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Djibouti Livelihood Profiles

FEWS NET FAMINE EARLY WARNING SYSTEM NETWORK

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Main Conclusions and Implications

The results of the current assessment clearly demonstrate that a substantial proportion of the population in Djibouti lives in relative poverty by local standards, and extreme poverty by international standards, subsisting on a total income of less than 40,000 FD (\$US 225) per household per month, or <200 FD (about \$US 1) per person per day. The main sources of income for these poorer households are casual labour, petty trade, low paid employment and pensions.

The government of Djibouti's vision is for a modernised economy, with a skilled and well educated workforce. One of the major challenges is to ensure that the benefits of future economic growth filter down to the large unskilled labour force that currently makes up the bulk of the poorer sections of the Djibouti population. This requires that due attention and priority be given to labour intensive projects as and when these are possible.

A further aspect of this extreme poverty is the relative vulnerability of the poor - especially the 'very poor' - to any outside shock or hazard. The most significant hazards threatening the poor are a) fire and flood, b) increased prices of (imported) food commodities, c) any change in government policy that affects government employment, prices for food and non-food items or migration, and d) changes in activity in the port and construction sectors - the most important sources of casual labour for the city.

Given this vulnerability, it is important that monitoring information be collected on a regular basis on the most important economic hazards, and their possible effects on income and expenditure for different wealth groups.



Zone Description

Djibouti's strategic location on the Red Sea coast is the main economic asset of a country that is mostly barren. It occupies a key position controlling access from the Indian Ocean to the Red Sea, Saudi Arabia and the Suez canal. It is an important transit port for the region and an international trans-shipment and refuelling centre. It also hosts important military and naval bases for both France and - since September 2002 - the United States. About 2700 French troops are stationed in Djibouti under agreements signed at independence. As part of the international 'War on Terrorism', Djibouti now also hosts between 1300-1800 US troops and is the headquarters for a multi-national Indian Ocean task force.

The economy of Djibouti Ville is based on service activities, with the bulk of this derived from the servicing of the port and railway to Ethiopia and the French and US military bases in the city. Following a period of slow or negative economic growth in the early 1990s, Djibouti's economy has recently begun to grow again. This is the result of a number of factors including; a) public sector finance reforms, b) the transfer of the port and airports from state to private sector management, c) an increase in port activity resulting from the war between Ethiopia and Eritrea (with the bulk of Ethiopia's sea borne trade now channelled through Djibouti) and d) an increased foreign military presence associated with the international 'War on Terrorism'.

In June 2000, the Government of Djibouti signed a 20 year agreement with the Dubai Ports Authority for the management of the port. Plans are well advanced for the construction of new and additional port facilities at Doraale, just to the west of Djibouti. It is hoped that this will provide significant additional employment in the construction sector in the years ahead..

Djibouti is relatively prosperous compared to the neighbouring countries of Ethiopia, Eritrea and Somalia. Over the years this has attracted a large number of economic migrants to Djibouti city, most of whom were rounded up and expelled from the country towards the beginning of September 2003.

Djibouti Ville is divided into five districts or arrondissements, each of which is sub-divided into quarters.

¹Field work for the current profile was undertaken in October 2003. The information presented refers to the period October 2002 - September 2003. Provided there are no fundamental and rapid shifts in the economy, the information in this profile is expected to remain valid for approximately five years (i.e. until 2008).

Arrondissements 1 to 3 make up the older part of the city, north of the Ambouli river. Balbala (arrondissements 4 and 5), south of the river, was developed in the 1980s and 1990s to accommodate an increasing city population and incomers from the rural areas. Settlement in most of Balbala has been relatively ad-hoc. Most people do not own the land they have settled on and essentially live in temporary housing constructed of a wood frame with corrugated iron walls and roofing. The 1st Arrondissement is in general the wealthiest of the five, followed by the 2nd and 3rd arrondissements, with Balbala the poorest area of the city. However, within each arrondissement, various types of quartier are to be found. There are, for example, some 'very poor' and 'poor' quartiers in the 2nd Arrondissement (e.g. Arhiba), and 'middle' quartiers in Balbala (e.g. the 'housing estates' of Cité Cheikh Osman and Luxembourg).

