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Date of Meeting: December 19, 2000

Djibouti: Country Assistance Strategy and School Access and Improvement Program

Introduction:

1. Djibouti's needs are clear, but unfortunately reflect internal mismanagement as well as external pressures. While the CAS outlines a new strategy, it is disappointing that the government has not yet developed clear plans to implement sound poverty alleviation strategies. Moreover, the current portfolio's "at risk" status raises questions about the government's commitment to fundamental change.

Country Assistance Strategy:

2. The two pillars upon which the CAS is building -- improvement in key social sectors and sustainable economic and employment growth -- are critical. While there are some gaps in the CAS and the government's strategies, the CAS does highlight important issues.

3. We support the CAS' focus on improving primary school enrollment and increasing literacy, especially among women. In particular, we commend the actions targeted at addressing girls' low primary school enrollment and retention. Djibouti's worsening health indicators are alarming. We agree with the assumption that health expenditures must increase, but we are surprised that the government has not developed a more detailed plan. As the health strategy evolves we look forward to attention to HIV/AIDS and population growth. A population growth rate of 2.8 percent is unsustainable.

4. The CAS' candid attention to female genital mutilation is critical. The negative affect on Djibouti women is addressed by the 1995 law prohibiting the practice, but that law must be enforced. The CAS' outline of other donors' work in this area is extremely useful. We support their work and urge the government to include female genital mutilation in its overall policy reform framework.

5. The CAS' attention to building a viable investment environment is imperative if a strong, sustainable growth strategy is to be achieved. Attention to fostering genuine competitiveness and reforming fundamental laws and regulations are critical components for building an
environment attractive to investors. The CAS’ focus on labor is also important. Completion, passage and enforcement of the draft labor law is a key component of building a competitive, modern investment environment. All these actions must be complemented by sustained commitment to accelerated privatization. With unemployment as high as 50 percent, a sound, steady growth strategy is imperative.

6. While we commend the focus stated in the two pillars, we are concerned that there is not sufficient attention to building government capacity. The governance reform addresses this issue in a limited way. We question whether Djibouti’s country strategy can succeed without more direct effort toward building capacity and would appreciate staff comment.

School Access Project:

7. In a country where the portfolio is 75 percent at risk and two out of four projects were rated unsatisfactory, we expect the Bank and government to monitor the APL closely as it is a yet untested instrument.

8. That said, we have some comfort in the precise triggers and appropriate sequencing. The project correctly focuses on building capacity first and follows with support to expansion. It is important to take sufficient time for phase I to accomplish all the objectives set out. As in the CAS, we commend the specific attention to improving girls enrollment in primary school.

Conclusion:

9. While we support the project and endorse the CAS, the failure to address population growth and the lack of sufficient priority accorded government capacity building troubles us. These two issues are fundamental to achieving sustainable development in Djibouti.