



REPUBLIC OF DJIBOUTI

2015 - 2019

# SCAPE

Strategy of Accelerated Growth  
and Promotion of Employment





## WORD OF THE PRESIDENT

*Founded on a participative approach and a national consensus as it shows in our long-term development vision “Djibouti 2035”, our ambition is to make Djibouti, by the term of 2035, “the Lighthouse of the Red Sea: a Commercial and Logistic Hub in Africa”.*

*In order to achieve this goal, a new fast growth and employment generation strategy of five years (SCAPE 2015-2019) has been defined and implemented by the Government on May 2015. It is on top of the list of the common vision of long-term development, especially in the structural transformation of the economy that would triple the wage per habitant and create more that 200 000 jobs whilst reducing the unemployment rate from 50% actually to around 10% in 2035. As for the human development, the absolute poverty will be reduced to its third (1/3), the gaps will be reduced and the universal access to energy, water and basic sanitary services will be provided.*

*This new strategy determines four strategic axes to disclose the challenge of accelerating the growth and generating new employments: (i) economic growth, competition and the leading role of the private sector, (ii) the development of the human capital, (iii) the public governance and the reinforcement of the institutional capacities and (iv) the poles of both regional development and sustainable development.*

*Many important development potentials have not been yet exploited. The strategy will implement, in this concern, a policy to consolidate certain sectors that are important (transportation and logistics, telecommunications) and enhance new leading sectors like tourism and fishing, in terms of their comparative advantage and their potential of creating new vacancies. The strategy will also develop new responses to two major imperatives: the development of the human capital that is in line with people’s aspirations and the needs of economy at the same time from one part, and the more balanced national territory, well protected and prepared for the challenges of climate change. Furthermore, Djibouti will continue the reinforcement of the rule of law and the good governance. The private sector will hence benefit from a better environment of affairs in a dynamic economy, open to the rest of the world.*

*Finally, this strategy is, at the same time, in the centre of the dialogue on the public national policies and the frame of reference for the coordination of help and concentration with the technical and financial partners of Djibouti.*

*I sincerely hope that the population, the Government, the institution of the Republic, the elected officials, the firms, the civil society and the partners in development will be fully involved in implementing this National Plan for Development 2015-2019 in order to ensure its success.*

**ISMAIL OMAR GUELLEH,**  
President of the Republic of Djibouti

## WORD OF PRIME MINISTER



*The government introduced with “Djibouti 2035” a new way of planning of the development guided by a long-term vision, in order to build the future of the country. The participative consultations of all the actors of the society for the definition of the development strategies for a sustainable development will be, from now on, a permanent plan and will be equally printed on the process of political and economic decentralization.*

*« Djibouti 2035 » sets course for the future national plans for development. By that we mean that SCAPE constitutes the prime instrument to the operationalization of the “Djibouti Vision 2035.”*

*The SCAPE 2015-2019, National Plan for Development, will assure a development:*

- based on productive, solid and varied bases;*
- creator of job vacancies and salaries;*
- reductive of social and special disparities;*
- guarantying the access to all the basic services and promoting a better quality of life;*
- assuring the preservation of environmental balance on a long-term basis.*

*The governmental action will, by directing this strategy, attempt to concentrate on the short-term to handle the urgent need of the population and the obstacles that confront the productive activity and, at the same time, adhere to the long-term goals as defined in the Djibouti Vision 2035, while anticipating the evolutions by building up the foundations of a structural transformation in economy.*

*This national development plan constitutes the framework of coordination, planning, programming and follow-up of both national and international interventions. Upon its implementation, the Government will reinforce the national capacities of anticipation, direction and management concentrated on the national development and will favour the efficacy and efficiency in the public interventions, token of significant and sustainable results.*

*I urge the Government to take all the initiatives, especially the ones regarding security, the good governance and the promotion of Human Rights, to ensure the implementation and the success of this National Development Plan.*

**ABDOULKER KAMIL MOHAMED**  
Prime Minister



## WORD OF THE MINISTER



*In order to organize its development in a more motivating context, the Djibouti Government has passed an Orientation Law 2001-2010, that took part in guiding the Strategic Document of Poverty Reduction (SDPR) 2004-2006 and the National Initiative of Social Development – NISD 2008-2012.*

*Through the Vision "Djibouti 2035" and its operationalization instruments, the government gives a new dynamic to the national development strategy through the establishment of a strategic planning Integrated Framework linked to budgeting and help, enabling the coordination amongst our development partners and leading to a more important medium to long term commitment*

*During the 2015-2019 period, the challenge of growth acceleration and creating new vacancies will be open to four strategic axes: 1. economic growth, competitiveness, and the leading role of the private sector, 2. Human capital development, 3. Public governance and reinforcement of institutional capacities and 4. the poles of regional and sustainable development. Sectorial or cross-cutting policies, whose success underlines touching SCAPE's goal, revolve around these four axes. A matrix of priority actions (MPA), give a more comprehensive vision of the actions that should be implemented and indicates their cost. However, performance indicators and targets were previously determined for each sector.*

*The implementation of this strategy will lean on the creation of a law providing framework for long-term government program of State investments that will yearly establish previous forecasts of implementation and funding of all State actions and semi-public bodies during three years covered by this law. This law-program will include a regional programming of actions with which budgets must comply.*

*An Institutional coordination and implementation of public policies, a non-stop evaluation system having a common database, a general frame of follow-up concentrated on the results, indicators and a mechanism of Reporting will be implemented along with the central, regional and local actors in order to promote the effective participation of all parties. By this plan, we will shed the light on the results, as token of success and restoration of confidence of the involved parties, especially those from the private sector and the population.*

*This plan translates our ambition of structural transformation and mutation of our society and our economy. I strongly hope that the coordination will be enhanced with the ministry departments by implementing strategic sectorial plans, intervention frames and dialogues, indispensable for executing the national, sectorial and local actions of development.*

**ILYAS MOUSSA DAWALEH**

Minister of Economy and Finance, in charge of the Industry

## LIST OF ACRONYMS

<b>DSDA</b>	Djibouti Social Development Agency
<b>DAEC</b>	Djiboutian Agency for Energy Control
<b>NAIP</b>	National Agency for Investment Promotion
<b>PDA</b>	Public Development Assistance
<b>EPA – EU</b>	Economic Partnership Agreement - European Union
<b>CBD</b>	Central Bank of Djibouti
<b>EAC</b>	East African Community
<b>ECA</b>	Economic Commission for Africa
<b>CDS</b>	Chief of the Defense Staff
<b>CSRD</b>	Centre for Studies and Research in Djibouti
<b>VTCA</b>	Vocational Training Centre for Adults
<b>UNCTD</b>	United Nations Conference on Trade and Development
<b>CMESA</b>	Common Market for Eastern and Southern Africa
<b>CRIPNE</b>	Centre for Research, Information and Production of National Education
<b>DTC</b>	Doraleh Terminal Container
<b>DSDS</b>	Department of Statistics and Demographic Studies
<b>DOTS</b>	Directly Observed Treatment, short-course
<b>DIP</b>	Dubai International Port
<b>DPRS</b>	Document of the Poverty Reduction Strategy
<b>SHND</b>	Surveys of Households Near Djibouti
<b>EOD</b>	Electricity Of Djibouti
<b>NSPA</b>	National School of Public Administration
<b>NSSEA</b>	National School for Statistics and Economic Administration
<b>UPR</b>	Universal Periodic Review
<b>TEVT</b>	Technical Education and Vocational Training
<b>DAF</b>	Djiboutian Armed Forces
<b>EDFD</b>	Economic Development Fund of Djibouti
<b>DF</b>	Djibouti Franc
<b>IMF</b>	International Monetary Fund
<b>HIL</b>	High Intensity Labor
<b>FDI</b>	Foreign Direct Investment
<b>NISD</b>	National Initiative for Social Development
<b>LNG</b>	Liquefied Natural Gas
<b>MAFFR</b>	Ministry of Agriculture , Fisheries and Fishery Resources
<b>MNEVT</b>	Ministry of National Education and Vocational Training
<b>MET</b>	Ministry of Equipment and Transport
<b>MHUPE</b>	Ministry of Housing , Urban Planning and Environment

<b>MDG</b>	Millennium Development Goals
<b>IMO</b>	International Maritime Organization
<b>WHO</b>	World Health Organization
<b>NOWSD</b>	National Office of Water and Sanitation in Djibouti
<b>NGO</b>	Non- governmental organization
<b>DNTO</b>	Djibouti National Tourism Office
<b>PSRAO</b>	Project to support the revitalization of agricultural organizations
<b>IPAD</b>	International Port Autonome of Djibouti
<b>WFP</b>	World Food Programme
<b>NAPCCA</b>	National Action Plan for Climate Change Adaptation
<b>DPDAA</b>	Detailed Programme for the Development of Agriculture in Africa
<b>GDP</b>	Gross domestic product
<b>SME / SMI</b>	Small and Medium Enterprises / Industries
<b>NPHD</b>	National Policy for Health Development
<b>NGP</b>	National Gender Policy
<b>NAIFSP</b>	National Agricultural Investment and Food Security Program
<b>UNDP</b>	United Nations Development Programme
<b>TFP</b>	Technical and Financial Partners
<b>LPWHIV</b>	Living person with HIV
<b>MTS</b>	Multilateral Trading System
<b>SNA93</b>	System of National Accounts 1993
<b>SSYS</b>	State Secretariat for Youth and Sports
<b>SSNS</b>	State Secretariat for National Solidarity
<b>NSDS</b>	National Service Development Support
<b>NSUD</b>	National Strategy for Urban Development
<b>PS/NCPG</b>	Permanent Secretariat / National Council for the Promotion of Gender
<b>ITC</b>	Information Technology and Communication
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNFPA</b>	United Nations Population Fund

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## INTRODUCTION

Djibouti has experienced several successive inflections in the conduct of its development policies. The 90s were marked by structural adjustment programs and reforms related thereto. Since the early 2000s, the Government has sought to list its shares in new frameworks thus allowing it, in particular, to address the issues of growth and poverty eradication more consistently and with readable objectives on the medium or long term.

It has first adopted an Economic Orientation Law for 2001-2010, which is the central element of the planning system. Then, the Poverty Reduction Strategy Paper (PRSP) 2004-2006 was implemented. The PRSP enabled to boost economic growth, which stood at an annual average of 3.6% over the covered period (compared to an initial target of 4.6%) and to make progress in the field of access to basic social services however, extreme poverty persisted.

Subsequently, a new framework has been proposed with the *National Initiative for Social Development* (NISD) covering the 2008-2012 period. The implementation assessment of the latter which was conducted in 2013, showed that despite a significant increase of economic growth (4.7% per year on average from 2008-2012) and the commitment of various targeted programs for the poor and / or vulnerable populations, poverty still has not declined significantly: the incidence of extreme poverty has reached 23.0% in 2012 across the country against 24.1% a decade earlier, and over the same period (2002-2012), the overall poverty rate increased from 46.7% to 40.8%<sup>1</sup>

This is can partially be explained by the level and structure of economic growth that are unfit to ensure massive job creation and thus a redistribution of growth beneficial to poor households. In 2012, the "unemployment in its broader meaning" touched 48% of the working population, 63% of the youth and 66% of women. In parallel, the Government continued the implementation of a reform program under the Extended Credit Facility (ECF) supported by the IMF from September 2008 to June 2012, which allowed the maintenance of macroeconomic equilibrium while ensuring a significant level of economic growth and significant progress in various social sectors.

After a long process which encompassed all the layers of the population, the Government adopted in March 2014 a new frame of reference, which helped this time the country to set a long-term course the *Djibouti 2035 Vision*. The country's ambition is to triple its income per capita and reduce extreme poverty by mostly its third (1/3) by 2035<sup>2</sup> through a growth rate of 7.5% to 10% over the 2013-2035 period and a reduction of "unemployment" rates from 48% in 2012 to 10% in 2035. In absolute terms, the Djibouti 2035 Vision aims at creating more than 200 000 jobs between 2013 and 2035. Given the importance of the issue of employment, the Government has also formulated a National Employment Policy (NEP), integrated and cross-cutting, which declines the priorities to be implemented in this area over the next ten years.

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<sup>1</sup> These data take into account the new poverty profile which was established in 2014 from a major revision of the methodology related to the consumption budget survey results conducted in 2013 (see section 1.8).

<sup>2</sup> With reference to poverty profiles used in 2013.

Nowadays, the challenges are numerous. On the one hand, new opportunities are emerging which are particularly connected with the proliferation of large investment projects (ports, road and rail infrastructure ...). On the other hand, the overview of the policies undertaken since the early 2000s made it clear that, while there was an economic growth, it was not strong enough and no breeding ground for creating jobs in order to sustainably reduce poverty. Thus, despite the recovery recorded since 2005, the Human Development Index (HDI) of Djibouti remains low (0,467 in 2013), ranking the country at the 170<sup>th</sup> position out of 187 countries. In addition, the development disparities between regions and Djibouti City are deep and the achievement of the Millennium Development Goals (MDGs) seems unlikely for the vast majority of the targets.

Simultaneously, the external shocks of these last few years (food, energy, international economic and financial and drought crises, etc.) have shown how much the country remains vulnerable since it is both heavily dependent on foreign countries and lacks an diversified economy seeing that it is mainly concentrated on port services. Similarly, the state remains very present in the productive sectors while the contribution of the domestic private sector to the GDP is limited, hence hampering the productive dynamic as a whole.

The *Accelerated Growth Strategy and Promotion of Employment* (SCAPE) presented here is the result of a participatory process with the preparation of the long-term vision (see Box 1). It covers the 2015-2019 period and is the first operational deployment of a "Djibouti 2035 Vision" that will be implemented on a five year planning cycle. The SCAPE capitalizes on the significant achievements of previous development plans (PRSP, INDS) and is, in part, a continuation of the latter regarding certain key objectives (sustained growth, poverty reduction and MDGs, strengthening governance ...) and the related consolidation of various programs and ongoing reforms. At the same time, the SCAPE intends to use a new model of growth to accelerate the growth rate, modernize the basis of the economy and to affirm the role of the private sector, promote employment and reduce social and regional disparities.

**Box 1: From 2035 Vision to SCAPE: a continuous participatory approach for a membership, participation and genuine ownership of national priorities and strategies**

**The site of the 2035 Vision** has combined political support at the highest level and a participatory approach involving all the active forces of the country.

After an Inter-ministerial Council, chaired by HE the Prime Minister on February 25, 2012, which affirmed the importance of this initiative, a national launching seminar, chaired by the Minister of Planning, was held on March 15, 2012 in Djibouti, bringing together all public and parastatal administrations, the University, the Research Centre, national NGOs and several development partners.

**A National Technical Committee** that mainly includes the General Secretaries of the Ministries was established in order to ensure optimum participation and communication as well as working coordination in addition to preparing periodic information for the Inter-ministerial Council. Six sub-committees have been established within the National Technical Committee to ponder upon the results of the eight priority themes analysis. Each of these committees has produced in its field, (i) a retrospective, (ii) the main trends, the invariants and the seeds of change, (iii) the major challenges and stakes.

**Regional participatory consultations** were held between May and July 2012 in the five capitals of the regions of Arta, Ali Sabieh, Tadjourah, Dikhil and Obock and in the communities of Boulaos, Balbala and Rasdika. These were intended to gather the perceptions and expectations of the people, to identify the major problems of the country and to reach a minimum consensus for the establishing of a shared vision for long-term development. Focus groups completed the participatory approach thus enabling a dialogue between the members of a representative sample of the population which also included people from both the rural and urban regions (nomads, farmers, cadres and workers in the public and private sectors, entrepreneurs, informal sector workers, shopkeepers, workers, housewives, out of school youth, school and university students and political

and religious figures). In the validation phase, the documents were subject to consultations with the technical ministries before being adopted by the Government.

**The development process of SCAPE**, in the third quarter of 2014, relied both on the assessment of the implementation of the INDS (2008-2012) and the results of national and regional consultations "Djibouti in 2035". It featured three levels of participation:

- **Within the public administration:** All departments have played a decisive role in the preparation of their Department's development plan. The work was coordinated by the Secretaries General of Ministries. They received technical support from the Department of Economy and Planning for the methodological aspects. The contributions to the basic document and the matrices were submitted to the Ministry of Economy, Finance and Industry, which ensured the final synthesis. The documents were the subject to many discussions within the administration as they were being finalized.
- **With development partners:** A meeting held November 23, 2014, extended to members of the government, allowed to introduce the external partners of SCAPE 2015- 2019, the first instrument of operationalization for the "Djibouti 2035" Vision, opening a dialogue process on the outline of the document and the prospect of a rapid operationalization of Government Framework dialogue partners technical and financial. The document, after finalization, was finally shared with partners for comments.
- **With civil society and other actors in the field:** A consultative workshop was organized in the Tadjourah region. Other regional workshops will be organized soon in order to communicate on the priorities of the strategy and ensure active participation of all stakeholders - communities, local authorities, representatives of civil society, decentralized administrations, the private sector - to the formulation, implementation and monitoring of the SCAPE, particularly in the primary social sectors.

This document is axed on three parts. The first is devoted to the inventory. It offers an overview of the current situation on the economic, social and governance scale. This includes presenting the latest poverty profile as well as the progress of the Millennium Development Goals (MDGs).

The second part disclaims the development strategy by first evoking the stakes and the growth model underpinning the strategy, then by specifying the main objectives sought by 2019, and finally presenting, axe by axe, the sectorial or cross-cutting policies that will be implemented to achieve the expected results. For each policy, are indicated (i) the current reference frameworks, (ii) the expected results, (iii) the quantified targets, (iv) the content of the strategic guidelines for the sector / theme.

The annexes concern successively (i) the changes of the situation in light of the attainment of the targets set by the Millennium Development Goals (MDGs); (ii) the core of the principal indicators used for measuring the achievement of the main targets of the SCAPE on the 2015-2019 period; (iii) the tables of data relating to the two framing scenarios; (iv) priority action matrices (MAP) 2015-2019.

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## FIRST PART: OVERVIEW

### CHAPTER 1 : HUMAN DEVELOPMENT STATE

The 2013 UNDP Report on Human Development shows that over the last few decades, all groups of countries and regions have experienced significant improvements in all the components of the Human Development Index (HDI), with faster progress in countries with low and middle HDI. Among the 14 countries that recorded more than a 2% annual increase in the HDI since 2000, most are African countries with low HDI.

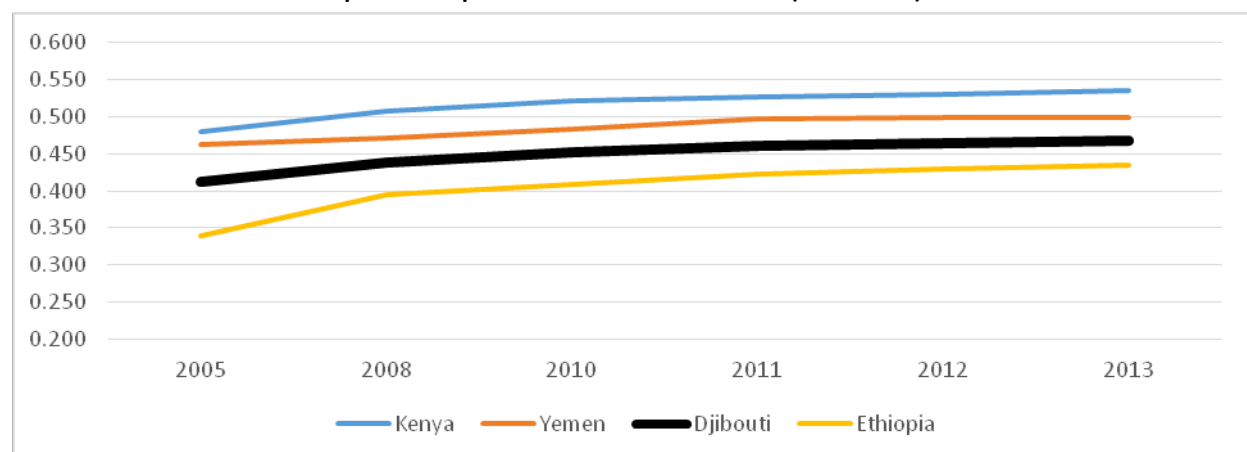
Regarding Djibouti, the country remains today classified in the Low HDI countries category due to the low levels found in the social components of the HDI. With an HDI of 0.467 in 2013, Djibouti remains classified, as in 2012, at the 170<sup>th</sup> position out of 187 countries. This is well below the average level recorded for the group of countries with low HDI (0.493). If Djibouti obtains more favourable scores in the latter in terms of the standard of living (GNI / capita) and health (life expectancy) it will be the educational component of the HDI that will weigh very unfavourably.

**Table 1 : Comparative levels of HDI between Djibouti and the average in other low HDI countries**

	HDI <i>(value, 2013)</i>	Life expectancy at birth <i>(years, 2013)</i>	Average years of schooling Adults>25 <i>(years, 2012)</i>	Expected years of schooling School age children <i>(years, 2012)</i>	GNI/Person <i>(2011 PPP \$)</i>
Djibouti	0,467	61,8	3,8	6,4	3 109
Countries with low HDI	0,493	59,4	4,2	9,0	2 904

Compared to the sub-region, Djibouti is both outstripped by Kenya and especially overtaken by Ethiopia with an HDI that has increased significantly in ten years.

**Graph 1 : Comparative Evolution of the HDI (2000-2013)**





## 1.1 Health, nutrition, fight against HIV / AIDS and drug policy

The current health situation reflects a clear progress in various respects, particularly in maternal and child health care:

- Infant mortality rates (IMR, children under one year) and infant-child mortality rates (ICMR, children under 5 years) increased between 2002 and 2012, by respectively 98.8 per thousand to 58.0 per thousand and 127.0 per thousand to 67.8 per thousand.
- Immunization coverage was improved through the use of new vaccines (pneumococcal) and a mobile strategy in peri-urban areas of Djibouti City and the inland regions; thus, the percentage of children who have completed their immunization schedule increased (from 32.9% in 2002 to 35.1% in 2012 for children aged 12-23 months);
- Maternal care coverage has made some progress as shown, for example, by the increase of the percentage of deliveries in health facilities from 74.2% in 2002 to 86.7% in 2012.
- The latest hospital statistics show that the rates of intra-hospital maternal death have decreased and that life expectancy has increased by 8 years between 2002 and 2010 to a level that is admittedly still low (56 years) this past year.
- Malaria prevalence is estimated at 0.64% (2008) and it is noted that more than half (51.2%) of rural households own insecticide-treated nets (ITNs), compared to 21.4% in urban areas. It is however true that the utilization rate thereof remains quite low.
- Moreover, even if the last calculated seroprevalence rate is estimated at 2.7% (2009), it seems, in view of serological surveillance data, that the HIV prevalence has stabilized or even declined. The 2009 data also attest to an increase in the therapeutic treatment (ART) regarding just over 900 patients against 150 in 2004.

These positive developments result in a multi-level mobilization:

- *Commitment on major health issues:* The government has shown a high level of commitment whether in (i) the reduction of maternal and infant mortality, notably with the creation of maternal and neonatal health services in all health centres, (ii) the fight against tuberculosis with, for example, a tripling of the number of diagnosis centres and treatment between 2006 and 2011, or (iii) the fight against HIV / AIDS ( three successive strategic plans, legislation to protect the rights of people living with HIV / AIDS and AIDS orphans, ...). Until recently, more than 2 billion FDJ of funding were mobilized to the fight against HIV / AIDS, malaria and tuberculosis. Reforms have been introduced under successive NHDPs as well as new tools for management (the strategic plan for the monitoring and evaluation of the actions of health, part of medium-term expenditure ...).
- *Infrastructure development:* the supply capacity of the Health services were enhanced by the establishment of new infrastructure. Thus, between 2005 and 2013, the number of basic health facilities increased from 35 to 43 and that of the community pharmacies from 5 to 12. The geographic accessibility of health institutions has thus substantially improved. Furthermore mobile teams in Djibouti City and in the inland regions have been established, laboratory and medical imaging equipment have been installed at the Peltier General Hospital and a new pavilion at the centre Dar El Hanan, was exclusively dedicated to maternal and child health, and a regional hospital in Arta was also established.
- *Increased enrolment in the public health sector:* The number of doctors increased from 43 in 2007 to 77 in 2010 and 173 in 2013. AS for the effectives of specialized doctors from all specialties they increased from 27 in 2007 to 41 in 2013. Furthermore, the State nurses and midwives have respectively increased from 216 to 253 and 131 to 191 between 2010 and 2012.

These gains, however, should not obscure significant weaknesses:

- The maternal mortality rate is still at a high level (300 deaths per 100,000 live births). Similarly, infant mortality rates are higher than the standards and there is a high prevalence of acute

malnutrition and anaemia among children aged 6 to 59 months. Diarrhoea, acute respiratory infections and severe malnutrition remain the most common causes of child mortality.

- While it was being eradicated, malaria is in full resurgence. As for HIV / AIDS, the coverage rate of access to care for people living with HIV remains low (21.6%), mainly because of fear of stigma; there are certainly associations of PLWHA, but the absence of any public narrative from people living with HIV in Djibouti is quite obvious.
- If the increase in the general workforce of the health personnel seems strong, it has, however, happened much more on the administrative staff level than on the clinical staff level. Moreover, human resources staffing (and equipment) shows an unfavourable situation for inland regions, which increases the existing inequalities in access to health based on household income.
- The share of health in the state budget, including external funding, has rather decreased from 12.6% in 2007 to 10.7% in 2008 and down to 8.3% and 8.9% in 2012 and 2013, which is below the target of 15% announced in the 2001 Abuja Declaration.

Many challenges still lie ahead to consolidate the achievements and continue expanding access to healthcare for populations, particularly in rural areas and poor urban areas and improve the nutritional status of children. In this regard, the extension of social protection that recently committed itself to introduce universal health insurance is a major breakthrough to resolve the issue of financial accessibility to care.

## 1.2 Education and technical and vocational training

The sector policy has been committed in the last decade to the search for universal education and the attainment of the educational MDG targets. Access to education, especially for the poorest, has advanced significantly thanks to a determined policy of investment in human capital and actions of gratuity of the registration fees in public primary schools which are applied nationally. Following the adoption in 2000 of a law establishing compulsory education for children aged 6-16 years; authorities have mobilized significant resources to democratize access to education. Thus, over the period 2000-2013, public sector expenditure represented on average 8% of GDP and 22% of the state budget.

The increase in supply, based on a multiplication of infrastructures, was predominant in the sector policy, with further additional incentives for girls' education. Between 2003 and 2013, infrastructure have tripled for preschool (number of schools increased from 11 to 34). The number of classrooms for primary education increased from 734 to 1050 over the same period, with a total of 128 schools, including a significant contribution of private education (38 schools with 8163 pupils). As for secondary education, it now relies on 48 establishments, including 9 public high schools. This overall increase, however, hides dynamic variables according to the teachings orders. Thus, technical education and vocational training have little changed until recently.

**Preschool education:** The number increased from 800 students in 2007/2008 to 1856 students in 2013. Private institutions, mainly located in Djibouti City are home to more than 50% of the workforce.

**Primary education:** The gross enrolment rate increased rapidly from 68.3% in 2007-2008 to 82.2% in 2013-2014, with a significant improvement in gender parity (0.86), with girls accounting now for 46.4% of primary school enrolees.

**Middle schools:** From 2007-2013, the number of students increased from 29,487 to 37,019. This resulted firstly in overload classrooms (pupil / class ratio of 63.1). Furthermore, the rate of repetitions is relatively large (the number of repeaters increased from 1925 to 3275 in 2013). The gross enrolment rate was 58.4% against 46.2% in 2007. Parity between girls and boys has in turn progressed and settled at 0.8 but it still remains low in the regions where it has changed from 36% to 58% over the same period.

**Secondary education:** The number of infrastructure has increased to reach a total of 28 schools (10 public and 18 private). The total effective is 18,667 students, including 16,434 students in the public sector. The gross enrolment rate increased from 13.3% in 2004-2005 to 39.6% in 2013-2014. The parity between girls and boys in high school was 0.76 and the ratio student / classroom stood at 65.3.

**Technical education and vocational training:** by late 2013, the sub-sector of technical education included seven technical colleges (six technical high schools and one high school dedicated to hotel management). After remaining essentially stagnating over the period 2008-2012, the number grew significantly for the year 2013-2014 (2728 students compared to 2338 students the previous year which accounts for an increase of 17.1%). The growth of technical education remains difficult given its current cost (currently 4 times that of the general education).

As for vocational training, it continues to be characterized by a very limited supply, based on only three vocational training centres: the vocational training centre for adults - CFPA; the housewife School Boulaos; and training centre for agriculture and crafts, livestock and fishing in Damerjog, open since 2012 and having offices in Nikhil (horticulture sector) and Bock (fishing industry). Overall, there are only 927 students in the vocational training centres. A Vocational Training Centre for Employment and Entrepreneurship in Balbala (CFPEE) is expected to open its doors soon.

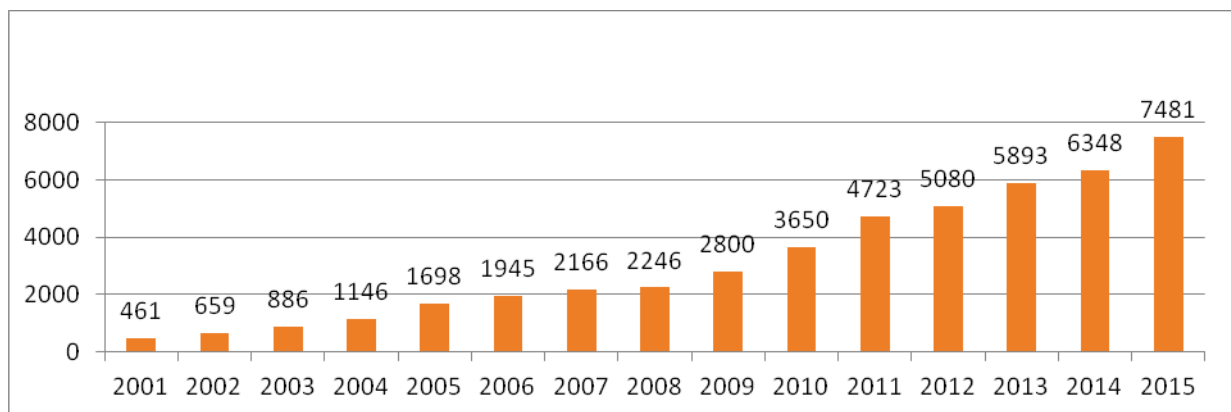
Training centres have recently been put under the tutelage of the Ministry of National Education and Vocational Training. Their needs vary by centre. The CFPA, the oldest centre, needs to be completely rehabilitated and equipped with the necessary bases for the operation of its workshops given the dilapidated premises and obsolescence of its equipment. The home economics school Boulaos, previously under the tutelage of Basic Education and that essentially welcomes out of school young girls who have a fairly low level of education, trains these girls in the fields of the cooking / catering or sewing / embroidery. It needs a renovation of its premises and a restructuring of the training.

Besides these centres, the role played by the National Service Assets should be highlighted since between 2004 and 2014 it has recruited and trained almost 4100 young people (85% now have a job) in a military framework in partnership with the vocational schools and training centres.

A major challenge for the different levels of school education is related to the quality and performance of the education system that remain notoriously inadequate for various reasons: low quality of teaching; a significant number of schools without teachers; overstaffed classes coexisting with under-utilization of infrastructure in inland regions; high school dropouts; acquired deficiencies masked by a strong transition rate between primary and secondary education; low suitability of learning in the labour market; inadequate teacher training, aggravated by the shortcomings of the teaching body cadre and supervision; insufficient capacity management and control system. Thus, surveys or tests reveal that 40% of grade 5 students have not mastered the content of programs or that 10% of schoolchildren between 10 and 12 years - and even 25% of the most disadvantaged children- are incapable of deciphering an elementary sentence. Another challenge is that of parity, although significant progress has been made especially in the Fundamental cf. § 1.3).

**Higher education:** The number of students has increased tenfold between 2001 and 2011, from 461 in 2001 to just over 4 700. It continued to grow (+ 58%) to a total of 7481 students in 2015. The medical School, opened in 2007, now has a staff of 206 students (38 in the first internship year and 21 in the second year). The first fully trained doctors in the Republic of Djibouti have graduated from this faculty in 2015.

**Graph 2: Evolution of students enrolled at the University of Djibouti**



Source: Activities report of MENSUR

In terms of certifications and degrees, the University has adopted the Bachelor-Master-Doctorate system and provides general and professional education for bachelor program courses. In late 2013, the University offered 29 training courses with a teaching staff which was boosted to reach 200 approximately. The reception capacity was also increased and student mobility was organized through the university transport bus. In 2013, a third site was launched; it included two new 500f seat theatre and 5 classrooms with 150 seats, representing a 30% capacity increase at the UD. Furthermore, the provision of education will be strengthened with the launch of the draft of Campus.

**Research:** The importance of this sector was reflected with the establishment of the Centre for Study and Research of Djibouti (CERD), whose work was oriented towards the earth sciences, life sciences, linguistics research, medical research and economic and social politics studies.

### 1.3 Women Integration and Gender Promotion

The national will to promote the emancipation of women has resulted in the adoption in 2002 of a national strategy Integration of Women in Development (SNIFD), which was extended by a master plan that covered the 2009-2013 period. To emphasize the empowerment of women, a national strategy for literacy and non-formal education (SNAENF) was established in 2010, a strategy that provided for the first time literacy and national languages training. Following the SNIFD, a National Gender Policy was adopted and is now the framework for action for all gender actors.

As part of these strategies and specific sectarian policies and through increased mobilization of civil society and public authorities, the situation of women experienced a significant improvement in recent years, particularly in terms of access to health services and Education:

- The contraceptive coverage has more than doubled in a decade from 11.9% in 2002 to 25% in 2013.
- Awareness Efforts have also been made to curb the practice of genital mutilation that is traditionally very widespread in Djibouti 93% of women aged 15-49 years and 48% of girls aged under 15 were thus concerned in 2006.
- The adoption of the family code in 2002 contributed to the decline in the proportion of girls who marry before age 15 years.
- The girl / boy parity has evolved rapidly in 2013 with a 0.86 ratio in primary education and 0.80 in secondary education.
- As part of SNAENF, 6 experimental literacy classes in local languages (Afar and Somali) were organized in 2012 in five administrative centres of regions. These experiments generally showed that we can it is possible to alphabetize anyone properly in 5-6 months in the national languages as opposed to a foreign language that requires at least two years.

However:

- In terms of decision making, the situation of women has not changed enough. Gender indicators in 2013 have showed the election of three women in the Government and 9 women out of 65 MPs, or 14% of national representation in the National Assembly. Within the judicial system, only 30 out of 94 judges are women and ratios are 7 women out of 17 in the Supreme Court and one in six women in the Constitutional Court. Overall, on the level of public administration, women hold 25 managerial positions out of 93 and represent only 20% of managers in the public service.

With regards to empowering and reducing poverty for women, the analysis of the statistics for creating new jobs shows that on 9806 employees, women represent 19% against 81% for men. Strengthening women's capacity was provided, among others, by the Centre for Social Action and Empowerment of Women (CASAF) in areas such as sewing, hairdressing, IT in Arabic and French and cooking but the centre capabilities are not enough. Moreover, for nearly a decade, various programs have helped promote access to microcredit services to over 12,500 women for a total of over 500 million FDJ and with a recovery rate up to 85%. However, the development of microfinance, if it has helped encourage women's entrepreneurship, failed to significantly curb the unemployment rate of women that remains very high (67%).



The existence of a single technical and vocational centre (CASAF) in Balbala represents a brake in terms of empowerment (literacy and training). Thus it is appropriate to provide a centre per region and increase their numbers in Djibouti.

- It is clear that access to girls remains below of access to boys and middle and high schools mainly in the inland regions.
- Despite the continuous literacy programs sets under the auspices of the Ministry in charge of the empowerment of women, the established disparity men/women in the literacy rates is still prevalent. Hence, it is necessary to stress the importance of the implementation of a national literacy program mainly in national languages.

Despite the already established progress, women's participation in the development process in Djibouti remains limited which hampers the process of empowerment.

## **1.4 Water and Sanitation**

### **1.4.1 Access to Water**

The country is mainly composed of volcanic and mountainous areas and seriously lacks water because of the strong pressure from saltwater intrusion. Thus, water is a very scarce resource. Rainfall is very low (with an average of 150 mm / year) and prolonged droughts are frequent. Potential evapotranspiration is also very high given the hot climate and the lack of sufficient vegetation. The aquifers are overexploited and are under the threat of the intrusion of salt water and pollution. In addition, the national water information system is limited and groundwater resources are not sufficiently known.

In terms of access to drinking water, significant actions have been implemented to improve the availability and quality of water, particularly when it comes to starting the water networks and sanitation rehabilitation to limit water loss. Despite efforts to increase water points for feeding the people, the access remains inadequate. Indeed, there are 52 drilling parks which supply the whole country with drinking water and 38 are used to supply the capital. About 90% of households have access to an improved water source; only 40% are connected to the drinking water network. Similarly, the current drinking water production covers only 43% of the demand regardless of the users. This production shortfall results in frequent power cuts affecting much of the urban population.

Besides being in short supply, drinking water is of low quality and is characterized by very high salinity (between 0.8 and 2 grams / liter). Finally, the drinking water supply is compounded by the inefficient distribution system with technical and commercial losses estimated at over 50%.

Improving the quantity and quality of the produced drinking water is therefore a crucial development challenge for Djibouti. New projects (sea water desalination plant, strengthening the distribution network and drinking water supply from Ethiopia), however, are possible to envisage a lasting solution to this issue.

In terms of Sector Steering, a new institutional framework for the management of water and sanitation (National Council of Water and ONEAD) was set up to strengthen the coherence and effectiveness of the all interventions in the sector. However, this mechanism does not function properly.

## **1.4.2 Access to Sanitation**

The sewage system is mainly individual (by septic tanks or latrines). According to the latest statistics of households survey (EDAM3-IS), it appears that only 16.5% of the population have access to the sewage system (EDAM3-IS).

The dilapidation and lack of maintenance of the sewage system causes spontaneous overflow of sewage in some parts of the capital. In addition, until recently, wastewater was collected and drained directly into the sea without being treated. This situation represents a threat to the hygiene and health of inhabitants as well as a threat of polluting both the surface water and the coastline. In this context, building in the south of the capital the first technical waste burial Centre (TEC) is a major breakthrough that will impact positively the quality of life and health conditions in Djibouti City and its suburbs. At this stage, only 50% of waste in the capital and the suburbs Balbala are collected.

In addition to the landfill, the TEC incorporates a sorting centre for dry waste recycling and management of fermentable products that are destined to become compost (stabilized organic fertilizer for the irrigable perimeter of Douda or other cities). The total volume of exploitable CET is around 500,000 m<sup>3</sup>, with an estimated operating life of 5 to 9 years depending on the efficiency of recycling. Thus, the CET represents an important opportunity to create jobs for residents of the capital and its outskirts in the recycling industry (glass, cardboard, paper, plastic, aluminium, iron and organic waste) related to the sorting centres. Composting organic and green waste and sludge of the new wastewater treatment plant Douda will produce annually about 13,500 tons of high quality compost, which can be used in agricultural farms south of the capital Djibouti and will thus complement the micro-irrigation system that uses treated water from the treatment plant.

The situation of managing solid waste and wastewater might be developing positively in the capital, however this is not the case in the inland regions.

## **1.5 Habitat and Environment**

### **1.5.1 Housing and Habitat**

Despite the absence of a sectorial policy framework, various operations of land servicing and construction of public housing have been conducted to increase the availability of housing. Thus, 1814 housing across all standings, have been made. However, the supply of public housing, although increasing in recent years has fallen short of demand.

Also in connection with this housing production deficit, we see that over 50% of the population live in precarious housing conditions (in sheets, recycled materials) and only 26.2% of households live in housing built with walls of definitive materials (concrete or brick). Habitat conditions are also characterized by high congestion in housing, with an average of three people per bedroom.

Each of the housing cities has benefited from the construction of access infrastructure and basic social amenities. Some existing neighbourhoods, under-equipped, were also reclassified in terms of social facilities proximity and roads.

In terms of habitat, organizational efforts and improving the living environment of the districts has been made but the household poverty status does not facilitate the rapid modernization of neighbourhoods.

Thus one notices the persistence or even the increase in precarious housing in neighbourhoods including the city centre of the capital. Thus, the development of the capital at two-speed continues,

just as is the case for the administrative centres of regions currently in the process of urbanization. The urbanization rate (78% today in Djibouti City) calls for the implementation of a strategy to better control the rural migration and urban planning territory.

The land has developed with the production of social plots, high and medium standings and the development of roads and construction of public facilities essential to Barwaqo II in Wadajir II and III, Gabode II at Haramous and V Gabode extension. Actions in this context also focused on land regularization. This procedure has enabled many Djiboutian to leave the real-estate insecurity by becoming owners of a land registration certificate (land titles) as part of the formal process of land regularization called "Amiable Assignment". However, the current level of accruals is too low (1 800-2 000 annually) and tenure security remains reduced.

**Table 2 : Occupation Status (%)**

	Djibouti	Rest of the country	Total
<b>Owner with land title</b>	24.3	22.5	23.8
<b>Owner with temporary occupation license</b>	30.2	14.3	25.6
<b>Owner without status</b>	10.1	41.8	19.4
<b>Part owner</b>	0.5	0.9	0.6

Source : EDAM-2013

With regard to the control of construction and development of local materials costs, studies have been conducted to achieve this objective, and tax arrangements were agreed upon for the construction materials used for large works (a decrease of 8% and 20%). However, pilot experiments with some cities (Luxembourg, cited Maka, Hodane I) have not yielded the expected results, due to the high cost of energy and labour. This high cost is due to several reasons: strict building standards (Djibouti is a country exposed to seismic risk); limited competition on the building materials market; a shortage of building land; low production of serviced lots and limited financial guarantees for obtaining loans.

Besides the construction costs, we should also mention the problems related to low skills and competitiveness of domestic firms.

Finally, with regard to housing finance, the state has sought to facilitate and improve access to bank finance for housing estate transactions and construction of habitats. Thus, the Immovable Society of Djibouti (ISD) resorted to domestic bank loans for Wadajir II subdivision and set up a relay system of loans. Moreover, to promote privately built houses, the mortgage rate was revised downwards at the request of the Government. Nevertheless, the absence of specialized agencies in the housing finance remains a major obstacle to improving access to finance.

## 1.5.2 Environment

The Republic of Djibouti is characterized by a very dry climate with extreme temperatures (about 50 ° C in the shade in summer), very low rainfall (188 mm per year on average) and acute droughts.

Under the combined effect of climate processes and pressure of human activity (use of natural resources, deforestation, overgrazing, pollution), land degradation is increasing and biodiversity suffers a decline in the terrestrial environment (forests regress 3% per year) and marine (several species are endangered).

About 33% of the population lives in areas considered at high risk. Periods of drought observed during the last decade have led to the reduction of agricultural lands and rangelands, contributing to the impoverishment of rural populations. They have also affected urban populations by increasing scarcity of water and causing erratic increases in food prices.

Floods are another risk. Thus, rains of high intensity in April 2004 have led to severe flooding especially in the capital, following the overflow of the Oued Ambouli, which killed 51 people and left

nearly 100 000 victims, while seriously damaging infrastructure of the capital. The country is also exposed to seismic hazard with earthquakes that can potentially reach a level 7 on the Richter scale.

The Government has several reference documents, particularly the National Action Plan for the Environment, the National Monograph on Biological Diversity, the Strategy and the National Action Programme on Biological Diversity, the Code of the environment, the law establishing terrestrial and marine protected areas, the decree establishing the impact assessment procedure, the decrees protecting biodiversity, regulations transport of dangerous goods and substances depleting ' Ozone, the Biodiversity Convention and its Protocols, the Convention on Climate Change and its protocols, and the Convention on the fight against desertification. Djibouti also acceded to the African Initiative of the Great Green Wall of fight against desertification.

These legal frameworks were complemented and reinforced by the implementation of environmental protection measures such as program on terrestrial and marine protected areas and the National Programme for improvement of air quality in urban areas; the project of mobilization of surface water and groundwater, the construction of the new center of sewage treatment in Douda (see 1.4.2), an organic waste and plastic bags recycling project, and a program entitled "Man and biosphere " in the (2010-2015) period for the protection of the biosphere.

In the area of prevention and disaster management, the government has adopted a strategy for disaster risk management (CRM) currently being operationalized, with the development of a technical platform to identify homes of natural threats, assess their potential consequences, sensitize stakeholders and alert them to latent dangers, creating a spatial analysis laboratory and modelling risk management (LAMGER); the creation of a spatial analysis and risk management Modelling laboratory, the creation and installation of a central file of inventory losses and damages linked to disasters to CERD, the formation of national competencies in the area of managing and reducing disaster risk.