The older parts of the city are occupied by an urban population of long standing that has relatively few links with the rural areas of Djibouti. The links are somewhat stronger in Balbala that has been partly settled by relatively recent incomers from the countryside. The flow of assistance is almost entirely from the town to rural areas, with gifts of food and money being relatively common. Another frequent type of assistance is for an urban household to take in one or more rural relatives so that they can attend school in the city. There is also a regular pattern of seasonal migration into Djibouti, mainly of young men looking for casual work in the winter months. These seasonal movements are intensified in 'bad' years, when larger numbers come into the city looking for work or simply seeking assistance.

There is considerable uncertainty as to the population of Djibouti. There has not been a census since 1983, and recent estimates are mostly extrapolations based upon relatively high rates of population growth. Most estimates are in the range of 450,000–700,000 for the country as a whole (with the UN estimate for 2003 being 702,000), of whom 60%–80% are thought to be resident in Djibouti Ville. This would put the population of the city – before the expulsion of migrants - at between 300–550,000. Subtracting the number of people expelled suggests that the population of the city might now be in the range 250–450,000.

Markets

As a sea port, Djibouti has good access to international markets, which helps ensure a steady supply of basic food commodities such as rice, wheat flour, pasta, sugar and vegetable oil at relatively stable prices. Other food items, such as vegetables, fruit and sorghum come mainly from neighbouring Ethiopia, either by train from Dire Dawa or by road. Vegetables and fruit arrive in the largest quantities each Wednesday, the day of the main vegetable and fruit market.

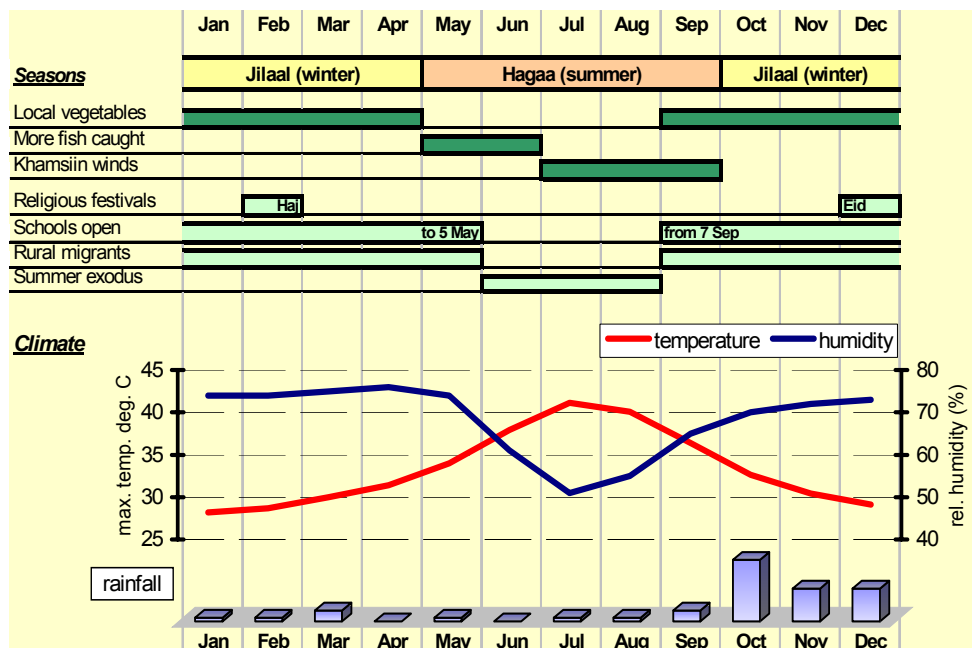
Prices in Djibouti fluctuate in line with production conditions in neighbouring Ethiopia and Somaliland (with drought especially significant, of course), but any effect tends to be buffered by Djibouti's ready access to alternative markets, including Yemen in the case of vegetables, fruit and even *qat* (the mild stimulant leaf from Ethiopia that is chewed by many Djiboutians each afternoon) and international markets in the case of sorghum.

