

Countries:	Djibouti
Project Symbol:	
Project title:	Facilitating Trade in Livestock Exports from Djibouti
Duration :	18 Months
Starting Date:	
Completion Date:	
Ministries responsible for the project implementation:	Ministries of Agriculture, Finance and Commerce
Contribution from World Trade Organisation:	US\$ 580 000



ACRONYMS

AU-IBAR	African Union-Interafrican Bureau for Animal Resources
COMESA	Community for Eastern and Southern Africa
DBA	Djibouti Butchers Association
DF	Djibouti Franc
DINAS	Direction Nationale de la Statistique
DLVS	Direction of Livestock and Veterinary Services
FAO	Food and Agriculture Organisation of the United Nation
FEWSNET	Famine Early Warning System Network
GOE	Government of Ethiopia
GOS	Government of Somalia
IFP	Integrated Framework Project
IGAD	Intergovernment Authority on Development
ILRI	International Livestock Research Institute
LTA	Livestock Traders Association
MOA	Ministry of Agriculture
MOCI	Ministry of Commerce and Industry
MOF	Ministry of Finance
RDD	Republique de Djibouti
PVS	Performance, Vision and Strategy
SPS	Sanitary and Phytosanitary Standards
TADs	Transboundary Animal Diseases
USAID	United States Agency for International Development
US\$	U.S. dollar = DF 177.5
WTO	World Trade Organization

1.1. General Economic Overview

1. Djibouti is a small country with a population of approximately 700,000. The population is growing at a rate of 3 per cent per year. Two-thirds of the population resides in Djibouti city and some other larger towns in the country. Agriculture contributes only about 3 per cent to GDP and livestock's share is 2 per cent of GDP. Around 150,000 people living in rural areas are earning their living only from livestock. Manufacturing and semi-industrial processes contribute around 17 per cent, and services contribute 70 – 80 per cent of GDP.
2. The country is strategically located with good access to the Gulf States of the Middle East. The port operations and military base leases by France and the USA are the most important revenue generators for the country. The port is being modernized and will become a hub for transshipping products from larger vessels to smaller vessels servicing ports in the Common Market for Eastern and Southern Africa (COMESA) States.
3. The country is primarily a service economy with 60 per cent of imports of GDP compared to 50 per cent of exports. The public sector has a large share of GDP 32.9 per cent in 2002 composed of wages and benefits. With policy reform, the République de Djibouti (RDD) is shifting emphasis to the private sector. The private sector has been underdeveloped and is an area of weakness.
4. Djibouti faces a challenging situation with high unemployment and high wage rates. In 2002, unemployment was estimated at 59 per cent and 42 per cent of the population fell into poverty. High wages rates are partly due to structural rigidities arising from labor regulations which prevent wages from falling. The RDD is a major employer and wages paid are not driven by market conditions. At the same time, Djibouti lacks trained workers in a number of skill sets.
5. The International Monetary Fund (IMF) reported that the macroeconomic situation is improving. Balance of payments is within reason even though imports exceed exports because of the strong supporting service sector. Structural constraints are present from the heavy presence of monopolies in key industries e.g. energy and telecommunications, which create inefficiencies. Growth rate in GDP is in the area of 3 per cent - just equaling the population growth rate. GDP has improved in the last few years - and the IMF estimated GDP at around \$1 billion based on RDD revenues of \$200 million annually. The exchange rate is managed by the Currency Board which requires that the currency be covered by gold or foreign exchange. The money supply is kept stable restricting the RDD in its ability to print money. Until June 2006, there were only two banks in the country, both French owned. Since June 2006, a branch of the Islamic Bank has settled in.

1.2. The Livestock Sector

1.2.1. Domestic Production

6. The last census in 1994 estimated there were 500,000 cattle, 1,000,000 sheep, 500,000 goats, 50,000 camels and 6,500 donkeys (DLVS). The current estimate is that Djibouti has approximately 1.2 to 1.5 million livestock, but the actual figure is difficult to appraise because livestock move freely across the border, based on rainfall and feed conditions. The director of the Famine Early Warning System Network (FEWSNET) in Djibouti reported that the overall number of livestock has declined in the region because of recurrent droughts and the lack of available forages. The productivity of the traditional rangelands has declined.

1.2.2. Regional Trade Patterns for Livestock

7. Djibouti, Somalia and Zone 5 (Somali Region) of Ethiopia are the source of a large number of livestock. Djibouti, itself, has a small number of cattle, small ruminants and camels, but is in close proximity to the major foreign areas with large inventories of livestock. Livestock cross the frontier between Ethiopia and Djibouti unimpeded. Cattle for the lowlands of Ethiopia are being sourced for export to Egypt (Borena, Dire Dawa and Nazaret). Camels have also been exported to Egypt. Somalia has one of the largest dromedary populations in the world.

