

IOA — 2019 — ACBR

AFRICA COUNTRY BENCHMARK REPORT



Djibouti Profile



Street-side tailors participate in an afrocentric open-air market located within Djibouti City, their century-old foot-powered machines reflecting the timelessness of traditional life enjoyed by the Djiboutian.





Image courtesy of Francisco Anzola



DJIBOUTI

#26

DJIBOUTI



OVERVIEW ANALYSIS

The small 23,200 km² country of Djibouti has made good use of their strategic position. Their locale on the Bab el-Mandeb Strait below the Suez Canal and along one of the world's busiest shipping routes is most advantageous. Landlocked Ethiopia's economic surge is due to their use of Djibouti's port for export. A politically stable African county in close proximity to the Middle East, Djibouti has exploited these geographic and domestic advantages to lease out their territory to foreign military bases. This interaction with foreign entities has provided both income and a perpetual flow of foreign assistance. China, France, Japan and the US have military bases in Djibouti. Due to a five-point rise in overall score from 39.81 in ACBR 2017 to 44.94 currently, Djibouti rose a significant 12 country positions, from 38 to 26.

KEY OPPORTUNITIES

- The construction and services sectors continue to flourish
- The large military bases located require services and consumables
- The Port of Djibouti continues to grow, ensuring more use of one of the world's major shipping routes

KEY CONCERNS

- Imports are high because of underdeveloped sectors
- New technologies are required for food security to overcome the country's desert environment
- Foreign investors are discouraged by a small domestic market

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION



Islam

PREDOMINANT LANGUAGE



French

POPULATION WITHOUT ELECTRICITY



48.2%
(#23) ▬

LITERACY RATE



67.9%
(#31) ▲²²

PRIMARY ELECTRICITY SOURCE



Oil

IMPORT/EXPORT



Machinery/
Vegetable
Products

EXTERNAL DEBT



US\$ 1.6
billion
(#39) ▲²

ACTIVE CONFLICT



No

LAND SIZE



23,200 km²
(#47)

INTERNET PENETRATION



13.1%
(#34) ▼²

2.8%



AGRICULTURE

21%



INDUSTRY

76.2%



SERVICES

31.1%



0-14

21.3%



15-24

39%



22-54

8.5%



55+



Term:

08/05/1999 - present
5 years (3 term limit)



Political Party:

People's Rally for Progress



Recent Electoral Information:

