



**IGAD  
Livestock  
Policy  
Initiative**

# **The Political Economy of Livestock Policy: The Case of Djibouti**

Jennifer N. Brass

Institute for International Studies

University of California, Berkeley

Research Director: David K. Leonard

Institute of Development Studies (Sussex)



**A Living from  
Livestock**

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## PREFACE

This paper is part of a series of political economy Working Papers prepared for the Inter-Governmental Authority on Development's Livestock Policy Initiative (IGAD LPI) and the Pro-Poor Livestock Policy Initiative (PPLPI) of the Food and Agriculture Organization (FAO) of the United Nations. The purpose of these papers is to explore strategic political economy issues that would facilitate or inhibit livestock policy reforms in the IGAD region that would benefit poor producers.

Specifically, this paper seeks to understand how the Inter-Governmental Authority on Development's Livestock Policy Initiative (IGAD LPI), a project jointly managed by IGAD and the Pro-Poor Livestock Policy Initiative of FAO (PPLPI), can assist the poor livestock producers in the greater Horn of Africa to improve their livelihoods through strategic policy or institutional interventions. Unlike many policy papers, however, this report specifically and explicitly examines the political context in which livestock are produced, and aims to identify entry points that are truly feasible given these political realities. The report identifies key national and international actors, institutions and processes that surround formal and informal policy-making relevant to livestock production, the institutional bases of existing policies, and finally, strategies and resources required to make the politically feasible changes and creations possible. The recommendations made in this paper are therefore based on strategic choices, and not the technical or economic merits of various policy options.

Livestock is vital to the economies of many developing countries, and especially those of the Horn of Africa. Animals are a source of protein for human diets and can serve to provide income, employment and foreign exchange within a country. For many low income producers, livestock also serves as a store of wealth, provides draught power and organic fertilizer for crop production, acts as a means of transport, and serves as a vital component of social functions and exchange. Consumption of livestock and livestock products in developing countries, though starting from a low base, is growing rapidly. This sector growth could provide opportunities for the livestock-dependent poor to improve their livelihood, and this report aims to recommend politically feasible policy and institutional changes that can allow this to happen.

To arrive at its recommendations, this report uses the analytic tools of political science to determine policies that will be truly feasible in a particular real-world political context. The author is neither an economist nor a specialist in livestock production and is not using the criteria of those disciplines in its suggestions. The report instead seeks to select on the grounds of political feasibility from among the recommendations that local and international experts have made on technical or economic grounds. Thus, the report identifies key national and international actors, institutions and processes and their role in policy-making relevant to livestock, the institutional bases of existing policies, and finally strategies and resources required to make selected changes and creations possible.

Methodologically, the paper is based on several weeks of field work in the area, supplemented with a thorough review of government documents, newspapers and recently published research. The author relied foremost upon the informed observer method of research, conducting interviews with individuals and groups of people in a position to understand the political economy of the livestock sector, including the processes that shape its policies and their reform. Thus interviews were held with those in the government, the donor community, non-governmental organizations, academia, and the leadership of relevant livestock and other civil society organizations. These interviews were not a 'random sample' nor even necessarily 'representative'; the author sought those who had knowledge drawn from their own work and experience.

Owing to the sensitive political nature of this research, interviewees were offered anonymity and confidentiality for their statements, and very few people chose to waive this right. Even though this report cannot cite their names, the author subjected informants' statements to high standards of rigor. The author sought to be conscious of any partisan bias or rumour that informants might have had in their report and whether they were actually in a position to know on personal or very strong secondary authority what they reported. In most cases corroboration for key analytic points was sought as well, either from other informants or through quotable statements from academic literature. Where corroboration was impossible and the point was important the author generally has indicated the number of people who supported the point, so the reader can judge for him/herself the strength of the evidence. On occasion, the use of corroboration via academic literature may give the paper a 'desk study' veneer, but it is the understandings of the informants - analyzed with the theoretical tools of political science - that drive the conclusions.

We hope this paper will provide useful information to its readers and any feedback is welcome by the authors, IGAD LPI, FAO PPLPI and the Livestock Information, Sector Analysis and Policy Branch (AGAL) of the Food and Agriculture Organization (FAO).

## **Disclaimer**

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of either the Food and Agriculture Organization of the United Nations or the Inter-Governmental Authority on Development concerning the legal status of any country, territory, city or area or its authorities concerning the delimitations of its frontiers or boundaries.

The opinions expressed in this paper are solely those of the author and do not constitute in any way the position of the FAO, IGAD, the Livestock Policy Initiative nor the governments studied.

David K. Leonard  
Research Director  
Institute of Development Studies (Sussex)

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## ABBREVIATIONS & LOCAL TERMS

ADB	African Development Bank
<i>Agro-Elevage</i>	Integrated crop and livestock production on small-holdings
AU-IBAR	African Union Inter-African Bureau for Animal Resources
CAHW	Community Animal Health Worker
CSO	Civil Society Organization
DF	Djiboutian Franc (exchange rate 177 DF = USD\$ 1)
<i>Direction de l'Elevage et des Services Vétérinaires</i>	Department of Livestock and Veterinary Services
EPF	Export Processing Facility & Quarantine
EXCELEX	Examination and Certification of Livestock for Export (FAO)
EU	European Union
FAO	Food and Agriculture Organization
FDED	Fonds pour le développement économique de Djibouti
<i>Feuille de Route</i>	National Road Map: President Guelleh's development plan
FEWS NET	Famine Early Warning System Network
FMD	Foot-and-Mouth Disease
FRUD	Front for the Restoration of Unity and Democracy
FSD	Fonds Social de développement
GDP	Gross Domestic Product
GORD	Government of the Republic of Djibouti
<i>Hajj</i>	Annual Muslim pilgrimage to Mecca; one of the 5 pillars of Islam
IBAR	Inter-African Bureau for Animal Resources
IGAD	Intergovernmental Authority on Development
IFAD	International Fund for Agricultural Development
KSA	Kingdom of Saudi Arabia
MAEM	<i>Ministère de l'Agriculture, de l'Elevage et de la Mer</i>
<i>Ministère de l'Agriculture, de l'Elevage et de la Mer</i>	Ministry of Agriculture, Livestock and the Sea
NGO	Non-governmental organization
ONED	Office National des Eaux Djiboutiens

PACE	Pan-African Programme for Control of Epizootics
PPLPI (FAO)	Pro-Poor Livestock Policy Initiative (FAO)
PRSP	Poverty Reduction Strategy Paper (DSRP in French)
RPP	<i>Rassemblement Populaire pour le Progress</i> (Rally for Popular Progress)
RSLTC	Red Sea Livestock Trade Commission
RVF	Rift Valley Fever
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme
US	United States of America
USAID	United States Agency for International Development
<i>Wadi</i>	Dry River Bed - surface water available during or after rains

## EXECUTIVE SUMMARY

Livestock production in Djibouti, a small, young country on the Horn of Africa, has a curious character: it accounts for only 3-5% of GNP and 10% of food requirements, yet is the main or sole method of livelihood for one-half to one-third of the country's population and 90% of the rural populace (PRSP, Daouleh 2002). A vast majority of Djiboutian livestock producers are extremely poor nomads, engaging in traditional, non-commercial subsistence pastoralism. In general, the livestock sector and the ministry responsible for it, the Ministry of Agriculture Livestock and the Sea, are low priorities to the government, as seen for example in annual budgetary allocations. This being said, two recent developments have changed this condition slightly. First, Djibouti has suffered severe repeated droughts, resulting in rapid urbanization rates that have overwhelmed the government's urban service capabilities. As a result, the GORD has found new interest in rural development. Second, Djibouti has been given an opportunity to quarantine and export Horn of Africa livestock to the Kingdom of Saudi Arabia (KSA), which has banned East African livestock for nearly a decade.

The political economy of Djibouti is that of a classic neo-patrimonial rentier state. Rents come from two large foreign military bases, the deep-sea transshipment Port of Djibouti, and - since Djibouti allowed the US to open its first large military base in Africa following September 11, 2001 - a remarkable amount of US foreign aid. Despite this income, Djibouti is one of the poorest countries on earth, with 75% national and 96.7% rural poverty levels. Government revenue largely benefits the elite at the expense of the poor, as the rentier nature of the economy permits low standards of governance.

Politics in Djibouti is highly centralized in the capital and personalized around the executive. Legislative and judicial branches exist, but have little real power, as most decisions are made by a small coterie around the president. Djibouti is an electoral democracy, though the ruling party has won every seat in every election since independence. This control has exacerbated tensions in the country, as politics is sharply divided along the country's two ethnic groups, Issa and Afar, and the majority Issa have held power, as well as most government and military positions, throughout the country's history. While the executive has tried to manage minority Afar discontent by distributing some appointments, goods and services, ethnic tensions erupted into civil conflict for much of the 1990s. The final peace accord, in 2001, brought promises of decentralization and electoral reform, but these have yet to be truly enacted. In general, the government has little tolerance for opposing views, and civil society is very weak.

Under these conditions, policy and institutional changes aimed to improve the lives of the livestock-dependent poor are difficult. Livestock producers face additional constraints as well, including:

- extremely harsh, arid climatic and environmental conditions, with particularly severe persistent drought for the past five years causing loss of fodder and animal life, which in turn has led to the breakdown of traditional land and environmental management strategies and rapid urban migration.
- very low infrastructure levels, such as tarred roads, animal handling points, wells and water retention mechanisms, livestock markets and electricity access.
- exceedingly low human and organizational capacity, with only 27% adult literacy and a dearth of adequate resources and training opportunities within government agencies.
- lack of access to markets, credit or other forms of employment.

- competition from animal producers living primarily in Ethiopia and Somalia, where animals are better fed and input costs are lower.
- insufficient access to animal health care and pharmaceuticals, with only two public and several private veterinarians in the entire country.
- inadequate sanitation and hygiene regulations and protocols, both for internal markets and abattoirs, and for export facilities.
- repeated or persistent bans on livestock exports and/or inequitable access to export markets.
- lack of donor coordination on local and international livestock development efforts.

Despite these constraints, a number of politically feasible strategic entry points exist on which IGAD LPI can engage policy or institutional change that will help the livestock dependent poor. Broadly speaking, these include:

- ***Capacity Building in the Ministry of Agriculture, Livestock and the Sea (MAEM):*** Since the GORD is currently focused both on rural development to slow urbanization and developing a Competent Authority for livestock export certifications, supporting the *Direction de l'Elevage* should be well received. Increasing management, planning and technical skills, as well as the number of qualified staff will also provide MAEM with the ability to write feasible multi-year policies, reduce the need to work in "crisis" mode, supply the human resources for data collection and analysis, develop *Sous-Directions* and allow MAEM to develop its animal health services, including its nascent CAHWs programme. A complete capacity assessment of MAEM should be initiated as the first step.
- ***Rural Development:*** Because of the prolonged drought, IGAD LPI should assist the GORD in introducing a new *Code Pastoral* for the management and preservation of pasturelands. It should also research and implement ways to deal with the prosopis plant explosion and help the GORD provide training, extension services and water retention facilities for *agro-elevage* gardeners.
- ***Animal Health:*** IGAD LPI should assist the GORD in deregulating or simplify licensing processes for veterinary pharmacies so that drugs could be made available outside the capital. Similarly, the GORD may wish to consider allowing the importation of animal-specific medicines from non-European sources. IGAD LPI should also support follow-up for the nascent CAHWs programme, conducting an assessment of its impact to date, and providing continued training for the CAHWs and sensitization campaigns generally.
- ***Trade and Export Development:*** IGAD LPI should work with MAEM and the Ministry of Commerce to update hygiene regulations for livestock trade and export, including for the quarantine, abattoir, and livestock market. IGAD LPI should take the lead in the region in managing overlapping livestock-related donor projects, as well as providing a regular forum for the facilitation of accords and harmonization of disease control regulations and protocols between IGAD member countries and target importers.

## Keywords

Djibouti, livestock, policymaking, trade, development, rural development, nomads, pastoralism, poverty.



## INTRODUCTION: DJIBOUTI, LIVESTOCK, POLICY, AND THE ROLE OF THIS PAPER

The Republic of Djibouti is a very small, young country with a landmass of 23,200 km<sup>2</sup> (approximately the size of Belgium), between 430,000 and 840,000 people, and independence dating to 1977. Because of its position at the gateway to the Red Sea, Djibouti possesses an important geo-strategic location both next to the Arabian Peninsula and on the shipping routes between the Mediterranean Sea and the Indian Ocean. It relies on this position for a majority of the country's revenue, which comes in the form of rents from two large foreign military bases and the deep-sea transshipment Port of Djibouti.

Livestock production in Djibouti has a curious character: it accounts for only 3-5% of GNP, yet is the main or sole method of livelihood for one-half to one-third of the country's population, and 90% of the rural populace (PRSP, Daouleh 2002). A vast majority of Djiboutian livestock producers are extremely poor nomads, engaging in traditional, non-commercial subsistence pastoralism. In general, the livestock sector, as well as the ministry responsible for it, the Ministère de l'Agriculture, de l'Élevage et de la Mer chargé des Ressources Hydriques (Ministry of Agriculture, Livestock and the Sea, MAEM), are low priorities to the Government of the Republic of Djibouti (GORD) as reflected in the very meagre resources allocated to this sector in the annual budgets. This being said, two recent developments have changed this condition slightly, making it now an opportune moment to engage the GORD on livestock issues. First, Djibouti has suffered severe droughts for five consecutive years, resulting in extremely high urbanization rates, overwhelming the GORD's urban service capabilities. As a result, the GORD has found new interest in rural development, so as to encourage Djibouti's pastoralists to stay in rural areas. Second, Djibouti has been given an opportunity to export of Horn of Africa livestock to the Kingdom of Saudi Arabia (KSA), which has banned East African livestock for nearly a decade. To fill KSA's requirements for exporters, however, Djibouti must develop MAEM capacity, and specifically that of the Direction de l'Élevage et des Services Vétérinaires (Department of Livestock and Veterinary Services, hereafter Direction de l'Élevage or Direction).

Thus, IGAD LPI should seize this moment of elevated interest in the livestock sector to assist the GORD in making policy and institutional change that could help the livestock dependent poor. Specifically, they should support the GORD in developing MAEM capacity, updating or creating legislation, regulation and standards in various parts of the livestock sector, and mediating conflict and trade relations both within Djibouti and between Djibouti and its Horn of Africa neighbours. IGAD and FAO should also work more closely with each other and with other donors in the region to coordinate development efforts and the dissemination of information.

Methodologically, the author conducted six weeks of in-country field-work in August and September 2006,<sup>1</sup> supplemented with a thorough review of government documents, newspapers and recently published research on Djibouti. The author relied foremost upon the informed observer method of research, conducting over 70 interviews with individuals and groups of people in a position to understand the political economy of the sector, including the processes that shape its policies and their reform. Field trips were also conducted to a number of key sites throughout the country to allow the researcher to talk to some livestock producers firsthand.

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<sup>1</sup> Note that since the time of research, several significant changes have occurred, most notably the opening of the export processing facility and exportation to the Kingdom of Saudi Arabia. The report is written from the standpoint of autumn 2006, however, and these changes are not discussed in detail.

