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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE

Assistance to DjiboutiReport of the Secretary-General

1. In its resolution 35/89 of 5 December 1980 on assistance to Djibouti, the General Assembly, *inter alia*, requested the Secretary-General to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Djibouti and to arrange for a review of the economic situation and the progress made in organizing and implementing the assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-sixth session.
2. The Secretary-General arranged for a review mission to visit Djibouti to consult with the Government on the economic situation and on the progress made in implementing the special economic assistance programme. The report of the review mission, which is annexed hereto, describes the economic and financial position and summarizes the progress made in implementing the special economic assistance programme.
3. The General Assembly, in paragraphs 7 and 8 of resolution 35/89, also invited certain specialized agencies and other organizations of the United Nations system to bring to the attention of their governing bodies the special needs of Djibouti and to report the decisions of those bodies to the Secretary-General by 15 August 1981. The specialized agencies and other organizations concerned were further requested to report periodically to the Secretary-General on the steps taken and the resources made available to assist Djibouti. The text of resolution 35/89 has been communicated to the relevant agencies and organizations and their attention has been drawn to the specific requests addressed to them by the Assembly. Their replies have been reproduced in a report of the Secretary-General covering Djibouti and a number of other countries for which the Assembly has requested the Secretary-General to organize special economic assistance programmes (A/36/599).

ANNEX

Report of the review mission to Djibouti

(13 to 18 September 1981)

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I. INTRODUCTION

1. The report of the Secretary-General on assistance to Djibouti (A/35/415), which was considered by the General Assembly at its thirty-fifth session, listed previous resolutions of the Assembly and previous reports by the Secretary-General on this subject.
2. On 5 December 1980, the General Assembly, in resolution 35/89, endorsed fully the assessment and recommendations made by the mission following its visit to Djibouti (A/35/415, annex); drew attention to the critical economic situation confronting Djibouti; and renewed its appeal to Member States, the specialized agencies and other organizations of the United Nations system and international economic and financial institutions to provide ample and appropriate assistance to enable the country to cope with its special economic hardship.
3. The General Assembly also requested the Secretary-General to arrange for a review of the economic situation in Djibouti and the progress made in organizing and implementing the assistance programme and to report to the Assembly at its thirty-sixth session. Arrangements were accordingly made for a mission led by the Director of the Office for Special Political Questions of the Secretariat to visit Djibouti from 13 to 18 September 1981.
4. The mission was received on separate occasions by the Prime Minister, His Excellency Mr. Barkat Gourad Hamadou, the Minister for Foreign Affairs and Economic Co-operation and the Director of the Cabinet of the President of the Republic. During these meetings, the mission was briefed on the over-all social, economic and financial difficulties facing the Government of Djibouti and on the flow of international assistance. Particular emphasis was placed on the need for further aid from the international community to cope with the problems arising from the drought in several areas and the floods in the city of Djibouti itself as well as the continued presence of large numbers of refugees.
5. The mission held a series of meetings with a committee of senior officials from the Ministries of Foreign Affairs and Economic Co-operation; Commerce, Transport and Tourism; Finance and National Economy; Public Works, Agricultural and Rural Development; the Interior; and Industry and Public Health, as well as the Planning Office, Port Administration, the National Bank and the Higher Institute for Technical and Scientific Studies and Research. The mission also met representatives of the United Nations offices and organizations present in Djibouti.
6. The mission wishes to place on record its appreciation of the assistance and full co-operation it received from the Government of Djibouti. The mission would like also to thank the Resident Representative of the United Nations Development Programme (UNDP) in Djibouti and members of his staff for their help.

II. ECONOMIC SITUATION

A. Background

7. At the time of its accession to independence in June 1977, the Republic of Djibouti was faced with many difficult and complex problems. The country has few known natural resources and little agriculture or industry. Virtually all essentials, including food, have to be imported and there are hardly any domestic exports. There is no developed source of indigenous energy and the country is chronically short of water. The major source of foreign exchange earnings - the operation of the port - also experienced a severe setback. The report of the Secretary-General setting out the original United Nations programme of special economic assistance (A/33/106) describes the socio-economic conditions in greater detail. This report was brought up to date in the years following (see document A/34/362 and A/35/415).

