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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

Assistance to Djibouti

Report of the Secretary-General

1. In its resolution 36/216 of 17 December 1981 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 special economic assistance programme for that country in time for the matter to be considered by the Assembly on its thirty-seventh session.
2. The Secretary-General arranged for a review mission to visit Djibouti in August-September 1982 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, annexed hereto, describes the economic and financial position of the country, reviews the progress made in implementing the special economic assistance programme previously formulated, and summarizes the assistance programme which the Government expects to present to a donor's Conference before the end of 1982.
3. The General Assembly, in paragraphs 8 and 9 of resolution 36/216, 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 July 1982. 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 36/216 has been communicated to the relevant organizations and their attention has been drawn to the specific requests addressed to them by the Assembly. Their replies will be 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/37/140).

ANNEX

Report of review mission to Djibouti

(28 August-3 September 1982)

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1 - 7	4
II. ECONOMIC SITUATION	8 - 47	5
A. General	8 - 11	5
B. Gross domestic product	12 - 18	5
C. Sectoral summary	19 - 27	7
D. Government budget	28 - 36	10
E. Balance of payments	37 - 41	13
F. Development policies and prospects	42 - 47	14
III. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME	48 - 80	16
A. Special economic assistance programme	48 - 79	16
B. Technical co-operation	80	27
IV. GOVERNMENT MEASURES TO MOBILIZE INTERNATIONAL ASSISTANCE	81 - 83	28

APPENDICES

I. Summary of technical co-operation in 1981	29
II. Summary list of projects to be presented to the Donors' Conference	31

I. INTRODUCTION

1. The report of the Secretary-General on assistance to Djibouti (A/36/281), which was considered by the General Assembly at its thirty-sixth session, recalled the previous resolutions of the Assembly and previous reports of the Secretary-General on the subject of assistance to Djibouti.
2. On 17 December 1981, the General Assembly, in its resolution 36/216, endorsed fully the assessment and recommendations contained in the annex to the report of the Secretary-General (A/36/281); noted with appreciation the assistance already provided or pledged to Djibouti; drew attention to the critical economic situation confronting Djibouti; requested the Economic and Social Council to invite the Committee for Development Planning to consider Djibouti's eligibility for least developed country status; 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, whenever possible in the form of grants, to enable Djibouti 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 special economic assistance programme and to report thereon to the Assembly at its thirty-seventh session. Arrangements were accordingly made for a mission, led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions, to visit Djibouti from 28 August to 3 September 1982.
4. The mission leader was received by the President of the Republic of Djibouti, His Excellency Mr. Hassan Gouled Aptidon. The mission had meetings with Mr. Mohamed Djama Elabé, Minister of National Education, Youth and Sports and Acting Minister of Foreign Affairs and Co-operation, and with the Planning Directorate of the Presidency.
5. A series of meetings were held with a committee of senior government officials, under the chairmanship of the Acting Minister of Foreign Affairs and Co-operation, to review the economic situation and the progress made in implementing the special economic assistance programme as well as to be briefed on the Government's plans to convene a Donor's Conference in early 1983. The mission also met representatives of the United Nations system in Djibouti.
6. The mission wishes to record its great appreciation for the assistance it received from the Government of Djibouti in the completion of its task.
7. The mission would also like to thank the Office of the Resident Representative of the United Nations Development Programme (UNDP) for its help and support.

II. ECONOMIC SITUATION

A. General

8. The principal economic characteristics of Djibouti are its relatively poor natural resource endowment, the high concentration of population in the service-oriented port city of Djibouti, and the relative importance of external financial resources for both the government budget and the balance of payments. There is little industrial activity and practically all consumer goods and food products (other than the livestock-derived staples of the nomadic population) are imported. Water availability, and recurrent drought, present chronic and expensive problems, accentuated by a large refugee population.

9. Previous reports of the Secretary-General (A/33/106, A/34/362, A/35/415 and A/36/281) have reviewed the development problems confronting Djibouti since independence in mid-1977. Other reports of the Secretary-General have addressed the particular issues of drought and water availability (A/36/276) and refugees (A/36/214). In 1981 the Government of Djibouti prepared its development plan for 1982-1984 (two volumes), and in 1982 published its development strategy for the next seven years, with background documentation on the basis of the Loi d'orientation économique et social 1983-1989 (two volumes).

10. A national census is currently being organized. The Government's estimate of Djibouti's present population is approximately 400,000, excluding some 30,000 to 50,000 registered and unregistered refugees (at present, the population of the refugee camps at Ali Sabieh and Dikhil is just over 30,000). Only about 10 per cent of the working-age population has formal employment. There are a relatively large number of expatriates and resident aliens.

11. The Djiboutian population is largely urban (about 70 per cent) and most of the urban population is in the city of Djibouti. About 40 per cent of the population is under 15 years of age. Infant mortality is 120 per 1,000, 40 per cent of the under-5 population is malnourished, and life expectancy is estimated at 50 years. A large proportion of the urban population lives in great poverty. There is an unusually high incidence of tuberculosis (2,000 new cases per year).

B. Gross domestic product

12. The gross domestic product (GDP) in 1980 is provisionally estimated at 51.3 billion Djibouti francs (\$288 million at the ruling exchange rate of \$1 to 178 Djibouti francs), an increase of 21 per cent over 1979 in current prices. A further increase of some 13 per cent at current prices is tentatively projected for 1981.

13. Estimates of GDP at constant prices are only available up to 1979; real growth was about 4.3 per cent in 1978 and 3.5 per cent in 1979, largely resulting from the expansion of public administration following independence. GDP growth in current prices was estimated at 19 per cent and 23 per cent respectively, in those years.

