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Country Sector Assessments UNDP GoAL WaSH Programme

Governance, Advocacy and Leadership for Water, Sanitation and Hygiene

Volume 2 | Djibouti



GoAL WaSH

Achieving the MDGs

UNDP Water Governance Programme – Adaptive Water Governance

UNDP's Water Governance Programme (UNDP-WGP) works in over 150 countries, providing policy support, capacity building and advisory services in three major strategic areas:

- Water Supply and Sanitation (\$170 m, 34%)
- Integrated Water Resources Management (\$111 m, 22%)
- Regional and Global Cooperation (\$216 m, 44%)

The Water Governance Programme also integrates four 'cross cutting' areas into its broader thematic work:

- Climate Change Adaptation and Water
- Human Rights Based Approaches (HRBA)
- Mainstreaming Gender into Water
- Capacity Development and Knowledge Management

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The Global Water and Sanitation Crisis

Globally, almost 1bn people lack clean drinking water. 2.4bn people have no access to hygienic sanitation facilities; 1.2bn lack any sanitation facilities at all. Each day, an average of 5,000 children die due to preventable water and sanitation related diseases. In 2000, through the Millennium Development Goals (MDGs), the international community committed to halving the proportion of people without access to clean water and basic sanitation by 2015. Overall, the world is on track to meet the water supply MDG, but there are major gaps in many regions and countries, particularly in Sub-Saharan Africa. On current trends, the world will miss the sanitation target by a staggering 1bn people.

Meeting the MDG water and sanitation targets is more than a health and dignity issue. The evidence is compelling that achieving the water and sanitation goals would trigger a major leap forward in human development:

- Water and sanitation are essential to achieving all of the MDGs.
- Investment in water supply yields an average economic return of \$4.4 to \$1.
- Investment in sanitation yields an average economic return of \$9.1 to \$1.
- Human development is more closely linked to access to water and sanitation than any other development driver, including spending on health or education, and access to energy services.

The crisis in water and sanitation overwhelmingly affects the poor. Availability of water is certainly a concern for some countries. But the global water and sanitation crisis is mainly rooted in poverty, power and inequality, not in physical availability. It is, first and foremost, a crisis of governance and thus governance reform must be a key pillar of any strategic approach to addressing the crisis.

UNDP's Response

UNDP promotes and facilitates equitable access to water and sanitation services as a fundamental contribution to enhancing human development. UNDP works together with government, civil society, private sector and other development partners to bring about the necessary improvements in water governance to scale-up water and sanitation services for the poor.

UNDP Supports:

- Coordination of country assistance by UN and other development partners.
- Incorporation of water and sanitation into national development planning.
- Governance and policy reform for enhanced water supply and sanitation access.
- Capacity building of institutions and practitioners.
- Special attention to fragile states, where water and sanitation challenges are greatest.

The GoAL WaSH Programme

GoAL WaSH is an innovative new UNDP programme that aims to accelerate achievement of the water and sanitation MDGs through strategically targeted interventions that strengthen governance of the water and sanitation sectors at appropriate levels. Specifically, GoAL WaSH focuses on:

- Countries with low water and sanitation coverage projected not to achieve the water, sanitation or both MDGs.
- Identifying gaps, needs, constraints and opportunities in national water and sanitation plans, strategies and capacities.
- Governance reform, leadership and policy advocacy.
- Incorporation of water and sanitation into national MDG and related poverty reduction strategies.
- Close coordination with governments and key development partners active in water and sanitation at country level.

This volume is the second in a series of national assessments of governance in the water and sanitation sectors in target MDG GoAL WaSH countries. These sector assessments are in turn informing the design and implementation of a series of UNDP capacity building and technical assistance projects to strengthen water governance and advance national progress on the water supply and sanitation MDGs (see inside back cover).

Sincerely,

A handwritten signature in cursive script that reads 'Andrew Hudson'.

Andrew Hudson
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Country Sector Assessments: Volume 2
UNDP GoAL WaSH Programme

Governance, Advocacy and Leadership for Water, Sanitation and Hygiene

Djibouti

National Sector Assessment

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MDG Outlook

Is Djibouti on the Right Track to Reach Water and Sanitation MDGs?

Djibouti is a small country with a population of 0.85 m., 87% urban¹ and 13% rural, with a population growth rate of 1.7% (2.7% urban; 1.5% rural). The Joint Monitoring Programme (JMP) figures regarding access to safe water are 98% urban; 53% rural; and 92% overall. Figures from the Government of Djibouti's Ministère de l'Agriculture, de l'Élevage et de la Mer, Chargé des Ressources Hydrauliques (MAEM-RH) use more rigorous definitions of service access that give a significantly different picture, suggesting that urban coverage is only 50%. JMP figures indicate overall 62% sanitation coverage (19% rural; 69% urban), whereas the ministry reports a 45% coverage.



