

CASE STUDY PIA 2: Market Access, Trade and Financial Services



7. Djibouti Export Processing Facility & Quarantine (EPF)

<p>INTRODUCTION</p>	 <p>The port of Djibouti is a very strategic point for livestock trade, one of the three main ports with Berbera and Bosasso. The threats to the market are numerous, and the bans due to animal health are a significant obstacle to it.</p> <p>© Copyright Agence Djiboutienne d'information</p> <p>Several hit the market: a 14 months ban in 1998 across the gulf region, the RVF ban in 2000 which stayed until 2009 for Saudi Arabia. This last one was left in 2006 in Djibouti thanks to the Regional Quarantine Facility established to provide quarantine and certification. This initiative reopened access to the only way of getting to the market for Ethiopia and has highly developed the port of Djibouti. The Export Processing Facility is meant to provide holding grounds, laboratories to provide the necessary immunization and certification especially on Rift Valley Fever.</p>
<p>LOCATION /GEOGRAPHIC COVERAGE</p>	<p>Djibouti and IGAD countries</p>
<p>STAKEHOLDERS AND PARTNERS</p>	<p>The enhancement of the project is due to the funds brought by USAID, followed by <u>AU-IBAR</u>. The project is now handled by the Djibouti government since 2006 and is presently managed by a Saudi Arabian private investor as a semi-private infrastructure.</p>
<p>METHODOLOGICAL APPROACH</p>	<ul style="list-style-type: none"> - The project begun in 2001 after the ban created by the Rift Valley Fever: <ul style="list-style-type: none"> o Creation of the Red Sea Livestock Trade Commission with: USAID, AU/IBAR, the Djiboutian Chamber of Commerce as implementing agency partners. o The goals were: <ul style="list-style-type: none"> ☑ To form the EPF in Djibouti by certification facilities where the animals would stay 21 days. ☑ To remain a non-profit organization managed by local livestock associations. ☑ To export at least 20,000 head of animal per month to carry out the previous point (UNDP & FAO) - The completion was given by the Government to the Saudi Company Abu Yassar, AU-IBAR were removed from the project in 2005 followed by USAID and the Chamber of Commerce.

	<ul style="list-style-type: none"> - The opening of the facilities started in 2006; the ban was then lifted for Djibouti. - The ban on the Region was lifted in 2009
VALIDATION	<p>The validation is extremely mitigated:</p> <ul style="list-style-type: none"> - Firstly, it reopened the market and ensures the trade from Ethiopia to other countries, which is, in case of drought, the way to ensure destocking strategies and then resilience. - According to FAOstat the total merchandise trade value for live animals in Djibouti is continuously increasing, from 40m\$ in 2005 to 85m\$ in 2010. But on the other hand: the basic aims are not fulfilled: - For example, the USAID plan was to make the facility a pro-poor enterprise managed by livestock associations and traders. The whole project ended up in the hands of the government and of foreign private sectors. - There remains considerable confusion about the level of competitive market practices at the EPF, resulting in issues of market transparency and inequitable access. - The price is not competitive because it is in the hands of foreign monopoly directly linked to the importation process. The interest of the quarantine owners and importers are the same. - Usage charges at the EPF are not clear, likely at the expense of small scale producers and traders.
IMPACT	<p><u>Impact in Djibouti:</u> Djibouti's expansion in the livestock trade was largely due to the development of quarantine facilities at the port and, related to this, its sole, official access to the Saudi Arabian market from late 2006 to late 2009.</p> <p><u>Impact on the neighboring countries:</u> Since 2006, with the upgrading of Djibouti's livestock export facilities, increasing numbers of livestock, particularly cattle, are coming from the Afar and Oromiya regions. Moreover the investments in the other similar facilities in Puntland and Somaliland have soared.</p>
INNOVATION AND SUCCESS FACTORS	<p><u>Prerequisites:</u> Ensure the arrival of a sufficient amount of animals to grant the cost effectiveness of the quarantine and the availability of the resource.</p> <p>Innovation:</p> <ul style="list-style-type: none"> - Creation of certification to ensure an international market - Even the concept of quarantine was an innovation
CONSTRAINTS	<p>On the institutional side:</p> <ul style="list-style-type: none"> - The working relationship between the GORD, AU/IBAR, LTC and USAID was poor, largely bringing role confusion between the agencies. - Foreign Monopoly on export: as the possibility of producing incomes of the EPF is high, it is difficult to maintain it on the hand of livestock associations. Thus, the price and ownership are not fairly established. <p>On the technical side:</p> <ul style="list-style-type: none"> - Lack of adequate Competent Authority for animal certification: experts have already begun to express concerns about the integrity of the quarantine process and whether the standards are rigorous enough to avoid a reimposition of the KSA ban: a lot of technical questions need to be answered. - Needs to harmonize the regulations and protocols for export and trade,

