



Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development Djibouti

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Executive Summary

Djibouti's main assets are its strategic location on the Horn of Africa and its harbour and associated infrastructure which made the third sector (based on services and banks) very important compared to the primary and secondary sectors. Djibouti's economy is characterized by an extreme duality, as it is divided between a modern outward-looking urban commercial sector and a rural subsistence-based pastoralism economy which has little access to infrastructure, services and markets. Changes which have taken place over recent decades in national economic indicators and activities had little impact on the rural population, who continue to engage semi-nomadic, subsistence-level livestock production activities. The major part of this rural population lives under absolute poverty conditions. Poverty is omnipresent and very widespread. 2/3 of the population live below the poverty threshold, among which more than 50% are urban and the major part of the rural population who lives under absolute poverty conditions.

In this global context of poverty, environment and natural resources play special role in the life of the poor and particularly in rural areas where more than one third of the population depends on livestock, fisheries, remaining forests, woody areas, agriculture... for employment and/or survival. Much of the potential to diversify national economic production in Djibouti depends on the development of various different natural resources-dependent sectors such as, livestock, fisheries and agriculture. All these sectors already make an important contribution to national food security, employment, income and – potentially – exports but are not really reflected in national accounting or other measures of national growth. Although their importance in the livelihood of people in Djibouti, environmental assets are poorly integrated into the macro-economic planning to efficiently support the Djibouti Millenium objectives and the New Initiative for Development).

The evolution of society, globalisation of the exchanges and emerging issues (climatic changes, GMO'S...) oblige the countries to adapt the performances of their economy in a context of disengagement of the state. For that purpose, natural resources are a major asset for rural people. The question is how to reconcile, the Djiboutian social requirements of poorest people and the performance of the economy?

Some opportunities (favourable institutional context, international conventions and agreements, etc) are already in place in Djibouti to empower communities so that natural resources can serve as platform of economic opportunity onto which social capital can be built. The Decentralization policy engaged by the government aims to transfer some of the central government functions and powers to the regions (regional policy of development as well as responsibilities, education, social services...) to ensure good governance. The questions are: at which level these communities are able to take in charge such responsibilities? How important is the articulation between the communities and the local governments?

Some difficulties of various natures (absence of organization, assistance, low financial resources, low technical capabilities, no access to information, no clear vision in the long term which is based strategic orientations, access to land, property rights...) prevent rural people to take in charge the management of their natural resources and improve their livelihood.

The solution mainly lies in the capacity of these communities to be implied in the construction of strong institutions: co-operatives and associations which are invested in the organization of market chains and installation of social services on the rural territory. These co-operatives will have to function as professional organizations which help the producers to recover a

greater added value of their production. They will accompany the exploitations in the technical and economic improvement and their performances and will manage infrastructures. Lastly, they will constitute a force of negotiation face of markets, public authority and local authorities. The future of these communities confronted to the liberalization of the markets and to the disengagement of the state passes by the recognition and the reinforcement of these professional Community organizations, within the framework of the partnership between the public and private sectors. It is today one of the conditions of the rural development and the connection of the producers to the national and international markets.

In addition, in spite of the decentralization policy encouraged by the state, there is still a weak articulation between the rural organizations and the local governments. However, a greater synergy should help the local communities to be interested more in these Community organizations which are their natural prolongation in particular with regard to information, sensitizing and training of their members on the aspects related to decentralization, the natural resources management strategies and citizenship. This articulation should also help to solve the question related to the access to land whose management is entrusted to the local governments and traditional rules.

Whatever the activity (pastoralism, fisheries, agriculture, tourism) depending on natural resources, it is urgent to strengthen the djiboutian communities capacities so that they can better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable. Such interventions should help to enhance economic opportunities, reduce vulnerability and enhance security.

1. Introduction to the country and study

With a total of 23 200 Km², Djibouti is one of the smallest country in Africa. It lies in the Horn of Africa at the entrance to the Red Sea, and is bordered by Eritrea, Ethiopia and Somalia. The eastern coastline of Djibouti extends for approximately 372 Km along the Red, the Gulf of Tadjourah and the Gulf of Aden. Within the country, altitude ranges from sea level to 2021 m above at Mount Moussa Ali.

The human population of Djibouti is estimated at about 660, 000 most of which (80%) is urbanized. Population is estimated to be growing at a rate of 3% and 6% in Djibouti town. Half of this growth rate is accounted for immigrants from rural areas and neighbouring countries (world bank 1998).

The rural population is estimated at 150 000 people. More than 80% of this population are nomads and depend on pastoralism which covers approximately 2 000 000 ha of land of the country. Without precise data, livestock population has been estimated around 1.3 million animals distributed between 569 000 goats, 509 000 sheep, 67 000 cattle and 68 000 camels.

Djibouti's economy is characterize by an extreme duality, as it is divided between a modern, outward-looking urban commercial sector and a rural, subsistence-based pastoralism economy which has little access to infrastructure, services and markets. Changes which have taken place over recent decades in national economic indicators and activities had little impact on the rural population, who continue to engage semi-nomadic, subsistence-level livestock production activities largely affected by economic decisions made in the capital (Emmertson 1998).

The primary and secondary (industry and manufacturing) sectors take marginal part in the economy of the country although the first is extremely important in the rural level where livestock forms their basis of household livelihoods. Agriculture and livestock count only for only for 2.9% of the GDP (the World Bank, 1992). Due to the low average of annual rainfall (150 mm/year) and high evaporation (2500 mm/year), agriculture covers only 0.45% of the territory with 10000 ha of cultivable land part of which only 1% are really exploited (NAPE 2000).

Although efforts were recorded in the agricultural and fisheries, production, progress remains limited. For a country which has a littoral of 370 km and a high halieutic potential (Kunzel *et al.* 1996), fisheries is still slightly exploited sector by a traditionally nomadic population.

With a GDP per capita (890 US\$ in 2001, 1030 US \$ in 2006 !) appears in better economical conditions than its closest neighbors however poverty and unemployment levels are high (42% and 59%). Nevertheless, if we consider, the human indicator development (HID) which takes into account, the GDP, the education and the life expectancy, Djibouti is at the 150th world rank on 173 countries with a value of the IDH of 0,476 before Eritrea and Ethiopia, respectively 157 and 168th (FEWSNET 2004).

Poverty is omnipresent and very widespread. 2/3 of the population live below the poverty threshold, among which more than 50% are urban and the major part of the rural population who lives under absolute poverty conditions. The *EDAM* study conducted by the world bank (*EDAM* 2002) showed that the incidence of relative poverty and extreme poverty during the period 96 - 2002, had dramatically increased passing respectively, from 45% to 75% and 9,6% to 45%. This survey had also shown that poverty was generalized and touched all the social categories of the population. Nevertheless if poverty is high everywhere, it is in rural area that its incidence is more dramatic. More than 96% of rural live below the poverty threshold and 83% of them live in extreme poverty.

Djibouti has a national PRSP with the objective to achieve sustainable reduction in poverty by half and improve living conditions of all citizens. Within the framework of the PRSP, at mid-term Investment Programme for rural Development (2004 – 2010) has been formulated

with the specific objectives to ensure the development of crop, livestock and fisheries sectors and improve food security.

