, a large percentage of their work is in bars or restaurants.

USAID initiatives in the human resources sector will examine the alternatives for further improving female integration into the economy. Specific attention will be given to providing more appropriate skills to female school leavers, improving women's participation at higher professional levels through increased academic/specialized training and discerning the role of cottage industries as a major employment source/income earner.

Geothermal energy exploration will be an area that USAID intends to follow closely. At present, a French organization is investigating potential geo-thermal sources with the aim of developing recommendations on its application.

Science and Technology initiatives for example in solar energy, sea water distillation and windmills are obviously deserving of our attention in view of Djibouti's environment. USAID, to the extent possible will investigate the possibility of its future involvement in this area: e.g. USAID funding of research and feasibility studies and pilot application using U.S. private sector enterprise.

Although Economic Planning, Public Administration and Taxation are areas critical to overall development of Djibouti, USAID believes that the enormity of French influence and interest in this area precludes direct U.S. involvement. Other USAID activities will have indirect impact, however, in so far as indigenous people are more adequately trained for administrative positions and more reliable data obtained for long-term planning.

Aggressive Conservation methods are required but costs are presently prohibitive. Sparse populations and insufficient government personnel infrastructure and funding implies that the most practical alternative at present is to assure that future programs do not encourage extant populations from overtaxing limited resources.

D. Summary of USAID Program Strategy

Based upon the foregoing USAID will direct its assistance to the Government's effort to improve the poor's quality of life by means of development assistance in three key areas:

- Increased Employment and Income earning potential as realized through
 - a more precise understanding of natural and human resources allocation potential
 - provision of appropriate life skills and project initiatives per the outcome of the above.
- Improved nutrition and health as realized through
 - enhanced capability to address the poor's health and nutrition requirements at reduced cost
- Capability to provide adequate shelter realized initially through a shelter assessment in 81, with subsequent funding for HIG or urban planning in FY 83 to be determined.

Table 4 presents the USAID strategy by Log Frame matrix and provides a more precise understanding of costs, timing, and mechanisms for achieving individual targets within the overall strategy.

VIII. PLANNING

A. Funding Levels

To address the program goal of improving the poor's quality of life, a total of

- \$28.4 million will be required over the next five years (1982-86) and divided between
- \$18 million in country development assistance and
- \$10.4 million in regional and other funding.

The above funding will support the following components of USAID's strategy:

- \$18.5 million for Increased Employment/Income Earning
- \$9.9 million for Improved Nutrition and Health

An additional \$5 million for a HIG or Assistance in Urban Planning pending the results of a Shelter Assessment in 1981.

USAID's country development planning levels by functional account will be as follows^x

FY	82	83	84	85	86	TOTAL
Food and Nutrition	3	-	-	-	4	7
HRD	-	3	4	4	-	11
Total Program	3 ^x	3 ^x	4 ^x	4 ^x	4	18

Supplemental regional funding will be required as follows:

FY	82	83	84	85	86	TOTAL
Food & Nutrition	1.2	-	1.0	-	1.0	3.2
HRD			0.2			0.2
SDA	(0.1)					(0.1)
Self Help	0.1					0.1
HIG (tbd)		-				-
CRS Program	-	1.0		1.0	-	2.0
PL 480 Title II	(1.0)	(1.5)	(0.8)	(0.8)	(0.8)	(4.9)
Food	1.0	1.0	0.8	0.8	0.8	4.4
Outreach		0.5	-	-	-	0.5
TOTAL	2.3	2.5	2.0	1.8	1.8	10.4

Table 5 provides detailed estimates of funding allocations (79-86) by functional account of project.

^x Totals meet FY 81 SPS AAPLs.