¹ The urban population lives mainly in the capital city Djibouti-Ville, totaling 67% of the total national population, with the remaining urban population living in secondary towns.

According to JMP figures, Djibouti is close to reaching the MDGs for the urban water sector. It is estimated that by 2015, of Djibouti's estimated 686,300 urban population, only 60,000 will lack adequate access to water and 96,000 to adequate sanitation. Nevertheless, only 50% of the population of Djibouti's urban population is connected to the public water supply. The other 50% draws water from connected neighbors or from public standpipes.

In rural areas, reported coverage rates for water are decreasing, despite the negative population growth rate, due to the reduction of available water resources. Regarding rural sanitation, an additional 60,000 persons are expected to get access to safe sanitation by 2015.

The main challenge for Djibouti lies with increasingly scarce water resources combined with urban population growth. The country's situation is particularly worrying as sustainable water resources are estimated at only 50 cubic metres per capita per year, compared with an average of 1,000 cubic metres per capita per year for the water-stressed Middle East and North Africa region. Almost all of Djibouti's water supply is sourced from underground wells, and most of these wells are old and close to exhaustion.

In summary, these figures indicate that Djibouti will reach the MDGs for water and sanitation in urban areas, but will be unlikely to meet the target for rural water and sanitation. A specific MDG action plan for rural water and sanitation needs to be developed. Djibouti National Water and Sanitation Office's (ONEAD) institutional arrangements and performance need to be strengthened, and dedicated sector investment increased. To achieve this, the Government of Djibouti could: (a) improve planning and monitoring of activities; (b) anticipate procurement procedures to secure new water resources; (c) improve ONEAD's financial and technical performance; and (d) mobilize resources to improve rural sanitation.

Main Issues to be Addressed

- **Institutional leadership and capacity:** While the role of institutional actors in the urban sector has been clarified with the extension of ONEAD's mandate to urban sanitation, the role of different institutions in the rural water and sanitation sector must be defined more clearly.
- **MDG road map:** Currently, there is no national action plan to reach the MDGs. The government has created the National Initiative for Social Development (INSD), and some elements have been developed by ONEAD for urban water supply in terms of strategy and investment planning to increase the production capacity through desalination. But Djibouti still needs a coherent national strategy for rural and urban sanitation, and to develop an appropriate strategy for rural water supply.
- **Budget constraints:** Given the scale of needs in the sector, budget allocations for WSS need to be increased. The lack of investment is affecting mainly the urban poor and rural segments of the population who rely on alternative, and sometimes unsafe, water supply solutions.
- **Limited coordination among stakeholders:** Consultation within the Country Programme (CP) has been initiated, but remains limited to project collaboration or co-financing. Progress needs to be made to enhance government co-ordination leadership and develop a proper coordination platform.
- **Monitoring systems remain weak and poorly implemented:** Regular data collection on coverage and service monitoring is lacking.
- **Constraints on ONEAD:** Restricted autonomy of ONEAD, poor cost recovery combined with high production costs — largely due to high electricity costs, and operational inefficiencies — put ONEAD in a critical financial situation, close to bankruptcy for many years.

Sector Preparedness Overview

National Strategies

The government of Djibouti is aware of the critical situation and has placed water and sanitation sector policy development and implementation among its priorities. This has translated into important institutional reforms such as the Water Code publication (1996), the establishment of a unified Water Directorate (1999), and a ministries coordination body. The National Water Master Plan (SNDE), prepared and approved in 2000, is currently being updated. With the adoption in 2006 of a national integrated water and sanitation policy, centered on the creation of a sole operator—ONEAD—the government of Djibouti addressed the main constraints to the sector development. In order to solidify progress and achieve reform, economical growth and poverty reduction, the government of Djibouti has developed a US\$341m. programme for economic and social development for the period 2006–2010. This programme will translate the priorities identified in the Le Cadre Stratégique de Lutte contre la Pauvreté (CSLP—equivalent to PRSP) into sector projects. Water supply and sanitation are the first priority with a funding allocation of US\$151.4m.

In 2007 the Government of Djibouti (in the form of ONEAD) began to implement the Water Supply Master Plan to address weaknesses in the city's water supply, and to boost its supply capacity through to 2030. As part of the Master Plan, studies were conducted of all aspects of the city water supply, including a comprehensive assessment of the production, storage and distribution facilities, as well as an inventory of water sources and the building of new facilities to ensure that supply will meet projected demands.

