

DJIBOUTI

Transport and Infrastructure are vital for Djibouti's influence

Djibouti uses its geography to full effect, keeping the world's superpowers in line and wielding its clout across the seas and in its hinterland. It is a vital country for regional peace

A tiny country with no natural resources, just 0.04% of its land area considered arable and only 5 inches of rain all year would not usually be one with an economic performance worth celebrating. That's without reckoning with the Republic of Djibouti, however, which saw 6.7% economic growth in 2023 and can expect future growth of 5.1% per year according to the World Bank.

Djibouti's strength lies entirely in its location in the Horn of Africa on the mouth of the Gulf of Tadjoura, through which 15% of the world's trade passes. Consequently, it has invested heavily in a state-of-the-art port complex with more facilities under construction. Under its Vision 2035 initiative, the government is seeking to use its transport links to build a trade and connection hub for Africa, leveraging on the African

ISMAIL OMAR GUELLEH
PRESIDENT OF DJIBOUTI

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Continental Free Trade Agreement (AfCFTA) which has been signed by all 54 nations of the continent. "Djibouti has capitalized on its privileged geographical position by investing significantly in port infrastructure and free zones over the past two decades. These investments have enabled the country to become a major logistical hub, with one of the busiest ports on the African continent," explained Djibouti's long-time President Ismaïl Omar Guelleh, before adding "Djibouti is firmly committed to regional and continental economic integration, including initiatives such as the AfCFTA." Port cargo volumes increased by 31% in the year ended September 2023 driven by post-pandemic recoveries, both domestically and in its giant neighbor. Landlocked Ethiopia, with a population of over 120 million, relies on Djibouti for almost all of its imports and exports, bringing in a steady stream of earnings for the tiny nation.

Building on port infrastructure

Building on its natural advantages, the government is pursuing an improvement in the investment landscape in Djibouti by expanding road and rail connections and power, water and IT facilities. The goal is that at least some of Africa's abundant natural resources can be exported from Djibouti as semi-finished or finished products, rather than raw material, significantly adding value as a result. As Guelleh explained, "by creating a favorable business



Djibouti has a vast amount to offer tourists including Lake Assal, the fifth saltiest body of water in the world



Ismaïl Omar Guelleh
President of Djibouti

environment and offering opportunities in various sectors, these projects attract both domestic and international investors, contributing to the country's economic growth." He added that "the Republic of Djibouti is resolutely committed to promoting the private sector by removing regulatory barriers and creating a favorable business environment."

Several free zones have been built around the port, with more on the way, to facilitate manufacturing. The first was the Djibouti Ports and Free Zones Authority, covering 98 acres, focusing on regional trade and the storage, processing and re-export of goods to and from East Africa. Benefits include the possibility of 100% foreign ownership, exemption from corporation and income tax and an option to employ foreign nationals. By far the most ambitious, however, is the Djibouti International Free Trade Zone, the biggest in Africa, spanning 11,800 acres if all phases open as planned. The first phase of 593 acres opened in July 2018 following a \$370 million investment and already hosts 21 companies. The total free zone could support 350,000 jobs over the next ten years.

Military bases give political clout

Politically, Djibouti's position gives it an outsized influence. The US, China, France, Italy and Japan all have military bases in Djibouti and these major powers rubbing shoulders with one another undoubtedly contributes to the country's peaceful and tolerant nature. It is the only country in the world with both US and Chinese military bases. There are 5,000 service members deployed in the US' Camp Lemonnier, which is the home of the Combined

Joint Task Force-Horn of Africa. Djibouti has an especially close relationship with the US and the two countries' governments meet bi-annually to discuss defense, security and other areas of mutual interest. In 2014, Presidents Obama and Guelleh agreed to a 20 year lease of Camp Lemonnier at a cost of \$63 million per year. Guelleh acknowledges that "successful cooperation between countries in the military and security realms has also led to a significant enhancement in economic exchanges between the two nations," although he wishes for more, adding "clearly, these partnerships contribute to the economic and social development of our country. However, they currently operate on a limited scale. Hence, we call for intensified American investments in Djibouti."

An island of peace in a volatile region

Djibouti continues to astutely tread a diplomatic tightrope straddling the competing priorities of foreign powers who rarely see eye to eye, whilst also remaining a peaceful and secure nation despite unstable land borders and especially maritime boundaries. As Houthi rebels continue to target ships in the Red Sea, it's clear that Djibouti will remain vital for US interests for decades to come and the US public and private sector should give it serious consideration.

Sovereign Wealth Fund of Djibouti luring global investors

Djibouti's sovereign wealth fund recently held an investment forum. The number of attendees shows this country is attracting serious attention

As one of the world's fastest growing economies, with an increase in GDP many western countries can only dream of, Djibouti's sovereign wealth fund (Fonds Souverain de Djibouti (FSD)) has rolled out the red carpet to boost investment. Its platform, the Djibouti Forum, which took place in May 2024, brought together CEOs, developers and politicians to facilitate dialogue between the government, international investors and other decision makers from across Africa and the Middle East.

The FSD was created in 2020 as part of Djibouti's Vision 2035 program and was inspired by Temasek, Singapore's first sovereign wealth fund. It is headed by Slim Feriani, a dual British/Tunisian national. Its purpose is to diversify and modernize the country's economy and boost the country's growth. As Feriani explained, "our mission and objective are to help build a diversified economy with inclusive and sustainable development and growth and build a well-diversified portfolio of financial assets that contribute to intergenerational prosperity."

Sovereign wealth fund leading the charge

The FSD wants to use Djibouti's enviable economic record to invest either in new industries or develop those which have hitherto been niche areas. Feriani explained "we prioritize sectors such as renewable energies, healthcare, financial technology, tourism, mining infrastructure, technology, real estate, transporta-

tion and education." Djibouti has set itself a goal of being among the first countries in the world to be entirely powered by renewable energy by 2035. The country inaugurated its first wind farm, the 60 megawatt, \$122 million Ghoubet facility, in September 2023 which will remove over 270,000 tons of CO₂ emissions annually. The site's 17 turbines cover 956 acres and the same consortium behind it have put plans in place for a further 45 megawatts of renewable energy capacity, with 45 megawatts of storage. FSD is also working with Neo Themis, a French renewable energy developer, on a solar power project to help achieve its goal. Feriani is confident, "the solar energy projects address Djibouti's ambition to transition to a 100% green economy by 2035 along with the President's Vision 2035. We're on track to achieve that by 2030."

The Djibouti Forum is one method of promoting investments. The recently concluded event "hosted 400 guests, including 150 international guests most of whom had discovered Djibouti for the first time," according to Feriani. The forum welcomed new members of Djibouti's crowdfunding platform, Includin, and a number of deals signed by the FSD including with PAIX Data Centers, to establish a data center in Djibouti. PAIX is "a portfolio agreement of Africa50," explained Feriani with an agreement "to build a \$50 million data center that will leverage Djibouti's ten subsea cables."

Although other African countries have positioned themselves as gateways, most notably



President Guelleh and Slim Feriani at the Djibouti Forum

SLIM FERIANI
CEO, SOVEREIGN WEALTH FUND (FSD)

"Djibouti has become an unavoidable commercial hub connecting Africa, Asia, and Europe. The sky is the limit!"

Mauritius, no other country in the Horn of Africa, or even the wider region of East Africa, has come close to the success of Djibouti. The challenge, which it is eager and appears more than capable of facing, is maintaining that success. Success breeds emulators: Rwanda and Kenya are both positioning themselves as gateways into Africa. The very large market on Djibouti's doorstep bakes in some guaranteed business

for the future but markets and investors can be fickle. Rwanda and Mauritius have both positioned themselves as business hubs, allowing for co-location and other business friendly perks more associated with hubs like Dubai. Neither can compete with the opportunities posed by Djibouti, though. As Feriani notes, "for those investors whose mandate includes emerging markets, Djibouti is very attractive because of its stability — politically and monetarily — its GDP growth forecasted to be above 6%, among the 20 fastest growing economies in the world, with low inflation and last but not least the ability to take money out of Djibouti without restrictions." Everything begins with diversification, from top to bottom. The opportunities are there for those who appreciate the early mover advantage.

TOP TEN REASONS TO INVEST IN DJIBOUTI



Peace and stability compared to its neighbors. A safe haven for investments in the region



It is located on the Horn of Africa, the world's second busiest shipping lane



Target for 100% renewable power by 2035; 60 MW wind farm inaugurated 2023



World class multi-purpose ports and free zones; second most efficient in Africa



International hotels with more coming; world class meeting venues



Growth of 6.5% in 2024; 14th best country for business in Africa (World Bank)



Tourist sites including Lake Assal, lowest point in Africa, and lunar-esque Lake Abbe



New international airport planned; capacity for 1.5 million passengers



Financial stability: currency pegged to US dollar since 1949 and freely convertible



Rising living standards: investment opportunities in real estate and construction

At the crossroads of everybody

Djibouti's president explains how his country is preparing for the future with numerous incentives growth and cross-border trade

President Ismaïl Omar Guelleh was born in modern day Ethiopia and is of Somali ethnicity. The 77-year old was first elected president of Djibouti in 1999, making him one of the longest serving leaders in Africa. His tenure has been one of significant economic investments at home and of a dealmaker abroad: he has met with numerous presidents of the US and elsewhere to capitalize on Djibouti's location and he has initiated rapprochement between Somalia and breakaway province Somaliland. He is also mediating between the warring parties in Sudan. In 2021, he won a fifth term as president of Djibouti, receiving 97.44% of the vote.

Guelleh maintains strict control over the country's hugely important state owned enterprises which has been aided by his strong grip on the police, military and other security forces. The state-sponsored investments into infrastructure and transport has led to steady economic growth but has yielded few opportunities for job creation, hence unemployment being high on the agenda for Vision 2035. The president is married with four children and has grand plans for Djibouti and its continued success long into the future.

How has US-Djibouti cooperation in security strengthened the relationship with the US, especially in the economic realm?

It is true that successful cooperation between countries in the military and security realms has also led to a significant enhancement in economic exchanges between the two nations. Today, this translates into investments from the US in various sectors of Djibouti's development. Besides creating wealth, these investments primarily contribute to the crucial notion of job creation in our country.

Since 2014, we have established a bi-national forum that convenes annually, aiming to deepen bilateral dialogue and identify promising areas that could attract American private sector involvement. The next meeting will be held in June and we expect tangible results, particularly in the

economic domain.

We are pleased that our country is among the select few African nations enjoying a privileged partnership with the United States in economic development. Clearly, these partnerships contribute to the economic and social development of our country. However, they currently operate on a limited scale. Hence, we call for intensified American investments in Djibouti.

What are the key investments that have facilitated economic and political success?

Djibouti has capitalized on its privileged geographical position by investing significantly in port infrastructure and free zones over the past two decades. These investments have enabled the country to become a major logistical hub, with one of the busiest ports on the African continent, thereby facilitating regional and international trade.

Development projects such as the Damerjog Industrial Park and infrastructure programs play a crucial role in stimulating investment in

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Djibouti. By creating a favorable business environment and offering opportunities in various sectors, these projects attract both domestic and international investors, contributing to the country's economic growth. Furthermore, Djibouti is actively exploring other development initiatives to further strengthen its economy and promote investment.

However, we do acknowledge the importance



Djibouti is betting big on its ports being the cornerstone of its diversification efforts

of diversifying the economy to enhance resilience and competitiveness.

The country is committed to developing other sectors such as agriculture, tourism and renewable energy. Projects like the new oil terminal and the ship repair yard create economic and employment opportunities, while opening up the telecommunications sector to investment strengthens the country's digital infrastructure, thus fostering the development of other economic sectors.

What measures has your government taken or intends to take from an economic standpoint to ensure a balanced budget?

In addition to fiscal consolidation measures, Djibouti plans to adopt a clear medium-term vision for its budgetary policy, focused on growth and job creation. Centralization and digitalization of fiscal policy are also priorities, as is reviewing agreements on military bases to ensure stable and equitable revenues.

What role does Djibouti play in regional initiatives such as the African Continental Free Trade Area (AfCFTA)?

Djibouti is firmly committed to regional and continental economic integration, including initiatives such as the AfCFTA. As a strategic trade

hub, Djibouti plays a central role in the trade of goods and services between Europe, Asia and Africa. This involvement strengthens the national economy by creating new trade opportunities and fostering economic growth.

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PRESIDENT OF DJIBOUTI

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What message would you like to convey to the business community about the merits of Djibouti?

The Republic of Djibouti is resolutely committed to promoting the private sector by removing regulatory barriers and creating a favorable business environment. We encourage investments in various economic sectors and are committed to supporting initiatives aimed at enhancing regional and continental economic integration. By working together, we can achieve sustainable and prosperous development for Djibouti and its people.

Small in size but mighty in stature

No other country can stake a better claim to size-vs-influence on the world stage than Djibouti. Its importance for peace, trade and mediation cannot be overstated

In June 2023, Djibouti assumed the rotating presidency of the Intergovernmental Authority on Development (IGAD). This can be seen as the start of the country wielding its outsized influence in the region; for a nation smaller than New Jersey bordered by enormous countries such as Ethiopia and Somalia, Djibouti's diplomatic influence belies its size and makes it a vital partner for US interests in the region. As Djibouti's Minister of Foreign Affairs and International Cooperation, Mahmoud Ali Youssouf, put it, "normally, a small country could face challenges but we manage to overcome those challenges by creating that sense of safety and security to attract investment in this country."

As a result of President Ismaïl Omar Guelleh's leadership of IGAD, the two warring factions in Sudan have met in Djibouti to try and find an end to that country's devastating civil war. Leaders of Ethiopia, Somalia and the autonomous region of Somaliland, which Somalia has long claimed as its own, have also met for talks fostered by President Guelleh. Djibouti has skillfully used its position as a small beacon of peace in an otherwise tinderbox region of the world to facilitate dialogue and find diplomatic solutions to the area's never ending instability, wars and conflicts.

Other efforts by IGAD show it is more than a talking shop. It has launched a blue economy blueprint for its members and validated countries' efforts. In March 2024 it hosted the first ever comprehensive partnership with the EU to address peace challenges in the Horn of Africa

MAHMOUD ALI YOUSOUF
MINISTER OF FOREIGN AFFAIRS

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and beyond. "For international observers and those who follow what is going on as a general trend, whether we see the polarization of the world, you see that focus is now made on very critical, sensitive and strategic places because the positioning of major actors in very sensitive places is very important," noted Youssouf.

Somalia's long civil war and its piracy threat has no end in sight while Ethiopia has seen troubles of its own. Further afield, South Sudan has seen internal conflict and Eritrea has been kept in check only by strongman President Afwerki, under whom Eritrea has been accused of mass



Djibouti's location and relations with global powers gives it outsized influence

human rights abuses including arbitrary detention, compulsory conscription with no limit and zero press freedom. Youssouf explained "our role as a small country without any hidden agenda, without any ideological approaches, is trying to be friends with everyone in the region and trying to have partners everywhere in the world, without making any distinction between them."