8. These difficulties, with which Djibouti has had to contend throughout its independent life, have been further compounded by other disasters affecting the region. Conflict beyond its borders has had a direct impact on the country. First, there has been a massive influx of refugees and destitute persons, which given their number in relation to the existing population, has imposed an almost impossible burden on the limited social, economic and administrative resources of the State. Both road and rail communications between the port of Djibouti and Ethiopia were disrupted, thus bringing to a halt one of the major economic activities of the country and sharply reducing its ability to earn foreign exchange. The drought, which has affected several countries in this part of Africa, has also had direct implications for Djibouti. One third of the population, which traditionally lives a nomadic life in the interior, suffered severely. The heavy loss of livestock has left many of these people without alternative means of support. Finally, the exceptionally heavy rains which occurred earlier in 1981 produced widespread flooding in the capital city (large parts of which are below sea level at high tide) and consequent damage to property and the infrastructure.

9. The refugee problem as well as the drought situation are the subject of separate reports prepared by the United Nations High Commissioner for Refugees (UNHCR) (A/36/214) and UNDP (A/36/276). The present report focuses on the remaining problems of Djibouti.

B. Current situation

10. The review mission found in Djibouti many encouraging signs despite the difficulties. In particular, during the past year there have been two important developments. The first relates to the round-table conference - referred to in the last report of the Secretary-General (A/35/415, para. 3) - which was convened by the Government, with the co-operation of UNDP, in Djibouti from 23 to 27 February 1981. Representatives of nine potential donor countries and 14 United Nations organizations and regional and interregional financial institutions attended.

They were afforded the opportunity to examine a number of documents describing the situation in each of the major sectors as well as technical notes relating to 86 proposed development projects. This conference served as an initial step towards the preparation of the first national development plan, and it is expected that it will be followed in the near future by the convening of a meeting of donors to consider specific investment proposals requiring external financing. UNDP is co-operating with the Government in preparing for this meeting.

11. The second important development was the establishment of a planning directorate within the Office of the President of the Republic. The directorate is charged with three main tasks: (a) to prepare a current study of the socio-economic conditions in the country, (b) to draft the basic planning law, and (c) to draft the first national development plan. The first two of these tasks are already nearing completion; the third is about to begin. It is understood that the top priority objectives of the plan are:

(a) To reduce unemployment;

(b) To satisfy the essential needs of the population, particularly as regards health and food;

(c) To decentralize economic activity with a view to promoting social justice and economic equality.

C. Structure of the economy

12. While there are still no official national income statistics for Djibouti available, estimates of 1970 to 1979 national accounts have been prepared for the Government by an Economic Commission for Africa (ECA) statistician who visited Djibouti in June 1978, June 1979 and again in November 1980. Table 1, which gives the estimates of gross domestic product (GDP) for selected years, shows that the total GDP in current prices has almost tripled in eight years. It also indicates the degree of imbalance in the national economy in favour of the service sector. An independent study, prepared by the French Assistance and Co-operation Mission, estimating GNP at factor cost for 1978 gave reasonably similar results to the ECA estimates in this respect, as can be seen from table 2. Both estimates agree that the tertiary sector contributed more than three quarters of GDP.

Table 1
National accounts
Gross domestic product at factor cost
(current prices)
(Millions of Djibouti francs) a/

Branch of economic activity	1971	1973	1975	1977	1979
Agriculture, livestock, fisheries	798	917	1 016	1 418	2 974
Industry	1 028	1 419	2 014	2 419	3 874
Electricity, water	563	753	1 061	1 282	1 469
Construction, public works	596	844	2 170	2 878	2 155
Commerce, hotels, bars, restaurants	8 210	9 419	11 560	14 267	13 210
Banks, insurance, real estate services rendered	1 020	1 305	1 650	2 019	3 837
Transport, communications	1 285	1 681	2 863	3 197	4 175
Public administration	1 902	2 687	4 001	5 832	12 332
Other services	399	510	627	868	782
Total	15 801	19 535	26 962	34 180	44 808

Source: Economic Commission for Africa.

a/ Rate of exchange: DF 177 = \$1.00

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Table 2
Gross domestic product at factor cost
(current prices)
(Millions of Djibouti francs)

Economic activity	1978 <u>a/</u> French study	%	1979 ECA study	%
<u>Primary sector</u>	3,143.5	7.4	2,974	6.6
(Agriculture, livestock, fisheries)				
<u>Secondary sector</u>	6, 56.9	15.0	7,498	16.7
(Industry, water, electricity construction, public works)				
<u>Tertiary sector</u>	32,932.7	77.6	34,336	76.7
(Commerce, hotels, bars, restaurants, banks, insurance real estate, transport, communications, public administration, other services)				
Total	42,433.1	100.0	44,808	100.0

a/ Source: Bulletin de statistique et de documentation No. 31,
juillet 1981, Djibouti.