14. Table 1 shows the development of the GDP at current prices in recent years.

Table 1. Gross domestic product at factor cost
(current prices)
(Millions of Djibouti francs)

Branch of economic activity	1973	1976	1977	1979	1980 (provisional)
<u>Primary sector</u>					
Agriculture, livestock, fisheries	917	1,194	1,418	2,974	3,165
(Percentage of primary sector)	(4.7%)	(3.8%)	(4.1%)	(7.0%)	(6.2%)
<u>Secondary sector</u>					
Industry	1,419	2,116	2,419	3,756	4,581
Electricity, water	753	1,143	1,282	1,467	1,384
Construction, public works	844	3,402	2,878	2,089	2,994
(Percentage of secondary sector)	(15.4%)	(20.9%)	(19.2%)	(17.3%)	(17.4%)
<u>Tertiary sector</u>					
Commerce, hotels, bars, restaurants	9,419	12,702	14,267	11,887	15,271
Banks, insurance, real estate	1,305	1,737	2,019	3,191	4,403
Transport, communications	1,681	3,435	3,197	3,979	4,931
Public administration	2,687	5,374	5,832	12,332	13,745
Other services	510	716	868	771	835
(Percentage of tertiary sector)	(79.9%)	(75.3%)	(76.6%)	(75.8%)	(76.4%)
Total	<u>19,535</u>	<u>31,819</u>	<u>34,180</u>	<u>42,446</u>	<u>51,309</u>

Source: National Directorate of Statistics, Djibouti.

15. The structure of the economy is apparent in the low contributions to GDP (6.2 per cent in 1980) of agriculture, livestock and fisheries, and the high contribution (around 76 per cent since independence) of the tertiary sector covering services and public administration. Furthermore, with a wholly nomadic rural population, it is believed that the non-monetized subsistence sector is insignificant compared to most other African countries.

16. Within the tertiary sector, the share of public administration rose immediately after independence but stabilized once the necessary structures for an independent Government were established. Civil service costs have been tightly controlled and real salaries have in fact been falling. The sectors other than public administration, which had stagnated in the two years following independence, appear to have resumed significant growth in 1980. However, the share of industry in the GDP is only some 9 per cent.

17. The service sectors per se (excluding public administration), which are strongly linked to transfers from abroad, account for about 50 per cent of GDP. This reflects the importance of activities related to the port and airport and the expatriate community, and the growing role of Djibouti as a financial centre for the region.

18. It is clear, however, that the great majority of Djiboutians do not participate significantly in the economic activities which generate GDP. A recent document of the Committee on Development Planning (E/AC.54/1982/3 of 12 April 1982) estimates that, if corrections are made for price distortions and the economic impact of the expatriate community, the per capita GDP of Djiboutians in 1979 was \$260 (between one third and one half of the amount implied by the above GDP data). In view of this, the low literacy rate (about 9 per cent, and the low share of manufacturing in GDP, the Economic and Social Council, in its resolution 1982/41 of 27 July 1982, recommended that the General Assembly at its thirty-seventh session should approve the inclusion of Djibouti in the list of the least developed countries.

C. Sectoral summary

19. The port of Djibouti services the country's high import needs and a portion of Ethiopia's foreign trade, and has a significant role as a regional trans-shipment and bunkering facility. A small amount of Somali transit traffic is also handled. There are 21,500 square metres of warehouses and 11,500 square metres of covered storage space. Oil storage capacity amounts to 194,000 tonnes. Table 2 presents selected port statistics in recent years.

Table 2. Selected port statistics - Djibouti

	1976	1978	1980	1981	1981/76 (percentage)	6 months	
						1981	1982
Ships calling (number)	1,772	1,267	1,179	1,109	63	580	539
Dhows calling (number)	1,856	1,008	734	631	34	336	281
Passenger movements (number)	3,350	2,283	3,002	4,074	122	1,781	1,809
Dry cargo (thousands of tonnes)	641	385	396	460	72	236	187
Trans-shipments (thousands of tonnes)	105	55	25	60	57	33	23
Container movements (20-foot equivalent units)	2,443	3,009	6,438	17,747	726	n/a	n/a
Bunkerage (thousands of tonnes)	480	302	337	247	51	146	169
Water (thousands of tonnes)	287	147	131	152	53	78	63

Source: Government of Djibouti.

20. The interruption of service on the railway to Ethiopia in 1977-1978 (see table 3 below) had a serious impact on the level of port traffic. With lower rail traffic levels in recent years, the track has not been adequately maintained and the rolling stock has deteriorated. Djibouti is giving increasing emphasis to developing a greater role for the port as a trans-shipment and bunkerage facility. Container facilities are being rapidly expanded and a modern container terminal will be fully operational in 1983. Refrigerated facilities are under development. A free zone of some 65 hectares has been established in the port area. It is hoped that the free zone will attract light manufacturing industries in addition to expanded trading activities.

Table 3. Selected railway statistics - Djibouti
(Thousands of tonnes)

	1976	1978	1980	1981
Ethiopian imports	220.6	62.1	107.4	78.2
Ethiopian exports	138.0	9.3	86.6	62.1
Total	358.6	71.4	194.0	140.3

21. Paved roads total only 258 kilometres, of which 217 kilometres are between Djibouti and Galafi on the Ethiopian border. There are some 2,500 kilometres of unpaved roads, much of which is only passable with four-wheel drive vehicles.

22. Water availability, and recurrent drought, are continuing problems for the agriculture and livestock sectors. There are no permanent rivers and only limited seasonal rainfall. At present, only 100 hectares of irrigated land are cultivated, mostly in the vicinity of Djibouti, producing vegetables and fruits. While recognizing that the cost of irrigation is unusually high because of the need to sink relatively deep wells, the Government considers that some 200,000 hectares would be irrigable if the necessary wells were drilled.