Livestock consumed in Djibouti come from within the country itself or from the border areas of neighbouring states (Somaliland, Region 5 of Ethiopia and Eritrea). Lack of water and grazing prevents large numbers of milking animals being kept within reach of the city, and the supply of fresh milk is limited. Most households therefore purchase whole milk powder.

Prices of a limited number of items are controlled in Djibouti. These are; water, electricity, transport (i.e. minibus prices) and – since 2003 – kerosene.

Seasonal Calendar

High temperatures combined with high levels of humidity are the dominant climatic factors affecting life in Djibouti Ville. The most difficult period is from mid-May to mid-September (the peak of the *Hagaa* or summer season), when maximum temperatures reach 40°C and humidity remains consistently above 50%. Water shortages occur at this time of year, and electricity consumption tends to be high – especially for those fortunate enough to have air conditioning. The schools close, and many people – if they can afford to – leave the city to spend these difficult months elsewhere,



including the highlands of Djibouti, DireDawa (Ethiopia), Asab (Eritrea) or Hargeisa or Boroma (Somaliland). *Hagaa* is also the time of year when many poorer seasonal migrants from rural areas return home, partly because there are fewer employment opportunities in the city, and partly because rural milk production increases at this time of year.

Rainfall in Djibouti is extremely irregular. There tends to be some rain in October, November and December each year, but there is very little consistency as far as the other nine months of the year are concerned. When it does rain, however, it can rain very heavily indeed, causing significant problems of flooding, especially in the quarters along the banks of the Ambouli river. Another problem associated with rain in Djibouti is that of malaria, since mosquitos breed rapidly in the stagnant water that accumulates after moderate to heavy rain.

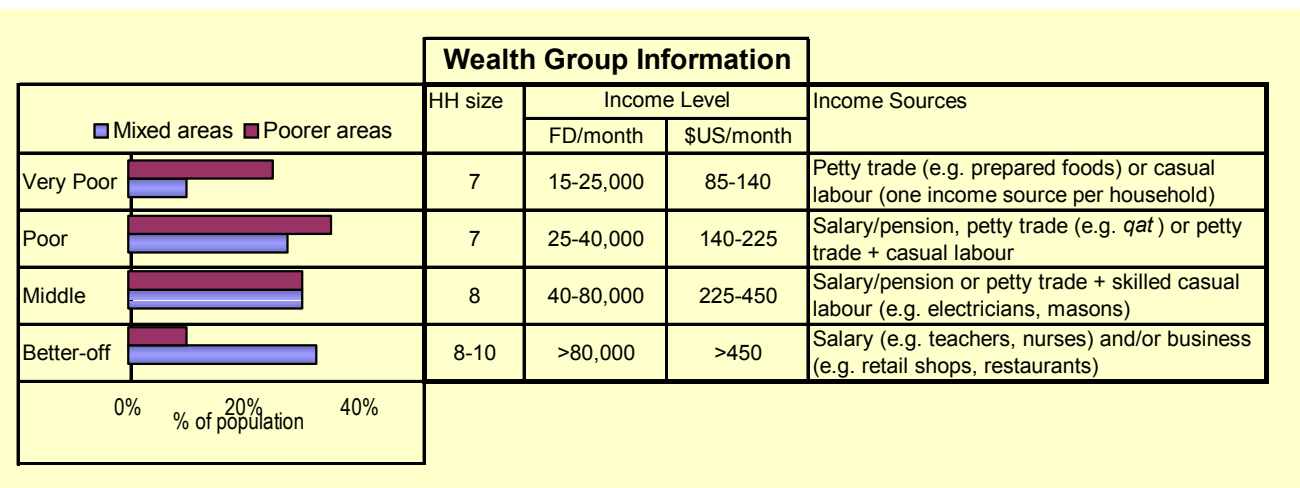
A more consistent problem associated with the weather is that of fire, which can spread rapidly in the confined poorer areas of the city where most houses are constructed of wood and corrugated iron. Such fires are a seasonal phenomenon, associated with the hot dry *khamsiin* winds that blow from July to September.