One conflict has threatened Djibouti's interests more than others, though, which is the war in Gaza and, specifically, the Houthi rebels' response in Yemen. Many vessels have been avoiding the Bab el-Mandeb and Red Sea to avoid attacks by Houthi fighters based in Yemen on the opposite coast. Djibouti has used its IGAD presidency to try to influence events in Yemen, again making use of its location less than 15 miles from the Arabian Peninsula at the narrowest point. Given that Yemeni refugees have fled to Djibouti among other countries, the government is keen to reach a resolution on humanitarian as well as economic grounds. It needs to find solutions with Yemen as quickly as possible: in May the UN reported that 38 migrants including children died off the Djibouti coast following the sinking of their boat. At least 1,000 people have died or gone missing in the waters between Djibouti and Yemen, a mixture between people from Yemen escaping the conflict there and others from Africa escaping wars and trying to reach Saudi Arabia.

Using its geography

About 90% of Djibouti's population lives in urban locations since most of the country is uninhabitable. The government has utilized the territory anyway by renting out its land to the world's superpowers to form military bases. It is the only country where the US and China both have military operations as well as being the only country in Sub-Saharan Africa with a US military base, Camp Lemonnier, which was established after the 9/11 terrorist attacks.

In Djibouti, the US and others see the opportunity to ensure easy access to the Middle East without actually being based there, while they are also on standby to protect the volumes of crude oil and refined petroleum products that pass by Djibouti on their way to the Suez Canal every day. As well as generating millions of dollars of income, the bases ensure that Djibouti

has the ear of many of the planet's most powerful countries on its doorstep.

The US has had diplomatic relations with Djibouti since its independence from France in 1977. The State Department describes it as "a key US partner on security, regional stability, and humanitarian efforts" as well as noting that the country has been supportive of US interests especially in fighting against terrorism. USAID maintains a food warehouse in Djibouti as part of its Food for Peace program in order to rapidly respond to crises in the region. "As a superpower, the United States has a specific and

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special responsibility in trying to help countries in the region face terrorism and fight against piracy and all kinds of other threats to their safety and security," explained Youssouf.

Nevertheless, Djibouti is open to business with other parties. In July 2024, the EU foreign policy chief, Josep Borrell, visited Djibouti to shore up relations, in the context that 22% of EU imports pass through the Red Sea. As well as the US and Chinese, both the French and Italians also have bases in Djibouti. "The only goals we are pursuing in our foreign and internal policy are peace, stability and safety," highlighted Youssouf. He isn't fussy about how that peace is delivered or ensured, just that it is. He added that "we are proud of having that kind of relationship with the United States. We also have a relationship with the European Union."

Using its continent

Djibouti also has designs on the African continent and Youssouf is heading this. When the heads of state of the members of the African Union (AU) meet in February 2025 to choose the next chairperson of the commission, his name will be one under consideration. After countless



Mahmoud Ali Youssouf
Minister of Foreign Affairs

previous efforts to industrialize, modernize and become universally peaceful, all of which have failed, the new chairperson will have all these tasks before him/her as well as an opportunity to free up the movement of people, capital and goods on a scale never achieved before. All 54 countries on the continent have signed the African Continental Free trade Agreement and now need to make good on their promises to trade with each other. Up to 70% of the finances of the AU come from external sources, which is unsustainable.

The AU's future goals include a customs union, a single market, a central bank and a common currency, thereby establishing economic and monetary union. Djibouti, with its openness, willingness to do business with anyone and its forward thinking economy is well placed to make great strides towards an ever closer African union of countries.

Meanwhile at the G20 meeting of ministers held in Delhi, India, in 2023, the AU won a seat at future meetings, becoming the G21, so the next chairperson of the AU will also have the opportunity to sit at the table of some of the world's most powerful politicians. The AU is a strong organization but one that could be more effective with better coordination and alignment with Africa's regional economic communities as well as other international multilateral bodies.

Additionally, Djibouti is a member and active participant in the UN, the Non-Aligned Movement, the Organization of Islamic Cooperation and the Arab League. It has been a member of The Forum of Small States since its founding in 1992.

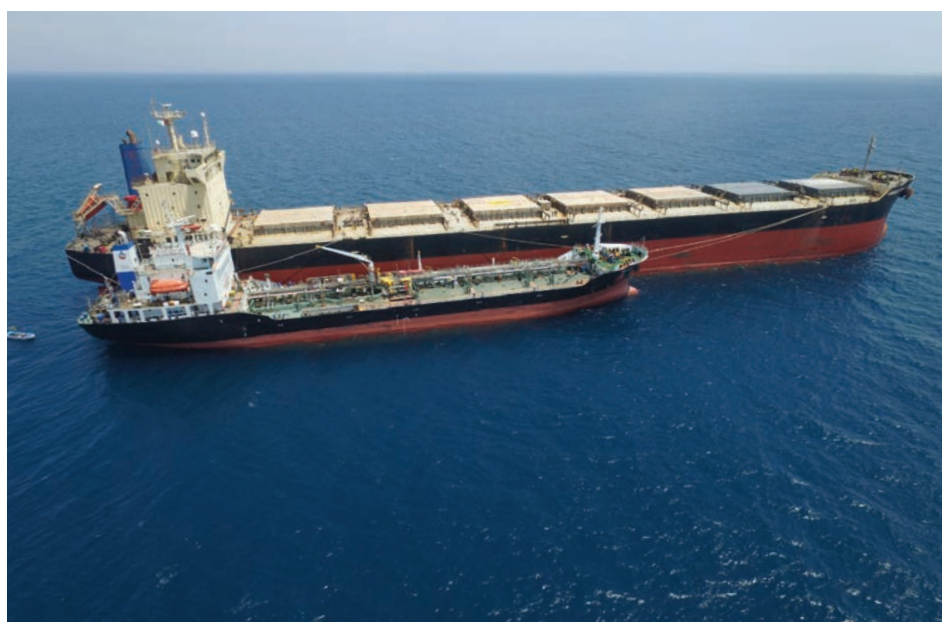
A key player in world affairs

The country is a key player for the US, EU and numerous other countries around the world, an active player among numerous global forums and alliances and a regional mediator for delicate and complicated discussions between countries who may otherwise have no outlet for talks. Djibouti is a vital player on not just the African stage, but the world stage. If it didn't exist, or was as unstable as its neighbors, the world would suffer for it.

Foreign Minister Youssouf summed it up best, stressing that people who aren't in Djibouti will not benefit from all it offers. "This is the place to be for future businesses, this is the place to be for growing economies and global growth, this is the place to be to protect one's trade because you have to keep in mind that 40% of the European trade with South-East Asian countries and 20% of global trade go through the Strait of Bab Al-Mandab. If you are not present here, you will miss the train." It's a train heading down the right tracks.



Djibouti's ports infrastructure is some of the most modern in the world



The ports act as critical infrastructure both for itself and for neighboring countries

Sights set firmly across Africa

Overseeing the most important sector of the country bestows great responsibility on the Ports and Free Zones Authority which it takes seriously

The Djibouti Ports and Free Zones Authority (DPFZA) is headed by Aboubaker Omar Hadi, its chairman, who is also chairman of Great Horn Investment Holdings, Djibouti's special purpose vehicle for investments in maritime, logistics and transportation. DPFZA is the government entity which manages the ports, free zones, special economic zones and other logistics infrastructures of Djibouti.

Since its formation in 2003, DPFZA has invested over \$1 billion in creating the most modern port facilities in Africa including the Société de Gestion du Terminal à conteneurs de Doraleh, an electric railway linking Djibouti to Ethiopia and the Djibouti International Free Trade Zone which will be the largest of its kind in Africa.



Aboubaker Omar Hadi
Chairman, DPFZA

What have been the most significant milestones recently for DPFZA?

We have many projects, mostly in transport and logistics. We have invested in the last ten years in maritime infrastructures, we have built five ports, railways and roads. We have also built sea-air cargo with Air Djibouti and green energy investments. Most notably we have invested in a 60 megawatt wind farm with the International Finance Corporation, Climate Fund Managers and FMO from Holland.

Djibouti is a main port in the East Africa region and we are refueling many ships, moving with the times. Bunkering began in Djibouti in 1865 with coal to refuel steam ships coming from

the Mediterranean Sea, mainly from Marseilles, France, going to Indochina. Then we moved to liquid fuel and now we are going to move to green ammonia to refuel the ships. This also aligns our business with the country's Vision 2035 goal for Djibouti to be the first country in the world to be 100% powered by green energy and be self-sufficient.

The Djibouti Damerjog Industrial Park, for which we have \$115 million of financing, will see its oil storage facilities completed in the first semester of 2025 and the jetty will be completed

in July. We have signed some contracts and people are coming for land leases to build their own storage. We built the jetty but the storage is for the private sector.

How will Djibouti use the African Continental Free Trade Agreement to strengthen economic ties with other countries?

We invested a lot in building maritime facilities in Djibouti. The next stage was to link our maritime ports to our hinterland, then railways and roads and we have been very successful in this, however there are invisible trade barriers between African countries that need to be removed. There are the visible barriers, such as the roads and railways to connect African countries which we have overcome, but we need more progress on the bureaucracy side. Trade between African countries is only 16% compared to inter-Asia or inter-Europe. We have to overcome the physical barriers and the invisible barriers — regulations, customs and documentation, quarantine periods and quotas — to make it better. If you build the roads and the railways and then there is a customs official blocking shipments, it doesn't achieve much.

The World Bank's Logistics Performance Index ranks Djibouti 79th in 2023. What are your thoughts on this assessment?

This is complete nonsense and is very biased. They use Automatic Identification System (AIS) data in their analyses, so ships coming to Djibouti waiting for instructions on where to go next look like they are delayed in the ports, but in fact they are waiting for orders from their owners. I was really surprised to learn that they use AIS data because this is for ship identification for the International Maritime Organization. It has nothing to do with the ports' operations. The World Bank has subcontracted this research. We have plenty of ships in our anchorage waiting for instructions from their headquarters, not us. It is very unprofessional.

Can the Trans-Africa railway be of assistance?

The Trans-Africa railway is a gamechanger. It will cross six countries: Djibouti, Ethiopia, South Sudan, Central African Republic, Cameroon and Nigeria connecting half the continent's population and huge markets.

It will be worth billions of dollars to the whole continent in trade. If we have peace, we can do this project in ten years and it could revolutionize trade on the continent.

How do you leverage new technologies and strategic partnerships?

We have invested in hydroponics since Djibouti is an arid country with no arable lands. This investment was to be independent to some degree for our food. All the hypermarkets in Djibouti are now supplied from our free zone.

ABOUBAKER OMAR HADI
CHAIRMAN, DPFZA

"The Trans-Africa railway is a gamechanger. It will cross six countries connecting half the continent's population and huge markets."

American enterprises have to come and invest in Djibouti in our new businesses. Djibouti is a small market but is a gateway for a bigger market. We have dollars, no forex issues and the Djibouti government and US government have signed Djibouti First, the basis for our bilateral relationship, but it has never been implemented.

We would like to have more investment coming from America, not just on the military side but also on the economic side. If the service personnel could spend more time in local restaurants, bring their families and rent houses, they will see how safe it is here.

Big ports mean big business

The numerous ports on Djibouti's coast showcase the country's reliance on this industry. It is vital that it retains this advantage

Ports are synonymous with Djibouti. The country is full of them. They are all managed by DPFZA (whose interview is above) to ensure a one stop shop for all business needs. In addition to managing the ports, the DPFZA provides immigration services, licensing and registration and provides accreditation for other port activities including stevedoring, ship chandling and freight forwarding. It is a huge operation and one which Djibouti is very keen to exploit and monetize.

The ports in question include the Port of Djibouti, Doraleh Multipurpose Port, Société de Gestion du Terminal à conteneurs de Doraleh, the Horizon Terminal, Port of Tadjourah and the Port of Ghoubet. Inland, the Djibouti Ports Corridor Road connects the various ports to each other and to neighboring countries. Jointly owned by DPFZA and the Djibouti Road Agency, it ensures an efficient, cost-effective, well-serviced and well-maintained network of 352 miles of road.

Great power, great responsibility

That's not to say that DPFZA is without headwinds. The authority blasted the World Bank earlier in 2024 over its assessment of the ports' performance which saw an enormous fall in its ranking from 26th place in 2023 to 379th, very near the bottom of the 405 facilities ranked in 2024. The DPFZA reacted to the findings with 'profound indignation' and said that the

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report's authors misrepresented the port and its equipment. They also said that the report's findings were irrational, citing that part of the Bank's methodology included using a ship's location signals to measure how long it was at port which, the DPFZA claims, is misleading because a ship may be at port for a longer period because it has no new instructions from its owners, not because the port has taken longer to facilitate it. The government also reacted, stating the findings were "obviously absurd and does not reflect any tangible reality on the ground."

Besides, the data suggests that shipping lines are perfectly happy to continue using the country's ports. Container handling at Doraleh Multipurpose Port increased by 10% in the first two months of 2024 compared to previous months, including visits from ships which had never docked there previously, encouraged to enter due to tensions in the Red Sea. Djibouti's pres-

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ident, Ismaïl Omar Guelleh spoke in February reaffirming his country's commitment to security in the Red Sea and emphasized his work with major powers including the US, France and countries with Red Sea coasts to ensure safe passage for international shipping. The government, in its rebuttal of the World Bank findings, claimed it had in fact recorded productivity of 120 movements per hour for docked vessels and that it had achieved growth of more than 30% between 2022 and 2023.

Furthermore, Saudi Arabia signed a deal in June to establish a logistics zone in Djibouti; it intends to leverage the country's position as a gateway to Africa to push its products and exports into the continent. The contract was signed by the president of the Federation of Saudi Chambers and the DPFZA, will run for 92 years and span an area of nearly 1.3 million square feet.

Continued investment and strengthening of Djibouti's port systems are key to its future success. One key component of this goal is the Djibouti Port Community System, a subsidiary of DPFZA, whose purpose is leveraging digital technologies to improve processes and transparency. The system was launched in 2018 and now has all the systems of the port, customs and government agencies consolidated into it, making it a single window platform for timely and efficient payments.

The system has reduced delays and costs and has lowered the number of manual procedures required to five, meaning port paperwork can be completed much more quickly and easily. Ports are everything to Djibouti and it is determined to keep it that way.

Djibouti Port Community Systems:

Your Gateway to Seamless Port and Logistics Services in Djibouti.

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Global bunkering services

Red Sea Bunkering offers refueling services of the highest quality to passing ships

Red Sea Bunkering (RSB), headed by Abdi Ismail Kahin, is a subsidiary of Great Horn Investment Holding and the sole physical supplier for bunker services in Djibouti. It delivers very low sulphur fuel oil (VLSFO), marine gas oil and lubricants to ships passing by Djibouti through the Bab al-Mandab Strait.