B. Narrative

To realize the preceding strategy, USAID project assistance to date has consisted of:

- 1). Emergency government to government food relief grants to refugees and distressed nationals and specialized training under Phelps-Stokes;
- 2). development of an indigenous soils and water resource analysis capability to ascertain agricultural potential and to provide the means for national decisions by the GROD and USAID on subsequent development interventions;
- 3). assistance to the fishing sector which to date is most neglected but yet possesses great potential for offering both increased employment/earnings for the poor, and excellent possibilities for addressing the nutritional deficiencies of the poor;
- 4). providing self-help funds to stimulate and support local efforts to upgrade MCH health facilities;

USAID Response through 1980-81

Continuing the above strategy, the FY 80/81 USAID assistance program will see:

- 1). CRS organizing a three year operating program (\$4.0 million) which will include:
 - a). assumption of management of Title II PL 480 commodity assistance as a cooperating sponsor;

- b). upgrading of the institutional capability of the GROD entity responsible for management of all international food assistance activities through CRS program assistance and Title II Outreach funds;
 - c). the installation of a Growth Surveillance System for measuring both food deficiencies and the impact of food aid particularly in the most vulnerable group - mother and child.
2. IHAP's focussing on identifying long-range development objectives in the human resources sector (\$3 million), specifically,
- a). an assessment of Djibouti's human resources (nature of available manpower versus country and regional sectoral demand and attendant skills upgrading needed);
 - b). a training element to institutionalize manpower analysis capability;
 - c). immediately upgrading commercial skills of Djibouti's most disadvantaged based upon initial survey findings.
3. Regional assistance to include:
- a). Shelter Sector Assessment (\$.1 million)
 - b). Regional Remote Sensing (\$.2 million)
 - c). Manpower Development Training (.1 million)
 - d). Accelerated Impact Program Initiatives
Emergency Assistance to Djibouti water transport sector (\$.4 million)
 - e). PD & S (.01 million in 1981, .025 thereafter) to conduct social analysis of nomadic life and provide design, evaluation for projects.

USAID Response 1982-86

USAID's long-term response will be largely predicated upon the results of ventures previously undertaken and level of donor/host country effort/coordination forthcoming. Basically, therefore it can be assumed the program will build upon previous successes.

- For instance, it is expected that fishing will prove sufficiently viable in increasing harvesting capability to meet concurrent higher demand within the city to justify in 82 an expansion of U.S. assistance in support of Djibouti's marketing efforts both to the interior and for export. Fish curing and canning are certain areas worthy of exploitation in view of the employment potential. Total LOP project funding will be (\$3 million).

- Increase in PL 480 Title II foods as health nutrition programs expand into additional MCH centers and schools. It is anticipated that the program will complement and further the introduction of fish to most vulnerable groups. That coupled with a hoped for decline in refugees will result in a decrease in food beginning FY 84. Concurrent with the above will be a continuing logistical and technical assistance requirement to be met by extensions to extant CRS program and outreach grants (\$6.9 million).

- Complementing both the benefits accruing from increased fish availability and the existing MCH nutrition efforts will be a joint donor effort to develop both within the city and rural areas refined health delivery programs via mass-media. AID regional funding will assist CRS and UNICEF in providing soft-ware (programming) to complement an expanding West German capital assistance effort in this area.

Furthermore, it will establish the framework for long-term efforts to reach the nomads and rural townspeople with health educational programming that can maximize government personnel available for rural development assistance delivery (\$3 million).

- With respect to the human resources development it is envisioned that from the Phase I program in this area will develop a wide spectrum of sub-sector options ranging from minimal expansion of the skills training effort (\$4 million - to include a wider range of skills and degree of training offered to greater numbers) to a fairly intensive effort that would see creation of a manpower development unit to support a national informal training program overseeing academic and specialized training and worker placement within third countries (\$3 million) and supportive of all, a basic educational outreach program relying on mass-media techniques previously developed by complementary activities (\$4 million). Small artisanal cottage industries will also be investigated as a source for providing increased employment/income for women in the rural towns.

- Other employment generating initiatives (\$4 million in FY 86) will be developed pending earlier results.

- A HIG or urban planning effort (\$5 million in 1983) will similarly be based upon results of initial investigation.