The impact of weather on economic activity should be substantially attenuated. The experience of recent years has shown that the effect of drought on economic growth can be detrimental to the growth of GDP. The implementation of the National Strategy for a Green Economy (SNEV) will be complementary to strategies developed at the country recently in this case the 2035 Vision and SCAPE. Thus, the strategy will be guided by the goals of SCAPE and will define for each area a green energy development plan for different sectors of the economy.

A green economy across Djibouti is an economy that takes advantage of the natural potentials of the country and creates wealth and welfare for the people of the country while reducing negative impacts on the environment. The green economy covers all economic sectors and favours investments towards cleaner technologies (lowf carbon) and a rational use of natural resources in general. Because of the strong links between growth and energy demand, use of clean energy is the basis of the realization of a green economy.

## 1.6 Demography, migration and urbanization

In 2009, Djibouti had 818,159 inhabitants, of which 46.2% were women. This population was predominantly composed of young people (approximately 74% of the population is under 35 years). This young population is a potential lever for innovation and progress in the medium and long term, provided that resources are mobilized to protect and prepare young people for adult life. In the short term, it induces high dependency ratios, which reduce savings capacity of families and households and contribute to reproduce poverty, because it is in poor populations that the number of children is the highest.

Population dynamics have been a marked acceleration in the growth rate of the population, which stood at 2.8% on average per year between 1996 and 2009. This is related to high levels of fertility (estimated at 6.7 children per woman at the end of of fertile life) coupled with a significant decrease in mortality in favour of progress, particularly in the health field (see 1.1). The increase in life expectancy at birth was sensitive, with an absolute gain of 24.7 years between 1960 and 2006: from 32 years in 1960, it increased to 53.8 years in 1996 to 56.7 years in 2006. Certainly, much remains to be done, as noted above, to reduce morbidity and mortality levels characterized by wide disparities between rural and urban areas on the one hand, and between rich and poor, on the other hand.

At a population growth rate of 2.8%, the country receives an average of 22,908 additional inhabitants per year. The country therefore registered 913 714 inhabitants in 2013 and should reach about 1.053 million inhabitants in 2019.

Furthermore, urbanization has accelerated sharply, with the capital as main attraction. Djibouti is thus the second largest country in Africa by its urbanization, with an urbanization rate of 78% after Libya (85%).

This strong growth, which is made in the absence of a framework to control migration flows of rural origin, generates high social demand and weighs on sharing about the allocation of resources that are respectively productive and social.

Migration flows have an important place in Djibouti because of the imbalance of development between the capital and the inland regions, but also because the country is at the crossing to the Gulf countries and establishes a point for populations of neighbouring countries. Thus, the importance of specific populations - with almost a fifth of the total population - is a specific demographic of the country. This is explained by the importance of immigration of people in the subf region plagued by war and economic hardship. In 2013, an estimated number of refugees (26,000) were driven by drought and around 65 000 migrants from the countries of the region.

## 1.7 Food Security

Food insecurity is one of the permanent difficulties in Djibouti and has worsened at the end of the past decade with the economic problems of global inflation and structural problems of climate and recurrent droughts. The last national survey on the subject (EFSA<sup>3</sup>, 2011) showed the extent of the

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<sup>3</sup> Survey relevant to the food security assessment: EFSA (WFP/UNICEF/FEWS NET). May 2011.



problem. Thus, 42% of surveyed rural households suffer from food insecurity, with difficult access to food and a very poor way of food consumption of cereals, oil and sugar, spending a total of 60 FDJ or USD 0.45/person/day, of which 77% spent on food. Food insecurity also affects the urban environment. Overall, EFSA estimated 121,900 the number of food insecure people, half of them are extremely (62,800) food insecure.

A more recent survey (food security assessment in emergencies-EFSA 2013, WFP) showed that the situation would remain critical with nearly 60,000 people suffering from moderate food insecurity but there is still a marked decline in severe food insecurity that would decrease by half in rural areas.

As for malnutrition for children under 5 years, the surveys<sup>4</sup> between 2007 and 2010 showed improvements in acute malnutrition and underweight children and, on the contrary, worsening of stunting rates which increased from 21.8% in 2007 to 30.8% in 2010.

The Government's commitment in this field was very strong with the implementation of various programs and initiatives. Establishment of an early warning system against famine (FEWS-NET) since 2004 that allows regular monitoring of the state of food security and malnutrition in the country and promotes an effective response to crisis situations;

- Adoption of a Master Plan of Primary Sector (2010) and a National Food Security Programme for five years (NASP / 2012 to 2017);
- Creation in 2011 of the Djibouti Society for Food Security (SDSA) and a National Food Security Fund to develop fertile land reserves acquired in the Sudan (5000 he for sorghum) and Ethiopia (3000 he for wheat) to supply the national market;
- Tax abolition to bring down the food prices and the subsidies for basic goods;
- Commitment on several projects targeting the mobilization of surface water and sustainable land management;
- Implementation of emergency food assistance programs, projects "Food for Work" or other initiatives to fight against food insecurity (food stamps, unconditional cash transfers for inland areas, etc.)

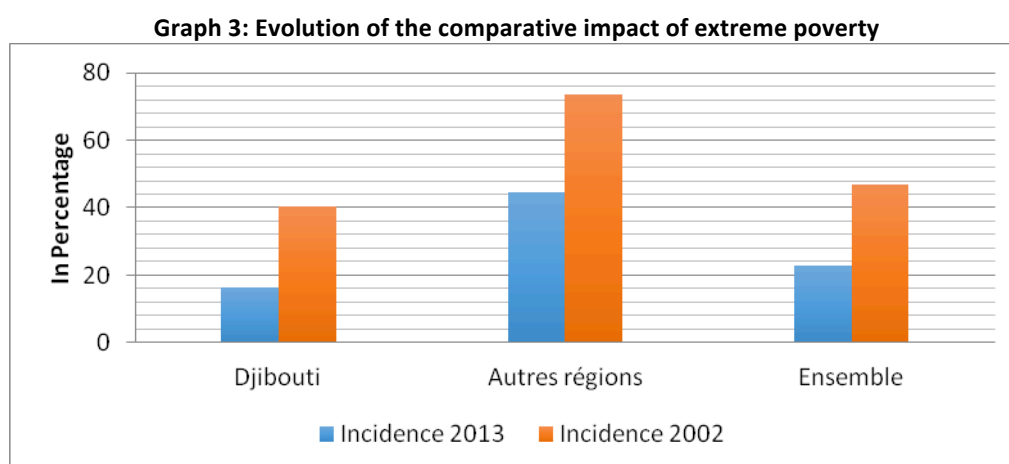
## 1.8 Overall state of poverty

The new data on the analysis of the situation of poverty in Djibouti, based on the consumer budget survey, indicate that the incidence of extreme poverty at the national level stood at 23% in 2013 within an extreme poverty line estimated at 98,709 FDJ for the whole country. Compared with the 2002 data (comparable methodology), we note that there is no statistically significant change in Djibouti City and throughout the country.

Nonetheless, a significant decrease in the incidence of extreme poverty between 2002 and 2013 was registered with a decrease from 51.2% to 44.5% (a gain of 6.7 percentage points).

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<sup>4</sup> SMART Nutrition Survey, Ministry of Health- UNICEF. April 2011



The overall poverty line for the whole country is estimated at 147 936 FDJ with an incidence rate of relative poverty of 40.9% compared to 46.7% in 2002. The table below confirms that poverty remains more pronounced outside the capital. This relatively limited reduction in the poverty rate reflects the limited progress both on the field of social inclusion and reduction of regional disparities.

The proportion of the population that is "multi-dimensionally" poor has not decreased significantly compared to the incidence of income poverty. Indeed, statistics show that poverty affects individuals who have never attended school which includes 86.1% of the poor and represents 63.4% of the total population.

**Tableau 3: Extreme and Relative Poverty Rate**

	Extreme Poverty			Global Poverty		
	Djibouti	Other regions	Total	Djibouti	Other regions	Total
Incidence (%) 2013	16,5	44,5	23	34,2	62,5	40,8
Estimated number of poor	58 435	48 060	100 495	121 076	67 530	188 606
Incidence (%) 2002	40,3	73,7	46,7	40,3	73,7	46,7
Estimated number of poor 2002			109 184			192 320

**Source:** DISED, EDAM3-IS / 2012 and presentation of new poverty lines in 2013

The high level of income poverty affects household spending on food that has decreased in real terms. The poorest households spend up to 80% of their budget on food, against 70% in 2002.

**Implementation of targeted programs to combat poverty and vulnerability, aimed at ensuring the social upgrading of the poorest segments of the population.**

Faced with the challenges of multidimensional poverty reduction and to improve the coordination of aid, the government developed in 2012 a national social protection strategy focused on social safety nets.

The aim is not as much as to reduce poverty in absolute terms but to reduce the consequences by enabling the poorest to prepare themselves to benefit from the opportunities by the economic and social development taking place in their environment.

Programs targeting poor areas and vulnerable zones aimed at ensuring social upgrading of these segments of the disadvantaged population were implemented (implemented or in progress), whereas the Government has directed and mobilized part of the country's efforts for this purpose. However, the targeted programs to fight against poverty have not sufficiently fostered the inland regions of the country, while regional inequalities remain strong; the incidence of extreme poverty is more than double in the regions (72.4%) than in the capital (30.6%) in 2012.

To better fight against poverty, the government has set up safety net programs, including the implementation of social projects to create jobs, improve access to basic social services and employment.

An **Urban Poverty Reduction Programme** (PREPUD) with approximately US \$ 30 million was implemented in the district 7 of Djibouti City, in districts 12, 14 and 15, and the old districts as well as the five towns of Balbala in the inland regions. The main achievements are:

- The launch of conditioned and non-conditioned cash transfers to strengthen human capital, resilience and increase consumption and local production, particularly (i) the social assistance program to university students from the regions, (ii) the social assistance project for students with disabilities, (iii) the stonecutting project and (iv) food stamps in the urban area in partnership with WFP;
- The development of avenues and public spaces by using highly labour intense work (HLI);
- The distribution of over 500 million Djibouti Franc ( \$ 2.8 million) of microcredit by the Caisse Populaire d'Epargne et de Crédit (Savings Fund);
- The implementation of a rural electrification project based on solar energy in Hol-Hol;
- The equipment of the poorest households' with solar energy in the neighbourhood of PK12.

In addition, new structures were created with strengthened capacity in order to conduct employment promotion and fight against poverty operations, such as Djibouti Agency for Social Development (ADDs), the National Agency for employment and vocational training (ANEFIP), the Caisse Populaire d'Epargne et de Crédit (CPEC) of Djibouti, Economic Development Fund of Djibouti (FDED), the Fund of Guarantee of loans for developers and young graduates which are intended to promote the human capacity building and integration of the poorest. The achievements are found in specific areas and regions, and may include the monitoring of health status, the supply of solar (or wind) energy for pumping water, adult education and school support, and the promotion of access to decent housing.

Finally, land was granted to create a craft village and thus increase opportunities for jobs and incomes in this sector.

Furthermore, the analysis of non-monetary indicators show that the population's access to basic social services still has significant shortcomings in the areas of water, sanitation, energy or the habitat.

## 1.9 Situation of MDGs

Despite the implementation of many public programs to improve the situation in different areas of social development, the indicators progress rhythm makes it difficult for Djibouti to reach the majority of the targets for the MDGs (see Table 4). However, given the results generated in 2012 by the last survey on the living conditions of households (EDAM3), the achievement of certain targets could be achieved on MDG 2 (universal primary education), MDG 3 (promotion of gender and gender equality) and MDG 4 (reducing child mortality) but with a likely shift in some years ("probable +"). It will be necessary to wait for the next survey to display statistics on most of the indicators concerned. Appendix 1 shows the historical trend of the main MDG targets.

**Table 4: Chances of achieving the MDGs by 2015 under current trends**

Objectives	Target	Achievement
MDG 1	Target 1. Reduce by half, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.	Improbable
	Target 2. Reduce by Half, between 1990 and 2015, the proportion of people who suffer from hunger.	Improbable
MDG 2	Target 3. By 2015, give all children, boys and girls, throughout the world, the means to complete a full course of primary schooling	Probable +
MDG 3	Target 4. Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels of education no later than 2015	Probable +
MDG 4	Target 5. Reduce by two thirds, between 1990 and 2015, the mortality rate of children under 5	Probable +
MDG 5	Target 6. Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	Probable +
MDG 6	Target 7. By 2015, have stopped the spread of HIV / AIDS and have begun to reverse the current trend.	Probable +
	Target 8. By 2015, having controlled malaria and other major diseases and have begun to reverse the current trend.	Probable +
MDG 7	Target 9. Integrate the principles of sustainable development into country policies and reverse the loss of environmental resources	Improbable
	Target 10. Reduce by half, by 2015, the proportion of people without sustainable access to safe drinking water.	Improbable
	Target 11. Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.	Improbable

**Poverty and hunger reduction (MDG 1):** poverty reduction performance is restrained by the economic growth that has been slow for long and continues to be hampered mostly by the weak diversification of the economy, the limited number of products for export, the reduced overall qualification of human resources, pre-eminence of the state in the production sectors, low quality of economic infrastructure and high cost of services. In addition, growth remained low in creating jobs and its fruits have not been distributed evenly.

The data published in November 2014 on the incidence of poverty make it difficult to judge the underlying trend change of poverty over the long term. In light of the new methodology, it was officially recorded that the incidence of the people's extreme poverty has witnessed over the last decade a significant reduction in statistical terms. At most, if there has been any decreasing it would rather be on the inland level, which does not prevent the rest of the country to be nearly 4 times more affected than in Djibouti City. As for acute food insecurity, it has barely moved in a decade, continuing to affect 12% of people on average and 30% of those living outside the capital.

**Education (MDG 2):** The gross enrolment rates have risen sharply in the last 15 years whether in the primary (39% in 2000 to 83% in 2012) or the lower secondary schools (19% to 84%). It seems that the targets of the MDGs will be achieved on the short term, if not in 2015. The same is true for the indicators related to admission and completion rates. However, the literacy rate remains 45 points below the 2015 target.

**Gender equity (MDG3):** As with education, evolution is contrasted according to the targets and indicators selected. Progress is significant in terms of girls / boys parity, especially in primary schools (where this parity is already almost reached) as well as in secondary and higher education (parity close to 70% in 2009). However, progress is less significant with respect to literacy rates or the participation of women in the economic and political life.

**Health (MDG 4, 5 and 6):** Health promotion is facing various constraints. Besides the existence of a favourable epidemiological profile, the stakeholders face the inadequacy of resources allocated to health activities and the bad image of health services. The private sector is not sufficiently taken into consideration in the policies. Regarding the HIV – AIDS pandemic, the major constraints to reducing the phenomenon remains because of the severe poverty in households, customary and religious considerations and migration. The persistence of socio-cultural and some harmful traditional practices that do not promote the health situation should also be highlighted. Overall, progress is found regarding the mortality of children under 5 (it decreased from 127 ‰ to 68 ‰ within ten years), but the target is unlikely to be reached in 2015. The same goes for maternal mortality which was reduced by approximately 50% since 2000 but it is still well above the target set for 2015 or the prevalence rates of HIV / AIDS and tuberculosis.

**Environmental sustainability (MDG 7):** Access to drinking water barely progressed in recent years and will not reach the target of 100% in 2015. It still faces the high cost of water particularly in urban and peri-Urban whereas the development of supply collides with infrastructure financing constraints. As for access to decent housing, it has been limited because of a market dominated by demand exacerbated by a significant rural exodus and an offer which is mainly focused on state and wealthy households. Therefore, progress in terms of access to land and adequate housing are limited.

Regarding environmental protection, environmental constraints, destructive environmental practices, poor education and the poverty of mainly the rural population make it hard to achieve the desired progress, for example in terms of the use of scarce forest resources available.



## CHAPITRE II : GOVERNANCE STATE

Several positive steps have been achieved in terms of improving governance particularly political governance, human rights, justice and economic and financial management. However, many constraints remain at the levels of media, civil society, parliamentary control, impartiality and effectiveness of the judiciary, administrative and local governance, business environment, as well as the management of public policy or statistical information.

### 2.1 Political and Democratic Governance

In terms of political governance, the past decade has been marked by the strengthening of democracy and political openness through the regular holding of presidential, parliamentary and local elections in a multiparty system. The most prominent event was the amendment in April 2009 of the Constitutional Act which removes the limitation on the number of presidential terms and sets the maximum age of the candidate for Presidency of the Republic. The amendment affirmed the consolidation of the rule of law with the abolition of the death penalty and recognition of individual and collective freedoms as a foundation of modern democracy and progress.

The role of the Ombudsman was also strengthened to make efficient and effective mediation between the administration and users.

A new body of management for the electoral process - the Independent National Electoral Commission (CENI) - was established. The revision of the electoral system, with the introduction of proportionality, allowed the participation of the members of the opposition in the national representation of 2013. The effectiveness of the Republican representation which is beneficial for the maintenance of the institutions is ensured within the National Assembly which has recently benefited from significant resources to strengthen its human and material capabilities for analysing draft legislations and monitoring government action.

Communication actions have been initiated at the location of the population through a parliamentary caravan, much appreciated by the citizens, despite its furtive passage and without any particular agenda.

### 2.2 Justice and Human Rights

**In terms of Justice**, the adopted legal and judicial reform has given satisfactory results at the institutional and capacity building levels with:

- reviews to most of the legal texts related to justice, such as the Civil Code and the Code of Civil Procedure or the Code of Trade;
- the organisation of public hearings that were met with the support of the people living in different parts of the inland regions and highlighted the strong expectation in terms of justice;
- the improvement of access to justice and institutional improvement seen following the significant resources allocated to the justice sector to help provide the country with referential tribunals;
- the renovation of the Justice Palace and the construction (in progress) of several other buildings;

- the creation of a prison administration with penitentiary body guards trained in human rights;

**In terms of Human Rights,** improvements were made with regard to the ratification of most of the agreements and additional protocols, the contribution of the National Commission on Human Rights (CNDH) to the drawing up of periodic reports and the UPR within the Inter-ministerial Committee. Finally, the government has complied with the recommendations made in the previous year of UPE in 2009.

## 2.3 Administrative Governance and Institutional Development

The Djiboutian government has struggled to recover from the internal crisis of the 1990s and the structural adjustment program that ensued. Since then, dysfunctional state services is a major concern of public authorities and development partners. As such, in 1997 a public administration reform was launched as part of a partnership agreement with the IMF and the World Bank to reform public enterprises and bring technical assistance to economic reform. However, recommendations and action plans developed from the diagnosis made by the National Commission of institutional reform created to accompany the process have gone unheeded.

The diagnosis updated in 2009 found that things have deteriorated: the administration is characterized by the anachronism, the bureaucracy and considerable deficiencies that constitute a real obstacle to the new economic requirements. After his re-election in 2011, the President of the Republic pointed out to the issue of administrative reform as a priority for the government. Two institutions have been well created- the National Commission and the Executive Secretariat for Administrative Reform - to revive the reform. The objective is to improve the performance and efficiency of public administration so that the latter is in a position to support the economic and social development of the country.

A strategic partnership has been signed with the consortium C2D ENAP-Québec to support the process. Unlike the previous process, the action plan of the project is entirely funded by the Djiboutian government. At this stage, various studies have been conducted on important institutional issues such as the single file of balance, the management of the public administration and the mobilizing of fiscal and customs resources.

## 2.4 Economic and Financial Governance

On economic and financial governance, several important initiatives have been taken on particularly improved macroeconomic management and the management of public finances.

**Public Financial Management:** In terms of revenues, we note for example the rationalization of taxes and the introduction of VAT, the consolidation of public finances, the opening of a tax office in the municipality of Balbala, the implementation of a commission for exemption rationalization, the modernization of the Customs Code, in particular harmonization with the rules of the COMESA space.

As for spending, the creation of a department responsible for auditing and monitoring of public accounts, computerization of fiscal operations and the strengthening of internal and external controls, strengthening the status of accountants, recruiting qualified cadres to the Budget Department and the implementation of a new budget nomenclature, a medium term budgetary framework (MTBF) to ensure allocation of adequate allocations to the following priority sectors: health, water and sanitation, electricity and youth are the major actions to stress.

A comprehensive reform of the public finance system was initiated to enhance the transparency of the budget, to correct structural weaknesses affecting the quality of public services and to improve public governance. This is the case of (i) strengthened financial monitoring in the administration and in public institutions, (ii) the adoption of a new code of public procurement, (iii) as well as in the Public Expenditure Review and Investigation Governance in 2010 with the support of technical and financial partners.

Moreover, the beginning of a public-private sector dialogue to solve existing problems between administrations and the business community has been established.

**Strategic planning:** The strategy must be reflected in the state budget. In other words, strategic planning linked to budgeting and aid coordination is needed to plot the strategic and operational framework for state interventions and its partners. In this area, significant progress was registered, namely, a long-term development vision entitled "Djibouti 2035" was adopted by the government. Elaborated with the support of development partners, in a participatory approach, "Djibouti 2035" reflects a national consensus and prepares political, economic, social and environmental changes for a sustainable development. It now draws the operational framework of this strategic planning through the chain Vision-Planning-Budgeting-Monitoring Evaluation.

**National Statistical System:** The national statistical system has recently experienced significant progress in statistical production through fiscal efforts and support from international partners. The population census was conducted in 2009, allowing a demographic update of the data going back to 1983 (date of the previous census). In addition, a survey on governance as well as household surveys, including EDAM-3, were also conducted for the production of social indicators, mainly indicators necessary for monitoring poverty, the MDGs and the valuation of public policies.

Notwithstanding these positive developments, development planning and the national statistical system require significant institutional and human and material capacities.

## 2.5 Local Governance

The promotion of local democracy and citizen culture has made significant progress during the decade. Several texts have been adopted to achieve the national goal of decentralization, namely, the law on Decentralization and the Status of the Regions (2002) and the law on the Status of Djibouti City (2005). Local elections held in 2006 and in 2013 have definitely devoted a positive momentum for the emergence of genuine local democracy.

The basics of decentralization and local development processes were laid by the establishment of the Regional Councils, coordinating committees to regional development (CCDR) and Local Development Committees (LDC) in the five regions of the country. A National Policy for Regional Development, Regional Development Plans (RDP) and Multiannual Investment Plans (PIP) were developed and validated. Furthermore, training of local elected officials have been organized, allowing for increased participation and accountability of elected and populations, notwithstanding the limited financial resources.

## CHAPITRE III: ECONOMIC BALANCE SHEET

### 3.1 Economic State

Djibouti's economy evolved in an international environment which was marred this past decade by several crises (in the energy sector, with the soaring prices of oil, in the food field and especially by the financial crisis of 2007). These have affected the economies of developed and developing countries. In Djibouti, their impact has been very noticeable with deterioration in the trade balance and a significant slowdown in the level of foreign direct investment (FDI).

The national context has enjoyed a stable political situation and the effect of certain institutional and economic reforms to improve the business environment. Furthermore, the Government, with the support of development partners, has undertaken as part of the INDS, public policies aimed at reducing poverty. Unfortunately, the results have not lived up to expectations due to large external shocks, climatic hazards (drought), investment absorption capacity and, more generally, weaknesses in terms of steering and monitoring and evaluation of weaknesses.

#### 3.1.1 Evolution of Economic Growth

Economic growth initially suffered some volatility between 2000 and 2005 before experiencing a relatively stable and sustained pace (+ 4.8%) between 2006 and 2013, despite the crises that emerged during this period. This figure is, however, short of the goal which was to establish a growth rate of 7% over the period.

The gradual strengthening of the economy can be explained by the dynamics observed in port activities and the accumulation of fixed capital with the important contribution of foreign direct investment (FDI).

The service sector, including telecommunications and transport, has also experienced remarkable growth over the period.

The primary sector contributed to the economic growth by an average of around 3.2% per year, supported by the good performance of farm crops in Ethiopia and Sudan whose agricultural production registered a growth of 79% and with national production that increased by an annual average of 7%.

From the demand perspective (consumption and investment), its contribution to the progress of the national economy during this decade has been significant. The reforms undertaken by the Government in improving macroeconomic stability, financial sector opening, improvement of the business climate, have created favourable conditions to attract investors. Thus, the overall investment rate has averaged 24.6% of the GDP, driven by private investment, which increased by an annual 12.7% over the last five years.

This growth was mainly the result of investments in port, hotel and real estate infrastructure. In the public sector, investment flows have been directed to the achievement of socio-economic infrastructure, roads and the fight against poverty.

**Table 5: Evolution of some macroeconomic indicators between 2008 and 2013**

Indicator	2008	2009	2010	2011	2012	2013
Real growth rate of GDP (%)	5,8	5	3,5	4,4	4,8	5,0
Inflation Rate (%)	12	1,7	4	7,7	4,3	2,5
Public investment (%)	13,8	17,2	11,8	11,1	11,7	13,7
Private investment (%)	32,9	18,3	9	13,5	15,5	15,7
Direct foreign investments (%)	23,8	9,5	2,4	6,3	8,1	19,7
Budget Balance (% du PIB)	1,3	-4,6	-0,5	-0,7	-3,3	-6,9
Current Balance (% du PIB)	-24,3	-9,1	-5,8	-12,6	-12,1	-12,1
External Public Debt (% du PIB)	58,4	59,8	60	56,1	49,2	48,4

Source: BCD (2009, 2011), MEFI (2010, 2013).

### 3.1.2 Economic Infrastructure Development

The country has strengthened in recent years its logistics platform at the sub- region level despite the competition in the port sector in the sub-region through the *transport chain* thanks to the construction of infrastructures that strengthen the competitiveness of Djibouti ports compared to their competitors in the region and consolidate its ambition to become a gateway and a regional hub for multimodal transport to serve the Ethiopian market and the Common Market for Eastern and Southern Africa (COMESA): The complex Doraleh port of a cost of more than 400 million USD in investment, the Djibouti-Loyada and Tadjourah-Balho roads and the Port of Tadjourah allowed a large increase in the capacity of goods to ports (12 . 7 million tons of cargo handled in 2011, more than double the volume of goods handled five years earlier in 2007), an important place in the transshipment market and a gradual gain in market shares with the arrival of two lines: Maritime American President Line (APL), and Pacific International Lines (PIL).

The construction and rehabilitation of roads have helped ensure the interconnection between Djibouti highways and road networks of neighbouring countries in particular (Ethiopia and Somalia), between inland cities such as Tadjourah and Obock.

Electrical interconnection in 2011 with the Ethiopian network, along with the expansion of the production capacity of the thermal plant in Boulaos and the improvement of the electricity distribution network of ESD, have increased the energy supply and set aside untimely deballasting that negatively affected the economic activity. Interconnection also allowed in May 2012 to decrease by almost 30% the electricity tariffs for 65% of low-income households subscribers.

In telecommunications, Djibouti has developed its infrastructural platform. It is connected to several submarine cables, which make it a must in light of the broadband between Asia, Europe and Africa. Important projects were conducted during the 2008-2012 period, including the commissioning in late 2012 of a new type of 3G + GSM network with a capacity of 600,000 subscribers and the participation in the submarine cable project EIG (Europe India Gateway). Finally, the expansion of mobile telephony has been reinforced by rural telephony (fixed and Internet) aimed at achieving greater integration of rural

areas into the national economy and reducing the digital division between the urban population and the rural population by offering new services and the new numbering plan completed in 2012.

The installed infrastructure gives Djibouti Telecom an overcapacity that it exports to the sub-regional, enabling it to generate faster-growing income, projected at over 22 million US dollars for the year 2012. However, this outstanding infrastructure is largely under exploited; Internet access is very expensive and of limited reliability, mobile penetration in Djibouti (for the number of subscribers in proportion to the population) increased from 5.5% in 2005 to 18% in 2010. The penetration remains very low compared with the African average.

Despite an improving trend, access to telecommunications services ultimately remains very limited compared to other African countries. Telecommunications services are very expensive and of low quality. This price level, combined with a low-quality service is a serious handicap for the competitiveness of Djibouti, as it reduces its attractiveness and weakens its position as a regional hub.

### **3.1.3 Regional Integration and Foreign Investments**

With a view to enhance its position as a logistics hub during its adherence to the COMESA (Common Market for Eastern and Southern Africa), the country has modern port infrastructure and has established a free zone offering numerous benefits to investors (Djibouti Free Zone). Improving the business climate is also a priority for the government which has committed significant regulatory and tax reforms, including the overhaul of the Commercial Code in 2010 and the introduction of VAT in 2009. This economic open strategy helped strengthen the country's competitiveness as evidenced by the massive influx of foreign investment which reached 22% of GDP on average between 2005 and 2013.

### **3.1.4 Small and Medium Enterprises (SME)**

Djibouti's private sector has approximately 8000 companies of which 3500 are formal enterprises (patented). The majority of businesses are individual units and unstructured. They operate mainly in the sector of trade and services which is an essential link in the national economy (over 71% of the merchant GDP in 2010).

Commercial activities, relatively diversified, are characterized by a preponderance of informal operators. Domestic trade is generally composed of imported products and foreign trade is dominated by exports of services. There is also a transit trade for countries like Ethiopia and Somaliland. Women play a key role in trade and are present in the import-export, particularly in the areas of clothing, fabrics, food and cosmetics.

Despite the dynamism of entrepreneurship observed in recent years, domestic SMEs have not sufficiently benefited from the training effects related to regional integration and the growth of foreign investments.

Particularly, the trade sector still faces several weaknesses: the exclusivity policy that limits competition in trade; the low capacity of the technical departments for qualified human resources for the provision of quality services; the lack of an effective system of information management within the sector; and the absence of a single regulating trade centre (indoor and outdoor).

While the government has adopted, in 2010, two sectorial national strategies, one for the development of crafts and the other for the development of trade, they did not experience real work setting though.

### **3.1.5 Business Environment**

The persistent weaknesses of the business environment hamper the diversification of the economy and the development of SMEs.

The high cost of production factors weighs heavily on the competitiveness of Djibouti. The price of electricity is among the highest in the world (0.3 USD per Kwh) and is an obstacle to productive diversification and the emergence of manufacturing activities. The cost of labour is also not very competitive, with relatively high wage and insufficient labour productivity. Very favourable to big business and foreign investors, the tax and regulatory framework is relatively unsuitable for small businesses and discourages their formalization. Access to finance for SMEs remains very limited, despite the opening of the banking market and the Government's implementation of the support instruments such as Economic Development Fund of Djibouti (EDFD). A recent survey shows that only 5% of companies have a formal banking financing. Reforms are underway in an aim to develop the Public-Private Partnership (PPP) approach that could represent an important lever to boost the private sector.

As part of *the promotion of private investment*, institutional reforms, infrastructure and capacity building reinforcements have been implemented in recent years to ease the investment procedures and business creation, particularly through the Code of Labour, the new procurement code and the tax code. In addition, Djibouti has ratified the convention establishing the Multilateral Investment Guarantee Agency (MIGA), the membership agreement to the The African Trade Insurance Organization and the Agreement Establishing the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).

At the institutional level, the reforms and actions taken to reduce the high production costs to improve the competitiveness of Djibouti's economy and promote the development of foreign direct investment are: (i) the implementation of the institutions specializing in support for private sector development as the Integrated Framework (EIF) and the Office of Industrial and Commercial Property (ODPIC), (ii) the adoption of trade development strategies, development of crafts, (iii) the implementation in 2012 of the National Higher Council for Public-Private Dialogue, which is a consultation framework between the public and the private sector, aiming to ensure the establishment of a business environment favorable to the development of private sector, (iv) the electrical interconnection between Djibouti and Ethiopia, the exploitation of renewable energy and lower prices for communications in 2012, especially for international markets.

However, the productive base of the economy has not managed to sufficiently diversify in other potentially promising sectors, including agriculture, livestock breeding, fishing and tourism. The overall impact on employment has not been up to expectations. Indeed, unemployment remains at a high level (48.9% in 2012), affecting more severely women and the youth. Strong constraints continue to weigh on the country's economic competitiveness and curb the growth of the private sector, especially the availability and cost production factors, despite the supply of electrical energy from Ethiopia.



### **3.1.6 Inflation**

Inflation accelerated sharply with an average annual growth rate of consumer prices by 5.4% over 2008-2013, a rate of inflation much higher than the 3% provided for under INDS. This rise in inflation resulted from rising food prices and oil prices in 2008 and the severe food crisis following the drought that severely affected the country in 2011 and the effects of which persist today. Since net imports of food represent a structural trend due to the arid climate of the country, inflation in the food products import remains the true vector of general inflation. It is noteworthy that this inflation also took place because of the exacerbation of the volatility of global food products prices in recent years.

### **3.1.7 Public Finances**

Public finances have relatively well performed over the period with good revenue mobilization and a policy of public expenditure monitoring, particularly in operating expenses. Through this process, the government was able to stabilize the budget deficit.

The tax pressure rate, a means observed during the study period, amounted to 18.7% without taking into account the fixed contribution of French Forces that are present in Djibouti (otherwise this rate would be 22.6%) .

The public sector plays an important role in the economy. Thus, the state budget is 36% of GDP, against only 27% in Cape Verde and less than 20% in Mauritius, while public companies also take a leading role in several economic sectors, such as electricity, transport, real estate and telecommunications. The state and public companies employ almost 17,000 people, representing 44% of employed in the formal sector. The wage bill of the manpower reached 20% of GDP (12% for the state and 8% for public companies). Finally, the State plays a leading role in the fixed capital formation, with a public investment rate averaging and representing 35% of the country's investment effort.

Fiscal policy remained focused on three main areas, namely: (i) fiscal consolidation to maintain debt sustainability and the non-monetary financing of budgetary deficit, (ii) preserving the fiscal space for social spending as well as (iii) strengthening and modernizing budget management. It was implemented in the three-year program supported by the Extended Credit Facility (ECF) after receiving a \$ 20 million grant from the IMF in September 2008.

The budget deficit remained under control during the six years over the 2008-2013 period with the exception of 2009 and 2013, years when budget deficits mounted to a respectively 4.9% and 6.9% of GDP. This overall satisfactory result reflected the combined efforts of improving the level of own revenues and monitoring the evolution of public spending. Indeed, the tax ratio (tax revenue / GDP) increased from 12.8% in 2000 to 18.5% on average between 2005 and 2012 and stood at 19.8% in 2013. This progress must be reinforced by the continuation of the regulated revenue modernization efforts, better supervision of regulated recovery (Taxation and Customs), strengthening control activities, and rationalization and better management of tax exemptions.

Regarding public debt, the different initiatives have improved its sustainability during the period. Thus, the debt / GDP ratio was reduced from nearly 60% to 48.4% at the end of 2013 and debt service to 8% of GDP. As for the ratio of net present value of debt / exports of goods and services, it stood at 154% of GDP.

### **3.1.8 External Sector**

The external balances have remained fragile, because of the instability of the economy due to insufficient domestic supply to offset imports. The trade deficit was reduced from 11.9% of GDP in 2000 to 41.2% in 2013. The current account deficit (including grants) stood around 11.6% of GDP on average. These results, combined with an active policy of external resource mobilization, have increased foreign exchange reserves to cover 3.7 months of imports.

### **3.1.9 Financial Sector**

The financial sector has rapidly evolved with all reforms, including the opening of the sector. These reforms have led to a significant increase in the number of banks (12 today against 2 in 2005) and the volume of credit to the economy, from less than 50 billion in FDJ 2005 to 90,838 billion FDJ . Deposits are also in the same dynamic as they reached 179,064 billion FDJ in 2013 against 108,079 billion FDJ in 2007.

In order to ensure the integrity of the financial system and increase its strength, the Central Bank of Djibouti (BCD) reinforced banking regulation with the establishment of a unit dedicated to banking monitoring. Human resources of the latter were strengthened to enable it to carry out permanent controls and improve efficiency in a rapidly growing banking sector in recent years.

In addition, a new banking law was passed requiring credit institutions to have a minimum capital of one billion FDJ over a maximum period of three years. Similarly, licensing procedures have been tightened to ensure the development of the financial sector on a sustainable basis. In 2011, two laws respectively on the suppression of terrorism and terrorist financing have complemented the device while at the same time the anti-money laundering 2002 law was amended to strengthen the fight against money laundering and financing terrorism.

Microfinance has been one of the major initiatives to help poor people develop their full potential through the implementation of income generation and employment. Indeed, several popular savings and credits funds were created in Djibouti and in the regions, and allowed a wide distribution of micro credits to people. More than tens of thousands of women have particularly benefited from CPECs credits amounting to over 500 million FDJ.

## **3.2 Employment Situation**

The employment situation remains of concern in Djibouti, despite strong economic growth and government measures to contain unemployment, which reached 48.2% of the overall labour force, or 141,973 unemployed people (base year: 2012 ). One thing is clear: economic growth (4.8%) does not create enough jobs. The elasticity of growth / employment, which indicates how much employment grows when GDP increases by 1%, is barely 0.38. This weakness negatively impacts the activity rate, which stood at 33.2% in reference to a labour force of 300,000 people.

These data reflect a profound imbalance in the labour market with, on one side a rigid and tenuous formal job offer and on the other, a disproportionate demand fuelled by the cohorts of new entrants and the existing stock of unemployed.

With respect to the **offer**, a total of 152,880 jobs were recorded in 2012. These jobs are distributed between non-market jobs (55% of total), so-called informal jobs and productive jobs (palliative to inactive) which absorb an important share of the working population (39%).

The **sectorial distribution of the total labour supply** indicates that the state remains the largest employer, with 41% of the employed population. This dominant position is likely to change, with the restriction of recruitment in the public service and the expected development of the private sector. The first line of tertiary activities (construction, transport and communications, banking and insurance), contribute up to 66% growth and 56% of GDP, employing 13.3% of the workforce. Other private activities (agriculture, fishing industry, commerce and tourism ...) account for 25% of total employment.

Compared to **overall job demand**, the population dynamics (2.8%) puts pressure on the labour market, because of the young working population (3/4 of youth). The number of young people (16-34 years) applying for a job is around 300,000 out of a population of nearly 900,000 inhabitants, which shows the sensitivity of the issue.

Unemployment, which affects 142,000 active members, appears as a selective phenomenon that hits more the young than the old, women than men, non-graduates than graduates, rural areas (hard unemployment) than urban areas (alternate unemployment and underemployment). It should also be emphasized that the job crisis is exacerbated by the importance of refugees on Djibouti soil (see § 1.6).

Young job seekers suffer, overwhelmingly, from a double handicap: the lack of professional qualifications or instruction (over a third of young people aged 16 to 25 have no level) and for graduates, a deficit of employability, which reduces their chances of getting a job (qualitative mismatch unemployment).

Formal **female employment** remains, outside Djibouti City, undeveloped, despite progress in school enrolment. The female participation rate in the labour market is overall around 30%, while the female employment ratio / total population is 15.6%. A significant proportion of women work vulnerable jobs. Support programs for employment put in place for several years are far from being able to reduce significantly these rates (see Box 2).

#### **Box 2: Actions in favour of youth employment**

Actions for employment and self-employment have been implemented, namely, (i) capacity building of the Employment Agency, including the establishment of an Observatory for Employment and qualifications, a Bureau for young graduates and Job-creating spaces, (ii) the establishment of an assistance device to the integration of young people, (iii) the upgrading of the vocational training system, and (iv) the promotion and development of entrepreneurship.

In addition, specific programs have been involved:

- Employment Intensive Investment Programme (EIIP)
- The establishment of *integration assistance* fund;
- Continuation of the SNA;

- Capacity building of *vocational training centres*, including the CFPA (organization, adapting training programs, upgrading equipment, etc.);
- Developing *partnerships with the private sector*;
- The *small and medium enterprise* (SMEs) development program with the establishment of an assistance and support cell to private operators;
- The promotion of specific financing mechanisms (*FDED, FSD*);
- The *tax incentives* measures.

### 3.3 State of Regions' Development

The national territory is divided into administrative regions which are at the same time local authorities, with the exception of Djibouti, which has a special status and is divided into municipalities. The legal framework which establishes the organization is Law No. 174 / AN / 02 / 4th L on Decentralization and Status of Regions of 7 July 2002 and the Act No. 122 / AN / L 05th on the status of the city of Djibouti. These texts have been the subject of changes in 2006.

The region is considered a mainstay of the State to promote economic and social development. This option should be strengthened by measures the most important of which are:

- The Economic devolution, including utilities (electricity, water ...) at the regional level;
- The Coordination of the state's action in the regions by the regional Prefects;
- The requirement for regional councils to develop and implement regional development plans.

For now, the general conclusion is that decentralization is done at a slow pace because the authorities do not have autonomous administrative and financial resources. They remain dependent on the government and are not very active in the conduct of actions for economic and social development. The national framework requires further reforms regarding the transfer of skills and human and material resources as well as local taxation and financing of development projects. To date, only the services of civil status, management of the markets and the public domain were transferred to the regions.

Regional development remains the weak link in the national process despite some achievements in socio-economic infrastructure, mainly in the capitals of regions. Yet there is a social demand increasingly strong in this regard. The establishment of strong regional structures is also vital to support the development of regional development centres. The challenges here rely on accelerating the process of regionalization, conducting a firm commitment to the decentralization of public administration, capacity building of local players in all areas and sectors as well as strengthening the financial resources of local authorities.

## SECOND PART: STRATEGY FOR ACCELERATED GROWTH AND THE PROMOTION OF EMPLOYMENT

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### CHAPTER IV: CHALLENGES AND STRATEGIC FOR THE QUINQUENNIUM

#### 4.1. The Stakes

##### 4.1.1 Economic Stakes

Weak growth and its uneven distribution are major causes for the exacerbation of poverty. Therefore, a strong, sustainable and equitable economic growth and a high competitiveness are key issues for the country. These goals are however not new in themselves since they were already implicit in the framework of the INDS.

The lack of tangible reduction of income poverty, the mixed performance in access to social services, the alarming level of unemployment, disparities between regions or between Djibouti City and the capitals of regions or the inequalities suffered by women, show that a growth close to 5% a year can afford to bend significantly including the impact of income poverty. Even beyond the pace of growth, lies the question of its sources and its distribution. It is therefore necessary to examine the growth model (what are the main sectors, the economic model, what are the operators, according to which production processes, with which trade integration, etc.).

In other words, the results of the INDS, in the last three decades of national development, as studied retrospectively during the elaboration of the long-term vision, are in favour of a new growth model. A recent reflection allowed amending the contours (see 4.3). The stakes here are the optimal choice for the main sectors of growth - on the basis of their potential contribution to growth but also to creating jobs - as well as all the preconditions that should be ensured for the success of the model: infrastructure, skills development, new organizational models, and - above all - an important leap in the quality of governance.

The economic stakes merge here with the social issue since it is the new model that can reduce poverty and inequality and improve the living conditions thanks to greater labour income. It was also capable of stopping latent delinquency or social unrest risks since the youth have employment and social development opportunities.

##### 4.1.2 Social Stakes

Social indicators remain worrisome in terms of human capital (food security, maternal and child health, quality of education, access to water and housing...). National and regional consultations carried out within the framework of the development of Djibouti 2035 Vision have clearly shown. The supply of water, health and sanitation are the most important issues for the population (see Box 3).

The water control is the first priority because it obviously affects food and hygiene but in rural areas, it also affects the development of revenue generating development activities for households (small agricultural areas, pastoral activities ...) which are themselves essential to achieving food and nutrition security.

- The second concerns the management of public policies. Many areas have no policies to give visibility to their objectives, reforms and investments. Similarly, monitoring and evaluation mechanisms work with great difficulty, as shown by the experience of the INDS for the 2008f 2012 period .

There are other problems that are added to the latter. They are related to the administration which comprises significant weaknesses (part of human resource management, organization, communication and relationship with users, discipline, accountability on results, etc.). Very timid advances in decentralization also reflect a reform whose implementation is slow and undermines the dynamic that should exist between the State and the regions.

On the economic and financial governance scale, the stakes are more specifically related to the strengthening of public financial management in particular to ensure a progressive expansion of fiscal space and set up a more efficient allocation of public resources and related public policy objectives. Improving coordination and aid effectiveness in a context of multiple partnerships and a careful management of public debt are two key issues.

## 4.2. A New Model of Growth

The new growth model relies on a deliberate action of the state to act simultaneously on all the constraints curbing growth, limiting the job creation potential, hindering the enhancement of the wealth of the regions and preventing rapid progress towards meeting the targets set for the MDGs. This model is based on **inclusive growth** that refers itself to a comprehensive approach that combines economic efficiency with equity and social justice issues. The inclusive growth model chosen will be based on several pillars:

### 1) *An accelerated economic growth*

Depending on the gains made, economic growth should gain 3-5 percentage points of GDP compared to the average for the period 2008-2012. This acceleration in growth will primarily rely on (i) a better use of the potential of the country, (ii) a sustained and planned action for new priority sectors which create wealth and employment, (iii) better deployed infrastructure on the territory which are of quality, (iv) a comprehensive effort for the training of human capital, (v) the lifting of constraints on the business environment, and (vi) essential measures on economic, financial, legal and administrative governance.

