



WORLD RANK: **111** | REGIONAL RANK: **16**

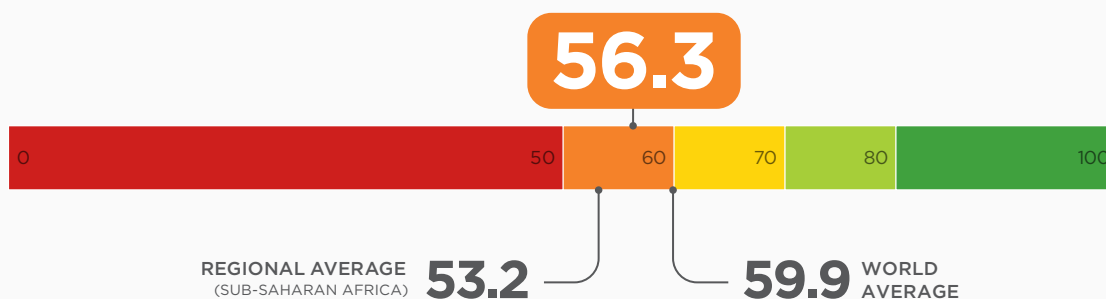
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

DJIBOUTI

Djibouti's economic freedom score is 56.3, making its economy the 111th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 0.6 point from last year, and Djibouti is ranked 16th out of 47 countries in the Sub-Saharan Africa region. The country's economic freedom score is lower than the global average and higher than the regional average. Djibouti's economy is considered "mostly unfree" according to the 2026 *Index*.

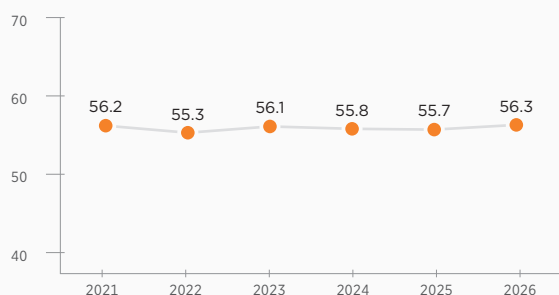
Implementation of deeper institutional reforms is critically needed to inspire more dynamic economic growth, which currently is limited by persistent systemic weaknesses in the protection of property rights and enforcement of anticorruption measures. The judiciary remains vulnerable to political influence. The regulatory system's lack of transparency and clarity injects considerable uncertainty into entrepreneurial decision-making. Labor laws are both inefficient and complicated. Women work predominantly in the informal sector.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1997): +1.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.0 million

GDP (PPP):
\$9.1 billion
6.0% growth in 2025
3-year average growth rate: 6.6%
\$9,408 per capita