23. The livestock population of the rural nomads in 1978 was estimated at 30,000 head of cattle, 40,000 camels, 6,500 donkeys, 500,000 sheep, and 400,000 goats. It is thought that about one quarter of the national herd was lost in the drought of 1979-1980. Offtake in 1980 through controlled abattoirs was 9,500 head of cattle, 80 camels, and 225,000 sheep and goats, which, together with the slaughtering done by the rural population, covered about 40 per cent of the annual meat consumption.

24. While there are at present only some 300 fishermen (mostly in the capital) who market about 500 tonnes of fish per annum, this sector is probably the most amenable to rapid expansion. A fisheries co-operative began in 1981, and the sector is already receiving considerable multilateral and bilateral assistance.

25. Electricity and water are relatively important sectors; water sold to ships is Djibouti's second-largest export of domestic origin. The consumption of both is increasing, and large new investments are planned to increase supplies. Electricity is already subject to interruption owing to excessive demand, and the majority of lower-income Djiboutians have little access to potable water.

26. Manufacturing activities comprise non-alcoholic beverages, bakeries, light electro-mechanical workshops, furniture, artisanal textile production, simple construction materials, bottled gas, and (as of 1981) a modern mineral-water plant at Tadjoura.

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27. Because of Djibouti's geographical location, unusual topography and waters suitable for swimming and fishing, some potential is thought to exist for "stop-over" tourism. A 200-room international-class hotel opened in 1981, the capacity of which can be expanded as necessary.

D. Government budget

28. The Government's recurrent budgetary situation is given in table 4.

Table 4. Government recurrent budget
(Millions of Djibouti francs)

	1977	1978	Actual 1979	1980	1981	Budget 1982
Revenue	8,958	10,556	12,696	16,560	20,301	18,422
Expenditure	7,828	9,020	10,780	11,965	15,925	18,422
Surplus	1,130	1,536	1,916	4,595	4,376	0

29. In the recurrent budget, a conservative policy, which generates surpluses, has been followed since independence. In any case, there has not been a functioning central bank (the Banque Nationale de Djibouti will begin operations in early 1983) and since the Djibouti franc is fully backed by external United States dollar deposits, there has been no scope for deficit financing. Nearly all the recurrent surplus is placed in a reserve fund, from which contributions are made to the extraordinary (capital) budget.

30. Table 5 shows the breakdown of revenue in 1980 and 1981.

Table 5. Structure of government recurrent revenue
(Millions of Djibouti francs)

	1980	1980 per cent	1981	1981 per cent
Personal and company income tax	2 715	16	3,235	16
Property tax	288	2	347	2
Licences and patents	956	6	1,186	6
Sanitation fees	65	0.4	70	0.3
Receipts from previous year	138	1	138	1
Total direct taxes	<u>4,162</u>	<u>25</u>	<u>4,976</u>	<u>25</u>
Customs revenue	6,325	38	6,864	34
Product-specific excise taxes	1,976	12	2,017	10
Surtax on non-EEC (European Economic Community) imports	839	5	703	3
Total indirect taxes	<u>9,140</u>	<u>55</u>	<u>9,584</u>	<u>47</u>
Other recurrent revenue	3,258	20	5,741	28
Grand total	<u>16,560</u>	<u>100</u>	<u>20,301</u>	<u>100</u>

Source: National Directorate of Statistics.

31. Indirect taxes, mostly from customs and excise taxes on products consumed largely by the expatriate community, amount to about 50 per cent of recurrent revenue, and the 25 per cent raised by direct taxes is heavily dependent on the expatriate community (60 per cent of personal income taxes are paid by expatriates).

32. The national extraordinary budget covering capital expenditures is shown in table 6.

Table 6. National extraordinary (capital) budget
(Millions of Djibouti francs)

	1978	1979	1980	1981
Inflow	2,746	4,149	4,989	9,198
Expenditure	1,459	2,419	2,209	4,147
Surplus	1,287	1,730	2,780	5,051

33. The resources for the extraordinary budget come from three principal sources: the reserve fund (of recurrent surpluses), carry-forward of the previous year's extraordinary budget surplus, and direct external support (amounting to DF 1,867 million in 1981). There is a degree of double-counting of the recurrent budget within the extraordinary budget, amounting to DF 2,026 million in 1981. Total budgetary expenditures in 1981 were thus DF 18,046 million, rather than the DF 20,072 million reflected in tables 4 and 6.

34. The International Monetary Fund estimates that about half of the total budgetary and non-budgetary public-sector expenditures in 1980 and 1981 were financed by external grants.

35. The extraordinary budget excludes most foreign grants and loans. The Government stated that the additional non-budgetary capital expenditures thus financed amounted to DF 2,451 million in 1980 and DF 2,115 million in 1979 (estimates of private-sector investment are not available). Thus public-sector investment in 1980 amounted to some DF 4,660 million (\$26 million). These development expenditures are not great in the context of the urgent needs described in sections III and IV of the present report, and the availability of additional external support is clearly of the greatest importance to Djibouti's development.

36. A development bank (Caisse Nationale de Développement), primarily oriented to supporting small-scale projects, will begin operations at the end of 1982. The Government will provide DF 255 million in funding, and external sources will provide additional funds.