### 2) *A more balanced growth*

Inclusive growth cannot be based on a very limited number of sources of growth. The diversification of sources of growth will be essential here both to allow for new wealth creation, "economic opening-up" of regions and revenues distributed more domestic production, particularly benefiting the recipients of the new jobs created under the valuation of growth sectors, but also to those who benefit from the initiatives, among others, in terms of the promotion of entrepreneurship, consolidation of microfinance or orientation of the Public Investment Programme (PIP) more favourable to the Development work at highly labour-intensive (HLI).

### 3) *New engines for the valuation areas of Djibouti and job creation*

The significant potentials of development are not exploited. In this regard, the SCAPE proposes to engage a policy in order to consolidate some already important sectors (transport and logistics, telecommunications) and to build on the new growth of major sectors, namely tourism and fishing. These sectors, which were the subject of a recent study with action plans, were selected according to two criteria: the comparative advantage of Djibouti and the potential of job creation. Changes are



also needed in supporting agriculture and livestock: they have benefited from little resources mobilized as part of the INDS as they are essential both to reduce food insecurity, promote employment in rural areas, protect the environment and balance the territory. Finally, the exploitation of mineral resources (short term, geothermal energy, building materials, salt) may also contribute to the objective of accelerated growth.

#### **4) Infrastructure development**

The development of transport, telecommunications, and energy and water infrastructures can themselves contribute to growth (by their respective added value) while in parallel representing an acceleration factor for the growth of other sectors. The establishment of clear planning frameworks: one of the priorities is therefore to have (i) sectorial strategies for these sectors, (ii) if possible investment plans prioritizing projects according to their priorities, and (iii) spatial planning documents ensuring full implementation of the relevant infrastructure (national regional planning strategy, SDAU ...) of which some are available or under development.

A second important aspect is the performance of the sector. At this level, it is necessary to act on different levers (sector institutional framework, staff skills in the various structures, openness to innovation, organization, reinforcements of different areas of technical management, control of fixed costs ...) that are likely to improve that performance. For example, for the sectors of water and energy, some actions need to target the problem of technical and non technical network losses, which represent a high share of production. For these sectors, the reduction in sales prices should be a significant milestone given the current situation in factor costs, particularly for electricity and telecommunications.

Infrastructure development contributes to growth. It can also be an important source of job creation (public works especially if a scheme favouring labour-intensive work is retained) and promoting new activities. New infrastructure is essential, for example if one wishes to develop regional economic hubs articulated on five chief regional towns. They may also contribute, through the financial aspect, to the development of new activities (as proposed to finance the promotion of offshoring activities by margins generated by the use of underwater cables).

#### **Box 3: Four key factors for a new growth model**

**Tourism:** This sector is very underdeveloped today (53 000 international tourists arrived in 2010, the accommodation capacity is limited and concentrated in the capital; its contribution to the GDP is barely 1.5%, and offers 4,500 jobs of which less than 2000 are in the formal sector ...). However, Djibouti has exceptional natural assets while tourism demand to the region of the Red Sea has risen sharply. Forecasts predict a capacity for reception to reach 500,000 tourists by 2030. In order to achieve this goal, strong actions need to be taken concerning, among other things (i) the development of a master plan for the development of primary touristic areas, (ii) the establishment of a suitable airport policy, (iii) the enhancement of the ONTD capacity, (iv) the improvement of training for jobs in tourism, (v) the deployment of efforts to classify the remarkable sites of Djibouti on the UNESCO World Heritage List.

**Fishing:** Djibouti has marine resources largely untapped (large demersal and large pelagic) or not exploited while there is a strong and diversified demand. This sector could make a significant contribution to growth and create a significant number of jobs (between 2500 and 5000) while respecting the logic of resource preservation. To be successful in starting off this sector, the primary actions should include the establishment of a strengthened institutional framework with a real national fishing policy, the improved services capacities of this sector (MAPRH), a revised code of fishing, an improvement of the fight against illegal fishing and the creation of conditions for effective monitoring of the state of the resource. Simultaneously, proactive actions should be taken to support operators in the sector (adapted boats acquisition, training of fishermen,

rehabilitation or construction of infrastructure or equipment, marketing strategy, reviving the fishing development fund, and the program for the quality control of fishing products, etc.).

**Transport and logistics:** the Djibouti port is contributing substantially to the national economy in particular on the budgetary scale (it represents 20-25% of state revenue) and jobs (the transport and logistics sectors total 6500 direct jobs, almost a quarter of the 30,000 formal jobs in the private sector, to which can be added 6000-8000 indirect jobs). It is located on one of the busiest shipping routes in the world and is the main access to the sea for Ethiopia, a landlocked and very populated country (with 90 million inhabitants). Furthermore, the improvement of port and road infrastructure has made the Djibouti-Addis corridor the most attractive corridor for Ethiopian traders. However, the current comparative advantage over other corridors (Berbera and Port Sudan), in order to be maintained, should lead to actions to optimize and sustain the revenue from the existing port complex. Priority actions are targeting in particular: (i) the elaboration of a national strategy which traces the course and provides the necessary visibility into investments and sector reform measures; (ii) the establishment of master plans for each sub-sector (port, road, rail, aviation); (iii) the strengthening of the ministry's planning capacity (MET), (iv) further streamlining of transit and trade procedures, (v) the development of specialized expertise and training industry professionals (including an accelerated program for the acquisition of the English language), (vi) the urgent renovation of some sections of the corridor to maintain the quality of service of the Djibouti-Addis axis, (vii) the consolidation of partnership with Ethiopia.

**Telecommunications:** Despite a powerful infrastructure of submarine cables, the sector's potential remains largely untapped and access to telecommunications services is very limited compared to other African countries (mobile penetration rate 18% in 2010, 7% of internet users). Services are also very expensive and of low quality, which weighs on the competitiveness and attractiveness of the national economy. Several measures are being considered. Besides the development of a sector development strategy, the issue of reform of the legislative, regulatory and institutional framework in order to move towards opening up the sector (currently characterized by a monopoly of the public operator) is at heart of the consultation undertaken. It is also recommended to develop activities and offshoring of ICT based on a fund fed by revenue from submarine cables.

## **5) Freeing private sector activity**

**A rapid removal of constraints:** The principle here is to attack the main inhibiting factors that generate some confidence among economic operators and groups recognized by foreign investors. The measures here are numerous and could be the subject of a specific action plan of which the *Doing Business* ranking, the number of new start-ups and the amount of foreign direct investment would be simple indicators to measure results.

**Investment promotion:** The action to be taken should, among others, relate to (i) legal certainty with rapid improvement of the functioning of the judicial system (efficiency, independence, integrity) and the introduction of specific guarantee schemes (Bill of Rights investors, creating the role of "defender of enterprises", ...); (ii) business facilitation, in particular through the creation of a single window; (iii) the tax reform; (iv) the improvement of public services related to economic activity; (v) and the establishment of an active dialogue between the state and the private sector.

## **6) Strengthening human capital**

Strengthening human capital in its various dimensions is also essential. It establishes the essential link between social development and economic development. It refers to population, education, health and other essential services policies.

Beyond the conduct of the sectorial objectives specific to each of these different policies, inclusive growth requires a multifaceted and intersectorial action leading to (i) creating more and better jobs

especially for women and the youth particularly affected by unemployment ; (ii) investing in competencies and training to enhance the employability and thus allow access to employment for the majority of the workforce, currently unemployed; (iii) modernizing the labour market; and (iv) strengthening social protection systems, as has just been initiated with the introduction of universal health insurance.

According to one of the principles of inclusive growth, “no one should be left in the margins” (*leave no one behind*) as this leads to maintain or increase the inequalities that are never good for long-term growth. The action plan of the National Employment Policy recently adopted is an important basis since it proposed action in synergy with the various ministries and institutions to increase the employment rate, especially among the youth and women, and more generally , different poor groups in vulnerable situations. Jobs must be sustainable and decent. These programs will strengthen those already incurred in the INDS.

In connection with the education and training system, the expected changes will first apply to (i) improving the overall quality of primary and secondary education and their teachings; (ii) the specific youth support in the fight against dropping out of school; (iii) the increased use of ICT as indicated in the current development plan of the Ministry of Education; (iv) a confirmed priority for the development of technical education and vocational training; and (v) a substantial resource mobilization to revive functional literacy.

#### **7) *An active policy of regional and international partnership***

Regional integration is another key lever. This requires active diplomacy, strengthening bilateral partnerships with neighbouring countries, including Ethiopia and sustainable participation to the initiatives currently underway to revitalize the framework of integration. Similarly, it is important for the government to render the framework of dialogue more effective with the technical and financial partners who support it in its development efforts.

### **4.3. A Reference Frame in a Long-Term Vision**

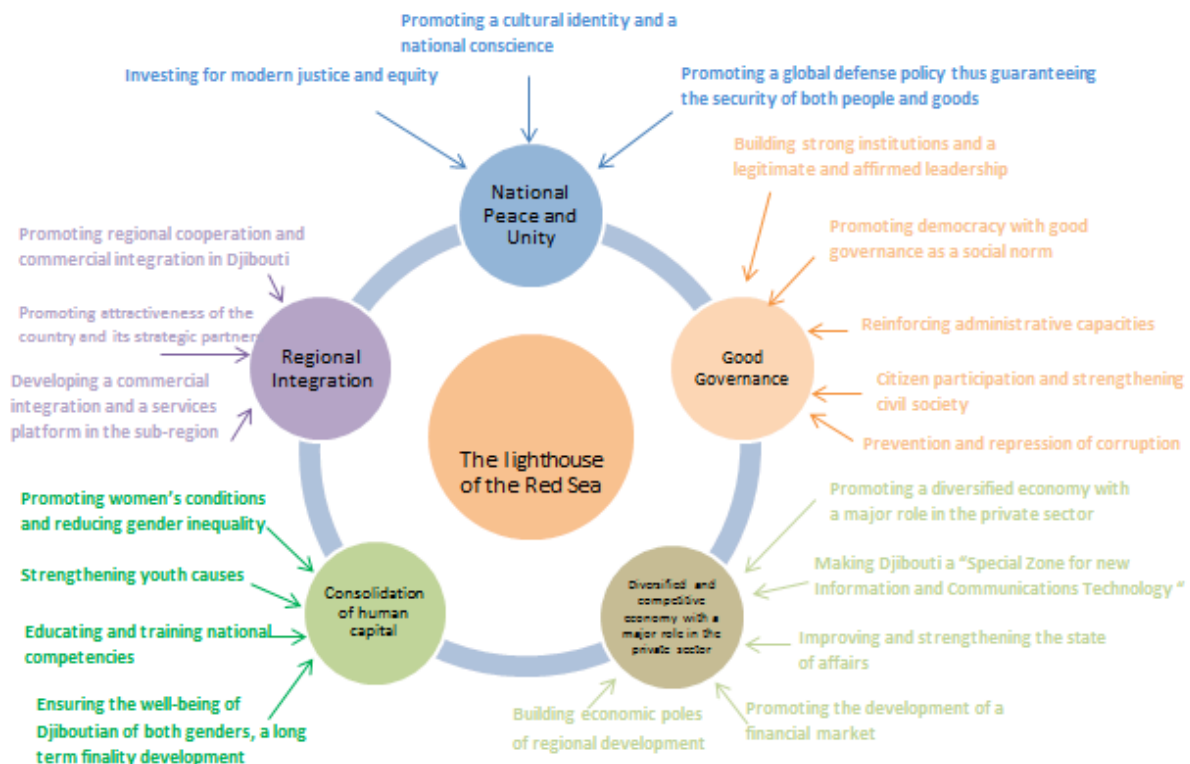
The Strategy of Accelerated Growth and Promotion of Employment f SCAPE 2015f 2019 is part of a long-term vision that has charted set a course for the next national development plans.

Djibouti 2035 Vision is based on five pillars: (1) peace and national unity, (2) good governance, (3) the consolidation of human capital (4) diversifying the economy and (5) regional integration. The following diagram shows these pillars and their related strategies..

The Vision was adopted by the Council of Ministers on March 30, 2014 and by the National Assembly (I). It is the foundation of the new national planning system which therefore focuses on the following instruments:

- A long-term vision of the national future, "the Djibouti 2035 Vision", which, following a participatory process, sets the course for development plans;
- Five-year plans adopted by decrees which declined the vision by offering medium-term strategic directions and identified the primary actions to be implemented in order to achieve the objectives set for the intermediate period in question; the 2015-2019 SCAPE is the first of its kind.

Diagram: Pillars and strategies of the 2035 Vision



The benchmark scenario is particularly based on structural changes in the economy which are likely to triple the income per capita and create more of over 200 000 jobs in bringing down the unemployment rate from nearly 50% today to 10 % in 2035.










In terms of human development, extreme poverty would be reduced by more than one third (1/3), disparities would be reduced and universal access to energy, clean water and basic health services would be provided.

#### Box 4: Djibouti 2035 Vision

The first long-term strategic reflexion conducted in the country, "Djibouti 2035 Vision", consisted 36 years after its independence, of defining a vision for the country's national future from a broad dialogue between all the stakeholders in the Djiboutian society. It is formulated as a response to the identified challenges, aspirations and needs of the population.

With technical and financial support from three multilateral partners (UNECA, UNDP and the World Bank), the Vision was developed based on a participatory approach and reflects a national consensus around one ambition: to make Djibouti the "Lighthouse of the Red Sea: a Commercial and Logistic Hub of Africa ". It is based on an articulation between the aspirations of the people, past trends, major issues and challenges, and the desired scenario for long-term development.

In particular, consultations on national aspirations, organized with the population in the five towns of the inland regions (Arta, Ali Sabieh, Tadjourah, Dikhil and Obock) and in three towns of Djibouti City (Balbala Boulaos and Rasdika) were used to assess the relative importance of different thematic development, as indicated below:

Sector or Domain	Degree of importance of the problematic
⇒ Water, Thirst and Drought	
⇒ Health and Solid Waste	
⇒ Governance and Trust	
⇒ Economy	
⇒ Unemployment, rural exodus	
⇒ Training	
⇒ Electricity	
⇒ Rural Tracks and Accessibility	
⇒ Inflation and Increases of prices	

In this sense, the SCAPE thus constitutes the first instrument for the operationalization of the 'Djibouti 2035 Vision '. It integrates and unites all existing standards in development policies and programs that are both sectorial and cross-cutting (gender, population, environment and climate change, youth, employment, human rights). Therefore, it is both at the heart of the dialogue on national policy and framework for aid coordination and consultation with the technical and financial partners of Djibouti. In particular, the leadership of national authorities must assert itself through the objectives and priorities of the SCAPE, as well as the cooperation programs which will be aligned with these orientations, following the spirit of the Paris Declaration and Accra Programme of Action .

## 4.4. Goals and Strategic Axes

An economic and social strategy in the medium term is needed to improve living standards, to bring down the unemployment rate, to reduce vulnerabilities and shortcomings of the national economy, and adapt it to the evolution of international environment.

### 4.4.1. Global Goal

The overall objective of the SCAPE is to ensure that the development is based on sustained economic growth, sustainable and inclusive growth in the medium term and drains promotion policies of employment.

### 4.4.2. Ten Major Goals

The national strategy targets ten major objectives:

10 Main Goals until 2019	
1	<b>ACCELERATE GROWTH:</b> Successfully complete the double digit growth of a bet with a real GDP growth of around 10% per year over the 2015-2019 period and a 6% increased income per capita between 2015 and 2019
2	<b>REDUCE UNEMPLOYMENT:</b> Bring the unemployment rate to 38% in 2019 due to the global growth momentum, the development of new sectors, the intensification of vocational training and promoting direct action to support employment.
3	<b>LIMIT THE EXTREME POVERTY:</b> Alleviating extreme poverty, with a targeted level to decrease it by 20% in 2019, relying in particular on the promotion of economic activities in the interior regions where the incidence is at its highest point.
4	<b>CREATE THE CONDITIONS OF A REGIONAL HUB:</b> Accelerate the development of economic infrastructure, through major investment projects, to sit in the long term, Djibouti's position as

	a regional hub and area of attraction for foreign direct investment.
<b>5</b>	<b>BETTER EDUCATE AND TRAIN:</b> Achieve by 2019 the goal of universal primary education and have subsystems for vocational training and higher education for efficient and in tune with labour market needs.
<b>6</b>	<b>ENSURE WIDESPREAD COVERAGE OF HEALTH CARE ESSENTIALS:</b> Achieving widespread population coverage for essential health care, strengthen the quality and effectiveness of the public health system, and lower by more than 15%, 25% and 30% the maternal, new-born and infant mortality.
<b>7</b>	<b>REDUCE INEQUALITY AND GENDER:</b> Promote gender equality by primarily acting on reducing women inequality in education (with a target of reaching a 100% girls/boys parity in primary schools, up to 85% in middle and high schools and a women literacy rate of more than 60% by 2019).
<b>8</b>	<b>RESOLVE THE QUESTION OF WATER:</b> Addressing the issue of chronic water supply deficit at the national level based on large investment projects (desalination of sea water, interconnection with Ethiopia, development drilling for the northern regions) in order to have a water supply access of more than 85% by 2019.
<b>9</b>	<b>COMBAT PRECARIOUS HOUSING:</b> Ensuring the demolition of precarious housing (target zero slums) and giving priority to housing needs of the households with incomes that fall below 150,000 Djibouti francs, based on a reformed institutional and regulatory framework and an active housing policy.
<b>10</b>	<b>PREPARE TO CLIMATE CHANGE:</b> Prevent, by adapted strategies based especially on strengthening the resilience of local populations, the risks associated with climate change and mainstreaming of this topic in different sectorial policies.

These "major goals" do not translate all course objectives for all sectorial policies. They highlight the major aspects of the expected change in national development by 2019.

To achieve such objectives, the control strategy must both:

- focus on the short term to support the urgent needs of the population and the multiple brakes that impede productive dynamics;

And

- focus on the long-term issues as defined by the Djibouti 35 Vision, anticipating developments and building the foundation for a structural transformation of the economy.

The government must also acquire the management skills needed to effectively steer public policy regularly by measuring the evolution of the results obtained in the various dimensions mentioned above (see Chapter 10).

### 4.4.3 Sustainable Development Goals (SDG)

In the final document of the UN Conference on Sustainable Development entitled "The Future We Want" (annex to resolution 66/288 of 27 July 2012) and published in July 2012, the Heads of State and Government decided to set up a transparent and participatory intergovernmental process on sustainable development goals (SDGs), open to all stakeholders. Following numerous consultations, the Working Group on open ODD published in August 2014 a proposal for 17 Sustainable

Development Goals (see table 6), which should be the basis for the integration of ODD development program of the post-2015.

**Table 6: Sustainable Development Goals (SDG)**

Goal 1	Goal 10
End poverty in all its forms everywhere	Reduce inequality within and among countries
Goal 2	Goal 11
End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 3	Goal 12
Ensure healthy lives and promote well-being for all at all ages	Ensure sustainable consumption and production patterns
Goal 4	Goal 13
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Take urgent action to combat climate change and its impacts
Goal 5	Goal 14
Achieve gender equality and empower all women and girls	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 6	Goal 15
Ensure availability and sustainable management of water and sanitation for all	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Goal 7	Goal 16
Ensure access to affordable, reliable, sustainable and modern energy for all	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 8	Goal 17
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Strengthen the means of implementation and revitalize the global partnership for sustainable development
Goal 9	
Build resilient infrastructure, promote inclusive and sustainable and foster innovation	

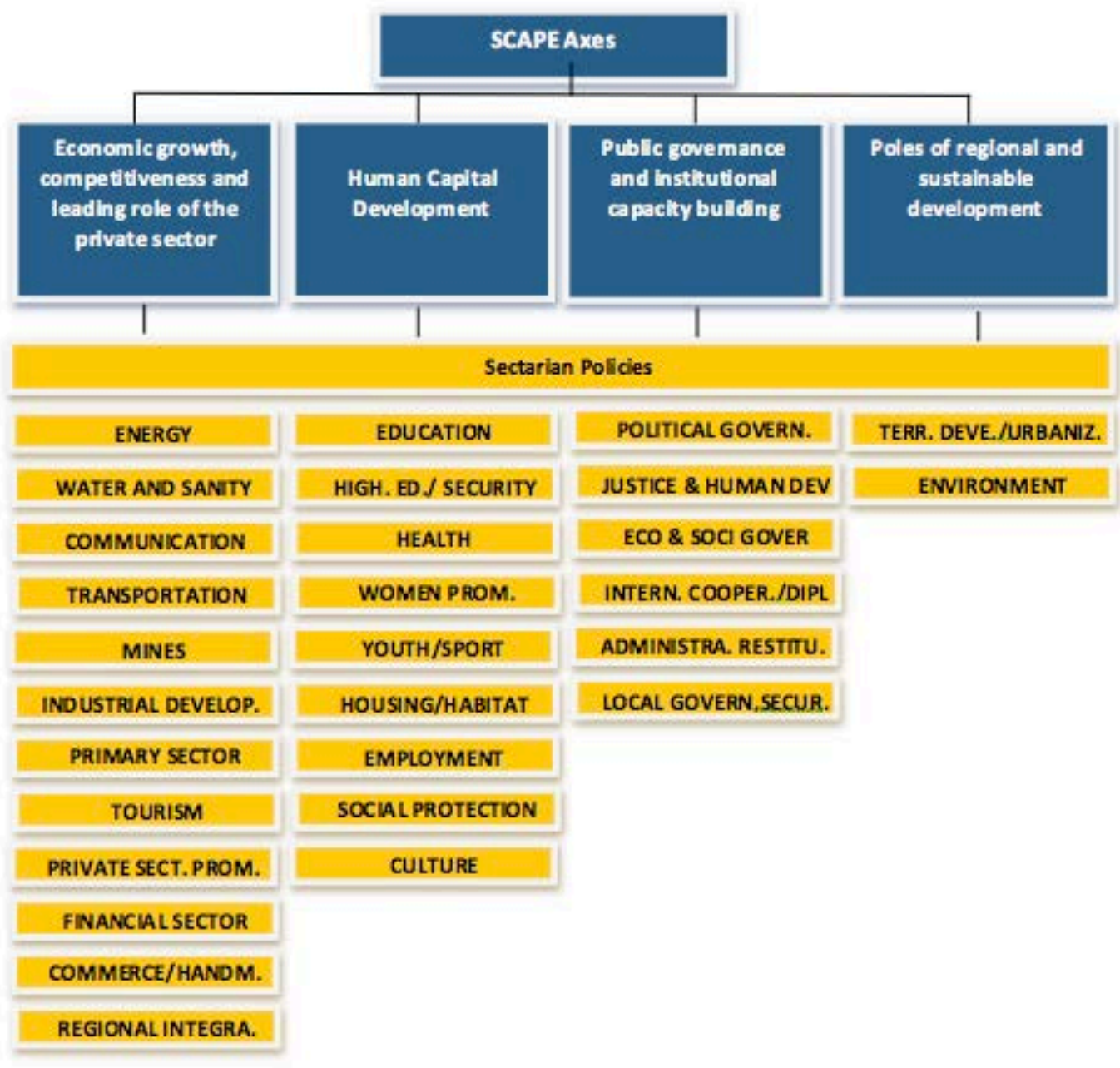
#### 4.4.4. The strategic approaches

The SCAPE is based **on a new growth model** that relies, as explained above, on (i) accelerated, more balanced, and job creating economic growth driven in particular by new engines sectors, (ii) infrastructure development, rapid removal of constraints to release private sector activity and investors, and (iv) strengthening the human capital. In addition, the national strategy should be able, beyond the benefits to a specific growth pattern shifted to incorporate **all the challenges related to social demands, human rights and the effect of climate change**.

To meet the challenge of accelerated growth and the promotion of employment and to respond to the social aspirations identified during the development of 2035 Vision, the public policies to be implemented will be based on four strategic axes identified in Figure 1 below.

Each policy - particularly among those who have a notoriously transversal nature – maintains multiple links with strategic priorities. For example, promoting the private sector is an essential pillar for axis 1 on the accelerated growth. At the same time, the development of the private sector is a dynamic that is supposed to capture all sectors- including social sectors Axis 2 (education, health, housing, ...) -and thus help developing human capital and the fight against poverty and vulnerability. In part, the promotion of private sector imposes measures at the economic and financial governance (tax incentives, development of consultation mechanisms between the state and private sector representatives, etc.) and the strengthening of capacity of the judicial system under priority axis 3. Finally, urban policy and territorial development, part of the axis 4, must also be able to enrol in this same dynamic encouragement to private initiative.

These complex relationships do not prevent SCAPE from highlighting the crucial role of policies in each sector and a ministerial department which often undertook to ensure their implementation. Thus, the SCAPE intends to rely on mechanisms that should enhance ministerial accountability in public action as part of the logic of performance whether the introduction of performance management announced public administration reform or gradual transition from objects to ministerial budgets to program budgets leading to bind all public expenditure to a public policy objective.



The first theme highlights the goal of a double figure accelerated economic growth that will result in:

- an unprecedented investment effort in the areas of economic infrastructure, especially in transport and energy, which will lead to contribute both to the success of the strategy of "regional hub" to affirm the leading role of telecommunications and transport growth and will make the economy more competitive globally through better infrastructure and lower costs of factors;
- the growth of tourism and fisheries, other priority sectors identified as a result of both their expected contribution to growth and their potential for job creation;

- promotion of the private sector which will become the main engine of economic growth within a diversified, competitive, outward economy which opens to the outside world and is supported by a modernized legal environment for business;
- the continuation of projects to strengthen other productive sectors, particularly agriculture, livestock and crafts given their role in job creation, food security or the rebalancing of population and income Growth in the national territory.
- a proactive strategy to promote regional integration of Djibouti, particularly in the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) and deepening the partnership with neighbouring Ethiopia.

**The second axis is related to the development of human capital:**

- First, it highlights the sectors of Education, vocational training and higher education for which the SCAPE must meet a triple imperative of improving reception capacities and accessibility, quality development and internal and external performance. In this sense, the success of the strategy at this level is measured both in the ability to sit universal basic education of good quality and accessible to all in the emergence of vocational training courses or higher education targeted priority over the needs of the economy. Education must cease to be the Achilles heel of human development in Djibouti.
- Health is the second pillar with priorities that primarily concern the strengthening of the governance of the health system, improve its financing conditions and intensification of programs for maternal and child health and to the fight against malaria, tuberculosis and HIV / AIDS;
- This axis also involves new efforts for empowering women, promoting gender equality and to combat violence against women and children as well as actions to promote youth, culture and Islamic values. It also requires a change in policy on housing and habitat in order to loosen the constraints of the construction sector that will gradually reduce the housing shortage and fight against precarious habitat and dualism in urban areas.
- Finally, this axis includes a set of actions which specifically enhances the employability and professional insertion of young people and women, to develop income generating activities for vulnerable populations and promote social protection sustainable mechanism.

**The third axis aims to improve the various sectors of public governance and to comprehensively strengthen the capacity of all institutions. It is based on:**

- strengthening of political governance in particular giving priority to mechanisms for dialogue and consultation, development of the role and capacity of Parliament and the strengthening of the electoral system;
- Reform of the judiciary and promote human rights by focusing on further actions taken to facilitate access to justice for all - particularly in regions - modernizing the judicial and penitentiary administration and deepening implementation of human rights.
- improving economic and financial governance especially targeting the strengthening of the strategic management of public policies, modernization of financial governance tools and developing the national statistical system;
- promoting an active policy of economic diplomacy and international cooperation;
- modernizing public administration by giving priority to the development of an effective policy for human resources management and the dissemination of managerial performance approaches;

- re-launching the decentralization process based on a refurbished driving device, better synergy between the Ministries of the Interior and the Budget and the implementation of a management capacity building program in local communities .

Finally, the **urban, territorial and environmental developments** represent the last axis of the SCAPE. This help improving the quality of life of the citizens by taking into account the indivisibility of environmental, social, economic and cultural development, in a perspective of spatial equity within and between generations. Specifically, this axis will rely on:

- Establishing a comprehensive framework of territorial planning;
- Promoting a controlled urban spatial development particularly through the implementation of Master Plans for Development and Urbanisation in Djibouti City and the five regional capitals – as well as the edification of economic poles of development;
- Implementation of short, medium and long-term initiatives to increase the resilience vis-à-vis populations of climate change and the intensification of biodiversity protection actions;
- Strengthening the institutional capacity of the environmental sector, especially in the monitoring of sustainable development indicators.

Sectorial or cross-cutting policies, which success underpins the objectives of the SCAPE, are organized around the four axes which have been identified. The objectives, strategies and priority projects of these policies are presented in the following chapters.

The matrix of priority actions (MAP) presented in Annex 4 gives a more comprehensive view of actions and also details the costs thereof. For each sector, the performance indicators were selected and the targets were proposed for 2019 (Appendix 2). The targets set so far to the MDGs (Annex 1) will remain a reference for the period covered by the SCAPE. As part of the process of periodic review of the national strategy, new repositories, from the current debate on the "post-2015" will be taken into account.

## CHAPTER V : FIRST AXIS: ECONOMIC COMPETITION AND LEADING ROLE OF THE PRIVATE SECTOR

A strong economic, sustainable and inclusive growth is a major stake for the SCAPE in terms of strengthening the economic position of Djibouti and for fighting against poverty and inequality.

In light of this axis, the growth model presented above is to articulate three complementary dynamics:

- **An Investment Accelerator dynamic in economic infrastructure sectors** f particularly in the maritime transport and energy f to serve the development strategy of Djibouti as a "regional hub" to strengthen the foundations for the development of the sector Private in other sectors of activity and reduce the cost of key factors such as electricity;
- **A diversification dynamic by leveraging some primary sectors** f telecommunications, transportation and logistics, tourism and fisheries f where Djibouti has proven comparative advantages and are likely to **generate a significant volume of new jobs**; this dynamic in itself already carries greater inclusiveness of growth;
- **Finally, a dynamic social justice and equity**, which reinforces the inclusiveness of growth by developing income-generating activities in agriculture, livestock, trade and services, or works public; dynamic "economic opening-up" of the regions sought through Axis 4 is the territorial vision of this enhanced inclusiveness of national economic growth.

The sections below disclaim various growth sectors, with particular emphasis on the four following "poles": economic infrastructure, mining and industry, the primary sector and finally tourism. Transversely, promotion of the private sector is a key lever through the creation of a new environment for economic operators.

### 5.1. Economic Infrastructure

A competitive, efficient and productive economy requires a well-functioning infrastructure. Economic infrastructure, grouped in this chapter, represents an essential support to productive activities and the quantity / quality of services provided in connection with such infrastructure strongly influences the competitiveness of enterprises. These have also a major role in the development of living conditions more satisfying basic human needs (water supply and energy, mobility, communication ...).<sup>5</sup>

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<sup>5</sup> The water and sanitation sector (such as electricity) is here ranked among the sectors of production support infrastructure. In fact, it has a dual purpose: it is part of the infrastructure "used" companies but it is also an essential service to the people. This classification thus led to underestimate somehow the social sectors (axis 2).

## 4.5.1 Energy

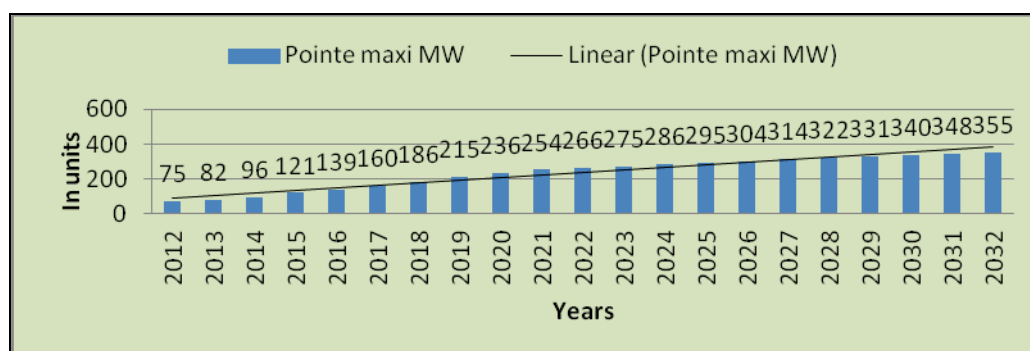
### ❑ Reference Frame

Sectarian Reference Frame	
📌	National Strategy and Action Plan for the development of the electricity sector - Ministry of Energy. May 2014.

### ❑ Contribution of the sector with SCAPE

The development of energy infrastructure is an essential lever for the success of the SCAPE. A massive increase in electricity production is indeed essential to secure a structurally problematic electricity supply and meet exponential growth in electricity demand driven by large investment projects underway or planned over the period (port terminals, new airports ...). Simultaneously, it is expected of a sustained increase in supply and measures for improvement in the management efficiency of the public operator (ESD) a reduction in the cost of electricity – which is particularly high in Djibouti-contributing to making the environment more attractive for foreign investors, the decrease of costs of local SMEs and improve electricity access rate in urban and rural areas. Special emphasis will be given to the implementation of social tariffs for low-income households living in poor neighbourhoods. Simultaneously, the diversification of energy sources (interconnection with Ethiopia, putting into production the first major renewable energy projects) is another major component of the energy strategy during the period 2015---2019. This diversification should enable simultaneously guaranteeing security of supply, reduce external dependence and promote sustainable development.

**Graph 4 : Projection of long-term electricity demand in MW**



Source: EDD 2013

The projections of electricity demand made by the EDD expect a growth of about 6% per year, a level of 215 MW by 2019. Taking into account the currently unmet demand from major consumers using generators (military bases, port ...) and the potential consumption of upcoming major projects, we could reach a potential demand of around 3000 MW according to the Ministry of Energy.

### ❑ Expected Results

Expected Results	
1.	The energy sector is managed efficiently and transparently.
2.	The use of traditional energy is optimized and the transport and distribution of energy infrastructure is strengthened.
3.	The production of electricity is based on an increasing proportion of renewable energy sources.
4.	Energy efficiency is promoted.
5.	The development of the electrification of the rural zones.

## ❑ Targets<sup>6</sup>

Indicators	Reference	Target 2019
Rate of access to Electricity	53%	70%
Members in EDD	46 501	61 400
Network losses - Technical and non-technical (% of production)	21%	17%
Average price of KWh (USD)	0,3	0,18

## ❑ Strategic Orientations

### ***SO1 – Development of the efficiency and transparency in the sector***

This initial orientation will be followed by executing the following main actions: (i) establishing the cell responsible for the electrical regulation; (ii) finalizing the electrical code and the formalization and implementation of the framework for private participation in the electricity sector (framework law for the sector); and (iii) strengthening the framework of sectorial planning. The implementation of the framework law will particularly allow private operators - as, for example, the solar power plant of Grand Bara - to produce electricity and sell it to ESD. The consolidation of the financial situation of the company ESD will also be a priority.

### ***SO2 – Optimizing the use of traditional energy sources and strengthening of energy transport infrastructure***

This second part of the strategy will firstly relate to the investment program of ESD which will, in particular, expand access to electricity by the establishment of connections to the distribution network in the neighbourhoods to social tariffs for low-income households. It will also be applicable to complete the investments related to the construction of the new plant of Djaban (47 MW) and the second electrical interconnection line of Semara-Djibouti (230kV) that will double the line installed in 2011.

Regarding the *supply of oil and natural gas*, the energy strategy advocated the increase of the use of the oil terminal as a supply area for Ethiopia and the East African countries, but also be an oil export point for South Sudan and natural gas coming from Ethiopia (the oil pipeline projects and three investment packages on the pipeline and the LNG terminal and the construction of a liquefaction plant with the Chinese company GCL-Poly).

The sector combines actual public investment projects implemented in the framework of public-private partnerships and private investments properly.

### ***SO3 – Renewable Energies Development***

The development of the use of renewable energy is an important component of energy policy. Geothermal, wind and solar energy already available in the country should gradually supplement the contributions related to the production of traditional power plants and imports from Ethiopia. Therefore, various studies will be undertaken, including the assessment of the resource for each renewable energy source, the feasibility study on isolated systems using renewable energy in rural areas and a study of the private sector participation in the development of renewable energy. In terms of investments, the projects cover the three main renewable energy sources: solar (photovoltaic production at the Grand Bara), wind (wind farm Goubet) and geothermal (Lac Assal project of 50 MW for the first phase).

<sup>6</sup> For all sectors, the reference values in the indicator tables refer to 2013 unless otherwise indicated.



#### **SO4- Promotion of energy efficiency**

Energy efficiency will be promoted by: (i) elaborating and adopting a framework law for energy control and an action plan for the DAEC (Djibouti Agency for Energy Control), (ii) conducting surveys on energy consumption and the establishment of database on energy; and (iii) raising awareness on energy efficiency.

#### **SO5 – Developing rural electrification**

Finally, a special attention will be given to the development of rural electrification by defining a specific frame to grant rural electrification subsidies for EOD. The blueprint of rural electrification should build on the generalization of solar energy use in internal villages and rural areas.

### **5.1.2 Water and Sanitation**

#### **Sectorial reference frameworks**

Sectorial reference frameworks
- Master Plan of Water 2009-2018. MALS-WR ; February 2009

#### **The sector's contribution to SCAPE**

The development of this sector highly influences production, namely rural production, and thus constitutes a basic service for populations. The access to this service plays a major role in the preservation of hygiene and public health. Actions deployed for the benefit of this sector will contribute to development by achieving the following goals: (i) supply the country with a good quantity and quality of drinking water on the long term (according to the norms of the WHO) ; (ii) set an adequate price for water that suits the majority of people, and (iii) manage in an optimal way and preserve water resources, in particular those related to agriculture and livestock. The development of rainwater and waste management infrastructures as well as the improvement of households access to adapted sanitation systems will contribute to a better hygiene and can participate in job creation (green employment).

#### **The expected results**

Expected results
1. The sector's institutional capacities will be reinforced for an integrated management of water resources.
2. Drinking water supply will be improvement in the capital and other regions.
3. Collective and individual sanitation facilities and practices will be developed.

#### **Targets**

Indicators	Reference	Target 2019
Share of households linked to the drinking water network (%)	67.2	85%
Waste in the network – technical and non technical (%)	47	35
Rate of access to drinking water (%)		
- Urban	98.4	100
- Rural	20.8	50
Number of watering points built/rehabilitated in rural areas	1800 wells (including 107 pumping plants)	1890 wells (including 197 pumping plants)
Average price of water in poor urban neighborhoods (m3)	80 DJF/m3	-
Percentage of the population having access to adequate sanitation (%)	32.7	45

## **Strategic Orientations**

### **SO1 – Improving drinking water supply in urban and rural areas**

This strategic orientation will be instantiated in the achievement of several significant operations on:

- Establishing a desalination plant of a maximum capacity of 100 000 m<sup>3</sup>/j in order to provide water to the capital and build a drinking water delivery pipe into a 5000 m<sup>3</sup> tank;
- Implementing as of 2015, a project of drinking water supply from Ethiopia. This project will allow Djibouti to receive a free daily volume of 100 000 m<sup>3</sup> of water during 20 years. It should nourish the three main south cities (Ali-Sabieh, Dikhil, and Arta) and the capital;
- Reinforcing existing pumping plants and establishing new ones;
- Rehabilitating equipped and linked drilling and expanding the distribution network of Drinking Water Supply (DWS);
- Establishing new drinking water supply and sanitation infrastructure in suburban neighborhoods of Djibouti (Balbala) and in three main regions (Arta, Dikhil, Obock) as well as in rural areas.

### **SO2 – Reinforcing sanitation facilities and practices**

In the field of sanitation, priorities will encompass (i) the rehabilitation of the sewage plant in Douba ; (ii) the creation of a new plant for the basin of the new urbanized zone of Balbala in the city of Djibouti ; and (iii) the development of education programs on good hygiene practices in schools and communities as well as the promotion of individual and collective hygiene.

### **SO3 – Reinforcing the sector's institutional capacities**

Actions in the field will be related to:

- The formulation of orientation and planning documents in the sector of water and sanitation in order to control, protect, and manage water resources ;
- The institutional organization, the reinforcement of capacities and the mobilization of resources to fund this sector.

More precisely, these actions will include, inter alia, (i) the elaboration of a strategy for the management of standpipes, (ii) the study of a blueprint for liquid sanitation, (iii) the creation of a waste detection program, (iii) as well as the training of technicians. The ensuing costs can be partly included in the matrix in SO2 and SO3.

### 5.1.3. Communications

#### Sectorial reference framework

Sectorial reference framework
Strategies of the development of Telecommunications and Post Office 2011-2015

#### The sector's contribution to SCAPE

The sector's policy should shed light on the actual potent infrastructure of submarine cables, allow the improvement of services offering (broadband, 3G,...) and lead to the reduction of the high cost of telecommunication services that are currently hampering the competitiveness of Djibouti, reducing its attractiveness, and weakening its positioning as a regional platform. In addition to the improvement of the quality and cost of its services, the telecommunications sector is a driver for growth and will contribute to job creation by increasing new activities such as the off shoring.

#### Expected results

Expected results
1. A reformed regulatory and institutional framework that fosters an open competition and a diversification of operators in order to increase the sector's effectiveness and competitiveness.
2. New investments will allow the expansion of the national coverage and an improved access of people to telecommunication services.
3. The telecommunication network develops internationally and new activities (off shoring) are promoted and positively impact the employment sector.
4. Radio-TV coverage and production are reinforced.

#### Targets

Indicators	Reference	Target 2019
Density of fixed telephone lines (per 1000)	23.2	30.8
Rate of access to mobile phones (%)	29%	74%
Subscribers to Broadband Internet (number)	17 705	42 190

#### Strategic Orientations

##### **SO1 – Expansion of national coverage of telecommunications means**

The expansion of the national coverage will be achieved through new investments that should consider, inter alia, the acquisition of an Optic Fiber (OF) supervision system locally and regionally, the establishment of a distribution network (distribution of telephone lines in the city of Djibouti and Balbala, and FTTH- Fiber To the Home- adduction on Doraleh), or even the establishment of new telephone exchanges.

##### **SO2 – Developing the telecommunication network internationally and promoting new job-creating activities**

The necessary investments to develop the network internationally include activities aiming at updating the equipments of the Optic Fiber line with Ethiopia, doubling the current capacity by 10 Gigabytes with Ethiopia, establishing an OF cable up to Loyada and an OF line following up the railway track, developing teleport satellite, and landing the two submarine cables.

By supporting telecommunication infrastructure, Djibouti will also develop its offshore activities to achieve a fully developed francophone market (estimated currently at more than 2 billion USD).

#### **Box: Developing offshore activities**

Developing offshore activities will guarantee numerous job opportunities for youth. In fact, the number of young graduates is increasing and they are mastering both French and Arabic. That's why, it is crucial to create the necessary conditions for this sector to emerge by eliminating the following constraints: (i) the number of technicians and engineers available in Djibouti market is relatively weak and increases by only 200 per year ; (ii) Djibouti doesn't have a comparative advantage in terms of wages and (iii) the cost of telecommunications and the quality of connectivity cannot enable the offshore activities to develop.

Therefore, two major actions must be undertaken. The first one is related to the reinforcement of connectivity: The capacity provided by submarine cables will allow Djibouti to offer an exceptional low -cost connectivity for the offshore operators. The second concerns the creation of a development Fund for offshoring and ICTs, that will be financed through a percentage of submarine cables' revenues. This fund will support the construction of an offshore park, the training of young people on offshore jobs, the promotion of e-government projects, etc.

#### **SO3 – Developing the sub-sector of the post office**

The Post Office of Djibouti will pursue its effort of modernization in order to improve the quality of the offered services.

New services will be launched some of which in 2015, such as the follow- up of online mail and packages or the establishment of postal check accounts and savings accounts. New corridors and financial partnership will be launched for the postal transfer of money and a system of payment and money transfer via mobile (M-payment) will be suggested. In addition, the network of post offices will be widespread on the national territory and a new information system will be established for postal counters. Finally, the capacities of public postal will be reinforced.

#### **SO4 – Reinforcing Radio-TV coverage and production**

In order to improve audio visual services, several actions must be prioritized. First of all, RTD will establish an efficient organization separating radio and television, national programs will be carried out and the staff will be trained on using new technologies. Second, new numeric chains will be created (three expected in 2015). Finally, RTD will shed light on the improvement of the quality and quantity of the content of its program production, especially by continuing the broadcast Radio programs on all national territory and in neighboring countries, broadcasting Television programs on satellite, reinforcing correspondent offices and the creation of the first regional broadcast studio in Dikhil.

The main investment during this period will be related to the increase of shortwave and medium wave transmitters, the reinforcement of the site of Day for a national coverage and the creation of two separated sites for the national audio visual archive.

## **SO5 – Reforming the regulatory and institutional framework of the communications sector**

The sectorial strategy is a part of the framework of the telecommunications market openness to competition that will lead to the reduction of prices and the improvement of the service's quality. This market openness should be coordinated with all the actors in this sector, in the framework of a clear and realistic strategy, while taking into consideration a revised legal and regulatory framework (reviewing the law on telecommunications adopted in 2004). This framework will guarantee transparent and fair procedures for auction sales of licenses. In parallel, it is important to consolidate human and operational capacities and additional means to implement this reform.