UNEMPLOYMENT:
25.9%

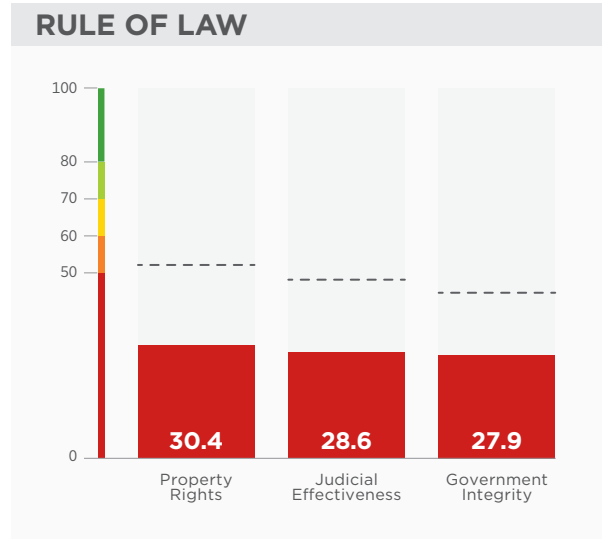
INFLATION (CPI):
2.1%

TRADE AS % OF GDP: 309.1%

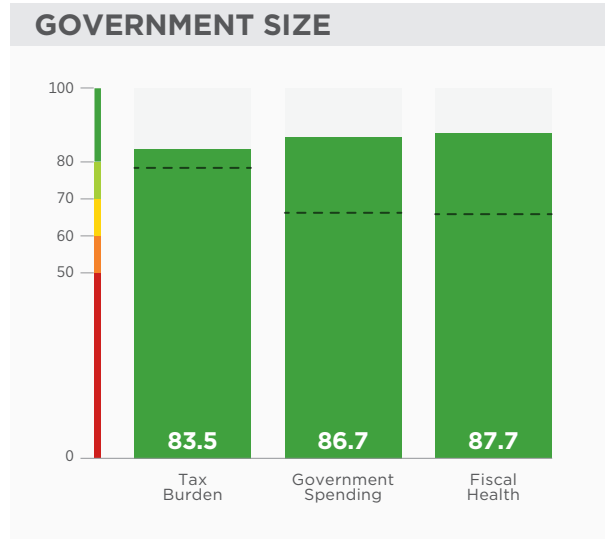
PUBLIC DEBT:
32.9% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

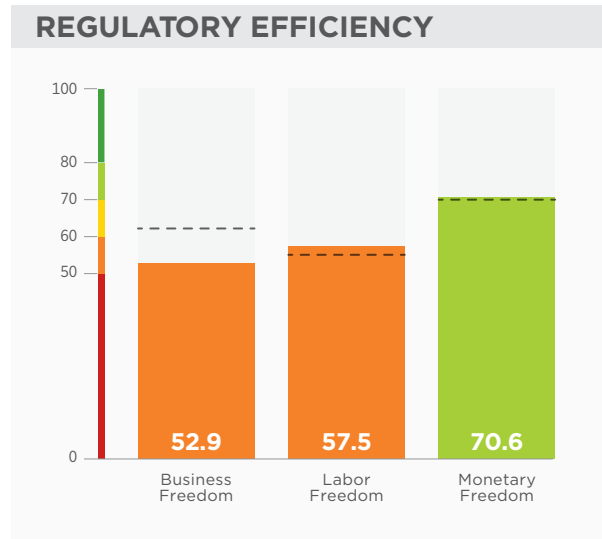
12 ECONOMIC FREEDOMS | DJIBOUTI



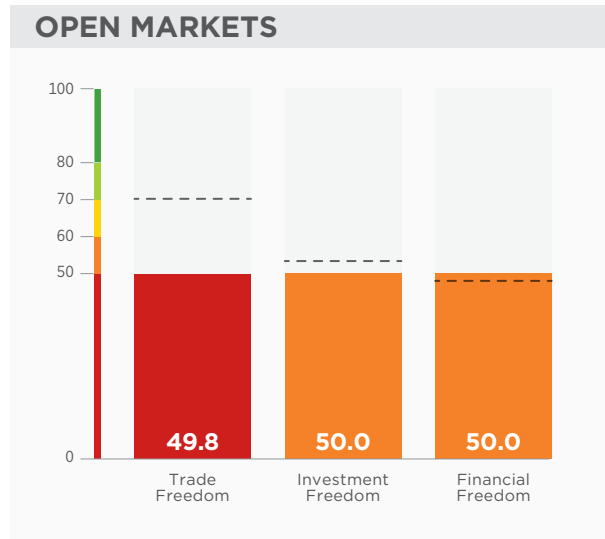
The overall rule of law is weak in Djibouti. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. The tax burden equals 11.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 21.4 percent and -2.5 percent of GDP. Public debt amounts to 32.9 percent of GDP.



Djibouti's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is below the world average; its labor freedom score is above the world average; and its monetary freedom score is above the world average.



The trade-weighted average tariff rate is 17.6 percent, and nontariff barriers further restrict trade. State-owned enterprises that distort the economy effectively deter dynamic private investment. High costs and the lack of access to financing instruments limit credit for entrepreneurial activity.