D. Balance of payments

13. Table 3, derived from information provided by the Government, gives the balance-of-payments estimates for the years 1978 to 1980. The table shows a continued gradual improvement in the economy over that period. While the value of imports increased at an average annual rate of only 4.7 per cent, the deficit in the balance of goods and services was reduced in 1980 to 43 per cent of its 1978 level. The over-all balance of payments also showed a sizeable surplus for each of the three years covered in the table.

14. However, in view of the limited local production capacity and heavy reliance on imports of most basic goods, including food, Djibouti will continue for some years to require external aid in order to meet its development requirements.

Table 3

Balance of payments

(Millions of Djibouti francs)

	1978	1979	1980
Exports (f.o.b.)	670	264	401
Re-exports (f.o.b.)	9 482	11 532	12 298
Imports (f.o.b.)	-24 954	-27 117	-28 919
Trade balance	<u>-14 802</u>	<u>-15 321</u>	<u>-16 220</u>
Freight and insurance	-3 729	-4 052	-4 321
Official transactions (net)	13 258	14 686	15 320
Other services	3 038	3 174	3 962
Total services (net)	<u>12 567</u>	<u>13 808</u>	<u>14 961</u>
Goods and services	<u>-2 235</u>	<u>-1 513</u>	<u>-1 259</u>
Transfers (net)	<u>4 935</u>	<u>4 436</u>	<u>5 277</u>
Current account balances	<u>2 700</u>	<u>2 923</u>	<u>4 018</u>
Capital account	<u>226</u>	<u>-168</u>	<u>-141</u>
Errors and omissions	<u>-218</u>	<u>-782</u>	<u>-</u>
Over-all balance	<u>2 708</u>	<u>1 973</u>	<u>3 877</u>

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E. The port and the railway

15. Traditionally, the major economic activity of Djibouti is centred on the port. Subsequent to the disruption of railway communications with Ethiopia, the level of port operations dropped dramatically and has never fully recovered. Table 4, which contains selected statistics on the port of Djibouti, shows that in 1980 the port operated at levels varying from 40 to 70 per cent of what was achieved in 1976. Some of the earlier trade has meanwhile moved to other ports in the region, including Jeddah, Aden, Port Sudan and Assab, where facilities and equipment have been expanded or modernized and competitive services developed.

Table 4
Selected port statistics - Djibouti

	1976	1978	1980	1980/76 (percentage)
Ships calling (number)	1,772	1,267	1,114	63
Dhows calling (number)	1,856	1,008	734	40
Bunkerage (thousands of tons)	480	302	337	70
Water (thousands of tons)	287	147	130	45
Dry cargo (thousands of tons)	616	365	395	64
Container traffic (units)	2,443	3,009	6,438	263

Source: Government of Djibouti.

16. Thus, with the exception of container traffic, where Djibouti appears to be developing a special position in the region, it is unlikely that the volume of operations connected with the port will fully reach earlier levels. It cannot be treated as a purely temporary phenomenon. For that reason the Government, while wishing to implement a number of specific projects aimed at improving the capacity of the port, has decided to place greater emphasis in its future development policy on diversifying the national economy.

17. After an interruption of more than one year, the Djibouti-Addis Ababa railway resumed operation in mid-1978. The railway, which was traditionally used for the transport of Ethiopian imports and exports, has only partially recovered. For various reasons, including the functioning of the port of Djibouti, the railway is

unlikely again to reach earlier levels. Table 5 shows the total tonnage carried in 1980 as little more than half the tonnage carried in 1974 and 1976. As with the port, it has to be assumed that this is not merely a passing phenomenon, given the shift to other transport facilities in the region.