The PRSP is in conformity with the Millennium Development Goals (MDG) as indicated in the Djibouti's DMO document finalised in 2005. Moreover and to show its commitment and will to alleviate poverty, the government initiated the National Initiative for Social Development (INSD 2007) to guarantee a more equitable redistribution of the economic growth and avoid the poorest to live on the fringe of Djiboutian society.

In this global context of poverty, environment and natural resources play special role in the life of the poor and particularly in rural areas. More than one third of the population depends on livestock, fisheries, remaining forests, woody areas, agriculture... for employment and/or survival while Djibouti economy is still dependant on external financial assistance and is highly vulnerable to exogenous shocks. Economic instruments for sustainable use of natural resources should decrease this dependence and vulnerability.

The objective of this study is to understand the extent to which environment assets (goods and services) are important in the livelihood of people in Djibouti and the extent to which such values are integrated into the macro-economic planning (PRSP) and so support national delivery on the MDG and the INSD.

2. Environmental and Natural Resource as key assets for rural economic growth and livelihood improvement

2.1 Livelihoods

2.1.1 Natural resources as a core component of people's livelihoods

Rural livelihood systems in Djibouti depend almost wholly on natural resources such wild plant and animals, species for fuel, fodder, pasture, construction, food and medicines which provides the main households' basic needs.

Forest and woodlands resources

It is estimated that there are 2000 ha of forests and 68 000 ha of open woodlands in Djibouti (CNE 1991). These forests and woodlands are widely used by populations for firewood and charcoal production, the collection of fibres and woody materials for housing, fencing, rope and mat production, wild honey gums resins and medicine harvesting and as dry season fodder and grazing areas (CNE 1991, Guedda 1998). In the northern part of the country, (region of Obock) and due to the very sparse vegetation pastors rely on Mangroves (Mangrove of Goddorya) which provide various products to rural households –mostly at the subsistence level- including camel fodder, construction poles, firewood and charcoal (CNE 1991).

For the majority of the rural population in Djibouti, alternative sources of these basic household subsistence items are unavailable or unaffordable. People rely almost entirely on sourcing them from locally-occurring trees and plant species.

Some 143000 rural household and 6800 urban dwellers depend on wood-based energy sources. In Urban areas, due to the increasing prices of kerosene, this dependence increased these last years.

□ Marine resources

Reef fisheries provide essential sustenance to artisanal fisherman and their communities the country. Fisheries represent an expanding sector of the Djibouti economy in both consumption and production terms. Nevertheless, at present, fishery is still playing a minor role in the economy and fishing effort is generally considered to be low, although subsistence artisanal fisheries are locally important (Pilcher and Abdi 2000). The fishery is predominantly artisanal, with over 85% of the fishing fleet comprising small (6-8 m) and medium sized (10-

14 m) boats, primarily using line and net fishing and labour-intensive techniques (Künzel *et al.* 1996). The current national catch is estimated to less than 1,000 t/y (EIU 2006) and is under the estimated potential of Djibouti's waters (4,500 to 9,000 tonnes). The majority of the catch is landed by hook and line, although gill nets and throwing nets are also used. Catches consist almost entirely of large food fish that are marketed fresh, as there is presently little to no processing. Catches are composed of a combination of demersal reef and pelagic species, notably grouper (23 %), Spanish mackerel (14 %), red snappers (13 %), antak (12 %), blackspot snapper (10 %), bonito (5 %) and jacks (4 %). About 83 % of the catch is landed at Djibouti town, Tadjourah (5 %), Obock (10 %), the remaining 2 % are consumed on board (PILCHER & ABDI 2000).

Fisheries involve over than 500 fishermen and generate additional related employment (retailing, packaging, boat and net construction and maintenance). In 1998 the word bank estimated to 2800 the non fishing job opportunities generated by the fisheries sector. More updated data (official Djibouti agenda 2007) indicated that fisheries generated around 5000 direct and 5000 indirect employments.

Although no major trade exists at present, there is a substantial market for ornamental aquarium fish from the Red Sea and Western Indian Ocean waters of Djibouti, with the USA, Hong Kong, Germany, Japan and other European countries as the main export markets (BARRATT & MEDLEY 1988).

□ **Agriculture**

Agriculture is a new activity as rural population was rather herder by tradition and climatic conditions are more suitable for livestock activities. Contribution of the agriculture sector to the GDP is 1.5%. Cultivated lands are estimated to 10 000 ha (0.45% of the total area of the country). During 1995 – 96 there were 1135 farmers of whom 564 practice only agriculture, 308 having double activity (agriculture and livestock) and 107 civil servants. The framers productions are tomatoes, peppers, gombos, water lemons, melons, goyava, dates... and for 40% of them it is the only income.

In its food security and poverty alleviation strategies, the government aims to develop the agriculture sector trough promotion of date palm production and oasis cultures.

□ **Tourism**

Tourism is still poorly developed despite a perceptible expansion observed these last years trough the creation of two diving centres and some hosting sites. Tourism has been created taking advantage of Djibouti's natural attractions. Although the financial repercussions on the populations are not yet known, these activities offer employment opportunities to the rural populations living around the tourist lodgings like in the locality of Ditillou, Bankoualé... in the north of the country and Lac Abbé, Assamo... in the south. Communities start to be organized by offering some services (guides, artisanal products and honey...). These activities linked to tourism offer also some opportunities for the settled nomads to diversify their traditional activities and guarantee a source of income other than that generated by livestock.

□ **Mining and semi processing**

Salt is available in high quantities in the depressions as in the Lac Assal and explored for a long time by nomads moving between Djibouti and Ethiopia. They sold it or exchanged it against others items. This activity continues nowadays.

Semi-industrial salt production began in 1998 in response to demand from Ethiopia. From around 8,000 tonnes before 1998, salt production rose to 173 000 tonnes in 2001 (EIU 2006) but declined in 2005, fault of being non competitive.

A cement factory is in construction in the region of Ali-Sabieh.

□ **Wild life resources**

Although rare, some wild animals (gazelles, birds) are sold hastily. Marine Nevertheless, shells and coral are widely available in souvenirs shops in Djibouti.

2.1.2 Contribution of environmental and natural resource assets to the achievement of the MDGs and PRSPs

Much of the potential to diversify national economic production in Djibouti depends on the development of various different natural resources-dependent sectors such as agriculture, livestock and fisheries. All these sectors already make an important contribution to national food security, employment, income and – potentially – exports.

In Djibouti, the primary economic significance of biological and ecological diversity is that it permits choice and allows range of alternatives production and consumption opportunities for humans, who live otherwise limited rural and urban economies, and that it contributes to stability, resistance and resilience of natural and human systems to stress, shock and changes in an uncertain and marginal physical and economic environment (Emmertson 1998).

In the rural level, biodiversity strengthens livelihood security and ensure human survival under difficult natural and socio-economic conditions. The variability between wild plant and animal species which permits different foods, medicines, pasture areas and fodder types to be utilised contributes to food security, resistance to drought, disease and pest attack for both human and livestock population. This diversity comprises a very important set of economic benefits given the marginal and uncertain nature of pastoralist activities, and the limited rural production and consumption base, in Djibouti. In absence of plant and animal biodiversity, rural economies in Djibouti would undoubtedly be severely weakened and under extreme conditions, might fail together.