The above outlines a strategy based upon prior project success and hence implies that funding options beyond 83 are largely limited to areas in which USAID originally focussed. The only new initiative presently envisioned will be the joint USAID-Donor undertaking in health/education outreach via mass-media.

To allow a broader scope of development assistance options implies a greater number of pilot interventions in the early 80's. This appears untenable however, given limited USAID management capability and present AID policy that advocates a USAID/Djibouti strategy evidencing a single sector focus. Here, it should be noted that although USAID will pursue activities in two functional areas, Agricultural and Human Resources, it will be in support of a single purpose, i.e. to increase employment and income earning among the poor. Secondary and tertiary purposes to achieve the overall program goal of improved quality of life for the poor will be orchestrated out of regional backstopping/funding.

Of the requested \$28 + million, over 70% is expected to be allocated to two PVO's who will be encouraged to address a particular component of the AID strategy:

- IHAP to provide increased employment/income earning;
- CRS to improve nutrition/health education.

In view of the above, present AID D.H. staffing and operating expense should increase only slightly over the next five years and possibly be reduced thereafter pending evaluation of PVO capability to manage and develop their own programs among themselves and with other donors. It is estimated that an average annual operating expense budget of \$350,000 (including FAAS contributions) will be required through 1986.

To the extent a Peace Corps presence (possibly administered out of Sana, Yemen) can be realized and volunteers assigned to joint USAID-GROD activities, estimated project funding requirements could be reduced.

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Table 1. Djibouti: Gross Domestic Product, 1972-1976
(in millions of DFB, at current market prices)

	1972	1973	1974	1975	1976
Total value added in private sector:	<u>19,172</u>	<u>24,334</u>	<u>26,196</u>	<u>34,882</u>	<u>34,856</u>
Agriculture and livestock	2,000	2,300	2,500	2,830	3,036
Industry	3,100	3,800	2,250	3,555	2,844
Construction and public works	800	900	1,500	1,700	1,923
Energy	604	700	764	909	1,018
Transportation and communications	1,540	1,645	1,533	1,668	2,020
Services	3,838	4,912	5,698	7,295	7,841
Trade	9,066	11,792	14,000	17,000	16,000
Domestic servants	224	285	151	305	174
Total value added in public sector:	<u>11,037</u>	<u>14,165</u>	<u>16,387</u>	<u>21,006</u>	<u>25,043</u>
French government salary expenditures (civilian and military)	9,923	12,454	14,151	18,925	21,720
Territorial government salary expenditures	1,114	1,711	2,236	2,711	3,323
Total GDP	<u>29,985</u>	<u>38,214</u>	<u>44,432</u>	<u>55,683</u>	<u>59,723</u>

Source: Data supplied by the Ministry of Finance, Djibouti, and Staff estimates. Extracted from U.N. Report.

GOVERNMENT OF THE REPUBLIC OF DJIBOUTI BUDGET

REVENUES 10,929 Million DF (1979)

	<u>TOTAL</u>	%	<u>TOTAL</u>
Direct Taxes	2,935	.27	
Indirect Taxes	5,750	.53	(60% increase over 78)
Interest	821	.08	(20% increase over 78)
Foreign Subvention	700	.06	(80% decrease over 78)
Other	724	.06	

GOVERNMENT OF THE REPUBLIC OF DJIBOUTI

EXPENDITURES 10,929 Million DF (1979)

	<u>TOTALS</u>	<u>% OF TOTAL BUDGET</u>
A. Public Debt	245,528	.022
Nat'l Assembly	182,647	.015
Presidency	750,088	.068
Radio/TV (50%) Press (10%) Sp'l (40%)		
Prime Minister	94,228	.008
Justice	135,312	.012
Interior	1,699,339	.155
Foreign Affairs	343,541	.031
Defense	7,005	.000
Finance	435,333	.039
Commerce, Transport Tourisme	27,452	.002
Education/Sports	785,949	.071
Agriculture/RD	204,062	.018
Labor	134,938	.012
Health	1,266,804	.115
Public Works	324,339	.029
Public Affairs	45,000	.004
Industry	6,990	.000
		<hr/>
		.601