The paper opens with analysis of economic, political and socio-environmental conditions in the country. This section, Part I, explains that Djibouti is a semi-authoritarian, rentier state operating in extremely difficult climatic and human resource conditions. In Part II, the livestock sector is examined in fine detail, including constraints faced by producers and methods to improve their situation. Following this, Part III looks at livestock trade as it pertains to Djibouti, providing a case study of efforts to create a quarantine facility in Djibouti for exports to the Arabian Peninsula. Finally, the paper ends in Part IV with recommendations of strategic entry points for IGAD LPI in Djibouti.

### **Acknowledgements**

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## PART I: BACKGROUND: ECONOMIC, POLITICAL, AND SOCIO-ENVIRONMENTAL CONSIDERATIONS

### Economic Overview

In a very small country with virtually no arable land, an extremely hot climate and no significant mineral resources, the Djiboutian economy relies almost exclusively on its geo-strategic position globally. The vast majority of Djibouti's revenue derives from rents from three sources: the International Port of Djibouti, which has been the primary transshipment point for Ethiopia since its conflict with now-independent Eritrea made it landlocked;<sup>2</sup> the Djibouti-Ethiopian Railroad; and large French and American military bases, for which each pay \$30-\$36mn annually. The country also receives between \$100-300mn in aid annually (USAID 2005, IRI 2005). Depending on the population size, which is hotly contested,<sup>3</sup> this averages \$130-700 per capita from aid alone. It can be difficult, however, to see any immediate impact or improvements caused by these funds or other sources of revenue, as poverty levels in Djibouti are extremely high. This suggests that, as in most rent-based economies, government revenue largely benefits the elite at the expense of the poor. Indeed, the rentier nature of the economy allows for high levels of nepotism, corruption and political interference in the economy (USAID/GWIT, 2004), and it is said that the President personally plays a large role in managing each of the country's big money-earners.

GDP per capita is \$890 (World Bank 2004), making Djibouti a middle-income country. Yet this figure is deceptive. When purchasing power and the extremely high cost of living are taken into consideration, real GDP per capita is only \$450, and Djibouti is one of the poorest countries on earth (Ibid), ranking 154 out of 177 on the 2004 UN Human Development Index. Living costs are elevated in Djibouti for several reasons. First, foreigners from the large French and American expatriate communities are willing and able to pay vastly higher prices for goods and services than are locals, creating a "false economy." Second, the country's near complete lack of natural resources means that nearly all food and fossil fuel for electricity generation are imported, with energy costs "considered to be the primary obstacle" to development in Djibouti (PRSP, 58).<sup>4</sup> To make these purchases affordable, the Djiboutian Franc has been pegged to the US dollar at artificially high rates since independence.<sup>5</sup> This fixed exchange rate seriously damages the ability of poor producers to export, as products are overpriced by regional and global standards. Yet at the same time, devaluation of the currency would be devastating to the urban poor and remittances beneficiaries, who can barely afford staple prices at their current artificial rates.

Extremely high input costs also deter investment, and industry is nearly non-existent in Djibouti, where the only factories are a coca-cola bottling and desalinating plant, an ice-making factory, and a new flavoured drink and popsicle plant. The private sector remains very small generally, making the GORD the country's largest employer,

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<sup>2</sup> Trade from Ethiopia comprises 86% of port activity in Djibouti (EIU 2006).

<sup>3</sup> Djibouti has not conducted a census since the 1980s because of ethnic tensions. According to a top UN Official, the GORD estimates 700,000-840,000 people in its official publications (DINAS cited in Daouleh) to increase the amount of aid that it receives, but 450,000-500,000 is more realistic. The World Bank uses this lower figure.

<sup>4</sup> Djibouti relies on imported diesel fuel burned in large turbine engines for electricity - making it very expensive, with costs 5 times higher than in Ethiopia. Djibouti hopes to develop wind or solar power and has recently signed an accord connecting it to Ethiopia's hydropower supply. This will lower the tariff from \$0.22/kw/hour to \$0.06.

<sup>5</sup> Even if the Djiboutian Franc were not pegged against the dollar, the high levels of foreign exchange gathered in the rent-based economy would keep the exchange rate high.

though it is considered bloated and inefficient. Politically, this means that the many people reliant on the government for their livelihoods cannot or are unlikely to protest too loudly against it (IRI 2005) – and this political reach extends far beyond central government employees to peri-urban and rural areas, where a very large percentage of the population benefits from remittances sent from government-employed relatives.<sup>6</sup> While it therefore seems prudent macro-economically to reduce the size of the bureaucracy, this would economically crush the remittance-dependent.

## Poverty in Djibouti

Poverty in Djibouti is extremely high, and has increased dramatically in the past two decades, during which time real income per capita has plunged more than 25% (PRSP 11), falling an average of 3% per annum between 1996 and 2002. Currently about 75% of Djiboutians live in relative poverty, while 42% are in extreme poverty, up from about 65% and 34% respectively in 1996 (Ibid, 12). Numerically, extreme poverty is concentrated in peri-urban areas around Djibouti City. In rural areas, however, 96.7% of people are relatively poor, and 83% survive in absolute poverty, chronically unable to meet their caloric intake needs. Social indicators support these poverty figures, with life expectancy of only 46 years (USAID 2005). Unemployment is also exceptionally high, averaging 59% generally and 72% for the extremely poor (PRSP). Similarly, primary school enrolment is an abysmal 43% and literacy rates among adults over 15 are only 27% (PRSP, 19). Nearly all documents and informants consulted indicated that this extreme lack of human capacity is a major cause of economic hardship and underdevelopment in Djibouti, as even low-skill labour like construction workers must be imported. Improving labour capacity of all varieties – manual, agricultural, technical, computer, analytic, communications, and entrepreneurial – is therefore crucial, and will be discussed in detail later in the report.

## Overview of the Livestock Sub-Sector: Pastoralism, Agro-Pastoralism and Trade

The agriculture sector, including livestock production, makes up only 3-5% of GDP and provides only 10% of food requirements in Djibouti, yet it is the primary or sole means of livelihood for between a quarter and a third of the population. Crop farming has been introduced to Djibouti in the past 30 years, and comprises only a tiny percentage of Djibouti's economy, population, and land – there are approximately 1000 hectares of land under cultivation in 1450-1530 small gardens of between 0.5 and 3 hectares. Most Djiboutian gardens are used solely for family-oriented food security purposes, and are combined with livestock production.

The remainder of Djibouti's non-urban land is used solely for livestock production, the vast majority of which is subsistence nomadic or semi-nomadic pastoralism of small ruminants (primarily goats) and camels. The Djiboutian livestock production system is unified with its neighbours; pastoralists move between Djibouti, Ethiopia and Somalia, following the rains. These pastoralists maintain a traditional approach to animals, seeing them as a store of value and a source of protein via milk – animals are only slaughtered or sold in the case of liquidity crisis or for important celebrations. Thus, while it is the prominent rural activity, livestock production is not well integrated into

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<sup>6</sup> According to the FEWSNET project of USAID (2004, p. 10), remittances are an important source of cash income in four of the six livelihood zones they identify in the country. The sub-zones that do not benefit from remittances are the "Northwest Pastoral Zone," located farthest from the capital to the northwest, and the "Border Sub Zone" abutting Somalia. Both areas are extremely remote and rely almost exclusively on animal husbandry.

the national monetary economy (PRSP), nor is it a GORD priority. Attempts to commercialize local livestock have met with limited success, as prices for animals raised primarily in Djibouti are higher and quality is lower than for those raised primarily abroad and imported as adults, largely owing to higher production costs.

While in-country animal production does not appear high on the GORD agenda, animal exports are currently a hot topic. Djibouti just opened a live animal export processing facility (EPF) on the outskirts of Djibouti City. The goal of the EPF is to tap the East African livestock supply - thought to be the largest concentration of livestock in Africa - for export to the lucrative markets of the Gulf and Arabian Peninsula states, particularly the Kingdom of Saudi Arabia (KSA). KSA imports 1.5-2.5m small ruminants during the hajj, the Muslim annual pilgrimage to Mecca.

Interestingly, poultry production is virtually non-existent, although peri-urban residents will sometimes have 2-3 birds for home consumption. Estimates indicate that there are less than 3000 birds in Djibouti, most of which are unofficially imported from Somalia. Djibouti had a case of Avian Flu early in 2006, after which 1300 birds were slaughtered. Several attempts in the past to create larger poultry farms have failed, owing to climatic conditions, lack of technology and inappropriate feed. Introduction of birds at the familial level may be successful, however, and the development of Avian Flu guidelines may be necessary.

## Political Overview

The Republic of Djibouti is a very young country, having gained independence from France in 1977. Since before that time, politics in Djibouti has been highly charged along ethnic lines, polarizing the country's two ethnic groups, the Issa and the Afar. The majority Issa have held the presidency since independence, as well as most government, military and civil service positions. The Issa therefore form the backbone of support for the government, which maintains compliance through the patrimonial distribution of goods and services. Thus the executive branch has attempted to manage minority Afar discontent by distributing some appointments and cabinet positions to them, and the balance of power between clans, sub-clans and factions is closely monitored on all sides. Still, few Afar have real power, as positions like the Prime Ministership traditionally given to them often have no constitutionally determined function.

Politics are also extremely centralized around the president - another source of discontent among the Afar. For example, many of Djibouti's laws, regulations and policies are made directly by the president, through Presidential Decrees. The 65-member formal legislature, the Assemblée Nationale, is in session only two months of the year, during which time it acts primarily as a rubber stamp for the president (IRI 2005). Its powers are extremely limited; it does not have the power to approve or refuse the president's ministerial, judicial or diplomatic appointments. Similarly, the entire judiciary system is located in Djibouti City, and is said to be largely a tool of the president (Ibid). In fact, according to most informants, real decisions are made informally by a small coterie around the president. The make-up of this group has changed very little since independence - although Djibouti's current president, Ismail Omar Guelleh, came to office in 1999, he served for 20 years as the Chief of Staff and head of state security forces for the first president, and his cabinet is nearly identical to that of his predecessor.

Despite high centralization of power, however, many report that President Guelleh is working to make political and economic improvements: he has privatized the port and airport, established a university, undertaken judicial reforms, and formally commenced decentralization. According to one source, Guelleh would like to increase democracy in the country, promising to open dialogue with opposition parties, end the

winner-take-all parliamentary voting system, and even modify the Electoral Law to increase opposition representation (IRI 2005). Given the extremely slow pace of reforms made in his first six years in office and the extremely low support for opposition parties or opposing views, however, the realization of these promises may be far removed.

## **Ethnicity, Political History and Civil Conflict: The Backdrop to Current Politics**

Djibouti has only two ethnic groups, the Issa and the Afar. The Issa, often referred to simply as “Somali” in Djibouti since they are of Somali origin, live in the southern third of the country and comprise the majority of the population – increasingly so, owing to high immigration levels from Somalia and Ethiopia. The Afar, on the other hand, are of Ethiopian origin, live in the northern two-thirds of Djibouti, and has been present in the territory for a longer period of time. Relations between these groups are formally stable and positive, yet considerable tensions lie below the surface and have erupted into civil conflict, as occurred for much of the 1990s.<sup>7</sup>

Traditionally, the two groups are very similar; however, differences between them became exaggerated during colonialism, when the Afar were vastly favoured by the French and were given most local civil service and port positions (Schraeder 1993). Not surprisingly, it was the Issa who pushed for self-government, and as the majority population in Djibouti, managed to gain command of the government and civil service in the post-independence era, largely excluding the Afar during the first presidential regime of Hassan Gouled Aptidon.

After fourteen years of frustrations with political and economic exclusion, an Afar rebellion, led by the Front for the Restoration of Unity and Democracy (FRUD), began in November 1991. Initially, the Gouled regime labelled the war “external aggression,” hoping the French would intervene and restore order. As most neighbouring countries have Afar populations and worry that pan-Afar (and pan-Somali) nationalist movements will cause internal instability, however, this argument was rejected and Paris acted only as a neutral mediator. Within a year of intense fighting, Gouled recognized that at least nominal appeasements must be made. His government produced a new constitution in 1992, guaranteeing decentralization, free press, human rights and multi-party elections. While the Afar were displeased that the constitution was created without any non-governmental input, arguing that its changes masked continued centralization of power, it passed easily in a nation-wide referendum. The Afar were further discouraged when the ruling party, the Rassemblement Populaire pour le Progress (RPP), won every seat in the national assembly in elections later that year, which were boycotted by FRUD.

With the guarantee of two cabinet seats and a pledge to implement decentralization, however, the majority faction of the FRUD signed a peace agreement with the government in 1994. Most conflict ended at that time, though smaller FRUD factions continued to fight until 2001, when the final peace accord was signed. By 1999, FRUD supported the Guelleh RPP presidential bid in that year’s elections, since Guelleh promised to enact many of the as-yet-unimplemented additions to the 1992 constitution. As many of these promises have still not been implemented years later, however, tensions have recently been on the rise.<sup>8</sup>

Furthermore, informants report that within the civil service and government, the Afar still remain exceedingly careful not to critique the government or draw excess

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<sup>7</sup> Statistically this may not be surprising, given Collier & Hoeffler’s (2000) much cited claim that ethnic diversity and conflict have a parabolic relationship – extremely diverse or extremely homogeneous societies are least likely to see conflict – it is most likely where there are few ethnicities or a dominant group of 45-90% of the population.

<sup>8</sup> As recently as February 2006, there has been reports of armed clashes between FRUD rebels and the Djiboutian government in the Mabila mountains north of the capital (EIU 2006).

attention to themselves. Afar-speakers in general appear afraid of the government, often speaking in hushed voices when the topic of Afar-Issa relations was broached.

## Economic Consequences of Civil Conflict

While political tensions from the civil conflict remain, economic impacts are also considerable. The economy of Djibouti, including the livestock sector, was severely weakened during the conflict, as a significant portion of the GORD budget was diverted from social services and economic development to military needs, and as foreign development assistance and NGO presence declined. Numerous informants reported successful pre-war projects, programmes and economic activities that ended during the conflict. Milk production in Ambouli, large market gardens near Dikhil, veterinary services and animal health posts in small towns and villages, retaining walls, cisterns and infrastructure - particularly in the formerly rebel-held north - were all reduced or destroyed, and have not been reinstated or restarted. For this reason, it is extremely important that conflict does not resume.

## Electoral Politics

Djibouti is an electoral democracy, with presidential elections held each six years. While the elections are contended by opposition parties, the RPP and its coalition allies<sup>9</sup> has been in control of the government throughout independence, winning not only every presidential election but also every seat in the 65-member National Assembly in every legislative election in the country's history. An argument could be made that this is owing to the lack of coordination among opposition parties, though it is more likely because of a number of electoral policies that favour the ruling party. As just two examples: first, parliamentary elections work on a winner-take-all system, meaning that the party that wins a simple majority of the votes receives all of the seats in that constituency. In Djibouti City constituency, an Issa and RPP stronghold, the winning party receives 37 seats, giving that party an automatic majority in the National Assembly.<sup>10</sup> Second, only parties with existing representation in the National Assembly are eligible for state funds during elections - meaning only the RPP has ever received these funds. The opposition coalition parties have protested against these and other institutional biases<sup>11</sup> favouring the RPP - with little receptivity from the government.

## Issues of Governance

The semi-authoritarian, patrimonial and informal nature of politics in Djibouti combined with extremely low levels of human capacity means that the GORD is beset

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<sup>9</sup> The governing party coalition includes the FRUD element that signed the first peace agreement in 1994 as well as the Djiboutian National Party (PND) and the Popular and Social Democratic Party (PSD).