8. A popular traditional trade route is for livestock to move from Somalia Region in Ethiopia to the ports of Berbera and Bosaso. The trade consists of live animals flowing to the Somalia ports and foodstuffs and merchandise are backhauled into the cattle production areas in Borena and Somaliland of Ethiopia. The ban on livestock to the Gulf States has caused severe disruption to livelihoods of livestock owners not having the cash to purchase needed foodstuffs from the coast.

1.2.3. Livestock Exports from Djibouti

9. The major livestock species exported from Djibouti from 1978 to 1990 were mainly cattle with fewer numbers of small ruminates. Live cattle exports ranged from 15,000 to a high of 92,000 head during this period. Small ruminant exports were much lower with the highest being 38,000. Only a few camels were exported.

10. FAOSTAT reports exports of cattle from Djibouti ranged from 10,000 to 30,000 head of cattle from 1996 to 2003. The value of exports ranged from US1.5 million to US4.3 million. FAOSTAT data reported no sheep and goats exported during this period.

11. According to the DLVS, in 2003 Djibouti exported 16,600 cattle, 6,200 small ruminants and 7,437 camels. The number of camels for export has grown since the 1980s. In 2004, DLVS reported that Djibouti exported 5,101 cattle, 5,860 small ruminants, and 2,930 camels. Export numbers declined compared to 2003 in all three livestock categories. The ban placed on livestock from Saudi Arabia and the other Gulf State has had an enormous effect on the live animal trade.



12. Marketing specialists with the Red Sea Livestock Trade Commission (RSLTC) of AU-IBAR believe that the Saudi Arabia market could take approximately 1.2 million head of sheep during the Hajj season. In addition, regular supplies of sheep could take place throughout the year.

13. There are approximately 11 firms receiving and preparing hides and skins for export. Data for the period of 1979 to 1990 indicate that Djibouti exported an average of 400 to 600 tons per year. In 2003, the Port of Djibouti reported exports of hides and skins totaling 9,872 tons. Djibouti's share was 296 tons (3 per cent), and Ethiopia's share was 9,096 tons (92 per cent). The rest was from Somalia or was being transshipped. For semi-processed leather, Djibouti exported 31 tons compared to Ethiopia's 284 tons.

1.2.4. OIE Standards

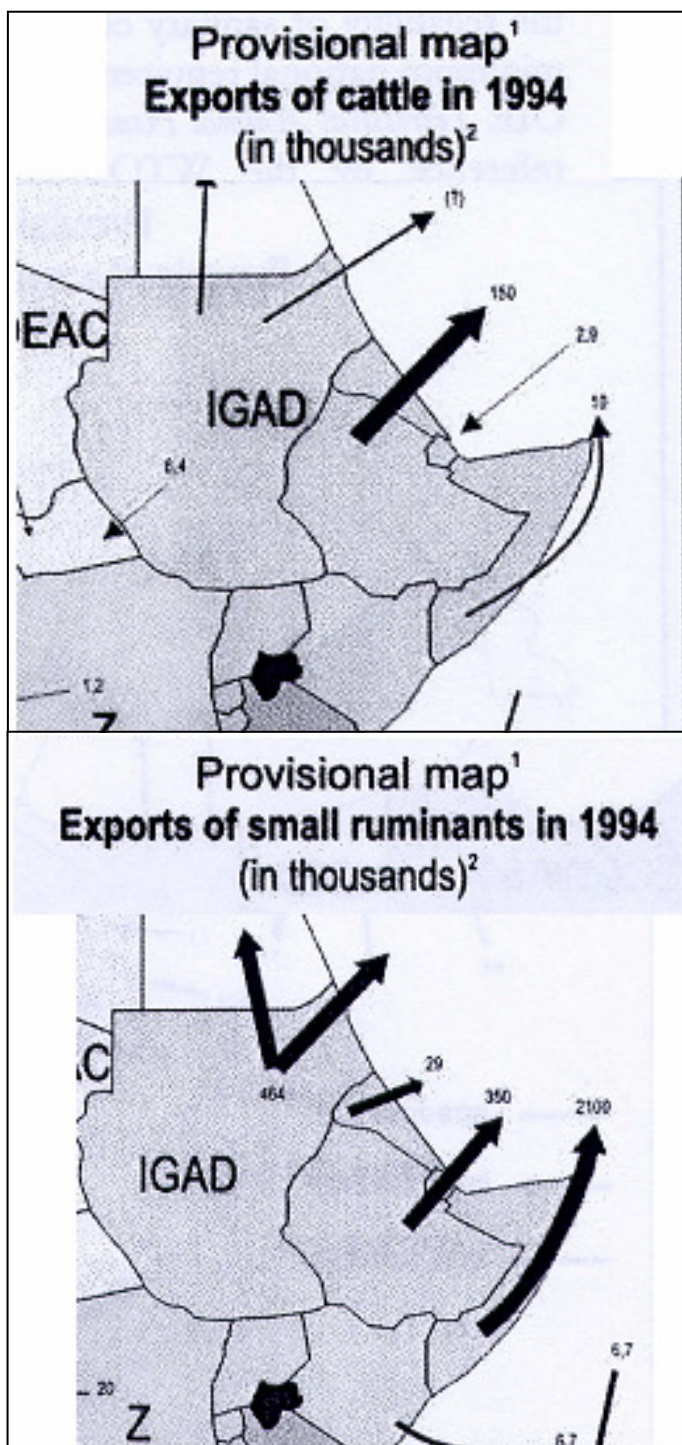
14. Djibouti is a member of the OIE and sends regular reports and documentation. There is an animal disease surveillance plan in place with conforms to OIE standards. But there is no logistic, nor human resources to implement it. In addition, an emergency plan against TADs has been developed as a part of the Pan African Control of Epizootics (PACE) project, but the plan has not been finished. The DLVS was expected to begin the emergency plan in September 2005 as part of the second phase of the PACE project. The plan will be submitted to AU-IBAR and then to OIE. DLVS is expecting the arrival of three veterinarians from Cuba who will assist the department in implementing phase one activities. In September 2006, these vets were not yet arrived. Djibouti is an observer to CODEX but not a dues paying member. Djibouti is also a founding Member of the WTO.