Table 5
Selected railway statistics - Djibouti

(Thousands of metric tonnes)

	1974	1976	1978	1980
Ethiopian imports	207.7	220.6	62.1	107.4
Ethiopian exports	162.9	138.0	9.3	86.6
Total	370.6	358.6	71.4	194.0

Source: Government of Djibouti.

F. Government finances

18. Table 6 shows the national budget figures of Djibouti since independence. It indicates that the Government has managed to maintain a surplus of revenues over expenditures each year in its current budget. This surplus is automatically made available for capital expenditures in the annual extraordinary budget.

19. Some 25 per cent of the 1981 budget revenues is derived from income tax and about 62 per cent represents indirect taxation. Most of the former is paid by the resident foreign community, and most of the latter comes from import duties, the greater share of which is also paid by the foreign community. Heavy dependence on such foreign sources of income renders the budgetary position of the Government especially vulnerable.

20. From table 7 it emerges that income exceeded expenditure in the extraordinary budget for 1978 and 1979. (Comparable figures for 1980 were not available at the time of the mission's visit.) Such surpluses, together with those materializing in the current annual budgets, are automatically assigned to the national reserve fund.

21. The favourable budgetary and financial situation in Djibouti, together with the level of external assistance received over the past few years, has enabled the country to maintain a stable currency. Massive investment, however, is needed to create the basis for a viable economy for the country and to permit the Government to provide better public and social services for the population.

Table 6
Government recurrent budget
(Millions of Djibouti francs)

	Actual				Budget
	1977	1978	1979	1980	1981
Income	8 958	10 556	12 696	16 560	15 073
Expenditure	7 828	9 020	10 780	11 965	13 050
Surplus	1 130	1 536	1 916	4 595	2 023

Source: Government of Djibouti.

Table 7
National extraordinary budget
(Millions of Djibouti francs)

	1978	1979
Income	2 746	4 149
Expenditure	1 459	2 419
Surplus	1 287	1 730

Source: Government of Djibouti.

G. Development efforts and prospects

22. Djibouti, a small country in both territory and population, has limited known natural resources and an unbalanced service economy. Of the population of about 360,000, almost 52 per cent is under 20 years of age. Nearly two thirds of the entire population are concentrated in the capital and its immediate environs and are mainly engaged in the service-oriented economy. The problems inherent in this situation have been further compounded by the influx of large numbers of refugees from neighbouring countries, the displacement of persons suffering from the drought and, most recently, the severe floods in the low-lying areas of the capital.

23. The Government of Djibouti recognizes that its long-term development will include an improvement in the infrastructure for a viable and healthy operation of the port, with special emphasis on container traffic, but other supplementary initiatives have also to be pursued if the country is to achieve its priority development objectives of reducing unemployment, providing for the essential needs of the population, and decentralizing economic activity. Such activities, which seem feasible, include irrigated agriculture, animal husbandry, forestry and fisheries, as well as the exploitation of mineral and energy resources and the processing of local products, e.g., hides and skins.

24. Some progress has already been made in improving port viability and in diversifying the economy. Projects have been formulated to enhance the port capacity for container handling, for developing grazing pastures, date-palm groves, rural development and agricultural extension services as well as for establishing a tannery, an animal feed mixing plant and a milk reconstitution plant. Such progress has been made possible, to a large extent, by external financial and technical assistance which the Government needed urgently and will continue to require for some years.

III. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

A. Special economic assistance programme

25. A programme of assistance consisting of 47 development projects, ^{1/} at a total cost of \$130 million, was described in the Secretary-General's report of 1978 (A/33/106). The distribution of assistance by sector and type of activity is shown in table 1 of that report.

26. The programme of assistance has been modified over the past three years in the light of the outcome of technical or feasibility studies and changes in priorities. A few projects have been withdrawn by the Government. Several others have been expanded and subdivided into separate components or successive phases or

^{1/} For the original project details and a summary of the programme, see document A/33/106 and appendix I thereof.

absorbed within larger projects. In many cases the estimated costs have been revised upward. A dozen new items have been added to the programme at the request of the Government.

27. Of the 69 projects reviewed by the mission, 38 have so far been fully funded and 4 have been partially financed. Implementation of a large proportion of these projects has either been completed or is nearing completion. Table 8 lists these projects and gives the level and source of funding provided in each case. In summary, a total of \$144 million has been secured. Of the total, the international community provided \$118 million and the Government arranged for the balance from its national budget and other local resources.