	<u>TOTAL</u>	<u>% OF TOTAL BUDGET</u>
B. <u>Special</u>		
Social Security Services Pension, Relief, Constitution Medical Services	1,300,000	.118
Housing	988,500	.090
Public Works	382,522	.035
Other	200,000	.018
Scholarships	260,000	.023
Public Organizations	300,000	.027
C. <u>Extra Ordinary</u>		
Equipment purchases-upkeep	567,902	.051
Project Development	406,781	.037
Sub-Total B & C		.399
TOTAL	10,929 Million	100%

ON GOING AND ACCOMPLISHED PROJECTS IN GROD

YS 1978, 1979, 1980 et 1981

DONORS

	Millions DF	US\$ 000
A - Saudi Arabia	11 182	63 897
B - Fonds d'Assistance & Cooperation	1 247	7 126
C - European Development Funds "P.E.D." "E.D.F."	3 169	18 109
D - Economic Social Investment Development Funds "F.I.D.E.S." "E.S.I.D.F."	684	3 908
E - Abu Dhabi Arab Emirate	350	2 000
F - West Germany	880	5 028
G - U.N.D.P.	83	474
H - African Development Bank	1 323	7 560
I - Caisse Centrale de Cooperation Economique	420	2 400
J - U.N.H.C.R.	23	132
K - Oman	175	1 000
L - Iraq	300	1 714
M - Holland	875	5 000
N - Pakistan		
O - Libya		
	<u>262</u>	<u>1 500</u>
	20 978	119 848

Exchange Rate : US\$ 1 equals DF 175

A - SAUDI ARABIA CONTRIBUTIONS

	<u>MILLIONS DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>1 - EDUCATION</u>					
Arabic Primary School	200		200		
Islamic Institute	360			360	
Secondary School Djibouti (40 classes)	775		450	325	
Secondary School Dikhil	110			110	
Primary Classes in Djibouti (60 classes)	425		255	170	
Primary school in Districts (23 classes)	115			115	
Orphanage Centers for Boys and Girls	175 885		175 260	220	405
Sub-Total	3 045		1 340	1 300	405
<u>2 - ENERGY</u>					
Drilling Campaign	230		230		
Surveys & Research	139		70	69	
Drilling Equipment/Djibouti	47		27	20	
" " /Ali Sahleh	77		37	40	
" " /Dikhil	42		22	20	
" " /Tadjourah	170		80	90	
" " /Obock	68		38	30	
Equipment (General)	30		30		
Extension of power station/ Djibouti	710		530	180	
Sub-Total	1 513		1 064	449	

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Millions DF

3 - INDUSTRY

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Mineral Water Bottling Plant	360	360		
Sub-Total	<u>360</u>	<u>360</u>		

4 - TRANSPORTS/COMMUNICATIONS

Construction of Parking areas for Aircrafts	350	265	85	
Road Survey Djibouti/Tadjourah	87	87		
Road Survey Grand Mara/Dikhil 25 km	370	370		
Road Survey Grand Bera/Ali-Sabieh 14 km	115		115	
Construction of Cold storage room	315	115	200	
Reorganization of Communication System	311	211	100	
Communications (General)	<u>481</u>	<u>481</u>		
Sub-Total	2 029	1 529	500	

5 - HOUSES

Offices for GROD	315		115	200
48 villas Djibouti at Gabod	510	450	60	
30 " " at Gabod	315	315		
48 apartments Djibouti New Houses	395	174	221	
Villas for Ministers	885		885	
	<u>120</u>	<u>90</u>		
Sub-Total	2 540	579	1 221	200

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	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>6. HEALTH</u>					
Survey for new hospital (Djibouti)	70		70		
Cost of new hospital	<u>1 080</u>			<u>700</u>	<u>380</u>
Sub-Total	1 150		70	700	380
<u>7 - OTHERS</u>					
New printing press	175				
Constructions & Maintenance of mosques	<u>280</u>		80	<u>175</u>	<u>200</u>
Sub-Total	455		80	175	200
<u>3 - AGRICULTURE</u>					
Constructions -- Rural Engineering	<u>90</u>		90		
Sub-Total	90		90		