<sup>10</sup> For example, in 2003, the opposition lost Djibouti City by only 4939 votes, yet earned no seats in the assembly.

<sup>11</sup> Nine policy-related grievances were voiced before the 2005 presidential elections: voter registration lists were not up to date; lists were not publicly posted in voting stations; lists were not made available to all parties; the "Independent National Electoral Commission" is not actually independent; a promised commission to work on the special status of the Djibouti City constituency has not been formed; Electoral Law modifications to increase transparency have not been made; electoral assessors in voting stations are all from the ruling party; all parties should have free and equal access to the media; and the 1992 Communication Law should be amended to reflect this (IRI 2005). Other policy or institutional changes that would increase the probability of opposition representation include lower candidate registration fees and better balancing of the three branches of government.



with issues of good governance. “Dysfunctional” financial and budgetary management, extremely ineffective public spending patterns, low transparency and accountability, and high corruption all reduce the ability for Djiboutians to develop the economy, including the livestock sector (PRSP, 5).

As a representative example, the semi-governmental Chamber of Commerce is meant to receive membership payments from Djibouti’s 2800 registered enterprises. For several years, however, the Ministry of Finance, which collects all dues from these enterprises, simply did not pass on these payments, putting the Chamber in serious financial difficulty.<sup>12</sup> Even after President Guelleh intervened personally, many of these payments continue to go missing, as Ministry of Finance cashiers are said to insist on cash payments, which they allegedly keep. The Chamber has also been stymied in its efforts to establish a guichet unique or “one-stop-shop” for the registration of private enterprises (including livestock-related ones), and to increase formalization and tax-payment by informal enterprises by lowering micro-enterprise tax rates. Though both efforts would add to GORD revenues by increasing the number of registered, taxable enterprises and lowering transaction costs for registration, they have been repeatedly blocked, as their implementation would reduce the possible points for petty corruption and infringe on the powers of the Ministry of Commerce.<sup>13</sup> As a result of this type of management, foreign investment is severely deterred.

## Decentralization

Since the 2001 peace accords, and as a major component of Djibouti’s PRSP, the GORD has promised to enact decentralization as a means of distributing power to local areas – including predominantly Afar territories. In principle, administrative powers will be increasingly devolved to newly-elected Conseils Regionaux (Regional Councils),<sup>14</sup> which will manage collective property, handle local sanitation, look after regional markets, support livestock production in their region, and solicit aid and assistance from international donors and NGOs directly.

Despite holding the inaugural Regional Council elections finally in April 2006, however, almost no real devolution has occurred – numerous Regional Council members, civil servants and politicians all relate that the councils “do nothing,”<sup>15</sup> as there has been no transfer of funds from the central government. Instead, all local power remains in the hands of the appointed Commissaires (District Commissioners), who get resources by remaining good clients of the central government. Furthermore, the promise of direct donor aid to the regional level remains a mirage, as all funds continue to be collected and distributed from the central, ministerial level.

Similar patterns can also be seen in MAEM, which is also attempting decentralization as part of the PRSP. MAEM has created multi-sectoral Sous-Directions (Sub-Departments) at the district level, intended to increase inter-sectoral initiative and coordination by having all MAEM Directions in the district work collaboratively. This process has not worked quite as theorized, however, since some districts lack representatives from one or more MAEM Directions. In fact, Ali Sabieh has only one MAEM official. Furthermore, MAEM has not given the Sous-Directions a budget with

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<sup>12</sup> According to one Chamber representative, the Ministry of Finance owes the Chamber over 300m DF (\$1.7m).

<sup>13</sup> The issue of the guichet unique provides insight into the way informal politics affect policy in Djibouti. When the Chamber attempted to create the guichet in the late 1990s, it was blocked by the Minister of Commerce, who claimed the Chamber lacked adequate human resources. Instead, the GORD created the Ministry of Investments, but quickly found it was almost useless since it was located in the hard-to-access Presidential Palace. Recognizing this, the government next created the National Association for the Promotion of Investments (ANPI), located across the street from the Chamber, and assigned the guichet unique to the ANPI. According to sources in the Chamber, however, the ANPI is virtually non-functional and the guichet never opened. The Chamber still hopes to create it.

<sup>14</sup> Ideally, one member of each Regional Council is supposed to represent local pastoral associations.

<sup>15</sup> Nearly all quotes in this paper are translated from French, and are anonymous to protect the informant’s identity.



which to establish new ties and programmes, meaning that these new institutions are not yet functional. It has been suggested, however, that MAEM decentralization has been slowed by a lack of capacity, not a lack of real political will. Most informants remain optimistic, putting considerable hope in decentralization.

## Independent Organizations: Media & Civil Society

In general, the GORD has little tolerance for opposition or differing views, and with 100% RPP control of the Assemblée Nationale, there is no national venue for opposition expression or debate. Neither can the media serve as this forum, as it is all state-controlled. There are no independent journalists in Djibouti, as all reporters are also civil servants based in the Ministry of Information. At present, there is a single government-operated internet service provider, phone company, and mobile operator, and the use of each is said to be monitored extensively.<sup>16</sup>

Civil society organizations (CSOs), where they exist, are also careful to maintain a neutral or positive view of the state. While women's organizations, youth groups, livestock producer associations exist, these organizations tend to be exceedingly weak. Almost without exception, they have very limited material resources, lobbying skills and technical know-how. The ones with greater capacity are often led by community leaders who are also civil servants and therefore dependent on GORD approval (IRI 2005). CSOs are not often involved or consulted in the development of public policy (PRSP, 30), and organizations that have gotten involved by speaking out publicly - particularly on human rights - has been subject to attacks and threats.

While it may be difficult to achieve, donors should work to develop CSO capacity and increase their participation in decision-making, as recommended by the country's PRSP (Ibid.). Initially, this can be achieved in non-politically threatening ways or if necessary, with partial participation or monitoring by the GORD. For example, USAID and its partners have found this necessary in order to institute elected Parent-Teacher Associations in many of Djibouti's schools. While these institutions were initially independent from the GORD, the Ministry of Education soon insisted that each 9-member committee have at least one GORD representative. USAID agreed in principle to this compromise, as monitored participation is better than no participation.

## International Relations & the Role of Donors

Despite Djibouti's many governance challenges, the country is highly supported by international donors, particularly the United States. The US has seen Djibouti, like Nigeria, as one of two African countries of "high strategic importance" (USAID 2006) since it allowed the US to open a large military camp near the capital after the terrorist attacks of September 11, 2001. The establishment of this base is a major accomplishment for the US, which has been looking for a base in Africa "for over thirty years," according to a US military informant. Located very close to the Arabian Peninsula, this base is considered crucial for the US "War on Terror." In exchange for a 10-year lease, the US promised Djibouti considerable financial and development assistance - the country now receives more aid from the US than any other country in Africa. Most of these funds are directed through USAID, which is currently focused on basic education and human health care, and plans to expand into civil society and good governance promotion.

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<sup>16</sup> Informants note that they are extremely careful not to critique the government in emails or over the phone, and one even reported removing the wire-tapping device from her telephone.

Other donors and NGOs have reported that this heavy American support has resulted in difficulties for their programmes and for governance generally, as they believe the GORD feels that it has more leeway to make demands and rejections, counting on US support. This impact is not intended by the US, which, for its part, is working to increase donor coordination and reduce duplication of efforts - though in general, coordination is weak.

## The Role of the State in Livestock Development

While a handful of politicians and MAEM civil servants assert that livestock production is a priority of the GORD, all other informants for this study insisted that, with the exception of trade, there is almost no political interest in the livestock sub-sector.<sup>17</sup> As proof of this: the national livestock law has not been updated since before independence, the most recent animal census dates from 1978, and most rural areas still lack of access to veterinary services or markets. Furthermore, MAEM's three-year plan, the Plan Triennal 2006-2008, while well-conceived, appears to be more of a wish-list than an actionable plan, since MAEM has not been allocated enough funds to make the plan a reality. Several high-level Ministry officials admitted its implementation depends nearly 100% on its finding external finances. Even then, it is difficult for MAEM to get the GORD to pay the counterpart funds required by most international financial partners. The state particularly avoids assistance for nomads, arguing that it's too hard to help people always on the move. It is perhaps only during election periods that livestock producers are seriously considered and supported, usually in the way of veterinary service handouts.

This being said, Djibouti's PRSP does contain several fairly detailed sections on livestock and rural development, suggesting the GORD is cognizant at some level of livestock's economic role. Moreover, in his widely-cited Feuille de Route (National Road Map) of May 2005, President Guelleh also explicitly stressed rural primary sector development. Quite recently the GORD has placed additional emphasis on agro-élevage, not only as a policy for increasing internal food security, but also as a way to slow urbanization rates by providing incentives for people to stay in rural areas. To advance this policy, with FAO support, MAEM is currently developing 25 new hectares of land for grass production,<sup>18</sup> and a private entrepreneur is working with the government to develop 50ha for feed production for the EPF. MAEM also hopes to double the total area of land under cultivation as part of its poverty reduction strategy.

## Socio-Environmental Overview

Several factors in Djibouti's social and physical environment severely constrain livestock sector development, including climatic and infrastructural conditions, the level of organizational and human capacity, and the lack of access to credit.

## Environment and Climate

Djiboutians working in the primary sector are in general extremely vulnerable to inhospitable climatic conditions. Soils are exceedingly poor - among the very worst in

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<sup>17</sup> Informants almost universally identified education, health and trade through the Port as the GORD's priorities.

<sup>18</sup> This may seem a trivial amount, yet it represents a 2.5% increase in the total cultivated land of the country.

Africa (EIU 2005) – except for about 10% of the land (Doualeh 2002). Djibouti is also subject to intense flooding during the infrequent rains. Very little water is absorbed, and fast moving rivers quickly develop, turning dry river beds into dangerous flows towards the sea. While some retaining walls have been built to slow the water's escape, most are simple earth mounds in poor condition. To make matters worse, extremely hot, violent winds tear through the country during the heat of summer, when average temperatures reach well into the 40s and 50s. While many of these conditions have always existed, recurring or persistent drought during the past decade has combined with over-grazing of pastoral lands to progressively worsen living conditions. Several droughts have wiped out entire herds of some pastoralists. Currently, 150,000 people are considered at risk, suffering extreme loss of livestock – in some districts as many as 80% of animals have died, and the morbidity rate of surviving animals remains very high (United Nations 2006).<sup>19</sup>

## Infrastructure

In addition to environmental and climatic conditions, rural Djiboutian livestock producers lack access to basic infrastructure. Animal handling facilities, transit points and markets, sanitary controls and quarantines, paved roads,<sup>20</sup> access to veterinary care, refrigeration facilities and land-use laws are all extremely weak or absent, particularly in rural areas. In addition, energy and electricity costs are among the highest in the world, as the entire country is powered solely by diesel-fuel turbines. Many of these infrastructural constraints would need to be lifted in order to develop livestock production.

## Human and Organizational Capacity

Finally, and perhaps most importantly, Djiboutians are constrained by low human resource capacity and concomitantly low organizational skills. As mentioned previously, education and literacy rates are remarkably low, with primary school enrolment of 43% and adult literacy of 27%. Only a tiny fraction of the population receives post-secondary training. While Djibouti is now in the process of establishing the country's first university, virtually all highly-educated Djiboutians receive their training abroad. Since foreign training raises the costs of education, the educated class in Djibouti is extremely small. Vocational and skills training are also in severely short supply, such that even semi-skilled labourers are difficult to find and often imported.

Within the GORD, this lack of human resources translates into weak administrative capacity. Public enterprises and ministries often have no stated objectives, no long term planning, very weak implementation abilities, and no information management systems – either computerized or not. One result of this is that reliable data and statistics are nearly non-existent for the country, and published estimates of population, health, demographics, poverty, employment and budgeting are suspect. According to three senior informants located in different ministries or departments, administration is always run in “emergency” or “crisis management” mode, as a few highly competent civil servants attempt to get their insufficiently capable and very

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<sup>19</sup> The UN and GORD are providing emergency assistance and are working to develop a plan to fight future drought.

<sup>20</sup> Only 10% of Djibouti's roads are tarred. These are all in the capital or linking the largest towns to it (EIU 2006).

slow moving departments to act.<sup>21</sup> Because of this, pre-planned monitoring and evaluation is uncommon, and programme management is rarely based on results (PRSP) – departments simply move from one disaster to another. Even in crisis mode, UN agencies report that the GORD lacks the capacity to respond to the current drought. While it strives not to do so, the UN has felt it needed to fill the gap and “lead from behind” in order to aid affected people (UN 2006).

Within MAEM, the GORD-wide trends are perhaps magnified, as MAEM is not a high-priority department. The ministry lacks adequate personnel – both in numbers, which are highly concentrated in the capital, and in skill-level, as staff have limited ability to assess trends, to collect and process even baseline data, and to lead major development projects. Particularly in the Afar north since the civil conflict, MAEM has had an extremely low presence. For example, in the District of Tadjoura, before 1991 there were vet posts in Randa, Dorra and Sagallou, whereas now there is one vet technician in the entire district. This lone man is based in Tadjoura, without transport to reach the other hard-to-access regions. In the whole country, there are only two public veterinarians, both of whom are high-level administrators and therefore not frequently in the field treating animals.<sup>22</sup> In total, to serve approximately 500,000 people and 1.2mn animals, there are three administrators, two veterinarians, about 10 veterinary technicians, 15 animal nurses, and 20 other workers in the Direction de l’Elevage.<sup>23</sup> While a number of these personnel are highly competent, they are often plagued by lack of resource frustrations, making implementation of their good ideas nearly impossible.

To make matters worse, MAEM personnel are not replaced when they leave, and no new technicians or vets are being trained, meaning MAEM’s skill level will only decrease in the future (PRSP, 89). MAEM officials report that they request funds annually to send a handful of students for foreign training, but that these appeals have fallen on deaf ears in the Ministries of Education and Finance in recent years. Capable MAEM staff are crucial to achieving several of the GORD’s current goals, however. For example, in order to develop livestock exports to lucrative European and Arabian markets, the GORD needs to prove it has a proper “Competent Authority” for the certification and quality control of animals and animal products. At present, this authority falls on the thinly stretched Direction de l’Elevage, whose competence is not universally accepted. To create a truly “Competent Authority,” the Direction will need a number of additional technicians, veterinarians and skilled leaders trained in quality control management.

Looking outside of the GORD at animal production and trade, the lack of human and organizational capacity is even more pronounced – collectives, associations and community organizations exist, but achieve extremely little. For example, while in theory there are several groups coordinating milk production, in reality these organizations do not have the resources for the collection, processing, transportation and sale of milk, the production and distribution of fodder, or necessary vet services. Similarly, three competing animal stevedoring companies exist at the port, yet the labour employed is of such low skill that most workers are not even capable of using the animal handling technology the port acquired at the request of traders. The same can be said for livestock producers and agro-pastoralist organizations. Extremely few, if any, of these groups are able to effectively lobby appropriate politicians or civil servants for assistance or to defend their interests: “we argue like lawyers before the ministers,”<sup>24</sup> but to no avail. While capacity needs assessments may help determine needs of specific organizations, groups generally lack accounting, fundraising,

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<sup>21</sup> While research was being conducted in August-September 2006, the three most obvious “emergencies” were: 1) the COMESA heads-of-state meeting of November 2006, for which a hotel was not yet constructed and plans not yet arranged; 2) the opening of the livestock EPF before the year’s hajj, and 3) responding to the prolonged drought.