Under these conditions, the positive impact of market openness will be immediately noticed. First of all, this openness will redistribute the roles by repositioning Djibouti Telecom in its field of expertise and by favoring an increase of its effectiveness and of an additional income for the enterprise. Second, an openness of the mobile market to competition will immediately impact the dynamic of the sector and will mobilize additional State resources by selling licenses and increasing tax revenues. Third, an openness of the Internet market should be also achieved in order to attract new suppliers. The three axes of reform can be undertaken in parallel or consequently according to the speed of the improvement of the regulatory framework.

### **5.1.4 Transports**

#### **Sectorial reference framework**

<b>Sectorial reference framework</b>
National transports strategy underway

#### **The sector's contribution to SCAPE**

At the regional level, economic growth of Djibouti's hinterland will be promoted in the future following the promotion of trade and transportation among its citizens through a customs union, the simplification and harmonization of procedures and documentation, and an insurance regime for motor vehicles, thus upholding a progressive economic integration. In addition, the high growth of Ethiopia (10% per year) and the ensuing economic boom should be extended, with a strong expected development from the production of its specialized industries in the upcoming five to ten years.

Given that its geographic location and its economy are relatively open and stable, Djibouti should work on enhancing its transportation and logistics sector for it to register a fast growth and provide new job opportunities for qualified Djibouti youth.

In this context, the main goal of the sector's development strategy for the five coming years consists of reinforcing its function as a regional multimodal transportation center in the African Horn. It is essential for Djibouti to insure its position as a principal and privileged port of Ethiopia by maintaining and reinforcing the competitiveness of the logistic chain.

Simultaneously, the development of internal transportation (namely roads) should constitute an essential axis of the sectorial policy to achieve the goals of rebalancing the national territory and developing/diversifying economic activities in the country's internal regions.

## Expected Results

Expected results	
1.	The acceleration of port activities reinforced the vocation of Djibouti as a regional hub
2.	The pursuit of the development of free zones is a part of the regional hub strategy and increases chances of establishing new enterprises.
3.	Aerial transportation infrastructures are expanded and modernized to keep abreast of the economic growth and to promote the sector of tourism in particular.
4.	Rail transportation is revived in the framework of economic integration between Djibouti and Ethiopia.
5.	The national road system is consolidated to cater to the needs of the movement of goods and people.
6.	A modern urban transportation system is established to meet the needs of the people's movement from the capital and its outskirts.
7.	An adapted institutional framework is suggested to support the sector's modernization effort and the development of the transportation chain.

## Targets

Indicators	Reference	Target 2019
Goods transit in the south corridor (million tons)	8,28	23,99 (2020)
Goods handled by the Polyvalent Port of Doraleh (million tons)	1,4	8,2 (2020)
Goods traffic Goubet Port/year (million tons)	0	3 (2019)
Types of containers handled by Djibouti Shipping Company	0	3500 EVP (2020)
Number of livestock handled by Damerjog Port (million heads)	0	12 (2020)
Naval port	0	72 (2020)
Number of passengers taking Bicidley Airport (million)	0	1,4 (2020)
Passengers – Railway (thousand)	0	804 (2020)
Share of the national asphalted road network (%)	41	82
Paved road in good condition (%)	36	82

Source: MET and DRA

## Strategic orientations

### **OS1 – Developing port infrastructures to affirm Djibouti as a regional hub**

Regarding the port and maritime sector, the first priority consists of developing port infrastructures by (i) reconfiguring port roads and enlarging and reconfiguring the main entrance of Djibouti Port, (ii) expanding the containers terminal of Doraleh and operationalizing six new terminals in sites of Doraleh (oil and multiple-use products), Damerjog (livestock and oil products), Tadjourah (potash), and Goubet (salt) (check box 5)

### **Box 5: Projects of port infrastructure reinforcement**

Djibouti Port, main port of the African Horn, continues its development that began in 2005. After the creation of a new oil terminal, a free port zone and the containers terminal of Doraleh, five major projects are underway:

- **The extension of containers terminal** allowing the establishment of containers quay according to international standards in force;
- **The extension of the oil terminal in Doraleh** will allow an increase of 35% in the storage capacities of the current terminal ( from 370 000 to around 500 000 m3) given the demand;
- The construction of **Tadjourah terminal**, aiming at exporting around 4 million tons per year of potash from the Ethiopian Afar (a 2<sup>nd</sup> phase is expected to double the export capacity);

- The construction of **Goubet port** to insure the export of 4,5 million tons per year of salt extracted from Assal lake towards China and Japan.
- The construction of **Damerjog quay**, that is expected to help in the export of more than 5 million livestock heads from Ethiopia and Somalia to Gulf and Maghreb countries.

We can also note the project included in the energy sector on the construction of the gas terminal of Koubato aiming at exporting 10 million m3 of Ethiopian gas per year.

In parallel, institutional actions will be implemented on three fronts:

- **Legislation and maritime agreements:** the Maritime Law must be amended and a Center of operational coordination must be established. In addition, it is important to implement the SAR (maritime Search and Rescue) convention, the Tonnage 89 Convention, The STCW 78/95 Convention (Standards of Training, Certification and Watchkeeping), and the Indian Ocean Memorandum of Understanding.
- **The reinforcement of maritime Police and civil security in sea:** actions must be undertaken to reinforce the fight against illegal traffickers, search and rescue in sea and the surveillance of coasts.
- A series of actions to acquire **institutional development** based on studies (the study on regulations of private operators in Djibouti Port and the study of harmonization and port performance indicators), commercial prospection (resumption of the prospection by DP Word), information (computerization program), training (port training of the UNCTAD; training officers of Maritime Merchant, officers of Maritime Affairs, judges, and maritime inspectors; training on security and the protection of the maritime environment; building a regional training Center against maritime piracy in cooperation with IMO).

These actions should reinforce the competitiveness of Djibouti Port as a platform of regional transshipment and lead to a jump in Djibouti ports exports.

## **SO2 – Developing the free zone**

On March 2015, an agreement was signed between Port and Free Zone Authority in Djibouti (PFZA) and Chinese company China Merchand Holding. This agreement announces a wide project entitled Djibouti Free Trade Zone. This project will be translated in the creation of a new industrial free zone in Khor Ambado, the construction of a shipyard and the extension of Doraleh Port. The three projects are considered in the programming (new free zone, shipyard, the extension of Doraleh, a maritime transportation company). The new industrial and commercial free zone should host a wide variety of activities: manufacturing industries, air-sea multimodal transportations, electronic commerce, regional distribution, small commerce of basic products, conferences halls and international expositions, international cruise terminals, residential and recreational facilities, tourist centers and hotels, and oil industry park. This project will be implemented in ten years. According to the advanced evaluations of the PFZA, the new free zone will attract employment offering more than 200 000 direct and indirect jobs.

### SO3 – Constructing and reinforcing aerial transportation infrastructures

The aerial transportation strategy will revolve around:

- (i) A new program of renovation and development of aerial and port infrastructures and equipments including the rehabilitation of Djibouti terminal and the acquisition of new equipments;
- (ii) The reinforcement and update of the sub-sector's legal and technical framework while adopting and enacting a bill based on the civil aviation code on the one hand, and elaborating procedures and manuals related to aerial operations;
- (iii) The design and implementation of a training plan in different fields- meteorological engineer – civil engineer – engineers in different fields;
- (iv) The elaboration of a commercial development policy
- (v) The construction of a new Baidoa airport.

The aerial service will develop thanks to the open air policy and the emergence of tourism. The management of this service by the DPI will provide the airport with modern infrastructures (new control tower, extension of the planes' parking, establishment of a cargo village, etc.) for it to become a transit corridor of landlocked countries in the Great Lakes region of Africa through the development of air-sea transshipment.

### SO4- Boosting rail transportation as lever of regional integration

The rail transportation sector will witness a renewal during this period in addition to the implementation of two major projects that will contribute to the integration between Djibouti and Ethiopia:

- (i) A **first railway line joining the two capitals**: this new modern railway line, electrically operated (and not according to a metric system similarly to the historic line) accounts for a total linear of 756 km, of which 100 km are in Djibouti. It is expected to go beyond Ethiopia and reach other landlocked Great Lakes countries. This new railway has more competitive tariffs compared to the roads network, 4 departures per day and a travelling time reduced by 50% for people and by more than 70% for goods. That's why, it will notably improve the movement of goods and people on the Djibouti-Ethiopia axis. The volume of products that can be transported through railways is estimated at 18 million tons per year between 2016 and 2018, and at 23.9 million tons as of 2020. This project should create 2000 to 3000 direct and indirect job opportunities during the period of construction on the Djiboutian part. Then, when the project is finished, hundreds of direct job opportunities will be vacant for Djiboutians.
- (ii) The second **line** is located on the **North corridor** and will join Mekele (Ethiopia) to the new port of Tadjourah over 657 km. This second corridor will foster mainly the export of new mineral resources found in North Ethiopia. The export of Southern Sudan crude will also be insured through this corridor.



## **SO5 – Developing the national road network for an internal transportation that meets the demands and the consolidated regional corridors**

For the sub-sector of road infrastructures, there are four priorities:

- (i) **The extension and rehabilitation of the asphalted road network:** on the national road network, two new corridors will be established in Balho and Loyada, while the following roads are under execution or in the period of pre-execution: Tadjourah-Balho Road (new corridor): 114 km; Djibouti-Loyada Road (corridor under rehabilitation): 20 km; Djibouti-Hol-Hol-Ali-Sabieh Road: 74 km; Dikhil-As-Eyla-Abbe Lake Road: 62 km. The development of the urban road concerns the express roads and the subdivision roads as well as the rehabilitation of old neighborhoods roads. Roundabouts will also be established to facilitate the movement.
- (ii) **The development and framework of the road network:** the construction of bus stations, the establishment of urban transportation lines, the regulation of transportations activities, the control of the load axle, and the improvement of road safety.
- (iii) **The improvement of the road network maintenance** relies on five main actions: the creation of roads management Agency, the concession of the international road Corridor; the transfer of road maintenance to SMEs; the establishment and implementation of an interurban road maintenance and development program; finally, the implementation of an urban roads development and maintenance program.
- (iv) **The improvement of the road network's financing,** through five actions: computerizing recovery services; securing ticket fees; operating of PK 20 weighbridge; increasing fee rate and widening its scope; and modernizing the fees payment system. The resources that improve road maintenance will be highly increased due to the actual weak percentage of paved roads in good condition (40%). The annual needs are estimated at around 6 million USD while the Djibouti Roads Agency (DRA) (that used to be called the road maintenance fund) has only 3 million USD.

The **Development of rural transportation** will constitute a transverse priority related to the establishment of regional development poles (check chapter 8).

## **SO6 – Developing the urban transportation network**

A particular attention will be given to the reform of the urban transportations system. Therefore, priorities will include, inter alia:

(i) supporting formalization and professionalization of operators in the sector within the framework of SME, (ii) improving road safety, (iii) conducting training programs for drivers. In addition, investments will be made in order to develop the existing bus stations. The third priority is to reinforce the system of vehicles technical control.

## **SO7 – Reinforcing the sector's institutional capacities**

The goal is to elaborate a legislative and regulatory framework adapted to the development of the whole transportations chain and to improve the sector's steering capacities. Actions will include:

- The elaboration of a **transportations national plan** and the **reinforcement of planning skills** of the national authority in charge of the Equipment and Transportations: the elaboration and implementation of blueprints and programs of port, road, rail and aerial sub-sectors are necessary in order to identify and analyze, chiefly through market studies, the choice of new infrastructures;
- The development of a **multi-annual budget programming**, annually revisable (MTSF) and the mobilization of the road maintenance budget in order to preserve the current quality of the network, in particular the quality of the main corridor to Ethiopia.
- The **consolidation of cooperation** through a confidence “win-win” relation **with Ethiopia**, namely by the functioning, the use, and the efficiency of existing institutions such as the Joint Commission and the Follow up- Commission; in addition, a permanent and transparent mechanism should formalize a partnership between the State and the private sector of Djibouti in order to follow up on all reforms related to transit and trade (check regional integration part);
- The **pursuit of the simplification of the transit and trade procedures**, in particular by reforming and rationalizing customs procedures (with consultation with Ethiopian homologues), in order to reduce delivery deadline of several weeks, and decrease transit costs;
- The **reinforcement of human resources management** by auditing them and the elaboration of **training programs for specialized technicians**, by identifying: the skills needed by the labor market and that are missing in Djibouti; the targeted population; training expertise sources; the funding and the entities responsible for the elaboration of these programs;

## 5.2. Mining

### Sectorial reference framework

Sectorial reference framework
No current reference framework

### The sector's contribution to SCAPE

Diversified natural resources exist on the territory (gold, perlite, bauxite, natural gas, geothermal, copper, zinc, iron and aluminum) and on the seaboard (hydrocarbons) leading to the launching of several projects (gold exploration licenses given to two operators in 2013; the development of salt exploration pole of Assal lake). We note the existence of the following resources:

- Basalt, ignimbrite, rhyolite: construction, public works, ashlar and decorative stones, rock wool
- Perlite: isolation, horticulture and intensive agricultural production, lightweight concrete;
- Obsidian: art glass, popular jewelry, scalpel blade;
- Pozzolan, pumice, and scoria: cement and concrete, horticulture and intensive agricultural production;
- Tuff: construction and public works;
- Limestone: construction, public works, cement, lime, ashlar and decorative stones, calcium carbonate;
- Clay: red products, cement, ceramic, mineral fillers, civil engineering, environment;
- Sandstone, silica sands: construction, public works, glass, smeltery, ashlar, glass wool, abrasive wheels and sharpening stones;
- Gypsum: cement, plaster, soil amendment, acids fabrication, flue gas desulphurization (FGD), sewage treatment, ceramics molds;
- Diatom: mineral filler, filtration, absorbent, abrasive powder (toothpaste), thermal insulator, horticulture, additives in the fabrication of bricks to improve insulation properties.

In this context, the mining sector is a promoting sector and can contribute in the industrialization boom in Djibouti. The sectorial policy will thus aim at enhancing the emergence of a mining sector that gains ground in Djibouti economy, through existing projects (gold and salt), and especially through new bases to attract future private investments in other fields (hydrocarbons, construction materials,...).

**[Picture content on page 66]**

- 1- Foundations and Structure  
Granulate (LIMESTONE, BASALT, IGNIMBRITE, RHYOLITE); Cement (CLAY, LIMESTONE, SAND, GYPSUM, POZZOLAN, IRON), Steel.
- 2- External walls and internal bulkheads  
Bricks (CLAY); Ashlars (LIMESTONE, BALAST, IGNIMBRITE, RHYOLIE), Concrete blocks (Cement, Granulate, Sand); CIMENT, LIME (LIMESTONE), Plaster (GYPSIUM),  
INSULATION: PERLITE, VERMICULITE, DIATOMS, glass wool (SANDSTONE) or rock wool (BASALT).
- 3- Roof and gutters  
Wood, slates (SHALE), Tiles (CLAY) or CONCRETE (GRANULATE, CEMENT)  
ZINC, PVC: polymers, mineral fillers: CALCIUM CARBONATE, CLAY, TALC  
Steel, Aluminum, INSULATION
- 4- Doors and windows  
Wood, Glass (Quartz, Dolomite, Soda ash: LIMESTONE, SALT)  
Aluminum, PVC (POLYMER, MINERAL FILLERS: CALCIUM CARBONATE, TALC, CLAY)
- 5- Flooring  
Tiles (COMMON CLAYS)  
Plastic slabs 20 to 40% of MINERAL FILLERS
- 6- Water and sewage pipes  
Plumb, PVC, COPPER, CEMENT, SAND, IRON
- 7- Cables and other electrical supplies, screws, nails Copper, PLASTIC and PVC, Steel
  
- 11- Pool: water filtration DIATOM
  
- 12- Plants: Fertilizer, Perlite, Pozzolan

**Expected results**

Expected results	
1.	Mining information systems and analysis and research activities are developed in order to better know the country's mining capacities.
2.	The legal and regulatory framework is adapted and the sector's steering capacities are reinforced in order to better conduct existing projects and attract new private investments in the mining and mineral field.

**Strategic orientations**

**SO1 – Developing mining information and analysis and research activities**

In order to provide an adequate framework for mining investment, priority actions must be related to, first, resources inventory and the improvement of the mining cartography. Consequently, the first project of natural resources inventory of the Republic of Djibouti will be finalized. A geologic and tectonic map at 1/50 000 of mineral sectors will be prepared in addition to a database and other thermal maps when needed. Then, the work will consist of the acquisition, treatment, and interpretation of detailed satellite maps of the whole territory. A database will be also established. Finally, a documentation centre will be established to preserve and guarantee the public availability of geologic maps and geo-scientific publications.

In order to develop national analysis and research, a petrology, mineralogy, and geochemistry lab will be created. In addition, a project on geothermal fluids and the extraction of contained metals will be implemented.

## SO2- Reinforcing the sectorial steering framework

In this area, two major actions will be implemented:

- The **review of the mining code**; the code hasn't been updated since 1994 and its amendment is crucial to promote private investment, insure fair fiscal revenue, define the administrative framework of the award of mining rights and create transparent mechanisms to follow up on exploration and exploitation activities;
- The **reinforcement of the capacities of the Directorate of Natural Resources** and the development of intersectorial collaboration, in particular with the ministry in charge with higher education and research.

The ministry in charge of mines will work on helping enterprises that are apt to compete on the valorization of the country's mining wealth for the exploration operations to be undertaken on sites where indicators were identified. A particular attention will be paid to ongoing projects in the fields of gold and salt (economic pole of Assal lake).

### 5.3. Industry

#### Sectorial reference frameworks

Sectorial reference frameworks
No current reference frameworks

#### The sector's contribution to SCAPE

The industrialization policy, the strategy's major axis, is developed in an integrated approach including an identification of natural and mining resources, their valorization, and their exploitation through industrial units, the promotion of the private sector and the creation of a new environment for economic operators, the promotion of the national enterprise and the conquest of regional markets. All these factors attract important job opportunities.

The main goal of the sector is to provide an industrial policy, especially in the fiscal field, and steering capacities in order to implement the adapted actions. The sector's opportunities must be reinforced while reducing the factors' costs namely for energy, water, telecommunications, transportations and labor force.

#### Expected results

Expected results
1. The sector's steering capacities are reinforced thanks to the elaboration of an industrial strategy, the improvement of skills in the Industry Directorate and the conduct of sectorial studies.
2. Industrial operators benefit from the development of support systems, in particular through the Chamber of commerce and industry, and of incentivizing measures, namely fiscal measures.
3. Mining resources are valorized.
4. The industrial fabric is extrapolated.

## Targets

Indicators	Reference	Target 2019
Share of the manufacturing industry from the GDP (%)	4,5	10
Industrial jobs	556	695
Salt export (tons)	0	-
Export of mining and mineral substances	0	10%

*Source: MEFI and NAPI*

## Strategic orientations

### **SO1- Reinforcing steering capacities of the industrial policy**

This orientation will be reflected in two series of action. The first concerns the **reinforcement of the capacities of the Directorate of Industry**. It is important for the directorate to be endowed with human, material, and financial resources and to insure the adequate training for the staff (designing and conducting industrial projects; elaborating industrial policies and strategies; adopting the COMFAR software for industrial feasibility studies; adopting the English language,...).

The second action aims at **reinforcing the knowledge of potentials and the sector's promotion strategies**, by conducting sectorial studies, searching for new potential industrial investors, etc. The finalization of the report on slight industrial development opportunities represents the starting point of this sectorial reinforced information. A national industrial development strategy will be elaborated. It will set the heading based on ongoing or pipeline projects.

It aims also at rapidly elaborating a permanent constructive dialogue mechanism for actors in order to involve them in the "Public-Private Partnership and Civil Society".

The protection of industrial property rights will foster creativity, the attraction of foreign direct investments and competition among economic operators. It will also reinforce institutional and human capacities (commercial and industrial property Office, Agency of the promotion of Investments).

Furthermore, another action will be the operationalization of the High Council of Public-Private dialogue that must constitute the central platform of consultation in order to improve the business climate.

### **SO2- Promoting the sector and supporting operators**

In addition to its mission of strategic steering, the State must take promotion and assistance actions by supporting existing relay structure, chiefly the Chamber of commerce and industry.

Therefore, the State will organize several events including a national forum of industry and the international day of Africa's industrialization. In addition, it will look into establishing a national strategy to assist industrial enterprises and technical and economic feasibility studies will be carried out for several important industrial projects. The establishment of nurseries in industrial enterprises will be reinforced, thus providing entrepreneurs with a series of common infrastructures: parks, electricity, water, telephone, bureaucratic equipment, and councils.

At the financial level, deepening the guarantee mechanisms such as the ARIZ mechanism financed by the French Agency of development, will enhance SMEs and big enterprises in the industrial sector. Fiscal policies must aim at increasing the fiscal attractiveness in order to motivate operators to invest their capital in the industrial sector. In addition, energetic policies must lead to the reduction of electricity cost, which is the main condition for competitive sales prices. These two policies have great importance in this field.

Supporting industrial SMIs will encourage the industrial private sector (PK13 Djibouti-plastic enterprise, PK20 paint enterprise, unit of chalks and pens production at Ali-Sabieh,...). On the other hand, the state will continue its support to Ali Sabieh cement plant through the mobilization of new funds while waiting for an eventual privatization.

Two important initiatives will be implemented:

- On the one hand, upgrading programs for national enterprises for an efficient integration in COMESA, programs to promote investments and the private sector (support provided by COMESA institutions, IGAD, and Gulf Countries),
- On the other hand, programs to promote and develop SMI-SME including (i) the creation of an enabling environment for enterprises development; (ii) the training, organization and facilitation of access to consulting services; (iii) the promotion of the entrepreneurial initiative; (iv) the coordination of global support system, namely the coordination of international direct support to the enterprise.

In addition, as for the natural resources abundant in the sub-region and the development of the COMESA market, Djibouti signed on February 2, 2012 an agreement protocol with Ethiopia and South Soudan. This protocol aims at building, in the upcoming years, five new port infrastructures, containers terminals, free zones, in addition to oil pipelines, roads and railways, and the optic fiber in order to promote and facilitate exports and regional and international trade.

Finally, the ministry in charge of industry will sponsor certain projects related to the capacity-building of the poor and women, especially in communities exposed to floods.

### **SO3 – Identifying natural and mining resources, pillars of industrialization**

The important diversified mining resources provide an opportunity to develop the industrial sector and to create revenues and jobs.

Actions are committed, better yet programmed, namely:

- (i) The existence of diversified natural resources on the territory (gold, perlite, bauxite, natural gas, geothermal, copper, zinc, iron and aluminum) lead already to the launching of numerous projects (gold exploration licenses provided in 2013 for two operators);
- (ii) The realization of a geologic and tectonic map at 1/50 000 of the minerals sector, in addition to a database and other thermal maps, the creation of a documentation centre to preserve and guarantee the public availability of geologic maps and geo-scientific publications, and a lab of petrology, mineralogy and geochemistry;

- (iii) The conduction of geological studies to promote the mining sector and its exploitation in partnership with international private operators;
- (iv) The implementation of fast mechanisms to exploit salt and its derivatives in addition to already identified ores such as gold resources in Hess Daba in Dikhil;
- (v) The creation of economic poles based on the development of the exports of salt from Assal lake and mineral resources;
- (vi) The elaboration of studies for investment opportunities in regions and the creation of specific economic zones in every region.

#### **SO4 – Reinforcing commercial and industrial information**

Through the elaboration of a mechanism of production, analysis, and dissemination of commercial and industrial data, the optimal use of NICTs, the automation of activities thus fostering the creation of a true industrial fabric and SMEs of **e-services**, employment and revenues for economic operators.

#### **SO5- Carrying out strong sub-regional and global market conquest**

- The reinforcement of the country's attractiveness for foreign enterprises searching for delocalization sites and strong added value activities or capable of transferring strategic technology to achieve medium and long-term development;
- The development of public-private research centers;
- The training on technologies in schools and universities and
- The private sector's financing of research projects in universities and big international schools.

#### **SO6- The business environment and the private sector**

Deployed efforts must be further enhanced to: (i) improve the legal and regulatory framework of businesses; (ii) reduce the costs of production factors; and (iii) improve the business environment.

The improvement of the legal and regulatory framework of businesses is based on: (i) the operationalization of the new Trade Code; (ii) the creation of an international arbitration Center in the Chamber of Commerce and Industry; (iii) the simplification of the formalities of the creation of enterprises; and (iv) the improvement of administrative procedures treatment in the Ministry of Economy and Finances.

The reduction of exorbitant costs of the main production factors (energy, telecommunications, etc.) through actions aiming at: (i) redressing the financial situation of public enterprises in charge with growth sectors; (ii) promoting alternative solutions to thermal energy through the study of the compared advantages of interconnectivity to the Ethiopian network and of geothermal development; (iii) incrementing international telecommunications tariffs down; and (iv) making up for the observed shortcomings in the skills of Djibouti-Telecom.

## 5.4. Primary sector

### Sectorial reference frameworks

Sectorial reference frameworks
Master Plan of the Development of the Primary Sector (MDPS) 2009-2018 – Ministry of Agriculture, Livestock and the Sea, in charge with Water Resources (MALS –WR)
National program for Medium Term Investment (NPMTI) – agricultural, livestock and fishing sectors.
National Program of Food Security. 2012.
Letter of the Sectorial Policy of Fishing and Aquaculture, 2014.

### The sector's contribution to SCAPE

The goals of the sector's policy is adapted to the latter's role, in spite of climate conditions, in terms of food security, employment, the support to payments balance or land planning. It is also crucial to (i) reduce food insecurity and improve the nutritional quality of households' consumption; (ii) increase productivity, production, and agricultural revenues; (iii) incentivize employment in rural areas and reduce consequently migration towards the city of Djibouti and regional capitals; (iv) develop the local transformation of products that can be exported (livestock, hides and skin, fishing); (v) preserve the environment and reestablish the balance of the territory's development.

The primary sector will contribute to the economic diversification, the improvement of food security and the reduction of poverty. Sectorial strategies will be included in an integrated rural development approach, thus reinforcing synergies and fostering the increase of different sectors' productions in order to improve their contribution to the economic diversification of the primary sector and to economic growth.

In accordance with goal 4 of the Employment National Policy ENP), the sectorial strategy will be based on the promotion of job opportunities. It includes (i) the reinforcement of technical, material and human capacities of youth and women, actors of the sector; (ii) the promotion of cooperatives; and (iii) the promotion of intensive micro agro-pastoral projects through the consolidation of new assets in this sector. According to the ENP, by 2024, an increase of employment's share of the primary sector in the total employment is expected (from 2,3% in 2012 to 3,5% in 2014). In addition, 8000 new job opportunities are expected to be available for youth and women in the sector and a more accelerated growth of productivity is projected.

### Expected results

Expected results
1. Sustainable food security is achieved through the full implementation of the food security national strategy and the reinforcement of follow-up systems.
2. Water resources are mobilized in order to boost the hydro-agricultural development.
3. Vulnerable farmers and fishermen are supported in order to reinforce the resilience of rural populations.
4. Exports capacities of the sub-sector of livestock are reinforced.
5. New sectors and technologies are developing, namely at the level of aviculture, apiculture and gardening.
6. Steering institutional capacities of the primary sector are improved.



## **Targets**

<b>Indicators</b>	<b>Reference (a)</b>	<b>Target 2019</b>
Employment share of the primary sector from the total employment	2,3%	2,8%
Direct employment in the fishing sector	600	+3000
Production of fish products (tons)	2000	20 000
Drinking water (%)	37	70
Livestock (%)	10	20
Irrigation (%)	5	10
Increase of wells and water engineering	520	900
Agricultural production (tons)	7600	15 000
Cultivated areas (ha)	1330	5000
Livestock exports:		
- Sheep/goats	461,5	2000
- Camels	38,5	500
- Bovines	45,8	500
Increase of fish products	2000	10 000

(a) values in 2013 (except \*=2010)

## **Strategic orientations**

### **SO1- Achieving sustainable food security in the framework of regional cooperation**

The National Food Security Strategy (NFSS) encompasses two main goals: (i) reinforce forecast, prevention and management capacities of cyclical crisis, related to the national policy of risk and catastrophes management; (ii) create the adequate conditions for a structural food security, related to development strategies and policies. It revolves around (i) the organization of the effective production of cereal, legumes, oleaginous and derivatives products; (ii) the promotion of sectors and follow-up on food security; (iii) the improvement of emergency intervention capacities; and (iv) the follow-up on markets and the stabilization of prices.

The strategy will be adopted based on the National Food Security Program updated in 2012, and on the specific efforts of the Djibouti Society of Food Security (DSFS) established in 2010 and having for goal the promotion of food security at the national level.

The development of the productions of the state's agricultural farms will continue during the period of 2015-2019 as a sustainable response for the food security goal. They will target more precisely granted lands in Bale in Ethiopia (5000 ha oriented towards growing wheat), in Gadaref in Soudan (4200 ha oriented towards growing sorghum and sunflower) in addition to the pilot farm of Damerjog (5 ha oriented towards greenhouse cultivation of fruits and vegetables for the capital's market. The DSFS will enhance also the services of the Ministry of agriculture and the private sector by promoting projects and programs aiming at improving food security. Moreover, it will work on providing innovative techniques tested in Damerjog for farmers in internal regions in order to guarantee the regular supply of fruits and vegetables for the markets of other regional capitals and to reinforce the creation of jobs in rural areas.

The second priority will include the constitution, renewal and good management of the national strategic stock of basic foodstuffs (rice, flour, oil, sugar, sorghum and legumes).

In the third place, different measures will be taken to improve knowledge and consumption modes of foodstuffs: study of deficiency in micro nutrients; IEC programs based on the diversification of food and the consumption of fish products; adding iodine to salt products locally.

Finally, efforts will be deployed to reinforce synergies among food security approaches, rural development strategy and different regional developed programs in this field under the auspices of the IGAD and the COMESA.

## **SO2 – Mobilizing water resources to achieve agro-pastoral development**

The mobilization of water resources specific for the agricultural sector will be reflected through the pursuit of ongoing projects or the implementation of new operations: drillings (21 drillings in profound waters; 30 drillings in the region of Dikhil); studies of underground water and shallow water resurgence (in the whole region) and of 11 watersheds; adduction of the water of lake Afambo; hydro-agricultural development in different zones; Saday dam; and reuse of treated waste water for irrigation; etc.

## **SO3- Supporting vulnerable farmers and fishermen**

First and foremost, in order to provide the necessary information for good planning, a census on national livestock is being prepared and will be conducted using aerial surveys.

Direct support for vulnerable groups will target small farmers, women organized in cooperatives, nomadic herders and artisanal fishermen. In general, the approach aims at reinforcing the populations' resilience to drought and to provide subsistence means by offering a sustainable response in terms of the preservation of the environment and the creation of revenues.

In the field of crop production, efforts will be concentrated on the development of arable lands, water management (especially the establishment of water reservoirs and water saving techniques), the access to enhanced seeds and the improvement of the yield, the development of specific credits, the improvement of storage capacities and the support of the production's marketing, the support of the emergence of cooperatives, feminine ones in particular, the counseling and training in the field of agricultural production.

In addition, actions will be reinforced to promote oasis agriculture through: (i) the revitalization of "family gardens" (rehabilitation and solarization of water infrastructures); (ii) the creation of small areas in wadi terraces for the nomadic pastors affected by drought to settle in; and (iii) the reinforcement of agricultural cooperatives; and the establishment of cemented wells, solar-powered pumps and composters; the reforestation by adding seeds again after rain, and finally the promotion of aviculture.

The government aims also at promoting local initiatives to develop artisanal fishing in the four districts having a seaboard (Djibouti, Tadjourah, Obock and Loyada-Arta) in order to improve revenues in internal regions and fight malnutrition and insufficient intake by Djibouti households of proteins. The intervention will be based on three operational priorities: (i) the reinforcement of the capacities of artisanal fishing actors in management and techniques; (ii) the implementation of artisanal fishing micro projects; and (iii) the support of structuring investments capable of increasing the fishing effort (enhanced production averages, reparation of fishermen's inactive production means, improvement of the packaging and the preservation of fish heading to the local market).

Some of the projects are regional such as the program of the reinforcement of resilience amid drought launched within the framework of the IGAD. The first phase of this program covers three countries of the African Horn (Djibouti, Ethiopia, and Kenya).

#### **SO4- Promoting new growth sources and enhancing exports**

Livestock plays here an important role. That's why specific actions will aim at developing it and improving its exports capacities, including:

- The development of the value chain “meat and its derivatives” that constitute a diversified branch of activities. However, the awareness of the importance of these activities remains low in Djibouti; that's why a study will be carried out regarding this subject;
- The promotion of a “hides and skin” sector in relation with the enhancement of the slaughterhouse that must increase the availability of “raw hides”. These hides can be transformed and valorized locally. In this regard, a study will be conducted also in order to define a policy adapted to the country;
- The creation of a new slaughterhouse in Djibouti is necessary because the current facilities are narrow and obsolete which limits the slaughtering capacities. In addition, they can't cater to the people's needs (more than 40% of slaughters are clandestine) and can't guarantee healthy products;
- The security of the animal's health by improving the health coverage of the livestock;
- The development of livestock food production.

As for the agricultural and fishing sectors, four industries are targeted: date palm, aromatic plants, aquaculture export and semi industrial fishing. Feasibility studies are conducted for each of these sources capable of diversifying the sectorial growth.

Finally, the need to reinforce the quality of products will lead to the reinforcement of the Laboratory of Food Certification and Analysis (LFCA).

#### **SO5- Developing transverse action for the sectorial support**

In addition to the support provided to the Detailed Program for African Agricultural Development (DPAAD), these transverse actions will target three priorities: (i) the promotion of two specific niches in rural areas (aviculture and apiculture); (ii) the establishment of school gardens in rural areas; and (iii) the creation of a Regional Excellence Center to shed light on arid and semi-arid lands.

#### **SO6- Improving the steering and the follow- up evaluation of the sectorial policy**

The ministry in charge of the primary sector and water resources plays a strategic role in the reduction of vulnerability and fights against poverty and will thus reinforce its institutional capacities. The system of semi-evaluation of the National Program of the agricultural investment of food security (NPAIFS) will be developed.

## 5.5. Tourism

### Sectorial framework

Sectorial reference framework
No current reference framework

### The sector's contribution to SCAPE

Being one of the drivers of national economic growth, the sector of tourism aims at transforming Djibouti into a leading regional tourist destination. This tourist destination will encompass business and pleasure tourism, beach tourism (implanted dives), an eco-tourism of discovery (in archeological and prehistoric sites). It can be made possible through the enhancement of largely developed aerial connectivity and an improved image and reputation of the country.

Actions will be oriented towards (i) the reinforcement of Djibouti tourism's competitiveness and the conquest of solvent markets; (ii) the development and improvement of necessary infrastructures for sustainable tourism; and (iii) the exploitation of tourist potentials, the promotion of new key products (desert, mountains, eco-tourism and sports), and the safeguarding and consolidation of tourist sites and monuments.

This sector can create a high number of jobs; the target is to create 10 000 job opportunities in 2019, or the triple of the current number. It can also foster the emergence of growth regional economic poles.

### Expected results

Expected results
1. The conditions for the tourism sector's efficient steering are united (sectorial strategy; blueprint for the development of zones, ...).
2. A tourist development model based on three poles is elaborated.

### Targets

Indicators	Reference (a)	Target 2019
Tourists influx (per year)		63 910 155 500
- Business		36 000 44 500
- Targeted (sports, ecotourism, beach tourism)		8000 76 000
- Other		19910 35 000
Employment in the tourism sector		3000* 10 000

(a) Values 2012

### Strategic orientations

#### **SO1- Capacity building for a performing steering of the sector**

The creation of a performing steering framework is essential to define a clear trajectory for the sector and to concretize a voluntary approach of the development of national potentials in this field. Three actions are prerequisites. The first is the elaboration of a national tourism policy.

The second is the drafting of a blueprint to develop key tourist zones: three key tourist zones need to be enhanced: Arta Beach – Khor Ambado; the White Sands – Tadjourah- Ras Ali; and the Mangrove of Godoria.

Finally, the third measure consists of the reinforcement of the National Tourism Office of Djibouti (NTOD) means. This capacity building will be based on (i) the significant increase of public subsidies; (ii) the promotion of investments in the tourist sector related to the NAPI; (iii) the improvement of the collection system and of the analysis of tourism statistics; (iv) the launching of a huge image campaign on Djibouti including tourism professionals and public and private enterprises established in Djibouti.

## **SO2- Providing tourism of good quality**

This strategy should aim at creating a leading regional tourist destination according to a model based on three poles: business and pleasure tourism, beach tourism (implanted dives), and eco-tourism of discovery in archeological and prehistoric sites.

Key- actions are related to:

- The reinforcement of the training on tourism jobs and the potential creation of a Higher Institute for training on tourism and hotel jobs within the framework of a public-private partnership;
- The establishment of relay units to promote tourism in the regions;
- The improvement of the offered services by implementing a policy for the good quality of products (quality standards institutions, modernization of tourist products with the tight collaboration with international tour operators, communication campaigns, ...);
- The definition of necessary mechanisms to include the most beautiful cultural and natural sites (Assal Lake, Abbe Lake, Day Forest, rock engravings of Amburma) in UNESCO's world heritage list.

The tight consultation between tourism actors and transportation actors, aerial transportation in particular, will be strategic. Therefore, it will be crucial to adopt a global airport policy aiming at improving Djibouti's connectivity. This policy also sheds light on the importance of the renovation and expansion of Djibouti airport (the project of the establishment of a new airport is the adequate response), of the airport management according to high level standards of tourist destinations and of the facilitation of the issuing of visas at the entrance of Djibouti.

## **5.6. Promotion of the private sector**

### **Sectorial framework**

<b>Sectorial reference framework</b>
No current reference framework

### **The sector's contribution to SCAPE**

The private sector must be reinforced because it is at the heart of the economic diversification that is expected for the upcoming years. For this sector to be developed, it has to bask in (i) a more favorable business environment by reducing constraints imposed on SMEs/SMIs and by lowering the costs of some factors, energy in particular; (ii) a better visibility of the future (the adoption of strategies and action plans for productive sectors); (iv) capacity building institutions and (v) dialogue mechanisms that can foster the mutual confidence between the State and private operators.

In this regard, the State must commit to bring change in order to modify investors' perception.

The development of a segment of SMEs/SMIs that can create decent employment (goal 3 of the NEP) constitutes an important challenge to promote employment. In addition to the above orientations, it requires the promotion of the entrepreneurship culture, namely for educated youth and women, and the consolidation of trade, tourism, agro-industry, the industry of construction materials and the services offered to enterprises and individuals. The NEP aims at increasing the share of the structured private sector from total employment from 15,4% in 2012 to 20,4% in 2024 by creating around 90 000 new jobs in this sector during the period of 2014-2024.

### Expected results

Expected results	
1.	The business environment favorable to the private sector is established.
2.	SMEs/SMIs benefit from targeted support mechanisms in key sectors.
3.	The culture of entrepreneurship and formalization of enterprises is promoted.
4.	Consultation bodies provide adapted assistance services.
5.	Strategies to support information and communication are established.
6.	The commercial place of Djibouti and its role of a regional hub are enhanced internationally.

### Targets

Indicators	Reference	Target 2019
Indicator of the respect of the rule of law (note of the World Bank)		29/100
Establishment of enterprises – DB classification		20/100
Foreign direct investments/GPD (%)	163 (a)	<100
Indicator of the cost of production factors	9,1	15
Deadline of the settlement of commercial disputes	1 225 (a)	365
	1 225 (a)	365

(a) Classification Doing Business 2015

### Strategic Orientations

#### **SO1 – Creating a conducive business environment**

In order to foster a conducive business environment capable of promoting the commercial place and role of our country as a regional hub, priorities will revolve around three axes:

- **The improvement of the legal framework:** it can be achieved through the adhesion to international legal instruments related to the business environment. The legal framework will be adapted (review of the Investments Code for instance,...) in order to provide smooth regulations that can guarantee the legal security of investors and can attract investments. In order to change the state of mind, specific measures will be taken rapidly in addition to the adoption of the charter of investors' rights (protection of rights, administrative procedures, access to information,...) and the creation of the function of "defender of the enterprises" which will provide enterprises with means to enjoy and protect their rights. Furthermore, in this context, a Centre of Mediation and Arbitration will be established to settle commercial disputes.
- **The development of information and the concentration on the promotion of the private sector:** An information and communication policy will be elaborated based on measures aiming at reforming the business environment in order to present the advances made in this field such as the measures leading to the improvement of Djibouti's rank in the classification of Doing

Business. Therefore, it is essential to develop a portal for the business environment (e-guide Djibouti). Another important action to be taken is the operationalization of the High Council of State-private sector dialogue that must constitute a central platform to focus on the improvement of the business atmosphere.

- **The establishment or consolidation of support mechanisms:** the main measures to be taken are (i) the operationalization of the unique Counter; (ii) the promotion of entrepreneurship and the formalization of enterprises; (iii) the development of the technical support and assistance services.
- **The reform of enterprises' taxation system** (tax base, studies and technical assistance), leading to the review of this system and the social contributions in wages, namely for small enterprises.

Furthermore, **complementary measures** will be implemented to conduct change in the administration's state of mind regarding the private sector. For instance, we note the initiatives aiming at giving a part of the current role played by the state to the private sector, a better visibility (adoption of strategies and action plans for the productive sectors), or also the reinforcement of institutional and human capacities of support institutions such as the Office of the industrial and commercial property or the Agency of the promotion of Investments. Moreover, it is very important to encourage credible investors to develop long-term projects; this process of investors' positive selection is on top of the country's development priorities. In fact, efforts must be deployed to attract investors capable of generating the effects of training, of transferring know-how, of training labor force and developing new activities. This approach will target mainly renowned international groups seriously interested in developing the country and want to settle in the country permanently, develop added value activities and create job opportunities.

Transversally, the improvement of the competitiveness is highly essential and will be achieved through the adoption of different sectorial policies. It should also lead to the reduction of the cost of the factors.

## **SO2 – Developing SMEs in key sectors**

The measures include (i) the elaboration of a development strategy for SMEs; (ii) the establishment of a multisectoral steering committee to steer the strategy; (iii) the launching of financing program for SMEs and a stock market for SMEs; (iv) and the reinforcement of the capacity of SMEs' Directorate.

## **SO3 – Promoting entrepreneurship and encouraging the formalization of enterprises**

Actions will target (i) the creation of the House of the enterprise; (ii) the elaboration of an incentivizing mechanism to foster the emergence of young sustainable enterprises; (iii) the launching of initiatives to develop handicrafts (three per year) and enhance their skills; (iv) improving the access of SMEs/SMIs to financing.

## **SO4 – Developing the technical support and assistance services**

In this field, the Chamber of Commerce of Djibouti (CCD) plays an essential role. To achieve this orientation, efforts will be deployed to (i) reinforce and develop the strategic information base; (ii) make the CCD a place to meet and exchange thoughts; (iii) provide enterprises with Advisors, experts in their field while providing the adequate tools; (iv) support every year the sector of high potential activity; (v) reorient the training to meet the current and future needs of operators; and (vi) affiliate the Center of Training of the CCD to an internationally renowned Center capable of labeling the provided training.

## **SO5 – Strengthening communication and access to information**

In a context related to SO1, a strategy of internal and external communication with a manual of the procedures will be adopted. A particular attention should be paid to the promotion of the country's artisanal products at the international level.

## **SO6 – Promoting the commercial place of Djibouti and its role as a regional hub**

Actions revolve around three major priorities: (i) the development of the free zone's infrastructures and logistic equipments; (ii) the construction of reception and exposition infrastructures for international events; (iii) the promotion of activities related to the corridor.

## **5.7. The Financial Sector**

### **Sectorial framework**

<b>Sectorial reference framework</b>
National strategy of Microfinance 2012-2016

### **The sector's contribution to SCAPE**

The financial sector registers a low banking rate (14% in 2013) which reflects the difficult access of the majority of potential clients to bank products and services. Simultaneously, one of the handicaps hampering the development of the private sector is the weak diversification of the financial products offered by the banking system. These shortcomings are further aggravated by the lack of specialized long-term financing institutions such as the leasing, and the lack of a mortgage market. In addition, when SMEs/SMIs ask for credits, they do not receive them in most cases, due to the lack of formal structures capable of conducting studies that can prove their profitability.

In order to enhance Djibouti's financial position, the government intends to contribute to the development of a sound, performing, efficient and inclusive financial sector which can lead to growth and poverty reduction. In other words, it should provide financing adapted to all categories of enterprises (SME and SMI, rural enterprises, handicrafts, feminine enterprises, etc.) for the private sector to become a driver of growth and accelerate creation of jobs. Priorities include also the provision of financial diversified products, an appropriate microfinance policy for the informal sector and the consolidation of the stability of the national financial system.