E. Balance of payments

37. The balance of payments estimates for recent years is presented in table 7.

Table 7. Balance of payments
(Millions of Djibouti francs)

	1978	1979	1980 (estimate)	1981 (estimate)	1982 (projected)
Exports (f.o.b.)	3 154	2 023	3 118	3 118	3 118
Re-exports (f.o.b.)	13 658	11 183	15 179	16 044	17 712
Imports (f.o.b.)	-24 749	-28 436	-33 782	-36 654	-38 523
Trade balance	-7 937	-15 230	-15 485	-17 492	-17 693
Freight and insurance	-4 368	-5 018	-5 961	-6 468	-6 798
Port services	663	644	644	819	847
Airport services	275	269	229	247	267
Air Djibouti operations	-	-	690	892	980
Services to non-residents	5 854	4 792	6 504	6 876	7 591
Investment income	300	567	1 627	2 000	1 700
Public debt interest	-44	-50	-46	-57	-52
Other invisibles	-33	-74	-29	-78	-117
Net services	2 647	1 130	3 658	4 231	4 418
Unrequited transfers	12 207	14 423	13 307	9 508	8 909
Current balance	6 917	323	1 480	-3 753	-4 366
Public sector debt repayments	-66	-83	-87	-123	-158
Private capital movements	-823	1 396	1 777	1 964	2 100
Capital account	-889	1 313	1 690	1 841	1 942
Errors and omissions	-652	535	547	276	-
Overall balance	5 376	2 171	3 717	-1 636	-2 424

Source: National Directorate of Statistics.

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38. The balance of payments is dominated, in all the major entries, by flows relating to non-residents. Of the exports, only hides and skins and live animals represent products of domestic origin. These totalled only about DF 83.3 million in 1979. In addition, the sale of water supplied to ships in the port is estimated to have amounted to some DF 42 million (not included in exports). Other products included under exports are cereals, sugar, coffee, tea, canned goods, vehicles and chemicals, which are all re-exports, and the re-export of personal effects to France. The category "re-exports" in table 7 is largely made up of products destined for the French military base, but includes a small amount for foreign diplomatic missions and temporary visitors. The value of imports for consumption by Djiboutians and expatriates outside the military base was therefore probably some DF 17,600 (f.o.b.) in 1981. The trade figures exclude bunkering provided through the port.

39. Under services, the principal debit item is freight and insurance on imports (estimated at 15 per cent of c.i.f. value). The principal credit items are for port and air transport services, services provided to non-residents (85 to 90 per cent of which are to the military base), and interest on foreign reserves, including the external balances which back the Djibouti franc.

40. The relatively large amount of unrequited transfers includes French financial support for Djibouti's armed forces (until now an extrabudgetary item).

41. Public-sector external debt as of mid-1982 amounted to some \$47.7 million; information on this debt and on external grants is reflected in section III below.

F. Development policies and prospects

42. According to the law of 31 May 1982 relating to economic and social development over the next seven years (Loi d'orientation économique et social 1983-1989), the Government will pursue the following objectives:

- (a) Develop Djibouti as a major international maritime centre;
- (b) Combat poverty in urban and rural areas;
- (c) Reduce the country's dependence on imported food supplies;
- (d) Develop industries;
- (e) Reduce the country's dependence on energy imports.

43. To further the realization of these goals, the Government will continue to observe fiscal equilibrium in the short, medium and long term, and in so doing maintain the status, the parity and the free convertibility of the Djibouti franc. Attention will also be paid to correcting imbalances between sectors and regions, and to the diversified development of public and private institutions to allow the people as a whole to enjoy their rightful participation in national development. While safeguarding the development of local productive capacity, support will be

given to the private sector to further the development of an open mixed economy. The free zones at the port and the airport will also be promoted.

44. To alleviate urban poverty, small-scale husbandry and horticulture will be encouraged in conjunction with housing developments along the shore and the main roads of the city, and the development of artisanal, repair and service facilities will be encouraged. In the pastoral areas, particular attention will be given to water and fodder supplies.

45. The implementation of the Government's development strategies will clearly depend on the timely availability of substantial amounts of external assistance. The availability of such assistance can only be judged after the Donors' Conference to be held early next year; the Donors' Conference is clearly an essential and integral part of the plan implementation process.

46. The city of Djibouti will continue to be the dynamic force in economic and social development. Thus for development to take place, investments in improvements to the infrastructure and the facilities of the city are important; while many such projects may appear to be largely socially-oriented, they are in fact essential to economic development. It is clear that support for the development of the rural areas is equally important from the perspective of balanced development; however, the resources for such development over the next few years will largely be generated in the city.

47. Considering Djibouti's scarcity of natural resources, but bearing in mind its strategic location and its success so far as a service-oriented economy, education and professional and technical training are clearly of the greatest importance. Economic success will largely depend on the quality of the work-force in both the private and public sectors. Considerable progress is being made in public education, and further support, particularly at the vocational level, is needed to strengthen Djibouti's ability to fully exploit its relative economic advantages.

III. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

A. Special economic assistance programme

Background

48. A programme of assistance consisting of 47 development projects, costing \$130 million, was submitted in the Secretary-General's initial report on Djibouti in 1978 (A/33/106, annex). The original programme has undergone some adjustment over the past four years. A few projects have been withdrawn, and several new projects have been added. Several others have been expanded and subdivided into separate components or successive phases or absorbed within larger projects. In many cases cost estimates have been revised upward.

49. The mission reviewed the status of those projects which, as of mid-1981, had been fully or partially funded (see para. 50 below), and also reviewed the situation concerning the urgent projects remaining in the programme for which assistance was still being sought (see paras. 51-79 below).

Projects for which full or partial funding has been arranged

50. The present situation of the projects for which funding has been fully or partially raised is shown in table 8 below, which is a revision of table 8 of document A/36/281.