B. Projects for which full or partial funding has been arranged

Table 8

Projects for which funding has been fully or partially arranged

A. Development projects

	<u>Funding provided</u>		<u>Source</u>
1. <u>Projects to improve the port</u>			
Port master plan (study)	FF	1 263 000	European Development Fund (EDF)
Cold-storage warehouse (study)	FF	790 000	EDF
Port facility for fisheries (study)	FF	134 000	EDF
Fisheries port	\$	3 000 000	Government and private
Cold-storage warehouse construction	FD	334 000 000	Saudi Arabia
Engineering work for container centre	FD	765 000 000	Kuwait
Provision of one container terminal	FD	611 500 000	Kuwait
Supplies and handling equipment for the terminal	FD	506 000 000	Kuwait
Repair and protection of jetty and piers Nos. 7 and 13	FD	319 000 000	Fonds arabe pour le développement économique et social (FADES)

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Table 8 (continued)

	<u>Funding provided</u>	<u>Source</u>
Repair of slipway	FD 557 000 000	FADES
Provision of a second container terminal	FD 611 500 000	Federal Republic of Germany
Two ferries and one tugboat	FD 1 300 000 000	Federal Republic of Germany
Essential equipment for slipway	FD 91 000 000	Fonds d'aide et de coopération (FAC)
Technical services and professional training	FD 133 000 000	FAC
Drilling and soil tests	FD 30 000 000	Government
A telescopic crane	FD 38 000 000	Government
2. <u>Projects to improve the service economy</u>		
Airport, phases I and II	\$ 5 300 000	(France, (Saudi Arabia, (United Arab (Emirates
Training civil aviation staff	\$ 216 000	UNDP
Airport expansion (study)	\$ 150 000	Islamic Development Bank (IDB)
Tarmac repair and construction of of shelters	\$ 2 500 000	United Arab Emirates
3 vehicles for fire brigade	N.A.	FAC
New hotel	\$ 18 000 000	Government and private
Rebuild and re-equip the telecommunications station	FD 1 200 000 000	Saudi Arabia and FAC
National Bank of Djibouti	\$ 1 500 000 (partial)	Iraq

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Table 8 (continued)

		<u>Funding provided</u>	<u>Source</u>
<u>3. Projects to improve transport links</u>			
Loyada road (study)		N.A.	European Economic Community (EEC)
Tadjoura road (study)	\$	500 000	Saudi Arabia
(construction)	FD	10 000 000 (partial)	Government
Tadjoura-Obock road (study)	\$	0.5 (partial)	Italy
<u>4. Projects to benefit the poor and provide improved services</u>			
Site preparation	FD	278 000 000	Government
Water supply (urban):			
study	FB	16 000 000	Belgium
expansion of distribution system	\$	7 800 000	African Development Bank (ADB) and African Development Fund (ADF)
pumping station	FF	12 000 000	Caisse centrale pour la coopération économique (CCCE)
	UCE	1 000 000	EDF
Electricity generation	\$	4 000 000	Saudi Arabia
distribution	\$	1 800 000	European Investment Bank (EIB)
Garbage collection	FD	250 000 000	FAC
Peltier hospital (study)	\$	500 000	EDF
(construction)	\$	6 400 000	Saudi Arabia
(expansion)	FD	300 000 000	Government

Table 8 (continued)

	<u>Funding provided</u>	<u>Source</u>
Training of paramedical personnel	\$ 1 000 000	Libyan Arab Jamahiriya
Housing (phase I)	\$ 5 000 000	Saudi Arabia
(phase II)	\$ 7 000 000	Kuwait
(phase III)	\$ 8 000 000	World Bank
Housing for technical assistance personnel (128 dwellings and 48 apartments)	(FD 615 000 000 (FD 200 000 000 (FD 200 000 000 (FD 1 100 000 000	Saudi Arabia FAC CCCE Government
Pierre Pascal dispensary	\$ 1 300 000	Abu Dhabi
Medical facilities in rural centres	\$ 1 400 000	UNHCR, United Nations Children's Fund (UNICEF), Canada, Government
Sewage, drains and water recycling	\$ 5 900 000 (partial)	EEC, ADB, FAC and Government