Taking advantage of its location, Red Sea Bunkering has seen huge growth since its inception in 2015, especially since 2020. When the International Maritime Organization mandated the use of VLSFO in ships, "Djibouti was the first country and we were the first company in the region to implement it. Neither Jeddah, nor Oman, nor Egypt had yet done so." Kahin continued "the year 2020 marked a turning point for RSB, during which the company sustained consistent sales growth, reaching over 225,000 MT in 2022. This represents a performance increase of 48% between 2020 and 2022.

In April 2024, the company reported that its overall bunkering activity rose by 4% compared to Q1 2023, with bunkering calls to Djibouti ports increasing by 9% in March 2024 compared to 2023. The impressive growth is all the more so given it operates in a country with no hydrocarbon resources. "Our competitors in the region, such as Oman, Jeddah and others, are oil producers. We have to import the product, store it and then deliver it.

That's why we've invested some \$20 million in logistics. We have invested mainly in ships which today have a total storage capacity of over 87,000 tons, enabling us to maintain a fairly good delivery flow," Kahin intimated.

A keen eye on the future

Djibouti is keenly monitoring the global effects of climate change. "Djibouti has practically signed and committed itself to all the various international conventions on environmental protection," noted Kahin. He also explained the interest the company is taking in hydrogen as a fuel of the future. "We don't just want to say we want to be green, we want to develop green energy. We don't want to get into greenwashing." Bunkering ships in the Red Sea with sustainably produced hydrogen would transform the global shipping industry. Its efforts are modestly described by Kahin as "a very solid project that could ensure our future survival."

The company is keen for international investors, including those from the US, who are eager to capitalize on Djibouti's strategic maritime position to come and form partnerships. This initiative aims to enhance the competitive advantage of Djibouti's ports compared to others in the region. The company does not want to limit itself to regular services. It will continue to innovate and build on its successes. If hydrogen bunkering gets off the ground, it will be doing a lot more than surviving, it will be leading the future of the global shipping industry.



Abdi Ismail Kahin
General Manager, Red Sea Bunkering

RED SEA BUNKERING IN DATA



Product storage capacity of **70,000** deadweight tons in several barges allowing for floating storage abilities



VLSFO, HLSFO and MGO. Very Low Sulphur Fuel Oil, High Level Sulphur Fuel Oil and Marine Gas Oil available



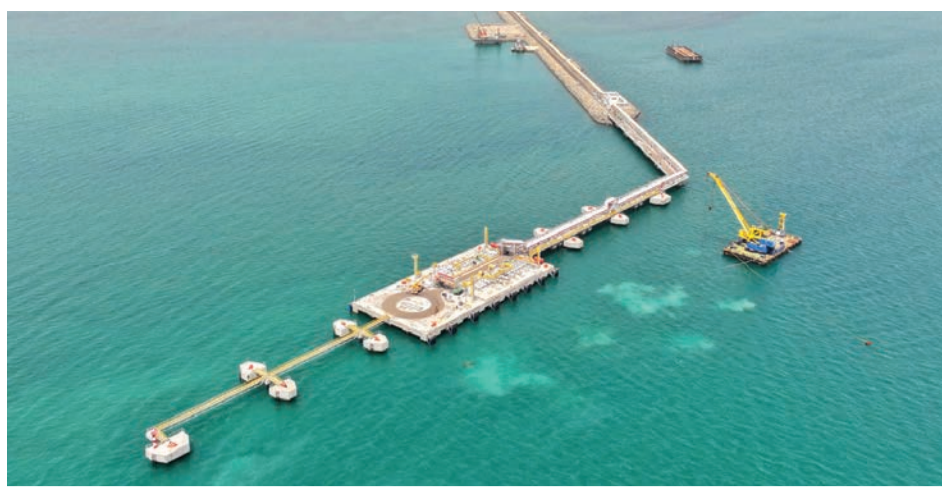
\$25 million: Deal signed with African Export-Import Bank by DPFZA and Red Sea Bunkering in Nov. 2023



Almost **20,000:** The number of ships which pass through Djibouti's coastal waters each year



80%: Contribution of the logistics sector to Djibouti's GDP, both for itself and almost all Ethiopia's trade



The Djibouti Damerjog Industrial Port is seeing enormous expansion

Port expansion everywhere

The Damerjog Industrial Development is of regional and international importance

Part of the Djibouti Ports and Free Zones Authority (DPFZA) complex is the Djibouti Damerjog Industrial Development (DDID), a free zone focused on heavy industries including oil and gas, ship repair and livestock movement. The site's total area is 11 square miles and is located close to the border with Somalia.

It has many facets to make business operations as smooth as possible. These include a tank storage farm with a capacity of 100 million gallons; a product and crude oil jetty consisting of two berths with a combined capacity of 150,000 deadweight tons, a multi-purpose port with an 885ft quay; an oil refinery and other essential utilities such as office buildings, an electricity plant, internal roads, a water distillation facility and more. In the long term, DDID will include a LNG export terminal, a steel rolling facility, a cement plant, a ship repair yard and an expanded multi-purpose port.

It also features a 10 mile railway line that will connect DDID to the Addis Ababa-Djibouti Railway which provides Ethiopia with railroad access to the sea. More than 95% of Ethiopia's trade passes through Djibouti.

National and international importance

Projects to enhance the logistics potential of

Djibouti are vital for its future security, a fact not lost on the country's president who noted that "development projects such as the Damerjog Industrial Park and infrastructure programs play a crucial role in stimulating investment in Djibouti. By creating a favorable business environment and offering opportunities in various sectors, these projects attract both domestic and international investors, contributing to the country's economic growth."

Progress is well underway. "The Djibouti Damerjog Industrial Park, for which we have \$115 million of financing, will see its oil storage facilities completed in the first semester 2025 and the jetty will be completed in July [2024]" explained Aboubaker Omar Hadi, chairman of the DPFZA.

That financing came from the African Export-Import Bank in July 2023; the first collaboration between the bank and Djibouti. It came on the proviso that whilst the DDID will help Djibouti's logistics goals, it will also help the region through the provision of marine services to neighbors Ethiopia and Somalia. These nations will see a gateway for ocean-borne freight. The DDID's final completion may still be a decade away, such is the scale of the operation, but it's clear Djibouti's importance in the region is only going in one direction and that is upwards.

DAMERJOG INDUSTRIAL PORT IN DATA



155,000 heads: full capacity of the port, which is capable of accommodating five livestock carriers



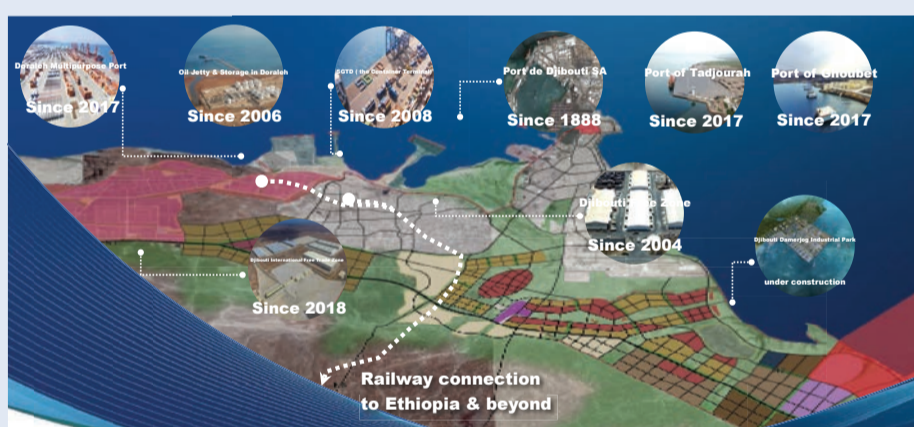
12 square miles: The total area of land covered by Djibouti Damerjog Industrial Development



0%: Companies in the port enjoy zero rated VAT, dividend tax, income and property taxes



The Doraleh Multipurpose Port has advanced facilities



DMP: The multimodal solution of reference in East Africa

No matter the product, no matter the size, no matter the urgency, Djibouti's new multipurpose port is fit to handle it

The Doraleh Multipurpose Port (DMP) was opened in 2017, about 7.5 miles west of Djibouti City, in order to relieve congestion at the original port and covers an area of 474 acres. The multipurpose port with its 16 meter deep quays allows for Super-Panamax ships over 100,000 DWT to be operated effectively and efficiently. In its short history, the DMP has already set a new standard in unloading and delivery of bulk cargo, achieving an unprecedented feat in 2023 of delivering 20,284 metric tons of fertilizer by road and rail, a first for the facility.

DMP is a multipurpose port dedicated to the handling of solid cargo (such as fertilizer and wheat), general cargo, vehicles and liquid cargo. It is a growing transshipment hub for vehicles of all types, such as electric and others, entering and traversing around the region. The livestock terminal features a transit area of 6.8 acres for the import and export of livestock. The port services handled by truck, by sea-air and by rail serve the East Africa region as well as smoothing the road corridor to landlocked countries. The electric railway reduces DMP's carbon footprint. "The multipurpose port of Doraleh is the first African port that ships coming from Asia pass when they arrive and the last one they pass when they leave," highlighted Djama Ibrahim Darar, the port's general manager.

The rail connection brings four improvements: decongesting road corridors into neighboring landlocked countries, improving the performance of DMP in containerized goods flows, increasing the speed of delivery and reducing transport costs. It allows DMP to deliver goods and, above all, to increase the efficiency of its multimodal transport.

DMP is equipped with two systems for managing the handling of solid bulk cargo and containers. As well as handling the cargo, these systems also ease the process of obtaining cargo documents for the customer. One is the Bulk Terminal Operating System which streamlines information processes



Djama Ibrahim Darar
General Manager, Port of Djibouti SA and Doraleh Multipurpose Port

and acts as their one-stop customer service. The second is software created by Navis, an Oakland, CA, based company whose software is used by port operators the world over for greater efficiency in operations and reliability in data exchange. There are other specialized handling systems, as well as a port community exchange platform consolidating Djibouti's role as a multimodal transport hub.

Lots of benefits besides being a port

Not only that, but DMP offers its partners and investors the benefit of large spaces to build storage areas such as silos and hangars. This will allow them to reduce costs, minimize fleet congestion and help them facilitate the delivery of cargo. Since DMP's container traffic has increased significantly since 2023 through partnership with other ports, these storage facilities will be very handy to ensure adequate supplies during busy periods. DMP has also developed its transshipment activities with coun-

tries in the region. In addition, various international container lines have signed agreements with DMP to strengthen container transshipment traffic.

DMP is an innovative port equipped with modern infrastructure that ensures efficient performance. It has been able to develop its unloading and delivery logistics chains by acquiring new cutting-edge equipment to ease handling of cargo. In order to ensure it is able to introduce new technologies as they emerge, it has a training center that benefits DMP employees, which is equipped with latest-generation gantry simulators and handling equipment.

"We are renowned for the perseverance, competence, competitiveness and exceptional professionalism of our employees. This training center aims to enable the ongoing improvement of the qualifications of our human resources. Our main priority is to empower our human capital," said Darar. Mother Nature must have been a ship-owner. Placing raw materials far from where they are needed and covering two-thirds of the Earth with water. For the materials to be sent where they are needed, they have to be transported by ships that can only load and discharge in ports, in which Djibouti is an unrivalled strike force.

Part of the vast, interconnected network of ports infrastructure, free zones and industrial development, its presence ensures greater integration of Djibouti's economy with the Common Market for Eastern and Southern Africa (COMESA), thereby cementing its status as a logistics hub of regional and international importance. Working as the geographical gateway to the COMESA market, it connects 21 countries and around 400 million consumers.

Djibouti ports and free zone are connected by an ecosystem that deploys its logistics platform capacities in multimodal transport for serving the region and landlocked countries. Its seven ports are interconnected by road, sea-air and rail, with Doraleh Multipurpose Port, number three, having opened in 2017. The ports of Djibouti have undergone many transformations and have developed according to national, regional and international circumstances. Over the past two decades, this development has intensified. The vision of the President of the Republic Ismail Omar Guelleh has always been to modernize its platforms by diversifying terminals specialized in each port activity to meet the satisfaction of a diversified customer base.

DORALEH MULTI-PURPOSE PORT



Capable of offloading **200** vehicles per hour utilizing **5** berths, over **1,200-meter-length** yards of quay space and **16-meter** draft



Direct connection to the Djibouti-Addis Ababa railway line allowing for quicker, greener connections



A range of terminals to suit all needs including breakbulk, container and roll-on-roll-off



Capacity for future expansion for berths, yard spaces and quay length



Sovereign Wealth Fund inspired by the best

Djibouti draws inspiration from Singapore in many ways, including in its new sovereign wealth fund which is channeling investments

Djibouti's sovereign wealth fund (FSD) was set up in March 2020 and was bestowed with State-Owned enterprises (SOEs) during that establishment phase: 100% of Djibouti Telecom and 40% of Great Horn Investment Holding — the holding company that owns, among others, all the deep sea ports and free zones of Djibouti.

The FSD was created to improve the governance of the SOEs and to diversify Djibouti's economy by catalyzing investments on top of all the tools and policies in place that facilitate FDI. Ultimately, its goal is to build a multigenerational savings pot in the form of a well-diversified portfolio invested across different asset classes, sectors and geographies. The law which paved the way for FSD's establishment also mandates it to hold 60% of the funds of Djibouti's social security and pension funds as well as receiving 20% of the rental payments made by several nations in exchange for operating military bases in the country. This alone is worth tens of millions of dollars to the country.

Could you elaborate on the main asset classes in which the fund invests?

FSD can invest in the following asset classes: Equity, which takes the form of two categories: (i) equities listed on the various world stock markets and (ii) private equity (greenfield and brownfield) and a portion in venture capital, mainly in the form of funds managed by international fund managers. In the case of the FSD, at this early stage in its life, the priority is to invest ourselves and along with strategic partners directly in private equity (whereas in general and in the future, it would also be in the form of private equity funds and funds of funds specialized in Africa etc.) and in greenfield i.e. projects from scratch, whether Neo Themis solar project, crowdfunding company (IncluFin), data centers, hotels, leasing companies etc.

We can also invest in debt listed on world bond markets, especially sovereign and corporate debt. As part of the diversification and risk management of the overall portfolio, some of this should be outsourced to specialized, fund managers. We must also not forget real estate nationally and internationally



Slim Feriani
CEO, Sovereign Wealth Fund (FSD)

and natural resources.

What are FSD's strategic targets for each asset class?

We prioritize sectors such as renewable energies, healthcare, financial technology, tourism, mining infrastructure, technology, real estate, transportation and education.