The timing of two major religious festivals has a significant effect on the demand for both meat and clothes. One of these, the *Haj*, currently falls at the end of February, while the other, *Eid* (at the end of Ramadan), currently falls at the beginning of December. These are periods of increased expenditure on clothing - for children, especially - along with the beginning of the school year.

The availability of local fish and vegetables varies seasonally. Fish – which is not in fact eaten regularly by the majority of the population – tends to be plentiful during the early months of the *Hagaa* or summer season. Availability then declines from July to September, as fishing is hampered by the strong *Khamsiin* winds at this time of year. Local vegetable production (in the Ambouli gardens district) is restricted to the *Jilaal* season. While obviously affecting the income of the vegetable growers themselves, this has little impact on the city as a whole, since most vegetables and fruit are sourced from Ethiopia and – to a limited extent – Somaliland, and supply and prices are relatively stable throughout the year.

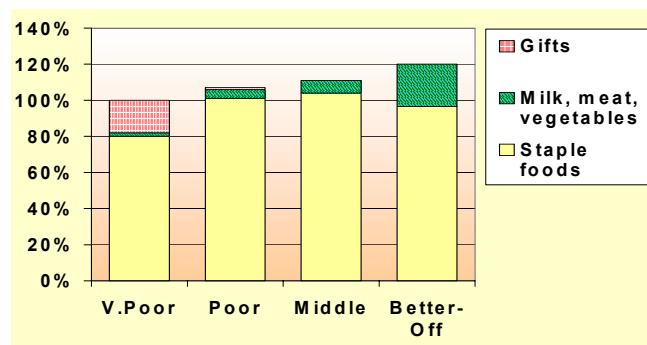
Wealth Breakdown

Wealth breakdown information is presented for two types of area in the city, poorer areas and mixed areas. Poorer areas



contain those quarters classified by the arrondissement authorities as either ‘very poor’ or ‘poor’, while mixed areas include both ‘mixed’ and ‘middle’ quarters. It should be noted that the definitions of wealth at household level presented in the table are those provided by the communities themselves, i.e. they are relative to local conditions, and reflect local perceptions of poverty.

Sources of Food – 2002-2003



There are only two sources of food for the majority of households in Djibouti; purchase and gifts. All wealth groups were, on average, able to access at least 100% of their minimum food needs during 2002-03. In the case of the ‘very poor’, however, this was only possible because of the gifts, usually of cooked food, that they received from relatives and neighbours. These gifts make up 15%-20% of the intake of the ‘very poor’.

Note: In the chart total food access is expressed as a percentage of minimum dietary energy requirements. Middle and better-off households have access to more than their minimum requirement, part of which is given as gifts to neighbours and relatives, and to guests.

Not unexpectedly, total food access increases with increasing wealth, as does the consumption of more expensive items such as meat, milk and vegetables (in the graph purchased calories are divided into two categories; staple foods and milk, meat and vegetables). The implication of this, of course, is that the quality of the diet consumed by the 'middle' and 'better-off' groups is very much better than that of the 'poor'.

