



**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION  
DIRECTORATE B  
- POLICY DEPARTMENT -**

**NOTE**

**Background note on Djibouti**

**Abstract:**

Djibouti, the last of France's colonies on mainland Africa, was finally granted independence in 1977. One of Africa's smallest countries, Djibouti nevertheless occupies a strategic location in the Horn of Africa. Its deepwater harbour at the southern entrance to the Red Sea commands the passageway to the Suez Canal for vessels to and from the Persian Gulf or the Indian Ocean, and acts as the terminus of rail traffic to and from Ethiopia. Djibouti's economy is therefore based on services (mainly port revenues) and annual contributions by the US and France in exchange of using Djibouti's strategic location as military basis.

Since its independence Djibouti has had only two presidents: Hassan Gouled Aptidon (1977- 1999) and Ismaël Omar Guelleh, his nephew and former chief of staff (1999 to date). Both belong to the Issa (Somali) ethnic group and there is a certain degree of resentment amongst the second main ethnic group (Afar-Eritreans), despite their partial inclusion in the government and in the National Assembly. Although political pluralism is constitutionally enshrined, Djibouti's particular electoral system has banned until now parliamentary representation of opposition parties, which are fragmented, weak and undermined by governmental practices.

Djibouti is one of, if not the only one, stable and peaceful country in the Horn of Africa, and has been trying for years to play a positive mediation role in the Somalia conflict. This oasis of stability has been recently threatened by the escalation of violence over the border dispute with Eritrea in June 2008, still not resolved. Despite continued economic growth over the past years (7% forecast for 2009) poverty in Djibouti is widespread, with 42 % of the population estimated to live in absolute poverty. International investors and donors, mainly Arab countries, have been generous with Djibouti.

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## **SOURCES**

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## I. BASIC INFORMATION

**Official name:** République de Djibouti

**Area:** 23,000 sq km

**Population**<sup>1</sup>: 833,000 (UN, 2007), of whom 87 % live in cities

**Annual population growth rate:** 1.7%

**Capital:** Djibouti-ville (596,000). Other towns: Ali Sabieh (22,000); Dikhil (16,000); Arta (11,000); Tadjoura (9,000)

**Ethnic groups:** Issa Somalis 60%, Afar Eritreans 35%, Arab, Ethiopian, French and Italian 5%

**Languages:** French and Arabic (official), Somali and Afar are widely spoken

**Religion:** Sunni Muslim 94%, Christian 6%. Although the constitution establishes that the official state religion is Islam, freedom of religion is respected.

**Currency:** Djibouti franc (Dfr), pegged to the US dollar at Dfr177.72:US\$1 since 1973.

**GDP per capita**<sup>2</sup> (USD, 2007): 880

**GDP per capita**<sup>3</sup> (USD at PPP, 2007): 2,063

**Human development ranking**<sup>4</sup>: 149 (out of 177)

**Form of state:** Unitary republic

**Independence:** 27th June 1977 (formerly *French Somaliland*, later renamed as *The French Territory of the Afars and the Issas*)

**President:** Ismaël Omar Guelleh (elected in 1999, reelected for a second and, in principle, final term in 2005).

**National legislature:** National Assembly; 65 deputies, elected by universal suffrage, serve a five-year term; the UMP coalition holds all the seats

**Next (and previous) presidential elections:** 2011. Previous presidential elections took place in April 2005

**Next (and previous) parliamentary elections:** 2013. Previous legislative elections took place in February 2008 and 2003

**Regional administration:** 5 districts: Ali Sabih, Dikhil, Djibouti, Obock, Tadjoura

**Strategic location:** One of Africa's smallest countries, Djibouti nevertheless occupies a strategic location in the Horn of Africa. Bordered by Eritrea to the north, Somalia to the south and Ethiopia to the west, Djibouti has 314 km of coastline and a deepwater harbour along the Gulf of Aden and the mouth of the Red Sea, near some of the world's busiest shipping lanes and close to the Arabian oilfields. It lies at the southern entrance to the Red Sea at Bab-el-Mendab, which commands the passageway to the Suez Canal for vessels to and from the Persian Gulf or the Indian Ocean. Djibouti also acts as the terminus of rail traffic to and from Ethiopia.

**Climate and terrain:** Djibouti consists mostly of volcanic desert and has a climate that is torrid and dry. The hottest months are June to August, with temperatures between 31°C and 41°C, and the coldest month is January, with temperatures between 23°C and 29°C; there is virtually no arable and only 10 sq km of irrigated land. The small rural population (17%) is predominantly nomadic. Natural hazards include earthquakes and droughts.