Our mission and objective are to help build a diversified economy with inclusive and sustainable development and growth and build a well-diversified portfolio of financial assets that contribute to inter-generational prosperity.

Starting in 2022, the CEO and the investment team designed a \$100 million investment program for various projects in alignment with the National Development Plan of Djibouti. The \$100 million mentioned pertains solely to FSD's minority share (25%), collaborating with partners who are expected to contribute an additional \$700 million: \$300 million in Equity and \$400 million in project private debt. This collective investment of \$800 million, to be executed over a span of three to five years (2024-2028), aims to boost the current GDP of \$3.6 billion by 22% by 2028, solely through FSD-led initiatives.



Salaam Tower, Djibouti

How does Djibouti distinguish itself as a more attractive destination than its African peers?

Djibouti is a strategically and geographically well-located country. With its world-renowned ports, it has become an unavoidable commercial hub connecting Africa, Asia and Europe. Thanks to its privileged geographical location, it offers unlimited investment opportunities and economic growth: the sky is the limit!

We have had numerous meetings and exchanges with renowned investors such PAIX Data Centres, Kasada in the tourism sector and we are currently working on a solar project with the Neo Themis group and have met with Meridiam. We consider all sectors to be important for the country's development, each in their own way, which is why we strive to conduct in-depth discussions and seek out quality partners.

Can you elaborate on FSD's flagship projects?

2023 was the start of the execution of the pipeline with the signature of two power purchase agreements (two distinct solar energy projects) and the underwriting of a private debt loan to a local SME to build the first university restaurant in Djibouti. We also launched the first crowdfunding platform (IncluFin).

The solar energy projects address Djibouti's ambition to transition to a 100% green economy by 2035 aligning with the President's Vision 2035. We're well on track to achieve that before 2030. The private debt loan offers a solution to the financing gap holding back Djiboutian SMEs' growth. The crowdfunding platform will not only support SMEs in their fundraising effort to mobilize large idle savings but also foster entrepreneurship and innovation — the

crowdfunding platform is the first building block to a sound venture capital industry currently nonexistent in Djibouti. In 2024, the FSD entered into an agreement with PAIX Data Centres, to build a \$50 million carrier-neutral green data center that will leverage Djibouti's ten subsea cables.

SLIM FERIANI
CEO, SOVEREIGN WEALTH FUND (FSD)

"Ultimately, our goal is to build a multigenerational savings pot in the form of a well-diversified portfolio invested across different asset classes."

2024 also marked the successful launch by FSD of the first edition of the Djibouti Forum in May 2024 under the high patronage of His Excellency the President of Djibouti. We hosted 400 guests, including 150 international guests (investors, media etc), most of whom had discovered Djibouti for the first time.

What is your final message for international investors, specifically from the US?

For those investors whose mandate includes emerging markets, Djibouti is very attractive because of its stability, its GDP growth forecasted to be above 6%, among the 20 fastest growing economies in the world and its low inflation and ability to repatriate money without restrictions. For specific opportunities we encourage investors to reach out to FSD and/or come to the 2025 edition of FSD's Djibouti Forum. Come and discover this hidden gem, the gateway to Africa and beyond.

Ministry of Digital Economy on a mission

By digitizing so quickly, Djibouti is showing the world what can be done with strong governance acting in the national interest

The Ministry of Digital Economy and Innovation is headed up by Minister Mariam Hamadou Ali as part of Djibouti's goal to become a digital nation. Vision 2035 forms part of its guiding structure — one of its pillars is to be a 'smart nation' — as well as an overall goal of ever more efficient government. "Our mission is to transform Djibouti into a prosperous digital nation by leveraging cutting-edge technologies to stimulate economic growth, improve public services, and promote innovation. We focus on four main areas: e-government, e-business, innovation and the digital economy," Ali explained.

In its short existence since 2021, the ministry has already managed to succeed in a number of goals. It has "over 150 projects aimed at developing a robust digital economy," according to the minister and has "established a favorable regulatory framework with a digital code

and a cybersecurity strategy, launched digitization projects for government services...and promoted entrepreneurship with initiatives such as the Startup Act and programs from the Leadership and Entrepreneurship Center (CLE)."

The CLE is a flagship initiative to promote entrepreneurship in Djibouti particularly among women and youth. Since its creation, it has organized 500 hours of training, it has a 72% success rate for startups and \$90,000 in capital has been disbursed.

Reworking from the top down

The World Bank released a report in May 2024 which examined the progress Djibouti has made. Although it highlights some issues like high costs which prohibit access for some, the ministry has learned and is implementing several measures to address the issues. Perhaps the



Mariam Hamadou Ali
Minister of Digital Economy and Innovation

most urgent are adding competition into the otherwise monopolistic telecoms sector, along with investing in infrastructure to improve connectivity in densely populated and sparsely populated areas, so that the internet will work even in the most trying of circumstances. Djibouti is already a major landing site for digital cables across the continent and the world and is benefitting from \$130 million in World Bank

funding for regional digital integration. "Overall, our ministry strives to position Djibouti as a digital hub in Africa, attracting international investments and fostering sustainable economic growth through innovation and digital technologies," intoned Ali. Other government ministries are on board.

Some rural areas are under the purview of the CLE: it has supported over 490 agricultural producers through regional and national fairs and worked with 49 artisanal associations across all regions of the country by providing them with the necessary materials and tools to better market, monitor and maintain produce.

The entire government is changing with the introduction of e-cabinet and e-building permit initiatives to speed up processes and approvals for the private sector, improving the ease of doing business. It also makes for a more transparent government, which creates greater trust and cooperation between it and the private sector. Ali demonstrated that "the e-building permit allows companies to submit and track their permit applications online, pay associated fees electronically, and receive real-time updates on the status of their applications. This not only reduces delays and administrative costs but also improves the transparency and predictability of construction processes." Feedback so far has been very positive. Djibouti keeps advancing.

The gateway to virtuous development in the Horn of Africa and beyond



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DJIBOUTI

Djibouti's financial sector is primed for the future

Its firm commitment to the dollar, its close supervision from the central bank and the depth of its development plans put Djibouti's financial industry at the forefront of the economic boom that's coming

Djibouti's financial sector offers a mix of conventional banking and Islamic banking to suit the differing needs and customs of its population. Growth in the sector really took off in the mid-2000s which was largely fuelled by an explosion in the number of exchange agencies and remittances coming from Djiboutians working abroad. The first Islamic banks opened in 2006 and further wholesale overhauls of the regulations took place in 2005 and 2011. The country can boast of having a healthy and reliable banking center, connected to the international banking sphere and able to provide all banking services, both locally and internationally via a large network of foreign correspondent banks.

This is the result of painstaking and thorough work by the government and the Central Bank of Djibouti. The authorities realized from the start that, given the country's size and population, it would be a struggle, if not impossible, to attract global banks to its shores, even pan-African banks. "So what we did was strengthen our capacities, revise our texts, re-draft the banking law and create a department dedicated to bank supervision," explained Ahmed Osman Ali, the governor of the coun-

ILYAS MOUSSA DAWALEH
MINISTER OF ECONOMY AND FINANCE

"For us, the United States is a very important strategic partner and with whom we share a great deal. Since independence, the US has stood by Djibouti."

try's central bank. "If we're going to open up the market to smaller, more fragile banks, we need to be in a position to support them through closer supervision, based essentially on a risk-based approach," he added.

The mission of the central bank is very simple. Ensure the convertibility of the Djiboutian



Ilyas Moussa Dawaleh
Minister of Economy and Finance

franc. Its operating principle is clear: each Djibouti franc issued must be entirely covered by a deposit in US dollars with one of the correspondent banks in New York. This is how the central bank manages the country's official foreign currency reserves.

Nevertheless, the government's participation in the sector is small compared to other African countries: a 25% stake in Silk Road International Bank and 33% interest in Banque pour le Commerce et l'Industrie Mer Rouge, but the market share of these two banks has decreased as more players have entered the sector. The new entrants to the sector "have helped to increase the number of people who have access to banking services. It has made us more competitive. It has also created different forms of opportunity for Djiboutians," explained Minister of Economy and Finance in charge of Industry, Ilyas Moussa Dawaleh.

Djibouti has a particular monetary policy which has helped ensure its stability. The Djiboutian franc has been pegged to the US dollar since 1949. Its current rate of 177 francs to the dollar has been in place since 1973. "This



CAC International head office in Djibouti City



Ahmed Osman Ali
Governor, Central Bank of Djibouti

function has served us well, because for a small country, having a currency that fluctuates on the markets is a necessity. A small, unknown country, whose trade balance was initially in deficit. It would later rebalance with the creation of ports and the development of services. This stability of our currency linked to the dollar, which is the main currency for transactions throughout the world, has been rather a positive factor," Ali emphasized.

Nevertheless, Djibouti does have some weaknesses including limited domestic savings and its heavy reliance on external financing. Its pegging to the dollar also means the Central Bank is unable to act as a lender of last resort.

Cold, hard logic keeps interest in Djibouti high. "Djibouti is a global, international public good. It's an international asset. That's why everyone is here. They're not here because they've fallen in love with us. They're here for known reasons," stated Dawaleh. As much as the Ministry of Finance is grateful for this persistent interest from the world's superpowers ("when 9/11 happened and the US needed Djibouti, we opened our arms") it is keen to highlight that

it incurs net tax losses because of the exemptions it grants foreign powers. The total income of the five military bases is \$125 million, however the country grants about \$400 million in tax exemptions. "At some point, we need to correct this asymmetry. But beyond correcting the asymmetry, we'd like to see the US much more involved in the transformation and development of Djibouti, on an equal footing with the others. US development aid is insignificant compared to the level of our relationship," the minister stated.

ILYAS MOUSSA DAWALEH
MINISTER OF ECONOMY AND FINANCE

"The coming years will be very different from the past. We have been through a lot of shocks so we need to make our economy even more resilient."

Despite moves by some countries to promote alternatives to the dollar, for Djibouti the dollar "is the transaction currency and that's the reality," said Ali, while Minister Dawaleh added "our monetary policy, i.e. our currency board model, which is linked to the dollar, has also enabled us to achieve this performance in terms of inflation control." The stability that its close relationship with the dollar has ensured means that Djibouti can focus on other areas of financial policy including financial technology and a local stock exchange.

Djibouti's path to diversification of its economy is driven by a need to make the economy more resilient, which means broadening the base of development. The country is nearing the end of its current five year plan, with the next beginning in 2025-2029. Tourism, hospitality and the digital sector are the three priorities. "The US is very good at all these things. It's in these areas that we'd like to see partnerships," Dawaleh highlighted.



The Central Bank of Djibouti

Djibouti is emerging as East Africa's financial hub, leveraging its stable currency and favorable regulatory environment to attract international business and investment. The Central Bank of Djibouti plays a crucial role in this by ensuring the convertibility of the Djibouti franc, which was established in 1949. The Djibouti franc is freely convertible and pegged to the US dollar at a fixed parity, providing over 75 years of unwavering stability. This stability is rooted in the "currency board" system, where every Djibouti franc is fully backed by a US-dollar deposit with correspondent banks in New York. This system enables the Central Bank to manage the country's foreign currency reserves effectively, ensuring a positive coverage rate for its currency issuance. Foreign currency transactions are straightforward and unrestricted, requiring only a deposit of Djibouti francs. The absence of exchange controls, along with stringent regulatory measures for credit institutions, has made Djibouti a dynamic, attractive, and secure financial center. Its strategic location and stable financial system position Djibouti as a rising financial hub in East Africa, attracting regional operators and fostering economic growth.

Our correspondent banks for Euros

Bank of France
CENTRAL BANK OF DJIBOUTI
SWIFT: BCDJJDJXXX
IBAN: FR76 3000 1000 6400 0000 5245 024
BANQUE DE FRANCE
SWIFT CODE: BDFEFRPPCT

Our correspondent banks for US Dollars

Federal Reserve Bank of New York
CENTRAL BANK OF DJIBOUTI
SWIFT: BCDJJDJXXX
ACCOUNT N° 0210 83 682
FEDERAL RESERVE BANK OF NEW YORK
SWIFT CODE: FRNYUS33XXX

Citibank - NA New York
CENTRAL BANK OF DJIBOUTI
SWIFT: BCDJJDJXXX
ACCOUNT N° 36252795
CITIBANK-NA NEW YORK
SWIFT CODE: CITIUS33XXX



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Strong and healthy banking sector

Rising from very low participation to ever-increasing digital platforms, Djibouti's banking sector is healthy and welcomes investors

Djibouti's banking system has advanced leaps and bounds. Just 20 years ago there were only three banks in the whole country and two of them were French. Since then, the number has more than tripled with 13 banks, including Islamic banks. The sector is vibrant and reaping the benefits of the country's economic successes. Djibouti rebounded strongly from the pandemic with 6.7% growth in 2023 driven by increased port activity, particularly in container traffic, due to renewed trade with Ethiopia after a peace agreement. Cement sales increased by 80% in 2023 as domestic activity resumed.

The country has a hyper-liquid financial center. The transformation rate of bank deposits is around 30%, so 70% of Djibouti's deposits serve economies other than Djibouti. The country is keen for partners and investors to come to the country and redress this imbalance. It is in the middle of a Financial Action Task Force on Money Laundering review because "we want to be in the vanguard of responsible finance with transparency and accountability while remaining firmly anchored in all aspects of the fight against illicit trafficking, terrorism, terrorist financing and money laundering," Minister of Economy and Finance, Ilyas Moussa Dawaleh, emphasized.

Greater financial participation

Consequently, strengthening of the financial system is at the heart of government policy. One of the country's Vision 2035 goals is to become a regional financial hub. A 2011 law fixed the minimum capital requirement for financial institutions at DJF 1 billion (\$5.6 million). "The financial sector will be instrumental in mobilizing capital for infrastructure projects outlined in Vision 2035," highlighted Ahmed H. Al-Dheeb, CEO of CAC International Bank, adding "this will require innovative financing solutions and partnerships with international investors and development institutions."

The financial sector will also help the private sector grow by providing accessible finance options for SMEs which should stimulate diversification and job creation, in turn leading to a reduction in poverty levels. Not only SMEs, though, Vision 2035 also includes provisions for making financial products available for underrepresented groups including women and rural communities. This includes digital finance, microfinancing and financial literacy.