Sources of Cash – 2002-2003

Most households in Djibouti Ville generate income from four broad categories of activity; casual labour, petty trade, salary/pension or business/commerce. Casual labour (an activity for men) and petty trade (an activity for women) are primarily activities of the 'very poor', 'poor' and 'middle' groups, while business/commerce is the preserve of the 'better-off'. Salaries cover a wide range, and households with a salary can fall into any of the groups, although few fall into the 'very poor' – since most workers, with the exception of cleaners, watchmen and domestic workers, earn more than 25,000 FD per month, the cut-off between the 'very poor' and 'poor' categories. Other sources of income for a minority of households in the 'middle' and 'better-off' groups include rental income and remittances. Child labour is not common for any of the groups.

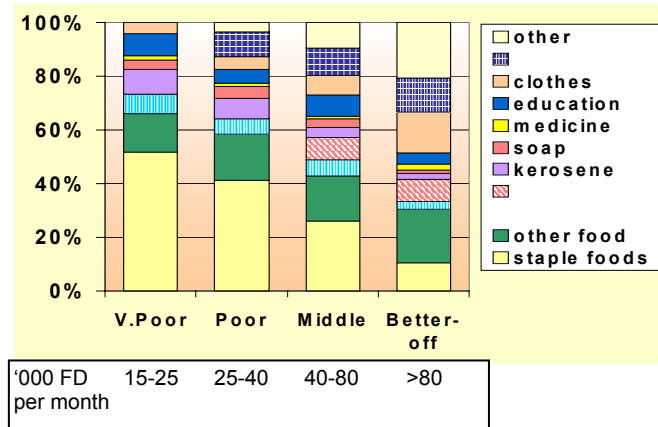
In general the opportunities for casual labour in Djibouti are fairly limited, with port work, building construction and market portering the main types undertaken. The port is an important source of casual labour, not only in the poorer quarters close to the port (such as Arhiba), but also in more distant Balbala. The availability of dock work varies with the number of ships in port, and dockers can expect to work between 1-3 weeks a month. Payment rates vary according to the cargo – with the highest payments being made for the unloading of food aid (for Ethiopia) and other relief goods (approx. 1500 FD per day).

There is not a great deal of construction work available, which means that any major construction project is especially significant. There are hopes that the construction of the new port facilities at Dooraale will generate significant demand for casual labour in the future.

Quite where a household falls on the 'wealth scale' depends not only upon the types of activity undertaken, but also the number of people engaged in income generation (typically 1-2), and the level of activity. Petty trade, for example can generate an income of anywhere between 500 and 1300 FD per day, depending upon the items traded (with petty trading in *qat* generating more income than petty trading in bread or prepared foods).

Expenditure – 2002-2003

A careful examination of expenditure patterns reveals the depth of poverty among the poorer groups in Djibouti. Almost all the expenditure of the 'very poor' goes towards covering the most basic of items required for bare survival; food, water, kerosene for cooking, and – a high priority for poor people locally – education. And even then, the 'very poor' are unable to cover more than about 80% of their minimum food needs. 'Very Poor' households spend less than \$US 4 per day for a family of 7. Total expenditure on food accounts for roughly 60% of income, with the majority of this used to purchase basic calories in the form of cereals, oil and sugar. After food, a substantial proportion of remaining income is spent on three basic items; water, kerosene and education. The 'very poor' and 'poor' are not in a position to afford electricity, and expenditure on medicine is insignificant. The 'poor' spend about 10% of income on *qat*. The 'very poor' do not purchase *qat*, but may receive it in the form of gifts.



The absolute amount of money spent on almost all items increases as wealth increases. There are, however, striking differences in the overall pattern of expenditure, with basic items such as staple food, water, kerosene and soap accounting for a much reduced *proportion* of the total expenditure, while relative expenditure on clothes, medicine and 'other' (e.g. transport, domestic staff, gifts) tends to increase.

Although incomes are higher in absolute terms than in any of the neighbouring countries, the cost of living is also relatively high in Djibouti, and differences in living standard are much less clear cut. Comparing Djibouti with Hargeisa, Somaliland, for example, the poorer groups in Djibouti are *in real terms* no more than 20%-35% better-off than the same wealth groups in Hargeisa (i.e. once differences in living costs are taken into account).

