

Country Assistance Policy for the Republic of Djibouti

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1. Relevance of assistance

Located on the strategic maritime junction for Asia, Africa and Europe and in the midst of the Horn of Africa which has been a politically unstable region, since the complete cessation of the internal conflict in 2001, Djibouti has maintained political stability and good relations with neighboring and other countries including Japan. As Djibouti port constitutes a regional hub for the landlocked East-African countries such as Ethiopia and South-Sudan, it plays a crucial role for the economic integration and economic growth of the region.

Djibouti also plays a stabilizing role in the region, by contributing to the peace process in Somalia and offering military bases and installations for foreign forces implementing counter-piracy operations in the coast of Somalia and the Gulf of Aden, which are the main artery of the world trade. Japan too has dispatched since 2009 its Self-Defense Forces for the counter-piracy operations in the region where more than 2000 Japan-related ships navigate per year. Djibouti is thus an important partner for Japan in this respect.

On the other hand, Djibouti is a small country with harsh environment. Having no other industry than service sector such as port and transportation capable of contributing to the economic growth, its economic and social foundation remains fragile. Because of the rapid urbanization of the Capital, Djibouti city lacks social services and socio-economic infrastructures including education and medical services. The high unemployment rate, especially among young population, hinders the sustainable development of the country.

It is thus of significant interest for Japan to support Djibouti which acts as a logistic center of the Region and actively cooperates with international issues including piracy. Assistance to Djibouti through Japan's ODA will help it tackle with its national challenges, and promote stability and development. It will also contribute to the stable development of the

regional and world economy as a whole.

2. Basic policy of Assistance: Support for regional stability and socio-economic development

The Government of Japan will support Djibouti, which contributes to the stability in the Horn of Africa, to realize stability and sustainable development. To this end, it will support building and developing social infrastructures in rapidly urbanizing Djibouti city in particular. It will also develop human resources which underlie the development in those fields.

3. Priority Areas

(1) Building socio-economic infrastructures for sustainable development

With a rapid population inflow, Djibouti city faces urbanization-related challenges such as environmental deterioration, lack of infrastructures such as electricity, and fragile disaster management system. Also, as the service sector including port activities is deemed to remain a key industry for Djibouti, the development of this sector continues to be crucial for the economic growth. Taking those into account, the Government of Japan will support building social and economic infrastructures, by reinforcing urban functions including electrical system and port service.

(2) Developing human resources underlying socio-economic development

In order to improve the educational quality and health indices, the Government of Japan will develop human resources which will lead to the better basic social services. Given the high unemployment rate in Djibouti (54% in the whole population and 70% among young population, according to the official statistics in 2007), it will also support job creation.

(3) Support for efforts toward regional stability

In order to deal with issues such as refugees, migration, illegal trafficking and illegal fishing, which result from the instability of neighboring countries such as Somalia, the Government of Japan will support reinforcing the capacity of the Government of Djibouti in the field of maritime security. It will also support refugees and migrants in cooperation

with relevant international organizations.