A young and tech-savvy population is driving greater moves towards digitization and the



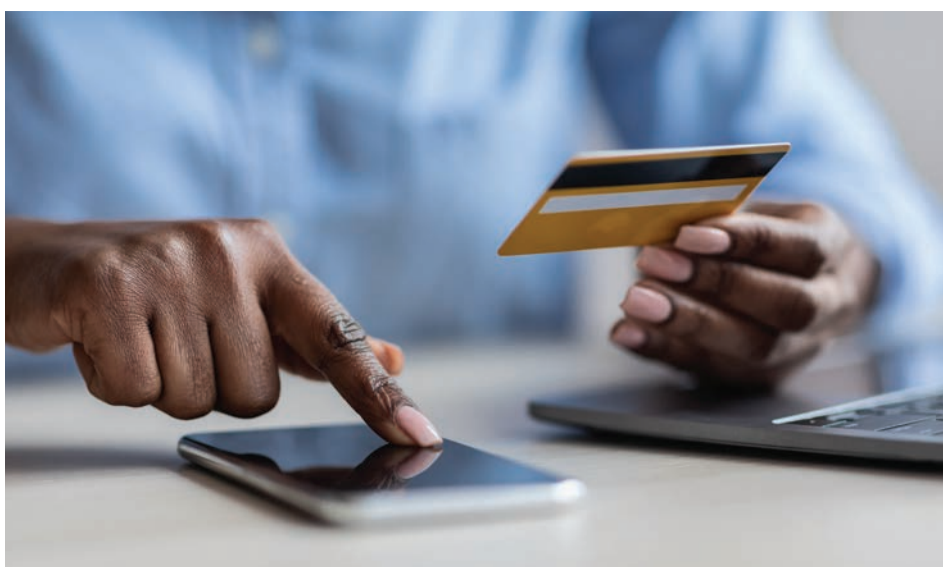
Ahmed H. Al-Dheeb
CEO, CAC International Bank

banking system is playing along. The country has been promoting digital payments for workers to minimize cash reliance.

Measures include mobile money platforms, electronic wallets and contactless payment options. Banks are increasingly offering online banking services to allow customers to manage their accounts, transfer funds and access financial services remotely, to such an extent that Salaam African Bank's general manager, Jama Hersi Abdi, explained "we are considering reducing physical branches to move towards a branchless business model."

It is hoped that the increased digitization will promote financial inclusion to all sections of the population, as long as it remains safe to do so. A greater reliance on digital products means a greater threat from cyber attacks. Implementing robust cyber security protocols, encryption and fraud detection will all be needed too.

The need for Djibouti to be discovered is perhaps best summarized by Ahmed Osman Ali, the governor of the central bank, who pointed out that "Americans need to get out of the United States and discover the beauty of the world. The US is a big country where everyone can find what they need, but there are 8 billion people in the world. They need to discover the rest of the world and operators, financiers and companies need to discover that there are markets to be won, work to be done, opportunities to be seized, cultures to be discovered." The country, with all it has to offer, is waiting for investors.



Digitization is a key focus of Salaam African Bank for its future growth strategies

Salaam Bank anchored in Djibouti with global aspirations

The country's largest Islamic bank has expanded abroad but is still focused on its home market

Salaam African Bank started operations in 2008. Its current general manager is Jama Hersi Abdi. Salaam African Bank has the largest branch and ATM network in Djibouti. Around 30% of SMEs in the country are its customers, as well as major corporate entities. As an Islamic bank, its services and products are Sharia-compliant, including Murabaha and profit-sharing products. It also operates in Uganda, Kenya, Ethiopia and Malaysia. Being one of the earliest Islamic banks in Djibouti, it has a commanding position to bear witness to the changing face of the sector over time.

How would you describe the scope of the bank's operations and your place within the Djiboutian banking landscape?

Salaam African Bank started operations in 2008. In just 16 years, we have become the bank with the largest branch and ATM network in Djibouti. We are principal licensees of both Visa and Mastercard and offer a wide range of services tailored to our customers' needs. We serve clients across Djibouti, including the capital and all five regions, making us the only bank with such extensive regional presence. We are also proud that nearly 30% of SMEs in Djibouti are our customers. Additionally, we handle accounts for major corporate entities in the country.

As an Islamic bank, our services and products are Sharia-compliant, including Murabaha and profit-sharing products like Mudaraba and Musharakah. Our customer base continues to grow robustly each year. Beyond Djibouti, we have a presence in Uganda, Kenya, Ethiopia and Malaysia, and operate a card production and processing facility in Bahrain. Our future goal is to expand further into the East African market and eventually become a Pan-African bank.

What would you say are the key strengths and recent successes of Djibouti's financial services sector and what are the current challenges facing local funding institutions?

Financial institutions in Djibouti are regulated by the central bank, ensuring stability in a volatile region. The country's dollarized market and free exchange control strengthen its financial institutions. There are no restrictions on currency

JAMA HERSI ABDI
GENERAL MANAGER, SALAAM BANK

“There is a need for international investments. We encourage investors to seize these opportunities, benefiting both Djibouti and its banking system.”

exchange or fund transfers, allowing investors to move their funds freely. Djibouti is a small but stable country, with 12 banks competing in an open market, ensuring profitability and opportunities for growth.

Describe the relationship between Salaam Group and Salaam African Bank and the key strengths of that relationship allowing you to benefit your customers across the region?

Salaam African Bank is part of the Salaam Group, which includes subsidiaries in insurance, training centers and the Salaam Academy. We also have subsidiary banks in Kenya and Uganda, strengthening our ability to serve clients. Our insurance and banking clients benefit mutually from our

services. For instance, Salaam African Bank employs the top ten graduates from Salaam Academy, enhancing our human capital. Our training centers develop the skills of our staff and the community, giving us a competitive edge. This integrated approach makes Salaam Group strong and cohesive.

Can you explain Islamic Banking and how it differs from conventional banking and what contributions you intend to make in the banking landscape of Uganda or anywhere else where you have business?

The main difference between conventional and Islamic banks lies in their treatment of money. Conventional banks view money as a commodity and lend it to clients, earning interest. In contrast, Islamic banks see money as a medium of exchange and focus on asset-based transactions. They buy and sell assets to clients with a margin instead of lending money directly. Islamic banks operate under Shariah law, which prohibits interest, speculation, gambling and certain businesses. Conventional banks, however, follow local regulations and can engage in such activities. These distinctions define the unique approaches of conventional and Islamic banking.

We were the first Islamic bank to be licensed by the Central Bank of Uganda. We initially expanded from Kenya, the largest economy in East Africa, by setting up an investment bank and later acquiring a microfinance bank, which we are upgrading to a commercial bank. Uganda, being the second-largest economy in East Africa and open to investments, was our next target. The Ugandan government facilitated our licensing quickly, showing their readiness for foreign investments. Uganda's strategic position as a landlocked country and its potential for establishing a road corridor linking it with South Sudan, Ethiopia and Djibouti motivated our expansion. Additionally, being part of the Common Market for Eastern and Southern Africa bloc encourages business interactions between member countries. Uganda's growing GDP and affordable labor market further influenced our decision to establish there.

With your international experience, would you describe yourself as better equipped than others to handle foreign investments and how would you encourage US investors to partner with Salaam African Bank?

Djibouti is an emerging market with significant opportunities, particularly in the Port Authority, which serves clients from Ethiopia, Djibouti and South Sudan and handles transshipment activities. Similar potential exists in education, healthcare, tourism and infrastructure, all requiring investment. Chinese investors are currently the main investors in Djibouti, but there is also a need for other international investors. We encourage investors to seize these opportunities, benefiting both Djibouti and its banking system.

For instance, our subsidiary, Salaam Real Estate Company, was established to address the shortage of affordable housing in Djibouti. We have secured 240 hectares in Nagad and will begin construction soon. We welcome anyone interested in partnering with us, not only in Djibouti but across the region. By collaborating and pooling investments, whether from American or other global business partners, we can achieve mutual benefits.

What is your assessment of the rate of growth of digital finance in the region and how does Djibouti compare to its neighbors in this respect?

Digital financing is well developed in East Af-



There are wide ranging investment opportunities in Djibouti from healthcare to tourism

rica, with Kenya, Rwanda and Somalia leading the way. We offer our own digital platform, the WAAFI e-wallet, which allows clients to access their accounts, deposit, withdraw, make purchases and transfer money anywhere in the world. This platform is one of our strengths. The digital landscape in East Africa is rapidly evolving, with multiple digital platforms emerging in each country. Every bank is adopting digital platforms to better serve their clients.

We believe digitalization is the future and we are considering reducing branches to move towards a branchless business model. Adapting to this digital future is essential. One of our strengths is our focus on innovation and anticipating market needs. Digitalization is relatively new to Djibouti. Ten years ago, when we started sending SMS notifications, clients were unfamiliar with it. Today, people have adapted well to the digital era. The government supports digitalization, having established a dedicated ministry to create regulations and requirements for banks and other institutions to follow. For example, two or three years ago, financial inclusion was around 20%. With the introduction of WAAFI and other

JAMA HERSI ABDI
GENERAL MANAGER, SALAAM BANK

“We believe digitalization is the future and we are considering reducing physical branches and moving towards a branchless model. Adapting to this digital future is essential.”

digital platforms, it has risen to 33%. This 13% increase in just two years highlights the impact of digitalization. While digital innovation remains a cornerstone of our strategy, we are equally committed to investing in the physical infrastructure of Djibouti through strategic real estate projects like Salaam City at Nagad.

If you build it, they will come

Salaam Real Estate, part of the Salaam Group, has a portfolio across the real estate spectrum, from high-level luxury residences to affordable homes and commercial real estate across the country. Salaam City is a planned community expected



Jama Hersi Abdi
General Manager, Salaam Bank

to feature large houses, open, green spaces and conveniences such as supermarkets, schools, mosques, health centers and playgrounds either on site or nearby.

There are expected to be almost 7,500 properties which will be a mixture of apartments, townhouses and villas, all of which can be accessed with affordable payment plans of up to 15 years. As an Islamic bank, Salaam offers Islamic financing options for its clients. The complex will be well located for all major infrastructure in Djibouti including the airport, a train station, Djibouti University, Douda Beach, two malls and downtown Djibouti. The land was granted by the government in August 2023 and the size of the investment is expected to be worth \$1 billion.

As part of its Vision 2035, the Government of Djibouti has embarked on transforming its economy from depending on port services to bringing in selected major strategic sectors — mainly tourism, finance, telecoms and IT. Aside from the goal of welcoming 500,000 tourists per year by 2035, it also wants to become a global financial and logistics hub within a decade like nearby Dubai, Singapore or Mauritius which is also positioning itself as a gateway to Africa. The mega-project meets the requirements of Vision 2035 by housing visitors and tourists which Djibouti wants to see on its shores and aims to satisfy the growing demand for affordable housing in the country.



Your business partner for Growth

Salaam Bank is a forward-thinking financial institution with a single goal: to support you in reaching your business objectives by providing you with a diverse range of first-class smart, sensible and reliable banking solutions. Being ISO-27001 certified, we continuously explore innovative methods of facilitating banking that are tailor made for the ever-changing needs of our customers.

OUR NETWORK IS SPREAD ACROSS DJIBOUTI



17 Branches



39 ATMs

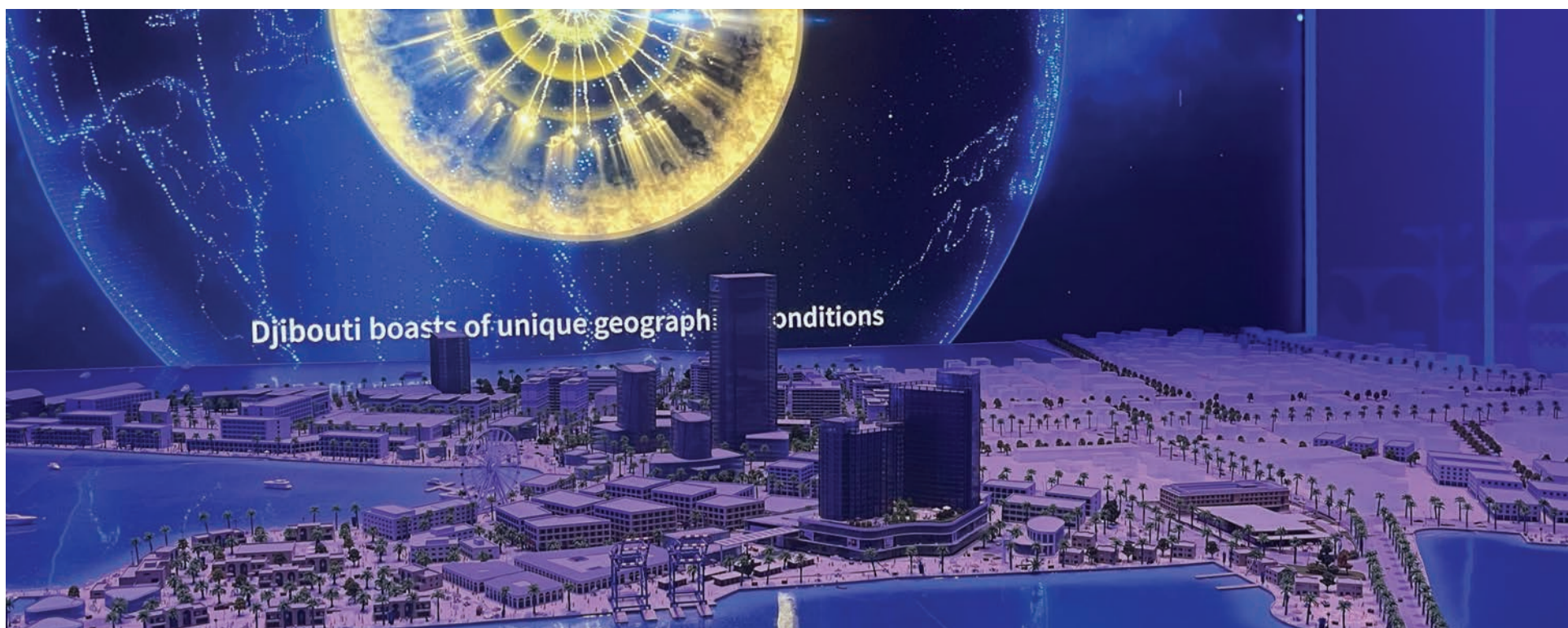


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The Salaam Group's real estate portfolio is kicking into high gear through Salaam City



Djibouti International Exhibition Centre promotes Djibouti as an investment destination

Vast program of business incentives for investors

Djibouti doesn't mind where investment comes from; domestic or international. It is pulling out all the stops to attract investors and is ready to welcome those who take the plunge with open arms and a tax free environment.

Business in Djibouti is changing. The country's chamber of commerce, founded in 1907 by a group of local merchants, has evolved to become the voice of the private sector. All sectors of economic activity are represented by one of its committees. Its two main functions are representing, advising and supporting members of the private sector and advising the public sector on the business landscape and conditions under which businesses are operating and what could be improved. As the chamber's president, Youssef Moussa Dawaleh, explained, "Djibouti has a vocation to be the Singapore of tomorrow. A stable country, with a stable currency and, above all, a country where we can develop a re-export industry." He added, as a further example of the diversification of the country that "we're working on a joint project to link the next gas to be extracted from the Somalia/Ethiopia region, which will have a refinery here in Djibouti and be exported from here."