Table 8. Projects for which funding has been fully or partially arranged

Key: ... = not available

	Funding provided		Source
1. <u>Projects to improve the port of Djibouti</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
Cold-storage warehouse construction	DF	334 000 000	Saudi Arabia
Engineering work for container centre	DF	765 000 000	Kuwait

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Table 8 (continued)

	Funding provided		Source
Provision of one container terminal	DF	611 500 000	Kuwait
Supplies and handling equipment for the terminal	DF	506 000 000	Kuwait
Repair and protection of jetty and piers Nos. 7 and 13	DF	319 000 000	Fonds arabe pour le développement économique et social (FADES)
Repair of slipway	DF	557 000 000	FADES
Provision of a second container terminal	DF	611 500 000	Federal Republic of Germany
Two ferries and one tugboat	DF	1 300 000 000	Federal Republic of Germany
Essential equipment for slipway	DF	91 000 000	Fonds d'aide et de coopération (FAC)
Technical services and professional training	DF	133 000 000	FAC
Drilling and soil tests	DF	30 000 000	Government
Telescopic crane	DF	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

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Table 8 (continued)

	Funding provided	Source
Airport expansion (study)	\$ 150 000	Islamic Development Bank (IDB)
Tarmac repair and construction of shelters	\$ 2 500 000	United Arab Emirates
3 vehicles for fire brigade	...	FAC
New hotel	\$ 18 000 000	Government and private
Rebuild and re-equip the telecommunications station	DF 1 200 000 000	Saudi Arabia and FAC
National Bank of Djibouti	\$ 1 500 000 (partial)	Iraq
Arta road market	DF 553 000 000	Saudi Arabia
Djibouti old central market (improvement)	DF 160 000 000	Saudi Arabia
3. <u>Projects to improve transport links</u>		
Djibouti - Loyada road (technical study)	\$ 4 000 000	European Economic Community (EEC)
Djibouti - Tadjoura road: Study	\$ 500 000 DF 10 000 000	Saudi Arabia Government
Construction	DF 800 000 000	Government
	\$ 65 000 000	FADES, Saudi Arabia, Saudi Fund

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Table 8 (continued)

	Funding provided		Source
Road maintenance project	\$	6 400 000	International Development Association (IDA)
	\$	1 600 000	Government
4. <u>Projects to benefit the poor and provide improved services</u>			
Site preparation	DF	278 000 000	Government
Water supply (urban):			
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 co-opération économique (CCCE)
	ECU	1 000 000	EDF
Electricity generation	\$	4 000 000	Saudi Arabia
Electricity distribution	\$	1 800 000	European Investment Bank (EIB)
Electricity supply	DF	890 000 000	CCCE
	DF	890 000 000	Islamic Development Bank
	DF	2 670 000 000	FADES
	DF	2 670 000 000	Kuwait
	DF	445 000 000	Organization of Petroleum Exporting Countries (OPEC)
Garbage collection	DF	250 000 000	FAC

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Table 8 (continued)

	Funding provided		Source
Peltier hospital:			
Study	FF	1 500 000	FAC
Construction	\$	6 400 000	Saudi Arabia
Equipment	ECU	600 000	EDF
Government buildings (construction/renovation):			
Ministry of Foreign Affairs	\$	1 800 000	Saudi Arabia
	DF	80 000 000	Government
Ministry of Interior	DF	175 000 000	Government
Government Printing	\$	1 000 000	Saudi Arabia
	DF	170 000 000	Government
Water and electricity supply in the administrative centres			
Tadjoura:			
Electricity	DF	250 000 000	Saudi Arabia
Water (study)	BF	16 000 000	Belgium
Water (drilling)	DF	100 000 000	Government
Building materials	FF	1 000 000	FAC
Service lots for low-cost dwellings	DF	170 000 000	Government
Housing: Phase I	\$	5 000 000	Saudi Arabia
Phase II	\$	7 000 000	Kuwait
Urban development (study)	\$	500 000	World Bank
Housing for technical assistance personnel (128 dwellings and 48 apartments)	DF	615 000 000	Saudi Arabia
	DF	200 000 000	FAC
	DF	200 000 000	CCCE
	DF	1 100 000 000	Government

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Table 8 (continued)

	Funding provided		Source
Pierre Pascal dispensary	\$	1 000 000	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	EEC, FALC and Government
	DF	600 000 000	ADB
5. <u>Pilot projects and studies</u>			
Water resources development plan:			
Study, training and technical assistance	DM	560 000	Federal Republic of Germany
Laboratory for water and soil analysis		...	United States of America
Drip irrigation	\$	300 000	France, EEC
Mineral water plant	\$	900 000	Saudi Arabia
Dam on the Ambouli/Oued (study)	DF	7 000 000	Government
Garbage and waste disposal plant (study)	FF	500 000	FAC
Geothermal energy	\$	21 000 000	Italy
6. <u>Technical assistance and training</u> (see also appendix I)			
Port operations			EEC

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Table 8 (continued)

	Funding provided	Source
Central bank		International Monetary Fund (IMF), France
Statistics		UNDP
Economic planning		UNDP, France
Health services		France
Well drilling		EBC, Saudi Arabia
Housing		United Nations Centre for Human Settlements (Habitat)
Training of drilling crews		Food and Agricultural Organization of the United Nations (FAO)

Progress made in implementing the urgent projects remaining in the programme of assistance

1. Projects to improve the port of Djibouti

Feasibility study of road and depot

51. No financing has been secured for the improvement of the Dikhil-Galafi road and the construction of a truck depot. However, negotiations are under way with the World Bank.

2. Projects to improve the service economy

(a) National bank

52. A study, financed by the bank from its own funds, has been completed on the design of the building. No funding is available for construction.