B - F . A . C . C O N T R I B U T I O N S

	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>1 - EDUCATION</u>					
Teachers Training Institute	200		50	150	
Djibouti					
Secondary School (General)	80		80		
Cultural & Social Activities	<u>210</u>	<u>210</u>		<u>150</u>	
Sub-Total	490	210	130	150	
<u>2 - AGRICULTURE</u>					
Advisors	7		7		
Survey Solar Irrigation System	<u>17</u>		<u>17</u>		
Sub-Total	24		24		
<u>3 - TRANSPORTS/COMMUNICATION</u>					
Equipment for the Airport	55			55	
Navigation Radio - port	40			40	
Central Warehouse - port	90		90		
Preliminary survey for	15		15		
Technical container - port	70			70	
Technical Survey for					
Terminal container					
Reorganization of communication system	<u>180</u>		<u>180</u>		
Sub-Total	450		285	165	

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	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
4 - <u>HOUSES</u>					
New Houses for French Advisors	25		25		
Levelling of Land	<u>105</u>			<u>65</u>	<u>40</u>
Sub-Total	130		25	65	40
5 - <u>HEALTH</u>					
Medical Equipment and Medicines	100	100			
6 - <u>TOURISME</u> - NIL -					
7 - <u>OTHERS</u>					
Various Developments Activities	53	53			

C - F. E. D. CONTRIBUTIONS

	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>1 - EDUCATION</u>					
Construction workshops Equipment for "C.F.P.A." (Diesel Section)	40 75		40. 35		40
Sub-Total	115		75		40
<u>2 - AGRICULTURE</u>					
Solar Irrigation System - (Atar Perimeter)	118			118	
Equipment & training	113		63	50	
Drilling equipment	108		108		
" materials	35		35		
Water for Randa	33		33		
Sub Total	407		239	168	
<u>3 - TRANSPORTS/COMMUNICATIONS</u>					
Survey Port of Djibouti	67		67		
Reorganization of the Railway and Equipment	2 360		60	50	2 250
Sub Total	2 427		127	50	2 250

	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>4 - TOWN PLANNING</u>					
Leveling of Land	95	15	80		
Port Survey	<u>45</u>		<u>45</u>		
Sub-Total	140	15	125		
<u>5 - HEALTH</u>					
Dispensary Construction in Port	45		25	20	
Anticipated Health Survey	<u>35</u>		<u>35</u>		
Sub-Total	80		60	20	

D - F . I . D . E . S . (ECONOMIC & SOCIAL INVESTMENT DEVELOPMENT FUNDS)

	Millions DF	1978	1979	1980	1981
<u>1 - EDUCATION</u>					
Workshop for Hotel trainee - Arta	27	27			
Welding equipments for "CFPA"	26	26			
Secondary school Djibouti partial	26		26		
Primary schools	36	36			
Maintenance primary schools	4	4			
Sub-Total	119	93	26		
<u>2 - AGRICULTURE</u>					
Equipments for Livestocks Service	10	10			
" " cold storage room					
fishery Service	3	3			
Equipments "Petit Para"	12	12			
Pedologie survey oued Welma	7		7		
Drilling & Equipments	176	120	56		
Sub-Total	208	145	63		
<u>3 - ENERGY</u>					
Water/Equipments for the Interior Districts	52	20	32		
Sub-Total	52	20	32		

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	Millions DF	1978	1979	1980	1981
<u>4 - TRANSPORTS/COMMUNICATIONS</u>					
Road Djibouti/Dorale	40	40			
Maintenance & Repairs	72	72			
Obock harbour					
Maintenance of Djibouti port infrastructure	84	84			
Sub-Total	196	196			
<u>5 - TOWN-PLANNING</u>					
Construction station S 2	25	25			
Renovation of urban sectors	35	35			
Sub-Total	60	60			
<u>6 - HEALTH</u>					
Dispensaries Obock-Ali-Sabieh	34	26	8		
Dispensary Dorra	15	15			
Sub-Total	49	41	8		