<sup>22</sup> One is the Presidential Advisor for Food Security. The other is the Director of the Direction de l’Elevage.

<sup>23</sup> These numbers were reported by a high-level MAEM civil servant, but were not verified estimates.

<sup>24</sup> According to the president of one local herders’ association.

literacy, medium and long-term planning, leadership, self-reliance, consensus-building, advocacy, micro-credit development and technical agricultural skills.

## Access to Credit

Credit is exceedingly difficult for most urban Djiboutians to obtain, and nearly impossible for nomadic pastoralists - they could use credit to begin or expand commercial livestock-related enterprises. Fortunately, micro-credit projects have been developed in the past few years, and more are set to begin soon. These programmes appear promising for lucky credit recipients, though they are not without their limitations: most loans are directed at urban and peri-urban enterprises, and not at animal production specifically; nomads are not targeted, as pilot projects by IFAD in the past have found that it is too difficult to achieve success with them; and the very poorest do not receive loans, since their repayment rates tend to be very low.

Still, two institutions of note are the African Development Bank-supported Fonds Social de Développement (Social Development Fund), which currently provides loans of \$150-1000 to 3300 women throughout the country, and an upcoming IFAD savings and credit programme, which will support agro-pastoralism. Both organizations are working to train local groups to manage loans, and the Central Bank of Djibouti has agreed to oversee and assist the IFAD collectives. The GORD appears quite interested in the development of micro-credit - it recently created a body to advance micro-credit in the country, the Comité de Réflexion sur la Microfinance, and the national assembly was about to consider a new micro-credit law at the time of research.

## The Expectation of External Assistance & the Myth that “Djiboutians Don’t Like to Work”

One element informants mentioned repeatedly is that Djiboutians in general expect a great deal of resources and development assistance from the state and international donors, and that they would rather wait for external assistance than work to develop internal capacity themselves.<sup>25</sup> To the extent that this is true, the expectation has arisen for three reasons. First, as a legacy of French colonialism, the state continues to attempt to be the guarantor of social services for the people. Thus people see that “government is like the father here... and he has to look after all the children.”<sup>26</sup> For the first two decades of independence, the GORD was fairly successful in this role - it provided all social services, agricultural inputs as well as veterinary care free of charge. Second, however, is that the Djiboutian state, like most African and many other late-developing neo-patrimonial states, has found that it can use the periodic distribution of economic resources and services to induce general levels of political compliance from the people. Thus, even following de jure implementation of structural adjustment measures, the GORD has continued its distributions to the people - particularly during election periods. Finally, it is probably the case that individual Djiboutians are aware of the high levels of aid given to the country, and quite reasonably expect to see some benefit from it. In the realm of animal production, the main effect of these three elements is that people tend to be exceedingly reluctant to pay anything for animal medicines and treatments, as they believe it is the government’s responsibility to provide them.

Coupled with this tendency to expect handouts from the GORD or international actors is an extremely widely held assertion that “Djiboutians don’t like to work” or “Djiboutians don’t understand what work is.” There are some elements of truth in these statements, owing to the heritage of a nomadic lifestyle, in which physical labour is considered degrading, the near universal addiction to qat,<sup>27</sup> and the relatively short formal sector work-week. Yet it is the belief of the author that this is in fact a national myth, for two reasons. First, animal husbandry in the Djiboutian environment is itself very demanding of labour - indicating that it is not work itself, but certain types of work that Djiboutians might resist. Second, extremely hard-working Djiboutians can in fact be found easily - provided they have proper incentives and a minimum of basic skills.

Still, according to a surprisingly high number of both local and expatriate informants, the result of this assistance and national myth is that many Djiboutians now believe that external actors are necessary for improving Djibouti’s economic situation - that they are incapable of self-help. According to these sources, Djiboutians have discovered that if they are patient, aid and development assistance eventually arrives, regardless of failure rates of previous projects.

This situation is beginning to change, however, if slowly. Following the current international promotion of participatory development and market incentive-based

<sup>25</sup> While the author has heard this sentiment expressed occasionally elsewhere in Africa and would normally dismiss it as cynicism, the frequency and conviction with which it was said in Djibouti was truly remarkable. It is for this reason that this section was written and included in this report.

<sup>26</sup> This sentiment echoes perfectly the government-as-father mindset identified by Schatzberg (2001).

<sup>27</sup> Qat is a mild stimulant that is chewed for hours each day by a majority of Djiboutian men at all socio-economic levels (USAID 2005). Its purchase accounts for 10% of imports at the national level (USAID 2006) and a whopping 25-40% of household expenditures (EIU 2005). Because of the expense, qat use is highly correlated with poverty (World Bank 1997). It is also said to be partly responsible for Djiboutians’ low work ethic. The calm, introspective high qat produces is often given credit for the country’s stability - it mollifies frustrations with worsening economic conditions tensions. Qat consumption may be a major problem, but at least for the near future banning is unlikely to be accepted as a solution.

development strategies, MAEM has begun to encourage individual self-help and private initiatives, rather than complete reliance on the GORD. Recently, it trained 50 “auxiliary” para-professional animal health workers (often called CAHWs, or Community-based Animal Health Workers) spread throughout the country, with the idea that they could provide low-cost animal health services in the countryside and earn a living at the same time. MAEM officials have also been keen to show off agro-élevage success stories, hoping that people would be inspired to work hard if they saw the potential profits gained from it – though no formal programmes to do this showcasing currently, exist. Several NGO workers also indicate that self-confidence training based on teaching self-sufficiency through agro-élevage and local resource use has been extremely effective, providing participants a new sense of self. This suggests that sensitization and training on the potential benefits of hard work and active participation in development efforts may be beneficial for livestock producer livelihood. Such programmes will have to start small – at the level of the individual Djiboutian – and include frequent follow-up and support.



## PART II: INTERNAL CONSIDERATIONS: ANIMAL PRODUCTION, HEALTH & RESOURCE MANAGEMENT

### Number of Livestock: Unknown

The agriculture sector, including livestock production, makes up only 3-5% of GDP and provides only 10% of food requirements in Djibouti, yet it is the primary or sole means of livelihood for between a quarter and a third of the population. While many people are involved in the sub-sector, the true number of animals in Djibouti appears to be almost completely unknown, since there has not been an animal census since 1978. At that time, there were said to be approximately 1.2mn animals, the majority of which were small ruminants, followed by camels, cattle and donkeys.<sup>28</sup> For lack of a better estimate, these 30-year old numbers are still nearly always cited, even though cattle and sheep numbers are considered to be rapidly on the decline, as they and their feed species have shown low resistance to persistent drought and over-grazing. In order for the GORD and MAEM to improve their planning and policy-making capacity in the livestock sector, a new animal census (or less-expensive targeted or aerial-based estimates) are necessary.

### Djiboutian Livestock Production Systems

Livestock are reared in three manners in Djibouti: extensive nomadic pastoralism, semi-extensive (semi-sedentary/semi-nomadic), and intensive (sedentary). Extensive production is the most common type - until very recently, 90% of Djibouti's pastoralists raised their animals in this manner. These nomads "don't know borders: borders are irrelevant to them" as they travel with their herds throughout Djibouti, Eastern Ethiopia and Northern Somalia, covering 100-300 km in transhumance. Thus the Djiboutian production system is intimately tied with that of neighbouring countries, where Djiboutian herders spend much of the year, as climatic and pasture conditions are better. The implication is that it is often impossible to determine an animal's true origin. Second, semi-extensive production has been rapidly developed in the past three decades, with about half of Djibouti's herders now semi-sedentarised around water points and villages. These pastoralists still roam considerably, approximately 20-100 km, but they return to a base camp, where they often leave their families to tend a small garden and attend school. The semi-sedentarisation of pastoralists has been a policy of MAEM since before independence, as the GORD believes this allows people access to social services, particularly education and health. Gardening, where there is adequate water, also increases their food security.<sup>29</sup>

Finally, sedentary production, which is nearly always combined with crop production for commercial sale, has been developed since around 1980 in oases and close to urban centres. Sedentarised animals are often given supplemental feed - beans, food scraps, and dried urban bread waste. According to a number of informants and reports, female agro-pastoralists - particularly those of the peri-urban gardens of

<sup>28</sup> The 1978 census saw 550,000 goats, 410,000 sheep, 40,000 cattle, 50,000 camels, 6500 donkeys and 3000 birds.

<sup>29</sup> This is not the only way to provide services to pastoralists, however. Innovative programmes by NGOs like Action Aid and World Vision in Kenya have shown that services can be tailored to the mobile pastoralist way of life.



Ambouli - has been particularly successful, and are considered to be generally harder working and better organized than their male counterparts.

## National Markets

While the first two types of Djiboutian production are generally not monetized or commercialized, peri-urban sedentary producers do supply animals and milk for urban markets: 30-40% of their animals are put up for sale in Djibouti City. This level of production does not adequately cover demand, however, and most animals for meat are imported from Ethiopia or Somalia - informants almost uniformly report that animals raised primarily in these countries are of higher quality and lower cost than the ones raised primarily in Djibouti.<sup>30</sup> Only young goats are produced profitably locally, with about 100-150 sold each day in the city. In total, about 85,000 animals are slaughtered per year at the official abattoir, with another 25,000 done clandestinely. According to several informants, the official abattoir is in considerable decay and may need to be replaced, as hygiene and refrigeration conditions are sub-standard or not-always-functional.

Outside of the capital, there are very small markets for meat in district towns. Demand is usually more than sufficiently met, meaning that when pastoralists do want to sell their animals, they must transport them to distant national markets. Transportation costs to the national *parc du bétail* in Djibouti City are often prohibitive, and the second animal market in Obock, a town in the north close to Yemen, is currently non-functional. Because of these constraints to trade, it is likely that pastoralists actually sell their animals during the part of the year they spend in Ethiopia or Somalia, as herders get higher returns on their sales in these countries.

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<sup>30</sup> In this paper "Somalia" refers to the geographic entity recognized by the UN as a country, therefore including Somaliland and Puntland. No value judgment is intended in this use.

## Case Study: Dorra

Dorra, the remote north-western region of Djibouti, provides an interesting case for understanding pastoral production in Djibouti. Three hours by 4x4 over 87km of very rough dirt road from the northern town of Tadjoura, Dorra has been largely neglected by the GORD. According to leaders of the Association Rohati Pour le Développement de la Region de Dorra (Dorra Region Development Association, formerly the Dorra Region Pastoralists' Association), there are about 3500 families in Dorra, holding 100,000-150,000 small ruminants and 8,000 camels in an area of 7000 km<sup>2</sup>. All livestock production in this region is extensive or semi-extensive pastoralism, with herders travelling in transhumance between Djibouti and Ethiopia. Traditional Afar patterns of land use are managed by the Sultan in Tadjoura.

Surviving through pastoralism is difficult in Dorra. The region has been hard hit by recurrent droughts - Association members report that thirst is their biggest threat. "All we really need is water. If there were water, our animals could live." Without water, there is not enough fodder for animals, which have begun to die, devastating Dorra livelihoods. Wild animals have also become virtually non-existent, as have small gardens and 6,000 acacia trees planted by a development organization some years ago. Before the conflict, Dorra had 23 retaining walls and a number of reservoirs meant to preserve water supplies. Sadly, these have not been maintained since the conflict began and are now in disrepair. Similarly, before 1991, there was an animal health centre staffed by a government nurse and supplied with medicines and vaccines; now, there is only an empty building. At present, there is one government employee in the region, the Chef de Poste, who has very little power or resources. Representation in the central government is extremely limited as well, as no one from the region holds any position of considerable power. According to members of the Association, in Dorra "The authorities are like the rains. We wait for them like the rains..." which only come on average 10-20 days per year. Finally, there is next to no access to any market or trade opportunities, meaning there is almost no revenue in the region. Similarly, there is no access to credit, including rotating credit associations: "We are behind all of that."

Still, the Association has high hopes. The organization itself is quite organized, and is in contact with a network of other organizations in the Tadjoura District. While this research was being conducted, members of the Association travelled to the capital to lobby MAEM for a project creating agro-élevage gardens and a livestock marketing system, though they are not particularly confident of a successful reply. They also hope to find funds to rehabilitate the 23 partially-existing retaining walls, develop tourism geared towards the region's mountains, depression, and prehistoric wall paintings, and to increase other possible means of revenue generation.

## Agro-Elevage

Crop agriculture has only been introduced to Djibouti in the past 30 years, and comprises only a tiny percentage of Djibouti's economy, population, and land - there are approximately 1000 hectares of land under cultivation in 1450-1530 small gardens of between 0.5 and 3 hectares.<sup>31</sup> Most Djiboutian gardens are used solely for family-oriented food security purposes, and are combined with sedentary or semi-sedentary livestock production. While at least half of the cultivatable land is in the Afar areas of the north, it is worth noting that a majority of Djibouti's gardens has been developed

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<sup>31</sup> At the very most, Djibouti may have 10,500ha of cultivable land. To put this into perspective, Sudan and Kenya have 80m and 16m hectares respectively. Thus, even if maximally exploited, cultivated land is very limited.

in the south, perhaps owing to close proximity to the city where over 90% of the population lives.

Initially, agriculture and livestock production were not deliberately integrated, but recent pilot projects have shown them to be highly complementary. High energy garden-produced grasses grow quickly, making for more productive milking animals and reducing the need for extensive pastoral roaming. For this reason, and because it has become clear that Djiboutian produce is generally not competitive in the market, this type of agro-élevage is increasingly promoted.

Nevertheless, farmers still face numerous constraints: poor soil quality, brackish water, ill-adapted farming and irrigation techniques, lack of windbreaks and shade, and deficiency in basic accounting, planning and management principles (PRSP). Many of these issues relate to the lack of agricultural tradition - and therefore agricultural know-how - in Djibouti and could be reduced with minimal agricultural training for gardeners. For example, donors may also consider the following for training purposes: first, many Djiboutians don't seem to understand that input costs need to be lower than output product prices. Thus, many market hopefuls use diesel-powered motor pumps for garden wells, even though fuel costs are too high to be recuperated and they actually lose money overall. One NGO is working to introduce low-cost foot pumps as an alternative - both lowering users' poverty level, and raising their self-sufficiency. Second, training on raising sedentarised animals is needed. Another NGO reports that sheep and goats have grown as much as seven times faster than nomadic animals if they are raised in enclosures with proper shade, water, salt and garden-grown fodder. These animals produce more milk, softer meat and hides suitable for export, since they are not damaged by thorns while grazing.<sup>32</sup>

## The Impossible Dream? Getting Milk to Market

For the majority of poor livestock producers, milk and derivative products like butter comprise an important part of diet and livelihood. At present, most animals are milked only for subsistence purposes, as access to market is a near impossibility for most Djiboutians. Pastoralists are constrained by lack of demand at the local level, since nearly all rural dwellers have their own milking animals. This means the only sizable market is in the capital, where two-thirds of the population lives. Demand for fresh milk is extremely high in the city, since most residents only recently abandoned their nomadic tradition, in which they drank milk daily.

Despite the demand, however, most urbanites consume inferior-tasting powdered or long-life milk, approximately 1.5m kg of which is imported each year. In fact, only 10% of demand is met through peri-urban production. Rural pastoralists have not been able to fill the gap owing to: a) the absence and expense of refrigeration facilities, b) insufficient regulation of hygiene, quality control and pasteurization, c) lack of marketing, collection and distribution organizations, d) limited livestock extension services, and e) the costliness in time and money of transportation, as only 10% of Djibouti's roads are paved. As a result, only pastoralists along major roads, particularly the Djibouti-Ethiopian trucking route, are able to sell their milk. Even then, considerable quantities of milk are wasted, as there is no means to preserve what isn't sold.

