How to Reduce the Unemployment and the Poverty in Djibouti: Another Alternative

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Abstract

The Unemployment and the poverty are problems which exist throughout in the world. Many methodologies and policies are proposed in the literature for defeating them. The Republic of Djibouti is among these countries which has the problems of the unemployment and the poverty. For fighting the unemployment and the poverty, the government of Djibouti takes many initiatives such as the Strategic Document for Reducing the Poverty (SDRP) in 2003 and National Initiative of Social Development (NISD) in 2007 and created agencies for promoting the entrepreneurships. Despite of all these measures, the unemployment and the poverty rate still remain high critical level. In this paper, we propose another alternative: the classification of unemployed persons, the creation of service industries by structuring the informal jobs and a manner to create manufacturing industries.*Our proposed methodology allows the reducing of the unemployment rate of order 6% (six percent) and if we apply it on all informal jobs in Djibouti, the unemployment rate will decrease of order 20% at 25% (twenty to twenty five percent).* We also discuss how to update the used measures till today.

Keywords: unemployment, methodology for reducing the poverty, poverty

1. Introduction

The Republic of Djibouti is a tinny country of oriental Africa and independent since the Jun 27 1977. No reliable statistics, the Djiboutian people are estimated at 800, 000(eight hundred thousand) inhabitants. The republic of Djibouti maintained a growth rate of about 6.5% in 2015 and will predict a growth rate of about 7.4% in 2016. These good macroeconomic figures on their own don't allow creating jobs and reducing the unemployment and the poverty. As others countries, the government of Djibouti has taken measures to create jobs by focusing on the entrepreneurship (creating of the Djibouti Economic Development Fund (DEDF)) and fighting against poverty programs, such that the microfinance and the microcredit. For attracting the national and foreign investors the government of Djibouti created a National Investment Promotion Agency (NIPA). The NIPA allows the exemptions for the investors and counterparty, the companies must create jobs. Fault of the impact assessments and by basing on the unemployment and poverty rate (50% unemployed persons and 70% of the people are poor), see (BAD, 2010, 2012), we can affirm that these measures and policies don't produce the expected outcomes. In this paper, we propose *another alternative for fighting the jobless and the poverty. Our methodology is based on the creation of service companies and manufacturing industries by structuring the informal jobs in Djibouti. In this work, we also give a manner to create the Small and Medium size Enterprises and Small Enterprises.* In the sequel, the paper is organized as follows: the first section gives the classification of unemployed persons and creating groups. The second section discusses the limit of current measures and recommends their adaptations. The third section treats our methodology and the formalization of jobs; the section 4 indicates the outcomes of our methodology and clearly shows the reducing of the unemployed persons in Djibouti. The last section proposes the conclusions and the recommendations for the realization the full employment in Djibouti.

2. Knowing and Classifying the Unemployed Persons in Djibouti

The population of Djibouti is estimated at 800, 000 (eight hundred thousand) inhabitants and according to the Multiple Indicator Survey (MIS), see reference (Ministère de la Santé, 2007), a third of the population are less than 16 years old. By simple calculus and according to the reference (BAD, 2014), *the unemployed persons are 317,*

880 with 109,032 are women and 208, 848 are men (estimation done by using the samples of the applicant jobs registered at The National Employment and Work Placement Agency (NEWPA) *from 2013 to 2015).* Now, the NEWPA has partial and incomplete statistics of all unemployed persons. Per month, it registers the applicant jobs and publishes on its website. *In this work, we produce the complete and informative statistics of all unemployed persons useful for policy makers.* We classify the unemployed persons according to criteria: the age, the level education, the gender and etc. *So, we propose the idea of groups. Each group will have the specific criteria and then it will easily know all unemployed persons in Djibouti.* Such classification allows knowing all unemployed person profiles and gives them the update training useful on Small and Medium-size Enterprise (SME) and Small Enterprise (SE) created by our methodology and especially *jobs planned in the new Specialized Economic Zone (SEZ).* In this paper, we create six groups according to the education level (no formal education, elementary education, secondary level, level high-school, degree level, level Master's degree and more or higher Diploma), the gender, the general training and the professional training. We establish six tables: the table 1 indicates the unemployed persons according to the education level and the gender, the third table gives according to the age and the gender, the fourth table shows the evolution of the number of students in the general and professional training from 2003 to 2015. No sample or unavailable statistics at NEWAPI or the Statistics and the Demographic Studies Office (SDSO), we can not complete the tables 2, 5 and 6. *So, the Republic of Djibouti will have an informative and exhaustive statistics on all unemployed persons.* The classified group of unemployed persons will receive the differential training based on the duration or the capacity to be quickly assimilated such or such trainings. In other hand, our classification will allow putting each new applicant job in one of groups. Our classification will allow providing qualified human resources and answering the critics of the institutions as like the International Monetary Fund (IMF) and the Development Africa Bank (DAB). The classification groups can receive appropriate trainings required by investors and in particularly the investors of SEZ. Also, our classification allows identifying which group is skilled such existing or created jobs. The advantage of this classification is to reduce the duration of trainings of unemployed persons so that these persons can quickly find a job.