E - ABU DHABI ARAB EMIRATE

Millions DF 1978 1979 1980 1981

1 - EDUCATION

Primary Schools (26 classes) 175

Sub-Total 175

2 - HEALTH

Dispensary Pierre Pascal 175 75 100

Sub-Total 175 75 100

F - WEST GERMANY

1 - AGRICULTURE

Pedological Study 50

Technical Assistance 290 130 160 20

Sub-Total 340 160 180

2 - TRANSPORTS/COMMUNICATIONS

Port Terminal Container Project 540 270 270

Sub-Total 540 270 270

G - U . N . D . P .

1981

1980

1979

1978

MIA DF

1 - ENERGY

Geo-Thermal - Lac Assal

83

83

Sub-Total

83

83

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II - A . D . B . (AFRICAN DEVELOPMENT BANK)

	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
1 - <u>TRANSPORTS/COMMUNICATIONS</u>					
Maintenance & Repairs of the Port	900			900	
Sub-Total	900			900	
2 - <u>OTHERS</u>					
Sewage System for Djibouti	423			299	124
Sub Total	423			299	124

I - CAISSE CENTRALE DE COOPERATION ECONOMIQUE

1 - <u>HOUSES</u>					
Appartments (3)	420			420	
Sub-Total	420			420	

J - U . N . H . C . R .

- <u>AGRICULTURE</u>					
Equipments	23		23		
Sub-Total	23		23		

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K - O M A N

	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
1 - <u>TOURISM</u>					
Guest-House	<u>175</u>	<u>75</u>	<u>75</u>	<u>100</u>	
Sub-Total	175	75	75	100	

L - I R A Q

1 - <u>TOURISM</u>				
Hotel	<u>300</u>	<u>300</u>	<u>300</u>	
Sub-Total	300	300	300	

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M - H O L L A N D

	<u>Millions DF</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
1 - <u>HOUSES</u>						
Houses 5 000	<u>875</u>			<u>263</u>	<u>350</u>	<u>262</u>
	875			263	350	262

N - P A K I S T A N

1 - EDUCATION
 Vocational Training
 Cultural and Social Activities

2 - HEALTH
 Training Health Auxiliary

1 - AGRICULTURE/ENERGY
 Drilling Equipment

O - L I B Y A

	<u>262</u>	<u>262</u>
	262	262

Table 4

USAID STRATEGY BY MATRIX (1979-1986)

I - Program Goal ; Improved Quality of Life for Djibouti's Poor

II - Purposes (Conditions expected at end of FY 86):

A. Increased Employment/Income Earning

1. Soils and Water Resources Analysis capability institutionalized

Providing recommendations on land and water use vis-a-vis diversification

2. Fisheries Development

- a. 50 % increase in fisherman in North (300-450),
- b. 100 % increase in catch (3 to 6 m.t. p.a.),
- c. 33 % increase in real income p.a.,
- d. Increase in numbers employed in marketing, processing fish within private sector.

3. Manpower Analysis

- a. Institutionalization of Manpower Training Office that :
 - 1) assesses labor supply vs. demand within Djibouti and region,
 - 2) recommends type and kind of training required within public and private sectors,
 - 3) evaluates in and out country training,
 - 4) assists in job placements (@ 6,000 benefitted).
- b. Development of long term manpower plan addressing all of above and effects of other development proposals vis-a-vis employment,
- c. Development of plan for private sector contributions to training institutions.

4. Non formal Training

- a. Facilities and staff capable of graduating/placing approximately 150 students p.a. with needed skills,

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- b. National non formal training consolidation (between Ministries of Labor and Education) underway,
 - c. Cottage industries planned/developed for employing @ 100-200 women,
 - d. Non formal and formal educational outreach program using mass-media being developed.
5. Other Employment Generating Activities conducive to increased participation of women, refugees and gravely disadvantaged (total to be benefitted 1,000).