While it seems then that there is some potential for the sub-sector, representatives of the GORD say it is not worth developing. In fact, rather than expand the indigenous milk sector, the GORD for many years transformed imported powdered milk into liquid and yoghurt form, though the factory shut down after it was privatized, reportedly

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<sup>32</sup> Djibouti once exported hides to Italy; however, rising international leather standards eventually excluded Djiboutian hides, which tend to be badly scarred and torn from harsh grazing conditions.

owing to in-fighting among the new owners, each of whom were close to the governing inner circle. Still, in the past, the GORD did attempt to increase peri-urban production with some success. During the 1980s, it temporarily reduced the import tax for high quality milk-producing cows and provided training on production and breeding techniques. According to MAEM officials, milk quantities increased considerably - but were cut off when the conflict started in the 1990s. Later, private investors in the market garden area of Ambouli also brought in high quality milk cows, but many of these animals were killed in the massive floods of 2004. Several NGOs and AU/IBAR have also attempted milk collection projects - meaning at least in principle, there is considerable interest in the sector's development.

## Animal Health Services

Both preventative and curative animal health services are highly limited in Djibouti. In general, animals are not vaccinated, and for a variety of reasons, pastoralists do not obtain medicines for sick animals. Veterinary services are severely lacking, with only 2 national veterinarians in the country (both of whom are high level government officials and therefore not often in the field doing treatments), 1 private foreign vet, and 12 animal nurses - supplemented by occasional NGO or US military sponsored visiting vet clinics. According to several informants working in rural areas, even when services are available, pastoralists "are not in the habit of treating their animals" and will frequently refuse treatments that involve injections or taking blood, as they do not understand them (as opposed to animal dips or external parasite treatments, which they know about and accept). One veterinarian indicated that the lack of treatment is only occasionally a problem, however, when diseased animals cross the border from Ethiopia or Somalia, where diseases are more common.

## Attempts at Privatization: CAHWs & Pharmaceuticals

A noteworthy move forward, MAEM, supported by the UN, recently trained Djibouti's first 50 private para-professional "auxiliaries" (CAHWs), with the goal of increasing the number and reach of Djiboutians with animal health care skills. Each of the 50 participants is meant to profitably charge other herders for animal care services, thereby creating sustainable businesses for themselves. To get started, each was given a supply of basic animal medicines.

It is unclear, however, if the training was sufficient for the CAHWs to work as intended. According to one of the animal health experts involved in the programme, even after the training, skill levels were very low - he felt that at most, half of the participants really understood the training or knew how to use the medicines in the kit they were given. Furthermore, several people involved in the training worried that the CAHWs would sell the medicines they were given, but not as part of treatment. Others reported that CAHWs felt they could not sell the medicines, as they were morally obliged through social exchange relations to treat the animals of their kin free of charge, making profitable service provision unlikely.<sup>33</sup> Still others believed that because the GORD was known to be involved in the CAHWs' training, it would be assumed that their services must be free.

Moreover, despite the official acceptance of private veterinary practice in Djibouti, many worried that the GORD will undermine actual for-profit services by providing

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<sup>33</sup> On social exchange, see Hyden (1980) on "economies of affection" or Scott (1977) on "moral economies."

health care, medicines and vaccines free of charge, as it has periodically in the past.<sup>34</sup> Some members of MAEM readily acknowledge that this undercuts the CAHWs programme. Still, they say that there is no way to stop it, as the government relies on distributions of this sort for its political legitimacy. They also say that since pastoralists often refuse treatment altogether, they clearly will not pay for health services, which therefore must be provided free of charge. Other informants persuasively argue, however, that it is precisely because pastoralists know that health services are provided free of charge that they will refuse to pay the CAHWs. As proof of this, during the civil conflict, when government welfare expenditure was reduced, at least one private pharmacy was able to operate profitably. According to the owner, once the government resumed service provision, profit levels were not sustainable, and the owner was forced to close. Similarly, a private human pharmacy used to exist in Tadjoura, but was forced out of business when the GORD opened a subsidized "community pharmacy." Nevertheless, even if this first CAHW training programme is not a complete success, a far greater number of individuals with any animal treatment skills now exist.

Finally, pharmaceutical licensing and distribution of veterinary medicines are also an issue for livestock producers. Currently, there is not a single veterinary pharmacy in the entire country, although two of the four pharmacies in Djibouti City are willing to import animal medicines by order.<sup>35</sup> In general, this means that livestock producers outside of the capital have no access to medicines, as transportation costs alone are prohibitive for most of them and bulk quantities sold too large. Regardless, pharmaceuticals are exceptionally expensive, because the country's pharmacists have agreed to only import European-produced drugs for quality control purposes. While this might be a valid practice for human medicines, its effect on animal health is to make veterinary medicines far too expensive for the vast majority of Djiboutians. Indeed, informal studies show that prices average 5 to 10 times higher in Djibouti than in neighbouring countries.

## Land and Natural Resource Management: The Impacts of Drought & Over-Grazing

The voluntary semi-sedentarisation of pastoralists remains a high priority for MAEM,<sup>36</sup> in order to increase food security and self-sufficiency through the development of agro-élevage. Yet research indicates that it may be causing ecological disequilibrium in Djibouti's very fragile environment.<sup>37</sup> Particularly around semi-sedentary camps, over-grazing has become a serious problem. While these people would arguably be better off with a small number of well-fed animals, the tradition of growing herds as large as possible remains strong. One result of this is a diminution of feed sources for the animals: some types of grass have already disappeared or are progressively replaced by lower-quality or non-consumed species - cattle no longer exist in Ali Sabieh and part of Dikhil districts because feed sources no longer exist. Traders report that the best tasting cattle are the first to die, meaning the animals remaining are in even lower demand.

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<sup>34</sup> The only profitable veterinary practice in the country is a pet vet primarily serving ex-patriots in the capital.

<sup>35</sup> One informant also reported that the pharmacy near the mini-bus depot in the capital had stocks of very basic veterinary supplies, but this was not confirmed.

<sup>36</sup> Most livestock experts agree that pastoralism is a viable economic strategy for harsh arid environments and sedentarization should not be forced upon livestock producers - the author agrees whole-heartedly. In the case of Djibouti, however, voluntary semi-sedentarization with reduced herd size seems a possibly necessary alternative to extensive pastoralism, since animals cannot find enough food to produce milk to keep pastoralists alive.

<sup>37</sup> One reviewer suggested that these arid environments require opportunistic rangeland management, focusing on stock management and grazing pressure adjustment. It seems unclear, however, given the extremely sparse MAEM presence, that this sort of constant and flexible management is possible at present.

In addition, water supplies are becoming more precarious, and often brackish, as sea water seeps into underground reservoirs (La Nation 2006). While many blame global climate change for deteriorating rural conditions, this cannot be the only factor since areas without permanent water are retaining their pasture levels better than those with stable, man made water resources. This suggests that poor planning on the part of the Djiboutian government is also partly responsible. Rather than placing water points at highly dispersed intervals along traditional transhumance routes, wells and boreholes tend to be clustered, with points chosen by government-hired geologists, not the nomads who use them. Moreover, given the extreme aridity of the land, it may be more fruitful to prevent rain water from escaping to the sea using retaining walls or small dams than to tap subterranean water sources.

## The Danger of Uneducated Species Introduction: The Prosopis Plant

While this report supports the introduction or reintroduction of drought-resistant plant and grass species in order to protect the livelihood of poor pastoralists, a note of caution is crucial, as previous attempts at such introductions have met with severe unintended consequences. Specifically, the introduction of the prosopis plant, a highly drought-resistant species from Latin America, has been disastrous. While the plant slows erosion and produces fruit that can be eaten by grazing animals, it is proving to be a pest in much of the Horn of Africa. Prosopis spreads swiftly, destroying nearly all other plant species in its wake. Within a span of only several years, it has completely overrun two large grazing plains, and is also spreading rapidly out from the town of Tadjoura. It is believed that within another ten years, this could be a major catastrophe for Djibouti, as it is in other IGAD countries such as Ethiopia or Kenya, where prosopis now covers almost 50% of arid and semi-arid lands, causing loss of biodiversity, hindered animal movement, human illnesses, thorn-based wounds, augmented mosquito and tsetse fly numbers, tooth loss in sheep and goats and, as a result, increased poverty (Suswatch 2006). Thus, extreme care and pilot testing are needed if new species are introduced.

Environmental change has also led traditional patterns of land management to break down, with nothing yet to replace them. In the Afar lands of the north, traditionally, the Sultan of Tadjoura has supervised land-use, providing each lineage with specific, inalienable grazing patterns and protecting marginal land by rotating its use.<sup>38</sup> As pasture becomes increasingly scarce, however, herders have begun to abandon respect for this once-effective system – “the longer the drought lasts, the more people just don’t care about tradition” – leading to further land degradation.<sup>39</sup>

In order to prevent this, GORD, with the support of FAO, created a Cadre Juridique de la Gestion Durable des Ressources Naturelles (Legal Code on Sustainable Natural Resource Management) between 2002 and 2004, which was intended to convert traditional environmental management strategies into national, enforceable law, the Code Pastoral.<sup>40</sup> There appears to have been considerable political will behind this project – politicians were preparing to pass the code through the Assemblée Nationale – yet it was stopped abruptly owing to popular outcry against it. Rural Djiboutians mistakenly saw the Code as a GORD scheme to increase its control and take away the traditional system. In fact, it was meant to formalize the power and rights of heretofore non-governmental actors such as the Sultan of Tadjoura. It is thought that this misunderstanding was a problem of poor sensitization and insufficient popular consultation, and that with proper participatory techniques, dissemination of

<sup>38</sup> Traditionally, Issa lands, following the Issa culture of equality, are open commons. Not surprisingly, over-grazing has become a problem among the Issa faster than in the north, where the Sultan still attempts land management.

<sup>39</sup> According to a Chef de Poste stationed in the Afar north.

<sup>40</sup> There is no rural land law in Djibouti. There is a general land law, but it truly applies only to urban land.



information, and in-depth study of traditional customs, the Code could be passed. The re-introduction of this or a modified Code is important, as the management of pastureland is going to be crucial to the sustainability of poor Djiboutian pastoralists' livelihoods. Already, at least 50,000 rural nomads are receiving food assistance from World Food Programme (WFP) as a result of drought and pasture degradation.

A final impact of land and environmental damage and desertification is that as life becomes ever more difficult for pastoralists, urbanization has become increasingly rapid. It is said that Djibouti has the highest urbanization rate in Africa (although much of the growth is economic migration from neighbouring countries, which counts for as much as 3% of population growth (EUI 2005, Doualeh 2002)). Already, approximately two-thirds of Djiboutians live in the capital city, with three-quarters living there or in district towns. According to one informant, "people don't want to be nomads anymore," since the rural life is so difficult. "The city is paradise to them! At home, they might walk 50km for some water, and here they just turn on the faucet! At home they eat only once a day and in the city, people eat 3 meals! Why on earth would they want to live out there?" While the GORD does not offer much rural assistance, it does make a point of knowing the rural social climate, and the increasing economic hardship. In response, rural development programmes have recently become a slightly higher priority for the GORD, so as to reduce rural unrest and to prevent the continued mass-exodus of nomads to cities and towns, further overwhelming already stretched urban services. Programmes that has been proposed in government policy include pastoral water projects, animal health programmes to increase livestock value, the creation of feeding perimeters, increased food aid, basic infrastructure, rural sensitization, employment creation, decentralization, rural credit, eco- and cultural tourism development, and artisanal development employing livestock by-products.

## The Pastoral Mindset and Attempts to Change It: Less May Be More

According to a large number of informants and documents consulted for this study, the mindset of pastoralists may need to change in order to improve their livelihood. While at first glance, this might appear to be the standard yet mythical argument that the pastoral system of living is irrational, this is not the case being made. Instead, informants note that rising desertification, combined with over-grazing from higher animal populations, has made the large-herd pastoral life gradually less tenable.<sup>41</sup> Increasingly, nomads report that their animals can no longer produce milk, indicating that they do not get adequate food and water. As a result, pastoralists have become dependent on international food aid: WFP reports that it is currently feeding the majority of rural dwellers, but cannot do so indefinitely. As a solution, studies and successful pilot programmes suggest that herd size must decrease so each animal gets fed enough. Indeed, as few as two high-quality well-fed cattle or 20 goats can provide more milk than 20 undernourished cows or 100 goats. For this to happen, however, the pastoral view of animals – wherein social status is derived from the size of the herd, herders are extremely adverse to slaughtering or selling, and herds are grown as large as possible – may have to change.

According to a former high official of the MAEM, attempts by the Ministry to change the pastoral mindset in the past have met very high resistance. Pastoralists refuse to comply, arguing that herds are "our money, our security." While they are absolutely correct to see risks involved, since after serious drought, pastoralists with large herds are more likely to keep a viable number of animals while those with smaller herds

<sup>41</sup> Despite incredible urbanization rates, rural populations have still increased dramatically in the past 40 years, from an estimated 40,000 in the late 1960s (Thompson & Adloff 1968) to about 100,000 now, according to a WFP representative. A hereditary norm of dividing herds between all sons has also multiplied herder numbers.

might lose all their livestock, they must also see that the increasing scarcity of fodder and rising animal numbers is untenable. Progressive agro-pastoralists and many government and NGO workers insist that this change is, in fact, possible with intense but slow-paced sensitization programmes. These need to include real-life examples of the benefits of fewer animals and more frequent sale, as people need to physically witness the improvements possible. Programmes need to be oriented towards individual communities and include long-term commitment and thorough risk management strategies. At the national level, legislation restricting herd numbers are extremely unlikely to be successful. Instead, the GORD could possibly introduce positive incentives for herders to improve their animal quality and herd size, such as animal fairs.



## PART III: EXTERNAL CONSIDERATIONS: THE ROLE OF DJIBOUTI IN INTERNATIONAL TRADE

While animal production is not a high priority for the GORD, animal exports are currently a hot topic, as Djibouti has just opened an export processing facility (EPF) on the outskirts of Djibouti City. The purpose of the EPF is to export disease-free livestock to the lucrative markets of the Middle East, particularly the Kingdom of Saudi Arabia (KSA). These animals are tapped from throughout the Horn of Africa, which has the largest concentration of livestock in Africa and of dromedaries in the world – in Ethiopia alone, there are over 35mn cattle and 42mn small ruminants, held mainly by small-scale producers (Stem 2001). The creation and development of the EPF provides an extremely interesting case study for understanding policy development and implementation, regional political economy and GORD-donor relations.

### Background to the EPF: Past Trade, Livestock Bans & New Requirements

For more than 500 years, the Horn of Africa has exported animals to the Middle East, where African livestock are preferred over animals from elsewhere; prices for African animals are double those for Australian, as the taste, smell, colour and longevity of African meat is considered better, as is the appearance and shape of the live animals (OAU/IBAR 2002). Djibouti has played an active role in the Africa-Middle East trade, with as many as 350,000 head exported through the port in 1990. Owing to changes in sanitary and animal health policies in Arab countries, however, as few as 2000 animals were exported in 2002, reflecting similar trends throughout the Horn. Despite Arab preferences, most animals now imported are Australian, representing 80% of the 1.2-1.5mn animals UAE imports and 60% of the 6mn brought in by KSA (Ibid).