5. Pilot projects and studies

Water resources development plan:

study, training and technical assistance	DM 560 000	Federal Republic of Germany
laboratory for water and soil analysis	Cost not available	United States of America
Drip irrigation	\$ 300 000	France, EEC
New abattoir	\$ 5 600 000	FADES
Mineral water plant	\$ 900 000	Saudi Arabia

Table 8 (continued)

	<u>Funding provided</u>	<u>Source</u>
6. <u>Technical assistance and training</u>		
(a) Port operations		EEC
(b) Central bank		International Monetary Fund (IMF), France
(c) Statistics		UNDP
(d) Economic planning		UNDP, France
(e) Health services		France
(f) Well drilling		EEC, Saudi Arabia
(g) Housing		United Nations Centre for Human Settlements (Habitat)
(h) Training of drilling crews		Food and Agricultural Organization of the United Nations (FAO)

28. The remaining 27 projects in the programme of special economic assistance still require funding, and for these international assistance is sought.

C. Urgent projects remaining in the programme for which assistance is still required

1. Projects to improve the port of Djibouti

Feasibility study of road and depot

29. Improvement of the road to Dikhil and construction of a truck depot in the port are considered of special importance for the long-term development of the port. The estimated total costs are FD 141.6 million for a feasibility study and FD 3,800 million for implementation. For the truck depot the estimated costs are FD 70 million and 1,000 million, respectively.

2. Projects to improve the service economy

(a) National bank

30. Although the bank has started to function, there has been some delay in making a special building available. The choice of a site has still to be made. Some technical assistance is required.

(b) Arta road market

31. The studies for the construction of a market on the road to Arta have been carried out at a cost of FD 23.5 million. The project calls for building some 360 shops at a cost of FD 553 million. The Government of Saudi Arabia has been approached but funding has not yet been secured. The Saudi Arabian Government has been also approached for the financing of a project aimed at improving conditions in the Djibouti old central market at an estimated cost of FD 160 million.

3. Projects to improve transport links

(a) Djibouti-Loyada road

32. The feasibility study, financed by the European Economic Community (EEC), has proposed five alternatives for one segment of this road which is especially important for carrying Somalia's external trade. The choice has still to be made. In addition, a technical study of the road is required, for which costs are provisionally estimated at \$4 million.

(b) Djibouti-Tadjoura road

33. The design of this road has been financed by Saudi Arabia and implemented by an Italian firm at a cost of \$500,000. The cost of construction is estimated at FD 13 to 15.5 billion. The Government will approach the Fonds arabe pour le développement économique et social (FADES) and other donors for assistance. The Government accords this road the highest priority in view of its importance for establishing a link between the south and the north of the country.

(c) Tadjoura-Obock road

34. Italy will finance the technical and engineering studies of this road with a \$600,000 soft loan. The Government intends to approach the Libyan Arab Jamahiriya for funding the construction work, which is estimated to cost FD 3,000 million.

(d) Mobile road maintenance unit

35. The estimated costs for establishing the two mobile road maintenance units have been revised upwards. UNDP has allocated \$100,000 for further study and elaboration of the project. The World Bank and FADES are expected to share the implementation costs, estimated at \$10 million. In addition, five experts will be required for three years to survey and classify the country's roads into local, district and national categories.

4. Projects to help the poor and provide more services

(a) Improvement of flood-prone districts

36. Financing is still required for this large project, which is considered urgent and should not await the completion of the master plan for the city in 1982-1983. The revised cost plan for improving unhealthy housing conditions in districts 5 and 6 of the city calls for \$14 million to be expended over a period of five years.

(b) Modular low-cost housing

37. The estimated cost of this project has been revised upward to \$1.8 million and the location of houses changed from Dorale to Balbala. No financing has been obtained and no operations will be started prior to completion of Djibouti's urban master plan.

(c) Youth centre

38. No financing has been found for this project and no progress made with its implementation.

(d) Vocational training

39. The Arab Labour Organization will provide the necessary equipment. A site for the centre has been chosen at Arta. The cost of establishing the centre is now estimated to be FD 1,200 million. No funds have been obtained for the construction.

(e) Government buildings

40. No financing has been obtained and no progress made in the construction of additional Government buildings to meet the urgent need for more space.