### **Expected results**

<b>Expected results</b>
1. The framework of banking supervision is reinforced and the system of payment is modernized.
2. Financial diversified products adapted to the needs of economic operators are created.

### **Tragets**

<b>Indicators</b>	<b>Reference</b>	<b>Target 2019</b>
Banking rate (%)		14 % (2013) 25%
Rate of micro credits (%)		6% 10%
Number of loans – classification Doing Business		180 (b) 150

(b) Classification Doing Business 2015



## **Strategic orientations**

### **SO1 – Reinforcing the framework of banking supervision and modernizing the payment system**

In order to insure the stability, transparency and efficiency of the financial system, four priorities are to be taken into consideration:

- The reinforcement of banking supervision activities undertaken by the Central Bank of Djibouti and the improvement of the control of insurance companies and of the follow up of monetary institutions and credits by tutelage (MEFI);
- The promotion of Islamic finance;
- The modernization of the credit information system and payment system, which leads to the elaboration of a framework favorable to mobile payments;
- The establishment of a partial guarantee fund for SME credits.

### **SO2 – Modernizing the credits information system**

The government intends to improve the financial sector's contribution to economic growth through:

- Suitable solutions to enhance the financing of the economy and especially that of enterprises by deepening and diversifying financial products according to the needs of modern sector's economic operators;
- The consolidation of micro financing for micro enterprises and of different categories of assets of the informal sector;
- The exploitation of financing opportunities at the regional level such as those offered by the PTA Bank of COMESA.

### **SO3 – Operationalizing credits partial guarantee fund**

The credits partial guarantee fund aims at reinforcing the financing of the economy and economic activities namely SMEs/SMIs. It will increase the rate of access to credits at the national level. The operationalization will happen through:

- The design of an elaborated management system;
- The acquisition of hardware;
- The networking of workstations;
- The acquisition of rolling stock.

### **SO4 – Organizing the insurance market**

This organization will be achieved through:

- The reinforcement of capacities;
- The reinforcement of control;
- The effective application of the insurance sector's regulations
- The provision in modern work means (computers);
- The establishment of the automobile guarantee fund.

## 5.8. Internal trade and handicraft

### Sectorial reference frameworks

Sectorial reference frameworks
National Strategy for the Development of Trade (NSDT), October 2009 (law n. 72/AN/10) and NSDT 2010-2015 – Implementation action plans, June 2010
National Strategy of the Development of Handicraft (NSDH), October 2009 (Law n. 82/AN/10)

### The sector's contribution to SCAPE

The main goal is to establish a regional and international commercial place in Djibouti by reinforcing the national economy's integration in global exchanges. The international trade is enlisted under the dynamic of regional integration (check § 5.9). As for national exchanges, the goal is first and foremost to modernize the commercial legislation and regulations and to reinforce intervention means in terms of competitiveness, in addition to the normalization, certification, and control of the marketed products' quality. Regarding the handicraft sector, a support plan must be established to promote a sector capable of creating jobs, especially if the development of the sector of tourism reaches the desired level. The creation of a national handicraft Agency and the reinforcement of professional organizations are key elements here.

### Expected results

Expected results
1. The regulation of the goods and services market is improved.
2. A favorable institutional and legal environment is created to enhance the fabric of performing artisanal SMEs.

### Strategic orientations

#### **SO1 – Improving the regulation of the goods and services market (transparency, legality, predictability)**

Improving the regulation of the goods and services market requires the following measures: (i) the operationalization of the Inspection of competition, consumption, and repression of frauds; (ii) the creation of a national agency charged with the normalization, the quality, the certification, weights and measurements; (iii) the rationalization of imports and the organization of distribution circuits for food products; (iv) the adoption and implementation of guidelines for the regulation of the goods and services market; (v) the consolidation of a unit to follow up on the goods and services market; (vi) the reinforcement of the quality control of products and (vii) the reinforcement of the information provided to consumers.

#### **SO2 – Adopting an institutional and legal environment favorable to the emergence of a fabric of performing artisanal SMEs**

In the field of handicrafts, the strategy aims at first at reinforcing the sector's institutional and legal framework. Measures will include (i) the adoption of a new legislation for the sector's organization; (ii) the reinforcement and improvement of the institutional framework by establishing the National Handicraft Agency and by creating modern professional structures capable of insuring a better assistance to the sector; (iii) and the establishment of a chamber for handicraft jobs.

In the second place, direct support will be given to the sector after developing a support plan for the artisanal sector. This plan will define adapted priorities and levers. These measures will include (i) the promotion of the sustainable artisanal SMEs in the formal sector; (ii) the training of artisans and the improvement of their competitiveness in order to adapt to the market's requirements; (iii) the necessary financial and fiscal assistance to promote the informal artisanal sector; (iv) specific provisions regarding the access of artisans to loans; (v) the establishment of support and animation structures in the regions in order to encourage production, marketing and the export of artisanal products and Djibouti services, and to enhance innovation, creativity and initiatives aiming at valorizing local handicrafts; (vi) the creation of an Artisanal Village gathering different jobs in the artisanal sector.

## **5.9. International trade and regional integration**

### **The sector's contribution to SCAPE**

Djibouti's accelerated growth and more generally the national development will be incentivized through the valorization of the country's geostrategic position. In fact, Djibouti aims at becoming a major regional maritime outlet and a platform of competitive services on the mostly used maritime line of international trade. This dynamic depends on projects adopted in other sectors such as the five new ports infrastructures (check §5.1.4), containers terminals, free zones, in addition to projects of oil pipelines, roads, railways, and telecommunications.

In parallel, an economic cooperation must take place in the regional and international frameworks in order to reinforce win-win partnerships, conquest new markets and assimilate new technologies or even benefit from economies of scale in COMESA and of the CAE. The elaboration of a new national strategy for the development of trade (NSDT2) must constitute the adequate opportunity to define some prioritized measures in the institutional field in particular.

### **Targets**

<b>Indicators</b>	<b>Reference</b>	<b>Target 2019</b>	
Exports /GDP (%)		32,2	40
The sale of current transactions /GDP (%)		23,3	15

### **Strategic orientations**

#### **SO1 – Reinforcing the institutional steering framework**

At the first place, it is essential to finalize and validate the updated DSIT (diagnosis Study on the integration of trade) and to carry out project studies to reinforce industries' commercial capacities (extension of Reinforced Integrated Framework) in addition to studies of the impact on commercial integration.

Then, a new national strategy for the development of trade (NSDT2) must be elaborated. The implementation unit of the national framework must be reinforced certainly and trainings on commercial negotiation policies and strategies must take place.

#### **SO2 – Deepening the regional and multilateral commercial integration**

In the field of regional and multilateral integration, it is important to implement (i) the regional integration support Mechanism within the framework of the COMESA (RISM), (ii) the continental integration plan in the framework of the Continental Free Trade Zone, (iii) in addition to recommendations to facilitate trade in the framework of SCM (Bali agreement and other

OCM agreements). These different actions require the reinforcement of the RIF steering capacities.

It is crucial to carry out a **vigorous policy for commercial integration** in the COMESA and the EAC in order to benefit the most from common markets and to benefit from scale economies.

In the second place, Djibouti will adopt the necessary measures to implement the **budget convergence criteria** according to the surveillance framework established in the framework of the creation of a monetary union in COMESA in 2018 (criteria related to budget deficits, inflation, net credit of the State's central bank, and the public debt). These measures will minimize the costs associated to the immediate constraints of the convergence.

**The promotion of Djibouti as a major regional maritime outlet** and a services platform in the most used maritime line of international trade will lead the economic policy. The strategy aims at reinforcing the capacities and competitiveness of ports infrastructures in view of abundant natural resources in the sub-region and the development of the COMESA market. In this perspective, Djibouti signed on February 2, 2012 an agreement protocol with Ethiopia and South Soudan in order to create and reinforce a new economic cooperation dynamic among the three countries. In the next decade, five new ports infrastructures will be built (check section 5.1.4), in addition to terminals of containers, free zones, oil pipelines, roads and railways and the optic fiber in order to promote and facilitate exports, regional and international trade. In fact, the use of ports infrastructures and free zones by Ethiopia and South Soudan, gas and oil terminals, the extension of the railway line Djibouti-Ethiopia-South Soudan will accelerate the country's economic expansion and a true economic integration of the sub-region.

In parallel, a new strategy to **promote the country's economy** will be implemented in order to conquest new markets and insure the assimilation of new technologies that can contribute to the development. This strategy can enhance the dual belonging of Djibouti (a francophone space and an Arabic space) considered as a significant opportunity to diversify its partners. Two levers are useful here.

The first is the creation of a national Agency for the economic promotion endowed with the necessary resources and intended to develop an approach to search for markets, investments, technologies or financial resources. The second lever is the reinforcement and accountability of embassies' economic services in different countries, in partnership with the national private sector. In addition, the development of the banking sector and the financial cooperation will continue and be intensified through the encouragement of the establishment of internationally renowned institutions and the creation of a sub-regional stock exchange in Djibouti in relation with the sub-region's countries.

## CHAPTER VI: SECOND AXIS: THE DEVELOPMENT OF THE HUMAN CAPITAL

In order to reduce non- monetary poverty, important investments are necessary to provide social public services such as education, health or housing. Consequently, these investments will have a long- term impact on growth through the reinforcement of the human capital. In the second place, a better response must be carried out in terms of assistance mechanisms to promote employment. At the same time, social protection and support programs for vulnerable groups have to be consolidated. In these public interventions, gender mainstreaming must be taken into consideration. The chapter tackles the sectors of: (i) education and professional training; (ii) Higher education and research; (iii) promotion of the gender; (iv) Youth and sports; (v) housing; (vi) employment; (vii) Social protection and vulnerable populations; (viii) and Islamic culture and affairs.

### 6.1. Education and professional training

#### Sectorial reference frameworks

Sectorial reference frameworks
Blueprint of Education 2010-2019 – Ministry of National Education and Higher Education
Action Plan 2011-2016 of the Ministry of Education and professional Training (APMEPT)
Strategic plan for the development of technical teaching and professional training

#### The sector's contribution to SCAPE

Today, education is one of the reasons behind the weak performance of Djibouti in terms of human development. Whether regarding the rate of enrollment or the rates of completion, parity, equity or even the quality of the pedagogic contents and the cumulated knowledge during the different learning cycles, the shortcomings in Djibouti's education system hampers the economic and social development on the medium and long term.

Therefore, during this period, efforts must be deployed to accelerate the implementation of reforms included in the orientations of the Blueprint 2010-2019, aiming at (i) meeting the short/medium term imperatives related to the improvement of the academic coverage, (ii) the consolidation of previous results in terms of equity and (iii) redressing the weaknesses of the teaching system and professional training in order to bridge the deficit of skilled human resources on the medium/long term, and guarantee the professional integration and empowerment of young generations. This last priority will be essential for the success of a growth model that requires new skills and an increased productivity.

The targets include mainly:

- An increase of the academic coverage and a rise in pre-primary education (35%), the universalization of the access and completion of the primary education and enrollment net rates of 84% and 62% for the primary and middle sections, and 64% for the secondary;
- The continuity of the progress achieved in terms of parity and that will be achieved also for primary education. In addition, fundamental middle and secondary education will be improved;
- The reinforcement of the basic acquired skills ;
- The development and diversification of technical and professional education in addition to professional sections;

- The reinforcement of the steering of the educational system through the requirement of results and the adoption of a management policy based on these results.

The strategy of the sector will be based on five pillars: (i) access, (ii) equity, (iii) quality, efficiency and relevance, (iv) institutional capacities, (v) partnership.

As for technical education and professional training, the National Policy of Employment has two goals: (i) tripling the proportion of the trained active population in the TPET (from 10% in 2012 to at least 33% by 2024) and (ii) the integration of all learners in the TPET in the labor market in a deadline of a maximum period of one year counting from the date of their graduation.

### **Expected results**

<b>Expected results</b>	
1.	The academic coverage is generally developed.
2.	Disparities in the access to education related to gender and the social situation of parents are reduced.
3.	The quality of education and the external outputs of the educational system are improved.
4.	The institutional capacities of the management and steering of educational policies are reinforced.
5.	An efficient partnership, in particular with associations of students' parents and the private sector, is based on the steering of the educational system and the management of institutions.
6.	Investment in professional training improves the quality of education and keeps abreast of the national economy's needs.

### **Targets**

<b>Indicators</b>	<b>Reference</b>	<b>Target 2019</b>
Enrollment rate of 5 years old children		5% (2010) 35% (2020)
Enrollment net rate (%)		82% 92%
Primary		78,5% 84%
Middle		57,5% 62%
Secondary		38,7% 64%
Fundamental transition rate – TPET		15% (2010) 25%

(a) Values 2013-2014. NB: indicators of parity: check the section of Promotion of gender

### **Strategic orientations**

#### **SO1 – Developing the quality and improving access and equity**

The improvement of the access will result from the implementation of four series of measures: the increase of reception capacities; (ii) the elimination of the system of dual flow in primary education; (iii) the adoption of innovative solutions in rural areas, (iv) the reduction of the number of students in class in rural areas (the number of students shouldn't exceed 40 in 2019), and (v) the reinforcement of private education.

As for the reception capacities in the primary and secondary sections, in the period between 2015 and 2019, the construction of 510 classrooms for primary education (including 96 in the regions) is expected, in addition to 17 colleges for middle sections (4 in the regions) and 5 high schools for secondary education (2 in the regions). Table 7 indicates the evolution of the supply capacity in each level of education. Rehabilitation operations (235 classrooms of basic education), equipment operations and other specific operations will complement the sector's infrastructure program.

**Table 7: Evolution of reception capacities in the general primary, middle and secondary education**

	<b>Primary Education (public and private)</b>		<b>General middle education</b>		<b>General secondary education</b>	
	2013	2019	2013	2019	2013	2019
Number of schools	128	240	31	48	10	15
Number of classrooms	1276	1870	725	1432	334	540
Number of teachers	1615	1970	976	1328	718	948

The system of dual flow will continue, however, the goal on the long term is to eliminate it to reinforce reception capacities. The ministry of education will consolidate the partnership established with the private education by improving the follow-up and evaluation of the sector at the pedagogic and material levels. In addition, it will provide support to existing community-based schools or schools in zones the access to which is difficult.

The improvement of the quality will be achieved first through the continuous efforts deployed to reform programs and improve everyone's access to academic manuals. Actions will be based on the training of program drafters, the elaboration of new programs, the update of curricula and skills frameworks in all aspects of education (especially the volumes of teaching schedules), the introduction of NICT and the incremental procurement of numeric tablets to each student, the development of the interest in books in institutions and the perpetuation of the financial resources of the NEPIRC. A great importance will be given also to the promotion of reading through the investment in the libraries network. In order to reinforce the quality of learning, it is important to shed light on (i) the training, (ii) the motivation of teachers, (iii) the consolidation of the pedagogic supervision by increasing the control of the inspectorate, and conducting (v) an annual and sustainable evaluation that joins actors, including the students' parents.

Box 6 summarizes the guidelines specific to every educational level.

**Box 6: Main strategic orientations in each educational level (preschool to secondary):**

**Preschool Education:** elaboration of a legislative framework and a curriculum; development of public preschool in rural areas; development of a community-based model

**Primary Education:** elimination of the dual flow; reinforcement of the evaluation of students' performances; improvement of the availability of academic manuals; generalization of the teachers' and pedagogic counselors initial training; adoption of a continuous training plan of the MNEPT; generalization of norms (work framework, follow up tools, ...) in all institutions; elaboration of a document of an inclusive education policy;

**Middle Education:** Update of curricula; improvement of the availability and local management of manuals; production of numeric contents and educational software; generalization of quality norms in all institutions; development of the reception capacity; improvement of the transition between the fundamental education and the post- fundamental education-training.

**General Secondary Education:** update of curricula and teachers schedules; ICT culture; production of numeric contents and educational software; improvement of academic manuals and subsidiary ledger; diversification of academic support modes; generalization of quality norms in all schools;

**Technical Education and Professional Training:** Update of curricula and teachers' schedules; production of numeric contents and educational software; diversification of academic support modes; generalization of quality norms; revalorization of the TEPT.

The promotion of parity will be achieved through (i) the progressive elimination of obstacles hampering girls' enrollment, especially in sections other than the primary, (ii) enhancing actions to raise awareness among families and leaders while involving the civil society organizations, and (iii) the fight against parents' poverty (especially programs of access to water). Given their role in this field, school canteens will be reinforced and a sustainable financing system for them will be established.

## **SO2 – Improving the management and steering the educational system**

The reinforcement of the steering will lead to an (i) administrative follow-up and a control on improved schools (physical control of institutions and evaluation of their principles), (ii) the development of management capacities of school principles, (iii) a consolidated statistics production (statistics follow-up conducted by institutions' principles, statistics yearbook, annual performance indicators), and (iv) the reinforcement of the evaluation services.

A special attention will be given to the operational capacity building of the decentralized services in order to respect the responsibilities defined in texts. Maintenance services will be operationalized in order to insure the sustainability of the heritage of the MNEPT (local and material).

Furthermore, a sectorial framework of medium term spending (FMTS) will be established annually, in order to improve the allocation of resources according to the priorities of the sector and the follow-up of performances.

## **SO3- Developing educational personnel professionally**

In order to enhance the quality of education, the capacities of the teaching body should be reinforced from the base and during the whole career. Within the context of the professional development of the educational personnel, several actions are undertaken.

At the level of the **initial Training**, it is important to (i) create and validate references for the whole teaching personnel and for the academic life and (ii) establish an institutional framework for recruitment, training and the certification of the different categories of the personnel.

In terms of **continuous Training**, actions will be based on: (i) the design and legalization of a regulatory framework governing the continuous training, (ii) the establishment of a plan and program for continuous training for the whole personnel (teachers, principles, managers, Academic Life), and (iii) the improvement of Education's institutional capacities.

Working conditions in academic institutions will be improved and pedagogic inspections will be reinforced alongside the recruitment of new inspectors.

## **SO4 – Developing professional training of good quality according to the needs of the national economy**

In the context of the Education Blueprint 2010-2019 and the national Policy of employment, the General Directorate of technical Education and professional training of the MNEPT will work on promoting **technical education and professional training** according to the needs of the national economy.



In order to achieve this goal, priority measures will be based on:

- The reorganization of the technical and professional training, the approval on its training curricula and certificates, and the promotion of TPT in Djibouti or foreign enterprises;
- The elaboration of a permanent and efficient mechanism to finance the technical and professional training;
- The creation of a control mechanism on training-employment that will encompass an efficient control body, an operational repertoire for careers and jobs (ORCJ) and a follow-up evaluation system to assess the efficiency of the TEPT sub-system.

Furthermore, within in the context of the improvement of the youth employability and of the contribution of Djibouti Armed Forces to national development, a **National Service for Development Support (NSDS)** will continue the efforts deployed in 2004. In the framework of the goal n.2 of the NPE, it is crucial to promote trainings and adapted learning especially to young people without qualifications entering to the labor market or unemployed graduates. Implemented by the prime minister in partnership with the MENPT, the NSDS will suggest a double training – civic and professional – and will organize modular training sessions of 6 to 18 months. It is important to insure training every 4 to 6 months without exceeding the maximum number of the 500 volunteers present in the FAD for professional training. Trainings will target the immediate needs such as careers of transportation, construction, mechanics, hotel services, etc. The NSDS will assist the development of regions through the suggestion of trainings and their integration in the regions.

## 6.2. Higher education and research

### Sectorial reference frameworks

Sectorial reference frameworks
Education Blueprint 2010-2019 – Ministry of National Education and Higher Education
Action plan 2013-2015 of MHER

### The sector's contribution to SCAPE

With more than 8000 students registered for the academic year of 2014/2015, higher education sheds light on the fast increase of its reception capacity. It has to overcome a double challenge of quantity (soon saturation in the current university campus, insufficient provision of restaurants and transportation means for students) and of quality (output profiles that don't necessarily meet the economic needs). The sectorial policy over the period of 2015-2019 will aim at improving reception capacities and students' life conditions and at developing sectors of excellence the access to which is selective and professional, in the fields of engineering, trade, construction and languages in order to cater to the economy's needs. Moreover, research will contribute to the development through the elaboration of applied research programs oriented towards water, energy and mining resources.

### Expected results

Expected results
1. The University's reception capacity and the students' living conditions are improved.
2. Sectors of excellence in line with the economy's needs are established.
3. National research provides the adequate means to contribute operationally to development.

### Targets

Indicators	Reference	Target 2019
Number of graduates from professional faculties		887 (2015)

Source: MHER

### Strategic orientations

#### **SO1 – Reinforcing offer capacities and improving the reception conditions of higher education**

The first priority of the ministry of higher education is to face the challenge of quantity by improving the reception conditions of students. Three major actions are to be implemented: (i) the finalization of the current campus, then, as of 2016-2017, the establishment of the second campus; (ii) the establishment of a university restaurant; (iii) and the investment in transportation means in order to organize the students' movement.

#### **SO2 – Developing sectors that cater to the needs of the economy**

The second priority for higher education is to overcome the challenge of quality: the university works on achieving its main goal which is the pursuit of the “mastering”. That’s why, it should train graduates that can enter labor markets and whose skills will enhance an accelerated growth of driver sectors. This way, the University of Djibouti will work on the establishment of schools of excellence that can be entered after succeeding in the entering test and developed in partnership with renowned foreign universities. In order to do so, an equipment support will be provided to the faculty of engineering that opened in 2013. In addition, several projects that can cater to the needs of the economy in Djibouti will be implemented and a faculty of commerce, a faculty of architecture, a nursery of enterprises and a university center to teach languages will be established.

#### **SO3 – Promoting national research as a driver for development**

In the field of university research, a deliberate policy will be drafted to reinforce the elaboration, the enhancement, and the valorization of the teachers’ researches at the University of Djibouti. Three main measures will play a pivotal role here: (i) the elaboration of a repertoire of skills; (ii) the establishment of an enterprise-university service interface in collaboration with the Chamber of Commerce; and (iii) the creation of a reflection cell based on the doctoral program at the University.

As for research at the national level, it will focus on the elaboration of projects based on three key sectors: geothermal, water resources, and mining and oil resources.

### **6.3. Health**

#### **Sectorial reference framework**

Sectorial reference framework
Low on health policy n. 48/AN/99/4 <sup>th</sup> L of July 1999
National Plan of Health Development of Djibouti – NPHD 2013-2017

### **The sector's contribution to SCAPE**

Alongside education, health is the second essential sector in terms of human capital. In accordance with the NPHD orientations in vigor, the health policy will aim at reducing by the end of 2019, the morbidity and the mortality related to dangerous endemo-pandemics, in particular for the most vulnerable group, the mother and the child. It will participate in the reduction of territorial inequalities by addressing disparities between the capital and internal regions.

### **Expected results**

<b>Expected results</b>	
1.	A more participative and transparent governance will favor a more equitable and performing health system.
2.	A universal access to health services of good quality is insured in order to meet the peoples' needs.
3.	An adapted financing and an efficient use of financial resources allow an optimal response to the health system needs.
4.	The development and valorization of human resources are achieved according to health priorities and based on geographic equity.
5.	The national health information system is reinforced in order to efficiently support decision, surveillance and the follow-up evaluation.

### **Targets**

<b>Indicators</b>	<b>Reference</b>	<b>Target 2019</b>
Rate of maternal mortality (maternal deaths for 100 000 births)		383
Rate of child mortality (for 1000 births 0-11 months)		58‰
Rate of infant and child mortality (for 1000 births 0-5 years)		67,8‰
Proportion of kids completely vaccinated on the 1 <sup>st</sup> anniversary		82,1%
Low birth rate for children of less than 5 years old		29,8%
Rate of assisted deliveries (midwife, gynecologist, nurse)		87,4% (2012)
Rate of contraceptive prevalence		19%(2012)
Rate of malaria		0,64%(2008)
Rate of pulmonary tuberculosis prevalence		30%
Rate of HIV/AIDS prevalence		2,2%(2009)
Percentage of health centers compliant with norms/personnel (three persons minimum)		82% (2014)
		100%

Source: estimates with Onehealth tool, HINS

### **Strategic orientations**

#### **SO1 – A more participative and transparent governance for a more equitable and performing health system**

Actions include (i) the reinforcement of the planning and the follow-up evaluation (with namely the elaboration of national guide to orient the planning at all the levels of the health system; (ii) the improvement of capacities of regulation and control of the implementation of norms; (iii) the promotion of a culture of performance and accountability at all levels of the system; (iv) the implementation of the decentralization process; (v) the institutionalization of the public/private partnership, civil society and the reinforcement of multisectoral actions. Steering committees will be formed at the central, intermediate and peripheral levels in order to improve the coordination of the health system.

## **OS2 –Universal access to quality health care to cater to the needs of the**

The basic healthcare strategy will be the lynch-pin of healthcare development. The elaboration and the implementation of clear standards at each health system level will further consolidate the system's coverage and quality. These strategies will be tailored to each health problem and included in the intervention « packages ». The need for new structures and equipment were clearly identified with an aim to increase geographical accessibility and improve healthcare services. As for infrastructure, the main goal is to undertake 5 rehabilitation operations (National Reference Hospital, 3 community healthcare centers and 1 specialized hospital) in addition to 8 new construction operations ( 2 regional hospital centers, 5 health posts and 1 specific center). It is imperative to improve the health posts equipment as well as that of specialized treatment centers (tuberculosis, cardiology department, cancer...)

### **Box 7: Strategic axes to monitor and fight diseases.**

**1 – Countering maternal, neonatal, infant and child mortality:** This axis will take effect by improving the availability and access to the integrated package of the high-impact neonatal and obstetric interventions for the mother and child. In this respect, a multifaceted action is required, notably regarding:

- **The prenatal visit** (updating rules and procedures, intensifying communication, increasing inputs availability, training the community healthcare personnel on the refocused prenatal visit ....)
- **Clean delivery** (the modernizing the maternity wards' delivery rooms, systemizing the use of partographs, and sterilizing the equipment according to the standards, promoting of communication...)
- **Post natal visit** (systematic medical visit, appropriate training of healthcare personnel, countering diseases, communication, inputs, promotion of the exclusive breastfeeding)
- **Curative visit** (reviewing strategies by including the IMCI and specific programs, training healthcare personnel, equipping the first stage healthcare structures ...)
- **Restructuring family planning** with the aim to improve the modern contraceptive prevalence to women who wish to resort to them.
- **Promoting family and pregnant women's education** to improve breastfeeding that is in tandem with other nutrition and food security programs;
- **Promoting food intervention programs** by targeting the high-impact direct and underlying causes of malnutrition (exclusive breastfeeding, complementary feeding, micronutrients supplements, periodical and systematic deworming of children aged 0 to 5, addressing the acute, severe and moderate malnutrition,...)
- **Developing the Integrated Management of Childhood Illness (IMCI)** at all levels, targeting the main causes of infant and child mortality i.e. diarrhea, malaria and acute kidney failure.
- **Promoting hygiene** whether individual (systematic hand wash) or collective (appropriate management of excreta, better water treatment and conservation at the household level, in close cooperation with the water, hygiene and sanitation ministerial departments within the framework of an intersectoral strategy);
- **The reinforcement of the Expanded Program of Immunization** (improving management, assessing the vaccines needs, cold supplies, and so on);
- **Building the capacities of the health staff** at all levels and the including specific strategies (IMCI, EPI and Nutrition) in the curricula of healthcare training institutions.

**2- Countering malaria, HIV/AIDS and tuberculosis:** It is crucial that the populations have access to healthcare interventions pertaining to the three basic diseases (malaria, HIV/AIDS, tuberculosis). These actions encompass:

- **On Malaria:** Promoting prevention (by making a better use of long-lasting insecticide-treated mosquito nets), Improving patient care systems and developing communication to induce behavioral changes;

- **On HIV/AIDS** : Assisting people living with HIV through the intensification of the voluntary HIV counseling and testing in healthcare centers, communication, awareness raising, prevention against behavioral changes notably that of high –risk groups, decentralization in providing a free-of-charge antiretroviral therapy (ART) to people living with HIV.
  - **On tuberculosis**: including DOTS in all healthcare centers, hospitals, AIDS clinics, enhancing equipment, patient care, program management capacities...
- 3- Non communicable diseases control:** These actions instantiate the legislative, regulatory and intersectoral measures designed to reduce risk factors, promote the early detection of the main non communicable diseases, undertake capacity-building programs, etc.

#### ***SO3- Adapting funding and financial resources to the healthcare system needs.***

This task is of an utmost importance given the fact that financial constraints are hindering any access to the aforementioned healthcare services. First of all, the state will increase its healthcare subsidies and the private sector its financial contributions to healthcare services. It is imperative, in the meantime, to introduce in-depth reforms to the management trends to better monitor the costs. The ongoing household cost-recovery process will follow a downward slope after the adoption of a new pricing system. In addition, people's access to healthcare will draw on the extension of the social protection system. (See Section 6.7)

#### ***SO4- Developing and valuing human resources to suit the healthcare system needs.***

Healthcare staffing will increase chiefly in the period covered by the AGEPS so that each basic hospital, general hospital and assistance institution could receive the required human resources to undertake its work in conformity with national standards. Recruitment needs on the 2015-2019 period were estimated at 858 additional agents, including 120 general practitioners, 38 specialists, 120 nurses, 40 midwives and 300 health auxiliaries. Simultaneously, it is important to promote the HRM procedures within the ministry and different units to optimize the healthcare staff's efforts and to ensure the effective response to the quantitative and qualitative needs.

#### ***SO5- Enhancing drug availability, use and quality in addition to improving diagnosis quality.***








Three key actions are to be undertaken in the framework of this strategic trend: (i) the reinforcement of bodies entrusted with the management of pharmaceutical products; (ii) the promotion of a more rational use of pharmaceutical products and the reduction of reliance on international assistance; (iii) the reinforcement of the laboratories sector (institutional promotion, product management, geographic coverage according to the healthcare roadmap). Reforms introduced to the drug distribution mechanisms and to the price-fixing of the pharmaceutical products will be the lynch-pin of the followed trend.

#### ***SO6- Reinforcing the national healthcare information system (NHIS) to promote the provided support to the NPHD decision-making, monitoring and follow up processes.***

The promotion of NHIS is a prerequisite to improve the health system performance through reliable statistics that can monitor different politics and health programs. These actions will work on: (i) enhancing the normative and institutional framework; (ii) improving statistic data (availability, quality and reliability) and (iii) capacity-building within the NHIS.

## 6.4 Gender promotion

### ☐ **Sectoral reference frameworks**

Sectoral reference frameworks.	
	Djibouti's National strategic plan of action for children (PASNED/2011-2015)
	Djibouti's National strategic framework for the protection and care of orphans and vulnerable children
	National Strategy on the elimination of all forms of excision
	National Strategy on literacy and informal education
	National strategy on family planning
	Djibouti's 2011-2021 National Gender Policy
	National Gender Policy (2010 – 2020), the integration of an HIV/AIDS risks reduction strategy.

### ☐ **The sector's contribution to the AGEPS:**

Unequal access to education, employment, gender-related duties, violence and human rights violations perpetrated against women and children are all significant challenges. This status quo has a deleterious impact on social development. On the economic scale, it's reflected by hard-to-access jobs to women, and by constraints on their mobility and on leading income-generating initiatives. In the framework of the National Gender policy and based on a consolidated gender integration in public policies, the promotion of women and family planning Ministry will focus on reducing gender inequality, promoting woman and children protection and enhancing the social and economic role of women.

### ☐ **Expected results:**

Expected Results
1. The women empowerment program is consolidated.
2. Progress is achieved in gender parity, women's rights protection and access to family planning.
3. Support to early childhood is promoted in such a way that enables the State and/or specialized associations and communities to provide vulnerable children with care and protection.
4. The registration and the adopted measures to deal with cases of violence against women are improved.
5. Institutional capacities and partnerships to counter gender-based inequality and vulnerability are fostered

### ☐ **Targets:**

Indicators	Reference	2019 Target
Women's share in decision-making bodies(Average within the Parliament and the Government, %)	20	40
Genital Mutilation rates (% of girls aged below 15 years)	48	32%
Women's employment rate (Active women ratio/ women aged between 15-64)	12	22%
Family planning coverage rate	42	68%
Girls / boys parity (girls percentage in the overall number of students)		
- Primary	0.86	1
- Middle	0.77	0.86
- Secondary	0.73	0.85
Literacy rate (15 years and above)		
Men	60.1%	69%
Women	39.5%	62%

❑ **Strategic Orientations:**

***SO1 –Promoting women empowerment***

In order to achieve income-generating activities-based women empowerment, it is necessary to underline the following:

- (i) Consolidating girls and women's literacy and training: Initiating functional literacy programs requires the mobilization of new funds. Promoting institutional stakeholders and associations' partnerships and ensuring equal access to education must be prioritized. Setting up numerous literacy classrooms within the country and teaching in the national language will stamp out this major inequality plaguing the Djiboutian society.
- (ii) Facilitating women's entry into the workforce and the development of female entrepreneurship: proposed reference framework and specific programs must be tightly linked to the micro and small business support institutions through information activities, training, soft assistance and funding.

The Social Action Center for the Empowerment of Women (SACEW), established in 2012, plays a primordial role in this regard. It aims at providing women with activities and services on the economic, social, educational and family levels in addition to promoting their entry into the workforce. It targets as well the consolidation of women's training and education.

***SO2 – Promoting gender equality, family planning and social action.***

With regards to the promotion of gender equality, it is necessary to underscore the appropriate and practical initiatives relevant to mainstreaming the gender perspective. These steps will allow a better consideration of gender issues in policy-making processes in the productive, educational, health, environment, and other sectors.

Furthermore, it is imperative to translate the texts on the fundamental rights of women into the national languages and to increase relevant outreach programs. Simultaneously, several awareness campaigns will be conducted within families and communities on the respect of girls and women's rights mainly through radio broadcasts in national languages. This advocacy campaign will further boost women leadership in political institutions and in the socio-professional entities. New advocacy and communication tools will be designed within the Promotion of Women's Ministry, and a data collection system will be set up to provide effective options and a successful follow-up.

In conclusion, family planning activities must be stepped up given their relatively low coverage rate. A national strategy on the promotion of family planning is indispensable and will be the framework of the steps to be made within the time limit, in close cooperation with health stakeholders and the civil society.

### ***SO3 – Protecting and Promoting Children’s rights.***

On childhood policies, focus must be given to the two main proposed axes:

- Developing early childhood care: Actions will include (i) Rehabilitating some day-care centers, (ii) building community day-care centers within the city and the 5 internal regions, (iii) training officials (chairmen of towns and districts, imams, heads of associations) on monitoring the structures of day-care centers, and (iv) creating income-generating activities to empower day-care centers.
- Protecting vulnerable children: regarding orphans and vulnerable children, it is necessary to shed light on providing training and support to families, communities and NGOs so that they would, in turn, provide orphans, vulnerable children and street children with the care and support they need. Specialized teachers will be trained to provide the essential care to orphans and vulnerable children in the Boulaos/Balbala cities and in the 5 internal regions.

In addition, follow-up and coordination mechanisms on the implementation of the Children’s Rights Conventions and other additional protocols will take effect.

### ***SO4 –Countering violence against women and children.***

Eliminating gender-based violence relies on four main pillars:

- Awareness campaigns on women vulnerability to HIV/AIDS;
- Advocacy campaigns against gender-based violence;
- The consolidation of existing call centers and the expansion of the call centers network within the capital and the regions.
- The establishment of a welcome center for women and children victims of violence.

In the meantime, numerous actions are to be taken to counter violence against children such as the creation of a national committee on women and family planning, the adequate training of justice officers, the expansion of call centers’ fields of competences.



### ***SO5 – Strengthening institutional capacities and partnerships***

Top priorities are: (i) Promoting the personnel’s competences, (ii) Improving labor conditions (vehicles, equipment, tools, a new building for the Ministry), (iii) Enhancing the institutional training and support provided to NGOs and domestic associations, (iv) Intensifying workshops and communication activities, (v) Boosting program planning, management, monitoring and assessment. To that effect, the actors charged with the monitoring and assessment programs of the National Gender Policy (NGP) (i.e. the national council on gender promotion (NCGP), its permanent secretariat (PS), the internal monitoring and assessment unit at the PS/NCGP, the regional and community levels, and the gender national statistics unit) must be functional, and must fulfill their respective duties. The latter encompasses the midterm stimulation of the monitoring and assessment mechanisms and the indicators for follow-up (linked to the Studies and planning Department). Funding is a key element to the implementation of the NGP action plan. Finally, it is imperative to strengthen partnerships among key actors (i.e. sectorial ministries, TFP, regions, the private sector, international NGOs and national associations) at all levels.



## 6.5 Youth and Sports

### ☐ Sectoral Reference Frameworks

Sectoral Reference Framework	
	National policy on youth, sports and leisure (2008-2017)
	Djiboutian Youth Development Program (2011-2015)

### ☐ The sector's contribution to the AGEPS

Djibouti's youthful population is a vital element of national development. Nonetheless, this social category faces several obstacles: access to schools, the quality of education, disparities between training and education programs and job requirements on the labor market, lack of coaching programs on the entry to the labor market, high rates of unemployment, limited access to sports and leisure, etc. Within the framework of policy-based trends, the State Secretariat for Youth and Sports (SSYS) will cooperate with other ministries to overcome two key challenges: Integrating the youth into society on one hand, and increasing sports activities on the other.

### ☐ Expected results:

Expected results
1. More social inclusion and economic integration of the youth.
2. A developed mass sport and mobilized means to ensure the detection and the promotion of young talents in high-level sports.
3. Reinforced sectoral and institutional capacities.

### ☐ Targets:

Indicators:	Reference	2019 Target
Number of Children and Vulnerable Children in care	8 000	15 000
Number of young people spending time in cultural environments and communities	15 000	21 700

### ☐ Strategic Orientations

#### ***SO1 – Increasing the social and economic integration of the youth.***

The social integration of the youth relies on 5 steps: (i) elaborating a program on the prevention and elimination of juvenile delinquency; (ii) establishing a rehabilitation and resocialization centers to young delinquents in Djibouti; (iii) revitalizing recreational and cultural activities within the community development centers (CDC); (iv) defining a clear policy and an action plan on the complementary training of disadvantaged youth, based on informal education, and a specific mechanism to validate acquired-skills; (v) reframing the CDC missions and functions.

As for economic integration, it is based on: (i) Youth (aged 15 to 35) mapping; (ii) elaborating a policy and an action plan on information and communication exchange with the youth.

In the framework of the national employment policy, the State secretariat for youth and sports (SSYS) will implement a “youth entrepreneurship” program to support youth initiatives. Assessment of needs will focus on the current resources of the national youth fund that is being funded through the cigarettes sales tax.

In this respect, CDCs can pave the way for youth cooperation in the elaboration of projects while communicating with the National Solidarity Ministry and drawing on the State subsidies fund that supports entry into the labor market.

The CDCs status will then be reviewed, an association or federation will be established and centers will be able to meet the required qualifications in terms of structures, equipment and teachers' training. A mobilization of resources will then be needed and will revolve around a comprehensive project on community development.

### ***SO2 –Promoting popular sports and high-level sports***

Numerous steps will be adopted, chiefly : (i) providing support to sports in school and universities; (ii) Encouraging people with special needs to play sports (disabled sport); (iii) Promoting traditional and popular sports; (iv) developing sports in prisons; (v) Eliminating all forms of violence and discrimination in sports in Djibouti. Additional support provided to football (the establishment of football centers) and athletics (developing sports academies) will be in the limelight in addition to the promotion of local sports associations. The restructuring of sports federations and the improvement of sports infrastructures will immediately follow.

A planning program on sports sites (sports grounds, playgrounds in the districts, football pitches) will be developed as well.

As for the high-level sports, steps include the mobilization of resources to facilitate the mobility of athletes and the detection of young talents.

### ***SO3 – Consolidating the sector's institutional capacities***

This consolidation program will cover:

- The operationalization of the SSYS general inspection.
- Stakeholders training (SSYS officials, officials from the associative and federal sports sector, socio-educational ,cultural and community development facilitators working in informal education);
- Building headquarters for the SSYS and the sports federations.

## **6.6 Housing**

### **❑ Sectoral Reference Frameworks**

Sectoral reference frameworks	
↗	National Strategy on Urban Development
↗	State Secretary of Housing's program of action 2014-2017
↗	National Strategy on Housing

### **❑ The sector's contribution to the AGEPS**

Recent assessments shed light on the imbalance between supply and demand in the housing market principally due to the lack of appropriated bank financing and institutions. They underline that only households whose incomes exceed 15000 DJF (less than 30% of the population) have profited from past programs. Therefore, a new housing and accommodation policy is proposed.

The sectoral strategy first targets the majority of the population, chiefly the lowest incomes, so that all social categories can afford a decent housing unit that matches the socio-cultural environment. It then relies on the strong will to promote the private sector. Finally, ensuring the coherence between housing programs and land management policies must be prioritized, thus paving the way for new urban management and housing programs in internal regions.

Drawing on Regulations (Urban and real-estate code) and strategies (NSUD), the government proposes a strategy that provides answers to several problematics raised in this sector (expansion zones, old districts, precarious structures, financial access to housing...). This strategy encompasses 5 key elements: (i) improving the financing of housing through the creation of a housing bank; (ii) Improving urban planning to organize urban extension by delivering serviced plots; (iii) Delivering new houses to improve housing access to all social categories, with the aim to deliver 2000 houses within the capital and 30 apartments in each city; (iv) clearing up all precarious houses in slums and old districts to avoid social exclusion; (v) Empowering stakeholders to undertake a sustainable response.

## ❑ Expected Results

Expected Results	
1.	New institutions are functional and thus capable of financing the housing sector and provide support to the most disadvantaged social categories.
2.	New real-estate agencies are established in Djibouti and in the five main cities to undertake, at all levels, individual housing projects.
3.	Construction activity in terms of new houses is accelerated to reduce the current scarcity.
4.	Precarious houses are being cleared up in slums and old districts.
5.	The capacities of the sector's stakeholders are enhanced.
6.	Housing supply has increased in all regions.

## ❑ Targets

Indicators	References	2019 target
The population without a decent house rate	74.3	-
Number of granted land titles (settlement)	6 782	10 000
Delivered serviced plots (yearly)	2 949	5 000
Owners with land titles	18 088	28 000
Owners with license of temporary occupation	19 456	27 240
Owners without status	14 396	11 240
Tenants	16 191	17 270
Number of distributed credits	0	5000
Urban planning (ha)	-	400
Old districts upgrade (ha)	-	16
Housing products	1 912	25 000
- zero slums program		6 000

Source : MHUE et the Housing Fund

## ❑ Strategic Orientations

### ***SO1 – Developing the financing of Housing***

Since the banking system hasn't provided the appropriate elements to ensure the sector's development, the government suggests the establishment of a housing bank. In this regard, efforts must focus on 3 areas: (i) conducting a feasibility study, (ii) building the setting (iii) establishing a Support housing fund within the housing bank.

The last step is the lynch-pin of the housing program that will benefit the least disadvantaged groups. It will draw on the redistribution principle (the margins cleared from marketing the aforementioned plots to develop a high-level residential area will be financing this fund).

### ***SO2 – Expanding urban housing by managing new lands.***

Producing new serviced plots on newly developed lands is essential to undertake a rational urban planning and to contain all anarchic buildings. This activity will be based on the Main Schemes of Djibouti and the main cities. Urban planning will encompass Djibouti the city, (housing expansion over 200ha) and the 5 main cities (over 20ha in each secondary city). In order to ensure access to housing for all, it is necessary to develop plots serviced at different levels with variable surface areas. The high level land-management project of Heron's rest marina will complement these programs.

### ***SO3 – Reducing the housing deficit and developing urban centers to build new houses***

The 2 main operators, i.e. Djibouti's Housing Fund (DHF) and Djibouti's Housing Company (DHC) will respectively shift into the urban rehabilitation and housing agency, and the property management company.

In addition to the aforementioned steps, the government will boost the promotion of private real estate, along with the public-private partnerships through a recently approved legal and regulatory framework.

From the operations' perspective, several programs have been devised including: (i) A national program on building accommodations in Djibouti and the five main regions to further develop urban centers. It aims at providing collective accommodations: 2000 apartments in the capital and 30 in each region. An additional program must be implemented, based on the public-private partnerships with the aim to build 2000 new accommodations.

### ***SO4 – Improving precarious accommodations (Zero Slums Program)***


Clearing up precarious accommodations in slums and old districts will be the government's top priority. To that end, three programs will be implemented: (i) supporting self-help housing, (ii) restructuring and updating old districts, (iii) renovating and requalifying key zones. These actions will be part of the "Zero slums program" that is being elaborated.