<sup>1</sup> Source: United Nations Department of Economic and Social Affairs/Population Division, data for 2007. Data on total population are rather divergent, from 0.5 million (CIA) to 0.85 (EIU)

<sup>2</sup> EIU

<sup>3</sup> Idem

<sup>4</sup> UNDP

## II. HISTORICAL BACKGROUND AND POLITICAL SITUATION

Populated by various tribes including the Afars from eastern Ethiopia and the Issas from Somalia, Djibouti had been under the control of Afar sultans prior to colonisation by the French, who acquired the port of Obock in 1862 and established French Somaliland in 1888. Djibouti City was begun in 1888 and soon designated the official outlet of Ethiopian commerce. By 1917, the railway connecting the port of Djibouti with the Ethiopian hinterland had reached Addis Ababa and Djibouti thus assumed its strategic and commercial importance in the region.

In 1946, Djibouti was made an overseas territory within the French Union, with its own legislature and representation in the French Parliament. Anti-colonial demonstrations by the Issas in 1949 came to nothing, because control of local government was given to the pro-French Afars, and in 1958 Djibouti voted to join the French Community. Similarly, a 60% vote for continued French rule in 1967 was achieved largely by the massive expulsion of ethnic Somalis (Issas) and the arrest of opposition leaders, which caused serious riots in the capital. French authorities renamed the country the French Territory of the Afars and the Issas, but this gesture was not sufficient to prevent further disturbances, and by the early 1970s many of those expelled had joined the Somali Coast Liberation Front, whose tactics included the use of bombs. Following further huge demonstrations in support of the opposition, the pro-French Afar government resigned in 1976 and Djibouti, the last of France's colonies on mainland Africa, was finally granted independence in 1977.

***After independence:*** The first elections were won by the People's Progress Assembly/Popular Rally for Progress (RPP) party, whose leader, Hassan Gouled Aptidon (an Issa Somali), became the first president of Djibouti. Initially it seemed as if the RPP, which enjoyed a balance between the two main ethnic groups, could unite the Afar and Issa peoples. Despite the resignation from the government of five Afars, including Prime Minister Ahmed Dini, political stability was maintained by a complex web of personal and clan patronage under the aegis of the party. However, by 1981 President Hassan Gouled had installed an authoritarian one-party state dominated by his own Issa community.

***Civil war and recurrent tension in the 1990s:*** Afar resentment at the Issa-dominated government prompted an armed insurgency by the Front pour la Restauration de l'Unité et de la Démocratie (FRUD) in the north of the country in late 1990, leading to four months of bloodshed and hundreds of casualties. The Afar rebellion, led by Mr Dini, spread rapidly. With Arab funding, the government managed to regain control of the north by mid-1993, although an estimated 80,000 civilians had already been displaced by the fighting. Although Gouled, under French and international pressure, conceded the introduction of a limited multiparty system in 1992 (with a maximum of four contesting parties), the FRUD rebels were not allowed to participate. Under the voting system in Djibouti, the party with a majority in each of the country's five districts is awarded all of that district's seats. Despite receiving significant support in the 1992 elections, therefore, neither of the permitted opposition parties (the PRD and the PND) actually gained any seats, and by the time of the 2003 election the PND had joined the presidential coalition. Gouled's RPP party thus won every seat in the 1992 elections and the war continued until 1994, when a power-sharing deal brought the main faction of FRUD into the government.

A splinter, radical faction of FRUD, led by former primer minister Ahmed Dini, continued to fight, with a further outbreak of conflict between separatists and government forces along the Eritrea border in 1997.

***Transfer of power from Hassan Gouled to Guelleh:*** President Guelleh was elected in a multiparty ballot in April 1999 that was not contested by Hassan Gouled. A former head of security and chief of staff, Guelleh had worked in his uncle's office for many years and had held effective political power since Hassan Gouled began to ailing in 1995. Guelleh is known to favour continuing Djibouti's traditionally strong ties with France, for example by siding with Ethiopia in its dispute with Eritrea, and has played an important role in trying to reconcile the different factions in neighbouring Somalia. Guelleh took 74% of the vote to defeat a veteran Issa politician and former RPP member, Moussa Ahmed Idriss, who stood for the Opposition Djiboutienne Unifiée, a coalition of the three permitted opposition parties. Despite this attempt to present a united front, Idriss received only one quarter of the votes cast, and he and 19 of his supporters were later imprisoned for two months on charges of violence, hindrance to state authority and violating press laws.