The continued existence of biological resources, ecosystems and their diversity in Djibouti also has intrinsic value, regardless of current or possible future utilisation opportunities (industrial and pharmaceutical applications). This include local and national cultural, heritage and bequest significance accruing from wild species, natural habitats and areas considered to be of outstanding natural beauty, historical or traditional importance as well as the global existence values attached to conserving biological diversity in Djibouti.

2.1.3 Policy and legal incentive in place

□ An Institutional Context in constant improvement - Ministries

The institutional context is in constant improvement with the reinforcement of ministries in charge of the natural resources management and in particular the Ministry for the Habitat, Urbanism and land planning in charge of the Environment (Ministère de l'Habitat, de l'Urbanisme, de l'Aménagement du Territoire chargé de l'environnement : MHUAET) and the Ministry for agriculture, livestock and sea in charge of the hydraulic resources (Ministère de l'agriculture, de l'Élevage et de la Mer, chargé des ressources Hydrauliques (MAEM-RH).

These ministries attach a very great importance to the of natural resources safeguard in their plans within the main strategy of the alleviation of poverty and the improvement of the living conditions of populations. As an example, within the framework of the PRSP, At mid-term Investment Program for rural Development (2004 - 2010) has been formulated by the MAEM-RH with the specific objective to ensure the development of crop, livestock and fisheries sectors and improve food security.

The ministry of Education ensures the education of young people in the country. The creation of many schools in many rural localities these last years aims to reduce illiteracy. The girls' education is one of to the priorities of this ministry. The CRIPEN (National Research Centre for Education) elaborates programmes aiming the safeguard of environment.

The Ministry of finances develops poverty monitoring programs under the support of the World Bank within the framework of the PRSP .

The Ministry for the woman promotion, family wellbeing and the social affairs is in charge of the development and the implementation of the national Strategy for the integration of women in all the development programs occurring in the country. The principal areas of intervention relate to health, social protection, illiteracy, income generating activities and collaboration with the other ministries on the question of gender.

All these ministries work in close cooperation with **the Research and Studies Centre of Djibouti** (CERD) which mandate is to develop research activities for development of the country.

□ **The sector of microfinance.**

In 2001, to facilitate access of credit to the poor, the government with the support of the African Bank for development, made in place a program of micro-credit. The Social Fund for Development (Fond Social pour le Développement = FSD) in charge of this program is under supervision of the prime minister.

□ **The traditional social organization.**

It plays a significant role in the maintenance of social cohesion in rural localities. The social organization is on a hierarchical basis. It is based in the *Afar* areas on the political system of the sultanate and on the level of the families on the right of seniority. The sultan is the supreme head. He applies the common law, owns the land and distributes it to the tribes. He is assisted by a Council where members of each tribe are represented. Ordered by *Oka* each tribe has a group of wise. The *okals* and sultans take care of the respect of the usual laws. These notables are a significant vector for community mobilization and awareness. They intervene in conflicts resolution, management of the water points and pasture areas, application of the rules which ensure sustainable natural resources management. The strong cohesion and the community solidarity which are the product of the strong hierarchy of the djiboutian society should be a good base for the development of actions for local development.

□ **The associative Sector.**

Since 1992, the democratization policy adopted by the government allowed the creation of several political parties and a significant number of associations and co-operatives engaged in agriculture, fisheries, environment. Despite their weak capacities, they play more and more a significant role in the development of the regions. NGO's took also an important place under the initiative of some committed personnel of the administration who feel concerned by development of the country. Well trained, their actions showed interesting results and have relevant impacts on the targeted communities.

□ **Strategies and programs**

Djibouti elaborated some strategies and programs based on community involvement and sustainable use of natural resources to alleviate poverty. Among the most important one can quote, the PRSP (Poverty Reduction Strategy Program), The MDG (Millennium Development Goal, 2005), UNDAF (United Nations Development Assistance Framework, 2003) and the INDS (National Initiative for Social Development, 2007).

The objectives of Poverty Reduction Strategy rely on the insertion of the most vulnerable groups, the creation of sustainable economic growth conditions, the development of human resources and the improvement to the access to basic services while promoting a

sustainable management of the natural resources. The Djibouti's PRSP is in conformity with the development millennium objectives as indicated in the Djibouti's MDG document finalised in 2005. Djibouti's PRSP integrated also a large scope of the consultative and participatory process (consultations with the poor, NGO groups and donors community). The engagement of all ministries in the process, ensuring that PRSP is closely linked to sectorial strategies proposed by these ministries:

- deeper treatment of key cross-cutting issues, emphasizing the need to improve governance and public sector performance, foster private sector development, and reduce gender disparities
- the adoption of quantified targets, although limited, that use the MDGs as benchmarks and indicators for monitoring and evaluation, with explicit timetables for achievements
- The preparation of a consistent macroeconomic framework, the costing of sectorial strategies, and the projection of the financing needed to attain the sectorial/MDG targets.

The UNDAF 2003 – 2007 focussed on four major axes: the alleviation of poverty and social development, promote the good governance and human rights, promote health and reduce the expansion of HIV/AIDS and others transmissible diseases, water resources preservation and their sustainable use.

Moreover and to show its commitment and will to alleviate poverty, the government initiated the National Initiative for Social Development (INDS 2007) to guarantee a more equitable redistribution of the economic growth and avoid the poorest to live on the fringe of Djiboutian society. This new initiative will be funded by the Djiboutian government.

□ **International commitments**

Djibouti is largely engaged in the world environmental process in particular through the signature and the ratification of the important following conventions: Convention on Biological Diversity (CDB, 1996), Convention on Climatic Changes (UNCCC 1995) and *Kyoto* Protocol (2002), Convention against desertification (CCD 1997), Montreal protocol (1999), Bâle Convention (2001), Carthage Protocol (2002), Rotterdam Convention the 2004, CITES and Ramsar Convention

To fulfill its international obligations, Djibouti has elaborated its National Action Program for Environment (NAPE) and its national monography for the biological *biodiversity* in 2000. The National action Plan (NAP) against desertification and the first national communication for climatic changes have been finalized in 2001. All these documents aimed to the promotion of a sustainable development.

□ **Projects and achievements**

Several projects have also been carried to improve of the living conditions of the population (development of the pastoral breeding, improvement of fishing, improvement of water supply in rural areas, creation of agro-pastoral perimeters, development of crops under date palm cultivations.

Djibouti created also a network of protected areas (Law N°45/An/04/5ème – 27 march 2004) distributed between land ones (Day Forest, Mabila Forest, Lac Abhé and Lake Assal) and marine ones (Musha and Maskali Islands, Iles des sptes frères, Ras Syan, Khor Angar, Goddorya Forest and Haramous)

In the marine sector, Djibouti as most nations in the Red Sea and Gulf of Aden (RSGA) region have also recognized that effective management for conservation of reefs requires successful management of adjacent coastal areas. As many reefs fringe the coastline, they are particularly sensitive to changes in coastal land-use patterns (PERSGA 1998a). Their conservation requires appropriate integrated management, based on sound legislative

frameworks, land-use planning, participatory approaches, *a priori* socio-economic and environmental impact assessments (EIA) and, where necessary, remedial actions.