2. THE EXPORT MARKET SITUATION

2.1. Imports of Livestock by Gulf Markets

15. Data from FAOSTAT was collected on imports of cattle, sheep and goats by the Gulf markets. There are six countries in the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates).

2.1.1. Cattle



16. Live cattle imports by the six Gulf States from 1993 to 2003 have been highly volatility. The highest import year was in 1994 with 72,800 live cattle with a value of \$42.5 million. Even before the ban on cattle because of Rift Valley Fever (RVF), imports of cattle had declined. Cattle exports doubled from 2001 to 2002 exceeding 59,000 head of cattle with a value of \$33 million. The largest importers were Saudi Arabia and UAE.

17. The port authority figures in Table 2.1 show exports of cattle are more important than the trade in small ruminants for the period reported. Assuming an average live weight of 300 kg per head, approximately 4,500 to 5,000 cattle were exported in the first six months of 2005.

Table 2.1. *(extracted from Sullivan report)* : Exports of live animals from Port of Djibouti

Species	Country of Origin	2003 (mt)	2004 (mt)	2005 Jan-June (mt)
Sheep	Djibouti	0	222	0
Sheep	Ethiopia	304		0
Goats	Djibouti	0	260	0
Cattle & Camels	Djibouti	430		
Cattle & Camels	Ethiopia	1,205		
Cattle	Djibouti		493	1,062
Cattle	Ethiopia			305
Camels	Djibouti		412	

Source: Port Authority of Djibouti

Table 2.2. *(extracted from Sullivan report)* : Exports of Live Animals from Port of Djibouti (revised) based on the number of head, January to June, 2005.

Type	Heads of Livestock
Cattle	24,407
Camels	500
Lambs	1,368
Sheep	350

Source: Port Authority of Djibouti

2.1.2. Sheep

18. Sheep imports are the most important livestock product in both numbers and value in the Gulf States (FAOSTAT). The largest import of sheep was 11.9 million head in 1994 of which 6.5 million (55 per cent) was imported by Saudi Arabia. The largest value of imported sheep was US\$ 675 million in 2002 and Saudi Arabia imported over US\$ 450 million (67 per cent) of this amount. **The sheep market of Saudi Arabia is by far the most important for Djibouti.**

19. It is believed that Somali traders exported over 2 million sheep and goats in 2004 through informal market channels to Saudi Arabia, Yemen and UAE. One million sheep were shipped directly to Saudi Arabia, one million were shipped to Yemen (of which a large portion were sold onto Saudi Arabia) and half a million head were sold to UAE. The two main Somalia ports for this trade were Berbera and Bosaso.

2.1.3. Goats

20. The import value for goats is less than for sheep in the Gulf States, but they exceed the imports of cattle. The number of goats has ranged from 1.1 to 2.3 million head per year. Oman is the main market for this trade. However, in 2002 and 2003, UAE imported large numbers of goats for the first time, respectively 186,000 and 400,000. It appears that the UAE market is also receiving quantities of air freighted chilled goat carcasses from Ethiopia. Goat carcasses are mainly for the population of temporary workers who can afford less expensive meat.

2.1.4. Camels

21. Camels are imported by the Gulf States, primarily for racing. Camels for slaughter are destined for markets in Egypt and Libya. The exports of camels from Djibouti have dropped off in recent months, for as yet unexplained reasons.