***Developments since 2000:*** In March 2000, the former Prime Minister and leader of the radical faction of FRUD, Ahmed Dini, returned to Djibouti after nine years in exile. On May 12, 2001, he signed a peace accord with the government, but the accord was short on pledges and only hinted at substantive government concessions. These included, with planned effect from September 2002: scrapping the controls on the establishment of legal political parties (at that time restricted to four), establishing an independent electoral commission, allowing political and administrative decentralisation, and providing for the full demobilisation and compensation of FRUD fighters. Programmes for the demobilisation of rebel and government troops and for reconstruction in the war-torn north were also outlined. However, the lack of specific guarantees, coupled with the government's failure to honour a similar deal with FRUD members who split from Mr Dini in 1994, heightens doubt over President Guelleh's commitment to the fundamental reform of the political system vociferously advocated by FRUD and their civilian allies. There is no suggestion that presidential and ministerial power will be curbed; indeed, opposition parties both at home and abroad have been neutralised by internal power struggles following Mr Dini's failure to secure significant concessions. The peace accord led to a rapid deterioration of relations between internal and exiled opponents of the regime, and the degree of co-ordination between the two groups that had existed in the early 1990s no longer existed. Exiled FRUD members, mainly in Belgium and France, denounced the 2000 peace agreement, with 1,500 of them staging a protest at a UN meeting in Brussels. These groups have had some success in lobbying French and EU officials to put pressure on the Djiboutian authorities for political reform, but a return to armed struggle by FRUD members is unlikely, mainly because of the changed regional situation and closer Ethio-Djiboutian ties.<sup>5</sup>

In December 2000, a coup attempt said to have been masterminded by sacked police chief General Yacin Yabeh Galab ended in failure and Yacin and twelve others were charged with conspiracy and breaching state security. All but one received prison sentences. Police used tear gas and clubs to disperse demonstrators discontented with the guilty verdict. General Yacin was sentenced to fifteen years imprisonment but died five weeks later amid rumours that the government had refused him adequate medical treatment.

***2003 elections:*** The constitutional limit on the number of political parties (previously four) was removed in September 2002 and eight parties contested the election on 10 January 2003. The parties were grouped into two blocs, the presidential bloc, Union pour la Majorité Présidentielle (UMP), and the opposition bloc, Union pour une Alternance Démocratique (UAD), headed by Ahmed Dini (see next section for details of individual parties). Although the UAD won over 37% of the vote, it secured the same number of seats as in the 1997 elections, namely none. The result

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<sup>5</sup> Details of FRUD peace agreement and its consequences from Economist Intelligence Unit ViewsWire Africa, 28 May 2001

provoked immediate accusations of fraud. The UAD was in fact only 4,939 votes away from a parliamentary majority - that was the UMP's margin of victory in Djibouti district, which returns 37 of the 65 parliamentary seats. The tiny size of the electorate makes it easy to manipulate the results: according to the Ministry of the Interior and Decentralisation, 86,482 votes were cast, which, given an electoral register of 178,617, means a turnout of 48%. Since the UMP won all the seats, there was no change in the political composition of the legislature.

Eleven international observers, representing the African Union, the Arab League and the Intergovernmental Agency of Francophone Countries, monitored the election, stating that "the electoral operations have been free from irregularities" and also noting that "barring a few isolated incidents, the voting took place not only in good conditions but also in a generally calm climate". It is the nature of the system itself, rather than the manner in which the election was conducted, that is most problematic. The EU, the US and other OECD countries did not send observers. Since 2003, the opposition has boycotted all elections in the country.

### *Election results 2003*

District	UMP votes (seats)	UAD votes (seats)	Spoiled ballots	Registered voters
Djibouti (37 seats)	26,839 (37)	21,900 (0)	1,072	96,076
Ali-Sabieh (6 seats)	3,200 (6)	2,007 (0)	74	19,077
Tadjourah (6 seats)	5,744 (6)	3,489 (0)	112	20,861
Dikhil (12 seats)	14,613 (12)	2,452(0)	242	31,254
Obock (4 seats)	2,897 (4)	1,812 (0)	29	11,349
<b>Total (65 seats)</b>	<b>53,293 (65)</b>	<b>31,660 (0)</b>	<b>1,529</b>	<b>178,617</b>

Source: Ministry of the Interior and Decentralisation

### *Main political parties (in brackets the number of seats in the National Assembly):*

The ruling **Union pour la Majorité Présidentielle (UMP)**, is composed of:

- **Rassemblement Populaire pour le Progrès (RPP) (48)**: Dominant party in the coalition, and formerly the sole legal party. It was created by Hassan Gouled as a vehicle for patronage, and it is now controlled by President Guelleh.
- **Front pour la Restauration de l'Unité et de la Démocratie (FRUD) (12)**: Former armed rebel movement, principally ethnic Afar. Advocates fair representation in government for all ethnic groups.
- **Parti National Démocratique (PND) (2)**
- **Parti Populaire Social Démocrate (PPSD) (2)**
- **Union des Partisans de la réforme (UPR) (1)**