In the case of the rural water supply, Government of Djibouti water policy has given priority to thirst reduction. Both SNDE and the rural water action plan, prepared by the Ministry of Agriculture, Livestock Production, and Marine Affairs-Water Resources (MAEM-RH) and the technical water secretariat, give a high priority to proper management and development of water facilities, to satisfy—in order of priority—(i) domestic needs—especially drinking water, (ii) livestock needs, and (iii) other agricultural needs (such as irrigation). In addition, the Master Plan followed up on previously implemented institutional reforms.

Key Measures Identified to Improve National Strategies:

- Pursue and intensify capacity transfer to local governments.
- Anchor sector financing in the national budget process.

Aid Coordination

The government has made significant progress in developing the elements and tools needed to increase donor coordination. A number of donors have carried out urban poverty reduction projects in Djibouti over the past few years, as follows:

- The AfDB has been very active on the microfinance front and has acquired much experience with microcredit implementation. The latest projects funded by the AfDB support women's empowerment, flood rehabilitation, health and education and fisheries (national fisheries development studies and integrated fisheries loans), and the development of sanitation infrastructure.
- The IsDB has been active in Djibouti in infrastructure and capacity building and implementing projects including construction of schools and medical centers, and vocational training of young adults.

- The Agence Française de Développement implemented the ‘PK12 Project’ between 2002 and 2007. The PK12 neighborhood was chosen as it had some of the worst health, infrastructure and education indicators.
- UNDP is supporting projects in governance and human development, crisis prevention, and poverty reduction, energy and environment.
- UNICEF supports the water directorate of MAEM-RH for rural water supply management through solar pumping systems’ installation, establishing participative management and technical capacity building.

All five donors share information and reporting, knowledge and lessons learned, and focus their collaboration to enhance the operating modality of the implementing agency. In addition, the five donors plan to establish some coordination mechanisms and channels to enable regular information sharing.

Key Measures to Improve Aid Co-ordination:

- Establish a proper coordination mechanism with a core group of CPs.
- Strengthen the government’s capacity to lead the coordination group.

Institutional Arrangements

The main institutional actors are:

- MAEM-RH, in charge of policy development and investment planning for water supply throughout Djibouti. The ministry’s departments are responsible for rural water supply, village pumping systems and maintenance, and well construction.
- ONEAD is responsible for water supply management and coordination in Djibouti City and other towns. It is also responsible for sewerage and wastewater treatment as well as stormwater drainage.
- The Ministry of Health has mandated the Direction de l’Epidémiologie et de l’Information Sanitaire (DEIS) to implement the Ministry’s hygiene and sanitation policy.
- The Ministry of Finance, Economy and Planning is in charge of privatization, and is responsible for investments and the allocation of financial resources.
- Various service suppliers are active in the water supply and sanitation sector as well as civil society organizations, and non-government organizations.

Key Measures to Improve Institutional Arrangements:

- Strengthen the capacities of ONEAD so it can exercise its mandate.
- Define a clear action plan and responsibilities for hygiene and sanitation promotion.

Sector Financing

Current projections for sector finance suggest that substantial increases are necessary to sustain present coverage levels. This is due to a number of governance problems such as insufficient decentralization combined with unsatisfactory budgeting processes and financial management difficulties. Despite efforts made in recent years, there is still no effective decentralization because of the lack of political and institutional mechanisms and financial resources at the district level. Some progress has been made with the law on decentralization that defines regions as local government units. But the sector still lacks appropriate budget allocations to cover investment needs and to fund recurrent expenses.

In the urban sector, the financial situation of the public water and sanitation utility, ONEAD, is problematic. This situation results from a lack of financial and management autonomy; technical and commercial weaknesses; huge governmental agencies' deficits and over-staffing. The recent merger of water supply and sanitation utilities has resulted in a greatly increased number of responsibilities for ONEAD. Unfortunately the company does not have corresponding human and financial resources. A strategic roadmap for the restructuring of ONEAD is necessary if it is to improve its financial performance and to take on its additional duties in providing sanitation services.

At the national level, a move towards a programmatic approach with the development of a Medium-Term Expenditure Framework (MTEF) for the sector, detailing operating and investment expenditure needs, would gain donor and finance ministry visibility and help ensure that sufficient resources are allocated to the sector.

In terms of global development assistance, Djibouti receives approximately US \$100 m. annually from donors. Currently, the WSS sector's main development partners are:

- The Arab Fund for Economic and Social Development (AFESD), helping with water supply rehabilitation works;
- China, financing a new desalination plant for Djibouti City;
- The European Union, providing institutional support and sanitation facilities, together with the AfDB.

Key Measures to Improve Sector Financing:

- Develop a programmatic approach e.g., a MTEF.
- Draw up a strategic roadmap for ONEAD.
- Increase project management capacity and the efficiency of procurement procedures.
- Recognition of the importance of operational and maintenance cost recovery.