Djibouti has taken major steps towards managing its coastal zone, with implementation of ICZM plans and their integration into national development plans. Djibouti has prepared an ICZM plan (supported by PERSGA) in 2004 for its coastal areas and a National Biodiversity Strategy and Action Plan in 2000 (supported by GEF); The Djibouti ICZM, focussed on five main goals:

- Improvement of the water resources management;
- Control the economic development of the coastal zone;
- Control the urban development;
- Better management of wastes and control of the pollution;
- Preservation of the environment, marine and coastal spaces.

2.1.4 Perverse incentives which prevent people from being able to benefit from their natural resource assets on a sustainable basis

It exist a range of disincentives to natural resources conservation which prevent people from being able to benefit from their natural resource assets on a sustainable use.

- Policy and market failures

In Djibouti, users have the potential to benefit from biodiversity without directly bearing the costs associated with the consumption or degradation they are likely to deplete biodiversity. For example industrial producers can freely dispose of untreated wastes and effluents into the land and the sea. They neither pay for the use of terrestrial and marine ecosystems as a dump nor bear the direct costs associated with resulting pollution, such as declining fish yields or loss of utilisable plants and trees. Users have incentives to over-exploit and degrade biodiversity because it is cheap or free for them to do so and because they do not have to pay the costs arising from the damage that their activities.

- Inadequate finance for biodiversity conservation

Available sources of finance are extremely limited in Djibouti. Most of them are allocated to more urgent needs (health, education, defence...) seen as having priority than biodiversity conservation. There is a clear need to generate sufficient funds for natural resources sustainable use, and to channel them in a suitable form from the group who are ultimately responsible for bearing its costs.

- Assurances

□ International assistance

The Djibouti economy is dependant on external financial assistance and is highly vulnerable to exogenous shocks. Economic instruments for sustainable use of natural resources should decrease this dependence and vulnerability.

□ Family solidarity

Interventions to enhance use of natural resources are of great importance to the poor but may benefit the less poor, unless carefully targeted. In Republic of Djibouti, by spirit of solidarity and social cohesion, the members of the family living in the capital ensure a substantial financial effort to the remainders living in rural areas. This substantial support presents two perverse effects. In some cases, it creates a kind of assistantship which removes any form of initiative to the recipients who remain completely dependent. In others, it allows an enrichment of the recipients which enhance the quantity of animals (essentially goats, sheep and camels) creating in the same time an imbalance between the available resources and the daily needs of the herds. By this practice, the ecology is affected, desertification takes place and the ecosystem is threatened. The consequence of that is an

impoverishment which affects mostly the poorest. This last case shows that environmental pressure will not automatically diminish with greater prosperity or allowance of facilities.

□ *Government assistance*

Unfortunately, water motor- pump supply offered to farmers by the government to promote agriculture has led, fault of sustainable management of the underground water, to salinisation of water resources and soils. The proliferation of wells in rural zones has also led to the settlement of nomads and to overexploitations of the vegetation enhancing the desertification process and its harmful consequences on the environment.

3. Natural Resources Governance at the core of sustainable development and livelihood improvement

3.1. To what extent has natural resource governance being devolved to the lowest accountable bodies and to people and communities?

It's well known that the link between natural resources management and poverty reduction depends on the system of governance. Dimension of good governance includes citizen participation, transparency, efficiency, equity, accountability, and gender sensitivity. In Djibouti, some progress has been made under the PRSP process. It has led to better analysis and understanding of poverty at a national level, increased government transparency provide greater opportunities for civil society input and citizen participation.

The Decentralization policy engaged by the government aims to transfer some of the central government functions and powers to the regions (regional policy of development as well as responsibilities, education, social services...) to ensure good governance. It promotes:

- democracy with a greater participation in public decision making
- economic and managerial efficiency (each region with its own regional council has the responsibility to manage their resources and provide opportunities to the poor to earn environment income from their natural resources).

Despite the fact that greater efforts has been done to achieve some these objectives, the decentralisation policy is still in its infancy and the extent to which natural resources governance has being devolved to the lowest accountable bodies, to people and communities needs more time to be assessed. It's however clear that they have still little impact on environmental decisions despite their significant reliance on natural resources.

3.2. How can improved natural resource governance improve people's livelihoods and reduce risks?

In 1992, at the Earth Summit in Rio de Janeiro, 178 nations including Djibouti adopted Principle 10, which committed signatories to provide citizens with greater access to information about the environment, opportunities to participate in decision-making processes affecting the environment, and access to redress and remedy (i.e., justice) to protect their rights. These three rights—access to information, participation, and justice—are often referred to as procedural rights (and the Access Principles), and they help determine the characteristics of good governance (USAID 2006).

Access to information

Improved access to information allows poor households to take advantage of new opportunities, respond to market prices, find out about activities with potentially harmful effects on them (e.g., siting of dams and roads, land use changes), and take advantage of government-sponsored training and assistance programs. Access to public information such as laws and accounts of government services and expenses provides accountability tools for the poor to press their claims.

Participation

Participation in decision-making allows local people to affect outcomes directly related to their livelihoods. Local groups can for example assume responsibility to manage their own

natural resources and run commercial ecotourism activities. Pastors can help sustainable pastoralism research or initiative agendas by sharing their ability to observe and manage variations in vegetation, temporally and spatially, in order to maintain sustainable livelihoods and economic growth.

Participation through citizen meetings should also help to review programs, and community-based management committees, government performance, resolve conflicts, and/or build consensus.

Justice

Access to the legal and justice systems enables the poor to secure and enforce their rights to use natural resources. Poor people often lack knowledge of land laws, legal institutions, and processes to advance their claims. Government institutions should be transparent, fair, and timely in handling land titling and registration and should provide effective local mechanisms for resolving conflicts. Poor people should be able to participate in fair permitting and licensing procedures and should be able to obtain licenses and registrations without undue costs or deliberate obstruction.

3.3 To what extent is policy and legal rhetoric being put into practice on the ground?

As previously indicated, there is a real political will to reinforce good governance. The recent elections aiming to designate representatives of local people to lead the management of local resources are the first steps of this willingness. Participation and information in the management of resources are the core assets of this policy. Within the framework of the decentralization policy, the local councillors organize regularly meetings on the new policy of the government and consult the representatives of the communities for the significant decisions related to development. Nevertheless, the impact on the ground is still weak. The educational background of the communities' representatives remains very low to allow them to have a better comprehension of the stakes and to develop strategies or projects to respond efficiently to challenges. This incapacity leads to fully minor their role and responsibilities in important decisions. Their main concerns and claims are often related to youth unemployment and drought which affect their herd without proposing any solutions to face such issues. They are still relying on the assistance of the government as "a welfare state" to solve all their problems. In addition, the degree of poverty in the regions and the urgent need for their development relegate sustainable natural resources management to the second plan.