B. Improved Nutrition/Health

- 1. Institutionalization of Humanitarian Relief to refugees and distressed as evidenced by a Government entity capable of assessing and addressing needs of 20,000 people p.a. (including refugees, poor, MCH and school feeding programs).
- 2. Nutrition/Health Education Programs institutionalized to include :
 - a. Capability of MCH personnel and local para-medics to assess nutritional deficiencies and provide consultation,
 - b. Nutrition/health education delivery program via mass-media,
 - c. decrease in incidence of malnourishment among target groups (refugees, Mothers and Child, preschool and school).

C. Adequate Shelter

- a. Urban Housing Plan developed thru 2 000,
- b. Credit facilities developed,
- c. Ongoing development of housing sites and services.

III - Outputs (Magnitude thereof)

A. Increased Employment/Income Earning

1. Soils and Water Resources Analysis

- a. Indigenous staff trained (2) to assess soils and water quality and quantity for agricultural, animal and human consumption,
- b. Adequate lab facility constructed, functioning,
- c. Water and Soils Analysis completed on primary (Hanle, Petit Bara, Attar, Mouloud) and secondary (Tadjoura) areas,
- d. National natural resource mapping, identification completed.

2. Fisheries Development

- a. Improved artisanal methods practiced,
- b. Coop(s) functioning,
- c. Additional retail outlets established in city (5) in interior (3),
- d. Curing, canning facilities developed.

3. Manpower Analysis

- a. Manpower Office within Ministry of Labor established and staffed by trained Djiboutian manpower expert and statistician,
- b. Routine (yearly) surveys of private and public sector undertaken within Djibouti,
- c. Surveys of regional labor requirements (every two years),
- d. Labor skills identified for present, future,
- e. Recommendations formulated vis-a-vis type and manner training required to meet both private, public sector demand,
- f. Feasibility studies undertaken re potential employment generating activities,
- g. Procedures for job placement/trainee follow up established.

4. Non-Formal Training

- a. Extant vocational training facility upgraded to provide more appropriate training

75 graduates p.a. with appropriate skills graduating.

- b. Commercial skills training center constructed and commercial skills program introduced :
 - 1) 85 graduates by 83
 - 2) 75 " p.a. thereafter,
- c. Training curriculum syllabus developed for vocational and commercial disciplines,
- d. Formalized job placement with 80 % of those trained placed by institution,
- e. Plan for private sector contribution to institutions developed and institutional income earning activities developed,
- f. Adequate trained staff (9)
- g. Radio and T.V. programs functioning re non formal training programs, literacy, employment, training information.

5. Other Employment Generating Activities

- a. Replacement of ferry to provide continuing private/public sector activities vis-a-vis the North,
- b. Women's training center staffed functioning (1-2),
- c. Training/placement refugees.

B. Improved Nutrition/Health

1. Humanitarian Relief to refugee and distressed : Government possessing -
 - a. Adequate staff trained in requesting, receiving, storing, distributing and accounting for relief commodities,
 - b. Adequate warehousing, transport facilities developed.
2. Nutrition/Health Education programs
 - a. MCH and para medic personnel trained and using growth surveillance system ,
 - b. Nutrition/Health consultative programs developed in all MCH centers (10) and addressing approximately 5,000 mothers and children,
 - c. Introduction and use of local fish as supplement in feeding programs,
 - d. On-going food programs at refugee camps, MCH's, schools with staff trained in and demonstrating use of such foods.
 - e. Nutrition/health programs developed, staff trained for delivery via mass-media.

C. Adequate Shelter as evidenced by

- a. Shelter assessment conducted,
- b. Possible HIG and/or other donor investment in housing based upon assessment.