We give below six tables for the classification proposed.

Table 1. Repartition of the table according to the training and gender

Groups / Gender	Women	Men	Total
Group 1	13, 426	50, 074	63, 500
Group 2	9, 934	40, 231	50, 165
Group 3	13, 888	32, 784	46, 672
Group 4	43, 208	43, 205	86, 223
Group 5	24, 333	34, 817	59, 150
Group 6	4, 243	7, 917	12, 160
Total	109, 032	208, 848	317, 880

Table 2. Repartition of table according to the training and age

Groups/age	16—18 years	19—21years	22—25years	26—40years	41 years and more
Group 1	???	????	???	???	???
Group 2	???	???	???	???	???
Group 3	???	???	???	???	???
Group 4	???	???	???	???	???
Group 5	???	???	???	???	???
Group 6	???	???	???	???	???

Table 3. Repartition table according to age and gender

Age/Sex	Woman	Man	Total
16—18years	822	1, 821	2, 623
19—21years	5, 579	16, 123	21, 702
22—25years	47, 075	67, 881	114, 956
26—35years	49, 502	73, 454	122, 956
36—45 years	4, 493	32, 849	37, 342
45 years and more	1, 561	16, 740	18, 301
Total	109, 932	208, 848	317, 880

Table 4. Statistics of minister of education and professional training

Year/trainings	General training	Professional Training	percentage
2003--2004	6033	1538	20.3%
2004--2005	6954	1597	18.7%
2005--2006	7405	1627	18%
2006--2007	8210	1711	17.3%
2007--2008	9427	2212	19%
2008--2009	10862	2433	18.3%
2009--2010	12600	2399	16.3%
2010--2011	13532	1827	11.9%
2011--2012	17195	2262	11.6%
2013--2014	18192	2338	11.4%
2014--2015	18611	2728	12.7%

Table 5. Repartition of unemployed persons according to the age and the training

Age/ Training	Professional Training	General Training	Total
16—18 years	???	???	???
19—21 years	???	???	???
22—25 years	???	???	???
26—35 years	???	???	???
36--45 years	???	???	???
45 years and more	???	???	???
Total	???	???	???

Table 6. Repartition table of unemployment persons according to the training and gender

Training/ Gender	Gender male	Gender female	Total
Professional Training	???	???	???
General Training	???	???	???
Total	???	???	???

2.1 Analysis of Tables

1)   We clearly see in the first table that the unemployed persons who have undergraduate diploma are more than the remainder. The unemployed persons without skills or education primary are a lot. In this group 1, we remark that the unemployed persons of female gender are less than the unemployed persons of male gender because the first can easily find the housekeepers or cleaners.

2)   This classification informs us that the persons who have a higher diploma can easily find jobs.

3)   In the group 4, we have the same number of unemployed persons of both genders. In fact, the unemployed male gender can easier get jobs than of unemployed female gender.

4)   In the table 3, we clearly see that the Republic of Djibouti has a problem of unemployed young persons (there are 259, 614 unemployed young persons on 317, 880, being 81.7% over all unemployed persons).

5)   In the table 5, we remark that we have more students in general training than in the professional training. A consequent is that we have a lot of unemployed young persons.

6)   Due to lack of samples or statistics at NEWPA and SDSO, the table 2, 5 6 did not complete. In forthcoming work, we will do that, because these tables are very important for knowing of all unemployed persons.

3. The Limit of Current Policies

The economic of Republic of Djibouti knew a growth of about 7.4% in 2016; see the reference (BAD, 2016). In otherwise, the unemployment and the poverty figures remain important (70% of population are poor, and more than 50% are unemployed persons, see reference (BAD, 2014). In 2007, the government of Djibouti put on the National Initiative of Development Social (NIDS) for fighting the poverty by focusing on policies as like the microcredit and the microfinance. For fighting the unemployment and create jobs, the authorities of Djibouti created the DEDF and NEWPA. Despite of all these measures, the unemployment and the poverty rate (50%

unemployed persons and 70% of population are poor) remain at critical level. A simple question is: Why these policies did not give the results in the Republic of Djibouti? The *answer of this question is the social behaviors of population of Djibouti are different of other populations who have had the results with these policies.* We estimate that we should do a study over the social attitudes of the population of Djibouti. That will allow considering the social behaviors specificity of Djiboutian population and will improve the current policies (microcredit, microfinance and entrepreneurships). This study will spotlights the profile of poor man in Djibouti and will give us the qualitative and quantitative statistics of this last. Then, it will innovates others specific measures.