The coalition **UAD (Union pour une Alternance Démocratique, not represented at all in the National Assembly or in local and regional governments)**, comprises the following parties:

- **Alliance Républicaine pour la Démocratie (ARD)**: Main party of the opposition coalition. Founded by Ahmed Dini, who led the party until his death in September 2004. Now led by Ahmed Youssouf Houmed.
- **Union Djiboutienne pour la Démocratie et la Justice (UDJ)**: Led by Ismael Guedi Hared (President of the UAD)



- **The Mouvement pour le Renouveau démocratique et le développement (MRD)<sup>6</sup>:** The only opposition party that existed legally before 2002. It is led by journalist Daher Ahmed Farah, also director of a weekly newspaper, *le Renouveau Djiboutien*, considered as the only independent media in Djibouti until its closure by the government in May 2007. Mr Farah has been imprisoned in many occasions because of the views expressed, until he opted to leave in exile in Brussels, where many of MRD supporters leave. **The MRD was banned in July 2008**, accused of inciting Eritrea to invade Djibouti, following the violent escalation over their common border which took place in June 2008.

***Other parties:***

- **The PDD (Parti Djiboutien pour le Développement**, led by Mohamed Daoud Chehem): it was expelled from the UAD in December 2004.

***Recent political developments:***

- **September 2004**, Ahmed Dini, former Prime Minister and charismatic leader of the opposition coalition UAD, died in Djibouti after a long illness. The opposition remained without a clear candidate to contest upcoming presidential elections.
- **April 2005**, presidential elections: President Guelleh was re-elected unopposed. The opposition (UAD) boycotted the elections alleging irregularities and harassment.
- **March 2006**, local and regional elections: President Guelleh's party, the RPP, won 161 out of 204 seats, consolidating president's overwhelming power in Djibouti from national to local level. The opposition condemned and boycotted the elections. Others members of the ruling coalition did very badly, such as the Afar-dominated FRUD (only 21 seats). FRUD denounced serious electoral irregularities but did not leave the governmental coalition.
- **February 2008**, general elections: the ruling UMP coalition won all 65 seats. Its candidates were unopposed after the League djiboutienne des droits humaines (LDDH) was banned from contesting the election<sup>7</sup>, and the UAD boycotted the election claiming that the voting system guaranteed victory for the UMP (as it actually happened in 2003). Nothing stops now Mr Guelleh to use his dominance of the National Assembly to amend the constitution to allow him to stand for a third presidential term in 2011.
- **July 2008** The government banned the opposition party MRD, accusing it of inciting Eritrea to invade Djibouti, following the violent escalation over their common border which took place in June 2008. The MRD strongly refused these accusations, claiming that the government had published false documents in order to justify its repressive measure. The banning of the MRD appears to owe more to its refusal to condemn explicitly Eritrea's incursion (the MRD called both parties to a ceasefire and to dialogue), and to an opportunistic attempt to weaken further the already fragmented opposition.

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<sup>6</sup> Formerly known as **Parti du Renouveau Démocratique (PRD)**

<sup>7</sup> LDDH leader and representative of Amnesty International in Djibouti, Jean Paul Noel Abdi, was jailed in March 2007 because of his criticisms of the government, provoking international criticism.

### III. GOVERNMENTAL SYSTEM

The current system of government in Djibouti has been in place since independence in 1977. Constitutional amendments in 1992 and 2002 have nominally strengthened the democratic process but in practice political power remains overwhelmingly in the hands of the president or of the president-controlled security services. The formal institutions of government were severely disrupted by the political upheavals since 1991. Today, the political culture remains dominated by the Afar-Issa (Ethiopian-Somali) divide. The political system relies largely on personal and clan patronage for its legitimacy.

**Head of state:** President, Ismaël Omar Guelleh (Issa). He is commonly known as IOG. The president in Djibouti is elected by universal suffrage and serves a term of six years for a maximum of two terms. The political pluralism enshrined in Djibouti's constitution does little to conceal the enormous power residing in the presidential office. Guelleh has used similar divide and rule tactics to those used by his uncle in defeating the various FRUD factions in the 1990s, both toward his opposition and within his own ruling party. The personal links between the president and the small group of politicians who have ruled Djibouti since before independence play a key role in the country's politics. Mr Guelleh, 30 years younger than his predecessor, has attempted to bridge the gulf between the old-guard politicians and the younger technocrats, most of whom have been educated in France.