(f) Improvement for administrative centres

41. No progress has been made in improving the water and electricity supply in the administrative centres of the four districts of the country.

(g) Drilling deep wells

42. No financing has been obtained to meet the cost of drilling six new deep wells in the interior which are necessary to help counter the serious drought conditions. \$1.3 million is needed urgently.

(h) Sewage, drains and water recycling

43. The major project for collecting, purifying and recycling used water in the city of Djibouti was estimated to cost \$15 million. About \$9 million is still required to complete the studies and implementation work relating to the use of recycled water in irrigation and cultivation of some 25 hectares near the city.

(i) Service lots for 5,000 low-cost dwellings

44. A start has been made; service for 300 lots has been prepared. However, no financing has been obtained to enable the Government to continue with the project.

(j) Reorganization of quarters 1 and 2 of the city

45. No funds have been secured for this project and no progress made in its implementation.

(k) Funding for the Djibouti Housing Society

46. No source has been found to provide the loan required by the Society to provide 1,000 units of housing at an estimated cost of \$40 million.

(l) Electricity supply

47. Work is in progress on the first phase of expanding the electric power capacity by adding a 6-megawatt generator, to become operational in June 1982. Feasibility studies for a second phase have been started. A technical study will be completed in 1981. Construction of a new plant and purchase of a second generator of 15 MW capacity are estimated to cost FD 3,000 million, which would include installation.

5. Pilot projects, studies and surveys

(a) Bunkerage

48. No funds have been obtained for this study.

(b) Dams on the Ambouli and Oued Oued rivers

49. A study has been completed by a French firm at a cost of FD 7 million provided by the Government. No funds have been secured for further work.

(c) Garbage and waste disposal

50. The required feasibility and technical studies for the establishment of a plant for the treatment of household waste and garbage are estimated to cost FF 0.5 million. The cost of constructing the plant would amount to DF 350 million. Fonds d'aide et de coopération (FAC) will finance the studies. No source of finance has been identified for the implementation.

(d) Red seaweed production

51. Preliminary results from experiments financed by the Government have been encouraging. A market study as well as further technical research are needed and should be carried out simultaneously. A mission from the Food and Agriculture Organization of the United Nations (FAO) is expected to visit Djibouti shortly to look further into the matter.

(e) Bridge over the Ambouli river

52. The concept of this bridge is being revised in the context of a larger road project. The estimated cost of the study has also been revised upward to \$250,000.

(f) Geothermal energy

53. Three projects financed by France, Italy and UNDP to develop geothermal energy resources are near completion. UNDP allocated \$0.5 million, France provided FF 2 million and Italy contributed L 450 million. The Government of Djibouti provided logistic support. A supplementary study to confirm the potential of Lake Assal geothermal resources is required. As a minimum, two wells need to be drilled at an estimated total cost of \$4 million.

(g) Equipment for the agricultural service

54. No funds have been obtained and no progress made to provide the agricultural service with the necessary tractors, mechanized cultivators and specialized vehicles and trucks. The estimated cost of the equipment is \$8.4 million.

(h) Geothermal energy laboratory

55. Some laboratory facilities for preliminary analyses have been provided by Italy in conjunction with a study of geological and geothermal resources financed by the Government of Djibouti. The Government wishes to establish, as part of its programme for developing local energy resources, a more adequate geological and geothermal laboratory. The estimated required costs for such a laboratory are \$2.5 million.

6. Technical assistance and training

56. Some progress has been made in providing Djibouti with urgently required technical assistance and training. Further needs for such assistance, however, will continue to arise and will have to be discussed on a regular basis with the normal development agencies concerned, including UNDP.

57. The Government of Djibouti wishes to include two new projects in the programme of special economic assistance, and for these international funding is sought.

D. New projects requiring assistance

1. Projects to benefit the poor and provide improved services

Djibouti urban road repair

58. A plan for upgrading 4 kms. of main arteries and repairing 6 kms. of secondary roads in the city which were seriously damaged by the floods has been prepared. The cost is estimated at FD 500 million.

2. Pilot projects, studies

59. Plaster and other building materials are known to exist in Djibouti. A study to determine the extent of their availability and the feasibility of production for local use as well as export has been submitted to FAC for funding. The estimated cost of the study is FF 1,000,000. Further financing will be required for construction work on completion of the study.