Regarding the land use, traditional rules remain still very influent particularly in the regulation of rights users and resolution of conflicts. Attributions of land are still under the decisions of the communities' chiefs. But access to land is more facilitated for the influential people of the community than the lowest accountable ones.

These lands are used for tourism sites constructions or agriculture. Tourism gives opportunity for local to sell some of their handicraft products and to obtain some jobs. Again, communities' weak skills and organization prevent poor people to manage their own resources. An attempt in this direction has been tested in the locality of *Assamo* in the south of the country by ADDLA NGO (Asajog Association for the sustainable development) without significant success.

3.4 Is their and equitable (including gender equity) distribution of the costs and benefits of devolved natural resource governance, including equity in access and ownership rights, land and resource tenure?

The weak organization of the rural communities and often their lack of initiative, due to their nomadic origin to exploit their natural resources other than through livestock related activities do not authorize, at this stage of the study, to give an idea about distributions of the costs and benefit rising from natural resources. People continue to exploit lands according to their

ancestral traditional way without paying any cost. Nevertheless, and because of the limited access to financial capital, rural communities could not undergo any others generating activities.

Here and there, several agricultural plots or tourism lodgings (senior public agents, tradesmen...) developed these last years. Most of the owners are native from these localities but living in Djibouti town. They use natural resources (soils, water, vegetation...) without paying any costs. The financial impact on locals remains non significant.

There is an urgent need for greater awareness campaign, information and training of local communities and populations on their rights and duties. This should help to empower them to use devolved natural resources governance as platform of economic opportunity onto which social capital can be built.

3.5 Are rural people and communities adequately informed about their rights and responsibilities for devolved natural resource governance, and are they in a position to take on such rights?

Rural people and communities are not yet well informed about their right and responsibilities for devolved natural resources and then not in position to take such rights. Rural people often lack knowledge and laws, legal institutions, and processes to advance their claims. Rural people are still nomads in their mind and didn't understand the benefit of natural resources in term of better process and add value on natural resources based products. They often rely on the government to solve all their problems.

For a better implementation of the governance policy, there is an urgent need for translations of policies and regulations into Afar and Somali languages, training in rights, provision of paralegals and legal advice, simple land tenure provisions and efficient procedural processes. Local elected representative and NGO's should play a more effective role in all these aspect to empower local communities so that they could take advantage of new opportunities that offers devolved natural resources governance.

4. Market chains and value adding on Natural Resources:

4.1 How can rural people better engage in the market so that larger proportions of income from natural resources are trapped at the community and family levels?

Rural people tend to be highly dependent on natural resources for their livelihood. But the extent of this dependence may not be revealed by traditional income analysis. Some of key components that have to be taken in consideration for rural people to be better engage in the market has already been well defined (Awimbo et al. 2004) and should be used in Djibouti. Community should:

- be informed about the devolved natural resources governance to be able to claim their rights;
- understand the economic value of natural resources and the economic cost arising from the degradation and loss;
- create cooperatives and associations to manage their resources
- Understand the economic trade-offs involved in natural resources conservation for local communities, especially of the opportunity cost in terms of alternative, degrading, land use and livelihood activities foregone
- Benefit of sufficient economic incentives to compensate for any local costs involved in natural resources conservation, and to increase the profitability and economic desirability of natural resource conservation, in itself and relative to competing or degrading land and resource uses;

- recognition of the local economic importance of natural resources, and of the need to provide incentives for community natural resources conservation in both macroeconomic and sectorial economic policies, and in the policies of natural resource sectors, at local, national and regional level.
- Rural people and communities being able to process and value add on natural resource products and can fairly and equitably enter the market place

4.2 What are the policy, institutional and structural impediments for such engagement? How these be solved in practical manner?

There are some impediments that prevent rural people to be better engaged in the market. They meet with some difficulties of various natures. There are initially some problems of financial resources which limit their capacities of intervention and the types of services that they can return to their members.

There are also some constraints due to their low technical capabilities because the majority of the rural organizations members are illiterate. However, the access to information is a critical need for the organizations to better plan their actions.

Moreover, much of rural organizations do not have a clear vision in the long term which is based strategic orientations. This situation leads many organizations to seize opportunities without binding them to a clear social project. Today much of young rural people do not foresee their future through the *pastoralism*, fisheries, agriculture... but think of finding job s in Djibouti town. However, these young people must constitute the relief and the rural leaders of tomorrow.

In addition, in spite of the decentralization policy encouraged by the state, there is still a weak articulation between the rural organizations and the local governments. However, a greater synergy should help the local communities to be interested more in these Community organizations which are their natural prolongation in particular with regard to information, sensitizing and training of their members on the aspects related to decentralization, the natural resources management strategies and citizenship. This articulation should also help to solve the question related to the access to land whose management is entrusted to the local governments.

4.3 How can rural people and communities' better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable?

Still today, the most significant activity in Republic of Djibouti which uses natural resources such as lands, water and vegetation is pastoralism. But drought, uncontrolled effects of the multiplication of the water points, increased demography and various perverse effects as assistance induced some deep changes in Djiboutian pastoralism. The resulted settlement have affected pasture lands and led to enhance the impact of desertification. The urbanization increased herds but no organized marketing was created to sell animals. Three major elements explain the weakness of the local marketing of the Djibouti cattle.

Initially, the importance of the regional trade makes that the scarce vegetation of Djibouti doesn't allow the country to compete neither in quantity nor in quality with Ethiopian's cattle better nourished and more robust. Secondly, the Djiboutian pasture often proposes prices higher than ethiopian or somali. These two weaknesses don't allow the export of any djiboutian cattle although the existing centre for animal export to Arab Gulf countries created by the Saudi private sector.

Third, marketing does not interest the Djibouti nomad who often relies on the assistance of a member of his family living in Djibouti town.

The second sector which uses natural resources is fishing. It also suffers from lack of effective organization of fishermen to enable them to increase their capacity of capture and sell their production. To make competitive this sector, the government provided to the fishermen powerful boats having engine to allow them to diversify their fishing. A fishery was built for the conservation of the production and its sale. In spite of a perceptible improvement, the impact of these efforts on the fishermen livelihood remains weak.

Whatever the sector in question (pastoralism, fisheries, agriculture, tourism), it is imperative to reinforce the organization of the different djiboutian community depending on natural resources so that they can better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable.

It is clear that the evolution of society and globalisation of the exchanges oblige the countries to adapt the performances of their economy in a context of disengagement of the state. For that purpose, natural resources are a major asset for rural people. But how to reconcile the Djiboutian social requirement of the poorest people, who represent most of the population and the performance of this economy?

The solution mainly lies in the capacity of these communities to be implied in the construction of strong institutions: co-operatives and associations which are invested in the organization of market chains and installation of social services on the rural territory: dispensaries, schools for training of young people. These co-operatives will have to function as professional organizations which help the producers to recover a greater added value of their production. They will accompany the exploitations in the technical and economic improvement and their performances and will manage infrastructures. Lastly, they constitute a force of negotiation face of markets, public authority and local authorities. The future of these communities confronted to the liberalization of the markets and to the disengagement of the state passes by the recognition and the reinforcement of these professional Community organizations, within the framework of the partnership between the public and private sectors. It is today one of the conditions of the rural development and the connection of the producers to the national and international markets.