2.2. Demand for Livestock in the Gulf Markets

2.2.1. Saudi Arabia

22. Saudi Arabia removed the ban on livestock imports from Sudan after the signing of a livestock protocol. The protocol stipulates the necessary conditions to ensure animals and meat are free from contagious diseases. Saudi Arabia imported up to 7 million head of sheep annually before the ban for RVF. Closure of the market created major losses for exporters. It is estimated that Sudan could export upwards of 2 million head of sheep to Saudi Arabia. For a period of time during the ban, Australia and New Zealand held the only live animal import licenses to Saudi Arabia.

23. There are several large Saudi traders in live animal trade. These individuals have significant resources and they seek large buying contracts with government agencies in Sudan and Ethiopia. One large buyer has a contract for sheep from Sudan. Other traders have approached the Government of Ethiopia to establish a contract to take a large percentage of fresh meat by air shipment to Saudi Arabia. However, this deal collapsed during negotiations.

24. According to Red Sea Livestock Trade Commission specialist, the Jeddah live sheep market has moved from a delivered price of \$ 40 to \$ 60/head to a \$ 60 to \$ 80/head market. Price can go as high as \$ 100/head during the fest periods. Consumers have a high demand for fresh meat on a daily basis, in addition to the Haj and other religious periods of the year. Jizan is an important entry point for livestock into Saudi Arabia.

2.2.2. Yemen

25. The Yemeni market is a major destination point for small ruminants. Livestock are shipped from Djibouti and Somalia. The Yemeni market is also a transshipment point for animals to other Gulf States, particularly Saudi Arabia. Recently the market has been supplied with small ruminants from Somalia. Import regulations are less stringent for proper inspection and certification. Large supplies of livestock from Somalia have forced down prices resulting in Djibouti traders having stopped sending shoats to Yemen.

26. The Yemeni market is more price competitive than the Saudi Arabian market. The live price for sheep ranges from \$ 35 to \$ 40/head. This is partly because of the livestock coming from Somalia. Shoats are shipped to Yemen without a contract price so that the buyers are in a better bargaining position to put pressure on sellers. There are reported cases of livestock going unsold and having to be shipped back to Somalia or dumped in the sea on the return.

2.2.3. U.A.E.

27. It is reported that the Emirates require 2.5 million head of sheep, goats and cattle per year. The market is also growing for meat. Chilled carcasses of sheep and goats from Ethiopia are being air shipped to the Emirates.

2.2.4. Egypt

28. The governments of Ethiopia and Egypt have established trade agreement for livestock. Mainly cattle are being sourced from the lowlands and sent by truck to Djibouti port. Each truck arrives with approximately 28 heads per truck. It currently takes around 40 trucks to fill a ship with a capacity of 900 to 1000 heads. Trucks from Nazaret take 28 hours and transport charges per truck are approximately \$ 600 (\$ 22/head). The operations manager at the port estimated that upwards of 20,000 cattle have arrived from Ethiopia since January for export to Egypt. It takes about one day to load a ship and then six days to reach Port Suez. Cost of the ship is around \$ 55,000 (\$ 55/head). The price for cattle on the ship in Port Suez is estimated to be \$ 253 per head (Table 2.3.1.). This trade is likely to grow as the procurement, quarantine, certification and logistics are improved in Ethiopia and at the port of Djibouti.

Table 2.2.1. Breakdown of cost for Ethiopian cattle to Port Suez, Egypt

Price of cattle in Nazaret	\$ 165 per head
Transport to Djibouti	\$ 21/head
Border Fee by Djibouti (\$5/truck)	\$. 20/head
Stevedore fees	\$ 6.00/head
Port Fee	\$ 3.40/head
Djibouti health certificate	\$ 2.82/head
Price on the ship in Djibouti	\$ 198.42/head
Sea freight to Port Suez	\$ 55.00
Ship in Port Suez	\$ 253.22 per head

Source: Personal interviews, July, 2005.

3. CHALLENGES IN IMPLEMENTING SPS CONTROLS FOR LIVESTOCK AND MEAT TRADE

29. Interviews with stakeholders involved in the livestock and meat sector focused on establishing and implementing SPS controls to facilitate the trade in livestock and meat products. Findings from the interviews were arranged into perceived strengths, weaknesses, opportunities and threats to successfully implement SPS controls and improve the competitiveness of the livestock sector.

3.1. Weaknesses in the Livestock Sector

Inability to comply with international standards:

30. Several weaknesses jeopardize Djibouti's livestock export industry. National SPS regulations and laws are outdated and need revision, leading to non-compliance with both international standards and access to their markets. A clear example is the loss of exports markets for fish to Reunion, a province of France, which has remained closed for over eight years. Djibouti is not able to establish a satisfactory SPS

system that meets EU standards, although the price of fish in Reunion is four times the price of fish sold domestically.