## ***S05 – Empowering stakeholders:***

Finally, it is crucial to build the stakeholders' capacities to sustain the sector's response to the problem of housing and accommodation. Therefore, it is imperative to follow these steps: (i) promoting central services, or those relevant to the State Secretary of Housing; (ii) Enhancing municipal technical services; (iii) consolidating enterprises' construction.

## **6.7 Employment**

### **□ Sectoral Reference Frameworks**

Sectoral Reference Frameworks	
	National Employment Policy (NEP) 2014-2024

### **□ The sector's contribution to the AGEPS**

The National Employment Policy, adopted in 2014, aims at gathering all the elements that can lead to the creation of decent jobs. These actions revolve around the following seven strategic goals: (i) to increase and improve technical and vocational education and training (TVET) opportunities; (ii) to improve employability and the integration of job seekers: women and youth; (iii) to develop a number of SME/SMI abundant with decent job opportunities; (iv) to promote productive job opportunities in the primary sector; (v) to promote the smooth functioning of the labor market; (vi) to promote social protection; (vii) to build the capacities of new entrants to the labor market. That is how the NEP steers social and economic development. In fact, it promotes a training-job adequacy, an economic growth conducive to the generation of decent jobs, an efficient governance of the labor market and the expansion of social protection. Box7 summarizes the main steps relevant to each of these objectives in the framework of the Employment policy. The NEP's most sublime goal is to generate 114500 new job opportunities and thus reduce the unemployment rate to 31% by 2024 compared to 50% in 2014.

### **Box7 : The National Employment Policy's Strategic Objectives and Operational Priorities**

Strategic Operations/ Main Actions
<b>1 : Increase and improve TVET opportunities commensurately to the labor market needs.</b>
<ul style="list-style-type: none"><li>- To promote a training device to ensure adequacy between training skills and job opportunities including an efficient monitoring body, an operational directory of jobs and careers and a follow-up system;</li><li>- To organize the TVET and the certification of its training curricula and certificates;</li><li>- To promote a permanent and effective funding mechanism for TVET;</li><li>- To promote technical and vocational tertiary education suitable to the national economic needs;</li><li>- To Implement the national policy on TVET;</li></ul>
<b>2 : Improve employability and the integration of job seekers: women and youth</b>
<ul style="list-style-type: none"><li>- To develop specific education and training initiatives to the underqualified entrants to the labor market, namely disabled people and youth;</li><li>- To consolidate and expand socio-professional integration activities regarding educated youth and women ( integrated internship project, training on job search techniques, providing information on entrepreneurship in partnership with the private and public sectors;</li><li>- To reinforce and extend the empowerment project of the transport and logistics' Djiboutian sector across other sectors and the main regions;</li><li>- Enhancing the Intensive Labor Force (ILF) programs in all regions by (i) directing them toward socioeconomic infrastructure projects with special attention to the targeted populations, (ii) adding the training-saving-integration component to the jobs tailored to the relevant population.</li></ul>

<b>3: Develop a segment of SME/SMI abundant with decent job opportunities;</b>
<ul style="list-style-type: none"> <li>- To improve the business climate of the SME/SMI by reducing the qualitative constraints relevant to the SME/SMI sub-sector on one hand, and the costs of production factors, chiefly energy, on the other.</li> <li>- To develop innovated assistance means to youth with projects to create new enterprises or to develop existing ones.</li> <li>- To disseminate an entrepreneurship culture in particular among educated women and youth.</li> </ul>
<b>4: Promote productive job opportunities in the primary sector;</b>
<ul style="list-style-type: none"> <li>- To build the technical, material and human capacities of women and youth engaged in the fisheries and agro-pastoral sectors, mainly those living in the central regions</li> <li>- To promote the cooperatives of women and youth working in the fisheries and agro-pastoral sectors;</li> <li>- To promote intensive agro-pastoral micro projects by encouraging new actors to engage in the primary sector</li> </ul>
<b>5 : Promote the smooth functioning of the labor market;</b>
<ul style="list-style-type: none"> <li>- To improve labor legislations (Optimally modifying the Labor Code as to match the labor market's requirements and to adopt its executive articles) ;</li> <li>- To enhance the monitoring over the implementation of the previously mentioned legislation and the labor conditions.</li> <li>- To avoid and manage labor conflicts.</li> <li>- To consolidate the national framework of social dialogue through the reinforcement of the tripartite structure (Employers and employees organizations)</li> <li>- To promote the collective salary negotiation;</li> <li>- To disseminate a culture of social dialogue to avoid labor conflicts and to promote confidence among different partners in this context.</li> </ul>
<b>6 : Promote social protection</b>
<ul style="list-style-type: none"> <li>- To improve the formal sector's social security;</li> <li>- To extend social security across the rural and urban informal sectors;</li> <li>- To promote universal health insurance;</li> <li>- To avoid occupational hazards ( by raising awareness, training social partners and ensuring the operability of the national committee on Occupational safety and health);</li> <li>- To counter occupational infectious and communicable diseases.</li> </ul>
<b>7: To build the capacities of new entrants to the labor market.</b>
<ul style="list-style-type: none"> <li>- To build the institutional capacities of all new entrants to the labor market to ensure a better coordination and organization of their efforts;</li> <li>- To build the technical and human capacities of all new entrants to the labor market to make an optimal use of them.</li> </ul>

In the context of NEP, several goals are relevant to other policies. The first goal on technical and vocational education and training is thus underlined in the TVET section (6.2). The role of the primary sector in generating productive job opportunities (goal 4) is underscored in section 5.4, in addition to the third goal on developing an intensive SME/SMI section abundant with decent job opportunities that is highlighted in the section on the private sector's development.

Finally, the sixth goal on the promotion of social protection appears in section 6.9.

Subsequently, this section will shed light on the active trends relevant to the promotion of employment. Through well targeted initiatives to job promotion, they become an added value to job generation on one token, and they build the capacities of the news entrants to the labor market on the other.

#### **❑ Expected results**

<b>Expected results</b>
<ol style="list-style-type: none"> <li>1. Improved employability and integration of job seekers: women and youth.</li> <li>2. Reinforced labor market regulations and social dialogue.</li> <li>3. Successful capacity-building operations among entrants to the labor market.</li> </ol>

## ❑ Targets

Indicators	Reference	2019 Target
Percentage of the active population that received TVET	10%	19%
Women Unemployment Rate	65,6%	38%
Youth Unemployment Rate	62,8%	38%
Net Number of permanent jobs created by the modern sector	62,8%	38%
Number of new jobs generated thanks to projects financed by numerous support funds	62,8%	38%
Number of created Small and Micro Enterprises	62,8%	38%
Percentage of enterprises that violate the Labor Code provisions.	35,7%	17,5%

## ❑ Strategic Orientations

### ***SO1 –Improving employability and the integration of jobseekers: women and youth***

The ministry of Labor works in close cooperation with the relevant institutional stakeholders (SSNS, DASD...) and is keen on elaborating targeted development initiatives on education and training for unqualified women and youth. It is necessary to assist young graduates to find a job and to ensure adequacy between training skills and job requirements. In this context, attention must be drawn to two pillars: integration into enterprises and the promotion of self-entrepreneurship. Furthermore, previous actions with aims to improve the performance of vocational training may increase the employability of youth enrolled in vocational training by 2019.

The project on empowering the Logistics and Transport sector will extend across other sectors and regions. In addition, it is imperative to adopt the ILF program in all central regions by (i) directing the ILF actions toward the socioeconomic infrastructure projects relevant to the targeted populations, (ii) adding the training-saving-integration component to jobs in the mentioned areas.

### **SO2 – Developing Youth entrepreneurship**

In the respect of the National Employment Policy, it is expected to improve the employability of unemployment-hit youth, so that they could either easily integrate enterprises that are searching for skilled people, create their own enterprise thanks to their acquired skills or fulfill their duties in an effective and productive manner. Several steps pave the way to achieving these goals:

- To assist and train the directly affected youth by implementing the national strategy;
- To identify the management and thinking platforms relevant to the future national development strategy on the culture of entrepreneurship;
- To make sure that the education and higher education sectors are contributing to the entrepreneurship training;
- To guarantee the governmental actions' coherence by providing several services and training opportunities commensurate with the needs of the youth who intend to run their own company;
- To enact laws on cooperatives and cooperatives-related guidance services;
- To facilitate the financing of the FDED and to overcome the obstacles faced by the youth in creating their own companies.

### ***SO3 – Promoting the smooth functioning of the labor market.***

The steps to be made between 2015 and 2019 include the legal framework, the development of dialogue and the efficiency of information and monitoring systems. In this regard, two goals must be reached: a better regulation of the labor market and the revitalization of social dialogue. From the quantitative point of view, the adopted steps might lead to the reduction of the rate of companies violating the labor code provisions (from 35, 7% in 2012 to 10% in 2024) and to that of individual and collective work conflicts. Therefore, it is crucial to:

- Improve labor legislations (Optimally modifying the Labor Code as to match the labor market's requirements and to adopt its executive articles) ;
- Enhance control over the implementation of the previously mentioned legislation and the labor conditions.
- Avoid and manage labor conflicts.
- Consolidate the national framework of social dialogue through the reinforcement of the tripartite structure (Employers and employees organizations)
- Promote the collective salary negotiation;
- Disseminate a culture of social dialogue to avoid labor conflicts and to promote confidence among different partners in this context.

### ***SO4- Empowering new entrants to the labor market***

Empowering the new entrants to the labor market will help improve the labor market's governance that will, in turn, generate the increase and the improvement of provided services in the framework of labor promotion. From this perspective, the following steps are of an utmost importance:

- Creating and elaborating the institutional implementation mechanism of the NEP;
- Building the human and technical capacities of the institutional implementation mechanism of the NEP;
- Setting up a labor market- related information system;
- Empowering the labor market institutions;
- Mainstreaming, following-up and implementing the operational NEP plan of action.

Creating regional poles and developing infrastructures will help generate more “intensified labor force” job opportunities. The employment sector can also benefit from microfinance activities and from the elaboration of a small entrepreneurs fabric that will both open new horizons to the youth.

### ***SO5– Promoting the NIPA at the technical and management levels***

It is crucial to empower state institutions, namely the National Institute on Public Administration, to improve the public administration's productivity. For it to optimally fulfill its duties, it must draw on an empowerment program that includes:



- Undertaking a diagnosis and an empowerment program to revitalize training activities,
- Increasing the disposable NIPA's budget,
- Overhauling the infrastructure and building an amphitheater;
- Acquiring hardware, furniture and other office assets, audiovisual equipment, vehicles, etc...
- Consolidating the institutional framework by adopting a law that amends the NIPA's statute and its implementation decree.
- Establishing the NIPA's administrative council.

#### **SO6– Promoting social security**

Promoting social security relies first and foremost on the promotion of the existing system and revolves around: (i) promoting the formal sector's social security; (ii) extending social security across the informal rural and urban sectors and promoting universal health insurance. The new law adopted in February 2014 (n°24/An/14/7 on universal health insurance) lays the foundations of a UHI that covers the hospitalization and healthcare fees, chiefly essential care. It will take effect in the framework of the Health Insurance Program (HIP). In this respect, it is imperative to:

- Improve the prevention mechanisms against occupational risks ( raising awareness, training social partners, operationalizing the National Commission on Occupational safety and health), to fight infectious and communicable diseases at work;
- Promote social security of the employees working in the formal sector;
- Train health specialists and social workers so that they effectively fulfill their duties in the framework of health insurance.

## **6.8 Social Protection and Vulnerable Populations**

### **❑ Sectoral Reference Frameworks**

#### **Sectoral Reference Frameworks**

📄 Social protection – National strategy “ Social security nets” 2013-2017 SSNS

### **❑ The sector's contribution to the AGEPS**

Diagnosis on poverty and vulnerability in Djibouti suggests multifaceted findings on social protection. In other words, they comprise: the contributive social security system, the fight against poverty and food insecurity, the promotion of microfinance, money transfer or charity donations. The 2012 national strategy on social protection targeted 3 strategic social categories in terms of social security nets:

: pregnant and nursing mothers and their children, those unable to work and who aren't covered by the social security system ( disabled people, old aged people with no retirement salary, street children, etc. ) and those able to work. In this regard, three principal intervention fields have been proposed: (i) developing a system on conditioned nutritional support for pregnant and nursing mothers and their children aged below two ii) establishing a non-conditioned monetary assistance to those living in precarious conditions who lack any access to resources; (iii) generating more job opportunities in terms of “intensive labor force” mainly in the sector of construction and maintenance of small infrastructures and public assets, that are coupled with the relevant vocational training and appropriate financial support to the creation and development of self-entrepreneurship, handicraft, cooperatives and SME. In addition, it is primordial to establish the Universal Health Insurance program and to better coordinate and manage social assistance programs.

## ❑ Expected Results:

Expected Results	
1.	The formal sector's social security and health insurance will have covered at least half of the population by 2019.
2.	Social protection programs based on Social security nets are extended.
3.	Legal and institutional conditions are created to develop a social and solidarity economy.
4.	Coordination and Follow-up on social assistance programs with optimal results are guaranteed.

## ❑ Targets

Indicators	Reference	2019 Target
Social Security Coverage Rate	29%	55%
Health Insurance Coverage Rate	0%	57%

Source : reference values = NEP; targets: NEP Trends 2012-2014

## ❑ Strategic Orientations

***SO1 – Fighting Poverty and Vulnerability, Developing human capital and Promoting national solidarity by establishing an efficient social protection mechanism.***

Regarding direct support, it is necessary to focus on:

- Providing assistance to narrow the gap of households' food spending, chiefly the poor;
- Distributing food supplies and food coupons to the most disadvantaged people (an extension of the Food Coupons project, in partnership with the WFP);
- Carrying on the money transfer operations that target the most disadvantaged students, and those living in the internal regions;
- Executing numerous programs in cooperation with the DASD: more access to basic services (Balbala, Djebel);
- Preserving the national heritage that requires Intensive Labor Force works(Djibouti, the city);
- Ensuring development in solar power(Yoboki, Dorra, As Eyla) ;
- Expanding social nets (Arta, Ali Sabieh) ;
- Developing the job-generating stone sector;
- Protecting the environment by setting up dumps in the city of Djibouti and the main regions and developing the districts.

It is necessary to keep on providing assistance to vulnerable populations based on the following:

- On **street children** : ensuring the legal protection of children; Elaborating a social protection program including accommodation, access to health care and education and providing children in need with socio-psychological assistance ; providing working-age children with the appropriate training and ensuring their integration into the labor market
- On **nomads** : Promoting agro-pastoral activities by providing the necessary equipment, by building water reservoirs and securing seats for agricultural cooperatives; creating fodder spaces, providing food assistance and access to basic infrastructure (education, health, drinking water, etc.) in the framework of a semi-permanent settlement policy.
- On **displaced people**: Providing food assistance, access to basic social services and searching for a sustainable solution in cooperation with development partners.

Several measures complementary to the aforementioned will ensure that the poor have access to basic services. These measures must comprise: (i) training healthcare personnel living in these areas, so that they can be able to give advice, provide basic care services, ensure health control and declare the state of emergency in hard times, (ii) using mobile dispensaries that will regularly make stops in all areas, (iii) adopting the grades system in primary education, (iv) Supplying all areas with solar or wind energy to facilitate water pumping, adult education and educational support, during the evening, in the classrooms; (v) guaranteeing decent accommodations for all, mainly those built with domestic materials, local labor force and solidarity among rural citizens.

The SSNS measures will complement this mechanism to improve youth employability. The latter subject is detailed in another section.

### ***SO2 – Developing microfinance***

The involvement of all social categories in national development is one of the crucial challenges faced by our country. Nonetheless, developing microfinance can help overcome it. To that effect, it is imperative to work on:

- Establishing solidarity credits;
- Developing youth entrepreneurship credits in growing markets;
- Developing micro projects pertaining to food security;
- Elaborating a strategy on the mobilization of national savings.

### ***OS3 – Promoting a social and solidarity economy***

In the context of the social and solidarity economy, it is crucial to:

- Deepen the outreach of cooperatives;
- Improve the legal framework of associations and increase the provided support to associations and communities infrastructures;
- Establish an assistance body to micro enterprises.

#### SO4 –Coordinating, monitoring and assessing poverty


Within the existing legal framework, (legal texts defining the mandate, functions and organizing the Secretariat and the National Solidarity Fund), the State Secretariat for National Solidarity intends to improve the effectiveness and efficiency of the social assistance mechanism.

In this regard, four key mechanisms were highlighted:

- (i) *Harmonizing assistance and refining the targeting of beneficiaries*: To that effect, it is imperative to pinpoint the eligibility criteria to the various assistance programs and to define the registration procedures of beneficiaries. In the meantime, a unified social record on social programs beneficiaries with a unique category to household and individuals will be set up. A sole and independent committee will be charged of managing local subsidies.
- (ii) Promoting the coordination of programs and projects to ensure the coherence of social nets-related actions: This mechanism will draw on the establishment of a geographic information system pertaining to programs and projects, the creation of a public-private information network on social nets and the inception of coordination units.
- (iii) Developing the following-up and assessment of programs and projects on social nets while focusing on capacity-building in terms of assessment, systemizing the external assessment on programs and projects and undertaking a solid follow-up on indicators that measure the impact of the latter two.
- (iv) *Implementing the end-of-assistance strategy* by identifying at an early stage the routes out of social assistance, by coupling subsidies to the beneficiaries' training and by introducing a support system to provide them with legal assistance.

## 6.9 Muslim Culture and Affairs

### ☐ Sectorial Reference Frameworks

Sectorial Reference Frameworks	
	-

### ☐ The Sector's contribution to the AGEPS

The Department of Muslim religious and cultural affairs, contributes to development by promoting the citizens' behaviors, supporting several social and economic development projects, valuing heritage-a key element to boost the tourist sector- or training young artists.

### ☐ Expected Results

Expected Results	
1.	The required capacities to implement Muslim affairs related programs are consolidated,
2.	The development of arts and culture is promoted through a cultural policy and effective support initiatives.

## ❑ Strategic Orientations:

### ***SO1 – Empowering the Department of Muslim affairs.***

Several programs have been elaborated. They revolve around 4 main axes:

- Promoting Koranic education by transforming regional Koranic contests into international ones, computerizing the latter's management, training the teaching staff;
- Developing the infrastructure of religious sites( equipping mosques with land line and signage equipment, renovating ten mosques), setting up an Imams training center and boosting the management of pilgrimages;
- Supporting numerous projects (moral and citizenship behavior, orphans' support, a product marketing center Shabeley's agro pastoral project, Consolidating sponsorship activities.)

### ***SO2 – Promoting culture and arts***

In order to develop arts and culture, the Government will create a nurturing environment to protect intellectual property by ensuring a legal and social framework to the artist, by upholding the principles of freedom of expression and pluralism, and by drawing a legal and institutional framework so that entrepreneurs and enterprises could promote arts, culture and handicrafts.

The main pillars of this project comprise:

- Underlining the Djiboutian Cultural identity and national languages. This requires a substantial organization and management of the cultural activity, the right to culture for all and the participation of all, chiefly women and youth to the cultural life;
- Protecting and valuing the national cultural heritage;
- Increasing human financial and material resources and allocating them to cultural development;
- Promoting inter regional cultural exchanges ;
- Disseminating Muslim values in the ranks of the youth and promoting their role in community development;
- Promoting Muslim dimension of women and consolidating their contribution to the Comprehensive community development

Significant investments are required to consolidate the functioning channels and the installations of the Arts Djiboutian Institute (DAI), notably: building a stage, setting up an administrative block, a stocking and maintenance center and building settings for artistic and cultural education and multimedia rooms. Several other projects such as museums or culture houses will be implemented, proportionately to the mobilization capacity of resources.

## CHAPTER VII: THIRD AXIS: PUBLIC GOVERNANCE AND CAPACITY-BUILDING

In order to improve the public policies' efficiency and effectiveness, it is imperative to uphold the Rule of Law, to establish strong institutions, to engage of all social components and to ensure the protection of their fundamental rights. For the accelerated development process to reap its fruits, the third axis of the strategy aims at strengthening good governance and building the capacities of local and national stakeholders. In this context, The AGEPS interventions will primordially revolve around: (i) upholding democratic achievements, (ii) introducing reforms to the Justice System, (iii) improving the economic and financial governance; (iv) consolidating security and international cooperation; (v) updating public administrations, (vi) and undertaking decentralization and building the capacities of the internal administration.

### 7.1 Political governance

#### ☐ Reference sectoral frameworks

Reference sectoral frameworks	
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#### ☐ The sector's contribution to the AGEPS

Locking in democratic gains is among the major priorities for the period 2015-2019. Therefore, it is crucial to enhance the Parliaments prerogatives, undertake capacity-building operations and strengthen dialogue mechanisms among different social components. Subsequently, this will positively affect economic growth and social development, and will improve the management of public policies by enabling citizens to hold the State accountable.

#### ☐ Expected results

Expected results
1. The communication, assessment, consultancy and dialogue mechanisms are strengthened in such a way that enables all social categories to freely express themselves.
2. The Parliament is more engaged in the governance of public policies.
3. The electoral system has become transparent and unbiased.

#### ☐ Targets

Indicators	Reference	2019 Target
Percentage of the international conventions' provisions that were epitomized in national legislations. (%)	...	100%

#### ☐ Strategic Orientations

***SO1 – Strengthening communication, consultancy, assessment and dialogue mechanisms.***

Locking in democratic gains relies on strong civic political governance. To that effect, the government will endeavor to institutionalize dialogue mechanisms among the State, citizens, social partners, the civil society and the private sector on one hand and to uphold the respect of public institutions on the other, starting with state officials.

In addition, the Government intends to increase its assessment and communication activities to ensure transparency with the population over the policy implementation, public actions and public funds spending. Public institutions will, in particular, undertake a periodical assessment of the Government's actions to value achieved progress on the economic and social levels. Therefore, it is imperative to build the capacities of the Monitoring and Assessment committee that is composed of high level public and parastatal officials, as well as universities to conduct its assessments periodically, in transparency and objectivity. Moreover, The Mediator of the Republic, an independent constitutional unit created in 1999, will be empowered to effectively fulfill its duty of peacefully settling the misunderstandings between The Government and citizens by finding appropriate solutions. In the framework of the French-speaking Ombudsmen and Mediators' Association (FOMA), the exchange of mediation experiences with other countries will be undertaken. The new legislative and regulatory framework is the nurturing environment of this Institution. From this perspective, the mediator must double his hosting, communication and guidance activities and must follow closely the implementation of the annual reports' recommendations. Improving political governance requires as well a consolidated and updated Justice system (see section 7.2.)

### ***SO2 – Promoting the Parliaments' role and capacities***


After re-examining the electoral system, the main focus has become to ensure an effective political representation in Parliament (that will guarantee the sustainability institutions) and to build the institutions human and material capacities in terms of analyzing draft laws and monitoring the Government's actions. Therefore, it is important to build the capacities of the national elected officials and to promote the legislative duties of the parliamentary commissions through training sessions, labor inspection and exchanging experience with foreign MPs. The already set steps will strengthen communication with the citizens through dialogue and the generalization of parliamentary activities by building permanent accommodations in the main regions, by revitalizing the Parliament's website and by periodically issuing and ensuring the wide distribution of the Parliamentary Review.

### ***SO3 – Strengthening the electoral system.***

It is crucial to strengthen the electoral system to safeguard democratic gains. To that effect, the following measures must be adopted (i) building the capacities of the NCHR's Directorate of Elections , charged with the management of elections, (ii) looking into the legislations on the National Independent Electoral Commission (NIEC). They will be complemented by the Ministry of Interior's activities such as creating The Directorate General of Elections and preparing for the next elections (2016 presidential elections; 2017 regional and communal elections)

## 7.2 Justice and human rights

### □ Sectorial framework of reference

Sectorial framework of reference


### □ The sector's contribution to the SCAPE

The judiciary system represents the base of the Rule of Law. Its strengthening helps in the social development (because justice is a right that should be accessible to everyone, and which guarantees the respect of social norms), as well as in the economic development (because justice is one of the pillars of the business environment. Regarding the first aspect, the emphasis should be particularly on the court hearings and on the establishment of a basis of judicial assistance. Regarding the second aspect, the modernization of judicial tools and the reinforcement of the capacities of the Staff of Justice are essential.

### □ Expected results

Expected results
1- The capacities of the judiciary institutions are reinforced, mainly thanks to the continuous training and the regular evaluation of the staff.
2- Access to the services of justice is improved, particularly to the population living outside of the capital.
3- The judiciary system functions with modern judicial tools (legislative framework, computerization, archive...).
4- The promotion of human rights is assured from popularized texts and efficient relay organizations.
5- The prison administration is strengthened with infrastructure, equipment and human resources.

### □ Targets

Indicators	Reference	Target 2019
Magistrates who benefited from training	-	32 over 131 (8 magistrates/year)
Business executed less than a year after the judgment (%)	-	100%
Number of beneficiaries of the judicial assistance	Very low	20% of seekers with low income

Source: Ministry of Justice

### □ Strategic orientations

#### **OS1– Improvement of the access to the services of justice**

Given the actual massive presence of the judicial infrastructures in the only capital, the improvement of the populations' access to the services of justice, especially the vulnerable population including women, infants, children, as well as populations with special needs, is a strong priority of the government.

Three principal actions will take place to achieve this goal:

- The renewal of hearing courts: This will aim to bring together the justice of citizens with the vulnerable populations of Balbala, and the interior regions, in order to facilitate their access to judicial authorities. This will also aim to reduce the costs of transportation to the capital.
- Establishing a basis of judicial assistance: This will allow the most deprived litigants to benefit from public support to defend their rights.
- The construction of three new courts (Balbala, Dikhil and Obock).



Furthermore, the service of reception and orientation of the Palace of Justice will be fortified.

### ***OS2 – Modernization of judicial tools***

The modernization of judicial tools is very crucial in making the judicial apparatus more efficient. This modernization will come in the form of reviewing the Penal Code and the Code of Penal Procedure, elaborating and editing a casebook as well as building a library in the Palace of Justice. In parallel, a project of the automation of the judiciary system using the new technologies of information and communication will be executed.

### ***OS3 – Promotion of human rights***

Within the scope of protecting and promoting human rights, the objective of the SCAPE aims to translate and popularize the international texts adopted by the Republic of Djibouti, and to ratify the international conventions, for the protection of all people against enforced disappearances, and for the protection against the rights of migrant workers. The expected work will also include strengthening the capacities of the National Human Rights Committee, to assure its independence, and to comply with the principles of the Declaration of Paris. The support for the National Human Rights Committee, through recruiting additional personnel and training them, will allow it to acquire the tools necessary for the preparation and the publication of periodic reports, as well as implementing the provisions of international conventions into national legislations. Additional financial resources will finally make possible the extension of the scope of the NHRC over the entire national territory, especially in the interior regions.

Furthermore, this strategy will contribute in a better organization of the civil society actors, through strengthening the capacities, to enable them to play a more active role in the design, implementation and monitoring of development projects and programs. It will also consolidate the gains in freedom of expression, especially through different means of communication. The institutional media communication capabilities will be enhanced to increase citizens' access to information, but also to promote and popularize human rights.

### ***OS4 – Strengthening of prison policy***

Regarding the prison policy, priority will be given to the relocation of the civilian prison Gabode, to a new site identified at PK 23, and the strengthening of capacities of regional centers of detention Dikhil and Obock. It will therefore consist of building a new central prison in the capital and to acquire regional detention facilities, one in the South and another in the North, therefore meeting international standards required to improve detention conditions of prisoners and detainees and facilitate their access to prison health services.

In order to ensure better prison management, the capacities of the prison security forces should be strengthened with the recruitment of 120 new prison officers, staffing of specialized rolling stock for the transport of detainees and service vehicles and the acquisition of specific equipment (uniforms, weapons, handcuffs, etc.). The creation of training centers and social reintegration of prisoners should make effective reintegration at the end of their prison sentences.

## **OS5– Strengthening the capacities of the judicial institutions**

Strengthening the capacities of judicial institutions will rely primarily on a long-term dual action coupling a periodic evaluation of judicial staff and training of magistrates and court officers. The Palace of Justice in Djibouti will also be provided with equipment, especially IT, to its new sites, which will allow it to minimize delays in issuing judgments and other judicial acts. Other large-scale actions will be related to the Supreme Court (construction of a building to house the latter) and the Court of Auditors (equipment).

### **7.3. Economic and financial governance**

#### **□ Sectorial framework of reference**

Sectorial framework of reference	
-	Five-year plan 2011-2016 of the Ministry of Foreign Affairs and the International Cooperation
-	National strategy for the development of statistics (NSDS), Master plan for 2009-2013 statistics (prepare a new NSDS in 2015)

#### **□ The sector's contribution to the SCAPE**

The improvement of institutional frameworks, procedures and tools of economic and financial governance is crucial so as to strengthen the planning and programming of public actions, optimize resource mobilization, effectively manage public expenditures, monitor the performance of various sectorial policies as well as evaluate their results. In this regard, they impact transversally all public policies. The improvement of tools for planning, programming and continuous evaluation at a national, sectorial and regional level, in connection with the implementation of the SCAPE, plays an essential role in the expected strengthening of the capacities of the economic and financial governance for the coming years. Other priority reforms will also be crucial such as the strengthening of public-private dialogue, the modernization of practices and income management tools and public spending, the commitment to a budgeting of programs, the remodeling of the debt management framework, the reorganization of internal control as well as the improvement of the coordination and products of the national statistical system.

#### **□ Expected results**

Expected results	
1.	The implementation of public actions is based on an institutional framework and relevant tools for a true strategic management on a short and medium-term basis of public policies, which is a condition for success of the SCAPE.
2.	Public administrations rely on tools and modern management practices as well as control of public finances, and the reform for the implementation of program budgets is well underway.
3.	The coordination with regards the national statistical system is fostered, whereas the national capacities for statistical production meet the main requirements of public information and management.

#### **□ Targets**

Indicators	Reference	Target 2019
Realized income / GDP (%)	18,6	22
Public Debt / GDP % GDP)	5,9	4,5 (2019)
Average annual inflation rate (%)	2,5	5,3
Arrears of debt / GDP (%)		0
Stock of public external debt / GDP (%)	53,7	75,7(2019)

Indicators	Reference	Target 2019
Service of external debt / Own income of the government (%)	11,6	8
The level of official exchange reserves in months of imports	3,7	4
The ranking of Djibouti in the report Doing Business	171	< 150

(a) Values 2013. For the public deficit and the public debt, source: Last framing done in collaboration with the IMF.

## ❏ Strategic Orientations

### ***OS1 –Improvement of strategic management of the economic development***

Regarding the economic governance, the government plays a crucial role in the process of development, and its authority should be firmly established, so that the ensemble of the development programs reflects the national priorities and aspirations.

The first axis will be based on the establishment of a true **strategic management of the economic development**. For that purpose, the principal measures will include:

- The improvement of the tools of national, sectorial and regional planning, as well as linking them especially along with the generalization of documents of sectorial policies with the ensemble of sectors;
- The strengthening of the programming of public investments (multiannual programming, management of a number of projects, procedures of selection of projects...);
- The development of a harmonized and efficient framework of management of the projects ( sharing information, a system of technical and financial tracking, audits and evaluations);
- The improvement of the macroeconomic framing;
- The strengthening of the capacities relating to economic and strategic studies;
- The operationalization of the system of continued monitoring of the SCAPE, relaying, itself, at a sectorial level with simple yet functioning systems of continued monitoring.
- The development and the coordination of the aid on the basis of new information tools and a fortified coordination between the concerned ministers (MEFI, MAECI, MB) (cf. 7.4)

This strategic management will rely in a transversal way on a strengthened **participation and communication**. The participation will be at all levels of the process of formulation, establishment, monitoring and evaluation of public actions, in order to assure a national appropriation of the programs and projects, introduce a citizen's control of the public action and guarantee lasting impacts on the living conditions of the populations. Furthermore, the efforts regarding communication will be increased in the framework of an integrated strategy of communication, which will use all media (press, audiovisual, etc.) and make sure everyone is well informed.

On another note, the strengthening of the economic governance will emphasize on **the improvement of the business climate** (see developments under axis 1; section 5.6). The priority actions in this scope, specifically of the MEFI, will be based (i) on the modernization of the functions of the Commercial Court in order to improve the settlements of commercial disputes, (ii) the creation of a stop shop for the simplification of the procedures of the creation of enterprises, and (iii) the strengthening of public-private dialog with the operationalization of the High National Council for the Public Private Dialog (HNCPPD), (iv) the strengthening of the capacities of the accompanying structures of enterprises and the promoting of investments (EDFD, NAIP), (v) reexamining the Code of investments, (vi) the organization of national conferences on taxation, and (vii) the creation of new Special Economic Zones.

## ***OS2 – Improvement of the coordination of the aid and the mobilization of resources***

Djibouti is planning to strengthen the current management of the economy in the few upcoming years. It will be characterized by a rigorous concern for transparency and research for the efficiency in making use of the public aid in the development.

The coordination of the interventions of partners in the development will represent another important element for the improvement of the efficiency of the aid.

The activities on the SCAPE's agenda include:

- The establishment of a mechanism of consultation and coordination of the aid (MAE/MF);
- The operationalization of the mechanism of coordination of the aid;
- The diversification of funding sources;
- The adaptation of the programming of the resources with the sectorial needs;
- The implementation of a System of Monitoring and Technical and Financial Evaluation of the projects;
- The management of the New Facility of Technical Cooperation;
- The management of the project of the funds of the study number 2;

## ***OS3 – Modernization of the financial and budgetary governance***

In the scope of the management of public finances, the authorities plan on continuing their efforts in order to decrease the public deficits, and to improve the budgetary execution. The measures will relate both to the expenditures (reduction of the costs of the government's functioning, rationalization of current expenditures, consolidation of the chain of expenditure, strengthening control,...) and to the income (fiscal reforms that will broaden the tax base and revise the policy in matter of exemptions). They will be implemented through large scale reforms, relating in particular to the preparation of a new system of budgeting focused on results, the reform of the inspection of finances or the reform of the management of public enterprises.

In the scope of **accounting and treasury**, the strengthening of the capacities will influence the two directions of the public accounting (DPA) and the general treasury (DGT). Concerning the first one, the priorities will include (i) implementing new tools of audit (software package, methodological guide, documentation of reference) and the training of auditors on the matter, (ii) equipping and installing the DPA in new sites, (iii) operationalizing of the branch "Regulations and Studies", and (iv), updating the texts that govern public accounting. As for the DGT, the actions will aim to (i) establish a new system of conserving and archiving accounting data, (ii) elaborate an accounting procedure manual and train the executive management (inspectors, controllers...).

Major projects lie ahead for **the Budget Management (BM)**. Beyond the consolidation of the circuit of public expenses (CPE) and the improvement of material conditions of work and BM (equipment, local archive,...), an important training plan will be implemented, targeting priority domains ( new budgetary nomenclature, circuit of expenses, SIGFP, internal control,...). In the scope of strengthening the budgetary system of information, there will be a creation of a complete database of the inventory of movable and immovable property of the State. Measures will also be applied, to modernize the internal control of the public expenses, preliminarily strengthen the control and increase the control of the certification of made services. Tools of information and communication will also be improved: platform for exchanges, websites, home offices and users' information, and periodic satisfaction surveys among users. The implementation of a framework of expenses for a medium-term and the progressive commitment towards a budgetary management focusing on the results, which represents a major reform that should be carried out even after the SCAPE's term.

Finally, two other reforms will be established this time by the Minister of Economy and Finance. The first one is related to the internal control of the State's structures. The systems of control will be modernized and can rely on a reorganized General Finance Inspectorate (services, procedures, specialized training of inspectors,...).

The second reform will consist of the finalization of the **public enterprises and establishments' reform** (PEE). The considered actions focus on (i) drafting framework laws, (ii) implementing a new framework of financial control of the PEE and establishing a contract performance framework, (iii) adopting rules and mechanisms that will guarantee the balance of authority between the management and control of 9 PEE bodies, (iv) creating a strategic council for the reform of the governance of the PEE and the committee managing the implementation of this reform, (v) establishing a framework of dialogue with the concerned actors, (vi) adopting a charter of good governance and preparing legislative and regulatory texts which include the judicial definition of the idea of independence as well as the rules related to the remuneration of the board members.

#### ***OS4 – Improvement of the business environment***

One of the most important goals of the Djibouti Vision 2035 is to turn the private sector into a weapon for accelerating and diversifying our economy. The achievement of this goal will necessarily go through the phase of creating a framework suitable for the private initiative. Furthermore, it so happens that the business environment has significant influence on the development of the private sector, the economic growth, the job creation and richness. The report on the new model of growth allowed, inter alia, the identification of the major constraints on the competitiveness of the economy. The measures needed to consistently improve the competitiveness require a strong commitment from all administration segments, from the private sector and from social partners. For the purpose of strengthening the dialogue between the State and the private sector, the public-private partnership, as well as communication will have a role in achieving this goal.

#### ***OS5 – Improvement of the mobilization of revenues***

Nowadays, the rate of fiscal pressure is 17.8%. For the sake of supporting the funding of the national strategy for development, the mobilization of revenues should be improved. To achieve this, at the level of **financial rules**, a modernization of practices and tools will take place, either for the Directorate-General for Taxation (DGT) or the Directorate-General for Customs and Indirect Rights (DGCIR). The program for modernization of the first will lead in particular to the creation of a modernization cell, as well as a cell for client services, to the strengthening of mastering the tax base and to fortifying revenues, particularly targeting the VAT and the property tax. Regarding the DGCIR, it will equally acquire a strategic framework and a modernization cell. A contract for goals and means will be passed along between the Minister of Budget and the chief of the DGCIR. The priorities will be represented by the implementation of the software Sydonia World, the strengthening of the use of information technologies, the execution of a strategic demarche of risk management, the development of a website, the establishment of a consultation commission between the DGCIR and the representatives of the economic operators, as well as the adoption of facilitating measures and securitization of commercial exchanges.

#### ***OS6– Improvement of the capacity of the debt management***

The need to fund the development caused these last few years acceleration in new funds which will have a short and medium-term impact on the indebtedness in our country. This therefore calls for the strengthening of national capacities of debt management. Furthermore, the policy of indebtedness will remain prudent, in order to preserve the viability of the external debt,

which will make possible resorting to concessional loans, regular analysis of the sustainability and the viability of the debt.

At an institutional level, the Public Debt Directorate will be reorganized and its material capacities will be strengthened (information equipment, maintenance, data surveillance, software respectively for the management of aid and debt, construction of a meeting room and an archive room). Furthermore, the national committee for public indebtedness will be activated, and it can rely on a manual of procedures of debt and disbursement management, as well as members trained for analysis and management of public debt tools. Finally, the judicial framework of management of the public debt will be improved.

#### ***OS7 – Strengthening the national statistical system***

The strengthening of the national statistic system (NSS) is based on four axes.

The first axis is about **the improvement of the coordination of the national system** and the institutional strengthening of the DISED and the statistical services. It will consist of establishing the national bodies of coordination and consultation of the national statistic system (Higher Council for Statistics and Committee for statistic programs of methodology) in order to make the process of establishing a National Strategy for Development of the Statistics effective. The DISED will be restructured, in compliance with the regulations of the new statistic law.

The second axis consists of the development in quantity and in quality of human resources affected by the SNN. The strengthening of the capacities whether by number or quality of the DISED should be continued, as well as for statistic services of different institutions based on a programming of mastered recruitments.

**The improvement of the quality and the regularities of produced statistics**, which represents the third axis, will first come from the strengthening of statistics in the different domains of the DISED: statistics of population and of management of marital status data; national accounts (with the execution of SCN93); statistics of prices and external commerce. Specific units of production will be developed in the DISED concerning budgetary and financial statistics, as well as enterprise statistics. The same will happen, this time at a sectorial level, for certain thematic priorities. A national observatory for transport and a unique statistic service will also be created on one hand for sectors related to MAEM-RH, and on the other hand for themes of work and employment. Nevertheless, the government will aim to finish the implementation of a coherent system of sanitary information and to strengthen the capacities of statistical analysis of the habitat management. The government will pay real close attention to the development of methodological framework for each sector.

The improvement of the access to the database and the promotion of the statistical culture rely on the establishment of a dissemination policy by the DISED and on awareness activities of decision makers and the public on the usefulness of statistics.

## 7.4. Security, diplomacy and international cooperation

### ❑ The sector's contribution to the SCAPE

A more active diplomacy and a more ambitious international framework are being researched for the period between 2015 -2019. They also represent an important base for the development of Djibouti, whether by consolidating the agreements of military coordination, assuring a greater visibility of the Djibouti potential, related to the policy of promoting foreign investments or also intensifying and diversifying the financial and technical cooperation.

### ❑ Expected results

#### Expected results

1. The defense of national sovereignty and territorial integrity are strengthened.
2. Djibouti is an active partner of different frameworks and mechanisms of regional collective security.
3. The means of an active economic diplomacy are present and the foreign aid is manifested ineffective discretionary mobilization and coordination, while relying on programmatic approaches and valuing the frameworks of regional integrity.
4. The MAECI administrative device is strengthened.

### ❑ Strategic orientations

#### ***OS1 –National sovereignty and territorial integrity***

Priorities concerning this scope will be principally set on (i) the establishment of a joint committee (Ministry of Defense, CGSA, National Security) for the coordination of national defense projects, (ii) the continuing of negotiations (or renegotiations) of defense and military cooperation agreements, (iii) the reexamination of SOFA (Status of Forces Agreement) for the Atlantic operation and the negotiation of the SOFA with the requesting countries, (iv) the strengthening of the defense capacities (FAD), (v) the intensification and diversification of the cooperation for the maritime control as well as (vi) the continuation of the process of the settlement of the border conflict with Eritrea and the mediation with Qatar.

#### ***OS2 – Promotion of peace, democracy and stability***

Djibouti will actively participate in the establishment of a system of regional collective security in the IGAD. It will strengthen the peer review mechanism (APRM) and will re-launch the activities of the national commission in this scope. A third priority will be focused on the acceleration of the rhythm of ratification of the principal international judicial instruments relating to the human rights, in connection with the other expected actions, in favor of the promotion of human rights. (cf. 7.2). The activities of the Inter-Ministerial Committee of coordination of the process of editing and submission of periodic reports (ICESP) will be consolidated.

### ***OS3 – International cooperation and strengthening the diplomatic action***

Concerning the economic and financial international cooperation, the first priority is set on assuring, regarding bilateral and multilateral relations as well as international negotiations, the presence, the participation and the position of the countries regarding the major issues of the relations between industrialized and developing countries (reduction of poverty, international commerce and debt, governance, settlement of conflicts...). The country will also continue with the process of advocating, in order to guarantee the presence of its name among the list of countries with bilateral donors.

The second emphasis will be on the establishment of conditions necessary for an efficient foreign aid which is in line with the priorities of the SCAPE: organization of a round table for the donors, for the purpose of a dialogue of policy and the mobilization of funds around priorities of the strategy; operationalization of the dialogue framework with a unified institutional approach; implementation of annual revues of the SCAPE; strengthening the monitoring of the aid and its efficiency; progressive development of sectorial programmatic approaches. In this context, traditional project aids with the support of partners will be changed progressively, within the framework of programmatic approaches. Other actions will be done after the validation of the execution of the National Action Plan on the Effectiveness of the Aid. (NAPEA)

The regional integration, especially in the framework of COMESA constitutes a third major axis of the cooperation policy, detailed below. (cf.5.8)

Furthermore, other measures will be taken regarding other essential issues like (i) an increased facilitation of the involvement of the Diaspora in the national economy, relying on the study done by the MEFI on this subject, (ii) the development of bilateral agreements around scholarship programs abroad, given the crucial need to quickly strengthen the professional qualifications of its graduates, and also (iii) the strengthening of the diplomatic network in Africa, Europe and the Middle East.

### ***OS4– New initiative***

If Djibouti is a country of immigration and transit, it is worth noting that besides a strong internal migration, the Djibouti head towards the countries of the North (Europe – America) and the Arabian Peninsula. The Diaspora represents an important factor of development for the countries who know how to mobilize it. Therefore, the following actions should be undertaken:

- The mobilization of the Djibouti Diaspora for the purpose of development;
- The organization of open doors in MAECI for citizens (citizen-MAECI relationship);
- The implementation of a promotion strategy of the Djibouti applicants in the international institutions.


### ***OS5– Strengthening the administrative device***

The administrative device will be consolidated for the purpose of implementing a dynamic and active national diplomacy. Therefore, the principal actions will include (i) the establishment of an institute for the training of diplomats, (ii) the strengthening of the communication and information system (writing periodic reports, reactivating websites, developing electronic archives of agreements) and (iii) establishing a reinforced system of monitoring whether major international issues or activities of the center and the Ministry of Justice.