4.4 What are the market chains for natural resource products? How can they be made more equitable and efficient

Currently, There is no an accurate market chains for natural resources products in Djibouti. The products are often sold individually by the families. It would be necessary to create another conception than this kind of survival economy to make rural people to live correctly in their village and to have future prospects in a protected rural world. Once again only the organization of the rural communities will be able to allow reaching to an economy based on a sustainable exploitation of the resources while bringing an added value and by diversifying the activities by the construction of chain of production - transformation - marketing – services. To be equitable this economy should focus on the causes of poverty by reducing inequalities. With the empowerment of communities natural resources should serve as platform of economic opportunity onto which social capital can be built.

5. Environment and Natural Resources in National Accounting, PRSP's and MDG performance

5.1 How are natural resources reflected in national accounting, and other measures of national growth? How can this process be improved?

Few if any integration of natural resources in national accounting is available. A tentative economic assessment has been held in the framework of Djibouti National Biodiversity Strategy and action Plan (Emerton 1998). In this report, it has been identified different benefits and potential coasts associated with Djibouti's biodiversity accrue to various groups inside and outside the country including:

- **Rural communities and livelihoods ecosystem:** on-site benefits associated with ecosystem services, including the maintenance of soil fertility, water quality and flow, also supports basic human survival and agriculture production. Together, this onsite benefits are estimated to have a quantified value in excess of some 3.1 million per rural household per year or 75.3 billion overall. Potential developments and applications of biological resources may, in the future, have the possibility to diversify and further strengthen rural production and consumption opportunities.
- **Urban consumption and commercial production process:** certain biological resources support urban consumption and commercial production processes in Djibouti, including those used in fisheries, energy and tourism sectors as well as sales of plant products. Together fisheries and woodfuel production are estimated to have a quantified value in excess of FD 1.1 billion a year and would be over FD 8.5 billion a year if fisheries activities were fully developed.
- **Government budget:** the Djibouti Government's budget gains fiscal revenues from a range of taxes and license fees on biological resources. These include license fees and exported taxes on fisheries and livestock production activities, and taxes raised from tourism.
- **National economic indicators:** biodiversity contributes to the Djiboutian economy in a number of ways. Biological resource utilization forms a direct component of national income, employment and foreign exchange earnings. Biodiversity also supports basic components of the national economy, including rural livelihoods, urban consumption and industrial output.
- **Global community:** the global community receive a range of economic benefits from the presence of Djibouti's biodiversity. These include the environment benefits associated with carbon sequestration as well as various option and existence values.

5.2 Does the country have indicators (and means to measure) that reflect the value of the environment and natural resources in the PRSPs and the performance of all the MDGs?

The Djibouti MDGs and PRSPs approaches not fully account for the links between resource management and poverty reduction and subsequently fail to realize the full potential of natural resources (goods and services) as wealth-generating assets for the poor.

The design and implementation of poverty-oriented social and economic policies in Djibouti are made very difficult by the scarcity of relevant and reliable statistical data. To effectively implement poverty reduction policies, it is essential to develop a permanent and integrated poverty monitoring system where the value of the environment and natural resources as core assets in poverty alleviation are taken into account.

5.3 To what extent are natural resource assets reflected in national and regional marketing and trade? How can this be improved?

Djibouti's main assets are its strategic location on the Horn of Africa and its harbor and associated infrastructure which made the third sector (based on services and banks) very important compared to the primary and secondary sectors. This fact induced that natural resource assets are not reflected in national and regional marketing and trade.

This could be improved by taking into account some the recommendations formulated by the world Resources Institute (WRI) who suggests seven steps to more strongly integrated environmental assets into poverty reduction efforts (USAID 2006):

- **Ecosystem orientation and environmental income.**

- Emphasize the ecosystem approach and value ecosystem services as a source of income for the poor.
- **Sustainability of income over time.** Take a long-term approach and consider the consequence of developing pastoralism, fishery and agriculture sectors.
 - **Tenure and access to resources.** Recognize the central importance of land tenure to reducing rural poverty.
 - **Decentralization and Community-Based NRM (CBNRM).** Devolve power over resource management to competent local authorities and community groups.
 - **Participation, procedural rights, and gender equality.** Ground the strategies in broad-based participation by civil society. Emphasize free, prior, and informed consent by local communities in economic development projects.
 - **Environmental monitoring.** Include plans to monitor environmental conditions to track impacts of economic growth on environmental income.
 - **Targets, indicators, and assessments.** Specify poverty and environmental indicators to evaluate performance and allow for adaptive management

5.4 Is Strategic Environment Assessments (SEA) used in a practical and function manner so that the different sectors (and programmes) responsibly integrate environmental aspects of direct relevance to the sector?

Although the existing awareness on the importance to safeguard the environment in all plans and programs of the country, the Environment Assessment is not used in practical and functional manner in any sector. The Ministry in charge of the Environment is currently finalizing a law in this direction.

6. Analysis of the important emerging issues with respect to the environment and natural resources

6.1 What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?

☐ Regional conflicts

Due to regional conflicts, Djibouti attracts populations from other countries in the sub-region because it offers relative peace, stability and employment opportunities. But immigrants and refugees place a tremendous burden on already-weak natural resources, social services and economic security.

☐ Climate changes

The impact of climate change on the frequency and the quantity of precipitations is one of the main causes of drought and or floods which affect poor people. In Thirty years some pasture regions of Djibouti lost 30% of their water supply while pressure on these lands increased. The impact of these changes has led to pastures settlements, enhanced the impact of desertification and pauperised many of the rural community.

The impact of climate changes on coral reef is also a great challenge that has to be assessed. This became evident in 1997 and 1998, when elevated sea surface temperatures caused mass coral bleaching and mortality in many parts of the seas with serious effects to human through declining fisheries, tourism and other ecosystem services like carbon sequestration (Moshira & Nabil 2002, Nabil & Houssein 2004).

Globally, the impact of climate change on food security is very important and affected particularly pastor's community (fewsNet 2007). The months of dryness led to a rarefaction of the vegetation and consequently to a malnutrition of cattle. During the last decade, pastors have lost an important part of their herds and lived in critical food insecurity. The call of the government for an international assistance reflects the importance of the persisting crisis

which requires effective strategies and programs for its attenuation so that pastors can at least develop the capacity to manage with the minor shocks and to minimize the rural exodus

□ **Environment degradation**

Over exploitation of vegetation due to pasture settlement and wood depletion to overcome household energy have led to desertification and environment degradation. As an example, forest degradation has been estimated to 3.3% per year. Rural are most affected by this environment degradation and further degradation will increase the number of poor people in the country and particularly in Djibouti town where most of them migrate to find some opportunities to survive.

In the marine area, the impact from shipping and marine pollution is of a great importance to deal with. Maritime transport is a major commercial sector in Djibouti, as the income of the International Autonomous Port of Djibouti is a very important contribution to the national economy. The port offers container-handling facilities, and in addition to local cargo, Djibouti handles most imports and exports from Ethiopia, with a direct rail link to Addis Ababa. A recent agreement between Djibouti and the Port of Dubai has handed responsibility for management of port activities to the Port of Dubai, with plans for doubling of capacity over the next two decades. But, Djibouti has currently a limited navigational control devices and poorly separated traffic pose risks of ship collisions and groundings. Moreover, the extensive coral reef systems at the entrance to the port pose problems to navigation. Therefore, coupled with complex navigational hazards, the heavy maritime traffic throughout the area poses significant threats to reef health.