IV - Inputs (timing, source and amount of funding, and O.D. involvement) :

A. Increased Employment/Income Earning

1. Soils and Water Resources Analysis

- a. Phase I (79-82) .5 million (603-0001)
- b. Phase II (82-83) .2 million (698-0414) Remote Sensing
- c. O.D. : West Germany, French Assistance Corp.

2. Fisheries Development \$3.5 million

- a. Phase I (79-82) .5 million (603-0003)
- b. Phase II (82-85) 3 million
- c. Other Donors : French Assistance Corp., FAO, Iraq.

3. Manpower Analysis

- a. Phase I (80-82) 1.5 million (603-0006)
- b. Phase II (83-86) 3 million
- c. Other Donors : ILO

4. Non Formal Training

- a. Phase I (80-83) 1.5 million (603-0005)
- b. Phase II (84-87) 4 million
- c. Other Donors : Saudi Arabia, West Germany.

5. Education Outreach

- (85-88) 4 million
- Other Donors : West Germany, UNICEF.

6. Other Employment Generating Activities

- a. Special Self-Help Program (continuing) .2 million
- b. AIP (698-0410) .4 million
- c. Phelps/Stokes refugee tr'g (continuing) N/A
- d. Other Donors : Many.

B. Improved Nutrition/Health

1. Humanitarian Relief

- a. CRS Program (495F Continuing) 2.0 million
- b. PL-480 Title II
 - 1) Food (80-85) 6.2 million
 - 2) Outreach (80-83) 1.4 million
- c. Other Donors : WFP, Caritas, UNHCR.

2. Nutrition/Health Education

- a. CRS Program (495F cont) 1.3 million
- b. PL-480 Title II part of above
- c. Nutrition/health education outreach (82-85) 3 million
- d. Other Donors : WHO, UNICEF.

C. Shelter Assessment - RHUDO (81) 0.1 million

Possibility of eventual HIG. (83-85) 5 million
Other Donors : ADB, Dutch, UNDP.

D. Specialized Training in Support of Strategy

AMD (698-0384) (81-85) .3 million
AUB reg'l program (Cont) N/A

E. Project Development and Support

Research on Nomads (81-82) .1 million
General Support to Project Design/Development and
Evaluation (82-86) .025 million p.a.

Table 5

DETAILED FUNDING ALLOCATIONS

	<u>FY 79</u>	<u>80</u>	<u>81</u>	<u>82</u> ¹	<u>83</u>	<u>84</u>	<u>85</u>	<u>86</u>
<u>USAID</u>	1.0	1.1	2	3	3	4	4	4*
1. F & N	(1.0)			(3)				(4)
Soils & Water	.5							
Fisheries	.5			3				
(other in escrow)								4
2. HRD		(1.1)	(2)		(3)	(4)	(4)	
HRD (Phase I)		1.1	2					
Manpower Plan'g					3			
Training						4		
Outreach							4	
<u>REG'L</u>	.5	1.6	2.7	2.3	2.5	2.0	1.8	1.8
1. CRS	(.4)	(1.2)	(2.4)	(1.0)	(2.5)	(.8)	(1.8)	(.8)
Program	.4		.9		1.0		1.0	
Outreach		.4	.5		.5			
PL-480		.8	1.0	1.0	1.0	.8	.8	.8
2. F & N		(.4)	(.1)	(1.2)		(1.0)		(1.0)
AIP		.4						
Remote Sensing				.2				
Nutrition/Health				1.0		1.0		1.0
Education Outreach			.1					
FD & S ²								
3. HRD			(.1)			(.2)		
AMD			.1			.2		
4. SDA	(.1)		(.1)	(.1)				
Shelter			.1					
Self-Help	.1			.1				
TOTAL	1.5	2.7	4.7	5.3	5.5	6.0	5.8	5.8

1. All USAID projects beginning FY 82 forward funded for LOP.

2. FY 82-86 @ \$25,000 p.a. for design, Evaluation.

3. FY 78 funding totalled \$1,700,000 which covered PL 480 Title II food commodities, Emergency Assistance to Refugees and ONARS.