## 7.5. Administrative governance

### ☐ Sectorial framework of reference

Sectorial framework of reference	
	Project sheets on the components of the administrative reform – M&E responsible for the Government Reform

### ☐ The sector's contribution to the SCAPE

The current Djibouti administration which is suffering from bureaucratic practices, and is particularly the victim of an absence of frameworks that assure an efficient management of its human resources, stops public action, interrupts the private initiative and handicaps the daily life of citizens. It does not meet the new requirements of the economy; neither does it fulfill its different missions for the purpose of the development and the social justice. Considering past failures regarding administrative reforms, the reserved strategy is intended as a pragmatic strategy, and relies particularly on the implementation of a true capacity of reform management, on the development of a management focusing on the results, on the establishment of modern and harmonized tools, for the management of human resources and on solid measures of the improvement of the quality of public services in key ministries.

### ☐ Expected results

Expected results	
1.	The administrative reform relies on an institutional framework and solid mechanisms of coordination.
2.	An efficient management of human resources is being deployed (career plan, unbiased rating system and motivation linked to results, single file of officials and agents of the State, continuous training).
3.	Improving the quality of public services is present in key ministries and it is subject to regular monitoring by citizens / users.

### ☐ Targets

Indicators	Reference	Target 2019
Number of ministries implementing the Declarations of Citizen Services	0	7(2016)
Number of enterprises and public establishments adopting the charter for good governance.	0	9(2019)
Number of State agents trained in public management in the INAP.	30(2010)	200

### ☐ Strategic orientations

#### ***OS1 – Support for management of the administration reform***

The first goal of the SCAPE in the scope of the administrative governance is to provide the Ministry of Labor responsible for the reform of the administration (MLRA) with the mechanisms, enabling it to determine the direction of this modernization, to plan the activities and to ensure the efficient monitoring of this reform. This requires, at an institutional level, an audit and then a reorganization of the Department of Public Administration (DPA), as well as a strengthening of its capacities. There should also be an operationalization of an Executive Secretary Responsible for the Administrative reform (ESRAR), utilizing the necessary operating means and expertise.

## ***OS2 – Modernization of management of public function***

The modernization of the public administration lies in the progressive construction of public institutions and in a competitive human capital, which are capable of steering the wheel of the process of economic diversification and social transformations.

The first part consists of the institutional reform, with the reorganization of the public administration and an examination of texts that govern the public function, in order to adapt to the new development requirements, to clarify the missions and to fortify the coordination and the synergies in the global functioning of the administration.

The second part is about improving the efficiency of the management of human resources with the (i) creation and activation of a network of directions for human resources, (ii) the implementation of a career plan and the establishment of an unbiased rating system, (iii) the modernization and the standardization of management tools of human resources (job description, job referential,...), as well as (iv) spreading concepts and tools of management that is focused on results (GAR) in partnership with the National School of Public Administration of Quebec and introducing evaluation measures and those encouraging action. Furthermore, a significant project of computerization and modernization of the GRH will be implemented, in the purpose of having a unique database for the management of workforce of the State agents, peace and other aspects of the GRH.

The strategy emphasizes on the continuous formation and the evaluation of the capacities of the human resources of the public administration. For that purpose, the revival and the strengthening of the training of the national institute for public administration (NIPA) represent one of the priorities in the governmental action, in order to turn this structure into a reference for training State agents. To achieve this, infrastructures of the NIPA will be rehabilitated; information materials and means of transportation will be acquired, as well as adopting a law that modifies the status of the NIPA, its application decrees and the constitution of its board of directors.

Training of the NIPA will be particularly necessary in order to establish a management of change by the frameworks of the Ministry of Labor responsible for the reform of the administration (MLRRA). After the framework program of training aiming to sensitize different managers to the ideas and key tools relating to the GAR, actions of continuous training in administrative management of frameworks and agents will be particularly necessary in the following fields: taxes, domains, treasury, customs, magistrates, court officers, inspection and control.


Transversally, a rationalization and a management of operating costs will be implemented, by improving the internal organization of labor, making better use of new technologies, and promoting delegation, decentralization and deconcentration.

## ***OS3 – Improvement of the quality of public services in the targeted ministries***

Within the framework of both promoting competitiveness and a better consideration of the social demand, the public authorities plan to improve the quality of public services. It is expected to (i) carry out the organizational diagnostics in the key ministries, (ii) implement a legislative and regulatory framework establishing the declaration of citizen service (DCS), (iii) create a directorate in charge of the citizen service in MTRA, and (iv) adopt and implement plans of improvement targeted on the enhancement of the quality of the services of the user, consulting with the users, the staff and the supervisory staff, in seven standard ministries (education, health, justice, higher education, interior, budget and finance).

## 7.6. Local governance, internal administration and internal security

### ☐ Sectorial framework of reference

Sectorial frameworks of reference	
	A framework document on the national decentralization policy

### ☐ The sector's contribution to the SCAPE

In the framework of the SCAPE, an improvement of territorial and general administration services will be sought after, relying particularly on the computerization and the deconcentration of several population services (Marital status). The process of decentralization will be launched with an examination of the judicial framework, a strengthening of the management and an acceleration in transferring skills and means. The other parts will focus on fortifying the intervention capacities at a civil protection level, the management of risks of catastrophes and national police, as well as a better control, monitoring and accompanying of migrant populations.

### ☐ Expected results

Expected results
<ol style="list-style-type: none"><li>1. The general and territorial administration relies on a more affirmed deconcentration of services of technical ministries and public establishments, as well as strengthened capacities of intervention.</li><li>2. An increased transfer of authorities and human and financial resources to territorial communities, accompanied by mechanisms of monitoring the decentralization, is ensured.</li><li>3. The missions of civil protection and management of catastrophe risks benefit from increased means and are being implemented more efficiently.</li><li>4. The capacities of intervention of the national police and services responsible for immigration are strengthened.</li></ol>

### Targets

Indicators	Reference	Target 2019
Percentage of regional councils and NGOs benefiting from continuous training in programming, management and M&E projects	0%	50%

### ☐ Strategic orientations

#### ***OS1 – General and territorial administration***

The general and territorial administration will be fortified by emphasizing the development of infrastructures and services in the five regions of the interior. Actions will include:

- The marital status and the nationality with their computerization in the five regions of the interior, the development of a committee of standardization of Djibouti names and delivering numerical identity cards;
- Driving with the computerization of vehicle registration file and driver's license and the reform of the Highway Code and driving licenses;
- The improvement of the quality of services with the creation of a general inspection of services and an information and communication cell in the Ministry of Interior;
- The improvement of work conditions with the rehabilitation of five sub-prefectures of Djibouti city, renovation or construction of buildings for the sub-prefectures of regions, the construction of administrative offices for three sub-prefectures of the Interior (Karta, Lac Assal and Adailou), strengthening the fleet vehicles and the rehabilitation of the garages of the prefectures of regions.

A strategy for the decentralization of services of technical ministries and public institutions should be established in order to complete these measures.

### ***OS2– Further examination of the decentralization***

Regarding decentralization, the priority will be given to materialize the transfer of further authorities and financial and human resources to territorial communities. For this purpose, four axes are set.

The first axis consists of **examining the regulatory and judicial framework of decentralization**, in conformity with the new constitutional provisions, as well as coinciding sectorial texts with those of the decentralization (management of human resources, road infrastructure, hygiene and sanitation). The expected actions will allow the completion of the judicial arsenal with the adoption of a law on local tax, and a text about the regimens of public markets which are applicable to local authorities. The second axis is about **fortifying the institutional device regarding local governance**. This will show in the creation of permanent structures of monitoring of the decentralization. A national committee for decentralization, supported by a technical committee and a structure of territorial coordination will be established, in order to take the measures necessary for the effective transfer of skills, and to guarantee a regular monitoring of the implementation of the decentralization strategy.

The directorate of decentralization will be reorganized and erected with the directorate of the decentralization and the institutional reforms, with human resources and increased operating credits.

Nevertheless, a strengthening of the synergy between the Ministry of Interior and the Ministry of Budget should be researched, in order to make effective the financial autonomy of regions.

The third axis consists of **developing new initiatives for communication**. Studies will be conducted, particularly in relation with the establishment of development poles, the diagram of development for each region and the promotion of the decentralized cooperation, for the sake of boosting new dynamics of local development (cf. 8.1). Concerning information and communication, a center of documentation on decentralization will be created, and the ministry in charge of decentralization will apply a strategy of communication relying especially on the creation of a website on decentralization and territorial communities.

The promotion of the decentralization will also require **strengthening the capacities of the territorial communities** and principal actors. A multiannual training plan targeting elected officials, officials of decentralized services and local organizations of the civil society will be established and implemented. The training will focus particularly on planning, budgeting and monitoring of local development. Simultaneously, several manuals will be developed: local authority management, control of legality, the local elected guide).

### ***OS3– Organization of elections***

The preparation and organization of the presidential elections for the year 2016.

The preparation and organization of regional and communal elections for the year 2017.

The Creation of a Directorate General of Elections.

#### ***OS4– Management of risks and catastrophes***

The strengthening of intervention platforms regarding **the management of risk catastrophes** (MRC) is based on a bunch of large scale measures that consist of:

- The deconcentration of intervention services with the establishment of bureaus of the MRC at a regional level;
- The implementation of training activities targeting different actors (intersectoral committees and regional committees of the MRC, instructors, communication staff,...) as well as sensitizing activities (integration of the reduction of risk catastrophes – RRC in school programs, radio broadcasts in national languages,...);
- The improvement of information crucial for the planning and management of interventions (evaluations and mapping risks and vulnerabilities, the development of an information system and a database for the relief organization);
- The strengthening of the planning and prevention (elaborating a system protocol for flood warnings in Oued Ambouli, implementing a national system of early warning, integrating the RRC in the development policies, execution of the plan ORSEC, stimulation exercises).

#### ***OS5- Improvement of civil protection***

In the scope of the **civil protection**, the actions will mainly revolve around (i) the implementation of a firefighter unit in every region, with a fire truck, as well as the creation of a specialized intervention unit on a corridor; (ii) the equipment of new sites for the National Directorate for Civil Protection; (iii) the construction of a training and fitness center for firefighters in PK20; and (iv) building a modern fire emergency call center.

#### ***OS6- Reinforcement of internal security***

The first axis aims to improve the work conditions and to generally strengthen the capacities of the **national police**. It includes (i) a requalification of infrastructures with building a police station, the construction of three new police stations (Gabode, Balbala and Wadajir), the rehabilitation of old stations and the creation of a scientific laboratory; (ii) The creation of two intervention companies in Balbala; (iii) the creation of a company for road safety; (iv) the development of the e-passport project; and (v) the launch of a geolocation system.

The second axis is strategic, considering the numerical importance and the structural character of the **immigration in Djibouti**. Four actions are expected: (i) the construction of three transit centers (Yoboki, Galilé and Djibouti); (ii) the formation of a special brigade against illegal immigration, with a trained staff and the appropriate resources; (iii) the creation of an identification system and a system of computerized management of illegal individuals and other ones in an irregular situation; and (iv) the issuance of digitized maps of domestic immigrants for foreigners in an irregular situation, but working in Djibouti centers.

## CHAPTER VIII: FOURTH AXIS: REGIONAL POLES OF DEVELOPMENT AND SUSTAINABLE DEVELOPMENT

« Djibouti 2035 » aims to have a clever formed territory, in a sustainable way, bringing a certain demographic stability. For that purpose, the SCAPE plans, within the five upcoming years, to enlist itself in a development approach that is both territorialized and sustainable.

This consists of facing the dual challenge of regional development differences - particularly between the capital city and the internal regions - and threats to a very fragile environment, by providing firstly a controlled territorial development, particularly based on the edification of economic poles in the internal regions , and secondly maintaining a secure environment and one of quality.

### 8.1. Territorial development and poles of development

#### ☐ Sectorial framework of reference

##### Sectorial framework of reference

- ↗ Study of the Master Plan of Planning and Urbanism of regions, MHUE, August 2012
- ↗ National Strategy of Urban Development (NSUD), Strategic axes and action plan, March 2012
- ↗ Master Plan of Planning and Urbanism of the suburbs of Djibouti .2015
- ↗ Master Plans of Planning and Urbanism of the five main provinces of the regions. 2015

#### ☐ The sector's contribution to the SCAPE

The development of Djibouti is characterized by the continuous presence of a strong instability between the capital and the rest of the territory, which is also shown in terms of economic development, distribution of the growth benefits and also access to education and other public services.

Nevertheless, the tools of urban planning which were developed in the past, were very little considered, with the absence of true local management of urbanism. Furthermore, several important projects of infrastructure show new chances of growth (a railway track with Ali Sabieh, a new port in Tadjourah, etc.) In this context, several priorities emerge. The first consists of forming a full framework of space planning, enabling the anticipation of evolutions, decision orientation and the clarification of the different territories between them.

The second one aims to guarantee the operationalization of orientations and actions in the framework of the Master Plan of Planning and Urbanism recently set.

The prospective study of chances of development at a local level should lead to the organization of economic poles of development that could act as frameworks of reference for an integrated valorization of local potentials.

#### ☐ Expected results

##### Expected results

1. A full framework of territorial planning is established.
2. The master plans of urban planning for Djibouti and for the five main provinces are effectively implemented and are used as a referential.
3. Economic poles of development are defined and implemented for the valorization of local potentials.

## ❑ Targets

Indicators	Reference	Target 2019
Rate of consolidated achievement of the MPPU (%)	0	> 35

## ❑ Strategic orientations

### ***OS1 – Development of tools of territorial planning and promotion of economic poles of development***

A full framework of territorial planning will be set and can be executed in the framework of an adapted participatory institutional mechanism (Advisory national commission for the planning of national territory). This framework relies on **three complementary tools**: (i) a national Plan of territory planning (NPTP); (ii) Master plans of planning and urbanism (MPPU) for each city – whether the capital or the main provinces of regions; (iii) regional plans of development for each one of the five internal regions, detailed for the SCAPE and showing development poles that illustrate economic poles of development.

Furthermore, the operationalization of the MPPU could require the elaboration of **plans of local development** for urban extension areas. These plans that are designed to fix the goals of urban governance revolve around five principal issues: (i) providing water, electricity and area sanitation, (ii) the new primary, secondary and tertiary road network, (iii) the rules of planning for the real estate development of mixed-use zones (habitat, commerce, offices), (iv) the creation of necessary facilities, (v) the allotment of craft activity and small industry zones with a lot of job opportunities.

The development of these tools and their use as referential for the decision in choosing projects will lead to more coherence between new investments and the requirements regarding first of all making use of urban spaces and second of all strengthening the activities on the territory, the organization of the rural space as well as the valorization of natural resources.

Furthermore, gradual actions of **strengthening the institutional capacities** will be crucial in order to guarantee a good grasp of these tools and their effective use in the process of decision making. This support will need adjusting depending on local potentials to be valorized, and on selected regional specializations, in order to dispose of the corresponding skills in the regional capitals. Only with solid capacities can local communities effectively take charge of the development and the management of cities, particularly all issues related to urban planning. This will require specific and efficient capabilities in order to link the multiple interventions in the urban space and to make the most of it.

At a **supranational level** of the spatial development, the country will rally skills that are necessary for the improvement of the comments on sub regional and regional space planning, in the framework of common mechanisms of reflection and mechanisms of action implemented in regional assemblies. This will rely on the major cross-border integration projects (roads, railways, telecommunications, etc.) in preparation and on a specialization logic aiming to ensure a proper distribution of the benefits of regional growth.

## **OS2 – Implementation of the master plan of planning and urbanism (MPPU)**

In terms of different spatial planning tools, the working site of the Master plans of planning and urbanism (MPPU) was already undertaken because the MPPU were prepared between the years 2012 and 2014 for the suburbs of Djibouti as well as the five regional capitals. These documents of reference fix the orientations of the urban space planning, in particular the choice of land use, the nature and the drawing of big equipment, the localization of spaces meant for urbanization and those to be preserved, The stability that should be respected between the urban extension, the economic activities and maintaining sites and urban scenery. The stake lies in guaranteeing their implementation, under the aegis of the MHUE and in tight collaboration with regional councils.

**The Master Plan of Planning and Urbanism for the Djibouti suburbs** was validated in 2014. For the year 2035, the city of Djibouti will house an essential fraction of the urban population of the territory, around one million individuals. It also aims to become an economic, commercial and financial place for reference of the sub region. The major stake for the MPPU consists of uniting the requirements of the economic development and the need to correct the current spatial dualism. Therefore, a better stability between the neighborhoods should particularly be ensured, turning the development of the capital into a more coherent and solidary one. This way, the housing policy will be crucially important. Moreover, several important projects were identified in the scope of urbanism, like establishing a system of geographical information for addressing all neighborhoods.

**The Master Plans of Planning and Urbanism for regional capitals** were recently finalized. Each document establishes an urban diagnostic, identifies objectives and stakes for the development of the city, and indicates housing needs and surfaces to equip for 2030 as well as structuring projects.

**Table 8: Structuring projects identified in the MPPU of regional capitals**

Cities	Structuring projects		
Arta	- Pole of port and touristic activities	- Area of activities and logistics	- Polyfunctional urban pole
Ali-Sabieh	- Bus station - New urban center in the South	- Industrial zone - Exchange pole	- Railway station
Dikhil	- Economic activity zone	- Residential zones of high standards	- Bus station
Tadjourah	- New ports : Tadjourah and Goubet - Economic activity zone	- New extra port zone - New aerodrome	- Touristic zone of Sables Blancs - Transport exchange poles : Railway station and bus station
Obock	- New urban center - Activity zone	- New port platform - Aerodrome (North of the city, outside the planning zone).	- Touristic complex -

Furthermore, for every MPPU, a Program Plan presents the important actions that should accompany the implementation of the MPPU for a short-term (0-5 years), a medium-term (5-10 years) and a long-term (10-15 years). These projects were identified from the analysis of the socioeconomic and spatial issues of suburbs, and result from the consultation with the different actors who are involved. These actions will gradually be refined and completed with the implementation of the MPPU.



In every program plan of the SDAU, an institutional support is expected in order to follow-up on the SDAU. The projects are sometimes similar like for instance the planning of public discharge, the development of rainwater evacuation channels or planting on the main roads of the cities. The other projects take into consideration the specific needs of each city and revolve around:

- Habitat: Creating land reserves, installing new habitation sectors; improving building plots; urban restructuring or moving precarious habitats;
- Roads: rehabilitating and resurfacing urban roads in infrastructure ; Building new roads in urban extension zones ; planning parking areas; extension of public lighting;
- Potable water procurement: strengthening the existing network of water conveyance ; connecting the sectors that are not supplied with potable water ; installation of fountains in areas that are undersupplied or not supplied at all; Setting up networks of AEP in areas of urban extension; new drilling or tanks;
- Sanitation: installing rain gutter drainages along urban roads ; protection of important valleys ; equipping the town for the management of household waste and used water;
- And, for certain cities, the health along with the rehabilitation of the hospitals of Dikhil, Obock and Tadjourah.

### ***OS3 – Building economic poles of development inside the country through valuing the local potentials***

A study will be conducted in order to determine the conceptual basis of the economic poles of development in the Djibouti context (size of the territory, strong dynamic of regional integration, demographic movements, administrative basis, decentralization perspectives,...).

In connection with the abovementioned planning frameworks, promotion tools for these poles will be implemented depending on the specific characteristics of each development pole, so as to suggest appropriate options regarding:

- Information, technical support and financial devices, to boost the development of productive activities in the regions ;
- Regulatory and fiscal framework to attract investors and promote small or medium local enterprises;
- Rehabilitating infrastructures supporting production, in connection with the identified potentials of local development;
- The development of a local offer of training appropriate for the specific needs of the regions;
- Organizing essential social services and interactions between urban centers and the rest of the region;
- The governance of urban centers and the responsibilities of the municipalities, based on their size and capacities, with the regional economic and social development.

The regional plans of development should generate expected important changes in particular, due to the evolution of the road network, the establishment of the two new railways and the investments that lead to the opening up of the country to the sea in the regions of Arta, Tadjourah and Obock.

The conquest of the regions will be essential for making room for more growth, diversifying its sources and territorially rebalancing wealth. This framework summarizes the potentials suitable for each region and sketches a few strategic orientations for these regions.

Beyond their respective specializations, the primary sector should play an important role in all regions, given its impact of reducing poverty, unemployment and food insecurity. Certain sectorial projects regarding the rehabilitation and the development of small agricultural perimeters, the promotion of breeding for a family size, the applied agricultural research or the identification and the exploitation of water resources will be essential.

## Framework 8: Regional poles of development

### Pole of the region of Ali Sabieh

#### **Opportunities**

- Rehabilitation and development of the **railway Djibouti-Ethiopia** ;
- **Touristic potentials**;
- **Industrial units** (carved stone, marble,...) with an ambition of an industrial pole and an exchange of sub regional service pole.

#### **Development strategy**

- Promotion of a dynamic of urban economic growth by a diversification and a strengthening of economic activities, and especially productive activities, an improvement of the agricultural productivity, an efficient development for breeding potentials, supporting craft, a development of the informal sector; This dynamic will be supported with an intensification of merchant exchanges and the promotion of a more large and diversified access to financial services of microfinance;
- Construction and modernization of the regional capital, while mitigating instabilities ;
- Development of a more fair accessibility of populations to public services in each neighborhood.

### Pole of the region of Dikhil

#### **Opportunities**

- **Strong agricultural potential**, through the modernization of agricultural perimeters, framework and supporting agricultural cooperatives;
- **Touristic potentials** ;
- Development of the geotherm in Lake Abbé.

#### **Development strategy**

- Control over human resources;
- Development of the agribusiness;
- Exploitation of the advantages and potentials of breeding;
- Valorization of tourism and craft ;
- Development and strengthening of equipment dealers
- Promotion of financial services of proximity and micro credit.

### Pole of the region of Tadjourah

#### **Opportunities**

- Port activities;
- Exchange of the road connection with Ethiopia;
- Touristic opportunities thanks to its opening towards the sea;
- Exploitation of the salt of Lake Assal– ore carrier pole of Lake Assal.

#### **Development strategy**

- Urban planning of the construction and the modernization of the regional capital;
- Quality urban development, taking into consideration natural constraints (slopes, landslide-prone areas, flood zones );
- Strengthening the level of basic social services and public services;

- Rational exploitation of agricultural potentials (Le Day,...), breeding and fishing;
- Tourism support
- Promotion of craft « spearhead of Tadjourah »;
- Consolidation of microfinance ;
- Fortifying the coordination of development (coherence of public and private initiatives and increasing local development capacities).

#### **Pole of the region Obock**

##### **Opportunities**

- Tourism ;
- Fishing (From this perspective, the creation of a village of fishermen forty kilometers away from the city is an important initiative).

##### **Development strategy**

- Rationally exploit the agricultural and livestock potentials ;
- Enhancing the exploitation of existing fishery resources ;
- Promotion of tourism ;
- Development of microfinance activities ;
- Numerical opening up of the city of Obock ;
- Strengthening the capacities of the actors of local development.

#### **Pole of the region of Arta**

##### **Opportunities**

- Proximity of the capital Djibouti, convenient climate, coastline of 80 Kilometers, closeness to the Lake Assal;
- Potentials mainly for fishing, tourism and leisure (including diving and hiking) ;
- Crossing of the optical fiber ;
- Available structures of technical and professional training (Lycée Hôtelier and Technical Center for Jobs), school of languages (French, English, Arabic), modern regional hospital.
- Overall, region undergoing fast reconstruction, intending to become a true touristic, technological, hospital and academic pole.

##### **Development strategy**

- Development of economic activities, mainly the boosting of agricultural revenues, the strengthening of livestock activities, supporting tourism « spearhead of Arta »
- Diversification of Entertainment places ;
- Development of microfinance.



The construction of economic poles will require the modernization of regional capitals in the framework of orientations sketched by the MPPU.

This requires strengthened capacities particularly on three levels:

- One for professional organizations (job centers, professional and technical training center in order to meet the local opportunities (jobs, creation of PME) ;
- One for regional councils whose managerial, technical and financial capacities as well as decision making should essentially be strengthened;
- One for the populations, especially the young generations, which should be provided with proper educational and functional literacy services and receive proper training.

## 8.2. Sustainable development

### ☐ Sectorial framework of reference

Sectorial framework of reference	
	National Action Plan for the Environment (NAPE) 2001-2010
	National Action Plan for the Adaptation to climate changes (NAPA), April 2006

### ☐ The sector's contribution to the SCAPE

The state of the environment is critical because of many reasons: arid climate, weak pluviometry, scarcity of water, human interventions (Cutting wood, lack of natural space maintenance, mainly seascapes and forests, a not so developed system of waste management,...). Climate changes will increase the environment's constraints and will probably highly impact the populations, especially the rural populations. The important infrastructural projects are and will also have negative impacts on the environment. In this context, the first emphasis should consist of intensifying the actions that will strengthen the resilience of local populations when facing current and future impacts of the climate changes, and will allow the adaptation to climate changes in the processes of planning, as well as strategies, programs and development projects. These actions should be included in the medium and long-term process which is advocated by the national adaptation plans. The continuing and the extension of the protection of biodiversity is a second stake. Another major priority consists of strengthening the environmental legislation, especially the conditions of its enforcement, as well as the strengthening of monitoring and evaluation, which requires improving the upstream system of statistical information.

### ☐ Expected results

Expected results	
1.	The vulnerability of the populations to climate changes is subsided mainly thanks to the implementation of local adaptation strategies, including strengthening the institutional capacities for an integrated management of concerned territories.
2.	Biodiversity is protected with the strengthening of the legal framework and conducting strategic actions of conservation.
3.	The volume of substances causing the depletion of the ozone layer has been reduced due to the strengthening of the environmental legislation.
4.	A strategic and institutional framework leads to an effective management of the environmental policies.

### ☐ Targets

Indicators	Reference	Target 2019
Variation of the annual pluviometry emanating from the annual average on a long-term basis	200 mm	-
Rehabilitated ecosystems (in hectares)	80	360
Mooring areas created in AMP (no.)	3	-
Constructed agro-pastoral perimeters (no.)	6 perimeters +18 hectares	56 hectares
Constructed hydraulic structures /popul. resilience(no.)	11	47+7,3 km of gabion walls + 4 drillings + 4 underground tanks
Executed household improvements/distributed (no.)	228	-
Villages and camps connected to solar panels (no.)	9	7

Source : MHUE and DATE

## □ Strategic orientations

### ***OS1 – Decreasing the vulnerability to climate changes***

Within the scope of adapting to climate changes, the Ministry of Housing, Urbanism and Environment (MHUE) will continue the execution of important actions identified in the **National Action Plan for Adaptation to Climate Changes (NAPA)**, adopted in 2006 and targeted at the immediate adaptation needs. These actions aim to strengthen the resilience of local populations facing current and future impacts of climate change. They include working on local strategies regarding climate changes, the strengthening of institutional capacities for an integrated management of concerned territories (for instance for the management of the preservation of Marine Protected Areas), rehabilitation projects of degraded ecosystems (reforestation, water mobilization,...), creating agro-pastoral perimeters or better yet the promotion of microcredits. Furthermore, the programs of integrated management of the coastal regions of Khor Angar, Douda, Tadjourah and Hanlé will be carried on as well as targeted projects concerning other zones (Petit Bara, Adalou and Assamo). Moreover, improving NAPA will be necessary.

Simultaneously, Djibouti plans to commit to the elaboration of a **national adaptation plan (NAP)** that, differently from the NAPA, will aim to determine the medium and long-term needs, and then to develop and implement strategies that meet the goals. In fact, the NAP aims to accomplish two goals: (i) reduce the vulnerability to impacts of climate change, while strengthening the capacities of adaptation and resilience; (ii) facilitate the integration of the adaptation to climate change in the processes of planning as well as strategies and development programs. The NPA will likely benefit from multiple funding (FEM, FPMA-FSCC, bilateral funding,...) and particularly mobilize dedicated climatic funding.

Nevertheless, Djibouti will participate in the regional platform for risk management. The PADOA project, designed for the profit of the poorest populations of the city of Djibouti (Balbala) is enlisted in the global program of the “Great Green Wall” for combatting desertification. It includes five principal components: (i) building a sewage treatment plant, (ii) creating a Technical Landfill Center, (iii) creating a center for sorting and recycling, (iv) planning market gardening, (v) protecting biodiversity and valuing the environment. This program is the first that is a matter for the green economy, on a significant space of the territory. It integrates all the dimensions of the sustainable development. It will likely contribute in providing employment opportunities, especially through creating recycling channels or the planning of market gardening in peri-urban areas.

### ***OS2 –Protecting biodiversity***

The protection of biodiversity relies on a legal framework (decree) that has led to the creation of a zone of 462 ha for the purpose of protecting biodiversity. In spite of the arid climate, the biological diversity is connected to key ecosystems – coral reefs, mangroves and forested mountains, which house a lot of animal and plant species. The project Marine protected areas will allow the recruitment of up to fifteen Eco guards and providing the equipment necessary for the protection of the marine environment in the different intervention zones. Furthermore, the project of environmental rehabilitation of refugee camps in the region of Ali Sabieh will continue until the end, in order to mitigate and prevent the negative impacts resulting from the massive flow of refugees and displaced persons in areas that housed or house a camp (Holhol, Assamo, Aour-Aoussa, Ali Addé). Furthermore, the strategy of biodiversity will be updated and other projects could be included while at it.

In parallel, studies on greenhouse gas will be continued (GHG inventories, strategies,...).

### ***OS3 – Decreasing substances that cause ozone layer depletion***

Decreasing substances that cause ozone layer depletion will continue to rely on the program of protecting the ozone layer implemented under the aegis of the National Ozone Bureau, created since 2002 within the MHUE.

This is actually focused on the implementation of the first phase of the management plan for the elimination of the HydroChlroFluorocarbones (HCFC, gases for heating and cold rooms) or the PGEH, adopted in 2012 and aims to completely eliminate HCFCs by 2040. The first phase covers the years between 2012 and 2020 and aims to reduce the consumption by 35%. The activities of the PGEH concern the training of concerned actors (refrigeration technicians and customs) and providing RMP equipment (refrigerant management plan).

### ***OS4 – Strengthening the planning capacities and monitoring the environmental sector***

In a transversal way, the MHUE will strengthen the institutional capacities through an action that will mainly focus on the following things:

- Consolidation of the sectorial strategic framework, (updating the National Action Plan for the Environment – NAPE; Work out a National Sustainable Development Strategy– NSDS);
- Strengthening the environmental legislation and, above all, strengthening its enforcement (decrees and by-laws of the enforcement of the Environmental Code);
- Establishing a center for combatting pollution caused by hydrocarbons;
- Pursuing feasibility studies ( establishing environmental observatories, laboratories);
- Operationalization of a system of monitoring and evaluation of the environment;
- Strengthening its frameworks;
- Developing awareness activities near the population, particularly near young people with the establishment of environmental clubs at school.

In parallel, the MHUE will reinforce the collaboration with the other ministries, particularly concerning the sectors of housing, agriculture, fishing and tourism.

## CHAPTER IX : MACROECONOMIC AND BUDGETARY FRAMING

The success and the credibility of the SCAPE goes through a stable macroeconomic framework during the period of 2015-2019. This macroeconomic framework stability is crucial for the strengthening of the perspectives of the growth acceleration, offering a sound basis for the activity of economic operators. For this purpose, balanced public finances should be guaranteed, capable of clearing important margins on internal resources, to finance investments. It is also important to strengthen the external position of the country and the viability of the debt. Furthermore, the budgetary policy should rely on a realistic budgetary framework, among other things, sectorial envelopes in conformity with the priorities established by the SCAPE and on accountable and budgetary systems of information and control that are both efficient and clear.

Two scenarios will support the Strategy for Accelerated Growth and Employment Promotion, namely a reference scenario and an optimistic scenario.

### 9.1 The reference scenario

The reference scenario is the one of the macroeconomic framing which falls into line with the program agreed upon between the National Authorities and the International Monetary Fund (IMF) in the framework of the follow –up on Article IV. The executed simulations show that a significant decrease of unemployment on a medium-term basis should raise the growth rate from 4,8% (annual average for the period of 2005-2012) to 6,5% in 2015. This rate should gradually increase within the period until it reaches 7,1% by 2019. In order to achieve this goal, the investment rate should significantly increase, to go from 28% in 2012 to 40% on average within the period.

#### 9.1.1 The sectorial perspectives of the economic growth

The growth rests mainly on a good performance in the agricultural, livestock and mining sectors, as well as the dynamism of the service sector, through the modernization of the production, the improvement of the competitiveness and the productivity of the economy, in addition to the diversification of the activities.

Concerning the **primary sector**, the improvement of the production outputs will lead to an average growth of the added value of 7,8%, because of the good rain , and mainly the strengthening of the policies (i) of water maintenance, (ii) providing agricultural inputs, (iii) technical producer support, (iv) relying on agricultural research for the creation and introduction of adapted varieties. The fishery production will improve by going from 1700 tons to 2500 tons on average within the period.

Concerning the **secondary sector**, the good orientation of the agro-alimentary industries, along with the industry production, will lead to an increase of the added value of 11,8% on annual average. This progress will be principally attributable to the dynamism of the subsector of construction work which will benefit from the execution of big sites like the port of Tadjourah, the railway, the new international airport of Bicidley, the port of Kor-ambado, etc.

Regarding the **tertiary sector**, an average annual growth rate of 12,5% is planned. This progression will increase the expected dynamism in merchant services, mainly in commerce, financial services and the TIC as well as tourism, culture and closely related activities boosted by the strengthening of the notoriety of the touristic destination of Djibouti.

**Table 9: Progression of the sectorial development of the constant-price GDP**

	Reference situation		Projection					
	2012	2013	2014	2015	2016	2017	2018	2019
<b>GDP at factor cost</b>	<b>5.2</b>	<b>2.4</b>	<b>6.1</b>	<b>7.5</b>	<b>8</b>	<b>8.3</b>	<b>8.3</b>	<b>8.4</b>
Agriculture, fishing and livestock	-1.6	3.7	7	7	9	9	7	7
Mines	4.3	2.7	0	2	5	5	5	5
Manufacturing industries	-4.3	2.7	4	7	5.5	5.5	5.5	5.5
Water and electricity	11.1	6.6	12	12	13	12	12	12
Construction and Public Works	22.4	7.6	10	15	15	12	10	10
Commerce and tourism	3.3	1	4	5	5	7	7	7
Bank and Insurance	5.3	2.3	4	7	7	7	7	7
Transportation and telecommunication	4.4	2.3	7	8	9	10	10	10
Other services	8.4	3.3	3	3	3	3	3	3
Public administration	0.9	-1.2	4	3	3	3	3	3
Constant-price indirect taxes	1.9	26.6	5.3	4	4	4	4	4
<b>Real GDP at market prices</b>	<b>4.8</b>	<b>5</b>	<b>6</b>	<b>6.5</b>	<b>7</b>	<b>7.1</b>	<b>7.1</b>	<b>7.2</b>
Inflation (average)	3.7	2.4	2.5	3	3.5	3.5	3.5	3.5

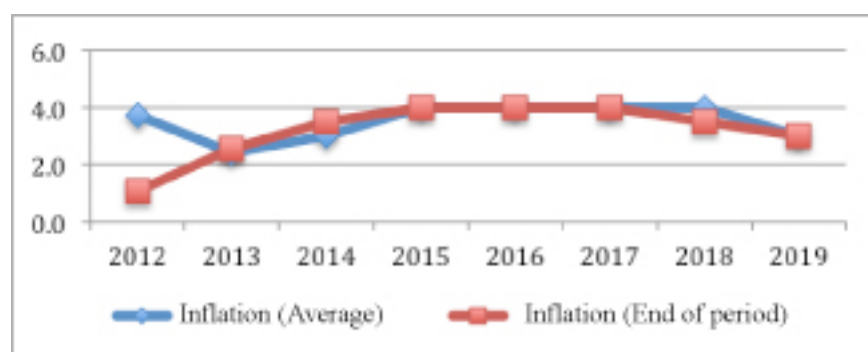
Concerning the demand, the average growth of 7% of the GDP will mainly benefit from the private investments which will increase at an annual average of 17,5%, and from the final private consumption, of which the contribution to growth will be 2,52 percentage points on average.

### 9.1.2 Inflation

The good procurement of the national market, associated with the regulatory actions of controlling price margins of products of high consumption by the Government, of a budgetary policy cunningly dosed between investment expenses and current expenses will allow the suppression of the inflation. During this period, the inflation rate will reach on annual average about 3,2%, supported as well by the expected stability of the price of a crude oil barrel and the improvement of the parity of the dollar/euro.

Controlling inflation will attract investment and increase the consumption of households, which will therefore accelerate growth.

**Graph 5: Change of the inflation rate**





### 9.1.3 Public finances

The development of public finances rests on that of the GDP of the macroeconomic framework of reference. The agreed efforts for increasing the mobilization of the fiscal potential and external resources, combined with the actions of rationalization of public expenditures, will allow the suppression of the budgetary deficit of about 2% of the GDP on average.

Under the hypothesis of a good economic activity as formulated over the period, the total income and donations will mark an average evolution of 13,2% per year. The fiscal pressure will remain 22% on average of the GDP over the period.

The execution of different programs of the SCAPE will show in a supported increase of expenses in general, and in particular of capital expenditures, which will increase on average of 14% per year over the period.

**Table 10: Evolution of public finance indicators (in % of the GDP)**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Income and donations</b>	<b>34.5</b>	<b>31.8</b>	<b>35.7</b>	<b>36.0</b>	<b>33.7</b>	<b>32.2</b>	<b>28.9</b>	<b>28.3</b>
Budgetary income	25.9	3.7	7.0	7.0	9.0	9.0	7.0	7.0
Fiscal income	18.5	19.8	19.7	19.2	18.7	18.6	18.6	18.9
Non-fiscal income	7.4	7.6	9.3	8.8	8.0	7.3	6.7	6.1
Donations	8.6	4.4	6.8	7.8	7.0	6.3	3.6	3.3
<b>Total expenses</b>	<b>37.2</b>	<b>37.7</b>	<b>43.1</b>	<b>48.5</b>	<b>47.7</b>	<b>36.6</b>	<b>32.4</b>	<b>31.0</b>
Current expenses	24.2	24.0	22.9	23.1	21.9	21.0	19.9	19.0
Investment expenses	13.0	13.7	20.1	25.5	25.8	15.6	12.5	12.0
<b>Budgetary deficit including donations</b>	<b>-2.7</b>	<b>-0.5</b>	<b>-7.5</b>	<b>-11.5</b>	<b>-13.2</b>	<b>-4.4</b>	<b>-4.7</b>	<b>-2.7</b>

The development and investment program should lead to an important level of functional expenses. However, the policy of public expense rationalization will allow the control of the increase of current expenses which, along with an annual average growth of 7% will increase less than resources.

Overall, the total expenses represent almost 40,3% of the nominal GDP under the effect of the increase of the budgetary space, to finance public investments necessary for the acceleration of the growth.

## 9.2 The path of development of SCAPE scenario

The SCAPE scenario or optimistic one is a voluntaristic scenario. It is based on the acceleration of expected investments in the portfolio of big projects necessary for the radical transformation of Djibouti from now until 2019. Furthermore, it is based on the vigorous continuing of reforms and a positive and a more significant impact of policies, programs and projects of the SCAPE. It depends on the necessity to promote expenses of production, Research and Development and the innovation which exceed the stakes of the simple cyclical support.

The impact of public expenses is determining for the long-term path of the economy. The presence of positive externalities in the domain of research and the exploitation of resources justifies, beyond the only funding of the public research, the support

of the emergence of a strong national private sector, having direct income and productivity of enterprises that are superior to what we have witnessed until now.

The productivity of the national human capital is essential for cushioning the flow of the qualified foreign workforce. Furthermore, the investment in the higher specialized education also seems to be a crucial variable for the stimulation of the improvement of the global factor productivity (GFP). For a country like Djibouti, the econometric studies of similar countries show that an increase in the higher education expenses, coupled with an improvement of the efficiency of the higher education system, will be illustrated through an increase of the potential growth of 0,7 points in six years and more than a percentage point within fifteen years. The productivity's contribution to growth will be very essential.

The productivity of the capital and work will gradually improve with the progress in the implementation of structural reforms and in favor of the strengthening of the infrastructure mainly in the telecommunications domain.

### 9.2.1 The sectorial perspectives of economic growth

The growth perspectives are first of all based on the rapid diversification of the economy. A new growth model will be established. It consists of exploiting the numerous opportunities that exist in the different sectors and more particularly fishing, tourism, logistics, the sector of New Information and Communication Technologies (NICT), the financial sector and also in the sector of manufacturing industry, where development will be made thanks to investments that are necessary for the mobilization of water and renewable energies, and the construction of the most modern oil and gas terminal in the region.

Concerning the **primary sector**, the growth differential comes from the fishery production that goes from a craft production to a semi-industrial production, with the available funds that are important for the exportation, to take the fishing sector out of its current lethargy. The fishery production will improve and go from 1800 tons to almost 3500 tons on average over the period. Furthermore, the improvement of animal species concerning local livestock will increase the contribution of the livestock subsector to the added value of the primary sector.

Regarding the **secondary sector**, the good orientation of agro-alimentary industries, combined with the industry production, will lead to an increase of the added value of 15,3% on annual average. This progress will be attributable mainly to the dynamism of the construction works subsector and the subsector of the manufacturing industry development. The subsectors of water and electricity will experience a rapid development of their productivity.

As for the **tertiary sector**, an average annual growth rate of 12,8% is planned. This progression will lead to an expected dynamism in the merchant services, mainly in commerce, financial services and the TIC as well as tourism, culture and connected activities boosted by the strengthening of the notoriety of the touristic destination of Djibouti. The transportation sector will improve with an average of 25,7% per year against 9% for the reference scenario. Furthermore, regarding the transportation sector, the improvement of the port capacities (PAID, DCT and oil Terminal, Tadjourah, Damerjog and Goubet) will increase the merchants in Djibouti. With the big projects aiding Djibouti as well as Ethiopia, the port activity will remain at a strong growth dynamic starting 2015 with a training effect important for the road transportation.

In total, the economic growth will be stronger over the period, going from 6% in 2014 to 10,6% in 2019, an annual average of 10% over the period against 6,9% for the reference scenario, which will lead to a substantial improvement of the GDP per head of 6%, with a more important impact on the indicators of poverty and acceleration of the millennium goals for development (MGD).

**Table 11: Evolution of the microeconomic indicators of the optimistic scenario**

	Reference situation		Projection					
	2012	2013	2014	2015	2016	2017	2018	2019
<b>GDP at factor cost</b>	<b>5.2</b>	<b>2.4</b>	<b>6.1</b>	<b>7.5</b>	<b>8.8</b>	<b>9,1</b>	<b>9.4</b>	<b>9.6</b>
Agriculture, fishing and livestock	-1.6	3.7	7	7	9	9	10	12
Mines	4.3	2.7	0	2	5	5	5	5
Manufacturing Industries	-4.3	2.7	4	8	6.5	7	7,5	7.5
Water and electricity	11.1	6.6	12	12	13	13	13	14
Construction et Public Works	22.4	7.6	10	17	17	14,5	14.5	15
Commerce and tourism	3.3	1	4	7	6	8	9	10
Bank and insurance	5.3	2.3	4	7	7	7	7	7
Transportations and telecommunications	4.4	2.3	7	10	13	14,5	15	15
Other services	8.4	3.3	3	3	3	3	3	3
Public administration	0.9	-1.2	4	3	3	3	3	3
Constant-price indirect taxes	1.9	26.6	5.3	5	6	6	7	7
<b>Real GDP at market prices</b>	<b>4.8</b>	<b>5</b>	<b>6</b>	<b>6,5</b>	<b>7,5</b>	<b>8,7</b>	<b>9,5</b>	<b>10,6</b>
Inflation (average)	3.7	2.4	3	4	4	4	5	5

As for employment, the scenario counts on an average investment rate of 46% over the period of 2015-2019 against 40% on average for the reference scenario. In connection with a higher investment rate, the average propensity to import is 62% of the GDP, meaning 4,5 points higher than in the reference scenario, whereas the propensity to export reflects the increase of the national productivity and other exchangeable goods for the export, being 43,6% which is 2,3 points less than the value of the reference scenario. The balance of the current transactions shows a deficit of 13,4% of the GDP on average over the period of 2015-2019.

The economic growth is accompanied by a push of inflationary tensions with a general level of prices, having an average rate of around 5%.

### 9.2.2 Public finances

The consequence of this positive evolution of the economy on the public finances will therefore show in the enlargement of the tax base and consequently an increase in the income in the State budget. The fiscal pressure will be 19,8% on average over the period of 2015-2019 against 17,8% for the reference scenario.

The public expenses should increase with a rate of 28,7% of the GDP over the period of 2015-2019 against 22,9% on average over the period of 2009-2011, which results from the increase of 3 points of the public investment rate which will go from 11,5% on average between 2009 and 2014, to more than 15% on average over the period of 2015-2019. The structure of current expenses compared to the total expenses will show an increase because of the recurring costs that are induced by the large investment program of the State. However, the increase of expenses as a whole will be more explained by the public investment expenses rather than functional expenses.