08/04/2016
111 389 Votes

87%

Voter turnout: 68.96%



President

Ismaïl Omar Guelleh

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

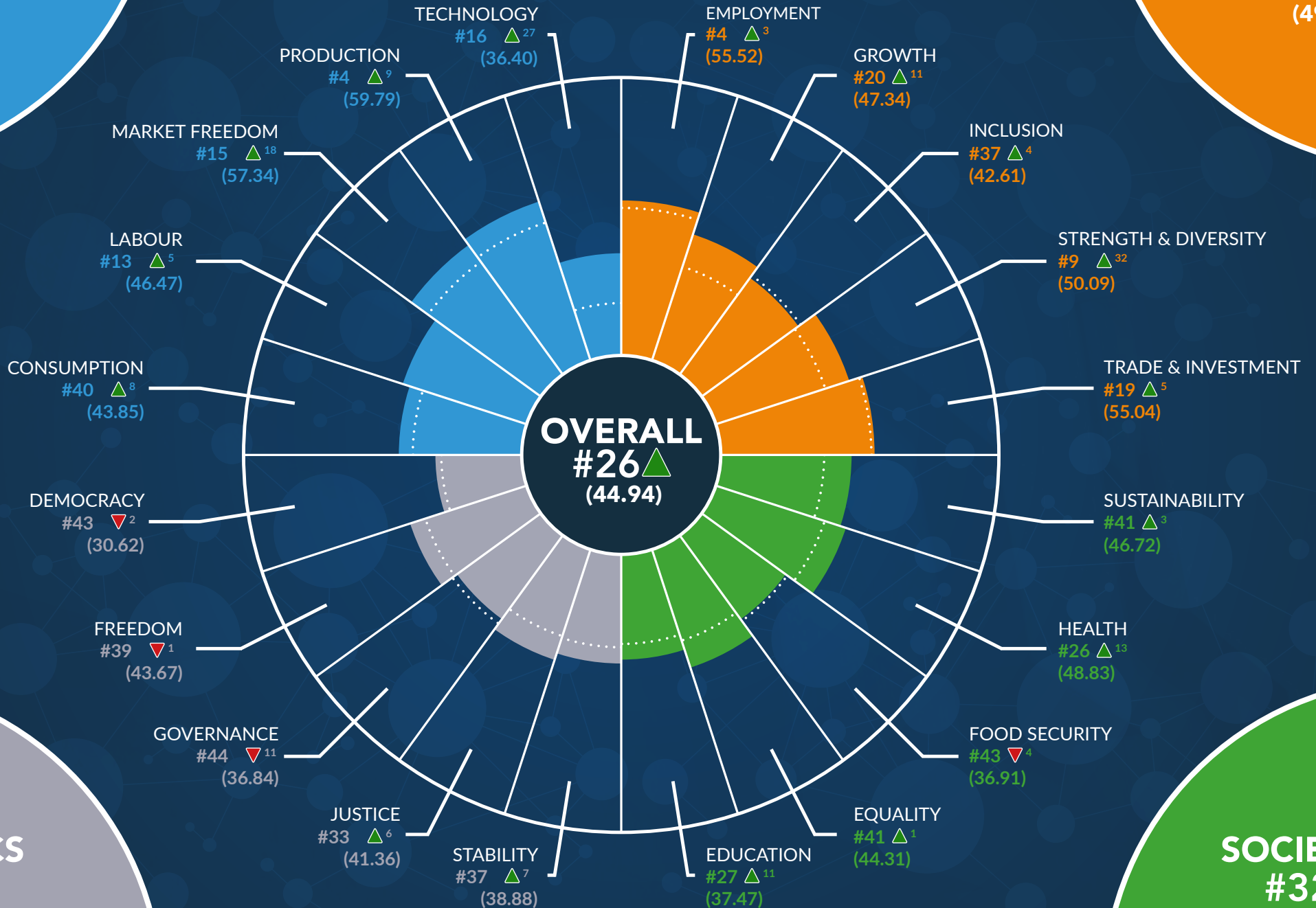
BUSINESS

#14
(48.77)

DJIBOUTI PERFORMANCE OVERVIEW

ECONOMICS

#15
(49.50)



▲ Increase from 2017

▼ Decrease from 2017

■ No change

..... 2017 Score

SOCIETY

#32
(43.91)

POLITICS

#40
(38.27)