Sector Monitoring and Evaluation

As in many other countries, the monitoring framework for Djibouti is still being developed. Currently, sector information is compiled from central statistics figures. Access coverage is irregularly measured through household surveys and poverty assessments, but the results of these surveys are not cross-checked with the calculated coverage rate based on the number of facilities built.

As part of the PDSTP, in early 2007 the World Bank, the Direction de la Statistique et des Enquêtes Démographiques (DISED), and the Djibouti Public Service Project Implementation Agency (ADETIP), produced an atlas of Djibouti City that mapped out comprehensively poverty indicators at the neighborhood level. A second atlas of five secondary urban centers was formulated around the same set of indicators, produced in late 2007. These atlases clearly identify the poorest urban areas and the priority neighborhoods for interventions, and constitute the spatial and statistical basis for current urban poverty reduction programmes.

Key Measures to Improve Sector Monitoring and Evaluation:

- A structured and comprehensive monitoring system, linked to the attainment of the MDGs, should be instituted.
- Technical and financial monitoring of rural water supply schemes needs to be instigated.
- MAEM-RH and ONEAD need to incorporate progress monitoring as integral components of their work.

Sector Capacity

Overall, Djibouti's water sector requires a significant increase in capacity to meet the MDG targets. At a national level, capacity building needs to focus on human resources, systems and facilities geared towards monitoring, management, and the setting of standards, policies and strategies.

While ONEAD has qualified, motivated staff, the company's overall strategy is unclear, and lacks innovative approaches to extend services through the peri-urban areas of Djibouti City. Developing sanitation services is a new challenge for the company.

From a strategic perspective, a WSS policy and legal framework is in place. However, as well as gaining a greater knowledge of WSS service provision gaps and deficiencies, there needs to be clarification of the roles and responsibilities of WSS provision at national, local government, and community levels. Budget mechanisms to strengthen and streamline fund disbursements to local levels are needed, as well as rational staffing and facility planning at local, regional, and national levels. A coherent plan on sanitation would also be helpful.

Key Measures to Improve Sector Capacity:

- Strengthen technical, planning and implementation functions of MAEM-RH.
- Strengthen commercial and operational performances of ONEAD.

Sector Sustainability Overview

This section draws on 2005 data from the Central Statistics Office (CSO) and provides a quantitative and qualitative assessment of the overall sector and sub-sector's sustainability by assessing 'success factors' related to the institutional and financial sustainability of the sector score range from 0% (poor) to 100% (excellent).

Sector Sustainability Scores

Overall sector sustainability is very weak (overall score 30%). Financial sustainability is especially weak for urban water (overall at 40% and at 20% for urban) with unsustainable tariffs and weak cost recovery. Institutional sustainability is more promising at 60%, thanks to ongoing reforms and sector restructuring. Sanitation services are notably unsustainable (scores of rural 10% and urban 20%), with no specific sanitation action plan in place.

Key Measures to Improve Sector Sustainability:

- A strategy for sector fiscal flows, leverage and cost recovery needs to be developed, along with clear policies and mechanisms to address financing gaps. Cost recovery must be achieved to pay for operations and maintenance work, and to allow for depreciation and infrastructure renewals.
- Sanitation and sewerage strategies and action plans need to be developed in urban and rural areas.
- The policy and legal framework of ONEAD needs to be reviewed if the company is to perform commercially and achieve full cost recovery.
- Special attention should be paid to the informal settlements that have developed around Djibouti City, such as PK12.

Acronyms

Djibouti

ADETIP	Djibouti Public Service Project Implementation Agency
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
CP	Country Programme
CSO	Central Statistics Office
CSLP	Le Cadre Stratégique de Lutte contre la Pauvreté (equivalent to PRSP)
DEIS	Direction de l'Epidémiologie et de l'Information Sanitaire
DISED	Direction de la Statistique et des Enquêtes Démographiques
GoAL WaSH	Governance, Advocacy and Leadership for Water, Sanitation and Hygiene
INDS	National Initiative for Social Development
IsDB	Islamic Development Bank
JMP	Joint Monitoring Programme
MAEM-RH	Ministry of Agriculture, Livestock Production, and Marine Affairs-Water Resources
MDGs	Millennium Development Goals
MTEF	Medium-Term Expenditure Framework
ONEAD	Djibouti National Water and Sanitation Office
PDSTP	Social Development and Public Works Project
PK 12	A suburb of Djibouti in need of water and sanitation services
PRSP	Poverty Reduction Strategy Paper
SNDE	National Water Master Plan
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WSS	Water Supply and Sanitation Sector

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