The budgetary deficit will increase more rapidly during the first decade, to decrease after that and then stabilize as of 2019 with the effect of return on realized investments. This deficit will be more and more financed on the internal market in relation with the dynamic, which the Djibouti financial system will experience, and the mobilization of the national and foreign private investment, in a win-win public-private partnership approach.

**Table 12: Evolution of the indicators of public finances (in % of the GDP)**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Income and donations</b>	<b>34.5</b>	<b>31.8</b>	<b>30.9</b>	<b>36</b>	<b>46.4</b>	<b>38.2</b>	<b>36.7</b>	<b>36.1</b>
Budgetary income	25.9	3.7	7	7	9	9	7	8
Fiscal income	18.5	19.8	19.7	22	22.4	22.5	23	22
Non-fiscal income	7.4	7.6	9.3	8.8	8	7.3	6.7	6.1
Donations	8.6	4.4	6.8	7.8	7	6.3	3.6	3.3
<b>Total expenses</b>	<b>37.2</b>	<b>37.7</b>	<b>47.7</b>	<b>49.9</b>	<b>53.6</b>	<b>42.8</b>	<b>39</b>	<b>37</b>
Current expenses	24.2	24	23.8	22.9	25	26	24	25
Investment expenses	13	13.7	23.9	27	28.6	16.8	15	12
<b>Budgetary deficit including donations</b>	<b>-2.7</b>	<b>-0.5</b>	<b>-7.4</b>	<b>-14.1</b>	<b>-7.2</b>	<b>-4.6</b>	<b>-2.3</b>	<b>-0.9</b>

## 9.3 The budgetary framework

### 9.3.1 Reference scenario and financing scheme

The sustainability of public finances goes through the increase of income, controlling public expenses, as well as a better allocation of resources, for the purpose of reducing the established deficits. Furthermore, guaranteeing an efficient and effective management of public finances, decreasing the tensions of the treasury and avoiding every skid that could threaten its stability, require the act of watching over the efficiency and the strengthening of expense and public market circuits, the improvement of the executive budget process, as well as monitoring the treasury for the purpose of improving the national capacity of absorption.

Public finances are in the center of the development policies. First of all, a plan of credible reforms of public finances is a condition of eligibility for the budgetary support, the same as a stable macroeconomic framework and a credible development policy.

Generally speaking, the good management of public deniers is simply a proof of good governance. Consequently, in a context of resource limitation, there should not only be an improvement of the efficiency of combatting poverty policies, but also strengthening the obligation of making taxpayers in beneficiary countries and taxpayers in donor countries, understand the usefulness and the use of the aid.

It is also worth noting that the accountant or budgetary information should not be an end in itself, but it should allow the credibility of the public action, guaranteeing an efficient allocation of resources to public policies and ensuring a good rendering of accounts.

In order to strengthen the strictness in the allocation of budgetary credits and to make sure that the ministerial endowments progress in conformity with the priorities specified in the SCAPE, the process of medium-term budgetary framing will be fortified. It should be completely integrated in the process of preparing the budget of the State and the sectorial envelopes should be written in the framing letter and should also form a basis for the elaboration of budget projects of ministries. On the other hand,

the budgeting by program can go through experimentation, during the period, in several key sectors (education, health, agriculture, transportations,...).

### The estimated scheme of financing

Over the period of 2015-2019, the amount of investment is evaluated at around 727,9 billion FDJ (4,1 billion dollars), meaning 484,2 billion FDJ (almost 2,7 billion dollars) of the public sector and 243,4 billion FDJ (1,3 billion dollars) expected from external partners and the public-private partnership.

As for the amount of financing that should be exhibited in the public sector, the capacity of the State's financing is estimated at 592,3 billion FDJ (3,3 billion dollars). A need for financing is also present, and it is intended for the public investment of 135,6 billion FDJ (762 million dollars) for the purpose of being mobilized.

### 9.3.2 SCAPE scenario and financing scheme

In order to achieve the goals and actions of the SCAPE over the period of 2015-2019, a total financing of 2 444,8 billion FD (13,73 billion USD) is necessary and is distributed as the following: 2 121,4 billion FD (86,8%) for the axis 1 – 201,8 billion FD (8,3%) for the axis 2 – 43,9 billion FD (1,7%) for the axis 3 and 77,7 billion FD (3,2%) for the axis 4.

The global cost of assessment is summarized by an axis just as explained in the following table:

	Action cost (in billion FD)	% of the total cost	Received financing		Financing to search for
			State	External financing	
AXIS 1 : Economic development, competitiveness and stimulating role of the private sector	2 121,4	86,8%	5,6	1 659,9	455,9
AXIS 2 : Development of human capital	201,8	8,3%	21,24	64,0	116,5
AXIS 3 : Public governance and strengthening the capacities	43,9	1,7%	0,1	15,2	28,6
AXIS 4 : Regional poles of development and sustainable development	77,7	3,2%	0,5	2,7	74,5
Total cost	<b>2 444,8</b>	<b>100%</b>	<b>27,5</b>	<b>1 741,8</b>	<b>675,5</b>

**The received financing** over this period increases to 1 769,2 billion FD (10 billion USD) and comes from the three following sources :

- The State with 27,5 billion FD (154,5 million USD) representing 1,6% ;
- The Technical and Financial Partners with 624,9 billion FD (3,5 billion USD) representing 35,3% ;
- The private sector with 887,5 billion FD (5 billion USD) representing 50,1% and corresponding to two projects of the energy sector (pipeline and LNG terminal).
- Public-Private partnership with 229,3 billion FD (1,3 billion USD) representing 13% ;

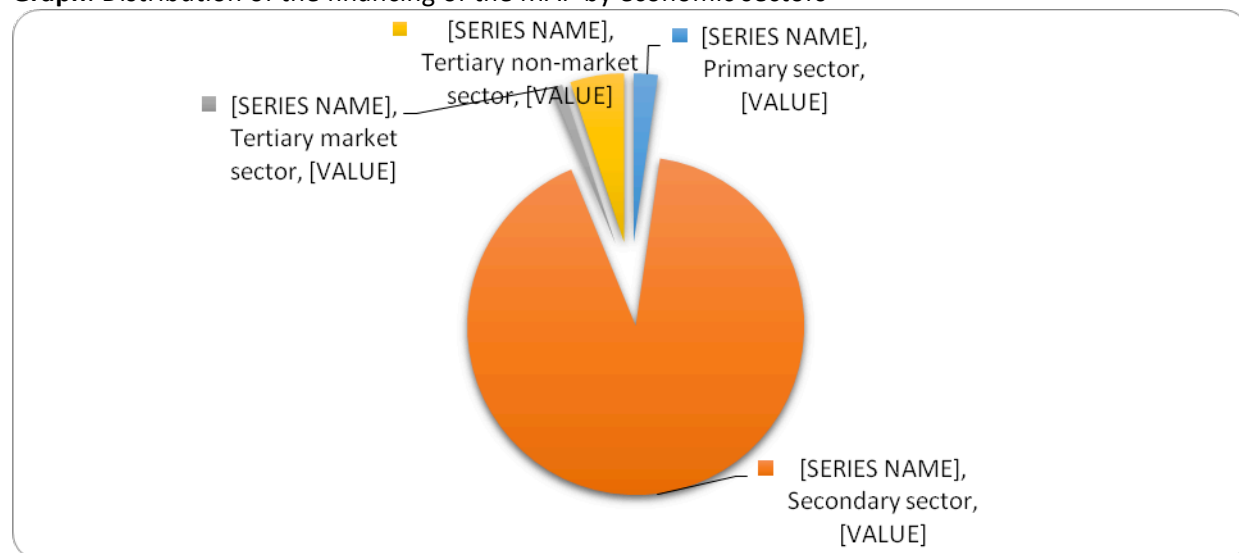
The main part of the received financing is focused on the sector of economic infrastructure with 1 624,9 billion FD (9,1 billion USD) representing a part of 92%. The remaining 8% are distributed between the sectors, these being the most important: health (30,9 billion FD), housing (24,6 billion FD), the primary sector (21,9 billion FD) and education (19,4 billion FD).

### Financing according to the economic sector

The analysis of the financing of the MAP-SCAPE shows that the secondary sector is the most financed with 91,5% of the total of resources, a volume of 2 234,48 billions of FDJ, followed by the tertiary sector with 6,3% of the total financing and then the primary sector with 2,3% of the total financing.

	Financing in billions of FDJ	Percentage (%)
Primary sector	56,0	2,3%
Secondary sector	2234,48	91,5%
Tertiary market sector	25,89	1,1%
Tertiary non-market sector	126,24	5,2%
<b>General total</b>	<b>2 442,61</b>	<b>100%</b>

**Graph:** Distribution of the financing of the MAP by economic sectors



The **financing gap** of the SCAPE is 675,5 billion FD (3,8 billion USD) 27,5% of the total required financing. It is distributed between the following axes:

- Axis 1: Economic growth, competitiveness and stimulating role of the private sector : 455,9 billion FD (2,5 billion USD) representing 68%;
- Axis 2 : Development of the human capital : 116,5 billion FD (654 million USD) representing 17,3% ;
- Axis 3 : Public governance and strengthening of the capacities: 28,6 billion FD (160 million USD) representing 4% ;
- Axis 4: Regional poles of development and sustainable development: 74,5 billion FD (418,5 million USD) representing 11%.

The sector of economic infrastructures requires 338,5 billion FD (1,9 billion USD) representing 50,2% of the gap, followed by the improvement of the private sector with 77,9 billion FD (437,6 million USD), the territorial and regional development with 72,3 billion FD (406,2 million USD), the employment with 37,4 billion FD (210 million USD), housing with 31,1 billion FD (174 million USD) and the primary sector with 29,3 billion FD (164,6 million USD).

### CHAPTER X : MANAGEMENT, MONITORING AND EVALUATION OF SCAPE

#### 10.1 Strategy implementation

##### 10.1.1 Leading principles

The following leading principles support the implementation of the SCAPE:

- **Flexibility:** In order to achieve its goals, the SCAPE will implement a series of action programs. Given the restraints we face in terms of the definition of the programming and the targets (PIP weakness, gaps in the statistical information system ...) on one hand, and in terms of several factors of uncertainty (the regional political and security context, the effective rate of the regional integration process, the financing of the mobilization ...), flexibility will constitute a must in the management process. In particular, the periodical reviews held in the framework of a continuous evaluation of the strategy might lead, according to the results, to a readjustment of the action contents, the targets or the resources' allocations.
- **Partnership:** The scope of dialogue between the government and the technical and financial partners will be reinforced in order to ensure a permanent exchange of information on the fulfilled programs, which will be backed by the international community. The consultation between the state and the private sector will also constitute a crucial element in order to develop the necessary reforms, and especially in order to improve the business environment. Finally, the role of the local authorities, such as those of the organizations of the civil society should be highlighted progressively.
- **Ensuring the management practices focused on the results (MFR):** After learning from the INDS, it was clear that the necessary means will be mobilized in order to ensure a management of the implementation of the SCAPE, while focusing on the results and bringing this implementation closer at the temporal level at the same time. The management focused on the results will constitute at first a stronger accountability of the different persons in charge of the administration (obligation of the rendering of accounts, including a regular data service on the action performance of which they are insuring the management). In parallel, the progressive introduction of a program budgeting – at least in a few key ministries on a pilot basis – should allow a better combination of the budget with the targets of public policy, and therefore, promote a better legibility regarding the efficiency of the public expenditures. Moreover, in addition to the annual sequences of reviews of the SCAPE, some key actions will constitute the subject of a permanent monitoring (matrices of priority monitoring on several big investment projects and on major reforms).
- **The national leadership and ownership:** The national leadership will be ensured in the development and implementation of the development programs and policies. The ownership of the strategy and of its different programs will also be a must. It will lead the government to (i) boost the information and the communication around the national policies run by the government, (ii) develop the devices of the collection of expectations and perceptions of the population, (iii) and promote an active participation of all the actors in the monitoring processes of the SCAPE.

## **10.1.2 Management tools**

The implementation of the SCAPE will be marked up by the introduction of four main tools: (i) the triennial law program, (ii) project banking, (iii) program and project evaluations (economic, social, and environmental), (iv) and a calendar of implementation, monitoring and evaluations of the actions of the state that will be carried out on three levels: global, sectorial and regional.

Every year, these tools will present the following:

- (i) A consolidation of the macroeconomic and budgetary framework (central CDMT), through a review of the international environment (restraints and opportunities), the proprietary axes of the strategy, and the growth resources ;
- (ii) An evaluation of all the internal resources and external assistances, and of the allocation of resources by priority sectors ;
- (iii) The budgetary analysis of the programs under execution, and the new financial envelopes by sectors ;
- (iv) An economic evaluation of the new programs and projects (methods of effects, of reference prices, and of environmental impact) that will be integrated in a bank of projects and programs updated in a regular manner ;
- (v) The choice of projects and the elaboration of the project cards that will be eventually incorporated in a monitoring program focusing on the results (evolution towards a program budget of the state) ;
- (vi) The situation of the mobilization of the external and internal financial resources intended for the public investments.

## **10.2 Continuous evaluation**

### **10.2.1 The Institutional framework**

The plan for the implementation monitoring of the SCAPE will logically rely on the plan for the monitoring of the long-term vision. Moreover, it will be coherent with the amendments (validation underway) of the decree n°2012-0187/PR/MEFIP, consisting of creating and organizing the institutional framework for the dialogue between the Government and financial and technical partners.

The institutional plan will be inclusive in a way that it will integrate all the development actors and will include the different levels of actions and decisions related to the implementation of the SCAPE, namely:

- The definition and the update of the orientations of the SCAPE and of the different quinquennial development plans aiming for the visions of Djibouti 2035 ;
- The collection, analysis and reporting of the data of monitoring of the different sectors, the strategic orientations and the preferred shares of the SCAPE ;
- The sharing of the information regarding the upcoming and ongoing development projects and programs (monitoring data and eventual evaluation reports), concerning the restraints faced during their implementation and concerning the solutions to be brought along in order to improve the absorption capacity of the credit investments ;
- The validation of the mechanisms and tools of the continuous evaluation on a national, sectorial and regional level and their progressive improvement ;



- The programming monitoring of the statistic surveys related to the authorities in charge of the monitoring of the leading diagram of the national strategy statistics of development of the statistics;
- The preparation and execution of different reviews of the SCAPE ;
- The alignment monitoring of the partners' support in regard of the development concerning the strategy priorities and the promotion of the program approaches, especially in the priority sectors ;
- The implementation of the communication actions of the SCAPE.

The plan shall include:

- (i) A **Higher Council**, a restrained organ presided by the president in order to ensure the vision's leadership ;
- (ii) A **National Commission** of monitoring and evaluation, gathering all the actors of the national development presided by the Minister of Economics and the Minister of Finance in charge of the industry ;
- (iii) A **Technical Secretariat**, provided by the Economic and planning administration (DEP/MF), that are in charge of organizing and realizing the advocacy, popularization and ownership of the vision;
- (iv) **Groups and sectorial coordination frameworks** involving the PTF.

This framework is governed by the law n° 58/YEAR/14/7th L of the Djibouti 2035 vision and of its operational action plans, dated December 6, 2014.

## 10.2.2 Technical framework

The tools of the system of continuous evaluation will be composed of the following: the common base of information, the general framework of the monitoring focused on the results, and the indicators; the reporting mechanism.

The **common base of information** enables the actors to evaluate and guide, in a transparent way, the execution of the retained actions. It provides: (i) physical execution of the programs and projects, whether public or private, (ii) the mobilization and the execution of the resources as well as the efficiency of the public expenditures, (iii) the measuring of the results and the impacts on the decrease of poverty and the improvement of the standards of living of the population.

The **general framework of monitoring focused on the results** will be based on a thick core composed of hundreds of result indicators connected to the policies and the programs from the four axes of the strategy (see the following table and annex 2).

**Table 9: Indicators and continuous evaluation at a regional level**

In the framework of the activities of coordination of the national statistical system (NSS) and the implementation of the national strategy of the statistics development (SNDS), the DISED and the statistic services of the national administrations have proceeded with the identification of a new core of 105 indicators of continuous evaluation of the policies and public programs. This work has also unblocked the production of cards defining the metadata to each of the retained indicators: name of indicator, type and category, production periodicity, definition, mode of calculation, data resources, limits, etc.

The indicators are structured around eight subjects: (i) Macroeconomic, budget, external sector and money; (ii) poverty, living conditions, human development; (iii) health and nutrition; (iv)

Education and professional training; (v) employment; (vi) drinking water, energy and environment; (vii) private sector and competitiveness; (viii) a good governance. The great majority of these indicators are already the subject of an annual production (or estimation).

This core will constitute a basis for the implementation monitoring of the SCAPE as well as for the different policies, including the operational action plan (2014- 2018) of the national policy of employment (2012 – 2024). It will also be useful for monitoring the programs that target the poor in relation with the institution of a social register from the state secretariat to the national solidarity.

This new core of indicators witnesses a better way of taking into account the environmental statistics and the need for indicators respecting equality. It should reinforce the documentation of the national database *Djibouti DevInfo*.

This tough core of indicators will be completed with additional indicators destined to be a basis for the monitoring of the specific programs of the different ministries. Some of these indicators are therefore offered on the level of sectorial matrices of priority actions. Furthermore, budgetary indicators will also be crucial in order to value the expenditures of the allocations where the budget is presented and therefore cannot be followed up in a format other than “object budget”, not program budget.

Finally, the **reporting mechanism** will include the following processes:

- Annual reviews ;
- Mid-term global and sectorial reviews on the policies and reforms;
- Portfolio performance reviews of programs and projects;
- Execution of the budget and the review of expenditure;
- The different results obtained in the dialogue between the government and partners of the development.

Through this mechanism, we will emphasize on the results, as a guarantee of success and a restoration of the confidence of the stakeholders, and especially of the population and the private sector. The government will also ensure that this reporting is nourished by the population perceptions on the efficiency of the public programs. Likewise, formation shares will be developed in the direction of representative organizations of the population so that the latter is well-associated regarding the monitoring of implemented programs.

### 10.2.3 Reinforcing the national statistical system

In the middle of all the important progresses noticed in the last few years (statistic law of 2011, adoption of the leading diagram of the national strategy of development of the statistics, inquiries’ developments, etc.), the continuous reinforcement of the national statistical system (NSS) keeps on representing a main stake for the success of the continuous evaluation plan. For this purpose, it is deemed necessary to:

- Develop the skills of the staff of the Department of Statistics and Demographic Studies (DISED) ;
- Work on decreasing the dependence against the external support for the financing of the statistical production, which actually represents less than 9% of the department’s budget ;
- Improve the work conditions (local and equipment) and initiating the creation of the regional representation ;
- Grant more visibility and means to the statistical services of the ministries and reinforce their capacities in terms of continuous evaluation ;

- Sustain the branch of training of senior technicians in terms of statistics, open since 2011 in the University of Djibouti in partnership with the ENSAE of Abidjan, while ensuring the adjustment of the effectives when needed ;
- Consolidate the national database (*Djibouti Dev Info*) and ensure a regular reference of the indicators of the continuous evaluation of the SCAPE ;
- Intensify, more generally, the exchange between the producers and the users of the statistical data.

The continuous evaluation of the SCAPE can reply on a considerable number of recent surveys that lead to having updated reference situations for a big part of the social indicators (*see table...*).

**Table 10: Statistical bases of recent surveys for the continuous evaluation**

- **Population and Housing Census (2009):** It has allowed the constitution of a new basis of surveys.
- **EDAM3-IS – 3<sup>rd</sup> Djiboutian Household Survey for the Social Indicators (2012):** It has allowed the update of the social indicators and the poverty profile.
- **EDSF2 – 2<sup>nd</sup> Djiboutian Family Health Survey (2012):** It has allowed the update of the health indicators.
- **EDAM-Consumption Budget (2013):** It has allowed the production of weighting coefficients of the price index to the consumption, the calculation of new poverty lines and the refinement of cartography of poverty.
- **Nutrition survey (2013):** It allows the evaluation of the nutritional state of children below the age of 5.
- **CFSVA – Comprehensive Food Security and Vulnerability Analysis (2014):** It describes the situation of the food security in the country and allows the comprehension of the reasons related to the household vulnerability.
- **ECV – Immunization Coverage Survey (2014):** It evaluates the immunization coverage of children between the age of 0 and 23 months and the performance of the immunization programs.
- **Specific surveys** regarding the projects of the Djibouti social development agency (DSDA) and of the State Secretariat of national solidarity (SSNS) and of other ministries.

In the framework of the SCAPE, the elaboration of a new leading diagram of the statistics is deemed necessary, noting that the current framework (SDS 2011- 2015) is included in its last year.

One of the conditions of the reinforcement of the national statistical system (NSS) is most certainly the effective operationalization of the statistical law of which the application decrees have not yet been taken. In particular, the installation of the higher council of the statistics as well as the methodological and programming committee is essential if we wanted to dynamize the initiatives to the benefit of an improvement of the information of the continuous evaluation.

In the framework of the establishment of the continuous evaluation plan of the SCAPE, an initial consultation will have to lead to an indicative programming of the priority surveys in order to anticipate the needs and the mobilization of the financing. The continuous evaluation of the SCAPE will have to rely, at times, on updated data regarding the main fields affected by the public policies. In this matter, the first priority remains on performing an employment survey 1-2-3. Household surveys as well as surveys regarding utilization and performance of the main public services will have to be carried out in 2018-2019 in order to have the necessary bases for the evaluation of the SCAPE.

Other actions will also be crucial, such as updating a statistical basis that will be obsolete for the primary sector (census of agriculture and livestock), the

consolidation of the elaboration plan of the national accounts and the implementation of SCN93, the implementation of the new price index of the consumption and its calculation for the internal regions or even the execution of an intercensal survey.

### **10.3 Restraints and risks**

The risks of the strategy are linked to : (i) the coordination and the anticipation of the administration, the capacity of mobilization of the financial resources, the capacity of absorbing resources connected to the existence and to the capacity of the project management units, the celerity of the budgetary procedures ; (ii) the external and natural impacts that are likely to jeopardize the macroeconomic goals ; (iii) the allocation and the efficient utilization of the resources ; (iv) the massive unemployment and the social instability.

Actions will be taken in order to minimize these risks, especially through reinforcing the capacities of the administration and improving the legal environment and the social stability; through the communication, the participation and ownership of the population and the social interaction; and through a solid partnership with the private sector and the partners of the development for a permanent support and assistance to absorb the external impacts.

## ANNEXES

### Annexe 1 – Evolution de la situation quant à l'atteinte des cibles des OMD

Objectifs	Cibles	Indicateurs retenus	1990	2000	2002	2006 - 2010	2011 - 2014	OMD 2015
1-Decreasing extreme poverty and hunger	Decrease by half from now until 2015 the number of people living with less than 1,8 \$ per day	Percentage of the population living under the extreme poverty threshold		9,6% (1996)	42,1% (24,1%)		23,0% (2013)	21,00%
		The prevalence of underweight children less than 5 years of age		25,70%	23,80%	28,6% (2006)	29,6% (2013)	15,00%
	Considerably reducing unemployment, especially the unemployment of youth and women	Proportion de chômeurs parmi la population active			59,50%		48,4% (2012)	
2- Provide a primary education for everyone	Provide from now until 2015 the means of completing a full course of primary studies for all children, boys and girls	Gross education rate						
		. Primary		39,00%	52,30%	74,3% (2009)	82,8% (2012)	100,00%
		. Secondary (high school)		19%	23%	50,0% (2009)	83,9% (2012)	77,00%
		Gross rate of primary education		27,00%	43,20%	66,20%	69,5% (2012)	
		Gross rate of admission in the first year to primary school		36%	46%	83,4% (2009)		100,00%
		Gross rate of admission in the first year to primary school				78,8% (2009)		98,00%
		Rate of completion of the fifth			46,20%		49,5%	95,00%

Objectifs	Cibles	Indicateurs retenus	1990	2000	2002	2006 - 2010	2011 - 2014	OMD 2015
		year					(2012)	
3-Promote the equality of genders and the empowerment of women	Achieve a girl/boy report of 1 in primary, secondary and high school in 2015	Girl/boy ratio . Primary . Secondary . High school	0,73 0,66	0,73 0,6	0,9 0,7	0,98 (2006) 0,72 (2009) 0,69 (2009)	0,95	1 1 1
	Increase the literacy rate of women	Literacy rate of women between 15 and 24 years			14,80%	47,5% (2006)	66,1% (2012)	100,00%
	Increase the women's participation in the economic life	Percentage of women . Structured primary sector . Public function				14,6% (2008) 24,4% (2008)		
	Increase the women's participation in the public life	Percentage of women . in the government In the National Assembly .Regional and commercial councils	0,00%	5,00% 0,00%	10,00% 10,70%	9,5% (2010) 14% (2010) 11% (2010)	13,6% (2014) 15,9% (2014)	30,00% (nationale)
4- Decrease the mortality of children under 5 years of age	Reduce by two thirds, between 1990 and 2015, the rate of mortality of children under 5 years of age	Infant mortality rate (0 to 1 year)	106,4‰		99,8‰	67,0‰ (2006)	58,0‰ (2012)	35.30‰
		Mortality rate of children under 5 years of age	131,1‰		127,0‰	94,0‰ (2006)	67,8‰ (2012)	43,70‰
		Percentage of 1 year old infants who are vaccinated against DTC3 Polio			53,10%	83,1% (2008)	79,60%	100,00%

Objectifs	Cibles	Indicateurs retenus	1990	2000	2002	2006 - 2010	2011 - 2014	OMD 2015
5-Improve maternal health	Reduce by three quarters, between 1990 and 2015, the rate of maternal mortality	Rate of maternal mortality for 100 000 live births		740	546		383 (2012)	185
		Percentage of assisted deliveries by a qualified health staff		56%	72,80%	87,4% (2006)	87,4% (2012)	100,00%
	Succeed, from now until 2015, in having universal access to the procreative health	Rate of contraceptive prevalence of women aging 15 to 49 years			15,30%	33,5% (2009)	24,0% (2012)	
		Prevalence rate of the MGF (women aging 15 to 49 years)				93,1%(2006)	78,4% (2012)	
6- Combat HIV/SIDA, malaria, tuberculosis and other illnesses	Stopping the spread of HIV/SIDA and reversing its effects by 2015							
	Having universal access to treatments against HIV/SIDA for all those in need of it by 2010	Rate of VIH/SIDA	0,20%	3,10%	3%	2,8%(2009)		1,8% (nationale)
	Controlling malaria and other major illnesses and reversing their current effects by 2015	Rate of the prevalence of tuberculosis (100 000 inhabitants)	619	700		1161 (2009)	839 (2012)	400 (national)
		The incidence rate of malaria				115‰ (2009)	150‰ (2013)	
		Malaria mortality rate			5%		1,3% (2013)	

Objectifs	Cibles	Indicateurs retenus	1990	2000	2002	2006 - 2010	2011 - 2014	OMD 2015
7- Ensuring a sustainable development	Reduce by half, by 2015, the percentage of the population that does not have sustainable access to potable water procurement	Percentage of the population that has access to a potable water source	76,00%		91,20%	93,5%(2006)	80,8% (2012)	100,00%
	Reduce by half, by 2015, the percentage of the population that does not have sustainable access to potable water procurement	Percentage of the population owning a land title				22,0% (2009)	23,8% (2012)	
		Percentage of the population that has access to sanitation networks				67% (2006)	16,6% (2012)	100,00% (nationale)
Macroeconomic indicators		Constant-price GDP (in millions FD)		98 267	105 128	186 969 (2009)	205 518 (2012)	270 759 (2013)
		Growth rate (in % of actual GDP)		0,70%	2,60%	5,0% (2009)	4,8% (2012)	
		Debt services in % of goods and service exports		6,00%	7,20%			
		External debt in % of the GDP		65,00%	66,80%			
		Inflation rate in %		2,40%	0,60%	2,2% (2009)	2,5% (2013)	
		Investment in % of the GDP		20,80%	10,20%		48,4% (2014)	

Source : DISED



**Annex 2 – Indicators of the annual monitoring of the SCAPE (2015-2019)** NB: The values of reference are for the year 2013 except contrary indicators

INDICATORS	Ranking DISED	Reference (a)	Target 2019
<b>IMPORTANT INDICATORS OF IMPACT</b>			
Rate of real growth of the GDP (%)	[MB.04]	6% (2014)	10,7%
National income per inhabitant (US\$)		719 (2014)	1002,8
Incidence of monetary poverty (%)	[PC.01]	46,7%	53,5%
Number of achieved OMD targets (over a total of 21)		0	5
<b>SECTORIAL INDICATORS – AXIS 1</b>			
<b>ENERGY</b>			
Rate of access to electrical energy	[EE.07]	53% (2012)	70%
Number of EDD subscribers		46 501	61 400
Network losses–technical and non-technical (% of the production)		21%	17%
Average price of the KWh (USD)		0,3	0,18
<b>WATER</b>			
Share of the households connected to the potable water network (%)		67,2	85
Network losses – technical and non-technical (%)		47	35
Rate of access to potable water (%)	[EE.01]		
- Urban		98,4	100
- Rural		20,8	50
Number of constructed water sites /rehabilitated in rural zones	[EE.05]	1 800	1 890
Average price of water in poor urban neighborhoods (m3)	[EE.06]	80 FDI/m3	-
Percentage of the population that has access to proper sanitation systems (%)	[PC.06]	32,7	45
<b>TELECOMMUNICATIONS</b>			
Fixed telephone density (p.1000 inhab)	[PC.15]	23,2‰	30,8‰
Access to mobile phones rate (%)		29%	74%
Broadband internet subscriptions (no.)		17 705	42 190
<b>TRANSPORTATIONS</b>			
Merchant transit on the Southern Corridor (tons)	[PC.12]	8,28	23,99 (2020)
Goods processed in the multi-purpose port of Doraleh (in millions of tons)		1,4	8 156 460 (2020)
Freight merchants in the port of Goubet / year (in millions of tons)		0	3 (2019)
Type of containers processed by the Djibouti Shipping Company		0	3500 EVP (2020)
Number of livestock processed by the port of Damerjog (in millions of heads)		0	12 (2020)
Naval port		0	72 (2020)
Number of passengers transiting BcidleyAirport (in millions)		0	1,4(2020)
Passengers – railway (in thousands)		0	804 (2020)
Percentage of the national highway asphalt (%)		41	82
Rehabilitated roads (%)		36	82
<b>MINING AND INDUSTRY</b>			
Share of the manufacturing industry in the GDP (%)		4,5	10
Industrial employment		556	+25%
Exportation of salt (in tons)		0	-
<b>PRIMARY SECTOR</b>			
Percentage of the employment of the primary sector in the total employment		2,3%	2,8%
Direct employment in the fishing sector		600	+3 000
Production of fishery products (tons)		2 000	20 000
Potable water (%)		37*	70
Livestock (%)		10*	20
Irrigation (%)		5*	10
Increase of drilling and hydraulic structures		520*	900

Agricultural productions (tons)		7 600	15 000
Cultivated land (ha)		1 330	5 000
Exports of livestock (thousands) :			
- Sheep/ Goats		461,5	2 000
- Camels		38,5	500
- Cattle		45,8	500
Increase of fishery production		2 000*	10 000
(a) 2013 values (except * = 2010)			
<b>TOURISM</b>			
Flow of tourists (per year)		63 910	155 500
- Business		36 000	44 500
- Targeted (sports, marine ecotourism)		8 000	76 000
- Other		19 910	35 000
Employment of the tourism sector		3 000*	10 000
(a) 2012 values			
<b>PROMOTION OF THE PRIVATE SECTOR</b>			
Indicator of the respect of the Rule of Law (note World Bank)		29/100	20/100
Creating enterprises – DB ranking	PC02/03	163 (a)	< 100
Foreign Direct Investment/GDP (%)	[MB.09]	9,1%	15%
Indicator of the factors of production	[PC.04]	1 225 (a)	365
Time limits for resolving commercial disputes (in days)		1 225 (a)	365
(b) Ranking Doing 2015 Business			

FINANCIAL SECTOR			
Bank rate (%)		14%(2013)	25%
Rate of microcredit penetration (%)	[EM06]	6%	10%
Obtaining loans – Ranking <i>Doing Business</i>		180 (b)	150
(b) Ranking <i>Doing 2015 Business</i>			
INTERNATIONAL COMMERCE AND REGIONAL INTEGRATION			
Exports / GDP (%)	[MB.01]	32,2%	40%
Current account balance / GDP (%)	[MB.11]	23,3%	15%
SECTORIAL INDICATORS – AXIS 2			
EDUCATION			
Enrollment in schools rate of 5 year old children (%)		5% (2010)	35% (2020)
Gross enrollment ratio (%)	[EP.01]		92%
- Primary		78.5%	84%
- Middle school		57.5%	62%
- Secondary		38.7%	64%
Rate of fundamental transition– (TTTP)		15%(2010)	25%
(a) 2013-2014 values. NB : parity indicators : see sector Promotion of gender			
HIGHER EDUCATION AND RESEARCH			
Number of graduates out of vocational streams		887 (2015)	
HEALTH			
Rate of maternal mortality (Maternal mortality for 100 000 births)	[SN.06]	383	362
Rate of infant mortality (for 1 000 births, 0-11 months)	[SN.04]	58‰	44‰
Rate of infant-child mortality (for 1 000 births, 0-5 years)	[SN.05]	67.8 ‰	61‰
Percentage of fully vaccinated children on the age of 1	[SN.02]	82.1% (2014)	90%
Percentage of underweight children under the age of 5	[SN.03]	29.8% (2012)	20%
Rate of assisted births (Midwife, Gynecologist, Nurse)	[SN.09]	87.4% (2012)	92%
Rate of contraceptive prevalence	[SN.12]	19% (2012)	25%
Rate of malaria prevalence	[SN.14]	0.64% (2008)	0%
Rate of pulmonary tuberculosis prevalence	[SN.17]	30%	20%
Rate of seroprevalence of HIV/SIDA	[SN.18]	2.2% (2009)	1.8% (2015)
Percentage of health centers in conformity with norms / staff	[SN.19]	82% (2014)	100%
2013 values (source: estimations with the OneHealth Tool)			

PROMOTION OF GENDER			
Percentage of women in decisional authorities (Average in parliament and government, %)		20	40
Rate of genital mutilations (% of girls less than 15 years of age)	[SN.13]	48	32
Rate of women employment(ratio of active occupied women /women 15-64 years)		12	22
Rate of the coverage of family planning		42	68
Girl parity / boy parity (percentage of girls from the total number of students)	[EP.09]		
- Primary		0.86	1
- Middle school		0.77	0.86
- Secondary		0.73	0.85
Rate of literacy (15 years and plus)			
Men	[EP.13]	60.1%	69%
Women		39.5%	62%
YOUTH AND SPORTS			
Number of supported vulnerable infants and young children		8 000	15 000
Number of young children frequenting community spaces and cultural spaces		15 000	21 700
HOUSING AND HABITAT			
Percentage of populations having access to a decent housing (%)	[PC.05]	74.3%	-
Regularized plots or number of issued land titles (friendly disposal)		6 782	10 000
Serviced and attributed plots (per year)		2 949	5 000
Owners with land titles		18 088	28 000
Owners with temporary occupation permits		19 456	27 240
Owners without legal status		14 396	11 240
Tenants		16 191	17 270
Distributed credits BHD (number)		0	5000
Landscaping of urban spaces (ha)		-	400
Rehabilitation of old neighborhoods (ha)		-	16
Housing products		1 912	25 000
- Including the shanty town zero program			6 000
(a) 2013 values			
EMPLOYMENT			
Percentage of the active population trained in the EFTP		10%	19%
Rate of female unemployment	[EM.02]	65,6%	38%
Rate of youth unemployment	[EM.02]	62,8%	38%
Number of net permanent jobs created by the modern sector	[PC.01]	62,8%	38%
New jobs created through projects that are funded by different support funds	[EM.05]	62,8%	38%

Number of small and microenterprises created	[EM.06]	62,8%	38%
Percentage of enterprises breaching the provisions of the work code		35,7%	17,5%
<b>SOCIAL PROTECTION AND VULNERABLE POPULATIONS</b>			
Rate of coverage of social security		29%	55%
Rate of coverage of health insurance		0%	57%
<b>POLITICAL GOVERNANCE</b>			
Percentage of international conventions with provisions translated in the national texts (%)		...	100%
(a) 2013 values			
<b>JUSTICE AND HUMAN RIGHTS</b>			
Magistrates who benefited from training		-	32 over 131 (8 magistrates/year)
Cases executed less than a year after the ruling (%)		-	100%
Number of people who benefited from judicial assistance		Very low	20% of seekers with low income
(a) 2013 values			
<b>ECONOMIC AND FINANCIAL GOVERNANCE</b>			
Realized income / GDP (%)	[MB.06]	18,6	22
Public deficit / GDP % GDP)		12,1	4,5 (2019)
Average annual inflation rate (%)	[MB.03]	3	5

Debt arrears / GDP(%)	[MB.08]		0%
Public external debt / GDP (%)	[MB.12]	53,7	75,7(2019)
External debt service / State income (%)	[MB.13]	11,6%	8%
Level of official exchange reserves in months of import	[MB.10]	3,7	4
Djibouti ranking in the Doing Business report		171	< 150
(a) 2013 values. For the public deficit and the public debt, source : Last framing done in collaboration with the IMF			
<b>ADMINISTRATIVE GOVERNANCE</b>			
Number of ministries implementing the Citizen Service Statements		0	7(2016)
Number of enterprises and public establishments adopting the charter on good governance		0	9(2019)
Number of State agents trained in public management in the INAP		30(2010)	200
(a) 2013 values			
<b>LOCAL GOVERNANCE</b>			
Share of expenses of public communities in the public expenses	[BG.05]	...	nd
Percentage of regional councils and NGO benefiting from a continuous training in programming, management and S&E projects		0%	50%
(a) 2013 values			
<b>TERRITORIAL DEVELOPMENT AND POLES OF DEVELOPMENT</b>			
Consolidated rate of the execution of the SDAU (%)	[EE.09]	0	>35
<b>SUSTAINABLE DEVELOPMENT</b>			
Variation of the annual pluviometry emanating from the annual average on a long-term basis	[EE.09]	200 mm	-
Rehabilitated ecosystems (in hectares)		80	360
Mooring areas created in AMP (no.)		3	-
Constructed agro-pastoral perimeters (no.)		6 perimeters	56 hectares

		+18 hectares	
Constructed hydraulic structures / popul. resilience (no.)		11	47+7,3 km of gabion walls + 4 drillings + 4 underground tanks
Executed household improvements/distributed (no.)		228	-
Villages and camps connected to solar panels (no.)		9	7

NB: The column "Ranking DISED" specifies the website used by the DISED in the document done in December 2014 "Metadata of monitoring and evaluation indicators at a national level", result of the collaboration done between the DISED and the sectorial statistical services and /or services of monitoring and evaluation of different ministerial departments. The latter documents the core of 105 indicators distributed over eight themes: (i) Macro economy budget, external sector and currency, (ii) poverty, household conditions, human development, (iii) health and nutrition, (iv) Education and professional training, (v) Employment; (vi) Potable water, energy and environment, (vii) Private sector and competitiveness; (viii) Good governance. Each indicator is subject to a file with complete information on the metadata (calculation method, information source, etc).

## Annex 3 - Table of data relative to the macroeconomic framework scenarios

### SCAPE scenario

	2013	2014	2015	2016	2017	2018	2019
<b>GDP current prices (millions FD)</b>	246175	271254	309782	345407	388583	435990	491797
<i>Growth rate %</i>	7,6	10,2	11,2	11,7	12,3	12,7	13
<b>Net transfers(millions FD)</b>	13111	9 196	2 786	33 046	29 277	25 000	24 500
<b>RNDB current prices (millions FD))</b>	259 286	280 450	304 454	372 559	412 077	439 466	490 793
<b>GDP constant prices (millions FD)</b>	112 285	120706	128552	138193.4	150216.2	164486.8	181922.4
<i>Growth rate %</i>	5,1	6	6,5	7,5	8,7	9,5	10,6
<b>Current price consumption (millions FD)</b>	211 711	233 279	256 418	288 586	325 381	342 583	374 101
<i>GDP rate %</i>	86	86	85	85	85	82,7	80,2
<i>Growth rate %</i>	7,6	10,2	9,9	12,5	12,8	5,3	9,2
<b>Investment (millions FD)</b>	79 779	88 610	100 146	169249	175639	183116	202128
<i>Investment rate of GDP (%)</i>	32,4	32,7	38,2	49	47,3	43,2	42,4
<b>National savings (millions FD)</b>	47 576	47 171	48 036	83 973	86 697	96 883	116 693
<i>Savings rate (%)</i>	19,3	17,4	15,9	24,7	22,6	23,4	25
<b>Current account (Investment - Savings) (millions FD)</b>	32 203	41 439	52 110	34 731	48 209	60 481	75 067
<i>% of GDP</i>	13,1	15,3	17,3	10,2	12,6	14,6	16,1
<b>International reserves (millions of dollars -IMF)</b>	272	305	341	382	428	463	521
<b>Change in reserves (millions of dollars -IMF)</b>	27	33	37	41	46	35	58
<i>% GDP</i>	1,9	2,1	2,2	2,1	2,1	1,5	2,2
<b>Public finances</b>							
<b>Income and donations</b>	<b>82 258</b>	<b>87 325</b>	<b>114 666</b>	<b>121136</b>	<b>133139</b>	<b>139167</b>	<b>149875</b>
Taxable income	51 222	52 600	59 455	63900	72665	82838	93441

Non-taxable income	9 254	8 683	9 994	10362	13600	17440	19672
Donations	11 452	13 199	28 127	29784	29784	21799	19672
<b>Total expenses</b>	<b>97 425</b>	<b>121 624</b>	<b>150 365</b>	<b>172358</b>	<b>208280</b>	<b>186604</b>	<b>191801</b>
Current expenses	62 038	64 754	71 461	79098	97146	113357	118031
Investment expenses	35 387	56 870	78 904	93260	111135	73246	73769
<b>Budgetary deficit including donation</b>	<b>-15 167</b>	<b>-34 298</b>	<b>-35 699</b>	<b>-51222</b>	<b>-75141</b>	<b>-47437</b>	<b>-41926</b>

#### Annex 4 – Assessment of priority actions of the SCAPE 2015-2019

Cost of the MAP of the 4 axes					
		TOTAL COST	Benefits		To be researched
			State	Foreign funds	
AXIS 1 : ECONOMIC GROWTH, COMPETITIVENESS AND ESSENTIAL ROLE OF THE PRIVATE SECTOR	5.1. Economic infrastructure	1 963,43	0,1	1 624,8	338,5
	5.2. Mines and industry	13,39	0,0	6,46	6,9
	5.3. Primary sector	51,18	0,1	21,76	29,32
	5.4. Tourism	0,61	0	0	0,61
	5.5. Promotion of the private sector	89,94	5,41	6,57	77,96
	5.6. Financial sector	0,647	0,03	0,00	0,617
	5.7. Commerce and craft	1,30	0,00	0,00	1,295
	5.8. Regional integration	0,88	0,00	0,296	0,59
SUB TOTAL AXIS 1		2 121,4	5,6	1 659,9	455,9
AXIS 2 : DEVELOPMENT OF THE HUMAN CAPITAL	6.1. Education	34,55	2,0	17,4	15,1
	6.2. Health	38,73	16,60	14,33	7,80
	6.3. Promotion of gender	2,00	0,00	0,90	1,11
	6.4. Youth and sports	7,72	1,32	0,33	6,07
	6.5. Housing	55,77	0,00	24,63	31,14
	6.6. Employment	39,07	0,08	1,55	37,43
	6.7. Social protection and vulnerable populations	17,1	1,2	4,7	11,2
	6.8. Culture and Muslim Affairs	6,84	0,000	0,171	6,67
SUB TOTAL AXIS 2		201,8	21,2	64,0	116,5
AXIS 3 : PUBLIC GOVERNANCE AND STRENGTHENING OF CAPACITIES	7.1. Political governance	0,54	0,00	0,28	0,27
	7.2. Justice and human rights	2,18	0,00	0,97	1,21
	7.3. Economic and financial governance (MEFI/Budget/Stat)	23,34	0,11	13,44	9,79
	7.4. Security, diplomacy and international cooperation	7,9	0,0	0,0	7,9
	7.5. Administrative governance	0,27	0,00	0,00	0,27
	7.6. Local governance	7,8	0,0	0,5	7,3
	SUB TOTAL AXIS 3	42,0	0,1	15,2	26,7
AXIS 4 : REGIONAL POLES OF DEVELOPMENT AND SUSTAINABLE	8.1. Regional and territorial development	72,9	0,5	0,0	72,3
	8.2. Sustainable development	4,8	0,00	2,66	2,16
SUB TOTAL AXIS 4		77,7	0,5	2,7	74,5
TOTAL GENERAL		2 442,8	27,5	1 741,7	673,6