DJIBOUTI BUSINESS ANALYSIS



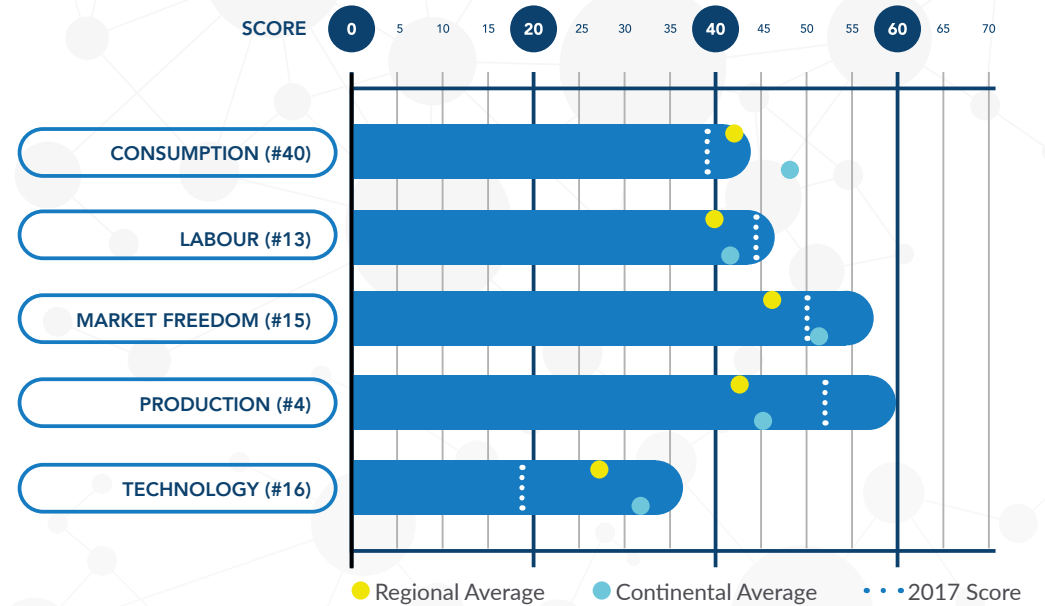
BUSINESS OVERVIEW

Although two-thirds of the Djiboutian people live in urban areas and patronise the retail and services sectors, the total population is only 865,000. These numbers discourage business investment that targets only the domestic market. Djibouti has no exports other than raw agricultural products: fruits, goats, sheep and vegetables, as well as camels and camel hides. Ethiopia is the largest trading partner, buying 39% of Djibouti's goods. Djibouti imports a majority of their goods from their former colonial power France, as well as from Saudi Arabia and the United Arab Emirates. Agriculture contributes only 2.8% to GDP. Industry's 21% portion of the GDP is overwhelmed by services, which command 76.1% of GDP because of shipping and the many services the

country provides to the large military bases along the country's coastline. These bases kept the construction industry active and offer local building employment and subsequent services. Foreign military bases import heavily, ensuring busy operations at Djibouti's sea ports. Djibouti is a major transshipment point between Africa, Asia and Europe.

In the Business quadrant, Djibouti climbed an impressive 17 places to 14th, which contributed to the country's overall rise in the segment of an also impressive 12 positions, to 26th. Individual Business segments find Djibouti rising an amazing 27 ranks in Technology to 16th and a rise in Market Freedom of a significant 18 positions.

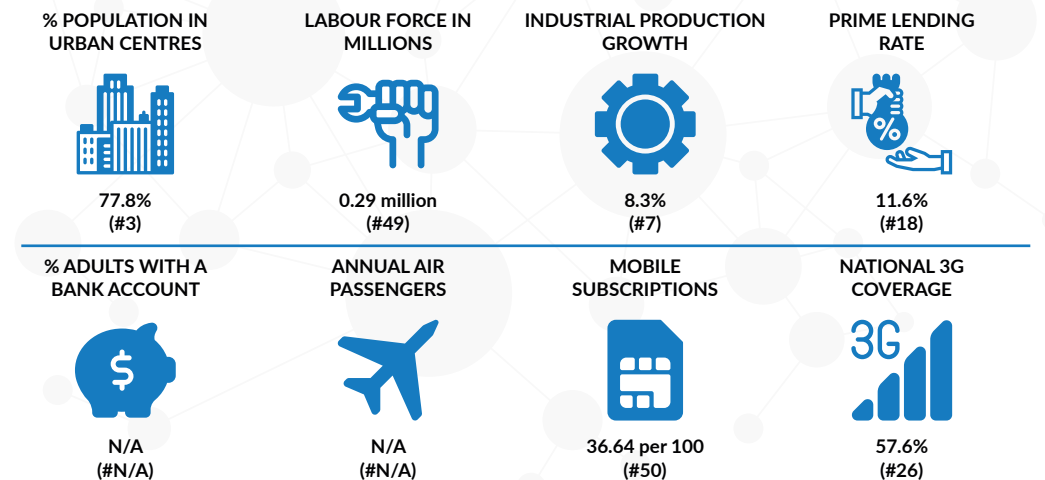
BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

<p>Djibouti data availability 54.95%</p>	<p>REGIONAL AVERAGE 70.97%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #44</p>
	<p>Generally speaking, business data availability in Djibouti is relatively poor, with a current score of 54.95% and a corresponding continental rank of 44th. This compares quite negatively with both the regional average for Eastern Africa, which currently stands at 70.97%, as well as the continental average of 77.78%. Despite having a dedicated national statistics agency, the Portail du Ministère de L'Economie des Finances, the most reliable business data currently available derives from the World Bank.</p>		

BUSINESS STATISTICS



DJIBOUTI ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

Rural unemployment is very high and accounts for the 23% of Djibouti people who live below the poverty line. Revenue from foreign military bases ensures a per capita GDP of US\$ 3,600, but while this is far from equitably distributed in reality, the small country's poverty rate is much smaller than the African average. In a country that derives income from shipping and military bases, regulations have not undergone reform that would make doing business easier for other types of enterprises. For a country that depends on shipping and the good fortune of their geographic location to build an economy, trade links with the rest of Africa are underdeveloped. Exports are sourced from the Far East, France, India and the Middle East.