African exports to the Middle East have declined owing to several outbreaks of Rift Valley Fever (RVF)<sup>42</sup> in East African herds. The first of these occurred in 1997, following heavy El Nino rains, leading KSA and most Arabian Peninsula countries to ban livestock imports from Africa, so as to prevent RVF from entering. After 15 disease-free months, the ban was lifted in 1998, but was reinstated in September 2000 after reported cases of animal disease and 400 human deaths in KSA and northern Yemen – the first time RVF was recognized outside of Africa (Rossiter). In 2001, the ban was lifted in all countries except KSA, where it remained until late 2006.

These RVF bans have left Horn of Africa pastoralists in a very precarious position. Past bans devastated a huge number of already-poor pastoralists, who depend on trade to the Middle East for all income generation (Forman 2005). While alternate markets exist in theory, those of East Africa are largely saturated and non-KSA Gulf states pay far lower prices and import far fewer animals than KSA. Even though export levels to non-KSA Gulf states rebounded by 2003, prices throughout the region remained “historically low... often on a barter basis instead of for cash” (UNDP & FAO 2005). As a result, Djiboutians have been unsatisfied with and even somewhat blasé about the 106,000 animals – primarily cattle of Ethiopian origin<sup>43</sup> – shipped from the Port of

<sup>42</sup> RVF appears in many mammals, including cattle, camels, sheep and goats, where it can cause miscarriage and death. In humans it can cause fever, blindness, severe bleeding and death. It is transmitted by mosquitoes, so outbreaks usually only occur after abnormally heavy rains. Inter-epidemic periods can exceed 30 years (Rossiter).

<sup>43</sup> According to traders, port officials and MAEM, 80-100% of exports are of non-Djiboutian origin. However, informants point out that the exact number is unknowable because herders follow trans-border grazing patterns.

Djibouti to Egypt, UAE and Yemen in 2005. They remained focused on achieving access to the KSA market.<sup>44</sup> It is for this reason that the GORD, with financial support from USAID and project management by AU/IBAR, began the creation of the EPF.

Djibouti may not at first glance seem the obvious choice for this facility, given its extremely harsh climate, lack of fodder and water resources, low number of indigenous animals, and the fact that most animal exports have left Africa via Somaliland in the recent past. Nonetheless, the country was chosen (over Kenya and Sudan) because of several benefits. First, Djibouti appears attractive to importers as it acts as a beacon of stability in a region of considerable volatility.<sup>45</sup> Second, Djibouti is an internationally recognized state, meaning that in principle, its animal health certification is considered both more valid and less likely to incite international discord than that of neighbouring Somaliland. Third, it has ready access to cheaply imported cereals, both through the port and from Ethiopia. Fourth, it is, until Ethiopia succeeds in diversifying, that country's primary point of exit for all exports. Finally, and most importantly, KSA agreed to its location in Djibouti - and since KSA is the target import location, its acceptance is crucial.<sup>46</sup> KSA officials were in fact eager for the facility to open - particularly since there was an embargo on Australian cattle and mad cow disease in Europe at the time of initial discussions.

## Inside the Anatomy of a Troubled Project

The creation of the EPF began during the RVF-based bans in 2001, when Horn of Africa trade had suffered significantly, and USAID was looking to help trade issues generally and Djibouti specifically. Joining with AU/IBAR and the Djiboutian Chamber of Commerce as implementing agency partners, USAID formed the Red Sea Livestock Trade Commission (LTC) to work with importer states to determine what was needed. According to all informants, the initial conception behind the project was good. Its primary goal was to develop a pre-export disease free zone in Djibouti, complete with holding pens, animal testing, and quarantine and certification facilities. These services were meant to be provided to traders in an affordable manner so that they would be willing to use it. In fact, the EPF was slated to be a non-profit institution, largely owned and managed by local livestock associations. It was not to be involved in the buying or selling of animals, but merely to act as a "hotel," where livestock would stay for a period of approximately 21 days. The EPF needed to export at least 20,000 head of animal per month to break even, with the eventual goal of 1mn head exported per year (UNDP & FAO).

Despite excellent initial conception, problems quickly developed. First, the EPF strategy was created just before all Arabian Peninsula countries except KSA lifted the ban - yet the plan was not updated as conditions changed. Second, the working relationship between the GORD, AU/IBAR, LTC and USAID was poor, largely owing to role confusion between the agencies. According to one GORD source, USAID was the funding agency but not the implementer, yet it maintained extreme independence and control over resource allocation, contracting and execution, and would not give the Chamber of Commerce information when needed. Several other high level GORD officials agreed, saying that the contract between USAID and the government was not well created, leading to "chaos," miscommunication and bad feelings. Funds for the project were also said to be handled poorly by AU/IBAR, without transparency or accountability. GORD informants were quite frustrated with the slow pace of the

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<sup>44</sup> This is according to most informants and documentation. At least one report, however, suggests that reinvigorated exports to other states are causing reduced interest in export to KSA (EXCELEX Support 2005).

<sup>45</sup> Civil conflict or political instability currently exist in at least parts of Somalia, Eritrea, Uganda and Sudan.

<sup>46</sup> Several GORD officials suggested that meeting KSA's formal regulations was not necessary as long as KSA officials were kept in the loop throughout the process and allowed to inspect the facility before it opened.

project, the opening date of which was consistently postponed. Even after \$4mn flowed through AU/IBAR, the GORD was uncertain that USAID would fund the EPF to completion.<sup>47</sup>

Eventually, the level of mismanagement became apparent to all involved, and AU/IBAR was removed from the project in mid-2005.<sup>48</sup> In Djibouti, another set of contractors was brought in by USAID, yet without a clear project end in sight. To the GORD, this state of affairs was increasingly a liability, as officials felt they were losing credibility in the eyes of their Arabian Peninsula counterparts, particularly in KSA. Several times, the GORD promised the facility to be open for the hajj and had to renege, making the completion of the EPF a matter of national pride.

Finally, about four years after project initiation, on 11 December 2005, President Guelleh announced via presidential decree that USAID, their contractors, and the Chamber of Commerce were no longer involved with the facility. Instead, he was granting it as a concession to a private investment company, Societe Abu Yassar, which was owned and managed by a Yemeni-born Saudi Arabian, who also owns and/or manages 60 slaughterhouses in KSA as well as quarantine facilities in other countries.<sup>49</sup> This decree came as a complete surprise to all involved: according to one livestock association working with the project, no one knew until a letter arrived at the construction site from the Ministry of Foreign Affairs telling them to vacate within several days. A top USAID official said they found out similarly – and were actually relieved to wash their hands of the project, since it had not exactly gone as planned.

As an interesting side note, it is thought that the president chose this investor both because he was recommended by the Djiboutian Ambassador to KSA, and because the GORD believed the KSA government would be more likely to approve the EPF if it were managed by a Saudi. It is also believed that as part of the concession-granting process, this investor influenced the decision of the Saba Bank of Yemen to open a branch in Djibouti, which occurred in mid-2006.

## The EPF in Private Hands: Positive Start but Uncertain Future

After the EPF concession was granted, investment and construction at the facility recommenced in 2006 and advanced rapidly: at least part of the facility opened in late November 2006, in time for the hajj, and was approved by KSA. A reported 230,000 small ruminants were exported during the hajj season, bringing an estimated \$15,000,000 in gross income to the Horn of Africa (Stockton & Knausenberger 2007).<sup>50</sup> With the recent outbreak of Rift Valley Fever in East Africa, the EPF has become the only route for Horn of Africa live animal exports to enter most countries of the Middle East.<sup>51</sup> Thus, in many ways, the EPF has been a tremendous success. Yet in other ways, it remains quite problematic. For example, the USAID plan to make the facility a pro-poor enterprise managed at least partially by livestock associations has been lost – much to the chagrin of many producers and association members. Similarly, there remains considerable confusion about the level of competitive market practices at the EPF, resulting in issues of market transparency and inequitable access. According to

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<sup>47</sup> Interestingly, a senior USAID representative reported that AID was not only prepared to fund the initial phase of the project, it actually had plans for two additional phases. This may not have been communicated to the GORD.

<sup>48</sup> Several sources suggest that Ethiopian hostility to the EPF created problems in the Ethiopian-hosted AU, and it was for political reasons that AU-IBAR left the project. AU/IBAR has severed all ties with LTC.

<sup>49</sup> Despite attempts to ascertain more information about this investor, it remained unclear to the author whether he was a Yemeni living in KSA, or a Saudi Arabian of Yemeni origin. It was also unclear whether he owned his own slaughterhouses in KSA, or whether he managed government-owned slaughterhouses, though he is reported to be one of the biggest livestock managers in KSA. Several senior GORD officials were unable to clarify the details.

<sup>50</sup> This figure is based on 230,000 animal sales at an average rate of \$38/head, plus \$20/head in services, and an increased average sale price of \$5 for the 440,000 animals sold from Somaliland in December 2006.

<sup>51</sup> RVF reemerged in Kenya and Somalia in December 2006, prompting bans by UAE, Oman, Yemen and KSA.

several informants very close to the project, some this ambiguity came about as, in his haste to end Djibouti's embarrassment, President Guelleh did not specify details of how the facility should be operated in the concession agreement. As of March 2007, no written protocols delineating the powers or responsibilities delegated to Societe Abu Yasser has been created (Ibid).

Indicative of the lack of clarity were the rampant rumours on how the EPF would be managed during the year between President Guelleh's decree and the opening of the facility. According to one very senior GORD official, the investor would purchase all animals, but the government would subsidize the sale price so that traders make a bit more profit on the exchange. In contrast, another senior official said that the investor might purchase all of the animals in the future, but at the beginning, he would just manage the quarantine as intended by USAID. According to an exporter who worked on the project with USAID, the Directeur du Cabinet (Chief of Staff) attempted to convince the investor to allow an independent management commission to run the facility, though he was never keen on the idea.<sup>52</sup> The head of another livestock association reported that this plan was also supported by the Minister of Foreign Affairs, who promised that the management would be "tripartite" - involving the investor, the Chamber or another GORD body, and the livestock associations. Yet another GORD representative, echoing the sentiment of most exporters, felt that the GORD must be able to see that it isn't in the people's interest to allow a foreign monopoly on export - though he didn't seem at all sure that the monopoly was impossible.

In the end, this monopolistic option appears to be how the EPF has operated since it opened, although reports differ. According to contacts in Djibouti, the EPF has been managed privately, without input from livestock associations, and competitive buying and selling at market prices has not occurred. Instead the investor and another Saudi buyer reportedly purchased all animals destined for KSA, setting a fixed price of \$42, later reduced to \$36, per small ruminant during the hajj, with a user fee of \$19-26 for the 21-day quarantine.<sup>53</sup> It is unclear, however, whether purchasing has actually been more competitive than this: Abu Yasser claims not to be a trader or to own any of the animals at the facility, though his name is in the port logs for exports (Stockton & Knausenberger 2007). Regardless, the price for small ruminant seems to have been fixed, and since there is no other access to KSA, traders sold for this price, but were very displeased with it and the facility fees, which are more than twice as high as those planned by USAID (\$12.70 per head) and almost three times what USAID reported that exporters were willing to pay (\$9.70) (USAID-RATES 2005). Exporters complained even before the EPF opened that fees in Djibouti were higher than in neighbouring countries. These fees are only sustainable if Djibouti remains the only access point to KSA, particularly after the region is again cleared of RVF.

Thus, livestock traders and associations has been the major casualty of the concessionary deal for the EPF. The Djibouti Livestock Traders Association has strongly opposed the current export arrangement, and Ethiopian traders are equally unsatisfied. They are all extremely discouraged at their lack of say in the matter, and many small-scale Djibouti traders are finding their supplies too small to successfully utilize the facility - Saudi importers usually deal in hundreds of thousands of animals, not the several hundred or thousand that Djiboutian traders have. Moreover, these organizations lost valuable time and financial resources to the project, and as a result, they have also become disappointed and somewhat disenchanted with international development organizations, and USAID in particular. Like the Djiboutian government, these organizations originally believed that they could have strong faith in USAID to deliver, and many of them made significant investments<sup>54</sup> in the project before it was

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<sup>52</sup> The Director of the Cabinet was contacted for confirmation, but did not return repeated phone calls.

<sup>53</sup> Usage charges at the EPF are not clear - they vary by user, and Societe Abu Yasser says they are still being negotiated, suggesting inequitable access to the facility, likely at the expense of small scale producers and traders.

<sup>54</sup> One informant reported his association invested \$10,000 in EPF related activities, which cannot be reclaimed.

unilaterally taken away. Now, many of the associations have disbanded or fallen apart.

## Remaining Constraints: Within the EPF

Regardless of how the facility is managed, considerable constraints remain for the EPF, both internally and in terms of how it fits into international political dynamics. Perhaps the biggest obstacle within the facility is the lack of adequate Competent Authority for animal certification. As of early 2007, a verbal agreement between the GORD and Societe Abu Yasser made the company the Port Veterinary Authority, since the Direction de l'Elevage does not have adequate numbers of qualified vets, technicians or staff for the EPF. Foreign staff has been imported from Yemen, Sudan and Egypt. If these staff can add to the competency of the Direction de l'Elevage, the lab will be a major addition to the resources of Djibouti. However, experts have already begun to express concerns at the integrity of the quarantine process and whether the standards are rigorous enough to avoid a reimposition of the KSA ban.<sup>55</sup>

Second, in order to fully succeed with the EPF, the GORD still needs to harmonize the regulations and protocols for export and trade, such that they align with modern international standards, particularly those of the Middle Eastern importer and other IGAD countries. The Ministry of Commerce is working to develop these sanitary norms, and the WTO is starting a Livestock Trade Standards Facility in Djibouti. While creating these standards on paper may not be difficult, their implementation may be, and sensitization may be necessary - the GORD does not currently have the human resources to achieve this goal.

Third, according to several informants and the 2005 EPF business plan, costs at the facility may simply be too high for the facility to be profitable, as a minimum of 18,000 animals have to pass through the facility each month just to break even. Port managers, who see less than half that number at present, did not think this would be achievable and declined offers to be involved in the facility. After several months of operations, it seems that the low buying price for animals may help to keep these costs under control for the facility, but at a cost to producers and traders.

On a more basic level, many informants worried about the cost and origins of fodder, since it grows in negligible amounts in Djibouti. As of early 2007, the only feed offered was hay imported from Ethiopia. One informant, however, has acquired 50ha of land from the GORD to start a feed farm near the facility. Clearly, 50ha is not enough to provide fodder for the entire EPF, but its resources can be used for backup supplies in the case of import irregularities. Additional fodder farms may be necessary, though it is not yet obvious that they will be cost effective, given the high input costs in Djibouti. Moreover, it remains to be seen how well the animals will tolerate the climatic conditions in Djibouti, particular in the summer months. It is thought that if the climate proves too harsh, it may be possible to reduce the 21-day continuous quarantine by linking it to prior isolation in Ethiopia, an idea vastly preferred in that country.

Lastly, the very poor state of the road to the EPF was a nontrivial issue at the time of research (although it reportedly now has been improved). Port of Djibouti officials did not plan to expand the port-side animal holding areas, as they are not profitable. Instead, the Port expected animals would be brought to the port only once a ship is in dock waiting for them. This means that small ruminant trucks (cattle and camels are currently being walked to the port) have to be in continuous circulation between the

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<sup>55</sup> For example, counter to the AU/IBAR plan, cattle and camels has been received, inspected and quarantined all in the same block of pens, rather than each step occurring in separate ones, and there has been allegations that the quarantine length has been shorted considerably (Stockton & Knausenberger 2007).