**National government:** The president's subclan, the Issa Mamassans, wields disproportionate power in affairs of state. Afars hold a number of senior ministerial posts but are not well represented at lower levels. Somali clans other than the Issa and citizens of Yemeni origin were limited unofficially to one ministerial post each. Cabinet powers are in most cases limited to pursuing the initiatives of the president. In the current government there are two women ministers.

#### Composition of the Government (last reshuffle May 2005, slight changes in March 2008)

<b>President</b>	Ismaël Omar Guelleh (since 1999)
<b>Prime minister</b>	Dileita Mohamed Dileita (since 2001)
<b>Secretary of state for National Solidarity</b>	Mohamed Ahmed Awaleh
<b>Agriculture, livestock &amp; the sea</b>	Abdoulkader Kamil Mohamed
<b>Communication &amp; culture</b>	Ali Abdi Farah
<b>Defence</b>	Ougoureh Kifleh Ahmed
<b>Economy, finance, planning &amp; privatisation</b>	Ali Farah Assoweh
<b>Education</b>	Abdi Ibrahim Absieh
<b>Employment</b>	Moussa Ahmed Hassan
<b>Energy &amp; natural resources</b>	Moussa Bouh Odowa
<b>Equipment &amp; transport</b>	Ali Hassan Bahdon
<b>Foreign affairs &amp; international co-operation</b>	Mahamoud Ali Youssouf
<b>Health</b>	Abdallah Abdillahi Miguil
<b>Housing, town planning &amp; environment</b>	Elmi Obsieh Waïs
<b>Interior</b>	Yacin Elmi Bouh
<b>Justice</b>	Mohamed Barkat Abdillahi
<b>Muslim affairs</b>	Hamoud Abdi Soultan
<b>Presidential affairs &amp; investment promotion</b>	Osman Ahmed Moussa
<b>Trade &amp; industry</b>	Rifki Abdoulkader Bamakhrama
<b>Women, family &amp; social affairs</b>	Ms Nimo Boulhan Houssein
<b>Youth, sport, leisure &amp; tourism</b>	Ms Hasna Barkat Daoud

***Parliament:*** The 65-member unicameral legislature, the *Assemblée Nationale*, is elected every five years. In theory, parliament may introduce legislation, but in practice, its activities are restricted to following through on government initiatives. The President of the National Assembly is S.E.M Mr Idriss Arnaoud Ali. In 2003, seven women were elected, the first in the country's history, and this number has been augmented to nine in 2008. This development follows a new law establishing that minimum numbers of both male and female candidates in each party's political list. There are non written limits on the number of seats for each ethnic group in parliament.

***Local government:*** Much-needed political and administrative decentralisation was included in the 2001 peace agreement - an important issue despite Djibouti's small size, since it could be a good instrument for transferring some power to (previously excluded) non-Issas, and thereby repairing some of the rifts that led to civil war. Decentralisation is also seen as the basis of economic development of the regions. After several delays, controversial regional and local elections finally were held in September, giving an overwhelming victory to President Guelleh's party, the RPP. They were condemned and boycotted by the opposition UAD.

#### IV. EXTERNAL RELATIONS

In general, Djibouti's proximity to many of the key "battlefields" of the war on terror has resulted in a deepening of relations with the US and other coalition partners. At home, Djibouti has always been vulnerable to developments in and between its larger and more powerful neighbours, although this balance is beginning to shift in Djibouti's favour. Djibouti has been trying with relative success to broker an agreement between fighting parties in Somalia. A recent escalation of violence with Eritrea over an old border dispute threatens to end with the only remaining peaceful oasis in the Horn of Africa region.

***Ethiopia:*** Djibouti's closest regional ally. Following the 1998-2000 Ethiopia-Eritrea border conflict, the bulk of Ethiopia's foreign trade was diverted through the port of Djibouti, greatly reinforcing economic and political ties between the two nations, and contributing to the emergence of Djibouti's port as the country's largest generator of national income. Relations were strained in 2007, when Mr Guelleh refused to support the Ethiopian invasion of Somalia and the removal of its fundamentalists Union for Islamic Courts (UIC) government. He eventually supported Ethiopia's military action.