31. Djibouti lacks the capacity to implement revised SPS protocols. The livestock sector is managed by 30 public servants without any new recruitment for the past 15 years. Presently, there are only two veterinarians in the country: one veterinarian in the RDD heading the DLVS and, the other a private vet practicing mainly on pets (and not having the Djiboutian nationality).

32. Added to these two veterinarians, there is a pool of 34 veterinary para-professionals: 1 agronomist, 1 livestock engineer, 1 biologist trained in food control, 12 veterinary technicians, 16 veterinary nurses, 2 lab technician, 1 sanitary agent.

33. The private sector lacks a clear understanding of SPS and how and why to comply with changing rules and regulations made by importers. New conditions and requirements mean additional costs, and individual traders lack the resources to make changes. Added to this constraint, animal welfare is becoming a new issue in the world trade for livestock.

34. Djibouti lacks the ability to effectively comply with SPS regulations imposed by some of the importing countries in the Gulf. For example, the weaknesses of the Veterinary Service to conduct surveillance of animal diseases, has impeded Djibouti to have the ban lifted by Saudi Arabia because of RVF.

35. The actual system of markets, abattoirs, and the port constrain Djibouti from having an efficient livestock trading system. The central abattoir is not acceptable to international hygienic standards and eliminates all opportunities of possible export of commodities from animal origin.

Economic environment not conducive for trade:

36. Djibouti is a high cost place for doing business. The cost of labor and utilities are high, partly due to structural rigidities and monopolies which prevent competition and the introduction of new technologies by the private sector. The reinvestment rate in the sector is less than 1 per cent by the RDD. Private sector needs to be encouraged to invest rather than face high entry overhead costs. Credit is a problem for traders and butchers : bank loan rates are approximately 17 per cent, which is based partly on US interest rates which currently are around 6 per cent and an additional 12 per cent is for a risk premium.

37. There needs to be a healthy skepticism on whether the supply of livestock (cattle and shoats) is available to meet the requirements of the Middle East market. Eliciting supplies from the pastoral areas and even in the Highlands of Ethiopia has limitations. Realistic numbers are certainly needed on both the demand and supply side of the market.

38. There is a lack of harmonization and uniformity in standards and protocols across key importing countries in the Gulf States. Because of variability in the size and type of livestock, livestock are not easy to officiate with customs compared to a Toyota truck which can be found in the customs book. Too often the lack of standards and protocol is used as a non-tariff trade barrier (NTTB). For example CBPP is not contagious in the meat form and as such a country should not be denied access for its meat products, but it can cause product to be rejected if there is an outbreak recorded in the country of origin. Although this cannot be accepted as a sanitary barrier, Republic of Djibouti is not in a good position to sue its own clients in front of WTO court.

39. Even though Djibouti is a strategic location for exports, the country lacks the resources to maintain livestock near the port because of the arid conditions. Animals have to be fed for extended periods rely on imported feed from Yemen or Ethiopia, and cost of feed can be expensive.

40. Finally, livestock traders have enormous practical knowledge about their industry: however, they lack formal business skill development in working together as an association. The traders need an awareness of how to develop new markets and networks outside their traditional sphere of doing business.

3.2. Threats to the Livestock Sector

41. Djibouti faces threats from other exporters of livestock. Sudan, Jordan, Syria and Australia/New Zealand also have recently signed trade agreements with Saudi Arabia. Djibouti maintains a transportation and price advantage with some of these suppliers if it can streamline logistics and health certification. Before it gains access, however, the current import ban must be lifted and key to this will be strengthening Djibouti's veterinary services.

42. Many of animal diseases for which the OIE has developed standards are found in the Horn of Africa. These diseases are endemic and require constant monitoring. The common border areas of Ethiopia, Djibouti, and Somalia are remote except for herders and their livestock. Livestock are moving constantly in search of forage allowing diseases to spread undetected until animals reach the marketing system. Outbreaks will shut off trade in live animals even when there is no good science-based reasons.

43. As seen with the rejection of Australian sheep by Saudi Arabia in 2004, markets in the Gulf can be closed very swiftly. Such closures can result in important negative economic impacts.

44. Somalia and Sudan are import livestock exporters. As Somalia's political system stabilizes, the opportunity for Somalia to export livestock will be even greater than at present. Djibouti livestock will have to compete. Ethiopian livestock will also be attracted into the ports of Berbera and Bosaso because of its geographic advantage to livestock herders in the Somalia Region of Ethiopia. Areas around these ports have greater feed resources to hold animals waiting for export.