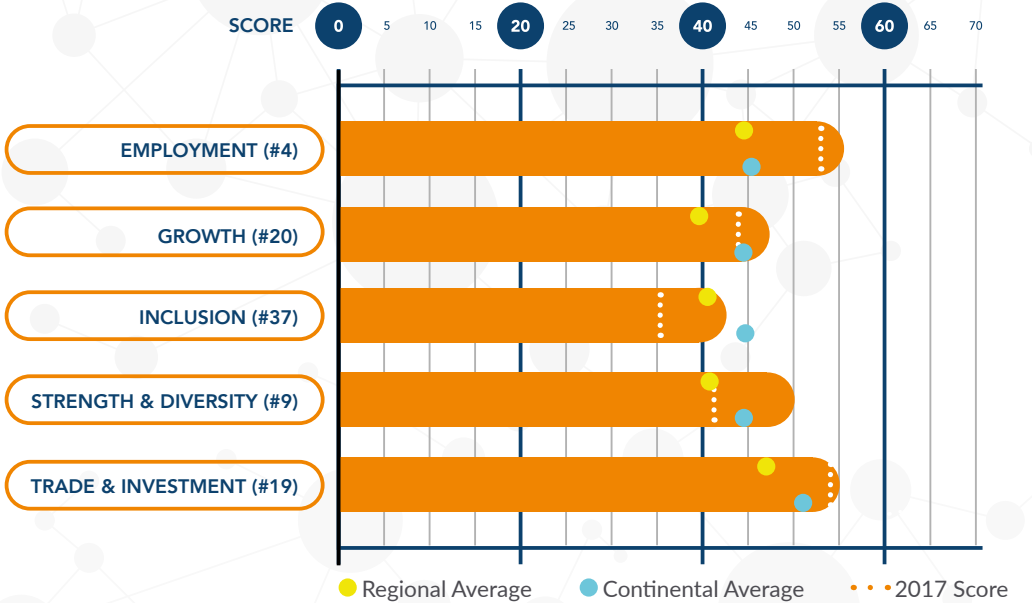
Economic growth has been good for several years thanks to continuously expanding foreign military bases contributing to the economy. Growth rose by 6.7% in 2017. Skills training is required to boost the sophistication of the local workforce. Given Djibouti's overall good economy, high unemployment of an estimated 40% in 2017 is surprising.

Djibouti's performance in the Economics quadrant recorded an impressive rise by 13 positions to 15th place. Contributing to this climb in ranks is a strong performance in the Strength & Diversity segment, in which Djibouti's rise of 32 positions is the highest of any country's rise in any ACBR 2019 segment.

ECONOMIC DATA COMMENTARY

<p>Djibouti data availability 50.43%</p>	<p>REGIONAL AVERAGE 69.37%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #47</p>
	<p>Of all quadrants, Djibouti scores the lowest for economic data availability, which currently stands at 50.43% and has a corresponding continental rank of 47th. This compares very poorly with the respective regional and continental scores of 69.37% and 77.78%, thus signalling a severe deficit of economic data. With its marginal domestic market and underdeveloped statistical capacity, Djibouti tends to be highly reliant on external actors, such as the African Development Bank, for its economic data.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 3,600 (#24)</p>	<p>UNEMPLOYMENT RATE</p> <p>5.8% (#21)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>AFTZ, COMESA</p>	<p>INFLATION RATE</p> <p>3% (#21)</p>
<p>GDP AT PPP</p> <p>US\$ 3.6 billion (#48)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>N/A (#N/A)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 160 million (#37)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>-8% (#44)</p>

DJIBOUTI POLITICAL ANALYSIS

#40

POLITICAL OVERVIEW

Djibouti has assurance in the form of five large foreign military bases located in the country that their current political stability will continue. While foreign militaries stationed in the country would not likely provide armed intervention if political turmoil should arise, their large presence offers a significant force for the status quo. None of the foreign powers that count on Djibouti for their foreign bases wish to see disharmony in the country complicating their military operations.

Government may not face internal or external challenges but does need reform. An often-authoritarian government lacks transparency, is considered to suffer from corruption and is slow to respond to citizens' needs. Corruption has also compromised the rule of law in the country.