***Eritrea:*** relations with Eritrea were difficult since 1996, over border disputes. Following the border war between Ethiopia and Eritrea, Djibouti broke off diplomatic relations with Eritrea. Relations were restored in March 2000, following mediation by Libya, leading to the signature of infrastructure and military cooperation agreements in 2006. However, the border dispute over the remote Ras Doumeira area has resulted in an uncontrolled escalation of violence between the two countries, resulting in the deaths of over 35 Djiboutian soldier and dozens wounded in June this year. The specific reason for this escalation is still not totally clear although it seems to be linked to massive desertion by Eritrean soldiers to Djibouti and the refusal by Djiboutian army to return them. Some analysts see this conflict merely as a continuation of the unresolved Ethiopia-Eritrea dispute<sup>8</sup>, and as a deliberate attempt by Eritrea to attract international attention without risking open war with Ethiopia. However, Eritrea has refused to meet any fact-finding mission to the area (regional or international) and maintains its position that there is no territorial dispute with Djibouti. The whole incident could well be the result of an incident which went out of control. A recent UN fact-finding mission reported<sup>9</sup> that the situation on the Djibouti-Eritrean border is highly volatile. The report explicitly links the resolution of the two border disputes, by

<sup>8</sup> The only access to sea for Eritrea is Djibouti

<sup>9</sup> Report of the UN fact-finding mission on the Djibouti-Eritrea crisis, 28 July-6 August 2008

considering that the instability of the region is caused, in essence, by the unresolved Ethiopia-Eritrea border dispute. The report concludes that Djibouti is being drawn into a “*crippling and expensive military mobilisation*” to deal with a situation that “*may ultimately threaten national, regional and international peace*”, and recommends to refer the matter to the UN Security Council in case Eritrea continues to refuse cooperation with UN in resolving it. Eritrea has been roundly condemned for its actions: the UN, the AU, the IGAD, the Arab League, and the governments of Ethiopia, Egypt, France and the US. In addition, France, which has a defence pact with Djibouti guaranteeing its territorial integrity, sent to the disputed area an initial 100 support troops and is reported to have sent a frigate and a helicopter-carrier into the area.

***Somalia and Somaliland:*** Djibouti is an active mediator in the conflict in Somalia. Its efforts, under UN auspices, have led to signature in August 2008 of the Djibouti Agreement, under which the Transitional Federal Government (TFG) and the rebel Alliance for the Re-liberation of Somali (ARS) formally agreed to end all armed confrontation between them, although the implementation of the agreement remains challenging. Djibouti does not recognise the self-proclaimed independence of Somaliland, the only stable part of Somalia, and officially supports a united Somalia. However, the lack of cooperation between the two countries has more to do with commercial rivalry over the use of their ports than on international legality.

***Arab states:*** Although only around 12% of Djiboutians are Arabs (mainly of Yemeni origin), Djibouti proclaims itself an Arab state. Arabic is an official language and Djibouti is a member of the Arab League. Islam is the official religion of the country and the population is overwhelmingly Muslim. Djibouti is a member of the Organisation of the Islamic Conference (OIC). Economic ties with Arab States are very strong (UEA, Yemen).

***USA:*** Soon after September 2001 terrorist attacks, Djibouti became a precious US ally in the region. Since December 2002, Camp Lemonier on the outskirts of Djibouti-ville has been the base for 1,200 US special forces, the only US military base in Sub-Saharan Africa. A US Navy command and communications vessel is also stationed offshore to direct anti-terrorism operations in the Horn of Africa. US financial contribution to Djibouti for the use of Camp Lemonier as military basis amounts to € 25 million / year. In addition, USAID has foreseen a contribution of € 26 million for 2006-2009.

***France:*** Djibouti contains France's largest overseas military base. Under the defence pact signed by the two countries, France guarantees Djibouti's territorial integrity but it is refrained from intervening in internal affairs. The French presence has guaranteed Djibouti's survival against the potential threat from Ethiopia, Somalia and, most recently, Eritrea. Allied forces used Djibouti's naval facilities during the Gulf War against Iraq. France currently pays € 30 million a year for the right to station its 2,800 troops in Djibouti.

Despite their close military cooperation, relations between Djibouti and France have been deteriorating as a result of the long-running French investigation into the alleged murder of a French judge, **Bernard Borrel**, in Djibouti in 1995. The judge was believed to have uncovered evidence implicating Mr Guelleh of personal involvement in arms-smuggling and terrorism when he was head of security in Djibouti. France recently issued international arrest warrants against two close associates of Mr Guelleh for allegedly bribing two key witnesses to discredit testimony that Mr Guelleh ordered the killing of Mr Borrel. Relations have improved the escalation of violence with Eritrea, during which the French presence was of paramount importance.

***Membership of regional organisations:*** AU, Arab League, COEMSA, IGAD, Organisation of the Islamic Conference (OIC).

## V. SOCIO-ECONOMIC OVERVIEW<sup>10</sup>

**GDP per capita<sup>11</sup> (USD, 2007):** 880  
**GDP per capita<sup>12</sup> (USD at PPP, 2007):** 2,063  
**Human development ranking<sup>13</sup>:** 149 (out of 177)

**Economic outlook:** The economy is based on service activities (approximately 83 % of GDP), of which port services are most important. With an arid and semi-arid climate Djibouti is characterised by little fertile and limited rainfall. Agriculture plays a limited role, representing only some 3.5 % of GDP, while industry represents 13.4 % of GDP.