Marine vessel sewage and discharge of solid waste is localized, washing up on the shores and along the mangroves. There is inadequate on-board treatment, and a lack of port reception and disposal facilities. Small oil spills (< 20 tons, from discharge of ballast and bilge water, discharge of waste oil, bunker oil spills) cause beach contamination and damage to the coastal and marine biota. Medium oil spills (20-100 tons, from discharges from terminals and small accidents at sea) also cause beach contamination and damage coastal and marine biota. Potential large oil spills (from rupture of oil tanks through collision or wreckage) could cause large-scale destruction of coastal and marine habitats and biota and devastation of beach habitats.

6.2 What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?

□ **Sub-Regional conflicts**

The strategy to be adopted as regards to prevent sub-regional conflicts and its negative impacts on populations is to strengthen cooperation between countries and create common interest. IGAD should play an important role in conflicts resolution. The implementation of community based natural resources management in the transboundary areas should help communities living in these areas to share common interest and take benefit from a sustainable use of there resources. The implementation of a project in the region of lake Abbé (in the south-west of the country between Ethiopia and Djibouti in the Afar region) based on this concept should be an good trial to see how the nomads living in this area can overcome challenges and improve their livelihood.

□ **Climate change**

Based on the sectoral national policy of the environment and the combat of desertification, it is proposed an important afforestation program aiming the attenuation of greenhouse gases. This program will be held in partnership with the social groups and NGO's. The Djibouti government has already supported the plantation of 20 000 date palm trees in the six regions of the country and created a plat tissue culture laboratory to fulfil the need of all the afforestation programs and the production of high valuable trees.

□ **Impact of land degradation on food security and poverty**

Prevent land degradation by encouraging conservation and sustainable management of rangelands through an understanding of local livestock production, risk management strategies and collective actions. This can be integrated into national policy formulation strategies and project designs. The Few's Net strategy aiming to prevent the impact of food insecurity should be integrated in such actions (production of information to predict disasters/crises, strengthen contingency and response planning, develop sustainable networks, understand the underlying causes of food insecurity, identify long-term development needs, and develop and disseminate early warning tools and methods).

7. Recommendations and conclusion

Due its strategic location on the Horn of Africa and its harbour and associated infrastructure, Djibouti's economy is characterized by an extreme duality, as it is divided between a modern outward-looking urban commercial sector and a rural subsistence-based pastoralism economy which has little access to infrastructure, services and markets. Despite the changes which have taken place over recent decades in national economic indicators and activities, rural population, who continue to engage semi-nomadic, subsistence-level livestock production activities, lives under absolute poverty conditions.

In this global context of poverty, environment and natural resources play a special role in the life of the poor and particularly in rural areas where more than 1/3 of the population depends on livestock, fisheries, remaining forests, woody areas, agriculture for employment and/or survival.

In front of this situation, the government integrated the environment and natural resources management in all its development programs and strategies (Djibouti poverty reduction strategy, Djibouti Millennium Development Goals, National Initiative for development, United Nations Development Action Framework). But, one should recognize that water, health and education remain largely prior while natural resources as assets in poverty alleviation are slightly taken into account. Nevertheless, there is a real political will to empower the different regions of the country in the management and the valorisation of their natural inheritance. The decentralization policy carried out by the government is the most significant example. It aims to give to the local communities the capacity to decide on their future in a context of good governance. But this policy needs to be fully understood by the population and applied on the ground to serve the most accountable body. The following recommendations should help to achieve such objectives:

- provide citizens with greater access to information about the environment, opportunities to participate in decision-making processes affecting the environment, and access to redress and remedy (i.e., justice) to protect their rights. These three rights—access to information, participation, and justice—are often referred to as procedural rights (and the Access Principles), and they help determine the characteristics of good governance.
- strongly integrated environmental assets into poverty reduction efforts using the following steps:
 - **Ecosystem orientation and environmental income.** Emphasize the ecosystem approach and value ecosystem services as a source of income for the poor.
 - **Sustainability of income over time.** Take a long-term approach and consider the consequence of developing pastoralism, fishery and agriculture sectors.
 - **Tenure and access to resources.** Recognize the central importance of land tenure to reducing rural poverty.
 - **Decentralization and Community-Based NRM (CBNRM).** Devolve power over resource management to competent local authorities and community groups.

- **Participation, procedural rights, and gender equality.** Ground the strategies in broad-based participation by civil society. Emphasize free, prior, and informed consent by local communities in economic development projects.
 - **Environmental monitoring.** Include plans to monitor environmental conditions to track impacts of economic growth on environmental income.
 - **Targets, indicators, and assessments.** Specify poverty and environmental indicators to evaluate performance and allow for adaptive management
- Strengthening the capacity of the rural people to be implied in the construction of strong organisation: co-operatives and associations which are invested in the organization of market chains and installation of social services on the rural territory. These co-operatives will have to function as professional organizations which help the producers to recover a greater added value of their production. They will accompany the exploitations in the technical and economic improvement and their performances and will manage infrastructures. Lastly, they constitute a force of negotiation face of markets, public authority and local authorities. The future of these communities confronted to the liberalization of the markets and to the disengagement of the state passes by the recognition and the reinforcement of these professional Community organizations, within the framework of the partnership between the public and private sectors. It is today one of the conditions of the rural development and the connection of the producers to the national and international markets.

In conclusion it's important to remember that the Djibouti economy is still dependant on external financial assistance and is highly vulnerable to exogenous shocks. Economic instruments for sustainable use of natural resources should decrease this dependence and vulnerability. Although their importance in the livelihood of people in Djibouti, environmental assets are poorly integrated into the macro-economic planning to efficiently support the Djibouti Millennium objective and the New Initiative for Development).

Whatever the activity (pastoralism, fisheries, agriculture, tourism) depending on natural resources, it is urgent to strengthen the djiboutian communities capacities so that they can better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable. Such interventions should help to enhance economic opportunities, reduce vulnerability and enhance security.

Terms of reference for study

IGAD Directors of Conservation and Directors of Economic Planning Conference: “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development”

Terms of Reference for a National Situation Report to Contribute to this Conference

1. Background

IGAD – the Inter-Governmental Authority on Development, and IUCN – The World Conservation Union are convening a major and high level conference on the importance of environment and natural resources in poverty reduction, wealth creation and sustainable development. This conference will be attended by senior (Director) level participation from the countries of the IGAD region (Sudan, Eritrea, Djibouti, Ethiopia, Kenya, Uganda, and Somalia) with some observers from neighbouring countries. It is expected that senior decision makers from the Ministries with responsibility for macro-economic planning (Ministries of Planning and National Development, Presidents Office, Ministries of Finance) and Conservation (Forestry, Wildlife, Environment, Fishery, Water, Range management). Other Ministries will also be invited, for example Agriculture and Health (with respect to HIV/AIDS and the use of herbal medicines), as well as some representation from civil society.