45. The transit area in Djibouti has a particular weakness in the lack of feed for animals. In Saudi Arabia, subsidized feed is provided to livestock quarantine operations in Jizan and Jeddah in Saudi Arabia. The subsidized feed can work to the disadvantage of Djibouti.

3.3. Strengths of the Livestock Sector

46. Stakeholders felt that Djibouti has an advantage in the livestock trade because of its strategic location between major livestock producers, Ethiopia and Somalia, and the importing countries of the Gulf States. Djibouti has been a traditional outlet for livestock from the interior ongoing political tension between Ethiopia and Somalia further strengthen at this position.

47. The port of Djibouti is undergoing renovation and in the next five to ten years will see increased trade, both destination as well as transshipment or smaller cargo vessels supplying other ports on the East African costs. The port authority will be in a financial position to upgrade infrastructure for handling live animals and eventually meat products if this industry develops. This will keep logistics efficient and the cost of handling competitive with other ports attracting live animals to this exit point.

48. The context for STDF 64 has evolved remarkably since the Sullivan¹ report (July 2005) and the further development of the quarantine area that had been initiated through USAID funding (annex 1). This funding ended before the quarantine centre was completed. However a private Saudi investor has taken on the challenge and is presently investing 20 millions US\$ to create a transit area. The capacity of the transit area was planed to be, at the end of Ramadan (25 October 2006), 350,000 heads and a Saudi delegation was expected to assess the sanitary level of the area on the 18 October 2006.

¹ Report on "Facilitating Trade in Livestock Exports from Djibouti" prepared for the Integrated Framework Project of World Trade Organization (WTO) by Gregory M. Sullivan, Ph.D from Advanced Marketing Systems, Delta, Colorado, USA.

49. The transit area of 605 ha in surface is impressive, the place has been leveled and is well equipped with shade, water, feeder, loading and unloading slopes with houses for personnel and a veterinary laboratory built. More than ten vets from abroad will be recruited by the Saudi investor on a private basis to manage 40 vet technicians and lab technicians. The objective of the transit area is to hold 1.2 millions heads at peak season (after-Ramadan, Tabaski). The Saudi project is also planning to create fodder fields in Djibouti (with artificial irrigation), one modern abattoir and even a new harbor near the transit area. Further to its short term role for export, the project also aims to create a pilot experience in the Horn of Africa under international scientific control with the purpose to contribute to the prevention and control of transboundary diseases (TADs).

50. The transit area is planed to be cost-effective in 5 years and benefits of a tax exemption from the RDD for 20 years.

51. Several stakeholders remarked on Djibouti's political and economic stability as an asset in being a hub for doing import and export business, such as livestock. The banking system is sound with two international banks and a recently opened branch of the Islamic Bank.

52. The currency is stable and reasonably valued because of its foreign exchange policy of using a currency board in maintaining the DF. This was one reason why the RSLTC choose to locate their first pilot quarantine station in Djibouti rather than Somalia.

53. Djibouti has a long history and culture in the livestock trade. Though Djibouti does not have a large inventory of livestock, the Djiboutian traders have established traditional procurement networks that stretch into Ethiopia, Somalia, and Eritrea. These areas share similar heritage in culture and language. It is valuable to keep these traders onboard on design and implementation of the STDF project.

3.4. Opportunities in the Livestock Sector

54. The world demand for livestock and meat is growing. Djibouti sits in a prime location to benefit from the increased trade. GDP is growing in many meat deficit countries of Africa and the Middle East. Personal disposable incomes have been rising, and a shift in demand for meat has occurred.

55. Saudi Arabia is a prime market for Djibouti, Ethiopia and Somalia. Australia, Sudan, Jordan and Syria currently supply the Saudi Arabian market. The estimated price according to RSLTC is that live sheep from Australia can wholesale for \$ 70 per head.

56. The STDF 13 survey is on the verge to be implemented in Ethiopia and will initiate, under the hospices of OIE, a round table where the sanitary requirements of the importers will be clearly presented, in order to place the exporters in better position to adopt sanitary control schemes matching these sanitary standards. A pilot project will be proposed and regional policies tailored for trade of animal products in IGAD area.

57. The completion of the private transit area, witch could work as a quarantine station, will be a valuable asset to livestock traders and producers in the region. The certification of animals passing through the transit area will develop trade with traditional importing countries, and likely open access to currently closed markets and generate a large amount of revenue to the country. The quality and health of livestock transiting through Djibouti can be a positive marketing message. A preference for sheep produced in IGAD area already exists because of the leanness and taste of the meat.

58. The scheme that will be proposed will be to support the Djiboutian Veterinary Service in accrediting, but with a permanent quality control monitoring, the private structures of veterinary control developed in the transit area. This concept is embedding capacity building in National Veterinary Services that will be able to assess and audit the private veterinary control process and deliver a reliable science-based international veterinary certification complying with international standards (OIE

standards). This will lead to quality control systems, including good practice guides for abattoirs, HACCP procedures, and sound veterinary control for the benefit of consumers. As the concept of *Veterinary Public Health* will be promoted, the national public health will gain from improved food safety conditions.