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(b) Arta road market

53. The Government of Saudi Arabia has agreed to finance the construction of shops at the Arta road market and the improvement of conditions in the Djibouti old central market (see table 8).

3. Projects to improve transport links

(a) Djibouti-Loyada road

54. The European Development Fund has agreed to finance the technical study and the construction of the road. It is expected that the technical study will begin soon (see table 8).

(b) Djibouti-Tadjoura road

55. Some \$65 million has been pledged for this project (with contributions from FADES, the Saudi Fund and the Government of Saudi Arabia). The Government will contribute DF 800 million (see table 8).

(c) Tadjoura-Obock road

56. Financing is still required for the engineering studies and for construction.

(d) Mobile road maintenance unit

57. A detailed study on road maintenance needs was completed by the World Bank in July 1981. Among other things, the Bank recommended the establishment of an Infrastructure Division with four sub-divisions, one of which would be responsible for road works. The study contained detailed priorities for road improvement. Financing has been secured from IDA (\$6.4 million) and from the Government (\$1.6 million) (see table 8). The project also provides for the training of road maintenance technicians.

4. Projects to help the poor and provide more services

(a) Improvement of flood-prone districts

58. This project should now be seen within the framework of over-all urban development, on which a World Bank study was completed in August 1982 (see table 8). The over-all project has seven components, one of which covers the rehabilitation of the older districts of Djibouti. The project will provide for drainage, improvement of roads, improvement in potable water supply, public lighting, improvement of garbage collection, credit facilities to the inhabitants for housing improvement, and construction of a health care unit. The funding required is estimated at DF 1.4 billion.

(b) Modular low-cost housing

59. This project for Balbala also has to be seen within the framework of the over-all urban development project, with a funding requirement of DF 1.3 billion, which covers improvement of roads, potable water supplies, public lighting, garbage collection, construction of a small market and credit facilities to the inhabitants to improve their houses. This project would benefit the 23,000 present inhabitants of the area and an expected 21,000 new inhabitants on the newly established lots.

(c) Youth centre

60. No progress has been made in the implementation of this project.

(d) Vocational training

61. A general study on training/employment has been completed with financing provided by FAC. On the basis of this study, the Government is now preparing a training policy and a master plan for training.

(e) Government buildings

62. Considerable progress has been made (see table 8), on the building for the Ministry of Foreign Affairs, with financing of \$1.8 million from Saudi Arabia and DF 80 million from the Government; on the renovation of the building of the Ministry of the Interior financed by the Government (DF 175 million); and on the building for the National Press, with financing of \$1 million from Saudi Arabia and DF 170 million from the Government. Several other renovations are under way with government funding.

(f) Improvement for administrative centres

63. Improvement in the Tadjoura electricity supply has been made possible with financing from Saudi Arabia (see table 8); funding (DF 750 million) for the other three districts has yet to be obtained. As regards water supply, 16 million Belgian francs was obtained from Belgium for technical studies. The Government has financed the drilling of a well in Tadjoura, but a second well is needed (DF 100 million). In addition, DF 750 million is required for water systems in the other three centres.

(g) Drilling deep wells

64. No funding has been obtained for the project, the revised cost of which now amounts to \$1.6 million.

(h) Sewage, drains and water recycling

65. The African Development Bank (ADB) has provided financial assistance for some of the technical studies and for some of the construction work. It is expected that ADB will fund the completion of the studies and the construction work related to the collection of used water and the utilization of recycled water for

irrigation (see table 8). One million dollars is still needed in order to fully implement this project.

(i) Service lots for low-cost dwellings

66. With funding from the national budget, the preparation of 230 lots has been completed (see table 8) and that of a further 184 lots is under way. DF 300 million is required to complete the work. Another component of this project consists of the preparation of another 196 lots for which financing of DF 500 million is required.

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

67. The proposed reorganization has to be seen in the context of the over-all urban development project (see comments under the project for the improvement of flood-prone districts, (para. 58 above)).

(k) Funding of the Djibouti Housing Society

68. The United Nations Centre for Human Settlements (Habitat) has provided technical assistance for a preliminary study on housing problems. Funding from CCCE is expected as well as financial assistance from Canada for housing in general. The World Bank has agreed to undertake a study on the construction of 3,000 houses (see table 8).

(l) Electricity supply

69. Feasibility studies have been completed, partly with national financing and partly with CCCE financing. The target is now the installation of two generators of 15 MW each for which the following funding has been obtained (see table 8): CCCE (DF 890 million), the Islamic Development Bank (DF 890 million), FADES (DF 2,670 million), Kuwait (DF 2,670 million) and OPEC (DF 445 million). It is expected that construction work can begin in early 1983. Approximately DF 1 billion will be required thereafter for the extension of the distribution network.

(m) Djibouti urban road repair

70. A modest beginning in upgrading main artery roads and repairing secondary roads has been made with government funds. No external financial assistance has been secured so far.

5. Pilot projects, studies and surveys

(a) Bunkerage

71. No progress has been made on this project.

(b) Dam on the Ambouli-Oued

72. Apart from funding received for the technical study (see table 8), no financial assistance has been secured for the construction of the dam.

(c) Garbage and waste disposal

73. The feasibility and technical studies for the establishment of a plant for the treatment of household waste and garbage have been completed, with funds provided by FAC (see table 8). DF 350 million is now required for the construction of the plant.

(d) Red seaweed production

74. An experimental area has been set aside for the production of red seaweed. However damage caused by small predatory fish has become a problem. FAO is currently studying this matter.

(e) Bridge over the Ambouli river

75. No financing has been secured for either the study or the construction. The Government hopes to have this project considered as an EDF regional project.