EPF and the port - which are located surprisingly far from one another. With the current state of the road, the journey is long (30-45 minutes) and taxing on the vehicles. Paving the road seems essential.

## Remaining Constraints: International-Political Considerations

Even if all the internal EPF constraints are removed, a number of serious international political issues remain. Perhaps most obvious is the relationship between KSA and Somaliland and Puntland, which have in recent years exported the largest numbers of animals to the Middle East from the Horn, through Berbera and Bossaso respectively. Currently, KSA does not permit exports from these places because to accept their animal certification would be to recognize them as legitimate independent states, something KSA is not prepared to do. As long as this ban remains, Djibouti benefits, although there is very high resistance to sending Somaliland animals through Djibouti's EPF. In fact, most of the small ruminants exported to KSA through Djibouti in late 2006 came through the Somaliland ports, yet at some point, the Somaliland government stopped allowing livestock to be sent to Djibouti. Moreover, at essentially the exact same time as USAID and AU/IBAR were developing export capabilities in Djibouti, FAO and UNDP, with support from the World Bank, were doing the same thing in Somaliland - developing livestock boards, certification standards and a staged quarantine process in the EXCELEX and LICUS programmes. Almost unbelievably, there was virtually no communication or coordination between the competing programmes - an issue that should be addressed through dialogue between the states and donors involved. Regardless, should the ban on Somaliland be lifted, it is unclear whether Djibouti will still be able to compete, as costs of export through Somaliland and Puntland are considerably lower.

Second, the role played by Ethiopia and its acceptance of the Djiboutian quarantine, will have to be assured, since a vast majority of cattle exported through Djibouti come from Ethiopia. At the time of research, Ethiopian exporters and Ministry of Agriculture personnel were opposed to quarantine in Djibouti for two reasons. First, the costs of quarantine in Djibouti are much higher than they are in Ethiopia. Second, use of the Djiboutian EPF may mean the animals will be exported with a Djiboutian certification of origin and health, not an Ethiopian one - an issue not only of national pride, but also of lost government revenues from the certificate process. The importance of this to Ethiopia can not be overstated, as several informants assert Ethiopian resistance to the EPF is the real reason AU/IBAR left in 2005. As an alternative, the Ethiopians want to do a full quarantine close to the border in Ethiopia, and then have a very short stay in Djibouti during transit - for which they are very strongly opposed to paying EPF fees. An agreement to export in this manner was established with Egypt, although after an outbreak in mid-2006 of foot and mouth disease, it is unclear whether Egypt will continue to accept this system. At the time of research, it was refusing Ethiopian animals, leaving exporters to send the animals to the less preferable Dubai market. Despite Egypt's acceptance, most Gulf countries feel that quarantine in Ethiopia - 1000 km away from the point of exit - is simply too far, since the animals are not protected from contaminants while in transit.

It is also worth noting that Ethiopia is highly motivated to diversify its export options, so as not to have to rely solely on Djibouti as its point of exit. In the past, animals exiting Ethiopia passed through ports in what is now Eritrea, where proper animal holding pens exist and prices were lower. Currently, handling fees for exporters are lower in Berbera and Bossaso, though exporters report that there is too much competition, bringing the price paid for animals down as well. For the time being, it seems as though Ethiopia does not actually have an alternative, but this should be monitored closely, as Djibouti's economy is highly dependent on the Ethiopian trade. In fact, the approximately 100,000 cattle and camels exported from Djibouti in 2006



had a gross value of \$33,833,500, making their contribution to the Djiboutian economy substantial (Ibid).

Third, Djibouti will need to maintain an eye on the Yemeni reaction to the EPF, as Yemeni trade has likely suffered since the EPF opened. In recent years, Yemenis have imported high numbers of animals from Djibouti at very low prices, and then re-exported them to KSA for high profits after quarantine. Thus, they have a strong interest in blocking the EPF.

The final international relations obstacle to the development of the EPF for Djibouti is the lack of donor and project coordination in the Horn of Africa region. As mentioned already briefly, at the same time as USAID and AU/IBAR were developing the Djiboutian EPF, FAO was putting together an alternative East African export scheme, called EXCELEX, with the intended port of exit in Somaliland. The idea behind EXCELEX was to develop a sophisticated staged quarantine and inspection, resulting in lower costs for traders (Forman 2005). As animals moved from inland areas outwards, they would be briefly held at a handful of specific examination transit points, with the entire process lasting the required 21 days. While representatives from all of the Horn countries were included in the FAO project, the role of Djibouti in EXCELEX was never developed. Indeed, EXCELEX documentation did not even mention the quarantine facility in Djibouti until several years into the programme. Similarly, project maps detailing proposed animal movements and likely spots for quarantine facilities indicated no stops or exports through Djibouti (see "Maps" below). One informant involved in both projects indicated the lack of English language skills among francophone Djiboutians limited their involvement in EXCELEX, although another said that some leaders of the EPF project were uninterested in coordination.

## PART IV: CONCLUSIONS: STRATEGIC ENTRY POINTS FOR IGAD LPI

Many suggested entry areas for IGAD LPI has been made throughout this paper. In this section, each of the possible policy areas of entry, ranked generally based on their political feasibility and likelihood of success, will be considered. A summarizing table is located in the Appendices.

### Government Reform & Capacity Building: MAEM Reforms

#### Possible Entry Points:

In order to assist the GORD in its reform and capacity building efforts, several interventions are possible:

- IGAD LPI should provide support to the GORD for its decentralization efforts, particularly, for MAEM *Sous-Direction* development, as related to the 2001 peace accords ending civil conflict and the country's PRSP.
- IGAD LPI should support capacity building in MAEM and the *Direction de l'Elevage* specifically in order to increase management, planning and technical skills.
  - conduct a needs assessment for the *Direction de l'Elevage*.
  - provide in-country planning workshops for MAEM to help identify the most realistic and feasible action plan for the implementation of the PRSP and *Plan Trienniel*, given funding realities. Training should be on prioritization and short, medium and long-term planning and implementation.
  - provide training such that an internationally recognized *Competent Authority* exists for livestock exports (also of use for the nascent fishing industry).
  - conduct a new animal census (or targeted/aerial-based estimates).

#### Political Feasibility Assessment:

Government reform, particularly decentralization, and capacity building are slated as key element of both Djibouti's PRSP and the 2001 peace accords ending civil conflict in the country, and should be supported. Some of these efforts may be more feasible for IGAD LPI to promote than others, however, since they are highly charged politically. Support for reform and decentralization at the MAEM level, for example, may be more successful than efforts to strengthen Regional Councils. Thus helping to strengthen and support regional *Sous-Directions* should be possible. In contrast, while electoral reforms could significantly help the poor, including pastoralists who find voter registration and participation very difficult (PRSP), such changes are politically very contentious.

Capacity building within MAEM and specifically the *Direction de l'Elevage* should be regarded as a high priority for IGAD LPI, with both a high probability of success and the benefit of fulfilling the project purpose of strengthening IGAD member state capacity to formulate and implement livestock sector policies. Since the GORD is currently focused both on rural development to slow urbanization and developing a *Competent Authority* in MAEM for livestock export certifications, supporting the *Direction* should be well received. In fact, if a *Competent Authority* can be developed and exports increased, additional GORD revenues might then be used to maintain MAEM capacity. Increasing management, planning and technical skills, as well as increasing numbers of qualified staff will also provide MAEM with the ability to write more budgetarily realistic multi-year policies, reduce the need to work in "crisis" mode, supply the human resources for data collection and analysis, and allow MAEM to



develop its animal health services, including developing its CAHW programme further. A complete capacity assessment of MAEM should be initiated as the first step.

## Rural Development

### Possible Entry Points:

- rural development has become an increasing priority for the GORD, as high migration rates to the cities overwhelm GORD service provision capacity. Possible entry points for action include:
- IGAD LPI should work with the GORD on several legal or regulatory changes, including updating the national livestock law, creating and implementing the *Code Pastoral*, facilitating the *guichet unique* creation at the Chamber, and perhaps temporarily prohibiting the cutting of acacia trees in areas where prosopis is threatening the rural environment.
- as in other Horn countries, IGAD LPI should work to mitigate the ill effects of prosopis by researching methods to separate the plant's seed from its fruit, such that animals do not disseminate seeds in their droppings, or by encouraging the cutting and drying of prosopis instead of acacia. IGAD LPI should also research other drought resistant grass and plant species to introduce following extremely thorough environmental impacts assessments.
- to improve food security among pastoralists, IGAD LPI should support the GORD policy for agro-elevage by providing training for gardeners on integrating fodder production and well-fed, enclosure-raised animals into gardens, showcasing successful agriculturalists, and presenting the pros and cons of reduced herd size.
- IGAD LPI should work with the GORD to improve rural infrastructure and water access. Participatory forums are needed to determine where pastoralists lack water on grazing routes.
- internationally, IGAD LPI should work with member governments to coordinate rural development strategies so as to slow migration to Djibouti City, and to monitor and control animal diseases from spreading within the region.
- to help build capacity at the rural level, IGAD LPI could consider assist GORD is obtaining budgetary support for the decentralization process, both for MAEM *Sous-Directions* or for Regional Councils. It could also support capacity-building among pastoralist or gardener associations.

### Political Feasibility Assessment:

Recently, the GORD has shown increased interest in rural development, as detailed in the country's PRSP. While the GORD has begun to pay more attention to rural areas so as to stem the flow of migration to urban areas, the interest still helps rural livestock producers and should not be a lost opportunity. Some of the possible policies are more politically feasible than others, however. For example, MAEM would like to see a Fonds Djiboutien de Développement Pastoral (Djiboutian Pastoral Development Fund) created, though the likelihood of its successful creation is unlikely, as requests from the Direction de l'Élevage for it have not born fruit in over 15 years. Similarly, as already mentioned, direct financial support for Regional Councils is less likely to succeed than supporting Sous-Directions through MAEM.

Because of the current drought, support for water facility improvements, including boreholes, retaining walls and dams are likely to be well-received. (Coincidentally, the relatively new Minister of MAEM is the former director of Djibouti's water service.) IGAD LPI may wish to focus more on rainwater harvesting techniques rather than methods to tap subterranean water - currently most rainwater rushes from Djibouti's interior and is lost in the sea, making its capture likely to have less negative environmental impact than wells. Likewise, the re-introduction of a modified Code

Pastoral appears to have political support, as the management of pastureland is going to be crucial to the sustainability of poor pastoralists' livelihoods. For similar reasons, efforts to reduce the ill effects of the prosopis plant should not be opposed, though the likelihood of successfully implementing and monitoring a ban on acacia cutting is not high.

Finally, the GORD may be initially resistant to the strengthening of organizations, as it is generally very wary of civil society. However, it must be pointed out that skill development is actually in the GORD's interest. First, development in the primary sector will allow people to stay in rural areas and therefore not migrate en masse to Djibouti City. Second, each capable, self-sufficient animal producer is one less needy mouth. Third, successful and competent organizations can grow large enough to formalize, bringing additional tax revenues to the GORD. Through economies of scale, these organizations may be able to increase local production of milk or meat for export, thereby improving import-export ratios and foreign reserves. Donors or the GORD may wish to establish non-politically sensitive local training institutions, where successful small-scale producers could teach by example, as a handful of proud agro-pastoralists indicated they would like to do. Donors could also use these centres for vocational training in other sectors, so as to diversify the economy. This may also be an opportune time to suggest regulatory changes simplifying registration and lowering of tax rates for micro and small enterprises, working with the Chamber of Commerce. In addition, the Chamber could be supported in expanding its small management centre, which advises informal organizations on registration, bookkeeping and investment strategies, into a more developed and formalized Enterprise Formalization Centre (CFE). To increase the likelihood of CFE creation, GORD officials will need to be shown that formalization will increase government revenues.

## Animal Marketing and Exports

### Possible Entry Points:

- IGAD LPI should work with MAEM and the Ministry of Commerce to update hygiene regulations for livestock trade and export, including for the quarantine, abattoir, and livestock market. IGAD LPI should facilitate discussion such that the disease control regulations and protocols are harmonized with both other IGAD exporters and target importers.
- as part of MAEM capacity building, IGAD should provide training to the *Direction de l'Élevage* to develop and maintain an internationally recognized Competent Authority. For the time being, a formal agreement between the GORD and *Société Abu Yasser* should be created stating their exact agreement and the protocols under which they operate.
- the GORD may wish to consider lowering fee rates for animal exports to become more regionally competitive. Lost revenue should be made up with increased animal numbers.
- the GORD may also want to add abattoirs in the peri-urban areas of the city to increase GORD revenue by making formal facilities more accessible.
- IGAD LPI should support the Chamber of Commerce's goal of simplifying registration to lower the formalization costs for micro-enterprises. Supporting the proposed *guichet unique*, micro-enterprise training centre, and micro-credit institutions are also possible.
- to increase export competitiveness, encourage livestock sales in-country, and support economic productivity generally, the GORD may wish to consider devaluing the Djiboutian Franc - although work on such an issue is well outside the mandate of the IGAD LPI.

- IGAD LPI should take the lead in the region in managing overlapping livestock-related donor projects, as well as providing a regular forum for the facilitation of accords between member countries on quarantine and export arrangements.

### **Political Feasibility Assessment:**

Success with the EPF appears to be very important to the GORD at present, and should ease promotion of export-related change, although the creation of new regulations and institutions may be easier than their actual implementation. For this reason, capacity-building in MAEM remains extremely important - a real Competent Authority cannot be maintained without it. This Competent Authority would furthermore help the GORD in its goal of fish and seafood exports.

Some of the possible entry points here are less feasible: owing to political in-fighting between the Chamber of Commerce and the Ministry of Commerce, it seems unlikely that the guichet unique will come together quickly. Likewise, it is doubtful that the GORD would devalue its currency, as the short-term consequences on Djiboutian purchasing power would be debilitating - nearly everything available for purchase in Djibouti is imported and devaluation would cause prices to rise precipitously. It is unclear whether the GORD would consider lowering fees, as port activity is one of its principle sources of revenue.

More than any other organization, IGAD, and by extension IGAD LPI, has the mandate to address the international intra-regional Horn issues. As part of IGAD, IGAD LPI should be able to mediate, through the creation of a regular forum on livestock export issues, arrangements between Horn of Africa countries, their donors, and their export markets in the Middle East. In particular, agreements on quarantine and export conditions must be reached between Ethiopia, Somalia (including Somaliland and Puntland), Djibouti and the KSA. This will not be easy, since there is considerable tension between the Horn countries on this issue, but IGAD may be the only organization in a position to attempt it.

### **Animal Health: Privatization, Pharmaceuticals and CAHWs**

#### **Possible Entry Points:**

- with only a handful of veterinarians, not a single veterinary pharmacy and extremely recent attempts to train private para-professional animal health workers (CAHWs) in the country, Djibouti's animal health care is very weak. Realistic steps to improve it may include the following:
- IGAD LPI should assist the GORD in deregulating or simplify licensing processes for veterinary pharmacies so that veterinary drugs could be made available in markets outside Djibouti City. Similarly, the GORD may wish to consider allowing the importation of animal-specific medicines from non-European sources.
- IGAD LPI should research major pharmaceutical companies' "drugs-for-Africa" programmes, in which name-brand drugs are sold at reduced prices for the poor.
- IGAD LPI should also provide support for awareness campaigns to be done prior to veterinary clinics and CAHWs treatments. Campaigns should cover both veterinary treatments and on the concept of CAHWs as private, paid para-professionals.
- IGAD LPI should conduct an assessment of the CAHWs programme to date and the effects of government provided veterinary health care on animal health, with the goal of assessing the likely impact of privatization.
- IGAD LPI should support follow-up education for the 50 CAHWs already trained.