4. Our Methodology or Alternative Method for Fighting the Unemployment and the Poverty

Our methodology is based for putting on relations between the classification of unemployed persons and the formalization and the structuring of jobs created or current (the qualified jobs in the groups 4, 5 and 6 and also the jobs as bus drivers, kruch-boy (Note 1), the restaurant businesses, the jobs of the repairing cars, jobs of hairdressers, …). *The formalization and structuring of these jobs require thecreation of SME and SM, so that the results will create the formal jobs. This industries or enterprises will be created as manner: Each SME or SM will be invested by public fund (the State of Djibouti possesses actions) and the Djiboutian investors and foreign investors who settled in Djibouti.*

4.1 Formalization of Drivers' Bus and Kruch-Boys

The bus and mini bus figures in city Djibouti and in the peripheral regions are 1, 784 (seven eighty four hundred) bus and 2, 101 (two thousands hundred one) mini bus. These statistics are available in the prefecture of Djibouti. These data will allow creating at least three SME. The first one gives works at least 3, 885 kruch-boys, the second one gives works at least 3, 885 drivers bus and the last one gives works bus and mini bus cleaners. The groups 1, 2 and 3 may benefit from of these formal jobs. In other hand, these SME will employed 50 (fifty) frameworks who will occupy the administrative tasks. These SME will ensure the following service: *Putting on at the disposal of bus and mini bus of young Djiboutian skilled of jobs drivers' bus, kruch-boys and bus and mini bus cleaners. Those employees will have a stable job and will receive social security.*

4.2 Structuring of Restaurant Businesses

The structuring of restaurant businesses allows creating of jobs for the groups 1, 2 and 3 according to classification of unemployed persons and the groups 4, 5 and 6. The jobs of restaurant are: waiter, cook, cleaning men or women … We listed more three hundred fifty restaurants (Note 2) in city Djibouti and the municipality of Balbala (Note 3). Among those restaurants, there exist three kinds of restaurant: small, middle and big restaurants. We can structure and creating at least 5, 300 jobs restaurant (see the details of jobs in the part of results of this methodology in this paper) composed of different restaurant businesses and 50 (fifty) jobs for the managements. At least two SME is necessary for the formalization of those jobs. The creating of these SME are important over many items:

1)   The owners of the restaurants will have the qualified employees.

2)   The employees of these SME will participate of formal economic and will have the social security.

3)   These SME will have a direct influence on Gross Domestic Product (GDP).

4.3 Structuring of Jobs of the Garage

In the city Djibouti, the municipality of Balbala and in the regions exist the places where we repair all kinds of cars. Those garages is the most out manned and ha-ven't standard. We estimate there are 80 (eighty) garages and there apply the jobs as mechanic, painter, electrician …. By consequent, we can create 1, 460 (one thousand five hundred) jobs (details of these jobs given in the paragraph titled results of our methodology) by investing those garages (The Djiboutian State, national investors and foreign investors who settled in Djibouti will participate together on investments at least three SME created). We can also create 50 (fifty) job frameworks for the groups 4, 5 and 6.

4.4 The Formalization of Hairdressers

In the municipality and city Djibouti exist more 35 (thirty five) hairdressing salon. The Djiboutian young men apply the hairdresser in these salons. The price for a haircut is 200 (two hundred) Djiboutian franc and about the beard is 100 (one hundred) Djiboutian franc. These young men work on average twelve hours per day and gain 4, 000 (four thousand) Djiboutian franc. Those hairdressing sa-lons are out manned and have not standard. According to our survey, we estimate there are 35 (thirty five) hairdressing salons and five or six hairdressers work. The formalization and the created formal jobs require the creation at least one SME. This SME can employ 210 (two hundred ten) hairdressers and more 35 (thirty five) cleaning men and women. About this classification proposed, the groups 1, 2 and 3 can postulate these jobs. This SME created will also need at least

20 (twenty) frameworks for the management and the administrative tasks. For this man-ner, the employees will have stable jobs and social security.

4.5 Creating of Subcontracting SME and SE in the SEZ

The Republic of Djibouti has now a Djibouti Free Zone of 17 (seventeen) hec-tares which allow of enterprises of tax relief, storage, the transformation and re-exportation of properties. At present, a new Special Economic Zone (SEZ) of area 3,500 (three thousands five hundred) hectares is under construction for settling of industries manufacturing (for example the Chinese companies). At the end of 2016 or at the beginning of 2017, an area of 1, 500 (one thousand five hundreds) hectares will be available. In ten forthcoming years, 34,000 (thirty four thousands) jobs will becreated and *our classification proposed in this paper will allow anticipating the research person profiles for planned jobs.*

In other hand, for creating more jobs in the new SEZ, it requires to create the subcontracting SME and SE. These SME and SE will be created by national investors, foreign investors settled in Djibouti and the Djiboutian State. The kind of enterprises which will settle in the SEZ are like the pharmaceutical industries, the textile industries, the building and construction industries, the tourism industries, the fishing industries… So those enterprises require of qualified and trained persons for filling this jobs. *Our proposed classification is the best way for training of unemployed persons in Djibouti so that those persons must be qualified for jobs planned.*

The advantage of the Republic of Djibouti is having excellent telecommunication networks and a modern port and our classification will allows to give skilling persons.

