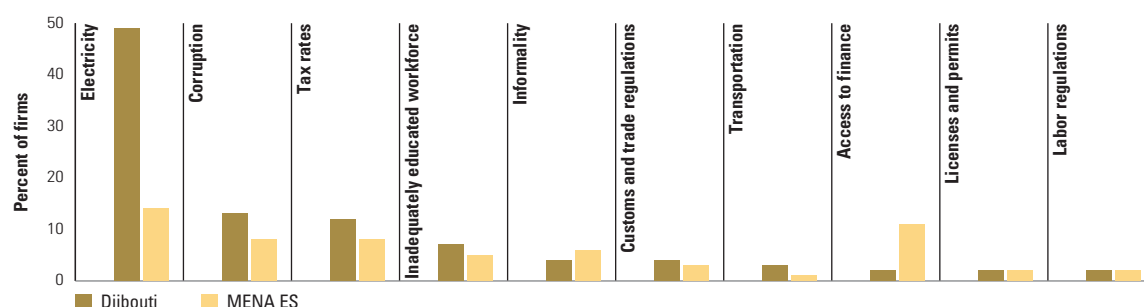


## DJIBOUTI

FIGURE 1: Ranking of the top business environment obstacles for firms in Djibouti



### *Firms in Djibouti are heavily dependent on generators for electricity*

Nearly half of firms in Djibouti choose electricity as their top obstacle in the business environment (figure 1). Firms cope with an unreliable electricity supply by using power from generators, represented by the 69 percent of firms in Djibouti who own or share a generator, much higher than the MENA ES average of 36 percent (figure 2). Probably due to the high prevalence of generators, firms report fewer power outages in a typical month: on average just under two, compared with a MENA ES average of almost 15 per month (figure 3). In addition to an unreliable supply of electricity in the business environment, firms face issues with corruption as well as tax rates: respectively, 13 percent and 12 percent of firms indicate that these are top obstacles.

FIGURE 2: Firms owning or sharing a generator

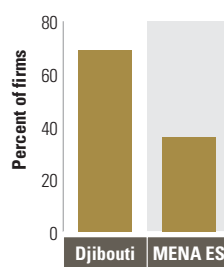
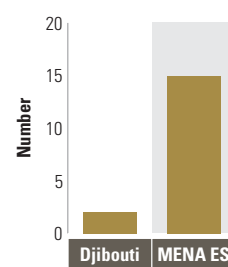


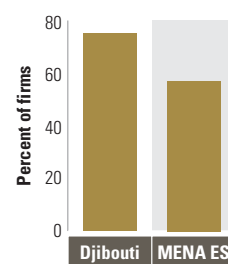
FIGURE 3: Electrical outages in a typical month



### *Within the MENA ES region, Djibouti has the largest percentage of firms reporting that they do not need a loan*

Djibouti's financial sector has grown dramatically since the early 2000s, and today it is quite robust when compared with its peers. The increase in the number of banks in operation, the introduction of Islamic financial instruments, and the opening of accounts for small savers have increased bank deposits. Almost 92 percent of firms in Djibouti have a checking or savings account, well above the MENA ES average of 80 percent. In terms of access to credit, about 12 percent of working capital needs are financed by banks. This is higher than the other MENA ES lower-middle-income economies, with the exception of Morocco. Djibouti also stands out in that 75 percent of firms indicate that they do not need a loan (figure 4). This is the highest percentage in the region. Indeed, only 2 percent of firms rank access to finance as their top business environment obstacle.

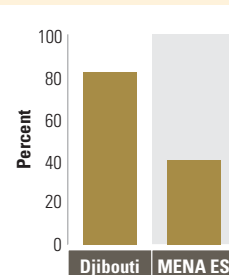
FIGURE 4: Firms not needing a loan



### *The majority of jobs in Djibouti's private sector are in services*

Djibouti's economy differs from its MENA ES peers, as the majority of the private sector is composed of the services sector. With an economy dominated by its deep-water port, 82 percent of jobs in Djibouti's formal private sector covered by the survey are in transport and related services sector. This is much higher than the average of 40 percent across all MENA ES economies (figure 5). With an estimated unemployment rate of over 50 percent, job creation remains a challenging national priority. Among MENA ES economies, Djibouti has the highest share of firms (14 percent) indicating that labor regulations are a major or very severe obstacle to the operations of their establishment.

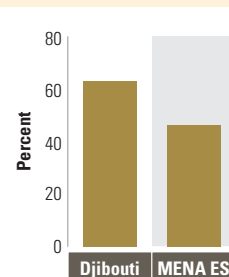
**FIGURE 5: The proportion of jobs in the services sector**



### *Compared with the MENA ES region, firms in Djibouti are more reliant on foreign inputs*

Manufacturing firms in Djibouti are relatively more reliant on inputs of foreign origin, which is a result of the country's lack of natural resources and harsh climate. On average, 63 percent of manufacturing inputs are of foreign origin, well above the average for all MENA ES economies (46 percent, figure 6). This is despite the fact that its import tariff rates are among the highest in the region. In terms of innovation across all business sectors, almost a third of firms in Djibouti introduce new processes, higher than elsewhere in the MENA ES region. The majority of process innovations occur through upgrading existing machinery and equipment, as well as software.

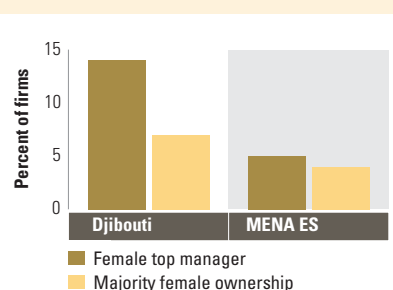
**FIGURE 6: The proportion of inputs that are of foreign origin**



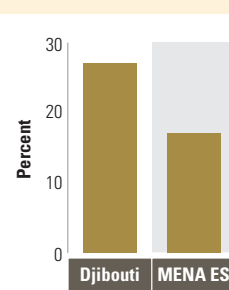
### *Djibouti has the highest proportion of firms with women in top management positions in the MENA ES region*

When compared with the rest of the world, the MENA ES region lags behind in terms of women's participation in the workforce, firm ownership and top management positions. Within this group, Djibouti stands out in terms of having a relatively large percentage of firms with a woman top manager: 14 percent (figure 7), which was much higher than the MENA ES region average of 5 percent. Djibouti also has the highest percentage of firms with majority female ownership: 7 percent, which is almost twice the regional average (4 percent). The proportion of permanent full-time employees that are women is also higher than the MENA ES average (figure 8). The relatively strong participation of women in the local workforce and firm management may be partly the result of the preponderance of the services sector in Djibouti's economy, since services firms are typically more open to women.

**FIGURE 7: Firms with a woman top manager**



**FIGURE 8: Permanent full-time employees that are women**



*The Economy Fiches summarize the economy-specific findings of the report "What's Holding Back the Private Sector in MENA?" Note that annualized sales and employment growth statistics are calculated using the reference years 2009 and 2012; these reference years are used due to when the Enterprise Survey was administered. The findings, interpretations, and conclusions expressed in this fiche are entirely those of the authors. They do not necessarily represent the views of the European Bank for Reconstruction and Development/European Investment Bank/World Bank and its affiliated organizations, or those of their Executive Directors or the governments they represent.*