(f) Geothermal energy

76. A study, financed by Italy, estimated the cost of a geothermal project at \$33 million, of which Italy has agreed to provide \$21 million (see table 8). The balance of \$12 million, plus \$4 million for the drilling of two wells, remains to be funded. Research on a second project is being carried out with assistance from France. A third project, funded by UNDP, has been terminated because of corrosion problems.

(g) Equipment for the agricultural service

77. The Government has allocated funds to begin this project which aims at providing the agricultural service with the necessary tractors, mechanized cultivators and specialized vehicles and trucks. However, no significant external funding has been pledged. The revised cost of this project is \$10 million.

(h) Geothermal energy laboratory

78. Despite progress made in the area of geothermal energy (see para. 76 above), no funding has so far been obtained for setting up an adequate geological and geothermal laboratory (estimated cost: \$2.5 million).

(i) Building materials

79. A study has been carried out, with assistance from France, on the question of developing building materials from locally available resources. A project is now being elaborated.

B. Technical co-operation

80. The Government of Djibouti has given priority to developing technical co-operation activities with a variety of countries and multilateral organizations. A summary statement on technical co-operation activities in Djibouti by the United Nations system, and by other countries and organizations, based on the report on development co-operation for 1981 prepared by UNDP, is provided in appendix I.

IV. GOVERNMENT MEASURES TO MOBILIZE INTERNATIONAL ASSISTANCE

81. As part of its ongoing effort to mobilize international assistance, the Djibouti Government organized jointly with UNDP a round-table meeting from 23 to 26 February 1981. The purpose was to analyse the Djiboutian economy in order to define development priorities and needs for external assistance. The Round Table was attended by representatives of 9 potential donor countries, and 16 multilateral institutions and agencies of the United Nations system. Sectoral documentation and 86 project data sheets were presented and discussed at that meeting.

82. The Government considers that the Round Table sensitized the international community to Djibouti's circumstances and needs and laid the groundwork for the Donors' Conference, at present scheduled for early 1983. The purpose of the Conference is to draw to the attention of the international community the development strategy for 1983-1989 and areas where external assistance is required in order to move towards the development goals which have been articulated in the Loi d'orientation économique et social 1983-1989 and the supporting documentation. The Government is being assisted in the preparation of the Conference by UNDP and the World Bank. Detailed technical documents have already been prepared for some of the projects for which the Government is seeking external support, and work is in progress on the remainder. Appendix II provides a summary list of the projects (with provisional cost estimates) which the Government intends to present and discuss at the Donors' Conference.

83. Eighty-three projects in 14 major areas have been identified by the Djibouti Government as requiring external support. The provisional requirements are: DF 1.8 billion for hydrological work; DF 2.6 billion for water supplies; DF 1.9 billion for agricultural development; DF 4.3 billion for livestock and fisheries development; DF 2.1 billion for health; DF 6.6 billion for projects related to education, training and employment; DF 2.1 billion for air transport; DF 2.5 billion for maritime transport; DF 3.2 billion for road infrastructure; DF 4.6 billion for urban development; DF 3.0 billion for energy development; DF 17.7 billion for natural resources and mineral development; DF 3.0 billion for telecommunications and radio-television services; and DF 1.1 billion for the tourism sector. The total needs are estimated at DF 56.8 billion, or \$319 million.

APPENDIX I

Summary of technical co-operation in 1981

Table 1

Summary of multilateral technical co-operation through the
United Nations system, 1981

(Thousands of US dollars)

Key = not available

Sector	UNDP	FAO	UNICEF	UNIDO	UNEP	UNHCR	World Bank	ILO	WFP	Total
General development issues, policy and planning	121	-	-	-	-	-	-	-	-	121
Natural resources	319	-	-	-	-	-	-	-	-	319
Agriculture, forestry and fisheries	100	32	245	-	-	-	-	-	-	377
Industry	-	-	-	72	-	-	-	-	-	72
Transport and communications	98	-	-	-	-	-	-	-	-	98
International trade and development financing	10	-	-	-	-	-	-	-	-	10
Population	-	-	-	-	127	36	-	-	-	163
Human settlements	-	-	-	-	-	-	500	-	-	500
Health	-	-	18	-	-	61	-	-	-	79
Education	-	-	-	-	-	143	-	-	-	143
Employment	135	-	-	-	-	-	-	37	-	172
Humanitarian aid and relief	-	-	-	-	-	1 177	-	-	3 814	4 991
Total	783	32	263	72	127	1 417	500	37	3 814	7 045
Percentage	11.1	0.5	3.7	1.0	1.8	20.1	7.1	0.6	54.1	100

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Table 2

Summary of other technical co-operation, 1981

(Thousands of US dollars)

Key: ... = not available

Sector	EEC	United States	France	Germany, Federal Republic of	Italy	Sweden and United Kingdom a/	United Kingdom	Total
Political affairs	-	-	...	-	-	-	-	...
General development issues, policy and planning	-	-	...	-	-	-	-	...
Natural resources	-	2,000	340	410	490	-	-	3 240
Agriculture, forestry and fisheries	-	485	...	-	-	423	-	...
Industry	-	-	-	-	-	-	-	-
Transport and communications	-	-	...	-	-	-	-	...
International trade and development financing	-	-	...	-	-	-	-	...
Population	-	-	-	-	-	-	-	-
Human settlement	-	-	...	-	-	-	-	...
Health	-	-	...	-	-	-	-	...
Education	-	-	10 000	-	-	-	-	10 000
Employment	-	1 592	-	-	-	-	-	1 592
Humanitarian aid and relief	179	3 526	-	-	-	-	20	3 725
Total	179	7 603	50 000	410	490	423	20	59 125
Percentage	0.3	12.8	84.6	0.7	0.8	0.7	0.1	100

a/ OXFAM.