	<p>such that they align with modern international standards, particularly those of the Middle Eastern importer and other IGAD countries.</p> <ul style="list-style-type: none"> - Constraints in infrastructure (road, isolation, distance from the port) and procurement of hay.
LESSONS LEARNED	<ul style="list-style-type: none"> - The implementation of such a project needs to be strongly handled: the roles should be properly defined, the funds properly used and the ownership should be given to livestock associations. - As the requirements from importing countries and the control procedures are neither well defined nor transparent it could be necessary to create a technical team working on these questions closely with both of the offer and demand. Public intervention is more than needed. The implementation of such a project needs to be strongly handled: the roles should be properly defined, the funds properly used and the ownership should be given to livestock associations. - As the requirements from importing countries and the control procedures are neither well defined nor transparent it could be necessary to create a technical team working on these questions closely with both of the offer and demand. Public intervention is more than needed.
SUSTAINABILITY	<ul style="list-style-type: none"> - Until the ownership involves the pastoralists and traders associations, guaranteeing its access to small and big traders, the social sustainability is not ensured. - The technical management of the Quarantine should be Public and not Private, to ensure the transparency. - Need of the creation of a consortium gathering offer and demand to settle the standards and criteria to reach them. - The feasibility of the project should be well assessed. For example, determine the quantity of fodder available (even in case of disaster), or evaluate the number of animals that have to pass through the quarantine to be viable.
UP-SCALING	<p><u>IGAD-LPI could help on:</u></p> <ul style="list-style-type: none"> - updating hygiene regulations with the Ministry of Commerce - leading the management of donor projects - Providing a regular forum for the facilitation of agreements and harmonization of disease control regulations and protocols between IGAD member countries and target importers in the Middle East. - Creating agreements on quarantine and export conditions between Ethiopia, Somalia (including Somaliland and Puntland), Djibouti and the KSA. <p>But the challenge remains the same, the market is still based on bilateral agreements influenced by the Private Sector and Political issues; the countries of the Horn of Africa should unite. This could have reopened the market many years before 2006. IGAD could also be the support for a trading agreement with the Gulf Cooperation Council (failed by COMESA).</p>
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URL OF THE PRACTICE	<p>http://www.igad-data.org/policy-legal-strategy/cat_view/5-documents/10-policy-andlegal-documents/69-djibouti?limit=5&limitstart=0&order=date&dir=DESC</p>
RELATED RESOURCES THAT HAVE BEEN	<p><u>Y. Aklilu, A. Catley 2010:</u> Livestock Exports from the Horn of Africa: An Analysis of Benefits by Pastoralist Wealth Group and Policy Implications - Feinstein International Center, Tufts University – IGAD LPI</p>

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J. N. Brass 2008: The Political Economy of Livestock Policy: The Case of Djibouti -
Institute for International Studies University of California, Berkeley – IGAD LPI
N. Majid 2010: Livestock Trade in the Djibouti, Somali and Ethiopian
Borderlands – Chatman house - Africa Programme

**Case Studies Adapted from : Flora Baudron, Good Practices Building Resilience Experience from
Ethiopia and IGAD countries, FAO-SFE, 2013**