Monetary stability is a hallmark of the business climate. Djibouti has no foreign exchange restrictions, there are no limitations on converting or transferring funds, or on the inflow and outflow of cash. As Félix Emok N'Dolo, the CEO of Cabinet J.C. Colas put it "if you earn your money honestly, you can transfer it however you want, whenever you want, without the need for permission." The Djibouti franc, which has been pegged to the US dollar since 1949, is stable. The fixed exchange rate is 177.71. "For an international investor, if one day you invest \$100 million in the country, you can be sure that the \$100 million will remain in value, if not better. For one simple reason: the dollar's parity

with the Djibouti franc," explained Dawaleh. Incentives for businesses increase with the size of the investment and the number of jobs created. Investments greater than \$280,000 that create a number of permanent jobs may be exempted from license and registration fees, property taxes, taxes on industrial and commercial profits and taxes on the profits of corporate entities. Imported raw materials used in manufacturing are exempted from the internal consumption tax. These exemptions apply for up to a maximum of ten years after production commences.

The country offers many incentives to those who establish a company within its free zones. It has transformed free zones into an art form. The Djibouti International Free Trade Zone is the biggest in Africa and, at its fullest extent, will cover 18.5 square miles. Foreign companies looking to get a foothold in the African market will benefit because, as Minister of Commerce and Tourism, Mohamed Warsama Dirieh emphasized, Djibouti was one of the first countries to sign and ratify the African Continental Free Trade Area (AfCFTA) and it is working on "making the facilities and financial advantages of the Djibouti International Free Zone and multi-modal Sea/Air Freight available to American exports" and that "US exports have many opportunities to target the AfCFTA continental African free trade zone." He also stressed that "Djibouti is working to promote the creation of special economic zones (SEZs) compatible with the AfCFTA with common rules of origin. American inputs can be used to develop these SEZs."

Businesses located in free zones do not pay corporate taxes, have a simplified registration process and other benefits. Currently, 180 companies from 30 countries operate in free zones.

Numerous financial incentives on offer

Businesses located in the free zone do not pay corporate taxes, have a simplified registration process and receive other benefits such as assistance obtaining work permits and visas. Currently, 180 companies from more than 30 countries operate out of the free zone.

Djiboutian laws guarantee rights for foreign and domestic private entities to establish and own business enterprises. Legally established private-sector companies have the same access to markets, land ownership, credit and other business facilities as public enterprises. Foreign investors are not required to have a local partner except in the insurance industry. "There is a law stipulating that there is parity between public partners and private partners, that we meet once a year around a table to reflect on how the country should move forward and what there is to improve," explained Dawaleh.

The Djiboutian investment code guarantees investors the right to freely import all goods, equip-

Youssef Moussa Dawaleh
President, Djibouti Chamber of Commerce

ment, products, or material necessary for their investments; display products and services; determine and run marketing policy and production; choose customers and suppliers and set prices. The investment code clarifies in its first articles that any repatriation of funds or profit can be immediately returned to the country of origin, if the investor wishes for whatever reason to take back the investment or profit.

Guichet unique

Djibouti's National Investment Promotion Agency (NIPA), created in 2001, of which Dawaleh is chairman, promotes private-sector investment, facilitates investment operations and aims to modernize the country's regulatory framework. Since 2017, Guichet Unique, its one-stop-shop, which houses several agencies under one roof, has simplified business registration. NIPA has identified several priority sectors for investment, including infrastructure and renewable energy. NIPA assists foreign and domestic investors by disseminating information and streamlining administrative procedures. Its ultimate goal is to serve as a one-stop shop for investors.

Other offices under NIPA include the Djibouti Office for Industrial and Commercial Property which ensures the registration of companies in the trade and companies register, the General Directorate of Taxes and the National Social Security

**YOUSSEF MOUSSA DAWALEH
PRESIDENT, CHAMBER OF COMMERCE**
"The Djibouti Investment Code clarifies in its first articles that any repatriation of funds, investment or profit can be immediately returned to the country of origin."

Fund which is responsible for the social registration of companies. These entities all operate under one roof to ensure the most efficient and seamless experience for business owners. "From now on, all you have to do is gather the required documents to obtain your trade register and your tax identification number, all on the same site," N'Dolo highlighted. He also remembered how one "used to require trips to the trade registry, the tax authorities and various departments, but is now done in one place within 48 hours."

Finally, the Djibouti Economic Development Fund (FDED) is an institution for financing projects in priority sectors: agriculture, fishing, tourism, mining, domestic and the raw materials processing industry. Loans granted by the Fund range from 3.5 to 50 million francs (\$19,720 - \$282,000) with an interest rate of less than 6% depending on the projects. For young graduates loans can vary from 3.5 to 7 million francs (\$19,720 - \$39,400). It offers several financial products. The FDED, according to the minister, "shows the government's determination to promote the private sector as a driving force behind

Félix Emok N'Dolo
CEO, Cabinet J.C. Colas

socio-economic development." The process takes 14 days according to the US State Department.

The government has also used some of its fiscal tools to formalize many businesses. "Tax facilitation measures, including exemptions for certain activities, have encouraged the creation of sole proprietorships," noted Dirieh. A campaign of formalization in 2020 brought 2,000 informal businesses into the formal economy which avails them to more financing and other essential services, as well as increasing visibility to foreign operators who may wish to find local partners.

Addressing these issues are part of the initiatives of Vision Djibouti 2035 and the Strategy for Accelerated Growth and Employment Promotion which aim to increase the country's competitiveness and stimulate private sector development. "Thanks to these reforms, Djibouti is well positioned to make significant progress, fostering sustainable economic growth and enhancing opportunities for its citizens," said Dirieh.

Also part of the Vision 2035 program is deepening integration in the AfCFTA. In 2022, Djibouti adopted a national strategy for the implementation of AfCFTA commitments aimed at increasing trade of goods. "Our strategic objectives with regard to the AfCFTA consist in exploiting our assets such as our political and social stability and our economic institutions, which have proved their worth over the years," explained Dirieh. He outlined Djibouti's key advantages including submarine cables, the development of a financial sector and the diversification of economic activities. Dawaleh added his country's unique geography; not just where it is but the size of its neighbors which offer it huge markets on its doorstep. He explained "if there are two countries that have succeeded very well in regional integration, it's Djibouti and Ethiopia. We offer them a high-performance telecommunications service. They offer us electricity and certain agricultural products. We offer them the ports of Djibouti, they give us water from the abundance that God has given them." Another feather in Djibouti's cap could be the presidency of the African Union by its minister of foreign affairs who has put himself forward for nomination. As Dawaleh explained "if he is elected President of the African Union, the spotlight will be on Djibouti and Djibouti will take advantage of this in the right way to develop its private sector and the whole country."

Djibouti stands on the cusp of huge potential. Already a logistical powerhouse, its ports allow it to dabble in global trade from Europe to the Middle East and way beyond. Its network of submarine cables also ensure it is a vital crossroad of global communication. "Our network is directly connected to 90 countries, facilitating fast and efficient communication on a global scale," Dirieh proudly stated. N'Dolo also remarked that "Djibouti is a land of opportunity with a stable economy and stable and good quality parameters and indicators. With all these opportunities, investors in Djibouti are guaranteed to get a good and fast return on their investment." Watch this space and watch it grow, for Djibouti has put every possible measure in place to succeed.

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Sunset view from Ayla Hotel, one of the newest international investments in Djibouti City

A vital crossroads for global communications

Almost all internet traffic between Europe and Asia passes through or adjacent to Djibouti. It is a vital link for the world to keep talking

One of Djibouti's most important companies, Djibouti Telecom is not only the national telecommunications company, it is a vital link in African and global connectivity. There is very little internet traffic around Africa or even Europe and the Middle East and that isn't connected to it. Its importance for mass communication follows a similar path to that of the country overall: just as Djibouti leverages its safety in a region of uncertainty for driving investments, its telecoms provider does the same for internet penetration, submarine cables and connecting its neighbors to the world. As the company's managing director, Mohamed Assoweh Bouh, explained, much of the onshore infrastructure has been supplied by Ericsson whose feedback to their client is that Djibouti is the country with one of the best mobile networks and service quality in the whole of Africa. "They tell us that not many countries have the speed we have. We have this coverage nationwide," he proudly said.



Mohamed Assoweh Bouh
Managing Director, Djibouti Telecom

Djibouti Telecom was founded in 1999, formed by the merger of the telecommunications department of the post office and the Société des Télécommunications Internationales de Djibouti. It is owned by the country's sovereign wealth fund. Over time, it has become a key partner of all communications projects in the country and a major sponsor and facilitator of economic, sporting and cultural events by ensuring the connectivity needs and expectations of participants and spectators are fulfilled. As part of the government's drive for diversification, there is an intention to privatize the company in the near future. As Assoweh Bouh puts it, "if we want to be more competitive, we need to attract investors who will not only bring in new money, but also expertise, so that Djibouti Telecom can compete with the major operators in the region."

While it began with fixed line phone and broadband, it has very much expanded since to include mobile and wireless infrastructure and is now going even further by establishing a mobile payments platform, setting up an e-commerce site and, most importantly for the global community, focussing heavily on subsea infrastructure. Assoweh Bouh explained the importance of these latest innovations: "Since 2020, we have set up ten currencies on Djibouti

Digital Mobile & Monnaie, our digital financial service. To date, we have more than 100,000 customers using the Djibouti Telecom platform for mobile payment. Even international organizations such as UNDP, WHO and UNHCR use our platform to pay their employees' salaries."

It has made nothing short of a pivotal contribution to the development of the digital economy. The very foundation of today's world is digital infrastructure; there has to be reliable and affordable broadband at the very core of society and digital payment services are becoming equally necessary so that the digital economy can function. Djibouti Telecom is playing a crucial role in this area to support the transition from a national economy to a digital economy. "There's a lot of parallelism between logistics, digital technology and transport," highlighted Assoweh Bouh, "when we talk about digital, we're not just talking about material things."

As an illustration of the parallels between physical infrastructure and the digital world, Assoweh Bouh points out that there are flight paths for cargo planes and analogously Djibouti Telecom has air fibers running from Djibouti to Ethiopia via electrical interconnection. "In fact, we're trying to pool these infrastructures. When we build a road linking Djibouti with our neighbors, we try to see how we could build the fiber as part of the road construction. It's much cheaper because we can pool the work." He



Djibouti is pivotal for African, European and Asian communications

further added that "as far as electrical interconnection is concerned, as soon as there's an interconnection between neighboring countries, we say we've got to put in fiber too. We can also carry internet traffic for these countries. Infrastructure development must always be coordinated with digital infrastructure."

A global leader in subsea infrastructure

For an illustration of the company's global reach and influence, look no further than its subsea infrastructure. "As of today, we are connected to ten submarine cables. We also expect three other submarine cables to land in Djibouti in the next few years," noted Assoweh Bouh. For communications between Asia and Europe, virtually all submarine cables pass through the Red Sea, therefore potentially through Djiboutian territory. The ones which do cross its borders are protected by a corridor which is closely monitored. "The Djibouti government has set up an entire zone to allow the submarine cable to pass through. In these corridors, we know in real time which ships are crossing. Ships are not allowed to park or anchor in this zone. This corridor even appears on the shipping lanes as a protected area of submarine cables."

Some of the major cables beginning and ending in Djibouti include Meta's 2Africa cable which, at almost 28,000 miles, is the world's longest subsea cable, connecting Africa, Europe and the Middle East across 33 countries with 46 landing points. Djibouti is hosting the cable at a bespoke cable landing station. The country also hosts DARE, a 2800 mile cable linking Djibouti with Somalia and Kenya, significantly increasing internet traffic capacity along the East African coast. The latest cable in which the company has invested is called Sea-Me-We-6. It links Singapore to Marseille, covering a total distance of almost 12,000 miles.

Marseille and Singapore are two important references for Djibouti. The country sees itself as a potential Singapore for Africa in its desire to become a business hub for the continent. Marseille, meanwhile, is one of Europe's

most important hubs for submarine cables. Digital Reality, an Austin, TX, based data center, announced in December 2023 it would be opening its fifth data center in Marseille since establishing in the city in 2014. "The idea is saying that Djibouti can become a little Marseille, because in Marseille there are so many submarine cables arriving and that's where the development of the data center started," explained Assoweh Bouh. Mariam Hamadou Ali, the minister of digital economy and innovation, recently visited Marseille to draw inspiration from the city.

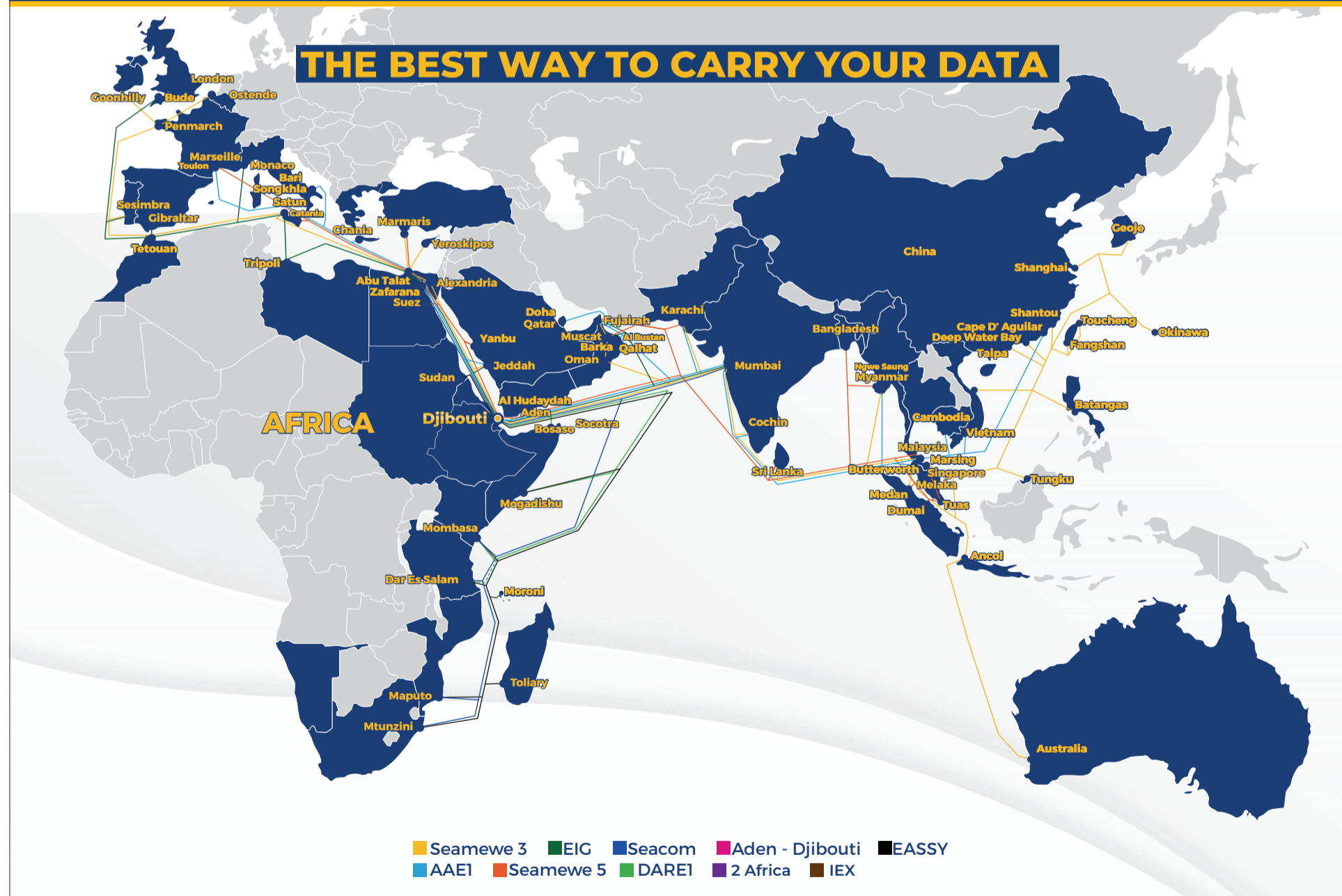
MOHAMED ASSOWEH BOUH
MANAGING DIRECTOR, DJIBOUTI TELECOM

"Djibouti is the country with one of the best mobile networks and service quality in the whole of Africa. We have this coverage nationwide."