APPENDIX II

Summary list of projects to be presented to the
Donors' Conference

(Thousands of Djibouti francs)

Project	Provisional cost estimate
A. <u>Hydrology</u>	
1. Urban: (12 deep wells, 11 shallow wells)	359,400
2. Rural: (17 deep wells, 14 shallow wells)	596,100
3. Agricultural: (1 deep well, 3 shallow wells)	281,450
4. Industrial: (1 deep well, 3 shallow wells)	119,400
5. Hydrogeological research: (1 deep well, 7 shallow wells)	31,700
6. Renewal of maintenance equipment	60,000
7. Shed for workshop and storage of equipment	102,000
8. Construction of buildings and support units for Rural Engineering Department	84,000
9. Equipment for technical studies and rural works	162,000
Subtotal	1,796,050
B. <u>Water supply</u>	
1. Drilling in the Nagad area	60,300
2. Purchase of equipment	124,000
3. Back-up unit for Balbala	225,700
4. Distribution network for Balbala (first phase)	180,900
5. Distribution network for Balbala (second phase)	403,100
6. Extension of Djibouti network	1,137,500
7. Pipes for collection of back-up water from drilling	265,700
8. Water supply for Tadjoura	70,400

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B. Water supply (continued)

9. Rehabilitation and supply for Ali-Sabieh	75,400
10. Repair of Dikhil facilities	95,300
Subtotal	2,638,300

C. Agricultural projects

1. Development of Schekeitti region (40 ha)	358,000
2. Hydro-agricultural development at Ambabo	142,000
3. Hydro-agricultural development at Hanlé	1,074,000
4. Hydro-agricultural development at As-Byla	135,000
5. Hydro-agricultural development at Bissidirou (10 ha)	120,000
6. Palm-date experimental station (5 ha)	100,000
Subtotal	1,929,000

D. Livestock and fisheries

1. Tannery	925,000
2. Abattoir	797,850
3. Cattle fodder plant	291,700
4. Fishery port at Djibouti	1,323,860
5. Poultry farming	102,706
6. Pasture improvement	890,000
Subtotal	4,331,116

E. Health

1. Expansion of Peltier hospital	1,480,000
2. Centre for vocational training	175,000
3. Construction of a new pharmaceutical supply store	335,000
4. Expansion of Paul Faure anti-tuberculosis centre	40,000
5. Expansion of a centre for maternal and child care with administrative offices	110,000
Subtotal	2,140,000

F. Education and training; employment

1. Expansion of the Lycée	400,000
2. Construction of a centre for higher studies at Balbala	600,000
3. Construction of a secondary school (vocational)	1,200,000
4. Construction of a school complex and facilities for primary education	1,000,000
5. Construction of a centre for higher studies at Obock (400 students)	937,000
6. Sports centre at Djibouti	1,000,000
7. Establishment of a vocational training centre (Balbala)	1,200,000
8. 3 intercompany medical services	300,000
Subtotal	6,637,000

G. Air transport

1. Study of the extension of facilities at the airport terminal	26,000
2. Improvement of meteorological communications	36,000
3. Improvement of aeronautical telecommunications	270,000
4. Extension of the freight zone (airport)	350,000
5. Repair of runway wind breaks and construction of a fire station	450,000
6. Extension of the passenger areas at Djibouti terminal (first phase)	600,000
7. Improvement in the free zone and industrial zone	360,000
Subtotal	2,092,000

H. Maritime transport

1. Quay 14	2,000,000
2. Free zone	500,000
Subtotal	2,500,000

I. Road infrastructure

1.	Randa to Day	600,000
2.	Road maintenance project	2,465,000
3.	Dikhil to As-Eyla	70,000
4.	Ali-Sabieh to Ali-Addé	50,000
	Subtotal	3,185,000

J. Urban development

1.	Rain water drainage	500,000
2.	Flood control	600,000
3.	Road system	220,000
4.	Water supply	815,000
5.	Electricity	988,000
6.	Housing estate 13 ha - site preparation	525,000
7.	3,000 lots for low-cost housing	40,000
8.	Plant and equipment for garbage processing	954,300
	Subtotal	4,642,300

K. Energy

1.	First phase of planning	142,000
2.	Second phase of planning	178,000
3.	Geothermal exploration wells	1,495,000
4.	Geo-scientific studies	214,000
5.	Engineering reservoir	237,000
6.	Construction of electricity-generating stations at Dikhil, Ali-Sabieh, Obock	750,000
	Subtotal	3,016,000

L. Natural resources and minerals

1. Cement factory	16,000,000
2. Study on pearl processing	18,000
3. Study on processing salt from lake Assal	35,000
4. Construction of a brick-making factory	1,032,500
5. Feasibility study for woodworking facility	5,250
6. Building materials from local products	612,500
7. Silo for cereal storage	...
8. Plant for the preparation and packaging of pharmaceutical products	...
Subtotal	17,703,250

M. Telecommunications, radio/television of Djibouti

1. Balbala exchange	750,000
2. Construction of an international telecommunication centre	850,000
3. Expansion of television service	1,427,570
Subtotal	3,027,570

N. Tourism

1. Construction of rest camps	105,000
2. Construction of 'farés'	104,000
3. Rain protection facility at Day	15,500
4. Park at palm plantation, Ambouli	800,000
5. Marina at Sheraton hotel	40,000
6. Purchase of two semi-submersible trimarans	60,000
7. Purchase of 11-metre boat	20,000
Subtotal	1,144,500
Grand Total	56,762,086

(\$319 million)