Access to Water, Electricity, Education and Health Services

Water: Water is a significant problem in most parts of the city, especially in the hot summer months from May to September. Water is supplied by a system of pipes in the older parts of the city and in some recent 'formal' developments in Balbala, but more generally by public fountains and water tankers in arrondissements 4 and 5, the newest parts of the city. Water shortages can be expected to worsen in the years ahead, unless significant steps are taken to develop new water sources for the city.

Access to water is limited in terms of supply and affordability, especially in those parts of the 4th and 5th arrondissement that rely upon water tankers. Water provided by tankers is eight times more expensive than water provided through the piped water system, and the 'very poor' and 'poor' groups supplied by tanker can only afford to purchase water in quantities that would be regarded as barely adequate in an emergency situation, even without taking into account the extreme heat, and therefore increased water requirements, at certain times of year in Djibouti. Many water tankers also fail to reach minimum standards of health and safety.

Electricity: Electricity is generally available throughout the city, but not in some of the poorest quarters, including PK-12 in the 4th arrondissement and 8-Metre and Sauvage in the 5th arrondissement. Electricity production is by diesel generator, and is very expensive.

Education: Access to education is a high priority and a universal concern for all wealth groups in Djibouti. There are problems both in terms of the availability of education and in terms of access/affordability. There are not enough intermediate and secondary school places to meet demand, and many children are unable to find a place at these levels. The shortage of school places is most severe at secondary level, and entry to secondary school is by competitive exam. Children failing this exam emerge from the system poorly qualified and find it very difficult to secure regular employment. Other problems besides the shortage of school places include a lack of resources generally, inadequately qualified teachers, a lack of textbooks and poorly conceived curricula².

Although in theory education is free, there are a number of significant 'hidden' costs associated with education in Djibouti, such as textbook fees, stationary, travel costs and 'pocket money'³. These vary between the different types of school, being lowest at primary level and highest for secondary school children. Travel is the single most significant cost as far as intermediate and secondary schooling is concerned. This is linked to the shortage of schools overall, and the fact that many are located far from the poorer quarters. These costs form an additional barrier as far as the poorer wealth groups are concerned and help explain the lower rates of school attendance for these groups, especially among girls.

Health and health services: Although detailed information on health and access to health services was not collected by the team compiling this livelihood profile, it is clear that access to health care is limited for the poorer wealth groups by a lack of money, especially for the purchase of medicines. Expenditure on medicines is something that increases rapidly with increasing wealth. Average monthly expenditure on medicines by the 'very poor' is approximately 270 FD (\$1.5) per household per month. The 'middle' spend more than twice this amount while the 'better-off' spend 7x more.

Hazards

Poor households in Djibouti are vulnerable to a number of hazards.

Fire and flood: The hazards most often referred to in community level discussions are fire and, in those areas bordering the Ambouli river, flood, following heavy rainfall. Fire is an especial hazard in the poorer quarters, where most houses are constructed of wood and corrugated iron, and overcrowding means that fire spreads rapidly from one structure to the next. A part of the problem in these areas is that few households own the land they occupy, and as such they are not allowed to construct more permanent fire-resistant brick or stone structures. Fire tends to be a seasonal phenomenon, linked to the *khamsiin* winds that blow from July to September. The main effects of both fire and flood are loss of life and loss of property, especially the destruction of buildings that the poorer groups find difficult, if not impossible, to replace.

A failure of livestock and/or crop production in the areas supplying Djibouti is another natural hazard that can seriously affect poorer households. The main problem is that of drought affecting the supply of livestock from Djibouti, Ethiopia, Eritrea and Somaliland, and sorghum, vegetables and *qat*, mainly from Ethiopia. Although Djibouti can access alternative sources of supply, prices will increase, with negative effects on the food security for 'very poor' households in particular.