Investment in submarine cables has enabled Djibouti to build a structure on which it can now capitalize — the digital economy that the company is spearheading. "Today the telecoms sector is the main driver of the digital economy. It contributes roughly 8%-10% to the national GDP," Assoweh Bouh proudly illustrated. Djibouti Telecom is growing with it. "Over the last 10 years, we've seen continuous growth of around 8.5%," he added.

It all connects to Vision 2035, one of whose pillars is to make Djibouti a hub for digital infrastructure. It is an open and welcoming country well on its way to becoming one of the most important on the continent, if it is not already so. Assoweh Bouh summed up the country's and the telecom provider's potential perfectly: "as a major player in Djibouti's digital transformation, because the country is in the process of transforming itself, I think this is a great opportunity for USA Today readers to come and visit our beautiful country." Hard to argue with that.

Connecting Djibouti to the World



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Every day closer to you



A changing landscape for changing times

Traditionally dependent on imported fossil fuels for its energy needs, Djibouti is burnishing its climate fighting arsenal. An ideal country for wind and solar production, it is developing its renewable resources at speed

Traditionally, Djibouti's energy needs have been met through imported fossil fuels delivered via ship. It has also imported hydropower from Ethiopia. Combined, these two sources used to make up 70% of the country's energy needs. But this is changing. Yonis Ali Guedi, the country's minister of energy in charge of natural resources, notes that "today, we don't import 70% of our energy. With the first wind power projects we inaugurated last year, today we only import 40% of hydroelectric power on the interconnection with Ethiopia. And 40% comes from our wind power production, that's 80%, and the remaining 20% is thermal production." Or, more succinctly, he explained that "today Djibouti is proud of the fact that we use 80% renewable energy every day and only 20% thermal energy."

How has such a small country done this? The biggest factor is wind. Commissioned in September 2023, the Ghoubet Wind Power Station, owned by a consortium whose members formed a special purpose vehicle company called Red Sea Power Limited, is a 60-megawatt wind farm made up of 17 turbines with associated interconnection facilities including three miles of overhead transmission lines to connect to an Electricité de Djibouti substation. The maximum output is around 237,000 megawatt-hours per year. A further 45 megawatts are planned by the owners too. An area to the south of Djibouti City is also being developed with work undertaken by AMEA Power. "Construction has already been announced. By mid-2025, we expect to inaugurate these first 30 megawatts, followed by 20 megawatts" explained Guedi.

No one has a monopoly though and Djibouti wants to do business with everyone. "This does not close the door to other investors. We're giving other investors the opportunity to invest in other projects throughout the country. What's more, we're also working with CREC [CR Energy Concepts],



Yonis Ali Guedi
Minister of Energy

an American company. We've been working on a project for three years, supported by the American embassy, for biomass production — electricity generated from Djibouti City waste. It's a project that we think is highly innovative, but also environmentally friendly for Djibouti." The renewable energy park that is being created is expected to feed 35 megawatts of base-load electricity into the country's national grid and, once fully operational, will provide about 80 full time jobs.

Furthermore, on the sidelines of the COP28 summit in Dubai, the government signed a memorandum of understanding with CWP Global to accelerate CWP's Green Star Hydrogen Hub, a 5-10 GW green hydrogen project with the intent to make Djibouti a hub for this fuel of the future. The MoU recognizes Djibouti's abundant resources in wind and solar and the country's plan to be entirely powered by renewable energy by 2035.



The wind turbines of the Ghoubet wind power station generate 60 MW of electricity

The government is looking at geothermal energy too. As the minister stated, "the Djibouti government has taken this policy of committing its own francs to be able to finish this exploration phase on geothermal energy, to be able later to give investors and the private sector the production of energy." It is part of the government's self-imposed target to have 90% of the population accessing electricity by 2035, up from a current rate of 65%.

More power needed, across the board

To do this and to bring in foreign investments more generally, it needs more power. "Today we have 150 megawatts of energy, but our goal is to increase this national production to over 450 megawatts in the next year, so that we can attract investors to our free zone, but also to the port area, so that we can set up private industries in Djibouti," explained Guedi. With the liberalization of the business environment and the vast array of incentives that Djibouti has put in place to attract foreign investment, the reliability of its energy supply is imperative to ensure visiting investors like what they see and establish themselves. Energy is no different from the rest of the economy: "we at the Ministry of Energy have also liberalized the energy sector. Any company today, Djiboutian or foreign, can come and invest in renewable energy production in Djibouti," stressed Guedi.

Nevertheless, electricity prices in Djibouti remain some of the most expensive on the planet when measured against people's incomes. Djibouti only has two seasons: hot and cool. With climate change, the hot season is becoming ever hotter and electricity usage, driven by air conditioning, is going up. The government is trying to keep up. "Since we

had the electricity interconnection with Ethiopia we've seen our electricity rates drop by more than six times. But it's still not enough. We know it's not enough." The government has set up a project called projet d'électrification durable, which gives low-income households free access to their electricity supply. Guedi explained "we have contracted nearly \$23 million from the World Bank, reimbursed by Electricité de Djibouti, to give our low-income citizens access to their subscriptions and electrical

YONIS ALI GUEDI
MINISTER OF ENERGY

"Today we have over 65% access to electricity in our rural villages and towns. We want to raise this target to 90% within the next five years."

installations in their homes. That's almost 14,000 households, which will impact more than 100,000 people in the city of Djibouti and the five regions." It expects the project to be completed in December 2025.

It is a basic tenet of any government to look after its people. "It's a primary objective for Djibouti that all Djiboutians should first have access to electricity at an affordable price, so that Djiboutians have the comfort they need to live easily in their country," stated Guedi. It's clear the government is doing all it can to ensure everyone from top to bottom is benefitting from Djibouti's economic growth.

Securing Energy needs into the Future

Djibouti's historical need to import all its fossil fuel needs could have been an impediment for others, but not for this aspiring country

The Société Internationale des Hydrocarbures de Djibouti (SIHD), whose activities began in 2015, is charged with supplying petroleum products to the country at the most competitive price possible. It wants to diversify its portfolio over time and hopes to use the country's economic success to do just that. As Djibouti strives to attract foreign investors, SIHD invites them to form partnerships and discover the dynamic country waiting for them. Its director, Dabar Adaweh Ladieh explained SIHD's mission, its growth targets and how it operates for the people of Djibouti, especially in the areas of energy security and supply to households. Energy security is one of the key pillars of Vision 2035 and SIHD is working to ensure just that.

How does SIHD manage stocks and guarantee energy security?

SIHD guarantees energy security by securing bi-monthly supply deliveries in advance. We also contribute to energy projects such as donations in the form of solar power plants, solar kits and solar street lighting to electrify rural areas that are not connected to the grid.

The company also manages the national emergency stock, aimed at responding to emer-

gencies like local or international fuel shortages. Furthermore, SIHD plans to equip Djibouti with the necessary means to become a regional hub for the redistribution of hydrocarbons and petroleum products, maintaining strategic stocks equivalent to 90 days of national consumption. We work on projects to reduce the country's energy dependence, such as refineries and petroleum storage.

SIHD aims to make Djibouti a regional hub for the redistribution of hydrocarbons. What is your strategy to achieve these goals?

The redistribution of petroleum products at the regional level heavily depends on the development of oil depots and their new storage capacities. Improving road and rail infrastructure to facilitate the transport of goods is equally crucial. Currently, we are diversifying our petroleum product imports. We have initiated the integration of bitumen for the regional market and plan to meet both local and regional needs. This approach also applies to LPG [liquefied petroleum gas], a product whose use is limited in the region due to low investment in its logistics.

Can you explain your \$90 million agree-



Dabar Adaweh Ladieh
Director, SIHD

ment with the International Islamic Trade Finance Corporation (ITFC)?

This financing is aimed at purchasing petroleum products. We have renewed this agreement with the ITFC for over nine years, which has been crucial for starting our operations.

The amount increases each time, primarily due to the rising volume of purchases and the constant increase in oil prices. We secure funding to cover the cost of two shipments, equivalent to four months of local consumption. The loan is renewed as repayments are made, known as revolving credit.

Our main goal is to finance our supplies autonomously in the future, depending on the barrel purchase price. When oil prices are low, shipment costs decrease.

What are the growth prospects and opportunities in Djibouti's hydrocarbon sector?

Growth prospects in Djibouti's hydrocarbon sector range from 3% to 5%. Investment opportunities primarily focus on establishing logistical infrastructures to meet local and regional needs. These prospects align with a strategic vision to make Djibouti a key transshipment platform from the Red Sea to landlocked Central African countries.

We are open to partnerships with American companies as long as the cooperation is mutually beneficial and we can steer forward the our country's strategic vision and its energy future.

What are SIHD's strategic priorities for the coming years?

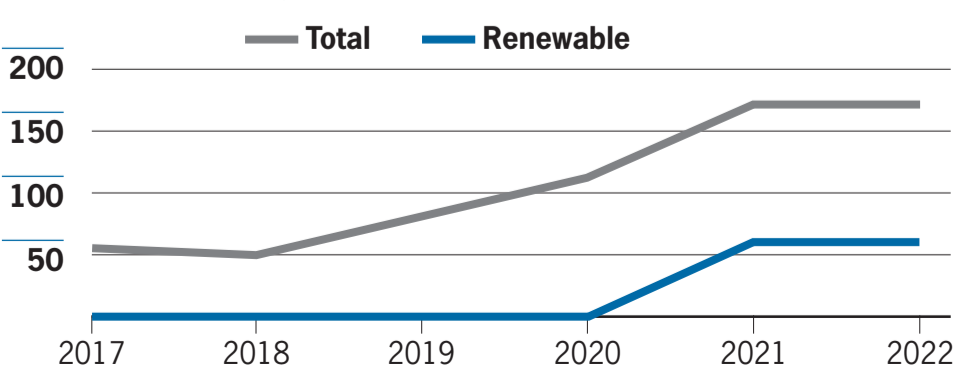
SIHD aims to have sufficient storage capacity to develop a strategy for regional market penetration, particularly within the Common Market for East and Southern Africa (COMESA) free trade area, which includes 21 member states and a population of over 583 million. This represents significant development potential for the company. Djibouti is already a major player in commercial flows within the COMESA zone due to its geostrategic position and efficient port infrastructure.

By procuring in large quantities, SIHD can achieve economies of scale and set highly competitive prices, thereby reducing the costs of imported products and contributing to lower fuel prices in Djibouti. A strategic objective is to establish a refinery in Djibouti, with preliminary project studies beginning soon. This refinery will ensure local and regional supply security while reducing maritime transport costs and promoting the expansion of intra-African trade.

ELECTRICITY GENERATION

Generation in 2022	GWh	%
Non-renewable	126	64
Renewable	70	36
Hydro and marine	0	0
Solar	1	0
Wind	69	35
Bioenergy	0	0
Geothermal	0	0
Total	196	100

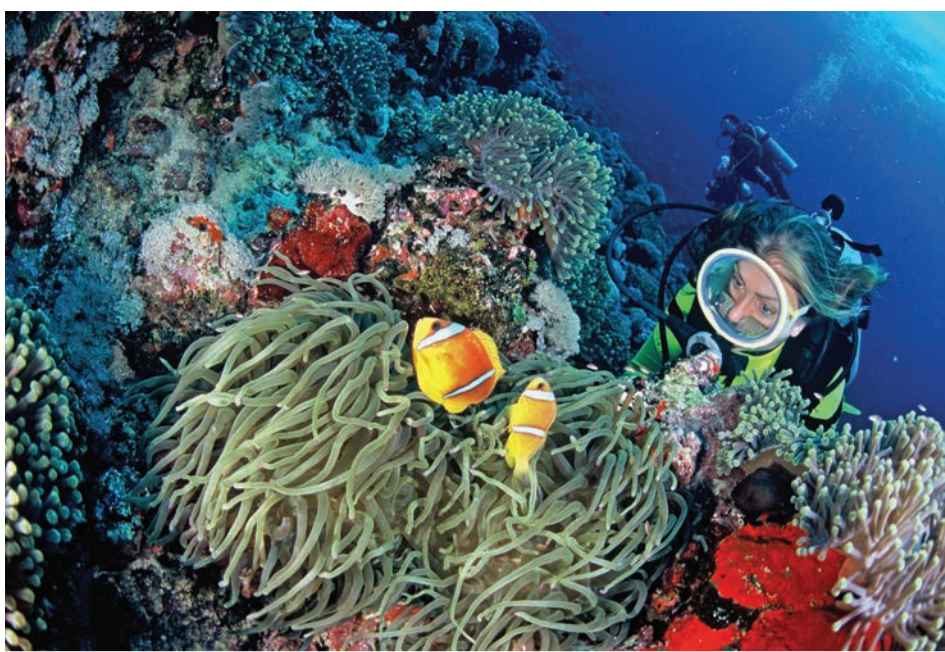
Per capita electricity generation (kWh)



Ensuring energy security by importing, storing and supplying petroleum products, while turning Djibouti into a hub for redistributing hydrocarbons



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Djibouti has huge potential for scuba divers on its Red Sea coast



Its shallow, coastal waters offer beaches or boat charters to Moucha or Maskali islands

Almost limitless tourism potential in Djibouti

From alien landscapes to crystal blue, warm seas and oases in the desert, Djibouti has a huge variety of landscapes waiting to be discovered. Its government is gearing up for a tourism boom

If Djibouti's business landscape and inspiration may be likened to Singapore, its tourism and geographical features can only be inspired by Iceland, without the snow. Despite occupying just 0.1% of Africa's total landmass, it has some of the continent's most spectacular scenery and otherworldly landscapes which make it a must-do on any adventurous traveler's itinerary.