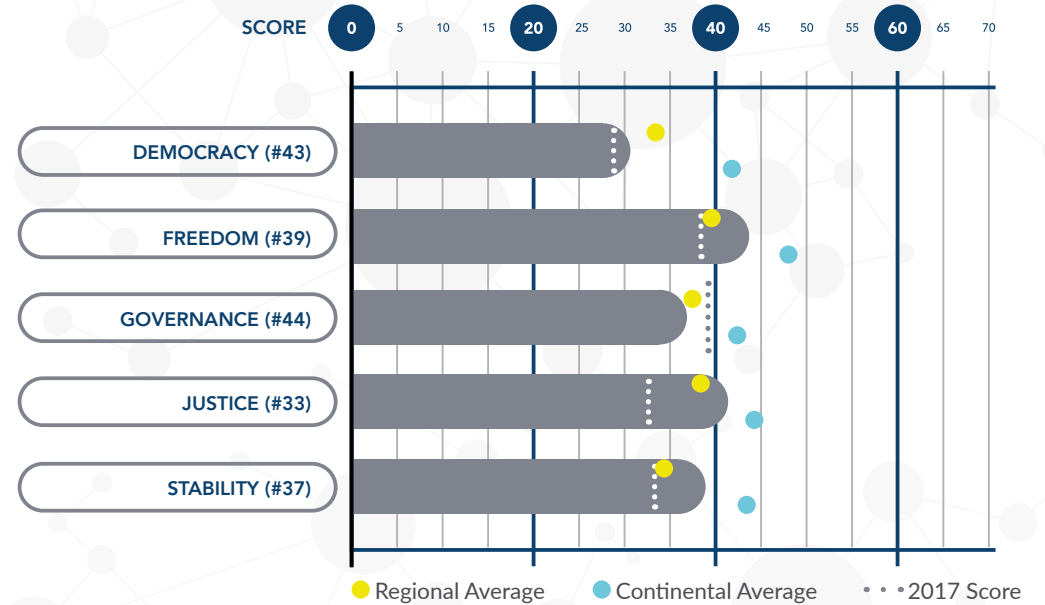
Djibouti was not always peaceful. In the 1990s, civil war divided the country, a response by the Afar ethnic minority to the one-party state created by Hassan Gouled Aptidon and his Issa ethnic group at national independence in 1977, and headed by him until 1999.

Djibouti is now run by Ismaïl Omar Guelleh, who has won every election since 2000 and has become President-for-Life by having the constitution amended to allow him to serve additional terms, his current one having started in 2016. Consequently, Djibouti scores lowest in the Political quadrants, with Politics segments responsible for a low rank of 40th. This position is unchanged from the previous period of review.

POLITICAL DATA COMMENTARY

<p>Djibouti data availability 65.25%</p>	<p>REGIONAL AVERAGE 74.88%</p>	<p>AFRICAN AVERAGE 82.86%</p>	<p>CONTINENTAL RANK #46</p>
	<p>Despite its small size, Djibouti occupies an important geostrategic location, serving as a continental gateway to the Horn of Africa and the East African region. Hence, Djibouti has gained membership in a number of regional coalitions and has also attracted interest from foreign military partners. However, when it comes to political data availability, Djibouti scores a mere 65.25% and ranks 46th continentally, thus falling short of the regional and continental averages of 74.88% and 82.86%.</p>		

POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS

<p>NUMBER OF POLITICAL PARTIES</p> <p>14 (#16)</p>	<p>MILITARY EXP AS % OF GDP</p> <p>N/A (#N/A)</p>	<p>REFUGEE INFLOW</p> <p>31,755 (#12)</p>	<p>NUMBER OF RIGHTS</p> <p>26 (#52)</p>
<p>DATE OF INDEPENDENCE</p> <p>27/06/1977</p>	<p>NET OFFICIAL DEVELOPMENT ASSISTANCE</p> <p>US\$ 185 million (#37)</p>	<p>WOMEN IN PARLIAMENT</p> <p>10.8% (#44)</p>	<p>CAPITAL PUNISHMENT</p> <p>Abolished</p>