5. Results of Our Methodology

Recall according to the reference (BAD, 2012), the Republic of Djibouti has 50% of unemployed persons. In this paragraph, we show that *the unemployment rate will be reducing of order 6% withour methodology and the classification and we apply it over all informal jobs in Djibouti, the unemployed persons rate will be of 20% at 25% (twenty at twenty percent)*. For demonstrate that, we built two tables, the table 7 indicates the created formal jobs and the second concerns the formed groups so that those persons become the skilling employees for jobs planned in the SEZ.

Table 7. Formal employments created with our methodology

Jobs to fill	Concerned group	Jobs created with our methodology
Drivers	Group 1, 2 and 3	At least 3, 885 employments
Kruch-boys	Group 1and 2	At least 3, 885 employments
Cook	Group 1, 2, and 3	At least 1750 employments
Waiters	Group 1, 2 and 3	At least 2100 employments
Cleaning women or men	Group 1 and 2	At least 1535 employments
Mechanic	Group 2, 3 and 4	At least 400 employments
Wash men (for the garage)	Group 1 and 2	At least 80 employments
Hairdressers	Group 1, 2 and 3	At least 210 employments
Electrician	Group 2, 3 and 4	At least 560 employments
Cleaning car	Group 1 and 2	At least 775 employments
painters	Group 1,2,3 and 4	At least 320 employments
frameworks	Group 4, 5 and 6	At least 170 employments
Total	All groups	At least 15, 670 employments

Table 8. Tablewhich indicates the type companies in the SEZ and our classification of unemployed persons

Companies types	Concerned groups
Pharmaceutical industries	Group 4, 5 and 6
Textiles industries	Group 2, 3 and 4
Tourism industries	All groups
Fishing industries	All groups
Building and Construction industries	Group 1, 2,3, 4 and 5

The settled companies in the new SEZ require the qualified employees. The table 8 indicates which group is well skilled for each industry. In other hand, at the end of the 2016 or at beginning of 2017, the planned jobs in the

SEZ are 3,400 (Three thousand four hundred) jobs, then by adding the 15,670 (fifty thousand six hundred seventy) employments, we clearly affirm according to *our methodology and proposed classification, the unemployment rate is reduced of order 6% (six percent). In this paper, we formalize particular employments but the formalization of all informal jobs will allows reducing the unemployment rate of order 20% at 25% (twenty at twenty five percent).*

6. Conclusions and Recommendations

In this work, we have established a classification for unemployed persons in Djibouti and a methodology for creating formal jobs that will reduce poverty in Djibouti. *With these proposed ideas, we clearly see that the unemployment rate decrease by 6% (six percent).* The implementation of this methodology requires that the following State agencies and administrations should work closely together:

1) The Djibouti Economic Development Fund (DEDF)

2) The National Investment Promotion Agency (NIPA)

3) The Statistics and Demographic Studies Office (SDSO)

4) The National Employment and Work Placement Agency (NEWPA)

● The SDSO and the NEWPA will be responsible for the monitoring and evaluation of creation jobs. The two above mentioned entities should publish monthly the number of created jobs and the level of unemployment. This monthly publication should refer to the proposed classification.

● It is necessary that the NEWPA closely collaborate with the SDSO. The NEWPA should register all Djiboutian people over 16 years old and so that it will update our proposed classification for example by withdrawing the unemployment persons who get jobs.

● It is necessary that a part of fund of the DEDF be invested in these SME and SE and then the SDSO and NEWPA will do the monitoring and evaluation of generated jobs.

● The NIPA emphasizes for exemptions to the enterprises which create the jobs and it is important to link with the SDSO and the NEWPA for spotlighting the generated jobs.

● This paper is the first paper for proposing a manner to formalize the informal economic in Djibouti and then reduce the unemployment rate of order 6% (six percent). In the forthcoming works, with the collaboration all these agencies and administrations, we will formalize all informal jobs in Djibouti and it will allow that the unemployment rate will decrease of 20% at 25% (twenty at twenty five percent).

Acknowledgments

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Notes

Note 1. Controller of bus and mini bus.

Note 2. We did do our survey for finding this figure.

Note 3. Balbala is a big district near of city Djibouti.