Over the past 10 years, the government has undertaken extensive reforms aimed at making Djibouti a trading and service hub for the Horn of Africa region. These reforms have resulted in, inter alia, the development and rehabilitation of the transport infrastructure to support the port of Djibouti as a driving force of economic growth and employment; the creation of a commercial free zone around the port; the improvement of the business environment conducive to foreign direct investment.

**Foreign Direct Investment** is substantial, originated mainly from Gulf States (UAE, Yemen) and directed to big infrastructure works (Djibouti and Doraleh ports), an oil refinery and the development of top tourism infrastructures. Djibouti's main trading partners are Horn of Africa countries (Ethiopia), some Arab countries (notably Yemen and Saudi Arabia), China and France.

**Possible diversification:** Djibouti is trying to develop commercial mineral industry, mainly the production of salt at Lake Assal. Other minerals of potential economic interest include diatomite, gypsum, perlite, pumice and possibly petroleum. In addition, Djibouti is aiming at developing its tourism potential, by exploiting its spectacular desert scenery and great potential for establishing diving and other watersport facilities on its coastline. Pollution caused by illegal dumping and unmanaged development of the coastal zone is currently damaging the potential for ecotourism. Nevertheless foreign companies (mainly Arab) are already investing in luxury tourist infrastructure. In addition, Djibouti's short coastline offers a potential estimated catch of fish and shellfish, including lobsters, of 30,000 tonnes a year, but at present the catch is only about 1,000 tonnes a year, as fishing remains an artisanal operation using a fleet of 140 small vessels.

**Social indicators:** Despite continued economic growth over the past years (5.9 % in 2007, 6.5% expected in 2008, 7% forecast for 2009) poverty in Djibouti is widespread. 42 % of the population is estimated to live in absolute poverty, while 60 % of the labour force is estimated to be unemployed. The UNDP Human Development Index for 2007/2008 ranked Djibouti 149<sup>th</sup> out of 174 countries (2001: 153<sup>th</sup>; 1999: 137<sup>th</sup>). Vast disparities exist between the tiny, overseas-educated, salaried and 'wired' elite, and the bulk of the urban and nomadic poor, who often lack access to basic needs such as clean drinking water.

The World Food Programme classifies Djibouti as both a least developed and a low-income, **food-deficit country**. As it is a port, Djibouti has a large prostitute population and there is a high incidence of sexually transmitted diseases, including **HIV/AIDS**

An estimated 98% of **women** have undergone **FGM** (female genital mutilation). Although the law states that 'violence causing genital mutilation' is punishable by five years' imprisonment and

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<sup>10</sup> UNDP, 2008

<sup>11</sup> EIU

<sup>12</sup> Idem

<sup>13</sup> UNDP

a fine of more than \$5,650 or Dfr1m, the government has not yet convicted anybody under this statute. Sharia law discriminates against women in such areas as inheritance, divorce and travel. Many households are headed by women, and fewer girls than boys attend school. Only 1% of women reach the level of tertiary education.

**Qat:** Djiboutians are major consumers of this mild intoxicant, which is imported daily from Ethiopia. Qat is undoubtedly the single most significant commodity consumed in Djibouti, some estimates suggesting that it accounts for around 40% of household expenditure, even among the poorest families. The health effects of the drug are disputed but its economic impact is clearly negative, both in terms of distortion of expenditure and loss of working time and efficiency. Most adult males chew qat in all-male gatherings for up to 5-6 hours a day. Despite demonstrable costs, there is little public discussion or effort by the authorities to reduce consumption.

**Poverty Reduction Strategy:** The government of Djibouti adopted in 2004 a Poverty Reduction Strategy Paper (PRSP), in cooperation with the World Bank and the IMF. The four main pillars of the strategy are: (1) strengthen the country's competitiveness and create conditions conducive to a strong and sustainable economic growth; (2) accelerate the development of human resources; (3) improve access to water and basic services for the poor; (4) promote good governance, strengthen the capacities for planning and for administrative management. The 2004 PRSP is now under revision.

Following up on the poverty reduction strategy, the President announced a 'National Initiative for Social Development' in January 2007, which aims at promoting basic social services particularly to the vulnerable segments of the population and modernizing production to create more jobs. This is to ensure that growth is not limited to an enclave around the port and that it generates sufficient employment for all Djiboutians and helps reduce poverty. Most recent UNDP reports identify the access to water and the adequate training of labour force as main challenges for poverty reduction in Djibouti.