² Profil de la pauvreté à Djibouti, Décembre 2002. Ministère de l'Economie, des Finances, et de la Planification, chargé de la Privatisation, et Programme des Nations Unies pour le Développement (PNUD).

³ The fourth cost, 'pocket money', may at first sight seem a relatively insignificant item, both in terms of the amount of money required (20 – 100 FD per child per day), and in terms of its necessity. However, not having pocket money is something that marks a child out from the crowd, and can eventually lead to the child dropping out from school.

Changes in government policy can be either positive or negative, affecting:

- ***Levels of government employment, salaries and pensions.*** Structural adjustment policies have had a number of significant effects; reduced rates of recruitment, a freeze on promotions, salary reductions and delays in payment. These have significantly affected both employment and income for a number of wealth groups. Further changes are likely to result from the ‘privatization’ of the public sector (begun with the port and airports), which may result in rationalization and significant reductions in employment.
- ***The cost of food items.*** These are not at present controlled, but they are subject to the effects of government policy. The government has in recent years resisted any increase in the price of bread, for example. And any change in fuel and transport costs will tend to have a knock-on effect on food prices.
- ***The cost of non-food items (water, kerosene, electricity, schooling, etc.).*** The cost of water, kerosene, electricity and transport are directly controlled by government, and changes in these will have significant effects on the food security and living standards of the poor. The cost of education and health services are also under government control.
- ***Migration into the city.*** The September 2003 expulsion of foreign migrants had a number of economic effects, some positive, some negative. It resulted in less competition for low paid jobs and casual labour, which increased the opportunities for ‘very poor’ and ‘poor’ Djiboutians, but there was also a reduction in demand for the goods and services purchased by foreign migrants and therefore a loss of petty trading income and income for some businesses. Any change in policy will tend to reverse these effects.

Changes in activity in the port and construction sectors represent a significant hazard for the poorer wealth groups that rely heavily on casual labour in these sectors for their income.

Response Strategies

A limited number of options are available to urban households when faced with either a reduction in income or an increase in prices:

- They may **reduce expenditure**, or switch expenditure to cheaper goods, which is obviously easier for wealthier households. Even poor households in Djibouti have some room to squeeze their non-essential purchases, but it is questionable whether very poor households have. One undesirable response for poorer households is to reduce expenditure by withdrawing a child from school.
- They may **seek additional gifts**, largely in the form of cooked and dry food from relatives and neighbours.
- They may **take credit**, but this is a limited option mainly for relatively better-off households that can offer the collateral, usually land, to secure the loan.
- They may seek to **diversify and increase their income**, perhaps by sending additional household members out to work, or by initiating new income generating activities (such as petty trade for a family not currently engaged in this activity). However, this is obviously not a viable strategy for the majority of households if there is a general downturn in the urban economy.

Recommendations for What to Monitor

Government Policy, and its effects on salaries, pensions, the cost of food and non-food items, and migration into the city.

Port Activities, e.g. the number of the ships, dock labour statistics etc., since this is an important source of labour for the poorer wealth groups.

Activity in the Construction Sector, another important source of labour and employment for the poorer groups.

Livestock and Crop Production in Areas Supplying Djibouti, since these will affect the cost of basic food items in the city.

Minimum Expenditure Costs, i.e. movements in the cost of the expenditure basket of different wealth groups.

Notes:

1. This profile was prepared based upon field work undertaken during October 2003. The following organisations participated in the field work: FEWS NET, Government of Djibouti (Ministry of Agriculture, Interior Ministry, Ministry of Trade and Commerce – Meteorology Department), FSAU/FAO Somalia and Save the Children UK, Ethiopia.
2. Information on sources of food, income and expenditure relate to the 12 months from October 2002 to September 2003.
3. The exchange rate in October 2003 was 177 FD per US dollar.