59. Djibouti has not developed value added services and products for livestock, meat, and hides and skins. The opportunity exists to explore these revenue enhancing activities after the SPS system has been improved encouraging the development of facilities.

3.5. Public Sector Development

SPS revision and legislation.

60. Djibouti's SPS regulations for livestock have not been revised to keep up with changing world market requirements. SPS needs to be in line with EU regulations. The Gulf States are adopting positions set by the EU. For this reason it is important for Djibouti to update regulations and put their SPS codes in line with the OIE and import markets.

Capacity building.

61. Djibouti lacks the capacity to implement SPS standards. Capacity building is needed in several ministries. The diagnostic laboratory is not fully functioning, and staff require the necessary training and equipment. Important to a viable SPS program will be the ability to conduct surveillance, disease diagnosis, report to all interested stakeholders and international bodies, and carry out emergency plans. In addition, country's requirements are moving to documented traceability of product from production site through to final arrival in designated importing country. Djibouti lacks the trained personnel and equipment to meet this requirement.

4. THE GOAL OF THE PROPOSED PROJECT

62. The main goal of the proposed project is to strengthen the capacities of the Djiboutian veterinary services as an efficient facilitator for exporters of livestock and livestock products resulting in increased export earnings and employment and a reduction in poverty. In the meantime, and as a complementary goal, it is expected that the new capability of the Djiboutian veterinary services will upgrade the level of food safety for the internal market and improve national public health.

4.1. Program Objectives, Intermediate Results (IR) and Activities

4.1.1. Objective 1. : International Recognition of SPS in Djibouti for Increased Exports of Livestock and Livestock Products

63. The importance of accurate veterinary control will be to increase in the supply and quality of livestock for export by detecting low sanitary status in livestock. Furthermore, risk and uncertainty for livestock importers will be reduced, thereby promoting increased investment in the export sector. Finally these improvements will lead to opening of import markets generating benefits to producers, traders and processors in both Djibouti, Ethiopia and Somalia.

IR 1.1. SPS revised and legalized for Djibouti in compliance with world trade

Activity 1.1.1. *Assist the Ministry of Agriculture and Ministry of Trade and all stakeholders to update, revise and gazette new SPS legislation to conform to OIE standards and world trade standards.*

- Review existing Djibouti veterinary sanitary legislation in accordance with Gulf countries and other importing country requirements. This review will build on the outputs of STDF 13 survey, complying with the preferred sanitary requirements for live animals and meat information expressed by animal health officials in importing countries. A veterinary legislation specialist will be hired.
- Involve stakeholders in the livestock sector in establishing the objectives of the SPS and involve them in the review process and have a National Stakeholders Forum to discuss and resolve critical issues in the implementation of SPS. Establish a timetable for completion and who will be responsible for the changes and processes.
- Update legislation in conjunction with MOA and MOCI for presentation of legislation for Parliament to enact.

Activity 1.1.2. *Undertake the harmonization of SPS and trade policy among Djibouti, Ethiopia and Somalia to facilitate the trade in livestock and meat*

- IGAD will be associated in the preparation of a project document for presentation to the governments of Djibouti, Ethiopia and Somalia to harmonize SPS and livestock health and trade policies among the countries. (IGAD has expressed an interest in being a participant in this project, but it will require further details on how the organization can participate.)
- MOCI and MOA will host a series of workshops among all parties to discuss and agree upon harmonization of SPS requirements, disease surveillance and control, trade, and livestock policies taking in consideration the results of the STDF 13 survey.
- A workshop will introduce procedures for implementing SPS and will allow for redress for actions perceived as non-tariff trade barriers disrupting trade in livestock.

IR 1.2. Increased capacity of the public and private sector to implement SPS in conformance with international standards through conducting risk assessments, verification, trace-back, and certification.

The internal market will take advantage of the new capacities of Djiboutian VS to assess and certify the sanitary status of livestock and animal products by offering better quality products to the consumers.

Activity 1.2.1. *Re-build sustainable National Veterinary Services*

Ideally, this activity ought to be implemented after a comprehensive PVS² evaluation of Veterinary Services. External PVS evaluation can be done by OIE accredited experts upon request of the Government of Djibouti.

- Design, in close collaboration with the Direction of Veterinary Services and Ministry of Agriculture, a scheme to adapt the man power of Djiboutian veterinary services (including a possibility of private sector under accreditation) to the new needs in the context of SPS standards

² PVS = Performance, Vision and Strategy = a tool developed by OIE for qualitative evaluation of countries' veterinary services.

compliance. Formers studies³ show that the needs are important and crucial. These studies have to be updated. Two levels of deep training have to be planned: (i) “transition” training to adapt the existing human resources to new posts and new activities (redeployment), and (ii) initial training to make available new vets, and veterinary paraprofessionals of different levels, including engineers in animal production.