**Development assistance:** International donors are rather active in Djibouti. The main development partners are the **Arab financial institutions** (the Arab Fund for Social and Economic Development, the Kuwait Fund, the OPEC Development Fund, the Saudi Development Fund, the Arab Monetary Fund, etc) with an overall contribution of € 145 million for the period 2005-2009. Their contributions cover mainly the social sector (education, health, food security) and infrastructures (housing, energy, water, roads).

The **World Bank** has contributed with € 55 million for the period 2005-2009, covering social sectors (health and education) and road infrastructures, while the **African Development Bank** has contributed with € 59 million devoted to human capital development, institutional capacity building and infrastructure development (water and sanitation).

In terms of bilateral funding, **France** and the **US** are the main donors. France's contributions amounts to € 83 million (2006-2010) focused on education, health and urban infrastructures. USAID contribution has increased substantially since the installation of the US military basis in 2002 and amounts to € 26 million (2006-2009) concentrated on humanitarian assistance, military training and enhancing border security.

The **IMF** approved a Poverty Reduction and Growth Facility (PRGF) for Djibouti, which was accomplished in 2003. The renewal of the facility has been delayed due to lack of progress in economic reforms and government's reluctance to tackle its fiscal deficit, according to IMF reports. However, in June 2008 the IMF announced that it had reached understanding with the government on a new PRGF. An agreement with the IMF would give a clear incentive to international donors to make new pledges for the upcoming period.

For details on **EC development assistance**, see chapter below.

## VI. EU-DJIBOUTI RELATIONS

The EU has been one of Djibouti's principal donors in recent years, providing € 110.11 millions under the 6th, 7th, 8th and 9th EDF, mainly on the following sectors: rural and urban development, human resources development, transport, and water and sanitation sectors.

The implementation of the **10th EDF** is defined in the Country Strategy Paper for Djibouti covering 2008-2013, signed by the Commission and Djibouti in December 2007. An indicative allocation of € 40.5 million is foreseen (A-envelope). The bulk of the aid (85%) will be concentrated on one single focal sector, namely "water, sanitation and energy ". The remaining 15 % will be devoted to several non-focal sectors: support to the decentralisation process, support to non-state actors, management of migration flows, and implementation of EPAs (Economic Partnership Agreements). In addition, € 0.6 million are reserved under the so-called envelope B, to be mobilised only in case of unforeseen needs, such as humanitarian assistance (when ECHO budget can not cover it), debt relief or to cover losses in export earnings.

A delegation of the **European Parliament** Committee on Development visited Djibouti in 2004, at a time when EU-Djibouti relations were under strain after the "down-grading" of the status of the EC delegation to a regional delegation dependent on Ethiopian EU Delegation for some decisions. The final report included the following recommendations:

### ▪ **Recommendations to the Government of Djibouti:**

- to introduce the necessary changes in the electoral system, so as to allow fair representation of existing political parties in the National Assembly,
- to guarantee the full respect of the right of association (free functioning of Trade Unions) and public assembly
- while welcoming the governmental awareness raising campaign against the female genital mutilation, to accord it greater importance in particular with regard to prevention, awareness and re-training and re-employment of those who performed excisions, ensuring a rigorous enforcement of the law
- to continue economic reforms, notably focusing on poverty alleviation
- to take necessary steps to ensure that people living in areas where risk of flooding is high can be resettled in safe areas
- to increase government support to local NGOs.

### ▪ **Recommendations to the EU:**

- to consider raising the status of the EC Delegation in Djibouti , in order to allow independent management of cooperation programmes,
- to provide financial support to complete the reconstruction and rehabilitation project in the districts of Obock, Tadjoura and Dikhi, and to repeat this pilot experience in other zones heavily damaged by the civil war,
- to accelerate disbursement of 9th EDF funds,
- to provide better information to local Non State Actors (NSAs) on the use of EU funds.

### ▪ **Recommendation to European Non State Actors (NSAs):**

- to be more proactive in Djibouti, and take full advantage of existing EU support programmes.

EU-Djibouti **political dialogue** started in December 2004, although it has not been very dynamic since. In 2005-2006 several meetings were planned but postponed due to problems in the agenda of several of the participants. It should be noted that only one EU Member State (France) is permanently represented in Djibouti and, since other EU Member States expressed their wish to

take part in the political dialogue (mainly through their representatives in Ethiopia), the logistics of organising such meetings are complicated. A second meeting could be finally organised in October 2006, and a third one in April 2007. Those meetings were held with the participation of the Minister of Foreign Affairs of Djibouti and the EU Heads of Mission or *Chargé d'affaires*, and covered political and economic topics, as well as development cooperation.