Overseeing the country's tourism drive is the National Tourism Agency (L'Agence Nationale du Tourisme (ANT)) headed by Osman Abdi Mohamed. Djibouti has set itself an "ambitious strategic framework for its development. The aim is to attract 500,000 tourists by 2035," explains Mohamed, compared to 142,000 today as counted by his office's figures. The tourism industry is expected to play a key role in the country's economic diversification goals as part of the Vision 2035 initiative, launched by President Guellah in 2014. Currently, the tourism sector is underexploited, although there is potential for it to grow significantly as the country gains recognition as an international destination. The country has been variously known as the crossroads of three continents, the land of meetings and exchanges or the more mysterious-sounding other way of experiencing space. It is hoped that tourism will provide 30,000 direct jobs by 2035.

The ANT was formed in 1969 to develop the tourism industry. It is the body in charge of the organization, management and control of the tourism sector in Djibouti with a view to the development of sustainable tourism. It has been helped by the development and implementation of an e-visa system accompanied by a reduction in price making it much easier for tourists to enter the country for up to 90 days. The ANT works closely with the Ministry of Commerce and Tourism. Whereas it is charged with developing the sector and promoting it to the world, it does so within the framework of government policy, which Minister of Commerce and Tourism, Mohamed Warsama Dirieh, defines as "prepare and implement government policy aimed at developing the tourist industry; regulating and monitoring tourist and hotel activities and developing, rehabilitating, renovating and maintaining tourist sites."

OSMAN ABDI MOHAMED
DIRECTOR GENERAL
NATIONAL TOURISM AGENCY (ANT)

"Air connectivity has improved over the last ten years, enabling six airlines to serve Djibouti: Yemenia, Qatar Airways, Ethiopian Airlines, Air France, Emirates and Turkish Airlines, as well as the national carrier Air Djibouti."

The ANT also pinpoints the importance of the new airport and other infrastructure for Djibouti's tourism plans. "Other major projects are also underway, such as the construction of a new airport capable of handling the latest generations of aircraft, with a capacity of 1.5 million passengers a year. Making Djibouti more accessible can also keep Djiboutians working in Djibouti and reverse a brain drain from those who can seek employment elsewhere for lack of opportunities at home. As the Minister of Economy and Finance in charge of Industry, Ilyas Moussa Dawaleh, pointed out, "diversification will only come about if we manage to correct two sectors or two subjects. Human capital and skills. We need to invest everything we have in human capital in general and in skills and the quality of education in particular."

The country's sovereign wealth fund, the FSD, has hosted the Djibouti Forum and the high numbers of CEOs who attended attests to the increasing awareness and interest of the country among the global investment community. The most recent event, in 2024, attracted hundreds of international visitors. Stability, in an unstable region, is an asset which can't be overstated as much for business investors as for tourists. Business matchmaking forums bridge the gap between perception and reality. Singapore's rapid development as one of the world's most important trade routes through, Djibouti is aiming to emulate the Far East country's successes. Despite having no natural resources and almost no arable land, there is nothing that can't be done with the government, agencies and private sector aligned.

Although still in its infancy, the tourism sector has been recognized by several organizations. In 2018 Djibouti City became the first

African city to be awarded the title of World Capital of Culture and Tourism by the European Council on Tourism and Trade. Dozens of publications since then have commented on Djibouti's attractions, including being one of the most reliable places in the world to go swimming with whale sharks in the Gulf of Tadjourah between October and January. Djibouti has 10 sites on UNESCO's list of potential World Heritage Sites.

"Djibouti offers some remarkable natural sites, including Lake Abbe, with its limestone chimneys creating a unique lunar landscape and Lake Assal, 153 meters [500 feet] below sea level, forming the lowest point in Africa and surrounded by crystalline salt deposits. What's more, its rich, well-preserved seabed is home to exceptional biodiversity, ideal for diving and snorkeling," exclaimed the ANT's Mohamed. The country has been universally described as a top diving spot. There is a bewitching contrast of colors between the immaculate carpet of white gold, the mountains sometimes brownish, sometimes dark that overlook the perfect mix of navy blue and turquoise water, all resplendent under a cloudless, azure African sky. The saltwater of Lake Assal is one of the saltiest bodies of water on earth, saltier than the Dead Sea in Israel and much less known, meaning smaller crowds for the lucky tourists who venture in

Osman Abdi Mohamed
Director General, National Tourism Agency (ANT)

to float on the water. Lake Abbe in particular is otherworldly with its limestone chimneys, some over 150 feet high, creating an alien view which stretches the concept of believable to its extremes. It looks like a remnant remaining from the moment of creation.

The islands of Moucha and Maskali are also worth a visit, via a 45-minute boat ride from the port of Djibouti. The warm, shallow waters surrounding these islands are heaven for divers, providing the opportunity to see manta rays, sharks and other marine life. Tadjoura Bay is also ideal for its fantastic beaches, its diverse aquatic flora and fauna, unrivaled snorkeling and relatively untouched reefs.

Mohamed and Minister Dirieh also emphasize the friendly and welcoming people. It is not uncommon to be invited into a stranger's house for a cup of tea. Crime remains low, especially towards tourists and Djibouti City is growing



A huge array of activities await visitors, both at sea and exploring its desert landscapes



Between October and February, dozens of whale sharks gather off Djibouti's coast



Lake Abbe's limestone chimneys offer visitors a unique, lunar-esque landscape

in every direction: modernization, easy business registration, real estate development and increasing gastronomic variety, sophistication and level of service.

The country's mix of Arabic, French and sub-Saharan African cultures give it a melting pot atmosphere and its population straddles this divide with aplomb. Its food reflects this. Naturally, fish forms a major part of the diet. Markets and restaurants alike serve grilled fish in abundance, but visitors should also try skudahkharis (lamb stew), the national dish, which is a mix of rice, lamb, cardamom and other spices. Street food including sambussas (the Djibouti interpretation of a samosa) or banana fritters (fried clumps of batter, banana and nutmeg, dripping with honey and served with black tea) can be found in nearly any food stall. There's also fah-fah, a meat stew served with spongy canjeero bread. In some parts of Djibouti City, you may even find a version made from camel.

The drive in popularity of such a small country could be a cause for concern. The world is littered with examples of the harm caused by overtourism. Not so in Djibouti, where from the outset, the mission is to promote sustainable tourism at all times and to have sustainability baked into everything. The government launched a strategy as far back as 2018 for the development of a sustainable tourism sector, encouraging operators to organize tours with a socially and environmentally responsible approach with an emphasis on generating income for local communities.

The country's many untouched historical and natural sites are key to the tourism package and the government is looking for international investors to help it further drive its ecotourism product. "Djibouti is well positioned to make significant progress, fostering sustainable economic growth and enhancing opportunities for its citizens," stressed Dirieh also emphasizing that tourism is one of the key industries "contributing to the country's sustainable economic development."

Business visits still dominate

One of the more reassuring elements of Djibouti's tourism package is its safety. Not only is the country a small enclave of stability in an otherwise fragile region, it is also home to no fewer than five foreign military bases including the US, China and France. For the US, it is the only military base in sub-Saharan Africa. Djiboutians boast that they can happily walk the streets of their capital city anytime of day or night. This does mean, however, that the country's hotel stock is lacking. Most tourists are in the country for business and spend two or three nights there resulting in a high room turnover. If the country wants people staying for a week or longer, it will run out of rooms in hotels of the standard international tourists expect.

There is a Kempinski Hotel in Djibouti and a Sheraton has been in the country for 42 years. A 5-star Ayla hotel opened in early March 2024, located on the capital's seafloor, built by private Emirati operator Sheikh Nahel for around \$200 million. He also invested in the Kempinski. This lack of variety leads to high prices, but the country knows it needs to build more and have them near the tourist sites. It needs to bring prices down to the level that international hotel chains charge in other cities: a room in the Sheraton in Dubai is around \$130; in Djibouti prices begin at \$230. Happily, however, the future of the hotel sector looks bright with the announcement of new hotel openings in 2024 and 2025, including in tourist locations. "These initiatives should considerably increase the supply of accommodation, offering the potential to transform the tourism landscape and possibly reverse the current trend in occupancy rates," predicts Mohamed. He also adds that "hotel accommodation capacity has increased considerably by 40% during the 2018-2023 period."

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"Djibouti offers some remarkable natural sites, Lake Abbe, with its limestone chimneys creating a lunar landscape, and Lake Assal, over 500 feet below sea level."

Also growing in the business tourism sector is medical tourism. The growing middle class with an increasing disposable income is driving Djiboutians to seek healthcare abroad, something which the government actively promotes. Given the government support, outbound medical tourism presents a further opportunity for countries targeting this demographic.

Nevertheless, the potential is very much there for regular tourists — those looking for sun, sea and sand but also those willing to move off the beaten path and explore somewhere more adventurous. The jobs can be realized, the wealth distributed among the population and the profile of the country raised internationally. Everybody is moving in the right direction and the country will soon become the tourist hit it deserves to be. Developments are coming, infrastructure is gaining and the politics are aligning. Get to Djibouti now while it's still a best kept secret and experience its treasures.

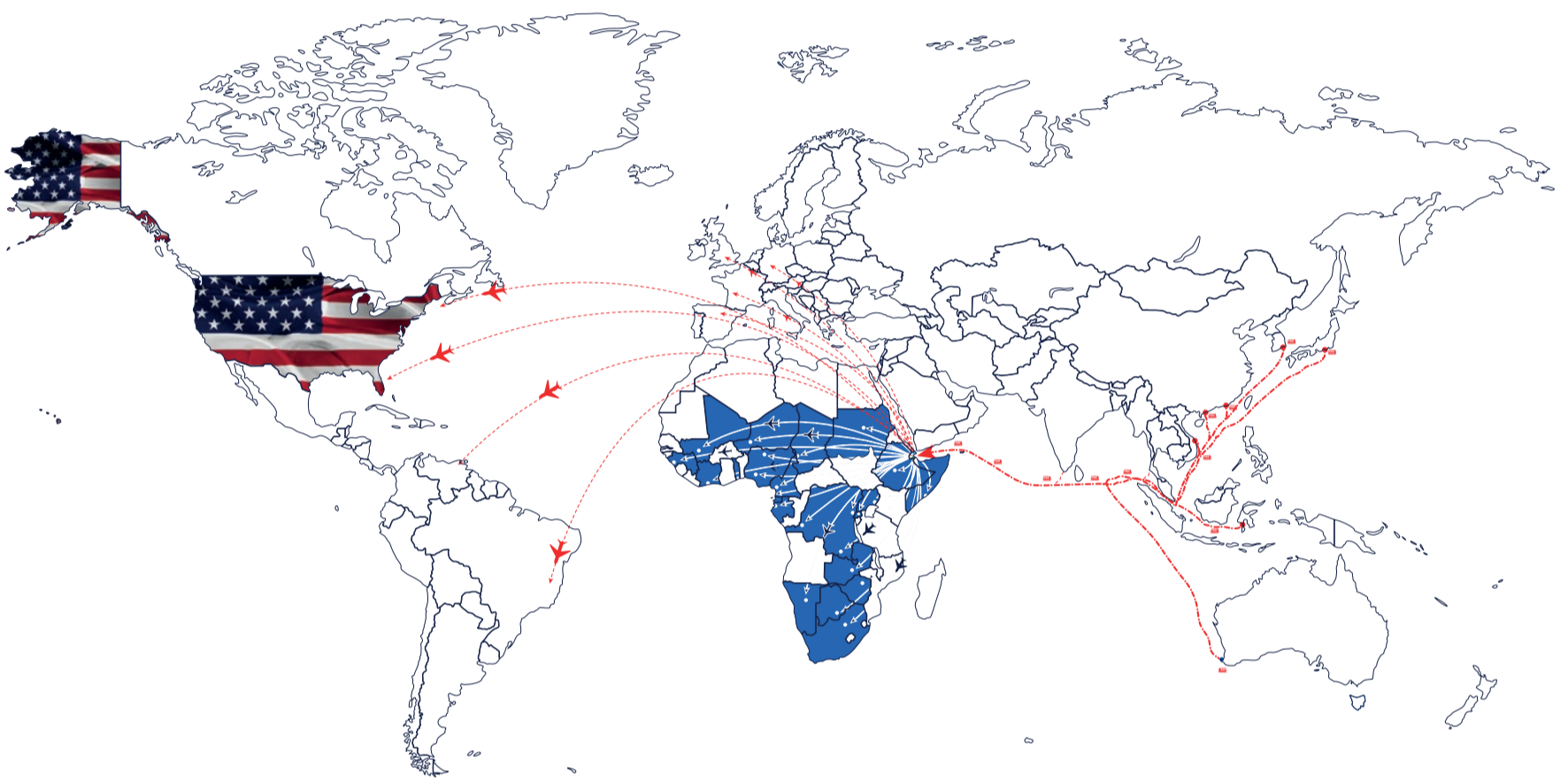


Discover Djibouti : Your Premier Sea-Air Transportation Hub

Djibouti's unparalleled geostrategic location and renowned port expertise position it as the ideal hub for sea-air transportation systems. This innovative logistics solution is highly attractive to international importers of high-value products, offering a transit time twice as fast as maritime transport and at half the cost of air transport alone.

Currently, our advanced sea-air model efficiently serves 24 cities across 21 African countries. By utilizing Djibouti as your sea-air hub, you can save up to 8 hours in air transit and 5 days in sea transit.

Choose Djibouti for your logistics needs and experience superior efficiency and cost-effectiveness.



Sea Cargo To and From

- Australia
- China
- India
- Indonesia
- Japan
- Malaysia
- Singapore
- South Korea
- Thailand
- Vietnam

Air Cargo To and From

➤ 24 cities in 21 countries were reached in 2023

- Botswana (Gaborone)
- Cameroon (Douala)
- Chad (N'Djamena)
- DRC (Goma, Kinshasa, Lubumbashi)
- Equatorial Guinea (Malabo)
- Ethiopia (Addis-Ababa)
- Gabon (Libreville)
- Guinea (Conakry)
- Côte d'Ivoire (Abidjan)
- Mali (Bamako)
- Namibia (Windhoek)
- Niger (Niamey)
- Nigeria (Lagos, Kano)
- Rwanda (Kigali)
- Somalia (Mogadishu)
- South Africa (Johannesburg)
- Sudan (Khartoum)
- Togo (Lomé)
- Uganda (Entebbe)
- Zambia (Lusaka)
- Zimbabwe (Harare)

Targeting

- East Coast of the United States of America
- East Coast of South America
- Europe