### **Political Feasibility Assessment:**

Despite the official acceptance of private veterinary practice in Djibouti, the GORD tends to undermine actual for-profit services by providing health care, medicines and vaccines free of charge.<sup>56</sup> Some members of MAEM readily acknowledge that this practice undercuts even their own recent attempt to install a system of auxiliary para-professional health workers (CAHWs) in regional areas. Still, they say that there is no way to stop it, as the government relies on distributions of this sort for its political legitimacy. They also say that since pastoralists often refuse treatment altogether, they clearly will not pay for health services, which therefore must be provided free of charge. Given these trends, the introduction of private paraprofessional veterinary services may need to proceed slowly, with herders paying at first a nominal fee, gradually increased over time as herders see the benefits coming from privatization of care. The introduction of services will also need to be accompanied by awareness campaigns and follow-up studies identifying successes, failures and adjustments needed, either through IGAD LPI or another appropriate donor or NGO.

Similarly, while powerful players currently control the four large pharmacies in the capital, and might oppose the liberalization of pharmacy licensing, making this deregulation particular to veterinary products should make this change less threatening. Animal products are not a significant portion of any of the major pharmacies' business, and allowing imports of non-European sourced animal medicines only should therefore be feasible.

### **Dairy Sub-Sector Development**

#### **Possible Entry Points:**

The dairy sector in Djibouti is vastly under-developed for serving the high urban demand. Possible points of entry to change this include:

- IGAD LPI should assist the GORD in updating hygiene regulation in the milk sector. It could also help the GORD to create a network of milk collection sites for transport to market.
- IGAD LPI should identify one or more nascent dairy association that may be able to create, grow and manage a milk collection and sales organization.
- the GORD may wish to reduce or eliminate import taxes for high quality milk cows.
- the GORD may wish to regulate the electricity sector once lower-cost Ethiopian energy is provided to Djibouti so that milk cooperatives and urban shops can afford refrigeration costs - although, again, such an issue is outside the IGAD LPI.

### **Political Feasibility Assessment:**

The creation and maintenance of a dairy industry in rural Djibouti will be difficult - more owing to political apathy and infrastructural difficulties than any real political will against it. Several attempts to create milk collection, processing and sales organizations in the past, including one by AU/IBAR in Tadjoura, have not succeeded. Therefore, before any investment in the dairy sector, a more complete economic feasibility assessment would be needed. Nevertheless, lowering import duties on high quality milk cows for the peri-urban gardens of Ambouli may be wise. A prime source for these animals may be Djibouti's African trading partners, specifically Kenya or Zimbabwe. Not only are these cattle already adapted to African conditions, but this policy would be in line with COMESA and other attempts to reduce tariffs within Africa. Similarly, updating dairy sector regulations would be wise, though implementing them will be more difficult than merely writing them. For this reason, these changes would have to be accompanied by MAEM capacity building such that the

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<sup>56</sup> The only profitable veterinary practice in the country primarily serves the expatriate pet community.

state is truly able to regulate and ensure the quality and hygiene of milk. Finally, it is an issue for the GORD not only for potential dairy businesses, but for nearly all industries that electricity costs are so high. Djiboutians would benefit greatly from lower-cost electricity, which should become possible once the country gets connected to the Ethiopian hydropower network.

## **Civil Society, NGOs, Donors and IGAD LPI**

### **Possible Entry Points:**

Despite numerous nominal livestock and rural development organizations, civil society in Djibouti is currently very weak, with very few international development NGOs and tight control of local organizations by the GORD. IGAD LPI can take the lead in this arena by:

- IGAD LPI could provide training to civil society organizations to increase their ability to effectively lobby the government for pro-poor change.
- IGAD LPI should work to develop itself as a regional centre for data collection and coordination, and a national centre in Djibouti.

### **Political Feasibility Assessment:**

As mentioned previously, the GORD is highly wary of civil society, and will likely not favour its specific development. Therefore, attempts to improve organizational skills generally for livelihood betterment are more likely to succeed than more explicitly political ones. At the same time, this report suggests that IGAD LPI work to develop itself as a regional centre for data collection, dissemination and donor coordination on livestock producer issues. In Djibouti specifically, IGAD already has an extensive library and information management system - probably one of the largest in the country. It was the impression of the researcher, however, that these resources were vastly underutilized. IGAD could do more to not only collect these resources, but to publicly share them, within Djibouti, the GORD and throughout the Horn. Developing IGAD's ability to disseminate information is part of its responsibility as PPLPI's regional "hub," as outlined in the central facility.

## APPENDIX: TABLE OF POSSIBLE ENTRY POINTS AND THE LIKELIHOOD OF THEIR SUCCESS

Policy Area	Possible Policy Changes	Likelihood of Success
Government Reform & Capacity Building	<i>Legal or Institutional Reform</i>	
	<ul style="list-style-type: none"> <li>Implement peace accord promises of 2001. <ul style="list-style-type: none"> <li>Decentralization <ul style="list-style-type: none"> <li>Real budgets to Regional Councils</li> <li>Support for MAEM <i>Sous-Directions</i></li> </ul> </li> <li>Electoral reforms <ul style="list-style-type: none"> <li>Proportional representation</li> <li>Access to government campaign finances for the opposition</li> </ul> </li> </ul> </li> </ul>	MODERATE
		LOW
	<i>Capacity Building</i>	
	<ul style="list-style-type: none"> <li>Conduct a needs assessment in MAEM and specifically the <i>Direction de l'Elevage</i> in order to increase management, planning and technical skills.</li> <li>Provide in-country planning workshops for MAEM to help identify the most realistic and feasible action plan for the implementation of the PRSP and <i>Plan Trienniel</i>, given funding realities. Training should be on prioritization and short, medium and long-term planning and implementation.</li> <li>Provide training such that an internationally recognized <i>Competent Authority</i> exists for livestock exports (also of use for the nascent fishing industry)</li> <li>Conduct a new animal census (or targeted/aerial-based estimates).</li> <li>Monitor internal conflict levels</li> </ul>	HIGH
		HIGH
Rural Development	<i>Legal or Institutional Reform</i>	
	<ul style="list-style-type: none"> <li>Improve rural water access through participatory forums, determining from pastoralists where water points are needed in transhumance routes.</li> <li>Update the national livestock law.</li> <li>Revise (using increased participatory input) and pass the land-use law, the <i>Code Pastoral</i>, which was abandoned in 2004. Sensitization campaigns will be needed for this to be accomplished.</li> <li>Facilitate the creation of the <i>guichet unique</i> and strengthening of the Chamber of Commerce small enterprise development centre for formalization of small livestock-related businesses.</li> <li>Temporarily prohibit the cutting of acacias where prosopis is threatening to destroy the rural environment, instead promoting the use of prosopis.</li> <li>To manage the prosopis crisis, either: <ul style="list-style-type: none"> <li>Research method to separate the plant's fruit from its seed, so that animals do not disseminate seeds in their droppings.</li> <li>Encourage the cutting and drying of prosopis for firewood and charcoal. The cutting of acacia could be temporarily banned in areas where prosopis is a menace.</li> <li>Introduce drought-resistant grass and plant species, following extremely thorough environmental impact assessments.</li> </ul> </li> <li>Provide real budget support for the decentralization process, both for the MAEM <i>Sous-Directions</i> and for Regional Councils.</li> <li>Create a new Djiboutian Pastoral Development Fund</li> </ul>	LOW - MODERATE
		MODERATE
		MODERATE - HIGH
		LOW
		LOW
		MODERATE
		LOW - MODERATE
		LOW
		MODERATE - HIGH
	<i>Capacity Building</i>	
	<ul style="list-style-type: none"> <li>Support the GORD policy for agro-elevage <ul style="list-style-type: none"> <li>Provide training for gardeners and gardening associations, showcasing successful agro-culturalists</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>○ Provide trainings to livestock producers on integrating fodder production into gardens and on raising small numbers of well-fed animals in enclosures.</li> <li>○ Provide training to livestock producers and their associations on the pros and cons of reduced herd size.</li> </ul> <ul style="list-style-type: none"> <li>▪ Increase credit access in rural areas</li> </ul> <p><i>Inter-organizational Cooperative</i></p> <ul style="list-style-type: none"> <li>▪ Work with IGAD member countries to coordinate rural development strategies so as to slow urbanization and economic migration to Djibouti City. As much as 3% growth in the annual population of Djibouti is thought to stem from economic migration.</li> <li>▪ Encourage member countries to cooperate in the monitoring and control of diseases within the region.</li> </ul>	<p>MODERATE</p> <p>LOW</p> <p>MODERATE</p>
Animal Health Care	<p><i>Legal or Institutional Reform</i></p> <ul style="list-style-type: none"> <li>▪ Deregulate or simplify licensing processes for veterinary pharmacies so that vendors could sell veterinary drugs in markets outside Djibouti City.</li> <li>▪ Allow the importation of vet medicines from non-European sources.</li> <li>▪ Research major pharmaceutical companies' drugs-for-Africa programmes, in which name-brand drugs are sold at greatly reduced prices when it is clear they are going to the poor.</li> </ul> <p><i>Capacity Building</i></p> <ul style="list-style-type: none"> <li>▪ Provide support for awareness campaigns to be done prior to veterinary clinics and CAHWs treatments - both on veterinary treatments and on the concept of CAHWs as paid para-professionals.</li> <li>▪ Conduct an assessment of the CAHWs programme to date and the effects of government provided veterinary health care on animal health, with the goal of assessing the likely impact of privatization.</li> </ul>	<p>LOW - MODERATE</p> <p>MODERATE - HIGH</p> <p>MODERATE - HIGH</p>
Animal Marketing & Exports	<p><i>Legal or Institutional Reform</i></p> <ul style="list-style-type: none"> <li>▪ IGAD LPI should work with MAEM and the Ministry of Commerce to update hygiene regulations for livestock trade and export, including for the quarantine, abattoir, and livestock market.</li> <li>▪ IGAD LPI should facilitate discussion such that the disease control regulations and protocols are harmonized with both other IGAD exporters and target importers.</li> <li>▪ The GORD may wish to consider lowering fee rates for animal exports to become more regionally competitive. Lost revenue should be made up with increased animal numbers.</li> <li>▪ The GORD may also want to add abattoirs in the peri-urban areas of the city to increase GORD revenue by making formal facilities more accessible.</li> <li>▪ IGAD LPI should support the Chamber of Commerce's goal of simplifying registration to lower the formalization costs for micro-enterprises. Supporting the proposed <i>guichet unique</i>, micro-enterprise training centre, and micro-credit institutions are also possible.</li> <li>▪ To increase export competitiveness, encourage livestock sales in-country, and support economic productivity generally, the GORD may consider devaluing - or even <i>undervaluing</i> - the Djiboutian Franc.</li> </ul> <p><i>Capacity Building</i></p> <ul style="list-style-type: none"> <li>▪ As part of MAEM capacity building, IGAD should provide training to the <i>Direction de l'Elevage</i> to develop and maintain an internationally recognized Competent Authority.</li> </ul> <p><i>Inter-organizational Collaboration</i></p> <ul style="list-style-type: none"> <li>▪ IGAD LPI should take the lead in the region in managing overlapping or conflicting livestock-related donor development projects, such as the Djiboutian EPF and the Somaliland EXCELEX programme.</li> </ul>	<p>MODERATE</p> <p>MODERATE</p> <p>MODERATE</p> <p>MODERATE</p> <p>LOW - MODERATE</p> <p>LOW</p> <p>MODERATE - HIGH</p> <p>MODERATE</p>



Civil Society, NGOs and donors	<i>Capacity Building</i> <ul style="list-style-type: none"> <li>▪ Training to civil society organizations to increase their ability to effectively lobby the government for pro-poor change.</li> </ul>	LOW
	<i>Inter-organizational Collaboration</i> <ul style="list-style-type: none"> <li>▪ Dissemination of information and coordination of donors</li> </ul>	MODERATE - HIGH
Dairy	<i>Legal or Institutional Reform</i> <ul style="list-style-type: none"> <li>▪ Update hygiene and sanitation regulation for milk sectors. Implementing revised regulations may be more difficult than merely writing them and so must be accompanied by MAEM capacity building such that the state is truly able to regulate and ensure the quality and hygiene of milk.</li> </ul>	MODERATE
	<ul style="list-style-type: none"> <li>▪ Reduce or eliminate import tax for high quality milk cows. A prime source for these animals may be Djibouti's African trading partners, specifically Kenya or Zimbabwe. Not only are these cattle already adapted to African conditions, but this policy would be in line with COMESA and other attempts to reduce tariffs within Africa.</li> </ul>	MODERATE
	<ul style="list-style-type: none"> <li>▪ Create a network of milk collection sites, providing rural people access to markets in their own area.</li> </ul>	LOW
	<ul style="list-style-type: none"> <li>▪ Regulate the electricity sector once lower-cost Ethiopian energy is provided to Djibouti so that milk cooperatives might be able to afford refrigeration costs.</li> </ul>	MODERATE

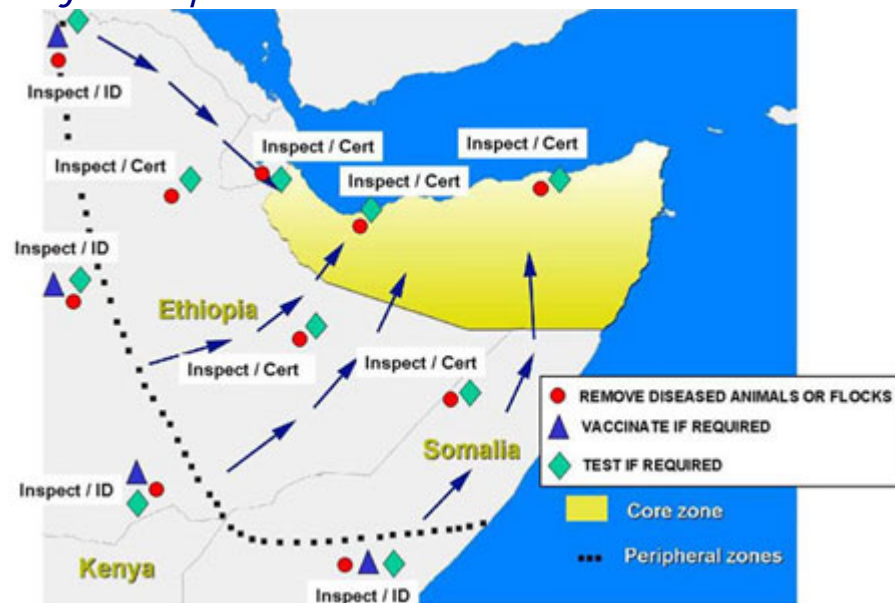
## MAPS

### Map of Djibouti



Source: USAID FEWS NET 2004.

### Project Map for FAO EXCELEX



Source: EXCELEX PowerPoint Presentation, Addis 2004.

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