- Short term: recruit foreign veterinarians (French speaking or Arabic speaking) under contracts to perform official public activities duties and private activities for a transitory period, until Djiboutian veterinarians would be trained (6 years) or decision would be establish to integrate and rely on foreign vets for some tasks.

Activity 1.2.2. *Build the capacity of the MOCI to monitor, revise and communicate SPS and trade conditions with easy access by the private sector*

- Train staff of the MOCI on issues relating to SPS and other trade agreement
- Promote the interface of MOCI with COMESA, IGAD, AU-SPS and other country and regional organizations.
- Computerize SPS regulations onto a website for easy access
- Hold workshops for the industry groups on how to access information and provide periodic updates

Activity 1.2.3. *Build capacity of the existing veterinary service and make necessary improvements to comply with new national SPS legislation⁴*

- Provide funding for purchase of equipment and test kits for national diagnostic laboratory.
- Assist the national veterinary service to assume its role as the certifying organization for livestock and meat as well for export than for internal consumption.
- Train staff in :
 - the operation of a national diagnostic laboratory to monitor and control disease outbreaks.
 - risk analysis in the management and control of animal disease in compliance with OIE and import market requirements.
 - veterinary inspection in abattoirs, city markets and meat processing places.
- Design procedures of accreditation of private veterinary control structures and develop systems for monitoring and quality control of these private structures.
- Provide monitoring to the private but accredited structures of inspection of animals at the proposed inspection center in the transit area, and regular quality control assessment.
- Facilitate direct supervision by central veterinary service for all national disease programs and import and export programs. This involves the design and supervision of programs by the national office that will be executed by the district offices (e.g. the quarantine centers supervised by the national veterinary office, disease surveillance at Dikhil, and the national vaccination programs).

Activity 1.2.4. *Create the capacity of the private sector to implement SPS.*

³ French Ministry of Cooperation, 2001.

⁴ A World Bank project proposal “Avian and Human Influenza (AHI) Facility Funding Proposal for Stand Alone Activity” is now in the pipe. It intends to equip the veterinary laboratory and train the staff on AI prevention, diagnosis, and control.

- According to the scheme designed in activity 1.2.1., support, if required, the settling of private veterinarians in assigned places, and the delegation of official missions to sustain their activities, plan also extension mission for local producers.
- Strengthen the Livestock Traders Association to be an effective organization
- Train LTA on how to implement the revised SPS standards.
- Strengthen the Djibouti Butchers Association (DBA) to comply with SPS and HACCP guidelines.

IR 1.3. A sustainable verifiable and efficient system for the inspection and certification of the livestock – meat for exports.

Activity 1.3.1. Establish a livestock emergency fund for re-building veterinary services and running official activities

- A fund will be established to implement prevention and emergency interventions to retain Djibouti's livestock's access to overseas markets. The funds will be collected through mandatory per head fees taxes already perceived by the transit structure (DF50/hd for cattle and camels and DF10/head for shoats).
Funds will be used for improving the veterinary certification process and the monitoring of the private transit area. This implies also that activity 1.2.3., begun through STDF budget, will be progressively made sustainable for at least the 10 next years with these funds.
- The fund would be set aside in a trust account and managed by a committee made up of 7 people (2 from government ministries and 5 from the private sector [3 for the veterinary profession – veterinary statutory body-, and 2 for traders and producers]). The committee would then authorize expenses as the planned budget of VS and training scheme. During an interim period the funds coming from STDF 13 will require co-signature of AGAH for expenditures.

4.1.2. Objective 2. Improve Djibouti's competitiveness in the world market for increased exports of livestock and meat.

The emphasis is on creating an operationally efficient marketing system that will support all stakeholders in the livestock and meat sub-sector.

NB: Djibouti has experienced an outbreak of highly pathogenic avian influenza in April 2006 and has even deplored one human death from HPAI..

An FAO expert has designed a Avian and Human Influenza Facility Trust Fund of US\$ 2,102,236 with Cost (US\$): 958,153 for fight against HPAI at animal health level.

The main components of this proposed project are:

Subcomponent 1 - Institutional Framework Strengthening

Subcomponent 2 - Epidemiological Expansion and Field Surveillance

Subcomponent 3 - Diagnostic Laboratory Services

Subcomponent 4 - Training technician and trainers.

Despite there generic names, these components are very specifically focused on HPAI issues and activities and will not address the concerns of STDF 64 on VS capacities and their capability of international official veterinary certification for trade.