

WORLD RANK: **105** | REGIONAL RANK: **14**

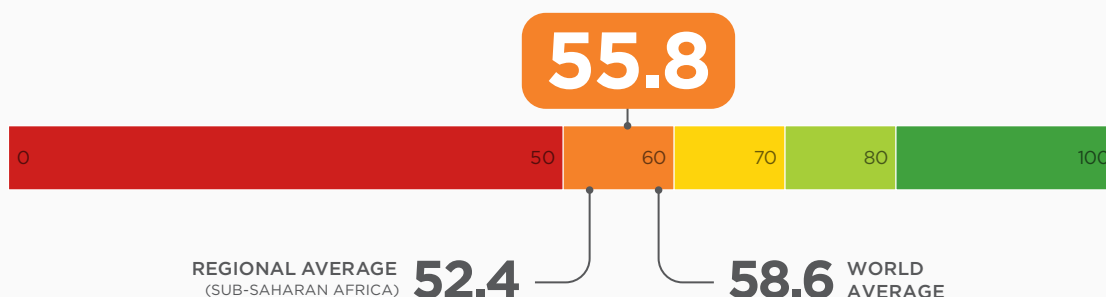
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

DJIBOUTI

Djibouti's economic freedom score is 55.8, making its economy the 105th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 0.3 point from last year, and Djibouti is ranked 14th out of 47 countries in the Sub-Saharan Africa region. The country's economic freedom score is lower than the world average and higher than the regional average. Djibouti's economy is considered "mostly unfree" according to the 2024 *Index*.

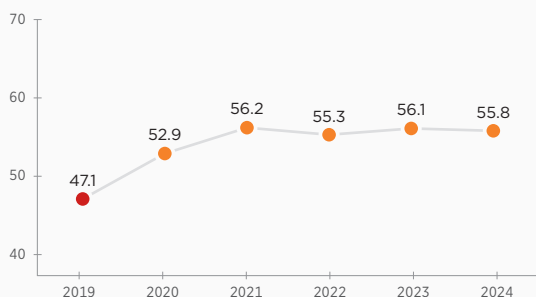
Systemic weaknesses in the economy persist in the protection of property rights and effective enforcement of anticorruption measures. Implementation of deeper institutional reforms is critical to inspiring more dynamic economic growth. The judiciary remains vulnerable to political influence. The regulatory system's lack of transparency and clarity injects considerable uncertainty into entrepreneurial decision-making. Labor laws are inefficient and complicated. Women work predominantly in the informal sector. The most recent available inflation rate is 5.2 percent.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1997): +1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.0 million

GDP (PPP):
\$6.6 billion
3.2% growth in 2022
5-year average growth rate: 3.9%
\$6,502 per capita

