Statement by Balmiki Prasad Singh  
Date of Meeting: December 19, 2000

**DJIBOUTI: Country Assistance Strategy and School Access and Improvement Program**

We welcome the discussion on the Country Assistance Strategy of Djibouti and commend the Staff for their candid analysis.

2. Djibouti has all the problems of a small nation with limited and narrow resource base. In addition, the low level of literacy, acute gender inequities, rapidly deteriorating environmental conditions, unsatisfactory portfolio performance, high rate of urbanization, and drinking water shortages have added to its woes. Poorly managed Civil Service and precarious finances of the Government have further weakened the effectiveness of Development Institutions. With all these, it is really difficult to formulate an implementable strategy. We, therefore, understand the dilemma of the Staff in finalizing the Country Assistance Strategy.

3.1 The C.A.S. document has received our careful consideration. Since the problems are huge and widespread, it is necessary to put together a mix of assistance which can address the country’s problems effectively with a degree of sensitivity and focus on key areas. We feel the sequence of our priorities is not well reflected in the CAS. Our comments are as follows:

3.2 The economy of Djibouti revolves around the port, but unfortunately high rate of urbanization, influx of refugees, unscientific management of waste and pollutants are threatening the existence of the port itself, which is the main lifeline of the country. Pollution and environmental degradation are the major threat not only to the port but also to the entire economy. Under such circumstances, we are unable to appreciate the Bank’s stand to keep a safe distance from environmental projects. We welcome the role of GEF, UNEP and UNDP; but also feel that the Bank has a major role in this area. This should be one of our priority items. With a high unemployment rate of 40-50%, and 2/3rd of the population living in the city, we cannot allow the port city to die out of pollutants.

3.3 Another area which needs attention is the management of Civil Service.
Government is unable to pay salary but they pick and choose civil servants at random and their salaries are four times higher than the national average. This puts enormous pressure on the Government’s fiscal management. This has affected the implementation capacity of the Government and has an adverse affect on the delivery of public and social services. Perhaps, this is one of the contributing factors in poor performance of portfolio management. This needs to be addressed immediately. Otherwise the Bank’s operations will continue to suffer.

3.4 The other social problem to be attended on an urgent basis is the gender issue. With 99 percent of the women subject to female circumcision, we cannot expect the country to improve their health standards. We again understand the sensitivity and cultural practices of the land in respect of this issue. The Bank has left this field wide open to other agencies. Every day in the Board we talk about mainstreaming of environment and culture and gender; but when it comes to operation, we safely leave them to other partners in the name of comparative advantage. It is mentioned (para 19 on page 6) that UNICEF and CARITAS have jointly initiated a project to eradicate the menace of female circumcision. Since 94 percent of the population is Muslim, will this program, spearheaded by a Catholic Charity relief agency be effective among the women practicing Islam? The program has to be inclusive of all communities. Could we not enlist the help of some Islamic faith organizations as well in this task? We have to face this problem head on and the Government should have the will and commitment to address these issues. Otherwise our assistance for structural adjustment or pension reforms or social security and even for education may not bear the desired result.

3.5 As highlighted in Box-I, 60 percent of the families and 90 percent of the poor do not have access to tap water and the poor often pay twice as much for water than the families connected to the urban water supply system. Since the ground and underground water resources are severely limited and there is no perennial river, why can’t we take up steps to harvest the rain water as Djibouti occasionally gets heavy rain and sometimes even flood?

4. We may not be able to insulate Djibouti totally from the happenings of the neighbouring countries, particularly from drought and civil war. The spill over effect is inevitable. So the best alternative is regional stability which is very much essential for the development of Djibouti. We welcome the steps taken by the President in his personal capacity as well as through the International Governmental Authority for Development (IGAD) for the peace in the region. Do the donors have any plan to strengthen this Institution? We will be happy to have more details from the Staff.

5. The presence of French troops has insulated Djibouti from the regional turbulence to some extent. What is cost to the country – politically and economically? If the cost benefit analysis is in favour, then can’t it be replicated in some of the smaller states
which face similar problem so that they can avoid massive defense expenditure and concentrate on poverty reduction without any fear of their sovereignty being infringed. We would appreciate Staff’s view on this.

6. Given the poor portfolio performance and the Government’s arrears on payment of salaries and supplies, how will we ensure the fiduciary responsibilities? Is there an assurance and/or proper control mechanism in place to see that the money released for the project will be utilized for the same purpose?

7. We understand that PRSP is under preparation. We should have discussed both CAS and PRSP together. For small countries like Djibouti it makes no sense to prepare and debate so many documents in so quick succession.

8. We welcome the proposed School Access and Improvement Program which will enable the Government of Djibouti to construct 226 class rooms mainly for the primary school children and thereby increasing the enrolment capacity by 20,000. But do we have enough qualified teachers to man these classrooms? Whether adequate provision has been made for the maintenance of these schools and teachers in the long run? We also have some concerns about the capacity of the Government in constructing so many classrooms in a very short period. We would like to have the Staff’s remarks on these issues.

9. With these comments, we extend our support to the C.A.S. and the proposed loan to Djibouti.