This conference which will be held at an appropriate conference centre on the Kenya coast during October 2007, will address the following major issues:

1. **Livelihoods (wealth creation, poverty reduction):** This will explore how natural resources are a core component of people’s livelihoods in the region and make major contributions to the achievement of the MDGs and PRSPs;
2. **Natural resource governance (rights, equity including gender, devolution):** Devolved governance structures are becoming an increasingly important component in the region. This will be explored in the context of natural resource governance and how this improves rural people’s livelihoods and reduces risk;
3. **Market chains and value adding on Natural Resources:** Rural people need to be better able to engage in the market place so that larger proportions of income from natural resources are trapped at the community levels. This theme will analyze the incentives and perverse incentives that either support or mitigate entry into such markets;
4. **Natural resource economics and national accounting:** Natural resources are a central aspect of rural people’s livelihood strategies, yet are, to a large degree not reflected in national accounting, PRSP indicators and other measures of national growth. This theme will explore how this can be improved in practical ways, including Strategic Environment Assessments (SEA), and market and trade analysis; and
5. **Emerging issues:** There are a variety of emerging issues which have a potential important impact on the overall theme for the conference. These include Invasives, Climate change and adaptation, GMOs, Carbon trade, “food miles”, pandemics such as HIV/AIDS, effects of globalization, and conflict and insecurity.

The Overall theme of the Conference is “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development”. While the purpose is to understand the extent to which environmental assets (goods and services) are important to livelihoods of people in the IGAD region and the extent to which such values are integrated into macro-economic planning (PRSPs) and so support national and regional delivery on the MDGs.

There are four main Objectives for senior decision makers in National Planning and Conservation related Ministries to:

1. Create Awareness and understand of the importance of the environment, and in particular the natural resources in improving the livelihoods of people in the IGAD region;
2. Demonstrate the importance of the environment and natural resource base as a key asset in livelihoods (PRSPs, MDGs, performance – indicators);
3. Focus and explore linkages and possible interventions with existing instruments and facilities; and
4. Discuss and agree to actions that will need to be undertaken to improve the integration of the environmental goods and services into macro-economic planning and PRSP performance towards the achievement of the MDGs.

In preparation for the conference national situation papers will be prepared by consultants. These will be summarized in focused two page summary sheets. A regional synthesis will also be provided and summarized.

This is a technical meeting designed to explore the interface between livelihood improvement and sustainable development and so to the achievement of both the MDGs and PRSPs in the countries in the region. It will agree on a variety of suggested actions and interventions for implementation at both national and regional levels.

2. Terms of Reference for National Situation Reports

The national consultant for ???{country} will produce a National Situation report of no longer than 31 pages (excluding annexes) in a format as described in Annex 1. The report will address, but not be limited to the following major areas (the questions are meant to assist the national consultant in exploring the main theme in question and are not all inclusive):

1. Livelihoods (wealth creation, poverty reduction):

- a. How are natural resources a core component of people's livelihoods?
- b. What contribution do environmental and natural resource assets make to the achievement of the MDGs and PRSPs?
- c. What are the policy and legal incentive in place (or evolving) to make this happen?
- d. What are the perverse incentives (policy, law, markets) which prevent people from being able to benefit from their natural resource assets on a sustainable basis?

2. Natural resource governance (rights, equity including gender, devolution):

- a. To what extent has natural resource governance being devolved to the lowest accountable bodies and to people and communities?
- b. How can improved natural resource governance improve rural people's livelihoods and reduce risk;
- c. To what extent is policy and legal rhetoric being put into practice on the ground?
- d. Is their and equitable (including gender equity) distribution of the costs and benefits of devolved natural resource governance, including equity in access and ownership rights, land and resource tenure?
- e. Are rural people and communities adequately informed about their rights and responsibilities for devolved natural resource governance, and are they in a position to take on such rights?

3. Market chains and value adding on Natural Resources:

- a. How can rural people better engage in the market so that larger proportions of income from natural resources are trapped at the community and family levels?
- b. What are the policy, institutional and structural impediments for such engagement? How can these be resolved in a practical manner?
- c. How can rural people and communities' better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable?

- d. What are the market chains for natural resource products? How can they be made more equitable and efficient?

4. Natural resource economics and national accounting:

- a. How are natural resources reflected in national accounting, and other measures of national growth? How can this process be improved?
- b. Does the country have indicators (and means to measure) that reflect the value of the environment and natural resources in the PRSPs and the performance of all the MDGs?
- c. To what extent are natural resource assets reflected in national and regional marketing and trade? How can this be improved?
- d. Is Strategic Environment Assessments (SEA) used in a practical and function manner so that the different sectors (and programmes) responsibly integrate environmental aspects of direct relevance to the sector?

Emerging issues: There are a variety of emerging issues which have a potential important impact on the overall theme for the conference. These include Invasives, Climate change and adaptation, GMOs, Carbon trade, "food miles", pandemics such as HIV/AIDS, effects of globalization, and conflict and insecurity.

- e. What are the key emerging issues in country? How do they impact on, or are impacted by the environment and natural resource base?
- f. What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?

The executive summary of the report should be in a format that can be extracted from the main report and be part of a short (approximately 2 pages, or four sides of A4) publication highlighting the main issues of the national report. This two page publication will be shared with the participants of the conference and be more widely available.

In the conclusion section of the report (and also summarized in the executive summary) the consultant should suggest up to four main questions (based on his/her analysis of the situation in country) that could be suggested for the conference to deliberate on with a view to developing some concrete action points.

To achieve these terms of reference, the consultant will be expected to consult with a variety of stakeholders (Government, NGO and Civil society). This will probably be confined to those in the country's capital. Such consultations should be augmented by both the published and grey literature that relates to the issues being analyzed.

3. Outputs Expected

1. National Situation Report for? {Country}; and
2. Draft of a stand alone 4 page document (comprising the summary of the report) which will be the basis of a short publication

4. Contractual Obligations

A draft National report shall be received by IUCN and IGAD during July 2007. These draft reports will be made available to the regional consultant who will compile a regional synthesis report. The executive summaries of the national report will form the basis for a short 2 page publication highlighting the main issues from the national report. The consultant will receive comment from IGAD and IUCN by the beginning of September 2007, and a final version of the national report will be received by IGAD and IUCN by the end of September 2007.

This will be a fixed fee contract for US \$??? with an indicative level of effort of approximately 20 days. This level of effort can be spread over the contract period which will be from May 2007 to the end of September 2007, with the draft national report being submitted not later than the end of July 2007.

Annex 1: Draft Report Outline

Chapter	Title	Length of Section
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List of Acronyms

MDG	Millennium Development Goal
PRSP	Poverty Reduction Strategy Papers
INDS	.....	Initiative National pour le Développement Social
EDAM:	.....	Enquete Démographique Auprès des Ménages
HID	.....	Human Development Indicator
USAID	.....	US Agency for International Development
WRI	.....	World Resources Institute
IGAD	.....	Inter Governmental Agency on Development
CERD	.....	Centre D'Etudes et de Recherche de Djibouti
PERSGA	Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden

Time schedule

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