UNEMPLOYMENT:
28.4%

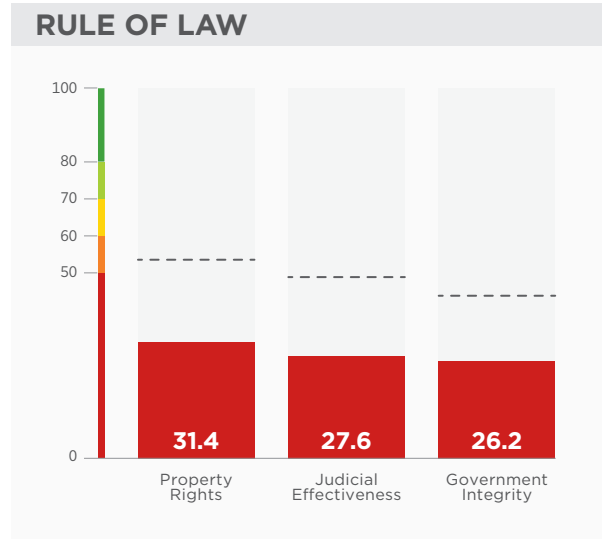
INFLATION (CPI):
5.2%

FDI INFLOW:
\$191.0 million

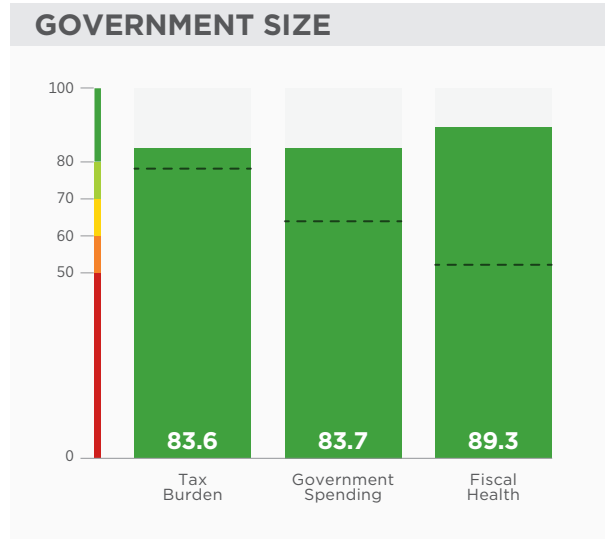
PUBLIC DEBT:
40.4% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

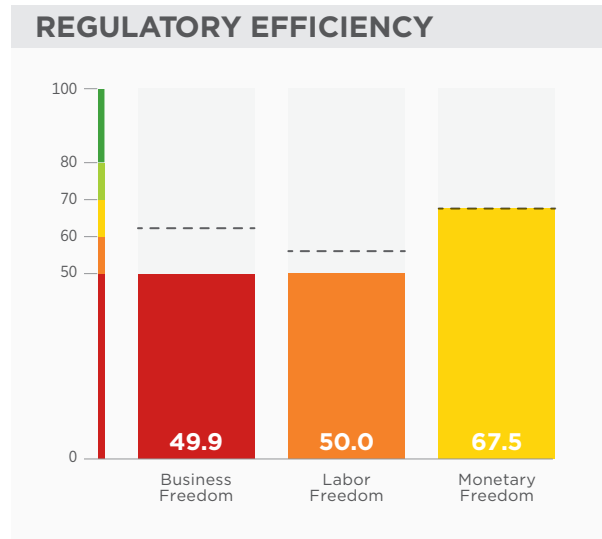
12 ECONOMIC FREEDOMS | DJIBOUTI



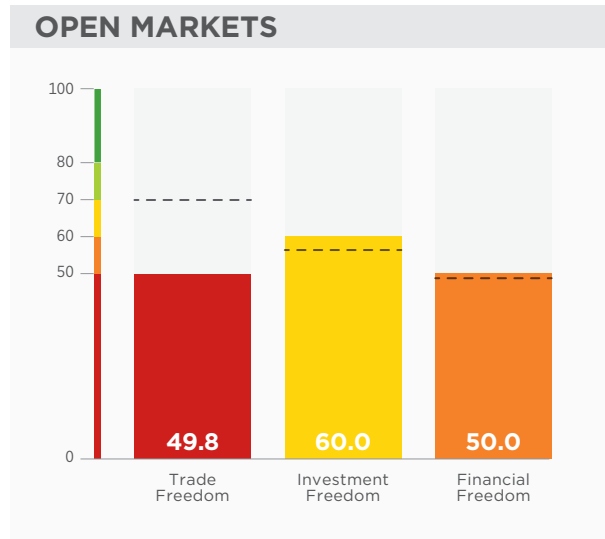
The overall rule of law is weak in Djibouti. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. The tax burden equals 10.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 23.3 percent and -2.2 percent of GDP. Public debt amounts to 40.4 percent of GDP.



Djibouti's overall regulatory environment is poorly institutionalized and inefficient. The country's business freedom score is far below the world average; its labor freedom score is below the world average; and its monetary freedom score is below the world average.



The trade-weighted average tariff rate is 17.6 percent, and nontariff barriers further restrict trade. State-owned enterprises distort the economy, preventing dynamic private investment from taking place. Credit for entrepreneurial activity is limited by high costs and the lack of access to financing instruments.