DJIBOUTI SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

The country's population largely dwells in urban areas, which have adequate infrastructure to allow nearly all residents (97%) access to clean water. Nevertheless, the Djibouti people are generally poor and beset by high unemployment and illiteracy, which result from an inadequate education system. High unemployment exacerbates poverty in towns, while in rural areas, nomadic herders live timeless existences that are impoverished in modern terms. They deal with camels and goats. Because the desert country is not self-sufficient with food, this important commodity must be imported. Djibouti imports 80% of their food. Shipping costs add to food prices, worsening the situation of the poor and accounting for child malnutrition. Infant mortality is the 39th-highest of the world,

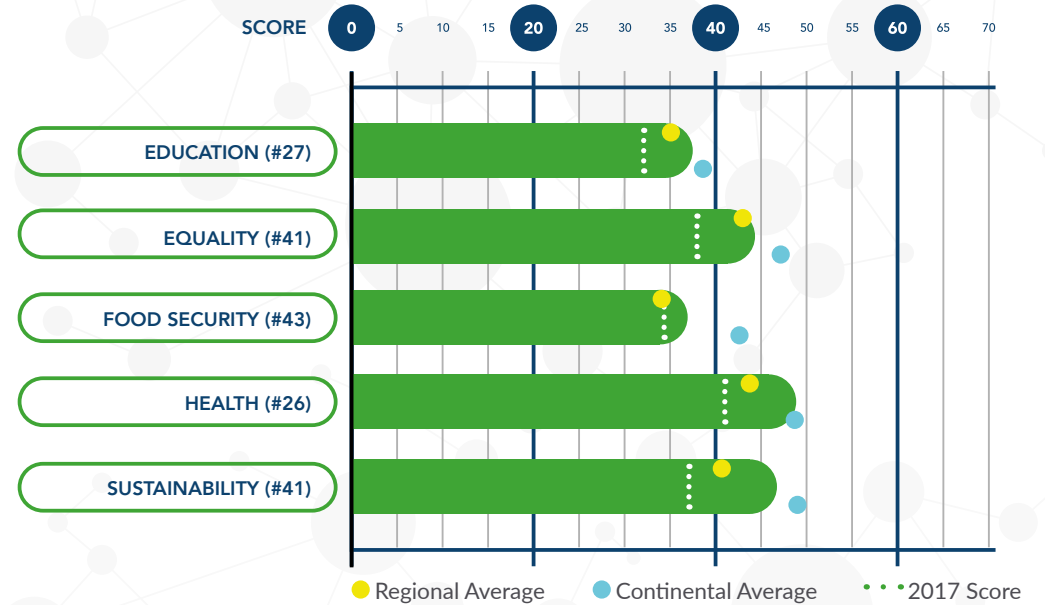
where three in 10 children under the age of five is underweight. Adding further pressure on the country's limited resources is a high population growth rate of 2.16% per year. Government has no population policy to counter this trend.

Only half of the population has access to improved sanitation: 60% of urban dwellers and 5% of rural residents. Refugees from Ethiopia and Somalia have been arriving in large numbers for 20 years, augmented since 2015 by refugees from the conflict in Yemen. Despite these challenges, some positive segment scores raised Djibouti's ranking in the Society quadrant by eight positions, from a low 40th place in the previous period of review to the current 32nd.

SOCIETAL DATA COMMENTARY

<p>Djibouti data availability 59.18%</p>	<p>REGIONAL AVERAGE 63.78%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #43</p>
	<p>Due to its positioning, Djibouti is also highly sensitive to destabilizing shocks issuing from surrounding nations, as has historically been the case with refugee inflows from Ethiopia and Somalia and, more recently, Yemen. Due to the corresponding demographic impact combined with already weak statistical capabilities, Djibouti's societal data availability score currently stands at 59.18% and ranks 43rd continentally. This compares poorly with the respective regional and continental averages of 63.78% and 75.28%.</p>		

SOCIETAL SCORES & RANKINGS



SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>865,267 at 2.16% p.a (#49) (#27)</p>	<p>LIFE EXPECTANCY</p> <p>63.6 years (#22)</p>	<p>HIV PREVALENCE</p> <p>1.3% (#30)</p>	<p>SEXUALITY TOLERANCE</p> <p>Legal</p>
<p>ACCESS TO DRINKING WATER</p> <p>90% (#14)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>4.39% (#39)</p>	<p>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</p> <p>34.09% (#32)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>21% (#13)</p>

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